EL 23569
Partial Relinquishment Report

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14 / 01 / 2013
EL 23569 Summary

Orion Exploration Pty Ltd is the registered holder of EL 23569. Orion Exploration Pty Ltd is completely (100%) owned by the beneficial holder Resource Star Limited. On 14/06/2012 Resource Star Ltd applied for variation of covenant. EL 23569 was reduced to blocks to 52 blocks on 26 / 06 / 2012. (Refer to blocks map below). EL 23569 is known as Woolgni. Also, the annual Group Report GR149/10 occurs on the anniversary of EL 23569

Current EL 23569 Status

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Registered Holder</th>
<th>Beneficial Holder</th>
<th>Date Granted</th>
<th>Expiry Date</th>
<th>Area/Block</th>
<th>Expenditure Covenant</th>
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<tbody>
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<td>EL 23569</td>
<td>Orion Exploration Pty Ltd</td>
<td>Resource Star Limited</td>
<td>17 Jun 03</td>
<td>16 Jun 12</td>
<td>52 Blocks</td>
<td>$ 70,000.00</td>
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</tbody>
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EL 23569 Remaining 52 Blocks (Green Colour Blocks) after the Relinquishment of 40 Blocks.
Reason For Partial Relinquishment

Resource Star has not been able to do as much work specifically on EL 23569 as we would have liked. In principle this is because we have not had a full-time geologist available solely for our projects in the Northern Territory and geological consultants have not always been able to give us the time we require. Therefore we focused on the most anomalous areas identified by the combination of geophysics, mapping and historical exploration. The relinquished ground is considered to be the least prospective.

In order to address this we have now appointed a full-time exploration manager who will be responsible for managing our programs in the Northern Territory.

Location and Access

The tenement is located approximately 250 km SSE of Darwin and 50 Km NNW of Katherine and lies within the Pine Creek and Katherine 1:250K map series. The lease is located immediately west of the Stuart Highway. Access roads and tracks off the Stuart Highway are normally limited to dry weather only. The area varies from flat terrain to moderately undulating.

Regional Geology

EL 23569 is located within the Pine Creek Inlier, which on a regional scale, hosts a number of major gold deposits. Regional deformation and metamorphism took place during the craton scale Barramundi Orogeny (1860-1850 Ma). Widespread felsic intrusive activity (Cullen Event) occurred after the Barramundi Orogeny. Granite batholiths were emplaced in the period 1850-1820 Ma and produced thermal metamorphic aureoles in country rocks overprinting regional metamorphic mineral assemblages. Synchronous with the waning of this event in the South Alligator Valley region was the development of two consecutive rift-controlled volcanic and clastic sedimentary graben-fill successions, the El Sherana and Edith River Groups (1830 Ma and 1822 Ma respectively). They are bounded by unconformities and were folded prior to deposition of McArthur Basin sediments.
EL 23569 Woolgni Geology

The gold workings are hosted and surrounded by Lower Proterozoic Burrell Creek Formation, which consists of folded greywackes, siltstones, minor conglomerate and rare tuffs. More locally, the Burrell Creek Formation forms a 60 km² inlier surrounded by the Mid-Proterozoic Cullen Batholith. In the southern portions of the tenements the Edith River volcanics have pierced the Cullen Granite and Burrell Creek Formation and in places extrusive volcanics now form a shallow cap over the older units.

Historically exploited mineralisation at Woolgni, has been associated with two trends termed the East and West workings. Gold mineralisation in both areas is often associated with quartz veins, stockworks or disseminations in the host rock. There appears to be no direct relationship between gold grade quartz, quartz veining and/or sulphide content. The sulphide assemblages consist of pyrite, pyrrhotite and arsenopyrite varying from trace amounts up to 25 %. Weathering and oxidation is intense to about 20 m and locally to 40 m. In the areas of economic importance shearing, jointing and quartz veining are more intense.

The Western system has been extensively mined to shallow depths along 400 m of strike. Trenching failed to provide economic assay data due to old workings. Two of the four sections drilled penetrated stopes at the north end where high grade material was historically mined to depths in excess of 30 m. Deeper holes in this area yielded disappointing results and the scope for additional ore appears limited to small tonnages. The stopes and veining appear to be conformable to steep west-southwest dipping sediments.

The Eastern system has been mined to shallow depths over a strike length of approximately 450 m. The most extensive old workings occur at the “E2” group of workings in the mid portion of the east system, where east and north trending quartz veins are unconformable to bedding. Most of the best trenching and drilling results were obtained from the “E2” workings where several parallel to sub-parallel one are interpreted.

Uranium Exploration

Within the EL 23569 several uranium prospects were discovered in 1952 in an intrusion of Lower Proterozoic granite (the Cullen granite) within a north trending shear zone approximately 91 - 122 m wide. Numerous siliceous reefs and shear zones are arranged echelon within the main shear zone.

Disseminated uranium mineralisation associated with hematite and apatites was identified at three locations on shear zones and was then partially mapped by BMR geologists:

- The YMCA prospects about 1.6 - 4.8 Km SE of the Edith River siding.
- The Tennysons prospects about 3.2 Km WSW of the Edith River siding.
- The Horé & O’Connor’s prospect about 8 Km WNW of the Edith River siding.

The history surface grade has been estimated as ranging from 0.1% to 0.2 % uranium. Two occurrences at the YMCA prospects were drilled in 1954, with one drill hole each in the oxide layer and one each drilled to intersect primary mineralisation, which did not encounter significant increase in grade. United Sales International Pty in 1971 noted that the disseminated nature of the occurrences did not offer easy drill targets and recommended a study to locate areas of intersecting shears, the carrying out of low level radiometrics with ground follow-up, and the identification of areas of Cambrian and late Proterozoic sediments lying unconformably on the Cullen Granite and their testing for sedimentary deposits of uranium.
EL 23569  Historical Gold Exploration

Mining dates back to 1897 when Chinese miner’s first extracted alluvial gold shed from the reefs. Mining of the hard rock source commenced soon after. Two shafts were driven into the western portion of the reef system and numerous shafts sunk. Hand-picked ore reportedly averaged 30 Oz/t. Recoded production is 3840 Oz up to 1905.

Modern exploration commenced in 1981 when Zapopan NL was granted EL’s 3199 and 3200. Seventh State drilled five diamond holes for 263 m targeting immediately under the gold workings. The drilling returned narrow 1-2m zones of low to high grade gold mineralisation including 1.1m @ 47g/t Au from 33 m. 1 m @ 17.3 g/t Au from 16 m and 8.3 m @ 3 g/t Au from 20.1 m. A zone of 8.3 m @ 3.0 g/t Au from 20.1 m was returned from the same hole.

Further work included geological mapping and rock chip sampling. A total of 143 samples were taken and analysed for gold, copper, arsenic and nickel.

In 1990, Hilltop Enterprises farmed in to earn 50% of the project. Hilltop Enterprises Pty Ltd conducted a reconnaissance geochemical survey over the Tower Prospect (located approximately 1.5 km west of the Woolgni working), targeting outcropping siltstone-greywackes of the Burrell Creek Formation, returning assays ranging from 0.21 to 31.1 g/t Au. In all samples quartz veining was rare or absent, rather the host rock was ferruginous sediment with a gossanous appearance owing to some boxwork type textures. This style of mineralisation contrasts to that at Woolgni.

Conclusion

Historic exploration within the area has largely concentrated on surface sampling with encouraging results not adequately follow up. Numerous regional targets defined from areomagnetics/radiometric have not been tested and are considered excellent potential for the discovery of significant structurally controlled (shear/fault) Gold/Copper/Uranium mineralisation.

Re-modelling and re-interpretation of the aeromagnetic data (regional magnetic/radiometric) would be required in conjunction with a ground magnetic survey for better drill target definition over strongly geochemical Au-Cu-U geochemical anomalies.

Systematic follow-up of anomalous rock chip assays in the northern east portion of the tenement with detail rock chip and soil sampling is warranted.

There are numerous prospective north-west shear zones on the tenement that have been under explored. These areas are key targets for closely spaced geochemical sampling and potentially RAB drill targets which might host high grade gold mineralisation.

The prospectivity of the anomalous rock chip areas has been considerably enhanced by the systematic geochemical sampling programme in conjunction with drilling will lead to the discovery of high grade gold mineralisation as well as possible high tonnage/lower grade mineralisation.

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