

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**

May 4, 2020

3. **NEWS RELEASE**

News release dated May 6, 2020 was disseminated via the facilities of TheNewswire.

4. **SUMMARY OF MATERIAL CHANGE**

South Star Mining Corp. closed a non-brokered private placement financing.

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

South Star Mining Corp. (“**South Star**” or the “**Company**”) (TSX-V: STS) (OTC: STSBF) completed a non-brokered, secured convertible debenture placement for an aggregate gross proceeds of C\$280,000 (“**Placement**”). Company insiders took a large percentage of the Placement. Net proceeds from the Placement will be used for advancing project development, approval of licensing, commercial agreements, project finance and general working capital requirements for the Company.

The Placement consists 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 has a minimum amount of C\$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 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 one 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 are subject to (a) a four month hold period from the date of closing; and (b) approval by the TSX Venture Exchange. 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.

The Placement was 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 C\$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 Placement, the Company may adjust the subscriptions received on a pro-rata basis.

The Company has also made the Placement 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 Placement, the Company issued debentures to directors, officers and insiders of the Company. As a result, the 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.

Five directors, including management of the Company, participated in the Placement for convertible debentures in the aggregate principal amount of \$230,000. The Placement was approved by the Board, with the five directors who participated in the Placement abstaining from voting on the resolution approving the Placement. 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 Placement as the details of the related party 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**

Mr. Richard Pearce
Chief Executive Officer
Email: r.pearce@fronteraminerals.com

Dave McMillan
Chairman
Email: davemc@telus.net

9. **DATE OF REPORT**

May 7, 2020