RESOURCE STAR LIMITED

ABN 71 098 238 585

ANNUAL FINANCIAL REPORT
30 June 2011

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Mr A Bell (Chairman)
Mr R Kestel
Mr R Benussi
Mr C Geach
Mr S Heggen

COMPANY SECRETARY

Ms E Kestel

REGISTERED OFFICE

Level 2 Spectrum, 100 Railway Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 9, 440 Collins Street
Melbourne VIC 3000

AUDITORS

HLB Mann Judd (Vic Partnership)
Level 1, 160 Queen Street
Melbourne VIC 3000

SOLICITORS

Steinepreis Paganin
Level 4 The Read Buildings
16 Milligan Street
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

INTERNET ADDRESS

www.resourcestar.com.au

ASX CODES

Shares	RSL

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the annual financial report together with the consolidated financial statements of Resource Star Limited ("the Company") which include the financial statements of the Group. The Group comprises the Company and the entities it controlled during the year ended and as at 30 June 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

A Bell, MA, LLB (Non-Executive Director and Chairman up to 5 July 2010 and from 1 May 2011, Executive Chairman and Acting Chief Executive Officer from 5 July 2010 to 1 May 2011)

Mr Bell was appointed director and chairman on 6 August 2007. Mr Bell is a former Mining Analyst, Fund Manager, and Investment Banker and is Chairman of Regency Mines plc and of Red Rock Resources plc, both companies listed on the AIM market of the London Stock Exchange.

Mr Bell was the Company's acting Chief Executive Officer from 5 July 2010 to the appointment of Mr S Heggen as Chief Executive Officer on 1 May 2011.

Mr Bell is currently a non-executive director of the following ASX listed companies:
- Jupiter Mines Limited – May 2008 to current

During the past three years he has not served as a director of any other ASX listed companies.

R Kestel, B.Bus, ACA, FCPA, AICD (Non-Executive Director)

Mr Kestel was appointed director on 15 August 2006. Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 until April 2010.

Mr Kestel has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries.

Mr Kestel is currently a non-executive director of the following ASX listed companies:
- VDM Group Limited – August 2005 to current
- Jabiru Metals Limited – August 2003 to current
- Blackcrest Resources Limited – June 2006 to current
- Jatoil Limited – September 2007 to current
- Xstate Resources Limited – September 2006 to current
- Regis Resources Limited – July 2009 to current

During the past three years he has also served as a non-executive director of the following ASX listed companies:
- Equigold NL - April 2005 to June 2008
- Dioro Exploration Limited – April 2009 to February 2010
- DVM International Limited – April 2005 to November 2007

Mr Kestel is a member of the Australian Institute of Company Directors.

He is Chairman of the Audit and Risk Management Committee.

R Benussi NIA (Non-Executive Director)

Mr Benussi was appointed director on 9 July 2009. He is the Chief Financial Officer, General Manager, Corporate and Company Secretary of Jupiter Mines Limited.

Mr Benussi holds a Diploma from the National Institute of Accountants and remains a Member of the Institute. He has an extensive background in finance, stockbroking, corporate advisory and business development with companies such as Olin Corporation, Lend Lease, Dalgety and Lion Nathan.

During the past three years he has not served as a director of any other ASX listed companies.

He is a member of the Audit and Risk Management Committee.

C Geach B.Sc (Hons) (Non-Executive Director)

Mr Geach was appointed director on 22 April 2010. Mr Geach has a Bachelor of Science (Hons-Geology), is currently a member of the Australian Institute of Geoscientists and formerly a Licentiate of Royal Society of Chemistry, past Fellow of the Geological Society and past Member of the AusIMM.

He is also an experienced and capable Geoscientist-Exploration Business Manager with considerable executive project management skills with over thirty (30) years of exploration and mining experience and a founding executive director of four (4) ASX companies over the last three decades.

Over the last three years Mr Geach has consulted to the resource and energy industries, advising many companies on exploration management and providing hands on geological input as a contract and consulting geologist and discoverer.

In 2008 he was involved in setting up a private company to list uranium assets on the ASX and has also separately advised on uranium projects.

Currently he is the part time managing director of a private company. This Company currently deals with a potash asset and also gold/BIF/Li/Bauxite areas which are all based in Western Australia.

During the past three years he has also served as an executive director of the following ASX listed company:

- Jutt Holdings Limited – December 2006 to August 2008

He is a member of the Audit and Risk Management Committee.

S Heggen BEc. LLB **(**Managing Director / Chief Executive Officer)

Mr Heggen was appointed as Chief Executive Officer on 1 May 2011 and has over 25 years of experience in corporate development, investment banking, and strategic planning, with almost half of his career in the resources sector. He has worked with some of Australia's highest profile companies and individuals at managerial and Board level including: Boral, WMC Resources, Wesfarmers, Schroders Australia and members of the Smorgon Family.

During his career, Mr Heggen has led and managed transactions and projects in Australia, North and South America, Asia and southern Africa. He maintains an extensive network of contacts at senior levels in the resources, industrial and banking sectors.

Between 1995 and 2005, Mr Heggen was Group Manager Business Development at WMC Resources, the publicly-listed (formerly ASX: WMR) resources company that was acquired by BHP Billiton. In this role his responsibilities included corporate acquisitions and divestments, capital investment projects and strategic business development.

More recently, Mr Heggen has been the Director of a private corporate advisory company for which he most relevantly provided strategic advice to Lion Selection Group in relation to its agreed A$100 million merger with Catalpa Resources.

As a Director of Austock Corporate Finance from late 2007-2009, Mr. Heggen focused on equity capital market transactions and M & A transactions in the resources sector. Prior to this he was General Manager, Business Development & Strategic Planning for the Cement Division of Boral in Sydney.

During the past three years he has not served as a director of any other ASX listed companies.

Company secretary

E Kestel, B.Bus, CPA

Ms Kestel was appointed company secretary on 3 November 2008. She has been a Certified Practising Accountant for over 15 years.

Ms Kestel is not an executive of the Company.

Interest in the shares and options of the company

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options
A Bell	11,495,295	8,947,648
R Kestel	Nil	Nil
R Benussi	1,000,000	Nil
C Geach	Nil	Nil
S Heggen (appointed 01/05/2011)	Nil	Nil

- The interest in shares and options displayed for Mr Bell are the shares and options owned by Red Rock Resources plc. Mr Bell is a director of Red Rock Resources plc.
- The interest in shares displayed for Mr Benussi are the shares owned by Intrepid Concepts Pty Ltd and the Benussi Super Fund. Mr Benussi is a sole director and trustee and beneficiary respectively.

Share options

Unissued shares

As at the date of this report, there were 48,514,091 (2010: 800,000) unissued ordinary shares under options (48,514,091 (2010: 31,332,905) at the reporting date). Details of unissued ordinary shares are:

Unissued ordinary shares under options	30 June 2011	Reporting date
Listed options exercisable at $0.20 expiring on 30 September 2012	45,964,091	45,964,091
Unlisted incentive options exercisable as follows:		
▪ Exercisable at $0.20 and expire 15 July 2012; and	300,000	300,000
▪ Exercisable at $0.22 and expire 15 July 2012.	250,000	250,000
Unlisted options exercisable at $0.20 expiring 30 September 2012	2,000,000	2,000,000
Total	**48,514,091**	**48,514,091**

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

There have been no unissued shares or interests under option of any controlled entities within the Group during or since reporting date. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Dividends

No dividends have been paid or declared since the start of the year and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2011 (30 June 2010: $Nil).

Principal activities

The principal activity of the Group during the financial year was to undertake exploration of the Group's tenements in Australia and Malawi (Africa) and to review various exploration opportunities.

There have been no significant changes in the nature of those activities during the year.

Review of operations

For Resource Star, the 2011 financial year was an exciting one of strategically focussed and systematic, technically driven exploration activity, delivery against project plans and significant corporate development. This was against a background of increased economic turbulence and uncertainty in the global economy. In addition, Resource Star continues to face the negative influence of the Japanese earthquake and tsunami, and subsequent events at the Fukushima nuclear power plant on the equity markets' view of uranium producers and explorers.

In the second half of the financial year, the Company appointed a new, very experienced and highly qualified Managing Director, Simon Heggen, and shortly after a new Exploration Manager with significant uranium experience, Baker Khudeira, also joined Resource Star. These appointments, together with the on-going involvement of our former CEO, Richard Evans, and the projects the Company is advancing, augur well for the future.

Resource Star's strategy is to grow shareholder wealth by identifying, acquiring and exploring uranium, rare earth and uranium related specialty metals resources in development friendly environments.

In 2011, the Company continued to pursue that strategy in Malawi, in joint venture with Globe Metals and Mining Ltd ("Globe") at the Livingstonia Uranium Project and the Machinga Heavy Rare Earths Project, and at the 90% owned Ilomba Hill Nb-U-REE Project. In Australia, work continued on the Edith River and Hayes Creek South Uranium Projects in the Northern Territory.

In April 2011, Resource Star announced that it had entered into a joint venture with Thundelarra Exploration Ltd on the Spinifex Uranium Project in Western Australia. This project is a single tenement covering 30 square kilometres and is located approximately 50 kilometres south of Kununurra and about 60 kilometres north of the Argyle diamond mine.

In an important Corporate Development initiative Resource Star announced in May 2011 that it had conditionally agreed to acquire a strategic interest in Cue Resources Ltd, a Canadian listed exploration company, from Red Rock Resources plc and Regency Mines plc, subject to shareholder approval. Cue owns 100% of the Yuty Uranium Project in Paraguay and recently reported a NI43-101 compliant Measured, Indicated & Inferred Resource of 9.98Mt @ 507ppm eU_3O_8 for 11.1 Mlbs of contained metal at the San Antonio deposit.

Since that announcement discussions have continued with Red Rock and Regency in order to finalise the transaction. It had been hoped that the Company would be in a position to hold a shareholder's meeting in the September quarter to vote on the proposal. However, the ongoing volatility in world markets has delayed finalisation of the discussions.

As part of the continuous review of our portfolio, during the year Resource Star elected not to exercise the option to acquire the Yuinmery Uranium Project in Western Australia from Aldershot Resources Ltd, as it was determined that the Project did not fit the Company's investment criteria. It was also decided to relinquish the Lake Barlee Project in Western Australia as it had reduced priority relative to other projects in Resource Star's portfolio.

Malawi

Livingstonia Uranium Project

The maiden JORC Inferred Mineral Resource at Livingstonia of 7.7Mt @ 270ppm eU_3O_8 at a 150ppm cut-off was reported in July 2010. At the end of 2010 Resource Star completed a programme of 13 percussion holes for a total of 1,502m on the Chombe Prospect. Mineralised zones were intersected in all but one of the holes.

Following the receipt of the new drilling results, CSA Global was engaged to complete an independent update of the Resource. The update was released in June 2011 and CSA Global estimated an Inferred Resource of 8.3Mt @ 325ppm eU_3O_8 at a lower cut-off grade of 150ppm for a contained 6.0 Mlbs of contained metal, a 30% increase. There has been a significant increase in grade in the previously defined northern zone and a new lower grade zone has been added to the south.

CSA Global concluded that there is excellent potential to identify additional resources. The mineralisation is also open to the north where the project adjoins a tenement currently being explored by Paladin Energy Ltd. The Company's new Exploration Manager has recently travelled to Malawi to reassess all the historical information in the light of what is now known about the distribution of the mineralisation in order to design a new drilling programme for the 2012 financial year. Resource Star is confident of continuing resource growth at Livingstonia and that the project will be of increasing importance to the Company.

Illomba Hill Nb-U-REE Project

The Company completed an airborne geophysical survey early in the year on this 90% owned project which identified well-defined radiometric targets within an alkali syenite intrusion. Earlier rock chip sampling had identified anomalous niobium, uranium and zirconium on the tenement.

The airborne survey was followed up by systematic soil sampling of the targets. In April 2011, Resource Star announced that the soil survey had identified significant geochemical anomalies that defined a large area of REE anomalism separate from the known radiogenic feature.

In 2012, follow up work is likely to include further mapping and systematic rock chip sampling or trenching and the development of an initial shallow drill-testing programme.

Review of operations (continued)

Machinga Heavy Rare Earths Project

Early in the year Globe completed around 1,700m of drilling at Machinga to test zones of identified REE-Nb-Ta-Zr mineralisation and in doing so earned their initial 20% interest in the Project. The drilling produced several encouraging REE intersections and importantly identified that the ratio of the more valuable Heavy REE was relatively high at around 32%. Of particular interest is the dysprosium grade identified in the drilling with average grades of around 375ppm with a peak result of 971ppm. This is higher than average dysprosium grades than at other company projects such as the well publicised Mt Weld and Nolan's Bore REE projects in Western Australia.

Prices for REE, especially dysprosium, have escalated rapidly over the last twelve months as the Chinese look to restrict the export of their production and other consuming countries look for secure sources of supply.

Globe subsequently carried out a programme of reconnaissance ground radiometric and soil sampling to test additional targets on the tenement, including the Lingoni and Damasi anomalies.

Over the remainder of 2011 Globe is planning to spend $500,000 on exploration at Machinga which will include about 5,000m of drilling. In announcing their plans, Globe spoke in glowing terms about the potential they see at Machinga, they said that "The Company is very excited by the 2011 drill programme and regional exploration at Machinga. A steady flow of results will be released over the remainder of the year."

Resource Star is very pleased with the progress Globe is making at Machinga and we look forward to receiving the results of the upcoming exploration programme.

Australia

Northern Territory Uranium Projects

During the year, Resource Star completed 891 metres of drilling on its Northern Territory Projects comprising 14 holes at Tennysons, 8 at Hayes Creek South and 3 at YMCA. This drilling was following up airborne geophysical surveys, mapping and rock chip sampling over the tenements as well as historical drilling results.

The drilling at Tennysons and YMCA identified a number of narrow anomalous uranium zones with grades mostly between 100 and 150ppm. At Hayes Creek South the drilling tested the radiometric anomaly identified by the airborne geophysics and ground radiometrics. However, no anomalous uranium was identified and therefore the geophysical anomaly remains unexplained and further assessment is required.

Discussions have been held with the Northern Territory Government about undertaking an airborne geophysical survey over areas of the Edith River prospect that have not been flown before. As a result of those discussions we have applied for additional ground in the northern half of the project area to ensure we cover all potential anomalies.

Spinifex Uranium Project

The Spinifex Project was first identified in the 1970's when Uranerz and Metals Miniere identified highly anomalous, apparently remobilised uranium, above an unconformity. More recently Thundelarra identified a new zone of remobilised surface mineralisation along the unconformity. Of a total of 20 historical samples from the Project, it is reported that half were in excess of 2,000ppm U_3O_8, with a maximum result of 13.5% U_3O_8.

Resource Star has completed geological mapping since entering the joint venture and has extended the known area of surface mineralisation. Drill hole locations have been defined and parameters set. The Company is currently in the process of acquiring all the necessary permits for a maiden drilling programme as well as seeking an extension to the exploration license. The traditional owners, the Miriuwung Gajerrong Corporation have cleared the proposed drilling locations.

Operating results for the year

The statement of comprehensive income shows a net loss attributable to members of $1,292,271 (2010: loss of $1,439,494).

Significant changes in state of affairs

In November 2010 the Company completed a Share Placement of 5,000,000 Fully Paid Ordinary Shares at 10 cents to institutional and sophisticated investors.

Significant events after the reporting date

There has not been any matter or circumstance that has arisen after the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and future results

The management team and Board of Directors ("the Board") of the Company are continuing to review opportunities available to the Company, which includes the exploration of the Group's existing tenements and assessment of new opportunities.

Any additional information has not been provided since the Directors believe that there may be an unreasonable prejudice to the Company.

Environmental regulation and performance

The Company's operations are subject to environmental regulations under Commonwealth and State legislation in Australia. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Indemnification and insurance of officers and auditors

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, Ms E Kestel, and all executive officers of the Company and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company.

The following persons acted as directors during or since the end of the financial year:

Mr A Bell	Director (non-executive) – appointed 6 August 2007
Mr R Kestel	Director (non-executive) – appointed 15 August 2006
Mr R Benussi	Director (non-executive) – appointed 9 July 2009
Mr C Geach	Director (non-executive) – appointed 22 April 2010
Mr S Heggen	Director (executive) – appointed 1 May 2011

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr Richard Evans was the Company's Chief Executive Officer (CEO) from the date of his appointment on 6 July 2009 to his resignation date on 5 July 2010.

Mr Evans resigned due to personal reasons but remains as Technical Consultant to the Company as and when required.

Mr Andrew Bell was appointed as the acting Chief Executive Officer following the resignation of Mr Evans and held this position until the appointment of Mr Heggen on 1 May 2011.

Mr Simon Heggen was appointed on 1 May 2011 as the Managing Director/Chief Executive Officer to oversee the day to day running of Company operations.

The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best senior management to run and manage the Group.

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholders' value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration. Incentives are only paid once pre-determined KPI's have been met.

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 28 February 2007 when shareholders approved an aggregate remuneration of $210,000 per year.

Remuneration report (audited) (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

Senior Management and Executives

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Variable remuneration

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

The Company has not started the short term incentive program due to the limited number of employees.

Employment contracts

Executives

Mr Simon Heggen was appointed Managing Director/Chief Executive Officer on 1 May 2011 His employment contract provided for the following:

- base annual remuneration of $225,000 exclusive of superannuation;
- termination of the employment contract by either party by giving three months notice;
- the Company may terminate the contract at any time if any serious or persistent breach of any of the provisions contained in the Executive Services Agreement is committed.

Mr Richard Evans was appointed Chief Executive Officer on 6 July 2009. He resigned effective 5 July 2010. His employment contract provided for the following:

- base annual remuneration of $165,000 exclusive of superannuation, increasing to $175,000 exclusive of superannuation on agreed commencement of the re-listing / prospectus process;
- the receipt of eight-hundred thousand (800,000) Executive Share Options (refer to table 2 in this Remuneration Report);
- termination of the employment contract by either party by giving three months notice or payment in lieu of notice and a payment of three months salary plus superannuation after the expiry of the three months written notice period;
- the Company may terminate the contract at any time if serious misconduct has occurred; and
- after his resignation only 550,000 vested options remain current and in accordance with the Terms and Conditions of his Employment Contract, 250,000 options were forfeited.

The following table provides details of the components of remuneration for each member of the key management personnel of the Group and to the extent different, the five Group and Company executives receiving the highest remuneration.

Remuneration report (audited) (continued)

Remuneration of directors and named executives

Table 1: Directors' remuneration for the years ended 30 June:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
A Bell	2010	45,000	-	-	-	-	-	-	-	45,000	-
Director	2011	45,000	-	-	-	-	-	68,906	-	113,906	-
R Kestel	2010	45,000	-	-	-	-	-	-	-	45,000	-
Director	2011	45,000	-	-	-	3,379	-	-	-	48,379	-
R Benussi*	2010	39,340	-	-	-	-	-	-	-	39,340	-
Director	2011	40,000	-	-	-	-	-	-	-	40,000	-
C Geach**	2010	6,667	-	-	-	-	-	-	-	6,667	-
Director	2011	40,000	-	-	-	-	-	-	-	40,000	-
M Yannaghas^^	2010	8,639	-	-	-	-	-	-	-	8,639	-
Director	2011	-	-	-	-	-	-	-	-	-	-
Total	**2010**	**144,646**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**144,646**	**-**
	2011	**170,000**	**-**	**-**	**-**	**3,379**	**-**	**68,906**	**-**	**242,285**	**-**

* Appointed 9 July 2009 ** Appointed 22 April 2010 ^^ Resigned 18 September 2009

Table 2: Executive Directors' and named executives remuneration for the period/year ended 30 June:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
I Scott^	2010	7,776	-	-	-	2,714	-	-	-	10,490	-
Executive Director	2011	-	-	-	-	-	-	-	-	-	-
R Evans^^	2010	171,932	-	-	-	15,554	-	58,989	-	246,475	-
Chief Executive Officer	2011	-	-	-	-	-	-	-	-	-	-
S Heggen ***	2010	-	-	-	-	-	-	-	-	-	-
Managing Director	2011	37,500	-	-	-	3,375	-	-	-	40,875	-
Total	**2010**	**179,708**	**-**	**-**	**-**	**18,268**	**-**	**58,989**	**-**	**256,965**	**-**
	2011	**37,500**	**-**	**-**	**-**	**3,375**	**-**	**-**	**-**	**40,875**	
Grand Total	**2010**	**324,354**	**-**	**-**	**-**	**18,268**	**-**	**58,989**	**-**	**401,611**	**-**
	2011	**207,500**	**-**	**-**	**-**	**6,754**	**-**	**68,906**	**-**	**283,160**	**-**

^ Resigned 9 July 2009 ^^ Resigned 5 July 2010 *** Appointed 1 May 2011.

The Company employed only Richard Evans as an Executive during the year ended 30 June 2010. The Company employed only Simon Heggen as an Executive from the date of his appointment on 1 May 2011 to 30 June 2011.

Remuneration report (audited) (continued)

Remuneration of directors and named executives

Options granted as part of remuneration:

During the 2010 year, the Board of Resource Star Limited resolved to issue 800,000 unlisted options to Mr Richard Evans in accordance with the Terms and Conditions set out in his Executive Service Agreement. During the 2011 year, the Board resolved to issue 2,000,000 unlisted options to Mr Andrew Bell as part of his remuneration and 250,000 options issued to Mr Richard Evans were forfeited.

The contractual life of the options issued are as follows: 550,000 options expire on 15 July 2012, 2,000,000 options expire 30 September 2012.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year and the prior period:

	30 June 2011 No.	30 June 2011 Weighted average exercise price	30 June 2010 No.	30 June 2010 Weighted average exercise price
Outstanding at the beginning of the period	**800,000**	**$0.222**	400,000	$0.375
Granted during the period	**2,000,000**	**$0.200**	800,000	$0.222
Forfeited during the period	**(250,000)**	**$0.250**	(400,000)	$0.375
Outstanding at the end of the period	**2,550,000**	**$0.202**	800,000	$0.222
Exercisable at the end of the period	**2,550,000**	**$0.202**	800,000	$0.222

The outstanding balance as at 30 June 2011 is represented by:

- 300,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 15 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.22 each, exercisable until 15 July 2012;
- 2,000,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 30 September 2012.

The outstanding balance as at 30 June 2010 is represented by:

- 300,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 15 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.22 each, exercisable until 15 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 15 July 2012.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 1.20 years (2010: 2.04 years).

The weighted average exercise price for options outstanding at year end was $0.202 (2010: $0.222).

The fair value of options granted during the year was $68,906 (2010: $58,989).

The fair value of options forfeited during the year was $5,628 (2010: $31,920).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

	30 June 2011	30 June 2010
Volatility	100%	100%
Risk-free interest rate	4.87%	4.555%
Expected life of option	2.00 years	3.09 years
Exercise price	20 cents	20 to 25 cents

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (continued)

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings eligible to attend	Directors' Meetings attended	Audit and Risk Management Committee Meetings eligible to attend	Audit and Risk Management Committee Meetings attended
Mr A Bell	14	13	-	-
Mr R Kestel	14	14	2	2
Mr R Benussi	14	11	2	2
Mr C Geach	14	12	2	2
Mr S Heggen	2	2	-	-

Auditor Independence and non-audit services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 13 and forms part of this directors' report for the year ended 30 June 2011.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees paid or payable to HLB Mann Judd for non-audit services provided during the year ended 30 June 2011 was $Nil (2010: $11,000).

Signed in accordance with a resolution of the Board of Directors.

Ross Kestel
Director
29 September 2011

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Resource Star Limited adhere to strict principles of corporate governance.

The Board of Directors of Resource Star Limited is responsible for the overall corporate governance of the Company, guiding and monitoring the business and affairs of Resource Star Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

Corporate Governance Disclosures

The Board and management are committed to corporate governance and to the extent that they are applicable to the Company have followed the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council.

In summary, at the date of this report, the Company departs from the Guidelines in three (3) key areas:

- Recommendation 2.2:
  The Chairman is not deemed to be Independent – the current Chairman is a Director of a Company which is a Substantial Shareholder of Resource Star Limited.

- Recommendation 2.4:
  The Company does not have a separate Nomination Committee as it is not of a size nor does it have the business undertaking that warrants such a Committee; and

  The full Board attends to the matters normally attended to by a Nomination Committee.

- Recommendation 8.1:
  The Company does not have a separate Remuneration Committee as it is not of a size nor does it have the business undertaking that warrants such a Committee; and

  The full Board attends to the matters normally attended to by a Remuneration Committee.

During the Financial Year ended 30 June 2011 the Company departed from the Guidelines in one (1) key area:

- Recommendation 2.3:
  The roles of the Chairperson and the Chief Executive Officer were exercised by the same individual for the majority of the year. This was a departure from Recommendation 2.3.

  On 1 May 2011, an independent Managing Director was appointed and from that date the Company has been in compliance with Recommendation 2.3.

Also the Company does not have a full time Chief Financial Officer but all assurances as to the integrity of the Financial Accounts are provided by the externally appointed Senior Accountant.

1.1 Role of the Board

The Board's current role is to collectively govern and manage the Company. The Directors must act in the best interests of the Company as a whole. It is the role of the Board to govern and manage the Company in accordance with the stated objectives of the Company.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors in the performance of their roles.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the financial health of the Group;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Group fairly and accurately set out the financial position and financial performance of the Group for the year under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
  - Directors and Executive Officers Code of Conduct;
  - Dealings in Securities; and
  - Reporting and Dealing with Unethical Practices.
- Reporting to and advising shareholders.

1.2 Composition of the Board

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

CORPORATE GOVERNANCE STATEMENT (continued)

In accordance with the definition of independence above, the following directors of the Company are considered to be independent:

Name	Position
R Benussi	Non-Executive Director
R Kestel	Non-Executive Director
C Geach	Non-Executive Director

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director is as follows:

Name	Term
A Bell	4 years
R Benussi	2 years
R Kestel	5 years
C Geach	1 year
S Heggen	6 weeks

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board will document the process behind a recommendation for a candidate or panel of candidates with the appropriate expertise. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

1.3 Board Policies

1.3.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company and if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.3.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.3.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.3.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company is able to publish the information in accordance with this policy.

1.3.5 Education and Induction

- Details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements;
- A copy of the Board Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- A copy of the Constitution of the Company.

1.3.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.3.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.3.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

(i) Communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;

(ii) Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;

(iii) Making it easy for shareholders to participate in general meetings of the Company; and

(iv) Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and for shareholders to make enquiries of the Company.

1.3.9 Trading in Company Shares

The Company has a Share Trading Policy under which Directors are required to discuss their intention to trade in the Company's securities with the Chairman prior to trading. Consideration will be given in these discussions to any special circumstances (e.g. financial hardship).

Directors must not trade in the shares of any other entity if inside information on such entity comes to the attention of the Director by virtue of holding office as a Director of the Company.

The following guidelines are to be observed by Directors and employees of Resource Star Limited:

(a) Securities may not be purchased or sold during the twenty (20) trading day period immediately leading up to the day of the announcement of the Company's quarterly, Half-yearly and Annual Report and two (2) days after these Announcements are made; and

(b) Securities may not be purchased or sold during the five (5) trading day period prior to the anticipated release of drill results and other price sensitive information/results.

(c) Securities should not be purchased or sold during the two week period preceding any results announcements.

(d) Securities should not be purchased or sold preceding any material ASX announcement by Resource Star Limited, if the employee is aware that it is likely that such an announcement will be made.

(e) Securities should not be purchased or sold for the purpose of short term speculation.

- Securities may be purchased or sold at other times (subject to additional disclosure requirements established by the Board).

In addition, consistent with the law, designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given prior to trading in the Company's securities as well as a confirmation that the person is not in possession of any unpublished price sensitive information. The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

1.3.10 Performance Review/Evaluation

The Board intends to conduct an evaluation of its performance annually. There was no evaluation conducted during the financial year.

1.3.11 Attestations by Company Secretary

In accordance with the Board's policy, the Company Secretary is required to make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. Board Committees

2.1 Audit & Risk Management Committee

The Company has established an Audit and Risk Management Committee, which operates under a Charter approved by the Board.

During the financial year the Audit and Risk Management Committee comprised of the following Non-Executive independent Directors:

R Kestel
R Benussi
C Geach

Mr Kestel is the Chairman of the Committee and they met twice during the financial year to discuss the Annual and Interim financial reports of the Company. The qualifications and experience of each of the Committee members is outlined above.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Board will delegate the responsibility for the establishment and maintenance of the internal control framework and ethical standards to the Audit and Risk Management Committee; once established but for the moment will attend to this function.

The Committee's responsibilities include the following:

- Oversee and appraise the independence, quality and extent of the total audit effort;
- Perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- Evaluate the adequacy and effectiveness of the Company's and the Company's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- Review and endorse the annual and half year attestation statements in accordance with regulatory requirements.
- The appointment of external auditors;
- Review and implement risk management and internal control structures appropriate to the needs of Resource Star Limited;
- Monitor compliance issues applicable laws and regulations, particularly compliance with the Australian Securities Exchange Listing Rules;
- Review all public releases to the ASX of material consequence, prior to release to the market; and
- Review of Corporate Governance Practices.

2.2 Remuneration Committee

The Board has not established a formal Remuneration Committee due to the scale and nature of the Company's activities.

The full Board attends to the matters normally attended to by a Remuneration Committee

It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board attempts to link the nature and amount of Directors' emoluments to the Company's performance. The outcome of the remuneration structure is:

- Reward executives for company and individual performance against appropriate benchmarks;
- Align the interests of the executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and.
- Ensure remuneration is comparable to market standards.

For details of the amount of remuneration for each of the Directors during the financial year, refer to page 10 of the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Directors.

For further information in relation to the remuneration of Directors, refer to the Directors' Report.

2.3 Nomination Committee

The Board has not established a formal Nomination Committee due to the scale and nature of the Company's activities.

The full Board attends to the matters normally attended to by a Nomination Committee

The Constitution provides for events whereby Directors may be removed from the Board. Similarly shareholders have the ability to nominate, appoint and remove Directors. In addition, the Constitution provides for the regular rotation of Directors which ensures that Directors seek re-election by shareholders at least once every three years.

Given these existing regulatory requirements, Directors are not appointed for a specified term and Directors' continuity of service is in the hands of shareholders.

2.4 Company Code of Conduct

As part of its commitment to recognising the legitimate interests of Shareholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally
The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.
Responsibilities to Clients, Customers and Consumers
Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

Employment Practices
The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing
The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages it employees to strive to do the same.

Responsibilities to the Community
As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

Responsibility to the Individual
The Company is committed to keeping private information collected during the course of its activities, confidential and protected from uses other than those for which it was provided.

Conflicts of Interest
Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations
Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code
The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

2.5 Shareholder Communication

The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the Annual Report includes relevant information about the operations of the Company during the financial year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporations Act 2001;

- Developments, in addition to other disclosures required by the Corporations Act 2001;
- Release of a Half-Yearly Report to the Australian Stock Exchange Limited;
- The Company's website at www.resourcestar.com.au; and
- Proposed major changes in the economic entity which may impact on share ownership rights are submitted to a vote of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are responsible for voting on appointment of Directors, appointment of auditors, level of remuneration of Non-Executive Directors and any matters of special business.

3. Risk Management

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholders' value.

Management reports directly to the Board on the Company's key risks and is responsible, through the CEO for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Audit and Risk Management Committee monitors the performance of the risk management and internal control systems and reports to the Board on the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the Company have been fully developed and implemented.

The Company has identified specific risk management areas being strategic, operational and compliance.

The Board has reviewed risks faced by the Company on a regular basis.

A detailed risk identification matrix has been prepared by management. High and very high risk issues are reported to the Board. The CEO is responsible for ensuring the Company complies with its regulatory obligations.

The CEO and CFO (or equivalent) also provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the CEO and CFO (or equivalent) can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION

Outlined below are the eight (8) Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council as they applied for the year ended 30 June 2011. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below:

Corporate Governance Policy	Comment
Principle 1 ***Lay solid foundation for management and oversight***	***Adopted***
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	The Company's Corporate Governance Polices includes a Board Charter, which discloses the specific responsibilities of the Board.
1.2 Disclose the process for evaluating the performance of senior executives.	The Board monitors the performance of senior management including measuring actual performance against planned performance.
1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 2 ***Structure the Board to add value***	***Adopted except for Recommendations 2.2, 2.3 and 2.4***
2.1 A majority of the Board should be independent.	The Company is in compliance with this recommendation as three (3) of the four (4) Directors are defined as being independent.
2.2 The chairperson should be an independent director.	The current chairperson is an officer of an entity which is a substantial Shareholder of the Company.
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	The chairperson was assigned the role of CEO until the appointment on 1 May 2011 of a Managing Director. The Company is now in compliance with Recommendation 2.3.
2.4 The Board should establish a nomination committee.	No formal nomination committee or procedures have been adopted as yet given the size of the Company and the Board. The Board, as a whole, will serve as a nomination committee. Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5 Disclose the process for evaluating the performance of the Board, its committees and the individual directors.	The Board has a policy of conducting an annual performance review of itself that compares the performance of the Board with the requirements of the Board Charter, critically reviews the mix of the Board and suggests and amendments to the Board Charter as are deemed necessary or appropriate.
2.6 Provide the information indicated in 'Guide to reporting on Principle 2'.	The Company will provide details of any departures from best practice recommendation Principle 2 in its Annual Report

Corporate Governance Policy	Comment
Principle 3 ***Actively promote ethical and responsible decision-making***	***Adopted***
3.1 Establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity 3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders 3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.	The Company's Corporate Governance Policies include a Directors and Executive officers' Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	The Company's Corporate Governance Policies includes Dealing in Securities which provides comprehensive guidelines on trading in the Company's securities.
3.3 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements which enable the Company to establish measurable objectives for achieving gender diversity so the Board can assess annually the objectives and the progress in achieving them.	*The Company has adopted a Diversity Policy and a copy of the Policy is available on the Company's website.*
3.4 Provide the information indicated in 'Guide to Reporting on Principle 3'.	The Company will provide details of any departures from best practice recommendation Principle 3 in its Annual Report
Principle 4 ***Safeguard integrity in financial reporting***	***Adopted***
4.1 The Board should establish an audit committee.	An Audit and Risk Management Committee has been established.
4.2 Structure the audit committee so that it consists of: ▪ Only non-executive directors ▪ A majority of independent directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members.	The Audit and Risk Management Committee consists of three (3) Non-Executive Directors; who are all independent and is chaired by a Director who is not chair of the RSL Board.
4.3 The audit committee should have a formal charter.	The Audit and Risk Management Committee has a formal Charter.
4.4 Provide the information indicated in the 'Guide to reporting on Principle 4'.	The Company will provide details of any departures from best practice recommendation Principle 4 in its Annual Report
Principle 5 ***Make timely and balanced disclosure***	***Adopted***
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclosure policies or a summary of these policies.	The Company has a Continuous Disclosure program in place which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.
5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'.	The Company will provide details of any departures from best practice recommendation Principle 5 in its Annual Report

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
Principle 6 ***Respect the rights of shareholders***	***Adopted***
6.1 Design a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy	The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs.
6.2 Provide the information indicated in the 'Guide to reporting on Principle 6'.	The Company will provide details of any departures from best practice recommendation Principle 6 in its Annual Report
Principle 7 ***Recognise and manage risk***	***Adopted***
7.1 The Board or appropriate Board committee should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board determines and identifies the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The CEO has designed and implemented continuous risk management and internal control systems. Reports as requested are provided at relevant times.
7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.	The Board seeks, at the appropriate times, the relevant assurances from the individuals appointed to perform the role of Chief Executive Officer and the Chief Financial Officer (or equivalent).
7.4 Provide the information indicated in the 'Guide to reporting on Principle 7'.	The Company will provide details of any departures from best practice recommendation Principle 7 in its Annual Report
Principle 8 ***Remunerate fairly and responsibly***	***Adopted except for Recommendation 8.1***
8.1 The Board should establish a remuneration committee	The Company's Remuneration Committee comprises the Board acting without the affected director participating in the decision making process
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	The Board will distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of the Managing Director and senior executives (without the participation of the affected director).

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
8.3 Provide the information indicated in the 'Guide to reporting on Principle 8'.	The Company will provide details of any departures from best practice recommendation Principle 8 in its Annual Report

Further information on the Corporate Governance Policies that have been adopted by the Company can be referenced at the Company's webpage www.resourcestar.com.au

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Resource Star Limited

In relation to our audit of the financial report of Resource Star Limited ("the Company") for the year ended 30 June 2011 ("the audit"), I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Star Limited and the entities it controlled during the year.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

David Nairn
Partner

Melbourne
29 September 2011

HLB Mann Judd (VIC Partnership)
Level 1 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800
Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	*CONSOLIDATED* 30 June 2011 $	30 June 2010 $
Other revenue	2(a)	**126,506**	34,724
Exploration expenditure written off		**(431,184)**	(278,631)
Expensed share issue costs		**-**	-
Tenement commitment costs		**-**	(335,372)
Depreciation		**(1,571)**	(1,717)
Other expenses	2(b)	**(986,022)**	(858,498)
Loss before income tax expense		**(1,292,271)**	(1,439,494)
Income tax expense	3	**-**	-
Loss after tax from continuing operations		**(1,292,271)**	(1,439,494)
Net loss for the year	14	**(1,292,271)**	(1,439,494)
Other comprehensive income		**-**	-
Total comprehensive income / (loss) for the year		**(1,292,271)**	(1,439,494)
Net loss and comprehensive loss attributable to:			
Owners of the parent entity		**(1,292,271)**	(1,439,494)
Non-controlling interest		**-**	-
		(1,292,271)	(1,439,494)
Basic loss per share (cents per share)	4	**(2.339)**	(3.401)
Basic loss per share from continuing operations (cents per share)	4	**(2.339)**	(3.401)
Diluted loss per share (cents per share)	4	**(2.339)**	(3.401)
Diluted loss per share from continuing operations (cents per share)	4	**(2.339)**	(3.401)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
Current Assets			
Cash and cash equivalents	5	**481,324**	357,293
Trade and other receivables	6	**64,153**	41,424
Other financial assets	5(a)	**-**	1,200,000
Other	7	**12,510**	10,190
Total Current Assets		**557,987**	1,608,907
Non-Current Assets			
Deferred exploration and evaluation expenditure	8	**3,225,998**	2,711,495
Property, plant and equipment	9	**3,487**	3,482
Total Non-Current Assets		**3,229,485**	2,714,977
Total Assets		**3,787,472**	4,323,884
Current Liabilities			
Trade and other payables	10	**410,013**	448,140
Employee benefits	11	**1,584**	13,183
Total Current Liabilities		**411,597**	461,323
Total Liabilities		**411,597**	461,323
Net Assets		**3,375,875**	3,862,561
Equity			
Contributed equity	12	**31,719,831**	31,312,858
Reserves	13	**451,973**	58,989
Accumulated losses	14	**(28,795,929)**	(27,509,286)
Total Equity		**3,375,875**	3,862,561

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED	
		30 June 2011 $	30 June 2010 $
Cash flows from operating activities			
Interest income		**78,858**	12,614
Payment to suppliers and employees		**(945,666)**	(758,523)
Net cash flows provided by/(used in) operating activities	5(b)	**(866,808)**	(745,909)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(938,700)**	(137,497)
(Payments for) / proceeds from investments		**1,200,000**	(1,200,000)
Payments for plant and equipment		**(1,575)**	(1,750)
Net cash flows provided by/(used in) investing activities		**259,725**	(1,339,247)
Cash flows from financing activities			
Proceeds from issue of shares and options		**829,641**	2,499,302
Proceeds from loans		**-**	221,500
Share issue costs		**(98,527)**	(407,257)
Net cash flows provided by/(used in) financing activities		**731,114**	2,313,545
Net increase/(decrease) in cash and cash equivalents		**124,031**	228,389
Cash and cash equivalents at beginning of year		**357,293**	128,904
Cash and cash equivalents at the end of the year	5	**481,324**	357,293

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Contributed equity	*Accumulated losses*	*Reserves*	*Total Equity*
	$	*$*	*$*	*$*
Balance at 1 July 2009	28,626,314	(26,101,712)	31,920	2,556,522
Total comprehensive loss for the year	-	(1,439,494)	-	(1,439,494)
Shares issued (net of costs)	2,686,544	-	-	2,686,544
Options issued	-	-	58,989	58,989
Options forfeited	-	31,920	(31,920)	-
At 30 June 2010	31,312,858	(27,509,286)	58,989	3,862,561
Balance at 1 July 2010	**31,312,858**	**(27,509,286)**	**58,989**	**3,862,561**
Total comprehensive loss for the year	**-**	**(1,292,271)**	**-**	**(1,292,271)**
Shares issued (net of costs)	**406,973**	**-**	**-**	**406,973**
Options issued	**-**	**-**	**398,612**	**398,612**
Options forfeited	**-**	**5,628**	**(5,628)**	**-**
At 30 June 2011	**31,719,831**	**(28,795,929)**	**451,973**	**3,375,875**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Resource Star Limited and its subsidiaries (collectively referred to as "the Group").

The financial report has also been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a listed public company incorporated in Australia. The Company's principal activity is mineral exploration.

(b) Adoption of new and revised standards

(i) Changes in accounting policy and disclosures

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on the day of the Directors' Report.

The financial report complies with Australian Accounting Standards ("AASBs"). Compliance with AASBs ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Star Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Resource Star Limited and its subsidiaries are referred to in this financial report as the group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the binomial model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off.

Recovery of deferred tax assets

Deferred tax assets are recognised as deductible temporary differences when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies. The Company has been incurring losses and presently, it is not known when the Company will earn taxable income. As such, deferred taxes have not been recognised.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and Cash Equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(i) Foreign Currency Translation

Both the functional and presentation currency of the Company and its subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income (loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge (benefit) is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit (loss) will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 1 to 7.5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year/period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probably that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Borrowing Costs

Borrowing costs are capitalised where they are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed when incurred.

(q) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(r) Employee Leave Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled inclusive of on-costs.

(i) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Share based payment transactions

Equity settled transactions

The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (“equity settled transactions”).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 15 and the Remuneration Report.

The fair value of options issued to the Chief Executive Officer in 2010 and a Director in 2011 as approved by the Directors and shareholders are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example (profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(v) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current;

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Exploration and evaluation expenditure (continued)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

An ‘area of interest’ is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or an oil or natural gas field, or has been proved to contain such a deposit or field.

(w) Going concern

Notwithstanding the loss incurred over the past 12 months and the Group’s financial position, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business based on the factors outlined in note 24.

(x) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. The financial information for the Parent Entity is disclosed in note 25 and has been prepared on the same basis as the consolidated financial statements.

(y) Operating segments

Operating segments are presented using the “management approach” where the information presented is on the same basis as the internal reports provided to the chief operating decision makers (“CODM”). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

	CONSOLIDATED	
	30 June 2011 $	30 June 2010 $
2. REVENUES AND EXPENSES		
(a) Other revenue		
Finance revenue – bank interest	**57,142**	34,724
Foreign exchange gain	**69,364**	-
	126,506	34,724
(b) Other expenses		
Administration expenses	**615,684**	516,611
Auditor's remuneration	**45,375**	42,500
ASX fees	**14,740**	70,956
Directors' fees	**170,000**	90,000
Secretarial fees	**70,515**	75,287
Foreign exchange loss	**-**	19,848
Professional accounting fees	**69,708**	33,237
Finance cost	**-**	10,059
	986,022	858,498

3. INCOME TAX EXPENSE

The prima facie tax on profit/(loss) from continuing Operations before income tax is reconciled to the income tax expense as follows:

Prima facie (benefit)/expense on profit/(loss) from continuing operations (30%)	**(387,681)**	(431,848)
Tax effect of capitalised exploration costs	**(154,351)**	2,522
Tax effect of permanent differences	**20,888**	17,766
	(521,144)	(411,560)
Deferred tax asset not brought to account	**521,144**	411,560
Income tax expense for the year	**-**	-

The amounts of tax losses available have not been recognised at the date of the report. It is expected that a certain amount of tax losses would be deductible against future taxable income on the condition that certain criteria imposed by the tax legislation have been met.

The DTA not brought to account will only be realised if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) the Company and Group are able to meet the continuity of business and/or continuity of ownership tests.

4. EARNINGS/(LOSS) PER SHARE

	CONSOLIDATED	
	2011	2010
	Cents per share	Cents per share
Basic loss per share:		
Total basic loss per share	**(2.339)**	(3.401)
Diluted loss per share		
Total diluted loss per share	**(2.339)**	(3.401)
The earnings and weighted average number of ordinary shares used in the calculation of basic per share is as follows:	$	$
Loss	**(1,292,271)**	(1,439,494)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**55,243,250**	42,325,721
Effect of dilution:		
Class A performance shares	**-**	-
Share options (a)	**-**	-
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**55,243,250**	42,325,721

(a) Diluted loss per share arising from the options is not reflected as the result is anti-dilutive in nature.

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2011 $	2010 $
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank and cash in hand	**481,324**	357,293
	481,324	357,293

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call earned interest at fixed rates ranging from 5.5% to 6.3% for terms of 4 to 9 months at the end of the 2010 financial year. There were no Deposits at call at the end of the 2011 financial year.

The Group has no credit standby arrangements, loan or overdraft facilities.

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
5. CASH AND CASH EQUIVALENTS (continued)		
(a) Other financial assets		
Deposits at call	**-**	1,200,000
	-	1,200,000
(b) Reconciliation of net loss after tax to net cash flows from operations		
Net loss	**(1,292,271)**	(1,439,494)
Adjustments for:		
Incentive options	**-**	58,989
Depreciation on property, plant and equipment	**1,571**	1,717
Exploration expenditure written off	**431,184**	613,903
Foreign exchange loss (gain)	**-**	19,848
Share based payments	**68,971**	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(67,193)**	(29,064)
(Decrease)/increase in trade payables and accruals	**(6,750)**	30,914
(Increase)/decrease in prepayments	**(2,320)**	(2,722)
Net cash provided by/(used in) operating activities	**(866,808)**	(745,909)

6. TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
Current		
Accrued income	**435**	22,150
Other receivables (i)	**63,718**	19,274
	64,153	41,424

(i) Other receivables are non-interest bearing and expected to be received in 30 days.

The Group has no concentration of credit risk with respect to any single counter party or group of counter parties. All of the other receivables are based in Australia. No amounts of other receivables are past due nor impaired.

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
7. OTHER CURRENT ASSETS		
Current		
Prepayments	**12,510**	10,190
	12,510	10,190

	2011	2010
8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of :		
Exploration and evaluation phase – at cost		
Balance at beginning of year	**2,711,495**	2,719,902
Expenditure incurred	**945,687**	270,224
Expenditure written off *	**(431,184)**	(278,631)
Total deferred exploration and evaluation expenditure	**3,225,998**	2,711,495

* An assessment of the recoverable amount has been completed on all tenements and capitalised expenditure totalling $431,184 (2010: $278,631) was written off. Write-downs occurred where capitalised expenditure was considered to be unreasonably high, not in the Group's mandated area of "uranium and associated elements" or in relation to expired licenses.

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
9. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At 1 July, net of accumulated depreciation and impairment	**3,482**	3,449
Additions	**1,576**	1,750
Disposals	**-**	-
Depreciation charge for the year	**(1,571)**	(1,717)
At 30 June, net of accumulated depreciation and impairment	**3,487**	3,482
Cost	**12,971**	11,395
Accumulated depreciation and impairment	**(9,484)**	(7,913)
Net carrying amount	**3,487**	3,482

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
10. TRADE AND OTHER PAYABLES		
Current		
Unsecured Liabilities		
Trade payables	**116,917**	92,883
Tenement commitment payable	**265,908**	335,272
Accrued expenses	**27,188**	19,985
	410,013	448,140

Included in the above balance are the following amounts payable to Directors and related entities.

	2011 $	2010 $
Directors and related entities	**3,667**	43,844
	3,667	43,844

11. EMPLOYEE BENEFITS

	2011 $	2010 $
Current Liabilities		
Liability for annual leave	**1,584**	13,183
	1,584	13,183

12. CONTRIBUTED EQUITY

	2011 $	2010 $
Ordinary shares issued and fully paid (i)	**31,719,831**	31,312,858
Class A performance shares issued and fully paid (ii)	**-**	-
	31,719,831	31,312,858

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of share capital and issued shares do not have a par value.

(i) Movement in ordinary shares on issue	Number	$
At 1 July 2009	**34,283,179**	28,526,314
Fully paid shares issued for cash		
• Placement at 16 cents – 11 November 2009	**3,742,475**	598,796
• Issue of shares pursuant to prospectus at 20 cents– 25 February 2010	**9,502,528**	1,900,506
Shares issued other than for cash		
• Shares allotted at 20 cents – 2 July 2009 *	**1,400,000**	-
• Purchase of tenements and repayment of loan at 20 cents – 25 February 2010	**3,000,000**	600,000
Cancelled class A performance shares	**-**	100,000
Share issue costs	**-**	(412,758)
At 30 June 2010	**51,928,182**	31,312,858

	CONSOLIDATED	
	Number	$
12. CONTRIBUTED EQUITY (continued)		
At 1 July 2010	**51,928,182**	31,312,858
Fully paid shares issued for cash		
• Placement at 10 cents – 1 November 2010	**5,000,000**	**500,000**
Share issue costs	**-**	**(93,027)**
At 30 June 2011	**56,928,182**	**31,719,831**
(ii) Movement in Class A performance shares on issue		
At 1 July 2009	**1,176,471**	100,000
Cancellation of shares	**(1,176,471)**	(100,000)
At 30 June 2010	**-**	-
At 30 June 2011	**-**	-

Class “A” performance shares do not carry the right to vote or receive dividends.

(a) Capital management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group’s capital by assessing the Group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

	CONSOLIDATED	
	Number	$
13. RESERVES		
Options Reserve		
At 1 July 2009	**400,000**	31,920
Options issued	**800,000**	58,989
Options expired/forfeited	**(400,000)**	(31,920)
At 1 July 2010	**800,000**	58,989
Options issued	**47,964,091**	398,612
Options expired/forfeited	**(250,000)**	(5,628)
At 30 June 2011	**48,514,091**	451,973

The reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

	CONSOLIDATED 2011 $	2010 $
14. ACCUMULATED LOSSES		
Movements in accumulated losses		
At 1 July	**(27,509,286)**	(26,101,712)
Loss attributable to the members of the parent entity	**(1,292,271)**	(1,439,494)
Options forfeited	**5,628**	31,920
At 30 June	**28,795,929**	(27,509,286)

15. SHARE BASED PAYMENTS

Recognised share-based payment expenses

The expense recognised for employee and non-executive director services received during the year is shown in the table below:

	2011	2010
Expense arising from equity-settled share-based payment transactions - Directors	**68,906**	58,989
Expense arising from equity-settled share-based payment transactions - Other Employees	**65**	-
Total expense arising from share-based payment transactions	**68,971**	58,989

The assessed fair value at grant date of options granted to the Chief Executive Officer in 2010 and a Director in 2011 were determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The table below illustrates the number of options, the weighted average exercise price (WAEP) of and movements in share options issued by the Company during the year:

	30 June 2011 No.	30 June 2011 Weighted average exercise price	30 June 2010 No.	30 June 2010 Weighted average exercise price
Outstanding at the beginning of the period	800,000	$0.222	400,000	$0.375
Granted during the period	2,000,000	$0.200	800,000	$0.222
Forfeited during the period	(250,000)	$0.250	(400,000)	$0.375
Outstanding at the end of the period	2,550,000	$0.202	800,000	$0.222
Exercisable at the end of the period	2,550,000	$0.202	800,000	$0.222

The outstanding balance as at 30 June 2011 is represented by:

- 300,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 15 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.22 each, exercisable until 15 July 2012;
- 2,000,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 30 September 2012.

15. SHARE BASED PAYMENTS (continued)

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 1.20 years (2010: 2.04 years).

The weighted average exercise price for options outstanding at year end was $0.202 (2010: $0.222).

The fair value of options granted during the year was $68,906 (2010: $58,989).

The fair value of options expired during the year was $5,628 (2010: $31,920).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

	30 June 2011	30 June 2010
Volatility	100%	100%
Risk-free interest rate	4.87%	4.555%
Expected life of option	2.00 years	3.09 years
Exercise price	20 cents	20 to 25 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends that may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board is responsible for monitoring and managing the Group's financial risk exposures by monitoring the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the internal controls relating to currency risk, financing risk and interest rate risk. The overall risk management strategy seeks to assist the Group to meet its targets, while minimising potential adverse effects on financial performance.

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits and interest bearing liabilities.

The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash, short-term deposits and short-term borrowings. The short-term debt is a fixed rate debt. Since the Group does not have any long-term debt obligations, the Group's exposure to this risk is nominal.

Market risk
The Group's exposure to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices relates primarily to accounts payables and short-term borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

	CONSOLIDATED	
	2011 $	2010 $
Financial Assets		
Cash and cash equivalents	**481,324**	357,293
Other financial investments	**-**	1,200,000
Financial Liabilities		
Short-term borrowings – related parties	**-**	-
Net exposure	**481,324**	1,557,293

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties that could lead to financial loss to the Group. The Group's policy is to trade only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures. Cash and cash equivalents are held with Authorised Deposit Institutions (ADI) or an institution which has a Standard and Poor's (Australia) Pty Ltd rating of 'A-1+' for terms of a year or less.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. Details with respect to credit risk of trade and other receivables are disclosed in note 6.

Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and capital raising. The liquidity risk is currently managed by the Board by monitoring the Group's cash flow and commitments on a monthly basis.

Refer to Note 24 for additional details.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2011 and 2010.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	CONSOLIDATED	
	2011	2010
	$	$
6 months or less	**410,013**	448,140
6-12 months or less	**-**	-
1-5 years	**-**	-
Over 5 years	**-**	-
	410,013	448,140

17. FINANCIAL INSTRUMENTS

Foreign currency risk management

Exposure to foreign exchange risk may result in the fair value of cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial investments which are other than the AUD currency of the Group.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2011	2010	2011	2010
	$	$	$	$
US Dollar	**265,908**	335,272	**-**	-

Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar (AUD) strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	AUD impact	
	Consolidated	
	2011	2010
	$	$
Profit or loss	28,500 / (28,500)	30,479 / (37,252)

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

The fair values of financial assets have been calculated using market interest rates.

As at the end of the current and prior financial years, the Group does not have any financial instruments held at fair value and accordingly, the fair value hierarchy is not required to be applied.

17. FINANCIAL INSTRUMENTS (continued)

	Carrying amount		*Fair value*	
	2011	2010	2011	2010
	$	$	$	$
CONSOLIDATED				
Financial assets				
Cash	**481,324**	357,293	**481,324**	357,293
Other financial assets	**-**	1,200,000	**-**	1,200,000
Trade and other receivables	**64,153**	41,424	**64,153**	41,424
Financial liabilities on balance sheet				
Trade and other payables	**410,013**	448,140	**410,013**	448,140

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments:

Year ended 30/6/2011	<1 year $	>1-<2 years $	>2-<3 years $	>3-<4 years $	>4-<5 years $	>5 years $	Total $	Weighted average effective interest rate %
CONSOLIDATED								
FINANCIAL ASSETS								
Floating rate								
Cash assets	481,324	-	-	-	-	-	481,324	4.25%
Fixed rate								
Cash assets	-	-	-	-	-	-	-	0.00%
Trade & other receivables	64,153	-	-	-	-	-	64,153	0.00%
FINANCIAL LIABILITIES								
Fixed rate								
Trade & other payables	410,013	-	-	-	-	-	410,013	0.00%
Interest-bearing liabilities	-	-	-	-	-	-	-	0.00%

17. FINANCIAL INSTRUMENTS (continued)

Period ended 30/6/2010	<1 year $	>1-<2 years $	>2-<3 years $	>3-<4 years $	>4-<5 years $	>5 years $	Total $	Weighted average effective interest rate %
CONSOLIDATED								
FINANCIAL ASSETS								
Floating rate								
Cash assets	357,293	-	-	-	-	-	357,293	4.50%
Fixed rate								
Cash assets	1,200,000	-	-	-	-	-	1,200,000	5.76%
Trade & other receivables	41,424	-	-	-	-	-	41,424	0.00%
FINANCIAL LIABILITIES								
Fixed Rate								
Trade & other payables	448,140	-	-	-	-	-	448,140	0.00%
Interest-bearing liabilities	-	-	-	-	-	-	-	0.00%

18. CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Resource Star Limited and the controlled subsidiaries listed in the following table:

	Country of Incorporation	*% Equity interest* 2011	2010	*Owing to Parent Company* 2011	2010
Orion Exploration Pty Ltd	Australia	**100%**	100%	**805,184**	414,356
Eastbourne Exploration Pty Ltd	Australia	**100%**	100%	**1,430,051**	1,058,932
				2,235,235	1,473,288

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

	CONSOLIDATED 30 June 2011 $	30 June 2010 $
20. AUDITOR'S REMUNERATION		
The auditor of Resource Star Limited is HLB Mann Judd.		
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**45,375**	31,500
Independent accountant's report for prospectus	**-**	11,000
	45,375	42,500

21. SEGMENT INFORMATION

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (Chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of its geographical segment.

During the year, the Group considers that it has operated in two segments, being mineral exploration in Australia and Malawi (Africa).

Segment information
The following table presents revenue and profit information and certain asset and liability information regarding the reporting segments for the years ended 30 June 2011 and 30 June 2010.

	Australia $	Malawi (Africa) $	Total $
2011			
Segment revenue	**126,506**	**-**	**126,506**
Segment net operating loss after tax	**(1,276,947)**	**(15,324)**	**(1,292,271)**
Segment assets	**2,203,540**	**1,583,932**	**3,787,472**
Segment liabilities	**(145,689)**	**(265,908)**	**(411,597)**
Cash flow information			
Net cash flows provided by/(used in) investing activities	**705,668**	**(445,943)**	**259,725**
2010			
Segment revenue	34,724	-	34,724
Segment net operating loss after tax	(841,950)	(597,544)	(1,439,494)
Segment assets	3,185,895	1,137,989	4,323,884
Segment liabilities	(126,051)	(335,272)	(461,323)
Cash flow information			
Net cash flow provided by/(used in) investing activities	(1,261,978)	(77,269)	(1,339,247)

22. RELATED PARTY DISCLOSURES

(a) Details of key management personnel (KMP)

(i) Directors

A Bell	(Executive Chairman)	Assumed position of Executive Chairman on 5 July 2010 until 1 May 2011 and thereafter Non-Executive Director and Chairman.
R Kestel	(Non-Executive Director)	
R Benussi	(Non-Executive Director)	Appointed 9 July 2009
C Geach	(Non-Executive Director)	Appointed 22 April 2010
M Yannaghas	(Non-Executive Director)	Resigned 18 September 2009

(ii) Executives

I Scott	(Executive Director)	Resigned 9 July 2009
R Evans	(CEO)	Appointed 6 July 2009 / Resigned 5 July 2010
S Heggen	(Executive Director)	Appointed 1 May 2011

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Remuneration paid or payable

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the years ended 30 June 2011 and 30 June 2010.

The total remuneration paid to KMP of the Company and the Group is as follows:

	CONSOLIDATED	
	30 June 2011 $	30 June 2010 $
Short-term employee benefits	**207,500**	324,354
Post-employment benefits	**6,754**	18,268
Share-based payments	**68,906**	58,989
	283,160	401,611

23. RELATED PARTY DISCLOSURES (continued)

(c) Shareholdings of KMP

Shares held in the Company (number)

2011	Balance at beginning of year 01 July 2010	Exercise options	No Change / Other	Balance of date of resignation	Balance at 30 June 2011
A Bell	13,984,872	-	(2,489,577)	N/A	11,495,295
R Kestel	-	-	-	N/A	-
R Benussi***	-	-	1,000,000	N/A	1,000,000
C Geach	-	-	-	N/A	-
R Evans*	-	-	-	-	-
S Heggen**	-	-	-	N/A	-
Total	**13,984,872**	**-**	(1,489,577)	**-**	12,495,295

2010	Balance at beginning of year 01 July 2009	Exercise options	No Change / Other	Balance of date of resignation	Balance at 30 June 2010
A Bell	8,235,295	-	5,749,577	N/A	13,984,872
R Kestel	-	-	-	N/A	-
R Benussi**	-	-	-	N/A	-
C Geach	-	-	-	N/A	-
I Scott^	-	-	-	-	-
M Yannaghas^^	-	-	-	-	-
R Evans*	-	-	-	N/A	-
Total	**8,235,295**	**-**	**5,749,577**	**-**	**13,984,872**

* Appointed 6 July 2009, Resigned 5 July 2010 ** Appointed 1 May 2011 *** Appointed 9 July 2009 ^ Resigned 9 July 2009

^^ Resigned 18 September 2009

(d) Option holdings of KMP

2011	Balance at beginning of year 01 July 2010	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2011
A Bell	6,947,648	2,000,000	-	N/A	8,947,648
R Kestel	-	-	-	N/A	-
R Benussi***	-	-	-	N/A	-
C Geach	-	-	-	N/A	-
R Evans*	800,000	-	(250,000)	550,000	550,000
S Heggen**	-	-	-	N/A	-
Total	**7,747,648**	2,000,000	(250,000)	**550,000**	9,497,648

2010	Balance at beginning of year 01 July 2009	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2010
A Bell	-	6,947,648	-	N/A	6,947,648
R Kestel	-	-	-	N/A	-
R Benussi***	-	-	-	N/A	-
C Geach	-	-	-	N/A	-
I Scott^	400,000	-	(400,000)	-	-
M Yannaghas^^	-	-	-	-	-
R Evans*	-	800,000	-	N/A	800,000
Total	**400,000**	**7,747,648**	**(400,000)**	**-**	**7,747,648**

* Appointed 6 July 2009, Resigned 5 July 2010 ** Appointed 1 May 2011 *** Appointed 9 July 2009 ^ Resigned 9 July 2009

^^ Resigned 18 September 2009

(e) Other transactions with directors

Other transactions with the Company or its controlled entities

The terms and conditions of transactions with Directors and Executives and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arms length basis.

22. RELATED PARTY DISCLOSURES (continued)

(e) Other transactions with directors (continued)

The aggregate amount recognised during the year/period to Specified Directors and Specified Executives and their related entities were as follows:

Mr R Kestel

Fees for accounting services of $Nil (2010: $33,237) and corporate secretarial fees of $Nil (2010: $75,287) were paid to Mr Kestel's related company, Nissen Kestel Harford, during the period. Amounts outstanding at 30 June 2011 were $Nil (2010: $20,479), including directors fees of $Nil (2010: $4,750). Mr Kestel was a director of Nissen Kestel Harford until April 2010.

Mr C Geach

Fees for consultancy services of $Nil (2010: $15,200) were paid to Mr Geach, during the period. Amounts outstanding at 30 June 2011 were $Nil (2010: $19,698), including directors fees of $Nil (2010: $3,667).

Red Rock Resources plc

Red Rock Resources Plc is a substantial shareholder of the Company and holds more than 20% of the issued capital. The amount owed to Red Rock Resources plc (Red Rock) by the Group at 30 June 2011 was $Nil (2010: $Nil). Interest of $Nil (2010: $10,059) was paid to Red Rock Resources Plc during the period.

23. CAPITAL AND OTHER COMMITMENTS

Exploration and other commitments

In order to maintain current rights of tenure to exploration of exploration licences, the Group is required to perform a minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. For the exploration licences held at period end, the aggregate minimum expenditure requirement per annum is $967,000 (2010: $784,544).

Operating lease commitments – Group as lessee

The Group has entered into a commercial licence agreement on the lease of the office premises. The period of the licence is 12 months and is extendable on a month by month basis after the anniversary date. The minimum rentals payable per annum is $32,756 (2010: $30,091).

24. GOING CONCERN

In the past year the Group has continued its exploration programs. In the year ended 30 June 2011 the Company recorded a net loss of $1,292,271 and a net operating cash outflow of $866,808.

The Company will require further funding in order to meet day-to-day obligations as they fall due and to progress its exploration projects as budgeted. The Board of Directors is aware, having prepared a cashflow budget, of the Company's working capital requirements and the need to access additional funding within the next 6 months. Should the Company be unable to raise sufficient funds, it would consider a number of options including:

- selectively reducing administrative and exploration costs
- entering into farm-in and joint venture agreements
- the sale or relinquishing of tenements, if necessary.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded at 30 June 2011. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The Board is confident in securing sufficient additional funding to provide working capital for at least the next 12 months and would be able to negotiate with interested parties which include a Substantial Shareholder regarding a number of funding options that includes further debt and capital raisings.

As a result of these matters, the Directors have prepared the financial report on a going concern basis.

25. PARENT ENTITY DISCLOSURES

(a) Summary of Financial Information

	2011 $	2010 $
Financial position		
Assets		
Current assets	**491,768**	1,593,578
Non-current assets	**2,854,325**	2,314,955
Total assets	**3,346,093**	3,908,533
Liabilities		
Current liabilities	**355,464**	435,058
Non-current liabilities	**-**	-
Total liabilities	**355,464**	435,058
Net Assets	**2,990,629**	3,473,475
Equity		
Contributed capital	**31,719,831**	31,312,858
(Accumulated losses)	**(29,181,175)**	(27,898,372)
Reserves		
Options reserve	**451,973**	58,989
Total equity	**2,990,629**	3,473,475

	30 June 2011 $	30 June 2010 $
Financial performance		
Loss for the year	**(1,288,431)**	(1,842,856)
Other comprehensive income (loss)	**-**	-
Total comprehensive income (loss)	**(1,288,431)**	(1,842,856)

(b) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2011, the Company had no contractual commitments for the acquisition of property, plant and equipment (2010: Nil).

(c) Guarantees and contingent liabilities

As at 30 June 2011, the Company had no guarantees or contingent liabilities (2010: Nil).

26. CONTINGENCIES

A total of $265,908 (2010: $335,272) has been included in Trade and Other Payables in relation to an amount under spent at the Group's Chintheche tenement. Under legislation in Malawi, amounts under spent are required to be paid to the Republic of Malawi. Given its decision to surrender its right to explore at Chintheche, the Group has recognised a liability for this under-spend. The Group has also written to the Mines Department in Malawi seeking a waiver. Should the waiver be provided, the Group will not have to settle its obligation and as such an extinguished liability exists for this amount.

27. COMPANY DETAILS

The registered office of the company is:

Level 2 Spectrum, 100 Railway Road

Subiaco WA 6008

The principal place of business is:

Level 9, 440 Collins Street

Melbourne VIC 3000

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2011

1. In the opinion of the directors of Resource Star Limited (the "Company"):

   (a) the financial statements, notes and additional disclosures included in the director's report designated as audited are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Regulations 2001;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 24; and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

Ross Kestel
Director

29 September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent auditor's report to the members of Resource Star Limited

Report on the Financial Report

We have audited the accompanying financial report of Resource Star Limited ("the Company") which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Resource Star Limited. The Group comprises the Company and the entities it controlled as at 30 June 2011 or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with *International Financial Reporting Standards* ("IFRS").

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the Company's financial report for the year ended 30 June 2011 included in the annual report and on the website of the Company. The directors of the Company are responsible for the integrity of the web site and we have not been engaged to report on the integrity of the web site. This audit report refers only to the financial report named above and not on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Company's website.

HLB Mann Judd

Accountants | Business and Financial Advisers

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors a written Auditor's Independence Declaration as required by the *Corporations Act 2001*, a copy of which is attached to the directors' report.

Auditor's Opinion on the Financial Report
In our opinion:

a) the financial report of Resource Star Limited is in accordance with the *Corporations Act 2001*, including:
   i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of Matter – Going Concern
Without qualification to the conclusion expressed above, attention is drawn to the matters highlighted in Notes 1(w) and 24 in the financial report, which may cast doubt on whether the Company and the Group will be able to continue as a going concern in the future and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on the Remuneration Report
In our opinion the Remuneration Report of Resource Star Limited for the year ended 30 June 2011, complies with section 300A of *the Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Nairn

David Nairn
Partner

Melbourne
29 September 2011

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 23 September 2011.

(a) Distribution of equity securities

(i) Ordinary share capital

- 56,168,182 fully paid shares held by 1,580 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Analysis of numbers of equity security holders by size of holding are:

	Class of Equity Security			
	Number of Holders	**Fully Paid Ordinary Shares**	**Number of Holders**	**Listed Options**
1 – 1,000	599	153,966	71	20,653
1,001 – 5,000	313	770,268	59	159,345
5,001 – 10,000	217	1,511,664	20	142,234
10,001 – 100,000	369	12,404,902	47	2,154,849
100,001 and over	82	41,327,382	46	43,487,010
	1,580	56,168,182	243	45,964,091

1,224 Shareholders holding less than a marketable parcel

(ii) Unlisted options

- 1 holder of 300,000 unlisted options expiring 15 July 2012 exercisable at $0.20 each do not carry the right to vote or receive dividends; and
- 1 holder of 250,000 unlisted options expiring 15 July 2012 exercisable at $0.22 each do not carry the right to vote or receive dividends
- 1 holder of 2,000,000 unlisted options expiring 30 September 2012 exercisable at $0.20 each do not carry the right to vote or receive dividends;

(b) Twenty largest holders of quoted equity securities (fully paid ordinary shares)

	Number held	**Percentage %**
RED ROCK RESOURCES PLC	10,735,295	19.11
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,866,463	5.10
RUBICON NOMINEES PTY LTD	2,489,577	4.43
ECOMETRIX PTY LTD	2,252,942	4.01
VICPORT FISHERIES PTY LTD	1,750,000	3.12
BE COPYMART PTY LTD <B&E MCCONNELL S/F A/C>	1,210,000	2.15
MR ANTHONY JAMES ELLIS	1,000,000	1.78
MR AUSTIN WILLIAM GALT <G GALT AUSTIN A/C>	1,000,000	1.78
INTREPID CONCEPTS PTY LTD	885,000	1.58
STATE ONE NOMNINEES PTY LTD <SETTLEMENT A/C>	692,700	1.23
M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	650,000	1.16
DEUTSCHER LIMITED	635,295	1.13
MR LESLIE MARTA	600,000	1.07
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	502,631	0.89
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	501,861	0.89
JC & AJ PATEL PTY LTD <JC PATEL FAMILY S/F A/C>	500,000	0.89
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	440,000	0.78
GOWINGS BROS LIMITED	432,353	0.77
NATIONAL NOMINEES LIMITED	424,106	0.76
MR NEAL JOHN WORTHINGTON & MRS APRILLE ANNE ATKINSON <NEAL WORTHINGTON SUPER FUND A/C>	375,000	0.67
	29,943,223	**53.30**

(c) Twenty largest holders of quoted equity securities (listed options)

	Number held	Percentage %
RED ROCK RESOURCES PLC	6,947,648	15.12
ECOMETRIX PTY LTD	5,263,180	11.45
BE COPYMART PTY LTD <B&E MCCONNELL S/F A/C>	3,400,000	7.40
RUBICON NOMINEES PTY LTD	3,000,000	6.53
HEELMO HOLDINGS PTY LTD <DEEP BLUE A/C>	2,700,000	5.87
MR AUSTIN WILLIAM GALT <G GALT AUSTIN A/C>	2,000,000	4.35
CROFTBANK PTY LTD <WATTS FAMILY SUPER FUND A/C>	1,999,292	4.35
M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,780,515	3.87
JACOBS CORPORATION PTY LTD	1,535,037	3.34
MR MARK ANDREW THOMPSON	1,100,000	2.39
MR FREDERICK BELL	1,000,000	2.18
FEVERTREE RESOURCES PTY LTD <RICHARD EVANS INVESTMENT A/C>	1,000,000	2.18
PEOLSOMI PTY LTD <PEOLSOMI SUPER FUND A/C>	1,000,000	2.18
EST MR FRANK RODI <THE RODI SUPER FUND A/C>	1,000,000	2.18
YOON ENTERPRISES PTY LTD <YOON SUPER FUND A/C>	900,000	1.96
MR TRAVIS RAYNER	730,000	1.59
JULIA MARGARET WRIGHT	711,043	1.55
MR WILLIAM DHANANJAYA CHRISTMAN & MS MICHELLE NITYA CHRISTMAN	546,750	1.19
MR SIMON WILLIAM TRITTON	500,000	1.09
MR DAVID JAMES WALL <THE RESERVE A/C>	500,000	1.09
	37,613,465	**81.86**

(d) Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
RED ROCK RESOURCES PLC	10,735,295	19.11
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,866,463	5.10
Options		
RED ROCK RESOURCES PLC	6,947,648	15.12
ECOMETRIX PTY LTD	5,263,180	11.45
BE COPYMART PTY LTD <B&E MCCONNELL S/F A/C>	3,400,000	7.40
RUBICON NOMINEES PTY LTD	3,000,000	6.53
HEELMO HOLDINGS PTY LTD <DEEP BLUE A/C>	2,700,000	5.87

(e) Voting rights

All ordinary shares carry one vote per share without restriction.

(f) Restricted Securities

The Company has 760,000 restricted securities (held in escrow until 1 March 2012) on issue.

(g) Business Objective

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

ASX ADDITIONAL INFORMATION

(h) Schedule of Tenements as at 23 September 2011

NORTHERN TERRITORY

Project	Tenement	Area (Sq Km)	Grant Date	Expiry Date	Holder
Edith River Project	EL23568	229	17/02/2003	16/02/2013	RSL 100%
	EL23569	233	17/06/2003	16/06/2011	RSL 100% Under Renewal
	EL26219	74	16/11/2007	15/11/2013	RSL 100%
	EL26220	18	16/11/2007	15/11/2013	RSL 100%
	ELA25884	65	Application	Application	RSL 100%
	EL25885	212	22/10/2007	21/10/2013	RSL 100%
	EL26341	20	22/04/2008	21/04/2014	RSL 100%
	ELA27149	78	Application	Application	RSL 100%
	ELA28903	122	Application	Application	RSL 100%
Marrakai	EL24614	10	02/12/2005	01/12/2011	RSL 100%
Hayes Creek South	EL24432	63	02/12/2005	01/12/2011	RSL 100%
Daly River Road	EL24391	10	02/12/2005	01/12/2011	RSL 100%
Celia Prospect	ELA24414	13	Application	Application	RSL 100%
Woolgni Mine Area	MLA24342	163 ha	Application	Application	RSL 100%

TASMANIA

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Specimen Reef	EL11/2005	71	12/05/2006	11/05/2012	RSL 35%

WESTERN AUSTRALIA

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Mt Alfred	E29/581	185	08/03/2006	07/03/2013	RSL 100%
Lake Barlee	EL29/721	-	Application	Application	Surrendered 12 April 2011

MALAWI (AFRICA)

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Machinga	EPL0230/07	935	12/12/2007	11/12/2012	RSL 100%
Chinteche	EPL0219/2007	212	27/06/2007	26/06/2010	RSL 100% Relinquished
Ilomba Hill	EPL0264/08	80	30/09/2008	29/09/2011	RSL 90% Under Renewal
Ulindi	EPLA	31	Application	Application	RSL 90%
South Rukuru	EPLA	750	Application	Application	RSL earning 20% in 2010
Mt Mwinje	EPLA	564	Application	Application	RSL 80%