

Cyprium Mining announces start of production at the Potosi silver mine

MONTREAL, July 6, 2016 /CNW/ - Cyprium Mining Corporation ("Cyprium" or the "Company") (TSX-V: CUG and CUG.DB) is pleased to announce the start of production at the Potosi silver mine located in the historic Santa Eulalia District, Chihuahua, Mexico. Production will focus initially on the "Tunel" mineralized body, which lies on levels 1 to 4 of the mine in the area accessed by the recently rehabilitated Potosi No. 3 shaft (See Press Release of May 30th, 2016).

Mr. Alain Lambert, Chairman and CEO of Cyprium commented: "We are very pleased that it took only six months and less than a million dollars to return the Potosi Mine to production. This nicely validates Cyprium's business plan of acquiring and inexpensively restoring past producing mines to generate cash flow for expanded development and exploration." Mr. Lambert added: "We believe that the larger Santo Domingo mineralized body located at level 9, 10 and 11 of the mine – also known as the Main Silicate Body – has good exploitation potential and having started production of the Tunel body, evaluation and preparations for exploiting the Santo Domingo body will assume top priority."

The first phase of production will be to extract broken mineralized material left in stopes on levels 1 and 2 of the mine by past mining activities. Subject to receiving final explosives permits, the Company expects to begin blasting on level 4 by the end of July. The Company is also evaluating other areas for blasting on level 2 and 3. Cyprium is currently extracting twenty tons per day on a test basis and expects to achieve an extraction volume of eighty tons per day by mid-August ⁽¹⁾.

All mineralized material extracted from the mine will be sent to the Aldama flotation plant located 42 kilometers from the Potosi mine. The Aldama plant has a capacity of one-hundred metric tons per day and the Company has the exclusive right to use it under an agreement which expires in May 2019. The lead and zinc concentrates produced at the plant will be shipped to Trafigura Mexico under the terms of a commercial agreement with Trafigura. The Company is responsible for the supervision of all metallurgic processes, including quantitative chemical analysis, assaying of samples, determining feed grades and the sale of concentrates.

Pictures and videos of production activities can be found at the following link:

<https://www.icloud.com/sharedalbum/#B0m53qWtHrxvL>

The Santa Eulalia District

Santa Eulalia is a world class polymetallic mining district located in the central part of the State of Chihuahua, Mexico, approximately twenty-two kilometers east of the City of Chihuahua. Mineralization in the area was originally discovered during the Spanish colonial period in the 1500's, and recorded production has occurred over more than 300 years. Santa Eulalia ranks as one of Mexico's primary silver and base metal producing districts with over 500 million ounces of silver and substantial amounts of lead and zinc mined. The Santa Eulalia district is a Carbonate Replacement Deposit (CRD) and is the largest of its type known in Mexico. Production and reserves for the district have been estimated to be about 50 million metric tons ⁽³⁾ with grades of 125-350 g/t Ag, 2-8% Pb and 3-12% Zn ⁽³⁾ ⁽⁴⁾.

The Santa Eulalia district covers approximately forty-eight square kilometers and is divided into three areas, the West Camp, the Middle Camp and the East Camp. The Potosi silver mine is located in the West Camp, which has produced most of the district's ores with the Potosi silver mine being one of the two principal producers.

Based on the geology, past mining activity and the exploration work completed by the Company to date, the Company believes that the project warrants further exploration. Widely spaced sampling on levels 3-4 in the area of the Potosi #3 shaft (Tunel body) and levels 6 and 9-11 in the area of the Potosi #1 shaft (Santo Domingo or Main Silicate body) has shown that mineralized material of interesting grades is exposed along the margins old stopes and adjacent areas. Work is continuing to evaluate the potential for defining resources throughout the mine.

Geological Setting, Deposit Type and Mineralization

Mineralization in the Santa Eulalia district is characterized by massive limestone replacement sulfides, dominantly pyrrhotite, sphalerite, galena and pyrite that occur as horizontal mantos and steep chimneys. These sulfide bodies occur along laterally continuous discrete structural zones that mainly trend in a north-south orientation, with mineralization forming preferentially in certain stratigraphic units. Past mining reached to over 850 meters depth below the surface on 23 levels. Production in the West Camp diminished gradually through the late 80's, despite the discovery of new mineralization, and the camp has been largely dormant since 1991. Currently the only significant production is from the East Camp.

National Policy 43-101 Report

Cyprium has engaged Dr. Craig Gibson to complete a National Instrument 43-101 report with respect to the initial production activity on levels 2, 3 and 4 of the Potosi silver mine. It is expected the report will be completed before the end of July 2016. The report to be prepared by Dr. Gibson shall not contain a resource or reserve calculation.

Quality Assurance and Control

Samples taken in underground workings are typically channel samples. Sample cuttings consist of rock chips taken along pre-marked channels approximately 15-20 cm in width that span the mineralized zone and are collected at the site by an experienced sampling crew under the supervision of a Company geologist. Sample material, generally consisting of from 1.0 to more than 6.0 kg of material, is placed in labelled plastic bags that are sealed with ties at the collection site. Cyprium maintains a quality control program. Control samples consisting of standards and blanks are added to the sample stream prior to delivery. All samples are then transported from the mine in Company vehicles and stored at the Company's or contractors surface facilities or are taken directly to ALS Chemex de Mexico, located in Chihuahua City by personnel of the contractor. Samples are analyzed in Vancouver for the reported metals by the Me-OG62 method for higher grade samples. ALS Chemex is part of ALS Global, an internationally recognized analytical laboratory.

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.

Qualified Person: Dr. Craig Gibson, Certified Professional Geologist, prepared the summary of public historical information on the Santa Eulalia district, and has reviewed the appropriate portions of this news release and approved the contents thereof. Public information included in this release are based on work by from a PhD dissertation by Peter K. M. Megaw and information from the Mexican Geological Survey (Servicio Geológico Mexicano).

References:

(1) Please read important disclaimer in bold below.

(2) P. Megaw, pers. Comm.

(3) Megaw, P.K.M., 1990, *Geology and geochemistry of the Santa Eulalia mining district, Chihuahua, Mexico*, unpublished PhD dissertation, University of Arizona, 461 pp.

(4) Bustos-Diaz, J.L. and Arzabala-Molina, J., 2007, *Monografía Geológico-Minera del Estado de Chihuahua, Servicio Geológico Mexicano*, 640pp.

This news release contains "forward-looking information" (within the meaning of applicable Canadian securities laws) and "forward-looking statements" (within the

meaning of the U.S. Private Securities Litigation Reform Act of 1995). Such statements or information are identified with words such as "anticipate", "believe", "expect", "plan", "intend", "potential", "estimate", "propose", "project", "outlook", "foresee" or similar words suggesting future outcomes or statements regarding an outlook. Such statements include, among others, those concerning the Company's anticipated plans for developments of the Company and its mining projects".

Such forward-looking information or statements are based on a number of risks, uncertainties and assumptions which may cause actual results or other expectations to differ materially from those anticipated and which may prove to be incorrect. Assumptions have been made regarding, among other things, management's expectations regarding future growth, plans for and completion of projects by Company's third party relationships, availability of capital, and the necessity to incur capital and other expenditures. Actual results could differ materially due to a number of factors, including, without limitation, operational risks in the completion of Company's anticipated projects, delays or changes in plans with respect to the development of Company's anticipated projects by Company's third party relationships, risks affecting the ability to develop projects, risks inherent in operating in foreign jurisdictions, the ability to attract key personnel, and the inability to raise additional capital. No assurances can be given that the efforts by the Company will be successful. Additional assumptions and risks are set out in detail in the Company's MD&A, available on SEDAR at www.sedar.com.

Although the Company believes that the expectations reflected in the forward-looking information or statements are reasonable, prospective investors in the Company's securities should not place undue reliance on forward-looking statements because the Company can provide no assurance that such expectations will prove to be correct. Forward-looking information and statements contained in this news release are as of the date of this news release and the Company assumes no obligation to update or revise this forward-looking information and statements except as required by law. **Investors should note that the Potosi silver mine and La Chinche property have no established mineral resources or mineral reserves as defined by NI 43-101. Although Cyprium Mining has made a production decision regarding the Potosi silver mine based on historical production records and results from recent sampling, a feasibility study of its projects has not been completed and there is no certainty that the proposed operations will be economically or technically viable. It must be understood that any such production would be from unmeasured mineralized material. The Company further advises that since its production decision was not based on a feasibility study of mineral reserves demonstrating economic and technical viability there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. These risks, among others, include areas that are analysed in more detail in a feasibility study, such as applying economic analysis to resources and reserves, more detailed metallurgy and a number of specialized studies in areas such as mining and recovery methods, market analysis, and environmental and community impacts. There is no guarantee that production will proceed as anticipated or at all or that anticipated production costs will be achieved. Failure of production to proceed as planned would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.**

SOURCE Cyprium Mining Corporation

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