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RISK FACTORS

Any investment in the Company is subject to a number of risks. The information below clarifies risk factors that are deemed to have a potential impact on the Company's future outlook. The risks are not ranked, nor do they necessarily claim to be all-encompassing. Additional risks and uncertainties unbeknownst to the Company, or which it does not currently deem as significant, could potentially evolve to become factors that impact the Company. The description of risk factors is not exhaustive and contains only examples of such risk factors which an investor should consider together with the other information provided in this Information Memorandum.

SStar Gold Resources AB's (publ) operation is, like all enterprise, linked to risk. It is, therefore, essential upon assessment of the Company's growth opportunities to also be aware of relevant risks. All invested capital could potentially be lost, and an investor should make a thorough assessment of all the information on this web site in conjunction with a general assessment of surrounding global conditions. A number of factors outside of the Company's control affects its results and financial standing, such as a multitude of factors whose effects the Company may influence through its actions. The below risk factors are deemed to be ones that could come to have the biggest impact on the Company's future development. The listing of such conceivable risk factors should not be considered absolute or fully comprehensive, nor should they be treated as being ranked by degree of significance.

ECONOMIC CONDITIONS AND EXCHANGE RATE DEVELOPMENTS

External factors of a more general nature, such as supply and demand, exchange rates, and the economic climate, could affect the Company's operations and profitability.

SPECIFIC RISKS FOR THE COMPANY – INFLUENTIAL SHAREHOLDERS

It cannot be discounted that a group of shareholders, individuals, or companies may have opportunities through their shareholdings to exercise significant influence over matters requiring the approval of shareholders at a shareholders' meeting. Such influence could be to the detriment of other shareholders.

OPERATION

SStar Gold Resources AB invests in subsidiaries, which by its nature is a capital-intensive operation to maintain. Regardless of future needs or situations, certain conditions of the equity capital market could be of great significance to the Company's financing if such needs should arise. It is unclear whether the Company will be able to supply external equity capital or bank financing when it is needed, and there is no guarantee that the supply of capital will occur on favourable terms for the Company's shareholders. Such a development would negatively affect the Company's development, financial standing, and results in a significant manner.

CURRENCY RISK

The Company owns shares and holdings that are denominated in foreign currencies. This means the Company, upon conversion of these holdings to Swedish kronor(SEK), is affected by currency exposure that could impact the value in SEK, depending on how the foreign currencies are traded in relation to the SEK.

The Company's revenues are subject to exchange rate changes. The Company's profits from the sale of gold are tied to the US Dollar (USD), while most of the Group's operating costs are accounted for in the Russian ruble (RUB). Subsequently, the appreciation of the RUB against the USD could negatively affect the Company's margins if the USD value for its RUB-denominated costs increase. Fluctuations in the currency market could significantly and negatively impact the Company's operations, financial standing, and results. The Company does not at present hedge any of its holdings in foreign currencies. External capital may be acquired in different currencies, but will be converted and accounted in SEK.

RISKS PERTAINING TO THE PRICE OF GOLD

The Company derives most of its profits from the sale of gold. Therefore, its financial results depend largely on the price of gold. The gold market is cyclical and prone to changes in wider economic conditions, meaning it can be highly volatile. It is, therefore, not possible to precisely forecast the price of gold. The price of gold could be affected by various factors, of which all lie beyond the Company's control, including but not limited to:

- Speculative trading of gold and/or governments/national banks deciding
- Exchange rates, particularly relating to changes in the USD against the rates for other currencies
- The total level of forward sales of gold producers
- The total production level and production cost

- Actual or expected inflation and interest rates
- Global and regional supply and demand, and anticipated future supply and demand
- Significant and persistent decreases in the price of gold could lead to the Company's gold prospecting or operations becoming less profitable or directly unprofitable and could have very negative repercussions for the Company's operations, financial standing, and net profits.

INTEREST RATES RISK

The Company may in the future, to some degree, need to finance its operations through borrowing. The net interest expense is affected of the amount of funding chosen at any given time, with fixed or fixed interest rates in relation to changes in market interest rates. The effects of changes in interest rates on the Company's profit margin depend on the binding periods of the loans and investments. Potential interest rate hikes in the future could increase interest payments, which could subsequently affect the Company's profits and future investments in a negative manner.

Risks pertaining to investments in other companies, disputes, and more

Completing investments and divestments of securities, such as shares and holdings in other companies, always carries a certain risk. From one period to the next, SStarGold could experience heightened exposure to risk against specific investments or specific markets or industries. The company can make investments in shares and other securities, such as debt receivables, in startup operations and consequently assets that are more or less liquid, which means the Company could in essence have assets of a liquid nature where the general market conditions can hinder the completion of divestments in the first place, or on favourable terms. The Company has a responsibility as part of its operations to manage and mitigate business risks by creating a diversified portfolio of investments where the investments benefit from listed and unlisted holdings, different industries, and to some extent, different countries, in addition to investments at different maturity stages for the Company. Furthermore, the Company's organisation should follow and analyse the development of holdings so that it can promptly identify, take charge of, and handle opportunities, risks, and problems.

CREDIT RISKS

As a rule, excess liquidity is preserved within a bank account, or invested into a savings account or day loan based on current conditions. No debt receivables result from any operational transactions upon the sale of gold, because the Company sells gold to buyers who hold a license to run operations with precious metals. In conjunction with the transaction, the Company either receives a down payment from the buyer as soon as a gold refinery has confirmed the reception of unrefined gold in the form of doré bars from the Company, or payment from the buyer on the same day if an advance payment has not been made. Appropriations for debt receivables are accounted based on individual assessments of every counter-party's purchasing power. If a counter-party should go bankrupt, this could have significantly negative effects on the Group's operations, financial standing, and results.

LIQUIDITY RISK

The Company will be lent money, and a significant amount of its debts could be short-term. Russia's banking system continues to evolve and offers limited liquidity to Russian companies with interest rates that are often higher than those offered in the EU. The banking system normally does not offer long-term liquidity to operations of similar scope as those of the Company's. The payment obligation period at banks is rarely longer than 5 years, and normally varies between 1 and 3 years, with significant sums handed to borrowers as financing for working capital, and tranches to be repaid within one year at the latest.

The Company expects to continue negotiations with international banks regarding repayment schemes going forward, which will allow the Company to finance its ongoing operations and investments, in addition to paying interest on its debts. If the Company fails to finance its ongoing operations and investments, or complete its overall undertakings, this could negatively affect the Company's operations, financial standing, and net revenues.

BUSINESS RISK

The Company's operation is, to some degree, reliant on outside entrepreneurs, including but not limited to providers of transport and dig services, drilling services, demolition works, equipment maintenance, electricity and water, transport of mining materials, and more. In addition to this, the Group's operations are prone to risks, including but not limited to the following:

- The ability to negotiate the provision of relevant services on terms that are favourable to the Group.
- The inability to replace, or a delay in the exchange of, an entrepreneur and its operating equipment in the event of termination of an agreement with the contractor or termination of the business by the contractor (bankruptcy).
- An entrepreneur's breaking away from contractual obligations.
- An entrepreneur's failure to comply with requirements in laws and ordinances. Should any of the above risks come to fruition, this could bear tremendous negative effects on the Company's operation, financial standing, and net results.
- In the event of a bigger problem with production equipment, the Company's mining operation at its plant could be interrupted or slowed. This could lead to reduced annual yield, and by extension, lower sales revenues in addition to higher production costs. Due to this, the Company's profitability would be negatively impacted, having a negative effect on the Company's operation, financial standing, and net results.
- With the exception of licenses for prospecting and mining of natural resources, the Company must obtain additional permits and approvals to actually conduct mining and production activities. Newly explored deposits involve, without limitation, the authorisation of resources from GKZ (state resource commission); authorisation of project documentation for the construction and mining of open ground holes; the lease of land that could be used for mining and related activities;

approval for potentially dangerous activities (e.g. demolition works and operations with toxic materials); Environmental Impact Assessment, and more.

POLITICAL RISK

The Russian Federation is a federation of sub-federal political units, consisting of republics, territories, regions, cities of federal importance and autonomous regions and districts, some of which have the right to manage their internal affairs pursuant to agreements with the federal government and in accordance with applicable laws. Since 1991, Russia has been moving from a one-party state with a centrally planned economy to a federal republic with democratic institutions and a market-oriented economy. From 2001 until 2013, the political situation in Russia became more stable and conducive to investment. Such stability, however, has been negatively affected by economic sanctions imposed in 2014 and in subsequent years by the United States and the EU and by the ongoing economic recession.

The events in Ukraine and Crimea and the resulting change in its legal status brought about a negative reaction from the EU, the United States and a number of other countries. The United States, the EU and several other countries have imposed sanctions on a number of Russian officials and individuals, former Ukrainian officials, and several Russian companies, banks and businessmen, establishing that entities and individuals in those sanctioning jurisdictions may not in certain circumstances do business with them or provide funds or economic resources to them, with assets in the relevant sanctioning jurisdictions being subject to seizure and the individuals being subject to visa bans. In addition, "sectoral" sanctions have been imposed, whose principal consequences are that several leading Russian state-owned banks have been restricted from accessing Western capital. Similar sanctions have been imposed on major companies in the oil and gas and defence sectors of the Russian economy, a number of companies involved in design and construction of the Kerchenskiy bridge to Crimea, and certain other companies. "Sectoral" sanctions also prohibit supply of certain types of goods and technologies to the relevant companies. The U.S. sanctions regime also permits sanctions to be applied against companies in the engineering and the metals and mining sectors, although such sanctions are not currently in effect against any Russian metals and mining companies. The current sanctions regime is a result of multiple extensions by the sanctioning jurisdictions in the scope and, the term of sanctions, the most recent of which were made by the U.S in August 2017.

As the Company's production and exploration assets are located in the Russian Federation, if the sectoral sanctions were to be expanded to the companies in the metals and mining sector, then the Company could be restricted from accessing Western capital markets and/or from acquiring equipment, which could cause difficulties in the implementation of investment projects. An expansion of the sanctions to companies in the metals and mining sector may have an adverse effect on the Company's business financial position and results of operations.

LEGAL RISK

MAINTENANCE OF LICENSE RISKS

Federal Agency for Subsoil Use (Rosnedra) may suspend, revoke or not finally confirm the Company's subsoil use licences if it recognizes their violation, revealed by Federal Service for Supervision of Natural Resource Usage (Rosprirodnadzor) or other authorized governmental body, which can lead

to a complete halt of the Company's projects. The reason for such decision might be totally outside the control of the Company.

COMMUNITY RISKS

The Company's projects can be delayed or stopped due to community and environmental activists' protests and, as a result, denial of regional authorities to conclude or prolong land lease agreements, which are essential for mining.

RED TAPE RISKS

Lack or delay in obtaining and renewing of various types of mining approval documentation can lead to delays or suspension of the Company's projects and operations.

DEPENDENCE ON KEY PERSONS AND EMPLOYEES

The Company's operation is to a large extent reliant on the knowledge of a select few key individuals. A prerequisite for the operation's future is to maintain, and when necessary, recruit new key persons. There is steep competition for personnel within the Company's sector and industry. A shortage or inability to hire qualified personnel could affect the operation's future development negatively. A loss of key employees could seriously damage the Company's operation pertaining to profit-generating capabilities and even its lifespan.

TAX CONDITIONS

SStarGold's tax-related results differ from the accounting-related results, as the Company continues to evaluate its balance sheets accurately with respect to financial instruments. Since laws and interpretations thereof concerning taxation can change, the Company is at any given time exposed to changing rules and judgments that could mean higher taxation costs. Higher taxation costs would affect the Company's accounted results and payout capabilities.

FUTURE INVESTMENTS

SStarGold's value growth will primarily be generated from dividends and value increases in holdings. Consequently, the Company's future development depends on its access to, and ability to identify, attractive potential investment items, plus its ability to complete and finance acquisitions.

ECONOMIC DEVELOPMENTS AND OTHER GLOBAL FACTORS

Economic developments and other global events have a significant impact on the Company's operation. Changes in the economy could bring strong fluctuations to the Company's revenues and results. Even other occurrences, such as natural disasters, wars, and terrorist acts could significantly harm the Company's opportunities to run its operation, both directly and indirectly.

PROFITGENERATING CAPABILITIES AND FUTURE CAPITAL NEEDS

It cannot be discounted that it could take longer than anticipated before the Company achieves positive cash flow. It also cannot be assumed that that SStarGold could in the future seek new external capital. There are no guarantees in such a case that this would be done on favorable terms

for shareholders. Failure to generate sufficient profits could negatively affect the Company's market value.

RISK FACTORS RELATING TO SHARE TRADING

The Company's shares are not traded. The Board's objective is for SStarGold, , to apply for having its shares traded on a suitable marketplace in the form of an MTF.

A marketplace of this kind does not pose as strict requirements on the Company regarding, among other things, information disclosure, transparency, or company management, compared to requirements placed on companies whose shares are listed on an s k-regulated exchange ("börs"). A placement in a company whose shares are traded on an MTF may therefore be more risky than a placement in a listed company.

SHARE LIQUIDITY

Presently, no regulated trade of shares takes place within SStarGold. The liquidity of trading the Company's shares may therefore be limited. This can strengthen fluctuations in the share price. Limited liquidity could even confer problems for a shareholder in selling their holdings. There are also no guarantees that shares can be sold at any give time at a price that is favorable to shareholders.

RATE CHANGES ON THE STOCK MARKET

The stock market could go down due to various reasons, such as interest hikes, political occurrences or upheaval, currency rate changes and other economic conditions. The stock market is also largely characterized by psychological factors. Shares in SStarGold are affected the same way by these factors as all other companies' shares, which can in turn be difficult to predict and shield oneself from.

FUTURE OVERDUTE DIVIDENDS

The Company has not since its founding distributed any dividends to shareholders. It is the management's aim in the next few years to use generated profits to evolve the Company's operation and secure its position on the market. The Annual General Meeting determines the distribution of dividends to shareholders based on prevailing conditions. Opportunities for raising the value of the Company's shares in the next few years, however, lie primarily in an increasing share price.

TAXES AND FEES

It cannot be ruled out that changes in legislation regarding fees, taxes, and the like could occur in a way that render investments in securities less lucrative.

SUPERNVISION OF THE COMPANY

When the Company's shares become listed, the ownership structure will change over time. It cannot be ruled out that the current composition of owners will change, upon which the Company's business focus may deviate from the one laid out by the Board here today.

Of all the Company's shares, a considerable amount could come to be owned by a small number of shareholders following the issue. Consequently, these shareholders have the potential, either

individually or collectively, to exercise great influence over affairs requiring the approval of shareholders, including appointments and dismissals of board members, and potential suggestions regarding mergers, consolidation, or selling of assets and other company transactions. This type of shareholder composition could present a disadvantage to other shareholders, whose interests may conflict with majority shareholders.