



NEWS RELEASE

South Star Mining Closes Secondary Non-Brokered Private Placement Financing

Toronto, ON, February 23, 2021 – South Star Mining Corp. (‘South Star’ or ‘the Company’) (TSX-V: STS) (OTC: STSBF) is pleased to announce that it has completed a secondary non-brokered private placement of Units for an aggregate gross proceeds of C\$1,000,120 (“Placement”). Net proceeds from the Placement will be used for preparing final design documents for the Phase 1 construction, advanced battery materials testing, project development, commercial agreements, project finance and general working capital requirements for the Company.

The Placement consists of 9,524,951 Units priced at C\$0.105 per unit (the “Units”). Each Unit consists of one (1) common share and one (1) common share purchase warrant (the “Warrants”). Each Warrant entitles 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 are subject to a four-month hold period from the date of closing and approval by the TSX Venture Exchange. For additional details, please refer to the Company’s February 05, 2021 press release.

Finders’ fees of 434,640 finders’ units were paid to certain finders in connection with the Placement, with the finders receiving that number of finders’ units equal to 6% of the number of Units purchased by subscribers introduced to the Company by the finders. The finders’ units are identical to the Units purchased by subscribers under the Placement (being comprised of one common share and one warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15 for three years from closing).

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 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.

In connection with the Placement, the Company proposes to issue Units to directors, officers and insiders of the Company. As a result, the 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 production projects in Brazil. STS is driven to create fundamental value in the battery metals sector for investors with real projects that have strong intrinsic financial and operating metrics and that can be profitable throughout the resource cycle. 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, located in Southern Bahia, is the first of a series of battery metals projects that will be put into production. Brazil is 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 that 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 Q4 2022, pending financing. To learn more, please visit the Company website at <http://www.southstarmining.ca>.

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.

On behalf of the Board,

Mr. Richard Pearce
Chief Executive Officer

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