



## **South Star Mining Provides Update on Santa Cruz Graphite Project, Development Bank Debt Document Submittal and Granting of Stock Options**

**Toronto, ON, August 4, 2020** – South Star Mining Corp. ('South Star' or 'the Company') (TSX-V: STS) (OTC: STSBF) is pleased to announce the issuing of incentive options for 2020 and provide a general project update for the Santa Cruz Graphite Project ('Project') in Bahia, Brazil. Over the past 12 months, the Company has significantly advanced the Project towards production in 2021. Key accomplishments include:

- ✓ July 2019: Updating the resource estimate;
- ✓ January 2020: Submitting the required documentation for the trial mining license;
- ✓ February 2020: Issuing the maiden reserve estimate and a positive PFS for the Project;
- ✓ February 2020: Finalizing the pilot plant flow sheet incorporating filtered tailings and detailed engineering for 5,000 tpy production plant;
- ✓ March 2020: Securing the approval of the environmental license for construction and operations of the pilot plant production facility (Phase 1 of operations); &
- ✓ May 2020: Closing a non-brokered private placement.

The Company is in continual contact with the regulatory agency to support the trial mining license approval process, which is expected to be issued in August of 2020.

The recently completed financing provides sufficient funds for 2020 operations.

### **DEVELOPMENT BANK DEBT DOCUMENT SUBMITTAL**

The Company has also submitted the required documentation to the Brazilian development bank ('Banco do Nordeste' or "Banco") responsible for the Project region and requested approximately US\$7.5M in loans for equipment purchase and pilot plant construction. Two lines of credit have been discussed, and all indications are that the Project documentation will be submitted to the credit committee in August of 2020 for review and evaluation. The typical process provided by the Banco requires 2-3 months for review of Project information and issuing the terms and conditions, if approved.

**South Star CEO Richard Pearce** commented: "We continue to make significant strides towards 2021 production. We have shipped concentrate and purified samples to potential clients and received positive feedback on the product. The Company is grateful for the continued support from our shareholders and insiders that have been steadfast in their ongoing commitment to advancing the Project, even in the difficult times of a global pandemic."

### **STOCK OPTION GRANT**

The board of directors of the Company has authorized the grant of 2,660,000 incentive stock options to directors, officers, employees and key consultants at an exercise price of C\$0.055 per common share and exercisable for a five-year period, subject to regulatory approval. The shares issuable upon exercise shall be subject to a four-month hold period from the date of the grant of the options.

The Options are granted pursuant to the Company's stock option plan, which was approved by shareholders at the Company's 2019 annual general meeting.

### **About South Star Mining Corp.**

South Star Mining Corp. is focused on the selective acquisition and development of near-term mine production projects in Brazil to maximize shareholder value. STS has an experienced executive team with a strong history of discovering, developing, building and operating profitable mines in Brazil.

The Santa Cruz Graphite Project is located in Southern Bahia in the third largest graphite producing region in the world with over 70 years of continuous mining. The Project has at surface mineralization in friable materials, and successful large-scale pilot plant testing (>30t) has been completed. The results of the testing show approximately 65% of Cg concentrate is +80 mesh with good recoveries and 95-99% Cg. With excellent infrastructure and logistics, South Star is carrying its development plan towards production projected at the end of 2021.

To learn more, please visit the Company website at <http://www.southstarmining.ca>.

### **On behalf of the Board,**

Mr. Richard Pearce  
Chief Executive Officer

### **For additional information, please contact:**

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### **CAUTIONARY STATEMENT**

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### **FORWARD-LOOKING INFORMATION**

*The information contained herein 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 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 gold price and other 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.*