

RESOURCE STAR LIMITED

資源星有限公司

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

CONTENTS

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CORPORATE INFORMATION

DIRECTORS

Mr A Bell (Non-Executive Chairman)
Mr R Parker (Non-Executive Director)
Mr M Walker (Non-Executive Director)

COMPANY SECRETARY

Mr S Cheema

REGISTERED OFFICE

Level 2, 330 Churchill Avenue
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 2 Suite 9, 330 Churchill Ave,
Subiaco WA 6008

AUDITORS

HLB Mann Judd (Vic Partnership)
Level 9, 575 Bourke Street
Melbourne VIC 3000

SOLICITORS

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

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway, Applecross
Perth WA 6153

INTERNET ADDRESS

www.resourcestar.com.au

ASX CODES

Shares	RSL
Options	RSLO

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated entity consisting of Resource Star Limited and the entities it controlled at the end of, or during the half year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

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

Mr A Bell	(Non-Executive Chairman)
Mr R Parker	(Non-Executive Director – Appointed 2 July 2014)
Mr M Walker	(Non-Executive Director – Appointed 1 August 2014)
Mr G Karantzias	(Non-Executive Director – Resigned 6 November 2014)
Mr C Guy	(Non-Executive Director - Resigned 2 July 2014)

REVIEW OF OPERATIONS

During the half year ended 31 December 2014, Resource Star (**Resource Star** or the **Company**) announced that it had executed a binding terms sheet (Terms Sheet) pursuant to which it had been granted an exclusive option to conduct due diligence on Western Australian based cloud services provider Cloud Lands Digital Fortress Pty Ltd (Option). Subsequent to the end of the half year period, Resource Star announced on 9 February that it had terminated its agreement to acquire Cloud Lands Digital Fortress Pty Ltd.

As a result of this decision, Cloud Lands now intend to pursue a new corporate strategy that may include an Initial Public Offering on the ASX. The Company is currently a creditor of Cloud Lands for an amount of \$100,000 for the provision a working capital facility, and is supportive of Cloud Lands and its new strategy. In addition, the Board of Resource Star is currently reviewing a number of alternative investment opportunities with the intention to acquire an asset that will maximise shareholder value in the current market conditions.

This decision was made pursuant to the conditions precedent in the executed binding terms sheet as set out in the Company's ASX announcement of 1 August 2014. The agreement to acquire Cloud Lands required the satisfaction of a number of conditions including the completion of a capital raising of not less than \$3,500,000, a consolidation on a ratio of 5:1 (or such other ratio as required for Resource Star to be reinstated to official quotation on the ASX following completion of the Acquisition) and all other necessary shareholder and regulatory approvals at the Company's General Meeting. The management of Resource Star and Cloud Lands mutually agreed that as all conditions precedent had not been satisfied as at 6 February 2015, it was best to terminate the original agreement. This decision was made in mutual agreement by both parties as it was considered in the best interests for each company and its shareholders.

Corporate

As at 31 December 2014, Resource Star Limited had 1,508 Shareholders, 115 Listed Option holders, 23 Unlisted Option holders and the Share capital position was as follows:

Category	ASX Code	Number on Issue
Issued Ordinary Shares	RSL	429,025,466
Listed Options – 31 March 2016	RSLO	77,974,534
Unlisted Options – 31 December 2017	UNLISTED	75,333,333

Below is a summary of the share register data, for the half year ending 31 December 2014 under review:

- On 27 December 2014, Resource Star Shares closed at a price of \$0.005 per Share;
- The highest traded price of Resource Star securities in the quarter was \$0.017 per Shares (16 October 2014) and the lowest traded price was \$0.004 (16 December 2014);
- 113,000,000 Shares were issued during the half year period ending 31 December 2014. The Shares were issued at \$0.004 to raise a total of \$452,000 from a Placement; and
- Issue of 75,333,333 Unlisted Options expiring 31 December 2017 at an exercise price of \$0.008.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The notable equity transaction completed during the period was the placement of 113,000,000 new Ordinary Shares to sophisticated investors to raise \$452,000. The proceeds of the Offer are being used to provide working capital for Resource Star Limited and settle outstanding creditors.

The Company made the decision to close its Melbourne Office and move operations to the Company Secretarial office in Perth.

The Company has forecast that it will need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next 12 months. The Company notes the difficulties being faced by smaller exploration companies seeking to raise additional capital in the current market, and believes that the rigorous measures it has taken to cut costs and the hard work being done on identification of a new project will be sufficient to enable the Company not merely to survive but to prosper.

The Company has been in discussions with sophisticated, professional and exempt investors in respect to the placement of the Shares available under its ASX Listing Rule 7.1 and 7.1A capacities and placement funds.

The object is to restructure and strength the balance sheet in order to put the Company in a stronger position to consummate a transaction which will add value.

Securities

113,000,000 fully paid Ordinary Shares and 75,333,333 Unlisted Options were issued during the period along with 25,466 options being excised at \$0.004 and 4,000,000 convertible notes converted into ordinary shares.

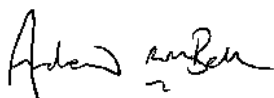
At 31 December 2014, the following Securities were on issue:

- 429,025,466 Fully Paid Ordinary Shares.
- 77,974,534 Listed Options 31 March 2016 Listed Options exercisable at \$0.004 per Option
- 75,333,333 Unlisted Options 31 December 2017 Unlisted Options exercisable at \$0.008 per Option

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Andrew Bell
Non-Executive Chairman

Dated 13th March 2015

Auditor's Independence Declaration

As lead auditor for the review of the half-year financial report of Resource Star Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resource Star Limited and the entities it controlled during the half-year ended 31 December 2014.



HLB Mann Judd
Chartered Accountants



Tim Fairclough
Partner

Melbourne
13 March 2015

HLB Mann Judd (VIC Partnership)

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HLB Mann Judd (VIC Partnership) is a member of  international. A world-wide network of independent accounting firms and business advisers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	CONSOLIDATED 31 December 2014 \$	31 December 2013 \$
Other revenue	2(a)	4,454	22,285
Exploration expenditure written off		-	(237,881)
Depreciation		-	(373)
Other expenses	2(b)	(548,010)	(202,846)
Loss before income tax		(543,556)	(418,815)
Income tax expense		-	-
Loss after tax from continuing operations		(543,556)	(418,815)
Other comprehensive income / (loss)		-	-
Total comprehensive (loss) for the period		(543,556)	(418,815)
Net loss and comprehensive loss attributable to:			
Owners of the parent entity		(543,556)	(418,815)
Non-controlling interest		-	-
		(543,556)	(418,815)
Basic loss per share (cents per share)		(0.15)	(0.43)
Basic loss per share from continuing operations (cents per share)		(0.15)	(0.43)
Diluted loss per share (cents per share)		(0.15)	(0.43)
Diluted loss per share from continuing operations (cents per share)		(0.15)	(0.43)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	CONSOLIDATED	
		As at 31 December 2014 \$	As at 30 June 2014 \$
Current Assets			
Cash and cash equivalents		76,286	460,485
Trade and other receivables		30,302	13,240
Other		-	7,454
Total Current Assets		106,588	481,179
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	-	-
Total Non-Current Assets		-	-
Total Assets		106,588	481,179
Current Liabilities			
Trade and other payables		271,786	525,228
Borrowings	4	-	50,000
Total Current Liabilities		271,786	575,228
Total Liabilities		271,786	575,228
Net Assets		(165,198)	(94,049)
Equity / (Net Deficiency of Assets over Liabilities)			
Contributed equity	5(a)	33,952,084	33,569,173
Reserves	5(b)	245,496	156,000
Accumulated losses		(34,362,778)	(33,819,222)
Total Equity / (Net Liabilities)		(165,198)	(94,049)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	<i>Contributed equity</i>	<i>(Accumulated losses)</i>	<i>Reserves</i>	<i>Total Equity/(Net Liabilities)</i>
	\$	\$	\$	\$
Balance at 1 July 2013	32,930,782	(33,229,325)	24,450	(274,093)
Total comprehensive loss for the period	-	(418,815)	-	(418,815)
Transactions with owners in their capacity as owners:				
Shares issued (net of costs)	188,167	-	-	188,167
Options issued	-	-	-	-
Options forfeited	-	24,450	(24,450)	-
Total transactions with owners	188,167	24,450	(24,450)	188,167
At 31 December 2013	33,118,949	(33,623,690)	-	(504,741)
Balance at 1 July 2014	33,569,173	(33,819,222)	156,000	(94,049)
Total comprehensive loss for the period	-	(543,556)	-	(543,556)
Transactions with owners in their capacity as owners:				
Shares issued (net of costs)	472,407	-	-	472,407
Options issued	(89,496)	-	89,496	-
Options forfeited	-	-	-	-
Total transactions with owners	382,911	-	89,496	472,407
At 31 December 2014	33,952,084	(34,362,778)	245,496	(165,198)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Interest income	1,624	68
Payment to suppliers and employees	(808,230)	(98,539)
Net cash flows provided by/(used in) operating activities	(806,606)	(98,471)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	-	-
Net cash provided by/(used in) investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares and options	452,000	-
Share issue costs	-	-
Proceeds from borrowings	(29,594)	106,880
Net cash flows provided by/(used in) financing activities	422,406	106,880
Net increase/(decrease) in cash and cash equivalents	(384,200)	8,409
Cash and cash equivalents at beginning of period	460,485	1,358
Cash and cash equivalents at the end of the period	76,285	9,767

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of half-year report

These general purpose financial statements for the interim reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as the full financial report.

It is recommended that this financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Resource Star Limited ("the Company" or "Resource Star") during the interim reporting period up to the date of the directors report in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) Adoption of new and revised Accounting Standards and Interpretations

During the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 July 2014.

The revised Standards and Interpretations did not affect the Group's accounting policies or the amounts reported in the financial statements.

(c) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not currently have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation expenditure

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

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

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

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

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

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

Exchange (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognised.

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

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

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

(e) Going concern

In the half-year ended 31 December 2014 the Company recorded a net loss of \$543,556 (2013: \$418,815) and a net operating cash outflow of \$806,606 (2013: \$98,471), resulting in the Group having a net liabilities position of \$165,198 (June 2014: \$94,049), despite the Group having a market capitalisation of \$2,145,127 as at 31 December 2014.

The Directors anticipate in order to meet its working capital requirements and identify a suitable transaction further funding will be required within the next twelve (12) months and, having prepared a cash flow budget of the Group's working capital requirements for the next 12 months to March 2016, work is progressing on accessing additional funding.

The Company has a history of raising capital to fund its operations and exploration activities, to this end, the Company completed a Placement to raise up to a maximum of \$635,847 before costs on 19 February 2015 to assist the Company to extinguish current liabilities and have targeted funds available to seek out new projects.

The Company will use the funds raised under the Issue for:

- Business development opportunities to identify a suitable transaction potentially in various sectors;
- General working capital purposes and costs of the issue

Based on the above factors, the Board has a reasonable degree of confidence in securing sufficient additional funding for at least the next 12 months to March 2016 and believe it would be able to negotiate with interested parties, regarding a number of funding options that includes further debt and capital raisings.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Going concern (continued)

It is recognised that in the event that the Company is unable to secure additional funding, it is likely to result in the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the accounts.

(f) Principles of Consolidation

The parent entity and its subsidiaries are collectively referred to as the "Group". Entities (including structured entities) over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are referred to as "non-controlling interests". The Group recognises any non-controlling interests in subsidiaries on a case-by-case basis either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(g) Fair Value of Assets and Liabilities

The Group measures some of the assets and liabilities it holds at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard (for the respective accounting policies of such assets and liabilities, refer to the latest annual financial statements). "Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing buyers and sellers operating in a market. "Market" is taken to mean either a market with the greatest volume and level of activity for such asset or liability, or a market that maximises the receipts from the sale of an asset or minimises the payment made to transfer a liability after taking into account transaction costs and transport costs.

Valuation techniques

The Group selects and uses one or more valuation techniques to measure the fair values of a particular asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Fair Value of Assets and Liabilities (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered “observable”, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered “unobservable”.

Fair value hierarchy

The Group adopts a “fair value hierarchy” to categorise the fair value measurements derived from the valuation techniques into three levels (as described below). The purpose of this classification is to indicate the relative subjectivity of the fair values derived. This classification is made by prioritising the inputs used in each valuation technique on the basis of the extent to which such inputs are observable.

Level 1 fair values are considered to be the best indication (and therefore the most reliable evidence) of fair value. Inputs used to measure Level 1 fair values are unadjusted quoted prices for identical assets/liabilities in active markets (eg Australian Securities Exchange) where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Inputs used to measure Level 2 fair values are inputs (other than quoted prices included in Level 1) that are observable either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for similar or identical assets/liabilities in non-active markets;
- foreign exchange rates;
- market interest rates;
- yield curves observable at commonly quoted intervals;
- implied volatilities; and
- credit spreads.

Level 3 fair values use unobservable inputs specific to the particular asset or liability because observable inputs are not available for such asset or liability.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- i) if a market that was previously considered active (Level 1) became inactive (Level 2 or 3) or vice versa; or
- ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 December 2014 \$	31 December 2013 \$
2. REVENUES AND EXPENSES		
(a) Other revenue		
Finance revenue - bank interest	1,624	68
Foreign exchange gain	2,830	14,573
Sundry income	-	7,644
	4,454	22,285
(b) Other expenses		
Administration expenses	447,905	138,126
Auditor's remuneration	23,421	9,680
Directors' fees and salaries	76,684	53,318
Interest paid	-	1,722
Share based payments	-	-
	548,010	202,846

3. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	31 December 2014 \$	30 June 2014 \$
Costs carried forward in respect of areas of interest in the following phase:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	-	79,023
Acquisition of tenement	-	-
Expenditure incurred	-	184,423
Expenditure written off (a)	-	(263,446)
Total deferred exploration and evaluation expenditure	-	-

(a) An assessment of the recoverable amount was completed on all tenements and capitalised expenditure totalling \$Nil (2013 half -year: \$237,881) was written off. Write-downs occurred where capitalised expenditure was considered to be unreasonably high, not in the Group's mandated area of "uranium and associated elements" or the licenses have expired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 December 2014 \$	30 June 2014 \$
4. BORROWINGS		
Convertible notes (i)	-	47,098
Convertible note derivative	-	2,902
	-	50,000

- (i) The Convertible Notes have a Face value of \$1.00 and a 12 month maturity date from the date of issue and are unsecured. The Notes were issued in October 2013 and are convertible into Fully Paid Ordinary Shares at \$0.0125 per Note. Interest is payable at the rate of 5.5% per annum.

For financial reporting purposes, the Company has had to determine the fair value of the convertible note and the derivative liability at initial recognition and period end. The fair value of the convertible notes and derivative liability as at 30 June 2014 were \$47,098 and \$2,902 respectively and were classified as category 3 instrument for fair value purposes.

Their fair value was estimated by discounting the future contractual cashflows at the current market interest rate that are available to the group for similar instruments without a conversion option. The discount rate used was 12% based on unobservable market input. Had a discount rate of 15% been used, their fair value would have been \$47,012 and \$2,988 respectively.

On the 15 September 2014 the Convertible Note was exercised and converted to shares.

	CONSOLIDATED	
	31 December 2014 \$	30 June 2014 \$
5. CONTRIBUTED EQUITY		
(a) Contributed Equity		
Ordinary shares (i)	33,952,084	33,569,173

	31 December 2014		30 June 2014	
(i) Movement in ordinary shares	Number	\$	Number	\$
Balance at beginning of period	312,000,000	33,569,173	121,439,754	32,930,782
Fully paid ordinary shares issued for cash:				
Conversion of convertible notes & options	4,025,466	50,102	8,800,000	104,000
Non-renounceable entitlements issue	-	-	156,000,000	468,000
Share issued to director for services rendered	-	-	733,334	9,167
Equity settled tenement acquisition	-	-	5,000,000	75,000
Share Placement	113,000,000	452,000	20,026,912	100,134
Allocation to Option Reserve	-	(89,496)	-	-
Share issue costs	-	(29,695)	-	(117,910)
Balance at end of period	429,025,466	33,952,084	312,000,000	33,569,173

Fully paid ordinary shares have the right to receive dividends as declared and entitle their holder to vote either in person or by proxy at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value. Accordingly the parent does not have authorised capital or par value in respect of its shares.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 December 2014 \$	30 June 2014 \$
5. CONTRIBUTED EQUITY (continued)		
(b) Options reserve		
Options reserve (i)	245,496	156,000
	245,496	156,000

	31 December 2014		30 June 2014	
	Number	\$	Number	\$
(i) <i>Movement in options reserve</i>				
Balance at beginning of period	78,000,000	156,000	3,000,000	24,450
Options issued	75,333,333	89,496	78,000,000	156,000
Options expired/forfeited	(25,466)	-	(3,000,000)	(24,450)
Balance at end of period	153,307,867	245,496	78,000,000	156,000

6. DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the period ended 31 December 2014.

7. SEGMENT INFORMATION

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

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

The following table presents revenue and profit information for the half-year ended 31 December 2014 and 2013 and certain asset and liability information regarding business segments as at 31 December 2014 and 30 June 14.

	Australia \$	Malawi (Africa) \$	Total \$
31 December 2014			
Segment revenue	4,454	-	4,454
Segment net operating loss after tax	(543,556)	-	(543,556)
31 December 2013			
Segment revenue	22,285	-	22,285
Segment net operating loss after tax	(346,616)	(72,199)	(418,815)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7. SEGMENT INFORMATION (continued)

	Australia \$	Malawi (Africa) \$	Total \$
31 December 2014			
Segment assets	106,588	-	106,588
Segment liabilities	(217,930)	(53,856)	(271,786)
30 June 2014			
Segment assets	481,179	-	481,179
Segment liabilities	(561,490)	(13,738)	(575,228)

8. EVENTS OCCURRING AFTER THE REPORTING DATE

The Company announced on 9 February 2015 that it had terminated its agreement to acquire Cloud Lands Digital Fortress Pty Ltd (Cloud Lands) effective immediately.

On 13 February 2015 the Company announced that in accordance with Listing Rule 3.15.1 that responsibility for the maintenance of the Resource Star Register will transfer to Security Transfer Registrars, effective from the start of business Monday, 2 March 2015.

On 19 February 2015, the Company announced the completion of the non-underwritten placement of up to 105,974,534 fully paid ordinary shares at a price of \$0.006 per share to raise up to approximately \$635,847.

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

9. RELATED PARTY TRANSACTIONS

On 9 September 2014, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Mr Walker holds a 54% equity stake) "Cicero" defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero Corporate Services Pty Ltd was paid fees totalling \$28,678 during the year ended 31 December 2014 (2013:\$ Nil) pursuant to the Administration Agreement. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$6,500 plus GST. The agreement can be terminated by 6 months notice by either party.

10. CONTINGENCIES

There were no contingencies as at 31 December 2014 or 30 June 2014.

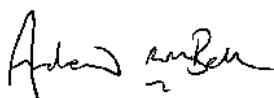
DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

In the opinion of the Directors of Resource Star Limited:

1. The attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - a complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable taking into account the factors outlined in Note 1 (e) of the interim financial statements.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



Andrew Bell
Non - Executive Chairman

Dated 13th March 2015

Independent Auditor's Review Report to the Members of Resource Star Limited**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Resource Star Limited ("the Company") which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (VIC Partnership)

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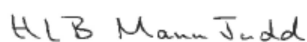
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resource Star Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern Basis

Without qualifying our conclusion, we draw attention to the going concern disclosure set out in note 1 (e) of the half year financial report, which identifies that the interim financial report has been prepared using the going concern basis. The factors identified in note 1(e) of the interim financial report indicate the existence of a material uncertainty that may cast significant doubt upon the ability of the Company and the consolidated entity to continue as a going concern and therefore the Company and the consolidated entity may not be able to realise their assets and extinguish their liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants



Tim Fairclough
Partner

Melbourne
13 March 2015