



ASX Release
4 May 2011

ASX: RSL

CONDITIONAL AGREEMENT TO ACQUIRE STRATEGIC INTEREST IN CUE RESOURCES

Resource Star Ltd ('RSL', 'Resource Star' or 'the Company') announces it has agreed to acquire a strategic interest in Cue Resources Ltd ('Cue') from its major shareholder Red Rock Resources plc ('RRR' or 'Red Rock') and Regency Mines plc ('RGM'), both London listed, for C\$2.2 million, **subject to shareholder approval.**

Cue owns 100% of the Yuty Uranium Project in Paraguay, where they have previously reported a NI43-101 compliant **Indicated & Inferred Resource of 10.1Mt at 430ppm eU₃O₈** at the San Antonio Deposit.

Proposed Deal

- Acquisition of a strategic 17.6% interest in Cue for C\$2.2 million
- Cue is a Canadian company listed on the TSX Venture Exchange, which owns 100% of the Yuty Uranium Project in Paraguay
- The consideration will be paid in two instalments, 40% on completion with the balance six months later
- The transaction is subject to approval by shareholders of RSL, other than Red Rock, at an EGM expected to be held in June - Lonergan Edwards has been engaged to prepare an Independent Experts Report for shareholders
- A sub-committee of the RSL Board comprising all Directors except Andrew Bell (Chairman of Red Rock), chaired by Ross Kestel, is overseeing the transaction
- RSL is currently considering financing options to support its growth objectives and will provide shareholders with further information shortly
- Red Rock has a seat on the Cue Board and this representation will transfer to Resource Star

Geological Potential

- US-based company Anschutz undertook multi-commodity regional exploration in Paraguay in the late 1970s and early '80s and discovered extensive sandstone-hosted uranium mineralisation under cover near Yuty in southern Paraguay
- In 2008 Cue was granted a 20 year renewable concession over 230,000 ha of prospective ground for uranium in Paraguay, centred on the San Antonio deposit
- After further exploration at San Antonio, Cue has reported an NI43-101 compliant **Indicated & Inferred Resource of 10.1Mt at 430ppm eU₃O₈**

- **Drilling and other assessment work** is currently underway, with both infill drilling and extensional exploration at San Antonio, and nearby prospect, San Miguel
- RSL and advisers have completed a site visit as part of a technical due diligence

Resource Star's Chairman, **Andrew Bell**, commented:

"Resource Star is moving into the next stage of its development where we focus on acquiring interests in drilled uranium resources. The Company already has a defined Resource at Livingstonia in Malawi and with this acquisition it acquires an interest in a defined Resource at Yuty in Paraguay. In both projects, updated Resource estimates are expected following recent drilling.

"Cue is interesting to RSL as we see Paraguay in many ways as the "Malawi of South America" for uranium, in terms of potential resource and Government attitudes. The Company sees the potential in the Yuty licence for systematic exploration of a large uranium exploration province. In addition to the defined Resource at San Antonio, where there is an on-going exploration program underway, there are other known mineralised areas and a large tenement area that has had no modern exploration.

Moving forward we look forward to continuing the strong and positive working relationship with Cue which has been established by Red Rock."



Figure 1: Location of the Yuty Project, southern Paraguay

Background

US-based company Anschutz undertook multi-commodity regional exploration in Paraguay in the late 1970s and early '80s and discovered extensive sandstone-hosted uranium mineralisation under cover near Yuty in southern Paraguay, including the San Antonio deposit.

Upon being granted a 20 year renewable concession in 2008 covering over 230,000 ha of prospective ground for uranium, Cue has been successfully progressing exploration and other assessment work.

After an initial NI 43-101 Indicated and Inferred Resource Estimate of 6.7Mt @ 333ppm U_3O_8 , Cue undertook further drilling and metallurgical testwork, and in 2009 announced an updated Indicated and Inferred Resource of 10.1Mt at 430ppm U_3O_8 .

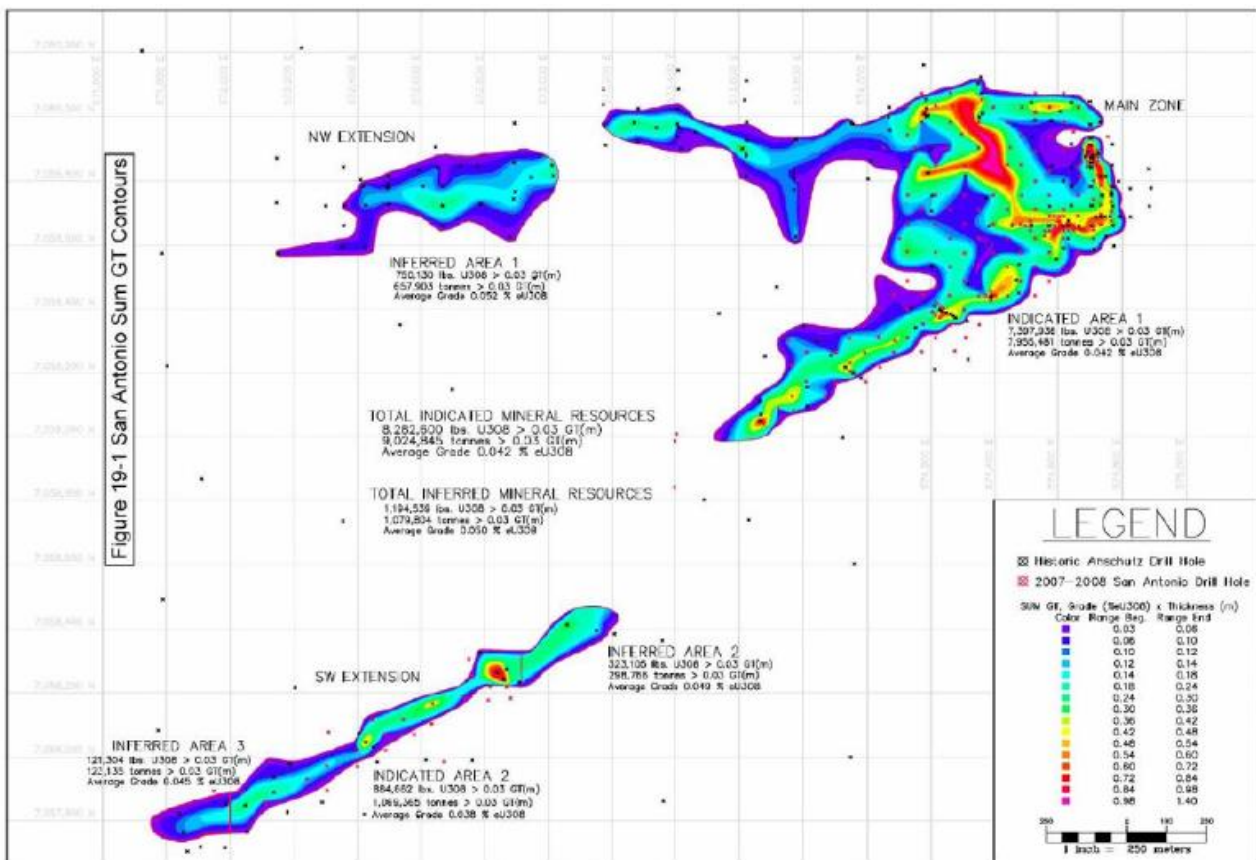


Figure 2: Grade-thickness plot of the San Antonio Indicated & Inferred Resource

3,600m of new drilling at San Antonio was completed recently and are reported to include: **2.6m @ 500ppm eU₃O₈** and **2.0m @ 1,100ppm eU₃O₈** outside the existing Resource boundary, and up to **6.3m @ 2,000ppm eU₃O₈** inside the Resource boundary.

In March 2011 a further 3,500m program was initiated at a second prospect, San Miguel, some 10km away, where historical drilling had indicated further uranium mineralisation. Results to date have confirmed the area's prospectivity with intersections reported of **13.9m at 330ppm eU₃O₈**, **9m at 250ppm eU₃O₈** and **14.8m at 180ppm eU₃O₈**.

The Transaction

Under the terms of the contemplated transaction RSL will acquire 20,304,385 ordinary shares in Cue, comprising approximately 17.6% of the issued capital, and a loan to Cue of C\$0.2m. RSL will also acquire 15,798,000 warrants convertible to ordinary shares in Cue at prices between C\$0.12 and C\$0.15 for each Cue share, which if converted would on a fully diluted basis (assuming full conversion of warrants held by third parties) raise RSL's shareholding to approximately 18.8% of the issued capital of Cue.

Future Potential

Considerable further potential exists both at San Antonio and generally within the Cue concession area. Cue has expressed the intention of continuing an active exploration and assessment programme. In particular, it is expected that Cue will focus on:

- Expansion of and feasibility assessment of the San Antonio Deposit
- Follow up on encouraging initial metallurgical and permeability test work
- Drilling at additional prospects indicated by historical drilling, including San Miguel, Typychaty and Yarati-y
- Expansion of exploration to majority of concession area that has been subjected to little or no modern exploration

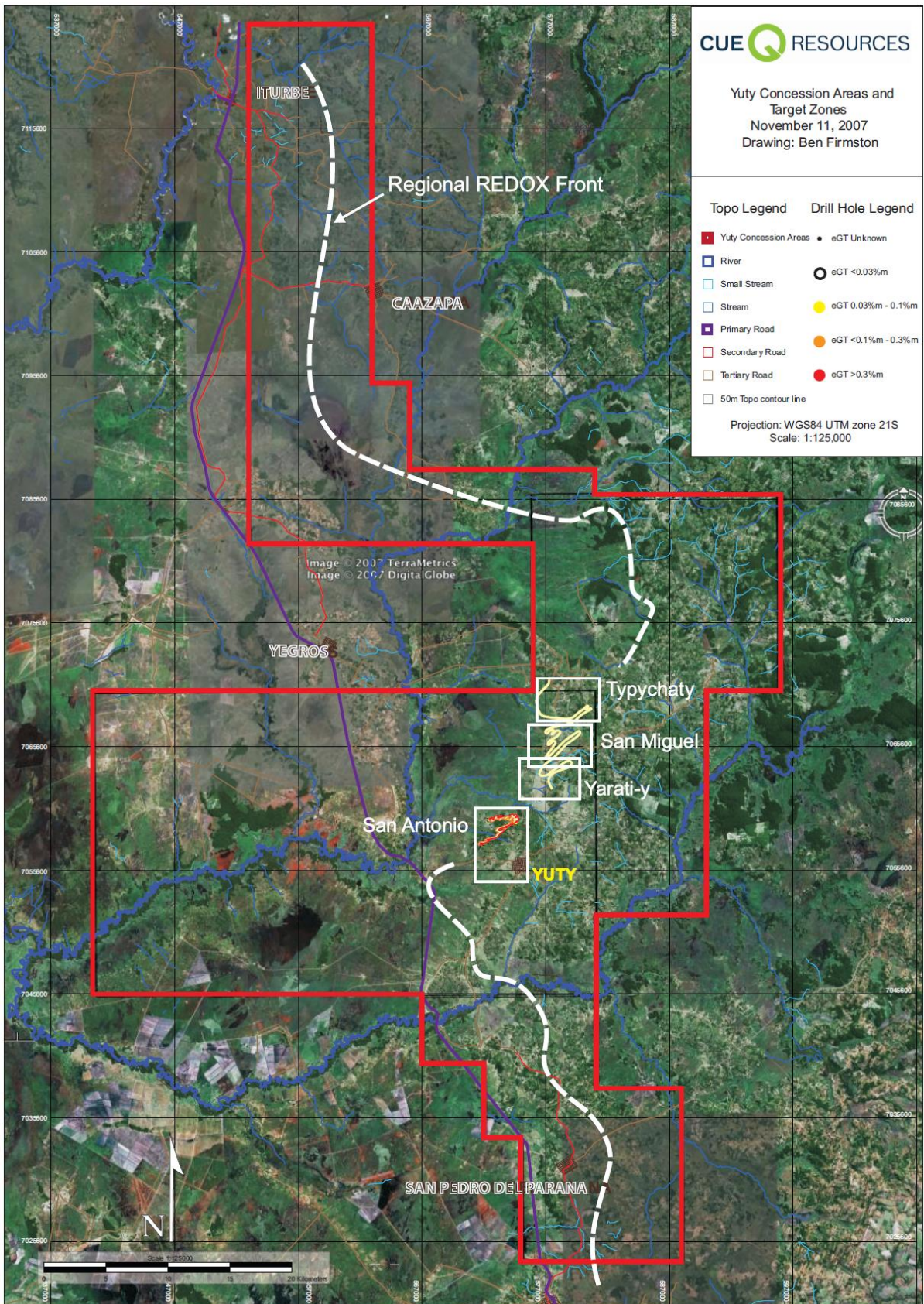


Figure 3: Yuty Uranium Project prospects

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About Resource Star Ltd

Resource Star Ltd is a publicly-listed Australian company (ASX: RSL) that has interests in uranium and uranium-associated exploration assets in the Northern Territory, Western Australia, Tasmania and Malawi.

The Company's main projects are the 100%-owned Edith River and Hayes Ck South Uranium Projects in the Northern Territory, and joint ventures with Globe Metals & Mining on the Machinga Niobium-Rare Earths Project and the Livingstonia Uranium Project in Malawi. Globe is managing the Machinga program, with input from Resource Star, and they are currently earning 20% equity through exploration expenditure. In a staged process Globe can earn up to 80% in the project by funding all activity up to and including a feasibility study.

In 2010 Resource Star reported a maiden JORC-compliant Inferred Resource for the Livingstonia uranium mineralisation, defining 7.7Mt at 270ppm U₃O₈ for a total of 4.6Mlb of contained metal.

Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Richard Evans, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Evans is an employee 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, estimates or options, future events or results.