

Morning Star Gold NL

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MORNING STAR AGREES \$10M FUNDING PROPOSAL

- **LARGEST SHAREHOLDER CHILLEE AGREES TO PROVIDE MCO \$10M TERM LOAN**
- **FUNDS WILL BE DISBURSED IN TRanches STARTING WITH \$2M THIS QUARTER**
- **FACILITY DESIGNED TO ADVANCE PRODUCTION & EXPLORATION PLANS**

Morning Star Gold NL ("MCO") are pleased to announce that an agreement has been made on a capital raising by means of a credit facility provided to MCO by its largest shareholder Chillee Limited ("Chillee").

Chillee will lend \$10 Million via a committed term loan to MCO, which will provide working capital and is aimed at enhancing production and fast tracking exploration programs at the Morning Star Goldmine and on priority regional targets on MCO's tenements east of Melbourne.

The facility is expected to be finalised in the current quarter. Chillee is Morning Star's largest shareholder with a current holding of 39,008,696 fully paid ordinary shares or 13.72% of the issued capital.

Yours Sincerely,



Nick Garling

Chairman

About Morning Star Gold

Morning Star Gold NL (ASX: MCO) is a gold producer and explorer focused on the highly prospective and historically significant Woods Point - Walhalla goldfield in the prolific Lachlan Fold Belt 120kms to the east of Melbourne.

MCO's strategy is to develop multiple mines around its present milling and operations hub at Woods Point. The Company's five Mining & Exploration Licences (4 MINs & 1 EL) connect ~200km² of tenements, which yielded ~2 million ounces of gold historically from various high-grade mines. Nearly half of this production was sourced from the Morning Star Goldmine ("MSGM"), where recorded production is 883Kozs @ 24g/t Au. The MSGM was operated by WMC (1934-59).

The inferred resource base of the Company is 910Kozs (4.62MT @ 6.12g/t). The underground resource within this is 2MT @ 11.2g/t for 726Kozs, including indicated and measured resources. These resources are at the MSGM.

MCO has upgraded site based infrastructure at the MSGM to cater for mine production including an onsite gravity plant and a paste plant for disposal of tailings in underground stopes.

MCO is focusing on growth via multi-mine potential at the Woods Point Gold Project. Numerous targets exist within 20kms of the present milling hub where mining and exploration was generally constrained to shallow workings of less than 100 metres depth.

Key current targets for new exploration and development include the Wallaby (MIN5560 priority), Loch Fyne and All Nations (MIN5241), Rose of Denmark and Hunts (MIN5299), Little Comet and Waverly/Tingha (MIN5009) and Reliance & Alhambra (EL4320).

A program of 27,000 metres of diamond drilling is underway in 2012 across various regional targets and at the MSGM in order to increase production opportunities and to grow resources.

MCO has a strategic joint venture with Shandong Tianye – a Shanghai listed conglomerate – to advance mining prospects in the Woods Point field.

For further information about Morning Star, please subscribe below to MCO news or view information at the company's website.

You can also connect with Morning Star on Twitter, Facebook and in hundreds of regularly updated project pictures on the web at: 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.