

Wednesday, 20 January 2010

HIGH GRADE ASSAYS - UP TO 386.2 g/t CONTINUE AT MAXWELLS

Key Points

- 12 new samples average 75.2g/t Au with highest being 386.2 g/t Au
- 26 samples from Maxwell ore zone averaging 44.4 g/t Au
- Visible Gold continues to be found in Maxwell's ~255m from surface
- Reef is open at strike to southeast and ore continues to be stockpiled at site
- Grab samples have been taken of ore stockpile with results expected shortly
- Gekko Systems engaged to design, build & install 80,000TPA gravity mill

Morning Star Gold NL (ASX: MCO) is delighted to advise that it has received another batch of very encouraging assay results from its Maxwell development at the Morning Star mine northeast of Melbourne.

In December, MCO reported high grade assays up to 137.4 g/t from its Maxwell drive development above the 9L of the Morning Star mine (~255m depth).

12 additional samples have been taken to date along the drive. The new samples range between 0.50 g/t and 386.2 g/t Au and average 75.2 g/t Au which indicates that the Maxwell reef is getting richer as MCO develops to the southeast along the eastern dyke-sediment contact.

Visible gold has again been encountered in the face.

48 samples have now been collected from the Maxwell drive, and 26 of these samples have been collected from inside the targeted Maxwell ore zone (see plan below and note ore zone is open currently to the southeast).

The recent assays have raised the average of all quartz reef samples taken since the start of the development drive to 25.56 g/t Au, while the reef samples from inside the Maxwell ore zone (as marked in blue on the plan below) average 44.40 g/t Au. Both averages exclude 2008 drill hole assays, which included some very high grade results up to 1,392 g/t Au.

In the targeted Maxwell ore zone, the reef is laminated and between 150mm - 600mm thick. These are common features of the higher grade reefs in the Morning Star mine.

MCO intends to screen the Maxwell development ore prior to treatment to separate the rock into waste, medium grade altered dyke material and high grade reef prior to processing. Recently four bulk samples were taken for metallurgical testing from L6 Burns, L9 Maxwell and from the unscreened stockpile at site. Results are expected to be reported shortly.

Onsite Gravity Plant Underway

Just prior to Christmas, MCO announced it had engaged Gekko Systems of Ballarat Victoria to design, build and manage the installation plus initial operations of a gravity plant on site at the Morning Star mine.

The plant is expected to be able to process up to 80,000TPA of ore from the Morning Star mine and regional mines. The cost of the plant is \$2.5M which will be fully funded from cash at hand and it is expected to be operational by mid-year.

MD Comments

MCO's Managing Director, Nick Garling said, "We continue to be very encouraged by results at Maxwell's reef as we build out our mining plan for 2010. We have now driven well past the extent of our 2008 diamond-drill assay knowledge and grades are improving significantly as we head southeast with potential mineable tonnages also growing; this is very reassuring for the overall program."

"Maxwell is only one of several targeted ore zones we are modelling at present. We would envisage having several zones production ready leading up to the completion of our onsite gravity plant this year. We have commenced a program of bulk samples at various potential ore locations to strengthen our knowledge pre-production of grades and revalidate our resource knowledge in key target areas within the Morning Star mine."

"MCO's selection of Gekko build & install our 80KTPA onsite gravity mill is a major step forward for us in our transition to gold producer this year."

Ends

Forward Looking Statements

This document includes statements and information pertaining to Morning Star Gold's expectations and beliefs concerning future events. Forward risks, uncertainties and other factors, many of which are outside the control of Morning Star Gold can cause actual results to differ materially from such statements. Morning Star Gold makes no undertaking to subsequently update or revise such statements but has made every endeavour to ensure that they are accurate at the time of release.

Competent Persons Statement

The information contained in this report was compiled Greg Curnow BSc MAUSIMM who has the relevant experience in relation to the mineralisation being reported on, to qualify as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Greg Curnow works as a contractor to Morning Star Gold NL and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Morning Star Gold

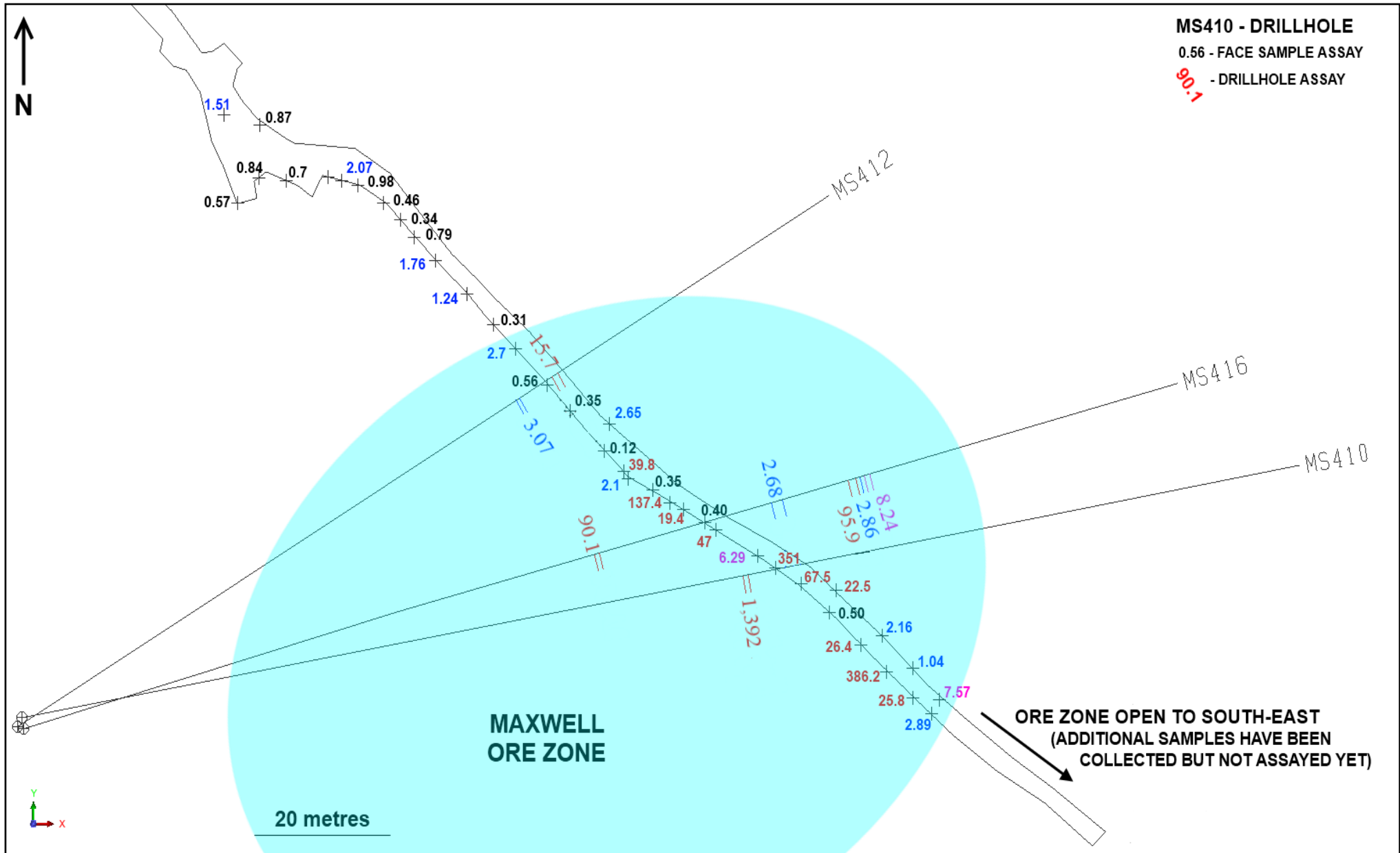
Morning Star Gold <ASX: MCO> is 100% owner and manager of the Woods Point Gold Project in Victoria's historic Eastern gold fields. The company's 5 mining and exploration tenements (3 MINs and 2 ELs) are adjoining over 220km² and yielded ~2 million ounces of gold historically from various high-grade mines. Nearly half of this production was sourced from the Morning Star mine (circa 1MT mined at an average grade above 24.5 g/t) for a recorded production of 883,000ozs of gold.

At one point in the early 1940s, the Morning Star mine was Australia's biggest gold mine. Gold Mines of Australia (WMC) operated it for 25 years (1934-1959). The Morning Star mine also carries an in situ gold resource, estimated in 2008 to exceed 900,000ozs. This resource is in the process of being revalidated and re-evaluated as mining recommences at Morning Star for the first time in 50 years.

Other gold production on MCO's regional tenements was generally confined to relatively shallow workings in the weathered zone above the water table. Key current targets for new exploration and development include the Wallaby, All Nations, Loch Fyne and Rose of Denmark, Hunts, Waverly, Little Comet and Reliance mines. These mines collectively produced ~500,000 ounces of gold at high grades historically.

MCO's new Chinese partner is spending \$4.5M over the next 2 years to farm-in to 51% of two of MCO's regional MINs 5299 & 5241. The Morning Star mine, Waverly and other priority production targets within MIN 5009 are 100% owned by MCO.

For further information please contact Nick Garling, Morning Star's MD at nick.garling@morningstargold.com.au or you can subscribe to E-Alerts of all Morning Star's news & ASX Releases at the company's website www.morningstargold.com.au



Plan of Maxwell Development & Sampling