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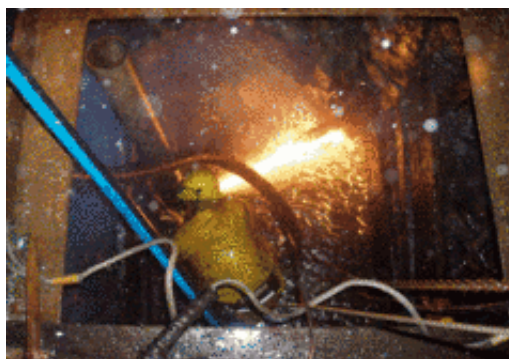
Morning Star Hits It Rich In The Gap Zone

By Our Man In Oz

When an ore sample assays 53 ounces of gold to the tonne, not 53 grams (which would be eye-catching enough) something seriously interesting must be happening in the rocks being explored. That is certainly the case at the Woods Point project of Morning Star Gold, a largely overlooked Australian explorer planning to re-develop what was once one of Australia's top goldfields. Rich, but narrow veins, were always a highlight of the Woods Point area, part of the rugged hill country of eastern Victoria. During its 101 year production history which ended in 1963, a series of mines at Woods Point yielded more than 1.6 million ounces of gold at an average grade of 26 grams a tonne, not far short of the magic one ounce to the tonne (31.1g/t) which the old-timers craved. So far, only a handful of investors have discovered the work of Morning Star, though the rise in its share price from A12 cents to A30 cents over the past six months is a pointer to the growing level of interest.

The key belief underpinning work at Woods Point is that the early miners, including the one-time leader of Australian resources, Western Mining Corporation, left a lot of gold behind, especially in Morning Star's namesake mine, the Morning Star. Max Garling, a Sydney-based lawyer who has been in charge of Morning Star, including its time when trading as Mt Conqueror Mines, told Minesite during a visit to his Sydney office that the most exciting aspect of site work was exploring the so-called "Gap Zone". Garling said the zone was an area of highly prospective mineralisation which was never mined. "The old-timers work down to the number eight level (out of 23 levels), and then skipped the next seven to chase the highest grades. We've found high-grade gold left behind in levels four-to-seven, and we're planning to start fresh underground drilling into the Gap Zone after Easter."

Garling, who has handed much of the day-to-day work at Morning Star to his investment banker son, Nick, said that while the Morning Star mine itself was the primary focus a regional exploration project has started in the hunt for more gold-rich structures. "A



Morning Star Mine - shaft refurbishment

regional drilling programme will start in July," he said, before dashing off to leave the rest of the explanation to Nick, who took up the story of Woods Point with gusto, starting with an historic snapshot of the region which ranks as the biggest hard-rock gold-bearing region in Victoria after the leaders, Bendigo and Ballarat.

"If you look at a plan of the early work at Morning Star you can see a series of production levels," Nick Garling told Minesite. "The earliest alluvial miners recovered more than 250,000 ounces, before moving on to Morning Star Hill which yielded another 250,000 ounces. As they went deeper the number four to number seven levels produced around 100,000 ounces, but between there and the number 15 level they effectively abandoned mining and plunged directly down to work between levels 15 and 19 for another 200,000 ounces. What we have inherited is a mine, which has a large untested zone, what we call the Gap Zone, and the ground below the 22 level which is also untested."

Nick Garling said there were three elements to work planned in the Woods Point project area for the rest of 2007. "We've got the underground drilling about to start in the Morning Star mine, followed by exploration drilling on a series of dykes, and channel sampling to locate bulk sample locations." While that exploration work continues, Morning Star is also pushing ahead with refurbishment of its namesake mine to accelerate access to the old workings and clear the way for drill crews. He said the best recent sampling results from the old mine included one assaying 1663.2 grams a tonne (53 ounces) from the number five level in the mine, with 14 of 19 samples weighing between two-to-three kilograms assaying more than 32.96g/t.

Stockbrokers have been slow to pick up the Woods Point story, partly because attempts to redevelop the historic workings have been underway for several years, first under the name of Mt Conqueror, and now Morning Star. For much of the past few years the stock has struggled to get above A15 cents. But, among the growing band of followers are research analysts at the boutique Sydney brokerage, Martin Place Securities, who told clients earlier this year that Morning Star was "one of the most attractive gold exposures in Australia".

Martin Place Securities said in its research report that: "the majority of the known resources are contained within quartz veining located beneath old workings. Morning Star's geological model has suggested the regular repetition of mineralised veins resulting from deformation, which could potentially increase the project resource and the ore tonnage per vertical metre. Morning Star believes the project has the potential for two-to-three million ounces of gold."

The proof of that belief, and perhaps the issue which will determine the future of development plans at Woods Point, will become clearer in the weeks after Easter as underground drilling reaches the Gap Zone. If, as Max and Nick Garling believe, the old-timers left behind a large resource which is relatively close to the surface Morning Star could be in production quickly. Extracting deep ore beyond the old WMC workings will be more difficult.

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