

South Star Announces Closing of First Tranche of Private Placement, Extension and US\$450,000 of Bridge Loans

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[South Star Battery Metals Corp.](#) ("South Star" or the "Company") (TSXV: STS) (OTCQB: STSBF), is pleased to announce that it has successfully completed an initial tranche of its non-brokered private placement (the "Private Placement") of units (the "Units") for gross proceeds of US\$302,610 (CA\$415,263.45). Proceeds from the Private Placement will be used for development and production, as well as corporate general working capital requirements. Additionally, the TSX Venture Exchange (the "TSXV") has granted an extension to the closing time of the Private Placement. The extended date for final acceptance of the Private Placement is now August 22, 2025.

Tranche 1 of the Private Placement consists of issuing 1,375,500 Units consisting of a common share priced at US\$0.22 (CA\$0.3019) and 1,375,500 common share purchase warrants. Each warrant is exercisable into one common share at a price of US\$0.22 (CA\$0.3019) for 5 years from the date of issue (the "Warrants"). The Units issued pursuant to the Private Placement will be subject to a four-month hold period. Closing of the Private Placement is subject to customary closing conditions, including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange. In connection with the Private Placement, the Company paid finder's fees of \$4,296.60 and issued 19,530 non-transferable finder's warrants. Each finder's warrant is exercisable into one common share at a price of US\$0.22 (CA\$0.3019 for 5 years from the date of issue (the "Finder's Warrants").

The Warrants and Finder's Warrants include an acceleration clause whereby, if at any time after the four-month hold period and before expiry, the daily volume-weighted average price of the Common Shares on the Exchange (or other principal exchange) equals or exceeds C\$1.25 for ten (10) consecutive trading days, the Company may provide notice that all unexercised Warrants will expire 30 days after such notice.

An Insider of the Company participated in the Private Placement for an aggregate amount of US\$220,000 for 1,000,000 Units. The transaction with the insider constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions under section 5.5(a) and section 5.7(1)(a) from the formal valuation and minority shareholder approval requirements of MI 61-101, as the fair market value of the Units issued to the related party and the consideration paid by the related party under the Private Placement does not exceed 25% of Company's market capitalization, as determined in accordance with MI 61-101.

Furthermore, South Star announces that it has received bridge loans for gross proceeds of US\$450,000. The bridge loans are intended to provide short term funding while the Company pursues closing the subsequent tranche of the private placement, as previously announced by the Company on July 3, 2025.

The bridge loans are evidenced by unsecured promissory notes (the "Notes"), which bear interest at 1% per month (12% per annum, compounded monthly) and mature on January 7, 2026 (the "Maturity Date"), unless repaid earlier in accordance with their terms. The Company may prepay the Notes at any time without penalty.

The Notes are subject to acceleration upon certain conditions, including the completion of subsequent debt financing of at least US\$500,000 or equity financings totaling at least US\$3,000,000 during the term. Upon acceleration, all outstanding principal and accrued interest become payable within 15 days of the applicable financing.

Proceeds from the Notes will be used for general working capital purposes.

US\$450,000 of the bridge funding was provided by directors and officers of the Company, and accordingly

the bridge loans constitute a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company is relying on exemptions from formal valuation and minority shareholder approval requirements under sections 5.5(a) and 5.7(1)(f) of MI 61-101, respectively, as the fair market value of the transaction does not exceed 25% of the Company's market capitalization, the Notes were provided on reasonable commercial terms and the transaction does not involve equity or voting securities.

No finders' fees were paid in connection with the issuance of the Notes. The Notes are subject to approval by the TSX Venture Exchange (the "Exchange").

This news release does not constitute an offer to sell or a solicitation of an offer to buy 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.

ABOUT SOUTH STAR BATTERY METALS CORP.

South Star is a Canadian battery-metals project developer focused on the selective acquisition and development of near-term production projects in the Americas. South Star's Santa Cruz Graphite Project, located in Southern Bahia, Brazil is the first of a series of industrial- and battery-metals projects that will be put into production. Brazil is the second-largest graphite- producing region in the world with more than 80 years of continuous mining. Santa Cruz has at-surface mineralization in friable materials, and successful large-scale pilot-plant testing (> 30 tonnes) has been completed. The results of the testing show that approximately 65% of graphite concentrate is +80 mesh with good recoveries and 95%-99% graphitic carbon (Cg). With excellent infrastructure and logistics, South Star Phase 1 is ramping up commercial production with first sales shipped in May 2025. Santa Cruz is the first new graphite production in the Americas since 1996.

South Star's second project in the development pipeline is strategically located in Alabama, U.S.A. in the center of a developing electric-vehicle, aerospace, and defense hub in the southeastern United States. The BamaStar Project includes a historic mine active during the First and Second World Wars. The vertically integrated production facilities include a mine and industrial concentrator in Coosa County, AL and a downstream value-add plant in Mobile, AL, which will be upgrading natural flake graphite concentrates from both Santa Cruz and BamaStar mines. A NI 43-101 Preliminary Economic Assessment demonstrates strong economic results with a pre-tax Net Present Value ("NPV8%") of US\$2.4B and an Internal Rate of Return ("IRR") of 35%, as well as an after-tax NPV8% US\$1.6B with an IRR of 27%. South Star has also received US\$3.2 million grant commitment from the US Department of Defense Title III program to advance a feasibility study on the Bamastar project. South Star trades on the TSX Venture Exchange under the symbol STS, and on the OTCQB under the symbol STSBF.

South Star is committed to a corporate culture, project execution plan and safe operations that embrace the highest standards of ESG principles, based on transparency, stakeholder engagement, ongoing education, and stewardship. To learn more, please visit the Company website at <http://www.southstarbatterymetals.com>.

This news release has been reviewed and approved for South Star by Richard Pearce, P.E., a "Qualified Person" under National Instrument 43-101 and President and CEO of South Star Battery Metals Corp

On behalf of the South Star Board of Directors,

MR. RICHARD L. PEARCE,
President & Chief Executive Officer

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CAUTIONARY STATEMENT

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

FORWARD-LOOKING INFORMATION

This press release contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements in this press release include, but are not limited to, statements regarding the issuance and terms of the promissory notes, including the proposed use of proceeds, anticipated repayment or prepayment, the potential for acceleration in connection with future financings, and the receipt of regulatory approvals; the Private Placement, including its expected closing, use of proceeds, and the potential acceleration of Warrants and Finder's Warrants; the commencement of production at the Santa Cruz Project; the scaling of operations; the advancement of the Alabama project; and the Company's overall strategy, plans, and future expectations.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining and exploration; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from the Company's expectations or projections.

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