

# Century Metals Inc. Enters Into Letter of Intent to Acquire Reyna Silver Corp.

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TORONTO, Sept. 24, 2019 - [Century Metals Inc.](#) ("Century Metals" or the "Company") (TSXV: CMET) is pleased to announce that it has entered into a letter of intent (the "Letter of Intent") dated effective September 23, 2019 outlining the general terms and conditions with respect to the acquisition (the "Acquisition") by Century Metals of all the issued and outstanding share capital of Reyna Silver Corp. ("Reyna Silver"). The Acquisition of Reyna Silver is anticipated to constitute a reverse takeover under Policy 5.2 of the TSX Venture Exchange (the "Exchange"), and is subject to approval of the Exchange. This news release will be followed by a further comprehensive news release setting out additional details on the Acquisition in accordance with Exchange Policy 5.2.

## Business of Reyna Silver

Reyna Silver is a privately held company existing under the laws of the Province of British Columbia. It is anticipated that Reyna Silver will have 22,943,999 common shares ("Reyna Silver Shares") outstanding after completion of the Reyna Financing (as described below) and immediately prior to the completion of the Acquisition. In addition, MAG Silver Corp. ("MAG Silver") owns preferred shares of Reyna Silver that will entitle it to receive 19.9% of the common shares of Century Metals upon completion of the Acquisition.

Reyna Silver is engaged in the business of mineral exploration of silver properties in Mexico. It acquired its Mexican silver properties from MAG Silver in 2018 in exchange for the above mentioned preferred shares in the capital of Reyna Silver. Its material mineral property is the Guigui Project, comprised of approximately 4,500 hectares in Chihuahua, Mexico covering a major portion of the Santa Eulalia Mining District.

## Completion of the Acquisition

On completion of the Acquisition, Century Metals will:

- consolidate its outstanding common shares (the "Century Consolidated Shares") on the basis outlined below;
- issue Century Consolidated Shares to the holders of Reyna Common Shares on a 0.8 for 1 basis;
- issue Century Consolidated Shares to MAG Silver on the basis that MAG Silver will hold 19.9% of the aggregate number of Century Consolidated Shares outstanding on closing; and
- issue units comprised of Century Consolidated Shares and Warrants to the holders of the Subscription Receipts purchased in the Century Financing (all as defined and on the basis set forth below).

It is anticipated that current shareholders of Century will own approximately 15% of the outstanding common shares of Century upon completion of the Acquisition.

## Private Placement Financings

In conjunction with the Acquisition, Reyna Silver has agreed to use commercially reasonable efforts to raise \$1,000,000 through the offer and sale of 3,333,333 common shares of Reyna Silver at \$0.30 per share (the "Reyna Financing").

In addition, Century has agreed to use commercially reasonable efforts to complete a private placement of 6,400,000 subscription receipts ("Subscription Receipts") at \$0.50 per Subscription Receipt for

gross proceeds of \$3,200,000 (the "Century Financing"). Each Subscription Receipt will entitle the holder to receive either (i) a unit comprised of one Century Consolidated Share and one-half of one Century Warrant (as defined below) upon completion of the Acquisition, or (ii) the return of the subscription proceeds should the Acquisition not close by the date that is ninety (90) days from the closing of the Century Financing. Each Century Warrant will entitle the holder to purchase one Century Consolidated Share at a price of \$0.75 per share for a two-year period following closing.

### Century Debt Restructuring

As part of the completion of the transaction, Century Metals will eliminate all of its current and long-term liabilities by paying the same in cash or issuing Century Common Shares in settlement thereof; provided that thereafter Century Metals will have on closing of the Acquisition (A) no liabilities, other than liabilities in connection with (i) costs of the Acquisition, and (ii) ordinary administrative expenses incurred through to closing, and (B) at least \$500,000 of cash or near cash available to cover costs of the Acquisition and ordinary administrative expenses (the "Century Debt Restructuring").

### Century Share Consolidation

The Letter of Intent contemplates that Century Metals will consolidate its outstanding Century Common Shares (the "Consolidation") on such basis so as to have 4,278,596 Century Consolidated Shares outstanding prior to closing the Acquisition (following the Century Debt Restructuring but prior to conversion of the Subscription Receipts).

### Century Name Change

It is also anticipated that Century Metals will change its name to a name determined by Reyna Silver in connection with completion of the Acquisition.

### Board of Directors and Management Changes

On completion of the proposed Acquisition, the Company's Board of Directors and management team will be reconstituted to consist of a number of directors determined by Reyna Silver. The names and a description of the new directors will be set out in a further comprehensive news release to follow in accordance with Exchange Policy 5.2.

### Shareholder Approval

The Acquisition will be a "Reverse Takeover" under the policies of the Exchange and therefore will require approval of the shareholders of Century Metals.

It is anticipated that Century Metals will seek approval of its shareholders either at a special meeting of shareholders to be held on or before November 30, 2019 (the "Century Shareholder Meeting"), or, if permitted by the Exchange, by the written consent of the holders of a majority of Century's outstanding shares. It is anticipated shareholders will be requested to approve: (A) the Acquisition, (B) the change of name of Century to such name as may be specified by Reyna Silver, (C) the election of new directors, (D) the Consolidation, (E) any change of control which may arise pursuant to the Acquisition, and (F) such other matters that may be reasonably required in order to give effect to the Acquisition.

### Definitive Agreement

The Letter of Intent contemplates that the Acquisition will be completed through a definitive agreement (the "Definitive Agreement") that is to be negotiated by Century Metals and Reyna Silver, which will contain customary representations and warranties for similar transactions. Century Metals and Reyna Silver have agreed to an exclusivity period expiring December 31, 2019 during which the parties have agreed to negotiate in good faith and settle the Definitive Agreement on or before October 31, 2019.

## Conditions to Closing

Completion of the Acquisition will be subject to a number of conditions, including Exchange acceptance. Key conditions are anticipated to include:

- receipt of all regulatory and third party approvals, including the approval of the Exchange;
- approval of the shareholders of Century Metals;
- completion of the Reyna Financing and the Century Financing;
- no material adverse changes to the businesses of Century Metals and Reyna Silver;
- receipt of required financial statements of Reyna Silver and NI 43-101 technical reports on the material properties of Reyna Silver, each in form and substance reasonably satisfactory to Century; and
- other customary conditions to closing.

## Trading Halt

Trading of the common shares of Century Metals' have been and will remain halted pending further filings with the Exchange.

## Stock Options

The Company has granted stock options to purchase 1.7 million common shares of the Company to certain directors, officers and consultants of the Company, with the exercise price to be determined as the closing price on the trading day following the date on which the halt of the Company's shares has been lifted, subject to Exchange approval. The options will have a five-year term.

On Behalf of the Board of Directors of [Century Metals Inc.](#)

Sandy Chim  
Chief Executive Officer

For further information please contact:

Sandy Chim  
1-416-977-3188  
[investors@centurymetals.ca](mailto:investors@centurymetals.ca)

## CAUTIONARY STATEMENTS

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and, if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Century Metals should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

THIS PRESS RELEASE CONTAINS "FORWARD-LOOKING INFORMATION" WITHIN THE MEANING OF CANADIAN SECURITIES LEGISLATION. THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF CENTURY METALS AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER

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Neither the 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.

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