

# SRHI Inc. Provides Update on MTV's Creditor Protection Process in Chile

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TORONTO, Aug. 21, 2020 - [SRHI Inc.](#) (the "Company" or "SRHI") (TSX: SRHI, SRHI.WT) provides the following update of the ongoing creditor protection process and proposed restructuring plan for Minera Tres Valles SpA ("MTV"), the Company's 70% owned producing copper mine in Salamanca, Chile.

In May 2020, MTV filed a Judicial Restructuring Procedure ("JRP") in Chile providing MTV protection from creditors to give itself sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine.

Over the past 3 months, MTV and the Company have conducted constructive negotiations with MTV's senior lenders ("Lenders"), Vecchiola S.A. ("Vecchiola", a related party to MTV's 30% minority shareholder) and other unsecured creditors.

Although no formal agreement has yet been entered into, the Company, the Lenders and Vecchiola (together, the "Parties") have negotiated a framework to support MTV's future operations including the construction of the Papomono Masivo incline block caving underground mining project. Subject to a successful reorganization process to be voted on by all creditors of MTV and the necessary internal approvals of the Parties, it is expected that the Lenders, Vecchiola and the Company will provide the following additional debt financing to MTV:

## [SRHI Inc.](#)

- Up to \$10 million secured second ranking debt to be financed from the Company's cash resources (the "SRHI New Loan")
- Drawn down by MTV over the next 12 months
- Subordinated to the Lenders' existing and new financing amounts
- Expected payback beginning 2025
- Fulfills (and will reduce, pro-rata) the Company's \$10 million corporate guarantee provided under the facility agreement (the "Facility Agreement") entered into between the Lenders, MTV and the Company in December 2019

## Vecchiola

- Conversion to subordinated long-term debt, of 75% of amounts owed by MTV to Vecchiola, to be repaid only after all other amounts due to unsecured creditors are fully repaid.

## Lenders

- Release of \$7 million cash, currently restricted by the Lenders pursuant to the Facility Agreement, to support MTV's operations - \$2 million has already been released to support MTV during the reorganization process
- Extension of the maturity by 12 months to December 2024
- Extension of the commencement for principal repayments by 12 months to begin March 31, 2022
- Extension by 18 months of the requirement to pay 50% of interest
- Up to \$6 million of new senior debt ("New Senior Debt") to have substantially the same security and terms as currently contemplated in the Facility Agreement (with some amendments)
- The New Senior Debt is to be made available to MTV, if needed, after SRHI has fully advanced the SRHI New Loan

In addition, MTV and the offtake provider are in agreement that certain amendments to the offtake

agreement are expected to be implemented resulting in the (i) acceleration of payment terms for the receipt of cash by MTV and (ii) increases to the fixed price portion originally agreed to in the offtake agreement from 25% to 40%.

The Company expects that a judicial reorganization agreement implementing the proposed reorganization of MTV will be voted on by MTV's creditors in late August or early September.

#### About SRHI Inc.

SRHI is a publicly-listed company based in Toronto and its principal operating business is its 70% equity interest in the producing copper mine Minera Tres Valles in Salamanca, Chile. 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 JRP process; giving MTV sufficient time to complete its refinancing efforts, providing the necessary protection to allow MTV to negotiate repayment terms, and timing thereof; the providing of a financial foundation to grow MTV's business; beginning the construction of the Papomono Masivo underground mine; constructive negotiations with MTV's Lenders and unsecured creditors; the Company, the Lenders and Vecchiola agreeing to a framework to support MTV's future operations; the expected terms of the additional financing to MTV; expected amendments to the offtake agreement; and the expected vote date for the proposed reorganization of MTV.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: a successful negotiation with creditors, including the Lenders during the stay period; additional financing available from the Company, Vecchiola and Lenders; a successful vote by creditors to approve MTV's restructuring; the conversion of the framework to definitive documentation; there being no additional significant disruptions affecting the development and operation of MTV; and assumptions concerning general marketing, political, business and economic conditions.

Actual 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, including: (i) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks) and risks associated with the other portfolio companies' industries; (ii) risks associated with investments in emerging markets; (iii) general economic, market and business conditions; (iv) failure to secure additional financing in the future on acceptable terms, if at all; (v) failure to obtain a successful reorganization vote from MTV's creditors; (vi) commodity price fluctuations and uncertainties; (vii) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (viii) risk that MTV and/or the Company cease to be going concerns and the Company's guarantee of the MTV debt is called and the related pledge is realized (ix) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the year ended December 31, 2019; and (x) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 24, 2020.

The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

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