
AUSTAR GOLD ACQUIRES FULL CONTROL OF THE ROSE OF DENMARK MINE

AuStar Gold Limited (ASX: AUL) ('AuStar Gold' or 'the Company') provides the following update in relation to the Rose of Denmark ('RoD') gold mine and nearby tenement holdings:

Highlights

- **AuStar Gold has acquired the remaining 51% interest in Mining Licence MIN5299; which hosts the Rose of Denmark gold mine, from Shandong Tianye Real Estate Development Group Co Ltd ('Shandong')**
- **The transaction includes other nearby gold projects located on MIN 5299, including Hunts and Dempsey**
- **The purchase price comprises \$225,000 in AUL shares subject to 12 months escrow and 45 million unlisted AUL options**
- **With RoD now under full control and ownership of AuStar Gold, prioritising and/or co-development of RoD is currently being considered by the Board and Management.**

CEO Mr Tom de Vries said "Consolidation of ownership of this valuable mining licence is a significant achievement and a major step forward in our strategy to efficiently develop our projects in the prolific gold district from Walhalla to Woods Point in Victoria.

"This cost effective acquisition provides us with far greater operational and financial control over development, mining and investment decisions.

"We are delighted that Shandong has agreed to this transaction and placing their trust in our ability to develop the underground gold potential of our tenements, including the Morning Star and RoD gold mines.

"AuStar Gold's successful drilling program at the RoD gold mine since late 2017 has reported a large number of high grade gold assays and multiple visible gold occurrences, suggesting that this is a gold mine with significant prospectivity and supports the Company's strategy to develop a bulk sample program at the ROD mine.

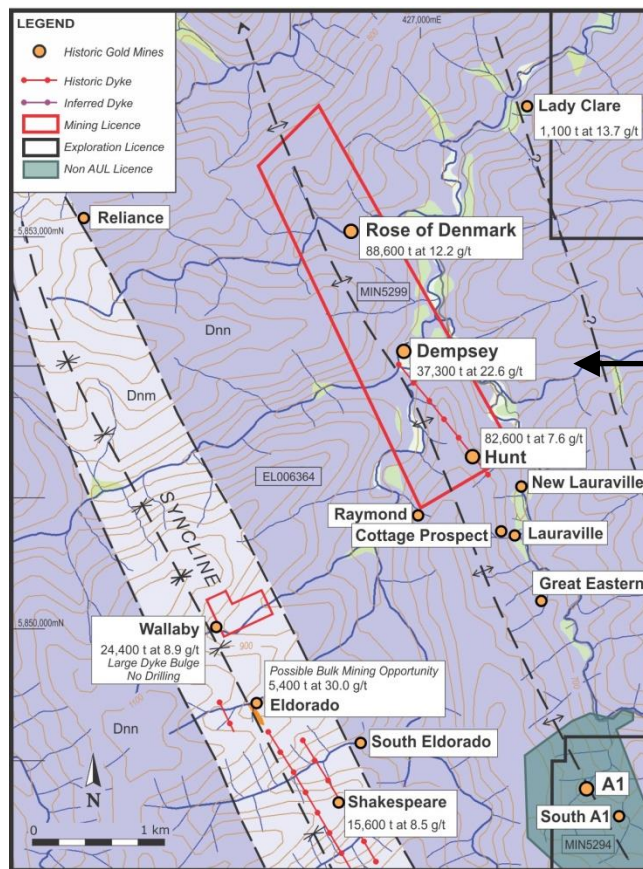
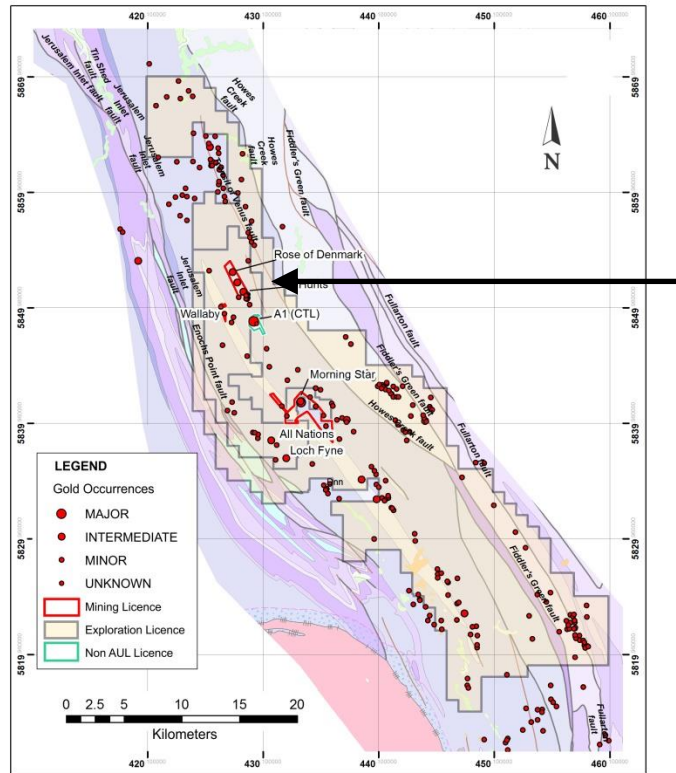
"AuStar Gold is now unquestionably the largest tenement holder of premium gold mining and exploration ground in the region."

Rose of Denmark Gold Mine

Situated only 22 km by road from the Company's gold processing plant at the Morning Star gold mine, RoD sits along a belt of known historical underground gold mines and exploration prospects, (Figure 1). With the exception of the Morning Star gold mine, RoD is the best furnished and nearest to production of the other gold projects in AuStar Gold's portfolio.

Historical production at RoD mine was 37,000 Oz at an average grade of 12.5 g/t sourced from within the surface adits and from a deeper production shaft (~200m deep). The mine environs are considered relatively under-explored as production ceased in 1926 and has been subject to very limited application of modern exploration or mining techniques.

Figure.1 AuStar Gold's Regional Tenement Holding and Break-out Showing Min 5299 including Rose of Denmark and other Projects



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Historical research and work completed by Morning Star Gold NL ('MCO') in 2012 identified a significant walk-up target at RoD available for short term development. MCO completed a major refurbishment of the RoD mine adit, enabling access by a mechanised mining fleet, with an intention to commence mining as well as exploration drilling. A small parcel of RoD's mine material in 2012 was successfully processed through its gold processing plant at the Morning Star mine. It comprised more coarse gold than at the Morning Star gold mine, and likely to have higher recovery.

Nonetheless, as a result of MCO entering into administration, no further exploration or mining was undertaken at RoD, until AuStar Gold recommenced exploration, mapping and sampling activities in late 2016.

The drilling program undertaken by AuStar Gold over recent months has reported numerous high grade assays from drillcore and multiple visible gold occurrences (see ASX releases dated 18 December 2017, 9 January 2018, 29 January 2018, 19 February 2018 and 26 March 2018), providing an increasing body of evidence to support the significant potential gold mineralisation at this mine. It also provides encouragement to develop a bulk sample program at the ROD mine.

AuStar Gold CEO Mr Tom de Vries said: "The refurbishment of the Rose of Denmark adit was completed to a high standard.

"The fact that RoD was prepared for production but then not exploited presents us with a significant opportunity. Such opportunities are rarely presented to miners and investors. We are excited to now take on this project as 100% owners."

Transaction Summary

AuStar Gold has acquired the remaining 51% of MIN 5299, which holds the historical gold mines including Rose of Denmark, Hunts and Dempsey on the following terms:

- Purchase price comprising:
 - \$225,000 payable in AUL shares, issue price calculated on the 5 day VWAP price prior to completion (estimated number of shares 28 million) with a 12 month selling restriction; plus
 - 30 million unlisted options with an exercise price of 1.5 cents, expiring on 30 November 2019; plus
 - 15 million unlisted options with an exercise price of 2 cents, expiring on 30 November 2021;
 - Shares and unlisted options to be issued from the Company's existing capacity under 7.1 and 7.1A, and
- A mutual waiver and release by both parties to any claims or liabilities under the joint venture

Mr de Vries said: "This is a genuine win-win outcome for both AuStar Gold and Shandong, our new shareholder. Shandong will benefit from a direct equity investment in AuStar Gold with upside optionality, whilst AuStar Gold gains a valued new shareholder and endorsement as a trusted operator to deliver value from the development of these projects.

"The transaction will result in streamlined decision making and greater operational efficiency for AuStar Gold, regarding the near term development of the Rose of Denmark gold mine. With RoD now under our full control and ownership, prioritising and/or co-development of RoD is currently being considered by our Board and Management."

This announcement ceases the Trading Halt of the Company's securities on the ASX.

About AuStar Gold Limited:

AuStar Gold is focused on the return to production of the Morning Star mine and its environs - **an advanced high-grade gold project, with significant infrastructure including processing plant, a strategic tenement footprint, and prospectively, well positioned for near-term trial mining.**

In addition, AuStar Gold intends to develop its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm) into low cost high grade gold production projects.

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