
PRODUCTION UPDATE AND MARCH REVIEW STRONG GOLD SALES AND OPERATIONAL IMPROVEMENT

Highlights

- ✓ Continuous processing improvement with increasing Dore production and gold sales
- ✓ A further 9.32kg Dore poured to 8 April with production ramping up
- ✓ Gold recovery from gravity circuit alone has impressed, with the last production run delivering 11.75g/t gold with a 2.5g/t silver credit
- ✓ Plant performance bottlenecks have been progressively addressed with current throughput averaging 7 – 7.5 tph and further improvements being actioned
- ✓ Gekko concentrate processing is now running smoothly with first precipitate sales completed this week
- ✓ Comprehensive production update and grade reconciliation to be released next week

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.

Morning Star mining operations and gold production have exhibited continuous improvement with management focusing on increasing processing plant throughput and optimising haulage operations. Mine planning for production contribution from the **Rose of Denmark** is at an advanced stage.

As previously advised (see AUL announcement 22 March "*Production Update – Gold Sales Commence*") production operations commenced at Morning Star 9th March with 1.07kg of Dore poured from the first two days of production (109.5 t of feedstock) and sold to the Company's refiners shortly thereafter.

As announced, the Company's processing operations are running on a week on/week off basis as mining production ramps up. The initial processing run continued through to 13 March with following runs being 20 → 28 March and 4 → 10 April. Processing recommenced on schedule yesterday, April 17.

Dore was poured on schedule for production periods ending 26 March (**3.58kg** Dore from 412.5 T of feedstock) and 8 April (**5.74kg** Dore from 377.3 t of feedstock) for respective **gravity recovery only** grades of **6.8 g/t Au** (with 1.32 g/t Ag) and **11.75 g/t Au** (with 2.5 g/t Ag) respectively. As shareholders will note Dore production dates and plant processing periods typically overlap.

Dore purity has improved substantially with respective refining assays of 78.21% Au/15.61% Ag and 78.26% Au/16.88% Ag respectively.

Shareholders should note that the production period ending 26 March represented full-face development material from McNally's Reef, causing substantial dilution in realised grade. With stoping and development now focused on core McNally's gold-bearing material, grade has markedly increased.

Importantly, the above gravity recoveries do not include what is expected to be a material contribution from (i) concentrate processing at the Company's contracted Gekko facility (first precipitate deliveries to the Company's refiners from an initial 900.5 kg of processed material have been made), (ii) middlings reprocessing nor (iii) further operational improvements being made at plant to further lift recoveries.

These initiatives include the installation of an additional centrifuge unit to address free gold in the tailings stream. The recently installed centrifuge on the plant middlings stream, replacing a hired unit, is operating to specification and further improvements to crushing and overall circuit efficiency have been identified.

Current operating throughput is averaging 7 → 7.5 tph, which remains a little below expectations of 8.5 tph. It has been identified that this is largely a result of harder waste rock from Morning Star production requiring additional crushing input, and accordingly the initiatives being taken to lift plant performance now should provide a significant uplift to operations as more quartz-rich/accommodating material from Morning Star (and Rose of Denmark) enters the feed stream.

Concentrate and middlings continue to stockpile for, respectively, regular transfer to Gekko and reprocessing for additional recovery.

The Company is very pleased with the performance of the McNally's structure in terms of grade contribution and remains focused on optimising overall mine performance and growing the mining inventory base through drilling. Further announcements are expected shortly in relation to exploration progress.

With AuStar Gold's first precipitate sales now being refined the Company will be providing a comprehensive production report and grade reconciliation on or before **26 April** and thereafter monthly. Achieving successful precipitation of gold through the newly commissioned circuit did take longer than expected however this issue has now been resolved, allowing integration of chemical and gravity recovery gold production into the Company's final periodic reporting to shareholders.

The Company looks forward to updating shareholders regularly in the months ahead and remains very confident on the outlook for the quarter ahead.

MARCH REVIEW

AuStar Gold Ltd (ASX: AUL) is pleased to provide the following summary of its activities and ASX announcements over the month of **March** as activity continues to progress at its operations:

7th March¹

McNally's Reef was successfully intersected in line with the geographical model. Visible gold was observed within the quartz reef and as planned mine development continues along the gold bearing quartz structure. CEO Tom de Vries commented "The intersecting of McNally's Reef validates the geological model for both the location and tenor of gold mineralisation. The Company has achieved all the stated goals and reach the planned targets within time and cost constraints.

<https://www.austargold.com/wp-content/uploads/2019/03/2019-03-07-Clarification-McNallys-Reef-Intersected.pdf>

11th March¹

Gold processing has recommenced having installed the high speed centrifugal concentrator at Morning Star on 6th March. With the Agreement finalised with Gekko Systems for offsite processing of residual concentrate to recover additional gold, recovery rates are now expected to be above 90%.

<https://www.austargold.com/wp-content/uploads/2019/03/2019-03-11-AuStar-Gold-Processing-Update.pdf>

13th March¹

Morning Star drilling update, reef extensions confirmed, McNally's Reef has been intersected circa 40m further south than previously interpreted and remains open to the south. Stone's Reefs also extends further to the south than previously modelled. Further high grade gold intersections identified in McNally's and Stone's Reefs.

Results received included:

L9003 0.50m @ 25.92 g/t Au from 72.90m uphole – McNally's Reef
L9004 0.40m @ 13.99 g/t Au from 61.58m uphole – McNally's Reef
L9005 0.45m @ 6.77 g/t Au from 62.05m uphole – Stone's Reef
L9005 visible gold observed in core at 76.95m uphole – McNally's Reef
L9006 0.28m @ 20.47 g/t Au from 67.67m uphole – McNally's reef
L9007 0.73m @ 6.24 g/t Au from 30.27m uphole -- Stone's Reef

<https://www.austargold.com/wp-content/uploads/2019/03/2019-03-13-Drill-Update-Reef-Extensions-Confirm-McNallys-Remains-Open.pdf>

¹ This announcement includes references to ASX announcements released by the Company on the specified dates. The Company is not aware of any new information or data that materially affects the information contained in the referenced announcements.

15th March¹**Half-Year Financial Report** for the half-year ended 31 December 2018<https://www.austargold.com/wp-content/uploads/2019/03/2019-03-15-Half-Year-Accounts.pdf>**22nd March¹****Production Update Gold Sales Commence**

1.07kg gold Doré poured from just the first two days of McNally's production. An additional 214g Doré gold was poured from residual mine material. Doré was assayed at 76% gold, and reconciled to a grade of 7.43g/t Au. Further gold recovery from middlings and concentrate through the Gekko Systems treatment plant will improve the grade. Process plant throughput expected to incrementally ramp up with further optimisations implemented over the coming weeks. The current Morning Star production run for the remainder of the March quarter is expected to process approximately 400 tonnes of McNally's Reef material.

<https://www.austargold.com/wp-content/uploads/2019/03/250319ASX-Release-Final.pdf>**29th March¹**

Executive Chairman, Frank Terranova, acquires 1,500,000 AUL shares.

<https://www.asx.com.au/asxpdf/20190329/pdf/443w4pm02r2k20.pdf>**Board Changes:**

On 4 April, Dr Rick Valenta resigned from the Board after three years of service to pursue other interests. Mr Philip Amery was appointed to the Board as a Non-Executive Director

<https://www.asx.com.au/asxpdf/20190404/pdf/4441lbdvnlspdq.pdf>

Outlook for April:

- Exploration drilling continues at both **Rose of Denmark** and **Morning Star** with results to be released progressively
- A comprehensive Production update and Grade reconciliation will be provided on or before April 26
- March Quarterly Report to be released

Upcoming Corporate Events:

- An investor and analyst **site visit** to the Morning Star Mine is planned for early May, interested shareholders should register their interest via info@austargold.com
- Investor presentations in Australia and the United Kingdom
- A management (non-deal) broker roadshow is planned for late May covering Sydney, Melbourne and London

About AuStar Gold Limited:

AuStar Gold is an emerging gold producer with the objective of generating sustainable gold production from its portfolio of high-grade gold projects, utilising its significant operational infrastructure located at Woods Point in Victoria.

The near term focus is to further identify economic volumes of ore within its portfolio of mining leases whilst further exploring its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm).

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