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MORNING STAR GOLDMINE – DRILLING UPDATE

- **VISIBLE GOLD IN TWO OF SIX HOLES DRILLED FROM 7 LEVEL TO DATE**
- **HIGH GRADE DRILL ASSAY (107.2G/T OVER 0.3M) EXTENDS KENNY REEF PLANE**
- **MINERALISED GOLD SHOOT DISCOVERED (8L JUNCTION OF MAXWELL/STONES)**
- **DONALDSON REEF STRUCTURES EXPOSED IN DEVELOPMENT FOR FIRST TIME**

RESOURCE DEFINITION DRILLING UPPER LEVELS

To both increase the ore resources and improve the accuracy of existing resource estimates a programme of diamond drilling has been undertaken in the upper levels of the Morning Star Goldmine.

As reported previously, a new program of 27kms of diamond drilling is taking place at the Morning Star and at key local targets.

Since January 2012, six holes have been completed from the 7 level targeting areas underfoot and Kenny's Reef. Assay results have been received for five holes. Significant intercepts so far include:

- **107.2 g/t over 0.3m** adjacent to;
- **10.3 g/t over 1.2m** aligning with Kenny's Reef and;
- **10 g/t over 0.7m** in a thin laminated reef structure intersected just below the 7 level.

This new structure has not been mined below the 7 level, nor is it included in any current mining plans or resource estimates.

It is thought this new structure is aligned with a reef structure mined by WMC in the 7 level North West Cross Cut. Upon completion of the current planned drilling an assessment will be made of the viability of mining this newly intersected reef structure and what further drilling may be required to adequately define the resource.

Visible gold was observed in two of the holes drilled to date from the 7L.

Figure 1: Resource Definition Drilling from 7 Level Morning Star Goldmine

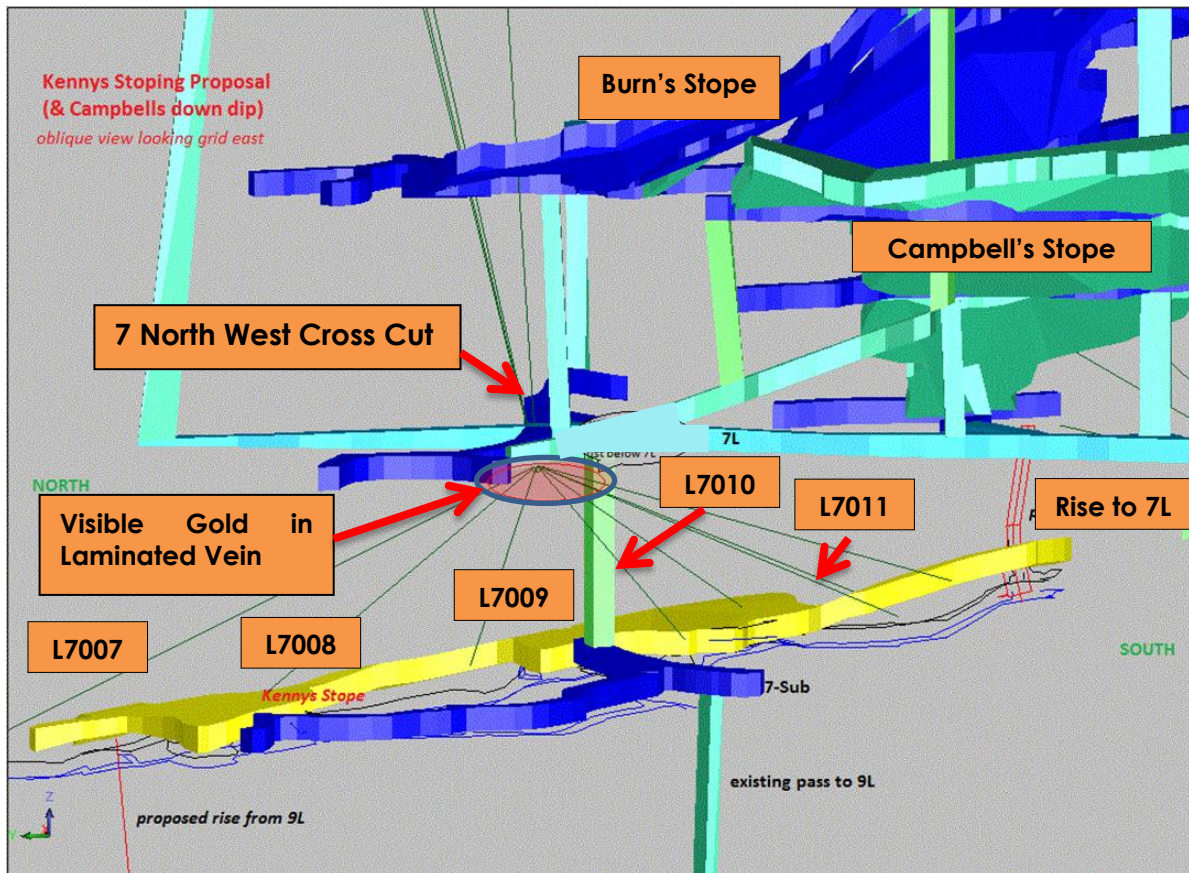


Table 1: Assay Results from Drilling from 7 Level Morning Star Goldmine

Hole ID	Depth From	Depth To	Length	Sample ID	Gold g/t	Duplicate Sample Gold g/t
L7007	8	8.9	0.9	A21504	2.13	
	8.9	9.1	0.2	A21505	1.06	
	62	62.3	0.3	A21520	107.2	123.4
	63	64.2	1.2	A21522	10.3	
L7008	4.6	5.3	0.7	A21560	10	
	17.5	18.45	0.95	A21564	1.42	
L7009	1.7	2.06	0.36	A21576	1.07	
L7010	1.8	2.3	0.5	A21590	2.96	
L7011	3.6	4.12	0.52	A21638	1.18	2.34

Figure 2: Drill Hole L7007: 57.1 to 63.7m. - Significant intercept 62m to 64.2m



Figure 3: Drill Hole L7007: 7.2 to 14.7m. - Significant intercept 8m to 9.1m



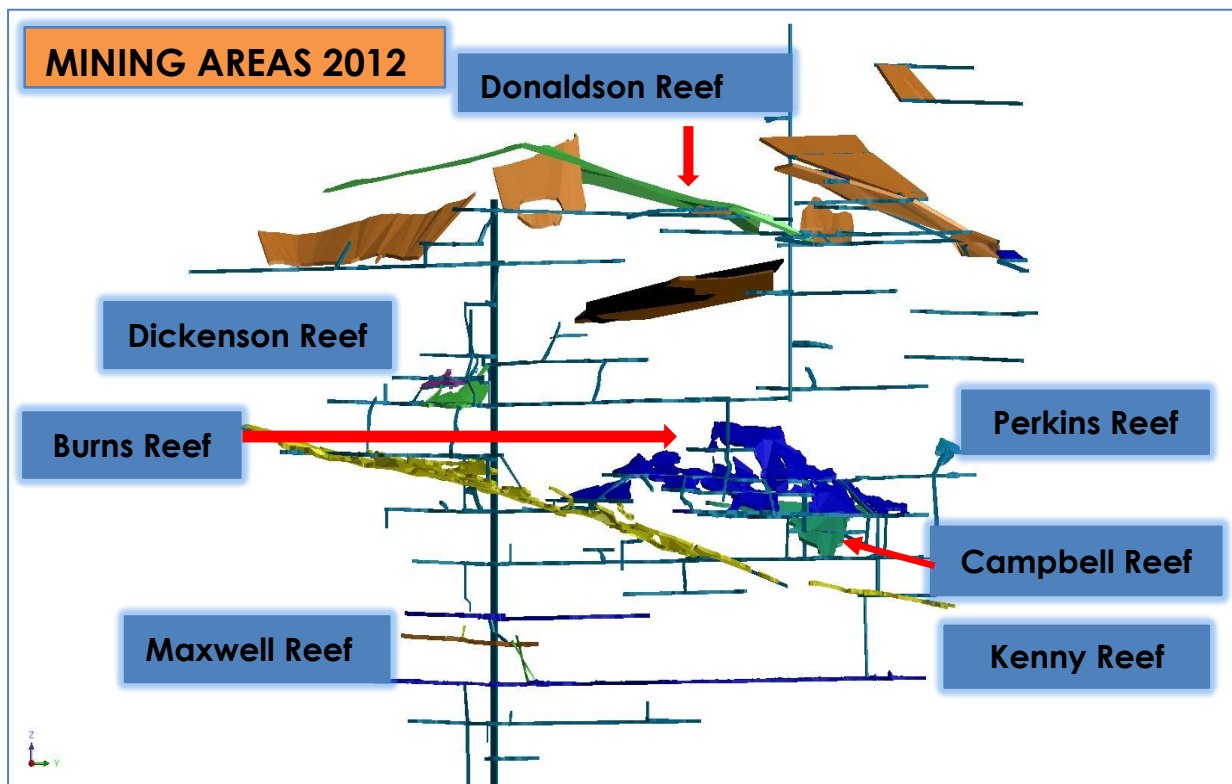
MINE DEVELOPMENT

Rise development from the 3 sub level towards the newly discovered Donaldson Reef intersected vein structures in the sediments on the western side of the dyke. The vein structures are thought to be at the western end of Donaldson Reef and further development is planned back towards the typically enriched eastern side of the dyke along the vein structures to expose Donaldson Reef and delineate mining blocks. On the 6 level the installation of rails in preparation for the mining of the high grade Burns Reef has been completed and ground support is being installed. Below the 7 level, rise development to access a potential down dip extension of Campbell's Reef has intersected a weak reef structure to date. Further assessment is being done to determine how far Campbell's Reef extends below the 7 level.

MINE PRODUCTION

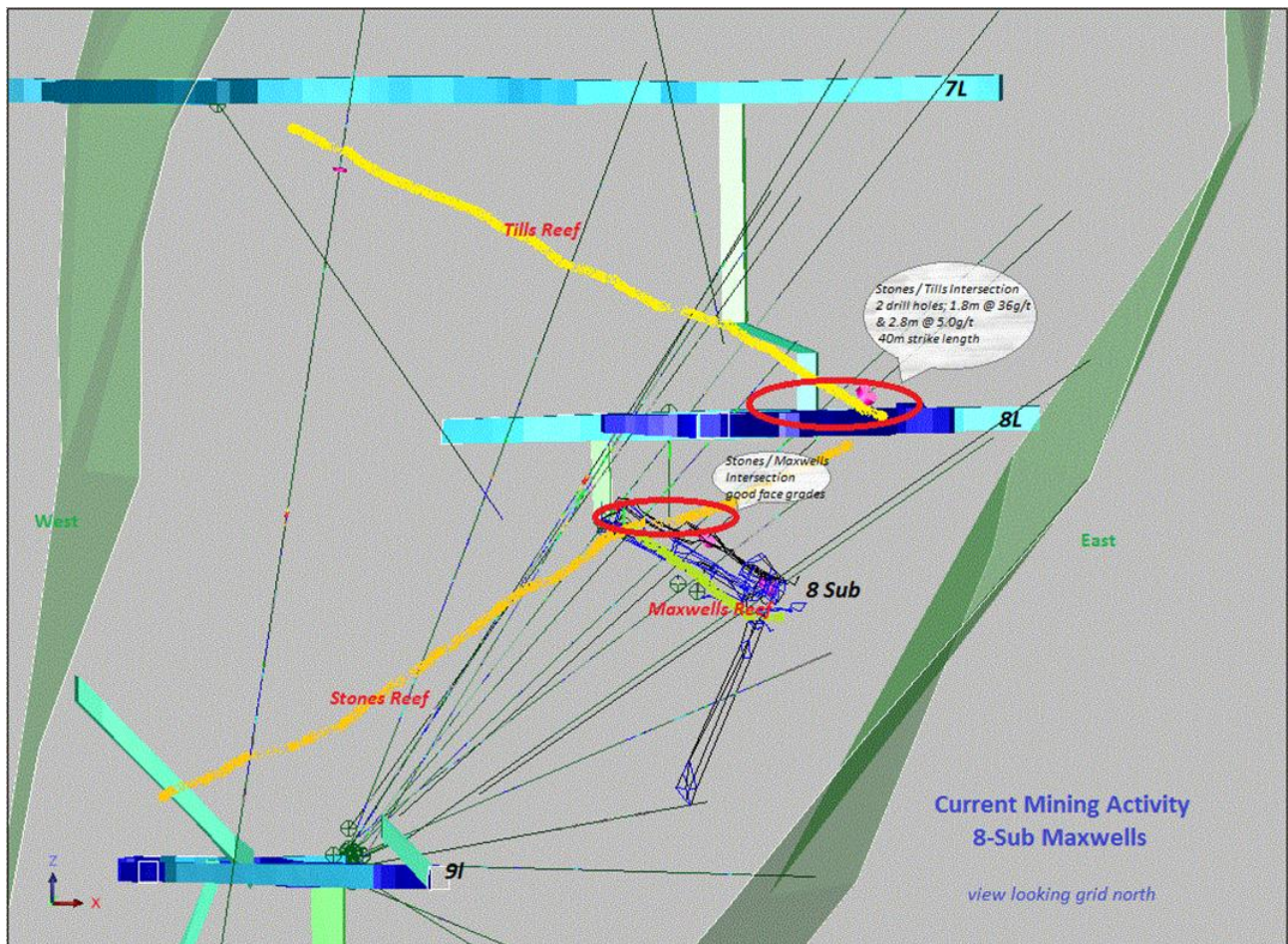
As last reported, the majority of ore produced at Morning Star Mine since resuming mining in November has been sourced from the Dickenson Reef on the 3 and 4 levels and the Maxwell Reef on 8 sub level. In total 1,092T of ore has been produced of which 665 tonnes is on the ROM pad awaiting the resumption of milling following the completion shortly of assay and refining test work referred to in our ASX release of 31 Jan 2012.

Figure 4: Morning Star Goldmine cross-section of Mining Areas 2012



In Maxwell's Reef high grade face sample results (including 33 g/t) were observed at the intersection with Stone's Reef near the 8 level horizon. Development along the intersection of the two reefs revealed a previously unknown gold ore shoot within Stone's Reef which has now been added to the mining plan. Further up dip on Stones Reef where it intersects Tills Reef good results from earlier drilling are indicating the potential for another gold shoot that can be accessed relatively easily from the 8 level. These results included: **1.8m @ 36 g/t** and **2.8m @ 5.0 g/t**.

Figure 5: Cross Section View Showing Maxwell, Stones and Tills Reefs



Mike Botting, Chief Executive Officer
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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 close to Melbourne. MCO controls four granted Mining & Exploration Licences (3 MINs and 1 EL), which join ~200km² of titles. In addition a new Mining Licence is underway (MIN 5560) at the Wallaby Mine west of Raspberry Point. The current tenements yielded ~2 million ounces of gold historically from various high-grade mines averaging nearly 1oz/T Au. Nearly half of this production was sourced from the Morning Star Goldmine (883Kozs @ 26g/t 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 Goldmine also carries a JORC inferred resource of 910,000ozs (U/G resource is ~2MT @ 11.2g/t).

Production has recommenced at the Morning Star Goldmine 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 average 10-12g/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 has a current JV with the Shandong Tianye Group of China – a well-capitalised publicly listed conglomerate who agreed to spend \$4.5M over 2011-12 to farm-in to 51% of two of MCO's regional licences (MINs 5299 & 5241). The Morning Star Goldmine (MIN 5009) and various other priority production targets such as Wallaby (MIN 5560) are 100% owned by MCO, separate to the JV.

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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 Dr Peter Jackson BSc (Geology) PhD MAIG 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. Dr Jackson works 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.