



ASX Release

30 April 2021

AuStar Gold Limited ACN 107 180 441
Registered office: 6 Bridge Street, Woods Point, VIC 3723

MARCH 2021 QUARTERLY ACTIVITIES REPORT

AuStar Gold Limited (ASX: AUL, AuStar Gold, or the Company) is pleased to provide the following update on its activities for the quarter ended 31 March 2021.

Highlights:

- **White Rock Minerals (WRM) to acquire 100% of AuStar Gold by way of Scheme of Arrangement (Scheme) in an all-share transaction**
- **Second Shipment of Concentrates effected with MCC Non-Ferrous Trading (NY) with initial sale proceeds of \$500,000 received**
- **Development of high-grade target intersections at Maxwell and Stone Reefs in the 8 Sub Level have commenced**
- **Mapping and sampling have identified thick high-grade Au ore in Whitelaw Reef**
- **A remote air operated loader was commissioned on 9 Level to improve and increase productivity with ore being scraped into the 8 Level sub rise**
- **A large pick rose was setup in 7 Level which is planned to operate for the next two years increasing productivity to the pass that feeds the 9 Level remote loader.**

Mining:

Mining activity in the quarter commenced with the continuation of development of McNally Reef in Panel 0, Panel 1 and Panel 2, to be set up for T-boning in quarter 2 of 2021. Further development continues in 8 Level developing rise to 7 Level of McNallys reef along plans to for development of Panel 4 and rail extension.

Geology continues to target the dyke overhang over sediment and the sediments on the western side of McNallys, while developing plans for southern extensions on McNallys, a highly unexplored region.

In 8 Level the main focus of development was the completion of West Rise 2, linking 8 Level and 7 Level and rising through mineralised McNally's Reef. Face sample assay from this development returned gold grade 0.05 to 627 g/t Au. Total weighed bulk grade reported was 12.76 g/t.

Planning had begun on the development of Stones Decline and anticipated breakthrough Maxwell/Stone contact in quarter 2.

Mining plans for 8 Sub Level will be primarily T-boning of south, east and west decline drive on Stones Reef and to decline down on Stones to 10 Level. The mine plan also includes rehabilitation of these areas.

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Plans have also been drafted for the mining of Whitelaws and Burns Reef in the 6 Level, infrastructure required prior to development is a bulkhead wall.

Processing:

While realised Dore production was impacted during the Quarter, mine productivity was maintained and this has continued to create substantial surface stockpiles capable of supporting extended processing operations for the foreseeable future.

There was a reasonable level of processing for the quarter up until the last week in March whereby the plant's VSI for grinding malfunctioned prematurely and a spare component was sought from the supplier which caused delays.

A processing plant specialist and metallurgist has been engaged to identify and eliminate additional production bottlenecks in the plant to increase reliability and increase throughput.

In January, a second scheduled concentrate shipment occurred with MCC Non-Ferrous Trading, for the sale of the Company's high-grade concentrate product. The second shipment of concentrate, delivered to Shipment Port in late December, comprised in excess of 5,800kg (dry weight) of concentrates with an agreed average assay of approximately 1,640g/t gold.

This shipment represents high-grade concentrates generated through the Morning Star Processing Plant in July through November 2020, along with residual concentrate produced in the first half of the 2020 year through the previously utilised ILR process. (Refer ASX Release: *AuStar Gold Second Concentrate Sale*, 14 January 2021).

Expenditure on operations for the quarter totalled \$1,753,377.



Fig 1: Example of visible gold in drill core from McNally Reef, Level 7.

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Exploration/Geology:

During the March quarter the mine geology team has focused on advancements in development of multiple reef zones within the Company's flagship Morning Star Gold Mine (*Refer to April 2021 ASX announcement on Mine geology and exploration results*).

The completion of major underground mapping and sampling programs, in conjunction with a review of sampling from 2010-2012, the number of potential mining zones within the Morning Star Gold Mine has been significantly increased. Planning and scheduling are now underway in the following development areas:

- ✓ Development of high-grade target intersections at Maxwell and Stone Reefs in the 8 Sub Level have started.
- ✓ Mapping and sampling have identified thick high-grade Au ore in Whitelaw Reef. Development will commence in the second half of 2021.
- ✓ Mining of Dickenson Reef and Exhibition Reef (the latter, formerly known as Floor 2) will commence in the last quarter of 2021.
- ✓ Multiple high-grade zones from drilling and rock sampling by Morning Star Gold NL (2009 -2011) and AUL (2019) within Kenny's Reef. Development is planned to commence in the first quarter of 2022.

These areas will deliver another four mining areas over the next 12 months, enhancing delivery of high-grade ore to the mill. This will require extensions of underground infrastructure and an increase in mining personnel.

Maxwell and Stone Reef

Exploration development within the Maxwell and Stone Reefs is partially driven by review of historical assay results. For example, in 2010, sampling within the main 100m Maxwells Drive in 8 Sub Level returned encouraging zones of high-grade Au mineralisation.

Whitelaw and Burns Reef

Development targeting Whitelaw Reef from Level 6 will begin in late June to July 2021. Mapping and sampling during February 2021 have highlighted a thick high-grade zone within the Whitelaw Reef. This development will also include exploration drives accessing the overlying Burns Reef.

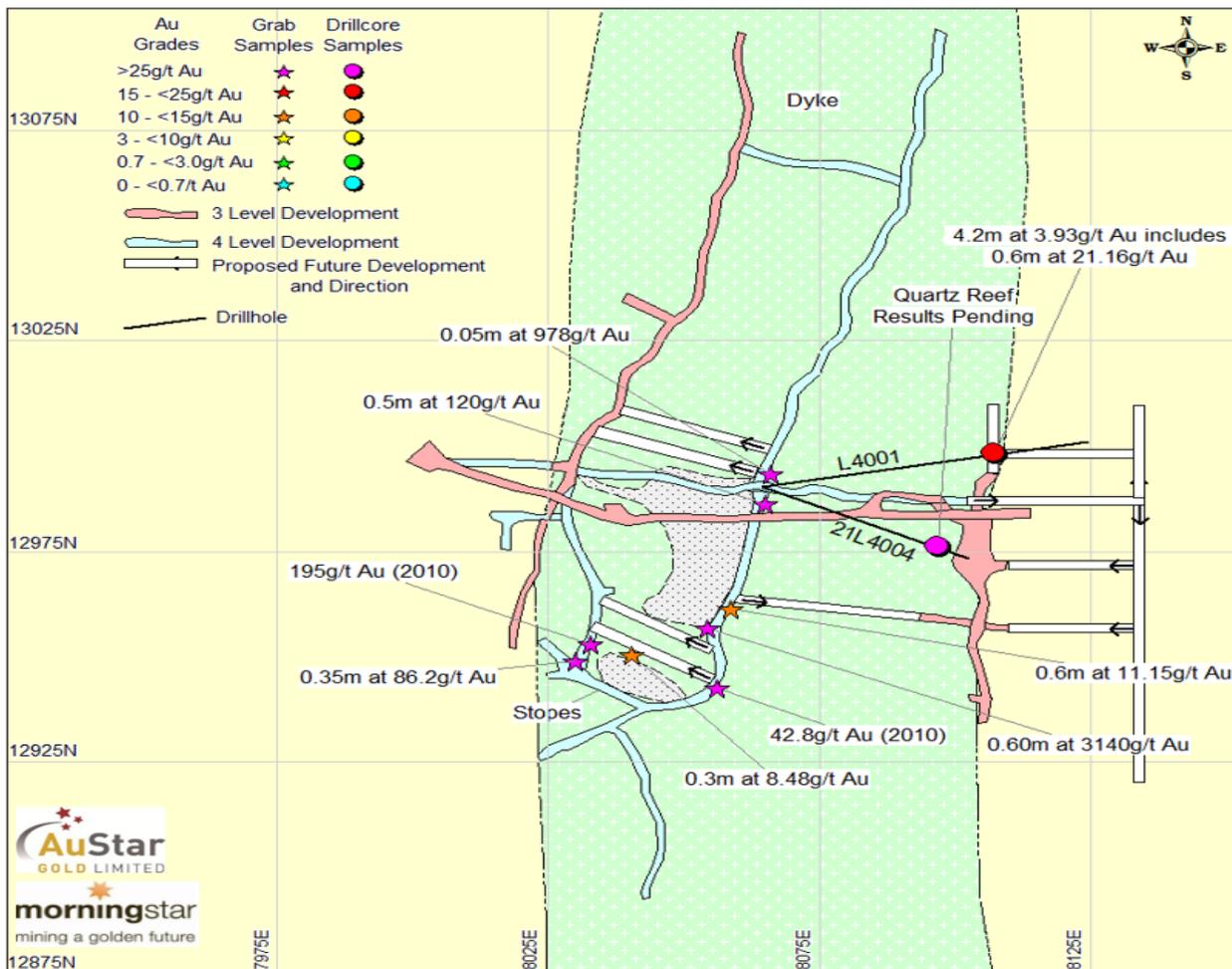
Exhibition, Dickenson and Shamrock Reefs

The Exhibition, Shamrock and Dickenson reefs are situated between the 2 Level and 4 Levels. Within this area, the southern portion appears more prospective than the northern. Further work is required to delineate the reefs.

Unlike the extensively stope Dickenson Reef, limited information is available for Exhibition Reef. The strike potential could be significant depending on future results of further drilling programs. The possible extensions of Exhibition Reef are as follows:

- ✓ Southern end of main shaft: 200m strike length and 80m-100m in width.
- ✓ Northern end of main shaft: 180m – 200m to the Hope Shaft.

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Plan view of 3 and 4 Levels showing development plans, 2020-2021 and 2010 assay results, and drilling intersections.

Kenny's Reef

Kenny's Reef is currently being assessed for mining development planned to commence in late December 2021 or early 2022. Geological interpretations implies additional high-grade reef slightly above Kenny's Reef, which has returned high-grade results.

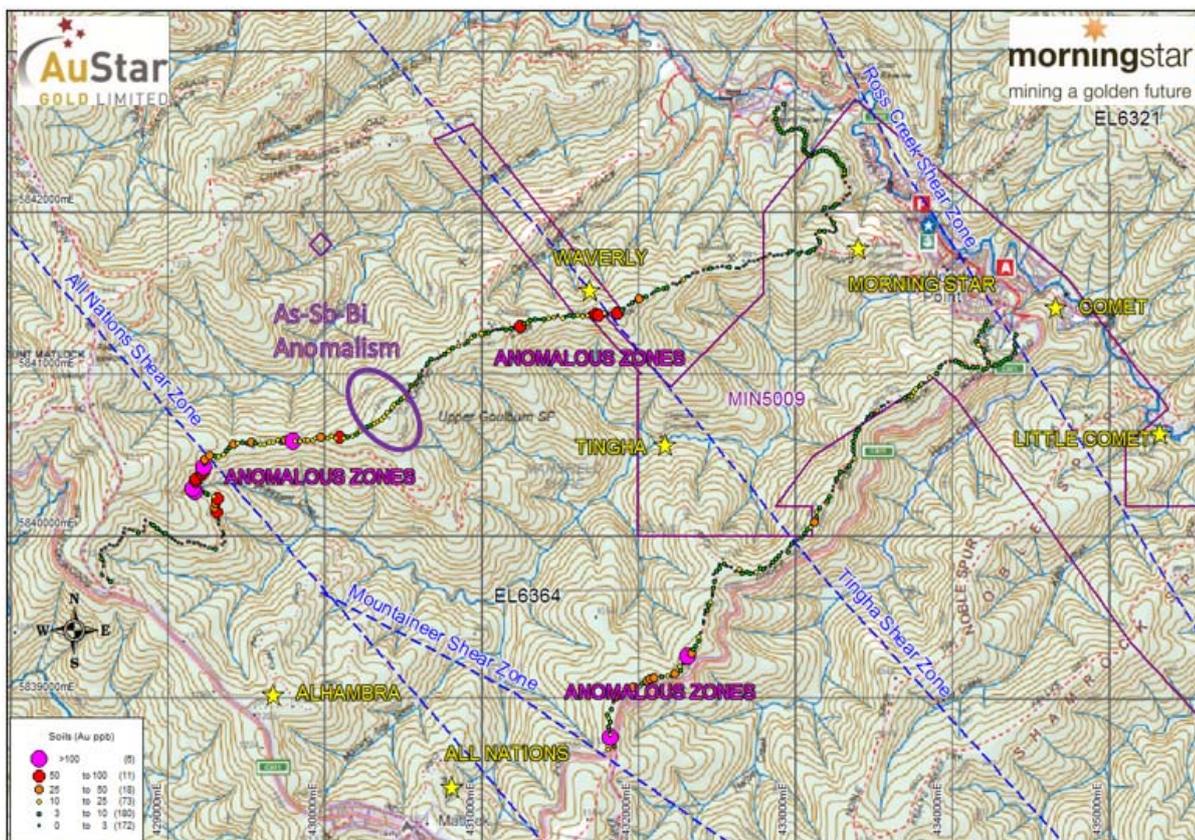
232 metres of drilling were completed in-mine during the quarter for a total spend of \$109,432.

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Regional Exploration Update

Regional exploration has focussed on the following for the March quarter:

- Two soil sample lines traversing the regional geological trends were completed north and south of the Morning Star Gold Mine. A total of 468 soil samples were completed.



Multiple anomalous zones identified in the two soil sampling traverses near Morning Star Mine.

- Wallaby mapping and sampling:**
 - ✓ Access to Wallaby is extremely poor. Access via foot to the historical workings is a six-to-eight-hour round trip.
 - ✓ The upper adit was mapped and seven samples were assayed (Au and multi-element).
 - ✓ Surface mapping identified numerous workings, a second dyke and reef line with an unknown shaft.
- At the **Mountaineer North** a brief reconnaissance visit identified the following:
 - ✓ Four samples were collected.
 - ✓ The Mountaineer dyke was located and requires mapping and further sampling.

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- Exploration at the **Leviathan** Prospect has continued:
 - ✓ Historical documents report a dyke located at depth within the Leviathan workings. Preliminary geochemistry results show weak Cu-V-Cr anomalism which may corroborate this.

Work plan preparation for track development and drilling at Wallaby and Leviathan is underway.

Tenement Report:

TENEMENT	PROJECT	STATUS	AREA (GRATICULES)	DATE OF GRANT	DATE OF EXPIRY
MIN 5299 ¹	Woods Point	Current	211.19 (ha)	10/11/1981	30/08/2021
MIN 5009 ¹	Woods Point	Current	657.91 (ha)	21/01/1990	21/09/2023
EL006364 ¹	Woods Point	Current	101	27/08/2018	26/08/2023
EL006321 ¹	Woods Point	Current	566	27/08/2018	26/08/2023
ELA006853	Woods Point	Under Application	190	TBA	TBA

ELA006853 has been applied for and remains subject to review by the state of Victoria.

Corporate:

On 3 February 2021, the Company announced that White Rock Minerals (WRM) was to acquire 100% of AuStar Gold by way of Scheme of Arrangement (Scheme) in an all-share transaction. The AuStar board unanimously recommended the Scheme and both parties commenced work on completing the necessary conditions that are required to implement the Scheme. An Amended and Restated Merger Implementation Deed was released to the market earlier today, for the purpose of including a mechanism for dealing with the AuStar Gold Listed Options on issue and reflecting the recent capital raisings by both companies.

During the Quarter, board changes occurred with Mr Matthew Gill resigning as a Non-Executive Director of the Company and subsidiaries in January and in February, Mr Phillip Amery resigned as Chairman and Non-Executive Director. Mr Gareth Lewis was appointed as Non-Executive Director of the Company and subsidiaries in February 2021. Mr Paul McNally accepted the role of Chairman.

Mr Lionel Musson was appointed to the role of General Manager at the Morning Star Gold Mine on 22 February following the resignation of Mr Franz Schlosser.

A number of options were exercised during the quarter, allocating 500,000 shares.



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Subsequent to the quarter end, the Company announced and completed a placement to institutional, sophisticated and professional investors for the issue of 13,333,334 shares at \$0.30 per Share raising \$4 million.

Monies raised will be utilised to pay for costs associated with the White Rock Minerals Merger and the ongoing costs associated with the Morning Star Gold Mine and the in-mine and regional exploration programmes.

Payments to related parties of the entities (Refer Appendix 5B, Section 6) of \$8,381 in the Quarter, comprised payments of Board fees to Directors (\$8,250) and reimbursement of expenses (\$131).

Released for, and on behalf of, the board of AuStar Gold Limited.

AuStar Gold welcomes shareholder communication and invites all interested shareholders to make contact at any time.

For Further Information:

Mr Paul McNally
Chairman
AuStar Gold Limited
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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 current production from Morning Star. 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.

Competent Persons Statement:

The information in this report that relates to exploration and mining activities and based geological information compiled by Jason Larocca, (BSc, MSc), a Senior Geologist employed by AuStar Gold Limited. Jason Larocca is a member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the 2012 edition of the Australasian Code for Reporting of Exploration and mining Results, Mineral Resources and Ore Reserves (JORC Code), having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in this report, and to the activity for which he is accepting responsibility. Jason Larocca consents to the publishing of the information in this report in the form and context in which it appears.



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The Company is not aware of any new information or data that materially affects the information included in Regional Exploration Update Announcement issued on 22 January 2021 and the Mine and Regional Geology Update issued on 29 April 2021.

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.