

Goldletter INTERNATIONAL

the international independent information and advice bulletin for gold and related investments

Special Situation – June 2012 Update

www.TriStarAu.com



TriStar Gold (Cdn\$ 0.31)

TSX.V	: TSG
H+L prices (12 months)	: \$ 0.78 – 0.20
Net shares issued	: 51.2 million
Fully diluted	: 75.4 million
Market Capitalization	: \$ 16.1 million

Next price target: Cdn\$ 1.00

Company profile

TriStar Gold (“TriStar”) was spun-off from Brazauro Resources when Eldorado Gold bought Brazauro including the **Tocantinzinho Project** for approximately Cdn\$ 122 million in July 2010.

Eldorado Gold gifted TriStar Cdn\$ 10 million, and TriStar retained the **Bom Jardim** and **Andorinhas projects** in the historically rich, gold producing region of **Tapajós** in **Pará State, Brazil**. The Andorinhas Project has since been dropped.

The Tapajós region has an official historic production of 10 million ounces of gold and an unofficial production of 30-40 million ounces of gold.

In October 2010, TriStar also acquired the **Castelo de Sonhos Property**, located in **southwestern Pará State**, on which Barrick Gold conducted significant exploration in 1995/1996.

The Company has recovered the data for geological mapping, 509 stream sediment samples; 3,093 soil samples; 1,472 rock samples; 2,313 trench samples and 22 drill holes for a total of 2,027 metres.



In February 2011 TriStar started its own exploration program, including soil sampling for the purpose of confirming the Barrick soil anomalies and extend soil sampling to areas that were not covered by Barrick. The Company also performed an airborne geophysical survey (magnetometry and radiometrics) along 7,020 linear kilometres covering all Castelo de Sonhos structure and the remaining area of the mineral tenements.

On April 10, 2012, TriStar announced completion of its initial 33-hole, 5,662-metre drilling campaign which covered two main targets, the Esperança Center and Esperança South geochemical anomalies. In addition further soil sampling identified a new soil anomaly, Esperança Center-East, that extends over an area of 2,000 x 800 meters (>100 ppb gold).



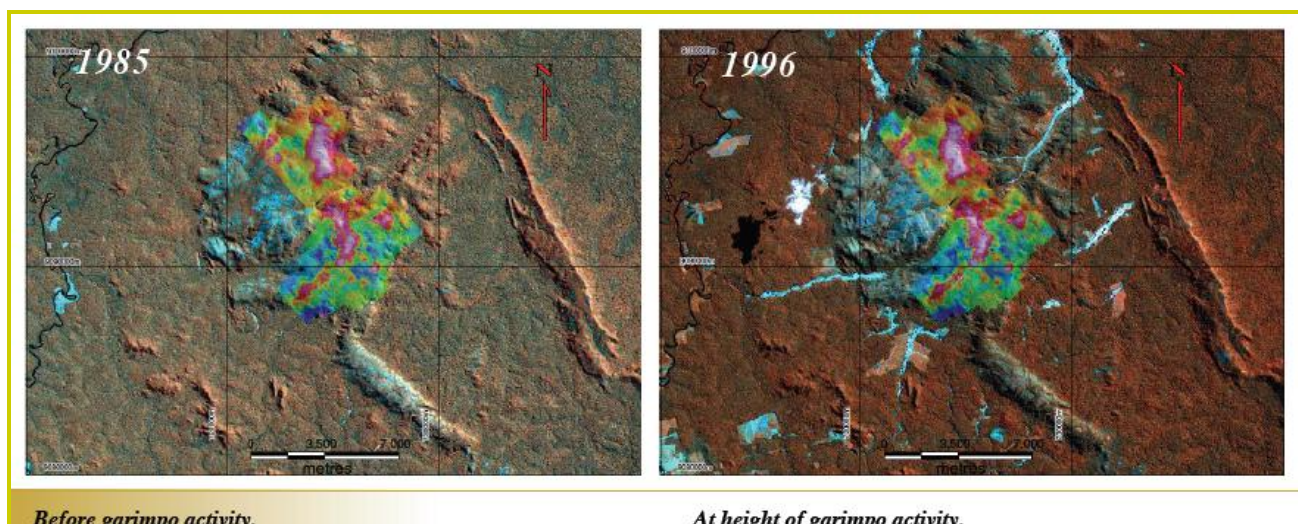
Tapajós Mineral Province, Brazil

The Tapajós Mineral Province (TMP) is one of the most intriguing and at the same time, exciting auriferous regions in the world. More than 30 million ounces of gold (unofficially) have been produced without the presence of a significant gold mine in the region.

The TMP encompasses the southwest portion of Pará State and the eastern portion of the Amazonas state. It has an area of approximately 135,000 km² which is larger than French Guyana.

For more than 50 years this region of northern Brazil has produced gold just by means of artisanal and very primitive methods. Most of the gold output comes from hydraulic mining of alluvial with some contribution of elluvials and colluvials.

In the last decade, mining and grinding of fresh high grade veins has also made a minor contribution. The official government supported production in the TMP is approximately 10 million ounces not including the unreported unofficial production.



Before garimpo activity.

At height of garimpo activity.

Nowadays, most of the “easy” alluvial gold has been mined and as a consequence, several primary mineralization sites were exposed close to the surface. First modern exploration took place in the early 1990s. This first round of exploration was carried out mainly by major companies like Rio Tinto, Barrick, Homestake and TVX. The most successful and persistent company was Rio Tinto which worked from 1992 to 1998 and discovered the São Jorge, Ouro Roxo, Palito and V3 gold deposits.

The second round of exploration started in 2004, mainly by junior companies that were attracted by Brazauro’s discovery of the Tocantinzinho gold deposit.

The TMP presents one of the most widespread “granitization” exposures in the world. Most gold prolific units are the metamorphised and deformed granites of the Cuiu-Cuiu Suite and the un-metamorphised and un-deformed granites of the Parauari Suite. Some gold occurrences also do occur in the acid-intermediate volcanic rocks of the Iriri Group.

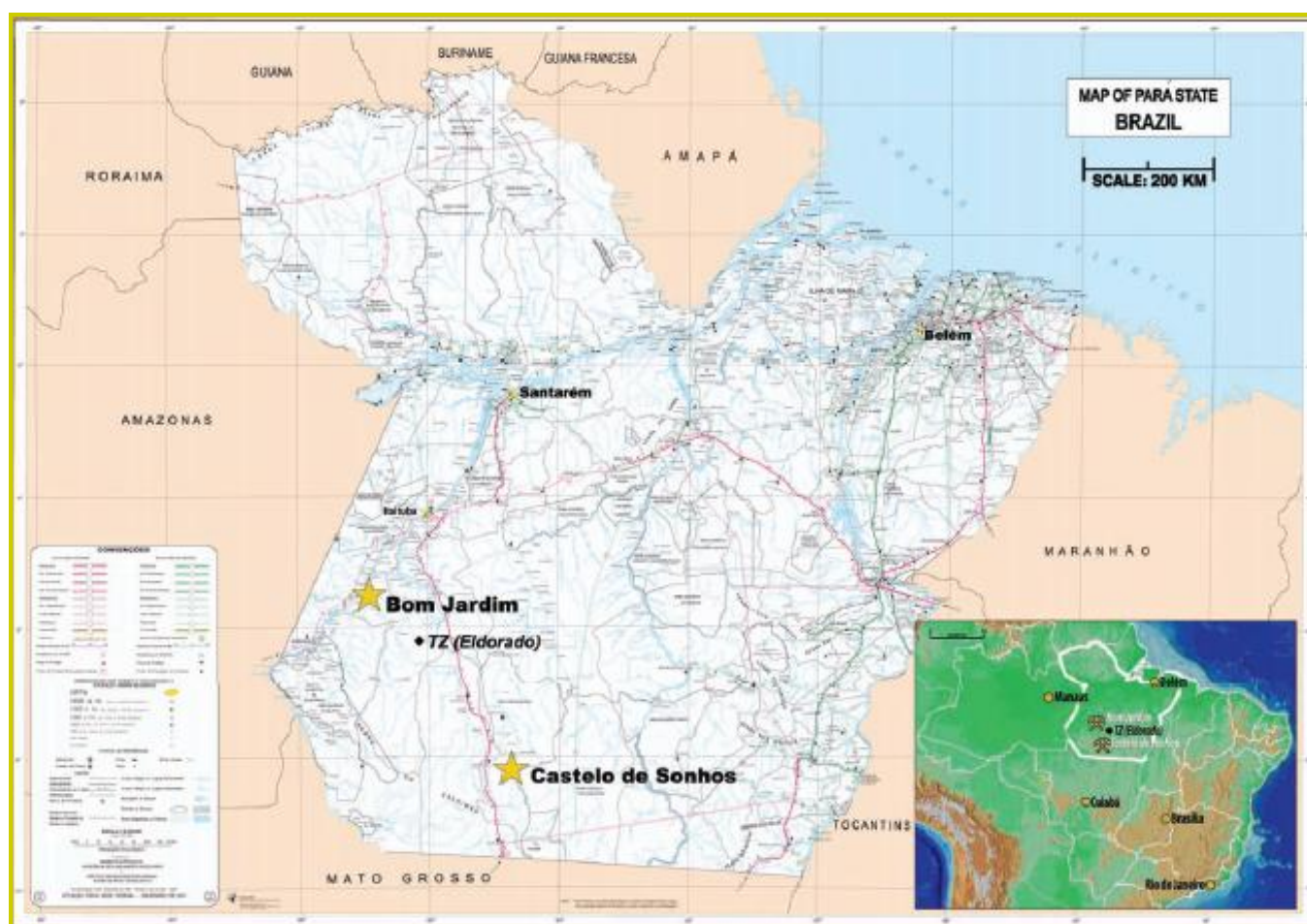
The widespread alluvial gold deposits point to the area’s strong bedrock exploration potential, the placers resulting from the underlying vein-type, stock-work and disseminated gold mineralization that exists along structurally favourable locations of the major intrusive-fed sheer zones running throughout the region.

By far, Tocantinzinho, with a 2.54 million ounce gold resource, is the largest gold deposit discovered in the TMP. However, other deposits deserve to be mentioned like Cuiu-Cuiu (1.3 million ounces), São Jorge (801,000 ounces) and Palito with reported produced plus remaining resources of 500,000 ounces of gold. All these deposits and several other occurrences lie in a northwest trending gold belt known as the **Tocantinzinho-Cuiu Cuiu Gold Belt**, which is now considered the most prospective gold belt in the Tapajós.

Nowadays, the Tapajós region is being regarded by both public and private sectors as a region which needs infrastructure improvements.

The federal government has included the Santarém-Cuiabá road in Brazil's Growth Plan (PAC) to be completely paved by the end of 2013. This work is well underway. Also, due to the huge hydro power potential of the rivers running through the TMP, the Brazilian government, as well as private companies, plan to build several power plants in the Tapajós, Jamanxim and Crepori rivers. All these rivers have been already surveyed and several projects are just waiting the final permitting to start construction of power plants which will produce more than 7.2 MWh.

Overview of Projects



➤ Castelo de Sonhos Property, Pará State – 100% owned

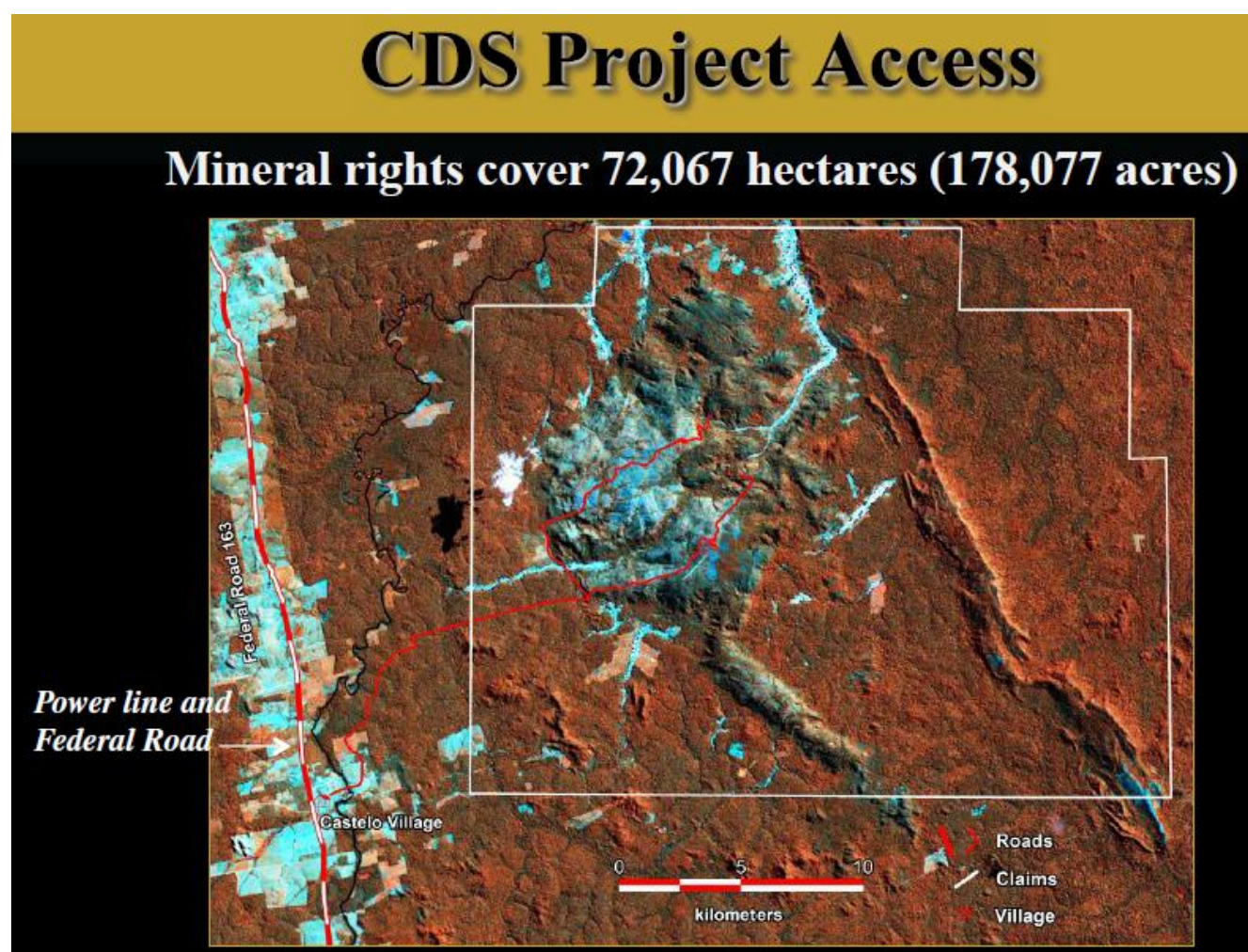
In October 2010, TriStar signed an Option Agreement with a private owner to acquire the Castelo de Sonhos Property, located in southwestern Pará State of Brazil. The Property consists of 72,067 hectares of mineral rights and encompasses a 15 km by 12 km plateau with an average elevation of 300 metres above ground. The main creeks and drainages which flow from the plateau were extensively mined for alluvial gold from 1987 to 1992 and the gold output from these artisanal mining operations has been estimated between 250,000 ounces and 320,000 ounces.

Barrick Gold conducted significant exploration at Castelo de Sonhos from June 1995 to November 1996, including geological mapping, 695 stream sediment samples, 4,087 soil samples, 5,977 rock samples, 2,755 trench samples, 22 diamond drill holes for a total of 2,027 metres, and airborne geophysics covering an area of 750 km².

This resulted in the identification of two large gold soil anomalies extending for more than 5 km in addition to positive gold intercepts in trench and drill core samples.

As of April 30, 2012, TriStar collected a total of 5,589 soil samples and a total of 135 rock-chip samples. This resulted in the identification of two new soil anomalies and extended the previously known anomalies. All soil anomalies, including the newly discovered Esperanca Center-East anomaly now extend over a strike length of 15.5 kilometres. All these anomalies are hosted in the conglomerates which can be as thick as 150 metres.

Mineralization at Castelo de Sonhos is associated with Palaeo-placers in early Proterozoic (2 Billion years old) conglomerates, quartzites and arenites that are gently folded and occupy the entire 12 by 15 km plateau area that sticks out up to 300 meters above the surrounding Proterozoic granitic terrain. From early mapping and soil sampling there appears to be a strong association between the conglomerates and the soil anomalies that attracted attention.



After Barrick, the Property was later optioned by Osisko Mining in 2004 until recently, although it did not carry out additional field work.

The Castelo de Sonhos Property also has an excellent location regarding available infrastructure. The property lies only 15km in a straight line from the Cuiabá-Santarém road, which is being paved. It is one of the closest gold projects of the Tapajós Mineral Province to the Cuiabá-Santarém highway that connects the Amazon river with Mato Grosso.

An existing power line (128 KVA), already connected to the Brazilian power grid, follows the Cuiabá-Santarém, just 15 km west of Castelo de Sonhos Property.

TriStar paid the property owner US\$ 50,000 upon signing the Option Agreement and has paid US\$ 250,000 after the satisfactory completion of a thirty-day due diligence review. To maintain the option, an additional stream of six-month option payments totalling US\$ 2.4 million are payable over a period of 36 months. Should a gold deposit with proven and probable reserves larger than 1 million ounces be identified, the owner will receive US\$ 1 for each troy ounce.

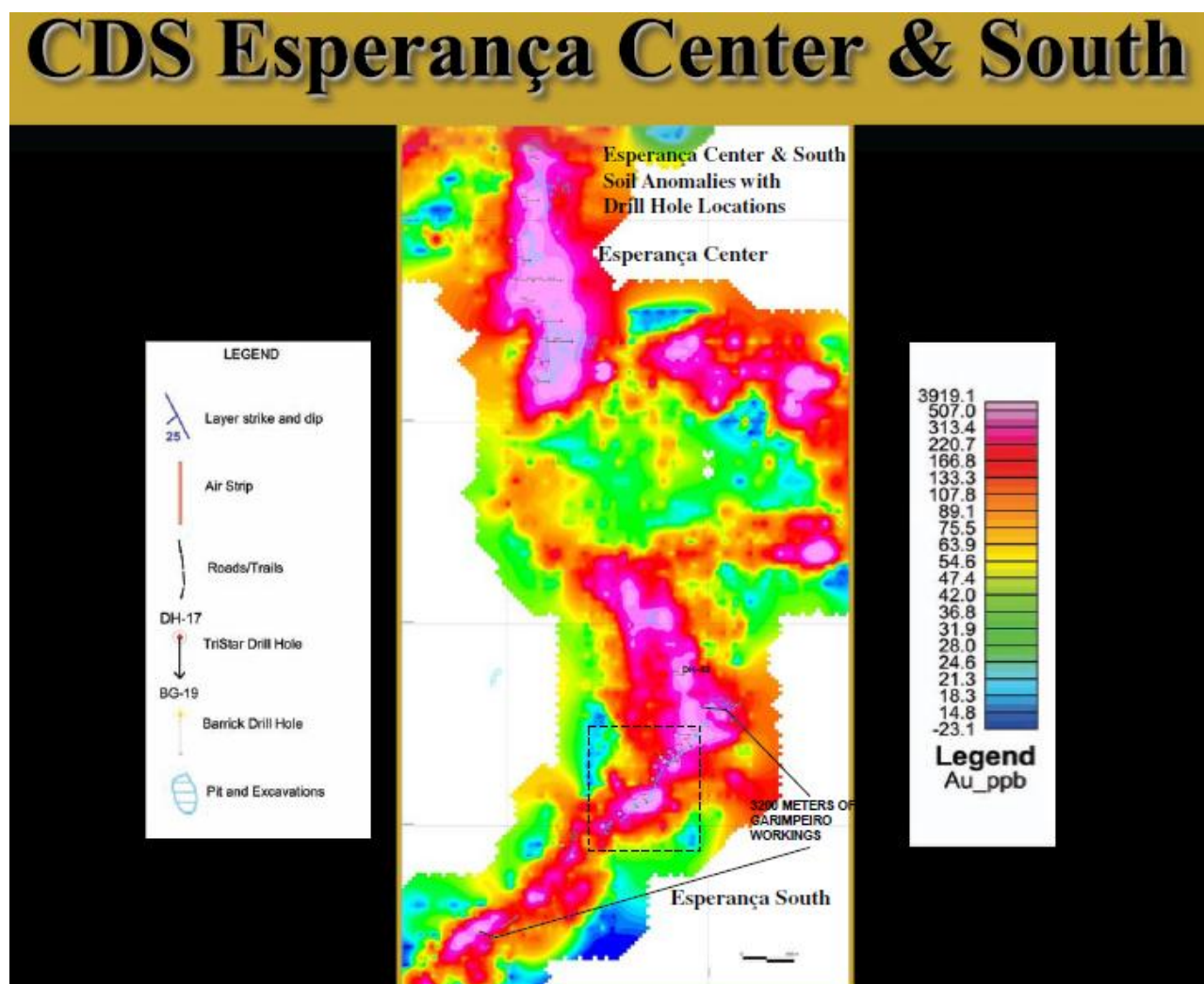
TriStar has also committed to incur minimum exploration expenditures of US\$ 750,000 in the first year, and to maintain the option in good standing, the Company will incur further annual exploration expenditures of US\$ 1.25 million and US\$ 2.0 million, respectively, during the following two years.

Of the initial 33-hole, 5,562-metre drilling campaign, 18 holes (2,145.05 metres) were located at **Esperança South target** to investigate a large (5,000 metres by 200 to 800 metres) soil anomaly along with a coincident 3,200 metres long zone of open cuts worked by local garimpeiros (artisanal miners), fourteen holes (3,013.40 metres) were located at the **Esperança Center target** to investigate another large soil anomaly (2,500 metres by 800 metres) and one hole (504.20 metres) was located to investigate an airborne geophysical anomaly located at the western portion of the **Esperança Center hill**.

At **Esperança South**, out of 18 holes, 15 positive holes outline a mineralized zone with a length of 1,400 metres along strike and considering the results of hole 32, which is located 600 metres more to the north, this zone may possibly be extended to a minimum of 2,000 metres.

Also, the occurrence of high grade intercepts may represent a potential upside at Castelo de Sonhos.

TriStar's second phase of drilling is planned to start in July 2012, consisting of a minimum of 3,000 metres of core drilling and will aim not only to extend the mineralised zones along strike and to depth at Esperança South, but also to identify new mineralised zones at all targets, including the newly discovered Esperança Center-East gold soil anomaly that covers an area of 2,000 x 800 metres (>100 ppb gold).



The most significant results available of the drilling at the **Esperança South** target are: 2.15 g/t gold over 8.00 metres (CSH-03); 1.94 g/t gold over 6.00 metres (CSH-08); **10.14 g/t gold over 4 metres (CSH-14)**, 11.17 g/t gold over 2.00 metres and 2.65 g/t gold over 2.00 metres (CSH-16), 2.34 g/t gold over 11.00 metres (CSH-24); 4.27 g/t gold over 12 metres (CSH-31), including 4.70 metres at 7.43 g/t gold; and 7.36 g/t gold over 2.15 metres, plus 11.21 g/t gold over 2.80 metres at hole CSH-32.

Most significant results for the **Esperança Center** are: 3.73 g/t gold over 2.00 metres (CHS-01), **10.62 g/t gold over 1.00 metre (CHS-02)**, 2.79 g/t gold over 5.00 metres and 2.45 g/t gold over 2.00 metres.

CDS Summary

- **Detailed drilling needed near Esperança South positive intercepts adjacent to 3,200 meter long garimpeiro workings**
- **Large untested anomalous areas require more drilling**
- **Drilling results show favorable comparison with the Jacobina palaeo-placer deposit in Bahia and the Tarkwa deposit in Ghana**
- **Large area still unexplored**



➤ Bom Jardim Property, Pará State

The Bom Jardim area is located approximately 30 km northeast of the Crepori river mouth along the Tapajós river. The Company has retained one Exploration License for the area measuring a total of 8,829 hectares.

In this area TriStar explores for deposits related to epithermal and porphyry copper and gold systems like those existent in the Phanerozoic mountain belts.

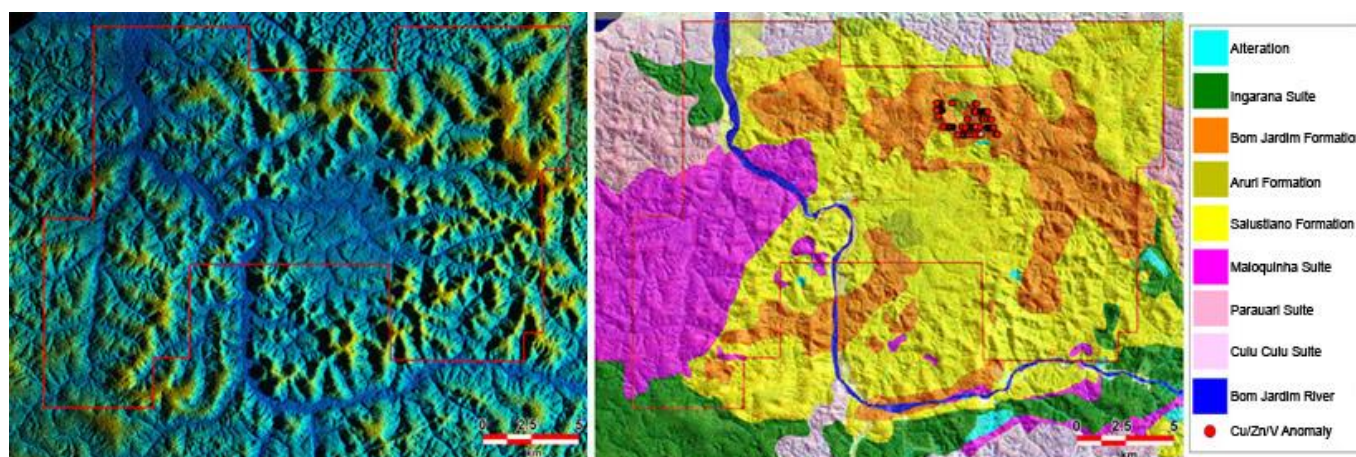
The model is supported by the discovery made by Rio Tinto Exploration Brasil in 1998 of the oldest gold-epithermal system preserved in the world, the V3-Botica. The porphyry model was also proven by Rio Tinto, also in 1998, with the discovery of the V6 copper-molybdenum property located some kilometres north of V3-Botica.

An airborne survey (magnetics and radiometrics) completed in May 2008 by Brazauro totalling 4,353 linear kilometres, supported highlighting several exploration targets.

The combined interpretation of the airborne survey and remote sensing images led to the definition of 10 targets which were followed up from October 2008 to July 2009.

A total of 134 kilometres of lines were cut for soil sampling and mapping. A total of 1,625 soil samples, 152 pan concentrate samples and 83 stream sediment-samples were collected. During the mapping of the creeks and grids, 482 rock samples were collected and out of these 111 were assayed.

The results of this first phase of exploration led to a definition of one target made up of coincident copper, zinc and vanadium anomalies. TriStar is now evaluating the results of the first phase of exploration at Bom Jardim to decide the next step for project development.



Under DNPM regulations, TriStar is subject to periodic renewal requirements for its exploration licenses. The Bom Jardim exploration licenses' 3 year terms expired during fiscal 2011. The Company has complied with the renewal requirements and is waiting to receive the renewal of the exploration license to continue exploration activities in the area.

TriStar Gold Investment

- **Extensive high-potential properties focused in the Tapajós district and Mato Grosso state of Brazil**
- **Emerging district for gold production and earnings generation**
- **\$5 million in cash at 5/30/2012; no debt**
- **Management and Board with significant experience**
- **Proven results with Brazauro Resources, Crown Resources, Arequipa, Ashton Mining, Romarco, Rio Tinto Exploration, Anglo American, Newmont and Anaconda**

Management

Mark E. Jones III, CEO & Chairman of the Board, has been a director of several mining companies including Brazauro Resources (acquired by Eldorado Gold), Crown Resources (acquired by Kinross Gold), founder and Vice-Chairman of Arequipa Resources (sold to Barrick Gold for C\$ 1 billion) and is Chairman of Solitario Resources. Prior to 1984 he was involved in the investment banking business with Dean Witter and as a partner with Jones, Lloyd & Webster.

Leendert G. Krol, Advisor & Director, has over 40 years of experience in the mining industry. Prior to joining TriStar Gold, he held the positions of Director & Advisor of Brazauro Resources, Vice President, International Exploration, Director of Foreign Exploration and Director of Metallurgical Services with Newmont Mining; Exploration Manager, Diamonds, for Anaconda Copper; Consulting Geologist, Diamonds, for ASAM; and Senior Geologist for Anglo American.

Elton L.S. Pereira, VP of Exploration, has over twenty two years of experience in mineral exploration throughout Brazil, most of it with the Rio Tinto Group, where he acted as manager of several projects, being involved in the discovery of some of the known gold deposits in the Amazon Craton. Prior to join TriStar Gold, He served as Vice President of Exploration of Brazauro Resources. Mr. Pereira is a graduate of Universidade do Vale do Rio dos Sinos of Rio Grande do Sul State and has a M.Sc. degree from Universidade Federal de Ouro Preto of Minas Gerais State.

Diane R. Garrett, Director, is President and CEO of Romarco Minerals. She holds more than 18 years of senior management experience and financial expertise in the field of natural resources. Ms. Garrett previously held the positions of Corporate Development with Dayton Mining and Beartooth Platinum. Prior thereto, Ms. Garrett held the position of Senior Mining Analyst and Portfolio Manager with U.S. Global Investors. She holds a Masters Degree in Mineral Economics and a Ph.D. in Engineering.

Patrick L. Glazier, Director, served as the President of East Fraser Fiber. based in Prince George, British Columbia for the past five years. He served on the board of directors of Brazauro Resources from July 1998 until July 2010.

Brian C. Irwin, Director, is a former partner of DuMoulin Black, a Vancouver based Securities and Corporate Law firm where he practiced corporate, securities and natural resource law with a focus on mining and corporate finance. During his forty year career, he served as chairman of the natural resources subsection of the Continuing Legal Education Program of the British Columbia Bar. Mr. Irwin has served as chairman of Ashton Mining of Canada, director and officer of Brazauro Resources, Goldbelt Resources (acquired by Wega Mining) and now sits on the boards of a number of resource based public companies.

John S. Segner, Director, is a former Managing Director and Global Partner of Invesco PLC where he worked from 1997 until 2009. During his time at Invesco, he was the lead manager of the Invesco Energy Fund, AIM Energy Fund, AIM Gold and Previous Metals Fund, AIM Utilities Fund and co-manager of the AIM Multi-Sector Fund. Mr. Segner served as director of Brazauro Resources, and prior to 1997, was at The Mitchell Group (a money management firm), First Tennessee (now First Horizon), Amerada Hess (now Hess) and Texaco (now Chevron). Mr Segner received his B.S. in Civil Engineering from The University of Alabama and his MBA from The University of Texas at Austin.

Carlos Vilhena, Director, is a partner at the law firm of Pinheiro Neto Avogados in Brasilia, where he coordinates the firm's mining laws and government relations practise. In recent years, he has given legal advice for a large number of clients, including major and junior mining companies in all areas related to the mining sector. In 2011, Chambers Global recognised Mr. Vilhena as one of the most reputed mining lawyers in Brazil. He acts as the International Affairs Officer of the Brazilian Mining Association - Ibram. He also acts as Secretary of the Mining Committee of the section on Energy, Environment, Natural Resources and Infrastructure Law of the International Bar Association. Mr Vilhena holds an LLA degree in Natural Resources Law for the Centre of Energy Petroleum, and Mineral Law and Policy at the University of Dundee, Scotland and an LLB in Law from the University of Brasilia Law School.

Finance

On May 17, 2012, TriStar announced its plan to raise up to Cdn\$ 4 million, being a combination of a warrant exercise incentive program and a non-brokered private placement.

The private placement will consist of up to 12 million units of the Company at a price of Cdn\$ 0.25 per unit. Each unit will consist of one common share of TriStar and one half of one purchase warrant. Each such whole warrant will entitle the holder to purchase one additional common share of TriStar at a price of Cdn\$ 0.30 per share for a period of one year.

On May 30, 2012, TriStar announced that the TSX Venture Exchange has accepted for filing the Company's proposed incentive program to encourage the early exercise of certain outstanding warrants. The warrants, as originally issued are exercisable into one common share of the Company at Cdn\$ 0.30 per share until December 20, 2015.

TriStar is now offering to the warrant holders the option to accept an amendment to the existing warrants which allows the holder to exercise each outstanding warrant to receive a unit at Cdn\$ 0.25 per share. This offer is not available to warrant holders who are insiders and pro group members.

Each new unit will consist of one common share of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at an exercise price of Cdn\$ 0.30 per share for a two-year period.

Investment recommendation:

TriStar Gold was spun-off from Brazauro Resources when Eldorado Gold bought Brazauro including the **Tocantinzinho Project** for approximately Cdn\$ 122 million in July 2010.

Eldorado Gold funded TriStar, including the **Bom Jardim** and **Andorinhas projects** in the historically rich, gold producing region of **Tapajós** in **Pará State, Brazil** with Cdn\$ 10 million.

The Tapajós region has an official historic production of 10 million ounces of gold and an unofficial production of 30-40 million ounces of gold.

In October 2010, TriStar signed an option to acquire the **Castelo de Sonhos Property**, also located in the Tapajós region. The Company will incur minimum exploration expenditures of US\$ 750,000 in 2011 and has announced in the start-up of exploration expenditures which in first instance will check all of Barrick Gold's significant exploration results in 1995-1996.

On April 1, 2012, TriStar announced completion of its initial 33-hole, 5,662-metre drilling campaign. The results are equivalent to the previous drilling results obtained by Barrick Gold at the Castelo de Sonhos Project in 1995/96.

The Company's second phase of drilling is planned to start in July 2012, consisting of 3,000 metres of core drilling and will aim not only to extend the mineralized zones along strike and to depth at Esperança South, but also to identify new mineralized zones at all targets, including the newly discovered Esperança Center-East soil anomaly.

Considering the prospective potential of the Tapajós Mineral Province, supported by official historic production of 10 million ounces of gold, at a depressed market capitalization of just Cdn\$ 16 million, including Cdn\$ 5 million in cash, in our view, the shares of TriStar offer an attractive speculative investment opportunity.

Our next price objective is Cdn\$ 1.00.