



NEWS RELEASE

South Star Battery Metals Announces Closing of an Oversubscribed Non-Brokered Private Placement

Vancouver, Canada, July 14, 2023 – South Star Battery Metals Corp. (“South Star” or the “Company”) (TSXV: STS) (OTCQB: STSBD), is pleased to announce that, subject to receipt of certain TSX Venture Exchange approvals relating to one subscriber (discussed below), it has completed an oversubscribed non-brokered private placement (the “Private Placement”) of units for total proceeds of C\$4,522,948.45. Proceeds from the Private Placement will be used for exploration, development, construction activities, corporate G&A and general working capital requirements.

Richard Pearce, CEO of South Star, said, “We once again successfully partnered with a strong, long-term institutional investor familiar with Brazil, mineral resources and the battery metals sector. We are pushing hard to accelerate drilling, test work and studies for our phased 5- to 7-year strategic vision of Santa Cruz and BamaStar mines producing a combined 100,000 tonnes per year of high-quality graphite concentrates, and a vertically integrated value-add plant in the southeast corridor of the U.S. We look forward to working closely with our partners and are excited about the strong demand for the offering as we focus on delivering fundamental value in the graphite sector with the first new production in the Americas since 1996.”

Private Placement

The Private Placement consists of 8,533,865 units priced at C\$0.53 per unit (the “Units”). Each Unit consists of one (1) common share of the Company and one (1) common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one (1) additional common share of the Company at an exercise price of C\$1.25 per share for a period of five years from the date of issue. The Warrants are subject to an acceleration clause (described in more detail below). The securities issued pursuant to the Private Placement will be subject to a four-month hold period.

Closing of the Private Placement is subject to customary closing conditions, including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange (the “TSXV”). In connection with the Private Placement, the Company paid \$27,825 in cash finder’s fees.

An aggregate of \$3,908,158.52 of the private placement funds are being held in trust pending TSXV review and clearance of a personal information form filed by a subscriber, who will become an insider of the Company upon closing of the private placement through ownership of in excess of 10% of the Company’s issued and outstanding common shares. Upon receipt of confirmation that the personal information form has been reviewed and cleared by the TSXV, the Company will issue an aggregate of 7,373,884 Units to the subscriber and the subscriber’s funds will be available to the Company. The balance of the 1,159,981 Units subscribed for under the private placement have been issued and are subject to a four-month hold period ending November 15, 2023.

Acceleration Clause

The acceleration clause of the Warrants will provide that, if, during any period of ten (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 TSXV (or such other stock exchange where the majority of the trading volume occurs) exceeds C\$2.50 on each



day, the Company may, within thirty (30) days of such an occurrence, give written notice to the holders of the Warrants that all unexercised Warrants will expire at 4:00 p.m. (Vancouver time) on the 30th day following the giving of such notice. Upon receipt of such notice, the holders of the Warrants will have thirty (30) days to exercise their Warrants and any Warrants that remain unexercised will expire.

An officer of the Company participated in the Private Placement for an aggregate amount of \$7,950. The transaction with the officer constitutes a “related party transaction” as defined under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company is relying on the exemptions under section 5.5(a) and section 5.7(1)(a) from the formal valuation and minority shareholder approval requirements of MI 61-101, as the fair market value of the Units issued to the related party and the consideration paid by the related party under the Private Placement does not exceed 25% of Company’s market capitalization, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Private Placement, as the details of the participation by related party of the Company were not settled until shortly prior to closing of the Private Placement.

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. A NI43-101 technical report with the maiden resource estimate has been filed on SEDAR. 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.