

Holly Street Capital Ltd. Announces Letter of Intent for Qualifying Transaction With Southern Sky Resources Corp.

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VANCOUVER, British Columbia, Sept. 17, 2020 -- **Holly Street Capital Ltd.** (TSX-V: HSC.P) ("**Holly**"), a capital pool company listed on the TSX Venture Exchange (the "**Exchange**"), is pleased to announce that it has entered into a binding letter of intent (the "**Letter of Intent**") dated September 10, 2020 with Southern Sky Resources Corp. ("**Southern Sky**") in respect of a proposed business combination (the "**Proposed Transaction**"). It is anticipated that the Proposed Transaction will constitute the "Qualifying Transaction" of Holly in accordance with Policy 2.4 – *Capital Pool Companies* of the Exchange.

About Southern Sky

Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario, and, immediately prior to closing of the Proposed Transaction, will have 20,500,000 common shares (the "**Southern Sky Shares**") outstanding, and no outstanding securities exchangeable or convertible into Southern Sky Shares.

Southern Sky's material asset consists of its right to acquire a net 75% interest in a mineral exploration project, Project X, totaling approximately 584.39 hectares located in western Colombia (the "**Property**") pursuant to an option agreement (the "**Option Agreement**") dated June 12, 2020 with a private Colombian company. In addition, Southern Sky holds a 100% beneficial ownership interest in an exploration property totalling approximately 75,000 acres located in the Cuyuni Mining District, Guyana (the "**Aurora South Property**").

Project X (five-year option to acquire a net 75% interest)

Project X is an advanced gold exploration property which sits in the Cordillera Occidental of Colombia. A total of 14 historic drill holes were completed on the property during 1997 – 1998. A summary of the significant data is located in the following table:

Drill Hole	From (m)	To (m)	Interval (m)	Gold (g/t)
DH – 1	0.0	18.9	18.9	3.56
DH – 2	0.0	80.0	80.0	2.1
including	0.0	22.5	22.5	4.5
DH – 4	0.0	451.0	451.0	0.7
including	303.0	325.5	22.5	3.72
DH - 5	0.0	29.0	29.0	2.61
DH - 6	40.5	42.0	1.5	3.64
DH - 7	0.0	157.0	157.0	0.95
including	5.5	14.5	9.0	2.9
DH - 8	37.5	45.0	7.5	0.75
And	103.5	159.0	55.5	0.4
And	171.0	180.0	9.0	0.89
DH - 9	17.0	104.0	87.0	0.41
DH - 10	129.0	136.5	7.5	3.9
And	292.5	307.5	15.0	1.72
DH - 11	196.5	216.0	19.5	1.13
DH - 13	0.0	6.0	6.0	0.55
And	79.5	109.5	30.0	0.8
DH - 14	55.5	106.0	51.0	0.71
and	216.0	220.5	4.5	0.68

Note that the drill hole assay data above was taken from historical press releases of another company which were disseminated prior to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") being enacted and Southern Sky was not able to locate these drill cores for independent verification.

Over the last year, Southern Sky has been working with a publicly traded company, Zonte Metals Inc. (TSX-V: ZON) ("**Zonte**"), whereby Zonte provided technical advice and permitted Southern Sky to secure a five-year option agreement with a Colombian private company that holds Project X. Southern Sky has the rights to acquire a net 75% interest in the property and Zonte retains the rights to a 25% carried interest until a production decision. Southern Sky shall be the operator of Project X.

Zonte personnel have completed a number of due diligence visits to the property over the last seven years. This included

sampling known mineralized structures, confirming drill pads locations and confirming with the local association the previous drilling program. Geologically, the property appears to be a porphyry system with numerous breccia and vein structures. Southern Sky is in the process of mapping and sampling the property with local geological consultants and planning a geophysical survey. Southern Sky is also completing a NI 43-101 technical report (the "**Technical Report**") in respect of Project X.

Terms of the Option Agreement for Project X

Pursuant to the terms of the Option Agreement, Southern Sky may acquire a 100% interest (net 75% interest) in Project X by paying a total of US\$1,500,000 and issuing 1,500,000 Southern Sky Shares to the vendor as follows:

- a. US\$10,000 upon signing the letter of intent with the vendor;
- b. US\$40,000 and issue 50,000 Southern Sky Shares upon regulatory approval;
- c. US\$75,000 and issue 125,000 Southern Sky Shares upon 1st anniversary of regulatory approval;
- d. US\$100,000 and issue 175,000 Southern Sky Shares upon 2nd anniversary of regulatory approval;
- e. US\$125,000 and issue 250,000 Southern Sky Shares upon 3rd anniversary of regulatory approval;
- f. US\$150,000 and issue 300,000 Southern Sky Shares upon 4th anniversary of regulatory approval; and
- g. US\$1,000,000 and issue 600,000 Southern Sky Shares upon 5th anniversary of regulatory approval.

It is anticipated that, following the Proposed Transaction, the requirement to issue Southern Sky Shares under the Option Agreement would be satisfied by issuance of Holly Shares on a one-to-one basis. The underlying vendor maintains a 1% net smelter return on production.

Additional Information Regarding Southern Sky Resources Corp.

Southern Sky has acquired beneficial rights over mineral properties in Guyana since 2011. Southern Sky acquired all of the shares of Guyana Au Corp Inc., a corporation incorporated under the laws of Guyana, in December 2016. Guyana Au Corp. Inc. is the 100% beneficial owner of the Aurora South Property, which it acquired on August 29, 2011 by way of a Deed of Assignment of a Mining Joint Venture Agreement with the subsidiary of a Canadian, former-publicly traded company, Guyana Frontier Mining Corp. ("**Guyana Frontier**"). Historic work performed on the Aurora South Property includes an airborne geophysical program flown over the property during 2011 by a previous joint venture partner of Southern Sky. No other work has been completed by Southern Sky on this property.

Roger Connors, a resident of Toronto, Ontario, is the only controlling shareholder of Southern Sky.

A press release with further information in respect of Southern Sky, including significant financial information, will follow in accordance with the policies of the Exchange.

Summary of the Proposed Transaction

The Letter of Intent contemplates that Holly and Southern Sky will negotiate and enter into a definitive agreement in respect of the Proposed Transaction (the "**Definitive Agreement**"), pursuant to which it is anticipated that Holly will acquire all of the issued and outstanding Southern Sky Shares, and shareholders of Southern Sky will receive post-Consolidation (as defined below) Holly common shares (the "**Holly Shares**") in exchange for their Southern Sky Shares, resulting in a reverse takeover of Holly by Southern Sky. The Proposed Transaction will be structured as a three-cornered amalgamation, plan of arrangement or other structure based on the advice of the parties' respective advisors and taking into account various securities, tax, operating and other considerations.

Prior to the closing of the Proposed Transaction, Holly will consolidate its outstanding Holly Shares on the basis of one (1) new Holly Share for each two (2) old Holly Shares (the "**Consolidation**"), such that, prior to closing of the Proposed Transaction, Holly Street will have approximately 3,755,000 Holly Shares issued and outstanding. It is intended that Holly Shares will be issued to holders of Southern Sky Shares on the basis of one (1) post-Consolidation Holly Share for every one (1) Southern Sky Share, resulting in the issuance of an aggregate 20,500,000 post-Consolidation Holly Shares to the shareholders of Southern Sky.

It is anticipated that the resulting entity (the "**Resulting Issuer**") will continue the business of Southern Sky under a name to be determined by Southern Sky (the "**Name Change**"). The business of the Resulting Issuer will be primarily focussed on the exploration of the Property.

Certain common shares of the Resulting Issuer to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the Exchange, including the securities to be issued to "Principals" (as defined under Exchange policies), which will subject to the escrow requirements of the Exchange.

The completion of the Proposed Transaction remains subject to a number of terms and conditions, including, among other things: the negotiation and execution of the Definitive Agreement; no material adverse changes occurring in respect of either Holly or Southern Sky; the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the Exchange subject only to customary conditions of closing; the Consolidation, Name Change and any other corporate changes requested by Southern Sky, acting reasonably, shall have been implemented; completion of the Concurrent Financing described below; Southern Sky shall have provided the Technical Report; completion of a thorough business, legal and financial review by each party of the other party; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction.

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 Mining Issuer on the Exchange, with Southern Sky as its primary operating subsidiary.

Upon execution of the Definitive Agreement Holly will lend \$25,000 to Southern Sky on a no-interest basis, which loan will be repayable to Holly on demand in the event that the Definitive Agreement is terminated. The loan will be used by Southern Sky for working capital purposes.

Concurrent Financing

In connection with the Proposed Transaction, Southern Sky will arrange a concurrent financing of Holly or Southern Sky securities for gross proceeds of at least \$2,000,000 at a price of at least \$0.40 per share (the “**Concurrent Financing**”). The Concurrent Financing shall be structured as either a common share offering, a subscription receipt offering, or such other security offering as determined by Southern Sky based on discussions with investors. Other than in connection with the Concurrent Financing, neither party will issue any shares or rights exchangeable or exercisable into shares of such party prior to closing of the Proposed Transaction.

The proceeds of the Concurrent Financing will be used to fund (i) expenses of the Proposed Transaction and the Concurrent Financing, (ii) the exploration and other expenses relating to the Property, and (iii) the working capital requirements of the Resulting Issuer.

A further news release will be issued confirming the final terms of the Concurrent Financing once determined.

Summary of Proposed Directors and Officers of the Resulting Issuer

In conjunction with and upon closing of the Transaction, the board of directors of the Resulting Issuer are expected to consist of four directors, three of whom will be nominated by Southern Sky and one of whom will be nominated by Holly (the “**Holly Nominee**”). Other than the Holly Nominee, if applicable, the existing directors and officers of Holly shall resign at or prior to the closing of the Proposed Transaction.

Roger Connors is expected to be Executive Chairman, President and CEO of the Resulting Issuer, with the other officers to be determined in due course by the board of directors of the Resulting Issuer.

The following is a brief description of sole director and officer of the Resulting Issuer who has been identified as of the date hereof:

Roger Connors – Chairman, President and CEO

Mr. Connors is an entrepreneur and consultant based in Toronto, Ontario with 27 years of experience managing private and public resource companies including Kimber Resources Inc. and National Gold Corp., which merged to form Alamos Gold Inc. Mr. Connors has since been focused on acquiring exploration and development stage gold projects in underexplored regions of South America. Mr. Connors holds a Bachelor of Business Administration (BBA) from Acadia University.

Additional information on the board and management of the Resulting Issuer will be provided once identified. No insiders of the Resulting Issuer are expected other than the board and management.

Sponsorship of a Qualifying Transaction

Sponsorship of a reverse take-over is required by the Exchange unless exempt in accordance with Exchange policies. Holly is currently reviewing the requirements for sponsorship and may apply for an exemption from the sponsorship requirements pursuant to the policies of the Exchange, however, there is no assurance that an exemption is available or that Holly will ultimately obtain an exemption if one is available. Holly intends to include any additional information regarding sponsorship in a subsequent press release.

Other Information relating to the Proposed Transaction

The Proposed Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in the policies of the Exchange) for Holly. Accordingly, the Proposed Transaction will not require the approval of the shareholders of Holly.

The Proposed Transaction will require the approval of the shareholders of Southern Sky. Southern Sky intends to hold a shareholder meeting to seek all necessary approvals, the details of which will be disclosed once available.

In accordance with the policies of the Exchange, the Holly Shares are currently halted from trading and will remain so until such time as the Exchange determines, which, depending on the policies of the Exchange, may not occur until completion of the Proposed Transaction.

In connection with the Proposed Transaction, McMillan LLP is acting as legal counsel to Holly and Miller Thomson LLP is acting as legal counsel to Southern Sky.

Additional information concerning the Proposed Transaction, Holly, Southern Sky and the Resulting Issuer will be provided once determined in a subsequent news release and in the Filing Statement to be filed by Holly in connection with the Proposed Transaction and which will be available in due course under Holly’s SEDAR profile at www.sedar.com.

About Holly Street Capital Ltd.

Holly is designated as a Capital Pool Company under Exchange Policy 2.4. Holly has not commenced commercial operations and has no assets other than cash. Holly's objective is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, must also receive majority approval of the minority shareholders. Until the completion of a Qualifying Transaction, Holly will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

For further information regarding Holly and the Proposed Transaction, please contact Joel Freudman, Chief Executive Officer, at (647) 880-6414.

About Southern Sky Resources Corp.

Southern Sky has interests in mineral exploration properties in Colombia and Guyana. For further information regarding Southern Sky, please contact Roger Connors, President, at (647) 920-3877 or roger@southernsky.ca.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Qualified Person

Jack King, P.Geo. is a qualified person as defined by NI 43-101 and has reviewed and approved the contents and technical disclosures in this press release. Neither Mr. King nor the Company has verified the technical information in this press release.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

All information contained in this news release with respect to Holly and Southern Sky was supplied by the parties, respectively, for inclusion herein, and Holly and its respective directors and officers have relied on Southern Sky for any information concerning such party.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements, including statements relating to the completion of the Proposed Transaction, the proposed business of the Resulting Issuer, the completion of the Concurrent Financing, degree to which historical drill results are reflective of actual mineral resources, Southern Sky or the Resulting Issuer completing its mapping and sampling at Project X and completing a geological survey, completion of a NI 43-101 technical report prior to the Proposed Transaction, obtaining regulatory approval for Project X, Southern Sky or the Resulting Issuer satisfying terms of the Option Agreement and acquiring net 75% interest in Project X, the proposed directors and officers of the Resulting Issuer, the completion of the Consolidation, the completion of the Name Change, Exchange sponsorship requirements and intended application for exemption therefrom, shareholder, director and regulatory approvals, and future press releases and disclosure. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance of each of Holly and Southern Sky may differ materially from those anticipated and indicated by these forward looking statements. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although each of Holly and Southern Sky believes that the expectations reflected in forward looking statements are reasonable, they can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, each of Holly and Southern Sky disclaims any intention and assume no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.