

**AYUBOWAN CAPITAL LTD.**  
Suite 2200, 885 West Georgia Street  
Vancouver, British Columbia  
V6C 3E8

## **NEWS RELEASE**

### **AYUBOWAN CAPITAL ENTERS INTO TWO MINERAL EXPLORATION AND OPTION AGREEMENTS TO ACQUIRE SILVER RICH – ZINC LEAD COPPER CARBONATE REPLACEMENT CONCESSIONS IN MEXICO**

**Vancouver, British Columbia – May 1, 2017** . Ayubowan Capital Ltd. (the **%Company+**) (TSX-V: AYB.H) is pleased to announce that it has entered into a mineral exploration and option agreement (the **%Puerto Rico Option Agreement+**) dated April 7, 2017, with Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon (together, the **%Vendors+**), providing an option (the **%Option+**) to acquire certain mineral concessions (the **%Mineral Concessions+**) located in Ocampo, Coahuila, Mexico (the **%Proposed Transaction+**), forming part of the Puerto Rico exploration project (the **%Puerto Rico Property+**).

In addition, the Company has entered into a second mineral exploration and option agreement (the **%Renata Option Agreement+**) dated April 20, 2017, also with the Vendors, providing an option to acquire a certain mineral concession (the **%Renata Concession+**) also located in Ocampo, Coahuila, Mexico comprising the Renata exploration project (the **%Renata Property+**).

The Company is currently listed on NEX and it is intended that the Proposed Transaction will constitute its "reactivation" as defined under the policies of the TSX Venture Exchange (the **"Exchange"**). Upon completion of the Proposed Transaction and meeting all the conditions of the Exchange, the Company will have its listing transferred from NEX to the Exchange. The Proposed Transaction will constitute a Change of Business and the Puerto Rico Property will be the Company's Qualifying Property under Exchange policies. Upon completion of the Proposed Transaction the Company will operate as a junior mining / exploration company.

The Proposed Transaction and the Renata Option Agreement are subject to, among other things, receipt of all applicable regulatory approvals, the final approval of the Exchange and the satisfaction of customary closing conditions, including the conditions described below. The proposed acquisition of the Puerto Rico Property and the Renata Property are arm's length transactions and do not require shareholder approval under applicable securities or corporate legislation. As such, the Company, with the consent of the Exchange, does not intend to seek the approval of its shareholders to complete the Proposed Transaction. Sponsorship is required under Exchange policies and the Company will be requesting a waiver of Sponsorship. There is no guarantee Sponsorship will be waived.

#### **Property descriptions**

The Puerto Rico and Renata properties sit within a newly consolidated 3,000 square kilometre land package that covers hundreds of historical high grade Zn-Pb-Ag +/- Cu workings and mines, virtually none of which have ever been drill tested. The properties are situated on the major carbonate replacement deposit (CRD) belt that extends 1,700 km from SE Arizona to central Mexico.

The Puerto Rico Property hosts the former Puerto Rico, San José and Zaragoza mines situated along a 12 km long, 1 km wide structural zone. This zone hosts extensive underground workings

and prospect pits, with high grade Ag, Zn, Pb and Cu mineralization on surface and in the underground workings that is open for extension in all directions. Very little modern exploration has ever been carried out on what is clearly a district scale target.

There are reported to be over 200 historical workings in the district, with the Puerto Rico and San José mines accounting for over 90% of the historically mined tonnage. Non-mechanized mining by the Vendors at the Puerto Rico project over the past three years, has resulted in the sale of approximately 20,000 tonnes of mineralized material grading > 20% Zn.

Based on exposures in underground workings, the mineralized system hosts multiple high grade mantos and chimneys separated by lower grade wallrock. To assist with due diligence and in order to verify historical geochemical analyses, the Company arranged for the collection of 33 samples on the Puerto Rico Property during a site visit consisting of: four grab samples from mine dumps or selective samples from outcrops to test specific mineralized zones, six underground grab samples, 10 rock chip samples from outcrops, and 13 underground rock chip samples. Highlights from the sampling include:

- **42.7% Zn, 4.0% Pb and 180 ppm Ag** over 1.0 metre in sample<sup>3</sup> A49819;
- **34.5% Zn, 6.1% Pb and 118 ppm Ag** over 1.0 metre in sample<sup>3</sup> A49811;
- **26.0% Zn, 15.7% Pb and 309 ppm Ag** in grab sample<sup>1,3</sup> A49820; and
- **8.9% Zn, 12.7% Pb and 299 ppm Ag** in grab sample<sup>1,3</sup> A49803.

For a complete table of the sample results see the attached Schedule ~~A~~ to this news release.

A technical report under National Instrument 43-101 for the Puerto Rico Property has been prepared. Details of the proposed initial exploration program and budget will be disclosed in a subsequent press release, and the technical report will be available on SEDAR.

The Renata Property is located a few kilometres south of and in a similar geological setting as a privately held mine and may host a possible extension of high grade Zn-Pb-Ag mineralization currently being mined. The Company expects to be able to quickly drill test to confirm any mineralization at the Renata Property. At the present time, the Company considers the Renata Property non-material and a technical report under National Instrument 43-101 has not been prepared.

The Vendors collectively hold 100% title in the five mineral concessions forming the Puerto Rico Property that is subject to the Puerto Rico Option Agreement. The Vendors also collectively hold 100% title in one mineral concession forming the Renata Property that is subject to the Renata Option Agreement.

### **Terms of the Puerto Rico Option Agreement**

#### ***Consideration***

Pursuant to the terms of the Puerto Rico Option Agreement, the Company may exercise the Option and acquire the Puerto Rico Property from the Vendors, on the following payments to the Vendors:

- a) a cash payment of US\$300,000, payable by the Company on the latter of final Exchange approval and the Company entering into certain land occupation agreements with and/or

receiving consent from the local Ejido, duly registered at the National Agrarian Registry of Mexico;

- b) the issuance of an aggregate of 500,000 common shares on or before June 30, 2017;
- c) an additional cash payment of US\$300,000 and the issuance of a further 500,000 common shares upon the receipt of all necessary permits and approvals to conduct drilling activities on the Mineral Concessions from the applicable authorities (the **%Drilling Approvals+**);
- d) the issuance of four tranches of 500,000 common shares on each anniversary of the closing of the Proposed Transaction, with the first issuance occurring on the second anniversary of the closing; and
- e) the issuance of additional common shares (the **%Additional Consideration Shares+**), representing 30% (the **%Thirty Percent Interest+**) of the Company's then issued and outstanding share capital, taking into account any common shares already issued to the Vendors.

In the event that the market value of the Thirty Percent Interest is less than US\$10,000,000 at the time of issuance, the Company will issue further common shares to the Vendors such that the common shares of the Company issued the Vendors, in aggregate, have a market value of US\$10,000,000, subject to a maximum aggregate ownership interest by the Vendors of 35%. Any amount in excess of the 35% share threshold will be paid to the Vendors in cash, to an aggregate value of US\$10,000,000.

In the event the Company has any material assets in addition to the Puerto Rico Property, at the time of the issuance of the Additional Consideration Shares, the number of the Additional Consideration Shares issuable to the Vendors will be reduced to represent 30% of the market value of only the Puerto Rico Property, as determined by an independent third party valuation.

### ***Expenditures***

In order to exercise the Option, the Company is required to complete exploration expenditures of not less than US\$12,500,000 (the **%Expenditures+**) on the Puerto Rico Property within five years of receipt of the Drilling Approvals. The Company must complete not less than US\$2,000,000 of these Expenditures within the first twelve (12) months.

All cash consideration paid by the Company to the Vendors shall be credited towards the Expenditures. At any time, the Company may pay any remaining amount of the Expenditures directly to the Vendors, and issue any remaining consideration as outline above, in order to accelerate the acquisition of the Puerto Rico Property pursuant to the Option.

The Company will be the operator of the Puerto Rico Property during the term of the Option and is required to pay all mining duties to maintain the Mining Concessions in good standing.

### **Terms of the Renata Option Agreement**

Pursuant to the terms of the Renata Option Agreement, the Company may exercise the option and acquire the Renata Property on the following terms:

- a) an aggregate cash payment of US\$100,000 to the Vendors three months from approval of the Renata Option Agreement by the Exchange; and
- b) the Company incurring exploration expenditures on the Renata Property of not less than US\$2,000,000 within three years of the latter of the closing date and the entering into by the Company of any required land occupation or lease agreements on the subject lands.

An additional US\$100,000 payment will be due if the Company has not made a decision to keep or return the Renata Concession to the Vendors within two years.

During the term of the Renata Option Agreement, the Company may negotiate the sale and transfer of the Renata Concession to an arm's length party, before or after making the required exploration expenditures and acquiring the Renata Property. In the event of sale, the Vendors shall receive the first US\$3,000,000 of sale proceeds, and the balance of consideration shall be split equally between the Company and the Vendors, net of any exploration expenditures already incurred.

The Company will be the operator of the Renata Property during the term of the Renata Option Agreement and is required to pay all mining duties to maintain the Renata Concession in good standing.

### ***Financing***

As a condition to completing the Proposed Transaction the Company intends to complete a private placement financing. The terms of the financing have yet to be finalized. The financing will be announced once the final terms have been determined.

### ***Loans***

On the execution of the Puerto Rico Option Agreement and the Renata Option Agreement, the Company advanced loans to the Vendors in the aggregate amount of US\$150,000 (the "**Loans**"). The Loans will be credited towards the first cash payments required under the Puerto Rico Option Agreement and the Renata Option Agreement.

In the event that the Puerto Rico Option Agreement and Renata Agreement are terminated prior to closing, the Vendors shall repay the Loans within 30 days of demand by the Company. If not repaid within 30 days any unpaid amount shall accrue interest at the rate of 12% per annum, calculated and compounded monthly. The Vendors have executed promissory notes in favour of the Company as security for the Loans.

### **Board Changes**

On completion of the Proposed Transaction, the Company's Board of Directors will be reconstituted, to include the following directors:

#### **Dr. Mark O'Dea, PhD., P. Geo.**

Dr. O'Dea has played leadership roles in founding, financing and building numerous mining companies, creating over \$3 billion in shareholder value. As Co-Founder, CEO and Director, he grew Fronteer Gold from start-up to its sale in 2011 to Newmont Mining, which included the spin-out of Pilot Gold. Dr. O'Dea also co-founded and served as CEO and Director of Aurora Energy which was sold to Paladin in 2011. He co-founded True North Nickel, which was sold to Royal Nickel in 2014, and most recently co-founded and served as Executive Chairman of True Gold Mining, which built the Karma Gold Mine in Burkina Faso. True Gold was sold to Endeavour Mining in 2016. He is the founder of Oxygen Capital, and currently serves as Chairman of Pilot Gold and as Director of Pure Gold Mining and NexGen Energy. He has received numerous business and industry awards, including the Globe and Mail's Top 40 Under 40, winner of the EY

Entrepreneur Of The Year™ 2014 Pacific mining and metals category, and the AMEBC's Murray Pezim Award for perseverance and success in financing mineral exploration.

### **Murray John**

Prior to his retirement in December 2014, Mr. John was President and Chief Executive Officer of Dundee Resources Limited, a private resource-focused investment company, and Managing Director and a Portfolio Manager with Goldman Investment Counsel, where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John is the former President and Chief Executive Officer of Corona Gold Corporation and Ryan Gold Corp. He is also a lead director of Osisko Mining Inc., formerly Oban Mining Corp., a director of Dundee Precious Metals Inc. and a former director of several other public companies. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 with a B. Sc (Hons) in mining engineering and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

### **Jesus Miguel Hernández Garza**

Mr. Garza holds a degree in Industrial Engineering from the University Regiomontana located in Monterrey Nuevo León, Mexico, and holds a Masters degree in Environment and Administration. He is a principal of Revi Minerals S.A. de C.V., a company dedicated to open pit mining of coal and zinc deposits in Mexico. He has also been involved in the mining of gravel, fluorite and barite in Mexico and has held positions in state and municipal governments where he maintains a number of key government relationships. He is a former employee of Freeport McMoran at the Puerto Rico Project, where he also held the title of Manager of Social Management. Mr. Garza is a resident of the local Ejido which owns surface rights around the Puerto Rico Project.

"We intend to complete our evaluation of the new properties and complete a financing to fund an aggressive exploration program on closing," said Dr. Mark O'Dea. "We also intend to further expand the Board at the next Annual General Meeting of the Company and are in active discussions with potential management teams to direct the project".

### **Special Advisor**

On completion of the Proposed Transaction, Mr. Cal Everett will be appointed Special Advisor to the Board.

Mr. Everett is a geologist with more than 14 years of surface and underground exploration experience with senior mining companies and is the President and CEO of Pilot Gold Inc., a TSX listed company. Mr. Everett moved to the financial sector in 1990, and spent 12 years with BMO Nesbitt Burns focused on resource equities, and seven years with PI Financial Corp. in senior resource institutional sales and capital markets. From 2008 to 2015, he was President and Chief Executive Officer of Axemen Resource Capital.

Mr. Everett holds a Bachelor of Science degree in Economic Geology from the University New Brunswick.

Completion of the Proposed Transaction remains subject to the Exchange approval. Trading in the Company's common shares will remain halted pending further filings with the Exchange.

The technical information in this news release has been reviewed by Moira Smith, Ph.D., P.Geo. who is a Qualified Person as defined by National Instrument 43-101.

For further information, contact Scott Ackerman at sackerman@emprisecapital.com

On Behalf of the Board of Directors of:

**AYUBOWAN CAPITAL LTD.**

Scott Ackerman  
Director  
Ayubowan Capital Ltd.  
Email: sackerman@emprisecapital.com

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

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, 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 TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

*This news release may include forward-looking statements that are subject to inherent risks and uncertainties. All statements within this news release, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those described in forward-looking statements. Factors that could cause actual results to differ materially from those described in forward-looking statements include fluctuations in market prices, including metal prices, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under applicable laws.*

**Schedule "A"**

**Independent Verification Samples Collected for Geochemical Analyses**

<b>Sample</b>	<b>Easting</b>	<b>Northing</b>	<b>Mine</b>	<b>Type<sup>1</sup></b>	<b>Widht (m)</b>	<b>Zn (%)<sup>3</sup></b>	<b>Pb (%)</b>	<b>Aa (ppm)</b>	<b>Cu (%)</b>
A49800	713050	3229116		chip	1.0	0.1	2.4	38	0.05
A49801	713016	3229175	Zaragoza	chip	1.0	1.2	1.8	226	0.20
A49802	712982	3229304	Zaragoza	grab		0.3	14.7	220	0.16
A49803	712946	3229273	San José	grab		8.9	12.7	299	3.23
A49804 <sup>2</sup>	713071	3229088	Zaragoza	chip	1.0	23.9	2.2	48	0.03
A49806	713071	3229077	Zaragoza	grab		13.4	4.2	107	0.06
A49807	713077	3229048	Zaragoza	grab		3.6	0.4	45	7.31
A49808	712968	3229250	San José	grab		1.8	0.0	58	5.54
A49809	712972	3229250	San José	chip	1.0	3.4	3.5	56	0.11
A49810	712934	3229282	San José	chip	1.0	34.2	0.7	10	0.48
A49811	712935	3229285	San José	chip	1.0	34.5	6.1	118	0.22
A49812	712936	3229250	San José	chip	1.0	0.2	0.1	17	2.05
A49813	710799	3231550	La Cubana	chip	0.5	0.6	0.6	215	8.25
A49814	712157	3229929	La Cubana	chip	1.0	0.0	0.1	5	0.02
A49816	712121	3229934	Puerto Rico	chip	2.0	10.9	0.6	28	1.78
A49817	712074	3229981	Puerto Rico	chip	1.5	13.4	4.0	157	0.11
A49818	712016	3230013	Puerto Rico	chip	0.5	15.1	2.0	280	0.02
A49819	712009	3230024	Puerto Rico	chip	1.0	42.7	4.0	180	0.02
A49820	712023	3230016	Puerto Rico	grab		26.0	15.7	309	0.02
A49821	712037	3229940	Puerto Rico	chip	0.5	1.7	1.9	3327	2.55
A49822	710644	3233244		grab		13.4	6.6	79	0.02
A49823	710644	3233238		panel		11.1	7.5	90	0.01
A49824	711190	3232244		chip	1.0	3.9	1.7	29	0.00
A49826	711209	3232131		chip	1.0	0.2	0.5	4	0.00
A49827	711196	3232127		grab		0.5	14.5	198	0.00
A49828	711076	3230522		grab		0.0	0.1	< 3	0.05
A49829	711083	3230495		chip	1.0	1.6	0.6	228	0.50
A49830	711087	3230477		chip	1.0	0.4	1.4	222	0.07
A49831	710961	3230863		grab		0.0	0.4	202	0.03
A49832	713725	3223171		chip	0.5	24.7	0.1	13	0.00
A49833	713707	3223262		chip	1.0	5.1	0.5	27	0.02

A49834	713704	3223258	chip	1.0	2.1	1.3	55	0.12
A49836	713576	3223297	chip	1.0	0.0	0.0	3	0.17

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<sup>1</sup> Grab samples are selective samples and are not necessarily representative of the mineralization hosted on the property

<sup>2</sup> Approximate location

<sup>3</sup> Zinc grades quoted are from Zinc oxides