

## Visible Gold observed as Mining commences at the Rose of Denmark Gold Mine

AuStar Gold Limited (ASX: AUL) ('AuStar' or 'the Company') provides the following update on progress at its Rose of Denmark (RoD) gold mine where recent drilling has identified significant gold-bearing mineralised zones and where mining operations have commenced to extract material for processing and gold dore production.

### Highlights:

- RoD diamond drilling consistently produced visible gold
- The next stage in the RoD project is to commence trial mining to assess gold grades likely to be achieved and for longer term mine planning purposes
- Mining is now underway with significant visible gold and quartz veining observed in material mined to date
- RoD represents a source of mill feed to de-risk and add to the Company's production profile and will be processed in AuStar's Gravity Gold Processing Plant

*Photo 1 : Close-up shot of coarse gold from Cut 5 at RoD mine*



**AuStar Gold** CEO, Tom de Vries said *"The recent diamond drilling at Rose of Denmark has consistently produced high gold grade assay results with visible gold and as a result our expectation is to be able to mine profitably. Apart from a parcel of approximately 8,000 tonnes of ore mined in late 2011 and early 2012, the mine has not been in commercial production since the mid-1920's. Prior to AuStar's recent drilling program, the mine had almost no modern exploration and presents a great opportunity for us.*

*The best and quickest way to assess the potential for profitable gold production from RoD is by mining and processing a sufficient tonnage of gold-bearing material.*

*At this stage, initial material recovered for processing contains significant visible gold and quartz veining from multiple locations, which is extremely encouraging. Drill intervals with visible gold in recent RoD drilling produced grades as high as 290g/t gold over 0.3m (AUL announcement, 19/02/18), and were a consistent indicator of high gold grades.*

*Our recently consolidated 100% ownership of this project provides another reason for the prioritisation of the RoD mine as an additional source of mill feed for AuStar's nearby gravity processing plant."*

### **Mining Plan**

AuStar Gold has begun mining gold bearing material initially from above the level of the main RoD adit. Mining will progress in such a manner so as to not compromise any future access along the main level. Planned future mining of the floor of the adit will be done in such a manner that will allow the benches mined to be filled later with waste to provide access to additional material. The final mining shapes and tonnages will largely depend upon the success of the rock face sampling undertaken by the mine geologists as mining activity progresses.

Recent exploration drilling successfully outlined significant gold mineralisation both above and below the level of the main adit. The mining program now being undertaken will allow the Company to identify both the geological and metallurgical characteristics of the ore type and gain a better understanding on the conversion of drilling results to mined grades. Mined material will be trucked to the Company's gravity gold processing plant at the Morning Star mine site, Woods Point.

The processing plant at the Morning Star mine has recently been successfully recommissioned and is consistently processing on a 7 day on 7 day off rostered basis, which can be increased as required. It is a proven plant, capable of treating this material and high recoveries are expected.

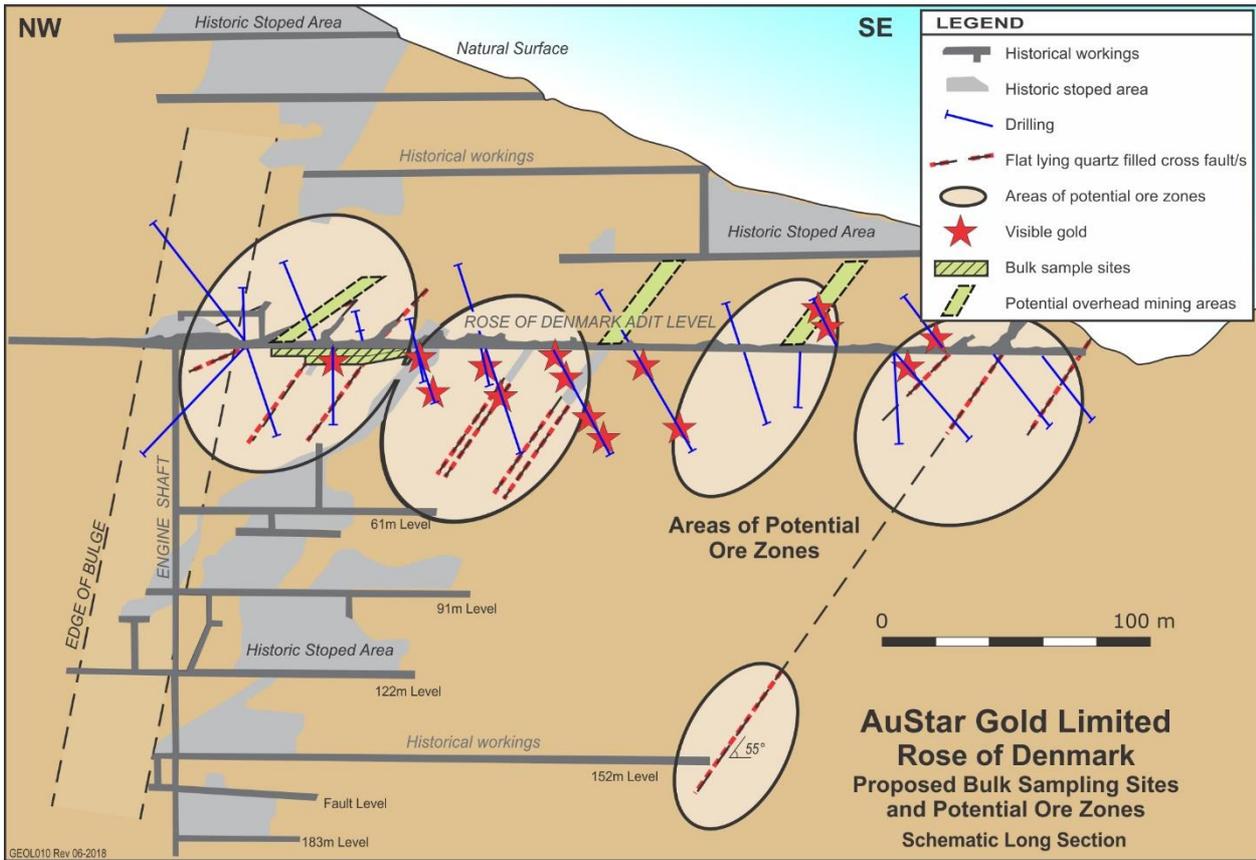
Gold mineralisation at the Rose of Denmark mine is coarse and free in nature with minor sulphides accompanying the gold. The gold is present in the quartz veining within the diorite dyke as well as along the dyke sediment contact shears.

### **Program Timing**

Initial mining and stockpiling of mill feed has begun after preliminary planning, installation of critical communication infrastructure and site preparation. The first phase of the mining program is expected to take 2 to 3 months to complete with a further month for the processing of the material. Positive outcomes of this phase will be linked with an expanded deeper drilling program, designed to ascertain the extent to which the mineralisation extends at depth in the mine, concurrently with development utilizing mechanized equipment and mining of gold bearing zones.

This program is part of the Company's strategy to manage its resources where the mining crew will be utilized at the RoD mine while another crew is occupied on the Maxwell zone drilling and North Stacpoole drilling at the Morning Star Mine.

Figure 1: Approximate Positions of Proposed Mining



**Observations from Mining Activity Conducted to Date**

Photo 2: Gold in quartz in development face highlighted by annotated circles. Correlating with gold seen in diamond drill core.



A total of 5 development cuts (blasts) have been completed to date within the development areas identified in Figure 1. Significant visible gold and quartz veining has been observed in material mined to date, as depicted in the following photos.



*Photo 3: Gold in Quartz recently mined from RoD mine.*

### **About the Rose of Denmark**

Historical gold production at Rose of Denmark ceased in 1926 and totaled approximately 37,000 ounces at 12.5 g/t and was sourced from underground ore shoots that outcropped on the surface and from a deeper internal production shaft (~200m deep).

Historical research and work completed by Morning Star Gold NL in 2012 had identified a significant walk up target available for short term development.

The current program will assist the Company in gaining a clearer understanding of the geology and structures controlling the gold mineralisation which in turn will assist mine development design to target higher grade zones identified from recently completed drilling as well as historical data.

The RoD is now 100% controlled by AuStar, with Shandong recently transferring ownership for equity in AuStar (refer to ASX announcement dated 13 June 2018).

**About AuStar Gold Limited:**

AuStar is focused on the return to production of the Morning Star mine and its environs - **an advanced high-grade gold project, with significant infrastructure including processing plant, a strategic tenement footprint, and prospectively, well positioned for near-term trial mining.**

In addition, AuStar 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.

**End**

**For Further Information:**

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