

South Star Mining Corp. Announces an Additional Five-Year Offtake Agreement and Conversion of Convertible Debt

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Toronto, May 12, 2021 - [South Star Mining Corp.](#) ("South Star" or "the Company") (TSXV:STS) (OTC:STSBF) is pleased to announce that it has entered into a Memorandum of Understanding ("Agreement") for 20,000 tonnes of natural flake graphite concentrate over a period of five years for the Santa Cruz Graphite Project ("Project"). The strategic offtake was signed on May 10th, 2021 with a United States industrial specialist ("Partner") in high-quality graphite including coated spherical purified graphite (CSPG), downstream processing and marketing. Terms and conditions of the Agreement are confidential for competitive market conditions.

Richard Pearce, President and CEO of South Star, commented: "With this latest offtake agreement we have the majority of our production sold for the Phase 1 operations and a great start on Phase 2 operations. The tonnages associated with this agreement will mainly be processed into CSPG for the growing lithium-ion battery (LiB) markets. The recent offtake agreements reinforce the high-quality nature of the deposit that create value for our Partners and ensure that the future of Santa Cruz is very bright with a diversified product line across a broad array of market sectors. I also think the recent agreements reinforce the phased approach to production, which underscores risk management and effective allocation of capital. This is another important achievement in moving the Project from development into production in 2022 and then scaling it up for Phase 2 operations. Once again, we look forward to developing a long-term relationship with our Partners, and we are excited about having a strong presence in the LiB market and the electrification revolution. We are quickly building this Company into the first new operation in continuous commercial production in the Americas in more than a decade."

Convertible Debt

The Company is also announcing the retirement and conversion of 100% of the Convertible Debenture (May 6, 2020 Press Release). Pursuant to the terms and conditions of the agreement, 5.6M common shares have been issued along with 5.6M warrants for the aggregate gross proceeds of C\$280,000. With the conversion of the debenture, South Star is now debt free.

About South Star Mining Corp.

[South Star Mining Corp.](#) is focused on the selective acquisition and development of near-term production projects in Brazil. South Star is driven to create fundamental value in the battery metals sector for clients and investors with real projects that have strong intrinsic financial and operating metrics, and that can be profitable throughout the resource cycle. South Star 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 more than 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.

The Santa Cruz project is being developed in a phased approach. Phase 1 operations for the 5,000 tpy pilot plant operations are fully licensed, and the Company is preparing to start construction in September 2021 with commercial production targeted for Q4 2022. Phase 2 operations will represent a larger scale concentration plant currently planned to produce between 25,000 to 30,000 tpy of concentrate. The sizing of

Phase 2 plant could be increased depending on the successes of the Phase 1 operations, ongoing development of commercial relationships, and market conditions.

South Star is committed to a corporate culture, project execution plan and safe operations that embrace the highest standards of ESG principles based on transparency, stakeholder engagement, ongoing education and stewardship. 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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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.

This news release and the Updated Technical Report contain references to inferred resources. The Report is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

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 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.

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