



JUNE 2018 QUARTERLY ACTIVITIES REPORT

AuStar Gold Limited (ASX: AUL, "AuStar Gold" or "the Company") provides the following update on its activities for the quarter ended 30 June 2018.

Highlights:

Morning Star Gold Mine (MSG)

- Development on Stacpoole zone completed
- Gravity Gold Processing Plant processed Stacpoole zone material
- Tailings successfully placed underground on an ongoing basis.
- Maiden Gold Pour
- Potential High grade targets in Morning Star Gold Mine identified for further drilling

Rose of Denmark Gold Mine (RoD)

- Acquisition of the remaining 51% joint venture holder share of MIN5299
- Diamond drilling resulted in high grade intersections at Rose of Denmark Mine
- Trial Mining and bulk sampling started at RoD

Norton ML80035 Asset Sale Complete

- Sale proceeds of \$475k cash received in June from the total agreed sale price of \$525k
- Transaction largely completes AuStar's non-core asset sale program, realising a total of \$1.1m.

Details:

Morning Star Gold Mine

- **Trial Mining**

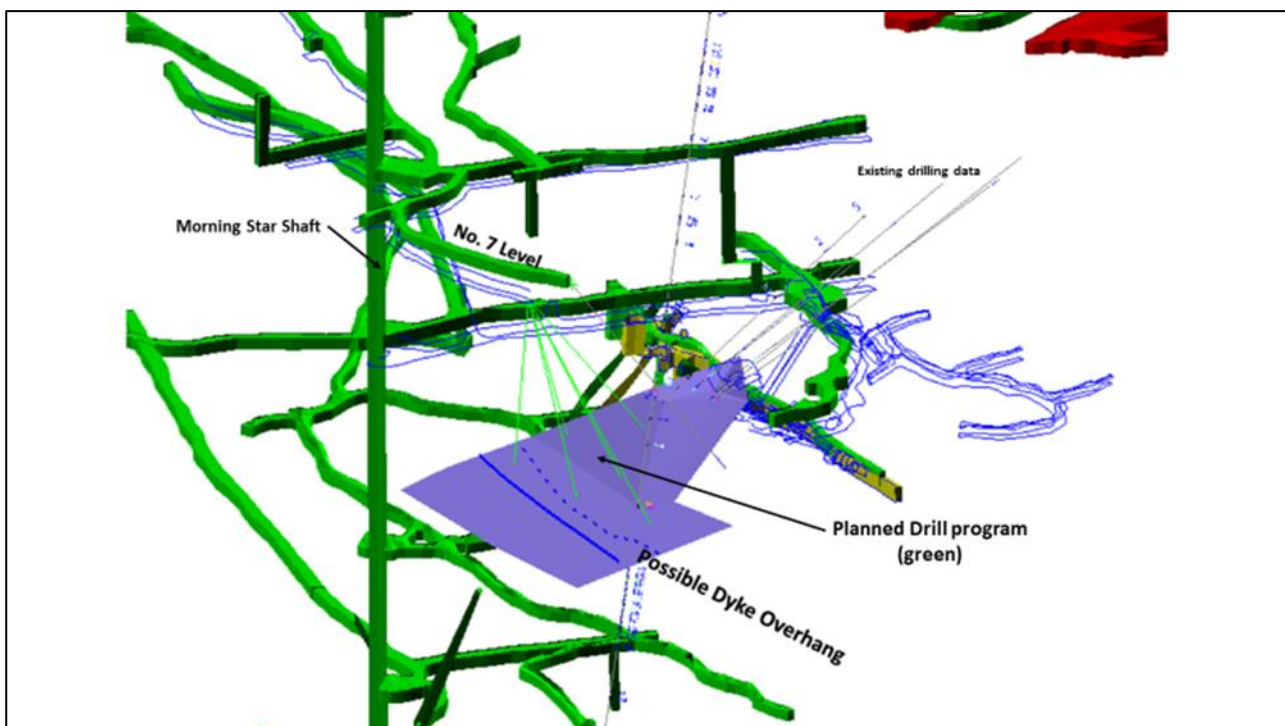
Development on the Stacpoole zone structure was completed on 2 horizons: - 2 Level and a sublevel between the Morning Star Adit and 2 Level. Development up the structure was also achieved between 2 Level and the Morning Star Adit, linking 2 Level, the sublevel and Morning Star Adit.

All development cuts were sampled, assayed, mapped and photographed. The grades seen were analogous to the diamond drilling in the area with most gold grades being below 3 g/t, no visible gold was observed.

Concurrent with the Stacpoole zone development, an internal review of the Morning Star Mine identified a number of potential high grade targets, with the most prospective being below the Stacpoole development level.

Diamond drilling of the most prospective area commenced at the start of July 2018.

Figure 1. Planned drilling on Potential Morning Star gold bearing structure



Gravity Process Plant

The process plant was commissioned, successfully processing Stacpoole material and confirming the sampled development face grades undertaken by the geology team. Tailings were successfully placed underground in the Whitelaw stope.

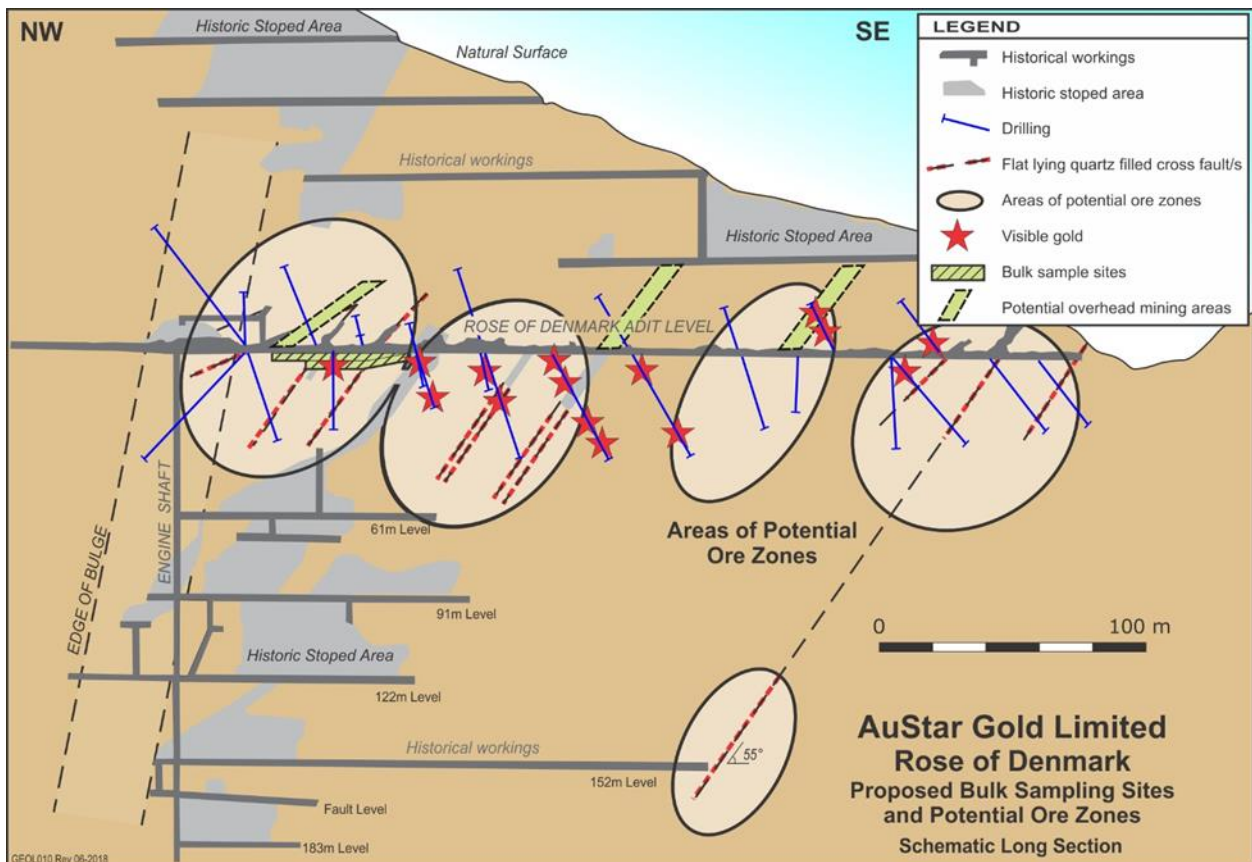
The gravity process plant produced a maiden gold ingot which was poured utilising stockpiled gold bearing material from works in 2012 (refer to ASX:AUL 31 May 2018).

Rose of Denmark Gold Mine

- High Grade assays reported from RoD diamond drilling
- Visible gold observed in recent development

Diamond drill assays were completed in this quarter with a number of significant assays including 0.40m @ 116.09 g/t (refer to ASX: AUL 20 June 2018). This drilling has identified a number of prospective zones which will be mined in the following quarter and mobilisation of personnel and equipment began at the end of the June quarter.

Figure 2. Proposed trial mining areas at RoD to confirm diamond drilling assays.



Development at the RoD in July observed coarse gold in the development faces (refer to ASX: AUL 9th Jul 2018) with 4 rises targeted for testing. The results of which will then be processed in the fully commissioned gravity process plant at the Morning Star Mine.

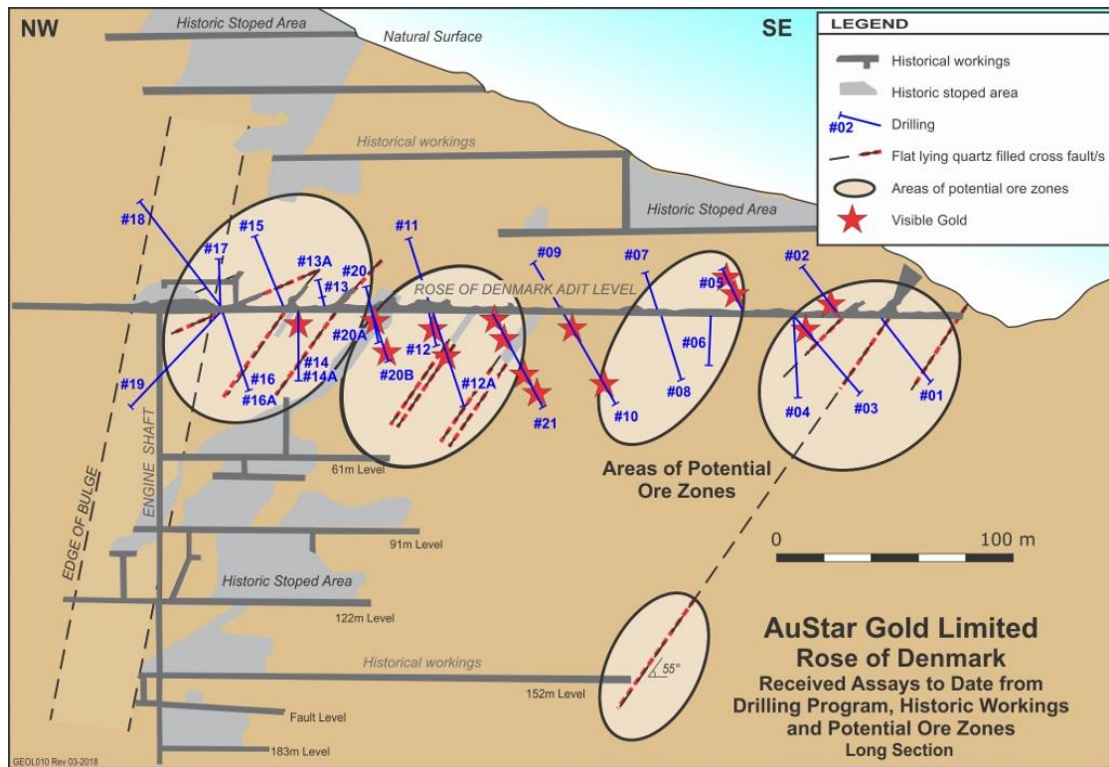
Figure 3. Close-up of Free gold seen at RoD Mine



Acquisition of the remaining 51% of MIN5299, including the Rose of Denmark Gold Mine
Negotiations with Shandong Tianye Real Estate Development Group Co Ltd concluded in the quarter with AuStar Gold acquiring their 51% shareholding in Mining Lease MIN 5299, which includes the highly prospective Rose of Denmark Gold Mine.

The acquisition price included the issue of 28,517,100 ordinary shares for the purchase consideration price of \$225k along with 30 million unlisted options with an exercise price of 1.5 cents, expiring on 30 November 2019 and 15 million unlisted options with an exercise price of 2 cents, expiring on 30 November 2021. (Refer ASX: AUL 13 and 26 June 2018)

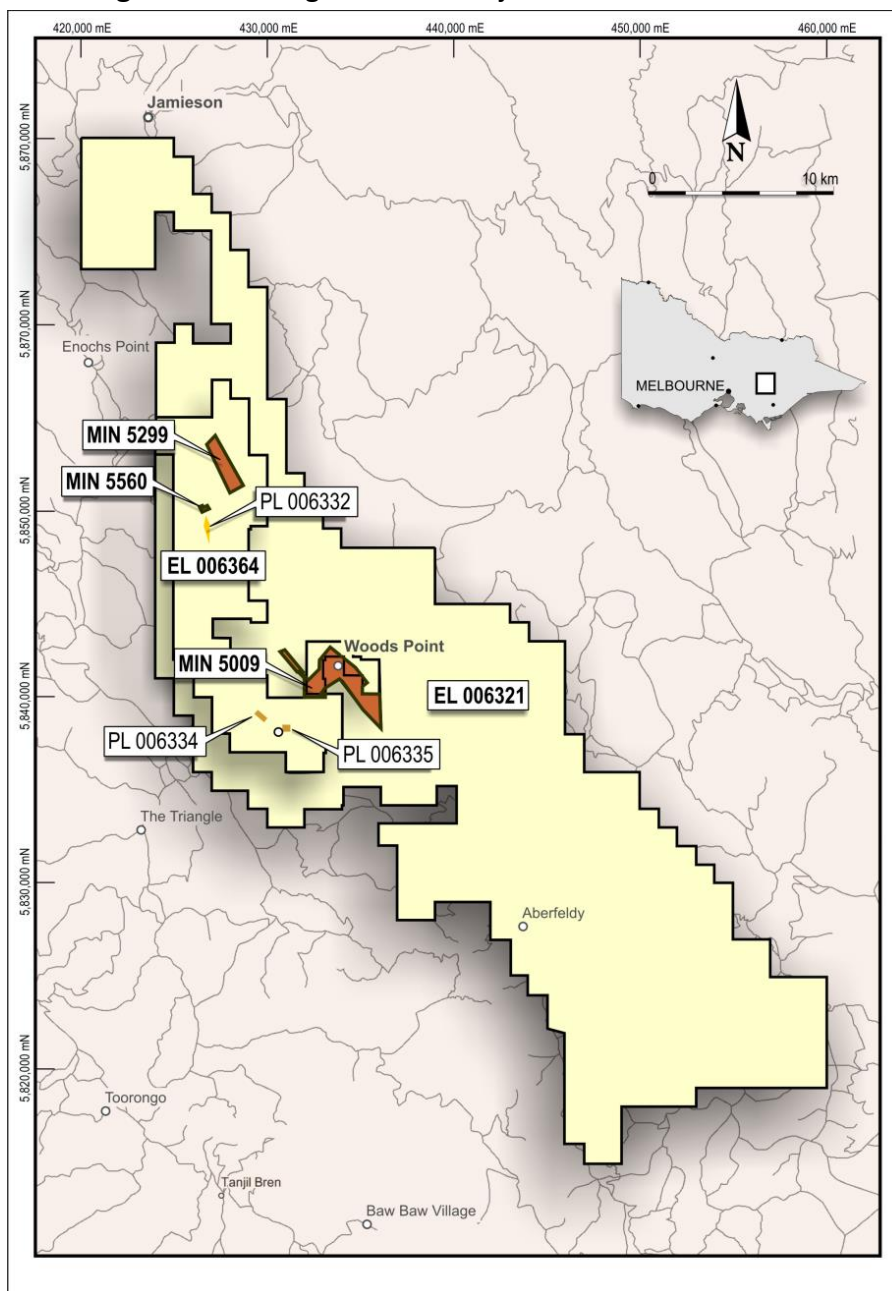
Figure 4. Drilling undertaken at RoD with Visible gold locations



Queensland Leases

The sale of the Norton Gold Mine in Queensland was concluded with a final sale value of \$525,000 (refer to ASX: AUL 29 June 2018).

Figure5: Morning Star Gold Project Tenement Locations



Cash Position & Funding

- As at 30 June 2018 the Company had a cash balance of \$637,000 as outlined in this quarter's Appendix 5B.
- The Company successfully completed the Norton Asset sale for a sum of \$525,000 of which cash proceeds of \$475,000 were received in the June quarter.
- Research and Development Application was finalised for lodgement in the June Quarter which will net cash refund of \$242,000 in late July.
- The Company continues to review a range of available financing options in order to further develop the Morning Star and Rose of Denmark Gold Mines and achieve continuous gold production.

Competent Persons Statement:

The information in this report that relates to exploration activities and exploration results is based on geological information compiled by Mr Peter de Vries, (BAppSc) a consulting geologist, on behalf of AuStar Gold Limited. Mr de Vries is a member of the Australasian Institute of Mining and Metallurgy (MAIMM) and 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 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. Mr de Vries consents to the publishing of the information in this report in the form and context in which it appears.

Exploration results

The exploration results shown for Rose of Denmark zone were previously released to the market in an ASX releases under Austar Gold Limited (ASX:AUL). The Company confirms that it is not aware of any new information or data that materially effects the information included in this announcement.

Contains Forward Looking Statements

This presentation includes statements deemed to be "forward-looking". Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ. The Company, its directors, officers, agents, employees or advisors, do not represent, warrant or guarantee that the information in this presentation is complete or accurate.

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Table 1: AuStar Gold Tenement Schedule.

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest %
MIN 5009 ²	Morning Star	Morning Star	21/09/1990	Renewal	657 Ha	95
MIN 5299 ³	Morning Star	Rose of Denmark	10/11/1981	30/08/2018	211 Ha	97.55%
MIN 5560 ²	Morning Star	Wallaby	17/12/2013	16/12/2018	10 Ha	95
EL 006364	Woods Point	Morning Star Sth.	Application	N/A	101 km ²	95
EL 006321	Woods Point	Morning Star Nth	Application	N/A	566 km ²	95
PL 6332 ⁴	Woods Point	Eldorado	Application	N/A	5 (Ha)	95
PL 6334 ⁴	Woods Point	Alhumbra	Application	N/A	5 (ha)	95
PL 6335 ⁴	Woods Point	All Nations	Application	N/A	5 (Ha)	95
ML 80035 ¹	Norton	Norton	04/04/1996	Sold	22.22 Ha	-
EL 6074	Lionsville	Lionsville	06/05/2003	Renewal	4 units	100

¹. Norton ML 80035 was sold on 29 June 2018.

² Morning Star is 100% owned by Morning Star Gold NL. in turn held 95% by AuStar Gold Limited.

³. MIN 5299 is 51% owned by AuStar Gold Limited and 49% owned by Morning Star Gold NL.

⁴. PL are prospecting licences placed to protect the EL during the application transition.