



NEWS RELEASE

South Star Mining Corp. Announces Brokered Subscription Receipt Financing In Connection with Acquisition of 100% Interest in Santa-Cruz Graphite Project

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February 28th, 2018 – Vancouver, B.C. - South Star Mining Corp. (“**South Star**” or the “**Company**”) (TSXV: STS.H) is pleased to announce that, in connection with the previous announcement that South Star has entered into a definitive agreement (the “**Definitive Agreement**”) to acquire a 100% interest in the Santa-Cruz Graphite Project (the “**Transaction**”) with Brasil Graphite Corp. (“**Brasil Graphite**”), South Star intends complete a private placement of subscription receipts (each, a “**Subscription Receipt**”) to raise gross proceeds of a minimum of C\$5,000,000 and a maximum of C\$8,000,000 (the “**Private Placement**”).

South Star is also pleased to announce that it has entered into an agreement with a syndicate of agents led by Echelon Wealth Partners Inc. (the “**Lead Agent**”), and including Haywood Securities Inc., PI Financial Corp. and Eight Capital Inc. (collectively referred to as, the “**Agents**”) to sell, on a commercially reasonable efforts basis, a minimum of 11,111,111 Subscription Receipts and a maximum of 17,777,777 Subscription Receipts at a price of C\$0.45 per Subscription Receipt (the “**Offering Price**”). The Private Placement is expected to close on or about March 29, 2018 (the “**Closing Date**”).

Each Subscription Receipt shall be automatically converted, without any further action by the holder of such Subscription Receipt, and for no additional consideration, into one unit of the Company (each a “**Unit**” and collectively the “**Units**”) upon receipt by the escrow agent, prior to the date that is three months from the Closing Date (the “**Escrow Deadline**”) of a release notice from the Company and the Lead Agent, on behalf of the Agents, confirming (collectively, the “**Escrow Release Conditions**”): (a) the completion, satisfaction or waiver of all conditions precedent to the Transaction in accordance with the Definitive Agreement, to the satisfaction of the Agents; (b) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSX Venture Exchange for the listing of the Common Shares and the Transaction; (c) receipt by the Agents of an opinion of counsel of the Company that upon the conversion of the Subscription Receipts and completion of the Transaction, the Common Shares issued as part of the Units, will not be subject to any statutory or other hold period in Canada which extends beyond 4 months and one day after the Closing Date; and (d) the representations and warranties of the Company contained in an agency agreement to be entered into on the Closing Date to be true and accurate in all material respects, as if made on and as of the escrow release date.

Neither 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 release.



Each Unit will consist of one common share of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one common share of the Company for a period of 24 months from the date of issuance at a price of C\$0.75 per common share.

The Company has agreed to: (i) pay the Agents a cash commission equal to 7.5% of the gross proceeds of the Private Placement, (ii) issue to the Agents such number of share purchase warrants (each, an “**Agents’ Warrant**”) as is equal to 7.5% of the number of Subscription Receipts sold under the Offering, with each Agents’ Warrant entitling the holder to acquire one Unit at the Offering Price until the date that is 24 months from the Closing Date.

The gross proceeds of the Private Placement, less the Agents’ expenses and 60% of the Agents’ fees (the “**Escrowed Funds**”), shall be deposited in escrow on the Closing Date. The Escrowed Funds (less amounts payable by the Company to the Agents) shall be released from escrow by the Escrow Agent to the Company upon the completion or irrevocable waiver or satisfaction of the Escrow Release Conditions. If (i) the Escrow Release Conditions are not satisfied on or before the Escrow Deadline, or (ii) prior to the Escrow Deadline the Company advises the Agents or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds (plus accrued interest earned thereon) shall be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds (plus accrued interest) are not sufficient to refund the aggregate Issue Price (plus accrued interest) paid by the holders of the Subscription Receipts, the Company will be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

South Star intends to use the net proceeds of the Private Placement for the acquisition of the Santa-Cruz Graphite Project, drilling, general corporate and working capital purposes.

ABOUT SOUTH STAR MINING CORP.

South Star Mining Corp. is focused on the acquisition and development of near-term mine production projects in Brazil to maximize shareholder value. The company is currently working towards completing the acquisition of the Santa-Cruz Graphite Project in the Bahia State, Brazil. To learn more, please visit the Company website at www.southstarmining.com.

On behalf of the Board,

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CAUTIONARY STATEMENT

Completion of the Transaction is subject to a number of other conditions. There can be no assurances that the Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

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Neither the TSXV nor its Regulation Services Provider has in any way passed upon the merits of the proposed Transaction and associated transactions and neither of the foregoing entities has in any way approved or disapproved of the contents of this press release.

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or indicates that certain actions, events or results "may", "could", "would", "might" or "will be" taken, "occur" or "be achieved". Forward-looking information includes, the Company may abandon the Transaction; Escrow Release Conditions may not be satisfied; the Transaction may involve unexpected costs, unexpected liabilities or unexpected delays; the Private Placement may not close; the TSXV Venture Exchange may not approve the Private Placement or the Transaction; and the Company or Brasil Graphite may be adversely affected by other economic, business, and/or competitive factors. Although the Company believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these

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statements depending on, among other things, the risks that the parties will not proceed with the proposed Transaction and the Offering; that the ultimate terms of the proposed Transaction and the Offering will differ from those that currently are contemplated; and that the proposed Transaction and the Offering will not be successfully completed for any reason (including the failure to obtain the required approvals or clearances from regulatory authorities). The terms and conditions of the proposed Transaction may change based on the Company's due diligence and the receipt of tax, corporate and securities law advice for both the Company and Brasil Graphite. The statements in this press release are made as of the date of this release and the Company undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Company, Brasil Graphite their securities, or their respective financial or operating results (as applicable).