



RESOURCE STAR

Level 9, 440 Collins Street, Melbourne VIC 3000

[www.ResourceStar.com.au](http://www.ResourceStar.com.au) ABN 71 098 238 585

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# RESOURCE STAR QUARTERLY REPORT TO 31 DECEMBER 2011

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## HIGHLIGHTS

### Operations

- During the quarter, Resource Star provided further detail on the location of the Livingstonia tenement northern boundary that has been clarified with the Malawian authorities which, together with an additional granted 100 metres, provides an additional 400 metres of mineralised strike length for exploration at the Chombe prospect (Inferred JORC resource of 8.3Mt @ 325ppm eU<sub>3</sub>O<sub>8</sub> for 6.0Mlbs of contained metal).
- The 2011 drilling campaign at the Machinga JV Rare Earths Project in Malawi was commenced during the quarter. The programme, being undertaken by Globe Metals and Mining, consists of 3,000m targeting the Machinga Main Zone and 1,000m targeting anomalies previously identified at the Lingoni prospect.

### Corporate Development

- During the quarter it was announced that the acquisition of a strategic interest in the TSX-V listed Cue Resources from Red Rock Resources and Regency Mines would not proceed at that time. The conditional agreement to acquire the strategic interest was announced to the ASX on 4 May 2011.

### Funding

- Resource Star's major shareholder Red Rock Resources confirmed its intention to provide Resource Star with on-going financial support. The offer of support has been taken up.
- Resource Star advised the ASX of its intention to undertake a capital raising in the first quarter of 2012 and continuing expenditure restraint in the meantime.

#### **For further information contact:**

Andrew Bell, Chairman

+44 7766 474849

Simon Heggen, Managing Director

+61 3 9607 1322

Victoria Thomas, Director - Six Degrees Investor Relations

+61 3 9674 0347

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## Introduction

Resource Star Ltd ('Resource Star', 'RSL' or 'the Company') (**ASX: RSL**) is pleased to provide its quarterly report for the period ended 31 December 2011.

Resource Star's strategy is to grow shareholder wealth by identifying, acquiring and exploring uranium, rare earth and uranium related specialty metals resources, in development friendly environments.

During the quarter, Resource Star has continued a disciplined focus on developing its portfolio of uranium, rare earth and uranium-related projects in regions of known prospectivity that present strong mineral development potential, namely Australia and Malawi in south eastern Africa. RSL maintained ongoing expenditure restraint during the quarter pending a planned capital raising in the first quarter of 2012.

Resource Star's principal projects are:

- Joint ventures with Globe Metals & Mining ("Globe") on the Livingstonia Uranium Project and the Machinga Heavy Rare Earths Project in Malawi
- A joint venture with Thundelarra Exploration on the Spinifex Uranium Project in Western Australia
- The 100%-owned Edith River Uranium Project in the Northern Territory.

Resource Star will continue to evaluate new opportunities that are consistent with our strategy.

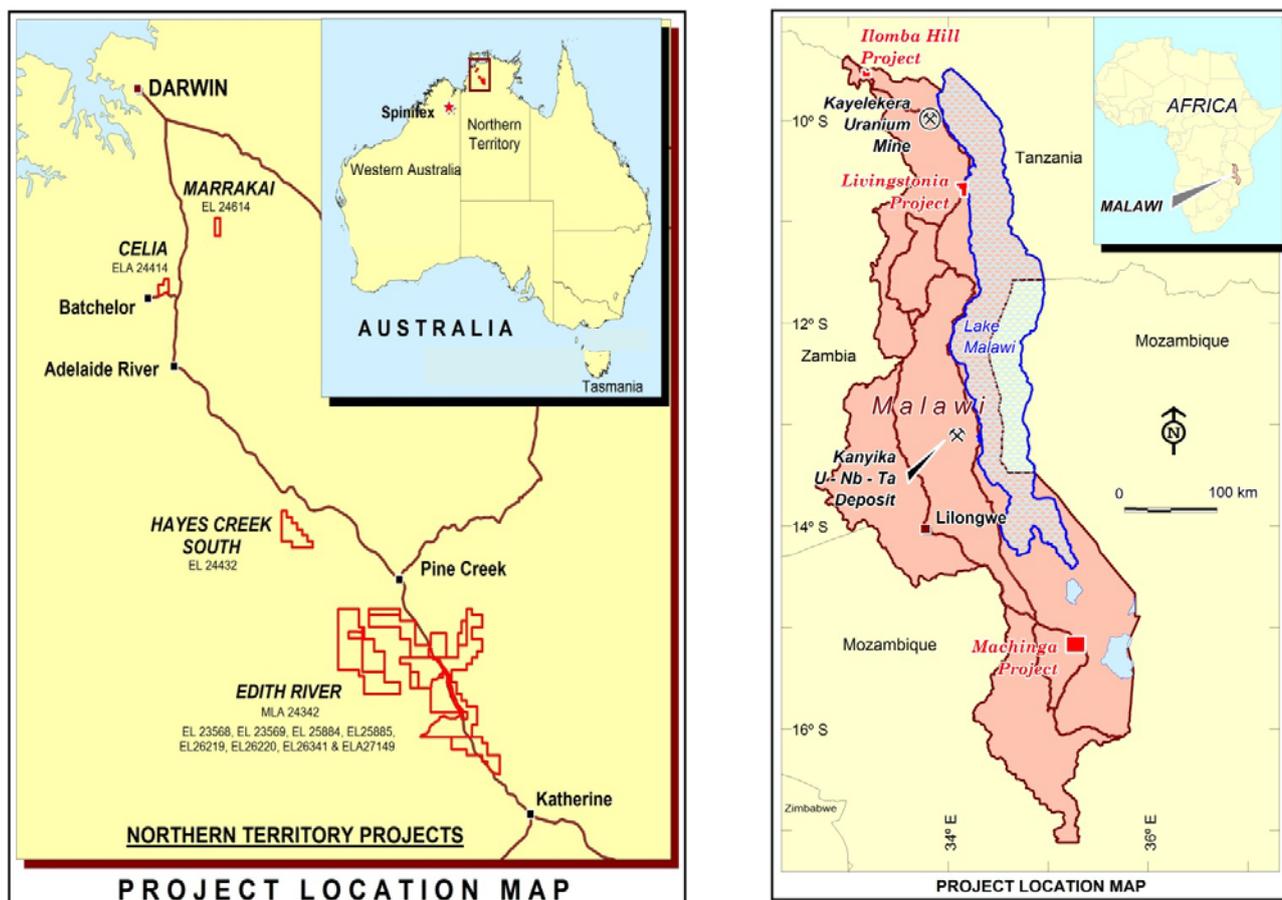


Figure 1: Resource Star's Projects in Australia and Malawi

## Operations

### Livingstonia Uranium Project - Malawi

RSL is earning up to an 80% interest in the Livingstonia Uranium Project in Malawi from Globe Metals and Mining through delivery on project development milestones. On 22 June 2011, RSL announced an updated JORC compliant Inferred Resource of 8.3Mt averaging 325 ppm eU<sub>3</sub>O<sub>8</sub> for a contained 6.0 million pounds of U<sub>3</sub>O<sub>8</sub> at a lower cut-off grade of 150 ppm eU<sub>3</sub>O<sub>8</sub>, at the Chombe Prospect. The resource calculation was completed by independent consultants CSA Global Pty Ltd ("CSA").

As previously announced the Company and Globe sought clarification from the Malawian authorities regarding the positioning of the northern boundary of its Livingstonia EPL0187/05R and the projection system used to determine that boundary. The clarification made it clear that the northern boundary of the tenement was 300 metres further north than previously understood. In addition, a further 100 metres of ground to the north of that boundary was granted as an extension to the existing EPL.

The figure on the following page shows the new northern boundary of the EPL relative to the area included in the announced Inferred Resource as outlined in red. The area cross hatched in blue is the possible resource area extension as identified by CSA now including the northern area.

The additional 400 metres to the north of the Inferred Resource is unexplored. The mineralisation identified to date at the Chombe Prospect extends up to the previously understood boundary, and trends in a north westerly direction into this area. The drillholes along that boundary include RSL's 2010 intersection of LBPE101: 11.8m @ 517ppm eU<sub>3</sub>O<sub>8</sub>. This mineralisation remains completely open to the north.

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## Northern Territory

RSL completed rehabilitation activities at previous drill hole locations during the quarter.

## Machinga Heavy Rare Earths Project - Malawi

On 22 November 2011, Globe Metals and Mining Ltd (“Globe”) announced that it had commenced the 2011 drilling campaign at the Machinga Rare Earth Project in Malawi. Globe has to date earned a 20% interest in the Machinga Project and has the ability to earn up to 80% by completing a Feasibility Study.

Globe’s announcement detailed more than 4,000m of RC drilling with 3,000m targeting the Machinga Main Zone and 1,000m targeting anomalies previously identified at the Lingoni prospect.

The drilling campaign is designed to target and extend the significant Heavy Rare Earth Oxides (“HREO”) and Niobium (“Nb”) mineralisation identified in 2010.

At the Machinga Main Zone, the 2010 drilling programme identified very high HREO/TREO ratios with an average of 33%. These results included relatively high grades of dysprosium which averaged 375ppm with a highest result of 971ppm. Dysprosium is one of only five REE deemed critical to the clean energy industry by the US Department of Energy in 2011.

## Corporate Development

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

### Investment in Cue Resources

On 4 May 2011, Resource Star announced that it had conditionally agreed to acquire a strategic interest in Cue Resources Ltd (“Cue”), a Canadian listed exploration company, from Red Rock Resources plc and Regency Mines plc for C\$2.2 million, subject to shareholder approval.

On 24 October 2011 RSL announced that it would not proceed with the acquisition at that time.

The parties agreed that the movement in equity market prices since the initial agreement and the continuing uncertainty in global markets meant that proceeding would not be in the interests of RSL’s, RRR’s or Regency Mines’ shareholders.

## Funding

On 4 October 2011 RSL advised the market that its major shareholder, Red Rock Resources has confirmed its intention to provide RSL with ongoing financial support, if RSL requests such support. Subject to any necessary approvals, the support will be provided either by:

- unsecured loans at market interest rates; or
- advancing funds as a prepayment of RRR’s allotment under any Entitlement Issue undertaken by RSL; or
- convertible loans on commercial terms.

Any loans would be repayable not later than the completion of RSL’s audit for the financial year ended 30 June 2012.

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As at 31 December 2011, Red Rock Resources had advanced A\$150,000.00 to RSL.

## **Corporate**

### **Cash Position**

As at 31 December 2011 the Company held \$40,588.00 in cash.

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## Company Directory

### Resource Star Ltd

ABN 71 098 238 585

### Registered Office:

Level 9, 440 Collins St

Melbourne, Victoria, Australia, 3000

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

**Website** [www.ResourceStar.com.au](http://www.ResourceStar.com.au)

**Email** [info@ResourceStar.com.au](mailto:info@ResourceStar.com.au)

### Directors

Andrew Bell (Chairman)

Simon Heggen (Managing Director)

Ross Kestel (Non Exec)

Rob Benussi (Non Exec)

### Management

Richard Evans (Technical Consultant)

Baker Khudeira (Exploration Manager)

Eryn Kestel (Company Secretary)

### Share Registry

Computershare Ltd

GPO Box D182

Perth, WA, 6840

### ASX Listed Securities (as at 31 December 2011):

56,928,182 ordinary shares

### Competent Person Statements

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

### Forward Looking Statements

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

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

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

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