

Cerro de Pasco Resources Inc. Signs Term Sheet For An Additional Us\$ 12m To Develop Its Santander Mine

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MONTRÉAL, July 25, 2023 - [Cerro de Pasco Resources Inc.](#) (CSE:CDPR) (OTCPK: GPPRF) (FRA: N8HP) ("CDPR" or the "Company") is pleased to announce that on July 18, 2023, it signed a Term Sheet with China Railway N° 10 Engineering Group CO. LTD., Sucursal del Perú ("CREC10"), an engineering and construction company, providing US\$ 12.0M of services to be used for the construction of infrastructure and development of the Santander Pipe Project (the "Funded Construction Services"). In addition, CREC10 will provide contract mining services at the Santander Mine. CREC10 is part of China Railway Group, a major corporate conglomerate and a Fortune Global 500 company.

The Funded Construction Services with CREC10 meets the requirements for additional subordinated funding, with regards to the signed term sheets dated May 2, 2023 with both Ocean Partners UK Limited ("OPUK") and Arena Investors, LP ("ARENA"). The total aggregate funding is now US\$ 29.0M - US\$ 32.5M. The funding package consist of a mix of senior debt, off-take revolver, local equity and Funded Construction Services, which will be used to strengthen the company's balance sheet and secure construction of the critical projects needed for the Company's Santander Pipe Project in Peru.

Jorge Lozano, CDPR's COO stated: "We are excited to enter into this Funded Construction Services agreement with CREC10. The group has an extensive track record in infrastructure projects, in both civil and mining, in Peru and globally. In total, we have assembled US\$ 29.0M - US\$ 32.5M in funding, thus completing the capital requirements for the development and construction of the Santander Mine with a focus on the Pipe Project. The participation of CREC10 as well as OPUK and ARENA evidence the solidity of the information and the work we have done on the Santander Pipe Project in relation to the exploration, engineering, and sustainability, all of which support our approach."

OPUK Pre-Payment Details

OPUK and CDPR will enter into commercial contracts for the supply of zinc, copper and lead concentrates that are both committed and not committed to existing off-taker. OPUK will advance to CDPR US\$ 4.0M and up to a maximum of US\$ 7.5M, against monthly deliveries of concentrate for the life of the commercial contract. Once sufficient material has been delivered to OPUK to repay amounts outstanding plus costs, the facility may be redrawn immediately.

Interest shall accrue on the amounts outstanding under the Prepayment Facility at the rate of: (i) the 3 month London Interbank Offered Rate (immediately prior to the advance having been made) + 7.5%; or (ii) the 3 month CME Term SOFR + 7.5%, if the foregoing LIBOR rate becomes unavailable (or such other interest rate as agreed between the parties); until repaid in full.

CDPR upon the funding of the first drawdown will issue warrants to the OPUK for a face value of CA\$ 2.5M with an exercise price of CA\$ 0.25, subject to exchange approval.

Arena Loan Facility Details

ARENA will provide a 36-month loan facility up to US\$ 8.0M, secured primarily against CDPR's Santander Assets and first ranking fixed and floating security over the Company's interest in the Quiulacochoa TSF, which may be removed once the facility amount is below US\$ 4.0M. The repayment period will contemplate the first 6 months of interest only followed by 30 months of equal principal plus interest payments. The interest rate shall accrue at 15% per annum.

CDPR, upon obtainment of funds from the loan facility, will issue to ARENA CA\$ 5.0M in face value of warrants at an exercise price of CA\$ 0.25, subject to exchange approval.

CREC10 Infrastructure Development & Contract Details

CREC10 and CDPR will enter into a binding agreement for US\$ 12M of Funded Construction Services for construction and development of the following Santander Pipe related works:

- Magistral-Pipe tunnel and services, about US\$ 5.0M
- Santander tailing facility expansion, about US\$ 5.0M
- La Cuñada ramp and services, about US\$ 2.0M

In addition, CREC10 and CDPR will enter into a binding commercial contract for mining services at the Santander operation for a minimum of 8 years covering the following activities:

- Mine Development
- Mine Transportation
- Mining Services
- Project Support Services

Last, CREC10 will lease a production fleet for CDPR to "own and operate", further reducing the Company's unit costs.

The CDPR - CREC10 Funded Construction Services agreement will include a repayment plan and respective warranties to be agreed prior to closing. Repayment will be subordinated to the US\$ 8.0M Arena loan as further described above.

CREC 10 Right of First Refusal and Conditions

Binding documentation will include a Master Contract, with the following Rights of First Refusal ("ROFR") in favor of CREC10:

- ROFR on future projects at Santander Mine (e.g. transportation of concentrates)
- ROFR on execution of the CAPEX projects at the Quiulacocha TSF Project
- Contract mining services exclusivity at Santander and Quiulacocha TSF Project for the next 8 years

Closing

The Company expects to sign the CREC 10 Master Contract and Funded Construction Services agreement, simultaneously with the closing of the previously announced Arena and OPUK financings, during the month of August 2023.

Technical Information

Mr. Jorge Lozano, MMSAQP and Chief Operating Officer for CDPR, has reviewed and approved the scientific and technical information contained in this news release. Mr. Lozano is a Qualified Person for the purposes of reporting in compliance with NI 43-101.

About Cerro de Pasco Resources

[Cerro de Pasco Resources Inc.](#) (CDPR) is a mining and resource management company, with the goal of becoming the next mid-tier producer of base metals in Peru. CDPR is currently engaged in mining, developing and exploring its wholly-owned 6,000 hectare Santander Mine in the highly prospective Antamina-Yauricocha Skarn Corridor, located 215 km from Lima. CDPR is also focused on the development of its principal 100% owned asset, the El Metalurgista mining concession comprising mineral tailings and stockpiles extracted from the Cerro de Pasco open pit mine in Central Peru. The company's approach at El Metalurgista entails the reprocessing and environmental remediation of mining waste and the creation of numerous opportunities in a circular economy. CDPR is founded on clear objectives, to engender long-term economic sustainability and benefit for the local population, from an economic, social and health point of view.

Forward-Looking Statements and Disclaimer

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified using forward-looking terminology such as "plans", "seeks", "expects", "estimates", "intends", "anticipates", "believes", "could", "might", "likely" or variations of such words, or statements that certain actions, events or results "may", "will", "could", "would",

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SOURCE [Cerro de Pasco Resources Inc.](#)

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