



## **South Star Mining Receives Debt Financing Pre-Approval for C\$7.5 million and Environmental License Extension**

**Toronto, ON, October 5, 2020** – South Star Mining Corp. (‘South Star’ or ‘the Company’) (TSX-V: STS) (OTC: STSBF) is pleased to announce the pre-approval of R\$29.7 million (approx. C\$7.5 million) in debt finance from Banco do Nordeste (‘the Bank’), a leading regional Brazilian development bank, as well as the approval of the renewal of the simplified environmental license for a period of 4 years for the Phase 1 Pilot Plant Operations (5,000tpy of concentrate) for the Santa Cruz Graphite Project (‘the Project’) in Bahia, Brazil. The C\$7.5m financing comprise 100% of the Project debt financing requirements.

The renewed environmental license is in the process of being submitted to the regulatory agency (ANM) to support the trial mining license (GU) and is anticipated to be the final approval required before a construction decision is made.

**South Star CEO Richard Pearce** commented, “We are extremely excited about the recent developments of the Project and continue the drive towards 2021 production. The renewal of the environmental license for 4 years was the last hurdle requested for the trial mining license. All the requested Project documents have been submitted to the ANM, and we anticipate the approval of the GU shortly. This is the final license required to start the construction. The pre-approval of 100% of the debt financing requirements and the favourable terms reinforce the strength of the Project economics. I would like to thank our current shareholders and all the Project stakeholders for their continued support and look forward to an exciting 2021.”

### **DEVELOPMENT BANK DEBT PRE-APPROVAL**

The Company has received pre-approval for 100% of the Project debt financing requirements from Banco do Nordeste, the largest regional development financial institution in Latin America responsible for covering the Project region. The credit committee has pre-approved the following terms:

- R\$29.7 million (~C\$7.5 million) of debt;
- Required Company equity match of R\$7 million (~C\$1.5 million);
- Annual Interest rate of approximately 5.3%; and
- Guarantees, grace period and repayment terms to be negotiated, pending technical review.

The technical engineering design documents have been submitted to the Bank’s technical review board and are currently being evaluated. Technical review is expected to take 45-60 days, according to the Bank’s normal approval process. Once the technical review has been completed and approved, the Project documents will be returned to the credit committee for final negotiations and closing. Debt terms and conditions may vary depending on the evaluation of the technical review and final credit analysis.

**About South Star Mining Corp.**

South Star Mining Corp. (TSX.V: STS) is focused on the selective acquisition and development of near-term mine production projects in Brazil to maximize shareholder value. STS has an experienced executive team with a strong history of discovering, developing, building and operating profitable mines in Brazil.

The Santa Cruz Graphite Project is located in Southern Bahia, the third largest graphite producing region in the world with over 70 years of continuous mining. The Project has at-surface mineralization in friable materials, and successful large-scale pilot plant testing (>30t) has been completed. The results of the testing show approximately 65% of Cg concentrate is +80 mesh with good recoveries and 95-99% Cg. With excellent infrastructure and logistics, South Star is planning the commissioning of the 5,000 tonne per year pilot plant for the end of 2021.

To learn more, please visit the Company website at <http://www.southstarmining.ca>.

**On behalf of the Board,**

Mr. Richard Pearce  
Chief Executive Officer

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**FORWARD-LOOKING INFORMATION**

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*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 gold price and other 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.*