

DRILLING UPDATE AT MORNING STAR GOLD MINE - ONGOING HIGH-GRADE GOLD INTERSECTIONS

AuStar Gold Limited (ASX: AUL) has received excellent results from diamond drilling into the McNally's and Stone's Reefs at the Morning Star Gold Mine:

Highlights Include:

- Recent drilling results indicate extended mineralised gold zones for both McNally's and Stone's Reefs:
 - Both have a higher-grade core of gold mineralisation located within the main reef
 - Stone's Reef extends further to the south of previous interpretation
 - McNally's Reef is populated by closely spaced, high grade holes
- Continued positive results from this drill program provides increasing confidence in identification of minerals inventory to commence mining these two reefs
- Sludge hole drilling results:
 - 2.4m @ 18.8g/t Au from 2.4m uphole (hole SL7004), including:
 - 1.2m @ 30.0 g/t Au within McNally's Reef
 - 1.2m @ 41.4g/t Au from 2.40 uphole (hole SL7005), within McNally's Reef
- Diamond drilling results:
 - 2.4m @ 3.5g/t Au from 61.3m downhole (hole L6009), including:
 - 0.8m @ 6.5 g/t Au within McNally's Reef
 - 1.2m @ 4.2 g/t Au from 44.0m downhole (hole L9001) within Stone's Reef

CEO Mr Tom de Vries said: *"The latest phase of exploration drilling from 6 Level at the Morning Star Gold Mine has now been completed and the results continue to be very encouraging. All assays have been returned from drilling on 6 Level and the diamond drill rig is now drilling from 9 Level. The first of the holes from 9 Level has shown that the Stone's Reef extends well to the south of our previous interpretation and still carries gold mineralisation.*

Several holes are to be drilled up from 9 Level through Stone's Reef and up to the McNally's Reef to test both reefs to the south of previous drilling.

Probe drilling (also known as Sludge drilling) into the roof of the 7 Level drive using hand-held rock drills has returned very encouraging results indicating that in parts of 7 Level, McNally's Reef passes close to the old drives, increasing the extent of the mineralised zones and possibly improving accessibility.

The consistently high-grade nature of McNally's Reef along with that of the Stone's Reef gives us increasing confidence that we will have sufficient material to warrant the mining of these gold-bearing reefs in the very near future."

Drill Program

As reported in previous ASX announcements (ASX: AUL, 5 Dec 2018, 4 Oct 2018, 21 Sept 2018, 30 Aug 2018). AuStar is continuing to test both McNally's and Stone's Reefs. These reefs represent several exploration targets identified earlier this year by AuStar within the Morning Star Dyke above the No. 9 Level.

Based on the drill results to date, the McNally's and Stone's Reefs appear to have a higher-grade core of gold mineralisation located within the main reef. This provides encouragement for this reef to be included within AuStar Gold's minerals inventory.

Table 1. Drill Hole and Significant Intersection. (SL in the Hole ID denotes sludge hole sampling).

HOLE ID	Sample ID	From	To	Interval	Grade (g/t) Au	Comment
L6009	A8242	61.30	62.08	0.78	6.50	61.30m – 63.72m combined to 2.42m @ 3.59g/t Au. McNally's Reef
L6009	A8243	62.08	62.33	0.25	0.10	
L6009	A8244	62.33	62.60	0.27	3.04	
L6009	A8245	62.60	63.00	0.40	0.83	
L6009	A8246	63.00	63.72	0.72	3.38	
L9001	A8302	44.08	44.72	0.64	2.25	44.08m – 45.32m combined to 1.24m @ 4.22g/t Au. Stone's Reef.
L9001	A8303	44.72	45.32	0.60	6.33	
SL7004	B2933	2.40	3.60	1.20	30.00	2.40m @ 18.80g/t Au. McNally's Reef.
SL7004	B2934	3.60	4.80	1.20	7.60	
SL7005	B2938	2.40	3.60	1.20	41.40	McNally's Reef.
SL7003	B2927	2.40	3.60	1.20	2.76	McNally's Reef

Table 2. Drill Hole Locations.

Hole_ID	MineGrid East	MineGrid North	RL (m)	Dip	Dir (MineGrid)	EOH (m)	Comments
L6009*	8011.3	12993.9	544.4	-36.0	145.0	75.72	Completed – Diamond Drill Hole
L9001*	8030.6	12911.8	450.2	+62.0	238.5	46.50	Completed – Diamond Drill Hole
SL7003*	7995.4	12690.3	517.3	+75.0	089.0	7.10	Completed – Sludge Hole
SL7004*	7993.9	12965.3	516.9	+45.0	089.0	6.00	Completed – Sludge Hole
SL7005*	7992.8	19970.8	516.6	+40.0	089.0	7.20	Completed – Sludge Hole

*Coordinates are from drill design. Not yet surveyed.

Stone's Reef

Drilling into Stone's Reef has been achieved from a chamber recently developed at the southern end of the No. 9 Level. Diamond drill hole L9001 passed through the Morning Star Dyke host rock before intersecting a mineralised quartz reef located immediately below the surrounding sediments. Structural readings indicate that the dyke – quartz – sediment contact is low angle and is interpreted to be the southern extension of the sediment over dyke ledge (Figure 1), which historically is not considered to be a favourable environment for high grade mineralisation. As such it is unusual and may have been overlooked in the past for this reason.

Further holes are planned from 9 Level to test the southern edge of the structure.



McNally's Reef

Drilling has identified a high grade quartz – sulphide reef. A total of seven closely spaced diamond drill holes (approx. 10 to 15 m apart) have now returned consistently high-grade gold assays (refer ASX:AUL, 5 Dec 2018, 4 Oct 2018, 21 Sept 2018, 30 Aug 2018) – An example is L7029 delivering a result of 0.2m at 876 g/t and 0.55m at 734 g/t (ASX:AUL 4 October 2018) and hole L7022 providing 0.78m at 150 g/t (ASX:AUL 30 August 2018). Other high grade results are shown on figure 2 below, demonstrating the description of consistent high grade assay results.

The latest diamond drill hole completed (L6009) was targeted to test the eastern edge of the structure where the reef is interpreted to steepen to the east. Due to the low drill angle, the resultant intersection does not represent a true thickness with the true width estimated to be 0.8m.

Sludge drilling was also undertaken from within the 7 Level drives utilising a pneumatic jack-leg mounted rock drill. The drilling was undertaken using multiple 1.2m long extension drill steels to drill up into the roof of the drives to test for McNally's Reef overhead. Several sludge holes returned highly anomalous gold results (Table 1) increasing the extent of the high-grade distribution of McNally's Reef (Figure 2.)

Further testing of the structure will be undertaken by extending the drilling program from 9 Level. Several holes are planned to test McNally's Reef to the south of the current drill locations.

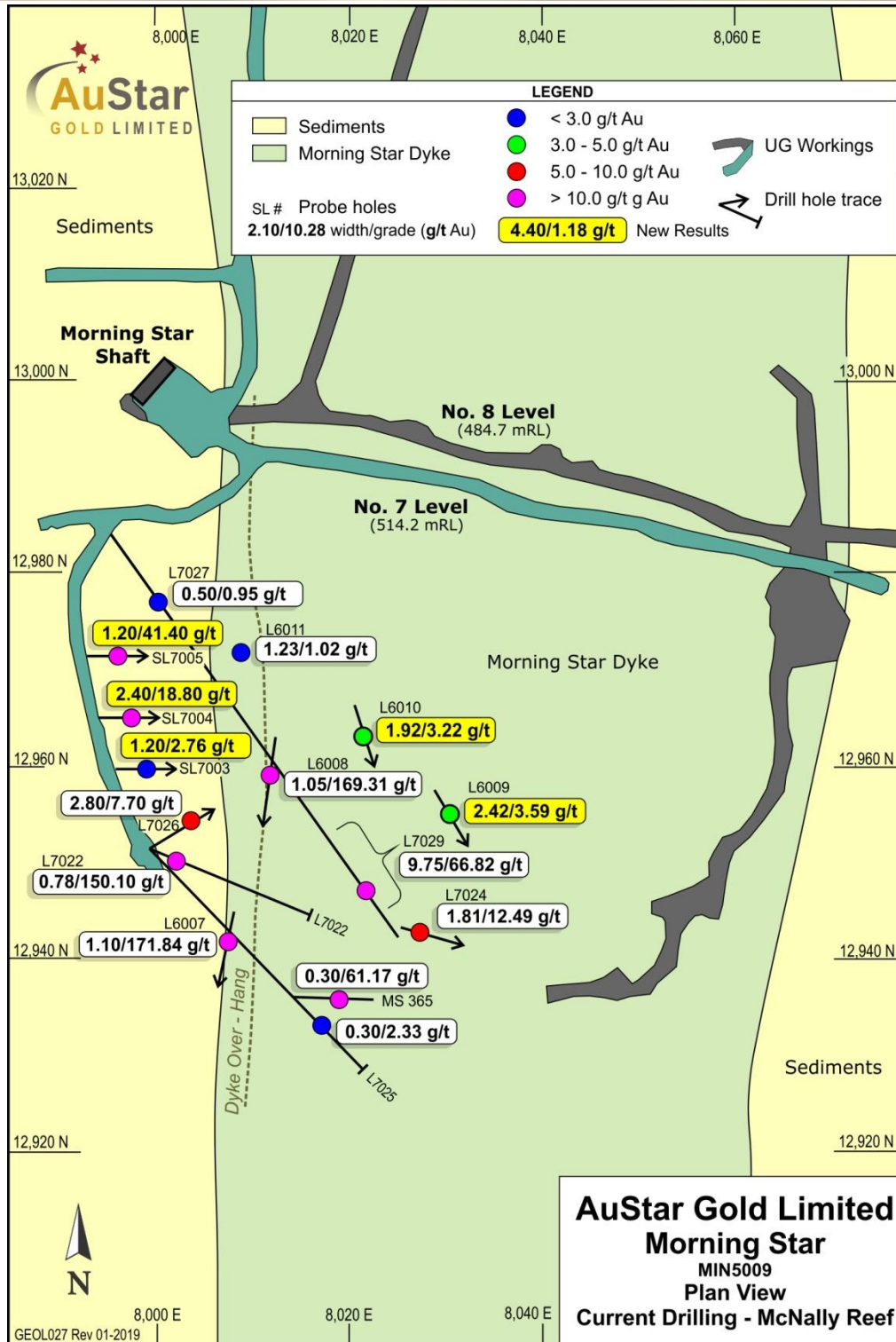


Figure 2: Plan Showing Location of Drilling Results on McNally's reef.

About AuStar Gold Limited:

AuStar Gold is focused on building a valuable gold-bearing minerals inventory to generate sustainable economic production from its portfolio of advanced high-grade gold projects – The Woods Point project contains significant, fully operational, infrastructure including a mine shaft, winder and headframe and a processing plant, a strategic tenement footprint, and is positioned for near-term mining.

In addition, AuStar Gold intends to explore and 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
P: +61 408 45325

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.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple.</i> 	<ul style="list-style-type: none"> Full drill core has been submitted for analysis. The drill core is LTK 48 (35.3mm diameter) in size. Sample intervals are between 0.30 and 1.0 metres as the mineralization consists of multiple narrow veins within a diorite host. Sample intervals are matched with geological and lithological contacts. Where core sampling is used CRM (Certified Reference Materials) is inserted at random at around a density of 1 CRM per 15 – 20 samples. Various CRM ranges are used. Blank samples are submitted randomly but often where visible gold has been recorded known blank samples are inserted to ensure lab QC.(Quality Control) Probe drilling undertaken using pneumatic jack-leg and rock drill. Probe hole diameter is between 32 – 36mm. Samples collected from probe holes are collected and entire sample interval bagged. Hole flushed with water between each sample interval.
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> The Morning Star diamond drilling program is being undertaken utilizing a pneumatically powered Kempe diamond drill producing LTK 48 size drill core (and capable of drilling up and down holes to angles of ~85 degrees). Drilling is being carried out by a rig owned by Starwest Drilling. Down hole surveys have been carried out. All collar positions will be surveyed upon completion of the program. Probe drilling undertaken using pneumatic jack-leg and rock drill. Samples collected from hole into clean bucket and entire sample interval is then bagged. Hole flushed with water between each sample interval.
Drill sample recovery	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> The core is marked up and measured by geologists. Core recovered (CR) is compared with the metres drilled (MD, recorded by the drillers in their 'run sheets') and a 'core recovery' percentage is calculated; $CR/MD \times 100 = \% \text{ recovered}$. Vein density is random and variable within the gross structural controls. Vein orientation takes two preferred orientations. The general "type" vein orientation is a flat ~10 degree dipping TVA (Tension Vein Array) with the second orientation being a conjugate set which are generally smaller but cut the previous veinset with minor displacements. Probe drilling generally collects 100% of all cuttings from hole.
Logging	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and</i> 	<ul style="list-style-type: none"> Logs exist for all of the drillholes on the property. The history of exploration on the property has seen the one set of log codes utilized consistently. The logging describes the dominant and minor rock types, colour, mineralisation, oxidation, alteration, vein type, core recovery, basic structure (hardness has not been logged).

Criteria	JORC Code explanation	Commentary
	<p><i>metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> Some geotechnical logging has taken place, though in most cases the existence of extensive underground development has meant that geotechnical work has been more focused on underground exposures. Core is photographed after markup and before sampling. Marked core for sampling is also photographed. Chip samples from probe drilling collected and representative interval portions retained in chip-trays for future reference.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Full core has been sampled. Core samples were assayed at the Gekko laboratory located in Ballarat. Total pulverization before subsampling for assay is carried out at the lab by grinding via a mixer mill to 90% passing -75 microns. Final grade determination is by Fire Assay with an AAS finish. Fire assay charge size is 50 grams. Probe drilling samples were submitted to On Site Laboratory services Pty Ltd located in Bendigo. Total pulverization before subsampling for assay is carried out at the lab by grinding via a mixer mill to 90% passing -75 microns. Final grade determination is by Fire Assay with an AAS finish. Fire assay charge size is 50 grams.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>A standard sample is randomly inserted for approximately every 15 – 20 samples that are submitted.</p> <p>Laboratory blanks and random rechecks are also utilized by Gekko.</p>

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> All reported data was subjected to validation and verification prior to release Submitted standards are tabled and compared to the stated value. Data from logging and assay is entered into Excel and imported into a 3D computer modeling program for modeling and geological analysis.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> All holes were located by direct measurement from underground survey points. Contract surveyors will pick up collars on completion of program for high level of accuracy. The coordinates used are a local mine grid with Morning Star Shaft collar points used as centre coordinate 8000mE and 13000mN. The vertical axis is ASL (m). All bearings are rotated 48 degrees counter-clockwise from true (Grid) north, 60.5 degrees from Magnetic North. The topography control is of a high standard.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drilling has been carried out from underground drill cuddies. Reported drill holes are designed to intersect projected structural target at around 10 metre centres. The aim of the drill program is to test for the presence of unmined mineralised structures that may contain economically definable amounts of gold. Sample compositing has not been applied for individual assays. Where an interval of grade has been composited the Weighted Average Grade is width of intersection (W) multiplied by grade (G) divided by the Sum of the Total Width. $Avg\ Grade = \frac{W_1 \times G_1 + W_2 \times G_2 + \dots + W_n \times G_n}{\sum W}$
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The drilling has been targeted to intersect mineralized veins at a steep angle, although some oblique holes have been drilled due to the locations of available drill sites. However, this has been taken into account in such a way as to eliminate sampling bias. No significant sample bias based on drill hole orientation is noted. The mineralisation at the Morning Star mine consist of quartz infilled reverse faults of varying dips and orientations located with the Morning Star Diorite dyke.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The chain of custody for samples was managed by AuStar Gold Ltd, with an established set of procedures designed to maintain sample security.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No independent review has been undertaken of the announced drill results.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Morning Star mine is located within MIN5009, which is wholly owned by AuStar Gold and its subsidiaries. The assets were acquired from receivers in 2016. The Morning Star mine is located approximately 90km southeast of Mansfield in Eastern Victoria, near the town of Woods Point. The Rose of Denmark lies within MIN5299 and is wholly owned by AuStar Gold and its subsidiaries.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Morning Star Gold mine has been intermittently active since 1861, with a large number of owners and operators. The mine was operated by Gold Mines of Australia between 1930 and 1960, and then briefly operated by Morning Star Gold Mines NL until 1963. Production up to that point has been variably estimated to be between 630,000 and 830,000 oz Au at grades from 25-30 g/t Au. Mount Conqueror acquired the asset in 1993 and carried out exploration development under that name and then subsequently under the name of Morning Star Gold. The company went into suspension in June 2012 and receivership in 2014.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The project area lies within the Woods Point – Walhalla Synclinorium structural domain of the Melbourne zone, a northwest-trending belt of tightly folded Early Devonian Walhalla Group sandy turbidites. The domain is bounded by the Enoch's Point and Howe's Creek Faults, both possible detachment-related splay structures that may have controlled the intrusion of the Woods Point Dyke Swarm and provided the conduits for gold-bearing hydrothermal fluids. The local structural zone is referred to as the Ross Creek Faults Zone (RCFZ). Most gold mineralisation in the Woods Point to Gaffney's Creek corridor occurs as structurally-controlled quartz ladder vein systems hosted by dioritic dyke bulges. Rose of Denmark exhibits all these characteristics.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. 	<ul style="list-style-type: none"> See table in above document

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> In all previous ASX releases the assays are given 'un-cut' unless otherwise stated & weighted averaging of results is used: in which the average grade is the sum of the products of length and grade for each sample in the interval, divided by the total length of the interval. A nominal cutoff of 0.1g/t is used for identification of potentially significant intercepts for reporting purposes. Most of the reported intercepts are shown in sufficient detail, including gold maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept. Metal equivalents are not used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Mineralised structures at Morning Star are variable in orientation, and therefore drill orientations have been adjusted from place to place in order to allow intersection angles as close as possible to true widths. Exploration results have been reported as an interval with 'from' and 'to' stated in tables of significant economic intercepts. Tables clearly indicate that true widths will generally be narrower than those reported. An estimate of true width can be made based on the known strike of mineralised quartz veins or quartz breccias, although it should be noted that these features are not absolutely planar and anastomosing does occur, with variable strike and dip.
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> See attached figures and plates.
Balanced reporting	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Only initial significant results for the first hole is shown. Future drilling results will be followed by basic data.
Other substantive exploration data	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock</i> 	<ul style="list-style-type: none"> Results of an ongoing structural reappraisal of the mine are presented in some of the diagrams in this release. These diagrams are schematic in nature based on field observations yet to be fully digitized in 3D space (this work is ongoing)

Criteria	JORC Code explanation	Commentary
	<i>characteristics; potential deleterious or contaminating substances.</i>	
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Further exploration drilling from underground is planned, along in order to gain confidence regarding drilled grades. Gaining a correlation between drilled grades and recovered grades from large scale sampling is a key aim of this program and will be a significant factor in reporting resources and reserves to appropriate standards

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Section 3 does not pertain to this report.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Section 4 does not pertain to this report.