

Thursday, 8 April 2010

MORNING STAR GOLD BANKS \$12.3M IN LARGEST EVER EQUITY RAISING

Key Points

- **\$12.3 MILLION IN EQUITY CAPITAL SUCCESSFULLY RAISED**
- **PROVIDES MCO WITH STRONGEST EVER BALANCE SHEET & ZERO DEBT**
- **IMMINENT GOLD PRODUCTION AT MORNING STAR COMMENCING H2 2010**
- **99.8% OF MCOOB OPTIONS WERE EXERCISED BY EXISTING HOLDERS**
- **ABILITY TO FAST TRACK DEVELOPMENT & PRODUCTION PLANS**
- **ON SITE GRAVITY MILL PLANNING ON TRACK**

Morning Star Gold NL (ASX: MCO) is delighted to announce that it's recent MCOOB listed options expiration has been completed with the company **successfully raising \$12.3 Million** from existing share holders and option holders (before costs of the issue). The new capital will be used to expand both the scope and rate of development at MCO's Woods Point Gold Project, 130kms north east of Melbourne.

The \$12.3 million equity injection puts Morning Star in its **strongest ever financial position**, further cementing work done in expanding its eastern Victorian tenements 100-fold over the past couple of years and striking an important and strategic Joint Venture with **new Chinese partners, who have taken a strong equity holding in the company and in addition, are spending \$4.5M** in cash over the next 18 months to advance regional development and production opportunities proximal to the Morning Star Mine.

The exercise of MCOOB represents a **comprehensive 99.8% take up of available securities** by existing option holders and share holders of the company. The total number of options exercised into fully paid ordinary shares of Morning Star Gold NL (ASX listed as MCO), is 123,482,426 leaving a **shortfall of 297,308 securities in the issue, which are being immediately taken up by the underwriter BBY Limited**, leaving all options in the MCOOB issue exercised.

Morning Star plans to aggressively pursue its planned expansion of the wider Woods Point Gold Project with several high potential exploration and development sites being advanced at present.

The planned gravity gold treatment plant being designed and constructed by Gekko Systems of Ballarat is on track. Further announcements regarding the mill will be under separate cover as will upcoming project updates.

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MD Comments

Nick Garling commented, “The MCOOB options issue and exercise has been an unmitigated success and we have some very exciting times ahead of us in H2 2010. The company’s shareholders are in the box seat right now and Morning Star is in its best shape ever to move forward and grow strongly from this point in time, with gold production as a near term focus.”

About Morning Star Gold

Morning Star Gold <ASX: MCO> is 100% owner and manager of the Woods Point Gold Project in Victoria’s historic Eastern gold fields. The company’s 5 mining and exploration tenements (3 MINs and 2 ELs) are adjoining over 220km² and yielded ~2 million ounces of gold historically from various high-grade mines. Nearly half of this production was sourced from the Morning Star mine (circa 1MT mined at an average grade above 24.5 g/t) for a recorded production of 883,000ozs of gold.

At one point in the early 1940s, the Morning Star mine was Australia’s biggest gold mine. Gold Mines of Australia (WMC) operated it for 25 years (1934-1959). The Morning Star mine also carries an in situ gold resource, estimated in 2008 to exceed 900,000ozs. This resource is in the process of being revalidated and re-evaluated as mining recommences at Morning Star for the first time in 50 years.

Other gold production on MCO’s regional tenements was generally confined to relatively shallow workings in the weathered zone above the water table. Key current targets for new exploration and development include the Wallaby, All Nations, Loch Fyne and Rose of Denmark, Hunts, Waverly, Little Comet and Reliance mines. These mines collectively produced ~500,000 ounces of gold at high grades historically.

MCO’s new Chinese partner is spending \$4.5M over the next 18 months to farm-in to 51% of two of MCO’s regional MINs 5299 & 5241. The Morning Star mine, Waverly and other priority production targets within MIN 5009 are 100% owned by MCO. Mining plans within the Morning Star Mine (MIN 5009) are in the midst of being expanded rapidly.

For further information please contact Nick Garling, MCO’s Managing Director at nickg@msgold.com.au or you can subscribe to E-Alerts of all Morning Star Gold’s news & ASX Releases at the company’s website www.msgold.com.au

Forward Looking Statements

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