

Capital Raising Update: Allotment of Securities

On 13 August 2018 **AuStar Gold Limited** (ASX: AUL) ('**AuStar Gold**' or 'the **Company**') announced a capital raising comprising a A\$5.5 million placement (**Placement**) and a Share Purchase Plan (**SPP**), to progress the Company's strategy of advancing its portfolio of assets in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm) into low cost high grade gold production projects.

The issue of the second tranche of the Placement and the SPP were subject to shareholder approval and on 28 September 2018, AuStar held a general meeting of shareholders at which all resolutions were successfully passed.

Options issued under the Placement and SPP are due to be quoted on the ASX under code (AULOD) on 10 October 2018.

Placement

The Company is pleased to advise that following shareholder approval, the respective shares and attaching options in relation to Tranche 2 were issued and announced to the ASX with an Appendix 3B on 5 October 2018.

Share Purchase Plan

The Company also advises that the SPP closed on 1 October 2018 with applications totalling \$473,053. The Company has allotted and issued 105,122,752 ordinary fully paid shares at an issue price of 0.45 cents per share.

In addition, the Company has today allotted and issued 21,024,548 attaching options with an exercise price of 1 cent and an expiry date of 30 September 2020.

The issue of these shares and options is pursuant to the prospectus dated 23 August 2018 (**Prospectus**) and was approved by shareholders on 28 September 2018.

In accordance with the Prospectus, the Directors have reserved the right to place the 117,099,444 shares and attaching options that were not subscribed by shareholders pursuant to the SPP (**Shortfall Securities**) by 28 December 2018 with selected parties at their discretion. Discussions surrounding the placement of the Shortfall Securities are in progress and an update will be provided in due course.

In exercising its discretion in the allocation of Shortfall Securities, the Company intends to apply the following principles:

- The Company will exercise its discretion to issue shares to those shareholders who will add to the stability of the Company's share register and who are looking to take a long term stake in the Company.
- Related parties will not be allocated any Shortfall Securities.

The issue price of the placement of any Shortfall Securities will be on the same terms as those offered to shareholders under the SPP, including the issue of one attaching option for every five shares issued.

An Appendix 3B containing details in relation to the aforementioned issue of SPP shares and options has been issued to the ASX today.

As a result of this capital raising, AuStar Gold is now debt free (including no remaining convertible notes) and is funded to progress the next phase of its strategy.

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Disclaimer:

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate; (iii) the Company's analysis is correct; or (iv) the Company's strategy, which is based in part on this analysis, will be successful.