

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. NAME AND ADDRESS OF COMPANY**

South Star Battery Metals Corp.  
Suite 1507 - 1030 West Georgia Street  
Vancouver, BC, V6E 2Y3

**2. DATE OF MATERIAL CHANGE**

November 16, 2022

**3. NEWS RELEASE**

News release dated November 16, 2022 was disseminated by Cision.

**4. SUMMARY OF MATERIAL CHANGE**

South Star Battery Metals Corp. announces closing of \$2.3 million of the non-brokered private placement and Phase 1 construction updates.

**5. FULL DESCRIPTION OF MATERIAL CHANGE**

South Star Battery Metals Corp. ("South Star" or the "Company") (TSX-V: STS) (OTC: STSBF) has completed the second tranche of its previously announced non-brokered private placement of units (the "Private Placement" or the "Offering") for total proceeds of C\$2,326,700. The entire second tranche of the Offering was with global institutional investors who are very familiar with the battery metals and mining sectors. Net proceeds from the Private Placement will be used for exploration, development, construction activities, corporate G&A and general working capital requirements. Phase 1 commercial production is planned for Q4 2023.

With the closing of the second tranche of the financing, the Company should meet all the condition precedents to the Phase 1 closing under the Sprott Private Resource Streaming and Royalty Corp. ("Sprott") streaming agreement ("Agreement") (see April 5, 2022, April 18, 2022 and October 5, 2022 press releases). The Company anticipates the Phase 1 closing under the Sprott Agreement in November 2022. With the release of the Phase 1 funds of US\$10,000,000 for CAPEX due on closing under the Sprott Agreement, the Company will be fully funded for construction of the Phase 1 plant and mine at the Santa Cruz Graphite mine in Bahia, Brazil.

Richard Pearce, CEO of South Star, said, "We have successfully partnered with strong, long-term institutional investors familiar with Brazil, mineral resources and battery metals sector. We should close the Sprott Agreement in short order and will be fully funded for Phase 1 CAPEX. The owner's team is in place for construction, and we have started signing contracts as well as making down payments on critical path major equipment. Earthworks and civil infrastructure contractors are signed with mobilization planned in early December 2022. All the other contractors for Phase 1 have been prequalified, and we are finalising the

negotiations for the balance of the contracts. We will deliver on our promise and commitment to be the first new graphite production since 1996. Our team is looking forward to putting shovels in the ground and moving the Project off the paper and into reality. Having started investing in Santa Cruz in 2010, we are very excited to have near-term production and cashflows on the horizon."

The second tranche of the Private Placement consists of 4,390,000 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. The securities issued in this first tranche closing will be subject to a four-month hold period from the date of closing and approval by the TSXV, expiring March 16, 2023. In connection with closing of the second tranche of the Private Placement, the Company issued an aggregate amount of 73,300 finders' warrants and paid \$116,547 in cash finders' fees to a certain finder. Each finders' warrant entitles the holder to acquire one common share of the Company for a period of five years from the date of issue at a price of \$0.53. These finders' warrants are in addition to 77,944 finder's warrants issued in connection with the closing of the first tranche of the Private Placement. An aggregate of 8,750 of the finder's warrants issued in connection with the first tranche were exercisable at a price of \$1.25 for five years from the date of issue. An aggregate of 69,194 of the finders' warrants issued in connection with the first tranche were exercisable at a price of \$0.53 for five years from the date of issue.

#### **Acceleration Clause**

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.

Two directors of the Company subscribed in the Private Placement for an aggregate of 137,736 units for gross proceeds of \$73,000. Each transaction with the directors 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)(b) from the formal valuation and minority shareholder approval requirements of MI 61-101, as the fair market value of the Private Placement, insofar as it involves related parties, does not exceed 25% of the Company's market capitalization (as determined under MI 61-101). The Company did not file a material change report at least 21 days before the closing of the private placement as the details of the private placement and the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close on an expedited basis for sound business reasons.

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

Not applicable.

7. **OMITTED INFORMATION**

Not applicable.

8. **EXECUTIVE OFFICER**

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

9. **DATE OF REPORT**

November 24, 2022