

Kerr Mines and Star Royalties Close US\$18 Million Project Financing for Restart of the Copperstone Gold Mine

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TORONTO, Nov. 23, 2020 - [Kerr Mines Inc.](#) (TSX: KER, OTC: KERMF) (“Kerr” or the “Company”) and Star Royalties Ltd. (“Star Royalties”) are very pleased to jointly announce the closing of the first installment of their previously announced US\$18,000,000 gold purchase and sale agreement (“Streaming Agreement”) which will be used to finance the restart of underground operations and gold production at the Copperstone Gold Mine (“Copperstone”) in Arizona, USA.

Giulio T. Bonifacio, Chief Executive Officer of Kerr, stated: “We are excited to enter this new chapter for Kerr Mines with the closing of this first installment of the Copperstone stream financing. We look forward to working with Star Royalties to expeditiously restart operations at our flagship asset. Our focus now shifts to securing long term lead items, finalizing the process facilities to accommodate our whole ore leach approach, and sourcing underground contractors and equipment.”

Alex Pernin, Chief Executive Officer of Star Royalties, commented: “Following our comprehensive due diligence process, we have great confidence in both Copperstone’s potential and Kerr’s ability to execute a successful restart of operations. We look forward to working closely with their team as we transition Copperstone into Arizona’s next gold producing mine.”

The US\$18 million advance payment under the Streaming Agreement will be provided in three equal installments, with the first US\$6 million installment having now been advanced. The remaining two tranches will be advanced at the request of Kerr as it incurs expenditures for the restart of Copperstone, with a further US\$6 million payable on or before February 28, 2021 and the final US\$6 million payable on or before April 30, 2021.

Summary of Terms

- Star Royalties will purchase from Kerr an amount of refined gold equal to 9.9% of gold produced at Copperstone until a cumulative 21,000 ounces of refined gold are delivered, then 3.3% of gold produced until a cumulative 27,200 ounces are delivered, and 1.2% of gold produced thereafter for the remaining life of mine;
- In addition to the US\$18 million advance payment, Star Royalties will provide a cash payment to Kerr for each ounce of gold delivered equal to 25% of the average London Bullion Market Association gold spot price for the five consecutive trading days prior to delivery. The Company has granted security over all of its assets to Star to secured the obligation of the Company to Star under the Streaming Agreement;
- In connection with the advance of the first tranche of US\$6 million, Kerr repaid in full the US\$2 million convertible promissory note held by Sprott Private Resource Lending (Collector) LP (“Sprott”). This repayment resulted in Sprott not exercising its conversion rights at CAD\$0.13 for US\$500,000 and CAD\$0.16 for US\$1.5 million, avoiding dilution to Kerr shareholders.

In connection with the closing of the Streaming Agreement, Kerr, Trans Oceanic Minerals Company Ltd. (“TOMCL”) and Braydon Capital Corporation (“Braydon”) amended certain terms and conditions of the outstanding debt held by TOMCL and Braydon. In particular, the parties agreed as follows:

- The maturity dates of outstanding promissory notes held by Braydon and TOMCL in the aggregate principal amount of approximately US\$9.3 million were extended from August 22, 2021 to December 31, 2023;
- The rate of interest payable on the principal of the notes was increased from 8% to 10%, with interest payable quarterly starting on the commencement of commercial production;
- Two CAD\$1 million unconvertible promissory notes, one held by each of Braydon and TOMCL, were amended to include a conversion feature providing that the principal amount of the notes can be converted into common shares of Kerr at any time prior to maturity at a price of CAD\$0.16 per share, subject to Kerr having the right of early conversion in the event the volume-weighted average trading price of the common shares exceeds CAD\$0.30 for twenty consecutive trading days; and
- Kerr also agreed to make prepayments against the principal of the notes by way of preferential payments, in certain circumstances.

About Kerr Mines Inc.

Kerr Mines is an emerging American gold producer advancing the restart of production at its 100-per-cent-owned, fully permitted past-producing Copperstone mine project, located in mining-friendly Arizona. The Copperstone mine project demonstrates significant upside exploration potential that has yet to be drilled within a 50 square-kilometre (12,258 acres) land package that includes past production of over 500,000 ounces of gold by way of an open-pit operation. The company's current focus is on maximizing Copperstone's potential by defining and expanding current resources and further optimizing the mine's economics for purposes of the restart of production in 2021.

For further information please visit the Kerr Mines website (www.kerrmines.com).

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About Star Royalties Ltd.

Star Royalties Ltd. is a growth-oriented, precious metals-focused royalty and streaming company. We pursue high-quality cash flow generation and shareholder value creation through the origination and acquisition of royalties and streams. By specializing in custom-made and operator-friendly financing solutions, our objective is to be uniquely aligned with our counterparties and to provide our investors with leverage to rising precious metal prices. We aim to become the preferred mine financing partner for producers, developers and explorers.

For more information on Star Royalties, please visit our website at starroyalties.com or contact:

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Cautionary Note Regarding Forward Looking Statements

Certain statements in this news release may constitute "forward-looking statements", including those regarding future market conditions for metals and minerals, the purchase and delivery of gold in connection with the Streaming Agreement, the payment of the second tranche and third tranche in connection with the Streaming Agreement, the use of proceeds from the Streaming Agreement, the restart of Copperstone, the prepayments against the principal of the notes by way of preferential payments, in certain circumstances. Forward-looking statements are statements that address or discuss activities, events or developments that Star Royalties and Kerr expect or anticipate may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of Star Royalties or Kerr to be materially different from future results, performances or achievements expressed or implied by such statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors

could cause actual results, performances or achievements to differ materially from such forward-looking statements, including, without limitation, changes in business plans and strategies, market conditions, share price, best use of available cash, the ability of Star Royalties to obtain required funds and identify and execute future acquisitions on acceptable terms or at all, risks inherent to royalty and streaming companies, title and permitting matters, metal and mineral commodity price volatility, discrepancies with respect to the estimated production of Copperstone, mineral reserves and resources and metallurgical recoveries, mining operation and development risks relating to the parties which produce the metals and minerals Star Royalties will purchase or receive payments from, regulatory restrictions, activities by governmental authorities (including changes in taxation), currency fluctuations, the global social and economic climate, natural disasters and global pandemics, dilution, and competition. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and neither Star Royalties nor Kerr undertakes any obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

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