RESOURCE STAR LIMITED

Annual Report for EL 26220

For the Period 16th November 2007 to 15th November2008

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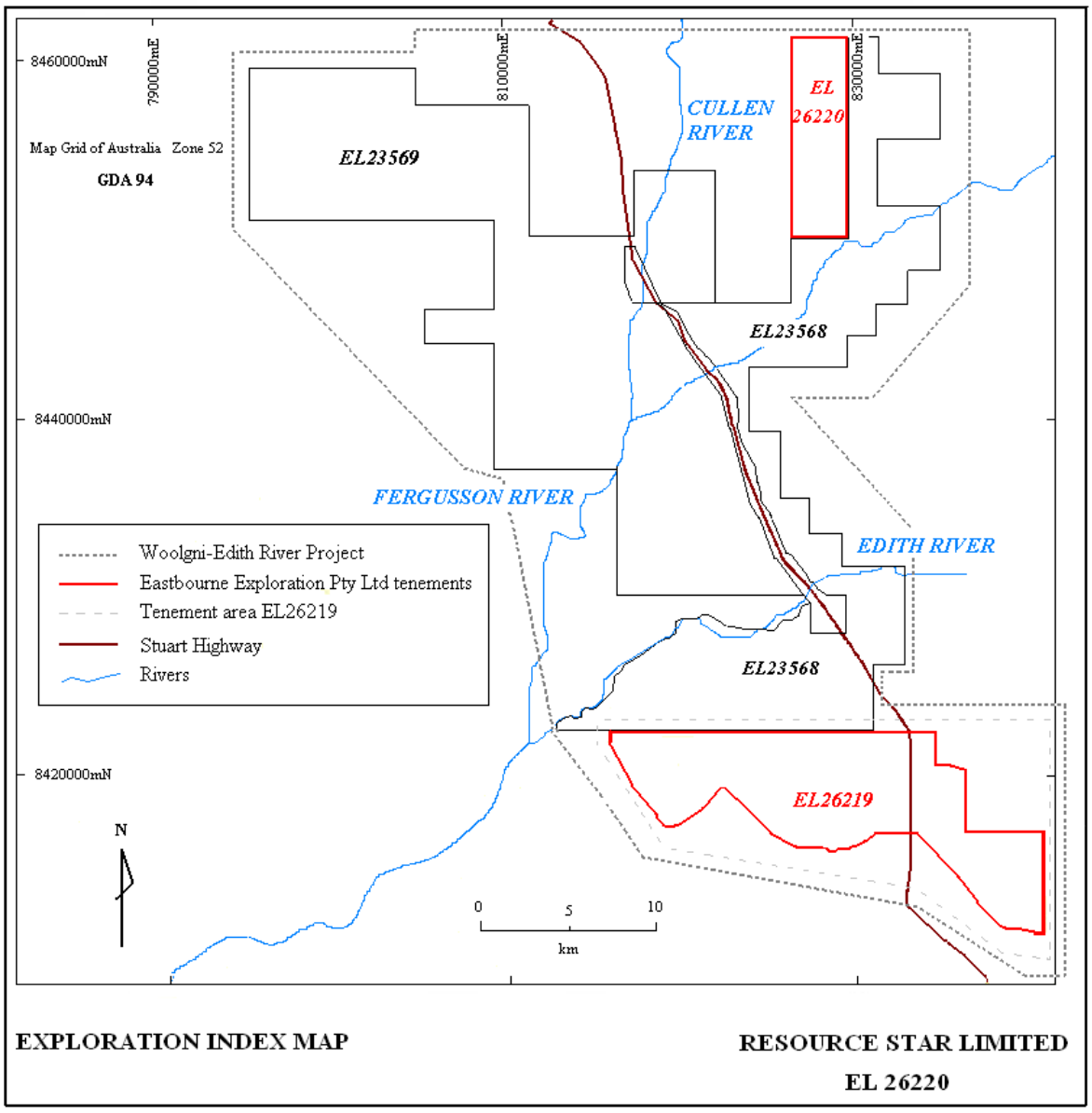
ABSTRACT

This report describes the work programme undertaken during 2007/2008 by Eastbourne Exploration Pty Ltd on their EL 26220 tenement. Situated within the Pine Creek Shear Zone in the Northern Territory, the tenement forms part of the Woolgni-Edith River Project which comprises EL23568, EL23569, EL26219 and EL26220 collectively covering approximately 750 km^2. The commodities sought are uranium and gold. Initial work consisted of historical exploration research and a site visit combined with a major review of exploration strategy and potential over the whole project area. The Company proposed an extensive exploration programme that encompassed the entire Woolgni-Edith River project. During the year the Company commenced systematic exploration of the shear zones within the Cullen Batholith, focussing primarily on areas around historical uranium prospects.

BIBLIOGRAPHIC DATA SHEET

Tenement	EL 26220
Mineral Field	Pine Creek Geosyncline
1:250 000 map sheet and code	SD5305, SD5212, SD5309
1:100 000 map sheet and code	5370, 5269, 5369
Target commodity	U, Au
Keywords	Edith River, Woolgni, Uranium, Gold, Pine Creek Shear Zone, Cullen Granite
Prospects drilled	N/A
List of elements and compounds assayed	N/A


8460000mN
790000mE
810000mE
830000mE
Map Grid of Australia Zone 52
GDA 94
EL23569
CULLEN RIVER
EL 26220
EL23568
8440000mN
FERGUSSON RIVER
EDITH RIVER
Woolgni-Edith River Project
Eastbourne Exploration Pty Ltd tenements
Tenement area EL26219
Stuart Highway
Rivers
EL23568
8420000mN
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N
0
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km
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RESOURCE STAR LIMITED
EL 26220

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1.0 INTRODUCTION

This report describes the work programme undertaken on EL26220 in the Northern Territory during the reporting period 16th November 2007 to 15th November 2008. This included a site visit, undertaken in December by Managing Director Ian Scott and consultant geologist John Doepel, a major review of the parent company's exploration strategy and priorities in the Northern Terrotry and the commencement of field work.

Covering an area of 34.3 km^2, the tenement forms part of a larger project the Company describe as the Woolgni-Edith River Project comprising four tenements in all (Figure 1). Due to the contiguous association of all four tenements the work carried out tended to encompass the whole Woolgni-Edith River project areas and, exploratory details and financial commitments are presented in this context.

Figure 1. Project Location Map

The lease is situated approximately 230 km south south-east of Darwin, between Pine Creek and Katherine in the Northern Territory. Geologically located at the southern end of the Pine Creek Geosyncline, the region hosts the north-northwest trending Pine Creek Shear Zone, and includes a number of uranium, gold and copper prospects (Figure 2). Exploration within EL 26220 has primarily focussed on uranium deposits associated with magmatic developments within the Cullen Granite Batholith (Figure 3). Additionally, the area is considered prospective for gold, and, to a lesser degree, tin.

2.0 TENEMENT DETAILS

EL 26220 was granted to Eastbourne Exploration Pty Ltd on 16th November 2007 with tenancy for six years. 'Eastbourne' is a wholly owned subsidiary of Resource Star Limited. Tenement details are presented in Table 1.

Table 1 – Tenement Details

Tenement	Registered Holder	Beneficial Holder	Date Granted	Expiry Date	Area/km^2	Min Annual Expenditure
EL 26220	Eastbourne Exploration Pty Ltd	Resource Star Ltd	16/11/07	15/11/13	34.3	A$40,000

The exploration potential of EL 26220 is assessed in conjunction with other tenements that comprise the Woolgni-Edith River Project and an overview is presented in Table 2. The Woolgni-Edith River project is made up of four tenements. These are EL 23568 and EL 23569, which are held by Orion Exploration Pty Ltd (also a wholly owned subsidiary of Resource Star Limited) and EL 26219 and EL 26220 held by Eastbourne Exploration Pty Ltd. Tennant Creek Gold (NT) Pty Ltd ('TCG') has applied for a Mineral Lease (MLA 24342) within EL 23569. An agreement is in place whereby TCG will transfer its rights to Orion after the grant of the lease and once the necessary approvals are in place.

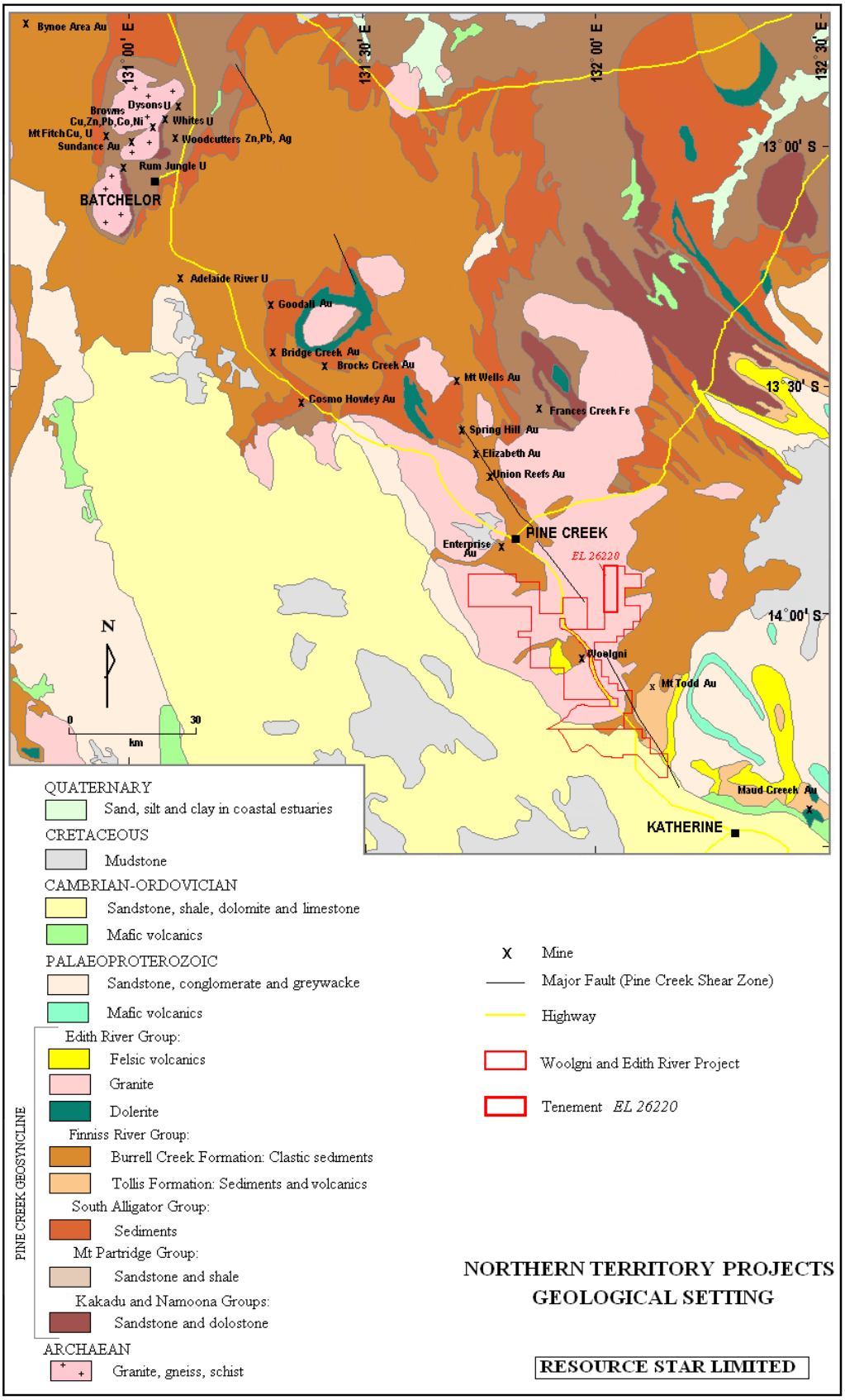
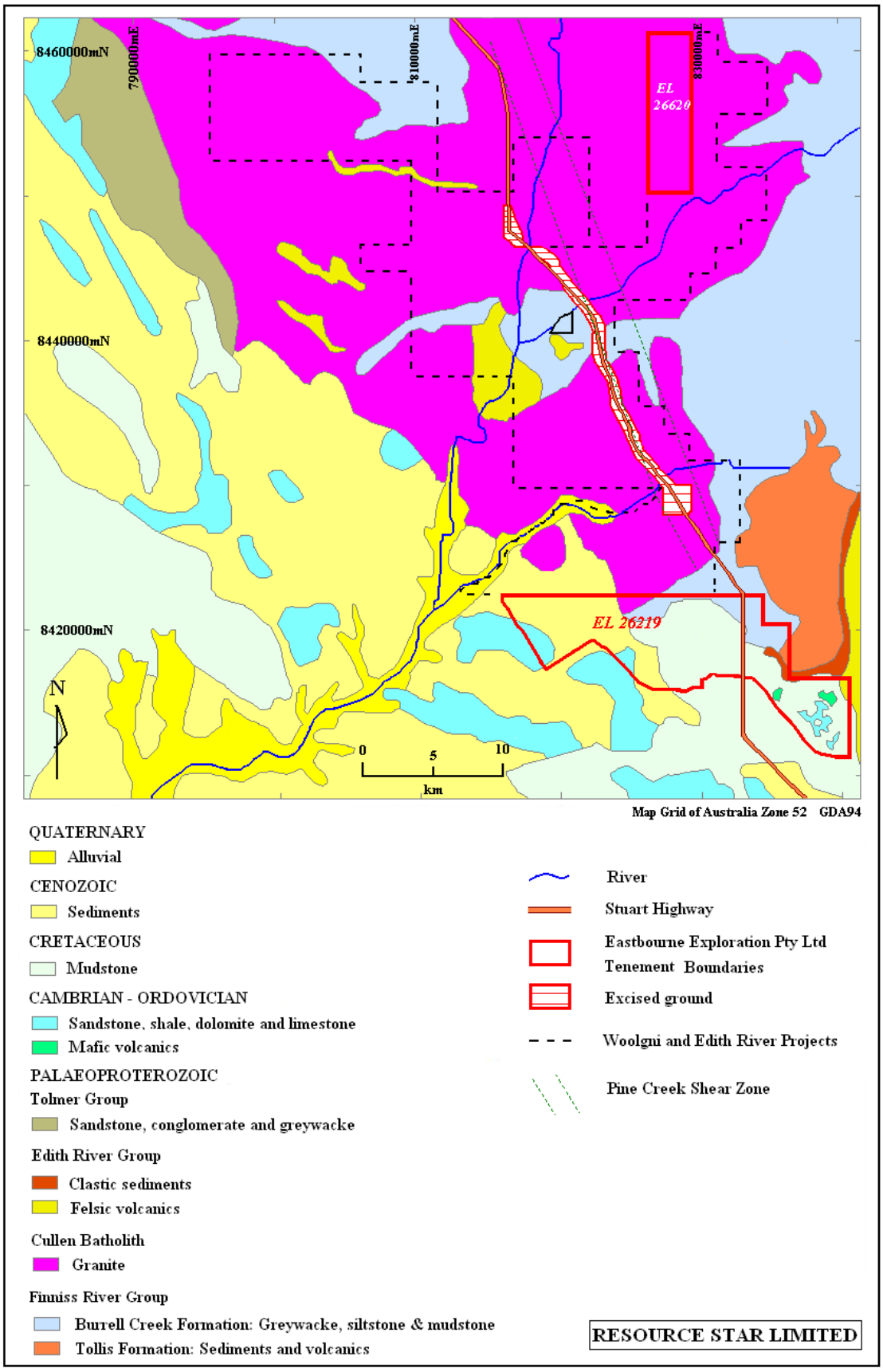


Figure 2 Northern Territory projects and geological setting



EDITH RIVER-WOOLGNI PROJECT GEOLOGICAL MAP

Figure 3.

Table 2 – Woolgni-Edith River Project

Tenement	Registered Holder	Beneficial Holder	Date Granted	Expiry Date	Area/km^2	Min Annual Expenditure
EL 26220	Eastbourne Exploration Pty Ltd	Resource Star Limited	16/11/07	15/11/13	34.3	A$40,000
EL 26219	Eastbourne Exploration Pty Ltd	Resource Star Limited	16/11/07	15/11/03	124.2	A$50,000
EL 23568	Orion Exploration Pty Ltd	Resource Star Limited	17/06/03	16/06/09	228.8	A$70.000
EL 23569	Orion Exploration Pty Ltd	Resource Star Limited	17/06/03	16/06/09	352	A$70,000
MLA 24342	TCG	Resource Star Limited	Application		1.63	N/A

3.0 LOCATION AND ACCESS

EL 26220 is located approximately 205 km south south-east of Darwin and approximately 60 km north-northwest of the town of Katherine. The lease lies 10 km to the east of the sealed Stuart Highway and also lies adjacent to the Alice Springs to Darwin railway providing good infrastructure to the tenement area. Access within the tenement however, is mostly by pastoral station tracks and is normally limited to dry weather only. The topography varies from flat to moderately undulating (Figure 4).

4.0 REGIONAL GEOLOGY AND MINERALISATION

The Project area is located within the Pine Creek Inlier, a Mid-Proterozoic geosyncline that hosts a number of major uranium, gold and base metal deposits (Figure 2). Regional deformation and metamorphism took place during the Barramundi Orogeny (1860-1850 Ma) followed by widespread felsic intrusive activity referred to as the Cullen Event. This igneous activity was characterised by the emplacement of granite batholiths which produced thermal metamorphic aureoles in the country rocks, overprinting regional metamorphic mineral assemblages.

Figure 4 Vegetated outcrop of Cullen Granite, Edith River tenement

Synchronous with the waning of this event and within 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 (1830-1822 Ma respectively). Bounded by unconformities, this sequence was folded prior to deposition of the McArthur Basin sediments (Lally & Bajwah, 2006).

The major Alligator Rivers Uranium Field that includes the Ranger, Narbalek and Jabiluka deposits is in the northeast of the Pine Creek Inlier. The smaller deposits of the South Alligator Valley Mineral Field are situated to the northeast of Pine Creek (Figure 5).

Regionally, the Pine Creek Geosyncline consists of Palaeoproterozoic metasedimentary rocks that overlie a gneissic and granitic basement outcropping in

two domes northwest of the region near the town of Batchelor within the vicinity of the Rum Jungle Uranium Field. Uranium and polymetallic mineralization is present within the Palaeoproterozoic sediments that surround the domes, and is associated with major faults and shears. This geosynclinal sequence was intruded by granitic plutons that are also of Palaeoproterozoic age. A timetable for the Pine Creek province is presented in Figure 6.

The geosynclinal sequence was folded and regionally metamorphosed to chlorite facies between 1870 and 1900 Ma. Two major phases of deformation pre-date the granitoid intrusions. The first phase produced bedding-concordant fabrics and breccia zones. The second phase produced north to northwest trending folds that vary from open and upright to overturned and isoclinal. The folding was accompanied by the development of a penetrative axial plane slatey cleavage.

A regional north-northwest trending shear zone, the Pine Creek Shear, passes through Resource Star's Woolgni-Edith River Project. This shear zone contains a number of sub-parallel faults present within a corridor that has a width of up to 5km (Figure 3). It postdates the granitic intrusions and is considered to have been a major locus for the passage of gold-bearing fluids being spatially related to a number of major gold deposits.

Gold mineralization occurs in two main structural settings; in quartz vein sets that are parallel or sub-parallel to the axial plane cleavage, and in bedding parallel to saddle reef position quartz veins. Many of the deposits are located on anticlinal crests. Stockwork, fault related, and stratiform gold mineralization are also present in the region.

Uranium mineralization is considered to have arisen from fluids remobilising the ore out of enriched source rocks, although it is still unclear as to whether these originated from the granitic basement material and/or uranium-bearing detrital minerals held within the platform cover sandstones (Lally and Bajwah, 2006). Some uranium deposits occur as vein-type deposits and include the Adelaide River and George Creek mines in the west of the Pine Creek Geosyncline, and the Narbarlek deposit in the northeast of the Alligator Rivers Uranium Field. The Adelaide River and George

Creek mines, together with minor vein and disseminated patchy uranium in the south of the Cullen Granite near Edith River, are thought to be magmatic in origin (Wyborn *et al.* 2001). Within the aureoles surrounding the granite, precipitation of uranium probably occurred by redox reaction when oxidised fluids came into contact with the overlying sediments. This promoted the deposition of uraninite where any lithological, structural or tectonic weaknesses effectively acted as chemical and physical traps for ore accumulation (eg. Lally, 2002; Lally & Bajwah, 2006; Lambert & McKay, (2006). Additionally, the relationship of tin and gold deposits within the granites and their thermal aureole, suggests that these formed after the emplacement of the batholith (tin) and following cooling phases (gold) (Wyborn *et al.* 2001).

4.1 PROJECT GEOLOGY

The Woolgni-Edith River Project lies at the southern end of the Pine Creek Geosyncline. Its northern and central sections are within the granitic Cullen Batholith, whilst the south section is hosted within the greywackes, siltstones, minor conglomerate and rare tuffs that comprise the Lower Proterozoic Burrell Creek Formation (within the Finniss River Group). This sequence forms an inlier within the Cullen Batholith and is overlain by Cambrian-Ordovician and Cretaceous rocks to the west, which are in turn, largely overlain by Cainozoic cover. Small portions of mafic and felsic volcanics are also present.

5.0 PREVIOUS EXPLORATION

Previous exploration has tended to focus on mineralization associated with the shear zones in the Cullen granite. These shears follow a north-northwest trend and are associated with occurrences of uranium mineralization first discovered by prospectors in 1952 and explored by the Bureau of Mineral Resources (BMR) to 1954. These were named the YMCA and Tennyson Prospects and lie to the south of Edith River (Figure 6). These are covered more fully in the EL 23568 Annual reports.

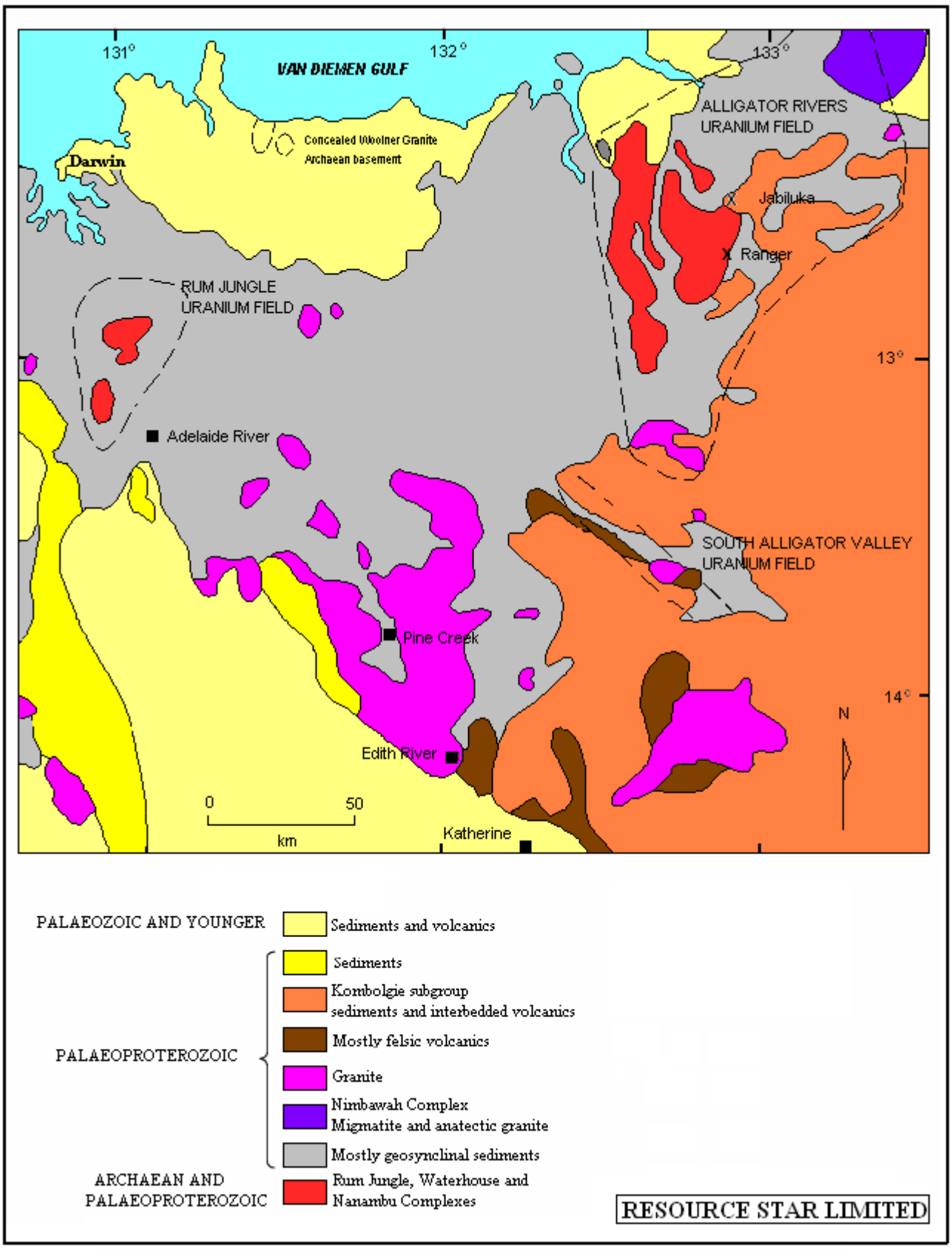


Figure 5. Regional geology of the Pine Creek Inlier. Adapted from McKay & Miezistis, (2001)

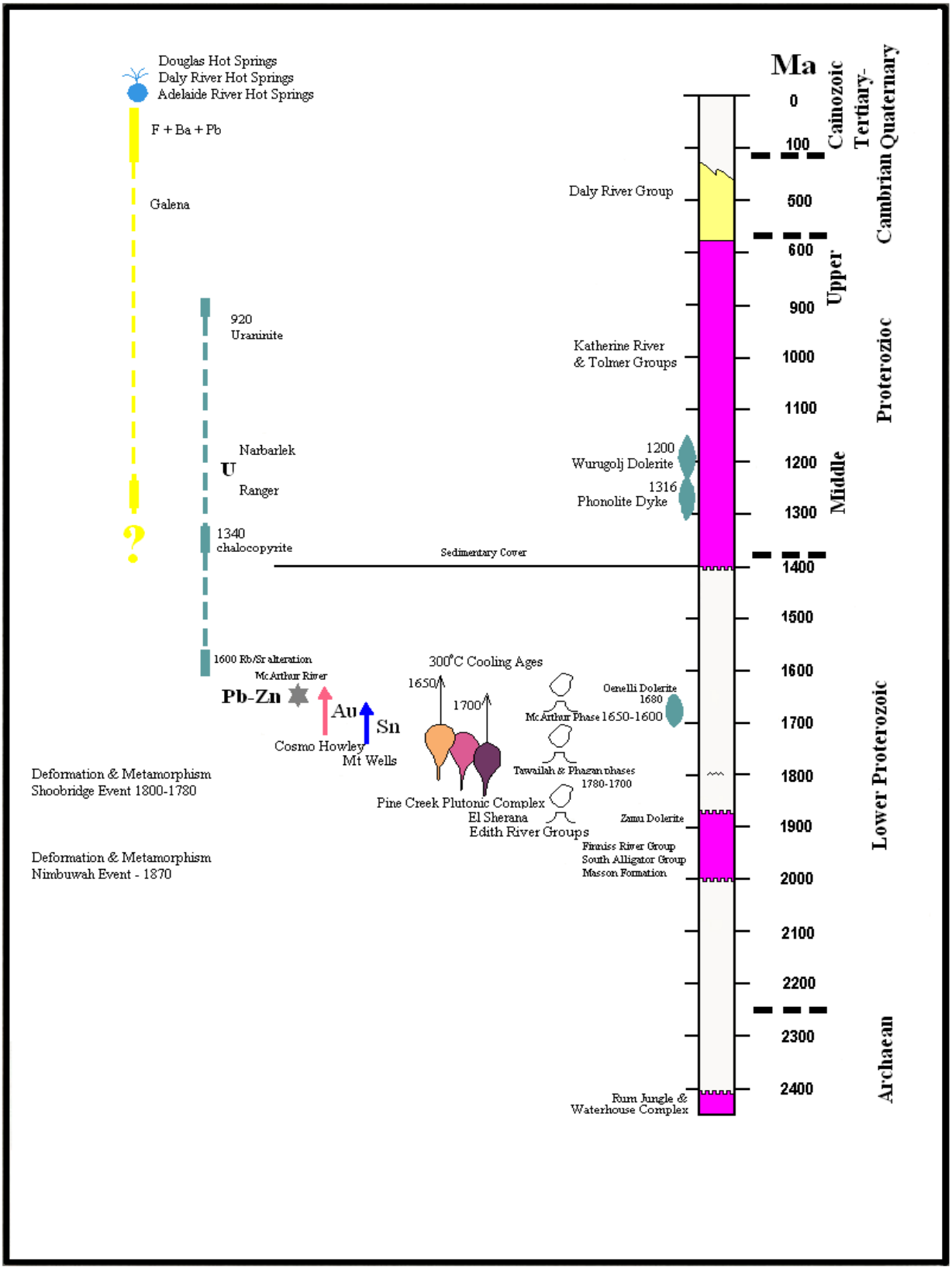


Figure 6. The Pine Creek Province timetable. Source: Klominsky *et al.*, (1996)

The Hore and O'Connor's uranium occurrence lies in the south of tenement EL 23569. Three gold prospects are also present in EL 23569 These are the Woolgni Goldfield, the Tower Prospect and the Copperfield South Prospect (Figure 6). A summary is provided in the EL 23569 Annual Reports.

Although the presence of cassiterite was identified in the area about the historical Umbrawarra and Copperfield Creek Tin Fields, no further work was carried out. The tin deposits occurred in the large greisenised zones near the margins of the Cullen Granite and are discussed in the EL 23569 Annual Reports.

During 2006 Orion commissioned the geophysical consultants, AsIs International Pty ltd ('AsIs') to carry out a reinterpretation of exploration data over the Woolgni and Edith River project areas, with an emphasis on the existing geophysical data. AsIs concluded that the area was highly prospective for uranium mineralization, including vein and Iron Oxide Copper Gold Uranium (IOCGU) deposit types.

6.0 WORK CARRIED OUT DURING THE PERIOD NOVEMBER 2007 TO NOVEMBER 2008

During this reporting period, a field visit to the area was carried out during December 2007 by the Company's Managing Director, Ian Scott, and consultant geologist, John Doepel, of Continental Resource Management Pty Ltd (CRM). Comprehensive research of open file reports was completed as part of a major review of exploration strategy, potential and prioritisation of all Resource Star Limited's Northern Territory prospects. Data acquired included high resolution satellite images of the area. CSA Global who undertook the study identified the Woolgni-Edith River Project as the highest priority target and followed this up with field reconnaissance and a rock chip sampling programme. Efforts were focussed essentially on the Tennysons and YMCA uranium prospects located in EL 23568. A drilling programme was proposed and the Mine Management Plan was approved by the NT Government.

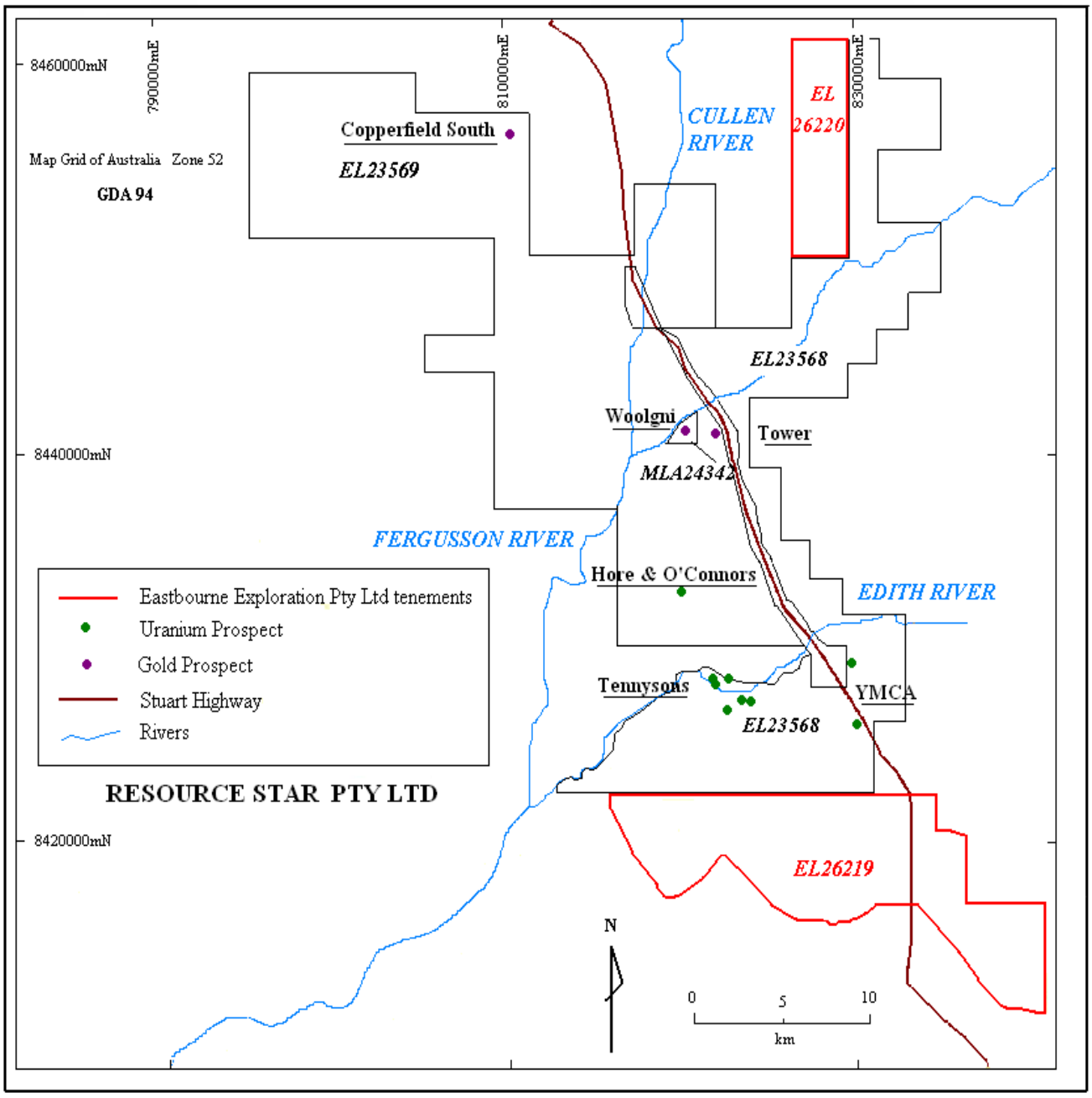


Figure 7. Previous Exploration sites in the Woolgni-Edith River Project.

7.0 EXPLORATION POTENTIAL

Previous exploration within the combined Woolgni-Edith River Project region has demonstrated that the area is prospective for both uranium and gold mineralization. Uranium exploration within EL 23568 conducted during the early 1960's and 70's

discovered several shear-hosted vein style deposits within the Cullen Batholith. Limited drilling has demonstrated that the mineralization persists to at least 80m depth and field mapping confirms along strike continuity. Early workers commented that the shear systems that host the mineralisation are recognizable in aerial photography and therefore remote sensing data would be effective during the planning of exploration.

8.0 PROPOSED EXPLORATION

Resource Star Limited proposes to continue its systematic exploration of the shear zones within the Cullen Batholith and the sediments that surround it for uranium and gold mineralization. As good outcrop and only skeletal soil development is present over most of the prospective area, the application of spectral imagery should enable the identification of zones of alteration to be done efficiently. The areas of alteration identified should be mapped in detail and surveyed with soil geochemistry and detailed ground radiometrics. Targets identified from these surveys should then be drill tested.

Exploration of the Burrell Creek Formation for gold should initially be by compilation of all past exploration within that section of the project area, with particular attention being given to the assembly of a levelled geochemical database.

The exploration proposed here will be carried out in conjunction with the exploration programme outlined for the Woolgni-Edith River project as a whole, which is as follows:-

8.1 Uranium

- Review the radiometric data images for the first pass uranium targets
- Acquire high-resolution satellite imagery (done) to use as a base for recording field observations and to identify structure, particularly those on a bearing of 330 degrees magnetic and associated with iron alteration.

- Complete field reconnaissance traverses, rock chip, soil sampling and spectrometer surveys over the known mineralised shears and other areas identified in the satellite imagery (partly completed).
- Where required, acquire and interpret detailed low-level airborne magnetic and radiometric data over the project area.
- Plan and implement RAB drilling to assess areas buried under shallow cover where the work above indicates mineralization may lie.
- Undertake costean mapping and sampling, RC and diamond drilling in the promising areas in preparation for detailed evaluation in 2009.

8.2 Gold

- Digitally capture historical stream sediment and rock chip sampling data. Redefine anomalous areas, determine the area of effective coverage, plan and implement infill stream sediment sampling as required.
- Undertake rock chip and soil sampling in area of gold anomalism defined from historical work and by stream sediment sampling.
- Assess worthy anomalous areas via costeaning, RC and diamond drilling with a view to subsequent detailed resource evaluation.

8.3 Tin

- Capture the historical data and use the satellite data to loosely confirm the tonnage/volume potential.
- Complete ground reconnaissance traverses over the northern portion of the licence to identify greisen zones.
- Rock chip sample and costean across any greisen zones that appear to be significantly mineralised.
- If the results from the hard rock investigations are positive, undertake backhoe sampling of the drainage system. Bulk samples will need to be taken and sent for heavy media separation. Multi-element assaying and petrology will be required to determine exactly what heavy mineral phases are present.

9.0 EXPENDITURE STATEMENT

Total expenditure for the specific tenement during the period was **$5,550**. See separate expenditure report for details.

However, this tenement forms part of the Woolgni-Edith River Project. The tenements which make up this Project are EL23568, EL23569, EL26219 and EL26220.

Expenditure over the total Project area in the corresponding 12 months' period has exceeded **$238,500** compared to the total covenant for the Project of **$230,000** (commitments made up of EL23568: $70,000, EL23569: $70,000, EL26219: $50,000, EL26220: $40,000).

The Company has therefore met its minimum expenditure requirements on the total Project. Please refer to individual annual reports for details of the other tenements.

10.0 PROPOSED EXPENDITURE

Because of the Company's requirement to conserve cash to see through the current period of market uncertainty, only a modest exploration program for 2009 has been proposed. Should the market improve sufficiently, it is the intention of the Company to expand these efforts in keeping with our commitment to successful exploration and development in the Northern Territory.

The program is proposed to comprise field reconnaissance traverses, rock chip, soil sampling and spectrometer surveys over areas of uranium interest identified in the satellite imagery. The gold evaluation program is proposed to comprise of database collation and field sampling simultaneous with the uranium program. $10,000 has been budgeted for this over this tenement. There is no specific program proposed for tin exploration in the coming year; although where signs are indicated, tin will be assayed in soil & rock chip samples collected during other programs.

11.0 REFERENCES

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