
AuStar Gold Corporate Update

AuStar Gold Limited (ASX: AUL) ('AuStar Gold' or 'the Company') provides the following corporate update regarding the near-term strategic intent of the organisation.

Highlights:

- **Board changes implemented**
- **Mining operations scheduled to recommence in Q1 of CY2019**
- **Regional infrastructure opportunities being assessed**
- **Regional exploration strategy being finalised**
- **Technical review to examine open cut mining potential**

AuStar Gold has achieved genuine operational and exploration success during 2018. Trial mining and processing activities were successfully undertaken confirming the ability to process material through the Company's wholly owned gravity gold processing plant, resulting in the first sale of gold doré. The plant is located at the Morning Star Gold Mine site, is currently rated at 80ktpa and is readily scalable.

During this period AuStar Gold has also regularly reported a substantial number of high-grade gold intercepts from exploration drilling highlighting the continuing geological potential within its substantial tenement portfolio.

Having taken the appropriate time to better understand many technical variables, and with many of the operational and exploration assumptions validated, the Company is now in a position to articulate its near-term strategy and to accelerate its corporate plan and operational and exploration activity.

Chairman Frank Terranova stated *"It is clear that shareholders require a greater market presence and strategic clarity from AuStar Gold. We believe the approach being implemented will deliver a greater corporate focus whilst not compromising the technical work program at site thereby improving returns for shareholders."*

Board and Corporate Review

Effective 11 December 2018 Mr Terranova will assume the role of Executive Chairman with a specific focus on elevating the corporate activities of the Company.

Mr Tom de Vries will continue in his role as CEO of AuStar Gold and upon completing the near-term operational objectives throughout Q1 of CY 2019, he is expected to assume the role of Managing Director at that point.

An ongoing review of the Board composition and administrative requirements will ensure the Company retains the appropriate mix of skills and experience with further announcements expected in the coming weeks.

It is the intention that Mr Terranova, and Mr de Vries will convert a substantial percentage of their remuneration to equity, which will be priced at the same price as the latest capital raising.

Near Term Operational Focus: Morning Star and Rose of Denmark

The Company has previously stated that it has been focused on building a valuable minerals inventory to generate sustainable economic production. Management continues to make progress towards achieving this objective, by identifying multiple sources of mill feed at economic grades, undertaking efficient mining operations and moving steadily towards recommencement of mining within Q1 of CY 2019.

Previous announcements demonstrate the existence of high-grade structures readily available for extraction from the Morning Star gold mine and in light of the previous results from trial mining and plant performance, AuStar Gold is confident an initial recommencement is likely.

The team continues to advance all respective permitting and regulatory activities, which will enable greater volumes of mill feed to be accessed from the Rose of Denmark mining lease MIN 5299.

Open Cut Mining potential

AuStar Gold has commenced a technical review to assess the potential for economic near-surface mineralisation within the outcropping Morning Star Dyke at Woods Point. Previous historical work on this activity has been assessed and management believe an additional review on the potential has merit. A tier one external consultancy firm has been appointed to review all available data and also assess what regulatory and environmental requirements may be required to progress this concept in the historic and sensitive environment such as the Woods Point township.

Regional Infrastructure

AuStar Gold is in discussions with a number of organisations regarding utilising its plant to process other companies' ore via a form of toll milling arrangement. Further, AuStar Gold is in discussions with a number of groups with respect to accessing infrastructure that will assist in recovering further gold in a size fraction of the process plant that is not presently readily recoverable by the current gravity circuit, and as such would normally require CIL treatment.

CEO, Tom de Vries stated *"It makes perfect sense to leverage relationships and opportunities to create mutual benefits where under-utilised regional infrastructure exists and we are in the process of exploring a number of potential scenarios."*

Exploration Focus

Regional exploration remains an integral part of the AuStar Gold broader strategy. A substantial amount of work has been undertaken to identify multiple opportunities and the Board is in the final stages of prioritising the many options into an approved work program. Some of the immediate factors being considered on this activity include but are not limited to:

- Consistent exploration results that AuStar Gold has generated over the past months;
- AuStar Gold has a substantial exploration package which covers 667km² of the Woods Point - Walhalla goldfield, a region that has produced over 6Moz of gold historically;
- Additional exploration application (EL006853) located at the northern end of the current tenement holdings, containing multiple historic dyke and sediment hosted gold production centres, further enhancing the exploration potential and consolidating the Company's landholding.
- Initial regional structural modelling indicates that the area under AuStar Gold's exploration licences may represent a mirror image tectonic position to the Fosterville and Costerfield deposits on the western margin of the Melbourne Zone;
- The Company believes consolidation of the exploration areas by one company will ultimately create value in the medium to long term.

Over the coming period, AuStar Gold will provide further detail on its regional exploration strategy.

In conclusion Frank Terranova added, *“Equity market conditions remain challenging for emerging mining companies and the sector is notorious for over promising and under delivery. Concluding the September 2018 capital raise provided AuStar Gold the capacity to invest the appropriate time and money towards better understanding the current state of our portfolio and the opportunities and requirements going forward.”*

“We are now in a position to broaden our investor base and articulate the potential of AuStar Gold in a credible and comprehensive manner. Industry consolidation and asset diversification are themes that AuStar Gold considers inevitable and as it delivers on its existing portfolio of assets, it will continue to consider the broader industry potential that it is well placed to participate in.”

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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