

Aethon Minerals Announces Earn-in Agreement with Option to Joint Venture with Rio Tinto on the Arcas Project in Chile

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Rio Tinto to fund up to US\$25 million in exploration expenditures to earn up to a 75% interest in Arcas

TORONTO, Sept. 11, 2019 - [Aethon Minerals Corp.](#) (TSX-V: AET) ("Aethon" or the "Company"), along with its wholly-owned Chilean subsidiary, are pleased to announce the execution of an Earn-In with Option to Joint Venture Agreement (the "Agreement") with Rio Tinto Mining and Exploration Limited / Agencia En Chile, a member of the Rio Tinto Group ("Rio Tinto"), to acquire an interest in the Company's wholly-owned Arcas project (the "Arcas Project" or "Project") in Chile. The Agreement allows Rio Tinto to acquire up to a 75% stake in Arcas, by incurring up to US\$25 million in exploration expenditures.

The proposed exploration expenditures contemplated under this Agreement, would represent the first significant exploration program on the Arcas Project since the property was drilled by a subsidiary of Teck in 2010.

Mr. John Miniotis, Interim CEO of Aethon, commented, "We are delighted to secure a significant exploration agreement on the Arcas Project with one of the world's largest and most successful mining and exploration companies. Rio Tinto's tremendous technical and financial depth will greatly enhance the prospects of successfully uncovering a major copper discovery at Arcas."

"We believe this transaction represents a strong endorsement of the exploration potential at Arcas, and we look forward to working closely with the Rio Tinto team as we aim to unlock value for all shareholders."

A summary of the key terms of the Agreement are as follows:

- Rio Tinto has the right but not the obligation to earn up to a 75% interest in the Arcas Project by funding project expenditures of up to US\$25 million as follows:

1st Option: If Rio Tinto incurs total project expenditures of US\$4 million within 3 years, and makes aggregate cash payments to Aethon of US\$300,000 during the first two years, it will have the right to acquire a 51% interest in the Arcas project ("Stage 1 earn-in project expenditure") through the acquisition of 51% stock of a new company ("Opco") that will be incorporated;

- To exercise the option, Rio Tinto shall make the cash payments before the following dates:
 - US\$100,000 on or before the first anniversary date;
 - US\$200,000 on or before the second anniversary date;

2nd Option: If Rio Tinto incurs additional project expenditures of US\$5 million over the subsequent 2 year period, it will have a right to acquire an additional 14% interest in Opco (holder of the Arcas project), resulting in its total interest being 65%; and

3rd Option: If Rio Tinto incurs additional project expenditures of US\$16 million over the subsequent 3 year period, it will have a right to acquire an additional 10% interest in Opco (holder of the Arcas project), resulting in its total interest being 75%;

- Rio Tinto has agreed to incur minimum project expenditures of US\$1 million within one year of securing all necessary approvals to conduct drilling activities which is to be part of the Stage 1 earn-in project expenditure.

- In the event Rio Tinto withdraws from the Project, it will pay Aethon an amount equaling the cost to maintain the Project concessions for the 12 month period commencing on the date of termination that have not already been paid.

Under the terms of the Agreement, Rio Tinto shall have the right to form a Joint Venture ("JV") with the following key terms:

- The JV (Opco) may be formed with 51% to Rio Tinto and 49% to Aethon upon satisfaction of the 1st Option; 65% to Rio Tinto and 35% to Aethon upon satisfaction of the 2nd Option; or 75% to Rio Tinto and 25% to Aethon upon satisfaction of the 3rd Option.
- The JV will be managed by Rio Tinto and funded by each participant in accordance with their interest.
- Aethon may elect not to fund its interest and be diluted down to a 10% interest. If Aethon is diluted below a 10% interest, its interest will convert to a 1% net smelter royalty capped at US\$50 million.
- Each party will have a right of first refusal should the other party wish to divest its shareholder interest.

The Arcas Project

The Arcas Project is located in the Antofagasta Region, 245 km northeast of Antofagasta city, a world class mining hub (see Fig 1 below). The Project is situated in the Atacama Desert, the cordilleran transitional zone between lower desert and high cordillera, at elevations ranging between 1,500-3,800 meters. The Arcas concession block constitutes a combined area of approximately 51,600 hectares and falls along the greater West Fissure-Domeyko mineralized trend which hosts numerous world-class porphyry copper deposits (e.g. Chuquicamata, Collahuasi, El Abra, and Quebrada Blanca). Despite being located adjacent a major mineral belt, the Arcas Project has, to date, had little modern exploration and remains in a preliminary stage of exploration.

The Company also owns an additional 9,300 hectares of granted exploration concessions (known as the Quiltro, Lia and Timón concessions) which are located near the Arcas Project and will remain wholly-owned by the Company. The Lia, Quiltro and Timón blocks host satellite (ASTER) spectral anomalies. The Company believes these concessions are highly prospective as they are located proximal to key regional faults along this major productive copper trend.

All the properties will remain subject to an underlying 1.02% gross sales royalty in favor of the Chilean companies BLC, Prospec and Calisto, all of them owned and controlled by Mining Equity Fund, a Chilean fund controlled by Altius, as well as a 0.98% gross sales royalty to [Altius Minerals Corp.](#) (TSX:ALS).

Lawrence Winter, Ph.D., P.Geol., Vice President of Exploration for Altius, is the Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects, responsible for the scientific and technical data presented herein, and has reviewed and approved this release.

About Aethon Minerals

Aethon Minerals is a well-funded mineral exploration company focused on creating shareholder value. Aethon has a large prospective land position consisting of over 100,000 hectares along prolific mining belts located in the Antofagasta and Maricunga regions of northern Chile. Aethon believes it is uniquely positioned for growth and is actively pursuing selective exploration-stage growth opportunities. Aethon is based in Toronto, Canada, and is listed on the TSX-V under the symbol "AET".

Cautionary Statements

This news release may contain forward-looking information, such as statements regarding future plans and objectives of the Company, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Statements or information in this news release which are not purely historical are forward-looking, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The forward-looking information

contained herein is given as of the date hereof and the Company assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law. Forward looking information in this press release includes information about the amount of expenditures that may be funded by Rio Tinto on the Arcas Project. Rio Tinto does not have any obligation to spend the listed expenditures on the Project. Rio Tinto may elect not to proceed with earning an interest on the Arcas Project. Additional information identifying risks and uncertainties is contained in the Company's filings with the Canadian securities regulators which filings are available at www.sedar.com. 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 news release.

SOURCE Aethon Minerals

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