

# CMX Appeals TSXV Decision to BC Securities Commission

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Toronto, ON. / TheNewswire / August 24, 2018. [Chilean Metals Inc.](#) ("Chilean Metals," "CMX" or the "Company") (TSX.V:CMX, OTCQB: CMETF, SSE:CMX, MILA:CMX, FRA: IVV1, BER : IVV1). Since its news release of July 9, 2018, the Company has been trying to obtain TSXV approval for the previous placement and approval for a further tranche of the private placement.

The TSXV's proposed alternatives for private placement approval appear out of the norm and are not proportional. The TSXV has said that in order to consider such an acceptance, the Exchange will require the Company to, among other things, take the necessary action to either:

1. 1.Evidence disinterested shareholder approval for the PP, to be obtained prior to any other matters being put the Issuer's shareholders for approval; or
2. 2.Ensure that the common shares issued pursuant to the PP (or any issued upon exercise of any common share purchase warrants issued pursuant to the PP) are not voted at the Issuer's upcoming shareholder meeting.

This would disenfranchise a group of investors who invested their capital in an offering available to all shareholders whose funds were earmarked to repay critical payables, to remove a secured debenture due in October and to finance our exploration in Nova Scotia. These investors would be prevented from voting to approve the private placement, not only in respect of shares issued in the private placement, but in respect of any other CMX shares a shareholder happened to hold. This would effectively prevent them from voting on the fate of the company in which they have invested currently and possibly one or more times in the past.

As noted in our August 17th press release, and to-date we have received no further information as to any purported proxy battle.

"In discussions with the Exchange, their staff have discussed shareholder Chris Berlet and his requisition for the Company to hold an annual meeting on behalf of himself and Cogonov. These actions were initially made and publicized when he had no standing to do so, as he was not a registered shareholder of the Company.

CMX is unaware of any proxy battle but has been advised by Mr. Berlet that he and "Cogonov and Friendlies" are planning to vote in a new board at our upcoming annual meeting. They expressed to us that they intend to use an exemption allowing them to solicit up to 15 persons in this attempted Board takeover, without disclosure or producing their own circular. They offered to leave current management in charge of the Nova Scotia assets if we would agree to some very onerous terms favoring Mr. Berlet and his associates, which we did not view in the best interests of the Company. We rejected this proposal. This lack of transparency by Mr. Berlet and those acting in concert with him is not fair to shareholders.

Cogonov Inc., according to current public record, shows as an officer, a former CMX executive Gary Lohman, as president of Cogonov. Mr. Lohman resigned from management of the CMX in March, along with Patrick Cruickshank (past CEO of Cogonov). Following their management resignations, the Company corrected in our MD&A this (former) disclosure which had been understood by the Board to be royalties in favour of parties affiliated with Cogonov including specifically Mr. Berlet.

"Certain claims are subject to a 3% NSR as well as under the Nova Scotia Mineral Resource Act there is a royalty, payable to the crown, of 2% of the net revenue or 15% of all net income, whichever is greater, derived from the sale of metals produced from a mining lease."

Subsequent to their resignation the disclosure was updated.

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In the Company's original news releases announcing the Cogonov transactions in 2015 and 2016, no royalties were noted as part of the transaction, in accordance with the terms of the purchase agreements for the Nova Scotia properties. Additionally no royalties were noted by the TSXV Bulletins approving the purchase of the properties from Cogonov (June 21, 2016 and October 6, 2016) and none existed in a search of the Nova Scotia Department of Natural Resources. It seems that the former CMX executives and Cogonov affiliated board members took it upon themselves to attempt to insert these phantom royalties to their benefit and that of Mr. Berlet, by the change in the disclosure.

This lack of transparency by Mr. Berlet and those acting in concert with him is not fair to shareholders. In these circumstances, the proposed disenfranchisement of shareholders is even a more acute concern. If a competing board of directors were to be proposed, of which no information has been forthcoming from Mr. Berlet or his Cogonov associates, why should shareholders be disallowed a vote on something that may impact their investment. Hence the TSXV position is putting our shareholders and Company in jeopardy which has compelled the board to act.

Today we have filed notice with the BC Securities Commission for an appeal of the TSX Venture Exchange decisions regarding our private placements.

This process has delayed our annual meeting which had been scheduled for September 6, 2018. We are unaware of the appeal timing, but presently believe an annual meeting could be held on or before October 31. We will advise with more certainty on this matter once we have received the relevant communication.

Further, because of the TSXV denial to approve equity financing, and the Company's need for working capital, the Company has arranged for a secured debenture with a one year maturity. \$250,000 has been advanced by a shareholder of the Company, who is an insider holding more than 10% of the Company's outstanding shares. The debenture will bear interest at 14% per annum, and be payable up front. A further lending fee of \$15,000 applies. The debenture is open to other investors and can be increased to a maximum of \$500,000. All investors would participate on a pari passu basis.

The secured debenture advance by an insider of the Company constitutes a related party transaction as defined under Multilateral Instrument 61-101 (Protection of Minority Security Holders in Special Transactions). Because the Company's shares trade on the TSXV, the issuance of securities is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101 and exempt from the minority approval requirements of Section 5.6 of MI 61-101. The Company did not file a material change report 21 days prior to the proposed advance of the debenture by an insider of the Company as it had not been contemplated at that time.

About Chilean Metals,

[www.chileanmetals.com/](http://www.chileanmetals.com/)

[Chilean Metals Inc.](#) is a Canadian Junior Exploration Company focusing on high potential Copper Gold prospects in Chile & Canada.

[Chilean Metals Inc.](#) is 100% owner of five properties comprising over 50,000 acres strategically located in the prolific IOCG ("Iron oxide-copper-gold") belt of northern Chile. It also owns a 3% NSR royalty interest on any future production from the Copaquire Cu-Mo deposit, recently sold to a subsidiary of Teck Resources Inc. ("Teck"). Under the terms of the sale agreement, Teck has the right to acquire one third of the 3% NSR for \$3 million dollars at any time. The Copaquire property borders Teck's producing Quebrada Blanca copper

mine in Chile's First Region.

[Chilean Metals Inc.](#) is the 100% owner of five Copper Gold Cobalt exploration properties in Nova Scotia on the western flank of the Cobequid-Chedabucto Fault Zone (CCFZ); Fox River, Parrsboro, Lynn, Economy and Bass River North respectively. It has also optioned two additional projects Trident at Bass River and Economy East. Chilean Metals is exploring, analyzing and drilling these properties in the summer of 2018.

ON BEHALF OF THE BOARD OF DIRECTORS OF  
[Chilean Metals Inc.](#)

"Terry Lynch"

Terry Lynch, CEO

Contact: [terry@chileanmetals.com](mailto:terry@chileanmetals.com)

The Qualified Person for [Chilean Metals Inc.](#), as defined by National Instrument 43-101, is Mick Sharry, M.Sc. Consultant

Forward-looking Statements: This news release may contain certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical fact, that address events or developments that CMX expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding current and future exploration programs, activities and results. Although CMX 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 may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

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.

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