



ASX RELEASE

30 July 2008

910,000 OZS GOLD JORC RESOURCE

- ◆ **JORC Compliant Total Mineral Resource of 910,000ozs Gold at Morning Star mine.**
- ◆ **Underground JORC Resource component of 726,000 Ounces Gold (2.0 Million Tonnes at 11.2g/t).**
- ◆ **Large near surface JORC Resource component of 184,000 Ounces Gold (2.6 Million Tonnes at 2.2g/t).**
- ◆ **Total Mineral Resources fall into Measured, Indicated and Inferred Categories.**
- ◆ **Comprehensive Grade Factoring study adds impact to production upside.**

Background

Morning Star Gold NL <ASX: MCO> is pleased to announce its maiden JORC Resource Report. This compilation relates solely to mineral resources within its 100% owned and operated Morning Star Gold Mine at the company's '**Woods Point Gold Project**', 120km ENE of Melbourne in the heart of the rich eastern Victorian goldfields.

Morning Star's 'Total Mineral Resources' or 'Total Consolidated Resources' as they may also be known, have been compiled via a combination of surface and underground diamond drilling by the company, digitisation of archival exploration and production records relating to the Morning Star mine and cross-referencing all previously reported resources (pre-JORC 2004), including the comprehensive





1998 Resources Report by Mr. Morrie Goodz, MCO's consulting Technical Director.

Morrie Goodz has compiled this report with assistance from other qualified persons on a contractual basis for the Directors of Morning Star Gold. Mr. Goodz has a very significant degree of experience relating to the Morning Star mine and surrounding dykes, having worked there since 1985 as a geologist and mine manager. The Directors wish to thank Morrie and his team for the huge amount of effort involved in compilation of this preliminary JORC Resource Report.

Morning Star's Directors see this JORC Resource Report as a starting point. It's intended to present a current snapshot of underground and near surface gold resources allowing for the information reviewed as at this point in time. A continued, concerted effort will be made to grow knowledge relating to the mineral resources within this mine, and to MCO's overall 220km² tenements in eastern Victoria.

Morning Star is yet to examine many thousands of pages of archival microfiche relating to all aspects of the Morning Star mine, which represent fastidious records kept by Gold Mines of Australia (WMC) over 25 years of operation of the mine from 1934-1959. These were prodigious years of production at the Morning Star and digitisation of microfiche to date has lent great weight to this report. We fully expect this process to continue as we aim for JORC Resource updates in following periods. Over 45,000 pages of archival records were accessed. The company estimates that less than half of the available records have been interpreted to date.

Comments by MCO's Managing Director

Morning Star's MD Nick Garling said today; "We're really pleased with where we are at resource wise in a relatively short space of time. Although the mine refurbishment project has been going since 1993 at Woods Point, in some form or other, it's only been recently, that we've turned our sights to JORC Resource Reporting."

"The challenge for every gold explorer is to prove resources expeditiously, efficiently and as a consequence inexpensively. We feel we are on the right track. The current drilling in the upper areas of the Gap Zone gives us strong confidence





in a potential series of high-grade zones within the Morning Star mine. The grade results at newly discovered reef zones (Kenny, Sydney, Maxwell & Whitelaw extension), stack up very well compared with prodigious historic areas of high-grade production within the Morning Star.”

“For instance at the Achilles floor, Morning Star’s most prolific reef zone historically. When pitted against factual historical assay and production data in the Achilles Reef zone, new discoveries in the upper Gap Zone hold exciting potential. The Achilles Reef zone averaged drill assays of just 2.19 grams per tonne, however production from the area was over 100,000ozs (Over 3 Tonnes of Gold) from 130,000 tonnes of ore, at an average recovered grade of at least 26.5 grams per tonne. Given Maxwell Reef has drill assays averaging 10.0 grams per tonne at present and is open in all directions, we have high hopes, that further exploration and development for mining will be rewarding”

“The other pleasing area of this JORC Resource Report is the aggregate of measured and indicated resources within the mine that gives us confidence of further converting a good amount of resource into the measured category and ultimately into reserves.”

JORC Resources Report

Preliminary Resource Report on the Morning Star Mine at the Woods Point Gold Project for Morning Star Gold NL

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20th July 2008**





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Executive Summary

A total Inferred Resource of 4.62 million tonnes at a grade of 6.12g/t for 910,000 ounces of gold is estimated in the preliminary review of the Morning Star Gold Mine, which comprises an underground project and a surface project. The Morning Star Underground Project has a total Inferred Resource of 2.01 million tonnes at 11.2 g/t Au for 726,000 ounces (grade assignment range 1.85 – 22.7g/t Au), which includes Measured and Indicated Resources components as detailed in Table 1.

The Morning Star Surface Project has a total Inferred Resource of 2.61 million tonnes at 2.2g/t Au for 184,000 ounces (grade assignment range of 1.9 – 4.1g/t Au), which includes the Measured and Indicated Resources components as detailed in Table 1.

Details of the grade assignment and impact on sensitivity for gold resources are detailed in Table 2, which lists the variation in gold resource depending upon production grade assignment versus calculated stope grade assignment for the major reef deposits.

Grade factoring is an observed and measured occurrence. Table 3 details the results of a preliminary review based on 7570 face sample and 438 drillhole intersection assays on 10 major reef deposits in the Morning Star Underground Project. Grade factoring has not been applied in this resource estimate, however the implications of this study have been used as justification to assign production or stope/development grades where applicable to resources that are direct extensions of the historical development headings. Grade factoring would have a significant impact on the newly discovered and undeveloped reef deposits at the Morning Star mine and provide for a future additional opportunity to extend the project's mineral resource inventory.

Geological understanding and confidence is considered very high on the occurrence, distribution and tonnage of the deposits so far modelled. Grade assignment is a future-looking activity and as such has inherent risks. Ongoing mine development and bulk sampling works are planned to validate the grade assignment process.





It is important to note that approximately 40 new gold bearing quartz reefs and sulphide zones have been named in this ongoing drilling program and resource review. Many of these have all the key mineralogical and structural indicators of the historical major production zones, and therefore present significant exploration targets.

This release of the mineral resource inventory for the Morning Star Gold Project is the first in accordance with the 2004 JORC Code. There remain portions of the Morning Star dyke host rock that are relatively untested, as there are additional other dyke-related deposits held by MCO within an 11km radius of Morning Star. All of these dykes are open ended in strike length and depth. Two drilling programs are currently in progress. These projects provide considerable opportunity for resource upside.

Statement of Results

This report was compiled by Morrie D Goodz, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, and has 23 years of relevant experience in relation to the mineralisation being reported on. This qualifies Mr Goodz as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Goodz is a full time consultant with Goodz & Associates GMC Pty Ltd. He consents to the inclusion of all the matters in this report, based on his information in the form and context in which they appear.

The information contained in this report was collected and prepared by the staff of Morning Star Gold. Data processing was managed using Gemcom Software Systems. All resource estimates have been reported in accordance with the JORC Code (Australasian Code for Reporting of Mineral Resources and Ore Reserves, December, 2004).

The mineral resources at Morning Star (MS) Gold consist of Morning Star Underground, Morning Star Surface, and Regional Projects. Morning Star Underground refers to resources below the 1660m RL elevation, which are accessed by the existing operations at MS Main Shaft. Morning Star Surface is the open-pit material accessible from Morning Star Hill between the 1800m RL and 1660m RL elevations.





The Regional Projects refer to several historical mining operations within an 11km radius. The resource models and inter alia the global endowment of the regional projects are currently being developed along with the concurrent drilling of the Waverly Project. Reporting of the resources for the Regional Projects will be left for separate reporting later in 2008.

Resource Estimation

The Morning Star mine has had a production history of 883,000 ounces of gold from 1.14 million tonnes of ore for an average grade 26.5g/t Au. Significant production records document drilling, development, stoping and mill processing reports and have allowed for detailed analysis of grade interpretation. These results have highlighted the impact of grade factoring and their relevance in the assignment of grade ranges and key mineral indicator proxies. The following resource estimation is based on a combination of a drill hole database (n=508) and stope development records to assign resource outlines and tonnage calculations. The grade assignment is based on a proxy system ranking production, stope/development assay samples and drillhole intersections in respective order of priority.

Table 1: Resource Summary Table

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes Kt	Grade g/t	Au Koz	Tonnes Kt	Grade g/t	Au Koz	Tonnes Kt	Grade g/t	Au Koz	Tonnes Kt	Grade g/t	Au Koz
Morning Star U/G	22	20.9	15	259	15.6	130	1734	10.4	582	2015	11.2	726
Morning Star Surface	736	2.0	47	793	2.2	56	1079	2.3	80	2608	2.2	184

*Numbers in this table have been rounded.

Grade Assignment

Review of the extensive historical database has provided accurate and reproducible data relating to drilling, surveying, development, stoping and production records. A detailed study was carried out in 2008 of approximately 50% of the available records. Table 2 shows the sensitivity on the gold resource





through variation between a stope face sample average grade versus the mill production reconciliation reports (this study was based on the annual summary reports). Table 3 highlights the variation between drillcore intersections, stope face samples and production records for the 10 major reefs at the Morning Star mine. This data is significant, as extensions of these stopes, some with considerable level and rise development by GMA (but never extracted), constitute a major component of the resource included in this report.

The key outcome of this study is that drillcore intersections are an excellent guide to the location and orientation of the reef structures, and the presence of key indicators and gold. However, drillhole grades greatly under-estimated the gold resource, and only later development sampling identified the production opportunities.

In this study, we have identified resource outlines (polygons) using drillhole intersections and development headings, however we have used either development sampling or production records to assign the grades where available. Where production grades have been assigned, the bottom (lowest) value for recovered grade was used for each period. This was done as all reporting periods involved blending of multiple feed sources and therefore the base grade was applied to all these production areas. Utilising a mill-recovered grade was considered to be a further discounting of the gold resource, as the mill treatment process* between 1934 – 59, did not recover between 2.5 and 5g/t Au (based on tailings assay data). This equates to a discount of 12 – 25% based on an assignment of recovered production record grade instead of a calculated head grade.

*** Note: Detailed metallurgical bulk sample testwork in 2008 has shown that all of the gold is free milling and recoverable.**

Grade variation between average drillcore sampling and production sampling ranged from 1.85g/t to 22.7g/t Au. Extensive sampling of mineralised (key sulphide-carbonate-mica mineral assemblages) zones peripheral to gold-bearing quartz veins, consistently provided grades of ~3g/t Au. This has been applied as a background development and stope dilution grade, where data is unavailable. Application of minimum mill production grade, or stope assay grade where available, had a sensitivity impact of varying the resource grade between 6.67 and 11.2g/t Au.



Table 2: Grade sensitivity on underground gold resource

Grade Sensitivity for gold resource - comparison of production vs stope vs ddh intercept grade assignment												
Name	Measured Resource			Indicated Resource			Inferred Resource			SubTotal		
	Tonnes (Kt)	Grade (g/t)	Koz	Tonnes (Kt)	Grade (g/t)	Koz	Tonnes (Kt)	Grade (g/t)	Koz	Tonnes (Kt)	Grade (g/t)	Koz
Production Grade	21.6	20.90	14.51	259.4	15.63	130.33	1733.6	10.43	581.58	2014.6	11.21	726.07
Calc Stope Grade	21.6	11.56	8.03	259.4	11.42	95.25	1733.6	5.90	329.09	2014.6	6.67	432.02

Additional Potential

Morning Star Gold’s (MCO) projects at Woods Point are well positioned for an upgrade in total resource inventory, because of their prospective geological setting and open-ended nature. MCO’s tenement holding hosts many shallow historical mine workings on adjacent deposits, considering this deposit type has a proven depth potential of 700–1200m for 3 local deposits. A conservative approach has been taken with respect to tonnage calculations, and the opportunity to test grade-factoring assignments will allow for reassessment of historical ‘lower-grade’ drillcore intercepts.

Geological Upside

The Morning Star Gold dyke hosted deposits form a unique geological opportunity whereby there is a series of quartz vein deposits at multiple orientations. The Morning Star mine has been most likened to the Norseman Gold deposits (production >5 million ounces). GMA owned and concurrently managed both the Morning Star and Norseman from 1933 to 1959, and during this period, utilised learning from both mines to successfully achieve new discoveries. GMA identified many still undeveloped gold bearing reefs that were considered lower priority than the stopes delivering an average return of ~24g/t Au. This includes recent a Morning Star Gold discovery, the Kenny Reef.

Current drilling at Morning Star has confirmed the host dyke geological unit is open-ended in both strike and depth and has been extended in width in the upper GAP Zone drilling. Gold-bearing vein and sulphide deposits have been intersected on spacing of less than 10m, in portions of the upper GAP Zone.



Grade Factoring Upside

This study (n = 8008) reviewed (in progress) the largest reef deposits of the Morning Star mine, comparing 438 drillhole intersections through these reefs with 7570 face samples collected from stope development headings.

The results show consistent increases in gold grades, with increasing sample size and density, with stope production grades being consistently 250% to 650% higher than drillhole intersection assays. Grade factoring was even higher for pre-1940 production, which could reflect the small size of early diamond drillcore – being 2cm core diameter and very high core loss.

This work has substantiated the use of diamond drilling as an integral tool for identifying vein orientation and key indicator minerals. Diamond drilling also confirms that the veins are gold bearing, but should not be used for determining an absolute grade value.

The impact of grade factoring based on this data review is that drilled resources with a drillhole intercept grade of between 1.8 and 7.2g/t have production potential grades of 16 to 33g/t gold.

The variation between stope face samples and mill records is that the average recovered grade is 32% higher than the stope sampled grade.



Table 3: Comparative Review of Drillhole Intercepts vs. Stope Face Sampling vs. Mill Recovered Grade

Grade Factoring Study (n=8008)										
Reef Name	Drillhole Stope Intersections				Stope Face Samples			Stope Production		Grade Factoring
	# of Samples	Grade Mean g/t Au	Grade Median g/t Au	~Percent Assays < 4g/t	# of Face Samples	Ave Sample Grade (g/t)	Calc'd Stope Grade (g/t)	Ave Mill Recovered Grade (g/t)	Production Period Years	
Achilles	62	7.21	2.24	70	2326	31.90	16.30	18.0 - 32.6	1942 - 55	250 - 450 %
AFloor	20	3.26	2.16	78	656	15.80	10.30	16.2 - 18.2	1956 - 59	500 - 560 %
BFloor^	25	4.91	1.39	87	333	23.90		16.2 - 18.2	1956 - 59	330 - 370 %
Burns	51	1.85	1.00	88	766	75.20	10.40	22.1 - 67.7	1934 - 39	>1200%
Campbells	52	2.38	0.90	92	333	90.10	11.60	22.1 - 67.7	1934 - 39	>900%
Exeter^	23	6.70	2.31	72	1255	34.90		18.0 - 32.6	1942 - 55	270 - 490 %
Lancaster^	25	3.02	2.77	71	381	26.50		18.0 - 32.6	1942 - 55	>600%
Stirling	31	5.01	2.16	71	569	55.10	37.10	18.0 - 32.6	1942 - 55	360 - 650 %
VFloor	29	2.19	1.23	88	899	39.00	25.80	16.2 - 18.2	1956 - 59	>700%
Whitelaw^	96	1.97	0.79	92	35	42.50	9.81	22.1 - 67.7	1934 - 39	>1100%
XFloor^	24	2.13	1.69	87				16.2 - 18.2	1956 - 59	>700%
AVERAGE	438	3.69	1.69	81	7570	39.90		~24 g/t	1934 - 59	
Average CSG					5601	42.90	18.10	~26.5 g/t*		

^ = data modelling still in progress

* = Sampling of stamp battery tailings dump had min. ave grade = 2.5g/t Au; therefore Production Grade >=26.5 g/t Au

A series of bulk sampling studies were carried out on the Morning Star Surface deposit between 1995 and 1997. Grade factoring was observed, with the grade variation ranging from 1.9 to 4.1g/t between small grab samples versus the large bulk sample. This testwork was done on the part of the Surface deposit which has been classified as a Measured Resource of 736,000t @ 2.0g/t Au.

An important note on the drillhole intercept assays is that greater than 80% of all intersections through the major production reefs assayed below 4g/t Au, although these reefs had a production history of 24g/t Au recovered grade.

New Discoveries Upside and Exploration Targets

This study has identified a series of quartz filled and sulphide enriched structures that are consistently measuring between 0.5g/t Au and 6.17g/t Au with the bulk of these zones being 1.0 – 3.0g/t Au. These zones carry the key mineralogical indicator sulphide-carbonate-sericite assemblage, which has been observed in the main production reefs.



Preliminary 3d modelling has observed that a number of these intersections are aligned within distinct planar orientations and have now been classed as definable independent reef occurrences. The identification of these intersections into a common planar orientation has defined a “ReefGroup” where these intersections may be the equivalent of a series of interconnected en echelon quartz veins. **Where adequately close drillhole spacing is available as in the current Gap Zone drilling on the Kenny and Maxwell reefs, this interconnection of veins appears to be associated with a reverse fault system and a newly discovered offset of the host dyke along its eastern contact.**

Further to the discoveries of the Kenny, Maxwell and Sydney reefs, and the extensions to Whitelaws reef, the drilling database at the Morning Star mine has identified potentially >50 new gold bearing zones of which 36 have been named ('NRxxxx') in Table 4.

The Grade Factoring study has shown that drillhole intercept assay results greatly underestimate the resource grade for all major production reefs studied.

An ongoing review of all drillhole intercepts has identified that the New Reefs ('NRxxxx') have grades similar to the drillhole intercept grades of the major production reefs (ranging from 1 – 3g/t Au) – shown in Tables 3 and 4. This data highlights the new prospectivity of these zones and provides MCO with a number of gold-bearing quartz vein targets requiring further testing. **At this point in time, any one of these targets has the potential to become a major production reef similar to those detailed in Table 3.**

Table 4 has had a top cut to remove the outlying highest grade drillhole assay, but in these type of deposits, top-cutting has never been applied by GMA as it further discounts the drillhole intercept grade and results in a calculated grade that is an order of magnitude below the historical production grade. GMA used development sampling as a guide to grade, but ultimately average historical production grades provide the best tool for future grade assignment.

The outcome of this ReefGroup summary is to prioritise exploration targets based on a combination of the size/orientation of the host structure and its relative position within the host dyke.

Table 4: Resource Grades by drillhole intercept only (with top-cut applied). Top-cutting was never been applied by GMA as it further discounts the drillhole intercept grade and results in a calculated grade that is an order of magnitude below the historical production grade.





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REEF GROUPS - Cut GRADES
Report 4: Incremental

Comment: REEF GROUPS							
REEFGROUP	Volume m3	Density SG	Tonnage Tonnes	AU G/T Au g/t	AU G/T P OZ	Tonnage Mined Tonnes	Tonnage Remaining Tonnes
A14F	26,944.320	2.730	73557.994	0.67	1,590.7	3031	70527
ACH	101,254.615	2.730	276425.099	2.19	19,460.0	132664	143761
AFL	29,138.889	2.730	79549.168	2.61	6,685.3	12992	66557
ATL	11,277.632	2.730	30787.934	2.50	2,473.4	24360	6428
BEA	1,524.000	2.730	4160.520	1.35	180.2		4161
BFL	24,079.200	2.730	65736.216	4.77	10,083.3	9128	56608
BRN	57,363.511	2.730	156602.385	13.60	68,481.4	43991	112611
CAM	29,992.370	2.730	81879.171	3.73	9,811.6	18057	63822
CFL	12,557.760	2.730	34282.685	0.52	570.0	977	33306
CLK	11,887.200	2.730	32452.056	3.71	3,865.7	2004	30448
DFL	9,083.040	2.730	24796.699	0.70	555.2	1071	23726
DIK	32,308.869	2.730	88203.212	3.09	8,773.2	9418	78785
EFL	6,888.480	2.730	18805.550	1.35	818.5	349	18457
EXE	51,998.898	2.730	141956.991	1.59	7,242.0	22395	119562
GFL	1,950.720	2.730	5325.466	4.62	791.8		5325
KEN	7,315.224	2.730	19970.562	18.78	12,057.4		19971
LAN	16,215.360	2.730	44267.933	1.03	1,465.4	10121	34147
MAX	10,119.375	2.730	27625.893	10.02	8,898.3		27626
N4I	10,424.160	2.730	28457.957	0.94	862.5		28458
N8	5,425.440	2.730	14811.451	0.52	247.9	1036	13775
N9A	7,680.960	2.730	20969.021	1.10	743.9	1875	19094
N9B	1,219.200	2.730	3328.416	0.17	17.7		3328
N10	10,728.960	2.730	29290.061	2.10	1,981.8	1072	28218
N11	3,596.640	2.730	9818.827	0.61	194.0	541	9278
R NR5000	15,179.113	2.730	41438.978	1.63	2,169.5		41439
R NR5100	12,435.863	2.730	33949.907	1.33	1,453.4		33950
R NR5200	5,608.320	2.730	15310.714	0.65	320.1		15311
R NR5300	2,682.240	2.730	7322.515	1.72	404.2		7323
R NR5400	10,241.327	2.730	27958.824	1.88	1,691.0		27959
R NR5500	5,913.120	2.730	16142.818	6.17	3,201.0		16143
R NR5600	1,036.320	2.730	2829.154	5.27	479.3		2829
R NR5700	3,962.400	2.730	10817.352	0.07	22.6		10817
R NR5800	7,071.360	2.730	19304.813	1.42	881.3		19305
R NR5900	1,950.720	2.730	5325.466	1.39	237.6		5325
R NR6000	975.360	2.730	2662.733	1.27	108.7		2663
R NR6100	1,584.960	2.730	4326.941	1.24	172.5		4327
R NR6200	731.520	2.730	1997.050	0.92	59.1		1997
R NR6300	1,158.240	2.730	3161.995	2.40	244.0		3162
R NR6400	731.520	2.730	1997.050	0.00	0.0		1997
R NR6500	121.920	2.730	332.842	0.00	0.0		333
R NR6600	182.880	2.730	499.262	0.00	0.0		499
R NR6700	60.960	2.730	166.421	0.00	0.0		166
R NR6900	121.920	2.730	332.842	0.00	0.0		333
R NR7000	121.920	2.730	332.842	0.00	0.0		333
R NR7200	121.920	2.730	332.842	0.35	3.7		333
R NR7300	670.560	2.730	1830.629	0.00	0.0		1831
R NR7700	243.840	2.730	665.683	0.00	0.0		666
R NR7800	1,280.160	2.730	3494.837	0.00	0.0		3495
R NR7900	365.760	2.730	998.525	0.00	0.0		999
R NR8200	243.840	2.730	665.683	1.08	23.1		666
R NR8300	21,336.000	2.730	58247.280	1.65	3,084.4		58247
R NR8400	426.720	2.730	1164.946	0.79	29.4		1165
R NR8500	1,706.880	2.730	4659.782	1.46	219.4		4660
R NR8600	5,364.480	2.730	14645.030	2.37	1,113.9		14645
R NR8700	1,889.760	2.730	5159.045	0.56	93.5		5159
R NR8800	17,800.320	2.730	48594.874	0.73	1,143.2		48595
R NR8900	3,657.600	2.730	9985.248	2.56	820.5		9985
R NR9000	13,106.400	2.730	35780.472	0.68	777.0		35780
R NR9100	11,460.480	2.730	31287.110	1.94	1,954.5		31287
R NR9200	3,291.840	2.730	8986.723	0.89	255.8		8987
SEF	4,572.000	2.730	12481.560	1.09	436.9	1482	11000
SHM	3,474.720	2.730	9485.986	9.61	2,930.7	2021	7465
SHP	1,706.880	2.730	4659.782	0.13	19.7	815	3845
STL	71,506.085	2.730	195211.611	1.87	11,765.0	79972	115240
SYD	7,132.320	2.730	19471.234	9.87	6,175.9		19471
TIL	3,657.624	2.730	9985.314	0.90	289.9	3583	6402
VFL	50,292.009	2.730	137297.185	0.57	2,537.6	22331	114966
WHT	119,542.638	2.730	326351.402	0.69	7,277.5	176868	149483
XFL	7,985.760	2.730	21801.125	2.09	1,467.6	472	21329
R UNKNOWN	42,793.943	2.730	116827.465	2.61	9,821.6		116827
Total	948,477.346	2.730	2589343.154	2.78	231,536.6	582626	2006717

1934 - 1959 Production History = 582,626t @ 24g/t Au recovered grade





Tonnage Upside

The continuity of geological structures and key mineral indicators provide for an extremely high order of confidence, on tonnage calculations. Polygon modelling has discounted design thickness by an average of 8-32% (depending upon reef plane orientation). This provides for further upside to tonnage figures (see Table 5).

Table 5: Tonnage upside by minimising reef resource outline thicknesses to 8 – 32% thinner than traditional historical stopes

Comparison of modelled reef thickness vs actual stope thickness Measured perpendicular to the reef plan (true thickness)				
Reef Name	Polygon Design Dhole Calc'd True Thickness (m)	Stope Actual True Thickness (m)	Tonnage Upside %	Reef Plane Orientation (GDA94_North) azimuth/dip (Right Hand Rule)
Achilles	1.26	1.39	10.32	316.02/-49.74
A-Floor	1.17	1.4	19.66	335.65/-48.88
Burns	1.58	1.85	17.09	285.00/-28.82
Campbells	1.37	1.82	32.85	304.76/-30.78
Stirling	1.29	1.42	10.08	299.50/-49.62
V-Floor	1.05	1.2	14.29	324.13/-62.34
Whitelaws	1.87	2.03	8.56	207.13/-12.38

Regional Project Upside

Morning Star Gold have expanded their tenement holding tenfold in the current year, to encompass a series of dyke-related mines with a production history of ~1.8 million ounces of gold.

New geological models developed at Morning Star Gold are being implemented into an exploration model for various mine extensions within a geological corridor inside an 11km radius of the Morning Star mine operations. Drilling is underway at the Waverly Dyke and modelling is underway on the All Nations, Loch Fyne and Comet gold mines, and the Shamrock gold-copper mine.

Both the Loch Fyne and Shamrock (and the Morning Star mine) have documented occurrences of platinum and palladium bearing primary magmatic sulphide mineralisation. **All these preliminary targets are within 4km of the Morning Star.** Reporting on the regional projects will occur later in 2008.





Overview of Key Outcomes

In June 1998, a preliminary resource target overview was carried out on the upper levels and surface gold deposit of the Morning Star Gold Mine. Since then, MCO has carried out ~7,000 metres of diamond core drilling, relined the Main Shaft to 305m vertically below surface (RL 1400m) and refurbished access down to the original No. 10 Level of the Morning Star mine. Several underground stopes were mapped and surveyed and four bulk sampling and metallurgical testwork programs were carried out.

The outcomes were:

- GMA records were of excellent quality and up to date;
- Ground conditions were open and stable, verifying historical reference on the long term stability of mine openings in the dyke hosted mines;
- Bulk sampling grades matched or exceeded expectations from historical records, with multiple occurrences of visible gold in existing headings;
- Geological exposures of both quartz vein and mineralised dyke host rock confirmed gold distribution and geological models;
- Interpretations made in 1998 were considered to still be valid;
- There were no observations made since 1998 that would discount the value or confidence of the geological interpretations and models developed for the Morning Star Mine.
- The host dyke body remains open in all directions and has continued to be expanded in size through current drilling programs;
- All significant historical production reefs (so far reviewed) have been shown to also be open, from both current drilling and assessment of underground development headings;
- High grade reefs in the upper GAP Zone, not developed after 1940, have been validated through face sampling of development and stope faces;
- New high grade reefs have been discovered in the upper GAP Zone, with three reefs (Kenny, Maxwell and Sydney) having multiple visible gold drill hole intersections, and adequate geological confidence to be described as newly named structures;
- Several other gold-bearing new reefs have been intersected and modelling and naming of these reefs will be carried out in due course as drilling proceeds;





- Continued historical data review and modelling, combined with new drill detail, has lifted the confidence in the usability and value of historical data and has established some baseline studies on grade factoring;
- The bulk sampling and production data review supports that larger sample size studies yield higher recovered grade, and that there is a consistent upgrade in gold concentration values from drillhole samples to production samples;
- Sampling and data review has shown that drillhole intersections of major reefs have average grades of 3.69g/t Au, which increase to average stope sample grades for the quartz reefs of 18.1g/t Au and average production grades of 26.5g/t (based on a study of the ten major stopes in production between 1934 and 1959 [n = 8008]);
- These geological models are now being applied to a variety of regional targets within an 11km radius of the Morning Star mine site. For many of these dyke-hosted deposits, this activity makes the first new geologically driven modelling since these mines operated 50-100 years ago. (This tenement holding of Morning Star Gold has a production history of ~1.8 million ounces of gold);
- Drilling has commenced on the Waverly Dyke (1.5km to the west);
- Modelling has commenced on the All Nations (132,000 oz Au), Loch Fyne (109,000 oz Au), and Comet (64,000 oz Au) deposits.

Consultant's Comments

1. The grade assignment process and optimisation of grade factoring process both have the opportunity for substantial upside in the assessment of gold bearing resources. Opportunities exist to further our understanding and application of these methods. It is recommended that this study be completed with full use of the historical archival database and that pilot mining operations be closely sampled to develop a new data set to validate observations documented in the archival data. Upon completion of this work, application of grade assignment and factoring can be re-validated.
2. The Morning Star dyke has had a series of recommended Specific Gravity (SG) values ranging from 2.65 to 2.8, depending upon rock type and relative quartz-sulphide ratios. This study has used the mid-point SG of 2.73, however it is recommended that an SG study be carried out to re-validate this assignment.





3. This resource study has focussed on the underground mineralisation between historical mine levels No. 5 and No. 21 (between 151m and 726m below collar of shaft). Surface resources below the RL1800m (74m above collar of shaft) and deeper targets have been reviewed to confirm that there were no changes in previous interpretations and confidence levels. These areas have further opportunity for targets with additional review.
4. The drillhole database has in excess of 500 diamond drillholes, however 20-25% of the drillholes have geological logs without assay logs. These assay logs are likely to be contained in the GMA archived microfilms. It is recommended that the microfilm data is sourced and utilised to its maximum potential.
5. The resources have been initially modelled as individual tabular bodies. With an increase in new data, it would be recommended to develop a block model.
6. Numerous new and historical mineralised zones have been identified (some have been named) and 3-d modelling studies will have the opportunity of aligning some of these into continuous structures. This would create significant high priority exploration targets that could be readily validated by diamond drilling.

Report Contributors

Resource Compilation

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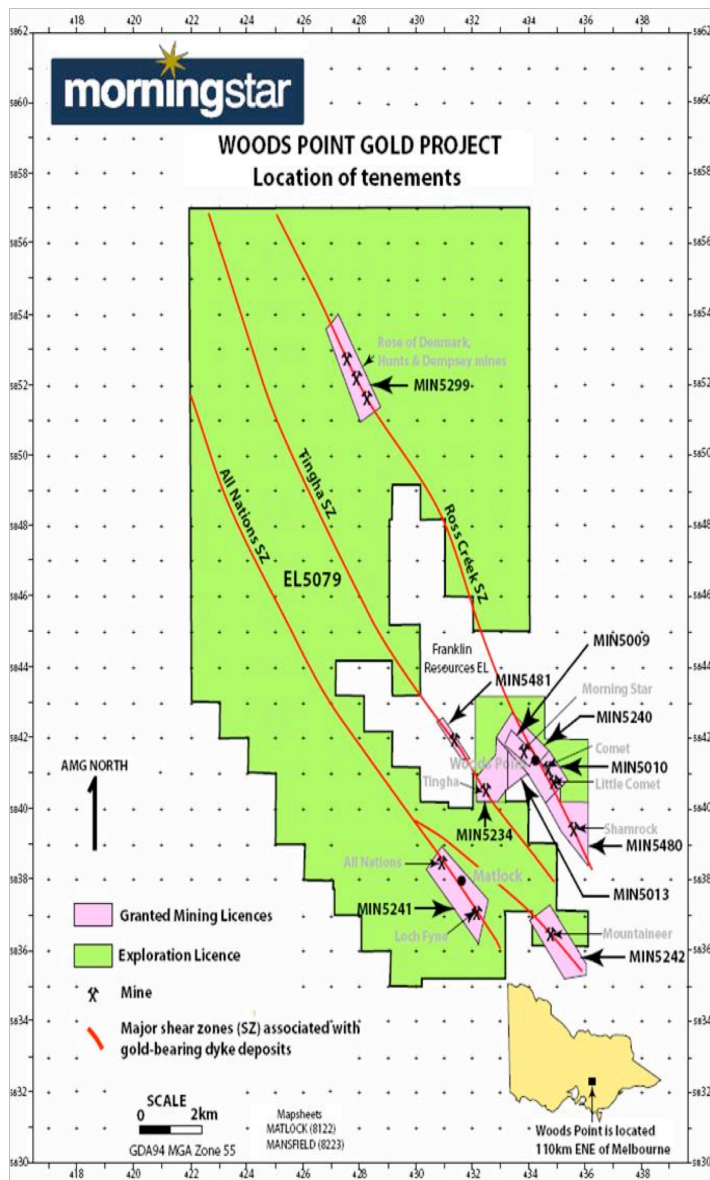


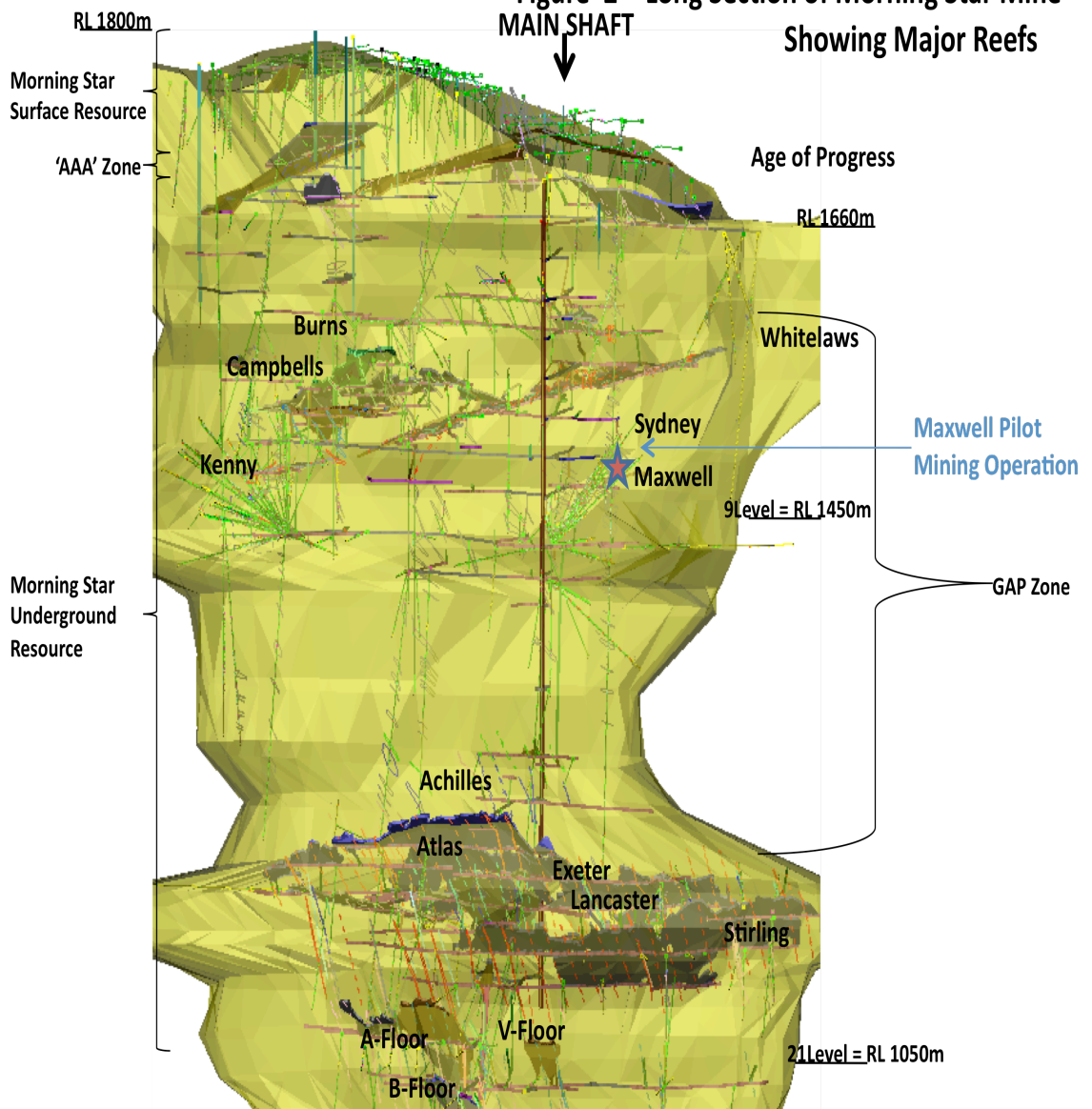
Figure 1: Project Location and Tenement Plan

This map depicts the Morning Star Gold 100% held tenements as at Q1 2008. Since that time, both MCO's Exploration Licence Applications have been granted as EL5079 and EL4320. Additionally, Mining licence Application MINa5489 has been granted to MCO. MIN5489, which covers area of the Waverly line of workings, joins MIN5481 southeast to the main group of MCO tenements surrounding the Morning Star mine, along the Tingha Shear Zone.





Figure 2 – Long Section of Morning Star Mine
Showing Major Reefs

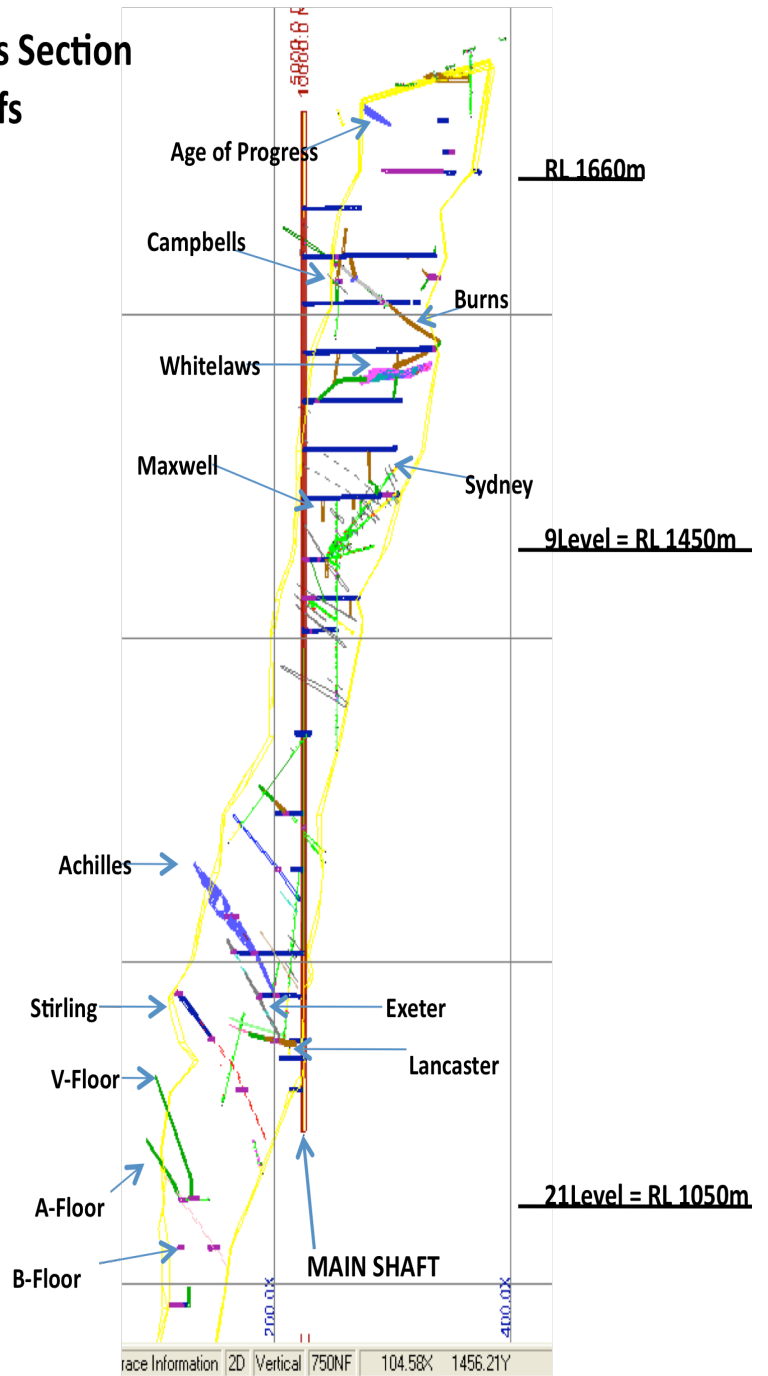


This long-sectional view depicts the Morning Star mine, and each of the major reef structures reported on. The Maxwell Mining Project zone is depicted to the right of the main shaft with a red star. It is in the upper portion of the mine's 'Gap Zone', where drilling has been taking place recently.





Figure 3: Main Shaft Cross Section with Major Reefs



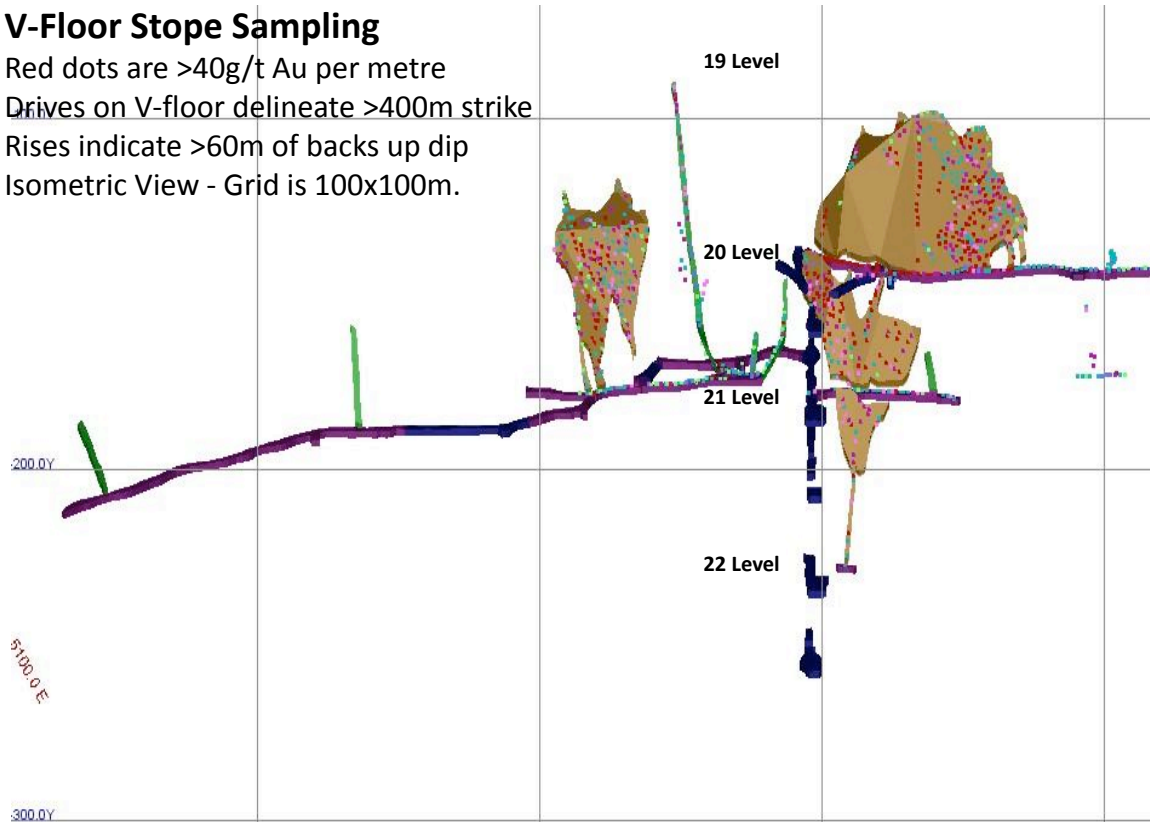
This cross-sectional view depicts the Morning Star mine and the major reefs therein.





V-Floor Stope Sampling

Red dots are >40g/t Au per metre
 Drives on V-floor delineate >400m strike
 Rises indicate >60m of backs up dip
 Isometric View - Grid is 100x100m.



This diagram depicts the V-Floor, one of MCO's key resource targets. The extent of development on the level, rising between levels and drill data outline a further 115,000 Tonnes in the V-Floor Resource. This diagram can be read in relation to Tables 3 and 4. As per Table 3, 29 intersections through this zone, averaged 2.19g/t, yet the calculated stope grade was 25.8g/t.

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Forward Looking Statements

This presentation 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 presentation.

Competent Persons Statement

The information contained in this report relating to mineral resources, was compiled Morrie D. Goodz who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, and has twenty-three years of 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. Mr. Goodz is a fulltime consultant with Goodz & Associates GMC Pty Ltd. Mr. Goodz consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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