

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. NAME AND ADDRESS OF COMPANY

South Star Mining Corp.
c/o Suite 1200 - 750 West Pender Street
Vancouver, B.C. V6C 2T8

2. DATE OF MATERIAL CHANGE

February 28, 2019

3. NEWS RELEASE

News release dated March 1, 2019 was disseminated via the facilities of TheNewswire.

4. SUMMARY OF MATERIAL CHANGE

South Star Mining Corp. closed the first tranche of its financing to advance the Santa Cruz Graphite Project.

5. FULL DESCRIPTION OF MATERIAL CHANGE

South Star Mining Corp. (“South Star” or the “Company”) announced 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.

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.

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.

Two directors of the Company participated in the Private Placement for an aggregate of 2,350,000 Units for aggregate proceeds of \$235,000, representing 5.48% of the Company’s issued and outstanding common shares. Each director’s participation in the Private Placement constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company is relying on exemptions from the formal valuation requirements and the minority shareholder requirements of MI 61-101 contained in Section 5.5(a) and Section 5.7(1)(a) on the basis that the fair market value of the transaction involving insiders was not more than 25% of the Company’s market capitalization. The Company is filing a material change report in respect of the related party transactions on SEDAR less than 21 days prior to the closing of the first tranche of the Private Placement as the details of the insider participation were not settled until shortly prior to closing.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

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9. DATE OF REPORT

March 11, 2019