



MARCH 2019 QUARTERLY ACTIVITIES REPORT

AuStar Gold Limited (ASX: AUL) provides the following update on its activities for the quarter ended 31 March 2019.

Highlights:

- **Successful recommencement of Mining and Processing activities**
- **High speed centrifugal concentrator installed at Morning Star to lift overall gold recovery**
- **Agreement finalised with Gekko Systems for offsite processing of residual concentrate to recover additional gold**
- **Total Gold produced from Dore of 121.11 ounces of which 31.02 ounces was sold prior to 31 March**
- **Process of delivering and treating middling concentrate to Gekko established**
- **Exploration drilling confirmed that both McNally's Reef and Stone's Reef extend further than previously interpreted**
- **Further high-grade gold intersections identified in McNally's Reef**
- **Independent review of geochemical and geophysical data identified 36 exploration targets, including 8 high priority exploration targets not including RoD and MSGM.**

Mining

Mining at the Morning Star Gold Mine re-commenced in the last week of January, with rail development towards the interpreted eastern boundary of McNally's reef. The reef was intersected on 25th of February and has been developed to the dyke over sediment contact, representing approximately 30 metres of reef development exposed for stoping.

Development and stope face mapping and sampling continue to be undertaken as a routine with the reef reflecting what was seen in the diamond drilling for grade and reef width. It is expected

stopping will result in higher production grades through more selective mining methods that are possible during the stopping phase.

A number of minor recommencement issues traditionally faced when restarting operations such as the completion of employee recruitment programs, resulted in a minor delay of development of the Stones Reef and the stopping of material at Rose of Demark mine (RoD). However, these have now been largely overcome.

To the end of the March quarter the mining section has mined:

- Development metres 121.7 metres
- Waste tonnes 529.0 tonnes
- Ore tonnes985.0 tonnes

Processing

The AuStar Gold process plant at the Morning Star mine site utilizes standard gravity methods (enhanced by the installation in March 2019 of a high speed centrifugal concentrator) to recover gold from the Company's Morning Star and Rose of Denmark ores. Through the gravity process, the gold room captures approximately 65% to 75% of the gold directly to bullion, with an additional 15% of fine free gold residing in the middlings as concentrate and up to 10% of fine free gold in the gold room table rejects.

The material containing the fine free gold (concentrate) not captured directly into bullion at the Morning Star plant is to be treated by Gekko Systems offsite, with expected recoveries in these two fractions of approximately 95% of the contained gold. This is expected to lift total gold recovered and sold from ore supplied to the mill to better than 90%.

The processing plant started processing on 9 March 2019 on a week on / week off basis. Processing during March occurred over the periods 9th to 13th March and 20th to 28th March with a total of 701.2 tonnes being processed.

There were two Dore pours during March with a total of 4.65kg of Dore being produced from 522 tonnes of feedstock. Approximately 2 days of treatment was held back into April for logistical reasons.

Plant throughput was slower than initially expected due to using larger screens which remove less oversize from the system, consequently impacting VSI throughput. Various alternatives of upgrading the VSI being considered include a higher rotor, a larger drive motor or a separate impact crusher for oversize. These options are being evaluated for availability, price and effectiveness. At present the plant is keeping pace with the mine and if required, oversize can again be screened to reduce the VSI load and processed later.

31.02 ounces of refined gold from Dore was produced and sold in March. A further 90.09 ounces of gold refined in April from Dore poured in March was sold in the first week of April. No gold from

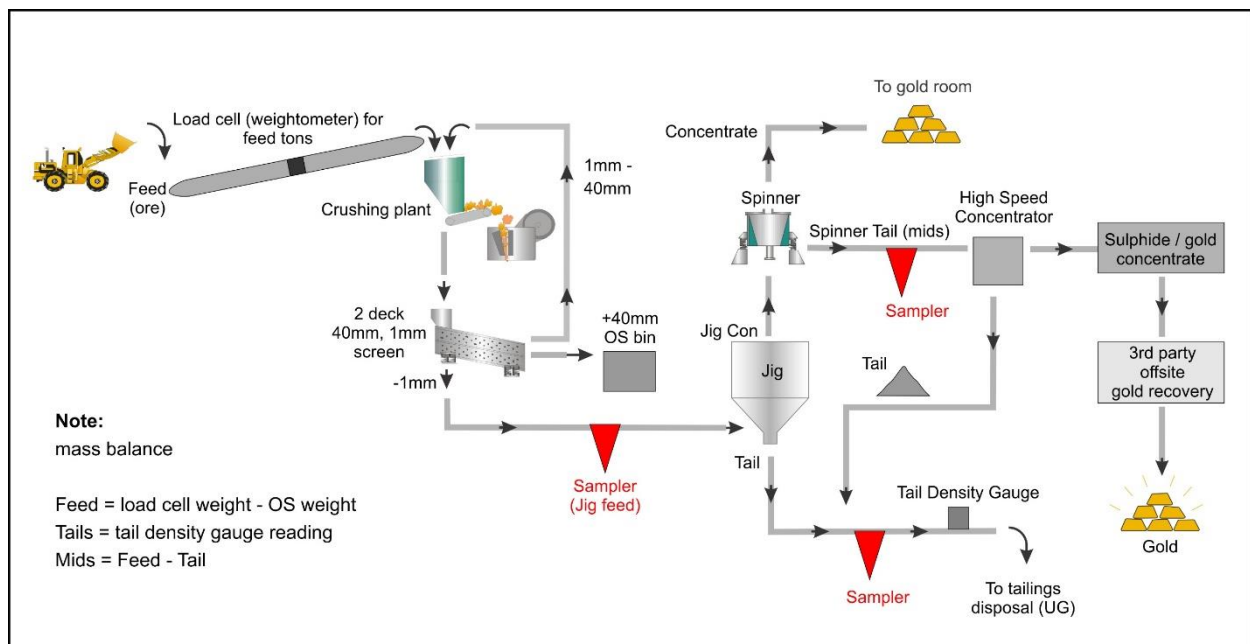
concentrate product treatment was refined in March, but refined later, producing 18.46 ounces of gold.

A refining agreement to convert Gold dore to refined salable gold was agreed with CPG in Oakleigh, Victoria.

March 2019 also saw Austar gold reach an agreement with Gekko Systems to custom treat the operations Sulphide Concentrate (refer to ASX:AUL 11 March 2019). This concentrate grades between 1,000 g/t gold to 2,000 g/t gold and is the result of installing a high speed centrifugal concentrator to treat the middlings product after the spinners in the gravity process plant (refer to figure 1).

The first batch of concentrate was delivered to Gekko on Friday 29th March. Gekko finished commissioning the custom Intensive Leach Reactor (ILR) the following week, with processing of the concentrate occurring after that date.

Figure 1 Gravity plant process flow sheet including treatment of Middlings and third party gold recovery



Exploration/Geology

A total of 1523 metres of exploration diamond drilling was undertaken during the March quarter. Approximately 652 metres were drilled at Morning Star and 871 metres at Rose of Denmark.

Morningstar

On 13 March, the Company released results from exploratory drilling from the No. 9 Level of the Morning Star Shaft. These results confirmed that both the McNally and Stone Reefs extend further to the south than previously modelled with McNally's Reef being intersected some 40 metres further south than previously interpreted significantly increasing the prospectivity and exploration potential of the reef structure (refer Figure 2).

Significant 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

Further drilling of McNally's will occur once the 9 level access to the Stones reef is adequately developed to prevent interaction with the diamond drilling crew.

Rose of Denmark

Drilling at Rose of Denmark has continued for the full quarter uninterrupted, with visible gold and high grades being witnessed (ASX:AUL 18 February 2018). Drilling has continued with the objective of justifying a decline and an accompanying "Mine Work Plan" for production orientated mining.

Other Exploration activities

An extensive, independent review of the company's exploration lease tenement was undertaken by Telemark Geoscience's Principal Consultant, Dr Dennis Arne, RPGeo (MAIG), PGEO (British Columbia), FAAG, an internationally respected geoscientist. This involved collecting and collating all publicly available data such as geochemical and geophysical exploration in the recent past as well as less available data from previous companies who have explored on the tenements previously.

This study identified the area as the geological mirror image of the Costerfield / Fosterville gold belt with several high priority exploration sites warranting further testing and review (ASX:AUL 28 February 2019). This will be undertaken prior to more costly exploration drilling.

A review by a tier 1 consultancy group, utilizing a large data base of information from Morning Star Gold mine, found that an open pit on the Morning Star dyke would not readily be profitable and as such no further work was undertaken on this project.

Figure 2 McNally Reef with large down dip step out of drilling, requiring further drilling, refer to ASX: AUL 13 March 2019.

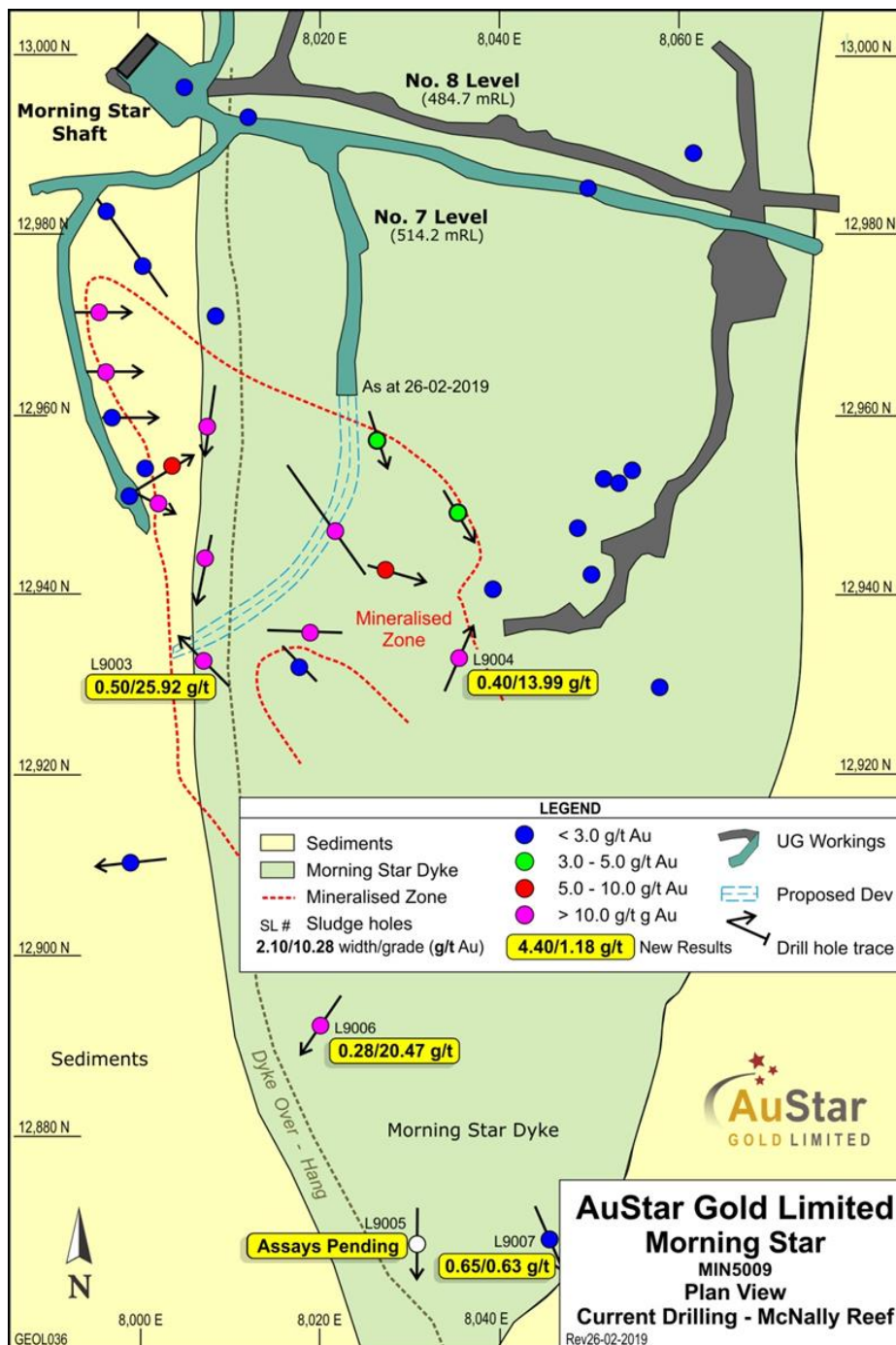
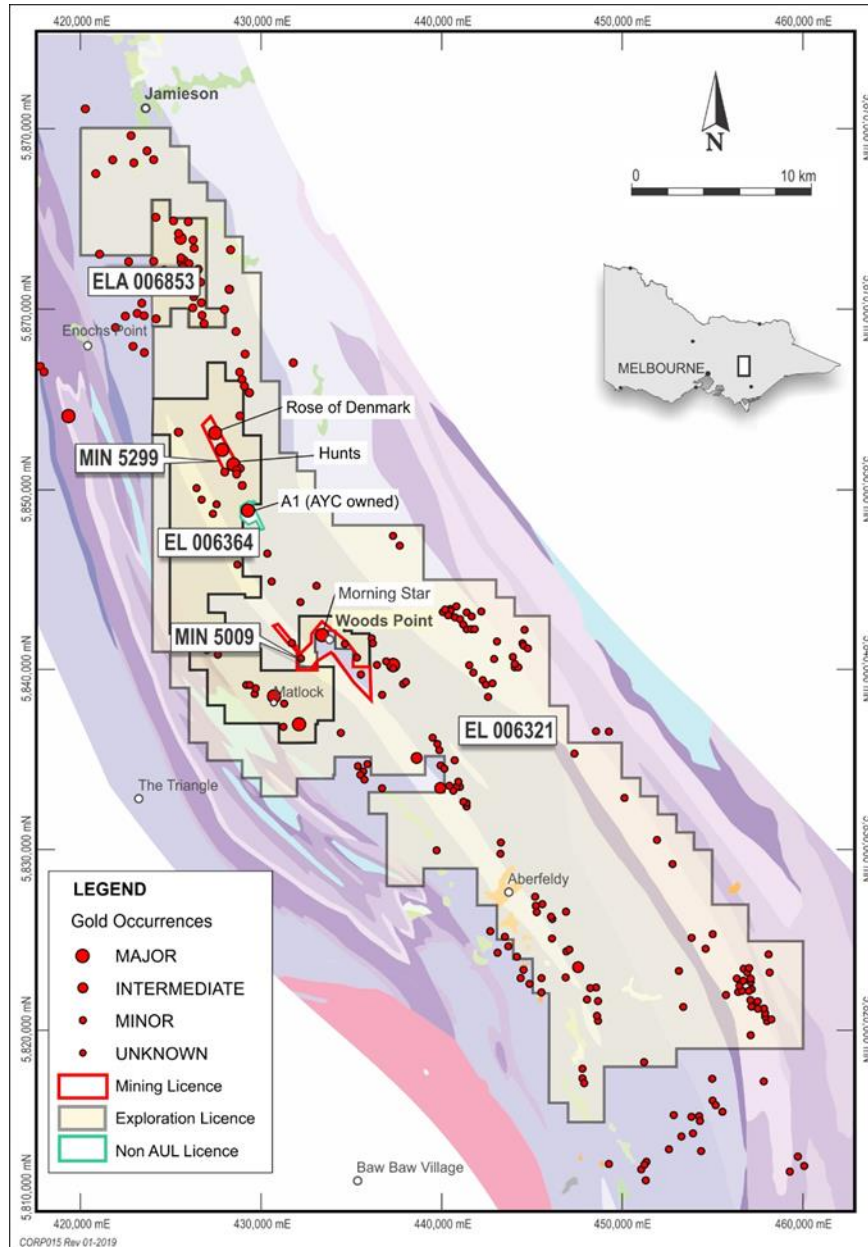


Figure 3. AuStar Gold tenement holdings, including application for EL006853



Corporate

Corporate Activity

- As at 31 March 2019, the Company had cash reserves of \$973,000.
- On 1 February 2019, Stephen Kelly was appointed Company Secretary following the resignation of Brent Hoffman.
- On 4 April 2019, Philip Amery was appointed a Non-Executive Director and Dr Richard Valenta resigned as a Non-Executive Director.
- The Company has commenced formal collection proceedings to recover outstanding debts of approximately \$180,000 and is confident of the process.

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 those announcements.

For further information, please contact:

Tom de Vries
Chief Executive Officer
AuStar Gold Limited
TdeVries@austargold.com
M + 61 7 3319 4120

Table 1: AuStar Gold Tenement Schedule.

TENEMENT	PROJECT	STATUS	AREA (GRATICULES)	DATE OF GRANT	DATE OF EXPIRY
MIN 5299 ²	Woods Point	Current	211.19 (ha)	10/11/1981	30/08/2021
MIN 5009 ¹	Woods Point	Current	657.91 (ha)	21/01/1990	21/09/2023
MIN 5560	Woods Point	Expired	5(ha)		
EL006364 ¹	Woods Point	Current	101	27/08/2018	26/08/2023
EL006321 ¹	Woods Point	Current	566	27/08/2018	26/08/2023
ELA006853	Woods Point	Under Application	190	TBA	TBA
EL 5294	Bacchus Marsh	In Renewal and in process of being transferred	154 (ha)	23/03/11	22/03/16

¹ Tenements 100% owned by Morning Star Gold NL. in turn held 95% by AuStar Gold Limited.

² Rose of Denmark is 97.55% owned by AuStar Gold

Application has been made to vary MIN 5299 and MIN5009 to allow the licensee to dispose of tailings from these licences

MIN5560 - This licence has expired and application has been made to amalgamate the area of this licence into EL006364 as provided by Regulation 35. The matter is before the tenements committee.

PL's 006332, 006334 and 006335 have been surrendered and the area of these licences has been amalgamated into EL00636

ELA006853 has been applied for and is subject to review by the state of Victoria.

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.

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.