



Level 9, 440 Collins Street, Melbourne VIC 3000
www.ResourceStar.com.au ABN 71 098 238 585

RSL QUARTERLY REPORT TO 31 DECEMBER 2010

Highlights:

Business Development

- Nimrodel Resources announced its acquisition of 100% of the issued share capital of Walkabout Resources Pty Ltd: the Specimen Reef Joint Venture (35% owned by Resource Star) in Tasmania is included in this agreement, and free-carried exploration for IOCG style mineralisation will commence this year.
- Option to acquire near-surface uranium project, Yuinmery, in Western Australia. Due diligence, including an external review of drilling data, planned for Q1 2011.

Exploration Highlights

- **Drilling and subsequent down-hole radiometric probing completed at Livingstonia.**
 - Results received subsequent to the quarter are likely to lead to an increased Resource.
 - Intersections thicker than encountered to date and appear to confirm 3rd mineralised trend.
- Key points for the Project:
 - Mineralisation remains open laterally in a number of directions.
 - Mineralisation continues into Paladin Energy's adjoining license where the radiometric anomaly continues.
- **More than 800 soil samples collected at Ilomba based on the results of airborne radiometric survey.**
 - Focused around a 1.5km uranium/thorium anomaly, but designed to include satellite targets associated with cross-cutting features.
 - Subsequent to the quarter export permit granted by Government and samples being sent for analysis.
- Key points for the Project:
 - First significant soil sampling ever completed over the Ilomba Project.
 - Application made to acquire additional nearby prospective geology.
- **Drilling completed at Edith River and Hayes Creek South Projects.**
 - Narrow anomalous zones identified in first exploratory drilling at Tennysons and YMCA.
 - Initial results received subsequent to the quarter, full report and analysis awaited.

- **Drilling results from Machinga JV with Globe Metals & Mining confirm significant heavy rare earth discovery.**
 - Minimum of three separate zones of HREO-Nb-Ta-Zr mineralisation with very high dysprosium including:
- MARC005: 11m @ 1.0% TREO with 330ppm Dy₂O₃
 - Inc.: 4m @ 1.4% TREO with 492ppm Dy₂O₃
- MARC015: 5m @ 1.5% TREO with 596ppm Dy₂O₃
 - Inc.: 1m @ 2.5% TREO with 971ppm Dy₂O₃
 - Average ratio of HREO:TREO very high at 32%

For further information contact:

Andrew Bell, Chairman - Resource Star Ltd:

+44 7766 474849

Victoria Thomas, Director - Six Degrees Investor Communication:

+61 431 151 676

Introduction

Emerging uranium and specialty metals explorer, Resource Star Ltd ('Resource Star', 'RSL' or 'Company') (ASX: RSL) is pleased to provide its quarterly report for the period ended 31 December, 2010.

Following its relisting on 1st March 2010, the Company has focussed on delivering exploration results on its consolidated portfolio of projects.

The Company has developed a portfolio of uranium and uranium-related projects in regions of known prospectivity that present strong minerals development potential, namely Australia, and Malawi in south eastern Africa.

Resource Star's key projects are the 100%-owned Edith River Uranium Project in the Northern Territory, and joint ventures with Globe Metals & Mining Limited on the Machinga Niobium-Rare Earths Project and the Livingstonia Uranium Project in Malawi.

The balance of RSL's portfolio complements the priority projects in terms of regional and geological synergies, or provide stand-alone cost-effective exploration potential. The Company continues to consider compelling project acquisition opportunities that are in line with this strategy, and these will be assessed during ongoing business development activity.

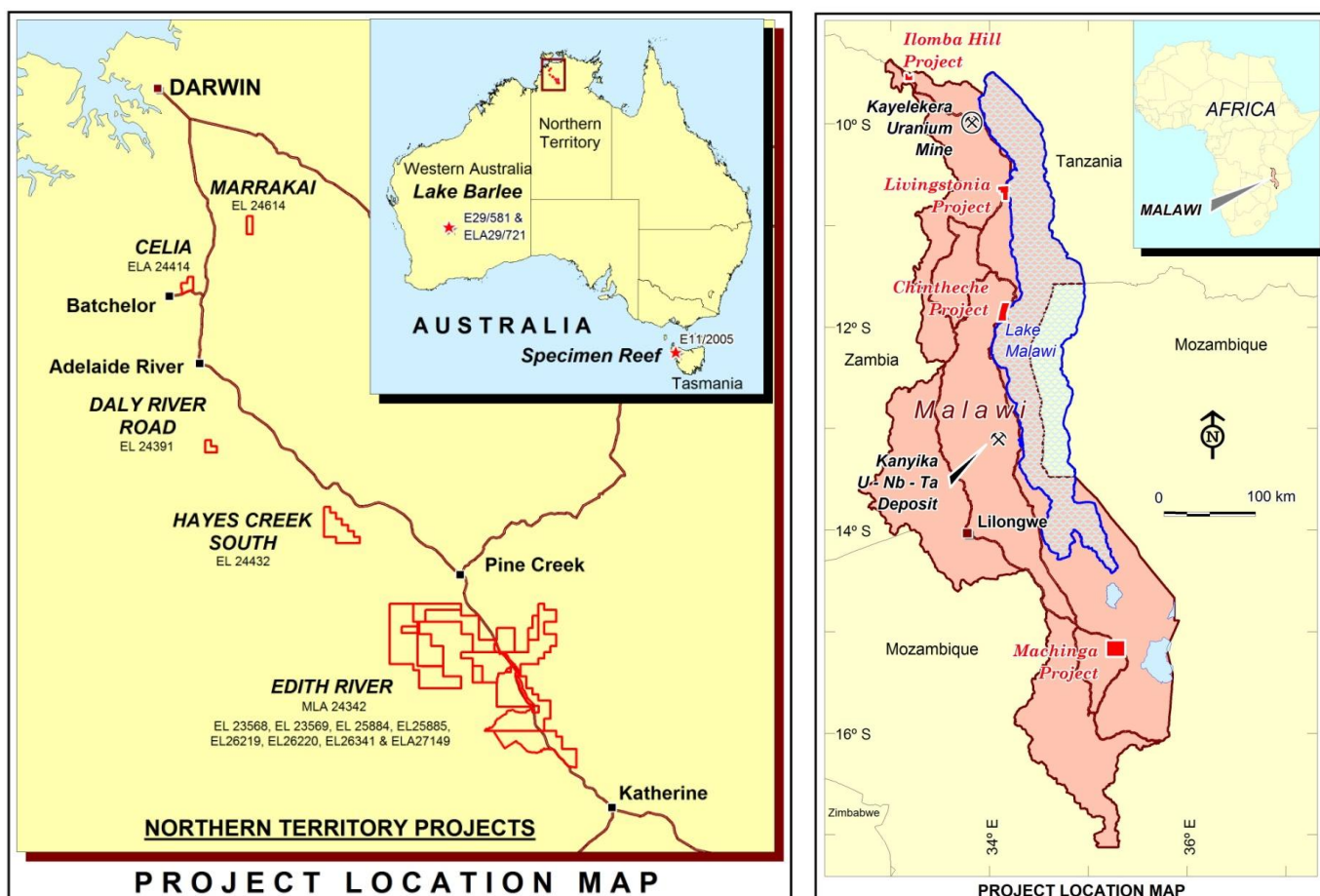


Figure 1: Resource Star's Projects in Australia and Malawi

Operational Overview

MALAWI

Livingstonia Project

Drilling at Livingstonia was completed in November for a total of 1,502 metres. It consisted of thirteen percussion holes testing both interpreted controls on the sandstone-hosted redox uranium mineralisation and extensions to the known mineralisation.

The Livingstonia Project is subject to a Joint Venture with Globe Metals and Mining ('Globe') in which RSL is earning up to 80% ownership. Drilling of 1,000 metres and the JORC-compliant Mineral Resource Estimate by CSA Global Pty Ltd, which resulted in an Inferred Resource of 7.7Mt @ 270ppm U₃O₈, were part of the first earn-in period. This period concluded on 31st December 2010, and subsequent to the quarter RSL confirmed that it wished to proceed to the second earn-in period.

| Lower Grade Cut-off (ppm U ₃ O ₈) | Mineral Resource (million tonnes) | Grade (ppm U ₃ O ₈) | Contained Metal (Mlb U ₃ O ₈) |
|---|--------------------------------------|---|---|
| 100 ppm | 14.5 | 201 | 6.43 |
| 150 ppm | 7.7 | 270 | 4.58 |
| 200 ppm | 4.2 | 352 | 3.25 |

Table 1: Livingstonia Uranium Project - Inferred Mineral Resource Estimate as at 30th June, 2010

Note - All figures are rounded to reflect appropriate levels of confidence.

The Mineral Resource Estimate on the Livingstonia Project, completed as part of the first earn-in period, used existing drill information. The work was completed by an independent expert, CSA Global Pty Ltd, whose consultants are highly experienced in uranium mineral resource estimations. The drilling concluded during the quarter at Livingstonia can now be added into the existing database to determine the potential for increasing contained metal.

Drill results from Livingstonia are discussed in the 'Subsequent Events' section.

Machinga Project

Late in 2009 Resource Star signed a joint venture agreement with Globe Metals and Mining over the Machinga Project, with Globe managing future work and earning equity through exploration expenditure. In a staged process Globe can earn up to 80% of the project by funding all activity up to and including a feasibility study.

During the quarter Globe completed 16 holes for 1,688m testing zones of REO-Nb-Ta-Zr mineralisation identified in earlier trenching. Drilling showed that Zone 10 had the highest TREO grades and HREO:TREO ratios, while TREO grades progressively decrease and Nb and Ta grades increase further west.

Additionally dysprosium grades in Zone 10 were high, averaging 375ppm (reported as oxide) in comparison to average dysprosium grades at Mt Weld and Nolan's Bore being about 104ppm and 93ppm respectively. Other heavy rare earths such as Thulium, Ytterbium and Lutetium are also present in high ratios to TREO.

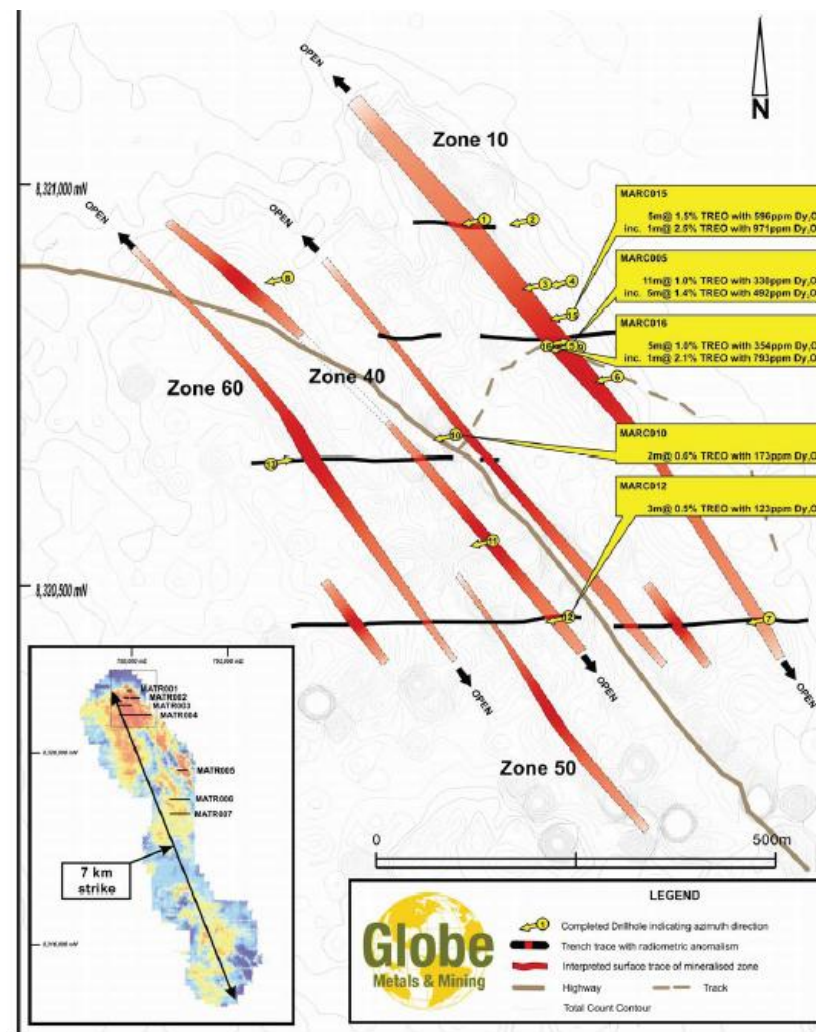


Figure 2: Machinga North target showing selected RC drilling results and interpreted surface trace of mineralised zones over ground total count radiometrics

Following completion of the drilling and expenditure of \$250,000 Globe achieved their first earn-in hurdle and now holds a 20% interest in the Project.

Globe also announced a program of reconnaissance ground radiometric and soil sampling to test other targets at Machinga, including the Lingoni and Domasi radiometric anomalies

Ilomba Hill Project

The 90%-owned Ilomba Hill Uranium-Niobium Project in Malawi is centred on the well-defined radiometric targets identified within the alkali syenite intrusion from recently completed airborne geophysical surveys.

Historical results from Ilomba have previously highlighted the prospectivity of the licence. Four of the eight historical samples are highly anomalous in niobium (>1% Nb₂O₅) and uranium (2,000ppm to >1% U₃O₈), and six have elevated zirconium results (>0.5% ZrSiO₄).

Results from the systematic soil sampling of the radiometric targets is intended to provide trench or drill targets as well as showing the distribution of non-radiogenic metals, such as niobium, tantalum, zircon and potentially any rare earth elements in the system.

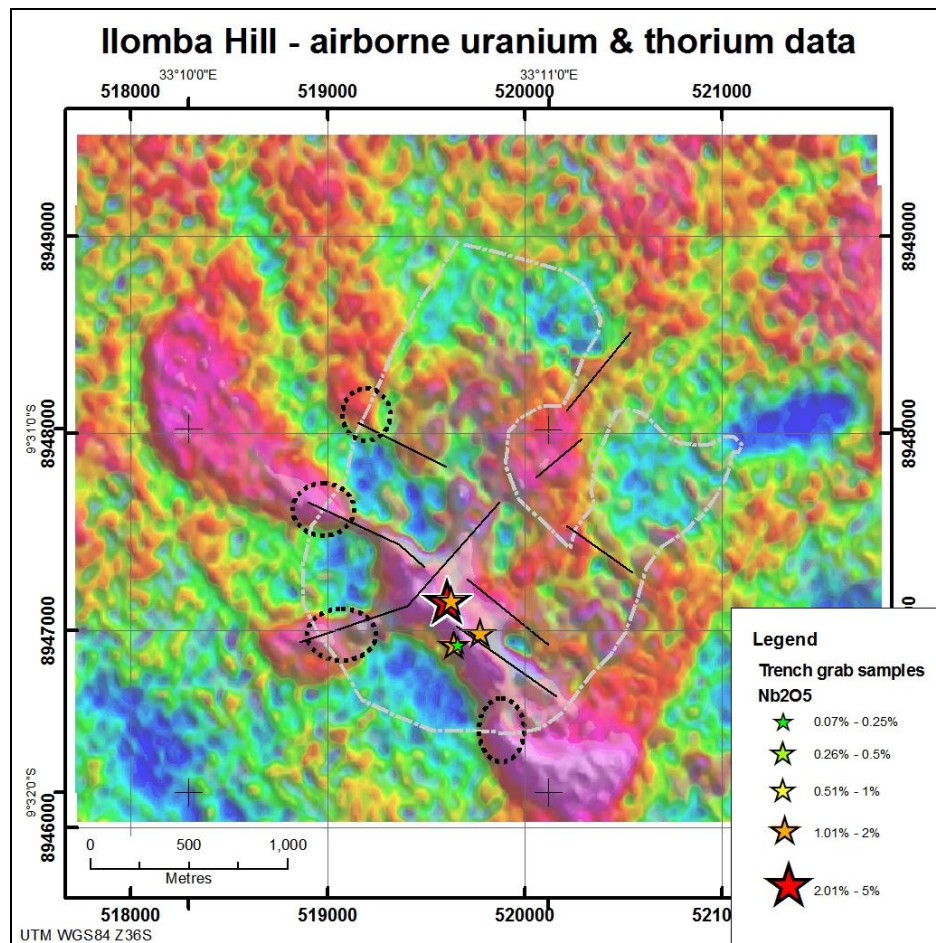


Figure 3: Ilomba Hill airborne radiometric survey with a strong response coincident with historical sampling, but also a number of satellite features of interest along the margins of the scree slope, all now covered by systematic soil sampling

AUSTRALIA

Edith River and Hayes Creek Projects

Based on the results of both RSL's detailed airborne geophysical survey, and mapping and rock chip sampling, an initial exploratory RC drill program over **Tennysons**, **YMCA** and **Hayes Creek South** was completed.

A total of 891 metres was drilled in 25 holes to test for mineralisation and allow for a better understanding of the underlying geology. Fourteen drill holes were at Tennysons, eight at Hayes Creek South and three at YMCA.

At **Tennysons** (EL 23568), part of the Edith River Uranium Project, recent mapping and sampling had confirmed that there are significant zones of outcropping foliation, alteration, veining and brecciation here that could provide an early understanding of the mineralisation style.

A number of significantly uranium-anomalous haematite breccia in granite grab samples had been located with a peak of 0.44% U_3O_8 , and averaging 1,837ppm U_3O_8 . Drilling was designed to test the mapped structural features that localise the mineralisation at surface.



Figure 3: Drilling at Tennysons with the anomalous outcrop in the foreground

At **YMCA** (EL 23568), also part of the Edith River Project, historical drilling by the Bureau of Mineral Resources in 1952-4 indicated the presence of uranium mineralisation with reported intersections of 1m and 1.5m at 1,000ppm eU_3O_8 . Ground radiometric surveys completed by Resource Star confirmed the presence of highly anomalous areas associated with the intersection of the more prominent north-west shear zone with a north-east striking shear zone.

Three RC holes were drilled testing the intersection of these structures.

At **Hayes Ck South** (EL 24432) some 60km to the NW of the Edith River Project, on what is interpreted to be a splay of the Hayes Creek Fault Zone (Fig 4), the fault-coincident radiometric anomaly from the recent airborne survey has been targeted with drilling testing the two peak radiometric responses.

The largest of the radiometric targets in the lease with a strike length of 2.5km and the area of recent work runs along a clear boundary between two geophysically-defined terrains. The anomaly has now been mapped by ground radiometrics, and an outcrop of Depot Creek Sandstone has been located (Fig 4). Drilling has tested the two peak radiometric responses.

Furthermore at **Marrakai**, also in the Northern Territory, near the historic South Alligator uranium field, soil sampling was completed to highlight any areas of anomalism within a zone of airborne radiometric response and structural deformation of sediments and provide information on potential targets for drilling. Initial results

and analysis from the soil sampling show anomalism associated with structural deformation and work will continue to delineate areas to focus future exploration on.

Specimen Reef Project, Tasmania

Walkabout Resources Pty Ltd recently announced the purchase of its entire issued share capital by ASX listed Nimrod Resources. RSL's Joint Venture at Specimen Reef with Walkabout Resources will now be managed and funded by Nimrod Resources. The joint venture project in Tasmania is targeting iron oxide-copper-gold (IOCG) mineralisation along strike from the Savage River magnetite mine. IOCG deposits can also contain significant amounts of uranium, and a historic drill-hole at Specimen Reef contained a 20cm intersection of high grade gold and uranium mineralisation.

The Joint Venture agreement in place with Walkabout Resources requires an initial \$250,000 expenditure on the license in the first year after listing and RSL has a free carried 35% interest in the three licenses up to \$10,000,000 of expenditure.

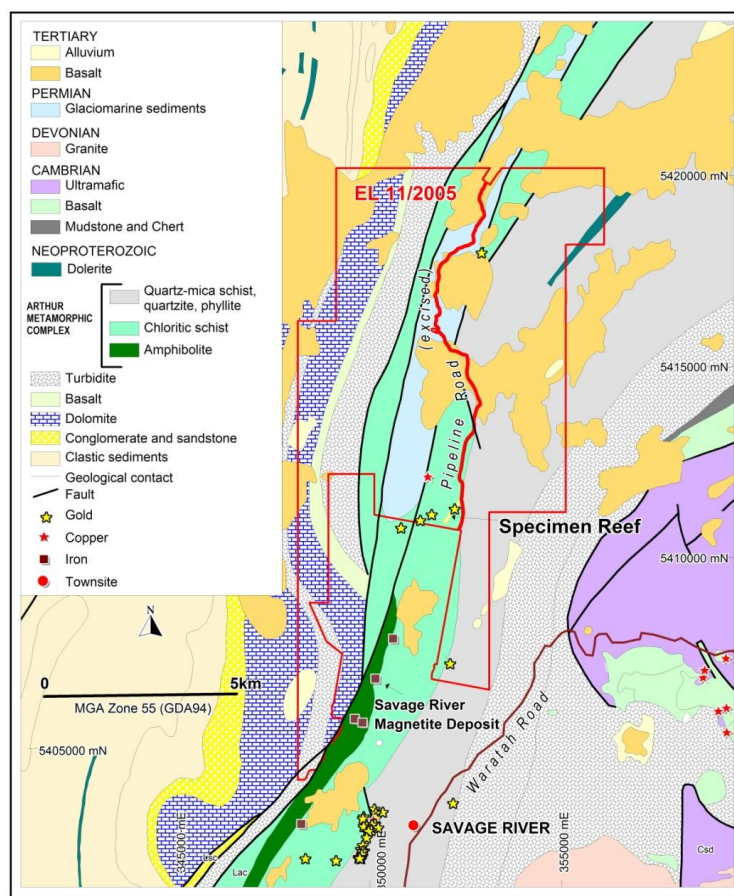


Figure 4: Resource Star's EL 11/2005 which forms part of the three licence Specimen Reef Joint Venture

Potential Projects

The Board continues to consider opportunities and projects presented to it that meet Resource Star's criteria for its portfolio.

Corporate

Cash Position

As at 31 December 2010 the Company held \$1.255 million in cash.

Subsequent Events

Livingstonia Project

Drilling results from Livingstonia, received after the end of the quarter, revealed significantly thicker intersections of uranium mineralisation than discovered to-date. A potential extension to the south east of the current JORC inferred Resource was also tested by the drilling.

The new NW-trending zone of mineralisation along the eastern edge of previous drilling was confirmed by drill holes LBPE 101-3, 107-8, 113 and perhaps 109.

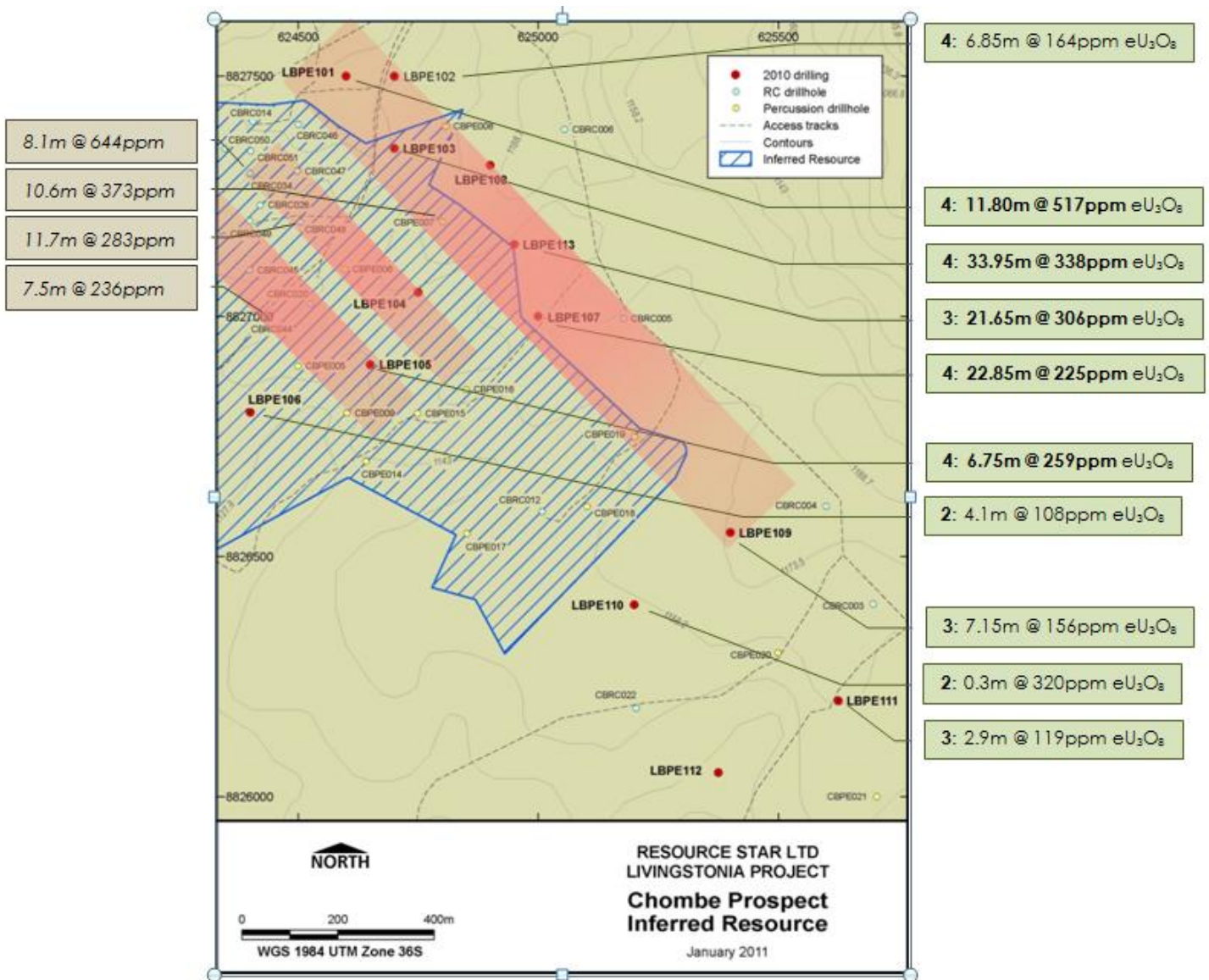


Fig 1: DH Location Plan & Key Results with new intersections on the RHS, showing the number of mineralised horizons identified and the best intersection. The interpreted NW-trending zones of stronger mineralisation are marked in red, while the best of earlier results (LHS), and the existing Inferred Resource outline are also marked.

Importantly, mineralisation is interpreted to continue along strike, both within RSL's Livingstonia licence and into the adjoining Paladin Energy licence.

Single holes, LBPE104-6, intersected generally weaker mineralisation associated with other interpreted NW-trending zones without significant thickenings, but LBPE105 confirms its trend and there is some continuation of the stacked horizons targeted.

Four holes, LBPE109-12 tested a zone of continuing but thin, low grade mineralisation to the south east of the defined Resource. Three of the four holes intersected some mineralisation, with the best hole being notable for a very thick intersection of marginal mineralisation (LBPE109: 45.80m @ 95ppm eU₃O₈).

As well as logging the holes using a down-hole gamma probe, samples from the mineralised zones have also been sent for analysis in Perth.

Edith River Project

Preliminary Results:

Preliminary results have been received from the Edith River Project RC drill program completed during the quarter. 557m were drilled across the two prospects, with the majority at Tennysons. Zones of sheared granite and schists with chlorite, epidote, haematite and siliceous alteration were intersected in drilling at both Tennysons and YMCA, and within these a number of narrow uranium anomalous zones were defined; all significant uranium results listed in Table 2.

Table 2 – Edith River RC drilling preliminary uranium results

| Hole ID | UTM Zone | mN | mE | Dip | Magnetic Azimuth | From m DH | Width m | Grade ppm U ₃ O ₈ |
|----------------|----------|-----------|---------|------|------------------|-----------|------------|---|
| YMCA003 | 53 | 8,428,696 | 182,376 | -60° | 084 | 23.0 | 1.0 | 224 |
| TY005 | 52 | 8,425,402 | 822,340 | -60° | 072 | 22.0 | 2.0 | 100 |
| TY006 | 52 | 8,425,484 | 822,344 | -60° | 103 | 24.0 | 3.0 | 141 |
| TY007 | 52 | 8,425,553 | 822,368 | -60° | 098 | 8.0 | 2.0 | 112 |
| TY008 | 53 | 8,426,465 | 176,352 | -60° | 070 | 13.0 | 1.0 | 147 |
| TY009 | 53 | 8,426,545 | 176,314 | -60° | 085 | 25.0 | 2.0 | 139 |
| TY012 | 53 | 8,426,739 | 176,999 | -60° | 071 | 13.0 | 1.0 | 106 |
| | | | | | | 15.0 | 1.0 | 130 |

Wider zones of trace element anomalism were noted within the shear zones, but final analysis of and reporting on this program has not yet been received.

Company Directory

Resource Star Ltd

ABN 71 098 238 585

Registered Office:

Level 9, 440 Collins St

Melbourne, Victoria, Australia, 3000

Phone: +61 3 9607 1322 Fax: +61 3 9607 1329

Website www.ResourceStar.com.au

Email info@ResourceStar.com.au

Directors

Andrew Bell (Chairman/CEO)

Ross Kestel (Non Exec)

Rob Benussi (Non Exec)

Cyril Geach (Non Exec)

Management

Richard Evans (Consultant)

Frederick Bell (General Manager)

Eryn Kestel (Company Secretary)

Share Registry

Computershare Ltd

GPO Box D182

Perth, WA, 6840

ASX Listed Securities (as at 31 December 2010):

51,928,182 ordinary shares

Competent Person Statements

The information in this report that relates to Exploration Results is based on information prepared by Mr Richard Evans, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Evans is a consultant of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information might include, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, shareholder value, projections, targets and expectations, Mineral Reserves and Resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, uranium prices, demand for uranium, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast' and similar expressions. Persons reading this report are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Annual Report.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to update or revise any forward-looking statements whether as a result of new information
