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morningstar
mining a golden future

UNDERGROUND MINING RESUMES AT MORNING STAR

- **MINING RESUMED UNDERGROUND AT THE MORNING STAR GOLDMINE**
- **RESOURCE MODELLING UNDERWAY AT DONALDSON REEF**
- **PASTE & BACK FILL PLANT CONSTRUCTION ON SCHEDULE**
- **DIAMOND DRILLING U/G ON 6 LEVEL AT MORNING STAR RECOMMENCED**
- **BURNS REEF ASSAYS INCLUDE 34G/T AU. OVER 0.21M & 43G/T OVER 0.15M**
- **ORE STOCKS FROM THE ROD TRUCKED TO MORNING STAR FOR PROCESSING**

MORNING STAR GOLD MINE

WINDER

Morning Star (MCO's) new single drum high-speed winder is in the final stages of live safety testing and commissioning in preparation for the resumption of ore hoisting in November 2011. The new purpose built cage has been attached and the new haulage system is being tested at increasing speeds in order to finalise its handover. A program of shaft skid replacement is currently being finalised and dynamic brake (drop) tests will be conducted this week.

SHAFT UPGRADES

Shaft upgrade works involving reinforcing the shaft steelwork and installing ground support to ensure the structural integrity of the Morning Star mine shaft have progressed to the 9 level and are scheduled to be completed in first week of November 2011. As these works have progressed access back onto mine levels has been possible enabling mine production and underground infill diamond drilling on the 6 level to resume recently.

MINING / DEVELOPMENT

Access back onto the levels has enabled mine production at Morning Star to resume. On the 3 sub level mining of ore in the Dickenson's Reef and access development comprising of 14 metres of relatively flat rise into the newly discovered Donaldson Reef has commenced.

On the 4 level ground support has been installed to enable the recovery of remnant pillar ore. This ore is immediately adjacent to rail access on the 4 level enabling it to be easily retrieved. Rail and sleepers have been delivered to the 6 level in order to lay new rail in preparation for the mining of the high grade Burns Reef.

Equipment has been moved to the 7 sub level in preparation for the development of an 18 metre access to Campbell's Reef.

In Maxwell's Reef on the 8 sub level low grade ore stocks are available for hoisting and stripping of waste has commenced in preparation for resuing the ore, a mining technique applied in narrow ore bodies where a width greater than the reef width is required to be mined to enable access whereby the waste and ore are mined separately to minimise dilution.

On 9 level rail equipment is being test run in preparation for ore haulage and continued waste development to access Kenny's Reef.

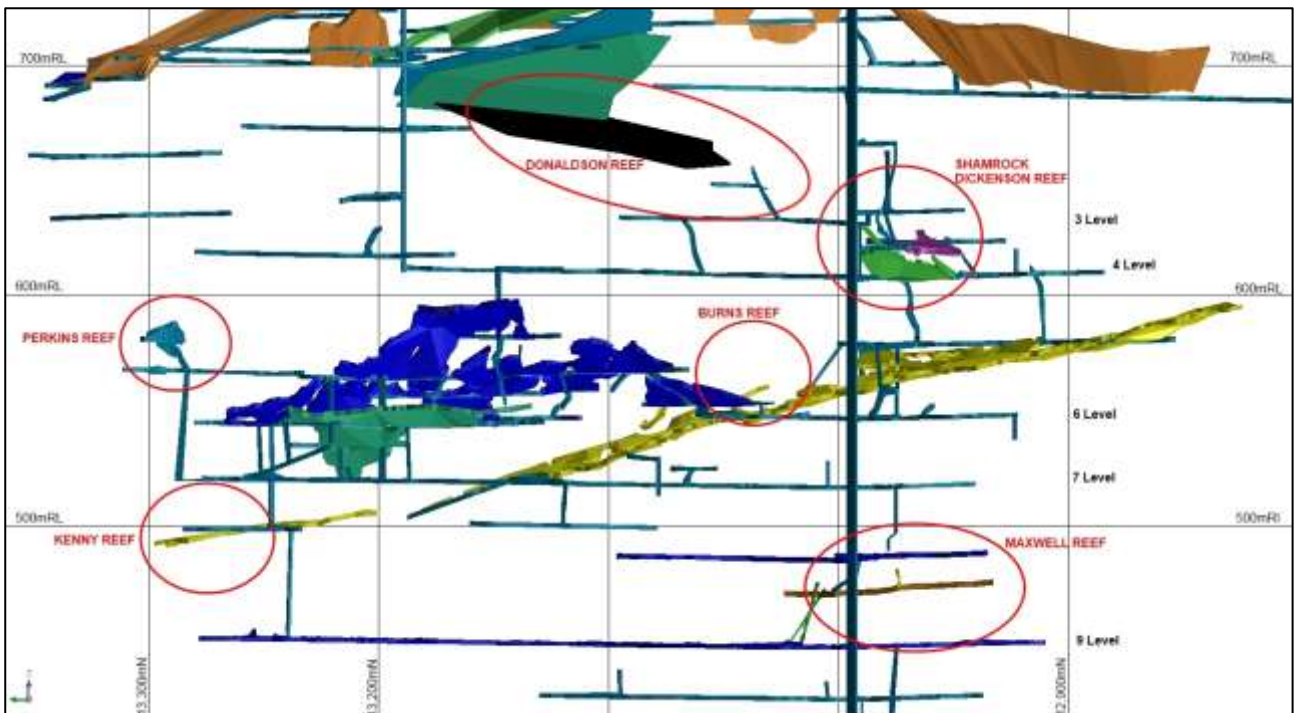


Figure 1: Morning Star Goldmine cross-section of Mining Areas 2011-12

TAILINGS PLANT & GRAVITY PROCESSING

Construction of the new purpose built tailings 'paste and back-fill' plant remains on track to be completed in the final quarter of calendar 2011. The concrete silo, grout mixing auger, access structure and first of the pachucas have been delivered to site and erected. Delivery and erection of the remaining two pachucas is planned in November.

To ensure that any unplanned delay in the completion of the paste plant doesn't impact on the resumption of milling, interim short-term tailing storage arrangements have been put into place. Processing at MCO's 80KTPA onsite gravity mill will resume once the final two pachucas have been erected. MCO is targeting no later than 2nd week of November for this installation.

In the interim ore from the Rose of Denmark and once hoisting resumes, ore from areas of the Morning Star Goldmine will be stockpiled adjacent to the mill on the mill ROM pad.



Figure 2: Paste Plant Pachuca being lifted into Position

DRILLING AT MORNING STAR HILL

After review the surface diamond drilling at Morning Star Hill, MCO decided to do an extra two holes and this phase of drilling has now been completed. Of the 10 holes drilled, 8 intersected mineralized reef and one was abandoned. In all, 3 previously unknown reef structures were intersected with the most promising of these being the Donaldson Reef, which can be accessed from existing development off the 3 sub level.

The program of diamond holes at Morning Star Hill is considered a success in that it has identified new reefs and a new large quartz stockworks zone within altered dyke. Both targets will provide for further geological interpretation in coming months as more assays are received. In addition a new mining resource is being calculated at Donaldson Reef. Given it's a shallow ore zone (~120 metres depth) and is accessible from current developments, MCO are very encouraged by the program to date.

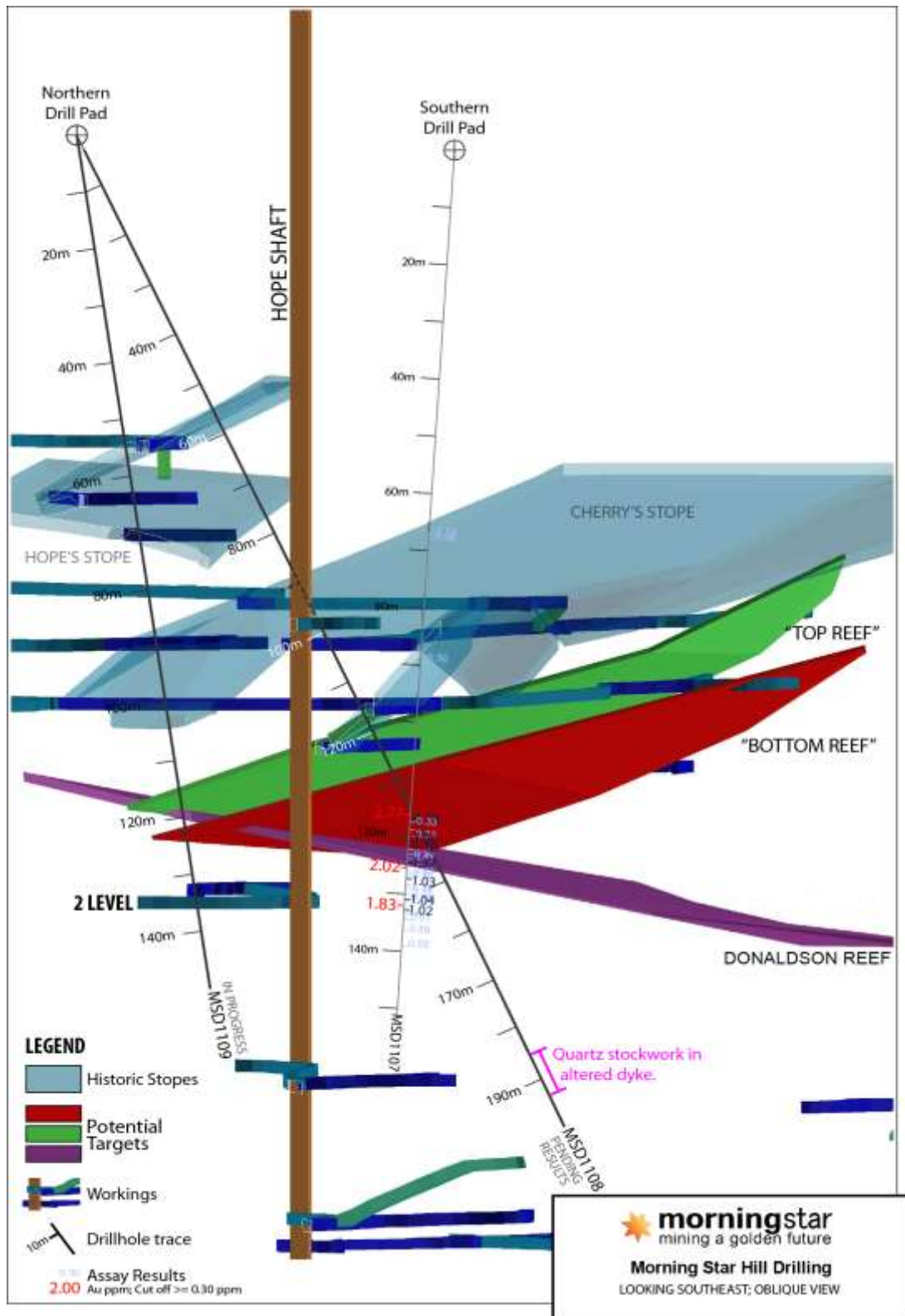


Figure 3: Reef Structures Identified from Morning Star Hill Drilling

UNDERGROUND DIAMOND DRILLING

Progress on the shaft upgrade works has enabled access back onto the 6 level to resume infill diamond drilling targeting the high grade Burns Reef. This drilling was commenced in March 2011 and prior to access becoming unavailable due to the winder and shaft upgrade works, holes L6-1 (0.23m @ 7.4g/t and 0.21m @ 34 g/t) and L6-2 were completed and partly completed.

Since regaining access in September 2011 drill holes L6-2, L6-3 and L6-4 have been finished. Assay results have been received for L6-2 (0.13m @ 5.1 g/t) and L6-3 (0.15m @ 43g/t).

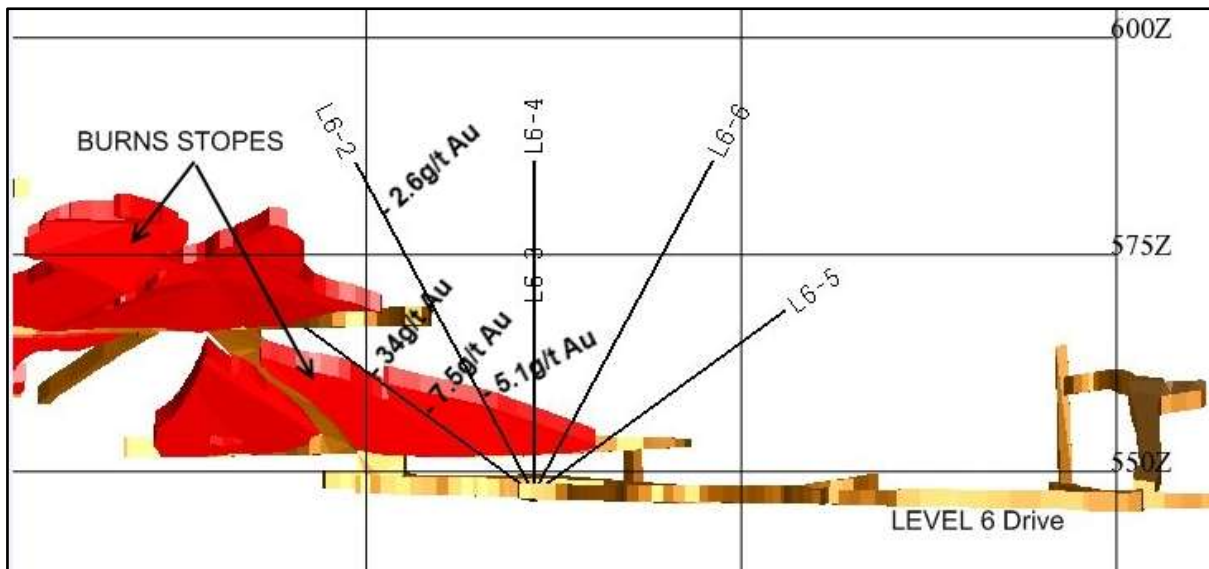


Figure 4: Level 6 Underground Diamond Drilling testing Burns Reef

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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 goldfields. The company's Five Granted Mining & Exploration tenements (3 MINs and 2 ELs) join ~200km² of titles. They 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 average grades approaching 1oz/t) for a recorded production of 883Kozs Au. Only three mines in the goldfield were mined to any significant depth and 100's of surface targets (mostly mafic/gabbro dykes) are recognised either from past production or mapping and sampling by MCO. At one point in the early 1940s, the Morning Star Goldmine was Australia's biggest mine. Western Mining (WMC Ltd) operated it for 25 years (1934-1959). The Morning Star also carries an in situ JORC resource of 910,000ozs. Production has recommenced at the Morning Star Goldmine in 2011 for the first time in nearly 50 years. The rate of production is expected to increase over 2012-13 and MCO is targeting 80KTPA throughput at its onsite gravity processing plant (GPP) with grades expected to range at 10-15g/t. Other gold production mines on MCO's tenements were generally constrained in relatively shallow workings in the near surface or 'weathered zone' and above the water table. Key current targets for new exploration and development include the Wallaby, Loch Fyne, Rose of Denmark, Hunts, Waverly, Little Comet, Reliance & All Nations mines. These mines historically produced ~500,000 ounces of gold at grades ranging 8g/t to 40g/t Au. MCO's Chinese partner Shandong Tianye are a well-capitalised publicly listed Chinese conglomerate who agreed to spend \$4.5M over 2011-12 to farm-in to 51% of two of MCO's regional licences. The Morning Star Goldmine and various other priority production targets are 100% owned by MCO, separate to the Shandong JV. For further information please subscribe to E-Alerts of all Morning Star's news & ASX Releases at the company's website. Progress reports are generally released monthly to the ASX.

Morning Star is also viewable on Twitter, Facebook and in hundreds of constantly updated pictures on the web:

Just click: <http://www.flickr.com/photos/morningstargold/>

Forward Looking Statements

This report may include 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. All envisaged mining & exploration works herein are subject to appropriate regulatory approvals. Morning Star Gold makes no undertaking to subsequently update or revise such statements but has made every endeavour to ensure that they are wholly accurate at the time of publication.

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.