

# Holly Street Capital Ltd. Announces Letter of Intent for Qualifying Transaction With US Critical Metals Corp.

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VANCOUVER, British Columbia, Nov. 01, 2021 (GLOBE NEWSWIRE) -- Holly Street Capital Ltd. (TSXV: HSC.P) (“**Holly**” or the “**Company**”) has entered into a binding letter of intent (the “**Letter of Intent**”) dated October 22, 2021, with US Critical Metals Corp. (“**USCM**”) in respect of a proposed business combination transaction pursuant to which Holly will acquire all of the issued and outstanding securities of USCM (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 Corporate Finance Manual of the TSX Venture Exchange (the “**TSXV**”). The Company following the completion of the Proposed Transaction is referred to as the “**Resulting Issuer**”. All currency references used in this news release are in Canadian currency unless otherwise noted.

## **About US Critical Metals Corp.**

USCM is a private company incorporated under the laws of British Columbia, and (i) at the time of closing of the Proposed Transaction will have 27,500,000 common shares (the “**USCM Shares**”) issued and outstanding; and (ii) has 25,000,000 warrants to acquire up to 25,000,000 USCM Shares at an exercise price of \$0.10 per share. USCM’s head office is based in British Columbia.

USCM is and had been since incorporation focused on mining projects that will further secure the US supply of critical metals, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, USCM’s assets consist of two option agreements, each providing USCM with the right to acquire a 100% interest in two mineral exploration projects. Such exploration projects include the Haynes Cobalt Property, consisting of 23 lode claims, located in Idaho, and the Nevada Lithium Property, consisting of 90 unpatented mining claims, located in Nevada.

A significant percentage of the world’s critical metal supply comes from nations with interests that are contrary to those of the US. USCM intends to explore and develop critical metals assets with near- and long-term strategic value to the advancement of US interests and that contribute to the US maintaining its leading global position in the green energy economy and technology.

The generational revolution taking place can only be sustainably advanced by ensuring US domestic resources are explored and developed responsibly and efficiently. USCM is committed to the highest standards in resource development and adhering to best in class environmental, social and governance practices and procedures.

## **The Haynes Cobalt Project**

The Haynes Cobalt Project (the “**Idaho Property**”) is located in the Idaho Cobalt Belt (“**ICB**”) in Lemhi County, Idaho, and next to the historical Blackbird mining camp, where a cluster of cobalt-copper-gold deposits were developed and mined between 1902 and 1968. The Idaho Property benefits from being close to infrastructure and is accessible by forestry roads and is less than one kilometer from powerlines. The ICB region is once again seeing significant exploration and development in the Blackbird mining camp.

The Idaho Property covers a portion of the historically developed Haynes Stellite Deposit within the historical Blackbird mining camp, where three (3) adit entrances were developed by Haynes Stellite Co, between 1917 and 1920. The adits are located at the northwestern end of the Idaho Property, neighboring with Jervois Global Limited. The Idaho Property also contains a portion of the associated historical underground workings from historical development.

Exploration by Noranda Exploration Inc. in 1979 to 1981 further developed the Idaho Property near the historical adits, with promising results from surface and underground drilling. Table 1 describes the results of the historical holes, some of which cross the current Idaho Property border, and the tenure of the historical information makes it uncertain whether the mineralized interval is on the Idaho Property or on the neighboring property (Reference 1).

**Table 1. Historical Noranda drilling, 1980 and 1981**

<b>Hole ID</b>	<b>Results</b>
HS-80-2A	1.77m of 0.53% cobalt
HS-81-3F	1.52m of 0.35% cobalt
HS-81-3G	1.83m of 0.45% cobalt

Additional reconnaissance work by Noranda in 1980 defined a two-kilometer trend of tourmaline-bearing breccia rocks on the Idaho Property. Tourmaline-bearing breccia is related to cobalt mineralization at the historical workings, and elsewhere in the ICB. Two samples were collected along this trend approximately 1.5 kilometres away from the historical adits and follow-up drilling by Noranda. The two samples are described in Table 2 (Reference 2).

Table 2. Historical Noranda sampling, 1980

Sample	Cobalt (%)	Description
8583	1.0	0.61 metre wide tourmalinized breccia, 5% euhedral cobaltite
8592	0.1	Fluidized sediments, adit 12 metres long, abundant erythrite present

Mineralization at the Idaho Property is hosted within tourmaline-bearing breccia bodies that contain abundant cobaltite and xenotime, and within the quartzite and schists of the Proterozoic-aged Gunsight Formation.

Samples from the Idaho Property also contain abundant heavy Rare-Earth Element (REE) mineralization in the form of xenotime and is associated with cobaltite mineralization. This recent observation of a correlation between REE and cobaltite mineralization has not yet been investigated as an exploration target and represents an intriguing new aspect to the Idaho Property.

A USCM Qualified Person has not done enough work to verify the results of the historical exploration.

USCM is in the process of mapping and sampling the property with local geological consultants and planning a geophysical survey. USCM is also in the process of completing a National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) compliant technical report in respect of the Idaho Property.

The scientific and technical information contained in this news release about the Haynes Cobalt Property has been reviewed and approved by Neil McCallum B.Sc., P.Geol. of Dahrouge Geological Consulting, who is a “Qualified Person” as defined in NI 43-101. Dahrouge Geological Consulting is a consultant to USCM.

Reference 1: Gardulski, A.F., (1982), Exploration Evaluation of The Breccia Systems of The Haynes-Stellite Prospect (0479) Blackbird Mining District, Lemhi County, Idaho., Report for Noranda Exploration, Inc., Belt District.

Reference 2: Ater, P., (1981), A Field Investigation of Tourmalinized Breccias within Sections 1, 2, & 3, T20N, R18E and Portions of Sections 35 & 36, T21N, R18E (No. 0477), Blackbird District, Lemhi County, Idaho., Report for Noranda Exploration, Inc., Cobalt, Idaho.

#### Terms of the option agreement for Haynes Cobalt Property

Pursuant to the terms of the option agreement, USCM may acquire a 100% interest in the Idaho Property by paying a total of \$100,000 and issuing an aggregate of 2.5 million USCM Shares to the vendor as follows:

- Issuance of 2,500,000 USCM Shares to the underlying vendor upon closing of a go public transaction (brining the total issued and outstanding USCM Shares to 27,500,000) resulting in the USCM Shares being listed on a recognized stock exchange in Canada (these USCM Shares will be subject to the same escrow as principles of the Resulting Issuer or as otherwise determined by the TSXV);
- Payment of \$50,000 in cash to the underlying vendor upon the listing of the USCM Shares on a recognized stock exchange in Canada; and
- USCM will make a \$50,000 cash payment to the underlying vendor on the one-year anniversary of listing of the USCM Shares on a recognized stock exchange in Canada.

In addition to the forgoing, USCM will keep the property in good standing during the option period, fund the cost of an upcoming exploration program of approximately (not less than) \$100,000; and fund the cost of a 3<sup>rd</sup> party authored NI 43-101 technical report.

The underlying vendor will also maintain a 3% net smelter return royalty (“**NSR**”) on production, subject to a buy-back provision whereby USCM can purchase back 1.5% of the NSR from the underlying vendor in exchange for \$1.5 million.

#### The Nevada Lithium Property

The Nevada Lithium Property (“**Nevada Property**”) is a lithium claystone deposit located within a hanging basin in Nevada, an attractive jurisdiction for mining globally.

At this time, USCM is not disclosing the project location or the project vendor in order to consolidate additional acreage contiguous to the Nevada Project. Disclosing the precise location of the project or the name of the vendor (which would also identify the project) could be harmful to efforts in this regard. USCM is also in the process of completing a NI 43-101 compliant technical report in respect of the Nevada Property. USCM will be forthcoming with additional details on the Nevada Property in due course.

#### Terms of the option agreement for Nevada Lithium Property

Pursuant to the terms of the option agreement, USCM may acquire a 100% interest in the Nevada Property by paying a total of US\$225,000 and issuing 2.5 million common shares of USCM (“**USCM Shares**”) to the vendor as follows:

- payment of US\$25,000 in cash upon signing the option agreement (the “**Signing Date**”);
- payment of US\$75,000 in cash and issuance of 500,000 USCM Shares on the first anniversary of the Signing Date;

- payment of US\$75,000 in cash and issuance of 500,000 USCM Shares on the second anniversary of the Signing Date;
- payment of US\$50,000 in cash and issuance of 500,000 USCM Shares upon listing of USCM on a recognized stock exchange in Canada; and
- issuance of a 1,000,000 USCM Shares upon completion of a NI 43-101 compliant Technical Report which confirms the presence on the Nevada Property of 2,000,000 tons of lithium carbonate equivalent.

The underlying vendor will also maintain a 3 percent (3.0%) gross overriding return (“**GOR**”) on production, subject to a buy-back provision whereby USCM can purchase back one percent (1.0%) of the GOR from the underlying vendor in exchange for US\$1.0 million.

USCM has also reimbursed \$24,492 of expenses relating to (a) the federal annual mining claim maintenance fees for the annual assessment year ending September 1, 2021 and (b) the mining claim processing fees, location fees, and federal annual mining claim maintenance fees and the county recording fees for the unpatented mining claims.

A press release with further information in respect of USCM, including significant financial information, will follow in accordance with the policies of the TSXV.

### **Summary of the proposed transaction**

The Letter of Intent contemplates that Holly and USCM will negotiate and enter into a definitive agreement in respect of the Proposed Transaction on or before February 15, 2022 (the “**Definitive Agreement**”), pursuant to which it is anticipated that Holly will acquire all of the issued and outstanding USCM shares, and shareholders of USCM will receive Post-Consolidation Holly Shares (as defined below) in exchange for their USCM Shares. 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 advisers and taking into account various securities, tax, operating and other considerations.

Prior to the closing of the Proposed Transaction, Holly will consolidate (the “**Consolidation**”) its outstanding Holly common shares on the basis of one new Holly common share for each 1.5 old Holly shares, such that, prior to closing of the Proposed Transaction, Holly will have approximately 5,006,666 post-consolidation common shares in its authorized capital issued and outstanding (“**Post-Consolidation Holly Shares**”). It is intended that at closing of the Proposed Transaction, Post-Consolidation Holly Shares will be issued to holders of USCM Shares on the basis of one Post-Consolidation Holly Share for every one USCM Share, resulting in the issuance of an aggregate 27.5 million Post-Consolidation Holly Shares to the shareholders or USCM. It is also anticipated that at closing of the Proposed Transaction, all current common share purchase warrants of USCM, being 25 million USCM warrants will also be exchanged for common share purchase warrants of the Resulting Issuer in accordance with the terms of such warrants.

It is anticipated that the Resulting Issuer will continue the business of USCM under a name to be determined by USCM (the “**Name Change**”). The business of the Resulting Issuer will be primarily focused on the exploration of the Idaho Property, Nevada Property, and acquisition of additional properties.

Certain Post-Consolidation Holly Shares to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the TSXV, including the securities to be issued to principals (as defined under the TSXV policies), which will be subject to the escrow requirements of the TSXV.

The completion of the Proposed Transaction is subject to a number of terms and conditions, including and without limitation to the following: negotiation and execution of the Definitive Agreement; there being no material adverse changes in respect of either Holly or USCM; the parties obtaining all necessary consents, orders, regulatory and shareholder approvals, including the conditional approval of the TSXV; completion of the Consolidation, Name Change and any other required corporate changes requested by USCM, acting reasonably; completion of the Concurrent Financing (as defined below); completion of a NI 43-101 compliant technical report for the Idaho Property and the Nevada Property; 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.

There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with USCM as its primary operating subsidiary.

### **Concurrent Financing**

In connection with the proposed transaction, the parties will complete a concurrent financing (the “**Concurrent Financing**”) of securities of Holly or USCM for gross proceeds of at least \$2 million, to be priced in the context of the market at a mutually agreeable price per security. The price per security will not be below the Discounted Market Price (as such term is defined in the policies of the TSXV). The Concurrent Financing shall be structured as either a common share offering, a subscription receipt offering, or such other security offering as determined by USCM and Holly 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 finance (i) expenses of the Proposed Transaction and the Concurrent Financing, (ii) the cash payments for the acquisition of the Idaho Property and Nevada Property, (iii) exploration and other expenses relating to the Idaho Property and the Nevada Property, and (iv) 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 Proposed Transaction, the board of directors of the Resulting Issuer is expected to consist of five directors, all of whom will be nominated by USCM. The existing directors and officers of Holly will resign at or prior to the closing of the Proposed Transaction. It is expected that at closing the Transaction, the following USCM board members and officers will be appointed to the board of the Resulting Issuer:

#### *Darren Collins, Chief Executive Officer & Director*

Mr. Darren Collins has over 15 years of corporate experience as an executive, board director and advisor of private and public companies across multiple industries. His expertise spans mergers and acquisitions, debt and equity financings, go-public transactions, commercial partnerships, accounting, and corporate governance. In recent engagements, he has led and supported fundraisings totaling over \$250 million in equity capital and launched active M&A programs for early stage companies. He has also been an executive and advisor to companies that have collectively created billions of dollars in market value. Prior to his current corporate activities, Darren worked for several investment and merchant banks, including Alegro Capital, LP in London, UK, Scotia Capital Inc. and Quest Capital Corp. (now known as Sprott Resource Lending Corp.) in Toronto, Canada. Mr. Collins holds a Bachelor of Commerce degree in finance from Dalhousie University.

#### *Marco Montecinos, Vice President, Exploration & Director*

Mr. Marco Montecinos is a seasoned geologist with over 35 years of experience in exploration projects and business development in the Americas for both public and private companies. Mr. Montecinos recently worked in a consulting capacity for exploration strategy and project development initiatives with several junior exploration companies in the western US. Prior to that, he was Vice President of Exploration at Caza Gold Corp., worked as a Senior Consultant to Intrepid Mines Ltd. in the Americas and Australia and was Vice President of Exploration for Montana Gold. Mr. Montecinos has also worked with a number of intermediate and senior producers including Francisco Gold, Phelps Dodge, Placer Dome, Billiton, Alta Gold and Nerco Minerals. Marco was instrumental in the discovery of the Marlin Deposit in Guatemala and numerous gold deposits in Nevada, Mexico, and Central America. Mr. Montecinos earned his Bachelor of Arts in Mathematics and Physics with Geology Emphasis at the Western State College, Colorado, and completed a professional course in Hydrothermal Alteration for Mineral Exploration at the University of Idaho. He is Member of the Geologic Society of Nevada, and resides in Reno, Nevada.

#### *Keith Li, Chief Financial Officer*

Mr. Keith Li is a finance professional with over 10 years of corporate accounting and audit experience. He specializes in providing management advisory services, accounting and regulatory compliance services to companies in a number of industries. Mr. Li began his career in the public accounting sector as an auditor and had also held senior level positions for several publicly held and private companies. Mr. Li is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from McGill University.

#### *Mr. Peter Simeon, Director*

Peter Simeon has over 18 years of experience as a lawyer focused on securities, corporate finance, and mergers and acquisitions. Since February 2015 he has been a partner at Gowling WLG (Canada) LLP and has extensive experience in corporate commercial and securities law. Prior to 2015, he was a partner at Wildeboer Dellelce LLP, a boutique corporate law firm in Toronto. Mr. Simeon has a Bachelor of Arts from Queen's University and a law degree from Osgoode Hall at York University. Mr. Simeon regularly reviews financial statements to provide advice to clients, and has acted as a director, and served on the Audit Committee of, several public companies.

#### *Mr. Scott Benson, Director*

Mr. Scott Benson is an entrepreneur with over 15 years of experience founding, financing and developing resources and technology companies. He is currently the Managing Director of Recharge Capital Corp., a battery and EV materials focused investment firm. His expertise includes the identification of investment opportunities, investor relations and marketing, and corporate finance. Mr. Benson received a Bachelor of Economics from the University of Victoria.

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 takeover is required by the exchange unless exempt in accordance with TSXV 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 TSXV, 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 TSXV) for Holly. Accordingly, the Proposed Transaction will not require the approval of the shareholders of Holly.

The Proposed Transaction may require the approval of the shareholders of USCM. If required, USCM will hold a meeting of shareholders to seek all necessary approvals, the details of which will be disclosed once available.

In accordance with the policies of the TSXV, the Holly shares are currently halted from trading and will remain so until such time as the TSXV determines, which, depending on the policies of the TSXV, 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 Gowling WLG (Canada) LLP is acting as legal counsel to USCM.

Additional information concerning the Proposed Transaction, Holly, USCM 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, which will be available in due course under Holly's SEDAR profile.

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

Holly is designated as a capital pool company under TSX Venture 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 TSXV 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.

As of the date hereof, Holly has 7,510,000 common shares issued and outstanding (2,000,000 of which are subject to escrow restrictions), and an aggregate of 700,000 common shares are reserved for issuance upon the exercise of outstanding stock options.

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 listing on Canadian stock exchanges. For more information on Resurgent and its portfolio companies, please visit Resurgent's website at <https://www.resurgentcapital.ca>.

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

For further information regarding USCM and the Proposed Transaction, please contact Darren Collins, Chief Executive Officer of USCM, at (786) 633-1756.

***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.***

*Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV 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 USCM was supplied by the parties, respectively, for inclusion herein, and Holly and its respective directors and officers have relied on USCM 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.*

### **Forward-Looking Information**

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain acts, events or results "may", "could",

“would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information in this press release may include, without limitation, statements relating to: the completion of the Proposed Transaction, the execution of the Definitive Agreement, 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, USCM or the Resulting Issuer completing mapping and sampling at the Idaho Property and completing a geological survey, completion of a NI 43-101 technical reports for the Idaho Property and the Nevada Property prior to the completion of the Proposed Transaction, satisfying terms of the option agreements and acquiring a 100% interest in each of the Idaho Property and the Nevada Property, the proposed directors and officers of the Resulting Issuer, the completion of the Consolidation, the completion of the Name Change, TSXV sponsorship requirements and intended application for exemption therefrom, shareholder 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 USCM 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 USCM 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 USCM 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.