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NEW GOLD RESOURCE TARGETED AT MORNING STAR

- **NEW SURFACE DIAMOND DRILLING PROGRAM UNDERWAY AT MORNING STAR HILL**
- **FOUR HOLES COMPLETED INTERSECTING MINERALISED REEF PLANE AT ~80 METRES DEPTH**
- **THREE HOLES TO DATE CONFIRM EXTENSION OF INTERCEPT IN MS357 (2.65m @ 28.17 g/t Au)**
- **RESULTS SIGNIFICANTLY INCREASE PROBABILITY OF NEW SHALLOW MINEABLE RESOURCE**

MORNING STAR DYKE (surface drilling)

As reported recently, MCO is currently conducting a program of up to eight diamond drillholes from the surface on Morning Star hill targeting areas above the 3 Level of the Morning Star goldmine. The holes have been planned to test a reef zone found in drillhole MS357 where an intersection of 2.65m @ 28.17 g/t Au was returned.

Presently four drillholes have been completed and the fifth is underway (MSD 1101-MSD 1105). The program is designed to test the lateral extension of the wide mineralised intersection found in drill hole MS357 from 138.5 metres (including 0.3m @ 214 g/t Au) (see Figure 1).

Preliminary modelling of the intersection in MS357 suggests that it could align with two historic stopes in the Morning Star mine (one down strike and one up strike of the intercept). MCO geologists have planned the drillholes to test the down strike extension closer to the stoping and development done by WMC between 3 and 4 Level and to assist in determining the strike and dip of the mineralisation in MS357.

Of the four holes drilled so far, MSD 1101-04, three have intersected targets as planned.

Hole ID	Easting (MGA94)	Northing (MGA94)	Elevation (RL)	Dip	Azimuth (True)	Depth (metres)	Status
MSD1101	433575	5841755	798	-57°	176°	199.4	Completed
MSD1102	433575	5841755	798	-73°	180°	196.5	Completed
MSD1103	433575	5841755	798	-63.5°	178°	199.4	Completed
MSD1104	433575	5841755	798	-83°	178°	147.3	Completed

Table 1: Drill Hole Locations

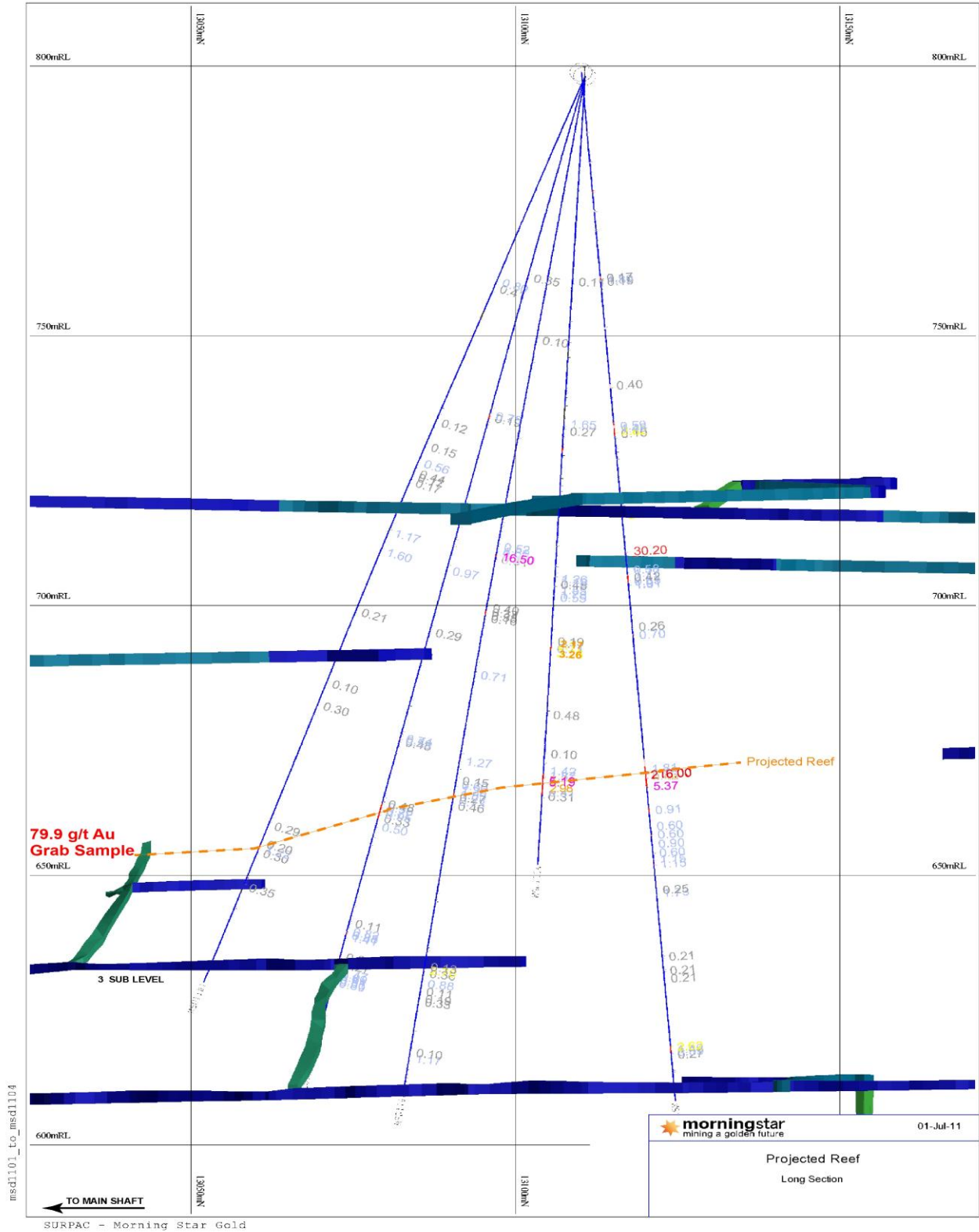


Figure 1: Long Section Displaying Showing Projected New Reef Discovery

MSD1101

Planned to test the lateral extent of the dyke and to date logging and sampling has found that MSD1101 intersected a small amount of the Morning Star dyke (56 metres from surface) and the rest of the hole was in the surrounding sediments.

A number of small mineralised stringers of quartz in sediments were logged in MSD1101 with the best intersection being 0.4m @ 1.69g/t Au (from 104 metres).

MSD1102

MSD1102 was drilled at a steeper angle than MSD1101 and intersected a thick section of the Morning Star dyke and three mineralised zones have been identified. Preliminary interpretive work suggests that these zones align with the mineralised zones seen in MS357 as well as zones subsequently encountered in MSD1103 and MSD1104.

The best result returned for MSD1102 is an intersection of 2.7m @ 4.37 g/t Au (from 90.5 metres) which included a zone of 0.7m @ 16.5 g/t Au. This mineralisation is considered very encouraging.

MSD1103

MSD1103 has been drilled and logged with the logging identifying four zones of mineralisation and a cavity which is thought to be part of historic mine development.

Modelling suggests three of the four zones align with intersections in MS357 and MSD1102. The best intersection for MSD1103 is 2m @ 1.01 g/t Au (from 172.3 metres). The assays do show that gold mineralisation is present and the mineralised zones are continuous between the three holes.

MSD1104

MSD1104 has been completed and initial logging and assaying has highlighted the three major zones of mineralisation found in the earlier drilling including MS357.

Assays for the three zones include 3.6m @ 1.25 g/t Au (from 93.6 metres), 2.2m @ 1.97 g/t Au (from 105.9 metres) and 5.1m @ 2.51 g/t Au (from 129.2 metres) which included 1.1m @ 5.19 g/t Au.

Conclusions

Logging and assaying of holes MSD1102 to MSD1104 has highlighted the presence of three intersections of altered mineralised diorite dyke containing quartz veining or stockwork, which is one of the main sources of gold mineralisation in the Morning Star mine.

Due to the nuggetty nature of the gold within the reefs at Morning Star, identifying altered mineralised dyke is often considered more important than the grades of intersections. This is because grades can vary substantially in narrow vein coarse gold ore bodies of which this mine is an example.

MCO expects that the modelling of these zones will highlight three separate continuous reef structures that can be mapped from Level 3 up to areas above the existing mine workings and with further work MCO will be able to define a mineable resource in this area.



Figure 2: MSD1104 Showing Intense Alteration & Quartz Veining (incl 5.19 g/t Au @ 130m).

Hole ID	Sample ID	From (m)	To (m)	Interval (m)	Au (g/t)	Intercept
MSD1101	A20644	45.3	47.4	2.1	0.41	
MSD1101	A20648	80.7	81.6	0.8	0.15	
MSD1101	A20649	84.2	85.3	1.1	0.56	
MSD1101	A20651	86.8	87.2	0.4	0.44	
MSD1101	A20653	87.2	88.0	0.8	0.17	
MSD1101	A20655	88.6	89.4	0.7	0.17	
MSD1101	A20658	99.7	100.3	0.6	1.17	0.6m @ 1.17 g/t
MSD1101	A20659	104.0	104.4	0.4	1.60	0.4m @ 1.60 g/t
MSD1101	A20660	116.9	118.0	1.1	0.21	
MSD1101	A20662	137.7	138.4	0.7	0.30	
MSD1101	A20857	164.0	165.0	1	0.29	
MSD1101	A20862	168.0	169.0	1	0.20	
MSD1101	A20863	169.0	170.0	1	1.22	1m @ 1.22 g/t
MSD1101	A20864	170.0	171.0	1	0.30	
MSD1101	A20870	177.7	178.4	0.7	0.35	

Hole ID	Sample ID	From (m)	To (m)	Interval (m)	Au (g/t)	Intercept
MSD1102	A20983	90.5	91.5	1	0.52	2.7m @ 4.93 g/t
MSD1102	A20984	91.5	92.0	0.5	1.60	
MSD1102	A20891	92.0	92.5	0.5	0.90	
MSD1102	A20892	92.5	93.2	0.7	16.50	
MSD1102	A20893	93.2	93.6	0.35	0.31	
MSD1102	A20894	102.4	103.2	0.75	0.40	
MSD1102	A20895	103.2	104.0	0.85	0.37	
MSD1102	A20896	104.0	104.6	0.55	0.38	
MSD1102	A20898	104.6	105.0	0.45	0.16	
MSD1102	A20901	115.2	116.2	1	0.71	1.6m @ 0.92 g/t
MSD1102	A20902	132.0	132.6	0.6	1.27	
MSD1102	A20998	135.6	136.5	0.9	0.15	
MSD1102	A20999	136.5	137.3	0.8	0.60	
MSD1102	A20903	137.3	138.3	1	1.26	1.7m @ 1.48 g/t
MSD1102	A20904	138.3	139.0	0.7	1.80	
MSD1102	A20905	139.0	139.5	0.5	0.27	
MSD1102	A20907	139.5	140.6	1.1	0.73	
MSD1102	A21001	140.6	141.3	0.7	0.46	
MSD1102	A21011	172.5	172.9	0.4	2.78	1.2m @ 1.57 g/t
MSD1102	A21012	172.9	173.7	0.8	0.36	
MSD1102	A21018	177.8	178.5	0.7	0.19	
MSD1102	A21019	178.5	179.2	0.7	0.33	1.5m @ 0.91 g/t
MSD1102	A21033	189.2	190.3	1.1	1.17	
MSD1103	A20875	68.9	69.3	0.4	0.19	
MSD1103	A20880	87.4	87.6	0.2	0.86	
MSD1103	A20876	134.1	134.3	0.2	0.53	
MSD1103	A20877	147.2	148.0	0.8	0.58	2.3m @ 0.75 g/t
MSD1103	A20878	148.0	148.7	0.7	0.72	
MSD1103	A20879	148.7	149.5	0.8	0.95	
MSD1103	A20882	172.3	173.4	1.1	0.82	2m @ 1.01 g/t
MSD1103	A20883	173.4	173.7	0.3	0.88	
MSD1103	A20884	173.7	174.3	0.6	1.41	
MSD1103	A20885	177.7	178.4	0.7	0.34	
MSD1103	A20886	181.4	182.3	0.9	0.60	2.1m @ 0.62 g/t
MSD1103	A20887	182.3	182.7	0.35	0.51	
MSD1103	A20888	182.7	183.1	0.4	0.55	
MSD1103	A20889	183.05	183.5	0.45	0.80	

Hole ID	Sample ID	From (m)	To (m)	Interval (m)	Au (g/t)	Intercept
MSD1104	A21050	64.50	65.50	1.00	1.65	1m @ 1.65 g/t
MSD1104	A21051	66.00	66.80	0.80	0.27	
MSD1104	A21072	93.60	94.27	0.67	1.26	3.6m @ 1.25g/t
MSD1104	A21073	94.27	94.52	0.25	1.18	
MSD1104	A21075	94.52	95.40	0.88	0.48	
MSD1104	A21076	95.40	96.50	1.10	1.55	
MSD1104	A21077	96.50	97.15	0.65	1.78	
MSD1104	A21078	97.15	97.60	0.45	0.55	
MSD1104	A21082	105.26	105.90	0.64	0.19	
MSD1104	A21083	105.90	106.50	0.50	2.17	2.2m @ 1.97 g/t
MSD1104	A21084	106.50	107.40	0.90	0.71	
MSD1104	A21085	107.40	108.20	0.80	3.26	
MSD1104	A21090	119.15	119.50	0.35	0.48	
MSD1104	A21102	129.20	130.25	1.05	1.42	5.1m @ 2.51 g/t
MSD1104	A21103	130.25	130.95	0.70	1.87	
MSD1104	A21104	130.95	132.05	1.10	5.19	
MSD1104	A21105	132.05	133.17	1.12	2.98	
MSD1104	A21107	133.17	134.27	1.10	0.81	
MSD1104	A21108	134.27	134.85	0.58	0.31	

Table 2: Drill Hole Results

Yours Sincerely,



Nick Garling, Chairman

Forward Looking Statements

This document includes statements and information pertaining to Morning Star Gold's expectations and beliefs concerning future events. Forward risks, uncertainties and other factors, many of which are outside the control of Morning Star Gold can cause actual results to differ materially from such statements. Morning Star Gold makes no undertaking to subsequently update or revise such statements but has made every endeavour to ensure that they are accurate at the time of release.

Competent Persons Statement

The information contained in this report was compiled Mr Greg Curnow BSc MAUSIMM who has over twenty years of relevant experience in relation to the mineralisation being reported on, to qualify as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Curnow works on a full-time basis as a consultant to Morning Star Gold NL and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.