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Desert Star Files Positive Prefeasibility Study for the Kutcho High Grade Copper-Zinc-Silver-Gold Project; Significantly Increases Resources

Vancouver, B.C., July 31, 2017. Desert Star Resources Ltd. (TSX-V: DSR) ("Desert Star" or the "Company") is pleased to announce it has filed, with the Canadian securities regulators an independent technical report prepared in accordance with National Instrument 43-101 titled "Prefeasibility Study Technical Report on the Kutcho Project, British Columbia" ("2017 PFS" or the "Technical Report") which has an effective date of June 15, 2017 and a report date of July 31, 2017. Desert Star signed a definitive agreement dated June 15, 2017 to acquire 100% of Kutcho Copper Corp. from Capstone Mining Corp., subject to certain conditions precedent, as disclosed in the Company's news release on June 15, 2017.

The results of the 2017 PFS, which were published by the Company in a news release on June 15, 2017, include an after-tax net present value (NPV) at an 8% discount rate of C$265 million and an internal rate of return (IRR) of 27.6% using metal prices of US$2.75/lb copper, US$1.10/lb zinc, US$17.00/oz silver and US$1,250/oz gold and a currency exchange rate of 0.75 USD/CAD.

The Technical Report was prepared by JDS Energy & Mining Inc. and can be accessed under Desert Star's SEDAR profile at www.sedar.com and on the Company's website at www.desertstar.ca.

Updated Mineral Resource Estimate

As part of the 2017 PFS, a detailed review of cut-off grade sensitivities was undertaken that resulted in a cut-off grade of 1.0% copper being selected for reporting mineral resources (Table 1). The lower cut-off grade increases the Measured and Indicated Mineral Resource tonnage by 49% and the Inferred Mineral Resources tonnage by 432% as compared to the 2011 Prefeasibility Study, with corresponding copper equivalent grade reductions of only 13% and 24% respectively. The Main deposit mineral reserves have not been recalculated at the lower cut-off grade and remain at 1.5% Cu for the 2017 PFS. This updated mineral resource estimate provides a robust foundation on which to move forward with a Feasibility Study that will contemplate optimizing the project in terms of production capacity. Historically, mineral resources at Kutcho have had a high rate of conversion into Proven and Probable Mineral Reserves and Desert Star management is confident that this strong conversion rate will be maintained when applied to the updated Measured and Indicated Mineral Resources.

"The significantly increased tonnages, combined with only modest reductions in grade, illustrates the project's potential to increase existing mineral reserves and resources through mineral resource conversion and infill drilling. Completion of a Feasibility Study will allow optimization of the mine plan and project economics around a potentially expanded production scenario," stated Vince Sorace, President & CEO of Desert Star Resources. "The Desert Star team is committed to working closely with First Nations, local communities and all levels of Government to advance and maximize the potential of the Kutcho project"

Table 1: Kutcho Project Resource Summary (inclusive of Mineral Reserves)

Class	Kutcho Project - Mineral Resource Estimate at a 1.0% Copper Cut-Off for All Deposits (1)									
	Tonnes (kt)	Grade				CuEq (%)(2)	Contained Metal			
		Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)		Copper (M lb)	Zinc (M lb)	Gold (k oz)	Silver (k oz)
Measured (M)	7,695	1.89	2.61	0.31	28.7	2.60	320.6	442.8	77	7,093
Indicated (I)	9,158	1.89	3.09	0.39	36.3	2.80	381.8	624.2	116	10,674
M&I	**16,853**	**1.89**	**2.87**	**0.36**	**32.8**	**2.71**	**700.8**	**1,067.6**	**195**	**17,768**
Inferred(3)	5,798	1.33	1.64	0.24	23.2	1.79	170.0	209.2	45	4,326

Notes: [1]Numbers may not total due to rounding.

[2]Copper Equivalent (CuEq%) is calculated as copper equivalent recovered and based on metal price assumptions of US$2.75 per pound of copper, US$1.10 per pound of zinc, US$17 per ounce of silver and US$1,250 per ounce of gold. Recoveries are 84.7%, 75.7%, 48.0%, and 41.2% for copper, zinc, silver, and gold, respectively.

[3]The economic analysis contained in the 2017 PFS does not include inferred resources.

Source: JDS (2017).

Table 2: Mineral Reserve Estimate by Deposit

Deposit	Diluted Tonnes (kt)	Grade				CuEq (%)(2)	Contained Metal			
		Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)		Copper (M lb)	Zinc (M lb)	Gold (k oz)	Silver (k oz)
Probable Main[4,5]	8,106	1.92	2.51	0.31	28.0	2.59	344	449	81	7,302
Probable Esso[4,6]	2,335	2.32	5.53	0.59	57.5	4.05	119	285	44	4,315
Total	**10,441**	**2.01**	**3.19**	**0.37**	**34.6**	**2.92**	**463**	**734**	**125**	**11,618**

Notes: [4]A Probable Mineral Reserve is the economically mineable part of an Indicated Mineral Resource, and in some circumstances a Measured Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

[5]1.5% Cu cut-off grade for the Main deposit.

[6]1.0% Cu cut-off grade for the Esso deposit.

Source: JDS (2017).

Technical Report and Qualified Person

The Technical Report was conducted under the overall supervision of Gord Doerksen, P.Eng. of JDS Energy & Mining Inc (JDS). Mr. Doerksen is the VP Engineering at JDS and an independent qualified person under National Instrument 43-101 who has verified and approved the technical and scientific information related to the Technical Report, and prepared the economic analysis included in this news release.

Under Mr. Doerksen's supervision, the following persons are responsible for specific inputs into the Technical Report:

- Michael Makarenko, P.Eng., JDS Energy & Mining Inc.
- Kelly McLeod, P.Eng., JDS Energy & Mining Inc.
- Garth Kirkham, P.Geo., Kirkham Geosystems Ltd.
- Daniel Jarratt, P.Eng., Stantec
- Guangwen Zhang, P.Eng., Tetra Tech EBA

Potential Exploration Upside

While the Kutcho area has been extensively explored, most drilling has been focused in and around the three known deposits. However, significant exploration upside has been identified through a review of historic work, including several priority drill ready targets prospective for additional resources. These prospective targets include:

- Mineralized drill intersections along strike and down plunge to the west from the Esso deposit (one of three VMS deposits comprising the Kutcho project) including 7.1 metres @ 1.96% copper, 5.24% zinc, and 18.0 g/t silver in DDH 94-B3. These intercepts could represent extensions to the high-grade Esso deposit or a potential new deposit.
- The FWZ, a relatively narrow sulphide lens (2 to 5 metres thick) which lies beneath the Main zone and which was subject to an historic estimate[7] prepared as an internal document for Esso Minerals in 1979, of 230,000 tonnes averaging 1.47% copper, 5.52% zinc, 0.4 g/t gold and 43.7 g/t silver. The FWZ may have potential along strike and down dip for additional mineral resources. This mineralized zone demonstrates that additional horizons across the property are productive for VMS style mineralization.
- Main mineralization is open down-dip along 800 m, or 57%, of the total strike for this deposit, indicating potential for resource expansion down-dip.
- Esso mineralization is open down-dip along 300 m, or 50%, of the total strike for this deposit, and is open up-dip along 125 m or 20% of the total strike, indicating potential for resource expansion both up- and down-dip.
- Favourable untested stratigraphy east of the Main Zone, and on the southern portion of the property where the Kutcho time equivalent sulphide horizon is repeated by folding.

[7]A Qualified Person has not completed sufficient work to classify the historic estimate tabulated above as current mineral resources and the issuer is not treating the above mineral estimates as current mineral resources. The historic estimate is uncategorized and does not use the categories ("Inferred", "Indicated" or "Measured" mineral resource, or "Probable" or "Proven" mineral reserve) set out in Sections 1.2 and 1.3 of NI 43-101 as defined by the Canadian Institute of Mining, Metallurgy and Petroleum, are not compliant with the NI 43-101. The historical estimate is relevant to obtain a reference to mineral potential present on the property. The Company has not undertaken any verification of the historical data upon which the historical estimates are based on.

Qualified Person: Gord Doerksen, P.Eng., a Qualified Person as defined by National Instrument 43-101, has read and approved all technical and scientific information contained in this news release that is related to the 2017 PFS. Mr. Doerksen is Vice President Technical Services for JDS and supervised the compilation of the 2017 PFS.

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.

The QPs verify that sufficient data verification was conducted for the 2017 PFS and that this data is adequately representative of the project.

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 and changes to the Company's management and board, 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 obtain all requisite approvals for the proposed Acquisition and board and management changes, including approval of the TSX Venture Exchange, the Company's ability to raise sufficient capital to fund its obligations under the Acquisition or under its property agreements going forward, to maintain its mineral tenures and concessions in good standing, to explore and develop Kutcho 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 Kutcho 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.