

11 March 2019

AUSTAR GOLD PROCESSING UPDATE: FINALISATION OF SULPHIDE/CONCENTRATE TREATMENT DEAL WITH GEKKO SYSTEMS

Highlights

- ✓ **Gold processing recommenced on 6 March at Morning Star**
- ✓ **High speed centrifugal concentrator installed at Morning Star to lift overall gold recovery**
- ✓ **Agreement finalised with Gekko Systems for offsite processing of residual concentrate to recover additional gold**
- ✓ **Both these design improvements should result in total gold recoveries exceeding 90%**

AuStar Gold Ltd (ASX: AUL) is pleased to announce the re-commencement of gold processing at its Morning Star process plant, using an optimized plant design. The Company has signed an agreement with Gekko Systems in Ballarat to enable processing of residual sulphide/gold concentrate via an intensive leach reactor, enabling increased overall gold recoveries. The agreement is not subject to any material conditions precedent.

As advised in AuStar's February 20 announcement ("AuStar Gold Mining Operations Update"), this step completes the final remaining processing hurdle for AuStar Gold, given the small component of non-free milling gold present in its ore, to maximise commercial gold recoveries.

The AuStar Gold process plant at the Morning Star mine site utilizes standard gravity methods (enhanced by recent investment in a high speed centrifugal concentrator, as noted below) to recover gold from the Company's Morning Star and Rose of Denmark ores. Through the gravity process, the gold room captures approximately 65% to 75% of the gold directly to bullion, with an additional 15% of fine free gold residing in the middlings as concentrate and up to 10% of fine free gold in the gold room table rejects.

The material containing the fine free gold (concentrate) not captured directly into bullion at the Morning Star plant is to be treated by Gekko Systems offsite, with expected recoveries in these two fractions of approximately 95% of the contained gold. This is expected to lift total gold recovered and sold from ore supplied to the mill to **better than 90%**.

A high-speed centrifugal concentrator has been purchased to replace the smaller, hired unit presently located in the process plant which produces concentrate to be provided to Gekko (see diagram 1.) This larger unit is being installed in March 2019. A custom made Intense leach Reactor (ILR) is under construction at Gekko's Ballarat facility, designed to suit Morning Star concentrate, and will be operational in early April.

AuStar Gold CEO, Tom de Vries, said:

"This is an excellent outcome for AuStar Gold, providing us with a solution to monetise the proportion of gold that is held in our plant's middlings product. We are delighted to be working with Gekko Systems to ensure

that we are able to maximise overall gold recoveries. This step improves the economics of our project significantly," he said.

Figure 1: Simplified processing flow chart with high speed concentrator and concentrate treatment

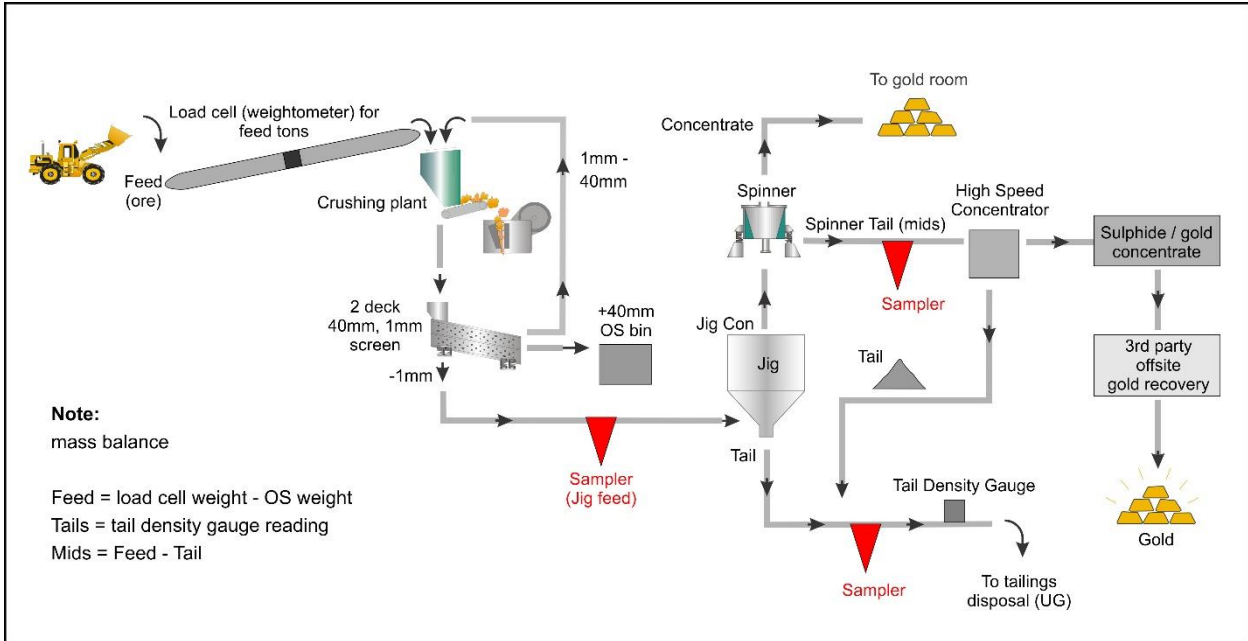


Photo 1 and 2: Construction of ILR components underway. Left - platform and agitation vessel for ILR, right - second solution vessel for ILR



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

For Further Information:

Tom de Vries
Chief Executive Officer
AuStar Gold Limited
info@austargold.com
Ph + 61 7 3319 4120

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