
Rose of Denmark Gold Mine Operational Update

AuStar Gold Limited (ASX: AUL) ('AuStar Gold' or 'the Company') provides the following operational update at its Rose of Denmark (RoD) gold mine where recent gold-bearing material has been successfully mined and processed.

Highlights:

- **Stage 2 Exploration Program at RoD Operational update:**
 - **First pass of percussion drill sampling completed and awaiting assays**
 - **Diamond drill mobilised to site and drilling commenced**

AuStar Gold CEO, Tom de Vries said *"The recent AuStar Gold results from trial mining at RoD (refer announcement (ASX:AUL 20 November 2018) demonstrated, amongst other things, a significant gold grade estimation upgrade between mining face grades and the actual head grade received in the processing plant, and also pointed to a need to better define the high grade gold zones within the mine and to minimise waste and maximise mining recovery. Accordingly, AuStar has embarked on a dual track exploration drilling program, which is now well underway, with assays awaited on percussion drilling.*

Additionally, the diamond drilling program is also underway and is aimed at demonstrating the potential at depth and also above the main adit level with the objective of contributing data towards an economic mine plan to prioritise the largest higher grade mineralized blocks for extraction".

Stage 2 Exploration Program at RoD

The rationale for the Stage 2 Exploration Program is to determine whether parallel, on echelon gold bearing structures sit above and below the mined rises from AuStar Gold's recent trial mining, or whether other controlling geological structures exist that influence the location, size and plunge of the identified higher gold grade sections (refer to ASX:AUL 20 November 2018).

The objectives of the percussion drill sampling (sludge sampling) are to:

- Test if less expensive percussion (sludge) drilling is applicable in identifying the boundaries of the high grade gold zones underground at RoD;
- Delineate as much as possible, the handheld mining zones of extraction and then apply this to other untested areas in the mine;
- More rapidly and cost-effectively test areas in the adit not previously diamond drilled; and
- Test if mechanised, longhole mining is an applicable and achievable method at RoD.

A total of 572 metres of sludge sampling has been drilled at various locations along the RoD adit, resulting in 477 sludge samples being taken which have recently been submitted for assaying. The samples will initially be fire assayed with the higher assays followed up with Bulk Leach Extractable Gold assay (BLEG) plus fire assay tail for accuracy.

Diamond Drill Rig

A diamond drill rig has been mobilised to the RoD adit and has begun drilling from recently developed hanging-wall drill sites. The diamond drill holes will be drilled deeper than the previous diamond drilling and across the dyke, so as to provide, down-dip location, an estimation of width, as well as the tenor of the gold in the dyke at depth. Drilling will include the northern dyke bulge that has been only lightly tested by 2 holes drilled by Austar Gold in December 2017. The objective of this drilling is to further identify grade at depth and up-dip, providing confidence for further development above and below the Rose of Denmark adit.

Initially the diamond drill rig is to be manned by Austar personnel due to the lack of contract drillers Australia wide, which also demonstrates the experience and quality of AuStar people. The contractor will supply trained drillers as they become available.

Figure 1: RoD diamond drill targets to be drilled from recently developed hanging wall cuddies, with existing in dyke drill holes shown.

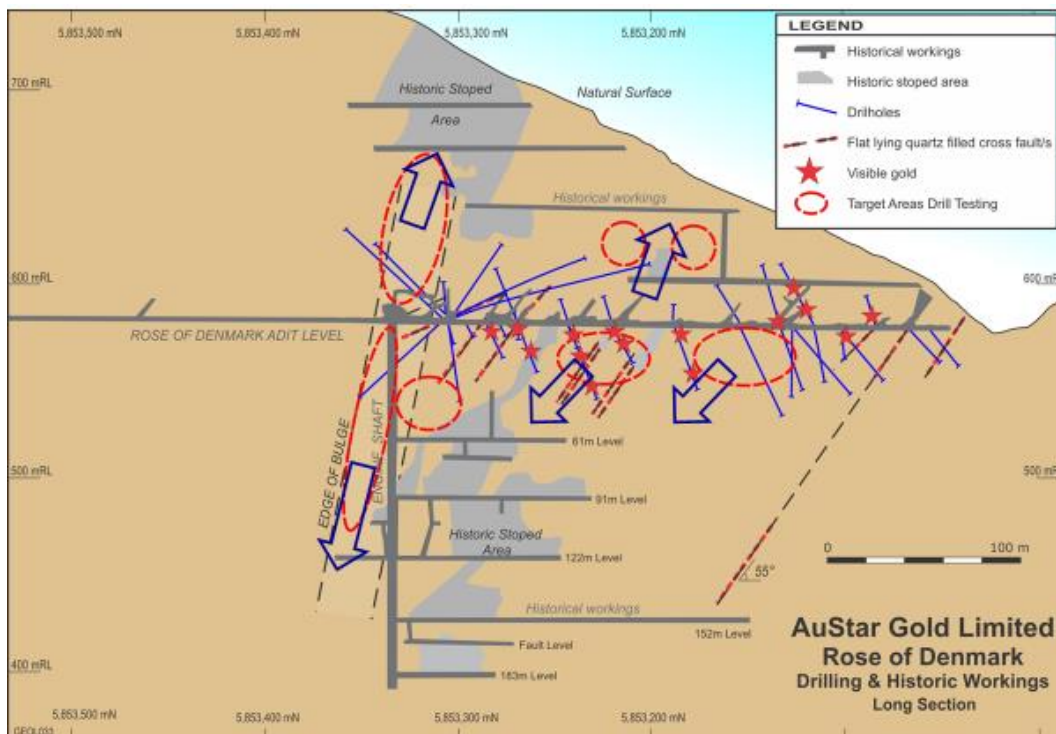


Figure 2: Diamond drilling – Rose of Denmark.



About AuStar Gold Limited:

AuStar Gold is focused on building a valuable minerals inventory to generate sustainable economic production from its portfolio of advanced high-grade gold projects - with significant infrastructure including processing plant, a strategic tenement footprint, and prospectively-well positioned for near-term 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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Disclaimer:

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