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## OPERATIONS UPDATE AT MORNING STAR GOLDMINE

- **NEW 160KW WINDER INSTALLED UNDERGOING FINAL SAFETY COMMISSIONING**
- **SHAFT UPGRADES COMPLETED IN PRIORITY UPPER LEVELS OF MORNING STAR**
- **EXPLORATION SUCCESS WITH FURTHER REEF INTERCEPTS IN 'AAA' REEF ZONE**
- **THREE UNDERGROUND DRILLING PROGRAMS CURRENTLY BEING SCHEDULED**

### WINDER

As previously reported, the main shaft, in-mine infrastructure, site based processing facilities and haulage system at the Morning Star Goldmine have been undergoing substantial refurbishment in preparation for full production schedule recommencing in October 2011.

There are several aspects to this upgrade project which are crucial to the ongoing safe and continuous production at the Morning Star Goldmine to be sustained. One key aspect is the installation and commissioning of MCO's new 160kW winder. The new winder arrived on site on 22<sup>nd</sup> August and installation began on 23<sup>rd</sup> August 2011 in preparation for final stage site based commissioning, which is happening presently. Final stage on-site commissioning mainly involves the installation and testing of the electrical operating and safety systems of the new winder. The new winder is pictured on-site at bottom of this release.

Live testing of the winder is expected to begin in the week commencing 19<sup>th</sup> September 2011 (one week from today). During testing, the winder will be operated at an initial hoisting speed of 0.5 metres per second, building up to a full production speed of 4 metres per second before the current auxiliary winder is decommissioned and the shaft handed over to the new haulage system. At its initial full production rate the shaft has a capacity of ~10 tonnes per hour hoisting ore trucks in the new cage. This haulage rate is set to be increased to 22 tonnes per hour when skip hoisting is introduced at Morning Star.

### SHAFT UPGRADES

To ensure that the shaft infrastructure is capable of accommodating increased haulage speeds, tonnages and planned future skip hoisting the opportunity has been taken to reinforce the shaft steelwork in accordance with consulting mechanical engineer's recommendations. MCO has also taken the opportunity to significantly upgrade ground support in the shaft walls whilst awaiting commissioning and testing of the new winder. Utilising the services of contract shaft mining specialists the reinforcement of the shaft steelwork and re-supporting of the shaft walls has been completed to below 4 Level of the

Morning Star Goldmine (~127 metres depth). New ventilation doors have been installed on each level down to 10 Level.

In addition new bearer sets were installed for the first time at the 1 Level in order to further strengthen the overall shaft. Shaft work is ongoing but importantly will not delay the commencement of production once the new winder is operational. By design, the work completed to date was over the vital upper 4 Levels and has subsequently overcome the need to do works on a piecemeal basis in the future.

## **TAILINGS PLANT & GRAVITY PROCESSING**

The construction of a new purpose built tailings 'paste fill' plant is progressing well and is expected to be completed in the final quarter of calendar 2011. Currently civil engineering works for the paste plant are being completed whilst the plant itself is being fabricated off site. The underground storage of dewatered and cement infused tails will provide a cost effective and low environmental impact waste solution for Morning Star's onsite gravity milling operations. The paste fill is to be placed in stope voids underground providing passive support to the stopes that will enable a higher percentage of the reefs to be mined than otherwise would be the case. The total cost of this form of tailings storage is budgeted to be ~30% less expensive than surface solutions considered at Morning Star.

The 80KTPA gravity mill is available for processing once ore haulage recommences. As reported previously, MCO consider the mill's commissioning is now suitable and in concert with Gekko, various fixes were made over the commissioning period to ensure it can be operated at its design capacity. It is expected that ores to be processed upon the haulage resumption via the new winder will be more amenable to the mill design & create less stress on mill equipment than development ores in the initial commissioning phase.

## **DRILLING AT MORNING STAR HILL**

Diamond drilling from surface at Morning Star Hill is continuing. As reported on 1<sup>st</sup> July 2011, MCO considers this program to be very promising at delineating a new near surface resource, which can potentially be accessed from existing development off the 3 Level or 4 Level of the Morning Star Goldmine.

Holes MSD1107 and MSD1108 have been completed and MSD1109 is currently being drilled with at least one further hole planned at present (MSD1110). As expected, MSD1107 intercepted the as yet unnamed mineralised structure within the 'AAA Zone'. MSD1107 targeted the eastern contact of the Morning Star dyke and sediments intersecting a reef, which encouragingly has now been intersected in seven (7) drill holes to date.

In drill hole MSD1108, which targeted the new reef at the western contact with the sediments, the reef structure was observed to have pinched out. Drilling in this hole was extended to further depth and subsequently intersected a previously unknown large altered quartz stockwork zone between down hole depths of 185m and 195m.

Interpretation of the reef structure associated with this quartz stockwork has not yet been determined and is pending the completion of holes MSD1109 and MSD1110.

## OTHER DRILLING PROGRAMS

Underground diamond drilling programs are being designed and/or scheduled at the Rose of Denmark (RoD) on MIN 5299, the Loch Fyne (MIN 5241) and within the Morning Star Goldmine.

At the RoD, current development consists of two cuddies being established off areas near mineralised ore shoots which have been encountered in the refurbishment of the Cannon's Creek adit into the mine. Results of the sampling program at RoD have been reported earlier to the ASX including on 9<sup>th</sup> August 2011.

An initial program of underground diamond drilling at the Morning Star Goldmine, targeted at increasing the reserve and resource inventory will likely commence prior to the drilling at the RoD. 7,200 metres of drilling is currently planned in the 'Gap Zone' of the Morning Star and the program design is being finalised currently.

Sincerely,



Mike Botting  
Chief Executive Officer  
Morning Star Gold NL  
(ASX: MCO)

[www.msgold.com.au](http://www.msgold.com.au)

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You can also view further images of progress at Morning Star Gold at our [Flickr](https://www.flickr.com/photos/morningstargold) site – just copy this URL into your internet browser. [flickr.com/photos/morningstargold](https://www.flickr.com/photos/morningstargold)

### 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.*



New 160kW Winder at site undergoing final commissioning



Fabrication of the Overflow Bund for Paste-fill plant at Morning Star Goldmine