



## CANDELARIA MINING ANNOUNCES PEA FOR THE PINOS GOLD PROJECT

**The Pinos Project Preliminary Economic Assessment (“PEA”) results indicate a 7 year Life of Mine (“LOM”) with projected gold equivalent ounce (“GEO”) production of 89,000 with an after-tax IRR of 25%.**

**September 13, 2018, Vancouver, British Columbia** – Candelaria Mining Corp. (TSXV:CAND, OTC PINK:CDELF) (the “**Company**”) is pleased to provide the following update on the Company’s Pinos gold project located 140 kilometers east of the capital Zacatecas in the state of Zacatecas, Mexico. The project is district scale consisting of twenty-nine contiguous mining claims and covering 3,816 hectares, with easy access to infrastructure, labour and supplies.

All currency related figures are in US dollars.

### **Pinos Project PEA Highlights using \$1250/ounce gold and \$17/ounce silver**

- Pre-tax Net Present Value (“NPV”) of \$19 million using a 5% discount rate.
- After tax NPV of \$12 million using a 5% discount rate.
- After tax Internal Rate of Return (“IRR”) of 25%.
- Low initial capital of \$13.5 million and LOM capital of \$23 million
- Project has additional upside potential; the PEA only uses the Cinco Estrellas vein, while multiple other vein targets exist on the property.
- All permits necessary to commence construction have been received.

<b>Pinos PEA Results<sup>1</sup></b>	
LOM (years)	7
Indicated GEO recovered (000’s) <sup>2</sup>	88.9
Direct Cash Cost per GEO	\$666
Capital costs: (millions)	
Initial	\$13.5
Sustaining	\$ 9.2
After tax NPV @ 5% discount rate (millions) <sup>3</sup>	\$12.2

After tax Internal Rate of Return (“IRR”) <sup>3</sup>	25%
<p><sup>1</sup>Technical report on the PEA incorporating work by DENM Engineering, Jose A. Olmedo and Candelaria Mining to be filed within 45 days of this release.</p> <p><sup>2</sup>Gold equivalent ounces production was calculated at 73.5:1 conversion using \$1,250/oz gold and \$17/oz silver</p> <p><sup>3</sup>NPV and IRR calculations are based on after tax expectations with a long term gold price of \$1,250 and silver price of \$17.</p> <p>The PEA is preliminary in nature, and there is no certainty that the PEA will be realized.</p>	

### **Production Specifications**

- Total proposed tonnes processed of 790,800 includes Measured and Indicated resource of 261,500 tonnes at an average grade of 3.0 grams per tonne (“g/t”) gold and 59.1 g/t silver and 529,300 tonnes of Inferred Resource at an average grade of 3.6 g/t gold and 47.7 g/t silver containing 85,000 ounces of gold and 1.3 million ounces of silver.
- Total contemplated production of 75,400 ounces of gold and 995,400 ounces of silver from the Indicated and Inferred Resource.
- Average yearly production of 12,700 gold equivalent ounces during the initial seven years of the mine life.
- Throughput estimate of an average of 200 tonnes per day (“tpd”) for the 1<sup>st</sup> year, 300 tpd for years 2 and 3, and 400 tpd thereafter.

<b>Production Statistics:</b>	
Life of mine (years)	7
Total tonnes processed (000’s)	791
Overall average gold grade (g/t)	3.34
Overall average silver grade (g/t)	51
Overall average gold recovery	90%
Overall average silver recovery	80%
Gold ounces recovered (000’s)	75
Silver ounces recovered (000’s)	995
Average annual production GEOs (yrs 1-7)	12,700

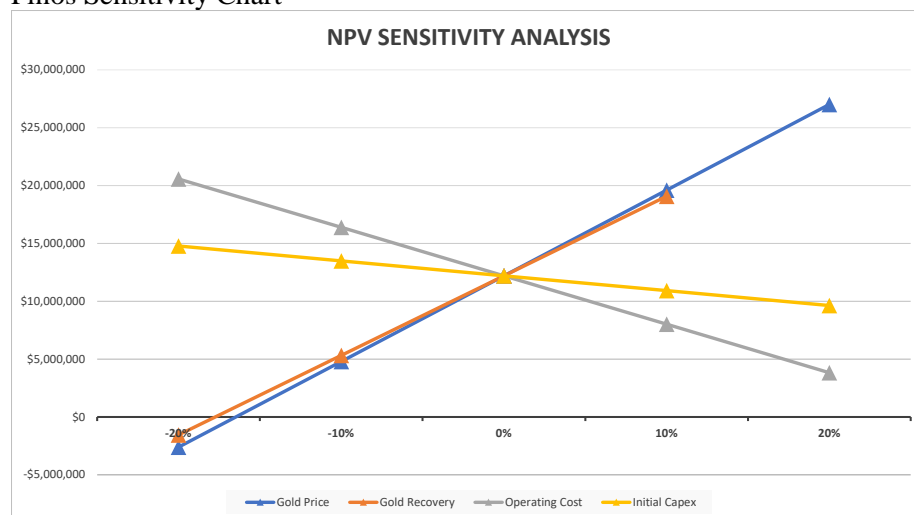
The proposed potential production mine plan cut-off grade of 2.2 g/t gold.

<b><u>Modeled Operating Costs</u></b>			
	<b><u>200 tpd</u></b>	<b><u>300 tpd</u></b>	<b><u>400 tpd</u></b>
Cost / Tonne Mineralized Material	<b><u>\$82.36</u></b>	<b><u>\$79.87</u></b>	<b><u>\$77.37</u></b>
Mining	39.57	39.48	39.39
Processing	30.77	29.52	28.26
Maintenance	2.02	1.87	1.72
G&A	10.00	9.00	8.00
Overall Average Direct Cash Cost Per GEO			\$666

<b>Modeled Capital Costs (millions)</b>	
Mine Development	\$ 5.9
Process	\$ 5.7
Infrastructure	\$ 1.2
<b>Total Capital</b>	<b>\$12.8</b>
Working capital, owner & indirect costs	\$ 0.7
Total Initial Capital	\$13.5
Sustaining Capital	\$ 9.2
<b>Total Life of Mine Capital</b>	<b>\$22.7</b>

The project sensitivities indicate the project is most sensitive to gold price, followed by operating costs and is less sensitive to changes in capital costs.

## Pinos Sensitivity Chart



Curtis Turner, President and CEO of Candelaria Mining stated:

"I am pleased to announce the results of the Pinos PEA. The PEA shows that Pinos is a great small scale project with the ability to grow. We are encouraged, not only by the PEA, but with the exploration potential on the property. The project is fully permitted. We have already sourced much of the processing facility. Therefore, we have limited the much of the risk associated with the start-up of most projects at a PEA stage. Developing the property as outlined in the PEA will allow us to commence with a low-capex project which will generate cash flows and to allow us to expand the operations, conduct further exploration work and continue to advance the other projects in our portfolio."

### National Instrument 43-101 ("NI 43-101") Preliminary Economic Assessment Report

This PEA is based on the Canadian NI 43-101 Mineral Resource Estimate and Economic Analysis generated by Jose A. Olmedo with Metallurgical work, Process Design Criteria, and Process Plant Details prepared by DENM Engineering Ltd., and presented in a National Instrument 43-101 Technical Report which will be filed within 45 days of the date of the publishing of this press release.

### Mineral Resource Summary of the Pinos Project as of September 13, 2018.

Resource Class	Tonnes of Material	Gold Equivalent Grade (g/t) <sup>1,2,3,4</sup>	Gold Grade (g/t) <sup>4</sup>	Silver Grade (g/t) <sup>4</sup>	Gold Ounces Contained	Silver Ounces Contained
Measured (Dumps)	85,847	2.7	1.6	82.9	4,444	228,892
Indicated	175,697	4.3	3.6	47.4	20,586	267,745

<b>Measured and Indicated</b>	<b>261,544</b>	<b>3.8</b>	<b>3.0</b>	<b>59.1</b>	<b>25,029</b>	<b>496,637</b>
<b>Inferred</b>	<b>529,267</b>	<b>4.2</b>	<b>3.6</b>	<b>47.7</b>	<b>60,671</b>	<b>811,082</b>

<sup>1</sup> g/t refers to grams per tonne

<sup>2</sup> Resource based on a 2.2 g/t gold equivalent cut-off grade

<sup>3</sup> The gold equivalent grade for the conceptual pit uses a 73.5:1 gold equivalent ounce ratio (\$1,250/oz Gold and \$17/oz Silver).

<sup>4</sup> The mine grades are diluted, using a 10% mine dilution factor

*Notes to Accompany Mineral Resource Table:*

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
2. Inferred mineral resources have a high degree of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility.
3. Mineral resources are reported with 10% dilution.
4. The resources calculated using a cut-off of 2.2 g/t gold based on \$1,250/oz gold price, \$17/oz silver price, mining cost of \$39.57 per tonne ("t") of material mined, process and general and administrative expense cost of \$42.80/t (at 200 tpd processing rate) with gold recoveries of 90% and silver recoveries of 80%.
5. Specific gravity: 2.69 g/cm<sup>3</sup>
6. Tonnes, grade values, and contained metal quantities may differ due to rounding.

The stated Mineral Resources have been prepared in accordance with the CIM classifications of Canada's NI 43-101 Standards of Disclosure for Mineral Projects.

**Path forward:**

At Pinos project, Candelaria is in the process of obtaining financing and will be reviewing all project aspects in order to make a construction decision based on obtaining favorable financing terms, as well as advancing engineering and design plans to be ready to commence development of the project.

**Technical Information**

Mineral resources referenced herein are not mineral reserves and do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, and mining loss but do include a dilution factor of 10%. The mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred

mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

The Company cautions that a PEA is preliminary in nature and that it relies upon mineral resource estimates which have the considerations noted above applied to them. There is no certainty that the PEA will be realized or that any of the resources will ever be upgraded to reserves.

Mr. Jose Antonio Olmedo, Eng. Geol. MSc. Is an Independent Consultant, located in Mexico City, Mexico, who is an “Independent Qualified Person” as defined by NI 43-101 and the lead person responsible for completing the Pinos resource has reviewed this press release as it relates to the Pinos project.

Mr. David Salari, P.Eng. of DENM Engineering Ltd. located in Oakville , Ontario, Canada who is an “Independent Qualified Person” as defined by NI 43-101 and the lead person responsible for reviewing the metallurgical work for the Pinos resource has reviewed this press release as it relates to the Pinos project and has overseen the metallurgical and recovery methods and infrastructure.

ON BEHALF OF THE BOARD,

*Curtis Turner*  
Chief Executive Officer

**For further information, please contact:**

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**Quality Assurance and Quality Control (QA/QC)**

Preparation and assaying of samples from Candelaria's Pinos project are done with strict adherence to a Quality Assurance/Quality Control (QA/QC) protocol. The custody of the samples are in charge of ALS Minerals from project to the ALS Minerals' preparation facility in Zacatecas, Zacatecas, Mexico. Quality-control (QC) samples are inserted in the sample stream every 20 samples. QC samples include standards and blanks. Sampling analysis certificates, halved drill cores, chip samples and rejects are stored for future checking and control purposes.

**About Candelaria Mining**

Candelaria Mining is a Canadian-based gold development and exploration company with a portfolio of highly prospective projects in Mexico, one of the world's best mining jurisdictions. Candelaria's 100% owned Caballo Blanco Project hosts NI 43-101 Indicated Resources of 521,000 ounces of gold and 2,170,000 ounces of silver (31,220,000 tonnes grading 0.52 g/t gold and 2.16 g/t silver) and Inferred Resources of 95,000 ounces of gold and 590,000 of ounces silver (8,630,000 tonnes grading 0.34 g/t gold and 2.14 g/t silver). Potential exists to increase these estimated resources through continued drilling and exploration. For more information on resource estimates, please see the Company's website, [www.candelariamining.com](http://www.candelariamining.com).

***Cautionary Note Regarding Forward-looking Statements***

This press release contains certain “forward-looking statements” and “forward-looking information” under

applicable Canadian securities laws concerning the business, operations and financial performance and condition of Candelaria Mining Corp. (“Candelaria” or “Candelaria Mining”). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimation of mineral resources at mineral projects of Candelaria; ; the realization of mineral reserve estimates; the timing and amount of estimated future production; economics of production; success of exploration activities; estimated production and mine life of the various mineral projects of Candelaria; the future price of gold and silver; synergies and financial impact of completed acquisitions; the benefits of the development potential of the properties of Candelaria and currency exchange rate fluctuations. Except for statements of historical fact relating to Candelaria, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Candelaria and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include variations in metal grades, changes in market conditions, variations in recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labor disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Candelaria's most recent Management Discussion and Analysis filed on SEDAR, which also provide additional general assumptions in connection with these statements. Candelaria cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Candelaria believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release. Candelaria undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws.

Although Candelaria has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed.