

AUSTAR GOLD MINING OPERATIONS UPDATE

Highlights:

- ✓ **Underground development commenced**
- ✓ **Recruitment for production progressed**
- ✓ **Development design planned**
- ✓ **Processing plant improvements identified and advanced**
- ✓ **Diamond drilling continuing at both Morning Star and Rose of Denmark mines**

AuStar Gold Limited (ASX: AUL) is pleased to advise shareholders on progress towards production at its historic, high-grade Morning Star and Rose of Denmark gold mines in eastern Victoria.

Summary of Mine Development:

Underground Development:

Following detailed mine design, development has commenced at McNally's reef (refer to figure 1) including laying rail and preparation for stoping the high-grade reef above 7 level.

Additional personnel have been recruited, including the mining manager, underground miners, laborers and maintenance staff. AuStar Gold has over the last four weeks transitioned organizationally from being an exploration focused entity to a production focused business.

Processing Plant:

The Morning Star gravity plant will initially operate at a throughput rate of approximately 85 tonnes per day (tpd) on a week on/week off basis, which will increase as mining development and production advances. Current mine and processing plans provide for production output to scale up to 100 tpd on a single shift basis. AuStar Gold can move to double shift if required with further options being investigated by AuStar Gold management to increase capacity at the plant in the future.

The bulk of the plant feed initially will come from the newly discovered McNally's Reef and from the nearby Rose of Denmark mine, while development is completed to access Stone's Reef at Morning Star.

Extensive testing over the past six months has confirmed that additional gold can be recovered by gravity treatment from the "middlings" fraction. The middlings fraction is the product that has not been sent to tailings from the inline pressure jig but rejected by the Gekko spinners for processing into dore. Middlings may represent 15% of the gold not sent to tailings. (figure 2)

An interim high speed centrifugal concentrator has been installed and integrated into the plant with a larger, fully automated unit purchased by AuStar Gold. Installation of this unit is to be completed by mid March. The Company's investment in plant enhancements will increase concentration of gold in middlings from the plant, enabling recovery of this gold via further treatment off site.

Agreement reached for treatment of concentrate and sulphides:

AuStar Gold has recently reached agreement, on commercially attractive terms, for off site treatment of production middlings (concentrate), which is expected to materially enhance gold recoveries. Work has commenced with the recovery circuit already under construction. Definitive legal documentation is expected to close in the coming weeks. This step completes the final remaining hurdle for AuStar Gold, given the small component of non-free milling gold present in its ore, to maximize commercial gold recoveries.

Management Commentary:

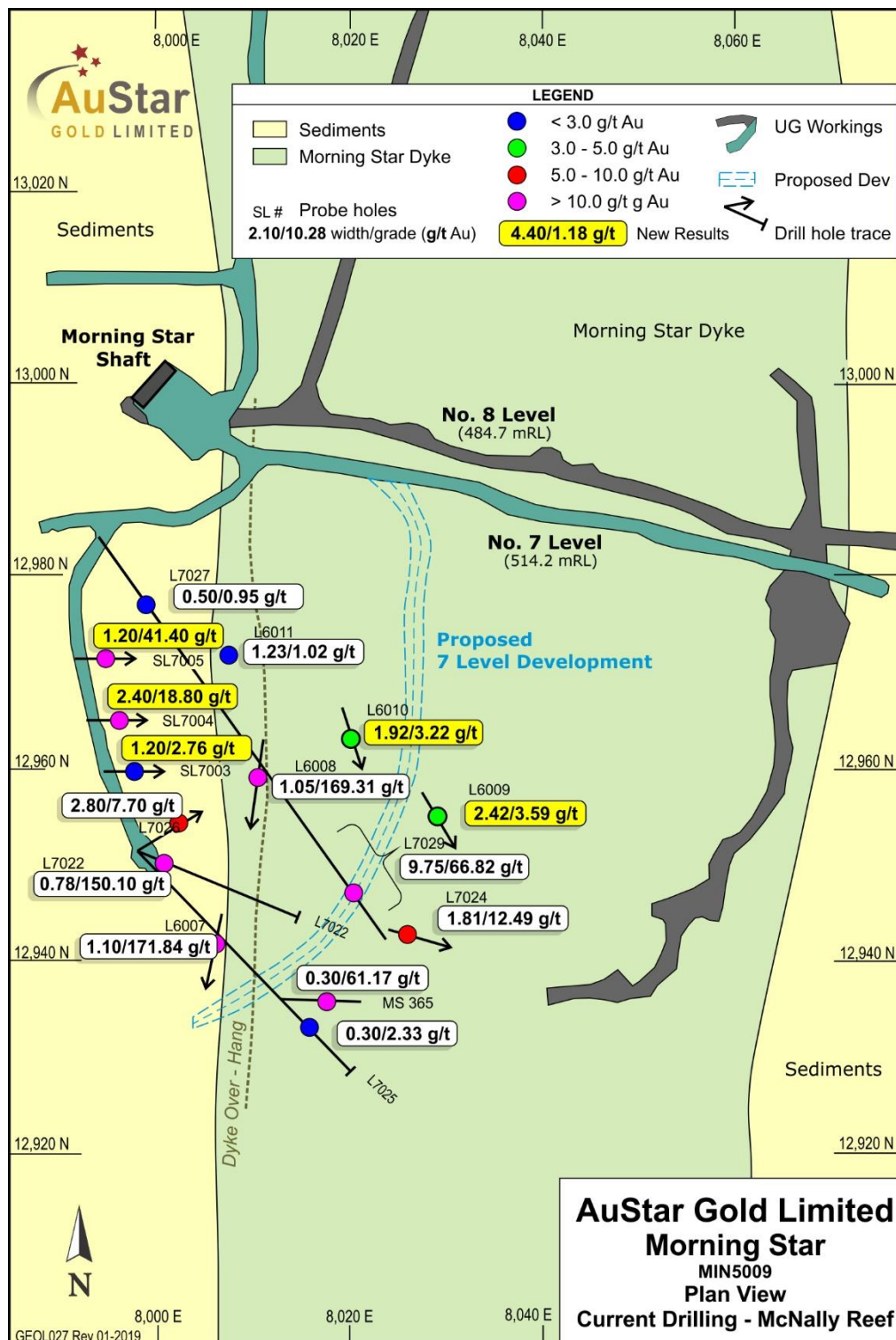
AuStar Gold Chief Executive Officer Mr Tom de Vries commented:

"We are now moving rapidly towards gold production, and transitioning AuStar Gold beyond the ranks of aspiring gold explorers. Good progress is being made on the drive to the McNally's Reef ore body with resource exploration drilling ongoing and exceeding expectations. The various mining and processing initiatives outlined will enable rapid access to the McNally's and other gold bearing structures within Morning Star and Rose of Denmark, lifting plant throughput and increasing gold production capacity."



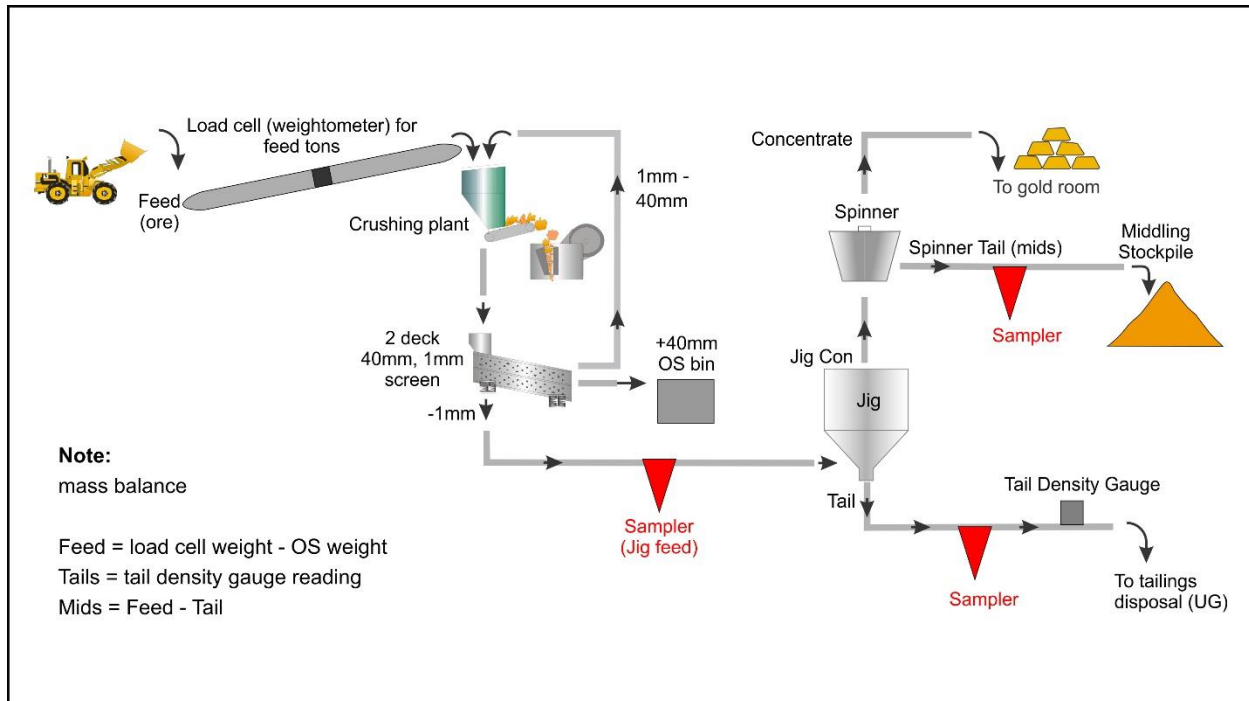
AuStar Gold's mining and surface crews, alongside management, at shift handover Wednesday February 20th. From right: AuStar Gold CEO Tom de Vries, Executive Chairman Frank Terranova, Chief Geologist Peter de Vries, Site Manager Reece Collins, valued staff and contractors.

Figure 1: Plan Showing Location of Drill Results on McNally's Reef and planned development¹



¹ Refer ASX Announcements dated 26 July 2018, 30 August 2018, 21 September 2018, 4 October 2018, 7 November 2018, 5 December 2018 and 8 January 2019 for details of exploration results for the Morning Star Project included in this announcement. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Figure 2. Simplified diagram of the gravity process plant prior to addition of high speed centrifugal concentrator to eliminate middlings stockpile:



About AuStar Gold Limited:

AuStar Gold is an emerging gold producer with the objective of generating sustainable gold production from its portfolio of high-grade gold projects, utilising its significant operational infrastructure located at Woods Point in Victoria.

The near term focus is to further identify economic volumes of ore within its portfolio of mining leases whilst further exploring its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm).

For Further Information:

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