



South Star Mining Announces Non-Brokered Private Placement

Toronto, ON, January 28, 2021 – South Star Mining Corp. (‘South Star’ or ‘the Company’) (TSX-V: STS) (OTC: STSBF) today announces that it intends to complete a non-brokered private placement of Units (the “Private Placement”) to raise C\$1,300,000. Management and Company insiders have committed to take a large portion of the Placement.

The Private Placement will consist of 13,000,000 Units priced at C\$0.10 per unit (the “Units”). Each Unit will consist of one (1) common share and one (1) common share purchase warrant (the “Warrants”). Each Warrant will entitle the holder to purchase one additional common share of the Company at an exercise price of C\$0.15 per common share for a period of 3 years from the date of issue. The securities will be subject to a four month hold period from the date of closing and approval by the TSX Venture Exchange. The Private Placement will be available to existing shareholders of the Company and all Warrants issued under the Private Placement will be subject to an acceleration clause. See below for further details.

Net proceeds from the Placement will be used for completion of the final design for Phase 1 construction documents, advanced materials testing, commercial agreements, project finance and general working capital requirements for the Company.

South Star CEO Richard Pearce commented: “We are grateful for the continued support from our shareholders and insiders that have been steadfast in their ongoing commitment to advancing the Project. With the recently announced final approval of the mining license, we have largely de-risked the Project and are ready to move into the construction phase. We are excited to be added soon to a short list of graphite producers and getting into cashflow. Taking the Santa Cruz Project from concept to paper to production gives our team a great deal of satisfaction. We believe the phased approach to production we are taking, with initial Phase 1 Pilot Plant (5,000 tpy of concentrate) and shortly thereafter Phase 2 Production (25,000 - 30,000 tpy of concentrate), is a smart way to allocate capital, control risks and create shareholder value. We can always scale up to meet growing market demand as needed once we are in production and have cashflow.”

Acceleration Clause & Existing Shareholder Exemption and Investment Dealer Exemption

If over a period of 10 consecutive trading days between the date that is four (4) months following the closing of the private placement and the expiry of the Warrants the daily volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange (or such other stock exchange where the majority of the trading volume occurs) exceeds \$0.40 on each of those 10 consecutive days, the Company may, within 30 days of such an occurrence, give written notice to the holders of the Warrants that the Warrants will expire at 4:00 p.m. (Vancouver time) on the 30th day following the giving of notice unless exercised by the holders prior to such date. Upon receipt of such notice, the holders of the Warrants will have 30 days to exercise their Warrants. Any Warrants which remain unexercised at 4:00 p.m. (Vancouver time) on the 30th day following the giving of such notice will expire at that time.

The Placement will be made available to existing shareholders of the Company who, as of the close of business on January 27, 2021, held common shares of the Company (and who continue to hold such common shares as

of the closing date), pursuant to the prospectus exemption set out in BC Instrument 45-534 – Exemption From Prospectus Requirement for Certain Trades to Existing Security Holders and in similar instruments in other jurisdictions in Canada (the “Existing Shareholder Exemption”). The Existing Shareholder Exemption limits a shareholder to a maximum investment of CAD\$15,000 in a 12-month period unless the shareholder has obtained advice regarding the suitability of the investment and, if the shareholder is resident in a jurisdiction of Canada, that advice has been obtained from a person that is registered as an investment dealer in the jurisdiction. If the Company receives subscriptions from investors relying on the Existing Shareholder Exemption exceeding the maximum Placement, the Company may adjust the subscriptions received on a pro-rata basis.

The Company has also made the Placement available to certain subscribers pursuant to BC Instrument 45-536 – Exemption From Prospectus Requirement for Certain Distributions Through an Investment Dealer (the “Investment Dealer Exemption”). In accordance with the requirements of the Investment Dealer Exemption, the Company confirms that there is no material fact or material change about the Company that has not been generally disclosed.

In connection with the private placement, the Company proposes to issue Units to directors, officers and insiders of the Company. As a result, the private placement constitutes a related party transaction pursuant to TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 (“MI 61-101”). The Company has determined that exemptions from the various requirements of TSX Venture Exchange Policy 5.9 and MI 61-101 are available for the issuance of the Units to related parties. The Company is relying on Section 5.5(c) of MI 61-101 for an exemption from the formal valuation requirement on the basis that the transaction is a distribution of securities for cash, and on Section 5.7(1)(b) of MI 61-101 for an exemption from the minority shareholder approval requirement, as the fair market value of the transaction, insofar as it involves related parties, will not be more than \$2,500,000.

About South Star Mining Corp.

South Star Mining Corp. 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 fully licensed for Phase 1 operations (5,000 tpy concentrate) and is located in Southern Bahia in the second largest graphite producing region in the world with over 80 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 carrying its development plan towards Phase 1 production projected in Q2 2022, pending financing.

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

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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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

The information contained herein 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 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.