

Deal to Include Multi-Year Offtake Agreement With Trafigua

MONTREAL, QUEBEC--(Marketwired - July 28, 2015) - [Cyprium Mining Corp.](#) ("Cyprium" or the "Company") (TSX VENTURE:CUG)(TSX VENTURE:CUG.DB) is pleased to announce that it has entered into a letter of intent with Minerales Nacionales de Mexico SA de CV, Minera Potosi Silver S de RL de CV ("Minera Potosi") and Daniel Valenzuela (collectively, the "Potosi Partners"), pursuant to which Cyprium and the Potosi Partners have agreed to form a twenty year joint venture for the exploitation and exploration of the Potosi silver mine located in the historic silver rich mining district of Santa Eulalia in Mexico (the "Joint Venture").

The Joint Venture will also have the exclusive rights of possession, usage and operations to the San Guillermo processing facility which is located seven kilometers from the Potosi silver mine, as well as all of the exploration and exploitation rights to a property adjacent to the Potosi silver mine known as La Chinche. The Potosi silver mine, the San Guillermo processing plant and the La Chinche property are 100% owned by the Potosi Partners. Cyprium will initially acquire a 53% interest in the Joint Venture in return for a US\$2.5 million financial commitment to the Joint Venture to be completed by December 31, 2016. The Joint Venture is expected to be finalized before the end of August 2015 and is subject to several conditions including, without limitation, receipt of all necessary regulatory and TSX Venture Exchange approval, and other usual conditions for transactions of this nature.

Mr. Alain Lambert, Chairman and C.E.O. of Cyprium stated: "We are proud to form this partnership with Daniel Valenzuela, a third generation miner of the Potosi silver mine and operator of the San Guillermo plant. The mine operated continuously for over thirty-four years before it closed in 1991 when commodity prices were low and a labour dispute lead to a strike. The Potosi Partners have successfully, but inconsistently, carried out small scale production between 1991 and 2012. Together, we will restart mining operations at Potosi and San Guillermo."

Mr. Lambert concluded: "When I was appointed CEO of Cyprium in May 2015, I was very clear about the number one strategic imperative for our company: to secure medium to long-term supply of mineralized material with acceptable head grades from nearby mines to fill up the capacity of the Cyprium operated processing plant in Aldama, Mexico. The Joint Venture also meets another strategic imperative we had set at the time: the acquisition or co-participation of existing mines and/or plants where we can deploy our financial resources and technical expertise for the benefit of our shareholders. Needless to say, the transaction announced today goes a long way towards meeting those priorities. The combination of owning the rights to an existing operating plant and a historic silver mine, especially of the scale of Potosi, is quite a unique proposition for a junior mining company."

Santa Eulalia is a world class polymetallic mining district located in the central part of the State of Chihuahua, Mexico, approximately twenty-two kilometers east of the City of Chihuahua. Mineralization in the area was originally discovered during the Spanish colonial period in the 1500's, and recorded production has occurred over more than 300 years. Santa Eulalia ranks as one of Mexico's primary silver and base metal producing districts with nearly 450 million ounces of silver and substantial amounts of lead and zinc mined. The nature of the deposit in the Santa Eulalia district is a carbonate replacement deposit and is the historically largest of its type in Mexico. Mineralization occurs in an area about 10 km in length and 5 km in width. Production and reserves for the district have been estimated to be about 50 million metric tons⁽¹⁾ with grades of 125-350 g/t Ag, 2-8% Pb and 3-12% Zn⁽¹⁾⁽²⁾, along with appreciable quantities of tin and vanadium.

The Santa Eulalia district covers approximately forty-eight square kilometers and is divided into three areas, the West Camp, the Central Camp and the East Camp. The Potosi silver mine is located in the West Camp. The West Camp has produced most of the minerals from the district from an area 4 km long in a north-south direction and 2 km wide in an east-west direction, with the Potosi silver mine being one of the primary producers.

Grupo Mexico, through its subsidiary [Southern Copper Corp.](#) owns the Buena Tierra mine in the West Camp and the San Antonio mine in the East Camp. [MAG Silver Corp.](#) controls all of the ground to the immediate south, except for La Chinche, and between the West Camp and East Camp.

Mr. Cesar Duarte, Governor for the State of Chihuahua noted: "The Potosi silver mine is a significant asset which is central to the long and vibrant history of success of the Chihuahua mining sector. Cyprium's US\$2.5 million investment in restarting the mine is in addition to Cyprium's recent US\$400,000 investment in the Aldama plant. These investments will lead to the creation of several hundred direct and indirect jobs, as well as goods and services being purchased locally for the benefit of all residents of Santa Eulalia, Aldama and Chihuahua. Cyprium now joins larger Canadian mining companies such as [Agnico Eagle Mines Ltd.](#) and [Goldcorp Inc.](#) that have operating mines in Chihuahua. We look forward to providing them all the support they need to make their operations successful."

Strategic advantages and deal highlights

- All historic technical reports were preserved by the Potosi Partners and will be available to the Joint Venture.
- The Potosi silver mine, which is twenty-one level deep, stopped operating because of low commodity prices and a labour dispute, not because of lack of mineralized material.

- Much of the infrastructure at the mine such as buildings, while in need of renovations in some cases, is still available.
- The Santa Eulalia mining district is one of the most researched mining districts in Mexico.
- The Potosi silver mine is located approximately 22 kilometers from downtown Chihuahua and is 100% accessible by paved roads.
- The Potosi silver mine is located only 42 kilometers from Cyprum's Aldama plant.
- The team currently working at the Aldama processed at that plant mineralized material from the Potosi silver mine in the last few years and all the technical information is available to the Joint Venture.
- The Potosi Partners invested over US\$600,000 between 2010 and 2012 on the rehabilitation of the San Guillermo plant as part of a plan to deliver a processing plant with capacity between 400 and 500 tons per day. The Joint Venture intends to make investments in the San Guillermo plant in 2016 as and when additional production capacity is required over and above the Aldama plant existing capacity.
- The Aldama plant has enough capacity to process the planned initial production from the Potosi silver mine meaning that the Joint Venture does not need to immediately invest in a processing plant in order to resume production.

Concurrent Transaction with Trafigura

Concurrently with the signing of the final documentation to form the Joint Venture, the Joint Venture will enter into a renewable six year commercial agreement pursuant to which it will sell, and Trafigura Mexico SA de CV ("Trafigura") will purchase, metals from the Potosi silver mine in accordance with the terms contained in the said commercial agreement (the "Offtake Agreement").

Juan Antonio Moran, Commercial Manager - Mexico at Trafigura said: "Trafigura is pleased to start working with Cyprum Mining in order to restart the Potosi silver mine. Our relationship with the mine goes back several years and we believe the mine still has good production and exploration potential. We also look forward to evaluating other opportunities to work with Cyprum in Northern Mexico."

Other Transaction

In addition, an arms' length third party holds certain rights with respect to the Potosi silver mine and San Guillermo plant, including the rights to mine at the Potosi silver mine and the rights of possession, usage and temporary operation of the San Guillermo facilities (the "Rights"). Concurrently with the entering into of the Joint Venture and the Offtake Agreement, Cyprum or NewCo will purchase the Rights from the third party. The total purchase price for the Rights to be paid by Cyprum or NewCo will be US\$746,846 (the "Purchase Price"). The Purchase Price shall be paid as to US\$400,000 in cash at closing, and US\$346,846 to be paid in monthly installments starting eight months after closing.

Development Plan

The Joint Venture intends to carry out two principal projects in 2015. The first project is the rehabilitation of shaft #3 of the Potosi silver mine. The goal of this project is to gain access to mine levels 2, 3 and 4 where the Potosi Partners last mined between 2010 and 2012. The budget for the rehabilitation of shaft #3 and the working capital required to start small scale production are estimated at US\$100,000 in 2015 with a further US\$100,000 investment being planned in early 2016 to increase production capacity. Once production resumes, Cyprum intends to send the mineralized material extracted through shaft #3 to the Aldama plant.

The second project of the Joint Venture has an estimated budget of US\$1.1 million and involves the rehabilitation of the larger and deeper shaft #5 which will provide access to all levels of the Potosi silver mine down to level 10. The rehabilitation of the shaft #5 is expected to take eight months. Once shaft #5 is rehabilitated, the initial exploration and production will focus on level 9 and 10 where the most recent exploration activities have taken place.

The rehabilitation of the San Guillermo processing plant is planned for 2016. The timing and final technical plans will be dependent on expected production at the time and the capacity available at the Aldama plant.

Geological Setting, Deposit Type and Mineralization

Mineralization in the Santa Eulalia district is characterized by massive sulfides, dominantly pyrrhotite, sphalerite, galena and pyrite that are hosted mainly in horizontal mantos and steep chimneys of sulfide material that replace limestone, with some breccia bodies also occurring. Mineralized bodies occur along laterally continuous discrete structural zones that mainly trend in a north-south orientation, with mineralization forming preferentially in certain stratigraphic units. Past mining has reached to as much as 700 meters depth below the surface on 21 levels. Production in the West camp was diminished until the late 80's with the

discovery of new mineralization. Currently there is little production in the district.

Exploration Program

Cyprium has started an underground exploration program consisting of channel sampling. The primary objective is to audit past exploration results from over 500 sample results taken in 2014 on levels 9 and 10 of the mine by an independent third-party. This sampling includes taking duplicate samples as well as sampling in new areas. This sampling program will also include additional channel samples taken on levels 3 and 4 of the mine where initial production will be focused.

National Policy 43-101 Report

Cyprium has engaged Dr. Craig Gibson to complete a National Instrument 43-101 report with respect to the initial mine levels 2, 3 and 4 of the Potosi silver mine. It is expected the report will take two months to complete. The report to be prepared by Dr. Gibson shall not contain a resource or reserve calculation.

Joint Venture Structure

The Joint Venture will be carried-out through a new company to be created ("NewCo") which will be initially owned as to 53% by Cyprium and 47% by Minera Potosi. The US\$2.5 million financial commitment of Cyprium, which needs to be completed by December 31, 2016, shall consist of a US\$1.9 million equity investment in NewCo and a three-year, 12% loan to NewCo in the amount of US\$600,000 to be advanced at the entering into of the Joint Venture. In consideration for the loan, Cyprium will be entitled to a 0.75% ten year royalty on sales of concentrates from the Joint Venture. If Cyprium fails to invest the US\$1.9 million by December 31, 2016, Cyprium's percentage ownership in NewCo shall be reduced proportionally. Cyprium will exercise operational control of the Joint Venture. The Joint Venture will be for a duration of twenty years, with right of renegotiation on the tenth anniversary if the Joint Venture is not processing an average of 400 tons per day on at the anniversary date. Mr. Carlos Arzola, a director of Cyprium, was involved in identifying the Joint Venture opportunity and played an essential role in bringing the parties together. Mr. Arzola has and continues to assist in the negotiations for the formation of the Joint Venture. Subject to the parties entering into a formal agreement for the formation of the Joint Venture, the Company will pay a finder's fee to Mr. Arzola of US\$25,000 in cash and the Company will also issue to Mr. Arzola 500,000 common shares of Cyprium (the "Finder's Shares") with a deemed value of \$0.14 per share. The issuance of the Finder's Shares is subject to approval of the shareholders of Cyprium and the approval of the TSX Venture Exchange and the Finder's Shares will be subject to a four-month and one day hold period, in accordance with the applicable securities laws.

In consideration for transferring the exploration and exploitation rights to the La Chinche property to the Joint Venture, Cyprium will, subject to regulatory approval, issue 1,000,000 common shares of Cyprium with a deemed value of \$0.14 per share and 100,000 five year warrants exercisable at a price of \$0.17 per share to Daniel Valenzuela.

Financing of the Joint Venture

The investment by Cyprium in NewCo will be financed from the proceeds of the previously announced non-brokered private placement (the "Bond Financing") of bonds of Cyprium in the aggregate amount of US\$4,500,000. It is anticipated that the second tranche of the Bond Financing for an amount of US\$2 million (the "Second Tranche Disbursement") will close concurrently with or before the entering into of the Joint Venture. The Bonds will bear interest at a rate of 12.5% per annum, calculated and payable quarterly in arrears commencing on September 30, 2015. Subject to closing the Second Tranche Disbursement, the Corporation will pay a finder's fee of 8% of the Second Tranche Disbursement in cash and the Corporation will also issue to the finder 1,039,423 share purchase warrants with an exercise price of \$0.14 per share for a period of three years. Pursuant to applicable securities laws, all securities issued pursuant to the Bond Financing will be subject to a hold period of four months plus one day following the date of issuance of such securities. For further details on the Bond Financing, please refer to the March 3rd and April 17th, 2015 news releases of Cyprium available on www.sedar.com.

Certain Debt Conversion

The Company was recently approached by some of its arm's length secured and unsecured debtholders inquiring about the possibility of converting their debt into either units of the Company or convertible debentures of the Company. As a result, Cyprium is offering, before August 21st, 2015, to the holders of its secured debt for a maximum capital amount of Cdn. \$185,000 and its unsecured debt for a maximum capital amount of US\$303,000 to either: (i) convert such debt into units (the "Units") with each Unit being comprised of one (1) common share in the capital of the Company issued at a price of \$0.14 per common share and one (1) share purchase warrant of the Company ("Warrant"), each Warrant being exercisable into one common share at an exercise price of \$0.28 expiring two (2) years from the date of issuance or, (ii) convert such debt into convertible unsecured debentures of the Company (the "Convertible Debentures"). The Convertible Debentures will mature three (3) years from the date of issuance, will bear interest at a rate of 8% per annum payable quarterly in cash. The principal amount of the Convertible Debentures shall be convertible at any time at the option of the holder into common shares of the Company at a price of \$0.225 per common share (the "Conversion Price"), and upon giving effect to such conversion, all accrued and unpaid interest will be paid in full within 60 days.

One and Company Capital Corp. ("One and Company"), a company wholly owned and controlled by Alain Lambert, the Chairman

and CEO of Cyprium, is a holder of US\$21,000 of unsecured debt of the Company. In connection with the abovementioned debt conversion transactions, One and Company has agreed to convert the said US\$21,000 of the debt into Convertible Debentures.

The issuance of the Units and the Debentures is subject to the approval of the TSX Venture Exchange and all common shares issued in connection with the Units including the exercise of the Warrants and the conversion of the Convertible Debentures will be subject to a four-month and one day hold period, in accordance with the applicable securities laws.

Shares for Services

The Company announces that its Chairman and C.E.O., Mr. Alain Lambert has requested the Company to pay outstanding compensation of Cdn. \$48,000 through the issuance of 342,857 common shares in the Capital of the Company (the "Lambert Shares") at an issue price of \$0.14 per common share.

The Company announces that Mr. Carlos Arzola has requested the Company to pay outstanding director's fees in the amount of Cdn. \$10,500 through the issuance of 75,000 common shares of the Company (the "Arzola Shares") at an issue price of \$0.14 per common share. The "Lambert Shares and the "Arzola Shares" are referred to herein collectively as, the "Shares for Services".

The issuance of the Shares for Services is subject to the approval of the TSX Venture Exchange and all Shares for Services issued will be subject to a four-month and one day hold period, in accordance with the applicable securities laws.

Severance to Former Chief Executive Officer

The Company announces that in connection with the resignation of Mr. Andre St. Michel as President, Chief Executive Officer and director of the Company effective May 20, 2015, Mr. St. Michel's owed severance in the amount of Cdn. \$81,000 will be paid by the issuance of 578,571 common shares in the capital of the Company (the "Severance Shares") to Mr. St. Michel. The Severance Shares are to be issued at a price of \$0.14 per Severance Share. The Severance Payment is subject to the approval of the TSX Venture Exchange and the Severance Shares issued will be subject to a hold period ending May 19th, 2016 and will be held in escrow until then. The release of the Severance Shares to Mr. St. Michel is subject to Mr. St. Michel's compliance with the terms and conditions of his settlement agreement until the release date. For further details on the resignation of Mr. Andre St. Michel and the appointment of his successor, the current Chairman of the Company, Mr. Alain Lambert, please refer to the May 20th, 2015 news releases of Cyprium available on www.sedar.com.

About Cyprium Mining Corporation

Cyprium looks for projects located in Northern Mexico that have a potential for profitable production in the short-term and a large exploration potential. Cyprium is committed to maximizing the potential of projects by funding exploration programs mainly through cash flows generated by production instead of funding such programs strictly through equity offering thus limiting shareholder dilution. Cyprium prioritizes projects which are easily accessible and close to large urban centers.

Cyprium also has the exclusive use of a 100 metric tons per day flotation plant located twenty kilometers outside the City of Chihuahua in Northern Mexico (the "Aldama Plant"). Cyprium has the exclusive use of the Aldama Plant under a five year agreement with its owner during which Cyprium will use the Aldama Plant on a variable cost basis. Cyprium will purchase mill feed for its own account and will be responsible for the supervision of all metallurgic processes, including quantitative chemical analysis, assaying of samples, determining feed grades and the sale of concentrates (see October 1st, 2014 news release). Cyprium recently announced its plans to double the capacity of the Aldama plant before the end of 2015.

Cyprium also owns 51% of Coyame Copper SA de CV ("Coyame Copper"), a Chihuahua, Mexico based mining exploration company and has an option to increase its stake in Coyame Copper to 70% for a consideration of US\$1.2 million payable over a period of eighteen months following the exercise of the option. Coyame Copper's Las Cristinas Project consist of four adjacent exploration concessions (Las Cristinas, La Parrita, La Verde and La Lagrimosa) covering 684 hectares.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Qualified Person: Dr. Craig Gibson, Certified Professional Geologist, prepared the summary of public historical information on the Santa Eulalia district, and has reviewed the appropriate portions of this news release and approved the contents thereof. Public information included in this release are based on work by from a PhD dissertation by Peter K. M. Megaw and information from the Mexican Geological Survey (Servicio Geologico Mexicano).

References:

(1) Megaw, P.K.M., 1990, Geology and geochemistry of the Santa Eulalia mining district, Chihuahua, Mexico, unpublished PhD

(2) Bustos-Diaz, J.L. and Arzabala-Molina, J., 2007, *Monografia Geologico-Minera del Estado de Chihuahua*, Servicio Geologico Mexicano, 640pp.

This news release contains "forward-looking information" (within the meaning of applicable Canadian securities laws) and "forward-looking statements" (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995). Such statements or information are identified with words such as "anticipate", "believe", "expect", "plan", "intend", "potential", "estimate", "propose", "project", "outlook", "foresee" or similar words suggesting future outcomes or statements regarding an outlook. Such statements include, among others, those concerning the Company's anticipated plans for developments of the Company and its mining projects".

Such forward-looking information or statements are based on a number of risks, uncertainties and assumptions which may cause actual results or other expectations to differ materially from those anticipated and which may prove to be incorrect. Assumptions have been made regarding, among other things, management's expectations regarding future growth, plans for and completion of projects by Company's third party relationships, availability of capital, and the necessity to incur capital and other expenditures. Actual results could differ materially due to a number of factors, including, without limitation, operational risks in the completion of Company's anticipated projects, delays or changes in plans with respect to the development of Company's anticipated projects by Company's third party relationships, risks affecting the ability to develop projects, risks inherent in operating in foreign jurisdictions, the ability to attract key personnel, and the inability to raise additional capital. No assurances can be given that the efforts by the Company will be successful. Additional assumptions and risks are set out in detail in the Company's MD&A, available on SEDAR at www.sedar.com.

Although the Company believes that the expectations reflected in the forward-looking information or statements are reasonable, prospective investors in the Company's securities should not place undue reliance on forward-looking statements because the Company can provide no assurance that such expectations will prove to be correct. Forward-looking information and statements contained in this news release are as of the date of this news release and the Company assumes no obligation to update or revise this forward-looking information and statements except as required by law. Investors should note that, while the mineralized material being processed by the Company is assayed, there is no certainty that the proposed operations will be economically or technically viable. Investors should also note that the Potosi silver mine and La Chinche property have no established mineral resources or mineral reserves as defined by NI 43-101. Although Cyprium Mining has made a production decision regarding the Potosi silver mine based on historical production records, historical results of sampling and drilling, a feasibility study of its projects has not been completed and there is no certainty that the proposed operations will be economically or technically viable.

Contact

[Cyprium Mining Corp.](#)

Alain Lambert
Chairman and C.E.O.
+ 1 514 219 7988 or + 52 1 614 253 5803
alambert@cypriummining.com

[Cyprium Mining Corp.](#)

Ron Keenan
C.O.O.
+ 1 514 915 3836
rkeenane@cypriummining.com
www.cypriummining.com