

AuStar Gold Limited ACN 107 180 441

Registered office: 6 Bridge Street, Woods Point, VIC 3723

## SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

**AuStar Gold Limited (ASX: AUL, or the Company)** is pleased to provide the following update on its activities for the quarter ended 31 September 2020.

Gold sales of \$1,773,076 were realised during the Quarter including concentrate sales of \$319,533 (refer AuStar Gold ASX release *AuStar Gold Concludes Concentrate Sales Agreement* 3 August 2020). Dore containing 547 Oz gold were sold in the quarter, at an average gold price of \$2,554.

The quarter was largely focused on expanding mining operations with the commencement of development works from 8 Level to 7 Level, in order to substantially increase production volumes from McNally Reef (refer AuStar Gold ASX release *Morning Star Production and Geology Update* 19 August 2020). As at time of writing, these development rises are progressing across three headings, predominantly through auriferous quartz-rich material largely crediting production inventory, with the most advanced of the rises approximately 12 metres from breakthrough to McNally Reef.



Figure (1): Development rise 8 Level McNally showing rich vein development of the down-dip plunge of McNally Reef.

Significant rainfall during the quarter resulted in substantial water ingress to the mine and increased water levels, which impacted haulage operations from 9 Level for several days in the quarter. Enhancements to pumping infrastructure installed in early October have dealt with this issue, with approved capital works to install mainline mono pump infrastructure now underway.

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Upon completion of this pumping system upgrade, Morning Star will be well positioned to further dewater the mine below 10 Level if considered necessary.

Milling operations were largely curtailed in September as the Company's new process operations team, led by Senior Metallurgist Adam Strong, undertook a review of operational bottlenecks and production failures that have been a persistent problem at the operation. This process, which included external consulting support, has now largely concluded with upgrades to production slurry piping occurring on an ongoing basis. The tails disposal drilling and pipeline installation were completed during the quarter and are now operating as planned.

There were nil lost time incidents in the quarter with the Morning Star operation now at 238 injury-free days (to 30 October). There were a small number of minor water volume discharge exceedance events notified during the quarter, largely associated with dewatering excess water ingress to the mine, outline above.

### **Mining:**

Mining operations in the quarter remained focused on McNally Reef with an increasing contribution from Stone's Reef, including development through gold-bearing material as part of the rise development to 7 Level. 2,157 tonnes of ore feed were hoisted during the quarter with only very limited waste development (< 50 t) requiring haulage.

Recent investments in full site electricity self-generation capacity and enhanced air compression capabilities proved their worth in the quarter, with two power outage events have nil impact on operations.

Rise development from 8 Level to McNally is progressing across three headings with good continuity of interpreted McNally down-dip extension being noted. Within 8 Level intersection between what are believed to be the McNally and Stones structures has been observed, suggesting a more pervasive and extensive reef system than originally envisaged when development planning commenced at McNally in 2019.

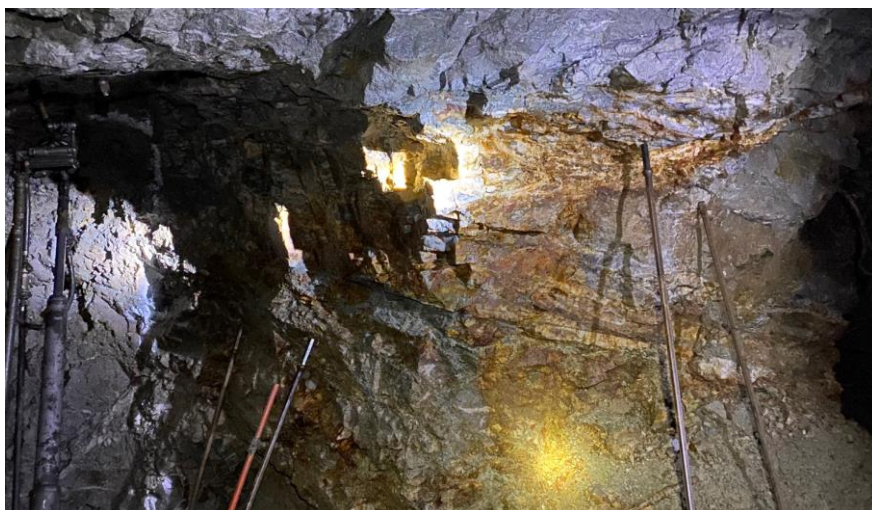


Figure (2): *Interpreted McNally/Stones intersection, 8 Level, Morning Star.*

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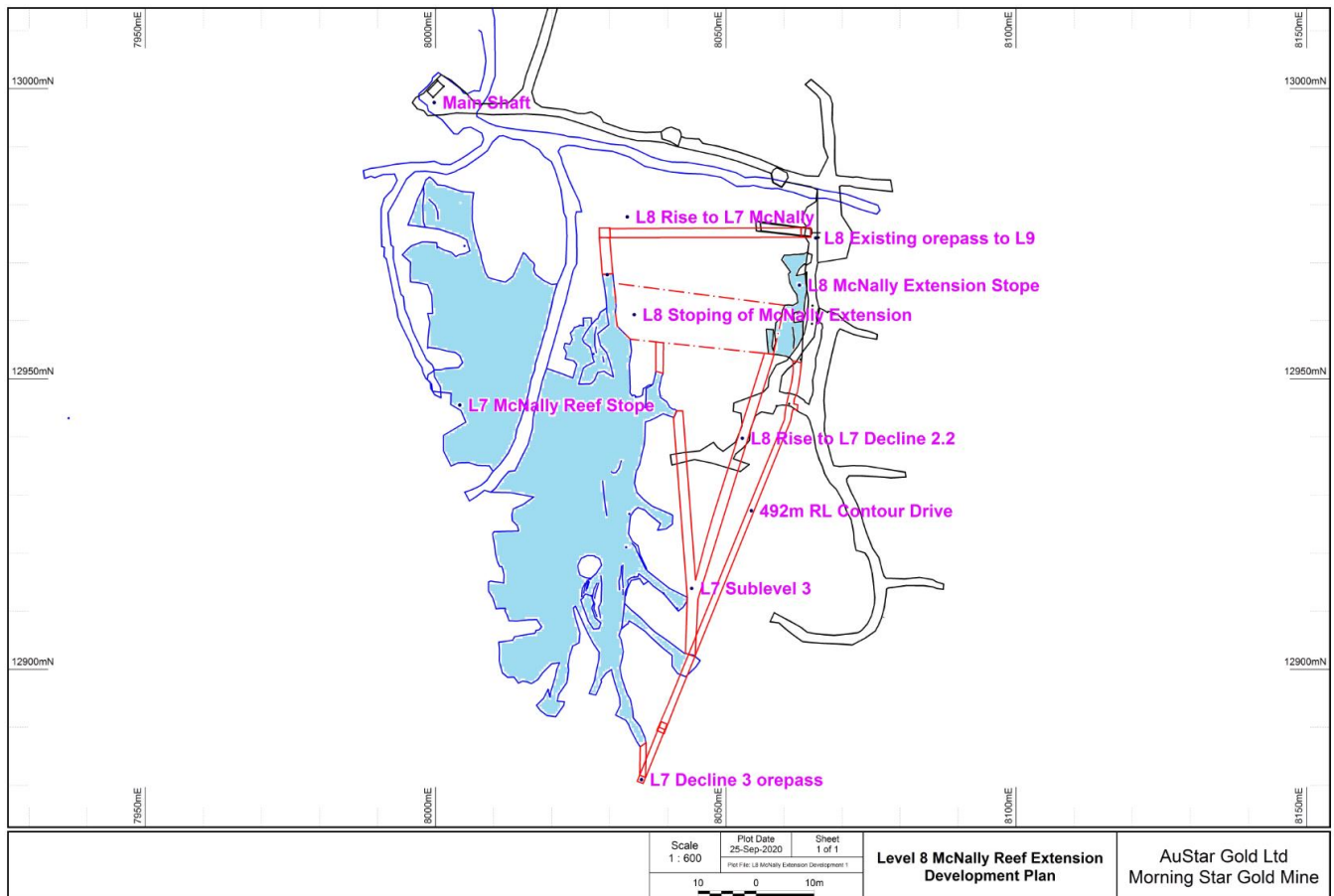


Figure (3): Mining and Rise Development Plan: 9 Level production ore pass, to 8 Level, rising to McNally production headings (7 Level).

## Processing:

1,831 dry tonnes feed were processed for the quarter with 1,471 kgs high grade concentrate produced in addition to Dore as note above.

The Company appointed new Senior Metallurgist Adam Strong to the business in the quarter and a review of Milling operations, undertaken in September and October, has identified significant areas for improvement within the plant, further to the enhancements already identified in the previous quarter. These improvements are largely focused on pipeline replacement and reduction in potential blockage points, improved production/water balance management and increasing spares, inventory and pumping redundancy within the mill.

The Mill's Wilfley Table circuit was installed in the quarter and is currently being commissioned, for a contribution to recoveries of an additional lower grade concentrate product in the production swing commencing mid November.





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### Exploration/Geology:

The Company completed its review of regional exploration planning in the quarter and, after a period of review, elected to proceed on a 100% basis with all opportunities (refer AuStar Gold ASX Release *Regional Exploration Program Update 2 September 2020*). Senior Geologist Jason Larocca, in addition to continuing leadership of in-mine geology and mining support, invested considerable time during the quarter progressing regional planning including identifying drilling rigs, staff and field support services.

### Corporate:

AuStar Gold undertook a Placement capital raising, followed by a 1 for 10 entitlement issue to all shareholders, in the quarter. The Placement component closed in September raising \$1.96m (before costs) and was heavily oversubscribed. The Entitlement offer was concluded subsequent to the end of the Quarter (refer AuStar Gold ASX release *AuStar Gold Successfully Closes Entitlement Offer 20 October 2020*), raising \$1.275m, and was likewise subject to significant excess demand from shareholders.

The Placement saw well regarded North American resources and precious metals investors Crescat Capital and Equity Management Associates take up material interests in the Company. The raising was also strongly supported by existing high net worth investors in the Company and WH Ireland, London.

Pleasingly, all of AuStar Gold's holders of convertible notes elected to convert their notes into ordinary shares within the Company prior to the record date of the Entitlement, and the substantial majority of options originally associated with those notes were likewise exercised. The Company is grateful for the confidence shown by all its shareholders and noteholders.

Note: Payments to related parties of the entity/associates (Appendix 5B, section 6) of \$147,000 in the Quarter comprised payments of board fees to directors \$117,270, payment of a consulting fee \$2,640 and payments of interest under director's loan accounts of \$27,055.

**Released for, and on behalf of, the board of AuStar Gold Limited.**

AuStar Gold welcomes shareholder communication and invites all interested shareholders to make contact at any time.

### For Further Information:

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**About AuStar Gold Limited:**

AuStar Gold is focused on building a valuable minerals inventory to generate sustainable economic production from its portfolio of advanced high-grade gold projects - with significant infrastructure including processing plant, a strategic tenement footprint, and current production from Morning Star. In addition, AuStar Gold intends to develop its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm) into low-cost high-grade gold production projects.

**Competent Persons Statement:**

The information in this report that relates to exploration and mining activities and based geological information compiled by Jason Larocca, (BSc, MSc), a Senior Geologist employed by AuStar Gold Limited.

Jason Larocca is a member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the 2012 edition of the Australasian Code for Reporting of Exploration and mining Results, Mineral Resources and Ore Reserves (JORC Code), having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in this report, and to the activity for which he is accepting responsibility. Jason Larocca consents to the publishing of the information in this report in the form and context in which it appears.

**Disclaimer:**

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate; (iii) the Company's analysis is correct; or (iv) the Company's strategy, which is based in part on this analysis, will be successful.