

22 March 2019

Production Update Gold Sales Commence

Highlights

- ✓ **1.07kg gold Doré poured from just the first two days of McNally's production**
- ✓ **Additional 214g Doré gold was poured from residual mine material**
- ✓ **Doré assayed at 76% gold, and reconciled to a grade of 7.43g/t Au (plus silver credits) exclusively from the gravity recovery process.**
- ✓ **Further gold recovery from middlings and concentrate through Gekko Systems treatment plant to follow.**
- ✓ **Process plant throughput expected to incrementally ramp up with further optimisations implemented over the coming weeks.**

AuStar Gold Limited (ASX: AUL, or the Company) is pleased to provide shareholders with an update at the Company's 100% owned Woods Point operations.

Mining operations at the **Morning Star** mine commenced early February with initial production target McNally's Reef being intersected on the 25th February. Processing of McNally's material commenced 9th March after three days running predominantly low grade 2018 Rose of Denmark clean-up stockpile to test and condition the plant.

Dore (gravity bullion usually grading at 70-75% of contained gold) of 1.07kg was poured on Monday 11th March from the first two days of McNally's production (109.5 tonnes feedstock) with processing continuing. Clean up material over the initial three days of running contributed a further 214g Dore which was poured separately.

The Company is pleased to report that initial sold Dore has assayed at 76% gold with a 14.8% silver credit (reconciling to a grade of **7.43g/t Au** and **1.44g/t Ag from gravity processing**).

Middlings and concentrate are expected to contribute a further **15%** gold/silver recovery.

Middlings and concentrate are being continuously stockpiled for production of a gold/silver/zinc precipitate at the Company's contracted Gekko processing facility at the end of each month (commencing this month), which product will be further refined by the Company's certified refinery partners to produce fine bullion product.

A further 133.5 tonnes of material was processed in the remaining two and a half days of the initial process week with gold and concentrate in storage. The current processing run commenced 20th March with mining output running ahead of budget and plant throughput running at 6 - 6.5t/hour, with harder rock from initial full-face development and screening optimisation reducing plant throughput. Plant optimisation is expected to lift processing throughput in the coming weeks.

Chairman Frank Terranova stated "We are pleased with the initial results given we are in a start up phase. The mining team are now well and truly into McNally ore body where higher grade material is expected, and the processing team continues to monitor and evaluate the plant performance whilst identifying further improvement initiatives."

The current Morning Star production run for the remainder of the March quarter is expected to process in excess of 400 tonnes of McNally's Reef material.

Given material from the first two days of processing was from reef margins and included considerable development material, Company management has confidence in future production outcomes.

A further production update for gravity recovered gold (poured to Dore) will be released in early April and will include a reconciliation for realised precipitate sales to date. AuStar Gold will continue to provide updates on operational progress with a complete summary of production contained in the 31 March 2019 Quarterly Report.

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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