



ASX Release

29th January 2021

AuStar Gold Limited ACN 107 180 441

Registered office: 6 Bridge Street, Woods Point, VIC 3723

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

AuStar Gold Limited (ASX: AUL, AuStar Gold, or the Company) is pleased to provide the following update on its activities for the quarter ended 31 December 2020.

Highlights:

- Retail Entitlement Offer closed with significant oversubscription;
- Breakthrough development from 8 Level to 7 Level to improve access to McNally Reef completed;
- Continued in-mine and near-mine exploration delivered further encouraging drill intercepts;
- Regional exploration program expanded.

Mining:

- Mining breakthrough from 8 Level to 7 Level was completed, with the goal of increasing future mining production by opening up additional sources of higher grade ore;
- Increased mining and hauling tonnages during the quarter with monthly hauled tonnes rising from 622t (October) to 838t (December) (total hauled tonnes of 2,318 with minimal waste development haulage required);
- With the completion of breakthrough works, Mining moved from general development to stoping block development during the quarter.

Mining activity in the quarter commenced with the continuation of down-dip mining in McNally Reef below 7 Level. Down-dip development of McNally Reef had been presenting challenges to efficient mining over recent months because of the increasingly downward trajectory of the ore body.

With increased geological confidence in the extension of McNally Reef to 8 Level (Refer ASX Release: *morning Star Mine: Production and Geology Update*, 19 August 2020), priorities changed to completing development upwards from 8 Level to 7 Level, in order to provide for more efficient mining and to open up further modelled ore blocks.

Breakthrough to 7 Level was achieved during the quarter. Production efficiencies from downward development to 8 and 9 Levels, with ore trucking and haulage from 9 Level, were realised in the second half of the quarter.

As part of setting up mining from 8 Level, additional infrastructure work has been carried out to ensure efficient mining, including establishing ore passes to 9 Level and setting up 9 Level as a trucking level (with new rail infrastructure and bogger fleet). This work was ongoing throughout the quarter alongside regular mine production and was completed in January.

The breakthrough has exposed multiple blocks of high-grade ore for future mining. Sampling grades

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have ranged from 0.1g/t up to **627g/t Au** (0.4m at 627g/t). There were also multiple high-grade faces identified during the quarter via normal in-mine grade control geology, with face grades ranging from 0.28g/t up to 56.61g/t Au. (Refer ASX Release: *Production and Geology Update*, 27 November 2020).

Processing:

The quarter commenced with the processing plant experiencing several mechanical failures, leading to significant downtime – a disappointing outcome given prior operational challenges within the Morning Star plant. New and refurbished components were sourced and fitted. This resulted in losses to production and reduced output.

Several operational bottlenecks were identified which have now been largely resolved, with the processing plant returning to normal operational throughput in the second half of November and December. During rectification of these operational issues, commissioning of the additional recovery circuit within the mill continued and the new tailings disposal line to the Whitelaws void (via the 20MS01 hole) was successfully run into operation.

While realised Dore production was impacted during the Quarter, mine productivity was maintained and this has created substantial surface stockpiles capable of supporting extended processing operations for the foreseeable future.

In addition to the substantial surface stockpiles accrued over the quarter, concentrate produced during the July to November production periods was prepared for sampling and shipment during December. The shipment comprised in excess of 5,800kg of concentrate with an agreed average assay of approximately 1,650g/t gold. The sale of these concentrates was realised in early January, resulting in a first-tranche payment to the Company of approximately A\$500,000. This receipt, outside the quarterly reporting period, will be reflected in the March 2021 Quarter (Refer ASX Release: *AuStar Gold Second Concentrate Sale*, 14 January 2021).



Fig 1: Example of nuggety gold from McNally Reef, produced in the quarter

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Exploration/Geology:

During the quarter AuStar Gold welcomed several new employees to the Mine Geology and Exploration Team at the Morning Star Gold Mine to increase the capabilities of the team. The group is currently reviewing opportunities for future development of additional mining areas within the Morning Star Gold Mine, which include:

- Level 2: “Age of Progress”
- Level 4: “Dickenson and Shamrock Reef” extensions
- Level 6: remnant Whitelaw Reef extensions
- Level 7: McNally Reef Extension
- Level 8: Maxwell Reef
- Level 8: Stones Reef

Mapping and sampling commenced on 6 Level during the quarter, targeting mineralised structure interpreted to be extensions of the Whitelaw Reef. A total of 62 samples were collected from 6 Level returning assays of 0.05g/t to 32.60g/t Au (Refer ASX Release: *Production and Geology Update*, 27 November 2020).



Fig 2: Orebody on 8 Level Rise 2(Refer ASX Release: *Production and Geology Update* – 27 November 2020)

There was further diamond drilling during the quarter at 7 Level as well as the (surface) 20MS01 diamond drill hole, which identified multiple quartz reefs and a significant intercept of 0.8m at 13.32g/t Au from 75.9m includes 0.3m@ 33.4g/t Au, with visible gold evident.

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Fig 3: Visible gold in surface drill hole 20MS01

4 Level South Ore Drive sampling highlighted multiple outstanding grades, with samples ranging from 0.01g/t to **3,140g/t Au**, indicating potential for future mining development (Refer ASX Release: *Production and Geology Update*, 27 November 2020).

These significant results and interpretations demonstrate potential to expand out from Dickenson's and Shamrock Reefs into further historical areas, which can define new geological targets within the mine.

Tenement Report:

TENEMENT	PROJECT	STATUS	AREA (GRATICULES)	DATE OF GRANT	DATE OF EXPIRY
MIN 5299 ¹	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
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

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

Subsequent to the end of the financial year, final application of the relevant State Native Title arrangements have been advised and accepted by the Company.

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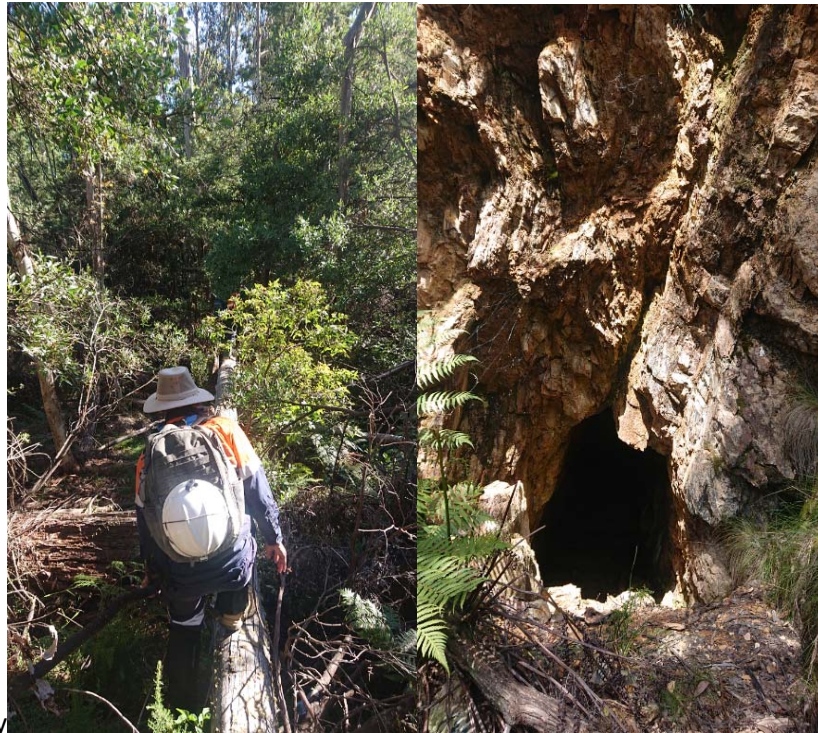


Fig 4: Wallab exploration project area, EL 6321- an adit at Leviathan.

Corporate:

The Company's recent pro-rata Entitlement Offer to shareholders was successfully closed, with strong levels of shareholder demand received. The Entitlement offered a total of 4,251,377 securities to eligible shareholders on a one for ten basis, at 30c per share, with 1 free attaching option for every three shares subscribed for, to raise a total of \$1,275,413. Applications for 2,727,640 shares (\$818,291.90) were received for Entitlements under the offer.

In addition, applications for shares under the Top-Up ("shortfall") facility of \$1,222,919.70 were received. The AuStar Gold Board undertook a scale-back process in relation to the significant excess demand for shares under the Top-Up facility. Scale-back allocations took into account applications received under the Top-up facility in relation to the underlying shareholdings of applicants. (Refer ASX Release: *AuStar Gold successfully completes Entitlement Offer*, 20 October 2020).

Payments to related parties of the entities (Refer Appendix 5B, Section 6) of \$12,150 in the Quarter, comprised payments of Board fees to Directors.

Released for, and 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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For Further Information:

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AuStar Gold Limited
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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 current production from Morning Star. 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.

Competent Persons Statement:

The information in this report that relates to exploration and mining activities and based geological information compiled by Jason Larocca, (BSc, MSc), a Senior Geologist employed by AuStar Gold Limited.

Jason Larocca is a member of 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 and mining 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. Jason Larocca consents to the publishing of the information in this report in the form and context in which it appears.

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.