

# South Atlantic is Granted Priority to Evaluate Potential Acquisition of the Tucano Gold Mine Located in Amapa State, Brazil

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July 5th - Vancouver, British Columbia - [South Atlantic Gold Inc.](#) (TSXV:SAO) ("South Atlantic" or the "Company") is pleased to announce that it has manifested and granted priority hearing under the Judicial Reorganization Process ("Processo de Recuperação Judicial") of Mina Tucano Ltda., Beadell (Brazil) Pty Ltd., and Beadell (Brazil 2) Pty Ltd., with the objective to investigate and potentially negotiate the acquisition of the Tucano Gold Mine ("Tucano"), being the only exchange listed company to have officially filed interest into the Processo de Recuperação Judicial.

## Tucano Gold Mine Highlights:

- Located in the state of Amapá, Brazil, Tucano is hosted on a ~197,285-hectare land package in the prospective Vila Nova Greenstone Belt of the Guyana Shield
- Initially brought into production in 2005 as a conventional open pit and heap leach operation
- The operation was expanded in 2013, including the construction of 3.5 Mtpa CIL processing facility.
- The mine produced an average of ~130 koz Au per annum from 2014-2020 at an average AISC of US\$1,100/oz
  - Produced ~120 koz Au during each of 2018, 2019 and 2020
  - Produced ~80 koz Au and ~60 koz Au in 2021 and 2022, respectively
  - Over 1 Moz Au produced to date
- The mine was purchased by [Great Panther Mining Ltd.](#) (Great Panther") in mid-2019
  - Substantial work completed to date, including ~22,000 m of drilling by Great Panther from 2020 to 2022
- Most recent publicly available technical report (as defined in National Instrument 43-101 -Standards of Disclosure for Mineral Projects) filed on SEDAR by Great Panther on June 8, 2022 and having an effective date of July 31, 2021 outlined:
  - Proven and Probable Reserves: 12.8 Mt at 1.59 g/t Au for 656 koz Au
  - Measured and Indicated Resources (Inclusive of Reserves): 28.4 Mt at 1.43 g/t Au for 1,303 koz Au
  - Inferred Resources: 6.8 Mt at 2.37 g/t Au for 518 koz Au
- All required exploration and mining permits are in place
- All required nearby and onsite key infrastructure (roads, power, mine supply, plant, tailings facility) are in place

- Operated through a wholly owned Brazilian subsidiary that subsequently entered the Processo de Recuperação Judicial in September 2022. The Tucano mine was placed on care and maintenance in February 2023 due to (i) unanticipated mine resequencing caused by pit wall instability, leading to the mining and processing of satellite pits and low grade stockpiles, resulting in higher stripping costs, and lower grades and recoveries; (ii) various other operational issues including but not limited to accelerated capital spending on the tailings facility, accelerated spending on the advancement of the underground project, contractor and equipment availability during the pandemic, and inflationary pressures; and (iii) ability to service corporate and local debt and creditors
- Assuming that South Atlantic is successful in its potential acquisition of Tucano, the Company plans to keep operations on care and maintenance for a period of approximately 2-3 years in order to update and expand open pit mineral resources and complete an updated feasibility study on the open pit mine - to ensure successful operations on a restart of mining

Douglas Meirelles, President and CEO of South Atlantic, stated: "South Atlantic is excited about the opportunity to participate in this unique process, especially given the successful track record of our Company's leadership team on similar turnaround projects in Brazil, including the Aurizona Mine operated by Equinox Gold Corp and the Mara Rosa Gold Project recently acquired by [Hochschild Mining plc](#)2.

We believe that Tucano is a strong candidate for a district scale open pit operation, with underground potential to be explored once the mine is recommissioned. South Atlantic is well positioned to deliver on Tucano's substantial near and long-term resource growth potential and to enhance previous optimization initiatives."

Marc Leduc, Chairman of South Atlantic's Technical Committee, stated: "Tucano represents a great opportunity for South Atlantic to expand its footprint in Brazil, with the goal of restarting gold mining as a new gold producer in a favourable brownfield camp. The Technical Committee of South Atlantic has the mandate to establish the best sustainable plan to move forward with the required steps with the ultimate potential goal of returning the Tucano mine to production."

Pursuant to the terms of the of the Processo de Recuperação Judicial, South Atlantic has filed and has been accepted with priority to evaluate and potentially negotiate with the creditors of Tucano a restructuring of the outstanding debt of Tucano. In accordance with the terms of the process, South Atlantic has the right to terminate negotiations at any time should negotiations with the creditors of Tucano fail to advance or if the Company is not satisfied, in its sole discretion, with the results of its negotiations or its review due diligence of Tucano. There can be no assurances that a transaction involving South Atlantic and Tucano will be consummated.

Over the coming weeks, South Atlantic, in consultation with advisors and qualified persons, plans to advance its investigation and potentially advance with the proceedings of the legal process in Brazil, including potential negotiations with the creditors of Tucano. This timeline is indicative and may change or be delayed as determined by legal process.

#### Advisor

The Company has appointed Haywood Securities Inc. as its exclusive financial advisor in connection with the potential acquisition.

#### Qualified Person's Statement

The scientific and technical information that forms the basis for parts of this news release was reviewed and approved by Marcelo Antonio Batelochi (P.Geo.), MAUSIMM (CP), the Company's Exploration Manager who is a Qualified Person as defined by NI 43-101.

#### About South Atlantic Gold

South Atlantic Gold is an exploration company engaged in acquiring and advancing mineral properties

located in the Americas. Our flagship asset is the 100%-owned Pedra Branca project, located 280 km southwest of Fortaleza, Ceará State, Brazil. South Atlantic Gold is focused on creating value for its shareholders by engaging in the development and acquisition of high-quality mineral assets located in stable and mining-friendly jurisdictions. South Atlantic Gold is based in Kelowna, British Columbia, and is listed on the TSX-V under the symbol "SAO".

#### ON BEHALF OF THE BOARD

Douglas Meirelles, President and CEO

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#### Cautionary Note Regarding Forward-Looking Information

This news release contains statements that constitute "forward-looking Information", as such term is used in applicable Canadian securities laws. Such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information includes statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Although the Company believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by its nature forward-looking information involves assumptions and known and unknown risks, uncertainties and other factors which may cause our actual results, level of activity, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. There can be no assurance that the Fundamental Acquisition will be completed as proposed or at all.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions;; adverse industry events; the receipt of required regulatory approvals and the timing of such approvals; that the Company maintains good relationships with the communities in which it operates or proposes to operate, future legislative and regulatory developments in the mining sector; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; mining industry and markets in Canada and generally; the ability of the Company to implement its business strategies; competition; the risk that any of the assumptions prove not to be valid or reliable, which could result in delays, or cessation in planned work, risks associated with the interpretation of data, the geology, grade and continuity of mineral deposits, the possibility that results will not be consistent with the Company's expectations, as well as other assumptions risks and uncertainties applicable to mineral exploration and development activities and to the Company, including as set forth in the Company's public disclosure documents filed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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1Please refer to Great Panther's technical report entitled "TECHNICAL REPORT ON THE 2021 MINERAL RESERVES AND MINERAL RESOURCES OF THE TUCANO GOLD MINE, AMAPÁ STATE, BRAZIL", dated June 7, 2022 with an effective date of July 31, 2021, and available on Great Panther's profile on [www.sedar.com](http://www.sedar.com)

2This news release contains information about properties on which South Atlantic has no right to explore or mine. Readers are cautioned that mineral deposits on properties are not indicative of mineral deposits on the Company's properties.

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