

Polar Star enters into joint venture agreement for exploration of its Montezuma Property in Chile

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TORONTO, Jan. 20, 2014 - [Polar Star Mining Corp.](#) (TSX: PSR) (the "Company"), a Toronto-based company focused on copper and gold exploration in Chile, announces that it has entered into a joint venture agreement with Newmont Ventures Limited, a subsidiary of [Newmont Mining Corp.](#) (NYSE:NEM) ("Newmont") to explore, and if appropriate, develop the Montezuma project located in the Antofagasta and Calama districts of Chile.

Highlights of the joint venture include:

- A private placement of CDN \$2 million at a price of CDN \$0.18 with half a warrant per common share exercisable over two years at a price of CDN \$0.23
- A three phase earn-in amounting to USD \$20.5 million over a seven year period
- The earn-in allows Newmont to own up to a 75% beneficial interest in the concessions
- Polar Star has the option to finance and therefore maintain its 25% beneficial interest through to production
- By forfeiting an additional 5% beneficial interest, the Company can elect for Newmont to finance the Company's portion of mine development cost through to production (the financing option)
- Newmont may accelerate the various earn-in phases
- Newmont will act as the manager and operator of the joint venture

Colin Bird, Chief Executive Officer of Polar Star Mining said: "I am very pleased that Newmont has agreed to enter into a joint venture with the Company for the exploration and development of Montezuma. The size and location of Montezuma, relative to major mines and district geological trends, made the project highly prospective to the major copper producing companies. The joint venture agreed upon is structured for the Company to retain a material interest in the project which can be separately financed or alternatively combine our interest with Newmont. Thus the Company will have various options available to maximize shareholder value in the future which the board felt was very necessary from the outset."

Key agreement details:

Newmont's initial contribution (phase 1 earn-in) is USD \$2.5 million over 30 months from the effective date. No interest in the project will vest with Newmont until completion of the phase 1 earn-in. After completion of this expenditure Newmont will have earned a 51% beneficial interest in the project.

The funding requirements for phase 2 is USD \$5.5 million over 30 months, which will provide Newmont with an additional 14% beneficial interest in the project, i.e. a total of 65% beneficial interest.

Should Newmont elect to continue to phase 3, it will be required to spend an additional USD \$12.5 million before the expiry of a further 24 months which will earn Newmont a further 10% beneficial interest in the project. At that stage, Newmont will have a 75% beneficial interest. Upon Newmont reaching 75% interest, the Company will have options available to either finance its 25% through to mine production or alternatively accept a financing option provided by Newmont under terms provided for in the agreement. The financing option provided by Newmont allows for an interest at prime plus 4% repayment plan with Newmont receiving 90% of the Company's cash flow until the loan to the Company has been repaid.

Should the Company elect not to participate in financing after Newmont achieves a 75% beneficial interest, the Company may elect to retain a 0.5% net smelter royalty rather than contributing its proportionate share, with Newmont receiving the Company's 25% interest at no additional cost.

Upon execution of this Agreement, the joint venture will be governed by a Management Committee to determine overall policies, objectives, procedures, methods and actions under the Agreement. The Management Committee shall consist of two (2) members appointed by Newmont and two (2) members appointed by the Company. Newmont will have effective control from commencement of the Agreement.

About Montezuma

Montezuma lies in the Atacama Desert at an elevation of 2,800m in northern Chile, approximately 15 km south of Calama. The property extends over 50,000 ha, located within the Domeyko Fault system that hosts the major copper deposits in Chile.

Geological Setting

Montezuma lies in the Pre-cordillera, parallel and west of the main high volcanic zone that forms the Andean Cordillera. The oldest rocks are of Paleozoic age and include gneiss, metadiorites, quartz diorites and tonalites. The area shows pervasive chlorite-epidote-calcite alteration. Within these rocks Eocene and early Oligocene porphyritic intrusions along the north-south striking Domeyko Fault system produced the major copper porphyry producing mines including Chuquicamata, Ministro Hales immediately to the north of Montezuma and Mina Escondida to the south.

About Polar Star Mining Corporation

[Polar Star Mining Corp.](#) ("PSR") is a TSX listed exploration and development company with a focus on building shareholder value in Chile. The Company's strategy is to advance its large portfolio of world class projects in Chile through joint ventures.

Image with caption: "Montezuma Project (CNW Group/Polar Star Mining Corp.)". Image available at: http://photos.newswire.ca/images/download/20140120_C9733_PHOTO_EN_35700.jpg

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