

# Magellan Partially Closes Additional Component of Debt Settlement Agreement With Management

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VANCOUVER, Feb. 29, 2016 - [Magellan Minerals Limited](#) (TSX VENTURE:MNM) ("Magellan") is pleased to announce that the Company has closed a further \$0.9M of the debt settlement agreement with its management group. The agreement relates to the issuance of units in exchange for a significant portion of the debts owed to management. It was previously announced on December 3, 2015 and a partial closing of the agreement was announced on February 12, 2016.

Extensive funding has been provided to the Company from 2013 to date by management in the form of non-interest bearing, unsecured advances, unpaid remuneration and unreimbursed expenditures incurred by management on behalf of the Company. Members of Magellan's management team have also participated in private placements together with other investors over the past two years. Lastly, significant reductions in management remuneration levels were introduced in both 2013 and 2015 in order to preserve cash.

The current closing addresses approximately \$0.9M of the total of \$2.4M that was due to management as at September 30, 2015 as follows:

&#8226; \$205,000 to be paid through the issuance of up to 4,100,000 \$0.05 units. Each \$0.05 unit consists of one common share and one non-transferable share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.10 per common share for a period of 18 months following issuance. The terms of these units are identical to those recently issued as a private placement (see the Company's news release dated November 25, 2015)

&#8226; \$624,013 to be paid through the issuance of 6,240,130 \$0.10 units. Each \$0.10 unit consists of one common share and one-half of a non-transferable share purchase warrant. Each full warrant is exercisable into one additional common share at a price of \$0.18 per common share for a period of 18 months following issuance. The terms of these units are identical to those issued as a private placement in late 2014 (see the Company's news release dated December 2, 2014)

&#8226; \$68,333 is to be forgiven by management.

The current closing combined with that previously announced on February 12, 2016 addresses a total of \$1.9M of the \$2.4M that was due to management as at September 30, 2015.

In addition to the foregoing, a further \$500,000 of debt due to management is expected to be exchanged for Magellan's interest in one of its Brazilian subsidiaries, Magellan Minerais Prospecção Geológica Ltda. ("Magellan Brazil"). Magellan's primary property, Coringa, and Mato Velho are held by a different subsidiary, Chapeau Exploração Mineral Ltda., and are therefore not affected by the proposed transaction. The divestiture of Magellan Brazil in exchange for management debt was approved by a majority of disinterested shareholders at the Company's 2015 annual general meeting on December 2, 2015. This transaction is expected to close by the end of March 2016 (see the Company's news release dated December 3, 2015).

In anticipation of proposed restructuring transactions involving amounts due to management, an independent committee (the "Independent Committee") comprising two independent directors was established in June 2015 to consider debt restructuring transactions involving liabilities due to related parties. The foregoing plans were approved by the Independent Committee

All shares issued will be subject to a four month hold period.

Separately, Magellan wishes to announce that it has agreed to issue 417,200 common shares to a third party as settlement in full of an outstanding debt totaling \$25,032. The issuance of these shares will be subject to TSX-V approval.

Finally, Magellan wishes to correct an error that was presented in its February 12, 2016 news release that

referred to the issuance of 6,240,130 \$0.010 units. This reference should have been to 6,240,130 \$0.10 units.

John Kiernan P.Eng, Magellan's VP Project Development and a "qualified person" within the definition of that term in NI 43-101, has reviewed the technical information contained in this news release.

[Magellan Minerals](#) (TSX VENTURE:MNM) is a TSX Venture Exchange listed exploration and development company with two advanced gold properties in the Tapajos Province of northern Brazil. The Coringa project contains underground Measured resources of 110,000oz of gold (0.27Mt @ 12.8g/t gold) and underground Indicated resources of 443,000oz of gold (1.91Mt @ 7.2g/t gold) as well as Inferred resources of 360,000oz of gold (2.0Mt @ 5.4g/t gold) at a cut-off of 2.5g/t gold. (See the Company's news release dated April 8, 2015). The Cuiu Cuiu project contains 100,000oz of gold in the Indicated category (3.4Mt @ 1.0g/t gold) and 1,200,000oz of gold in the Inferred category (31Mt @ 1.2g/t gold). (See the report entitled "*Resource Estimate and Technical Report for the Cuiu Cuiu Project, Tapajos Region, North Central Brazil*" dated April 19, 2011 and filed on Sedar on April 21, 2011, and the Company's news release dated March 8, 2011).

*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.*

News release #2016-4

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