

Blue Star Announces TSX Venture Exchange Acceptances of Its Acquisition of the Ulu Gold Property, Its \$3,000,000 Units Offering and to Issue 7,871,084 Bonus Shares to Dr. Ing Georg Pollert for a Loan of \$2,435,742 for the Ulu Remediation Accounts

Vancouver, British Columbia--(Newsfile Corp. - December 2, 2019) - **Blue Star Gold Corp.** (TSXV: BAU) ("Blue Star" or the "Company") is pleased to report the TSX Venture Exchange (the "Exchange") has accepted for filing the amendment agreement among Blue Star and Mandalay Resources Corp. and its subsidiary, Lupin Mines Inc. (collectively, "Mandalay") dated July 19, 2019, under which the terms of the previous Ulu option agreement as earlier approved by the Exchange were amended.

Pursuant to the terms of the amending agreement and to acquire a 100-per-cent interest in the Ulu Gold Property, Blue Star will:

- Pay \$450,000 to Mandalay in lieu of issuing 15 million common shares of Blue Star, with such payment being made upon the closing of the transfer of the Ulu Gold Property and associated permits;
- Assume all environmental liabilities, past and present, of the Ulu Gold Property, including all current and future obligations to any regulatory agency; and,
- Arrange for a third-party cash payment of \$200,000 for the five million common shares of Blue Star presently held by Mandalay upon the closing of the Property transfer.

Under its amended obligations, Mandalay will:

- Transfer to Blue Star a 100-per-cent interest in the Ulu Gold Property and associated permits upon regulatory approval of the transfers;
- Assign all its rights to the remediation security, currently standing at approximately \$1.68-million and held by the Nunavut Water Board; and,
- Transfer all right, title and interest in all structures, property and equipment located on the Ulu Gold Property.

The Ulu Gold Property consists of the renewable 21-year Lease No: NL3563 with an area of approximately 947 ha and an expiry date of Nov 18, 2038. The Property hosts an advanced gold project that between 1989 and 2006 saw significant exploration and development. The past work includes approximately 1.7 km of underground development and approximately 351 diamond drill holes that produced 135,713 m of core. Supplementing the exploration data, metallurgical testing by the Company on the Flood Zone gold mineralization has shown that gold is recoverable in amounts greater than 90% by gravity, flotation and cyanidation.

The Company filed on SEDAR its updated Ulu mineral resource in July 2015. Using a gold cut-off grade of 4 grams per tonne ("g/t"), the overall resources were reported as 2.50 million ("M") tonnes grading 7.53 g/t Au for 605,000 gold ounces in the Measured and Indicated Categories and 1.26M tonnes at a grade of 5.57 g/t Au for 226,000 Au ounces in the Inferred Category. The Ulu gold resource is open on-strike and at depth. In addition, the Property contains several other drill targets that occur along Blue Star's recently identified Robb Trend that hosts seven or more significant gold zones on its 5 km long strike.

Stephen Wilkinson, the Company's CEO and President commented, "The acceptance by the Exchange of the deal to acquire the Ulu Gold Property is a critical and positive event for our Company. We can now proceed with the final steps to close on the Property that brings with it a meaningful, valuable and expandable gold resource plus the infrastructure and capital equipment with which Blue Star can operate an advanced exploration and development project. In comparison with the market capitalization of its peers, Blue Star is now on the path of delivering a tangible value for its stakeholders."

Blue Star is pleased to also announce the Exchange has accepted for filing documentation and the closing of its non-brokered private placement announced July 29, 2019. The Company arranged a private placement of Units for gross proceeds of \$3.0 million. Each Unit was priced at \$1,000 and consisted of 20,000 non-secured Convertible Debentures (the "Debenture") and 20,000 non-transferable Common Share purchase warrants ("Warrants"). Each Debenture bears an annual simple interest rate of 7.5% over its term of up to 3 years (the "Term") and the interest is to be calculated and paid annually. During the first year of the Term, the conversion price will be \$0.05 per Blue Star common share. During the second and third years of the Term, the conversion price will be \$0.10 per share. Each Warrant will entitle the holder to purchase one Blue Star Common Share at an exercise price of \$0.075 per share during the Term. Dr. Georg Pollert, a principal shareholder and director of Blue Star, subscribed for aggregate gross proceeds of \$2,200,000 of the offering or 2,200 Units. There was a total of six subscribers of which another director of Blue Star subscribed for aggregate gross proceeds \$100,000.00 or 100 Units of the offering. Blue Star paid finders' fees amounting to \$52,000 in cash and 560,000 common shares.

The Company further announces the Exchange has accepted for filing Blue Star's proposal to issue 7,871,084 bonus shares to Dr. Georg Pollert in consideration of a loan in the principal amount of \$2,435,742 (the "Loan"). The Loan has a term of three years and bears interest at 3 per cent per year. The purpose of the Loan is to allow the Company to hold sufficient funds to replace the existing Ulu remediation security account belonging to Mandalay and the funds deposited with the Kitikmeot Inuit Association respecting the remediation of hydrocarbon contaminated soils. Mandalay holds in its remediation account

approximately \$1,685,000 in consideration of the requirements of Ulu Water Licence, 2BM-ULU1520 (the "Water Licence"). Once the Ulu Water Licence assignment to Blue Star has been fully executed, Blue Star must post replacement funds with Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC") sufficient to satisfy the financial requirements of the Water Licence as determined by the Nunavut Water Board. Following the closing of the assignment of the Ulu mining licence to Blue Star and CIRNAC is satisfied of the sufficiency of the replacement security amount, CIRNAC will release Mandalay's remediation account and those funds will be transferred to the Company. It is Blue Star's intent to repay part of the Loan with the funds returned to it by Mandalay.

Commenting on these recent developments, Stephen Wilkinson stated, "Blue Star has now achieved its most important steps needed to advance its acquisition of the Ulu Gold Property. Funds from the Units offering are being utilized for the development of the Company's exploration concessions, the final payment for the Property and re-engineering of the remediation of the Ulu camp and mining lease. The Loan from Dr. Pollert is critical for the Company to be assigned the Ulu Water Licence. Ultimately, Blue Star will hold an asset that brings with it infrastructure, capital equipment, databases and a well-defined gold resource from which we can assign substantial value on which Blue Star may be presented."

Qualified Person

Warren Robb P.Geo. a Qualified Person under National Instrument 43-101 ("NI 43-101"), has reviewed and approved the geological information contained in this news release.

About Blue Star Gold Corp.

Blue Star is a Vancouver-based gold and silver exploration company focused on exploration and development within Nunavut, Canada. The Company through its subsidiary, Inukshuk Exploration Inc., owns the highly prospective 8,015 ha Hood River gold property located contiguous to the Ulu mining lease. Blue Star has recently exercised its option to acquire the Ulu, an advanced gold and silver project and awaits regulatory approvals for the transmittal of the lease and assignment of the permits and licenses. (see Blue Star's news dated - July 29, 2019)

Blue Star has 129.6 million shares outstanding and is listed on the TSX Venture Exchange with the symbol: BAU and on the Frankfurt Exchange with the symbol: 5WP. For information on the Company and its projects, please visit our website: www.bluestargold.ca.

For further information, please contact:

Stephen Wilkinson, President and CEO
Telephone: +1 778-379-1433
Email: info@bluestargold.ca

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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This press release contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding prospective income and revenues, anticipated levels of capital expenditures for fiscal year, expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings, and estimates of mineral resources and reserves on our properties.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses/our success in integrating the Ulu Gold Property into our operations, developments and changes in laws and regulations, including increased regulation of the mining industry through legislative action and revised rules and standards applied by the regulatory bodies in Nunavut, changes in the price of fuel and other key materials and disruptions in supply chains for these materials, closures or slowdowns and changes in labour costs and labour difficulties, including stoppages affecting either our operations or our suppliers' abilities to deliver goods and services to us, as well as natural events such as severe weather, fires, floods and earthquakes or man-made or other disruptions of our equipment, and inaccuracies in estimates of mineral resources and/or reserves on our mineral properties.



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