



NEWS RELEASE

South Star Mining Closes First Tranche of its Financing to Advance the Santa Cruz Graphite Project

March 1st, 2019 – Vancouver, B.C. - South Star Mining Corp. (“South Star” or the “Company”) (TSXV: STS) (OTCQB: STSBF) announces that it has completed the first tranche of an insider-led, non-brokered private placement of Units (the “Private Placement”) to raise C\$500,000.

The first tranche proceeds were C\$405,000 for a total of 4,050,000 units of the Private Placement. South Star insiders have subscribed for C\$235,000 in this financing. Proceeds will be used to advance the Santa Cruz Graphite Project on its ‘Road to Production’. Uses will include engineering, testing, environmental permitting and licensing. The closing date of this first tranche was February 28th, 2019. In connection with the first tranche closing of the Offering, the Company paid cash finder’s fees of C\$4,900 and issued 49,000 share purchase warrants (“Finder’s Warrants”) to a third-party finder in connection with the private placement. Each Finder’s Warrant entitles the holder to purchase one common share of the Company at a purchase price of C\$0.15 for a period of up to 2 years from the date of issue.

“We welcome our new investors and are grateful to our existing shareholders and insiders for their continued support” commented Company CEO Eric Allison. He added “this financing will help maintain the steady progress on key elements of our Santa Cruz Graphite Project. We anticipate completion of this work and the awarding of our 5,000 tonnes per year Trial Mining License during Q3 of this year.”

The Private Placement consists of 5,000,000 Units priced at C\$0.10 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 2 years from the date of issue. The securities are be subject to a four month hold period from the date of closing and approval by the TSX Venture Exchange. The Private Placement remains available to existing shareholders of the Company and all Warrants issued under the Private Placement are subject to an acceleration clause. See below for further details.

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 private 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 \$0.25 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.

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.



In addition to other prospectus exemptions commonly relied on in private placements, the Offering has been made available to existing shareholders of the Company who, as of the close of business on February 1, 2019, held common shares of the Company (and who continue to hold such common shares as of the closing date), pursuant to the prospectus exemption set out in BC Instrument 45-534 - *Exemption From Prospectus Requirement for Certain Trades to Existing Security Holders* and in similar instruments in other jurisdictions in Canada (the “**Existing Shareholder Exemption**”). The Existing Shareholder Exemption limits a shareholder to a maximum investment of CAD\$15,000 in a 12-month period unless the shareholder has obtained advice regarding the suitability of the investment and, if the shareholder is resident in a jurisdiction of Canada, that advice has been obtained from a person that is registered as an investment dealer in the jurisdiction. If the Company receives subscriptions from investors relying on the Existing Shareholder Exemption exceeding the maximum Offering, the Company may adjust the subscriptions received on a pro-rata basis.

The Company has also made the Offering available to certain subscribers pursuant to BC Instrument 45-536 - *Exemption From Prospectus Requirement for Certain Distributions Through an Investment Dealer* (the “**Investment Dealer Exemption**”). In accordance with the requirements of the Investment Dealer Exemption, the Company confirms that there is no material fact or material change about the Company that has not been generally disclosed.

In connection with the private placement, the Company proposed to issue Units to directors, officers and insiders of the Company. As a result, the private 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 acquisition and development of near-term mine production projects to maximize shareholder value. The Company is currently advancing the Santa Cruz Graphite Project toward planned production in the Bahia State of Brazil. To learn more, please visit the Company website at www.southstarmining.com.

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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". 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 statements.