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TSX-V: HSC.P

**HOLLY STREET ANNOUNCES DEFINITIVE AGREEMENT FOR QUALIFYING TRANSACTION WITH SOUTHERN SKY RESOURCES CORP. AND REPORTS ANNUAL GENERAL MEETING RESULTS**

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**VANCOUVER, B.C. – Holly Street Capital Ltd.** (TSX-V: HSC.P) (“**Holly**” or the “**Company**”), a capital pool company listed on the TSX Venture Exchange (the “**Exchange**”), is pleased to announce that it has entered into a definitive agreement dated February 5, 2021 (the “**Amalgamation Agreement**”) 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 (the “**CPC Policy**”). This announcement updates the news release issued by the Company on September 17, 2020.

**About Southern Sky**

Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario. Immediately prior to closing of the Proposed Transaction, Southern Sky will have 20,500,000 common shares (the “**Southern Sky Shares**”) outstanding, and 200,000 options exercisable to acquire 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 between Southern Sky and private Colombian company.

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:

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Gold (g/t)</b>
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

Drill Hole	From (m)	To (m)	Interval (m)	Gold (g/t)
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 eighteen months, 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 pad 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 has conducted a geophysical survey. Southern Sky has also completed 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 1<sup>st</sup> anniversary of regulatory approval;
- d) US\$100,000 and issue 175,000 Southern Sky Shares upon 2<sup>nd</sup> anniversary of regulatory approval;
- e) US\$125,000 and issue 250,000 Southern Sky Shares upon 3<sup>rd</sup> anniversary of regulatory approval;
- f) US\$150,000 and issue 300,000 Southern Sky Shares upon 4<sup>th</sup> anniversary of regulatory approval; and
- g) US\$1,000,000 and issue 600,000 Southern Sky Shares upon 5<sup>th</sup> 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 (as defined below) on a one-to-one basis. The underlying vendor maintains a 1% net smelter return on production.

Summary of Financial Information of Southern Sky

The following table presents selected financial statement information on the financial condition and results of operations for Southern Sky. Such information is derived from the audited financial statements of Southern Sky for the years ended December 31, 2019 and 2018. The information provided herein should be read in conjunction Southern Sky’s audited financial statements, which will be contained in the filing statement to be filed on SEDAR in connection with the Proposed Transaction.

	As at December 31, 2019	As at December 31, 2018
Current Assets	\$54,991	\$6,095
Other Assets	\$1,200	\$523
<b>Total Assets</b>	<b>\$56,191</b>	<b>\$6,618</b>
Current Liabilities	\$515,375	\$354,152
<b>Total Liabilities</b>	<b>\$515,375</b>	<b>\$354,152</b>
Total Shareholders’ Equity (Deficiency)	\$(459,184)	\$(347,534)
<b>Total Liabilities and Equity</b>	<b>\$56,191</b>	<b>\$6,618</b>

\*Southern Sky’s accounting policy is to expense exploration expenditures as incurred, rather than capitalizing them.

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. Historic work performed on the Aurora South Property includes an airborne geophysical program flown over the property in 2011 by a previous joint venture partner of Southern Sky. No other work has been completed by Southern Sky on this property and Southern Sky does not intend to further explore this property.

Roger Connors, a resident of Toronto, Ontario, is the only control person of Southern Sky and is expected to be the only control person of the Resulting Issuer.

**Summary of the Proposed Transaction**

Pursuant to the Amalgamation Agreement, the parties will complete a three-cornered amalgamation whereby 2812239 Ontario Inc. (“**Holly Subco**”), a wholly-owned subsidiary of Holly, will amalgamate with Southern Sky, and Holly will acquire all of the issued and outstanding Southern Sky Shares. The 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 amalgamated corporation resulting from the amalgamation of Holly Subco and Southern Sky will be wholly-owned by the Resulting Issuer (as defined below).

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. Based on the issue price under the Concurrent Financing, the deemed price for Southern Sky under the Proposed Transaction is \$8,200,000.

It is anticipated that the resulting entity (the “**Resulting Issuer**”) will continue the business of Southern Sky under the name “Southern Sky Resources Corp.” or such other name determined by Southern Sky (the “**Name Change**”). The business of the Resulting Issuer will be primarily focussed on the exploration of the Property.

Assuming there are no dissenting Holly shareholders and that the Concurrent Financing (as defined below) is fully subscribed, there will be: (i) approximately 30,318,750 post-Consolidation Holly Shares issued and outstanding; (ii) the Holly shareholders will hold 3,755,000 post-Consolidation Holly Shares immediately following completion of the Proposed Transaction, representing approximately 12.39% of the issued and outstanding post-Consolidation Holly Shares; (iii) former Southern Sky shareholders will hold 20,500,000 post-Consolidation Holly Shares, representing approximately 67.61% of the issued and outstanding post-Consolidation Holly Shares; and (iv) investors in the Concurrent Financing will hold 6,063,750 post-Consolidation Holly Shares, representing approximately 20% of the of the issued and outstanding post-Consolidation Holly Shares.

The post-Consolidation Holly Shares to be issued pursuant to the Proposed Transaction will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation. 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: 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; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained.

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.

### **Concurrent Financing**

In connection with the Proposed Transaction, Southern Sky will arrange a private placement (the “**Concurrent Financing**”) of 6,063,750 subscription receipts of Southern Sky (the “**Subscription Receipts**”) at a price of \$0.40 per Subscription Receipt for aggregate gross proceeds of up to \$2,425,500, which will be held in escrow by a subscription receipt agent. Upon satisfaction of the escrow release conditions, which includes completion of the Proposed Transaction, each Subscription Receipt is expected to be exercised, without payment of any additional consideration and without further action on the part of the holder thereof, for one Southern Sky Share. Southern Sky may pay finder’s fees in connection with the Concurrent Financing, in accordance with the policies of the Exchange.

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 (ii) the working capital requirements of the Resulting Issuer.

### **Summary of Proposed Directors and Officers of the Resulting Issuer**

It is intended that concurrent with the closing of the Proposed Transaction, the board of directors and management of the Company will be reconstituted. The first directors of the Resulting Issuer will be Roger Connors, Kyle Stevenson, Joel Freudman and Dominic O’Sullivan. These directors shall hold office until the first annual meeting of

the shareholders of the Resulting Issuer following closing, or until their successors are duly appointed or elected. The first officers of the Resulting Issuer will be Roger Connors as Chairman, President and Chief Executive Officer, Victor Hugo as Chief Financial Officer and Monique Hutchins as Corporate Secretary.

Additional biographic information about the proposed directors and officers of the Resulting Issuer is provided below.

*Roger Connors – Chairman, President, CEO and Director*

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.

*Victor Hugo – Chief Financial Officer*

Mr. Hugo possesses over 20 years of experience working with public companies in the manufacturing and resource sector with responsibility for accounting, budgeting and financial reporting. Mr. Hugo is currently a Senior Financial Analyst at Marelli Support Services Inc.

Mr. Hugo is a CPA, CMA and has a Bachelor of Commerce with Honours, specializing in accounting and cost and management accounting from Potchefstroom University in South Africa.

*Monique Hutchins – Corporate Secretary*

Ms. Hutchins is the Managing Director of DSA Corporate Services Inc. and has over fifteen years of corporate secretarial, corporate governance, client relationship and marketing experience. She was previously the Director of Business Development & Marketing and Corporate Secretary at Independent Review Inc., an organization that runs Independent Review Committees that is a part of the governance structure of every investment fund in Ontario. She has previously held senior roles at Kingsdale Shareholder Services and Institutional Shareholder Services.

Ms. Hutchins is a member of the Chartered Governance Institute of Canada (CGIC) and holds a Bachelor of Commerce from John Molson School of Business, Concordia University.

*Kyle Stevenson – Director*

Mr. Stevenson has 16 years' experience in finance, marketing and investor relations to board. Mr. Stevenson has filled several high-profile roles over the years, including; Founder/President/Director of Millennial Lithium Corp., CEO/Director RuralCom Capital., a licensed Canadian telecom provider acquired by Investel Capital Corp. in 2016 and Founder/President/Director of High North Resources Ltd., an oil and gas producer focused on western Canada.

He graduated from the University of Victoria with his B. Comm. in 1998.

*Joel Freudman – Director*

Mr. Freudman is the Chief Executive Officer of Holly. He is also Founder and President of Resurgent Capital Corp. (2016 to present), a merchant bank focused on Canadian micro-capitalization issuers, and a director and officer of several publicly-traded and private companies, including acting as Co-Founder, President, Chief Executive Officer and a Director of TRU Precious Metals Corp. (TSXV:TRU; OTCQB:TRUIF). Previously, he was Legal Counsel at Industrial Alliance Insurance and Financial Services Inc. (2015 to 2017); Counsel at Royal Bank of Canada (2014 to 2015); and a

Securities/M&A Associate at Peterson & Company LLP (now called Peterson McVicar LLP) (2012 to 2014), a law firm focused on publicly-traded junior mining issuers.

Mr. Freudman holds a B.Comm. from the University of Toronto and a J.D. from Western University.

*Dominic O'Sullivan – Director*

Mr. O'Sullivan is currently the Chairman of Tajiri Resources Corp. Mr. O'Sullivan is an experienced gold exploration geologist. He most recently discovered the 1.65Moz Karouni gold deposit in Guyana, which is currently producing 100,000 oz per annum for Troy Resources Ltd. He was the founder of Azimuth Resources, which was acquired by Troy Resources for US\$180M.

No insiders of the Resulting Issuer are expected other than the board, management and control persons as set out herein.

**Sponsorship of a Qualifying Transaction**

Sponsorship of a qualifying transaction is required by the Exchange unless exempt or waived in accordance with Exchange policies. Holly intends to apply for a waiver from the sponsorship requirements pursuant to the policies of the Exchange, however, there is no assurance that a waiver will be provided.

**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.

No finder’s fees are payable in connection with the Proposed Transaction.

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.

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.

Further updates, including financial information regarding Southern Sky and details regarding the proposed fourth director of the Resulting Issuer, will be provided in a subsequent press release. Also, additional information concerning the Proposed Transaction, Holly, Southern Sky and the Resulting Issuer will be provided 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](http://www.sedar.com).

**Annual General Meeting Results**

The Company is also pleased to announce that at the Company’s annual general meeting held on January 25, 2021 (the “AGM”) shareholders passed the following resolutions:

- the number of directors of the Company was set at three (3);

- the three (3) members re-elected to the Company's board of directors were: Trumbull Fisher, Joel Freudman and Damian Lopez;
- Charlton & Company, Chartered Professional Accountants, were re-appointed as auditors of the Company for the ensuing year; and
- the Company's 10% rolling stock option plan was ratified and approved for continuation.

In accordance with the recent amendments to the CPC Policy which became effective on January 1, 2021, at the AGM disinterested shareholders of the Company also approved the following:

- the removal of the consequences associated with the Company failing to complete a qualifying transaction within 24 months after the date of listing on the Exchange; and
- the amendment of the Form 2F CPC Escrow Agreement dated November 29, 2019 among the Company, Olympia Trust Company and certain securityholders (the "**Escrow Agreement**") to reflect the minimum escrow term permitted by the CPC Policy.

Further information regarding the resolutions passed at the AGM can be found in the Company's management information circular dated December 16, 2020, which is available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **About Holly Street Capital Ltd.**

Holly is designated as a Capital Pool Company under the CPC Policy. 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.

Holly is a portfolio company of Resurgent Capital Corp. ("**Resurgent**"), a merchant bank providing venture capital markets advisory services and proprietary financing. Resurgent works with promising public and pre-public micro-capitalization Canadian companies. For more information on Resurgent and its portfolio companies, please visit Resurgent's LinkedIn profile at <https://ca.linkedin.com/company/resurgent-capital-corp>.

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

***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 Southern Sky.*

*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 program at Project X 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 waiver 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. Although each of Holly and Southern Sky believes that the expectations reflected in forward looking statements herein are reasonable, they can give no assurances that the expectations of any forward looking statements herein 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 herein 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.*