

South Star Announces Indicative Term Sheet for US\$4M Debt Financing for the Santa Cruz Graphite Mine in Brazil and Appointment of New CFO

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- **Non-Binding Indicative Term Sheet for a US\$4,000,000 loan facility with Sprott Streaming over a 3-year maturity period for the Santa Cruz Graphite Mine in Brazil;**
- **The funds will be used to support the continued development and optimization of the Phase 1 Santa Cruz Graphite Mine in Brazil; and**
- **South Star and Sprott are working on the definitive documentation and expect the financing to close on an expediated schedule.**
- **Mr. Darren Prins has been appointed to the role of chief financial officer.**

VANCOUVER, British Columbia, Aug. 26, 2025 -- **South Star Battery Metals Corp.** ("**South Star**" or the "**Company**") (TSXV: STS) (OTCQB: STSBF), is pleased to announce that it has signed a non-binding indicative term sheet ("**Term Sheet**") with Sprott Streaming and Royalty ("**Sprott Streaming**") for a US\$4,000,000 loan facility ("**Loan**") to support the continued development of the Phase 1 Santa Cruz Graphite Mine in Brazil. The Loan has a 3-year maturity, with final terms and Loan documentation being finalized on an expedited basis. The initial Loan tranche of US\$200,000 at closing is conditional on US\$2,000,000 equity or subordinated debt financing.

A detailed development plan and use of proceeds has been prepared to further improve operational performance, de-risk the production ramp-up, and ensure consistent product quality at Santa Cruz. The Loan proceeds will be used exclusively for Santa Cruz Graphite Mine for equipment adjustments and upgrades, working capital and ongoing process optimization aimed at enhancing operational efficiency for 450 tonnes per month ("tpm") of concentrate production and supporting the continued transition to 1,000 tpm. Funds will also be used to enhance operating robustness while adding financial flexibility to ensure the smooth execution of the development plan.

Richard Pearce, CEO of South Star, commented, *"We are very pleased to continue our financing partnership with Sprott Streaming, a globally recognized leader in resource investments. This facility provides flexible, milestone-based funding that will allow us to continue advancing the Santa Cruz Graphite Mine into consistent production and to further strengthen our position as a critical materials supplier for the energy transition. We look forward to building long-term value for our shareholders as we execute on our growth strategy."*

Key Loan Terms

Loan Amount:	US\$4,000,000.
Loan Term:	3 years (36 months) from Loan closing.
Disbursement:	Funds will be made available in tranches based on agreed upon milestones over a 24-month period following the Loan closing.
Interest Rate:	12% per annum (compounded monthly) for first 24 months; 18% per annum for the final 12-month period.
Grace Period:	12 months with accrued interest capitalized to principal amount.
Repayment Terms:	Quarterly cash interest payments after 12-month grace period. Repayment of amortized interest and principal starting 18 months after the Loan closing. 50% of the principal and capitalized interest will be amortized over the following 24 months, with the remaining 50% due at maturity.
Senior Security:	The Loan will be secured by existing Stream security package on a pari passu basis.
Warrants:	STS will issue 250,000 3-year warrants at a strike price to be negotiated. Warrants will be issued 25% on closing of documentation, and the remaining pro rata with draw amounts.
Loan Closing:	Final terms and conditions are being finalized, and Loan documentation is being prepared on an expedited schedule.

The loan facility is subject to approval by the TSX Venture Exchange (the "**Exchange**").

Chief Financial Officer

South Star is also pleased to announce the appointment of Mr. Darren Prins for the role of CFO effective immediately in place of Ms. Samantha Shorter, who has resigned to pursue other opportunities.

Mr. Prins has more than 20 years of experience in all aspects of the accounting and finance function, including corporate reporting, treasury management, risk management, and budgeting. Mr. Prins has served as the Chief Financial Officer for TSX, TSX Venture and NYSE listed companies, as well as privately held entities, across multiple industries including mining, oil & gas, agriculture and private equity. As CFO, Mr. Prins has led a variety of capital markets initiatives and oversaw several mergers & acquisitions transactions. Earlier in his career, Mr. Prins worked in the assurance practice at Ernst & Young.

Richard Pearce, CEO of South Star, commented, *"We are pleased to welcome Darren to the team and his extensive*

experience in senior finance roles will be invaluable as we advance through the upcoming milestones. I look forward to working closely with him and our team. On behalf of the Company, I would also like to sincerely thank Sam for her many contributions and dedication over the past several years. She has been an integral member of our team, and we wish her every success in her future endeavors."

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

ABOUT SOUTH STAR BATTERY METALS CORP.

South Star is a Canadian battery-metals project developer focused on the selective acquisition and development of near-term production projects in the Americas. South Star's Santa Cruz Graphite Project, located in Southern Bahia, Brazil is the first of a series of industrial- and battery-metals projects that will be put into production. Brazil is the second-largest graphite-producing region in the world with more than 80 years of continuous mining. Santa Cruz has at-surface mineralization in friable materials, and successful large-scale pilot-plant testing (> 30 tonnes) has been completed. The results of the testing show that approximately 65% of graphite concentrate is +80 mesh with good recoveries and 95%-99% graphitic carbon (Cg). With excellent infrastructure and logistics, South Star Phase 1 is ramping up commercial production with first sales shipped in May 2025. Santa Cruz is the first new graphite production in the Americas since 1996.

South Star's second project in the development pipeline is strategically located in Alabama, U.S.A. in the center of a developing electric-vehicle, aerospace, and defense hub in the southeastern United States. The BamaStar Project includes a historic mine active during the First and Second World Wars. The vertically integrated production facilities include a mine and industrial concentrator in Coosa County, AL and a downstream value-add plant in Mobile, AL, which will be upgrading natural flake graphite concentrates from both Santa Cruz and BamaStar mines. A NI 43-101 Preliminary Economic Assessment demonstrates strong economic results with a pre-tax Net Present Value ("NPV8%") of US\$2.4B and an Internal Rate of Return ("IRR") of 35%, as well as an after-tax NPV8% US\$1.6B with an IRR of 27%. South Star has also received US\$3.2 million grant commitment from the US Department of Defense Title III program to advance a feasibility study on the BamaStar project. South Star trades on the TSX Venture Exchange under the symbol STS, and on the OTCQB under the symbol STSBF.

South Star is committed to a corporate culture, project execution plan and safe operations that embrace the highest standards of ESG principles, based on transparency, stakeholder engagement, ongoing education, and stewardship. To learn more, please visit the Company website at <http://www.southstarbatterymetals.com>.

This news release has been reviewed and approved for South Star by Richard Pearce, P.E., a "Qualified Person" under National Instrument 43-101 and President and CEO of South Star Battery Metals Corp

On behalf of the South Star Board of Directors,

MR. RICHARD L. PEARCE,
President & Chief Executive Officer

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CAUTIONARY STATEMENT

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

FORWARD-LOOKING INFORMATION

This press release contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements in this press release include, but are not limited to, statements regarding the issuance and terms

of the promissory notes, including the proposed use of proceeds, anticipated repayment or prepayment, the potential for acceleration in connection with future financings, and the receipt of regulatory approvals; the Private Placement, including its expected closing, use of proceeds, and the potential acceleration of Warrants and Finder's Warrants; the commencement of production at the Santa Cruz Project; the scaling of operations; the advancement of the Alabama project; and the Company's overall strategy, plans, and future expectations.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining and exploration; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from the Company's expectations or projections.