

Strategic Metals & Rare Earths Letter INTERNATIONAL

the independent information and advisory publication on investing in Strategic Metals & Rare Earths

INVESTMENT ALERT – June 14, 2019

www.wealthminerals.com



Wealth Minerals Ltd. (C\$ 0.40)

TSX.V	: WML
OTCBB	: WMLLF
SSE	: WMLC
Frankfurt	: EJZN

H + L prices (12 months) : C\$ 1.22 – 0.305

Net shares issued	: 136.2 million
Fully diluted shares	: 154.7 million

Market Capitalization	: C\$ 54.5 million (US\$ 40.6 million)
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2019 price target: C\$ 1.00

INVESTMENT ALERT

Wealth Copper and Allante Resources have entered into a Binding Letter Agreement for qualifying transaction to complete business combination

On June 7, 2019, **Wealth Copper**, currently a wholly-owned subsidiary of **Wealth Minerals** and **Allante Resources** entered into a **Binding Letter Agreement** to complete a business combination transaction by way of share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction to continue the business of **Wealth Copper**.

It is expected that **Wealth Copper** will be owned equally by **Wealth Minerals** and **TriMetal Mining** through its wholly-owned subsidiary **Escalones Resources**.

Wealth Copper is a Vancouver-based mineral exploration company that is focused on the acquisition and development of copper projects in Chile.

To date, the Company has entered into an agreement whereby it can earn up to a 70% interest in the mineral exploitation concession that comprises the **Christal Copper porphyry project** located in northern Chile, near the Bolivian border.

Wealth Copper has entered into a definitive share purchase agreement whereby it can acquire all of the rights and interests in **TMI** in and to certain mineral exploitation and exploration concessions comprising the **Escalones Copper-Gold porphyry project** located in the Santiago Metropolitan Region.



The Agreement provides that within 60 days of its execution, Allante Resources will conduct a first private placement financing whereby Allante will offer common shares in its capital at a price of C\$ 0.20 per share and will raise a least C\$ 2 million in gross proceeds.

The net proceeds of the first financing will be loaded to **Wealth Copper** at an interest rate equal to 4% per annum and will be repayable by the Company upon the earlier of the first anniversary of the loan or upon a change of control of **Wealth Copper**.

The **Agreement** also provides that concurrently with or after closing and in any event prior to December 31, 2019, **Allante Resources** will complete an additional private placement financing (together with the first Allante financing), whereby **Allante** will raise an additional amount equal to at least the difference between C\$ 5 million and the gross proceeds of the first Allante financing.

The net proceeds from the financing are expected to be used to fund the loan and exploration and development of the **Christal Project** and the **Escalones Project**.

After completion of the business combination, holders of common shares of **Wealth Copper** will exchange shares on a one (1) to one (1) basis, with the effect that at closing and, without giving effect to the Allante financing, **the former Wealth Copper shareholders will hold approximately 92.6% of the issued and outstanding Allante shares, with the remaining 7.4% held by the shareholders of Allante.**

The **Agreement** also provides that **TMI's** holdings of the resulting issued shares will not represent less than 30% of the issued shares immediately after giving effect to the transaction and the Allante financing.

Investment comments:

Wealth Minerals' core projects are its lithium interests in Chile, including a lithium brine project portfolio, with the **Atacama Salar**, the world's highest-grade and largest producing lithium brine deposit hosting more than 15% of the world's known lithium reserves.

Having shift its focus from acquisition to development with work programs underway, **Wealth** filed an NI 43-101 Technical Report on its flagship **Atacama Lithium Project**. The report recommended a comprehensive two-phase exploration program to better define the sub surface environment. Phase 1 is budgeted at approximately US\$ 550,000, followed by the contingent Phase 2 budget of US\$ 15.5 million.

In March 2018, **Wealth** announced that it had entered into an agreement with fully state-owned **ENAMI**, whereby the parties have agreed to form a strategic alliance to develop and commercialize the Company's projects in the **Salar de Atacama** and **Laguna Verde**.

Wealth believes that should exploration results warrant, the construction required to start commercial production at the **Atacama Lithium Project** would last approximately 18 months, with production commencing 18 to 30 months later.

Considering **Wealth's** prospective strategic location in **Chile**, as the world's #1 country for lithium, enhanced by the binding agreement for a qualifying transaction to complete a business combination between **Wealth Copper** and **Allante Resources** to create greater value to the Company, **Wealth**, represents one of my favourite strategic metal investment opportunities by choice.

As a result of the ongoing bad market sentiment for lithium, but expected to turn as a result of the US having set out 24 goals to safeguard access to mineral commodities designed as critical to the national economic security, including electric battery metals, I have adjusted my 2019 price target from C\$ 1.50 to C\$ 1.00.



► **Chile, the world's second largest lithium producer, represents 35% of total global production**

Chile is the world's second largest lithium producer and the largest producer of lithium extracted from high-quality and high-concentration brines, accounting for approximately 35% of the total global production representing 75,800 tonnes of lithium-carbonate equivalent. Despite the significant footprint in the industry lithium production in Chile comes exclusively from 2 operations in a claim owned by Production Development Corp (CORFO) in the Atacama Salar. CORFO, a government body responsible for regional development, has contracted production services to both Albemarle and Sociedad Quimica y Minera de Chile S.A. ("SQM").

Neither Albemarle nor SQM own the licences through which they extract lithium as both companies contract directly with CORFO and not the Chilean State. As such, all contracts governing the relationship between CORFO, Albemarle and SQM are specific to the operations in the Atacama Salar and are not representative of the current regulatory regime governing the exploitation of resources from lithium licences generally.

In the past year, other companies have become to enter the lithium space in Chile, most notably **National Copper Corporation ("CODELCO")**.

Chile's new President, Mr. Sebastián Piñera, and the incoming Minister of Mines, Mr. Baldo Prokurica, have publicly stated their support for Chile's mining industry and their political platform of attracting foreign and domestic investment to Chile's natural resource sector.

► **Current Chilean law on the exploration of lithium**

Under current Chilean law, and since January 1, 1979, lithium cannot be exploited in Chile by regular mining concessions. The Chilean Mining Code established that lithium is a strategic mineral and expressively provides that the exploitation of "non-concessible" mineral substances (which includes lithium) can only be performed by:

- the government of the Republic of Chile;
- Chilean state-owned company; or
- by means of administrative concessions or special operation contracts that meet the requirements and conditions set forth by the President of the Republic of Chile for each such case.

While a few active licences in Chile were granted before the current state regulations came into force, the lithium production associated with these licences represent a small portion of the anticipated lithium supply.

Supply | Few pure play lithium exposure vehicles available for investors

Largest non-Chinese lithium producers are conglomerates not offering pure-play lithium exposure

 USD 10.7bn <i>Market capitalisation</i> Global specialty chemicals company, with activities in specialty metals extraction, refining catalysts and applied surface treatments 36% <i>Lithium & advanced materials share of total revenues</i>	 USD 14.7bn <i>Market capitalisation</i> Global producer of fertilizers, potassium nitrate, iodine, lithium, specialty chemicals and metals explorations 27% <i>Lithium and derivatives share of total revenues</i>	 USD 11.1bn <i>Market capitalisation</i> Global chemical manufacturing company providing solutions and products for the agricultural, industrial and pharmaceutical markets 8% <i>Lithium share of total revenues</i>	 USD 10.3bn <i>Market capitalisation</i> China-based producer of lithium for ores and production of mid to high-end lithium products, listed on the Shenzhen Stock Exchange 100% <i>Lithium share of total revenues</i>
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