Meeting Sustainable Development Goals

In September 2015, the 193 United Nations (UN) member states adopted "Transforming Our World: the 2030 Agenda for Sustainable Development", which includes a set of Sustainable Development Goals (SDGs) for 2015-2030. The agenda provides a successor framework for the Millennium Declaration and the Millennium Development Goals (MDGs) that covered the period from 2000-2015. The SDGs represent the world's comprehensive plan of action for social inclusion, environmental sustainability, and economic development.

South Star believes that the mining industry can have a positive impact across the SDGs and has a history of incorporating the SDGs into their own exploration practices and mining operations.

The following describes the current state of compliance with each of the SDGs as concerns South Star's 100%-owned Santa Cruz graphite project in Brazil.

SDG1: Poverty Eradication

- As one of the major industries in the region, remain committed to responsible, equitable hiring practices in partnership with the Community/municipality.
- Phase 1 pilot plant will provide 60-65 estimated direct jobs and 350 estimated indirect jobs. Phase 2 plant will provide 120-125 estimated direct jobs and 700 estimated indirect jobs.
- Paying a "living wage" to all employees and requiring Contractors to adequately compensate their workforces.
- Provide retirement funds for all employees.
- Work with local service and goods providers to encourage decent wage and benefit schedules.
- Tax payments to all levels of Government are estimated to be $XX.XX. Work with the Local Community to ensure that an appropriate proportion of taxes paid to State and Federal Authorities is directed back to the Community programs.

SDG2: Zero Hunger

- Provide cafeteria and hot meals to employees as required by Labour regulations.
- Ensure that excess or leftover food is preserved and distributed to most needy in the Community.
- Undertake studies of food security and hunger in the Community and work to support programs to address the issues, including school food programs.
- Work within supply chains to ensure a greater range of high-quality nutrition is available to all at reasonable cost.

SDG3: Good Health and Well-Being

- Provide periodic physical examinations to all employees.
- Provide healthcare insurance to all employees.
- Provide healthcare station and nurse onsite.
- Provide ambulance and emergency transport service as needed.
- Provide support to deal with drug and alcohol abuse and other mental health issues.

SDG4: Quality Education

- Provide Safety training and certification to all employees, require Contractors to provide the same.
- Provide Environmental education programs to all employees and to Community leaders.
- Provide Jobs/Skills training to all employees and ensure that certification or licenses are obtained and recognized.

SDG5: Gender Equality

- Remain committed to responsible, equitable hiring practices in partnership with the Community/municipality.
- Actively promote a balance in hiring and ensure wages are equal for all in the same work classification.
- Maintain training programs to deter sexual harassment and discrimination and pursue investigation of all complaints.

SDG6: Clean Water and Sanitation

- A complete waste sorting-and-recycling program is provided for.
- Bio-digestion of sanitary wastes is provided for.

SDG7: A ordable Clean Energy

- Annual energy consumption is projected to be XXX,XXX kilowatt hours. Renewable sources provide 80% of Brazilian energy generation.
- A solar power project being studied to provide peak power needs.

SDG8: Decent Work and Economic Growth

- Work with local Community-based organizations to drive economic growth, and the potential for businesses to continue beyond life-of-mine.
- Work with local supply chains to build expertise and capacity.
- Encourage local suppliers to increase variety and quality of product offerings beyond the needs of the mining operations.

SDG9: Industry, Innovation, and Infrastructure

- Share road, power, water, IT infrastructure and its maintenance.
- Develop local supplier groups to gain economies of scale.

SDG10: Reduce Inequalities

- Understand and be sensitive to local disparities.
- Be inclusive in local procurement and supply chains rather than rely on a single large supplier.

SDG11: Sustainable Cities and Communities

- Carry on progressive reclamation.
- Ensure that mining development and Community development do not conflict.

SDG12: Responsible Consumption and Production

- Phase 1 operations are fully licensed: mining license approved for three years as of Dec 31, 2020; environmental permit currently approved for four years.
- Minimize water use by high-percentage recycling of process water.
- Minimize use of energy, process chemicals.
- Minimize disturbed footprint area of site.

SDG13: Climate Action

- Renewable sources provide 80% of Brazilian energy generation.
- Low-cost, tax-incentivised, solar power project being studied.
- Review all fossil fuel usage and consider possible alternatives.
- Build resilience to anticipated climate changes into infrastructure.

SDG14: Protection of Life Below Water

- Effective process water management & low freshwater demand, with high-percentage of process water recirculated.
- Sustainable tailing management with filtered tailing/dry stacked.
- Diversion and collection of all stormwater and site runoff, settling of solids before release to natural environment.
- Ongoing environmental monitoring programs, with open reporting of results.

SDG15: Protection of Life on Land

- Waste characterized as inert/non-dangerous under Brazilian regulations.
- Low footprint area and limited vegetation suppression during project construction (<2ha).
- Progressive reclamation of all operating areas, including tailing and waste-rock storage areas.
- Nature reserve to be set aside (XX ha).
- Ongoing environmental monitoring programs with open reporting of results.

SDG16: Peace, Justice and Strong Institutions

- Committed to transparency and open communication.
- Committed to ongoing Community/ stakeholder engagement process.
- Committed to ethical, professional interactions with all.
- Focus on worker safety with compensation tied to performance.
- Executive management primarily residing in Brazil and is onsite and hands-on.
- TSX and OTC listing and reporting requirements to be complied with.
- Audited financials available to all.
- Executive compensation is tied to the ESG performance.

SDG17: Partnerships for the Goals

- Committed to joining key industry organizations and ESG frameworks.
- Committed to provide Community environmental education.
- Review, evaluate and regularly update governance policies.
- Have an “Open Door” policy, provide for periodic organized visits for Community members to review the mine operations.
- Participate in various social programs, in coordination with municipality and State Development agencies.