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**RETAIL STAR LIMITED**  
**ACN 098 238 585**

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## **TRANSACTION SPECIFIC PROSPECTUS**

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For an offer of 500,000 Shares at an issue price of 3 cents to raise up to \$15,000.

This Prospectus has been prepared for the purpose of Section 708A(11) of the Corporations Act to remove any restrictions on the sale of securities recently issued by the Company.

### **Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

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## IMPORTANT NOTICE

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This Prospectus is dated 7 August 2007.

A copy of this Prospectus was lodged with the ASIC on 7 August 2007. The ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for quotation on the official list of ASX.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an Application Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. There are risks associated with an investment in Retail Star and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Details of the definitions and abbreviations used in this Prospectus are set out in section 8.

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**TIMETABLE AND IMPORTANT DATES**

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<b>EVENT</b>	<b>DATE</b>
Prospectus lodged with the ASIC	7 August 2007
Opening Date	7 August 2007
Closing Date	8 August 2007
Despatch of Holding Statements	9 August 2007
Expected date of quotation of Shares on ASX	9 August 2007

\* These dates are indicative only. The Directors may extend the Closing Date or close the Offer early without notice. As such, the date the Shares are expected to commence trading on ASX may vary.

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1. CORPORATE DIRECTORY

**Directors**

Steve Nicols  
Ross Kestel  
Ian Scott  
Manoli Yannaghos  
Andrew Bell

**Company Secretary**

Simon Headon

**Registered Office**

Level 2  
350 Kent Street  
SYDNEY NSW 2000

Telephone: (02) 9299 2289  
Facsimile: (02) 9299 2239

**Website**

[www.retail-star.com.au](http://www.retail-star.com.au)

**Share Registry \***

Computershare Investor Services Pty Ltd  
Level 3, 60 Carrington Street  
SYDNEY NSW 2000

**Solicitors to the Company**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth WA 6000

**Stock Exchange**

The Company's securities are quoted on the official list of ASX, the home branch being Sydney.

**ASX Code**

RSL

\* This party is included for information purposes only and was not involved in the preparation of this Prospectus.

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## 2. INVESTMENT OVERVIEW

### 2.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

### 2.2 Summary of the Offer

By this Prospectus, the Company invites investors to apply for up to 500,000 Shares at an issue price of 3 cents each to raise up to \$15,000. There is no minimum subscription for the Offer.

### 2.3 Indicative Timetable

Lodgement of Prospectus with the ASIC and Opening Date	7 August 2007
Closing Date (5.00pm WST)	8 August 2007

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

### 2.4 Objectives

To raise funds and to remove any restrictions that may have attached to the Shares issued pursuant to the Placement.

### 2.5 Use of Proceeds

It is intended to apply funds raised from the Offer first towards expenses of the Offer and thereafter towards general working capital.

### 2.6 Capital Structure

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below:

Shares - Ordinary	Number
Current	513,029,753
Offer	500,000
<b>TOTAL</b>	<b>513,529,753</b>

NB: Potentially, no Shares will be issued under this Prospectus.

Shares - Performance	Number
Class "A" Performance Shares	20,000,000
Class "B" Performance Shares	30,000,000
Class "C" Performance Shares	30,000,000

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<b>Options</b>	<b>Number</b>
Unlisted options exercisable at 80 cents expiring on 31 May 2008	65,000
Unlisted options exercisable at \$1.00 expiring on 31 May 2008	70,000
Unlisted options exercisable at 26.1 cents expiring on 15 December 2009	1,333,334
Unlisted options exercisable at 28.7 cents expiring on 15 December 2010	1,333,334
Unlisted options exercisable at 31.4 cents expiring on 15 December 2011	1,333,332
Unlisted options exercisable at 25 cents expiring on 15 December 2009	3,300,000
Unlisted options exercisable at 2.5 cents expiring on 30 June 2008	20,000,000
Unlisted options exercisable at 1.5 cents expiring on 30 June 2008	10,000,000
<b>TOTAL</b>	<b>37,435,000</b>

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### 3. DETAILS OF THE OFFER

#### 3.1 Offer of Shares

By this Prospectus, the Company offers for subscription up to 500,000 Shares at an issue price of 3 cents per Share to raise up to \$15,000.

#### 3.2 How to Accept

Applications for Shares must be made using the Application Form attached to this Prospectus.

Payment for the Shares must be made in full at the issue price of 3 cents per Share. Applications for Shares must be for a minimum of 100,000 Shares and thereafter in multiples of 100,000 Shares. Cheques should be made payable to "Retail Star Limited" and crossed "Not Negotiable". Completed Application Forms must reach the Company by no later than the Closing Date. **Please do not complete this form unless instructed to do so by the Directors.**

Completed Application Forms and accompanying cheques must be delivered to:

**By Post:**

Level 2  
350 Kent Street  
SYDNEY NSW 2000

#### 3.3 ASX Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such longer period as varied by the ASIC) the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription.

#### 3.4 Allotment

Allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies under the Offer shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place or not, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application under the Offer or to allot any lesser number or to decline any application. Directors may in their discretion give preference to Shareholders in accepting applications under the Offer. Where the number of Shares allotted under the Offer is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

### **3.5 Residents Outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

### **3.6 Taxation Implications**

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential applicants. Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

### **3.7 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company participates in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

### **3.8 Not Underwritten**

The Offer is not underwritten.

### **3.9 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASIC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

### **3.10 Enquiries**

Any questions concerning the Offer should be directed to the Company Secretary, Mr Simon Headon on (08) 9367 8133.

#### 4. FINANCIAL INFORMATION

The principal effect of the issue will be to (assuming all Shares offered under this Prospectus are issued):

- (a) increase cash reserves by approximately \$7,990 immediately after completion of the issue and estimated expenses of the issue (estimated to be \$7,010); and
- (b) increase the number of Shares on issue from 513,029,753 Shares as at the date of this Prospectus to 513,529,753 Shares.

Set out below is:

- (a) an unaudited consolidated balance sheet of the Company as at 31 January 2007; and
- (b) an unaudited pro-forma consolidated balance sheet of the Company as at 7 August 2007 incorporating the effect of the issue.

*Balance Sheet (Based on \$15,000 Capital Raising)*

	Unaudited 31 January 2007 \$	Pro-forma Unaudited 7 August 2007 \$
<b>CURRENT ASSETS</b>		
Cash	1,696,775	2,267,265
Trade and other receivables	37,982	37,982
Inventories	53,173	53,173
<b>TOTAL CURRENT ASSETS</b>	<b>1,787,930</b>	<b>2,358,420</b>
<b>NON CURRENT ASSETS</b>		
Exploration Expenditure	-	1,500,000
<b>TOTAL ASSETS</b>	<b>1,787,930</b>	<b>3,858,420</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	92,748	92,748
<b>TOTAL LIABILITIES</b>	<b>92,748</b>	<b>92,748</b>
<b>NET ASSETS</b>	<b>1,695,182</b>	<b>3,765,672</b>
<b>EQUITY</b>		
Contributed equity	25,522,645	27,393,135
Option reserve	-	200,000
Accumulated losses	(23,827,463)	(23,827,463)
<b>TOTAL EQUITY</b>	<b>1,695,182</b>	<b>3,765,672</b>

Notes:

1. The pro-forma Balance Sheet has been prepared to reflect the consolidated financial position of the Company as at 7 August 2007 as if the following transactions had occurred on that date:

- the issue of 500,000 Shares at 3 cents per Share to raise \$15,000 pursuant to this Prospectus;
- the payment of expenses associated with the Offer totalling \$7,010;
- these costs are directly recognised in equity as a reduction of the share proceeds received.

2. The pro-forma balance sheet includes the placement of:

- 80,000,000 Shares at 1.5 cents each, to raise \$1,200,000;
- 20,000,000 Class "A" Performance Shares at 0.5 cents each, to raise \$100,000;
- 20,000,000 Options at 1.0 cent each, to raise \$200,000.
- 30,000,000 Class "B" Performance Shares for no consideration;
- 30,000,000 Class "C" Performance Shares for no consideration;
- 37,500,000 Shares at 1.5 cents each, to raise \$562,500;
- 10,000,000 Adviser Options for no consideration.

These transactions took place on 6 August 2007 and are not included in the unaudited 31 January 2007 balance sheet.

3. As a result of expenditure between 31 January 2007 and completion of the offer the Company's cash position will be approximately \$2.0 million.

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## **5. RISK FACTORS**

### **5.1 General**

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offer, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Factors which may affect the Company's financial position, prospects and the price of its listed securities include the following:

### **5.2 Competition**

The Company faces a range of competitors in each of the areas of the retail market within which it operates. The Company's future performance will depend on its ability to compete effectively against its current and future competitors.

The Company's competitors include a number of far larger and more diverse companies for which offerings in competition to the Company account for a small proportion of overall sales. Such companies generally have more efficient supply chain management systems, greater levels of negotiating leverage relative to suppliers, greater economies of scale and are financially stronger than the Company. As a consequence, these larger competitors are able to aggressively compete on price in selected areas of the Company's operation. Sustained campaigns by these larger competitors could lead to the Company continuing to incur significant operating losses.

The Company is also subject to high levels of competition from smaller private operators, which are extremely nimble in their operations, and are not subject to the same level of scrutiny as a publicly listed enterprise.

### **5.3 General economic climate**

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital, and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's share price, operations, business and profitability can be affected by these factors, which are beyond the control of the Company and its directors.

### **5.4 Share market conditions**

There are general risks associated with any investment and the share market. The price of Shares may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

## 5.5 Future capital requirements

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate revenue from its operations and investments, the Company may require further financing in addition to the amounts raised under the Offer.

If additional capital is raised by an issue of securities, this may have the effect of diluting Shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants that limit the Company's operations. If the Company cannot obtain such additional capital, the Company may be required to reduce the scope of any expansion that could adversely affect its business, operating results and financial condition.

## 5.6 Reliance on Key Personnel

Within the existing corporate structure, the Company's success is dependent upon the ability of the Directors to manage the existing assets and identify acquisition opportunities for future growth. To manage its growth, the Company must in due course identify, hire, train and retain skilled personnel and senior management.

## 5.7 Regulatory risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the Company's operations or contractual obligations, could impact adversely on the assets, the operations and, ultimately, the financial performance of the Company and its shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

## 5.8 Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

## 5.9 Taxation

Changes to federal, state and local government policies and tax regimes may materially affect the business of the Company.

## 5.10 Specific business risks

The Company currently faces a number of specific risk factors over and above those highlighted above. These factors include:

- (a) **Operations.** The operations of the Company have changed substantially since it went into administration. All of the Company's retail outlets, other than the small shopfront located at Alexandria in New South Wales, have been closed. The Company's proposed future activities are intended to focus more on Internet retailing. There is no guarantee that the Company will be successful in this business venture.

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- (b) **Reliance on third party brands.** The Company intends to sell third party brands. As the Company is not the owner of the brands, there is a risk that it may lose the right to sell these brands. A loss of right to use a brand may have an adverse impact on trading performance. The apparel retailing industry in Australia is showing an increased movement towards exclusive supply arrangements on specific lines between manufacturers/brand owners and major retail chains;
  - (c) **Supplier risk.** The Company has historically operated in an environment where amounts owed to creditors (its suppliers) run at significantly higher levels than the amounts owed to the Company by debtors (its customers). Any change in trading terms by suppliers, arising from a reduction in their confidence in relation to the Company's financial position, can potentially lead them to shorten the number of days they allow the Company to pay for inventory. In turn, this can lead to a requirement for rapid inventory liquidation, cash drain on the Company and further increases in losses;
  - (d) **Seasonality of business.** The Company's business is heavily influenced by a small number of significant events during the year, including the Christmas trading period, post-Christmas sales period, Fathers' Day, and other specific events such as warehouse sales. As a consequence, the Company's revenue from month to month displays significant volatility;
  - (e) **Fashion.** The apparel retail industry is subject to rapid and occasionally unpredictable changes in customer preferences. If the Company misjudges trends in its customer base or fails to sell stock at anticipated prices, lower sales and margins could result. In addition, customers' perceptions that the Company is no longer able to offer fashionable products and reasonable prices may also adversely impact the reputation of the Company; and
  - (f) **Systems and databases.** The Company relies heavily on its internal databases and systems. A prolonged outage of such systems could inhibit the Company's ability to service, support, induce and/or communicate with its customers, or process their transactions in a timely and accurate fashion.

#### 5.11 Mining Risks

The Company, due to those recent acquisitions via the Agreement, now faces a number of new specific risk factors through its involvement in a new industry. These factors include:

- (a) **Exploration Success.** The tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying

assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

- (b) **Operating Risks.** The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.
- (c) **Resource Estimates.** Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.
- (d) **Commodity Price Volatility and Exchange Rate Risks.** If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.
- (e) **Environmental Risks.** The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. In this regard, the DoIR from time to time review the environmental bonds that are placed on tenements. An increase in the required environmental bonds could be detrimental to the funding needs of the Company.
- (f) **Title Risks and Native Title.** Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term

and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there are areas over which legitimate common law native title rights of Aboriginal Australians exist. Where native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **5.12 Investment is Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

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## 6. ADDITIONAL INFORMATION

### 6.1 Continuous Disclosure Obligation

The Company is a "disclosing entity" for the purpose of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities. The Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been continuously quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of Securities on the Company and the rights attaching to the Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, the offices of the ASIC; and
- (b) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual report for the full year ended 31 July 2006;
  - (ii) the half-year financial report for the period ended 31 January 2007; and
  - (iii) any continuous disclosure documents used to notify ASX of information relating to the Company given after the lodgement of the annual financial report on 5 January 2007 and before the lodgement of the copy of this Prospectus with ASIC.

Copies of documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since lodgement of the Company's last annual financial report on 25 January 2007:

<b>Date</b>	<b>Announcement</b>
7 August 2007	General Meeting Presentation
6 August 2007	Results of General Meeting
3 July 2007	Company Update & Management Appointment
2 July 2007	Notice of General Meeting
1 June 2007	Capital Raising Commitments
29 May 2007	Appendix 4C
9 May 2007	Acquisition of Uranium Exploration Company
7 May 2007	Request for Trading Halt
7 May 2007	Trading Halt
30 March 2007	Half Yearly Report
30 March 2007	Half Yearly Accounts
28 February 2007	Results of Meeting
28 February 2007	Commitments Test Entity- Second Quarter Report
29 January 2007	Reinstatement to Official Quotation
25 January 2007	Appendix 4C 31 October 2006
25 January 2007	Interim Financial Report Half- Year ended 31 January 2006
25 January 2007	Full Year Accounts

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## **6.2 Trading History**

Official quotation of the Shares re-commenced on 29 January 2007 and consequently, the trading history on the ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Shares quoted on the ASX during the period from the date official quotation re-commenced to the date of this Prospectus were 5 cents on 9 May 2007 and 1.8 cents on 2 April 2007 respectively.

The last market sale price of the Shares on ASX on the last day that trading took place in these shares prior to the date of this Prospectus was 3.1 cents on 6 August 2007.

## **6.3 Rights Attaching to Shares**

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

At general meetings of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share.

(c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall (subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all Shares in accordance with the Corporations Act. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is

compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act, the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

#### 6.4 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Shares. Taxation consequences will depend on particular circumstances. Neither Retail Star nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Shares in Retail Star.

#### 6.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of Securities pursuant to this Prospectus; or
- (c) the Offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer of Shares pursuant to this Prospectus.

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in securities in the Company as set out in the table below:

<b>Director</b>	<b>Number of Shares</b>
Steve Nicols	16,166,000
Ross Kestel	Nil
Ian Scott <sup>1</sup>	Nil
Mannoli Yannaghas	Nil
Andrew Bell	Nil

1. The Company will pay Ian Scott a salary of \$200,000 per year for his services. In addition to the salary, the Company has agreed to seek shareholder approval at its next general meeting to approve the immediate allocation and issue to Ian Scott of 12 million options to acquire shares in the capital of the Company, over the next 36 months, with exercise prices of 3.5 cents, 4.25 cents and 5 cents.

The Directors are currently entitled to the following directors' fees per annum:

<b>Director</b>	<b>Fees</b>
Steve Nicols	\$45,000
Ross Kestel	\$45,000
Ian Scott	Nil
Mannoli Yannaghas	\$40,000
Andrew Bell	\$45,000

## **6.6 Interest and Consent of Advisor**

Other than as set out below or elsewhere in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within two years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of Shares pursuant to this Prospectus; or

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(c) the Offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer of Shares pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn, its consent to being named as solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$5,000 for services in relation to this Prospectus.

#### **6.7 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

#### **6.8 Expenses of the Issue**

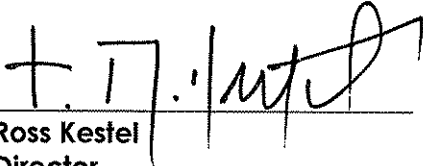
The total expenses of the issue are estimated to be \$7,010 comprising legal, printing and other administrative expenses, including ASX quotation fees.

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**7. AUTHORITY OF DIRECTORS**

Each of the Directors has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act.

Dated the 7<sup>th</sup> day of August 2007

A handwritten signature in black ink, appearing to read 'Ross Kestel', written over a horizontal line.

**Ross Kestel**  
**Director**

**For and on behalf of Retail Star Limited**

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8. **DEFINITIONS**

**Applicant** means a person who submits an Application Form.

**Application Form** means the application form for the Offer attached to or accompanying this Prospectus.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means 5.00 pm WST on 8 August 2007 (unless extended).

**Company** or **Retail Star** means Retail Star Limited (ACN 098 238 585).

**Constitution** means constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company, from time to time.

**Dollars** or **\$** means Australian dollars unless otherwise stated.

**Listing Rules** or **ASX Listing Rules** means the official Listing Rules of ASX.

**Offer** means the offer of Shares pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Opening Date** means 7 August 2007.

**Placement** means the issue of 37,500,000 Shares at 1.5 cents per Share announced to ASX on 1 June 2007 and completed on 6 August 2007.

**Prospectus** means this prospectus.

**Share** means one fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**WST** means Western Standard Time, Perth, Western Australia.



## GUIDE TO THE APPLICATION FORM

If an applicant has any questions on how to complete this Application Form, please telephone the Company Secretary on (08) 9367 8133.

**A. Application for Shares**

The Application Form must only be completed in accordance with instructions included in Prospectus.

**B. Name of Applicant**

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registerable title. Applications using the incorrect form of registerable title may be rejected.

**C. Name of Joint Applicants or Account Designation**

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registerable title.

**D. Address**

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

**E. Contact Details**

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

**F. CHESS HIN or existing SRN Details**

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

**G. Cheque Details**

Make cheques payable to "Retail Star Limited" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

**H. Declaration**

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this Application Form or a copy of the Application Form before applying for the Shares; and
- (5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

### CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	<del>JA Smith</del>
Company Use the company's full title, not abbreviations	ABC Pty Ltd	<del>ABC P/L or ABC Co</del>
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	<del>Peter Robert Williams &amp; Louise S Williams</del>
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	<del>Sue Smith Family Trust</del>
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	<del>Estate of late John Smith or John Smith Deceased</del>
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	<del>Master Peter Smith</del>
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	<del>John Smith and Son</del>
Long Names.	Mr John William Alexander Robertson-Smith	<del>Mr John W A Robertson-Smith</del>
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	<del>ABC Tennis Association</del>
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	<del>Jane Smith Pty Ltd Superannuation Fund</del>