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**RETAIL STAR LIMITED**

**ACN 098 238 585**

**To be renamed**

**RESOURCE STAR LIMITED**

**ACN 098 238 585**

**NOTICE OF GENERAL MEETING**

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**TIME:** 2.00pm (WST)

**DATE:** 14 July 2008

**PLACE:** Private Dining Room  
The Duxton Hotel  
1 St Georges Tce  
Perth, Western Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary.*

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Letter to Shareholders

Notice of General Meeting (setting out the proposed resolutions)

Explanatory Statement (explaining the proposed resolutions)

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Proxy Form

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The General Meeting of the Shareholders of Retail Star Limited (**Company** or **Retail Star**) which this Notice of Meeting relates to will be held at 2.00pm (WST) on 14 July 2008 at:

Private Dining Room  
The Duxton Hotel  
1 St Georges Tce  
Perth, Western Australia

### YOUR VOTE IS IMPORTANT

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The business of the General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

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To vote in person, attend the General Meeting on the date and at the place set out above.

### VOTING BY PROXY

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To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:

- (a) send the proxy form by post to the Company at PO Box 8281, Subiaco, WA 6904; or
- (b) deliver the proxy form to the Company at Level 2, Spectrum, 100 Railway Road, Subiaco, WA 6008; or
- (c) send the proxy form by facsimile to the Company on facsimile number (08) 9367 8812 (International +61 8 9367 8812),

so that it is received not later than 2.00pm WST on 12 July 2008.

**Proxy forms received later than this time will be invalid.**

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## LETTER FROM THE MANAGING DIRECTOR

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Dear Shareholder

On 12 May 2008, Retail Star Limited (**Retail Star** or **Company**) announced that it had made a decision to focus its business on its uranium exploration assets (in the Northern Territory, Western Australia and the Republic of Malawi) and evaluating other exploration opportunities.

For this reason, the Company seeks approval from Shareholders to change the nature of its business and activities to an exploration and mining company.

The change in focus by Retail Star will involve a significant change in the nature and scale of Retail Star's activities and accordingly it must re-comply with Chapters 1 and 2 of the ASX Listing Rules if the proposal is approved by shareholders.

The purpose of the General Meeting is to obtain all Shareholder approvals necessary to implement the change in nature and scale of the Company. The Company is seeking Shareholder approval to:

1. change the Company's name to "Resource Star Limited" to reflect the new direction in the Company's nature of activities;
2. make an offer of 5,000,000 Shares to raise \$1,000,000 and leave the Company in a position to raise further funds for the Company's new business, if it seeks to do so; and
3. carry out a consolidation of capital on the basis that every 17 securities in the Company be consolidated into 1 security.

In addition to the consolidation and capital raising of \$1,000,000, the Company intends to raise up to approximately \$1,500,000 through an entitlements issue on the basis of two Shares for every nine Shares held by Shareholders at an issue price of 20 cents per Share (**Entitlements Issue**). The Entitlements Issue will be calculated on the number of Shares held by Shareholders following the consolidation contemplated in Resolution 3.

Following those transactions proposed by the above Resolutions, the Entitlements Issue and the Company relisting, the Directors intend to issue loyalty options to Shareholders approximately three months following relisting. The terms and conditions of the loyalty options are still being considered.

Enclosed you will find a Notice of Meeting and Proxy Form, together with an Explanatory Statement, dealing with all the resolutions that the Directors are asking you to consider ahead of the General Meeting of Shareholders at which those resolutions will be put to you.

I strongly recommend you carefully read the Explanatory Statement in relation to the proposed change in nature of the business and the relevant Shareholder resolutions.

Yours sincerely



**Mr Ian Scott**  
**Managing Director**

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders of Retail Star Limited will be held at the Private Dining Room, The Duxton Hotel, 1 St Georges Tce, Perth, Western Australia at 2.00pm WST on 14 July 2008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 11 July 2008 at the close of business.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

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## AGENDA

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### 1. RESOLUTION 1 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 2 and 3, for the purposes of Listing Rule 11.1 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Listing Rules require the Company to seek shareholder approval where it proposes to make a significant change to the nature or scale of its activities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any associate of those persons.

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### 2. RESOLUTION 2 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, subject to the passing of Resolutions 1 and 3, for the purposes of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "Resource Star Limited"."*

**Short Explanation:** The Company proposes to change its name to more accurately reflect the proposed future activities of the Company. Pursuant to section 157(1) of the Corporations Act, the Company may adopt a new name by special resolution passed at a general meeting.

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### 3. RESOLUTION 3 - CONSOLIDATION OF CAPITAL

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 and 2, for the purposes of Section 254H of the Corporations Act, clause 10.1 of the Company's Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

- (a) every seventeen (17) Shares be consolidated into one (1) Share (and that Convertible Performance Shares be likewise consolidated);*
- (b) every seventeen (17) Options each to acquire a Share be consolidated into one (1) Option each to acquire a Share and the exercise price of each Option be amended in inverse proportion to this ratio in accordance with Listing Rule 7.22.1,*

*and where this consolidation results in a fraction of a Share or Option being held by a Shareholder or Option holder (as the case may be), the directors of the Company be authorised to round that fraction up to the nearest whole Share or Option."*

**Short Explanation:** The Consolidation is proposed in order to provide the Company with a more appropriate capital structure as part of the change in nature of its operations. Please refer to the Explanatory Statement for details. Under section 254H (1) of the Corporations Act, a company may convert all or any of its securities into a smaller amount by resolution passed at a general meeting.

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### 4. RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 to 3, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue, on a post consolidation basis, up to 5,000,000 Shares at an issue price of 20 cents per Share and free attaching Options on the basis of 1 Option for every 2 Shares issued on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit if the Resolution is passed, except a benefit received solely in the capacity of a holder of ordinary securities, and any of their associates.

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### 5. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

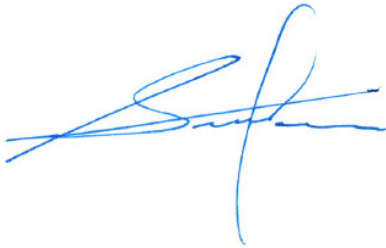
*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 700,000 Director Options to Mr Ian Scott (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Scott (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 27 MAY 2008**

**BY ORDER OF THE BOARD**

A handwritten signature in blue ink, appearing to read 'Simon Headon', with a large, stylized flourish extending upwards and to the right.

**Simon Headon  
Company Secretary**

**Voting Exclusion Note:**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the general meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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## EXPLANATORY STATEMENT – PART A (GENERAL INFORMATION)

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at the Private Dining Room The Duxton Hotel, 1 St Georges Tce, Perth, Western Australia on 14 July 2008 at 2.00pm (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. GENERAL OVERVIEW

#### 1.1 Overview of Assets

The Company has projects in the Northern Territory, in Western Australia and in the southern African country of Malawi. The main exploration focus for the Company is uranium and the tenements are located in areas considered highly favourable for uranium mineralisation. Many of the tenements are also prospective for other minerals, including iron in the Northern Territory, and these are being examined in conjunction with the uranium potential.

The Company's tenements are held by Orion Exploration Pty Ltd (**Orion**), by Eastbourne Exploration Pty Ltd (**Eastbourne**) and in its own right. Eastbourne and Orion are wholly owned subsidiaries of the Company.

#### 1.2 Malawi tenements

RSL has acquired two projects in the east-central African nation of Malawi (Figure 1). Both contain identified radiometric anomalies and are highly prospective for uranium mineralisation. Within the northern project, **Chintheche**, uranium channel anomalies are associated with late Tertiary sediments that are potential hosts for sediment-hosted uranium mineralisation. Within the southern project, **Machinga**, anomalies are associated with alkaline intrusions which RSL intends to systematically explore for vein-style mineralisation.

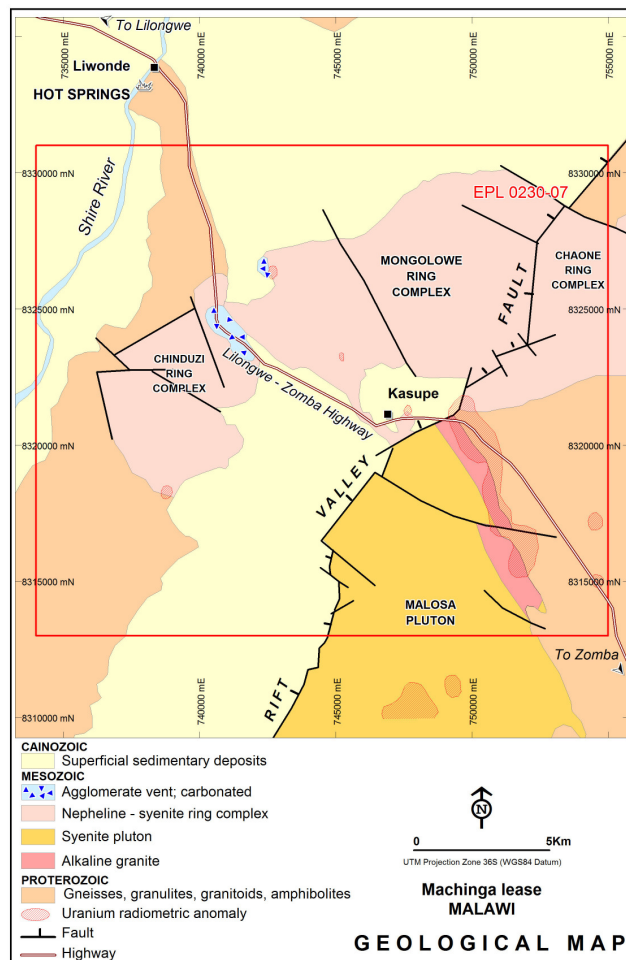
Malawi is considered to have undergone positive social and political transformation in recent years and the government appears to be committed to the development of mining, including that of uranium. Evidence of this is the grant of a Mining Licence to Paladin Energy Limited for its Kayelekera Uranium Project in the north of the country.



**Figure 1: Malawi licence locations**

The **Machinga Project (EPL 0230-07)**, with an area of 378km<sup>2</sup>, comprises an Exclusive Prospecting Licence (EPL) granted to Eastbourne Exploration Pty Ltd (**Eastbourne**) on 12 December 2007. Eastbourne is a wholly owned subsidiary of RSL.

The project area is situated in the south of Malawi between the country's new and old capitals Lilongwe and Zomba. The highway connecting the two cities passes through the project area.



**Figure 2: Geology of Machinga Licence Area**

In 1955 a radiometric anomaly was located with a car-borne ratemeter about three kilometres southeast of Kasupe (now Machinga) on the old Zomba-Liwonde road. The two diamond drill holes intersected radioactive granitic and pegmatitic veins up to 2.5m in thickness. Downhole radiometric analyses gave maximum values of 700eppm  $U_3O_8$  and 3000eppm  $ThO_2$ .

During 1986, an airborne magnetic and radiometric survey was carried out over Malawi. The survey was carried out by Hunting Geology and Geophysics Limited and interpreted by the Canadian geophysical company Paterson, Grant & Watson Limited (**PGW**) for a UN-sponsored Development Program (**UNDP**). The survey located a number of uranium channel radiometric anomalies within the Zomba region, including one with a peak value of about ten times background and a length of seven kilometres that is coincident with the eastern margin of the Malosa Pluton. RSL's Machinga licence covers the group of anomalies.

The identified uranium anomalies within the project area are spatially related to the margins of syenitic/alkaline intrusive complexes. These contact zones have the potential to contain significant concentrations not only of uranium, but also of other elements including tantalum, niobium, and rare earth elements (**REE**).

The potential is also present for other types of mineralisation within the project area. Carbonatite volcanics associated with the intrusive complexes are prospective for REE and for phosphate. The Basement Complex is prospective for gold and base metals. Interpretation of the aeromagnetic data may indicate structures that could be associated with gold mineralisation.

In 2008, RSL carried out two scintillometer traverses across the northern part of the main north-south anomaly. The traverses confirmed the presence of a broad radiometric anomaly with a width of over one kilometre.

RSL's proposed exploration program in 2008 is to:

- (a) Complete detailed geological mapping accompanied by scintillometer and XRF traverses of the areas of the radiometric anomalies;
- (b) Complete soil geochemical surveys, trenching, and rock chip sampling over priority areas;
- (c) Where required, acquire detailed magnetic data over the areas of the radiometric anomalies;
- (d) Evaluate the anomalies, identify and prioritise targets, and commence staged drill programs into them.

In addition, RSL intends to initiate exploration within the tenement to identify other target areas for follow up investigation. First pass exploration of the alkaline ring complexes may be by stream sediment geochemistry including the collection and analysis of heavy mineral concentrates.

The **Chintheche project area (EPL 0219-07)** covers an area of 210.9km<sup>2</sup> and contains a number of uranium channel radiometric anomalies identified by PGW from the 1986 radiometric survey. The anomalies are over both Basement Complex rocks and over younger clastic sediments that sit above and marginal to them. The younger sediments are prospective for roll front style uranium mineralisation and the basement rocks for vein style U-Nb-Ta-REE mineralisation.

The project is situated about 240km north of the capital of Lilongwe (see Figure 1).

The licence was granted to Red Rock Resources plc in June 2007 and was transferred to RSL in February 2008.

Apart from regional geochemical and airborne geophysical surveys, no previous exploration is known within the project area.

The area was included as part of the 1986 UNDP aeromagnetic and radiometric survey, PGW's interpretation of which highlighted a number of uranium channel radiometric anomalies. The stronger anomalies are either within the Timbiri Beds or close to their margin, where they lap onto the topographically higher basement rocks (see Figure 3). The stronger anomalies are of the order of four times background.

RSL's proposed exploration is a similar staged program to that proposed for its Machinga Project. It intends to initially concentrate on exploration for sediment hosted uranium mineralisation. Further exploration will be dependent upon earlier results.



Figure 3: Geology of Chintechche Licence Area

### 1.3 Australian tenements

The locations of the Australian tenements are shown in figure 4.



Figure 4: Location of RSL's Australian tenements

### 1.4 Northern Territory tenements

RSL has six projects within Australia's Northern Territory. All are situated within a few tens of kilometres of the main north-south Stuart Highway and railway line, and are within 300km of Darwin. They are within, or marginal to, the Paleoproterozoic Pine Creek Geosyncline that is richly endowed with uranium, gold, base metals, and iron deposits.

Dormant mines and deposits under development or exploration in the area include Woodcutters (Zn, Pb, Ag), Rum Jungle and Dysons (U), Whites and Mt Fitch (Cu, U), and Browns (Cu, Zn, Pb, Co, Ni).

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

Iron ore mining has also taken place at Mt Bundey in the north of the geosyncline and is currently occurring at Frances Creek, in its central portion.

A regional north-northwest trending shear zone, the Pine Creek Shear, passes through RSL's Edith River and Marrakai project areas. The shear zone is spatially related to a number of major, million ounce plus, gold deposits.

RSL's six projects are Edith River, Woolgni, Hayes Creek South, Daly River Road, Marrakai and Celia.

RSL has completed data compilation and confirmation of priority targets on all of its tenements in the Northern Territory. Field work will confirm these, in anticipation of drilling the highest priority targets on the Woolgni/Edith River projects in 2008.

The **Edith River Project (EL23568, EL26219, EL26220)** comprises three contiguous Exploration Licences (ELs) that cover almost 400km<sup>2</sup>, approximately 230km south of Darwin, between Pine Creek and Katherine in the Northern Territory.

The project is at the southern end of the north-northwest trending Pine Creek Shear Zone and the granite within the project area contains a number of shears that have a similar orientation. These shears are associated with occurrences of uranium mineralisation, to the south of the Edith River, that were discovered by prospectors in 1952.

Small shafts have been sunk on the YMCA, Tennyson's and Fergusson River Prospects. The YMCA and Tennyson's Prospects were explored by the Bureau of Mineral Resources (BMR) during 1952-1954. Two diamond drill holes were completed by the BMR into the YMCA Prospects. The best intersections, as measured by a downhole radiometric logging tool, were 1.5m @ 1000ppm U<sub>3</sub>O<sub>8</sub> at one prospect and 1m @ 1000ppm U<sub>3</sub>O<sub>8</sub> at the other. During 2006 Orion carried out a rock chip sampling program over the Fergusson River U Prospect. A sample from within a small shaft at the site contained 2.7% Cu, 0.5g/t Au, and 158ppm U.

RSL proposes to systematically explore the shear zones within the Cullen Batholith for uranium and gold mineralisation, initially through the application of spectral imagery. Areas of alteration identified will be mapped in detail and surveyed with soil geochemistry and detailed ground radiometrics. Targets identified from these surveys will then be drill-tested.

In the southeast of the project area, the Burrell Creek Formation comprises the southern-most portion of the Pine Creek Geosyncline, which, to the north, hosts numerous gold deposits. A small program to further evaluate the gold potential is proposed.

The **Woolgni Project (EL23569)** covers over 352km<sup>2</sup> and is approximately 200km south of Darwin. The tenement is situated near the southern extent of the Pine Creek Geosyncline, in the vicinity of the Pine Creek Shear. The Hore and O'Connors uranium occurrence is present within the project area. The tenement also includes three gold prospects: the historical Woolgni Goldfield, the Tower Prospect, and the Copperfield South Prospect.

The uranium potential of the Woolgni Project will be assessed in conjunction with the uranium exploration program on the Edith River Project.

At the Tower Prospect a strongly gold anomalous gossanous zone has never been drill tested. It is within the vicinity of, and parallel to, the Pine Creek Shear Zone and must be considered a prime gold target. In 1988, a reconnaissance geochemical survey over the area uncovered gold mineralisation in three trenches over a strike length of 600m.

The gold mineralisation at the Woolgni Prospect has not been closed off down dip and the limits and orientations of known high-grade shoots have not been tested.

The Copperfield South Prospect contains low-grade gold mineralisation within the Woollybutt Anticline. Parts of the anticline are beneath recent alluvial cover and drainage sediment sampling has indicated other untested areas in the vicinity. Potential therefore exists for the discovery of further gold mineralisation at the prospect.

While the main focus is on uranium, a small gold exploration program for the Woolgni Project will be undertaken.

The **Marrakai Project (EL24614)** covers 20km<sup>2</sup> and is located to the east of the Adelaide River about 65km southeast of Darwin and 10km east of the Stuart Highway. It is situated at the northern end of the Pine Creek Shear Zone and is prospective for uranium, iron and gold mineralisation. Despite the fact that it is only 15km from the Woodcutters Zn-Pb mine, 30km from the Rum Jungle Uranium and polymetallic mines, and along structural and stratigraphic strike from the major gold mines of the Pine Creek region, it has not been effectively explored.

Uranium mineralisation within the Rum Jungle Mineral Field to the southwest occurs within Mount Partridge Group sediments, mainly within the Whites Formation, which is a calcareous and carbonaceous, pyritic argillite. In general, the uranium mineralisation is associated with shearing and brecciation. Within the Marrakai project area, the Koolpin Formation, a pyritic carbonaceous shale, is a similar unit and a potential host for similar mineralisation. The faults within the area may have provided pathways for mineralizing fluids and the project is within a region that hosts numerous uranium deposits and occurrences.

Initial uranium targets have been located by a radiometric survey. The proposed exploration program recommends testing areas of the Koolpin Formation in the vicinity of faults and fold axes for iron mineralisation, with priority being given to the Ella Creek Member.

The project area contains the Marrakai Iron Prospect. Two north-trending gossanous iron-ore lenses are present on the flanks of an anticline within the Ella Creek Member of the Koolpin Formation. The lenses are stratabound and are interpreted to be formed by the enrichment of a siltstone horizon. The mineralisation is of goethite, haematite, and limonite, with quartz being the major gangue mineral. The eastern lens has a length of 230m, is 3m thick, and dips at 50° to the east. A chip sample from it returned 35.2% Fe. The western lens has a length of 340m and a thickness of 4.5m.

The outcropping iron mineralisation is of sub-economic grade, but apart from the collection of a few surface samples, no exploration of the occurrence, or of the Ella Creek Member within which it occurs, has taken place. There is potential for the formation of economic iron-ore mineralisation within it, particularly in the vicinity of fault zones and fold axes, where hydrothermal alteration of the iron-rich unit may have formed significant deposits.

Mineralisation within the Frances Creek iron-ore field to the southeast is interpreted to have formed by alteration of similar stratigraphy in a similar setting. The field contains more than fifty separate deposits over a distance of approximately 35 kilometres.

Other units also contain horizons that could be subject to iron alteration. For instance, the Wildman Siltstone, which is the host formation at Frances Creek, is also present within the tenement.

The location of the project area within the Pine Creek Shear Zone and the rock units within it make it a prospective location for gold mineralisation. It is unlikely that outcropping gold mineralisation has been missed. However, the faults, with which gold mineralisation may be associated, are largely under alluvial cover, much of which may have been derived from outside the tenement. A 2008 re-assessment of previous exploration programs has concluded that stream sediment sampling carried out by previous explorers is unlikely to have been effective in the testing of these covered areas.

Exploration proposed includes field reconnaissance for uranium, iron and gold. All three commodities will require drill-based exploration, as many of the target areas are beneath surficial cover. Detailed geophysical data acquisition may assist in locating prospective targets prior to drilling.

The **Hayes Creek South Project (EL24432)** covers 130km<sup>2</sup> and is located to the southwest of the Stuart Highway and a few kilometres to the south of the Hayes Creek Roadhouse and Caravan Park. The tenement contains Paleoproterozoic sandstones that are unconformable over granitic rocks of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation.

A positive feature of the project area is that it has not been subject to systematic exploration, partly due to the fact that vehicular access to its northeastern section has been difficult, and partly to the paucity of outcrop in the southeastern section.

Iron (Fe) and manganese (Mn) enrichment is present within the Stray Creek Sandstone in the north of the project area. The mineralisation as described in 1970 is restricted to the surface layers of the underlying rocks, which are of shallow dipping ferruginous shale, dolomitic shale, siltstone, and fine-grained sandstone beds. Rock chip samples returned up to 56.3% Fe and 37.0% Mn. Other forms of iron occurrence have also been reported in the vicinity of the tenement.

Exploration proposed includes the ground checking of radiometric anomalies in the southwest of the tenement area and the detailed mapping of the Fe-Mn mineralisation in the northern portion of the tenement.

The **Daly River Road Project (EL24391)** covers 20km<sup>2</sup> and is located immediately to the north of the Daly River Road, about 25km due south of Adelaide River. Access to the project area is via the sealed old Stuart Highway and Daly River Road. The tenement contains Cretaceous sediments that are unconformable over Paleoproterozoic sandstones of the Tolmer Group, which, in turn, overlie the Burrell Creek Formation of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation and a discrete uranium channel anomaly is present in the radiometric data acquired from the regional radiometric survey. Possible trap sites may be associated with the unconformity between the Daly River Sandstone and the underlying Burrell Creek Formation.

It is proposed to determine the source of a uranium channel radiometric anomaly in the southeast of the tenement by means of a detailed ground radiometric survey, geological mapping, and soil and rock chip sampling.

Near-surface thin tabular lenses of iron mineralisation within the Cretaceous sediments were explored between 1967 and 1970. The iron mineralisation is reported to be present both subsurface and in outcrop and it is possible that sections of it have not been drill tested. Compilation of the drill data from the iron exploration is proposed to determine if there are areas that have not been drilled and that have the potential to contain significant tonnages of mineralisation.

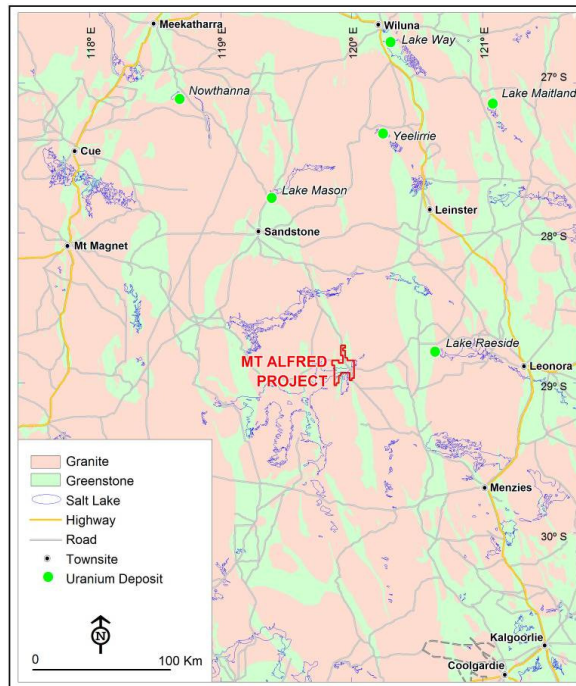
The **Celia Project (ELA24414)** covers 12.9km<sup>2</sup> and is about 90km south of Darwin by road. It is located immediately to the north of the sealed Batchelor Road, 5km west of the Stuart Highway and 3km east of the town of Batchelor. It is situated over Palaeoproterozoic sediments on the southeastern flank of the Rum Jungle Dome. It is prospective for uranium and polymetallic mineralisation and a magnesite deposit is present within the tenement, which, despite being only a few kilometres from the Rum Jungle uranium and polymetallic mines and the Woodcutters Zn-Pb mine, has been subject to little systematic exploration for minerals other than magnesite.

The lease was applied for by Tennant Creek Gold (NT) Pty Ltd. An agreement with Orion is in place whereby it is to be transferred after grant. The ELA is within Aboriginal Freehold Land and the consent of the owners is required before the tenement can be granted and exploration can take place. In November 2007 the indigenous stakeholders in the area indicated that they would not consent to the grant of the tenement. Unless the Northern Land Council indicates otherwise, the tenement is consequently under moratorium for a five year period.

### 1.5 Western Australian Tenement

The Mt Alfred Project comprises the uranium interests within E29/581, a licence area covering 210.5km<sup>2</sup>, situated in the Eastern Goldfields of Western Australia and about 140km northwest of the town Menzies. The project area includes about 60km<sup>2</sup> of the Lake Barlee playa lake system. RSL is exploring the area for calcrete-hosted uranium mineralisation.

RSL has entered into a Joint Venture (JV) agreement by which it has acquired the right to explore for and mine uranium on the tenement. The tenement is held by P. W. Askins and C. Baxter, who are holding it in trust for the benefit of Red Rock Resources plc (Red Rock). Red Rock has entered into a JV with RSL whereby RSL has acquired the right to explore for and mine uranium on the tenement. Previous exploration within the tenement located uranium mineralisation within Cainozoic sediments marginal to the lake.

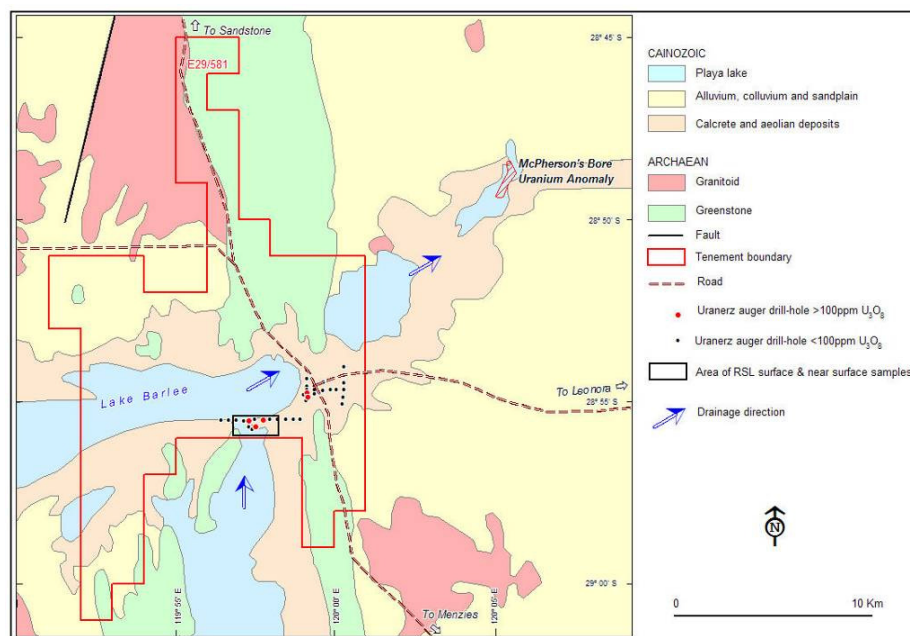


**Figure 5: Calcrete hosted uranium deposits in northeast Yilgarn**

The project is situated within the Lake Barlee drainage system in the eastern portion of the Archaean Yilgarn Block, which comprises granites intrusive into folded greenstone belts (figures 5 and 6). These basement rocks have been subject to extensive weathering and peneplanation. Wide paleodrainage systems occupy relatively shallow valleys and drain the region towards the southeast. The central portions of the valleys are covered by playa lakes. Extensive areas of calcrete development have occurred marginal to, and in channels leading to, the playas. Within the northeastern Yilgarn, many of these calcretes contain carnotite uranium mineralisation, especially marginal to the playas, in which locations a number of uranium deposits are situated. Deposits in which resources have been identified include Yeelirrie<sup>1</sup> (52,500t of contained U<sub>3</sub>O<sub>8</sub>), Lake Maitland<sup>2</sup> (10,800t of contained U<sub>3</sub>O<sub>8</sub>), Lake Way<sup>3</sup> (9,000t of contained U<sub>3</sub>O<sub>8</sub>), and, down drainage from Lake Barlee, Lake Raeside<sup>1</sup> (1,700t of contained U<sub>3</sub>O<sub>8</sub>).

The tenement was explored for calcrete hosted uranium by Uranerz (Australia) Pty Ltd (**Uranerz**) between 1976 and 1979. Uranerz carried out an airborne radiometric survey, collected grab and water samples, and drilled thirty-six auger holes within the area of the current tenement for a total of 481m. The auger-hole locations, drilled over uranium-channel radiometric anomalies, are shown on Figure 6. Samples from five of the holes returned analyses between 100ppm and 120ppm U<sub>3</sub>O<sub>8</sub>.

During late 2007, RSL collected twenty-five surface and near-surface samples from twelve locations near the junction of the southern arm of Lake Barlee with the main drainage system, around the southern area drilled by Uranerz in 1976. The results of the sampling confirmed the presence of uranium mineralisation within the surface sediments. Values of between 100ppm and 300ppm U<sub>3</sub>O<sub>8</sub> were obtained from four of the sample locations over a distance of 400m, to depths of 60cm. The results of this orientation survey confirmed that surface sampling, and thus also radiometric surveys, are inadequate tools for the location of even near-surface uranium mineralisation in the area.



**Figure 6: Geology of the Mt Alfred Project area**

<sup>1</sup> McKay, A.D. & Miezitis, Y., 2001. *Australia's uranium resources, geology and development of deposits*. AGSO – Geoscience Australia, Mineral Resource Report 1.

<sup>2</sup> Hellman & Schofield Pty Ltd., 2007. *First Time Disclosure: Mega Uranium Ltd. Mineral Resources For Lake Maitland Uranium Deposit*

<sup>3</sup> Nova Energy Limited 2007 Annual Report (pre-merger with Toro Energy Ltd)

Uranium mineralisation may also be present within the sub-surface older sediments within the drainage system.

The high prospectivity of the Lake Barlee drainage channel has been demonstrated at McPherson's Bore, where, about 10km along the Lake Barlee paleodrainage system to the northeast of the tenement, Encounter Resources Limited has been exploring a uranium anomaly associated with a near surface zone of calcrete and calcareous sediments. Encounter has announced that near surface uranium mineralisation is hosted in lake clays and extends over a length of 1.7km. Auger drilling returned intersections of up to 1.5m @ 324ppm U<sub>3</sub>O<sub>8</sub>.

Systematic aircore drilling of the prospective areas within the tenement is required. The initial priorities are to determine the depth, extent, and grade of mineralisation within the vicinity of the two areas that have been highlighted by previous work; and to carry out reconnaissance drilling over other prospective areas.

#### **Qualifying statements**

*In the sections on Machinga and Edith River, reference is made to eppm. This is shorthand for equivalent parts per million. In the case of uranium, it is a measure of the uranium content interpreted from radiometric data rather than from chemical analysis.*

*The gamma radiation measured by sensors and used to calculate the equivalent U<sub>3</sub>O<sub>8</sub> content is predominantly from the daughter products of the uranium decay chain. When the mineralisation is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. Because of the age of the rocks in the two areas tested, the mineralisation is considered to be in radiometric equilibrium.*

*The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Scott, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Scott is a full-time 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 Scott consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

## **1.6 Tenement List**

A list of the tenements held by the Company or in which the Company has an interest is set out in the table below.

Retail Star Tenements in Malawi:

<b>Project Name</b>	<b>Tenement</b>	<b>Size</b>
Machinga	EPL 0230/07	378 km <sup>2</sup>
Chintheche	EPL 0219/2007	210.9km <sup>2</sup>

Retail Star Tenements in Australia:

<b>Project Name</b>	<b>Tenement</b>	<b>Size</b>	<b>State</b>
Woolgni and Edith River Prospect	EL 23569, EL23568, EL26219, EL26220	739.3 km <sup>2</sup>	NT
Mt Alfred Prospect <sup>1</sup>	E 29/581	210.5 km <sup>2</sup>	WA
Marrakai	EL 24614	20.9 km <sup>2</sup>	NT
Hayes Creek South	EL 24432	130.1 km <sup>2</sup>	NT
Daly River Road	EL 24391	20.04 km <sup>2</sup>	NT
Celia Prospect <sup>2</sup>	ELA 24414	13.05 km <sup>2</sup>	NT

<sup>1</sup> The Company's interest in the Mt Alfred Prospect tenement currently relates only to Uranium rights.

<sup>2</sup> The tenement relating to the Celia Prospect is currently an application.

There are risks in exploration and mining of uranium and these risk factors are set out in this Explanatory Statement.

## 1.7 Entitlements Issue

In addition to the proposed offer of shares to raise \$1,000,000 (Resolution 4), the Company is also seeking to raise up to approximately \$1,500,000 through an entitlements issue of up to 7,618,297 Shares on the basis of two (2) Shares for every nine (9) Shares held by Shareholders (post consolidation) at an issue price of 20 cents per Share (**Entitlements Issue**). It is proposed the Shares issued pursuant to the Entitlements Issue will have a free attaching Option on the same terms and conditions as the Options proposed to be issued under Resolution 4.

The Company's major shareholder, Red Rock Resources plc, has agreed to underwrite \$1,100,000 of the Entitlements Issue.

## 1.8 Capital Raising

With the proposed offer of Shares to raise \$1,000,000 (as detailed in Section 4 of Part B) and the proposed Entitlements Issue, the Company will have sufficient funds for the purposes of its present proposed exploration programs and will not raise any further funds prior to the re-compliance.

## 1.9 Proposed Administration and Exploration Budget

	<b>TOTAL</b>
Corporate expenses and administration costs	\$617,000
Malawi Exploration	\$1,114,000
Australian Exploration	\$455,000
<b>Total</b>	<b>\$2,186,000</b>

It should be noted that the proposed budget will be subject to modification based on the Company's evaluation of on-going results. The Company will also continually assess each of its projects and this may lead to variations in the work programs and level of expenditure reflecting changes in emphasis.

## 1.10 Change of Name

The Company proposes a change of name to "Resource Star Limited". This will more appropriately reflect the nature of the new business.

## 1.11 Capital Structure

The existing capital structure of the Company is set out below.

<b>Ordinary Shares</b>	<b>Number</b>
Current Shares on issue	582,799,753

<b>Performance Shares</b>	<b>Number</b>
Current Class A Performance Shares on issue	20,000,000

<b>Options</b>	<b>Number</b>
\$0.261 options, expiring on 15 December 2009	1,333,334
\$0.025 options, expiring on 30 June 2008	20,000,000
\$0.015 options, expiring on 30 June 2008	230,000
\$0.287 options, expiring on 15 December 2010	1,333,334
\$0.314 options, expiring on 15 December 2011	1,333,332
\$0.25 options, expiring on 15 December 2009	3,300,000
<b>TOTAL</b>	<b>27,530,000</b>

Following the Entitlements Issue, the consolidation contemplated by Resolution 3 and the capital raising contemplated by Resolution 4, the capital structure of the Company will be as set out below:

<b>Ordinary Shares</b>	<b>Number</b>
Shares on issue after the Consolidation	34,282,339
Shares offered under Entitlements Issue	7,618,297
New Shares being offered	5,000,000
<b>TOTAL NUMBER OF ORDINARY SHARES</b>	<b>46,900,636</b>

<b>Performance Shares</b>	<b>Number</b>
Class A Performance Shares on issue (post Consolidation)	1,176,471

<b>Options</b>	<b>Number</b>
\$4.437 options, expiring on 15 December 2009	78,432
\$0.425 options, expiring on 30 June 2008	1,176,471
\$0.255 options, expiring on 30 June 2008	13,530
\$4.879 options, expiring on 15 December 2010	78,432
\$5.338 options, expiring on 15 December 2011	78,432
\$4.25 options, expiring on 15 December 2009	194,118
\$0.25 options, expiring on 30 September 2008 (granted under Entitlements Issue)	3,809,148
\$0.25 options, expiring on 30 September 2008 (granted under Resolution 4)	2,500,000
Director options (granted under Resolution 5)	700,000
<b>TOTAL NUMBER OF OPTIONS</b>	<b>8,628,563</b>

## 1.12 Indicative Timetable

The indicative timetable for the proposed capital raising and consolidation is as follows:

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with the ASIC	7 July 2008
Suspension of Company's securities from trading on ASX (at the opening of trading)	14 July 2008
General Meeting to approve transaction	14 July 2008
Notification to ASX of results of General Meeting	14 July 2008
Opening of Offer under the Prospectus	14 July 2008
Trading on a deferred settlement basis	15 July 2008
Last day to register transfers on a pre-reorganisation basis	21 July 2008
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation  First day for Company to register securities on a post-reorganisation basis and for issue of holding statements	22 July 2008
Despatch date  Deferred settlement market ends  Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder	28 July 2008
Closing Date of Offer under the Prospectus	31 July 2008
Anticipated date the suspension of trading is lifted and Company is relisted on the ASX	12 August 2008

\* These dates are indicative only and are subject to change without prior notice to Shareholders.

## 1.13 Pro Forma Balance Sheet

An unaudited pro forma balance sheet of Retail Star following completion of the proposed change to activities and the position after the proposed fund raising pursuant to Resolution 4 and the Entitlements issue is set out below:

Un-Audited Pro Forma Balance Sheet	31 January 2008	Pro Forma after Capital Raising and Entitlements Issue
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,727,319	3,750,978 (refer note 1)
Trade and other receivables	20,491	20,491
Inventories	8,500	8,500
Other current assets	15,509	15,509
<b>Total Current Assets</b>	<b>1,771,819</b>	<b>3,795,478</b>
<b>Non-Current Assets</b>		
Exploration and evaluation expenditure	1,993,801	2,443,801
Property, plant and equipment	6,053	6,053
<b>Total Non-Current Assets</b>	<b>1,999,854</b>	<b>2,449,854</b>
<b>TOTAL ASSETS</b>	<b>3,771,673</b>	<b>6,245,332</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	55,393	55,393
<b>Total Current Liabilities</b>	<b>55,393</b>	<b>55,393</b>
<b>TOTAL LIABILITIES</b>	<b>55,393</b>	<b>55,393</b>
<b>NET ASSETS</b>	<b>3,716,280</b>	<b>6,189,939</b>
<b>EQUITY</b>		
Issued capital	27,947,045	<b>30,420,704</b>
Options reserve	216,982	216,982
Accumulated losses	(24,447,747)	(24,447,747)
<b>NET EQUITY</b>	<b>3,716,280</b>	<b>6,189,939</b>

**Note 1 The movement of cash assets is reconciled as follows:**

Opening balance	1,727,319
Entitlements issue	1,523,659
Offer of shares	500,000
<b>Closing Balance</b>	<b>3,750,978</b>

The cash balance of \$3,750,978 in the Pro Forma Balance Sheet does not take into account expenditure incurred between 31 January 2008 and the anticipated date of completion nor the cost of the capital raising. It is estimated the Company will have approximately \$2.6 million available for expenditure on its existing projects and for working capital at the anticipated date of completion of the capital raising.

**Note 2 The movement in exploration and evaluation expenditure is reconciled as follows:**

Opening balance	1,993,801
Chintheche Exclusive Prospecting License (EPL0219/07)	450,000
<b>Closing Balance</b>	<b>2,443,801</b>

**Note 3 The movement in contributed equity is reconciled as follows:**

Opening balance	27,947,045
Entitlements issue	1,523,659
Offer of shares	500,000
Conversion of 30,000,000 C Class converting Performance Shares to 30,000,000 Shares (at 1.5 cents each)	450,000
<b>Closing Balance</b>	<b>30,420,704</b>

**1.14 Existing Retail Star Business**

The Company will seek to divest the existing Retail Star business. The Company has not entered into any discussions with any third parties in that regard but will do so and report to shareholders on progress in due course.

In the event the Resolutions are not approved by Shareholders, the Company's securities will commence trading again on ASX on the basis of its current operations.

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**2. ADVANTAGES OF APPROVING RESOLUTIONS**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) by approving the change of nature, the Company can focus on its mineral exploration activities (with a view to becoming a producer) and is able wind down the existing Retail Star business;
- (b) by changing the focus and making this clear, there will be no confusion as to whether the Company is seeking to focus on its uranium activities (or other mineral exploration activities) or the existing Retail Star business;
- (c) the mineral exploration activities represent a significant opportunity for the Company. With the existing management team and the proposed exploration program that is being implemented, the Company remains confident that it has the commitment and experience necessary to discover an economic resource. Shareholders should be aware, however, that mineral exploration is by its nature subject to substantial risks and the risk factors set out in this document need to be carefully considered; and
- (d) the separation of the activities of the Company should assist it in raising capital in the future and the consolidation will result in a more simplified structure.

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### 3. DISADVANTAGES OF APPROVING RESOLUTIONS

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Company will be changing the nature of its activities to a company focused on uranium exploration, which may not be consistent with the investment objectives of all Shareholders; and
- (b) there are many risk factors associated with the change in nature of the Company's activities. Some of these are set out in Section 4 below.

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### 4. RISKS

Shareholders should be aware that if the Resolutions are approved, the Company will be subject to various risk factors. Based on the information available, the non-exhaustive risk factors are as follows:

#### 4.1 Specific Australian Risks

##### ***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.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If 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.

#### 4.2 Uranium Specific Risks

The current and future operations of the Company in relation to uranium, including exploration, appraisal and production activities, may be affected by a range of factors, including:

##### ***Government regulation and policy***

Uranium mining in Australia is subject to extensive regulation by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent the proliferation of nuclear weapons. The export of uranium is controlled by the Federal Government through its licensing process and it is understood that Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

## ***Mining Policy***

Both Federal Coalition and Labour Party policy favours the development of new uranium mines, albeit under strict environmental, heritage and nuclear safeguards. However, there can be no assurance that the policy will not change in the future and this may adversely affect the long-term prospects of the Company.

There is currently no legislation that expressly prohibits uranium mining in Western Australia. However, the current Western Australian State Government has just restated that it will not permit uranium mining in Western Australia. All mining leases granted since 22 June 2002 are subject to a condition which prohibits the mining of uranium. Whilst the Company is not restricted from exploration and evaluation of its uranium deposit in Western Australia, the development of the uranium deposit is contingent upon a change of Western Australian State Government Policy in relation to uranium production.

There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

## ***Export Policy***

The Commonwealth Government maintains tight controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the Customs (Prohibited Exports) Regulations (Cth) and the Nuclear Non-Proliferation (Safeguards) Act (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

## ***Competition from alternative energy and public perception***

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional energy sources may be provided at lower cost resulting in a decrease in demand for uranium.

Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have very low levels, if any, of carbon emissions. However, to date these have not been efficient enough to be relied upon. Technology changes may occur that make alternative energy systems more efficient and reliable.

## **4.3 Specific Malawian Risks**

### ***Government regulation and policy***

All minerals in Malawi are vested in the President on behalf of the Malawian people. The exploration, mining and disposal of these minerals are governed by the Mines and Minerals Act 1981. The Administration of the Act is the responsibility of the Commissioner for Mines and Minerals in the Ministry of Energy and Mining.

There are numerous companies presently engaged in mining activities in Malawi. The Malawian government has recently granted mining licences to Australian companies for the purposes of mining uranium.

The Directors of Retail Star are unaware of any legislation or policy within Malawi which could adversely affect the establishment of mining operations within the country.

There are risks attaching to exploration operations in a developing country which are not necessarily present in a developed country which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal provisions and laws and can lead to delays or even the suspension of operations.

No assurance can be given regarding future stability in Malawi or any other country in which the Company may have an interest.

### ***Title Risks***

The mining tenements in which the Company has or may acquire an interest in are subject to the applicable local laws and regulations. There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted.

Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in Malawi. Failure to comply with these conditions may render the licences liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenement will not be granted.

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party.

### ***Legal System in Malawi***

The legal system operating in Malawi may be less developed than more established countries, which may result in risk such as:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (b) a higher degree of discretion on the part of governmental agencies;
- (c) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (d) the relative inexperience of the judiciary and courts in such matters.

There can be no assurance joint ventures, licences, license application or other legal arrangements will not be adversely effected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

#### **4.4 Exploration**

Mineral exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

#### **4.5 Tenure and Access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

#### **4.6 Compulsory Work Obligations**

Each of the Company's tenements is subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

#### **4.7 Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

#### **4.8 Future Capital Needs**

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and, its performance.

#### **4.9 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 operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

#### 4.10 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, mineral assets, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

#### 4.11 Reliance on Key Employees

The Company does and will rely on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Company can retain its key employees.

#### 4.12 Share Market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) uranium price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

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### 5. DIRECTORS' RECOMMENDATION

The Directors have a relevant interest in the securities of the Company as set out in the following table (on a pre-consolidation basis):

Director	Shares	Options
Mr A Bell <sup>1,2</sup>	3,000,000	0
Mr I Scott	0	0
Mr M Yannaghas	0	0
Mr R Kestel	0	0

**Notes:**

1. Mr Bell has an indirect interest in Retail Star Limited via Bellmin Limited. Mr Bell is a shareholder of Bellmin Limited. Bellmin Limited holds 3,000,000 shares through Redstone Metals Pty Ltd.
2. In addition to the shares disclosed in the table, Mr Bell has an indirect interest in Retail Star Limited via Regency Mines plc. Regency Mines plc holds 43.9% of the Fully Paid Ordinary shares of Red Rock Resources plc, which is a Substantial Shareholder in Retail Star Limited to 24.02% of the total Issued Share Capital.

Each of the Directors intends to vote their Shares in favour of all of the Resolutions, subject to any voting exclusions for particular Resolutions.

Based on the information available, including that contained in this Explanatory Statement, including the risks outlined in Section 4, all of the Directors consider that approval of the Resolutions is in the best interests of the Company and recommend that Shareholders vote in favour of the Resolutions.

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**EXPLANATORY STATEMENT – PART B (BUSINESS OF THE GENERAL MEETING)**

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**1. RESOLUTION 1 – CHANGE OF NATURE AND SCALE OF ACTIVITIES****1.1 Background**

As set out in this Explanatory Statement, the Company is seeking to change the nature and scale of the Company's activities to become a mineral exploration and mining company.

**1.2 Legal Requirements**

Listing Rule 11.1 provides, in summary, that a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and comply with the following:

- (a) the Company must provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, the company must obtain the approval of holders of its shares to the change; and
- (c) if ASX requires, the company must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX,

and ASX may suspend quotation of the Shares until the Company has satisfied the requirements of Listing Rule 11.1.

ASX has informed the Company that the change in the nature and scale of the Company's activities requires the Company:

- (a) to obtain Shareholder approval; and
- (b) to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

**1.3 Effect of approval of Resolution 1**

If Resolution 1 is passed, the Company will have obtained, in compliance with Listing Rule 11.1, Shareholder approval to change the nature and scale of its activities to the extent described in this Explanatory Statement.

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**2. RESOLUTION 2 – CHANGE OF COMPANY NAME****2.1 Background**

The Company proposes to change its name to more accurately reflect the proposed future operations of the Company. The proposed new name is "Resource Star Limited".

**2.2 Legal Requirements**

Section 157(1) of the Corporations Act provides that a company may adopt a new name by special resolution passed at a general meeting.

## **2.3 Effect of approval of Resolution 2**

If Resolution 2 is passed, the Company will change its name from the effective date of the Resolution (being the date of the General Meeting) from Retail Star Limited to "Resource Star Limited".

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## **3. RESOLUTION 3 – CONSOLIDATION OF CAPITAL**

### **3.1 Background**

Resolution 3 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a one (1) for seventeen (17) basis to be effected immediately following the General Meeting.

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain re-quotations of its Shares on ASX.

### **3.2 Legal Requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. As such, the Company is seeking shareholder approval for the Consolidation.

Listing Rule 7.20 provides that a company that proposes to re-organise its capital must tell equity security holders in writing of the following:

- (a) the effect of the proposal on the number of securities and the amount unpaid (if any) on the securities;
- (b) the proposed treatment of any fractional entitlements arising from the re-organisation; and
- (c) the proposed treatment of any convertible securities on issue.

In addition:

- (a) under Listing Rule 7.21, the capital of a company may only be reorganised if, in respect of convertible securities (such as the Convertible Performance Shares), the number of convertible securities or the conversion price, or both, is re-organised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive; and
- (b) under Listing Rule 7.22.1, a company proposing to re-organise its capital must consolidate the number of options on issue in the same ratio as the ordinary securities, and the exercise price must be amended in inverse proportions to the ratio.

The Notice of Meeting and Explanatory Statement provide notice to security holders in accordance with Listing Rule 7.20 and contain the information required by that Listing Rule. The Consolidation has been structured to satisfy Listing Rules 7.21 and 7.22.1.

### **3.3 Fractional entitlements and taxation**

Not all Shareholders will hold that number of Shares that can be evenly divided by seventeen (17). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share.

Not all Option holders will hold that number of Options that can be evenly divided by seventeen (17). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Option.

It is not considered that any taxation consequences will exist for Shareholders or Option holders arising from the Consolidation. However, Shareholders and Option holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

### 3.4 Holding Statements and Option Certificates

As from the effective date of Resolution 3 (being the date of the General Meeting):

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post-consolidation Shares;
- (b) all certificates for Options (if any) will cease to have any effect, except as evidence of entitlement to a number of post-Consolidation Options.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and, to the extent required, new Option certificates, to be issued to Shareholders.

### 3.5 Effect of approval of Resolution 3

If Resolution 3 is passed, the number of Shares and Options on issue will change as set out in the table in Part A of the Explanatory Statement.

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## 4. RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS

### 4.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to 5,000,000 Shares and 2,500,000 Options (post consolidation) (**Share Placement**).

The Company intends to use the funds raised from the Share Placement for the purpose of the proposed budget of expenditure set out in this Notice.

### 4.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

The Company is seeking approval under this Listing Rule for the proposed issue of 5,000,000 Shares and 2,500,000 free attaching Options (on the basis of 1 Option for every 2 Shares issued) to allow this number of securities not to be included in the calculation under ASX Listing Rule 7.1. This will enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

#### 4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 5,000,000 together with 2,500,000 free attaching Options on the basis of 1 Option for every 2 Shares issued (on a post consolidation basis);
- (b) the Shares and Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be \$0.20 per Share;
- (d) the Options will be issued for nil consideration;
- (e) the Directors will determine to whom the 5,000,000 Shares and 2,500,000 Options will be issued but these persons will not be related parties of the Company;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Options will be issued on the terms set out in Section 4.4 of this Explanatory Statement; and
- (h) as detailed above, the Company intends to use the funds raised from the Share Placement for the purpose of the proposed budget of expenditure set out in this Notice.

#### 4.4 Terms of Options

The following is a summary of the terms of the Options to be issued pursuant to Resolution 4:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 30 September 2008 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (d) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.

- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (g) The Company will apply for quotation of the Options on ASX.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

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## 5. RESOLUTION 5- ISSUE OF DIRECTOR OPTIONS

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 700,000 Options (**Director Options**) to Mr Ian Scott (**Related Party**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Party requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as a Director, Mr Scott is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances.

Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Party.

## 5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related party is Mr Ian Scott who is a related party by virtue of being a Director;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to Mr Scott is 700,000 Director Options.
- (c) the Director Options will be granted to Mr Scott no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of Mr Scott in securities of the Company are set out below;

Shares	Options
0	0

- (h) the remuneration and emoluments from the Company to Mr Scott for both the current financial year and previous financial year are set out below:

Current Financial Year	Previous Financial Year
\$214,764	\$0

- (i) if the Director Options granted to Mr Scott are exercised, a total of 700,000 Shares would be allotted and issued. This will increase the number of Shares (post Consolidation) on issue from 34,282,339 to 34,982,339 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting (post Consolidation)	Director Options to be issued	Issued Shares upon exercise of all Director Options	Dilutionary effect upon exercise of Director Options
Mr Scott	34,282,339	700,000	34,982,339	2.001%

- (j) The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	<b>Price</b> pre-consolidation	<b>Price</b> post-consolidation	<b>Date</b>
Highest	3.4 cents	57.8 cents	8 January 2008
Lowest	1.2 cents	20.4 cents	30 April 2008
Last	1.7 cents	28.9 cents	23 May 2008

- (l) the primary purpose of the grant of Director Options to Mr Scott is to provide a market linked incentive package in his capacity as Managing Director and for the future performance in his role. The Board (other than Mr Scott) considered the extensive experience and reputation of Mr Scott within the mining industry, the current market price of Shares and current market practices when determining the number and exercise price of the Director Options to be issued to Mr Scott. In addition, the Board considers the grant of the Director Options to Mr Scott to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (m) Mr Scott declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Mr Scott) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 6. ENQUIRIES

Shareholders are required to contact Mr Simon Headon, the Company Secretary, on (+ 61 8) 9367 8133 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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

**ASX** means ASX Limited.

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

**Board** means the current board of directors of the Company.

**Company, Retail Star** and **RSL** means Retail Star Limited (ACN 098 238 585).

**Consolidation** means the consolidation of the Company's capital to be undertaken under Resolution 3.

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Director Options** means an Option granted under Resolution 5.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**General Meeting** means the meeting convened by the Notice.

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

**Notice** means the notice of general meeting which is attached to this Explanatory Statement.

**Official List** means the official list of ASX.

**Option** or **Options** means an option to acquire a fully paid ordinary share in the capital of the Company.

**Optionholder** means a holder of an option.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time.

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**SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS**

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The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The amount payable upon exercise of each the Director Option (**Exercise Price**) and the expiry date of the Director Options (**Expiry Date**) are as follows:

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
300,000	\$0.30	31 December 2008
200,000	\$0.35	31 December 2009
200,000	\$0.40	31 December 2010

Any Director Option not exercised before 5.00pm (WST) on the Expiry Date will automatically lapse on the Expiry Date.

- (c) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (d) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;

**(Exercise Notice).**

- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (g) The Director Options are not transferable.
- (h) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (k) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (l) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Director Option had been exercised before the record date for the bonus issue.

## SCHEDULE 2 - VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Party pursuant to Resolution 5 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows (pre-consolidation amounts in (square parentheses) ):

<b>Assumptions:</b>			
Valuation date	23 May 2008		
Market price of Shares	28.9 cents (1.7 cents)		
Exercise price	30 cents	35 cents	40 cents
Expiry date	31/12/2008	31/12/2009	31/12/2010
Risk free interest rate	6.9827%	6.8725%	6.7771%
Volatility	100%	100%	100%
<b>Indicative value per Director Option</b>	8.06 cents	12.65 cents	15.56 cents
<b>Total Value of Director Options</b>	\$24,180	\$25,300	\$31,120
- Ian Scott	\$24,180	\$25,300	\$31,120

Should the Market Price of the Shares at the time the Director Options are issued be 20 cents (being the same as the post-consolidation issue price pursuant to the Entitlements Issue), then the valuation would be:

- Ian Scott	\$9,630	\$13,620	\$18,300
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Note: The valuation for each tranche noted above is not necessarily the market price that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

**PROXY FORM**

**APPOINTMENT OF PROXY  
RETAIL STAR LIMITED  
ACN 098 238 585**

**GENERAL MEETING**

I/We

being a Member of Retail Star Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy or failing the person so named or, if no person is named, the Chairman of the General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at the Private Dining Room The Duxton Hotel, 1 St Georges Tce, Perth, Western Australia, on 14 July 2008 at 2.00pm (WST) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all resolutions.

**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 Change of Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Director Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**OR**

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 1 to 5 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 5 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

**By:**

**Individuals and joint holders**

Signature
Signature
Signature

**Companies (affix common seal if appropriate)**

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

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

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.