

AUSTAR GOLD FEBRUARY OPERATIONAL UPDATE

PRODUCTION CONTINUES AT MORNING STAR WITH HIGH GOLD GRADES (>11 g/t) MAINTAINED

Highlights

- ✓ **Gold sales banked of \$454,504 for the month of February** including prior period concentrate processing. Gold shipped for the month totalled **\$617,581**;
- ✓ Processing performance issues experienced in late 2019 have been resolved with above budget availability achieved by plant;
- ✓ **260 Oz fine gold and 30 Oz silver shipped for the month**;
- ✓ A further 680 kg of gold bearing concentrate was produced in February containing an estimated 0.9 – 1.1kg Au. Concentrate from prior periods also remains to be processed;
- ✓ Both Stones and McNally reefs continued to perform with **average feed grade of 11.7 g/t estimated for February**.
- ✓ Production and mining outcomes into March have provided indications of consistent gold grades being won from targeted mining and part-stoping at McNallys.

AuStar Gold Limited (ASX: AUL, or the Company) is pleased to provide shareholders with an operational update at its Morning Star production operations in Woods Point, Victoria.

Gold production \$617,580 (gross of refining costs) were shipped for the month of February including 26 Oz gold refined from prior period concentrates. Concentrate of 680kg containing an estimated 0.9 – 1.1kg gold was produced in February (29 – 35 Oz Au) and remains to be refined, along with concentrate from earlier periods. The bulk of these concentrate gold sales will be realised in the June quarter.

Milling processed 861 dry tonnes in February with above budget availability. Mining hoisted 749 tonnes of feed material to surface in the month. Average processing grade for the month was **10.6g/t Au** due to the processing of lower grade oversize material stockpiled from previous months. Waste production was minimal with only 4 tonnes of waste material requiring hoisting.

Although waste haulage was minimal, decline development through lower grade material within the McNally Reef mine plan required substantial waste movements underground and resulted in a modest reduction in realised grade for the month. Notwithstanding lower gold sales and realised throughput as a result, Morning Star delivered positive financial performance for the month.

There were no lost time, safety, or environmental incidents in February.

Mining:

Mining continued from the Stones and McNally reefs in February with mining at Stones expected to be completed mid-March. The McNally reef structure continues to extend down-dip with mining activity concentrating on increasing overall productivity through multiple working areas within the development/stope zone.

Grades recovered from development in February were somewhat less than previous months due to the development being positioned in areas of lower geological confidence. Grades will increase over the coming months as stoping progresses especially with waste being left behind from “T-bone” or high-grade stoping. The overall grade from McNally’s and Stones has averaged 11.7 g/t.

Panel 6 and Panel 7 have been mined, along with part of Panel 8. The current mine design is to continue Decline # 3 driving down dip to the east from Panel 8 and to mine the remaining ore of McNally’s south mineralised zone (Panels 8 to 11). (see Figure 1).

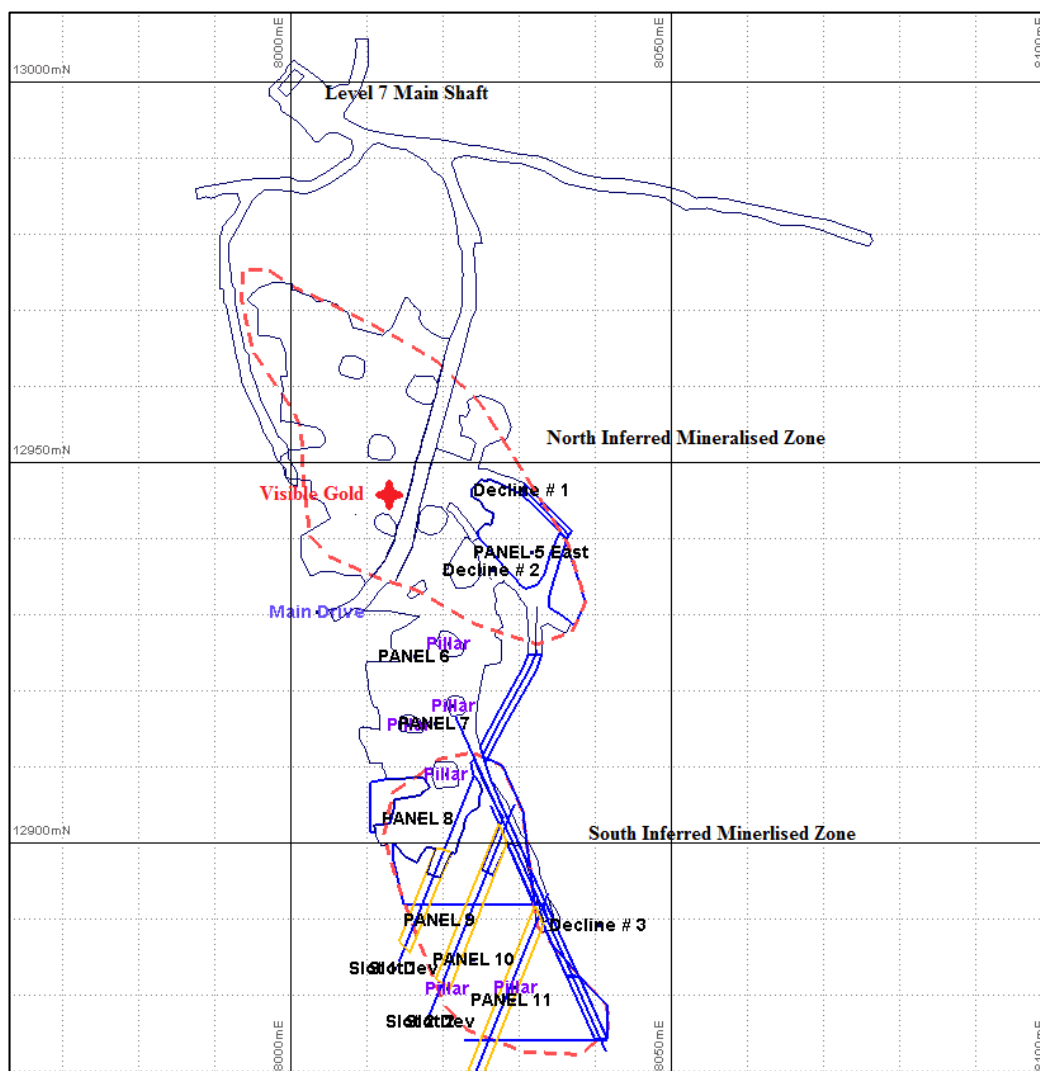


Figure 1: McNally Reef mine development plan, see Figure 2 for sample visible gold noted.

The development at Decline # 1 is also progressing along the eastern boundary of Panel 5 East. Mining continued in Panel 5 to the west with a high grade zone along the lines of faults that strike north and south.

Visible gold has been observed at multiple locations in McNally reef headings with a recent visually identified layer of gold on the surface of slickenside fault that cuts through the dyke overhang in Panel 3 presenting a potential new target for testing (see Figure 2, below).



Figure 2: visible gold layering identified, Panel 3 dyke overhang, McNally Reef, Morning Star

Production outlook and initiatives:

Planning for other operational enhancements as outlined in previous releases continued, with expected capital expenditure now at the lower end of earlier estimates thanks to the hard work of the site management team.

Exploration:

An in-mine drilling program has been designed and approved by the Board. Work continued during the month to engage a suitable underground drilling contractor to complete the program and to further finalise drilling targets and meterage.

An announcement will be made to shareholders when this campaign commences. Continued in-mine drilling success is key to continuing and growing production at Morning Star.

March Outlook:

Mining and production has continued in March with \$382,611 in gross Dore gold sales banked to date and improved month to month head grade outcomes noted from reconciliations to date. There have been no lost time, safety, or environmental incidents.



Figure 3: Dore bullion poured 23 March, Morning Star

Released on behalf of the board of AuStar Gold Limited.

AuStar Gold welcomes shareholder communication and invites all interested shareholders to make contact at any time.

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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.



ASX Release

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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.