



NEWS RELEASE

South Star Battery Metals Announces Corporate Update including Santa Cruz Graphite Mine Phase 1 Construction Update

Highlights:

- **Santa Cruz Phase 1 construction is on budget and on schedule through end of April with commercial production planned for the EOY 2023.**
- **Drilling at BamaStar to support NI 43-101 Preliminary Economic Assessment (“PEA”) mobilized May 15th, 2023 for a 2 month diamond drilling program.**
- **South Star is reviewing proposals for the NI 43-101 preliminary economic assessment (“PEA”) scheduled for end of Q1 2024.**
- **South Star will participate in 121 Mining Investment Conference in New York and Benchmark Gigafactories USA conference in Washington DC.**
- **South Star has hired a new market making service provider.**
- **Closing of private placement.**

Vancouver, Canada, May 23, 2023 – South Star Battery Metals Corp. (“South Star” or the “Company”) (TSXV: STS) (OTCQB: STSBD), is pleased to announce a Phase 1 construction update for the Santa Cruz Graphite Mine in Bahia Brazil, as well as providing a general corporate update.

Richard Pearce, CEO of South Star commented, “Santa Cruz construction on the Phase 1 plant and mine installations continues on budget and on schedule through the end April 2023. BamaStar is moving forward. The same drillers we used on the maiden resource program at BamaStar mobilized May 15th for a 2-month diamond drilling campaign in support of the upcoming PEA, which will present our 5-7 year strategic plan of two mines producing a 100,000 tonne per year (“tpy”) of high quality concentrates and 60-70,000 tpy of value-add and battery anode materials. South Star has two scalable assets in strategic, stable, mining-friendly jurisdictions and the team to build and operate them in a safe responsible manner in partnership with communities and stakeholders. It’s happening at the perfect time, when supply is constrained and demand is growing exponentially. This dynamic is expected to place significant pressure on the graphite price in 2023 and for the foreseeable future. Santa Cruz will be the first new graphite producer in the Americas since 1996, and BamaStar is expected to be producing in 2027.”

Santa Cruz Construction and Licensing Update

Construction through the end of April 2023 is on schedule and on budget for Phase 1 commercial production at the EOY 2023. Q2 2023 the main work programs include:

- Civil construction, foundations, and retention walls for the plant area;
- Civil infrastructure including entrance, security, additional offices, supply chain storage warehouse and contractor support area;
- Electrical substation and internal electrical distribution network; &
- Delivery of approximately 35% of the major equipment.

BamaStar PEA

The drilling company has mobilized for a 2-month drilling program in support of the upcoming PEA, planned for completion end of Q3, 2024. The driller is the same company that completed the recently filed maiden resource definition drilling program. The PEA program will include approximately 1,500-2,000 meters, and the goals are to expand the existing mineral resources, continue testing boundaries and improve the understanding of the geology and mineralization controls. The drilling program includes both step-out drilling to expand resource definition and some in-fill drilling to upgrade inferred resources into measured and indicated categories. The program will also include some oriented core in key holes to better understand structures and geotechnical/geomechanical parameters.

In addition, the Company is reviewing proposals for the upcoming PEA, which will present the 5-7 year strategic plan of two mines in strategic jurisdictions producing a 100,000 tonne per year (“tpy”) of high quality concentrates and 60-70,000 tpy of value-add and battery anode materials. The Company is advancing with studies associated with value-add physical and chemical characterizations, battery suitability tests, as well as floatation, purification, micronization and spheronization technologies.

South Star Participation in Upcoming 121 Mining Investment Conference in New York City and the Benchmark Minerals Intelligence Gigafactory USA Conference in Washington DC

South Star is pleased to announce its participation in the upcoming 121 Mining Investment Conference in New York City on June 5-6. 121 Mining Investment New York will be hosting approximately 80 mining companies and more than 300 investors for two days of targeted one to one meetings. In addition, the Company will be participating in the Benchmark Minerals Intelligence Battery Gigafactories USA 2023 Conference in Washington DC on June 8-9. The conference will explore the rise of USA’s lithium ion battery gigafactory economy and the need to build secure, sustainable supply chains for lithium, nickel, graphite, cobalt, manganese, rare earths and other critical raw materials.

South Star Retains Red Cloud Securities Inc. to provide Market-Making Services

South Star has retained Red Cloud Securities Inc. (“Red Cloud”), an arm’s length party, to provide market stabilization and liquidity services in compliance with the policies and guidelines of the TSX Venture Exchange. Red Cloud is an established IIROC regulated broker dealer offering corporate issuers advisory, investment banking, research, and distribution services. As consideration for the services, the Company has agreed to pay Red Cloud a flat monthly fee of \$5,000, payable quarterly in advance. Red Cloud will provide the services on an ongoing basis unless the agreement is terminated by either party with no less than 30 days’ prior notice.

Red Cloud and/or its clients may have an interest, directly or indirectly, in the securities of the Company. There are no performance factors contained in the agreement with Red Cloud and Red Cloud will not receive any common shares or options from the Company as compensation for its services. The engagement of Red Cloud is subject to the approval of the TSX Venture Exchange.

Closing of a Non-Brokered Private Placement

South Star has completed a non-brokered private placement of units (the “Private Placement” or the “Offering”) for total proceeds of C\$67,800.25. Net proceeds from the Private Placement will be used for exploration, development, Phase 1 construction activities, corporate G&A and general working capital requirements. Phase 1 commercial production is planned for Q4 2023.

The Private Placement consists of 127,925 units priced at C\$0.53 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\$1.25 per common share for a period of five years from the date of issue, subject to acceleration as set out below. The securities issued in this Private Placement will be subject to a four-month hold period from the date of closing and approval by the TSXV, expiring September 24, 2023.

If during a period of ten 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 TSXV (or such other stock exchange where the majority of the trading volume occurs) exceeds C\$2.50 for each of those ten 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.

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 fully funded for Phase 1, and the 12-month construction and commissioning are underway. Santa Cruz will be the first new graphite production in the Americas since 1996 with Phase 1 commercial production projected in Q4 2023. Phase 2 production (25,000tpy) is partially funded and planned for 2026, while Phase 3 (50,000tpy) is scheduled for 2028.

South Star's second project in the development pipeline is strategically located in Alabama in the center of a developing electric vehicle, aerospace and defense hub in the southeastern United States. The BamaStar Project is a historic mine active during World Wars I & II. Trenching, phase 1 drilling, sampling, analysis, and preliminary metallurgical testing have been completed. The testing indicates a traditional crush/grind/flotation concentration circuit that achieved grades of approximately 94-97% Cg with approximately 86% recoveries. 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 Corp.

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.

FORWARD-LOOKING INFORMATION

This press release 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 in this press release include, but are not limited to, statements regarding: moving Santa Cruz into production and scaling operations as well as advancing the Alabama project; and the Company's plans and expectations.

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.