

Fast growing Morning Star Gold produces first ever 'Dore' bars

Morning Star Gold NL (ASX: MCO) can claim the title as 'Australia's newest gold producer' with the news that it's produced 1 kg of dore bars from concentrates recovered at its Morning Star Goldmine east of Melbourne in March 2011.

This gold production marks MCO's first ever cash flow as it transitions from explorer to gold producer.

Morning Star is commissioning an onsite gravity mill at its 100% owned namesake mine. Designed and built by Gekko Systems it targets 80,000TPA throughput but is expandable. MCO is targeting 15g/t Au as average head grade.

MCO is milling from a stockpile of blended development ores at the site and will commence stoping a high grade zone known as 'Maxwells' at 270 m depth in April 2011. The Maxwell high-grade zone is currently 44 m in length and channel samples at 1 m intervals indicate a reef grade averaging 28 g/t Au.

Four additional mining areas

between 100 - 280 m depth are also currently being developed and will provide mill feed well beyond 2011-12. Drill core assays and reef samples in 2008-09 of up to 1,392g/t Au heralded the economic capability of Maxwells and Kenny reefs and other reefs such as in the Burns zone (166 m depth) are considered to be extremely prospective also with samples assaying up to 2,625 g/t Au.

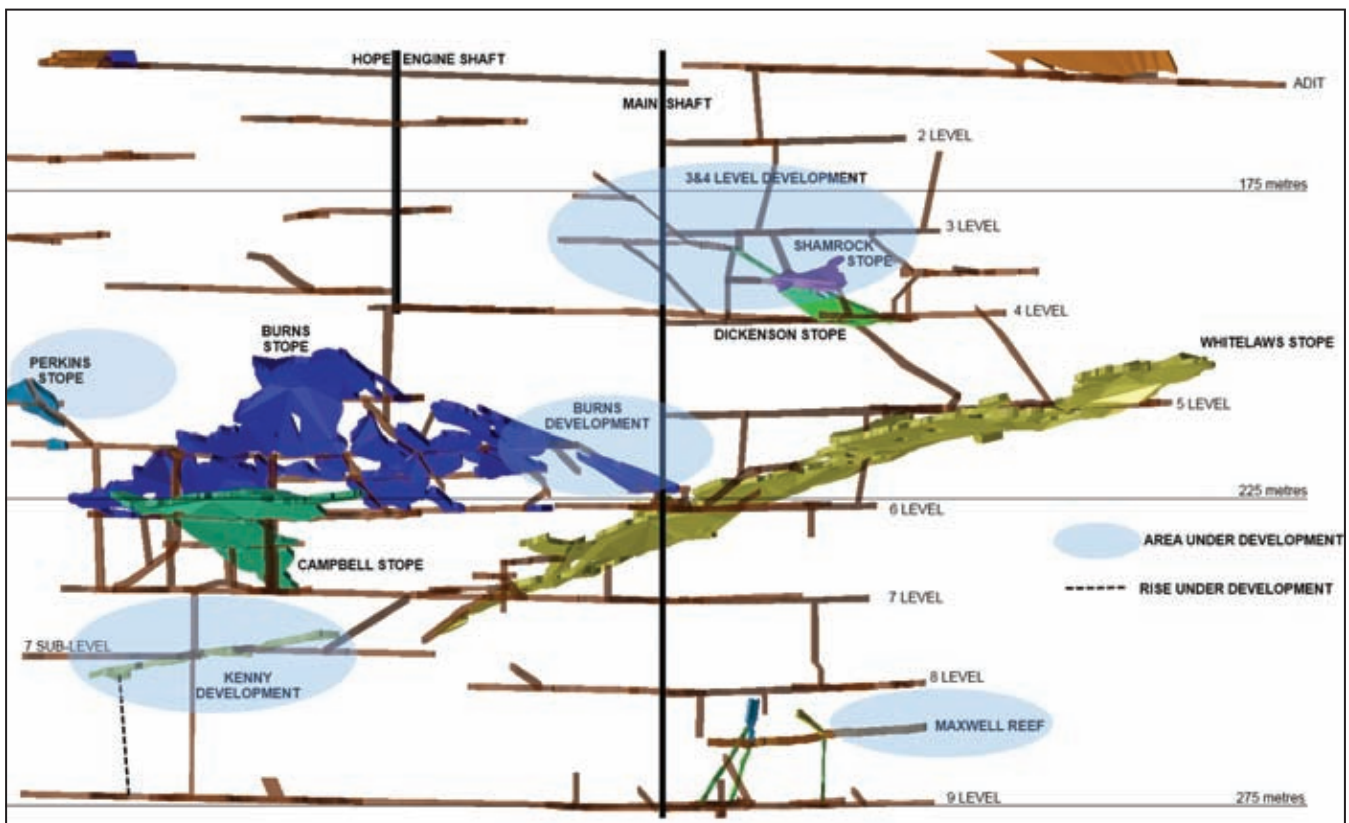
The Morning Star Goldmine was Australia's biggest in the early 1940s. It has historical gold production of 883,000ozs averaging 26.5g/t. and in its heyday between 1934-1959 was operated by Gold Mines of Australia (WMC Ltd) closing with gold at \$35 per ounce.

The Morning Star mine sits in one of Victoria's largest hard rock goldfields – the Woods Point – Walhalla Synclinorium – with production records indicating yields of 6-7 million golden ounces, compared to Bendigo-Ballarat's 22Mozs. It's vastly underexplored geologically with just 3 mines at Walhalla, A1 and Morning Star going

deeper than the water table and weathered zone.

Morning Star has commenced an aggressive diamond drilling program on several regional targets within its 200 km² tenements. There are literally dozens of old mines worked to shallow depths which provide economic ore targets. MCO is being assisted in some of this regional exploration by a \$4.5M JV with the Shandong Tianye Group of Jinan, China on two of its current mining licences. So far the JV has uncovered a potential gold resource at the Rose of Denmark mine at Gaffneys Creek. This Rose of Denmark is currently being drilled and modelled and a bulk sample has been planned for later in the year. MCO is also looking carefully at the Waverly dyke which is over 5 km in strike length very close to its Woods Point mining hub.

MCO is one to watch carefully as new cash flow and a strong \$15M balance sheet with zero debt together with a tight share register and large partners assist in its growth.



Schematic X-Section of Morning Star Goldmine - Mining Zones