

Heliostar Arranges Debt Facilities up to US\$10M to Support Acquisition of Production Assets

10.09.2024 | [Newsfile](#)

HIGHLIGHTS:

- Up to US\$5 million working capital facility with Ocean Partners
 - Immediately available
 - Interest rate 3 month SOFR + 4% (currently 9.4%)
 - Matures on December 31, 2025
- Up to US\$5M transaction closing facility with Deans Knight
 - Available to fund US\$5M closing payment to acquire a Mexican asset portfolio from the former Argonaut Gold
 - Interest rate 15%
 - Mature on November 30, 2026
- Provides capital required to close the acquisition with less than 1% equity dilution
- Principal and interest amounts to be repaid from operating cash flow

Vancouver, September 10, 2024 - [Heliostar Metals Ltd.](#) (TSXV: HSTR) (OTCQX: HSTXF) (FSE: RGG1) ("Heliostar" or the "Company") is pleased to report it has arranged two debt facilities for aggregate gross proceeds of up to US\$10 million.

Heliostar CEO, Charles Funk, commented, "This financing is a significant advancement for Heliostar and our shareholders. These facilities demonstrate the power of production as we were able to secure debt financing at significantly more favourable rates than previously contemplated in the gold-linked letter of intent for Ana Paula. We are now in the enviable position of having all the capital required to close the acquisition of Mexican assets from the former Argonaut Gold and accelerate the development of our assets for less than one percent equity dilution. Following the closing of the acquisition, which remains on track for November 2024, Heliostar will become a producing gold company with immediate cash flow, a healthy working capital balance and a strong position to grow our production base to 150,000 oz per year over the next 3 years."

The Company announces that it will no longer proceed with the previously announced letter of intent for a US\$20 million gold linked debt facility (see news release dated May 7, 2024).

Details of the Debt Facilities

The Company has entered into a purchase contract (the "Purchase Contract") with Ocean Partners USA, Inc. ("Ocean Partners") pursuant to which Ocean Partners has agreed to buy 100% of the gold from the leach pads located at the San Agustin mine for a minimum period of six full calendar months and with a minimum delivery of 7,500 ounces of payable gold (the "Working Capital Facility"). The San Agustin mine is one of the assets to be acquired by the Company pursuant to the previously-announced transaction with [Florida Canyon Gold Inc.](#) (the "Acquisition").

From the date of the Purchase Contract until December 31, 2025, the Company has the right to request an advance payment (the "Advance Payment") of up to US\$5 million in three equal monthly tranches, subject to a maximum of 40% of the estimated recoverable gold to be delivered in the following three-month period. Each tranche of the Advance Payment must be repaid before a subsequent tranche can be drawn. The Advance Payment is subject to a fee equal to three months CME Term SOFR Reference Rates plus 4%. For each US\$1 million of Advance Payment drawn by the Company, 750 ounces of payable gold will be added to the minimum deliveries under the Working Capital Facility.

The Company intends to use the net proceeds from the Working Capital Facility for general working capital requirements and to fund the advancement of its development projects.

The Company has also signed note purchase agreements for up to US\$5 million in senior secured term notes (the "Transaction Closing Facility") from Deans Knight Capital Management Ltd. ("Deans Knight"), on behalf of certain investors. The notes mature on November 30, 2026.

The Company has no obligation to draw from the Transaction Closing Facility. The drawn portion of the Transaction Closing Facility bears interest at 15% per annum.

The Company intends to use the net proceeds from the Transaction Closing Facility to fund the final closing payment in connection with the Acquisition.

Implementation of the Working Capital Facility and the Transaction Closing Facility is subject to regulatory approval.

The Company has agreed to issue 1,500,000 common shares for loan establishment.

Advisor

TSCG Capital acted as advisor to Heliostar for the Transaction Closing Facility.

About Heliostar Metals Ltd.

Heliostar aims to grow to become a mid-tier gold producer. The Company is focused on developing the 100% owned Ana Paula Project in Guerrero, Mexico and has recently entered into an agreement to acquire a portfolio of production and development assets in Mexico.

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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 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.

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