

Boulder, Colorado (May 26, 2020)

BLACKSTAR ENTERPRISE GROUP INC., (BEGI: OTCQB) Comments on the recent promotional activity pursuant to OTC Markets' request.

Our Company, BlackStar Enterprise Group, Inc. (OTC QB: BEGI) ("the Company") wishes to address recent promotional activities of which we have been made aware, pursuant to a request by OTC Markets. On May 21, 2020, we received correspondence from OTC Markets alerting us to the presence of promotional campaigns regarding our publicly traded common stock. We have no information on the source of or involvement in the promotional activities. The effect of the promotional activities appears to have on or about May 21-26, 2020 increased trading volume and trading price of our thinly traded stock, though the increased trading price may only be temporary due to said promotional activities.

The Company and our officers and directors were not involved, either directly or indirectly, with the creation, distribution, or payment of the promotional materials.

Portions of the content of the releases appear to have originated from selective extractions of our Company website. Other than the language extracted from our website, we had no control or knowledge of the content of the releases. The Company believes that the extracted language is not false or misleading, but that any sensationalized headlines or statements regarding the fluctuations in trading price and any editorialization by the promoters regarding the blockchain industry or our stock may be misleading. The Company advises investors and shareholders that legitimate press releases on behalf of the Company have been and will continue to be filed as an exhibit to a periodic report on Form 8-K with the Securities and Exchange Commission ("SEC"), pursuant to all applicable rules and regulations. The extracted sections are highlighted in the attached Exhibit 99.1 to the Form 8-K filed simultaneously to this press release. We have no control over any other included language in any promotional materials.

After inquiry of management, the Company, its officers, directors, and controlling shareholders have not, directly or indirectly, been involved in any way with the creation, distribution, or payment of promotional materials related to the Company and our securities. We do not have any third-party service providers engaged, formally or informally, to provide investor relations services, public relations services, marketing, or other related services including the promotion of the Company or our securities, nor have we contracted with any such provider in the last twelve months.

After inquiry of management, the directors, and control persons, the Company, our officers, directors, and controlling shareholders have not sold or purchased our securities within the past 90 days.

As stated above, we do not have any third-party providers engaged to provide investor relations services, public relations services, marketing, or other related services including the promotion of the Company or our securities, nor have we contracted with any such provider in the last twelve months.

The Company has issued convertible instruments allowing conversion to common stock at prices constituting a discount to the current market rate at the time of issuance. The following is a summary of the convertible instruments and links to the filings containing more information.

- On April 26, 2019, the Company entered into an agreement with Auctus Fund LLC. The terms and conditions are as follows:

The face value of the note is \$110,000 at an interest rate of 12% and the maturity date is January 26, 2020. At the time of the disbursement there was a deduction from proceeds to the Company of \$2,750 for legal fees related to the issuance of the promissory note and a deduction of \$10,000 as prepaid interest to the lender of which \$1,111 was expensed in the current quarter. The repayment is a lump sum payment on the due date or is convertible into Company common stock at the discretion of the lender. The conversion, if chosen, will be at 50% of the two lowest trading days in the previous ten-day period prior to the date of conversion. This represents a discount of fifty percent (50%). The number of shares to be issued in the conversion will be calculated as follows: the average price of the two lowest trading days of the preceding the days will be multiplied by 0.50 (to arrive at the discount factor) and then the resulting price will be divided into the principal and accrued interest resulting in the number of shares due. The lender agrees to limit the amount of stock received to less than 4.99% of the total outstanding common stock. There are also 440,000 warrants attached to this note with an exercise price of \$0.25 and a life of 5 years. For more information, please see the [Form 8-K](#) filed May 7, 2019.

During the quarter ended December 31, 2019, the lender exercised its right to convert \$9,106 of accrued interest and \$3,144 of principal into common stock of the Company at a conversion price of \$0.0115 for 500,000 shares on November 4, 2019, and \$0.008 per share for 1,000,000 shares on December 9, 2019. During the quarter ended March 31, 2020, the lender exercised its right to convert \$3,221 of accrued interest and fees and \$862 of principal into common stock of the Company at a conversion price of \$0.00171 for 2,387,795 shares on February 6, 2020.

These shares were automatically issued by the transfer agent pursuant to a condition of the original loan agreement.

- On November 1, 2019, the Company entered into an agreement with GS Capital Partners, LLC. The terms and conditions are as follows:

The face value of the note is \$70,000 at an interest rate of 10% and the maturity date is November 1, 2020. At the time of the disbursement the Company received \$54,450 net cash proceeds, as there was a deduction from proceeds to the Company of \$3,500 for legal fees related to the issuance of the promissory note, \$6,000 as prepaid interest and \$6,050 as a note placement expense. The repayment is a lump sum payment on the due date or is convertible into Company common stock at the discretion of the lender. The conversion, if chosen, will be at 50% of the two lowest trading days in the previous ten-day period prior to the date of conversion. This represents a discount of fifty percent (50%). The number of shares to be issued in the conversion will be calculated as follows: the average price of the two lowest trading days of the preceding the days will be multiplied by 0.50 (to arrive at the discount factor) and then the resulting price will be divided into the principal and accrued interest resulting in the number of shares due. The lender agrees to limit the amount of stock received to less than 4.99% of the total outstanding common stock. There are no warrants or options attached to this note. For more information, please see the [Form 8-K](#) filed November 7, 2019.

There have been no conversions to date.

- On November 4, 2019 the Company entered into an agreement with Adar Alef, LLC. The terms and conditions are as follows:

The face value of the note is \$70,000 at an interest rate of 10% and the maturity date is November 1, 2020. At the time of the disbursement the Company received \$54,450 net cash proceeds, as there was a deduction from proceeds to the Company of \$3,500 for legal fees related to the issuance of the promissory note, \$6,000 as prepaid interest and \$6,050 as a note placement expense. The repayment is a lump sum payment on the due date or is convertible into Company common stock at the discretion of the lender. The conversion, if chosen, will be at 50% of the two lowest trading days in the previous ten-day period prior to the date of conversion. This represents a discount of fifty percent (50%). The number of shares to be issued in the conversion will be calculated as follows: the average price of the two lowest trading days of the preceding the days will be multiplied by 0.50 (to arrive at the discount factor) and then the resulting price will be divided into the principal and accrued interest resulting in the number of shares due. The lender agrees to limit the amount of stock received to less than 4.99% of the total outstanding common stock. There are no warrants or options attached to this note. For more information, please see the [Form 8-K](#) filed November 7, 2019.

On May 21, 2020 the lender exercised its right to convert \$22,000 of principal into common stock of the Company at a conversion price of \$0.009 for 2,427,586 shares.

These shares were automatically issued by the transfer agent pursuant to a condition of the original loan agreement.

The promotional materials discussed herein were not sanctioned by the Company and any editorial statements contained therein should not be relied upon for investment decisions. The Company advises investors and shareholders to consult our publicly filed reports, including all previous press releases, available at www.sec.gov for further information regarding the Company and our activities.

SEC Disclaimer

This press release may contain forward-looking statements. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements." Actual results could differ materially from those projected in BlackStar's ("the Company's") business plan.

The Company's filings may be accessed at the SEC's Edgar system at www.sec.gov or through the Company's website <http://www.blackstarenterprisegroup.com/investor-relations/>. Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. The Company cautions readers not to place reliance on such statements. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-

looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

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