

APRIL COMPREHENSIVE PRODUCTION AND GRADE RECONCILIATION REPORT

Highlights:

- ✓ Excellent continuing grade control at Woods Point operations
- ✓ Realised gold grade of 17.84g/t in April demonstrates robustness of geological model and mining plan with grade improving further in May
- ✓ 11.81kg of Dore poured and 680kgs of concentrate produced in April from 702 dry tonnes of processed ore for total production of 10.963kg (357.47 troy oz) fine gold bullion
- ✓ High speed Falcon centrifugal concentrator has been installed to tailings stream and will further improve recoveries in June
- ✓ Precipitate contribution continues to impress despite extensive April delay in final refining to bullion
- ✓ Processing improvements and growing gold sales continued in April with further improvements achieved in May
- ✓ May Production Update and Review to be released mid-June

AuStar Gold Limited (ASX: AUL) (“AUL”, or “the Company”) is pleased to confirm production grade and final reconciliation for the April period of Woods Point production.

April reconciliation:

Processing continued on a week-on week-off roster over 12 days in the month of April, with 1.5 days downtime experienced due to repair and toggle plate re-alignment of the plant jaw crusher (see AUL announcement 26 April 2019 *Record Weekly Dore Pour as Production Ramps Up at Morning Star*).

The Gravity plant processed 702 dry tonnes in April, with the last 2 days of March bringing the reported tonnage for the reconciliation period (27 March to 23 April) to 775.3 dry tonnes.

The weighted assayed McNally’s Reef feedstock head grade was 18.82 g/t. Total recovered gold, including gold in tailings, was **17.84 g/t**, with the weighted tails assay grade being 3.41 g/t.

Gold production:

11.81 kgs of dore and 680 kgs of concentrate were produced during the reconciliation period, delivering **10.963kgs of fine gold** and **1.93 kgs** of silver. Dore purity averaged ~78% gold and 16% silver for the month with concentrate yielding 1.722kgs fine gold from precipitate.

Refining of Morning Star precipitate product from concentrate by the Company’s refiners took considerably longer than expected due to delays in precipitation from testing different catalysts and consequently more time being taken to dry and refine the precipitate output. This unfortunately delayed release of this Comprehensive Production and Grade Reconciliation Report to shareholders, for which the Company apologises. The chemical process and testing continues to be adjusted and the Company is confident of the process being streamlined over May and June.

The weighted average gold price received for bullion sold in April was **AUD \$1793/oz**. Total precious metal revenue for the April reconciliation period net of all refinery costs was A\$826,802.97.

All production in April was from McNally's Reef.

Production plant performance:

Process plant operating physicals for April were:

- Through put rate of 6.29 tonnes per hour;
- Total delays were 22.6 hours, not including jaw crusher toggle plate realignment at the end of the month.

The largest delays were Vertical Shaft Impactor (VSI) tip wear and overload and a tailings line blow-out. The Company's operating team dealt with both delays professionally and expeditiously.

Table 1. McNally's Reef Production Reconciliation table: April:

Tonnage treated (McNally's Reef)	775.3 dry tonnes					
	Gold Contained (g)	Gold contained in head grade %	Grade g/t Au Head Grade	Unit Recovery	Bullion produced Au (g)	Total recovery %
Refined Bullion	9263	67%	11.9	100%	9263	67.0%
Gravity Concentrate Treated (ILR)	2001 ⁽³⁾	14.4%	2.58	86%	1722	12.4%
ILR tails	279 ⁽⁴⁾	2.0%				
Middlings ⁽¹⁾	575	4.1%	3.0			
Jig Tailings (tails)	1992	14.4%	3.41			
Total	13,831		17.84		10,963	79.4% ⁽²⁾
Assay Head Grade g/t gold			18.82			

1. Middlings tonnage is estimated and will be treated once the additional high speed centrifugal concentrator is installed in the **tails stream** (see ASX announcement April 18 "Production Update and March review").
2. Recovery does not include 4.1% contained gold in middlings stockpile.
3. Gold in concentrate via the Gekko custom ILR,
4. Gravity concentrate tails post Gekko treatment (calculated)

Planned production improvements:

The high speed concentrator installed in circuit to convert the middlings fraction to a sulphide gold concentrate, replacing a smaller hire unit (see AUL announcement 11 March 2019 *AuStar Gold Processing Update*) has performed well and to expectations. This unit is more effective in sulphide and gold recovery as well as more continuous, requiring less manpower to operate.

A second larger high speed concentrator has now been installed into the tailings line and will contribute recoveries in June. Assay and subsequent tests of the tailings stream have shown that when a high head grade source is being processed, as is currently the case in respect of McNally's Reef ore, there is significant value of fine gold that can be recovered as a sulphide concentrate and then monetised via the Company's Gekko ILR facility.

The installation of the larger high speed concentrator to the tailings stream will then allow reprocessing of stockpiled middlings, adding at least 4% to recovery alone, but also additional recovery of gold in tails due to the fine nature of the gold identified in McNally's Reef.

The recovery of remaining gold in concentrate post the ILR treatment, whilst not material in value, is ongoing.

Exploration activities continuing with McNally's Reef extension drilling:

Drilling has been concluded at the Rose of Denmark (RoD) mine with all assays returned (see AUL announcement 28 May 2019 *Rose of Denmark delivers continuing high grade results*).

A detailed geological review is being undertaken with the objective developing an economic resource model for mine planning. This resource statement will be subject to a separate update in June.

The contract diamond drill rig has now been relocated from the RoD to the 9 level Morning Star Mine with the objective of expanding the McNally Reef structure to below 7 level via additional infill drilling, following up encouraging results from exploration of this zone in March (see AUL announcement 13 March 2019 *Morning Star Drilling Update: Reef extensions confirmed, McNally's remains open to the South*). To date three holes have been completed with drilling ongoing. Assayed results from this program will be announced shortly.

Management Commentary:

AuStar Gold CEO, Tom de Vries, said:

"It is pleasing to demonstrate continued excellent production outcomes at the Morning Star Gold mine. Although we all have work to do in increasing plant throughput and mining production, April outcomes indicate a richly mineralised gold system exists at Woods Point with the potential to deliver feedstock as high grade as any achieved in Victoria. May numbers should also impress.

This positive gold production result, in conjunction with ongoing diamond drilling which is continuing to produce more and consistent visible gold intersections, gives the company further confidence in the tenor of the reefs being mined and processed as well as the future potential of those reefs and our mines in the Jamieson to Woods Point district for future discovery and gold production."

About AuStar Gold Limited:

AuStar Gold is focused on building a valuable minerals inventory to generate sustainable economic production from its portfolio of advanced high-grade gold projects - with significant infrastructure including processing plant, a strategic tenement footprint, and prospectively-well positioned for near-term mining.

In addition, AuStar Gold 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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