



Chilean Metals Announces Debt Agreement

Toronto, ON. October 8, 2020. Chilean Metals Inc. ("Chilean Metals," "CMX" or the "Company") (TSX.V:CMX, SSE:CMX, MILA: CMX) has entered into an agreement with a related party on the extension of \$702,000 worth of debentures and advances (that are otherwise due or past due) for a further term of two years. This amended loan agreement and bonus warrants (described below) is subject to TSXV approval. The loan will carry an interest rate of 14% per annum and will be prepaid for year 1, with the interest added to the principal. Should Chilean Metals not pay off the debenture during year 2, the loan will carry forward interest only in arrears and be due on October 8, 2022.

In consideration of the extension, the related party will be granted 5,000,000 bonus warrants, exercisable at \$0.14 per share for a period of 2 years.

"Our largest shareholder, Mr. Sam Stern, has participated in the equity round we just closed and this investment combined with the exercise of these warrants would give Mr. Stern a non-diluted ownership position of 16.7%. Mr. Stern could not take all equity in this most recent round as it would have put him significantly over the 20% threshold beyond which a takeover bid is required. We are comfortable that these terms are fair to the Company and to Mr. Stern. The combination of the Debenture and the equity financing places the Company in the best financial condition it has been in some years," commented Chilean Metals CEO Terry Lynch.

The debt agreement and proposed issuance of bonus warrants is considered a related party transaction because it is being conducted with an insider of the Company. The related party transaction is anticipated to be exempt from formal valuation requirements and minority shareholder approval pursuant to the exemptions contained in Sections 5.5(1)(b) and 5.7(1)(a) of MI 61-101.

CMX wishes to acknowledge that the TSXV has provided final approval to the previously announced \$3,017,525 financing (the "Offering"). Certain insider and officers of the Company did participate in the offering. Their participation in the Offering is considered a "related party transaction" within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The related party transaction is exempt from formal valuation requirements and minority shareholder approval pursuant to the exemptions contained in Sections 5.5(1)(b) and 5.7(1)(b) of MI 61-101, as the investment made by each of them did not exceed \$2,500,000.

Finally, the board of CMX has granted to Directors, Officers, Employees and Consultants of the Company stock options for 3,950,000 options under the CMX option plan. The options are exercisable for five years and the exercise price set for the options was \$0.14.

About Chilean Metals.

www.chileanmetals.com/

Chilean Metals Inc. is a Canadian Junior Exploration Company focusing on high potential Copper Gold prospects in Chile and 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.

ON BEHALF OF THE BOARD OF DIRECTORS OF

Chilean Metals Inc.

"Terry Lynch"

Terry Lynch, CEO

Contact: terry@chileanmetals.com

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