

ASX Release 13 March 2018

PROGRESS OF TRIAL MINING AT THE HIGH-GRADE MORNING STAR GOLD MINE

AuStar Gold Limited (ASX: AUL) ('AuStar' or 'the Company') provides the following update on progress to trial mining at the Stacpoole Zone.

Highlights:

- Exposure of the Stacpoole Zone now in 2 locations
 - The Eastern rise has exposed the footwall of the Stacpoole Zone
 - Development in the North crosscut is entering and crossing the Stacpoole Zone.
- Recommissioning of the processing plant is almost complete

AuStar Gold CEO, Tom de Vries said "Development at Morning Star has reached an exciting juncture with both the Rise and Level heading entering the Stacpoole zone. We now will expose a length of the Zone with the aim of mining an area of the Stacpoole Zone"

Development in the Northern heading has entered a highly oxidized, highly altered and partly brecciated rock type, which is interpreted to be the margin of the Stacpoole Zone. Several quartz vein sets and faulting are also present. Concurrently the Eastern Rise has developed into the footwall of the Stacpoole Zone. (refer to Figure 1)

Photo 1. Laminated Quartz seen in the face of the Rise



Photo 2. Footwall Structure in Stacpoole Zone in Northern Development face



Development will continue across the full zone to identify the strongest gold-bearing structure which will then be driven and once fully exposed, followed up plunge using handheld machines, electric scraper and hoe.

Concurrently, a rise on 2 level has also entered the footwall of the Stacpoole Zone (refer to Photo 2 and Photo 3) which has exposed a highly oxidized, highly altered and brecciated quartz bearing zone, interpreted to be the Stacpoole Zone. The Rise shall also be mined through the structure until the Hanging wall of the Stacpoole Zone is clearly identified, sampled and assayed.

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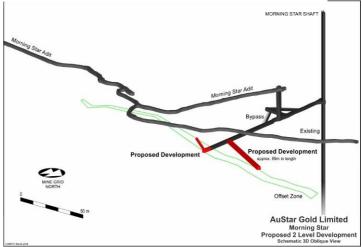


Once Stacpoole Zone structures are confidently identified, sampled and assayed to clearly mark the richer portion of the zone, designs then can be undertaken to place mining on the highest grade structure from the level to the newly developed Rise. Additional rises can also be developed to allow stoping a bulk sample to commence efficiently and effectively.

Photo 3. Footwall structure of Stacpoole Zone seen in Rise

Figure 1. Original Plan of development and Stacpoole Zone offset of Dyke over sediment.





Geologists have been rostered on a continuous basis and are mapping and sampling every new face as the mining progresses. The geologists will also assess the likely grade of any promising structures via traditional means for immediate assessment by finely crushing and panning screened samples to aid daily mine planning. This immediate assessment is to be checked by duplicated laboratory assays for accuracy.

Photo 4. Geologist crushing face samples, allowing an immediate assessment of the likely grade of the sample for decision making.



Photo 5. Crushed rock being prepared to be panned for visible gold and sulphides for immediate decision making. Raw duplicate samples are sent to a commercial laboratory for confirmation



MORNING STAR PROCESSING PLANT: RECOMMISSIONING CONTINUES

Recommissioning of the plant has continued on a 7 day on 7 day off roster, with one roster swing only. No major issues have been identified that should prevent processing the mined material from the Stacpoole zone. Activity is progressing in testing each individual processing component. Once completed, the plant as a whole will be tested with low grade material, already stockpiled on surface.



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.

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Disclaimer:

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate; (iii) the Company's analysis is correct; or (iv) the Company's strategy, which is based in part on this analysis, will be successful.

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