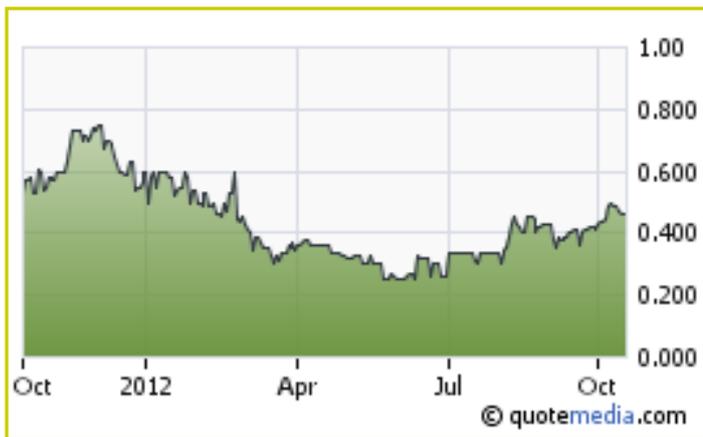


Goldletter INTERNATIONAL

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

Special Situation – October 2012 Update

www.TriStarAu.com



TriStar Gold (Cdn\$ 0.39)

TSX.V	: TSG
H+L prices (12 months)	: \$ 0.75 – 0.21
Net shares issued	: 56.9 million
Fully diluted	: 84.9 million
Market Capitalization	: \$ 22.2 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.

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.



In April 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).

On July 17, 2012, TriStar commenced the second phase of core drilling at Castelo de Sonhos. The Company has planned 44 holes totaling 5,000 metres of core drilling to be performed by two drill rigs. A total of 30 holes totaling 3,690 metres have been drilled to date. Highlight results from the Esperança South target include: **13.90 metres at 4.51 g/t gold** and **20.00 metres at 2.86 g/t gold**.



Tapajós Mineral Province, Brazil

Tapajós Region in Pará State

- **Large under-explored gold province**
- **Potential for multimillion ounce open-cast deposits**
- **Historic production:**
 - *official 10 million oz.*
 - *unofficial 30-40 million oz.*
- **Little modern mining in the area**



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.

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 metamorphosed and deformed granites of the Cuiu-Cuiu Suite and the un-metamorphosed and undeformed granites of the Parauari Suite. Some gold occurrences also do occur in the acid-intermediate volcanic rocks of the Iri 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 shear 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, Esperança East and Esperança West and extended the previously known anomalies. All soil anomalies, including the newly discovered Esperança Center and West anomalies 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.

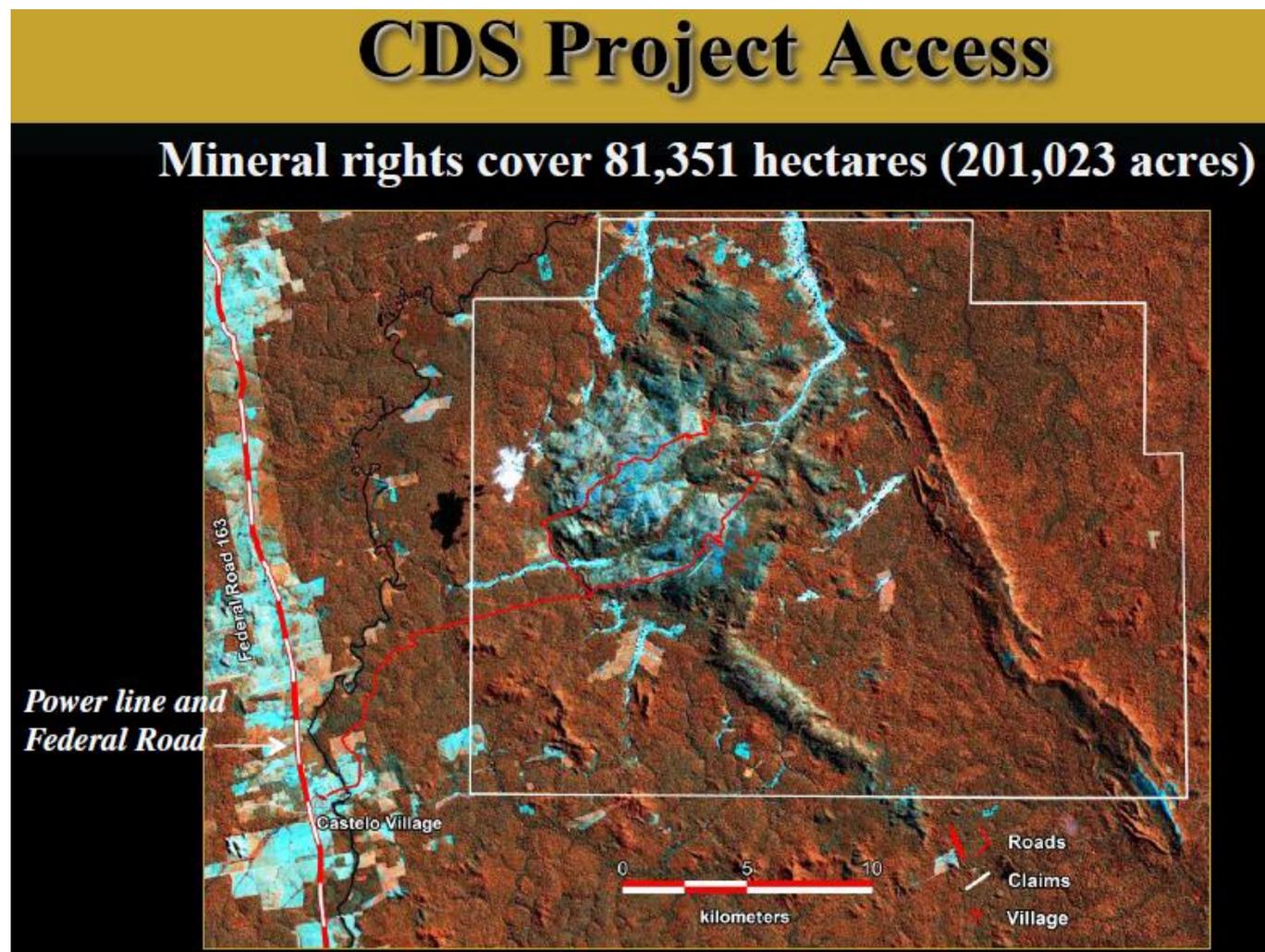
The Castelo de Sonhos Property also has an excellent location regarding available infrastructure. The property lies only 15km in a straight line from the Cuiabá-Santarém road, which is being paved. It is one of the closest gold projects of the Tapajós Mineral Province to the Cuiabá-Santarém highway that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

On July 17, 2012, TriStar commenced the second phase of core drilling at Castelo de Sonhos. The Company has planned 44 holes totalling 5,000 metres of core drilling to be performed by two drill rigs. A total of 44 holes are planned to be drilled in three targets at depths ranging from 50 to 200 metres.

At the Esperança South target, the new drilling campaign will aim to extend the known mineralization along strike, as well as down dip. At this target, TriStar has already drilled 18 holes along 2,000 metre long drill line which follows the strike of the gold-in-soil anomaly and the open cuts worked by the local garimpeiros. The mineralization is open to the south and north where it widens. The current space between the traverse drilling lines ranges from 100 meters to 600 metres and the drilling will also aim to fill in this drilling grid.

At the Esperança Center target, where 14 holes have been drilled to investigate a 3,100 metre long by 800 metre wide gold-in-soil anomaly the new campaign will aim to fill in the grid, which has drilling lines spaced from 200 metres to 400 metres.

At Castelo de Sonhos, the main conglomerate package, which is the host for the gold mineralization, has a horseshoe shape and extends for approximately 18 kilometres.

The continuing exploration performed by TriStar has expanded the gold-in-soil anomalies to approximately 15.5 kilometres along the outcropping conglomerates.

Also, the new anomaly **Esperança East**, has been identified to the east of Esperança Center. This new anomaly is 2,000 metres long by 800 metres wide (100 ppb curve) and its gold assays range from 100 ppb to 1,617 ppb.

Some holes will also be drilled in this new target.

On October 2, 2012, TriStar announced the results of the first round of holes completed in the second phase diamond drilling. Results have been received for 15 holes drilled at the Esperança South Target.

A total of 30 holes totalling 3,690 metres have been drilled to date in this second phase campaign.

Eleven of the completed holes, for which results have been received, encountered mineralization. The most significant holes are: **CSH-44 13.90 metres at 4.51 g/t gold** including 7.90 metres at 7.38 g/t gold and **CSG-40 20.00 metres at 2.86 g/t gold** including 4.00 metres at 6.19 g/t gold and 6.00 metres at 4.74 g/t gold.

With the resulted of **CSH-43**, the northernmost positive one (11.00 metres at 1.60 g/t gold) and **CSH-44**, the southernmost positive one, the strike length of the mineralized zone at Esperança South has been extended from 1,400 metres to 2,600 metres.

This zone is still open in both directions, to the north and to the south, within a soil chemistry anomaly which extends for over 5,000 metres.

CDS 2011 Drill Results

Hole ID	UTM_E	UTM_N	Target	Depth (m)	Significant results (g/t)	From-to (m)
DH-01	724,500	9,094,800	Center	266.80	2m@3.73	50.15-52.15
DH-02	724,301	9,095,004		432.40	1m@10.62	4.0-5.0
DH-04	724,280	9,094,400		250.35	5m@2.79 1m@2.55	147-152 166-
DH-06	724,064	9,095,400		323.00	2m @2.45	60-62
DH-19	724,370	9,094,800		194.10	6m@1.28	107-113
DH-23	724,170	9,095,200		171.50	2m@1.28 2m@1.75	79-81 166-168
DH-25	724,135	9,095,600		174.85	2m@1.0	44-46
DH-28	720,459	9,092,455		504.20		
DH-03	725,529	9,090,677	South	159.95	8m@2.15	76-84
DH-05	725,675	9,090,900		250.35	2m@1.32 4m@1.27	45-47 182-186
DH-08	725,649	9,090,700		143.00	6m@1.94	28-34
DH-09	725,614	9,090,735		122.30	2m@1.03 6m@1.07	56-58 86-92
DH-11	725,474	9,090,588		120.10	2m@2.05	67-71
DH-14	725,448	9,090,463		120.55	4m@10.14 2m@2.39	47-51 66-68
DH-16	725,346	9,090,282		120.40	2m@ 11.17 2m@2.65	50 to 52 111-113
DH-18	725,256	9,090,233		121.10	1.75m@1.79	79-80.75
DH-20	724,954	9,090,000		120.00	2m@1.39	14-16
DH-21	725,790	9,090,834		120.00	12.5@1.05	35.5-48
DH-24	725,713	9,090,777		120.50	2m@2.41 11m@2.34	26-28 46-57
DH-27	725,118	9,090,119		81.70	1.5@2.2	39.80-41.3
DH-30	725,855	9,090,921		70.50	2m @1.42 2m@1.44	25-27 51-53
DH-31	725,525	9,090,682		150.55	12m@4.38	76-88
DH-32	725,675	9,091,500	150.45	2.15m@7.36 2.8m@11.2	20.85-23 43-45.8	

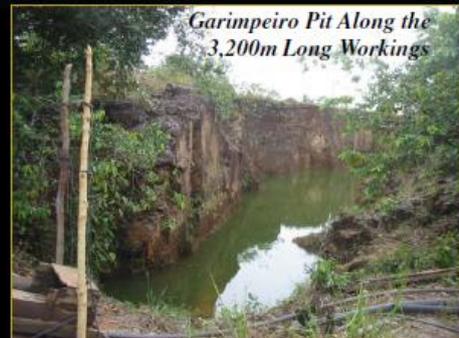
Castelo de Sonhos is a Palaeo Placer similar to the well known Jacobina Gold deposit in Brazil and the Tarkwa Gold deposit in Ghana, West Africa. They are similar in age and geology, as well as in thicknesses and grades of the individual reefs, which range from 1 to 20 meters with grades up to 8 g/t gold.

CDS Exploration Program

(From March 2011 through May 2012)

- **Soil Sampling**

- Confirmation Barrick soil anomalies
- Remaining target area



Garimpeiro Pit Along the 3,200m Long Workings

- **Airborne Geophysical Survey**

- Area covered **790 sq km/7,019 linear km**
- Flight height **100 meters**

- **Diamond Drilling**

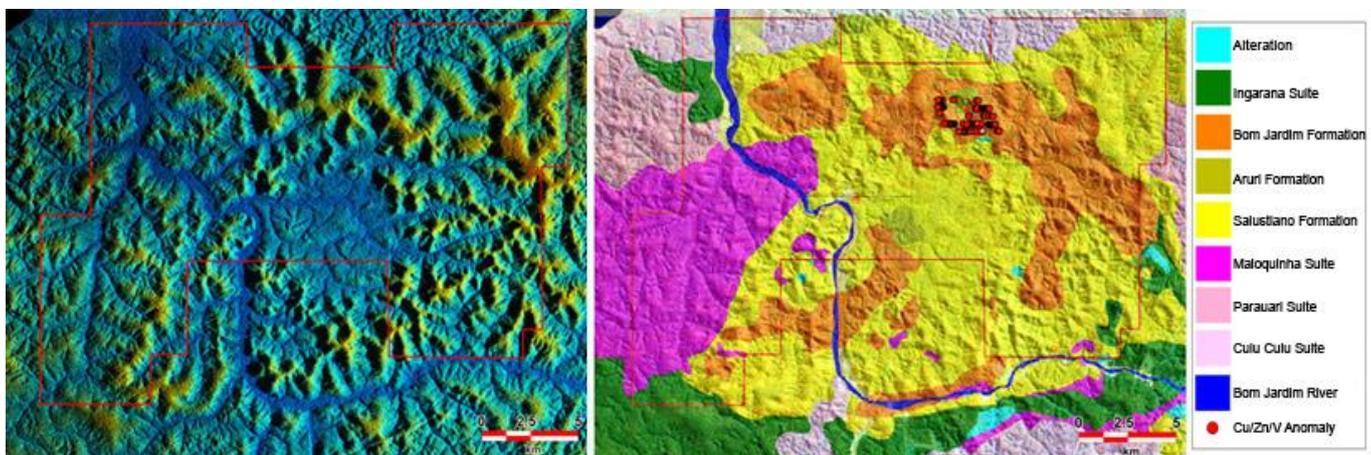
- Esperança Center **14 drill holes 3,013 meters**
- Esperança South **18 drill holes 2,145 meters**
- Potassium Anomaly **1 drill hole 504 meters**

➤ **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**
- **\$ 4.4 million in cash at September 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.

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.

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.

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.

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.

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 Precious 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.

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.

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 July 31, 2012, TriStar announced that it had closed a private placement of 5.6 million units of the Company to raise gross proceeds of Cdn\$ 1.4 million.

Each unit consists of one common share and one half of one non-transferable common share purchase warrant, with each warrant exercisable to July 30, 2014 to purchase one additional common share of TriStar at a price of Cdn\$ 0.30 per share.

As at September 30, 2012, TriStar had a cash position of Cdn\$ 4.4 million and no debt.

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.

On July 17, 2012, TriStar commenced the second phase of core drilling at Castelo de Sonhos. The Company has planned 44 holes totaling 5,000 metres of core drilling to be performed by two drill rigs.

A total of 30 holes totaling 3,690 metres have been drilled to date. Highlight results from the Esperança South target include: 13.90 metres at 4.51 g/t gold and 20.00 metres at 2.86 g/t gold.

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\$ 22 million, including Cdn\$ 4.4 million in cash as at September 30, 2012 and no debt, in our view, the shares of TriStar offer an attractive speculative investment opportunity.

Our next price objective remains Cdn\$ 1.00.