

Update on Trial Mining at the Morning Star Gold Mine

AuStar Gold Limited (ASX: AUL) ('AuStar' or 'the Company') provides the following update on progress at its first stage of trial mining at the Morning Star gold mine.

Highlights:

- **First stage of Trial Mining has now concluded on the Level 2 access point at the southern end of the Stacpoole Zone. Key results and outcomes included:**
 - 161m of development was completed to assess the viability of the southern end of the Stacpoole zone at the 2 level horizon via the Morning Star shaft
 - Development included driving, cross-cutting and rising
 - Detailed rock sampling and mapping was undertaken, with gold grades reconciled against the gravity processing plant performance
 - 513 tonnes of Stacpoole material was successfully processed through AuStar's gravity processing plant
 - The developed section at the southern end of the Stacpoole Zone returned low gold grades with further development ceasing
 - The southern portion of the Stacpoole Zone is more complex than first envisaged; this being a key learning from the approach to conduct trial mining first
- **A number of significant achievements include:**
 - AuStar has successfully recommissioned critical infrastructure and used this to safely and cost effectively mine and process, achieving its first gold pour
 - AuStar's Gravity Gold Processing plant is now proven in both the processing of hard diorite and plant effectiveness in recovery
 - A number of key learnings have been made that will guide future development decision making
- **Next Steps at the Morning Star gold mine include:**
 - A drilling program is underway on the highly prospective Maxwell Zone on Level 7
 - Additional drilling planned to test the higher grade Northern part of the Stacpoole Zone
 - Additional processing is underway of stockpiled material from various old workings, including from the Maxwell zone and other prospective development areas
 - Preparation for processing of the Rose of Denmark material currently being mined.

AuStar Gold CEO, Tom de Vries said *"Successes and critical learnings are part of mining which drives our risk minimization focus. AuStar has fully reviewed the outcomes from this first stage of trial mining and factored it into our improvement process for later development activity.*

Whilst the first stage of trial mining at the Stacpoole zone did not report positive economics from development at Level 2, there were nonetheless several significant achievements and key learnings for our future development program at the Morning Star gold mine.

We have now proven that AuStar can mine safely and cost effectively. We have commissioned our critical infrastructure such as the winder, shaft and dewatering system, which is a significant milestone. Most of all, it is the operation of our gravity gold processing plant that is very encouraging, pouring our first gold ingot. The gravity processing plant is now proven to be as effective as any equivalent plant, capable of treating all known ore types in our projects with little loss of gold.

It is without doubt a valuable and strategic piece of infrastructure, key for future gold development and processing activity.”

Stacpoole Zone Development

The development of the Stacpoole zone commenced in late 2017, with the rehabilitation and widening of an historic east-west crosscut allowing the development of a drive to the north, crossing the Stacpoole reef (refer Figure 1). The aim was to intersect the north dipping Stacpoole reef structure and to develop the Eastern margin along the dyke overhang where historically, on other Morning Star reef structures, higher grade gold values were known to exist.

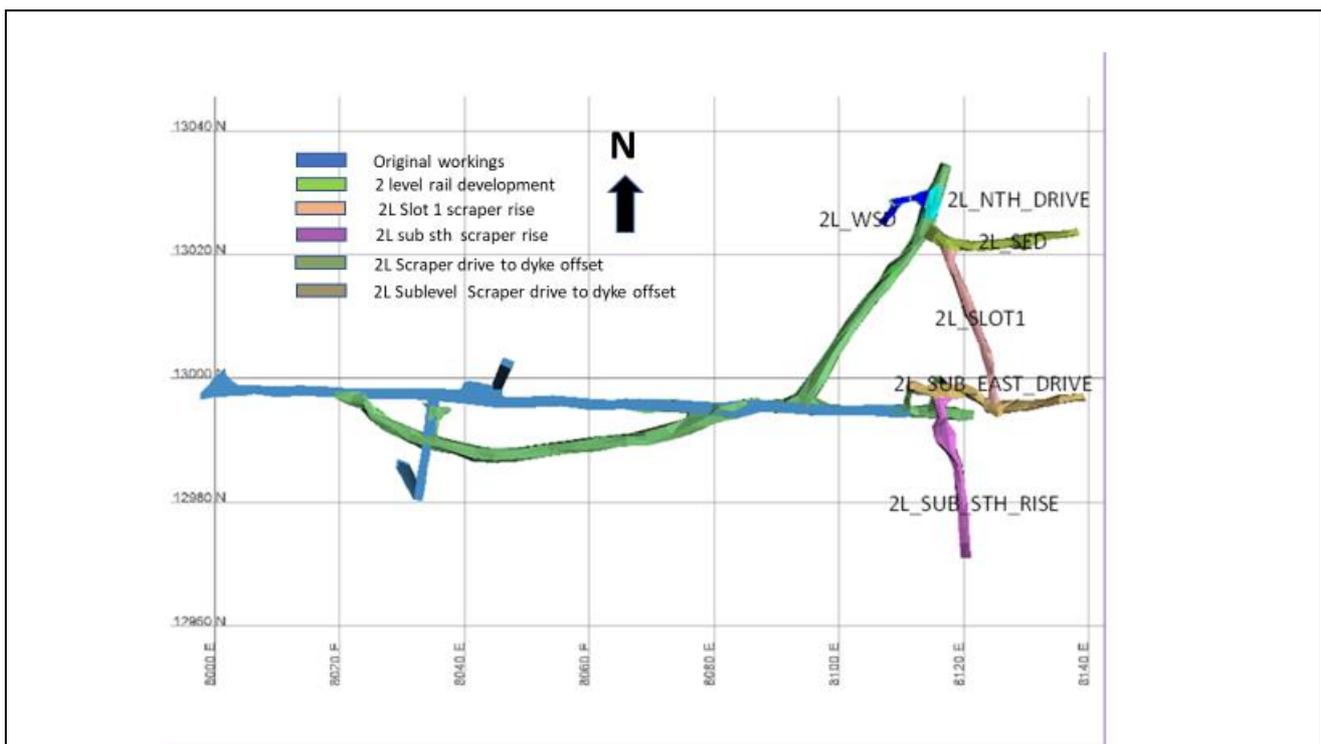


Figure 1: Development work carried out by AuStar Gold from 12950mN to 13035mN along the dyke and dyke over sediment in the eastern margin of Stacpoole Reef in Level 2.

Two rises were mined at the eastern end of the main Level 2 crosscut in order to intercept the southerly rising Stacpoole Reef at mid height between Level 2 and the Morning Star Adit. An east sublevel strike drive was developed from these rises to repeat the testing for mineralisation within the dyke and under the dyke-sediment overhang and sediments in this area of the southerly rising Stacpoole structure.

A rise was developed which followed the Stacpoole structure up-dip from Level 2 to the sublevel. A second rise was developed from the sub-level following the up-dip structure of the Stacpoole Reef, breaking into the Morning Star Adit.

During all phases of development, AuStar geologists carried out detailed face sampling and mapping for every cut fired. Each face was marked out, photographed and then sampled according to the geology present in the face, and sent for assaying. This information was collated into the Morning Star database for recall.

As shown in Table 1 below, AuStar completed 160.7 metres of driving, rising and cross-cutting to assess the viability of mining the southern end of the Stacpoole zone in this area of Level 2.

Table 1. Development headings Level 2, Morning Star Mine.

Location	Total driving development (m)
2L_WSD	12.2
2L_NTH_DRIVE	39.2
2L_SED	25.3
2L_SLOT1	26.0
2L_SUB_EAST_DRIVE	29.3
2L_SUB_STH_RISE	26.0
2L_SUB_STH_Rise_Slot1	2.7
TOTAL DEVELOPMENT (metres)	160.7

Recovered Grade and Process Plant Performance

A total of 513 tonnes of material from the Stacpoole zone was processed through AuStar's gravity gold processing plant. This material reported an upgrade of between 23% to 44% from the weighted average of face samples reported. However, the overall grades after processing were low, reporting within a range of 1.5 to 3.0 g/t Au, with no abnormal spikes assayed or visible gold recorded.

Accordingly, all development work and processing of material recovered from that part of the southern end of the Stacpoole zone developed from Level 2 has ceased. Mining resources are currently being redirected to the Rose of Demark mine while a drilling campaign commences at the Morning Star mine.

Commentary and Next Steps

The development of the southern end of the Stacpoole zone on Level 2 was based on an exploration model that defined a continuous northerly dipping reef structure that rolled over to the south below the Morning Star Adit. This Structure exhibited a favourable dyke over sediment overhang on the eastern edge of the Morning Star Dyke. This favorable environment was

supported by past reports of Morning Star reefs having considerable gold upgrade consistent with the environment expected and observed.

The Stacpoole reef structure was reported to be almost 400m along strike of which 200m was confirmed from the drilling program in 2017, with the dyke over sediment contact on the eastern margin and was considered to be most prospective for high grade gold. The high grade potential of the Stacpoole zone is supported by previous drillholes, including MS357 (4.10m @ 18.80g/t, including 0.30m @ 216.00 g/t Au) which, although located 110 metres to the north-west of the development and on a similar elevation to Level 2, was included in the Stacpoole model as an upper splay structure.

Recent detailed mapping following the development concluded that the Stacpoole structure to the south is more complex than first envisaged, with a newly identified reef or reefs intersecting the area.

Notwithstanding the generally low gold grades recovered, there were a number of significant achievements including:

- AuStar has recommissioned critical infrastructure on the site and proven its capability to utilise the infrastructure safely, on a low-risk/low cost basis, achieving its first gold pour.
- AuStar's gravity gold processing plant is proven in both the processing of hard diorite and in overall plant efficiency, reporting a low gold tails grade of between 0.5 to 0.7 g/t.
- The AuStar technical and operations team developed and refined operational protocols that included the safe mining, mapping, sampling, extraction, processing and reconciliation of mining performance, this being critical in the mining of narrow, high-grade gold reef structures.
- A number of other key learnings have been made that will guide future development decision making, including logistical, operational, technical, financial and geological factors

Next Steps at the Morning Star gold mine include:

- Additional drilling in the northern part of the Stacpoole zone where high grade gold assays were reported, to assess the continuity of the now better understood structure and increase the population of anomalous higher grade intersections.
- A new drilling program is underway from Level 7 to target the highly prospective Maxwell zone between Level 7 and Level 8.
- Additional processing is underway of stockpiled material from various old workings at the Maxwell zone and other prospective development areas.
- Preparation for processing of Rose of Denmark material in the near future.

About AuStar Gold Limited:

AuStar 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 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.

End

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