

# SRHI Inc. (Three Valley Copper) Confirms Commitment to MTV, Provides Update on Arbitration, and Insight into Proposed Chilean Mining Royalty Legislation

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TORONTO, June 18, 2021 - [SRHI Inc.](#) (TSXV: SRHI) ("SRHI") wishes to provide additional information regarding the arbitration proceeding commenced by the minority shareholder (the "Minority Shareholder") of Minera Tres Valles Spa ("MTV") which was previously announced on June 4, 2021 and on the proposed reforms to Chile's royalty regime that are currently before the Chilean Senate. The Company also confirms its right and intent, to purchase the remaining minority interest of MTV in October 2021.

## Arbitration

As previously announced, the Minority Shareholder of MTV commenced an arbitration proceeding against SRHI, SRH Chile SpA ("SRH Chile") and MTV (collectively, the "Company") alleging that SRH Chile's recent contribution of \$7 million to MTV to fund on-going operations, which had the effect of diluting the Minority Shareholder's interest in MTV from 30% to 9.7%, was not completed in accordance with the terms of the MTV shareholders' agreement (the "SHA"). SRH Chile is 100% owned by SRHI.

Following approval of the capital requirements for MTV, SRH Chile contributed its *pro rata* portion, or \$7 million, however the Minority Shareholder chose not to contribute its *pro rata* portion, or \$3 million, and as such its interest in MTV was diluted in accordance with the terms of the SHA. Notwithstanding the Minority Shareholder's *pro rata* portion of required capital was only \$3 million, the notice of arbitration indicates that the Minority Shareholder is seeking damages of \$16 million.

The allegations made by the Minority Shareholder are baseless and unsubstantiated and reflect the Minority Shareholder's attempt to receive preferential treatment contrary to the terms of the SHA. The Company and its legal counsel are of the strong and steadfast position that the claim is without merit and the Company has acted appropriately and in accordance with Chilean law, the Judicial Reorganization Agreement, the by-laws of MTV and the SHA in all respects. At this time, and based on the timelines agreed to in the SHA, the Company estimates the arbitration process could take up to one year to complete.

It should be noted that since SRH Chile acquired its ownership interest in MTV in 2017, the Minority Shareholder has provided no financial support to MTV. Conversely, in addition to the recent \$7 million equity contribution by SRH Chile, SRHI has financially supported MTV since 2018 with intercompany debt and its balance with MTV stands at approximately \$35 million.

SRH Chile's ownership interest in MTV is 90.3% as a result of its \$7 million equity contribution and is reflected in the records of MTV and the Chilean public records. Under the terms of the SHA, SRH Chile has the option to purchase the Minority Shareholder's ownership interest in October 2021. The Company has confirmed with its legal counsel that the arbitration should have no impact on the ability of SRH Chile to exercise the purchase option and fully intends to do so.

The Company will provide updates regarding the arbitration as it progresses subject to compliance with the strict confidentiality requirements contained in the SHA.

Operations at MTV remain ongoing and will not be affected by the arbitration process.

Proposed Mining Royalty Legislation in Chile

The Senate Mining Committee of Chile is scheduled to review a controversial mining royalty proposal (the "Proposal") in the next few months. There is no certainty that the Proposal will become law in its current form and the Company believes that the Proposal is primarily directed at the large mining companies operating in Chile.

Under the Proposal, the royalty would be on all production of MTV should it produce over 12,000 tonnes annually. While producing under 12,000 tonnes annually, MTV would not be subject to any royalty under either the current legislation or the Proposal.

MTV's maximum stated annual production is 18,500 tonnes and production is not expected to exceed 12,000 tonnes in either 2021 or 2022.

The Proposal is significant but because of MTV's relatively small annual production limit of 18,500 tonnes, the Company believes that if the Proposal becomes law, it has the operational flexibility, unlike larger operations, to limit the Proposal's impact and maximize shareholder value. In addition, and although not applicable to both the current and proposed royalty regimes, MTV also has sufficient carryforward tax losses to shelter future taxable income for several years at today's copper prices.

#### About SRHI Inc.

SRHI, (soon to be renamed Three Valley Copper Corp.) headquartered in Toronto, Ontario, Canada is focused on growing copper production from, and further exploration of, its primary asset, MTV. Located in Salamanca, Chile, MTV is 90.3% owned by the Company and MTV's main assets are the Minera Tres Valles mining complex and its 46,000 hectares of exploratory lands. For more information about SRHI, please visit [www.srhi.ca](http://www.srhi.ca).

#### Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the foregoing, this news release contains Forward-Looking Statements pertaining to: the filing of the Request for Arbitration and expectations related to the outcome of arbitration and the Company's proposed name change.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future outcomes, results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: the Company's assertions that its 90.3% ownership interest in MTV is valid and that the outcome of arbitration proceeding will be favorable. Although the Company believes that the expectations and assumptions on which such Forward-Looking Statements and information are based are reasonable, undue reliance should not be placed on the Forward-Looking Statements and information as the Company cannot give any assurance that they will prove to be correct. Since Forward-Looking Statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual outcomes, results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Other risk factors that could affect the Company's operations or financial results are included in the Company's Annual Information Form dated March 3, 2021 and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). The forward-looking statements and information contained in this news release are made as of the date hereof and the Company does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

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