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Desert Star Signs LOI to Acquire the Iron Butte Oxide Gold - Silver Project, Nevada

Vancouver, B.C., March 6, 2017. Desert Star Resources Ltd. (TSX-V: DSR) ("Desert Star" or the "Company") is pleased to announce that it has entered into a Letter of Intent whereby it can earn 100% interest in the Iron Butte oxide gold-silver project located in Ladner County, north-central Nevada, approximately 60 kilometres south of Battle Mountain. Access and infrastructure to the project is excellent with power lines and State maintained roads within 4 kilometres of the property.

Geology and Mineralization. Mineralization at the Red Ridge zone is outcropping at surface and contributes to the majority of the historically estimated oxide gold-silver resources. Three additional zones called the North Zone, South Zone and East Zone have all intersected similar styles of mineralization. Gold-silver mineralization is believed to be controlled by a series of north-south, north-northeast and east-west structures that host silicification and epithermal quartz-pyrite-gold-silver mineralization within Pennsylvanian to Permian siltstones and argillites of the Cedars Sequence and Tertiary felsic volcanic rocks. Mineralization is completely oxidized from surface up to 175 metres depth and continues as sulphides to depths beyond 250 metres. Mineralization is also disseminated between veins, silicified structures and brecciated zones, and can occur as silicified breccia zones at the contact between volcanic and underlying sedimentary rocks. Mineralization is thought to be epithermal in nature with some similarities to sediment hosted Carlin type gold systems with jasperoids and opaline silica present.

Historical Work. Historical drilling was conducted between 1980 and 2009 by Homestake, Cameco, Newmont, Newcrest and C3 Resources, and included 211 reverse circulation (RC) drill holes totaling 31,614 metres. The results of the drilling indicate that a broad zone of gold-silver mineralization exists over an area 2,900 metres long, parallel to the range front, and 1,300 metres wide. Drilling to date has not delineated the full extents of the mineralized zones nor has it tested the potential for sediment-hosted mineralization at depth. Preliminary metallurgical work carried out by Aurelio Resources in 2009 consisted of simple bottle roll tests conducted by ALS Chemex labs and indicate that the oxide material leaches while the sulphide material does not. The project has remained dormant from 2010 until 2017.

Two previous operators on the project have completed historical non-43-101 compliant estimates: Aurelio Resource Corp. in 2009, where no distinction between oxide and sulphide mineralization was made, and Cleath in 2010, who reported estimates for separate oxide and sulphide domains (Table 1, 2).

Table 1: Aurelio 2009 unclassified historical resource estimate

Cut-off (ppm)	Tonnage (s.tons)	Au (ppm)	Ag (ppm)	Total Au (oz)	Total Ag (oz)
0.01	406,365,389	0.1398	2.7237	1,826,545	35,585,626
0.10	222,826,300	0.204	3.652	1,484,166	26,513,455
0.25	47,555,637	0.372	6.824	568,590	10,432,796
0.333	**21,180,858**	**0.48**	**9.065**	**326,780**	**6,173,156**
0.40	12,414,366	0.563	11.027	224,542	4,401,081
0.50	6,175,529	0.685	14.808	136,005	2,940,117
1.00	387,178	1.1157	14.08	14,402	175,269

Table 2: Cleath 2010 unclassified historical resource estimate (0.3 g/t Au cut-off)

	Tons (st)	Au_ppm	Oz Au
RED RIDGE			
OXIDE	14,072,175	0.664	300,376
SULPHIDE	9,661,356	0.516	160,410
TOTAL	23,733,531	0.604	460,786
NORTH ZONE			
OXIDE	641,179	0.656	13,523
SULPHIDE	6,182,878	0.663	131,877
TOTAL	6,824,057	0.663	145,400
TOTAL			
OXIDE	14,713,354	0.664	313,899
SULPHIDE	15,844,234	0.574	292,287
TOTAL	**30,557,588**	**0.617**	**606,186**

The Qualified Person has not completed sufficient work to verify these resource estimates. The Qualified Person has not done sufficient work to classify the resource estimates as a current mineral resources and the issuer is not treating the resource estimates as current mineral resources. These estimates do not use the categories set out in sections 1.2 and 1.3 of the National Instrument 43-101 as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), is not compliant with the NI 43-101 and cannot be relied upon. These resource estimates are only relevant to obtain a reference to Au and Ag mineralization potential present on the property. Additional drilling would need to be completed in order to upgrade and verify mineral resource estimates as 43-101 compliant.

Exploration Upside Potential. Desert Star has mobilized field crews to expand the size of the Iron Butte property. The Company will continue to compile the historical data to create a new robust geological model on which to identify drill targets to be tested during H1 2017. Numerous untested exploration targets present on the Property include:

- Over 3 kilometres of additional strike length of mapped north-south, north-northeast and east-west structures which host the gold-silver mineralization in the Red Ridge zone.
- Over 1.5 kilometres of contact zone between the Tertiary volcanic rocks and basement sedimentary rocks including several areas where structures intersect the contact.
- Untested anomalous mercury rock samples in the south-eastern part of the project.
- Potential across the property to delineate additional zones containing higher grade gold-silver mineralized veins similar to those intersected within the Red Ridge zone, such as 1.52 metres @ 7.48 g/t Au in NC-31 and 12.15 g/t Au in a rock chip sample from a road cut at Red Ridge
- Expansion of gold-silver mineralization intersected in several drill holes at the East Zone that remains open in all directions and further drill testing around the mineralized intercepts at the South Zone.

Project Outlook. In addition to the exploration potential which could significantly increase the oxide gold-silver mineralization at Iron Butte, Desert Star believes there is an excellent opportunity to determine the economic viability of the existing oxide gold-silver mineralization identified to date by defining a NI 43-101 compliant resource, conducting metallurgical studies and ultimately producing a PEA on the project.

Vince Sorace, President and CEO of Desert Star states, “We see excellent potential to significantly increase the oxide gold-silver mineralization at Iron Butte by drilling south of the Red Ridge mineralized zone as well as the East and South Zones. An additional 3 kilometres of strike, along the same and similar, north-south and east-west structures that host the gold-silver mineralization are currently under-explored with little or no drilling to date.”

Letter of Intent Terms. The Letter of Intent provides for a 45 day exclusivity period, during which the parties will endeavor to execute a definitive purchase agreement by March 31, 2017 and close the transaction by April 17, 2017.

Under the terms of the Letter of Intent, Desert Star can earn a 100% interest in Iron Butte by making a total of $1,000,000 USD in cash payments and issuing 1,500,000 shares in Desert Star over 6 years, in accordance with the schedule set out in Table 3 below. If a positive production decision is made regarding Iron Butte, Desert Star will pay a further $1,000,000 USD and issue an additional 500,000 Desert Star shares. The vendor will also receive a $500,000 USD payment for every 1,000,000 ounces of gold production and $500,000 USD payment for every 10,000,000 ounces of silver production at Iron Butte. The vendor will also retain a 2.5% NSR subject to buy down provisions of $1,000,000 USD for the first 1% and $1,000,000 USD for an additional 0.5%. The closing of the transaction will be subject to TSX Venture Exchange (“TSXV”) approval. Desert Star intends to pay a finder’s fee on closing, in accordance with TSXV policies. All Desert Star shares issuable under the transaction will be subject to a four month hold period.

Table 3: LOI Terms

	Cash (USD)	Shares	Advanced Royalty Payments (USD)
Within 5 days of TSX-V approval of the Definitive Agreement	$20,000	75,000	
1st anniversary	$50,000	125,000	
2nd anniversary	$75,000	200,000	
3rd anniversary	$100,000	250,000	
4th anniversary	$150,000	350,000	
5th anniversary	$200,000	500,000	
6th anniversary	$400,000		$24,000 (total annual) advanced royalty payments until production

Qualified Person. Rory Kutluoglu, B.Sc. P.Geo., a Qualified Person as defined by National Instrument 43-101, has read and approved all technical and scientific information contained in this news release. Mr. Kutluoglu is the Company’s Vice President Exploration.

About Desert Star

Desert Star is a Vancouver-based mineral exploration company focused on the identification, acquisition and development of copper and gold projects located in top-tier mineral belts in the southwestern United States that contain significant historical production, existing mining infrastructure and an established mining culture.

On behalf of the Board of
DESERT STAR RESOURCES LTD.

"Vince Sorace"
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.

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