

# ePower Metals Enters into Letter of Intent to Acquire Los Reyes Gold Project in Mexico

Vancouver, British Columbia--(Newsfile Corp. - April 24, 2019) - **ePower Metals Inc.** (TSXV: EPWR) (the "**Company**") has entered into a binding letter of intent, dated April 22, 2019, with Minera Alamos Inc. ("**MAI**") for the assignment of the option (the "**Transaction**") to earn a 100% interest in the Los Reyes Gold Project (formerly known as Guadalupe de los Reyes) ("**Los Reyes**") in Sinaloa State, Mexico (the "**LOI**"). The LOI provides for a 30 day period to complete due diligence and enter into a definitive agreement (the "**Definitive Agreement**") which will formalize the Transaction. MAI currently has the right to acquire a 100% interest in Los Reyes, pursuant to an option agreement entered into with Vista Gold Corp. ("**Vista Gold**"). The Company is at arms'-length from each of MAI and Vista Gold.

In connection with the Transaction, the Company intends to change its name to "Prime Mining Corp.", and will focus its resources on the immediate development of Los Reyes.

## Terms of the Transaction

To acquire MAI's interest in Los Reyes, the Company must:

- Complete a cash payment of US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold on April 23, 2019 (the "**April Payment**").
- Assume MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold, as follows:
  - US\$1,500,000 due October 27<sup>th</sup>, 2019; and
  - US\$1,500,000 on the earlier of October 27<sup>th</sup>, 2021 or a production decision.
- Issue to MAI 9,450,000 post-Consolidation (as defined below) common shares and 3,350,000 common share purchase warrants entitling MAI to acquire further post-Consolidation common shares at a price \$0.50 per share for a period of twenty-four months.
- Enter into a governance agreement, providing for, among other things, MAI receiving the right to appoint one director to the board of the Company for so long as MAI holds at least 5% of the Company's outstanding common shares and MAI receiving the right to participate in future financings.

Upon the entering into of a Definitive Agreement, the Company is required to advance US\$1,500,000 (the "**Deposit**") as a deposit to secure the April Payment. In order to fund the deposit, the Company has arranged a loan of Cdn\$2,000,000 (the "**Bridge Loan**") to be deposited in escrow at the time of execution of the LOI by a group of arm's-length lenders consisting of Andrew Bowering, George Dengin and Perfect Storm Holdings Ltd. (the "**Lenders**"). The Bridge Loan will be unsecured, will bear interest at a rate of 12% per annum, compounded monthly, and will have a term of twelve months. In consideration for providing the Bridge Loan, the Company will pay a commitment fee of \$40,000 and intends to issue 1,333,334 post-Consolidation (as defined) common shares to the Lenders (the "**Bonus Shares**"). Issuance of the Bonus Shares is subject to the approval of the TSX Venture Exchange (the "**Exchange**").

Completion of the Transaction is subject to a number of conditions, which include:

- The Company consolidating its common share capital on a two-for-one basis (the "**Consolidation**");
- The Company completing a financing of at least Cdn\$6,000,000;
- The completion of satisfactory due diligence, and the negotiation of a definitive agreement in respect of the Transaction;
- Vista Gold having approved the Transaction and the assignment of rights to the Company;
- Receipt of any required regulatory approvals, including the approval of the Exchange.

The Transaction cannot be completed until these conditions have been satisfied, and there can be no assurance that the Transaction will be completed in a timely fashion, or at all. The Transaction constitutes a "fundamental acquisition" for the Company, under the policies of the Exchange, on the basis that the Company intends to devote the majority of its resources to the development of Los Reyes following completion of the Transaction. As a result, trading in the Company's common shares has been halted, at the request of the Company, pending completion of filings with the Exchange in connection with the Transaction. It is anticipated that trading will remain halted until the Transaction has been completed. In the event the Transaction is not completed for any reason other than (i) the Company and MAI not receiving consent from Vista Gold; or (ii) MAI refusing to enter into a definitive agreement, the Deposit will be released to MAI and form the basis of a private placement to be completed by MAI.

All securities of the Company to be issued to MAI, in connection with the Transaction, will be subject to a four month statutory hold period, as well as further resale restrictions which will require MAI to notify the Company in advance of the disposition of any securities of the Company.

### Private Placement Financing

In connection with the Transaction, the Company intends to conduct a non-brokered private placement (the "**Financing**") of a minimum of 20,000,000 subscription receipts (each, a "**Receipt**") at a price of Cdn\$0.30 per Receipt. The proceeds of the Financing will be held in escrow pending the Company completing the Transaction. Upon completion of the Transaction, each Receipt will automatically convert into one post-Consolidation unit (each, a "**Unit**") of the Company. Each "Unit" will consist of one common share of the Company and one-half-of-one common share purchase warrant. Each whole warrant will entitle the holder to acquire a further common share at a price of Cdn\$0.50 per share for period of twenty-four months. All securities to be issued by the Company pursuant to the Financing will be subject to a four-month statutory hold period. The Company anticipates paying finders' fees to certain eligible parties who have introduced subscribers to the Financing.

The proceeds of the Financing are intended to be used to advance exploration and development at Los Reyes, and to satisfy working capital requirements of the Transaction.

### The Los Reyes Project

Located 43 kilometres south east of the mining centre of Cosala, Sinaloa, Los Reyes has a mining history that stretches back into the 1700s and has seen mining activity as recently as the 1980s. Recent development work has focused on conventional milling and carbon in leach extraction of gold and silver. The Company envisions a simple heap leach operation that potentially has significantly lower capital costs and shortened time line to production. Los Reyes has significant resource upside with open extensions to known resources as well as eight additional discrete exploration targets.

Los Reyes has a historical estimate of:

Guadalupe de los Reyes					
	Tonnes Kt	Au oz	Au g/T	Ag oz	Ag g/T
Indicated	6,843	380,100	1.72	6,315,300	28.71
Inferred	3,200	155,200	1.49	3,639,000	34.87
Including					
San Miguel Indicated	459	47,100	<b>3.19</b>	1,141,800	<b>77.37</b>
San Miguel Inferred	583	41,500	<b>2.21</b>	1,215,000	<b>64.75</b>

The resource model for Los Reyes was prepared by Tetra Tech, Inc. of Golden, Colorado for MAI. The mineral resource estimate has an effective date of February 8, 2013 and is presented in a geological report which was most recently amended and restated April 16, 2018, a copy of which is available under MAI's profile on SEDAR (filed July 31, 2018). Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company is not treating these historical estimates as current and has not completed sufficient work to classify these historical estimates as current mineral resources. While the Company is not treating these historical estimates as current, it does believe the work conducted by MAI is reliable and the information, which was made publically available by MAI, may be of assistance to readers. As part of its due diligence process, and as required by the policies of the Exchange, the Company has commissioned Tetra Tech, Inc. to prepare a revised geological report in respect of Los Reyes which is expected to contain a new resource estimate. Once completed, a copy of the report will be available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

Andrew Bowering, the incoming Chief Executive Officer of the Company comments, "Los Reyes is an exceptional opportunity for exploration and potential development, to be fast-tracked through a PEA and a construction decision with low capital expenditure and reduced technical risks. The Company will work to complete a PEA technical study on the project while continuing to drill to expand existing data as well as promising new targets. The Company looks forward to working with MAI to develop Los Reyes."

Doug Ramshaw, President of Minera Alamos comments, "Minera Alamos is excited to partner with ePower Metals to develop Los Reyes and will continue to be involved both as a shareholder and as a technical partner as ePower develops the project."

Gold and silver were discovered at Los Reyes by the Spanish in the late 1700s and mining occurred in the area for over 150 years up until the 1950s. The Guadalupe de los Reyes underground mine opened in the late 1800s and to date is the most significant source of gold production in the district. It is estimated to have produced 500-600K oz of gold and 40M oz of silver at reported grades of +10 g/t Au and +500 g/t Ag.

From the 1950s through the 1980s there was limited activity in the Los Reyes area other than exploration reconnaissance studies. The one exception was a small vat leaching operation that was constructed and operated by the local concession owner in the late 1980s. It is reported that during this period approximately 32,000t of coarse crushed mineralized rock grading 5-6 g/t Au was leached with cyanide in open vats.

Modern drilling began at the Los Reyes area in the 1990s and was targeted at defining shallow and lower-grade gold-silver mineralization in areas surrounding the Los Reyes underground operations. Since that time, +40,000 m of RC and core drilling have been completed within the current project boundaries resulting in the current mineral resource.

The grades and descriptions stated here are derived from the "Guadalupe de los Reyes" geological report prepared by Tetra Tech, Inc., and as amended and reissued on April 16, 2018, and have not been verified by the Company. The historical grades and mining history are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the report are unknown.

Over the next 12 months following completion of the Transaction, the Company intends to focus on:

- Engineering and metallurgical work which will feed into a PEA study;
- Exploration drilling to expand existing resources; and
- Agreements and permits to allow a construction decision.

Los Reyes is subject to a 2% overriding royalty in favour of Vista Gold for surface gold production that is capped at US\$2 million. There are a series of royalties on several different claim groups with some buy backs and a residual maximum of 3% on several claims. Vista Gold holds a back-in right to 49% of gold and silver for underground production on a contributing basis.

### **Changes to the Board of Directors and Management**

The Company also announces certain changes to its board of directors and management. Effective immediately, Andrew Bowering, Gregory Liller and Jorge Ramiro Monroy have been appointed to the board of directors. Andrew Bowering has been appointed as Chief Executive Officer, Gregory Liller has been appointed as Chief Operating Officer and Alex Langer has been appointed as Vice-President of Capital Markets.

Alan Savage, Gregg Bruce and Fred Tejada have resigned from the board of directors. The Company would like to thank them for their long service to the company and wish them well in their future endeavours. Michael Collins has stepped down from his position of Chief Executive Officer and President and will continue with the Company as a director and Vice-President of Operations.

The new management team has come together to secure Los Reyes and will turn its focus to the immediate development of Los Reyes following completion of the Transaction. Subject to completion of the Transaction, it is anticipated that Bruce Durham will join the board of directors as MAI's nominee.

#### **Andrew Bowering, Chief Executive Officer and Director**

Andrew Bowering is a venture capitalist with 30 years of operational experience and leadership in mineral exploration and development worldwide. He has founded, funded and built teams that have operated numerous companies in the pursuit of precious, base and industrial metals from early exploration through to production. Mr. Bowering is an owner and founder of Sunrise Drilling Ltd. and has owned and operated drilling companies for the past 20 years. Mr. Bowering has served as an officer or director of public companies on the TSX Venture Exchange, the TSX main board and the American Stock Exchange including Caldera Environmental Corp., Pinnacle Mines Ltd., ATW Gold Corp., Cap-Ex Iron Ore, Millennial Lithium Corp, and American Lithium Corp.

#### **Gregory K. Liller, Chief Operating Officer and Director**

Gregory Liller obtained a Bachelor of Geology from Western Colorado University in 1977. He has more than 40 years experience in mineral exploration and mine development. Mr. Liller has seen multiple projects in which he played key roles become mines and was responsible for managing the exploration and development of reserves and resources at these operations. Mr. Liller has served as an officer or director of public companies listed on Exchange, the TSX main board, and the American Stock Exchange including Genco Resources Ltd. (TSX), Gammon Gold Inc. (TSX, AMEX), Mexgold Resources Inc. (TSXV) and Oracle Mining Inc. (TSX). Over the course of his career he has played a key role securing over \$300 million in equity financings and \$100 million in debt financing.

#### **Jorge Ramiro Monroy, Director**

Jorge Ramiro Monroy is a Founder and Managing Director of Emerging Markets Capital which is a mining focused investment firm based in Hong Kong focused on Asia-Latin America cross-border investments. Over the years he has advised and raised capital for numerous TSX companies including MAG Silver, IAMGOLD, and Pretivm. Jorge's connections to the Asian capital markets and his experience and connections with the Mexican resource sector are expected to prove valuable to the Company and the management team. Jorge holds a Bachelor's degree from the State University of New York, an MBA in Finance from the Hong Kong University of Science and Technology.

#### **Bruce Durham, P. Geo, Director**

Bruce Durham has been involved in the mining and exploration industry for over 40 years and is currently the President and CEO of Nevada Zinc Corporation. He was an integral member and leader of various exploration teams credited with the discovery of several significant deposits including the David Bell and Golden Giant gold mines in Hemlo, Ontario and the Redstone Nickel

and Bell Creek gold mines in Timmins, Ontario. More recently Mr. Durham served as Vice President Exploration then President and CEO of Canadian Royalties during a period when that company discovered several Ni-Cu-PGE deposits in the Raglan area of Quebec, which have since become mines. Mr. Durham holds a Bachelor of Science degree in Geology from Western University.

### **Alex Langer, Vice President of Capital Markets**

Alex Langer is a successful public markets specialist with over 15 years of experience in all aspects of equity financing. He started his career as an Investment Advisor with Canaccord Wealth Management, where he helped fund over 100 private and publically listed companies in various sectors including technology, mining, health care, forestry, and green technology. Mr. Langer was instrumental in the recent success of Millennial Lithium Corp., bringing key financial support and industry partners from his global connections. Alex has worked with numerous private and publically traded companies and has contributed upwards of \$300 million in financial support to his clients.

Michael Collins, P.Geo., is Vice President of Operations for the Company and is a qualified person for the purposes of National Instrument 43-101. Mr. Collins has reviewed and approved the technical content in this news release.

ON BEHALF OF THE BOARD OF DIRECTORS

### **Andrew Bowering Chief Executive Officer**

For further information, please contact:

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*Completion of the Transaction is subject to a number of conditions, including Exchange acceptance. The Transaction cannot close until the required approvals are obtained, and the outstanding conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that 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 the Company should be considered highly speculative.*

*The Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **Forward Looking Information**

*Information set forth in this document may include forward-looking statements. While these statements reflect management's current plans, projections and intents, by their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the control of the Company. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on these forward-looking statements. There is no assurance the transactions noted above will be completed on the terms as contemplated, or at all. The Company's actual results, programs, activities and financial position could differ materially from those expressed in or implied by these forward-looking statements.*



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