

Heliostar Announces Letter of Intent for a US\$20M Gold Linked Debt Facility to Advance Ana Paula Deposit

HIGHLIGHTS:

- Debt Facility to fund completion of the Decline, Test Mining and processing of a Bulk Sample
- This self-funding path is an innovative means of funding the advancement of the Ana Paula Project and minimize equity dilution
- Funding expected to be repaid within 30 months from drawdown through sale of gold from the bulk sample
- Completion of the decline reduces future capital expenditure and future drilling costs
- A component of the debt funding and additional cash flows generated from the Test Mining to be used for additional drilling to grow the Ana Paula resource

Vancouver, Canada, May 7, 2024 – Heliostar Metals Ltd. (TSX.V: HSTR, OTCQX: HSTXF, FRA: RGG1) (“Heliostar” or the “Company”) is pleased to report it has entered into a non-binding letter of intent in respect of a senior secured debt facility (the “Facility”) for the aggregate principal amount of US\$20 million (the “Loan Amount”) with an expected fixed 10% rate of interest with a syndicate of lenders led by a New York based Asset Manager (together, the “Lenders”).

The net proceeds of the Facility will be used to advance the underground decline and complete test mining to process a bulk sample from the Ana Paula deposit in Guerrero, Mexico (“Test Mining”).

The Facility is expected to have a 30-month term and is subject to an annual interest rate of 10%, payable semi-annually. The Facility is expected to be assured by customary security commitments, including over the Ana Paula Project. The facility allows for the early repayment of the Facility at any time, and upon the sale of gold ounces. The facility calls for Heliostar to make repayments equal to the number of ounces of gold sold multiplied by US\$1,850 per ounce (the “Reference Price”) after deducting operating expenses.

Heliostar CEO, Charles Funk, commented, “Finding a self-funded solution that diminishes the amount of equity dilution to advance the development of the Ana Paula Project and undertake a Test Mining program has been the Company’s focus in 2024. Today’s announcement puts Heliostar on the front foot to continue to de-risk the Ana Paula project and accelerate its path to commercial production. Funding from the financing will be used to complete the decline and undertake test mining. It will additionally, permit drilling to add more ounces to the high-grade core of the Ana Paula deposit. Funds from the sale of gold produced from the bulk sample are anticipated to repay the principal and interest of the loan and the floor price for a portion of the test mining ounces minimizes completion risk. We are excited to advance towards our goal of mining the first gold ounces from the Ana Paula Project in 2025!”

Test Mining

The Company considers Test Mining to be a compelling development approach at Ana Paula as it provides several advantages, including:

- Producing cash flow from the sale of gold produced from the bulk sample to pay for the decline and Test Mining infrastructure to significantly reduce equity dilution
- Funding drilling with a focus of adding additional high-grade gold ounces, which can have a significant impact on the Net Present Value of the project
- Decreasing the forecasted capital expenditure of the full scale project by developing the decline and initial stopes in advance
- Providing valuable information to further de-risk grade reconciliation, stope design and metallurgical recoveries prior to final mine design
- Decreasing infill and expansion zone drilling costs by providing underground drilling platforms

Ana Paula's current infrastructure, including its open pit mine permit, partially completed decline and connection to grid power should allow for this bulk sample plan to proceed quickly. Engineering undertaken in Q1, 2024 has been completed to ensure the design for Test Mining maximizes the long-term mine plan at Ana Paula.

Financing Details

Interest Payment: The Facility is expected to bear a 10% per annum coupon, calculated and payable semi-annually, and will mature after a 30-month term.

Gold Price Linked Premium: Heliostar is expected to enter into gold swaps with the Lenders at closing of the Financing (the "**Closing**") tied to a gold price equal to the Reference Price of US\$1,850 (the "**Gold Premium**"). At certain dates in the future tied to Heliostar's production and sale of gold from Test Mining, if the spot price of gold is greater than the Reference Price, Heliostar will pay the Lenders the difference between the spot price and the Reference Price, multiplied by the "**Payment Swap Ounces**". Payment Swap Ounces is the lesser of: (i) the ounces sold by Heliostar that triggered the mandatory revenue prepayment and (ii) the difference between the Total Swap Ounces and the sum of all previous Payment Swap Ounces sold by Heliostar. If the spot price of gold is less than the Reference Price, the Lenders will pay Heliostar the difference between the spot price and the Reference Price, multiplied by the Payment Swap Ounces.

Warrants: In connection with the Facility, the Company will issue to the Lenders an aggregate of 17,239,668 share purchase warrants (the "**Warrants**"). Each Warrant will entitle the Lenders to acquire one common share within 30 months of closing at an exercise price of (i) as to 8,619,834 of the Warrants, \$0.40 per share, and (ii) as to 8,619,834 of the Warrants, \$0.55 per share.

Use of Proceeds: The net proceeds of the Facility are expected to be used to fund (i) development of the decline and Test Mining of a bulk sample, (ii) drilling at the Ana Paula deposit, and (ii) facility interest until production has commenced.

Closing: Closing is subject to the execution of definitive documents, receipt of all necessary approvals and the completion of the Lenders' technical due diligence. There is no assurance that the Facility will be completed on the terms set forth above or at all. Closing is anticipated in Q3, 2024.

There can be no assurance that a definitive agreement with respect to the Facility will be executed or, if executed, whether the funding will be consummated.

The Company intends to pay a qualified non-related party a finder's fee (the "**Finder's Fee**") equal to 2% of the Loan Amount. Subject to approval by the TSX Venture Exchange, the Company intends to pay the Finders' Fee half in cash and half in common shares at a deemed price of \$0.30 per share.

Statement of Qualified Person

Stewart Harris, P.Geol., a Qualified Person, as such term is defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, has reviewed the scientific and technical information that forms the basis for this news release and has approved the disclosure herein. Historical information contained in this news release cannot be relied upon as Stewart Harris has not prepared nor verified such information.

About Heliostar Metals Ltd.

Heliostar is a junior mining company with a portfolio of high-grade gold projects in Mexico and Alaska.

The Company is focused on developing the 100% owned Ana Paula Project in Guerrero, Mexico. In addition, Heliostar is working with the Mexican government to permit the San Antonio Gold Project in Baja Sur, Mexico. The Company continues efforts to explore the Unga Gold Project in Alaska, United States of America.

Ana Paula hosts measured and indicated resources of 710,920 ounces of gold (320,204 measured and 390,716 indicated ounces) at 6.60 g/t gold and an inferred resource of 447,512 ounces of gold at 4.24 g/t gold. The asset is permitted for open-pit mining and contains significant existing infrastructure including a portal and a 412 long decline.

References

1. An updated mineral resource estimate titled "Ana Paula Project NI 43-101 Technical Report Mineral Resource Estimate Update" was filed on SEDAR on January 12, 2024, with an effective date of November 27, 2023, prepared for the Company by Andrew Kelly, P.Eng., Lewis Teal, CPG and Rita Teal, CPG.

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This news release includes certain "Forward-Looking Statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under applicable Canadian securities laws. When used in this news release, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "may", "would", "could", "schedule" and similar words or

expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: the intended use of the net proceeds of the Facility; the expected terms of the Facility; completion of the Test Mining program; drilling activities intended to expand the resources base at the Ana Paula project; the expected advantages of Test Mining; and the exploration, development, and production at the Company's properties.

Forward-looking statements and forward-looking information relating to the terms and completion of the Facility, any future mineral production, liquidity, and future exploration plans are based on management's reasonable assumptions, estimates, expectations, analyses and opinions, which are based on management's experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. Assumptions have been made regarding, among other things, the negotiation of definitive documentation and the receipt of necessary approvals, price of metals; no escalation in the severity of public health crises or ongoing military conflicts; costs of exploration and development; the estimated costs of development of exploration projects; and the Company's ability to operate in a safe and effective manner and its ability to obtain financing on reasonable terms.

These statements reflect the Company's respective current views with respect to future events and are necessarily based upon a number of other assumptions and estimates that, while considered reasonable by management, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance, or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or forward-looking information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: precious metals price volatility; risks associated with the conduct of the Company's mining activities in foreign jurisdictions; regulatory, consent or permitting delays; risks relating to reliance on the Company's management team and outside contractors; risks regarding exploration and mining activities; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of public health crises; the economic and financial implications of public health crises, ongoing military conflicts and general economic factors to the Company; operating or technical difficulties in connection with mining or development activities; employee relations, labour unrest or unavailability; the Company's interactions with surrounding communities; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; litigation risk; and the factors identified under the caption "Risk Factors" in the Company's public disclosure documents. Readers are cautioned against attributing undue certainty to forward-looking statements or forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements or forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.