

CANDELARIA MINING CORP.

News Release
TSX-V: CXX

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CANDELARIA MINING COMPLETES UNITS AND CONVERTIBLE NOTES FINANCING

August 18, 2016 – Vancouver, British Columbia – Candelaria Mining Corp. (the “**Company**”) is pleased to announce that it has completed its private placement offering (the “**Offering**”) previously announced on July 8, 2016, for total proceeds of \$6,250,000.

Pursuant to the Offering, the Company issued a total of 20,000,000 units at a price of \$0.15 per unit (each a “**Unit**”) for gross proceeds of \$3,000,000. Each Unit consists of one common share of the Company and one-half of one non-transferable share purchase warrant (each a “**Warrant**”). Each whole Warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.25 per common share for a period of 18 months following closing.

Pursuant to the Offering, the Company also issued \$3,250,000 (equivalent to US\$2,500,000) of unsecured convertible notes. The convertible notes will bear interest at 6% annually, paid monthly and have a maturity date of August 18, 2018, and the principal amount of the convertible notes is convertible into units for a period of 24 months at \$0.155 per unit prior to the maturity date. Each unit will be comprised of one common share and one-half of one common share purchase warrant of the issuer. Each whole warrant will entitle the holder thereof to purchase one additional common share for a period of 18 months at an exercise price of \$0.25 per share.

Cash finder’s fees of US\$75,540 were paid in connection with the Offering. Proceeds of the Offering are allocated to the advancement of the Caballo Blanco project and general working capital.

All securities issued in connection with the Offering (including all securities issued upon exercise of those securities) are subject to a 4-month “hold period” expiring on December 19, 2016 as prescribed by the TSX Venture Exchange and applicable securities laws.

Pursuant to the Offering, Javier Reyes of Mexico City purchased \$3,250,000 (equivalent to US\$2,500,000) worth of unsecured convertible debentures. Immediately prior to the Offering, Mr. Reyes held 30,540,000 common shares of the Company representing approximately 12.7% of the issued and outstanding shares of the Company on an undiluted basis. 27,700,000 of these common shares are owned by Credipresto SA de CV SOFOM, and 2,840,000 of these common shares are owned by Antares Capital Fund, Ltd., a company controlled by the Mr. Reyes. The convertible notes he acquired are convertible into up to 20,967,741 common shares of the Company and 10,483,870 warrants. As a result of the foregoing acquisition (assuming full conversion of the convertible notes and full exercise of the warrants issued upon conversion of the convertible notes), Mr. Reyes would own and/or control a total of 61,991,611 common shares of the Company representing 22.1% of the issued and outstanding shares on a partially diluted basis, assuming no further common shares of the Company have been issued.

Mr. Reyes also holds common share purchase warrants exercisable into up to 3,000,000 common shares of the Issuer and \$1,625,000 worth of unsecured convertible debentures convertible into up to 27,083,333 common shares of the Issuer at a price of \$0.06 per common share in the first year and \$0.10 per common share for the remainder of the term. If Mr. Reyes were to exercise all of the share purchase warrants and convert all the unsecured convertible debentures and convertible notes, he would then control a total of

92,074,944 common shares of the Issuer representing approximately 30.61% of the issued and outstanding common shares of the Issuer on a partially diluted basis assuming that no other common shares of the Issuer have been issued.

Mr. Reyes acquired the convertible notes for investment purposes, and have no present intention to acquire further securities of the Company, although he may in the future participate in financings and/or acquire or dispose of securities of the Company in the market, privately or otherwise, as circumstances or market conditions warrant. The convertible notes were issued to Mr. Reyes in reliance upon the prospectus exemption in Section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* on the basis that he meets the criteria of an Accredited Investor (as defined in National Instrument 45-106).

This information regarding ownership of the debentures is being issued pursuant to Multilateral Instrument 62-103, and a report respecting the above Offering will be filed with the applicable securities commissions using the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) and will be available for viewing at www.sedar.com or by contacting Sokhie Puar at sokhie@snjcapital.com. The transaction with Mr. Reyes is exempt from the various requirements of the TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 and no material change report was filed prior to the date hereof due to timing of closing not being fixed.

For further information, please contact:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.