

Wealth Announces Spin-Out Company for Newly Acquired Chilean Copper Assets

written by Raj Shah | December 4, 2018

✖ December 4, 2018 ([Source](#)) – Wealth Minerals Ltd. (the “**Company**” or “**Wealth**”) – (TSXV: WML; OTCQB: WMLLF; SSE: WMLCL; Frankfurt: EJZN) announces that the Company has entered into two letters of intent (each, a “**Letter of Intent**”) with respect to the acquisition of interests in two Chilean copper projects, which will be held by a newly formed subsidiary of Wealth (“**Wealth Copper**”). Wealth intends to proceed with a restructuring transaction (the “**Spin-Out**”), whereby it would spin-out Wealth Copper to shareholders of Wealth, with the intent of listing Wealth Copper on the TSX Venture Exchange (the “**TSX-V**”). The Spin-Out is being undertaken to allow Wealth shareholders to benefit from Wealth’s exposure to Chilean mining deals and operational expertise. Wealth will continue to remain focused on its Chilean lithium assets.

Henk Van Alphen, Wealth’s CEO, said, “The copper spin-out opportunity has tremendous potential and allows management to provide Wealth shareholders with additional value. Furthermore, Wealth’s exposure to lithium is intimately tied to the success of battery technology, in which copper plays a key role. We remain committed to our world class lithium projects, but as a result of our activities in South America we receive an enormous amount of deal flow. We believe that the copper spin-out provides Wealth shareholders with additional exposure to the global energy consumption paradigm shift.”

Marcelo Awad, Wealth’s Executive Director in Chile, said, “Chile is the world’s largest copper producer, as well as possessing

the largest known copper resource of any country. For lithium, Chile is the second largest producer and has the second largest known resource. These facts alone explain why Chile is the place to be for any company wanting exposure to the revolution of EV cars and electro-mobility. Going forward, Wealth Copper will also have access to new copper options as a result of the Chilean government implementing new measures to encourage large mining companies to option-out unused claims.”

BACKGROUND AND TRANSACTION

The Letters of Intent arose out of discussions with mining companies that had Chilean projects and who sought exposure to Wealth management’s operational know-how in Chile. The Company plans to create Wealth Copper as a stand-alone entity for these projects in order to capitalize on an anticipated positive global copper market in the coming years. Wealth Copper is anticipated to have some overlap with Wealth regarding directorships, but Wealth Copper’s management will be separate. The management structure of Wealth Copper is anticipated to be announced in conjunction with the closing of the Spin-Out. Wealth Copper will have separate sources of funding and independent operations.

It is proposed that the Spin-Out would be effected by way of a plan of arrangement (the “**Arrangement**”) which would see shareholders of Wealth receive one common share of Wealth Copper (each, a “**Wealth Copper Share**”) for every three common shares of Wealth. The intention is for the Escalones Transaction (as defined below) and a CAD \$5 million private placement by Wealth Copper (the “**Private Placement**”) to be completed concurrently with the Spin-Out.

Management anticipates that upon the closing of the Spin-Out and the Private Placement, the issued and outstanding Wealth Copper

Shares will be owned by Wealth shareholders of record as to approximately 30%, while participants in the Private Placement will own approximately 40%, and TriMetals Mining Inc. (“**TMI**”) (TSX-V: TMI) will own approximately 30% of the Wealth Copper Shares.

Further details of the Spin-Out and the Arrangement will be contained in the management information circular to be mailed to shareholders of Wealth and filed on SEDAR in connection with the meeting of shareholders to be held to approve the transaction, currently contemplated to be held in the spring of 2019.

The Arrangement remains subject to (i) approval by the shareholders of Wealth, (ii) receipt of a final court order from the Supreme Court of British Columbia, and (iii) approval of the TSX-V to the listing of Wealth Copper thereon. Notwithstanding receipt of all requisite approvals, the directors of Wealth reserve the right to elect not to proceed with the Arrangement and the Spin-Out.

TRANSACTION ASSETS

It is planned that Wealth Copper, upon going public, will have interests in two Chilean copper projects, which projects are described in detail below.

Escalones Copper Porphyry Project

The Escalones copper-gold porphyry project (“**Escalones**”) is located 35 km east of El Teniente, one of the world’s largest underground copper mines and within the renowned Chilean, porphyry copper belt that runs north-south in the central Andes Mountains.

Escalones is 97 km southeast of Santiago, Chile and covers an area of 161 km², of which (i) 46 km² are covered by 19

exploitation concessions that are the subject of an option agreement (the “**Boezio Option**”) dated February 26, 2004, as amended on June 23, 2017, entered into by a wholly-owned subsidiary of TMI (“**TMI Chile**”), with a third party vendor for a 100% interest in the concessions (the “**Boezio Exploitation Concessions**”); and (ii) 115 km² are covered by 40 exploration concessions, wholly-owned by TMI Chile (the “**Escalones Exploration Concessions**”).

Escalones has excellent infrastructure, including road access, electricity, access to seaports, and a gas pipeline that crosses a 70 km² portion of the property. Escalones hosts a 4 km² area of hydrothermal alteration with coincident geophysical anomalies that has demonstrated significant grades of copper, gold and silver in replacement-style skarn mineralization hosted in limestones and as porphyry-related mineralization. The exposed mineralization at Escalones occurs in limestones and interbedded shales that have been intruded by andesite and dacite porphyry bodies, which are known to host ore at the El Teniente copper mine. Copper mineralization at Escalones occurs primarily as chalcopyrite, bornite, covellite as well as copper oxides near surface. The hydrothermal alteration exposed at surface includes intense zones of quartz-sericite, potassic, and calc-silicate alteration assemblages.

A resources estimate was reported by TMI in a technical report prepared pursuant to National Instrument 43-101 *Standards of Disclosure for Mineral Properties* (“**NI 43-101**”) by Hard Rock Consulting, LLC titled “Resource Estimate on the Escalones Copper Porphyry Project” dated June 28, 2013, as amended July 11, 2014 (the “**Escalones Report**”), a copy which is available on TMI’s SEDAR profile at www.sedar.com. The highlights of the resource estimate are set out in the table below:

RESOURCE CATEGORY ⁽¹⁾⁽²⁾	TONNES (MILLIONS)	CU (%)	AU (G/T)	AG (G/T)	MO (%)	CU (MLBS)	AU (OZS)	AG (MOZ)	MO (MLBS)
Indicated	232.6	0.31	0.07	0.661	0.006	1,578	498,012	4.9	31.9
Inferred	527.7	0.34	0.04	0.849	0.007	3,992	609,437	14.4	79.5

(1) Wealth is not treating the historical estimate set out above as current mineral resources or mineral reserves. Although Wealth believes this source to be generally reliable, such information is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data and other inherent limitations and uncertainties. There are numerous uncertainties inherent in historical estimates, which are subject to all of the assumptions, parameters and methods used to prepare such historical estimates and reference is made to the full text of the technical report with respect thereto.

(2) The qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. There are no other recent estimates or data available to Wealth as of the date of this news release and a detailed exploration program is required to be conducted by Wealth in order to treat the historical estimate as a current mineral resource.

Escalones is currently under an option agreement with TMI Chile.

Wealth and TMI have entered into a letter of intent dated November 30, 2018 (the “**Escalones LOI**”), whereby Wealth Copper will acquire 100% of TMI Chile’s interest in and to Escalones and the related assets and liabilities comprising Escalones (the “**Escalones Transaction**”).

The Escalones Transaction is subject to the grant by Wealth Copper of 1% to 2% net smelter returns (“**NSR**”) royalties payable to TMI Chile on production from the Escalones Exploration Concessions and payable to the underlying vendor on production

from the Boezio Exploitation Concessions, each of which NSR royalties may be repurchased by Wealth Copper for USD \$5,000,000.

Wealth Copper is required to make the remaining payments outlined below to exercise the Boezio Option in full:

Date	Cash Payment (USD)
June 30, 2019	\$400,000
June 30, 2020	\$500,000
June 30, 2021	\$500,000
June 30, 2022	\$3,000,000
Total Remaining Payments	\$4,400,000

In consideration for the Escalones Transaction, Wealth Copper is required to (i) deliver to TMI shares representing no less than 30% of the issued and outstanding shares of Wealth Copper, being approximately 20,000,000 fully-paid and non-assessable Wealth Copper Shares, at the closing of the Escalones Transaction (the **“Escalones Consideration Shares”**); (ii) make a cash payment to TMI of CAD \$350,000 upon the closing of the Private Placement; and (iii) make an additional cash payment of CAD \$500,000 at the 12-month anniversary of the closing of the Private Placement.

Upon execution of the Escalones LOI, the Company made a deposit (the **“Deposit”**) of CAD \$150,000 to TMI, which deposit is refundable in certain circumstances. The Escalones Consideration Shares will be issued to TMI pursuant to a prospectus exemption under Canadian securities laws and will be subject to a four month and a day hold period in Canada.

Pursuant to the Escalones LOI, the TMI will be granted the right to participate in certain future equity financings to allow TMI to maintain its *pro rata* ownership interest in the equity capital of Wealth Copper. Additionally, for so long as TMI

holds at least 20% of the issued and outstanding Wealth Copper Shares, TMI will be granted the right to nominate one director to the board of directors of Wealth Copper.

The Escalones Transaction is subject to certain conditions, including (i) the completion of the Private Placement and the Spin-Out before or concurrently with the Escalones Transaction, (ii) satisfactory completion of due diligence by Wealth, and (iii) the approval of the TSX-V. TMI has agreed to deal exclusively with Wealth during the 45-day due diligence period.

Cristal Copper Porphyry Project

The Cristal copper porphyry project ("**Cristal**") is located in northern Chile, near the Bolivia/Chile border. Cristal comprises 9 km² of exploitation concessions. The property was the subject of a technical report prepared pursuant to NI 43-101 titled "National Instrument 43-101 Technical Report for the Cristal Copper Property, Province of Arica, XV Region of Arica and Parinacota, Chile", dated February 28, 2018, prepared by Thomas Henrichsen (the "**Author**") and filed on New Energy Metals Corp. ("**ENRG**") (TSX-V: ENRG)'s SEDAR profile on March 29, 2018.

Between 2012 and 2014, BHP Billiton Ltd. ("**BHP**") completed airborne geophysical data surveys, including magnetics, gravity, and electromagnetic. A BHP report on Cristal states that the reduced-to-pole magnetic data shows a circular doughnut-shaped anomaly measuring approximately 3 km in diameter and exhibiting a central magnetic high surrounded by a magnetic low. The Author reports that this magnetic anomaly could indicate the presence of a buried porphyry copper deposit. BHP's interpretation of the airborne electromagnetic data suggests that a northwest-trending topographic ridge underlies the thick volcanic cover-rocks, at depths estimated to be less than 600m from surface and this interpretation was confirmed by one of

several BHP drill holes in the region, less than 3 km from the Cristal property boundary.

It is anticipated that Wealth Copper's initial focus on Cristal will be to drill-test the center of this large geophysical anomaly, which is the primary target on the Cristal property. Target depth is expected to be 600m to 800m from surface.

Wealth has signed a letter of intent dated August 30, 2018 (the "**Cristal LOI**") with ENRG for the acquisition of Cristal. Pursuant to the terms of the Cristal LOI, Wealth and/or Wealth Copper will enter into a formal assignment and assumption agreement with a wholly-owned Chilean subsidiary of ENRG ("**ENRG Chile**"), whereby ENRG Chile will assign and transfer to Wealth Copper all of its rights, obligations and 100% interest in and to Cristal (the "**Cristal Option**"), in consideration for Wealth Copper (i) delivering to ENRG Chile 50,000 fully-paid and non-assessable common shares in the capital of Wealth (the "**Cristal Consideration Shares**") and (ii) granting to ENRG Chile a 30% free-carried interest in Cristal until the exercise of the Cristal Option by Wealth Copper in full (the "**Cristal Transaction**"). Wealth Copper is required to make the remaining payments outlined below to exercise the Cristal Option in full:

Date	Cash Payment (USD)	
February 4, 2019	\$50,000	
August 4, 2019	\$200,000	
August 4, 2020	\$500,000	
August 4, 2021	\$700,000	
August 4, 2022	\$3,000,000	
Total Remaining Payments	\$4,450,000	

Wealth will be responsible for all exploration costs and

activities during the Cristal Option period. There are no minimum exploration commitments during the Cristal Option period. ENRG has agreed to deal exclusively with Wealth during the due diligence period.

Pursuant to the Cristal LOI, upon the exercise of the Cristal Option, Wealth Copper and ENRG Chile will be deemed to have formed a Joint Venture (the "**Cristal JV**") for the continued exploration of Cristal. The initial participating interests of the parties in the Cristal JV is anticipated to be Wealth Copper as to 70% and ENRG Chile as to 30%. After the formation of the Cristal JV, each party will be responsible for contributing its share of budgeted expenditures, and industry-standard dilution clauses will govern the Cristal JV's operations and budgets. In the event that either party's interest in the Cristal JV falls to 10% or less, then that party's interest will be converted to a 2% NSR royalty, one-half (or 1%) of which can be purchased by the other party for USD \$1,000,000.

The underlying Cristal property owner retains a 3% NSR royalty, of which two-thirds ($\frac{2}{3}$) can be repurchased by paying USD \$2,000,000 for each percentage point of the NSR royalty bought back (aggregate USD \$4,000,000 for 2% NSR royalty). In addition, there is also an existing 1% NSR royalty in favour of Condor Resources Inc. that can be repurchased in its entirety upon a payment of USD \$1,000,000.

With the exception of the delivery of the Cristal Consideration Shares, all payments in respect of the Cristal Option are optional. However, if Wealth Copper fails to fulfill its obligations, the Cristal Option will terminate, and Wealth Copper will not retain any interest in Cristal. The Cristal Transaction is subject to certain conditions, including satisfactory completion of due diligence by Wealth and the approval of the TSX-V.

Qualified Person

Keith J. Henderson, P.Geo, a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the technical disclosure in this news release. Mr. Henderson is not independent of the Company as he is a shareholder, a consultant to the Company and holds incentive stock options of the Company.

About Wealth Minerals Ltd.

Wealth is a mineral resource company with interests in Canada, Mexico, Peru and Chile. The Company's main focus is the acquisition of lithium projects in South America. To date, the Company has positioned itself to develop the Aguas Calientes Norte and Quisquiro Salars in Chile (the Trinity Project), as well as to work alongside existing producers in the prolific Atacama Salar, in addition to the Laguna Verde lithium project acquisition. The Company has also positioned itself to play a role in asset consolidation in Chile with the Five Salars Project.

The Company is transitioning from an asset acquisition phase to developing its current high potential portfolio. Lithium market dynamics and a rapidly increasing metal price are the result of profound structural issues with the industry meeting anticipated future demand. Wealth is positioning itself to be a major beneficiary of this future mismatch of supply and demand. The Company also maintains and continues to evaluate a portfolio of precious and base metal exploration-stage projects.

For further details on the Company readers are referred to the Company's website (www.wealthminerals.com) and its Canadian regulatory filings on SEDAR at www.sedar.com.

On Behalf of the Board of Directors of

WEALTH MINERALS LTD.

"Hendrik van Alphen"

Hendrik van Alphen

Chief Executive Officer

Neither 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.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities legislation, including the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein including, without limitation, anticipated exploration program results from exploration activities, the Company's expectation that it will be able to complete the Spin-Out, the Arrangement, the Escalones Transaction or the Cristal Transaction or enter into agreements to acquire interests in additional mineral properties, including the definitive agreements with respect to the Letters of Intent, the discovery and delineation of mineral deposits/resources/reserves, the closing and amount of the Private Placement, and the anticipated business plans and timing of future activities of the Company and Wealth Copper, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believes", "expects", "anticipates", "intends", "estimates", "plans", "may", "should", "potential", "scheduled" or variations

of such words and phrases and similar expressions, which, by their nature, refer to future events or results that may, could, would, might or will occur or be taken or achieved. In making the forward-looking statements in this news release, the Company has applied several material assumptions, including without limitation, that it will be able to negotiate the definitive agreements for the acquisition of Cristal and Escalones and list Wealth Copper on the TSX-V, and that it will obtain TSX-V acceptance for of same, that the Company will receive the necessary court order approving the Arrangement, market fundamentals will result in sustained precious metals demand and prices, the receipt of any necessary permits, licenses and regulatory approvals in connection with the future development of the Company's Chilean projects in a timely manner, the availability of financing on suitable terms for the development, construction and continued operation of the Company's projects and the Company's ability to comply with environmental, health and safety laws.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and Wealth Copper to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and other factors include, among others, operating and technical difficulties in connection with mineral exploration and development activities, actual results of exploration activities, including on Cristal and Escalones, the estimation or realization of mineral reserves and mineral resources, the timing and amount of estimated future production, the costs of production, capital expenditures, the costs and timing of the development of new deposits, requirements for additional capital, future prices of lithium and copper, changes in general economic conditions, changes in the financial markets

and in the demand and market price for commodities, lack of investor interest in the Private Placement, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, changes in laws, regulations and policies affecting mining operations, title disputes, the inability of the Company or Wealth Copper to obtain any necessary permits, consents, approvals or authorizations, including acceptance by the TSX-V required for the filing of the definitive agreements for the Escalones Transaction and the Cristal Transaction, the Private Placement and the listing of the Wealth Copper Shares on the TSX-V and approval of the Arrangement from the Supreme Court of British Columbia, the timing and possible outcome of any pending litigation, environmental issues and liabilities, and risks related to joint venture operations, and other risks and uncertainties disclosed in the Company's latest interim Managements' Discussion and Analysis and filed with the Canadian Securities Authorities. All of the Company's Canadian public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking statements in this news release or incorporated by reference herein, except as otherwise required by law.