(the "Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

Introduction

This Management's Discussion and Analysis ("MD&A") of South Star Battery Metals Corp. is the responsibility of management and covers the nine months ended September 30, 2021. The MD&A takes into account information available up to and including November 26, 2021 and should be read together with the condensed consolidated interim financial statements for the nine months ended September 30, 2021 and the annual audited consolidated financial statements for years ended December 31, 2020 and 2019, which are available on the SEDAR website at www.sedar.com. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated.

Throughout this document the terms *we, us, our, the Company* and *South Star* refer to South Star Battery Metals Corp. On May 26, 2021, the Company changed its corporate name from South Star Mining Corp. to South Star Battery Metals Corp.

Additional information related to the Company is available for view on SEDAR.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements."

The Company trades on the TSX Venture Exchange ("TSXV") under the symbol STS and on the OTCQB under the symbol STSBF.

Description of Business

The Company's is a Canadian battery metals project developer focused on the selective acquisition and development of near-term production projects in the Americas. The Company's primary focus is the Santa Cruz Graphite Project in Southern Bahia, Brazil.

Subsequent to September 30, 2021, the Company announced a proposed earn-in to a graphite project in Alabama, USA.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. The Company continues to work to adapt to changing circumstances, travel restrictions and impacts on movement of goods and services. These conditions may impact the Company's ability to execute on its business plans.

Business Highlights

Santa Cruz Graphite Project

In the second quarter of 2021, the Company entered into a Memorandum of Understanding for 4,000 tonnes of natural flake graphite concentrate over a period of four years for the Santa Cruz Graphite Project. The strategic offtake was signed with a European industrial specialist in high-quality graphite products including refractories, flame retardants, conductivity materials and lubricants.

The Company also entered into a Memorandum of Understanding for 20,000 tonnes of natural flake graphite concentrate over a period of five years. The strategic offtake was signed with a United States industrial specialist in high-quality graphite including coated spherical purified graphite (CSPG), downstream processing and marketing.

The Company has realized positive purification results using a thermal process from its advanced testing program with its technology partner, a United States laboratory. The thermal purification process has resulted in 99.9993 wt% C without any of the environmental, health and worker safety issues associated with hydrofluoric acid, which is the most common practice in use today. Thermal purification is a proven, commercially viable technology for improving the quality of concentrate graphite for a broad range of value-add applications, including lithium-ion batteries.

In June, 2021, the Company successfully produced uncoated and coated spherical purified graphite ("SPG") suitable for use as anode active material for lithium-ion batteries. In August 2021, the Company used the active anode material to produce several CR2016 coin cells and announced the successful results of the initial 35 cycles of a long cycle testing program. One cycle consists of 10 hours of charge and 10 hours of discharge, therefore 35 cycles equals approximately 700 hours total. The results were very stable with little degradation throughout the initial cycles. In September, 2021, the Company announced the continuing successful results through 75 cycles of the ongoing cycle testing program as well as excellent results for 4-Point resistivity testing (4T) for use in Electrolytic Manganese Dioxide (EMD) for evaluating conductivity enhancement material used in cathodes of primary alkaline batteries. The cycle tests continue to be very stable with little degradation and 4T testing results confirmed that purified flake graphite from the Santa Cruz project is significantly more conductive than industry-leading material currently in use currently.

Ceylon Graphite Project, Alabama

The Company has agreed to key terms on a proposed earn-in to the Ceylon Graphite Project in Alabama with Hexagon Energy Materials Limited ("Hexagon") (ASX: HXG) and U.S. Critical Minerals LLC, a privately held exploration company incorporated in the United States. South Star and the vendors intend to negotiate the terms of a formal agreement which will allow South Star to earn-in up to 75% of the Project. The transaction is subject to customary conditions, including preparation, finalisation and execution of formal agreements and the receipt of all necessary approvals, including the approval of the TSXV.

Currently, Hexagon owns 80% of the Project, and USCM with a small group of individuals owning the remaining 20% of the Project. The Project is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama. The Project is an historic mine active during World Wars I & II. The Ceylon Graphite mine historically targeted friable outcropping graphite mineralization, averaging approximately 3%-5% graphitic carbon. Mineralization is at surface, and the graphitic host rock was mined historically with shovels and excavators with no drilling and blasting required.

Hexagon, USCM and South Star are currently negotiating the proposed formal agreements to reflect the above terms, with the intention of finalising and executing those agreements (if final terms are agreed) during November 2021. Additional information with respect to the Ceylon Graphite Project is provided below.

Private placements

In February 2021, the Company issued, on a non-brokered basis, 15,055,000 units at $0.10 and 9,524,951 units at $0.105 for gross proceeds of $2,505,620. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holders to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of three years from the date of issue, subject to acceleration provisions.

In October, 2021, the Company closed a non-brokered private placement of 22,069,999 units ("Unit") priced at $0.11 for gross proceeds of $2,427,700. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of three years from the date of issue, subject to acceleration provisions. The Company issued 294,000 brokers' warrants on the same terms as the Warrants and paid $33,600 in finders' fees.

Settlement of convertible debentures

On May 4, 2021, the Company issued 5,600,000 units to convert all of the outstanding convertible debentures of $280,000 at a conversion price of $0.05 per unit. Each unit consisted of one common share and a one share purchase warrant at an exercise price of $0.06 for a period of three years.

Corporate Updates

The Company announced the appointment of Ms. Samantha Shorter to the role of CFO and Ms. Priscila Costa Lima to the Board of Directors. Biographical details are provided in the news release of September 22, 2021. Concurrently, Mr. Felipe Alves resigned from the Board of Directors.

Santa Cruz Graphite Project

South Star Battery Metals Corp owns 100% of the Santa Cruz Graphite Project through its wholly owned subsidiaries Brasil Graphite Corp. ("BGC") and Brasil Graphite Mineracao Ltda. ("BGM"). The project is located in the state of Bahia, Brazil and consists of 13 approved licenses covering 13,316 hectares. The Company issued a Prefeasibility Study ("**PFS**") technical report prepared in accordance with National Instrument 43-101 guidelines with an effective date of March 18, 2020. Highlights of the report include:

- Combined Maiden Proven & Probable (P+P) Reserve Estimate of 12.3M tonnes with strong conversion of resource to reserves.
- The Mineral Reserve Estimate is listed below:

Mineral Reserve Estimate	Tonnage (t)	Cg (%)	In-situ Graphite (t)
Proven	3,989,635	2.49	99,340
Probable	8,318,795	2.35	195,490
Total P &P	***12,308,500***	***2.40***	***295,400***

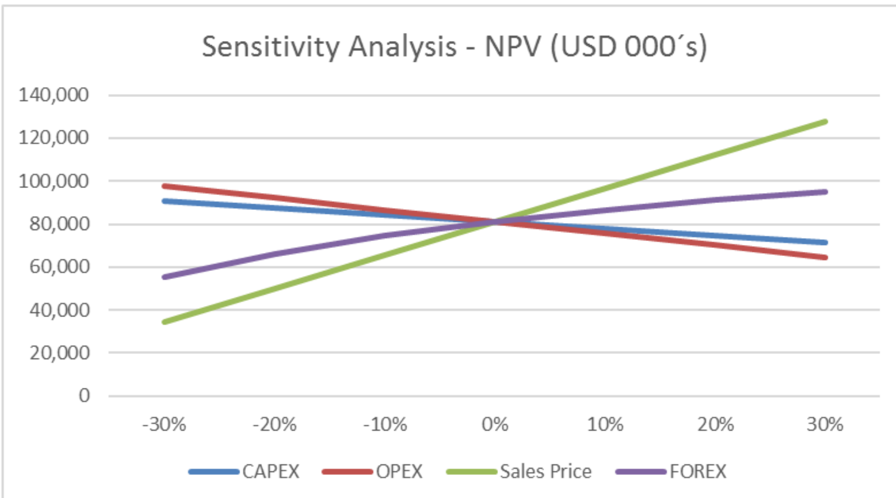
Notes:
1) Mineral Reserves are as defined by the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves.
2) Mineral Reserves are based on Mineral Resources (Published on July 8^{th}, 2019) estimated using ordinary kriging method and a three-dimensional block model using a cut-off grade of 0.75% and 1% Cg, depending on the modeled zones.
3) Numbers have been rounded.
4) Mineral Reserves have incorporated cut-off, pricing, costs, recovery & FX.

- Phase 1 Average Production of 5,000 tpy of 95% Cg Concentrate in Years 1 & 2
- Phase 2 Ramping up from 13,500 tpy of 95% Cg Concentrate in Year 3 to an average production of 25,000 tpy in years 4-11
- Average Basket Price of Products of US$1,287/t
- Open-pit mining with strip ratio of 1.6 Life of Mine (LOM)
- 12-Year LOM
- Exchange Rate of R$3.95 to US$1.00

- Post-Tax $NPV_{5\%}$ of US$81.2M and internal rate of return of 35%
- US$129M Post-tax Cash Flow LOM
- Payback Period of 4 years
- CAPEX & OPEX Parameters for Each Phase are listed below:

Parameter	Phase 1 (US$)	Phase 2 (US$)	Phase 1 & 2 (US$)
CAPEX	7.3M	27.2M	34.5
OPEX ($/t Concentrate)	604	386	396

- Sensitivity Analysis for NPV using CAPEX, OPEX, Sales Price and FX as follows:



Phase 1 pilot plant operations are fully licensed and permitted as well as ready for construction. There is a 12-month construction and commissioning schedule with commercial production scheduled for end of 2022. Detailed engineering has been completed and all major equipment, construction and support services have been recently quoted. The purpose of the Phase 1 operations is to start production and cash flow, generate large scale samples for material qualification processes and solidify long-term commercial relationships for securing purchase agreements for the Phase 2 production. The Company will continue to develop the project with additional drilling, environmental studies, independent metallurgical studies, mine planning, process plant engineering, and equipment sourcing for the Phase 2 operations, including advanced purification processing technology to upgrade concentrates for value-add applications. This includes lithium-ion battery market, alkaline battery markets, dispersions and coatings, expandable graphites & fire retardants and other newly emerging graphite technologies.

In preparation of the start of construction, the Company has assembled an excellent team in Brazil to oversee the construction and commissioning of the Phase 1 plant, as well as a core group of commercial, general and administrative staff.

Ceylon Graphite Project, Alabama

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Currently, Hexagon owns 80% of the Project, and USCM with a small group of individuals owning the remaining 20% of the Project. The Project is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama. The Project is an historic mine active during World Wars I & II. The Ceylon Graphite mine historically targeted friable outcropping graphite mineralization, averaging approximately 3%-5% graphitic carbon. Mineralization is at surface, and the graphitic host rock was mined historically with shovels and excavators with no drilling and blasting required.

A comprehensive preliminary exploration program and bench-scale process have been completed by Hexagon. Work completed to date includes:

- Regional scale and local geologic and structural mapping and sampling program.
- 29 trenches totaling 2,769 linear metres were dug to a maximum depth of approximately 2 metres. The trenches were mapped, logged and 765 samples plus standards and duplicates (5 per 100 samples) were analyzed.
- 100 tonnes of bulk ore samples were collected from across the claims, and a bench-scale process circuit using ten (10) representative samples was tested at GIRCU Laboratory in Guangzhou, China. The testing indicated a traditional crush/grind/floatation concentration circuit achieved grades of approximately 96%-97% with approximately 86% recoveries. In general, approximately 75%-80% of the ore concentrates (by mass) is -80 mesh material and the balance being +80 mesh material. The ore was described as well-liberated and easy to process.

Proposed Earn-In Terms

The following is a summary of the key terms of the proposed earn-in:

- South Star to complete drilling, resource estimation, and analysis needed to produce a NI 43-101 compliant Preliminary Economic Assessment (PEA) within three years from the signing of the final agreements ("Earn-in Period").
- South Star to fund an annual minimum expenditure of CAD$250,000 (CAD$750,000 total minimum) during the Earn-in Period to earn 75% of the Project.
- South Star to extend or renew, as needed, and as part of the earn-in expenditure, the existing mineral leases and surface agreements on the Project to ensure they are valid for a period of a minimum of 12 months beyond the Earn-in Period.
- Upon satisfaction of the first three items listed above, South Star shall have the right, but not the obligation, exercisable within an agreed period, to acquire 75% of the Project, following which (subject to the put option described below) the parties would operate the Project as a joint venture.
- For a period of six months following the exercise of the 75% earn-in option ("Option Period"), Hexagon and USCM individually have the right, but not the obligation, to sell their remaining 25% interest in the Project for an aggregate payment of CAD$250,000 in South Star shares ("Put Option").
- During the Option Period, any expenditures will be shared pro rata. Failure by any party to pay their share shall result in a proportional dilution of interest in the Project.
- Should South Star's interest in the Project increase to 90% or greater, South Star shall have the right, but not the obligation, to purchase the entire remaining interest not owned or under its control on a basis proportional to the Put Option.
- Within six months of the Ceylon Graphite Project achieving commercial production, South Star shall make a payment of CAD$250,000 in South Star shares ("Production Bonus"). The Production Bonus shall be proportionately reduced to reflect any reduction in the remaining 25% interest held by the parties.

Hexagon, USCM and South Star are currently negotiating the proposed formal agreements to reflect the above terms, with the intention of finalising and executing those agreements (if final terms are agreed) during November 2021. Additional information with respect to the Ceylon Graphite Project is provided below.

Outlook

The Company continues to work toward the development of its Santa Cruz Graphite Project. The Company is working to complete a formal agreement with Hexagon with respect to the Ceylon Graphite Project in Alabama, USA.

Richard L. Pearce, a Director of South Star Battery Metals Corp., is a Qualified Person as defined by National Instrument 43-101 and was responsible for verifying the scientific and technical information herein and has read and approved this MD&A.

Summary of Quarterly Results

The following table summarizes the quarterly results for each of the three month periods ended:

		September 30, 2021		June 30, 2021		March 31, 2021		December 31, 2020
Total assets	$	7,357,677	$	7,925,478	$	8,051,325	$	5,821,988
Working capital (deficiency)		1,384,562		1,928,231		2,181,080		(633,836)
Net loss		(555,933)		(530,083)		(234,867)		(271,437)
Net loss per share		(0.01)		(0.01)		(0.00)		(0.00)
		September 30, 2020		June 30, 2020		March 31, 2020		December 31, 2019
Total assets	$	5,878,502	$	5,940,322	$	5,783,648	$	5,876,953
Working capital		(347,819)		(232,650)		(109,747)		(20,129)
Net loss		(186,174)		(152,659)		(96,430)		(292,311)
Net loss per share		(0.00)		(0.00)		(0.00)		(0.01)

Results for the three months ended September 30, 2021 and 2020

During the three months ended September 30, 2021, the Company incurred a net loss of $555,933 as compared to $186,174 for the three months ended September 30, 2020. Significant items making up the loss include:

- Business development of $183,589 (2020 -$5,064) as the Company increased its investor relations engagement during the period.
- Consulting and management fees of $56,295 (2020 - $12,000) related to the CEO and CFO of the Company. The increase in expense relates to the allocation of the CEO salary to management fees in the current year from exploration and evaluation expenditures in the prior year.
- Professional fees of $14,876 (2020 – $2,934) related to audit and accounting fees and legal fees with an increase for some increased corporate activity in the current year.
- Transfer agent and filing fees of $8,024 (2020 - $2,608) related to transfer agent, regulatory, and filing fees.
- Office and miscellaneous of $7,345 (2020 - $5,073) consisting of various telephone, office, and related costs.
- Exploration and evaluation expenditures of $274,115 (2020 - $77,772) as the Company continued to escalate work on its exploration and development program, finalizing construction documents along with preparation and planning for construction at the Santa Cruz Graphite Project in Bahia, Brazil with funds raised in fiscal 2021.

Results for the nine months ended September 30, 2021 and 2020

During the nine months ended September 30, 2021, the Company incurred a net loss of $1,320,883 as compared to $430,263 for the nine months ended September 30, 2020. Significant items making up the loss include:

- Business development of $474,258 (2020 -$25,148) as the Company increased its investor relations engagement during the period.
- Consulting and management fees of $180,384 (2020 - $61,000) related to the CEO and CFO of the Company. The increase in expense relates to the allocation of the CEO salary to management fees in the current year from exploration and evaluation expenditures in the prior year.
- Professional fees of $60,319 (2020 – $42,177) related to audit and accounting fees and legal fees with an increase for some increased corporate activity in the current year.
- Transfer agent and filing fees of $26,746 (2020 - $32,067) related to transfer agent, regulatory, and filing fees.
- Office and miscellaneous of $20,726 (2020 - $14,402) consisting of various telephone, office, and related costs.
- Exploration and evaluation expenditures of $506,112 (2020 - $165,547) as the Company continued to escalate work on its exploration and development program at the Santa Cruz Graphite Project in Bahia, Brazil with funds raised in fiscal 2021.

Liquidity

The Company's mineral exploration and development activities do not currently provide a source of income and we therefore have a history of losses, and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

As at September 30, 2021, the Company had working capital of $1,384,562. This balance included a cash balance of $1,560,574 (December 31, 2020 - $74,410) to settle current liabilities of $234,598 (December 31, 2020 - $716,940).

To maintain liquidity, the Company uses financing opportunities, included but not limited to share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares and loans payable. The Company will continue to seek capital to fund its business objectives until such time that profitable operations are achieved.

Operating Activities: The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended September 30, 2021 was $1,504,796 (2020 - $255,030).

Investing Activities: Net cash used by the Company for investing activities for the period ended September 30, 2021 was $678 (2020 - $Nil) reflecting a small investment in equipment.

Financing Activities: During the period ended September 30, 2021, the Company received proceeds of $2,995,581 (2020 - $280,000), comprised of $2,505,620 from issuance of common shares, $584,850 from exercise of warrants, less share issuance costs of $65,569 and interest on convertible debentures of $29,320. In the prior period, the Company received $280,000 on the issuance of convertible debentures.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

Related Party Transactions

Key management personnel consist of the officers of the Company and the Company's Board of Directors. During the period ended September 30, 2021, the Company:

a) Paid or accrued management and consulting fees of $27,000 (2020 - $15,000) to a consulting company of which the former Chief Financial Officer ("CFO") was an employee and current CFO is a shareholder;

b) Paid or accrued management and consulting fees of $169,414 (2020 – $101,690) to the CEO of the Company and employment benefits of $4,274 (2020 - $nil) to the CEO of the Company;

c) Paid or accrued management and consulting fees of $14,000 (2020 – $15,000) to a director of the Company;

Included in accounts payable and accrued liabilities as at September 30, 2021 is $152,865 (December 31, 2020 - $350,384) due to both current and former officers, directors or companies with a director in common for cash advances, unpaid consulting fees and unpaid expenses.

During the period ended September 30, 2021, the Company recorded share-based payments of $15,327 (2020 - $59,073) related to the fair value of stock options issued to key management personnel.

Outstanding Share Data

As at the date of this report, the Company had 101,670,520 common shares issued and outstanding.

The following incentive stock options and share purchase warrants were outstanding at the date of this report:

Number	Exercise price	Expire date
Stock Options		
900,000	$ 0.30	May 30, 2022
600,000	0.45	August 13, 2023
90,000	0.15	June 17, 2024
2,660,000	0.055	August 4, 2025
120,000	0.25	April 12, 2023
4,370,000		
Share purchase warrants		
13,355,000	$ 0.15	February 16, 2024[1]
9,478,091	0.15	February 23, 2024[1]
5,600,000	0.06	May 4, 2024
22,363,999	0.15	October 25, 2024[2]
50,797,090		

[1] Subject to acceleration clause: If during a period of ten consecutive trading days between the date that is four (4) months following the issuance 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$0.40 on 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.

[2] Subject to acceleration clause: If during a period of ten consecutive trading days between the date that is four (4) months following the issuance 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$0.50 on 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.

Contractual Obligations

Except as described herein or in the Company's financial statements at September 30, 2021, the Company had no material contractual obligations.

Off-Balance Sheet Arrangements

At September 30, 2021, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Capital Resources

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. In the past the Company has raised capital in the public markets by issuing common shares pursuant to private placements and through loans payable. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

The Company will require additional funding.

At September 30, 2021, the Company held cash of $1,560,574 and current liabilities of $234,598. The Company has historically relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

Country risk

The Company's mineral properties are located in and its activities will be conducted in Brazil and as such the Company will be exposed to various levels of political, economic and other risks and uncertainties associated with carrying on business in Brazil. These risks include but are not limited to, political instability, an unpredictable legal system, civil unrest, high levels of corruption, significant delays in permitting and approvals, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, restrictions on foreign ownership, possible restrictions on foreign exchange, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

The Company is subject to government regulation.

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

The Company may be adversely affected by fluctuations in graphite and other metal prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of graphite. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Infrastructure

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

The Company does not and likely will not insure against all risks.

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause The Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

The Company may be subject to disputes.

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

All industries, including the mining industry, are subject to legal claims that are with and without merit. Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company.

The Company is dependent on key personnel.

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

The Company's officers and directors may have potential conflicts of interest.

The Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

Permits, licenses and approvals

In countries where we carry out exploration activities, the mineral rights or certain portions of them are owned by the relevant governments. These governments have entered into contracts with us, or granted permits or concessions that allow us to carry out operations or development and exploration activities there, but government policy could change. Any change that affects our rights to conduct these activities could have a material and adverse effect on the Company.

In addition, mineral exploration and mining activities can only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. The duration and success of each permitting effort are contingent upon many factors we do not control. In the case of foreign operations, governmental approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There may be delays in the review process. There is no guarantee that we will be granted the necessary permits and licenses, that they will be renewed, or that we will be in a position to comply with all conditions that are imposed.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that we will be granted these at all, or in a timely manner. If we do not receive them for our mineral projects or are unable to maintain them, it could have a material and adverse effect on the Company.

Joint venture partners

Mining projects are often conducted through an unincorporated joint venture or an incorporated joint venture company. Joint ventures often require unanimous approval of the parties or their representatives for certain fundamental decisions like an increase (or decrease) in registered capital, a merger, division, dissolution, amendment of the constitutional documents, and pledge of the joint venture assets, which means that each party to the joint venture has a right to veto any of these decisions, which could lead to a deadlock. We are subject to a number of additional risks associated with joint ventures, including:

- disagreement with a joint venture partner about how to develop, operate or finance the project;
- that a joint venture partner may at any time have economic or business interests or goals that are, or become, inconsistent with our business interests or goals;
- that a joint venture partner may not comply with the agreements governing our relationship with them;
- disagreement with a joint venture partner over the exercise of such joint venture partner's rights under the agreements governing our relationship;
- the possibility that a joint venture partner may become insolvent;
- the possibility that we may not be able to sell our interest in a joint venture if we desire to exit the joint venture; and
- possible litigation with a joint venture partner over matters related to the project.

Title to our mineral properties

We have investigated title to all of our mineral properties and, to the best of our knowledge we have or are entitled to title to all of our properties. Challenges may be made to the title to any of our properties and, if successful, they could impair development and/or operations at our mines or projects. There is no assurance that title to any of our properties will not be challenged.

New laws and regulations, or amendments to laws and regulations relating to mineral tenure and land title and usage, including expropriations and deprivations of contractual rights, if proposed and enacted, may affect our rights to our mineral properties. There is no assurance that we will be able to operate our properties as currently permitted or that we will be able to enforce our rights with respect to our properties.

Reputational risk

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and take care in protecting our image and reputation, we do not have control over how we are perceived by others. Any reputation loss could result in decreased investor confidence and increased challenges in developing and maintaining community relations which may have adverse effects on the Company and the price of the Company's securities.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in Note 3 of its annual audited financial statements for the year ended December 31, 2020. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our condensed interim financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and underlying assumptions. Significant areas requiring the use of management estimates include determination of the fair value of share-based payments and estimate of deferred income tax assets and liabilities. Significant judgements include the Company's ability to continue as a going concern. Actual results could differ from these estimates.

Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at September 30, 2021, the carrying value and fair values of the Company's financial instruments, with comparative figures for 2020 are shown in the table below:

	September 30, 2021		December 31, 2020	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Financial assets				
Cash	$ 1,560,574	$ 1,560,574	$ 74,410	$ 74,410
Financial liabilities				
Accounts payable	234,598	234,598	427,617	427,617
Convertible debentures	-	-	$ 296,747	$ 289,323

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a cash balance of $1,560,574 (December 31, 2020 - $74,410) to settle current liabilities of $234,598 (December 31, 2020 - $716,940). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2021, the Company did not have any investments in investment-grade short-term deposit certificates.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: The Company has no assurance that the licenses will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements inclusive of, but not limited to the production arrangements and the timing of the mine development, mill construction and ore production. Although forward-looking statements and information contained in this MD&A are based on the beliefs of The Company management, which we consider to be reasonable, as well as assumptions made by and information currently available to The Company management, there is no assurance that the forward-looking statement or information will prove to be accurate. The assumptions made include assumptions about The Company's ability to move forward with the arrangements as set out in the Definitive Agreement. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law.

South Star Battery Metals Corp.

"Samantha Shorter"

Chief Financial Officer
November 26, 2021