



(the "Company")

**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND
2019**

Introduction

This Management's Discussion and Analysis ("MD&A") of South Star Mining Corp. is the responsibility of management and covers the nine months ended September 30, 2020. The MD&A takes into account information available up to and including November 24, 2020 and should be read together with the condensed consolidated interim financial statements for the nine months ended September 30, 2020 and the annual audited consolidated financial statements for the years ended December 31, 2019 and 2018, which are available on the SEDAR website at www.sedar.com.

Throughout this document the terms *we*, *us*, *our*, *the Company* and *South Star* refer to South Star Mining Corp. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated. The Company's accounting policies have changed and the presentation, certain financial statement references and terminology used in this MD&A and the accompanying financial statements differ from those used in financial statements and quarterly and annual reports issued prior to the year ended December 31, 2019.

Additional information related to the Company is available for view on SEDAR.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements."

Description of Business

The Company's main business is the acquisition and exploration of natural resource properties in Brazil. During the year ended December 31, 2018, the Company acquired Brasil Graphite Corp. ("BGC"), whose subsidiary Brasil Grafite S.A. ("BGSA") owns the Santa Cruz graphite project ("Project") in Brazil. Refer to the "Outlook" section below for a description of the property and for more information.

Performance Summary and Subsequent Events

During the nine months ended and subsequent to September 30, 2020, the Company:

- Released the pre-feasibility study (PFS) for the Company's Santa Cruz Graphite Project.

The study presented a two stage approach with an initial 5,000-tonne-per-year trial mining plant and a 25,000-tonne-per-year facility, similar to the originally contemplated under the Company's PEA. Both phases incorporate dry stack tailings with codisposal in the waste dump facility. IGEO, a leading process engineering firm based in Sao Paulo, was responsible for all process and civil engineering, including final flow sheet, layout and drawings, equipment specifications, infrastructure, and costings. Dompiere Tecnologia em Mineração (DTM) completed an updated resource and the maiden reserve estimate that incorporates the results of the recent infill drilling program. Luiz Eduardo Pignatari, a qualified person under NI 43-101, oversaw the preparation of the final report. As part of the study, preliminary detailed engineering for the Phase 1 trial mining plant operations was completed.

- Completed and submitted the applications along with all necessary information for its initial environmental license and a guia de utilizacao (trial mining license) for the Phase 1 trial mining plant operations. The environmental permit for the Phase 1 operations has been approved.
- Submitted loan documentation for Brazilian development banks which has been completed and submitted along with all supporting documentation for financing of the Phase 1 installations.
- Closed non-brokered private placement financing.

The non-brokered, secured convertible debenture placement for aggregate proceeds of \$280,000 consists of a convertible debenture that will mature in 12-months from the issue date and has an annual interest rate of 10% compounded monthly, with principal and interest payable on maturity. The debenture has a minimum amount of \$10,000, with the principal amount of each debenture being convertible into 200,000 units on maturity, at the option of the holder. Each unit consists of one common share and a one common share purchase warrant at an exercise price of \$0.06 for a period of 3 years from the date of issue.

- Granted 2,660,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.055 per common share exercisable for five years.
- Announced a pre-approval of \$7,500,000 in debt finance from Banco do Nordeste, a leading regional Brazilian development bank, as well as an approval of the renewal of the simplified environmental license for a period of 4 years for the Phase 1 Pilot Plant Operations (5,000tpy of concentrate) for the Santa Cruz Graphite Project in Bahia, Brazil.

Outlook

On October 19, 2017, the Company entered into a Definitive Agreement ("DA") with BGC to acquire 100% of the issued and outstanding shares of BGC (the "Acquisition"). BGC owned 51% of BGSA. BGSA has a 100% interest in the advanced-stage Santa Cruz Graphite Project located in the state of Bahia, Brazil. As a condition of the Acquisition, BGC acquired the remaining shares of BGSA prior to closing.

South Star Mining owns 100% of the Santa Cruz graphite project through its wholly owned subsidiaries BGC and BGSA. The project is located in the state of Bahia, Brazil and consists of 13 approved licenses covering

13,316 hectares. The Company issued a Prefeasibility Study (“PFS”) technical report prepared in accordance with National Instrument 43-101 guidelines with an effective date of August 21, 2017. Highlights of the report include:

- Combined Maiden Proven & Probable (P+P) Reserve Estimate of 12.3M tonnes with strong conversion of resource to reserves.
- The Mineral Reserve Estimate is listed below:

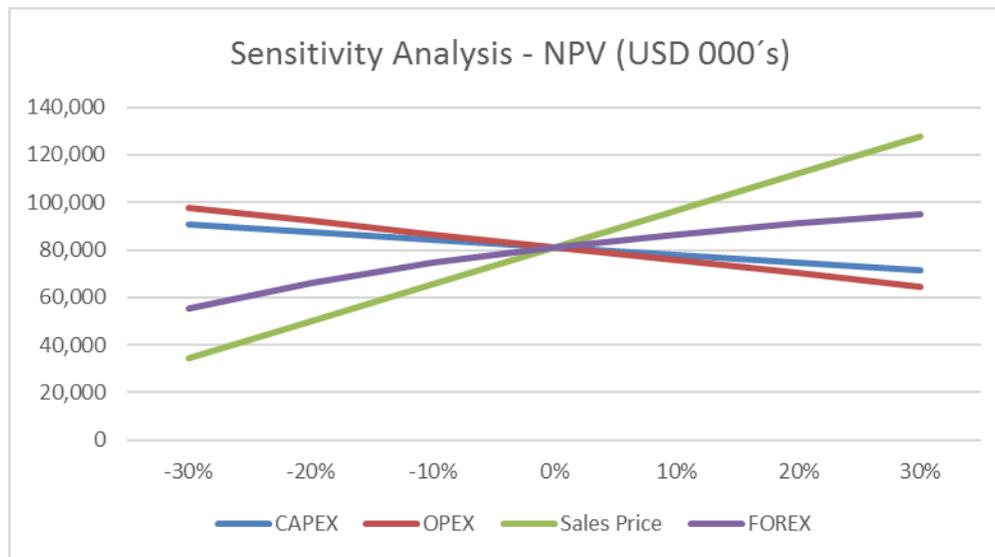
Mineral Reserve Estimate	Tonnage	Cg	In-situ Graphite
	(t)	(%)	(t)
Proven	3,989,635	2.49	99,340
Probable	8,318,795	2.35	195,490
Total P & P	12,308,500	2.40	295,400

Notes:

- 1) Mineral Reserves are as defined by the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves.
 - 2) Mineral Reserves are based on Mineral Resources (Published on July 8th, 2019) estimated using ordinary kriging method and a three-dimensional block model using a cut-off grade of 0.75% and 1% Cg, depending on the modeled zones.
 - 3) Numbers have been rounded.
 - 4) Mineral Reserves have incorporated cut-off, pricing, costs, recovery & FX.
- Phase 1 Average Production of 5,000 tpy of 95% Cg Concentrate in Years 1 & 2
 - Phase 2 Ramping up from 13,500 tpy of 95% Cg Concentrate in Year 3 to an average production of 25,000 tpy in years 4-11
 - Average Basket Price of Products of US\$1,287/t
 - Open-pit mining with strip ratio of 1.6 Life of Mine (LOM)
 - 12-Year LOM
 - Exchange Rate of R\$3.95 to US\$1.00
 - Post-Tax NPV_{5%} of US\$81.2M and internal rate of return of 35%
 - US\$129M Post-tax Cash Flow LOM
 - Payback Period of 4 years
 - CAPEX & OPEX Parameters for Each Phase are listed below:

Parameter	Phase 1 (US\$)	Phase 2 (US\$)	Phase 1 & 2 (US\$)
CAPEX	7.3M	27.2M	34.5
OPEX (\$/t Concentrate)	604	386	396

- Sensitivity Analysis for NPV using CAPEX, OPEX, Sales Price and FX as follows:



The Company's main objective is the completion of the requirements for a Guia de Utilizacao, or trial mining license, for the Santa Cruz graphite project. Under the Brazilian Mining Code, a trial mining license may be granted for the extraction of up to 5,000 tonnes of graphite per year per exploration license. The purpose of the trial mining license is to evaluate the technical and economic viability of each exploration license. The Company will conduct further infill drilling, environmental studies, independent metallurgical studies, mine planning, process plant engineering, equipment sourcing, etc., which, together with ongoing concentrate marketing, will be submitted to Brazil's National Mining Agency (ANM) in support of the trial mining license application. Additional planned test work is designed to increase the Company's confidence in the suitability of Santa Cruz concentrates for the lithium ion battery market and other newly emerging graphite technologies.

Further to the prefeasibility study discussed in the Performance Summary section, the Company has assembled an excellent team in Brazil to carry out all necessary aspects of the prefeasibility study to produce a technical report compliant with the requirements under National Instrument 43-101.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

Due to a number of issues arising from the ongoing COVID-19 pandemic, including social distancing requirements, the Company postponed the annual general meeting to fall this year.

Richard L. Pearce, a Director of South Star Mining, is a Qualified Person as defined by National Instrument 43-101 and was responsible for verifying the scientific and technical information herein and has read and approved this MD&A.

Results of Operations

The financial statements reflect the financial condition of the Company's business for the nine months ended September 30, 2020.

During the nine months ended September 30, 2020, the Company incurred a net loss of \$430,263 as compared to \$1,561,762 for the nine months ended September 30, 2019. Significant items making up the loss include:

- Business development of \$25,148 (2019 - \$388,578), the Company reduced investor relations related expenditure compared to the comparative period.
- Consulting and management fees of \$61,000 (2019 - \$284,000) paid and accrued to the CFO and a director of the Company.
- Exploration and evaluation expenditures of \$165,547 (2019 - \$788,732) as the Company slowed down exploration program at the Santa Cruz graphite project in Bahia, Brazil.
- Office and miscellaneous of \$14,402 (2019 - \$16,010) as comparable as of last period.
- Professional fees of \$42,177 (2019 – \$20,617) related to audit and accounting fees and legal fees.
- Transfer agent and filing fees of \$32,067 (2019 - \$40,602) related to the listing fees on the OTCQB.

Summary of Quarterly Results

The following table summarizes the quarterly results for each of the three months periods ended:

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	\$ 5,878,502	\$ 5,940,322	\$ 5,783,648	\$ 5,876,953
Working capital (deficiency)	(347,819)	(232,650)	(109,747)	(20,129)
Net loss	(186,174)	(152,659)	(96,430)	(371,695)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.01)
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total assets	\$ 6,221,081	\$ 6,751,808	\$ 7,141,089	\$ 7,240,312
Working capital	356,985	937,755	1,358,414	1,435,158
Net loss	(585,515)	(506,038)	(470,209)	(819,908)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.10)

Discussion of Quarterly Results

The variability in the Company's net loss over the last eight quarters resulted primarily from the changing levels in share-based payments and office and administrative expenses. The primary reason for the large net loss in the quarter ended December 31, 2018 was due to the exploration and evaluation expenditures of \$639,355 as the Company started its exploration program at the Santa Cruz graphite project in Bahia, Brazil.

During the three months period ended September 30, 2020, the Company incurred a net loss of \$186,174 as compared to \$585,515 for the three months ended September 30, 2019. Significant items making up the loss include:

- Business development of \$5,064 (2019 - \$30,342) the Company reduced investor relations related expenditure compared to the comparative period.
- Consulting and management fees of \$12,000 (2019 - \$80,000) accrued to the CFO of the Company.
- Professional fees of \$2,934 (2019 – \$2,546) related to audit and accounting fees and legal fees.
- Transfer agent and filing fees of \$2,608 (2019 - \$1,484) related to transfer agent, regulatory, and filing fees.
- Office and miscellaneous of \$5,073 (2019 - \$4,942) consisting of various telephone, office, and related costs.
- Exploration and evaluation expenditures of \$77,772 (2019 - \$469,879) as the Company slowed down its exploration program at the Santa Cruz graphite project in Bahia, Brazil.

Liquidity

The Company's mineral exploration and development activities do not provide a source of income and we therefore have a history of losses, working capital deficiencies and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

As at September 30, 2020, the Company had working capital deficiency of \$347,819. This balance included a cash balance of \$127,872 (December 31, 2019 - \$110,795) to settle current liabilities of \$487,223 (December 31, 2019 - \$155,491).

To maintain liquidity, the Company is currently investigating financing opportunities, included but not limited to share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares and loans payable. The Company will continue to seek capital.

Operating Activities: The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended September 30, 2020 was \$255,030 (2019 - \$1,294,232).

Financing Activities: During the period ended September 30, 2020, the Company issued convertible debentures for proceeds of \$280,000 (2019 - \$393,900).

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

Related Party Transactions

Key management personnel consist of the officers of the Company and the Company's Board of Directors. During the nine months period ended September 30, 2020, the Company:

- a) Paid or accrued management and consulting fees of \$15,000 (2019 - \$98,000) to a director and former CEO of the Company;
- b) Paid or accrued management and consulting fees of \$36,000 (2019 - \$36,000) to a company partially owned by the CFO of the Company;
- c) Paid or accrued management and consulting fees of \$Nil (2019 - \$115,556) to the CEO of the Company from Frontera (Note 4). These are included in exploration and evaluation expenditures;
- d) Paid or accrued management and consulting fees of \$Nil (2019 - \$62,108) to a director of the Company from Frontera (Note 4). These are included in exploration and evaluation expenditures; and
- e) Paid or accrued management and consulting fees of \$Nil (2019 - \$135,000) to Frontera.

Included in accounts payable and accrued liabilities as at September 30, 2020 is \$132,630 (December 31, 2019 - \$101,910) due to both current and former officers, directors or companies with a director in common for cash advances, unpaid consulting fees and unpaid expenses.

During the period ended September 30, 2020, the Company received a loan of \$7,512 from the CEO that is non-interest bearing and due on demand. The loan was fully repaid during the period ended September 30, 2020.

During the nine months period ended September 30, 2020, the Company recorded share-based payments of \$59,073 (2019 - \$6,967) related to the fair value of stock options issued to key management personnel.

Outstanding Share Data

As at the date of this report the Company had 42,905,430 common shares issued and outstanding.

The following incentive stock options and share purchase warrants were outstanding at the date of this report:

Number	Exercise price		Expire date
Stock Options			
	900,000	\$ 0.30	May 30, 2022
	600,000	0.45	July 30, 2023
	90,000	0.15	June 17, 2024
	2,660,000	0.055	August 4, 2025
	4,250,000	\$ 0.16	
Share purchase warrants			
	4,099,000	\$ 0.15	February 28, 2021
	4,099,000	\$ 0.15	

Contractual Obligations

Except as described herein or in the Company's financial statements at September 30, 2020, the Company had no material contractual obligations.

Off-Balance Sheet Arrangements

At September 30, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Subsequent event

Subsequent to September 30, 2020, the Company announced a pre-approval of \$7,500,000 in debt finance from Banco do Nordeste, a leading regional Brazilian development bank, as well as an approval of the renewal of the simplified environmental license for a period of 4 years for the Phase 1 Pilot Plant Operations (5,000tpy of concentrate) for the Santa Cruz Graphite Project in Bahia, Brazil.

Capital Resources

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. In the past the Company has raised capital public markets by issuing common shares pursuant to private placements and through loans payable. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of

risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

The Company will require additional funding.

At September 30, 2020, the Company held cash of \$127,872 and current liabilities of \$487,223. The Company has historically relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

Country risk

The Company's mineral properties are located in and its activities will be conducted in Brazil and as such the Company will be exposed to various levels of political, economic and other risks and uncertainties associated with carrying on business in Brazil. These risks include but are not limited to, political instability, an unpredictable legal system, civil unrest, high levels of corruption, significant delay's in permitting and approvals, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, restrictions on foreign ownership, possible restrictions on foreign exchange, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

The Company is subject to government regulation.

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

The Company may be adversely affected by fluctuations in graphite and other metal prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of graphite. Mineral prices fluctuate widely and are affected by numerous factors beyond

the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Infrastructure

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

The Company does not and likely will not insure against all risks.

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause The Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

The Company may be subject to disputes.

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

All industries, including the mining industry, are subject to legal claims that are with and without merit. Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company.

The Company is dependent on key personnel.

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

The Company's officers and directors may have potential conflicts of interest.

The Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

Permits, licenses and approvals

In countries where we carry out exploration activities, the mineral rights or certain portions of them are owned by the relevant governments. These governments have entered into contracts with us, or granted permits or concessions that allow us to carry out operations or development and exploration activities there, but

government policy could change. Any change that affects our rights to conduct these activities could have a material and adverse effect on the Company.

In addition, mineral exploration and mining activities can only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. The duration and success of each permitting effort are contingent upon many factors we do not control. In the case of foreign operations, governmental approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There may be delays in the review process. There is no guarantee that we will be granted the necessary permits and licenses, that they will be renewed, or that we will be in a position to comply with all conditions that are imposed.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that we will be granted these at all, or in a timely manner. If we do not receive them for our mineral projects or are unable to maintain them, it could have a material and adverse effect on the Company.

Joint venture partners

Mining projects are often conducted through an unincorporated joint venture or an incorporated joint venture company. Joint ventures often require unanimous approval of the parties or their representatives for certain fundamental decisions like an increase (or decrease) in registered capital, a merger, division, dissolution, amendment of the constitutional documents, and pledge of the joint venture assets, which means that each party to the joint venture has a right to veto any of these decisions, which could lead to a deadlock. We are subject to a number of additional risks associated with joint ventures, including:

- disagreement with a joint venture partner about how to develop, operate or finance the project;
- that a joint venture partner may at any time have economic or business interests or goals that are, or become, inconsistent with our business interests or goals;
- that a joint venture partner may not comply with the agreements governing our relationship with them;
- disagreement with a joint venture partner over the exercise of such joint venture partner's rights under the agreements governing our relationship;
- the possibility that a joint venture partner may become insolvent;
- the possibility that we may not be able to sell our interest in a joint venture if we desire to exit the joint venture; and
- possible litigation with a joint venture partner over matters related to the project.

Title to our mineral properties

We have investigated title to all of our mineral properties and, to the best of our knowledge we have or are entitled to title to all of our properties. Challenges may be made to the title to any of our properties and, if successful, they could impair development and/or operations at our mines or projects. There is no assurance that title to any of our properties will not be challenged.

New laws and regulations, or amendments to laws and regulations relating to mineral tenure and land title and usage, including expropriations and deprivations of contractual rights, if proposed and enacted, may affect our rights to our mineral properties. There is no assurance that we will be able to operate our properties as currently permitted or that we will be able to enforce our rights with respect to our properties.

Reputational risk

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and take care in protecting our image and reputation, we do not have control over how we are perceived by others. Any reputation loss could result in decreased investor

confidence and increased challenges in developing and maintaining community relations which may have adverse effects on the Company and the price of the Company's securities.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in Note 3 of its annual audited financial statements for the year ended December 31, 2019. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our condensed interim financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and underlying assumptions. Significant areas requiring the use of management estimates include determination of the fair value of share-based payments and estimate of deferred income tax assets and liabilities. Significant judgements include the Company's ability to continue as a going concern. Actual results could differ from these estimates.

Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at September 30, 2020, the carrying value and fair values of the Company's financial instruments, with comparative figures for 2019 are shown in the table below:

	September 30, 2020		December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash	\$ 127,872	\$ 127,872	\$ 110,795	\$ 110,795
Financial liabilities				
Accounts payable	209,627	209,627	155,491	155,491
Convertible debentures	\$ 277,596	\$ 277,596	\$ -	\$ -

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had a cash balance of \$127,872 (December 31, 2019 -

\$110,795) to settle current liabilities of \$487,223 (December 31, 2019 - \$155,491). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: The Company has no assurance that the licenses will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements inclusive of, but not limited to the production arrangements and the timing of the mine development, mill construction and ore production. Although forward-looking statements and information contained in this MD&A are based on the beliefs of The Company management, which we consider to be reasonable, as well as assumptions made by and information currently available to The Company management, there is no assurance that the forward-looking statement or information will prove to be accurate. The assumptions made include assumptions about The Company's ability to move forward with the arrangements as set out in the Definitive Agreement. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing

requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law.

South Star Mining Corp.

"Justin Blanchet"

Chief Financial Officer
November 24, 2020