
SEPTEMBER 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 September 2018.

Highlights:

Morning Star Gold Mine (MSG)

- **Three high gold grade structures drilled in the quarter**
 - **Stone’s Reef**
 - **McNally’s Reef**
 - **Stacpoole’s North.**
- **Stone’s and McNally’s Reefs identified as potentially high grade, not previously mined structures**
- **Stacpoole North drilling results support the historical high grade drill intercept**

Rose of Denmark Gold Mine (RoD)

- **Four trial mining areas tested at RoD**
- **Mined material transported to MSG**
- **Successful processing of Rose of Denmark gold bearing material into gold concentrate and gold ingot**
- **First gold sales occurred**
- **Mining Licence extension granted**
- **Two Exploration Licences renewed**

Details:

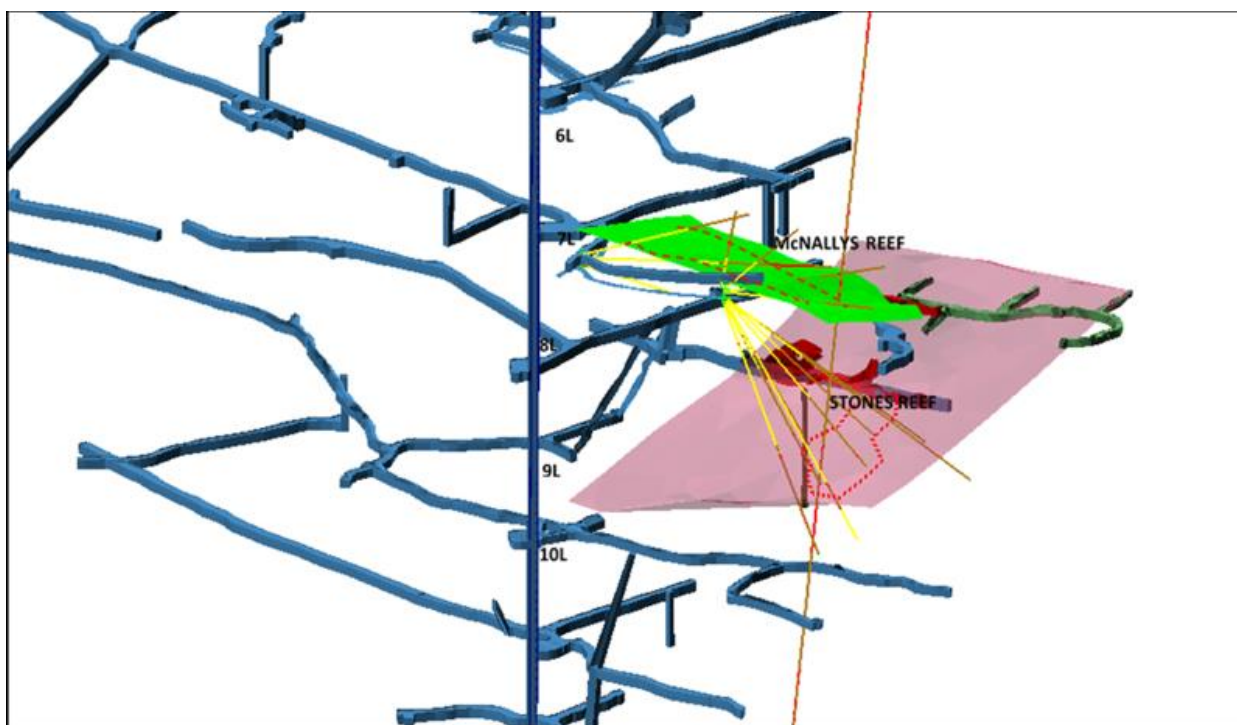
Morning Star Gold Mine

Diamond drilling of the southern area below 7 level began in early July 2018. The outcome was that a mineralised reef structure was identified below the interpreted position of the historic Maxwell’s reef and is now thought to be an extension of the Stone’s Reef (refer to figure 1 and figure 2 and ASX release: AUL 4 October 2018).

Additional drilling was also undertaken to test around an historic high-grade drillhole intersection. Drilling returned very high grade results (refer to ASX release AUL: 21 September 2018) and the newly identified and previously unmined structure has been named McNally’s Reef. The extent of

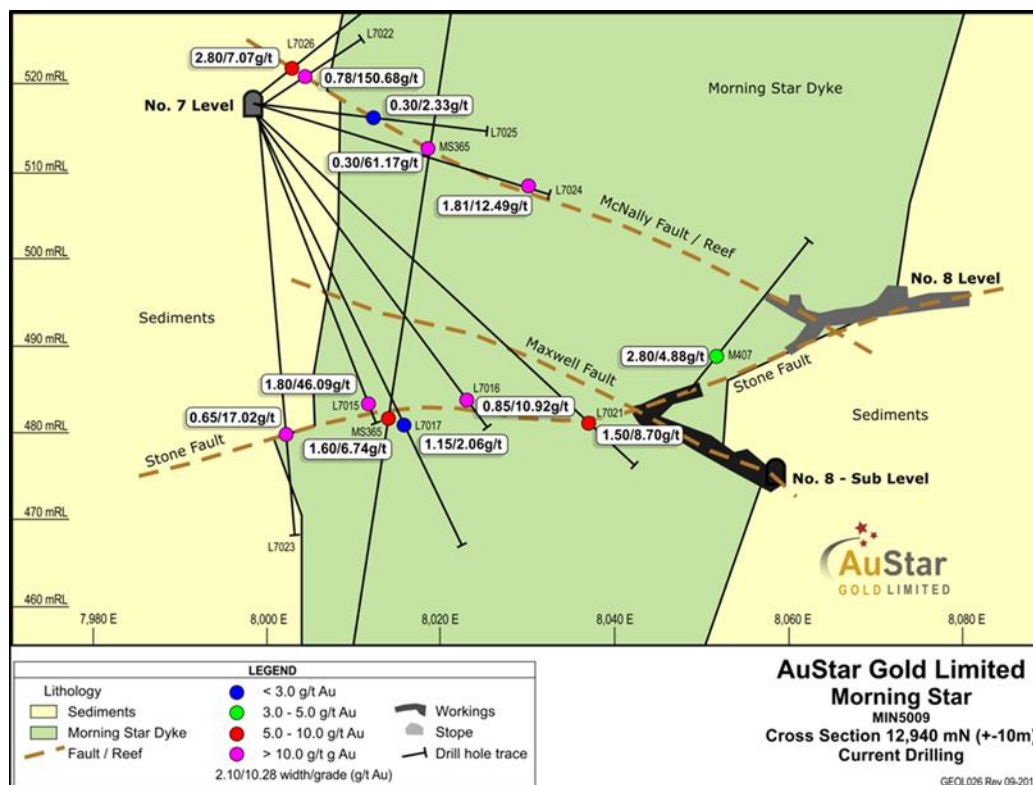
this structure will be further delineated by drilling undertaken from 6 Level after completion of the Stacpoole North round of drilling.

Figure 1: Isometric view of the interpreted mineralised zones



Drilling commenced at the Stacpoole North structure toward the end of the quarter and will be completed by the end of October. Drilling is being undertaken from the northern end of the Morning Star Adit and is designed to test near a high grade intercept from an old 1987 drill hole. Results to date have supported the historical high grade result and drilling is ongoing (refer to ASX release: AUL 18 October 2018).

Figure 2: Morning Star Cross-section showing Stones, Reef, Maxwell fault



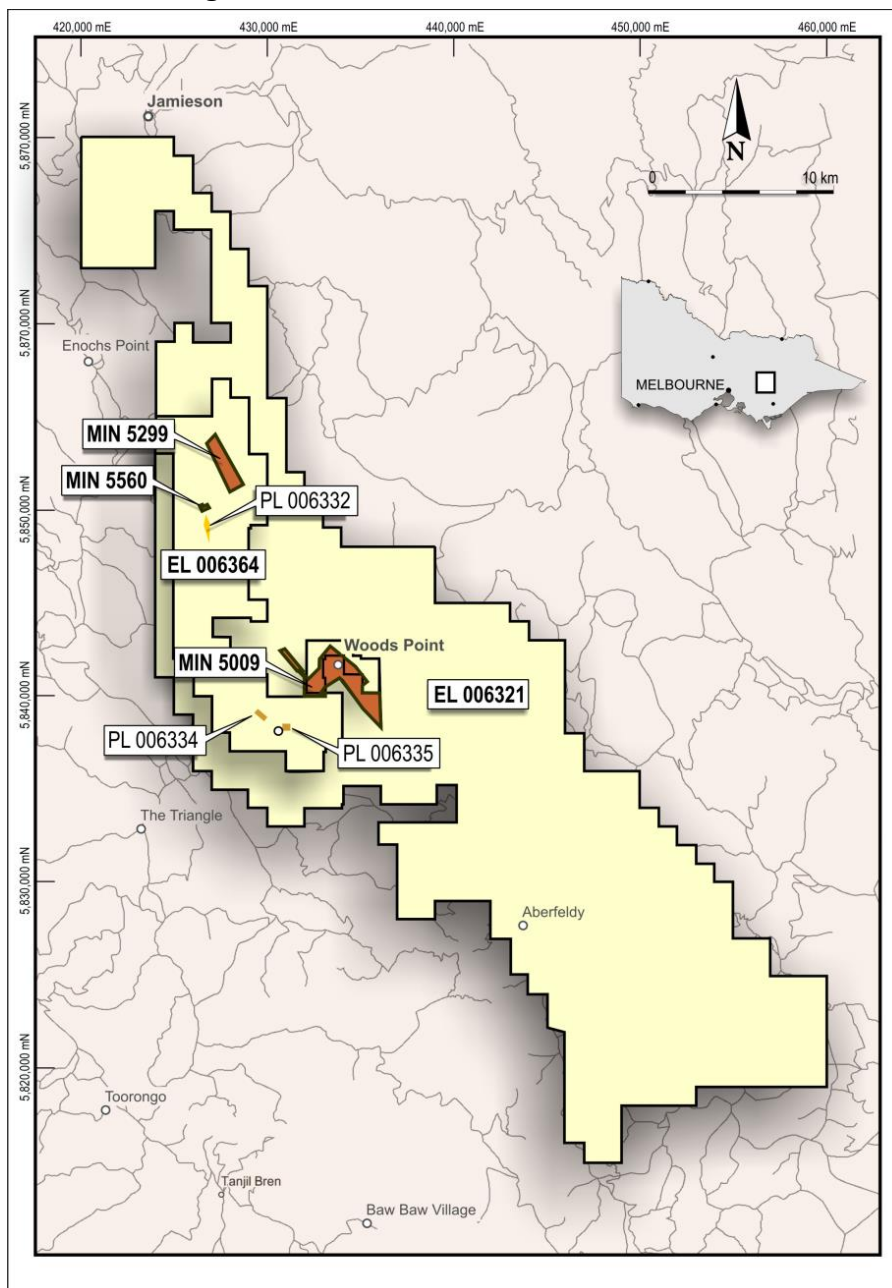
Rose of Denmark Gold Mine

Four (4) trial mining areas were identified, mined, stockpiled and then processed, during the quarter. Each area was mined using handheld mining methods under geological supervision and analysis. Reconciliation of the drilled and mined grade against the milled grade is ongoing and will be reported to the ASX in the December Quarter.

Mining also included development of several drill chambers designed for diamond drilling to test below the adit level to enable an economic assessment at depth of the viability of the RoD dyke. Drilling and sampling is scheduled to commence in the December quarter.

An extension of the Rose of Denmark Mining Licence (MIN5299) was applied for and approved by the Victorian State government for a further 3 years allowing the Company to progress its application for a Mine Work Plan, including water discharge in preparation for commencement of production.

Figure 3: AuStar Gold Tenement Locations



Note: PL006332, PL006334, PL006335 have been absorbed into EL006364

Gravity Process Plant

Processing of gold bearing material from ROD was completed during the quarter. The total gold poured since the successful re-commissioning of the gravity process plant is estimated to be 2,650 grammes, with RoD material contributing 2,039 grammes.

Corporate

Considerable preparations were made during the quarter for a capital raising to enable the Company to progress its strategy of advancing its portfolio of assets in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm) into low cost high grade gold production projects. Further details of the raising are set out in the next section titled Cash Position and Funding.

In addition to the extension of Mining Licence MIN5299 for another 3 years, Exploration Licences EL006321 and EL0006364 have been granted by the State of Victoria for 5 Years. Prospecting Licences PL006332, PL006334, PL006335 have been absorbed into the Exploration Licence EL006364, removing the specifically required works on those areas.

Following the conclusion of trial mining and processing of the RoD gold bearing material and resulting proof of concept, a reduction in staffing on site was undertaken. Staffing is now focused on drilling of Morning Star and Rose of Denmark mines to compile a minerals inventory for sustainable economic production, preparation for regional exploration, statutory permitting for water discharge and obtaining approval of mine work plans.

Cash Position & Funding

On 13 August 2018 the Company announced that it had arranged a placement of A\$5.5m and announced a Share Purchase Plan (SPP) to raise up to a further \$1.0 million, to fund development and further exploration at the Company's Morning Star and Rose of Denmark gold mines and for future growth initiatives.

The capital raising was strongly supported by Australian and United Kingdom based professional and sophisticated investors.

The first tranche of the placement was unconditional, whilst the second tranche and the SPP were conditional on shareholder approval at a general meeting of shareholders. This general meeting was held on 28 September 2018, at which all resolutions were approved.

Subsequent to the end of the quarter:

- The Company announced on 10 October 2018 that the respective shares and attaching options in relation to Tranche 2 were issued and advised that the SPP closed on 1 October 2018 with applications totaling \$473,053. The Directors also reserved the right to place the 117,099,444 shares and attaching options that were not subscribed by shareholders pursuant to the SPP by 28 December 2018 with selected parties at their discretion.

- The Company is taking recovery action against two shareholders for late settlement of the placement, who were arranged by the Company and not by the Joint Lead Managers. The amounts are not considered to be material and are expected to be settled imminently.

As a result of this capital raising, AuStar Gold is now debt free (including no remaining convertible notes) and is funded to progress the next phase of its strategy

As at 30 September 2018 the Company had a cash balance of \$269,000 as outlined in this quarter's Appendix 5B

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Annual General Meeting

The Company wishes to advise that it will hold its 2018 Annual General Meeting on 30 November 2018, at 11.00 am (Brisbane time) at the Christie's Conference Centre, 320 Adelaide Street, Brisbane QLD 4000.

A Notice of Meeting and Proxy Form will be despatched to shareholders on 1 November 2018.

Competent Persons Statement:

The information in this report that relates to exploration activities and exploration results is based 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 were previously released to the market in 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.

For further information, please contact:

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Table 1: AuStar Gold Tenement Schedule.

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest %
MIN 5009	Morning Star	Morning Star	21/09/1990	21/09/2023	657 Ha	95
MIN 5299	Morning Star	Rose of Denmark	10/11/1981	30/08/2021	211 Ha	97.55
MIN 5560	Morning Star	Wallaby	17/12/2013	16/12/2018	10 Ha	95
EL 006364	Woods Point	Morning Star South.	27/08/2018	27/08/2023	101 km	95
EL 006321	Woods Point	Morning Star North	27/08/2018	27/08/2023	566 km	95
EL6704	Lionsville	Lionsville	22/05/2003	6/05/2019	4 units	100