

ASX Release – Wednesday 19TH Sept 2007

- ◆ **HIGH GRADE GOLD ASSAYS TO 274.3g/t IN LATEST CHANNEL SAMPLES**
- ◆ **BULK SAMPLES FOR METALLURGICAL ANALYSIS VERY ENCOURAGING**
- ◆ **DIAMOND DRILLING AT MORNING STAR SOUTH INTERSECTS DYKE BODY**

HIGHLIGHTS

- MCO continues extensive Channel Sampling at Morning Star mine on recently accessed 7 Sub-Level ~240 metres underground.
- 35 Channel Samples returned an Average Assay of 39.66g/t Au.
- Sampling indicates a substantial and highly promising ore target on the 7 Sub-Level.
- 3 Bulk Samples for Metallurgical Analysis extracted from the Morning Star mine. 1st Sample shows very encouraging gold recovery.
- Deep Diamond Drilling at Morning Star South – 1st Hole (MS366) intersects a previously untested dyke body at 71m. 2nd Hole (MS367) has commenced.

For more information, please see detailed summary over page and visit our brand new website: www.morningstargold.com.au

You can also sign up to Morning Star's E-Alerts on the website.

◆ **HIGH GRADE GOLD ASSAYS TO 274.3g/t IN LATEST CHANNEL SAMPLES**

Details of Channel Sampling of 7 Sub-Level

A total of 35 Channel Samples were taken on a newly accessed area of the Morning Star mine, which is a Sub-Level of 7L (~240m underground).

The 7L Sub-Level was only partially developed by GMA (WMC) at the time of the catastrophic 'Black Friday' bushfires in Jan 1939, which halted production at the Morning Star mine & caused a shift away from the intact stopes on that Level.

Channel Samples comprised 2-5kg of material taken across the whole width of accessible underground reefs on 7 Sub-Level towards the northern limit of the mine workings. Approximately 150 lineal metres of reef were sampled along strike.

Samples assayed as high as 274.3g/t Au. (from 600mm reef) and the entire 35 Samples averaged significantly over an Ounce Per Tonne Au. or 39.66 Grams Per Tonne Gold.

Two samples assayed greater than 200g/t Au. Four of the samples returned assays greater than 125g/t (+4ozs). A further eight samples returned grades between 32g/t and 75g/t. Another nine samples returned grades between 5.1g/t and 24.7g/t.

Two exposed Quartz Reefs on the 7 Sub-Level were sampled, including a moderately thick reef interpreted as a down-dip extension of the historically rich Whitelaw's Reef varying in thickness from 100mm – 1,400mm with an average thickness ~ 500mm. The 2nd Quartz Reef sampled is a laminated vein above Reef 1, varying in thickness from 10mm - 275mm with an average thickness ~ 120mm.

Both Quartz Reefs sampled on the 7 Sub-Level carried high-grade gold.

Conclusions on Channel Sampling on 7 Sub-Level

Because of the consistent high grades, the area sampled represents a highly promising ore target. The volume of historic workings is relatively small and the potential exists for further development and exploitation of the Quartz Reefs to the north, east and west on the 7 Sub-Level.

The Quartz Reefs sampled are intact and cross a block of Whitelaw's Floor extending ~ 60m x 200m beyond the limit of the historic workings proving the continuity and strong development of Morning Star reefs into virgin untested areas of the dyke within the 'Gap Zone' of the Morning Star mine.

The Sampling proves the accuracy, consistency and applicability of extensive historical GMA (WMC) surveying records held by MCO. It also proves the tenor of Quartz Reefs within the Morning Star mine is consistent & repetitive.

The Sampling will now form a key component of planning for imminent resource definition drilling within the 'Gap Zone' of the Morning Star mine.

Background of Channel Sampling Program at Morning Star mine

As the mine has been gradually dewatered, re-furbished and re-accessed, Levels 4 to 9 have been sampled and some significant assays have been recorded.

~200 x 2-->5kg Channel Samples taken to date average 68.5g/t Au. Many samples have returned assays higher than 500g/t Au. (+15oz/t), which is encouraging for economic mining potential of the reefs sampled.

At all times it is Morning Star's intention to sample areas with potentially economic tonnages of host-rock rather than unusable remnant areas of the old mine.



◆ **BULK SAMPLES FOR METALLURGICAL ANALYSIS VERY ENCOURAGING**

As reported in the last Quarterly Report, a program was designed and commenced to test Morning Star ore-grade material for two key indicators: ***R.O.M. Metallurgical Recovery and Grade Factoring Analysis***.

To establish R.O.M. material, three of a planned six bulk samples have been taken from the Morning Star mine. The Bulk Samples are representative of high-grade laminated quartz vein ore versus stockwork/breccia vein ore & have been collected and processed in a certified NATA metallurgical testing facility, to ascertain the type, size and nature of gold distribution, along with the identification of suitable methods for recovery and anticipated gold recovery rates.

Initial Metallurgical Findings

1. Bulk Sample Metallurgical results suggest a standard processing of the ore would deliver 93% gravity recovery of free milling gold and 99% recovery with 2 hours of leaching.
2. Considerable Capex and Opex savings are obtainable by coarse grinding to only 250 microns, which would deliver 88% gravity gold recovery and up to 98% recovery on 8 hours leaching.

◆ **DIAMOND DRILLING AT MORNING STAR SOUTH INTERSECTS DYKE BODY**

The 1st Hole (MS366) of a four hole, 1500m 'HQ' diamond drilling program at 'Morning Star South' dyke was completed at 151m. Drilling intersected dyke at 71m from surface.

Hole 2 (MS367) is underway.

The dyke body currently being targeted is either an untested separate dyke proximate to the large Morning Star dyke **OR** represents a significant expansion of historically known dyke material within the Morning Star dyke.

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