



Sterling Metals Provides Update to Shareholders

August 9, 2023 – Toronto, Ontario – Sterling Metals Corp. (TSXV: SAG, OTCQB: SAGGF) (“Sterling Metals” or the “Company”) is pleased to share an open letter from CEO and Director, Mathew Wilson to shareholders of the Company.

Dear Shareholders of Sterling Metals,

2023 has been a significant year of change and growth. While the company operations are full steam ahead, we are in a period of low news flow and slow markets, and I wanted to take this time to discuss our journey this year, the challenges we have faced, and the path that lies ahead.

Building Success Through Diversification

We have accomplished much in 2023. This past March, we acquired the Adeline Project, an exciting new copper-silver asset in South-Central Labrador. In April, based primarily on the acquisition of this asset, we added \$6M to our treasury via the closing of an oversubscribed, 80% institutionally backed financing. While preparing for our maiden Adeline program, we also continued our work at Sail Pond. The principal behind this year’s exploration work at Sail Pond was to identify a cost effective and efficient method to target more of the high-grade sulfides we have hit to date at surface. Using the data gathered from the deep targeting IP/MT Orion survey, we began and have now completed a 2,000m drill program targeting several of the chargeability anomalies observed beneath our zones of mineralization. We now await assays from this program which we anticipate receiving in the next four to eight weeks.

We have now shifted our attention to preparing for our maiden exploration program at the Adeline Project. Through thunderstorms and blackflies, our team is working tirelessly to accomplish our goal of installing this camp by August 20th. We will now have the infrastructure in place to support both our inaugural 2,000m drill campaign as well as a follow-on winter campaign.

I want to take this time to thank the Innu First Nations for their support regarding our inaugural exploration campaign at the Adeline Project. We acknowledge we are on Innu First Nations lands and look forward to building upon the relationship we have forged this year.

While we advance both of our assets, we continue to face significant challenges on the path to discovery, currently in the form of a depressed stock price. Since our acquisition, and despite the closing of an oversubscribed financing, we have struggled to gain market traction. Our stock price is approximately 35% of its pre-acquisition pricing and our enterprise value now mirrors that of many TSX Venture listed shells. Few stories of discovery are without significant challenge and ours is no different. I take comfort in the fact that despite these troubled market times, we have positioned ourselves with exposure to an ideal commodity, at the right time, in the right place, and have the right asset and team to realize our end goal – a major discovery.

The Strong Case for Copper in Canada

While speaking about the outlook for the growth of China, Dominic Barton, the Chairman of Rio Tinto, made one point very clear: “We are so short of copper, as humans, it’s not funny”. Demand projections have gone so far as to suggest we will need the same amount of copper in the next twenty years as in the past 5,000. Whether this is an overstatement or not (see: peak oil), it is clear that global copper supply from current copper mines and realistic near-term new copper production sources can’t possibly support anything close to the anticipated global demand, much of which is being driven by an unparalleled race towards global electrification. Simply put, the world needs a lot more copper.

While the macro copper environment is good for all copper explorers, Sterling will benefit more because our projects are in Canada – in the mining friendly and very supportive province of Newfoundland and Labrador – recently ranked as the 4th most attractive jurisdiction in the world in terms of mining investment by the Fraser Institute¹. Canada was formerly a significant copper producer but over the last few decades has seen its reserve level drop to only 1% of global copper reserves (America currently sits at 5%). In this post-Covid world where new global geopolitical alignments are emerging, secure access to critical metals is rapidly becoming a strategic and political focus for all nations. Consequently, those new copper projects that can demonstrate globally significant scale and are positioned to help fill this unprecedented copper supply gap will be seen as highly strategic and receive targeted support. We believe the Adeline Project fits this bill.

Unlocking Canada’s Copper Potential with Adeline

The Adeline Project is focused on a wholly owned 35km x 7km geological basin structure that ticks all the key boxes for hosting a giant sediment-hosted copper system capable of delivering more than one economic deposit. Government survey and academic research have established that the copper mineralization formed in response to the same globally significant geological event as formed the giant sediment hosted copper deposits of the Keweenaw Copper Belt (Michigan, US) and contributed to the giant copper deposits of the Central African Copper Belt.

Much of the historic exploration took place many decades ago with only sporadic, intermittent periods of exploration since. The early prospecting work yielded over 200 copper showings across the basin, some of which were further exposed by trenching with positive results. Coinciding IP chargeability and copper-in-soil geochemical anomalies in proximity to trench-exposed copper mineralization was then tested by shallow, prospect type drill holes. Of importance, a drill hole at the Ellis target confirmed the mineralized bed thickness and grade at depth to be similar to that within the surface trench - 7.9m of 1.76% Cu and 56g/t Ag² – demonstrating economic grades and host bed thicknesses. To put this in perspective, the White Pine Copper Mine, which was in production from 1952-1982 had a copper resource of 230Mt at 1% Cu and 12g/t Ag hosted within a continuously mineralized sedimentary bed of only a few metres in thickness³.

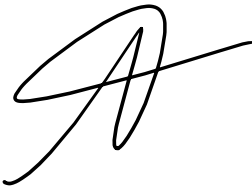
While Adeline compares favorably to classic sediment hosted copper deposits, such as in the Keweenaw belt and Central Africa, there are additional features that also compare favorably with other giant sediment-hosted deposits with differing styles of mineralization, such as at Udokan (JORC resource of 2.5Bt at 1.05%⁴), the world’s largest sediment-hosted copper-silver deposit that is located in far eastern Russia. Field mapping in 2020 at Adeline supports historic prospect descriptions that, as at Udokan, the copper-silver mineralization is controlled by an interplay of swarms of cross-cutting quartz-sulphide veinlets and the sedimentary host beds – including at the Ellis target. The cross-cutting network of thin mineralized quartz-sulphide veins, carrying the copper minerals of chalcocite and bornite, can create rich “blowout” zones where they cross the right host sedimentary beds. These crosscutting blow out zones

would be more steeply oriented than the shallowly dipping host beds, a critical observation that we feel was not properly recognized in the historic exploration and consequently not properly tested for. Our remodelling of IP collected by Noranda in the early 90s indicates that the discovery hole intercepted at Ellis was just the very edge of a broad IP anomaly located at the intersection of a prominent crosscutting structure and the key host sedimentary beds, coincident with copper-in-soil anomalies – and thus, our drill targeting will begin at Ellis and then expand to other similar occurrences throughout the 35km x 7km wholly owned basin.

We're travelling this journey together, and your continued trust and support are invaluable. The company has a strong treasury of ~\$6.5M and will look to exit this first drill program at Adeline with over \$4M in the treasury – enough for a follow up campaign this winter. While we embarked with our silver dominant Sail Pond asset, over the last several months we have come to see that Adeline should be our primary focus because of its giant copper potential and the imminent global copper gap. We remain committed to exploration in Newfoundland and Labrador as we believe it offers the best combination of exploration potential including Tier 1 mining jurisdiction, support by indigenous partners, and competitive advantages. As we delve into Labrador's depths, we're excited about the potential treasures that lie in wait at Adeline. We eagerly anticipate sharing updates on our progress with you.

Thank you for your ongoing commitment to Sterling Metals. We're grateful for your patience and faith in our vision and in our abilities to navigate these challenging times towards landing a giant. Your thoughts and inquiries are always welcome.

Sincerely,



Mathew Wilson

Sources:

¹ <https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2022.pdf>

² <https://sterlingmetals.ca/news/2023/sterling-metals-expands-its-critical-metal-portfolio-within-newfoundland-and-labrador>

³ https://www.highlandcopper.com/files/ugd/62921a_e7ef326d82c34a02b50d5989931f6fb7.pdf

⁴ <https://udokancopper.ru/en/>

Qualified Person

Jeremy Niemi, P.Geo., Senior Vice President of Exploration and Evaluation to Sterling Metals, and a Qualified Person within the meaning of National Instrument 43-101 Standards of Disclosure for Minerals Projects, has reviewed and approved the technical information presented herein.

About Sterling Metals

Sterling Metals (TSXV: SAG and OTCQB: SAGGF) is a mineral exploration company focused on large scale and high-grade Canadian exploration opportunities. The Company is advancing the Adeline Project in Labrador which covers an entire sediment-hosted copper belt, with demonstrated potential for important new copper discoveries with significant silver credits, and the Sail Pond Project in Newfoundland.

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