



## Golden gap revisited

Wednesday, August 15, 2007

### **One of Australia's richest gold mines may be close to giving up its legendary lode - so we're buying in.**

The mystery of the "missing gap" in the ore body of Victoria's historic Morning Star gold mine may soon be solved, with three diamond drilling rigs about to probe the old mine's secrets.

If all goes to expectations, shareholders in **Morning Star Gold NL** (ASX code: MCO) should be richly rewarded.

Morning Star Gold's key project area surrounds the town of Woods Point in the northern part of Victoria's Gippsland region. It's about three hours by road east-north-east of Melbourne. The old Woods Point goldfield, extending from Jamieson in the north to Walhalla in the south, was one of the most significant minefields in Australia's history. It yielded some 155 tonnes - or more than 5 million ounces - of gold from over a century of mining with an average ore grade exceeding 27g/t. The Morning Star mine produced nearly 20% of that between 1861 and 1963.

From the late 1920s, the mine was managed by Western Mining Corporation subsidiary Gold Mines of Australia. (It's quite spooky to read old mine geology records handwritten by a young L.C. Brodie-Hall and sent to his also-young boss, Lindesay Clark, in Melbourne. Clark later became WMC chairman and Brodie-Hall the boss in WA during the 1960s nickel boom.)

WMC worked the mine down to a depth of 250m, extracting a succession of rich quartz reefs to Level 9 of the mine. The catastrophic "Black Friday" bushfires of January 1939 wiped out

the whole town of Woods Point and the entire above-ground infrastructure of the Morning Star mine. The lack of infrastructure and the departure of many miners during World War II caused WMC to stop mining at Level 9 and sink the shaft deeply in search of a new rich reef. Between levels 18 and 19, WMC found and mined the famous "Achilles" reef, which yielded more than 250,000oz, one of the richest single reefs mined in Australia. The mine closed in 1962 due to low gold prices (\$US35/oz) and the high cost of electricity to pump out groundwater (Woods Point wasn't on the state grid).

The new owners, after years of computerising old mine records, have de-watered and refurbished the mine, winder and lifts to Level 9. Three company-owned diamond drills will test the unexplored 600m thick "gap zone" with a resource target in mind of 1.5 to 2 million ounces and a regional target of 5 million ounces.

At 27c, Morning Star has a market value of \$26.6m, has no debt, but \$2m cash plus an underwritten options issue that will deliver \$13.25m by December 2008.

<b>OW THE PORTFOLIO STANDS</b>					
	<b>COMPANY</b>		<b>BOUGHT</b>	<b>COST (\$)</b>	<b>NOW (\$)</b>
6000	Image Resources	IMA	9.01.06	av .93	2.28
6000	Andean Resources	AND	9.11.06	av .322	.895
2000	TZ	TZL	10.01.07	av 2.65	2.17
20,000	Victoria Petroleum	VPE	11.01.07	.225	.165
20,000	Admerex	ADL	1.02.07	.056	.072
3500	Sino Strategic International	SSI	15.02.07	av 2.60	2.12
40,000	Orient Resource Holdings	ORH	22.02.07	av .104	.11

10,000	Navigator Resources	NAV	22.02.07	av .51	1.14
1666	Magnetic Res. ctg	MAU	16.03.07	free	unlisted
8000	Magnetic Res.	MAU	31.03.07	av .188	.235
40,000	Viralytics	VLA	3.05.07	.089	.074
5000	Amadeus Energy	AMU	17.05.07	.88	.76
4000	TNG Ltd	TNG	7.06.07	.56	.58
5000	Cooper Energy	COE	7.06.07	.64	.735
4000	Australis Aquaculture	AAQ	19.06.07	.545	.505
5000	Prairie Downs Metals '08 ops	PDZ	28.06.07	.80	.63
30,000	Central Petroleum	CTP	26.07.07	.19	.235
40,000	Morning Star Dec '08 ops	MCO	9.08.07	.11	.11
<b>Total value of portfolio</b>					<b>\$82,605</b>
Owe the bank					-\$8,387

Portfolio change from Dec 29, 2006 +85.5%

Gain in All Ords since Dec 29, 2006 (5644) +9.6%

The Speculator's portfolio is notional, based on prices and turnovers in the week before publication. It commenced with \$40,000 in shares at end of 2006 market valuation. The Speculator's family holds shares in TZ Ltd.