

Cautivo Announces Non-Brokered Private Placement and Potential Going-Private Transaction

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Corporate Update Provided

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TORONTO, Aug. 14, 2019 - [Cautivo Mining Inc.](#) (CSE:CAI) ("Cautivo" or the "Corporation") intends to complete a U.S. non-brokered private placement of common shares (the "Offering"), subject to regulatory approval. The Offering will be subscribed by Arias Resource Capital Fund II L.P. and Arias Resource Capital Fund II (Mexico) L.P. (together, "ARC Funds"). The proceeds of the Offering will be used to finance the expenses of the Corporation, including an on-going drilling program at the Corporation's Las Lomas Project, for a period of 3 to 4 months. The Corporation requires additional capital and is expected to close prior to the end of August, subject to regulatory approval.

ARC Funds II has advised the board of directors of the Corporation that ARC Funds II intends to propose a going-private transaction in order to eliminate the Corporation's financial and management burden of operating as a reporting issuer. The Corporation requires significant and sustainable financing in order to continue to explore and develop its properties, which are still in the early-stage of exploration and thus lack any reserve or resource estimation yet. Based on current market conditions and the difficulties of sourcing additional financing on acceptable terms and conditions, ARC Funds II does not believe the Corporation should continue as a public company. If the board receives a formal offer from ARC Funds II, the independent directors will review the fairness of the transaction from a financial point of view to shareholders other than ARC Funds II. The independent directors expect to obtain a formal valuation to assist them with their review. Any such transaction will be subject to shareholder approval at a special meeting of shareholders.

Recent Developments

Cautivo's subsidiary Consorcio Minero Ate ("CMA") has signed an exploration option agreement with shareholders of a company, Minerales de Ayabaca ("MdA"). MdA has exploration rights pursuant to the exploration agreement in three mining concessions, owns an ore processing mill with a 40 tonnes per day ("tpd") capacity (the "Minera Las Lomas Mill" or "MLL"), and owns an area for a future ore processing mill in the Las Lomas area (the "Jahua de Pavas Mill" or "JdP Mill") with an intended capacity of 300 tpd.

MdA has plans to operate both mills. MLL is a gold leaching processing plant in the west side of Las Lomas area. MLL covers an area of 9 hectares and plans to provide ore processing services to the local miners and act as a community service mill. MdA plans to build the JdP mill to process ore coming from MdA and CMA mining concessions. CMA can acquire 100% of MdA's shares by exercising the option agreement depending on exploration and operating success in its sole discretion.

CMA and MdA have also signed a loan agreement pursuant to which CMA has agreed to lend MdA up to U.S. \$1,500,000 for exploration and ore processing mill start up purposes. Of this amount, around U.S. \$970,000 has been drawn to date (U.S. \$550,000 to purchase the MLL Mill, U.S. \$160,000 to purchase land to build the JdP Mill and U.S. \$260,000 for exploration permitting and plant equipment upgrade.)

Related Party Transaction Disclosures under MI 61-101

Neither the Corporation nor, to the knowledge of the Corporation after reasonable inquiry, the ARC Funds II have known of any material information concerning the Corporation or its securities that has not been generally disclosed.

The sale of shares to ARC Fund II constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Corporation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of the shares to be distributed in the Offering nor the consideration to be received for those shares exceeds C \$2.5 million and both of the Corporation's independent directors approved the Offering.

The Offering is expected to close at a price of C \$0.10, which represents an approximate 10% discount to the closing price of the Corporation's common stock on August 12, 2019. ARC Fund II will receive approximately 20 million shares of common stock in exchange for its U.S. \$1.9 million investment.

If the Offering is completed, ARC Fund II ownership will increase from around 81% to approximately 92% of the issued and outstanding common shares of the Corporation.

This press release is being issued less than 21 days before the expected date of the closing of the Offering as the additional working capital is required prior to the end August and in light of ARC Fund II's intention to make a going-private offer, it is reasonable in the circumstances.

The shares issued in the Offering are subject to a hold period.

About Cautivo

Cautivo is an exploration company focused on acquiring, exploring and, if warranted, developing gold, silver, copper, zinc and other mineral properties. The Las Lomas Project comprises the main asset of the Corporation. The Las Lomas Project consists of existing or pending mining concessions totaling 31,530 ha, located in the Department of Piura in northern Peru, near the border with Ecuador. Other assets of Cautivo are 7 mining concessions totaling 3,000 hectares in the La Libertad Region of Peru. Cautivo's mining concessions are still in early-stage exploration and thus lack any reserve or resource estimation yet. The common shares of Cautivo trade on the Canadian Securities Exchange under the symbol "CAI".

Forward-Looking Information and Statements

This news release contains certain forward-looking information and statements (collectively referred to herein as "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "contingent", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements.

Forward-Looking Statements are based on a number of expectations or assumptions, which have been used to develop the information and statements but which may prove to be incorrect. Although the Corporation believes the expectations and assumptions reflected in such Forward-Looking Statements are reasonable, undue reliance should not be placed on Forward-Looking Statements because Cautivo can give no assurance that such expectations and assumptions will prove correct. The Forward-Looking Statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors, which may cause actual results or events to differ materially from those anticipated in such Forward-Looking Statements, including, without limitation, (i) those risks listed under the heading "Risk Factors" in the Corporation's Interim MD&A dated May 30, 2019 and Final Prospectus dated July 10, 2017 (ii) other risks, which are beyond the control of the Corporation. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the Forward-Looking Statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements contained in this news release.

The Forward-Looking Statements contained in this news release speak only as of the date of this news release, and the Corporation does not assume any obligation to publicly update or revise any of the included Forward-Looking Statements as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

SOURCE [Cautivo Mining Inc.](#)

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