

South Star Battery Metals Announces Letter of Intent to Enter into Binding 5-Year Offtake Agreement with Graphex Group Ltd

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VANCOUVER, March 24, 2022 - [South Star Battery Metals Corp.](#) ("South Star" or the "Company") (TSXV: STS) (OTCQB: STSBF), is pleased to announce that it has entered into a Letter of Intent ("LOI") with Graphex Group Limited ("Graphex") for up to 50,000 tonnes of natural flake graphite concentrate over a period of five years for the Santa Cruz Graphite Project in Brazil and the Ceylon Graphite Project in Alabama ("Projects"). The parties have agreed in the LOI to negotiate a binding offtake agreement ("Offtake Agreement") within 60 days of signing the LOI. The LOI was signed on March 22, 2022 and terms and conditions of the agreement are confidential.

The concentrate tonnages associated with this Offtake Agreement will be directed towards the uncoated and coated spherical graphite (SPG) markets used in Lithium-ion batteries ("LiB"). Graphex is a global leader in the industry and has been proficient in producing spherical graphite anode material for Li-ion batteries in Electric Vehicles (EVs) and other use cases in Jixi, China since 2008 and transacting commercially since 2013.

Richard Pearce, CEO of South Star, said, "We are pleased to be forming this strategic partnership with Graphex and look at this as the start of a long-term relationship. South Star has high-quality, scalable graphite assets that are coming on-line in the very near-term, and we will be the first new graphite production in the Americas in over a decade. Our concentrates have been tested for LiB applications and performed exceptionally well. Graphex has been producing uncoated and coated SPG for years in China, has deep commercial relationships in this sector and is expanding into new strategic jurisdictions such as North America. We look forward to partnering with Graphex to provide high-quality products soon for clients in strategic locations around the world. Secure supply chains are the key to the world's ability to execute on the exciting energy transition revolution underway, and South Star is pleased to be part of this paradigm shift."

"We are excited to sign this LOI and move toward this strategic offtake agreement with South Star at this critical time in the evolution of EV battery supply chains," said John DeMaio, President of the Graphene Division of Graphex. "With demand for natural graphite anode material predicted to significantly increase year over year to keep pace with EV projections, new sources of raw materials from diverse geographical regions will be essential for stable, predictable supply chains. We see this agreement with South Star as a key element in our global expansion and diversification strategy and we look forward to the prospect of processing graphite concentrate from South Star's resources in Brazil and the U.S into high quality anode material for use in the EV battery ecosystem."

ABOUT SOUTH STAR BATTERY METALS CORP

[South Star Battery Metals Corp.](#) is a Canadian battery metals project developer focused on the selective acquisition and development of near-term production projects in the Americas. South Star's Santa Cruz Graphite Project, located in Southern Bahia, Brazil is the first of a series of industrial and 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. Santa Cruz is fully licensed and construction ready for Phase 1 operations with 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 Q1 2023, pending financing.

South Star's next project in the pipeline is a development project in Alabama located in the middle of a developing electric vehicle, aerospace and defence hub in the southeastern United States. The Project is a historic mine active during World Wars I & II. Trenching, sampling, analysis and preliminary metallurgic testing has been completed. The testing indicated a traditional crush/grind/flotation concentration circuit

achieved grades of approximately 96-97% with approximately 86% recoveries. and South Star is executing on its plan to create a multi-asset, diversified battery metals company with near-term operations in strategic jurisdictions. South Star trades on the TSX Venture Exchange under the symbol STS, and on the OTCQB under the symbol STSBF.

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.southstarbatterymetals.com>.

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 Battery Metals.

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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