



ASX Release

8 September 2020

AuStar Gold Limited ACN 107 180 441
Registered office: 6 Bridge Street, Woods Point, VIC 3723

AUSTAR GOLD PLACEMENT, ENTITLEMENT AND BONUS ISSUE

Highlights:

- **Binding commitments from institutional, sophisticated and professional investors of \$1.96m received, for the issue of 6,533,333 shares at \$0.30 per Share, together with a 1 for 3 free attaching option exercisable at \$0.60 on or before 31 December 2021;**
- **The Placement was heavily oversubscribed with bids of ~A\$6m received;**
- **AuStar welcomes Crescat Capital LLC as a new shareholder and notes the support of institutional investors Equity Management Associates LLC and WH Ireland PLC;**
- **A pro rata non-renounceable Entitlement Offer to be offered to shareholders on a 1 for 10 basis, on the same terms as the Placement, including the 1 for 3 free attaching options;**
- **AuStar Gold to also make a Bonus Issue of options, with the same terms as the Placement and Entitlement options, on a 1 for 10 basis, to shareholders.**

AuStar Gold Limited (ASX: AUL, or the Company) is pleased to announce a successful share placement and commencement of an Entitlement Offer to raise a combined total of approximately \$3.2M (before costs) (**Capital Raising**).

Furthermore, the Company has resolved to make a Bonus Issue of options, with the same terms as options to be issued to placement participants, to existing shareholders (the **Bonus Issue**).

Both the Entitlement Offer and the Bonus Issue will have a record date of 17 September 2020, which is prior to the expected date of issue of securities under the Placement and will therefore not include, as eligible, shares issued pursuant to the Placement (see timetable below). The Company intends to apply for quotation of options with the ASX.

Placement:

The Placement will raise approximately \$1.96m via the issue of 6,533,333 new fully paid ordinary shares (**New Shares**) at \$0.30 per New Share (**Offer Price**) in the Company to institutional, sophisticated and professional investors.

Participants in the Placement will also receive 1 option, exercisable at \$0.60 on or before 31 December 2021 (**New Option**), for every 3 New Shares applied for. The capital raising was very strongly supported, with bids of ~\$6m received.



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Institutional investor support:

New institutional investor Crescat Capital LLC is a cornerstone investor in the Placement, along with US precious metals investor Equity Management Associates LLC and leading UK broker WH Ireland PLC. Barclay Pearce Capital acted as lead manager to the Placement.

About Crescat Capital LLC and Dr. Quinton Hennigh:

The placement has been strongly supported by strategic investor **Crescat Capital LLC** (Crescat), a Denver based asset management firm which includes a precious metals fund and is advised by technical consultant Dr. Quinton Hennigh. Further details on Crescat Capital are provided below.

Crescat is a global macro asset management firm with more than US\$137 million under management. Crescat's mission is to grow and protect wealth over the long term by deploying tactical investment themes based on proprietary value-driven equity and macro models, and includes Global Macro, Long/Short, Large Cap and Precious Metals funds.

Crescat is advised by technical consultant **Dr. Quinton Hennigh**. Dr. Hennigh is an economic geologist with more than 25 years of exploration experience with major gold mining firms including Homestake Mining, Newcrest Mining and Newmont Mining. Dr. Hennigh is very familiar with high-grade gold Victorian projects having worked with TSX-listed Kirkland Lake on Fosterville, Victoria's largest and one of the world's highest grade gold mines. He has also invested into ASX-listed Kalamazoo Resources, currently exploring the Castlemaine goldfield in central Victoria. Post completion of both tranches of the equity raising, Crescat Capital's equity holding in AuStar Gold is expected to be approximately 5%.

About Equity Management Associates LLC:

Equity Management Associates LLC (EMA) is a US investment partnership managed by **Mr. Lawrence Lepard**, which has focused on investing in precious metals since 2008. EMA invests in emerging gold producers and explorers, as well as larger companies which show attractive growth and cash flow. Post completion of both tranches of the equity raising, EMA's equity holding in AuStar Gold is expected to be approximately 7%.

The Offer Price of A\$0.30 represents a discount of 10% to the Company's last closing price of \$0.33, a 20% discount to the Company's 15 day volume-weighted average price (VWAP) of \$0.36 and a 10% discount to the 30 day VWAP of \$0.33.

New shares and options will be issued to Placement participants on or around 18 September 2020 and are within the Company's placement capacity under Listing Rules 7.1 and 7.1A. New shares will rank equally with existing fully paid shares of the Company. No new shares were issued or agreed to be issued in the Placement to a related party, or otherwise to any person referred to in Listing Rule 10.11.

Barclay Pearce Capital Pty Ltd, as Lead Manager, will receive a management fee of up to 6% of funds raised under the Placement.

Entitlement Offer:

The Company is also pleased to announce a pro rata non-renounceable Entitlement Offer, on a 1 for 10 basis, which is expected to raise up to approximately \$1.05m (before costs).



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Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 New Share for every 10 Shares held by them at 5pm on the Record Date (17 September 2020) at \$0.30 per New Share.

In addition, 1 New Option, exercisable at \$0.60 on or before 31 December 2021, will be issued for every 3 New Shares issued under the Entitlement Offer. The Entitlement Offer will not be underwritten.

Entitlements are non-renounceable and shareholders who do not take up their entitlements will not receive any value in respect of those entitlements that they do not take up.

In addition to being able to apply for New Shares and New Options under the Entitlement Offer, eligible shareholders will also be able to apply for additional New Shares and New Options, in excess of their pro-rata entitlement, under a Top Up Facility.

If applications received under the Entitlement Offer and after the completion of the Top Up Facility are less than the number of new securities available under the Entitlement Offer, the Directors reserve the right to place the shortfall at their discretion within 3 months of the closing date of the Offer.

Bonus Issue:

The Company is further pleased to announce a pro rata non-renounceable entitlement issue of 1 Bonus Option, exercisable at \$0.60 per Bonus Option on or before 31 December 2021, for every 10 Shares held by eligible shareholders on the Record Date, 17 September 2020.

In resolving to make this Bonus Issue, the Board of the Company is mindful of the longstanding support of AuStar Gold's loyal shareholders. The extension of the Entitlement Offer and Bonus Issue solely to shares held on the Record Date, and therefore excluding new Placement shares, in part in recognition of this loyalty, has the support of Placement participants.

Both the Entitlement Offer and the Bonus Options Offer is being extended to eligible shareholders who have a registered address in Australia and New Zealand at 5pm (AEST) on the Record Date.

Further details regarding the terms of the Entitlement Offer and the Bonus Options Offer will be provided in a Prospectus, expected to be despatched to eligible shareholders together with a personalised entitlement and acceptance form on 18 September 2020.

The indicative key dates for the Entitlement Offer and the Bonus Options Offer are as follows:*

Event	Date
Announcement of the Placement and Entitlement and Bonus Offers	8 September 2020
Lodgement of Prospectus for Entitlement and Bonus Offers with ASIC and ASX	11 September 2020
Entitlement Offer and Bonus Offer "Ex" Date	16 September 2020
Record Date for the Entitlement Offer and the Bonus Offer	5pm (AEST) 17 September 2020
Issue and Allotment of Placement Shares and Options	18 September 2020
Despatch of Prospectus and personalised acceptance forms sent to Eligible Shareholders under the Entitlement Offer	18 September 2020



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Opening Date for acceptances of the Entitlement Offer	18 September 2020
Allotment of Bonus Options	22 September 2020
Last day to extend the Entitlement Offer Closing Date	6 October 2020
Closing Date for acceptances of the Entitlement Offer	5pm (AEDT) 9 October 2020
Entitlement Offer securities quoted on a deferred settlement basis	12 October 2020
Announcement of results of Entitlement Offer	13 October 2020
Allotment of New Shares and New Options under the Entitlement Offer Dispatch of holding statements Appendix 2A to be lodged with ASX applying for quotation of all securities issued	15 October 2020
New Shares trading on a normal basis	16 October 2020

*The dates above are indicative only and are subject to change. The Directors may vary these dates subject to any applicable requirements of the Corporations Act or the Listing Rules.

Use of Funds:

Funds raised from the Placement and Entitlement Offer will be used for:

- Diamond drilling and continued capital investment at the Morningstar Gold Mine to support production ramp-up;
- A substantial upgrade to mine and shaft dewatering infrastructure at Morningstar;
- Regional exploration and associated drilling fleet;
- The costs of the Offers; and for
- Working capital, general corporate purposes and future growth initiatives.

AuStar Gold Chair, Mr. Philip Amery, commented: “AuStar Gold is pleased with the support received from both existing and new investors at this exciting time in its development. With operational performance now achieving steady improvement and production outcomes, along with a clear plan to execute both in-mine and regional exploration, the Company is on track to deliver on its long-stated objective of growing low-cost, high-grade gold production in the Walhalla to Jamieson gold district.

Leadership at Morning Star at all levels has been fundamental to this success. I would like to thank General Manager Franz Schlosser, all Site Managers and Staff, as well as the Board of Directors and CFO, whose combined tireless efforts have the Company in great shape. I am particularly pleased we have been able to provide our loyal shareholders, including retail holders, with both an opportunity to participate alongside Placement investors, on like terms, as well as a Bonus Issue of options.”

With this announcement, the Company’s trading halt will be lifted.

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.



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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.

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.