



## **South Star Mining Announces Non-Brokered Private Placement Financing**

**Toronto, ON, March 26, 2020** – South Star Mining Corp. ('South Star' or 'the Company') (TSX-V: STS) (OTC: STSBF) is pleased to announce that it intends to complete a non-brokered, unsecured convertible debenture placement for estimated aggregate gross proceeds of C\$250,000 ("Offering"). Company insiders will take a large percentage of the placement. Net proceeds from the Offering will be used for advancing project development, approval of licensing, commercial agreements, project finance and general working capital requirements for the Company.

The placement will consist of a convertible debenture that will mature in 12-months from the issuance date and have an annual interest rate of 10% compounded monthly, with principal and interest payable on maturity. The debenture will be issued in a minimum amount of C\$15,000, with the principal amount of each debenture being convertible into 300,000 units on maturity, at the option of the holder. Each unit will consist of 1 common share and a one common share purchase warrant at an exercise price of C\$0.06 for a period of 3 years from the date of issue.

Interest may also be converted into units, at the option of the Company, at a price per unit which equals the greater of the Market Price (as that term is defined in the policies of the TSX Venture Exchange) on the date the accrued interest becomes payable or the volume weighted average trading price of the Company's common shares on the Exchange for the 10 consecutive trading days preceding the date the accrued interest becomes payable (the "Interest Conversion Price"). Each unit acquired on conversion of accrued interest will consist of 1 common share and a one common share purchase warrant at an exercise price which is C\$0.05 greater than the Interest Conversion Price, for a period of 3 years from the date of issue.

The securities will be subject to (a) a four month hold period from the date of closing; and (b) approval by the TSX Venture Exchange. The Offering remains available to existing shareholders of the Company and all Warrants issued under the Offering are subject to an acceleration clause. Minimum investment amount in the Offering is C\$15,000. See below for further details.

It is expected that the Offering will close on April 9<sup>th</sup>, 2020 ("Closing Date").

### **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.

The Offering has been made available to existing shareholders of the Company who, as of the close of business on March 25, 2020, 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 proposes 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 selective acquisition and development of near-term mine production projects in Brazil to maximize shareholder value. STS has an experienced executive team with a strong history of discovering, developing, building and operating profitable mines in Brazil.

The Santa Cruz Graphite Project is located in Southern Bahia in the third largest graphite producing region in the world with over 70 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 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 production projected at the end of 2020.

To learn more, please visit the Company website at <http://www.southstarmining.ca>.

### **On behalf of the Board,**

Mr. Richard Pearce  
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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.*

**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 gold price and other 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.*