



ASX Release

30 July 2021

AuStar Gold Limited ACN 107 180 441
Registered office: 6 Bridge Street, Woods Point, VIC 3723

JUNE 2021 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 30 June 2021.

Highlights:

- **Successful completion of share placement to raise \$4M**
- **Revised Merger Implementation Deed with White Rock Minerals signed to propose an Option Scheme of Arrangement**
- **The Federal Court approved the despatch of AuStar's scheme booklet and notice of meeting and ordered the Company to convene a meeting to approve the Schemes**
- **Continued in-mine definition drilling delivered further encouraging drill intercepts targeting Kenny's Lode**
- **Improvements in the processing plant have resulted in continuous feed rates of between 7-8 tonnes per hour. Continuous improvement within the plant is still occurring.**
- **An application has been submitted to renew Rose of Denmark Mining Licence.**

Mining:

Total tonnes mined during the quarter totalled 1,475 tonnes - an increase compared to March 2021 quarter tonnes mined. Mining activity in the quarter was lower than forecast following reduced confidence in gold grades and reef continuity resulting in a focus on immediate kempe drilling to define extension of known resources on 7L, 8L and 8L sub.

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 over recent months with reductions in grades identified. Mid-way through the quarter a strategic decision was made to place the McNally Reef on hold pending further diamond drilling and re-assessment of the orebodies economics before continuing further.

Mining in the quarter focused on minor advances in Maxwells and Stones Reef's in 8L and 8L sub. A lack of confidence in grade and continuation of mineralisation due to minimal diamond drilling ahead of the mine production front, resulted in these reef's being placed on hold awaiting

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diamond drilling.

A review of high-grade potential of the known reefs above 9L identified Kenny's Reef as the most likely orebody to provide high-grade mining activity. A clean up of 7L and establishment of services was completed, enabling diamond drilling with an owner operator workforce moving from week on week off, to continuous dayshift. The Company will commence the work necessary with government regulators and authorities in the next quarter to seek approval for continuous dayshift and nightshift underground diamond drilling activity in the coming future.

Processing:

The quarter commenced with the processing plant experiencing a major mechanical failure with an internal shaft cartridge within the VSI which is part of the crushing and grinding circuit, leading to significant downtime. Although a disappointing outcome an internal investigation found a non-genuine retrofitted cartridge had been used previously which failed. Non-genuine VSI tips had also been used previously and created downtime due to high wear. Genuine, new and refurbished components were sourced and fitted with the Original Equipment Manufacturer (OEM) and a consignment agreement for the genuine parts is currently in use onsite. This has resulted in significant increases in production and output with the plant constantly delivering between 7-8 tonnes per hour whether the feed material is wet, dry, quartz, sediment or dyke.

Additional operational bottlenecks were identified and resolved, with the processing plant returning to normal operational throughput with plant availability normally above 85% and operating hours close to 12hrs. Following the mechanical failure and resolution of operational bottlenecks, the plant has been operating week on week off with a dedicated maintenance schedule to maximise and further improve plant reliability, efficiency and productivity.

Backfill during the quarter continued to place fill into the Whitelaws stope. A leading expert specialising in mine fill will be visiting the site in the September quarter to review the processing plant, backfill design and provide improvements with a focus on tailings coarse sand disposal.

Realised Dore production was minimal during the Quarter due to reduced ore production. Surface stockpiles are being reviewed for their grade sampling and evaluation as realisation of these stockpiles during the quarter have been lower than anticipated given improvements in the processing plant to increase recovery.

Finalisation of the second shipment of high grade concentrate to MCC Non-Ferrous Trading occurred during the quarter realising approximately A\$121,000. The second shipment comprised in excess of 5,800kg of concentrate with an agreed average assay of approximately

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1,650g/t gold. A first tranche payment of approximately A\$500,000 was received in January 2021. (Refer ASX Release: *AuStar Gold Second Concentrate Sale*, 14 January 2021).



Fig 1: Example of nuggety gold from McNally Reef, produced in the June 2021 quarter

Including staff costs administration and corporate costs, expenditure on operations for the quarter totalled approximately \$3,154,478.

Exploration/Geology:

During the quarter AuStar Gold continued mine exploration as a key focus with Mapping and sampling on various levels that include MS adit, 2 Level 7 and 7 Sub Level, with assay results currently being interpreted.

The kempe rig commenced drilling in the 7 Level North Ore Drive for definition drilling of Kenny's/Whitelaws, Campbells and Burns Reef. To date modelled targets are being intersected

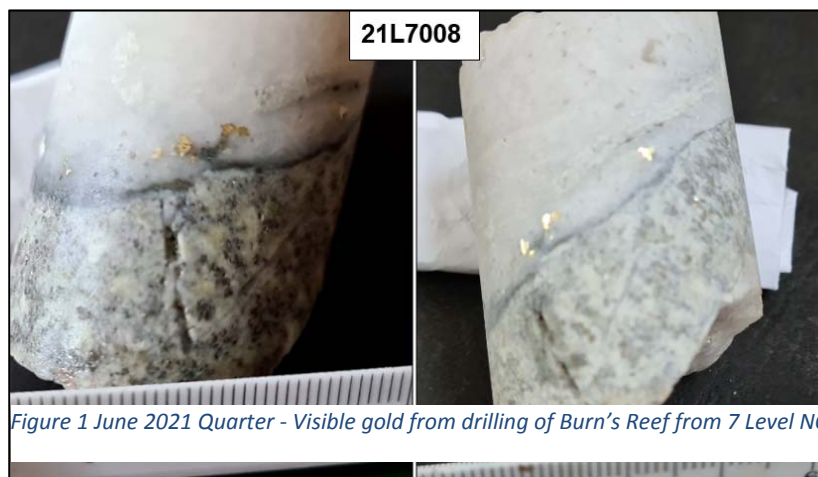


Figure 1 June 2021 Quarter - Visible gold from drilling of Burn's Reef from 7 Level NOD

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with assay results pending (Refer ASX Release: Update on Kenny's Definition Drilling, 26th July 2021).

Regional Exploration

The permit process is currently in progress with DELWP, the Crown Land Managers to allow development of tracks for drilling purposes and access to continue soil programs and geological mapping of the surface and underground workings. Also, developing a work plan to submit to ERR on the completion and approvals of all permits required. These permits include the following projects:

- Leviathan Prospect
- Wallaby-El Dorado Prospect
- Bald Hill dyke bulge
- Little Comet Project.

Historical reviews continue with the Bismarck historical workings with great interest, some facts include:

- Main reef discovered at the surface 231.65m above the lowest adit level
- Main adit driven along the reef for a length of 914.4m
- Reef ranges from 5cm – 61cm in width
- The reef was worked to the surface from within 20m of the adit
- Winze sunk 30.48m below the adit

Reconnaissance exploration of the Bismarck prospect is expected in the second half of 2021 with mapping and sampling to take place. There is potential to explore for gold shoots below the adit level.

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



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

A work proposal has also been completed for the renewal of MIN5299 (Rose of Denmark, Hunts and Dempsey Mines) and is ready for submission on the RRAM's portal.

Corporate:

The Company completed a successful share placement to raise \$4M in April 2021. The Placement was heavily oversubscribed, with use off funds applied to transaction costs associated with the White Rock Minerals Merger, capital raising costs, in-mine exploration drilling, regional exploration, surface infrastructure and working capital.

In April 2021, a restated and amended Merger Implementation Deed (MID) was signed with White Rock Minerals to include a mechanism for dealing with AuStar Gold Listed Options. The Revised MID proposed to Optionholders to receive 1 new White Rock listed option for every AuStar gold listed option held, exercisable at A\$0.77 each.

A number of options were exercised during the quarter to raise \$62,000.

The Scheme Booklet associated with the White Rock Merger was registered with the Australian Securities and Investments Commission (ASIC) and despatched to securityholders on 30 June. The Independent Expert Report included in the Scheme Booklet concluded that each of the Schemes is fair and reasonable and therefore in the best interest of the AuStar securityholders.

On 22 June, the Federal Court of Australia approved the despatch of the AuStar scheme booklet providing information about the Schemes and notice of the Schemes Meeting and ordered that the Company convene a meeting of its securityholders to approve the Schemes. A Share and Option Scheme Meeting was held virtually on 30 July approving both resolutions. A second Court Hearing to approve the schemes is scheduled for 11 August 2021. If the Schemes are approved by the Court and all other conditions to the Shares and Options are satisfied (or waived, where permitted), the Effective date is anticipated to be 12 August with implementation finalised by 23 August 2021.

Payments to related parties of the entities (Refer Appendix 5B, Section 6) of \$204,250 in the Quarter, comprised payments of Board fees to Directors (\$195,339) and reimbursement of expenses (\$8,911).

Released for, and on behalf of, the board of AuStar Gold Limited.



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

For Further Information:

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Company Secretary
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.