



Desert Star Resources Ltd. | 717 – 1030 West Georgia Street | Vancouver, British Columbia | Canada | V6E 2Y3
Telephone: (604) 628-5623 | www.desertstar.ca

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAWS.

Desert Star Announces Up To C\$14 Million Private Placement of Subscription Receipts

Vancouver, B.C., November 2, 2017. Desert Star Resources Ltd. (TSX-V: DSR) (“Desert Star” or the “Company”) is pleased to announce that it has engaged Macquarie Capital Markets Canada Ltd., as lead agent on behalf of a syndicate of agents including BMO Capital Markets, Haywood Securities Inc. and PI Financial Corporation (the “Agents”), who have agreed to sell on a “best efforts” private placement basis, up to 21,539,000 subscription receipts at a price of C\$0.65 per subscription receipt, for aggregate gross proceeds of up to approximately C\$14 million (the “Offering”). In addition, Desert Star will complete a C\$3 million non-brokered private placement, under the same terms as the Offering (the “Non-Brokered Offering”).

Each subscription receipt will entitle the holder to receive one unit of Desert Star consisting of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire an additional common share at C\$1.00 per share for 36 months following closing. The subscription receipts will not be subject to any hold or restricted period which extends beyond four months and one day after the date of Closing pursuant to National Instrument 45-102 – Resale of Securities. Common shares and warrants issued on conversion of the subscription receipts will be free of statutory hold periods in Canada. The Agents will receive a 6.0% cash commission and broker warrants to purchase shares equal to 3% of the number of subscription receipts sold under the offering, exercisable for 24 months from closing at C\$0.65 per share.

The proceeds from the Offering and the Non-Brokered Offering will be used primarily to fund the acquisition of the Kutcho Project from Capstone Mining Corp. (see June 15, 2017 news release). Concurrent with the closing of the private placement and Kutcho Project acquisition the Company will also close a C\$20 million convertible debt loan (see October 30, 2017 news release) and will also have access to US\$7 million as an early deposit on a streaming facility with Wheaton Precious Metals (see August 10, 2017 news release).

Proceeds of the Offering and Non-Brokered Offering will be held in escrow pending conversion of the subscription receipts upon satisfaction of certain conditions precedent including: approval of the TSX Venture Exchange and completion the acquisition of the Kutcho Project. If the conversion of the subscription receipts does not occur before 5:00pm (Vancouver time) on December 15, 2017 (unless extended) the holders of the subscription receipts will be entitled to a return of their full subscription price and their pro rata entitlement to the interest earned on the escrowed funds.

Capstone and the Company have agreed to extend the outside date for completion of the Kutcho Project acquisition to December 15, 2017.

Vince Sorace
President and CEO, Desert Star Resources Ltd.

For further information regarding Desert Star, please email info@desertstar.ca or visit our website at www.desertstar.ca.

Cautionary Note Regarding Forward-Looking Statements

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains certain statements that may be deemed “forward-looking statements” with respect to the Company within the meaning of applicable securities laws, including statements with respect to the proposed acquisition of the Kutcho Project, private placement and related financing arrangements with Wheaton Precious Metals, estimated mineral resources and mineral reserves, the timing and amount of estimated production, costs of production, capital expenditures, commodity price assumptions, the Company’s ability to successfully obtain all regulatory approvals and permits to commence and conduct mining operations, environmental risks and title challenges. Forward-looking statements are 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 Desert Star believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, are subject to risks and uncertainties, and actual results or realities may differ materially from those in the forward-looking statements. Such material risks and uncertainties include, but are not limited to, Desert Star’s ability to negotiate a final binding transaction agreements, obtain all requisite approvals for the proposed acquisition of the Kutcho Project, private placement and related financing arrangements with Wheaton Precious Metals, including approval of the TSX Venture Exchange, the Company’s ability to raise sufficient capital to fund its obligations under the proposed acquisition or under its property agreements going forward, to maintain its mineral tenures and concessions in good standing, to explore and develop the Kutcho Project or its other projects, to repay its debt and for general working capital purposes; changes in economic conditions or financial markets; the inherent hazards associates with mineral exploration, and mining operations, future prices of copper and other metals, changes in general economic conditions, accuracy of mineral resource and reserve estimates, the ability of Desert Star to obtain the necessary permits and consents required to explore, drill and develop the Kutcho Project and if obtained, to obtain such permits and consents in a timely fashion relative to Desert Star’s plans and business objectives for the projects; the general ability of Desert Star to monetize its mineral resources; and changes in environmental and other laws or regulations that could have an impact on the Company’s operations, compliance with environmental laws and regulations, aboriginal title claims and rights to consultation and accommodation, dependence on key management personnel and general competition in the mining industry. Forward-looking statements are based on the reasonable beliefs, estimates and opinions of Desert Star’s management on the date the statements are made. Except as required by law, Desert Star undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change.

United States Advisory

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), have been offered and sold outside the United States to eligible investors pursuant to Regulation S promulgated under the U.S. Securities Act, and may not be offered, sold, or resold in the United States or to, or for the account of or benefit of, a U.S. Person (as such term is defined in Regulation S under the United States Securities Act) unless the

securities are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available. Hedging transactions involving the securities must not be conducted unless in accordance with the U.S. Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in the state in the United States in which such offer, solicitation or sale would be unlawful.