



Cobre del Mayo, S.A. de C.V. Announces Clarification Regarding its Exchange Offer

Mexico City, January 26, 2016 – Cobre del Mayo, S.A. de C.V. (“CDM” or “we”) announced the following clarification regarding its previously announced offer (the “Exchange Offer”) to eligible noteholders described below to exchange any and all of its outstanding approximately \$217.2 million aggregate principal amount of 10.75% Senior Notes due 2018 (ISIN: XS0996338322; Common Code: 099633832) (the “Existing Notes”) for approximately (i) \$119.5 million aggregate principal amount of Senior Secured PIK Toggle Notes due 2021 (the “Secured Notes”), plus additional Secured Notes in the amount of accrued and unpaid interest to but excluding the settlement date of the exchange offer, plus (ii) approximately \$97.8 million aggregate principal amount of Junior Non-Interest Bearing 2045 Notes (the “Junior Notes” and together with the Secured Notes, the “New Notes”).

CDM has learned that there may be some degree of confusion in respect of certain aspects of the Exchange Offer. CDM offers the clarification set forth below in this release.

Junior Notes:

- The Junior Notes mature in 2045, do not bear interest, are unsecured, and rank junior in right of payment to all other existing and future senior indebtedness of CDM, including but not limited to the Secured Notes.
- The Junior Notes can be converted into less than 1% of the equity of CDM at any time at CDM’s option.
- An affiliate of CDM has offered to purchase the Junior Notes for 2% of their principal amount in cash when the Exchange Offer closes.
- The additional interest payments, which are contingent on the price of copper in the future and are payable only as described in the Offer to Exchange and Consent Solicitation Statement, are payable only with respect to the Secured Notes. No such payments are associated with the Junior Notes under any conditions.
- The NI 43-101 Mine Technical Report that was released on November 1, 2015 and published on December 12, 2015 projects that operations of the Piedras Verdes Mine will end during 2033. Unless further reserves are identified by further exploration, CDM is not expected to generate any further revenues.

Existing Notes that are not exchanged in the Exchange Offer:

- Principally as a consequence of lower copper prices, we have operated with negative free cash flow since the third quarter of 2015. In the event we are unable to improve our liquidity, we may be unable to continue to operate or remain solvent. In addition, if copper prices do not enable us to generate sufficient cash flow to service all of our debt, we may have to give priority to conserving cash to service the Secured Notes to the detriment of the Existing Notes.

- Existing Notes that are not exchanged in the Exchange Offer will be effectively subordinated to the Secured Notes (as well as any other secured debt of CDM) to the extent of the value of the assets securing the Secured Notes and such other debt. In the event of a liquidation, dissolution, reorganization, bankruptcy or similar proceeding, the Secured Notes will be entitled to be paid in full from our assets before any payment may be made with respect to unexchanged Existing Notes. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any unexchanged Existing Notes.

The complete terms and conditions of the Exchange Offer and Consent Solicitation are set forth in the Amended Offer to Exchange and Consent Solicitation Statement dated January 12, 2016 (the “Offer to Exchange and Consent Solicitation Statement”), as amended by CDM’s press releases dated January 21, 2016 and January 22, 2016. Noteholders should read this press release in conjunction with the Offer to Exchange and Consent Solicitation Statement (including but not limited to the section entitled “Risk Factors” therein) and such other press releases.

Noteholders who desire to review the Offer to Exchange and Consent Solicitation Statement, and such press releases, should visit the website for this purpose at <http://sites.dfkingltd.com/cobredelmayo> or contact D.F. King Ltd., the information agent for the Exchange Offer and Consent Solicitation, at : +44 20 7920 9700 (London), +1 212 269 5550 (New York), or +852 3953 7230 (Hong Kong), or at cobredelmayo@dfkingltd.com.

Noteholders may also contact Richard Klein of Jefferies LLC at +1 212 708 2733 or James Harper of BCP Securities, LLC at +1 203 629 2181.

The Exchange Offer and Consent Solicitation will expire at 5:00 p.m., CET, on January 28, 2016 (unless extended). The deadline to validly withdraw tenders of Existing Notes and revoke consents was 5:00 p.m., CET, on January 20, 2016; therefore, Existing Notes that have been tendered and not validly withdrawn, and Existing Notes tendered after that date, may not be withdrawn and consents that have been delivered and not validly withdrawn, and consents delivered after that date, may not be revoked, in each case unless otherwise required by law. Eligible noteholders who have tendered and not validly withdrawn Existing Notes will be permitted, prior to the Expiration Date, to change their election regarding whether to sell the Junior Notes portion of their exchange consideration to an affiliate of CDM for the Junior Notes Purchase Price Cash Consideration as described in the Offer to Exchange and Consent Solicitation Statement. Settlement of the Exchange Offer is expected to occur on February 2, 2016.

Jefferies LLC and BCP Securities, LLC are acting as Exchange and Solicitation Agents for the Exchange Offer and Consent Solicitation.

Available Documents and Other Details

Documents relating to the Exchange Offer and Consent Solicitation will only be made available to holders (“Eligible Holders”) who confirm and agree that they are either (i) a holder of Existing Notes (A) that would be acquiring the New Notes outside the United States or otherwise pursuant to Regulation S under the U.S. Securities Act of 1933 (the “Securities Act”) or (B) that is an institutional “accredited investor” (as that term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act), which is a “qualified institutional buyer” (as that term is defined in Rule 144A under the

Securities Act) (collectively, the “Eligible Holders”); or (ii) a holder of Existing Notes that is not an Eligible Holder, is interested in evaluating the Consent Solicitation, but understands that it is not being offered, and cannot acquire, any New Notes in the Exchange Offer. Noteholders who desire to review the Offer to Exchange and Consent Solicitation Statement should visit the website for this purpose at <http://sites.dfkingltd.com/cobredelmayo> or contact D.F. King Ltd., the information agent for the Exchange Offer and Consent Solicitation, at : +44 20 7920 9700 (London), +1 212 269 5550 (New York), or +852 3953 7230 (Hong Kong), or at cobredelmayo@dfkingltd.com. Noteholders may also contact Richard Klein of Jefferies LLC at +1 212 708 2733 or James Harper of BCP Securities, LLC at +1 203 629 2181.

The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. Accordingly, the Exchange Offer is only being made to registered holders of Existing Notes (i) outside of the United States pursuant to Regulation S under the Securities Act or otherwise to, or for the account or benefit of, non-U.S. persons (as defined in Regulation S) in accordance with Regulation S, or (ii) that are institutional “accredited investors,” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act, which are “qualified institutional buyers,” as that term is defined in Rule 144A under the Securities Act (together, the “Eligible Holders”).

We have not and will not register the New Notes with the National Securities Registry (*Registro Nacional de Valores*) maintained by the National Banking and Securities Commission (*Comision Nacional Bancaria y de Valores* or “CNBV”), and, therefore, the New Notes may not be offered or sold publicly in Mexico, except that the New Notes may be sold to Mexican institutional and qualified investors pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law, as amended (*Ley del Mercado de Valores*, or “LMV”). As required by the LMV, we will notify the CNBV of the issuance of the New Notes, including the principal characteristics of the New Notes and of the offering of the New Notes outside of Mexico. Such notice will be submitted to the CNBV to comply with the LMV and for information purposes only, and the delivery to, and the receipt by, the CNBV of such notice does not constitute or imply any certification as to the investment quality of the New Notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information provided in the Offer to Exchange and Consent Solicitation Statement. The information contained in the Offer to Exchange and Consent Solicitation Statement is exclusively our responsibility and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investors who may acquire New Notes from time to time, must rely on their own review and examination of CDM, the guarantors and the terms of the New Notes.

The complete terms and conditions of the Exchange Offer and Consent Solicitation are set forth in the informational documents relating to the Exchange Offer and Consent Solicitation. This press release is for informational purposes only and is not an offer of securities for sale in the United States or elsewhere. The New Notes may not be offered or sold in the United States absent registration or an exemption from registration. The Exchange Offer is only being made pursuant to the confidential Offer to Exchange and Consent Solicitation Statement, as amended by CDM’s press releases dated January 21, 2016 and January 22, 2016. The Exchange Offer is not being made to holders of Existing Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

Cautionary Note Regarding Forward-Looking Statements

This press release and the Offer to Exchange and Consent Solicitation Statement include forward-looking statements. This forward-looking information includes, among others, statements regarding the terms and timing for completion of the Exchange Offer and Consent Solicitation. In addition, these forward-looking statements include, without limitation, statements regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, forward-looking statements can be identified by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should” or “will” or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution potential investors that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, financial condition and liquidity may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this press release or the Offer to Exchange and Consent Solicitation Statement. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this press release and the Offer to Exchange and Consent Solicitation Statement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- risks related to our liquidity;*
- risks related to the price of copper;*
- risks related to our competitive position;*
- risks related to our strategy and expectations about growth in demand for copper and business operations, financial condition and results of operations;*
- risks related to our operations, including the quality of our ore body, our ability to predict the nature, metallurgy, mineralization and alteration of the ore body and the effectiveness of our heap leaching process;*
- risks relating to the operation by Kupari Metals S.A. of its flotation plant;*
- risks related to the revocation, expropriation or termination of our mining concessions or our water concessions or of the agreements pursuant to which we explore or exploit mining concessions belonging to third parties;*
- the inability to be compensated fairly in the event of termination of our mining concessions or our water concessions;*

- *the impact of changes in the prices of raw materials, labor, services, sulfuric acid, components and other inputs;*
- *our relationship with unions and our ability to negotiate collective bargaining agreements;*
- *the availability of materials and equipment;*
- *our access to funding sources, and the cost of the funding;*
- *changes in regulatory, administrative or economic conditions affecting the mining industry, including government interpretations and policies;*
- *the application and enforcement of environmental laws and regulations;*
- *risks related to Mexico's social, political or economic environment;*
- *the impact of changes in the end uses of our products;*
- *fluctuations in the value of the U.S. dollar against the Mexican peso;*
- *risks associated with market demand for and liquidity of the New Notes;*
- *risks related to the successful consummation of the Exchange Offer and Consent Solicitation; and*
- *changes in the taxation of our business.*

Holders of Existing Notes should read the entire Offer to Exchange and Consent Solicitation Statement, including the sections "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business", for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this press release and the Offer to Exchange and Consent Solicitation Statement may not occur. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments.