South Star Battery Metals Announces US$28 Million Streaming Agreement with Sprott Resource Streaming and Royalty Corp for the Santa Cruz Graphite Project

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"The Agreement will provide full funding for South Star's Santa Cruz Phase 1 CAPEX and partial funding for Phase 2 CAPEX. First new graphite production in the Americas in over a decade with operations planned for Q2 2023."

VANCOUVER, April 05, 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 binding streaming agreement ("Agreement") with Sprott Resource Streaming and Royalty Corp ("Sprott" or "SRSR") for a total cash consideration of up to US$28 million as prepayment for graphite concentrates from the Santa Cruz Graphite Project ("Santa Cruz or Project") in Brazil. South Star will act as sales agent for SRSR on the percentage of production subject to the Agreement.

STREAM AGREEMENT HIGHLIGHTS:

- The Phase 1 Stream payment ("Phase 1 Stream") has a US$10M cash consideration ("Phase 1 Consideration") to fund 100% of required Phase 1 CAPEX, which allows South Star to start construction in the next 45-60 days with commercial production scheduled for Q2 of 2023.
- The Phase 2 Stream payment ("Phase 2 Stream") has a minimum of US$9M and up to US$18M cash consideration for partial funding of Phase 2 CAPEX (US$27M[1]), subject to SRSR Phase 2 due diligence as well as investment committee update and approval.
- US$2M advance loan payable on signing of the Promissory Note with use of proceeds to be used for equipment down payments, land acquisition, contractor mobilization and engineering support services.
- Minimal shareholder equity dilution for up to US$28M cash consideration.
- South Star has the option to buy back 100% of Phase 2 Stream.
- Automatic stepdown of 50% of Phase 1 Stream after sales and delivery of 75,000 tonnes of concentrate.
- Excellent post-stream LOM EBITDA margin of 51% (Phase 1 Stream + 100% Phase 2 Stream).
- Compelling combined cost of capital with significantly lower total financing costs compared to other available capital market alternatives.

(1) Based on 2020 PFS Study

Richard Pearce, CEO of South Star, said, "We are delighted to have a long-term strategic partner like Sprott. This financing delivers excellent value for South Star shareholders by minimizing equity dilution while giving the Company a lot of financial flexibility to fund future expansions. This Agreement is the next cornerstone in building South Star into a world class graphite producer and will provide full funding for South Star to move construction forward on the Santa Cruz Phase 1 operations and partial funding for Phase 2 CAPEX at a very attractive cost of capital compared to available commercial alternatives or additional equity dilution. The advance loan will allow the Company to push construction ahead quickly by ordering equipment, locking in CAPEX values and mobilizing contractors while we complete conditions precedents. South Star looks forward to sticking shovels in the ground and getting Phase 1 built. Commercial production is planned for Q2 of 2023. Thanks to all the South Star team and Sprott team for laying the foundation for a bright future and allowing us to become the first new graphite production in the Americas in more than a decade."

Michael Harrison, Managing Partner of SRSR, said, "We are very pleased to partner with South Star to provide the project build capital for Santa Cruz. SRSR's focus is to invest in near-term cash flowing projects that will have high operating margins and long operation life with expansion and exploration potential. The fundamental demand for graphite looks to be very exciting, in both the existing and decarbonisation markets."

FINANCING SUMMARY

The Agreement will provide full funding for South Star to move construction forward on the Santa Cruz Phase 1 operations with commercial production planned for Q2 of 2023. Phase 1 use of proceeds of the Agreement will be used for development, construction and commissioning of the Project and achievement of the 5,000 tpa commercial production.

Phase 1 Stream financing details follow:

- The Phase 1 Stream is applicable on sales and delivery of the first 6,000 tpa of graphite concentrates and 15% of all graphite concentrates greater than 6,000 tpa ("Phase 1 Stream Production").
- US$2M advance loan ("Promissory Note") for 6 months with use of proceeds to be used for major equipment down payments, land payments, contractor mobilizations, and engineering support services. The Promissory Note will be repaid with proceeds from the Phase 1 Stream Consideration.
- Upfront prepayment of US$10 million of graphite concentrate for 21.875% of the Phase 1 Stream Production until a total sale and delivery of 75,000 tonnes of concentrate has been achieved, at which point the Phase 1 Stream will be reduced 50 percent to 10.9375%.
- SRSR will pay South Star 20% of the per tonne sales price for Phase 1 Stream Production.
- South Star has granted Sprott a right of first refusal with respect to future potential grant of streams or royalties on the Project related to graphite concentrates.
- South Star will issue Sprott 6,000,000 warrants with an exercise price that represents a 35% premium to the offering unit price of the Equity Financing described below.
- South Star has committed to raise a minimum of CAD$6M as a condition precedent of the Agreement (the "Equity Financing"). Use of proceeds will be used for exploration, development, corporate G&A and general working capital requirements.
- Phase 1 closing is subject to standard closing conditions, satisfaction of conditions precedents and the approval of the TSX Venture Exchange ("TSXV").

The Phase 2 Stream provides a minimum of US$9M and up to US$18M cash consideration at South Star's election for partial funding of Phase 2 CAPEX. Phase 2 Stream financing details follow:

- The Phase 2 Stream is applicable on sales and delivery of 85% of all graphite concentrates greater than 6,000 tpa ("Phase 2 Stream Production").
- Upfront prepayment up to US$18M of graphite concentrate for up to 20% ("Phase 2 Stream Percentage") of the Phase 2 Stream Production. South Star has at its election the option of a reduced Phase 2 draw request of a minimum of US$9M with the Phase 2 Stream Percentage reduced pro rata, provided there is viable alternative project financing available for the balance.
- SRSR will pay South Star 20% of the per tonne sales price for Phase 2 Stream Production.
- South Star has at its election the option to buy back up to 100% of the Phase 2 Stream based amount of the draw request and the multiplier in the following table:

Time Elapsed Since Phase 2 Closing Date	Applicable Multiplier
Up to and including the 12-month anniversary	1.4X
Following the 12-month anniversary, and up to and including the 24-month anniversary	1.5X
Following the 24-month anniversary, and up to and including the 36-month anniversary	1.6X
Following the 36-month anniversary, and up to and including the 48-month anniversary	1.7X

- Phase 2 closing is subject to Sprott Phase 2 due diligence and investment committee update & approval, standard closing conditions, completion of condition precedents and the approval of the TSX-V.

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 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 Q2 2023.

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 it's 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.