

FORM 51-102F3
MATERIAL CHANGE REPORT

1. NAME AND ADDRESS OF COMPANY

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

2. DATE OF MATERIAL CHANGE

November 3, 2022

3. NEWS RELEASE

News release dated November 3, 2022 was disseminated by Cision.

4. SUMMARY OF MATERIAL CHANGE

South Star Battery Metals Corp. announces financing update and closing of \$2.3 million in the first tranche of the non-brokered private placement

5. FULL DESCRIPTION OF MATERIAL CHANGE

South Star Battery Metals Corp. (“**South Star**” or the “**Company**”) (TSX-V: STS) (OTC: STSBF) has completed the first tranche of its previously announced non-brokered private placement of units (the “**Private Placement**” or the “**Offering**”) for total proceeds of C\$2,308,863. The majority of participation in the first 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.

The funds for closing the second tranche of the financing, which the Company anticipates will exceed the amount required to meet the condition precedent 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) have been committed and received by the Company and are being held in escrow, pending TSX Venture Exchange review of a personal information form (“**PIF**”). The Company anticipates closing both the second tranche of the financing and 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.

The first tranche of the Private Placement consists of 4,356,346 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 4, 2023. In connection with the Private Placement, the Company issued an aggregate amount of 77,944 brokers’ warrants in connection with the Private Placement and paid \$129,541 in cash finders’ fees to certain finders.

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, including one officer of the Company subscribed in the private placement for an aggregate of 137,736 units for gross proceeds of \$73,000.08. 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 transaction, 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.

Equity Plans

Following the Company’s shareholder meeting on October 12, 2022 (the “**Shareholders’ Meeting**”), the Company adopted a restricted share unit (collectively “**RSUs**”) plan (the “**RSU Plan**”) and a new stock option plan (the “**2022 Stock Option Plan**”).

The RSU Plan governs the granting of any RSU granted under the fixed RSU Plan, to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The maximum number of RSUs issuable under the RSU Plan is 2,400,893 common shares, being 10% of the issued and outstanding common shares of the Company at the time the RSU Plan was implemented.

The number of stock options issuable under the 2022 Stock Option Plan may not exceed 10% of the number of issued and outstanding common shares of the Company as at the date of a grant. The 2022 Stock Option Plan is a “rolling” stock option plan which governs the granting

of stock options to directors, officers, employees and consultants of the Company or a subsidiary of the Company for the purchase of up to 10% of the issued and outstanding common shares in the capital of the Company from time to time. The 2022 Stock Option Plan supersedes the Company's current stock option plan. Any stock options currently outstanding under the superseded stock option plan will remain outstanding as at the effective date, however new stock option grants will be subject to the 2022 Stock Option Plan. The Company currently has 1,439,000 options outstanding, leaving 961,893 options available for grant.

The RSU Plan and the 2022 Stock Option Plan received shareholder approval at the Shareholders' Meeting, and received final approval from the TSX Venture Exchange.

Further details regarding the RSU Plan and the 2022 Stock Option Plan are included in the management information circular of the Company filed on SEDAR in connection with the Shareholders' Meeting.

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@southstarbattery metals.com

9. DATE OF REPORT

November 4, 2022