

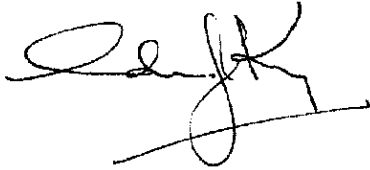
FACSIMILE

| | | | |
|-----------------|---------------------------------------------------|-----------------|---------------------------|
| To: | Company Announcements Office | Company: | Australian Stock Exchange |
| From: | Andrew King | Fax No: | 1900 999 279 |
| cc: | | Pages: | 12 (inc. cover sheet) |
| Subject: | Second Quarter Activities and Cashflow Reports | Date: | 15 January 2004 |

Dear Sirs

Please find attached for immediate release the quarterly activities and cashflow reports for the December 2003 quarter.

Yours sincerely



Andrew J King

15 January 2004

Australian Stock Exchange Limited
Company Announcements Office
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sirs

QUARTERLY REPORT TO SHAREHOLDERS – DECEMBER 2003

Highlights:

- **Successfully listed on the ASX on 31 October 2003 and have been trading at a premium to the IPO price since that date.**
- **Reopened the old underground workings at Walhalla in preparation for the commencement of the Phase 1 Stockwork Drilling Program in January 2004.**
- **Expanded the high grade Empress Target and identified a new high grade Cohen's South Target at Walhalla.**
- **Strategically expanded the Company's tenement holdings in WA and Queensland to secure a larger footprint over exploration targets identified in both areas.**

1. REOPENING OF WALHALLA UNDERGROUND WORKINGS

In the first week of December, the mining contract was awarded for re-establishing underground access. The mining contractor mobilised to site in mid December and immediately commenced work on accessing the Walhalla Shaft Chamber.

The Walhalla Chamber will be the first of three underground drill sites to be used in the Phase 1 Stockwork Drilling Program. The mining contractor has made good progress to date and the drill sites will be prepared on schedule for the arrival of the drilling contractor.

The Stockwork drilling will commence in the second half of January 2004. This initial phase of Stockwork drilling is aimed at increasing the already defined resource of 119,000 oz of gold, by extending the resource to depth and obtaining information regarding the tonnage and grade of the higher grade backfill zones. This program will also improve confidence in the resource in terms of geological and grade continuity. At the end of the drilling program, which will take approximately three months to complete, Goldstar will make an assessment regarding the commencement of a Feasibility Study for the Stockwork.

2. ADDITIONAL HIGH GRADE GOLD TARGETS

As reported to the ASX on 4 December 2003, Goldstar has utilised data secured from its latest search of the Geological Survey of Victoria (GSV) archives to significantly expand the high grade Empress Shoot Target. This same review also identified the potential for a high grade Southern Extension to the Cohen's Shoot.

2.1 Empress Shoot Extension

Using information from archive plan no. GSV1581/L/1, the Empress Shoot Target Extension was identified (Figure 1). As well as confirming and updating the prospectus information on 8 Level, Goldstar has defined new strike intercepts on 6 Level and the Empress has been identified closer to surface on 3 Level in the form of 108m at 3.8 to 5.4 g/tonne. The high grade Empress Target has now consequently been extended significantly closer to surface with a higher confidence level on its overall strike length.

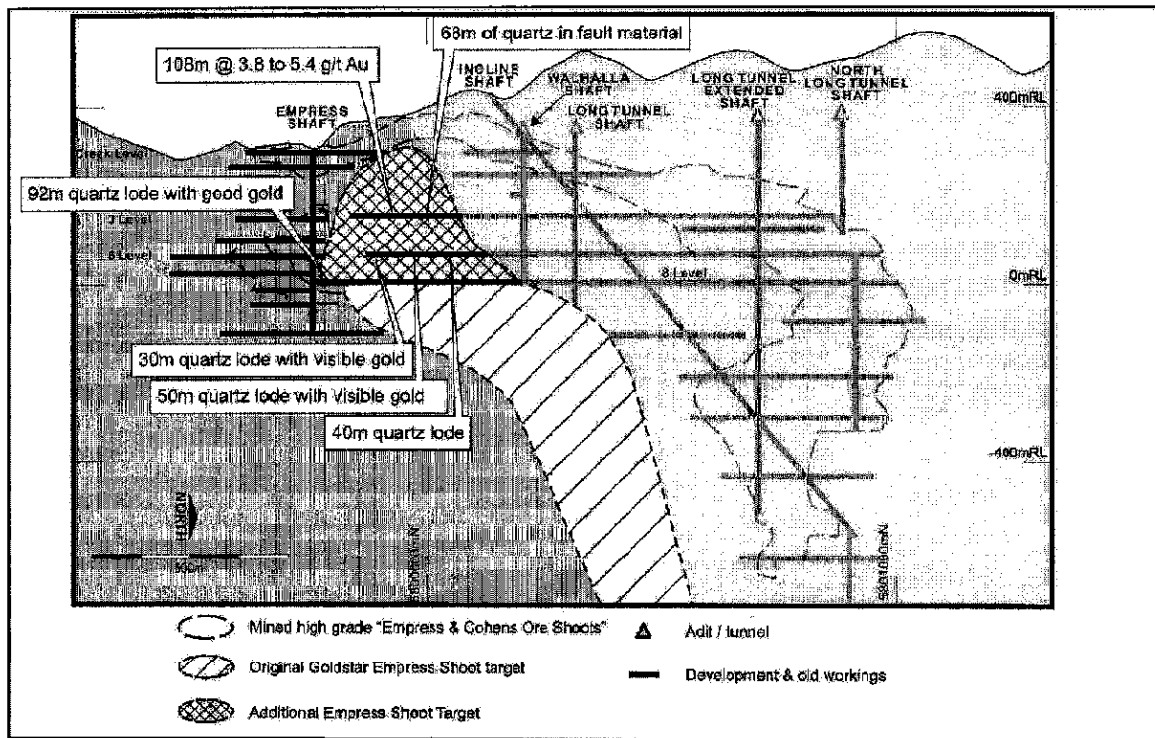


Figure 1 – Empress Shoot Target Extension

2.2 Cohen's Shoot Southern Extension

Similarly, the new Cohen's Shoot – Southern Extension was also identified from the information on plan no. GSV51/L/1. The strike intercepts above 8 Level sourced from this plan are detailed in Figure 2, with the exception of the intercept of 250m grading 12.5g/tonne on 11 Level. This latter intercept was derived from a reference made in a manager's report to the Railways Standing Committee in the early 1900's. Further work is being done to confirm this information.

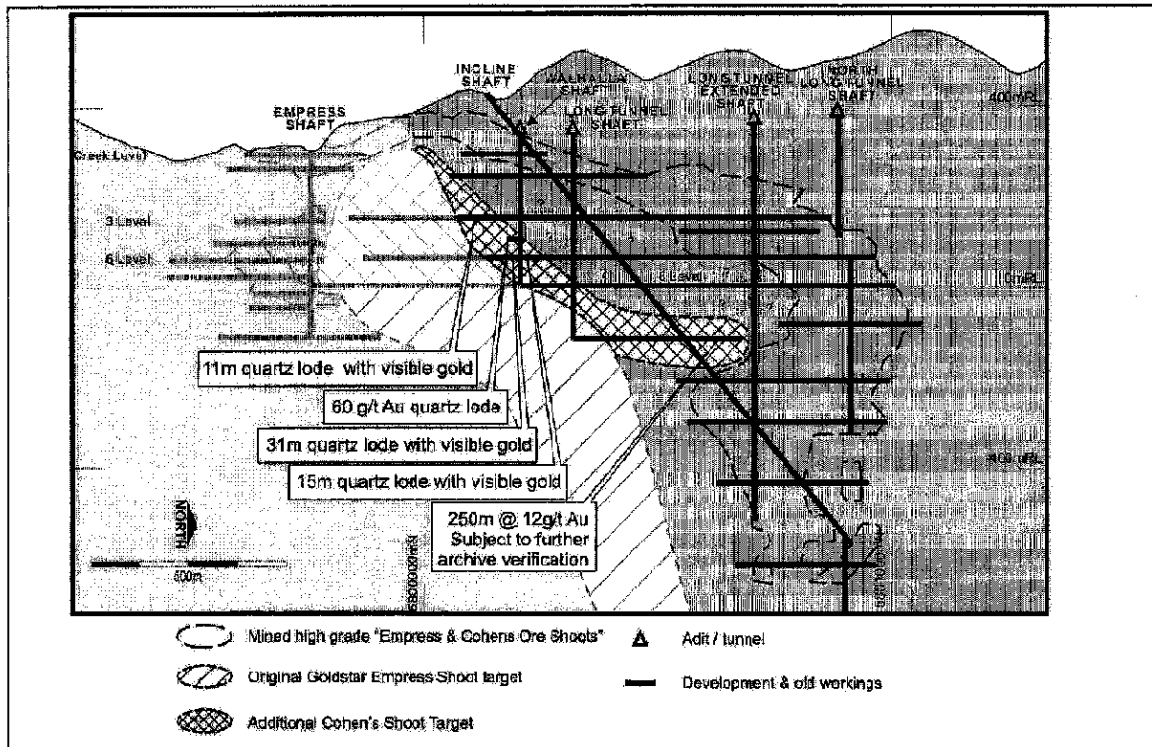


Figure 2 – Cohen's Shoot Southern Extension

Both of these targets are high grade 'Main Shoot Style' targets that have either been enhanced or confirmed as extending closer to surface as a result of an intensive data review and further modelling. These targets also provide further evidence for an increased level of confidence in the nature and size of the high grade gold targets being pursued by Goldstar.

Goldstar is currently developing a surface based drilling program to test both of these new 'Main Shoot Style' targets. Consideration was given to drilling them as part of the underground Stockwork drilling program, however, current indications are that it is more cost effective and practical to drill these new targets from surface. Subject to government approval of the Work Plan, Goldstar aims to commence drilling of these targets in the June quarter of this financial year.

3. EXPANSION OF WESTERN AUSTRALIA (WA) AND QUEENSLAND (QLD) TENEMENT HOLDINGS

Following a review of the databases for the WA and Qld tenements, additional ground has been secured in the Peak Hill region of WA and Top Camp area of Qld.

3.1 Western Australia

The Peak Hill ground EL52/1727 (Goldstar 85%) increases Goldstar's holding in the area by 35 sq km. It was pegged due to its potential to host strike extensions to the Enigma Trend and 'Jubilee Extended' resource as well as providing an improvement in the continuity of the land holding around the two Mining Leases to the south (Figure 3).

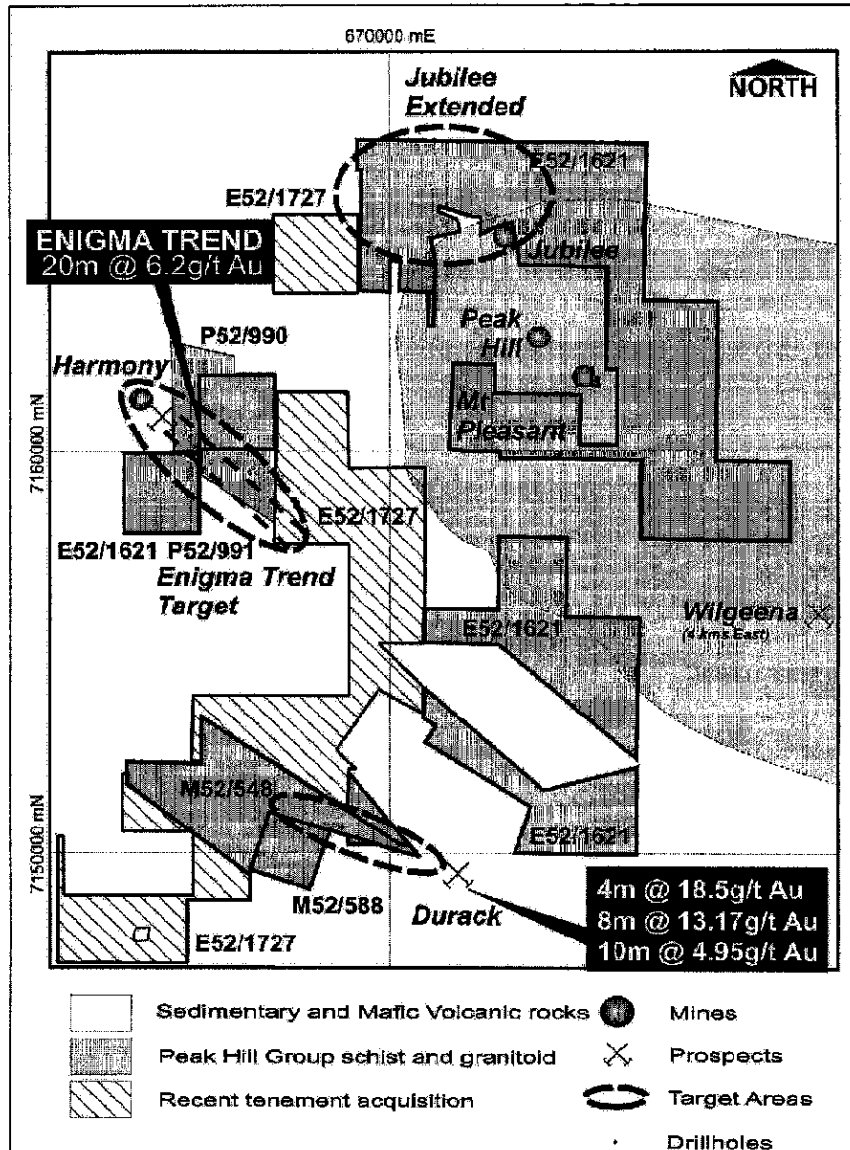


Figure 3 – Peak Hill Region Showing New Tenement Holding

3.2 Queensland

Negotiations to acquire EPM13922 adjacent to Top Camp, Qld (Figure 4) were completed late in the quarter. The Company has extended the Top Camp joint venture with Findex Pty Ltd by acquiring the adjoining EPM 13922 known as Ironridge (Goldstar 85%).

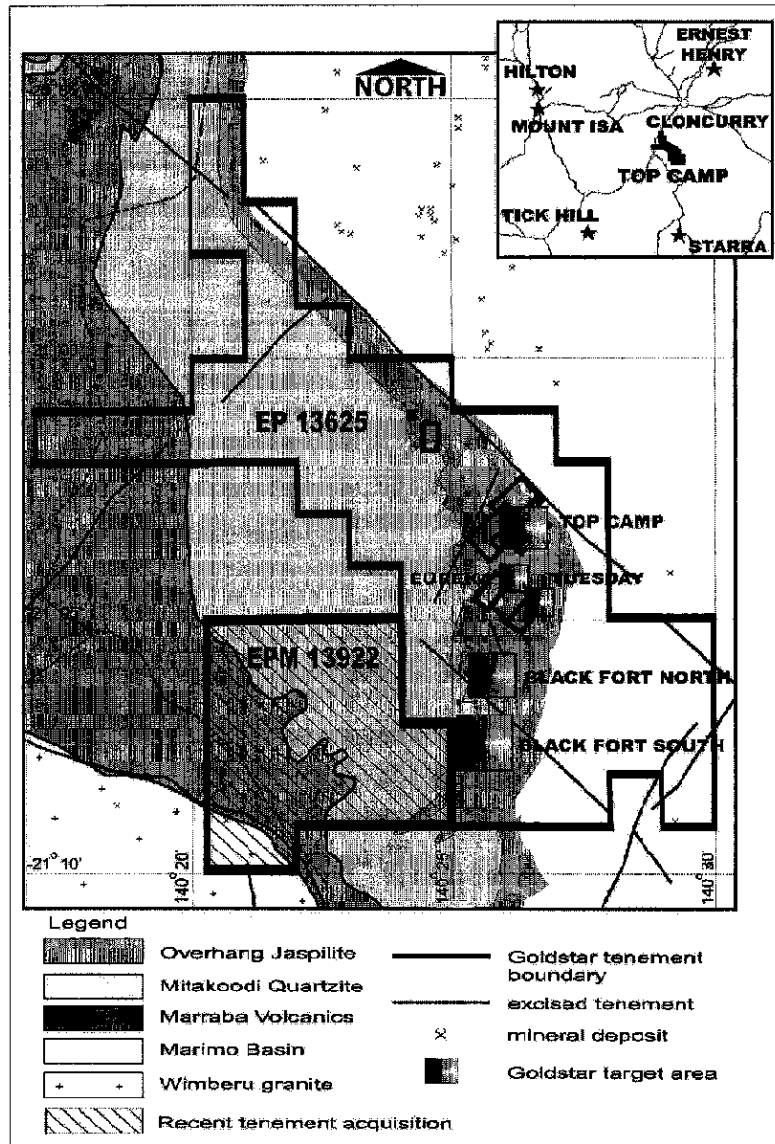


Figure 4 – Top Camp Region Showing New Tenement Holding

This area immediately adjacent to Top Camp covers 64 sq km, is substantially under-explored and shows extensive development of magnetite/haematite alteration, similar to that found at Top Camp. Much of this alteration zone is anomalous in copper and gold as shown by the numerous old workings and stream sediment sampling carried out by previous workers. The anomalous Black Fort zone defined in soils at Top Camp extends into the Ironridge EPM and is strongly anomalous at that point.

Goldstar is currently reviewing its work program at both Peak Hill and Top Camp to take into account its new land holdings and their potential to enhance the net outcome for the Company.

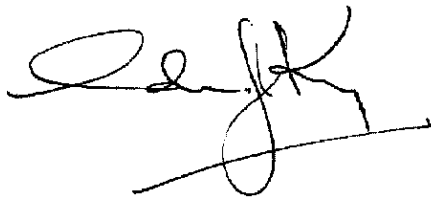
4. SUMMARY

The work undertaken during this quarter has significantly enhanced the potential of the higher grade 'Main Shoot Style' targets at Walhalla. It also confirms that there are significant cost savings to be achieved by utilising the extensive database that is available to the Company to maximise the return for the exploration dollars expended.

During the next quarter, as well as undertaking an aggressive drilling program on the Walhalla Stockwork, the Company will also be focusing on the new high grade targets and the ability to accelerate the Company's understanding of their potential.

Goldstar's primary aim over the coming 12 months is to identify a suitably sized resource at Walhalla which will enable work to progress on the re-establishment of gold production and hence a positive cash flow to sustain the long-term future of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. King', with a long horizontal stroke extending from the bottom of the signature.

Andrew J King
Managing Director

www.goldstar.nl.com.au

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Goldstar Resources NL

ABN

76 098 939 274

Quarter ended ("current quarter")

31 December 2003

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (3 months from 1 October) \$A'000 |
|------------------------------------------------------------------|----------------------------|------------------------------------------------------|
| 1.1 Receipts from product sales and related debtors | 73 | 73 |
| 1.2 Payments for (a) exploration and evaluation | (147) | (147) |
| (b) development | | |
| (c) production | | |
| (d) administration | (74) | (74) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 17 | 17 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | | |
| Net Operating Cash Flows | (131) | (131) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects (b)equity investments | (200) | (200) |
| (c) other fixed assets | | |
| 1.9 Proceeds from sale of: (a)prospects (b)equity investments | | |
| (c)other fixed assets | | |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other (provide details if material) | | |
| Net investing cash flows | (200) | (200) |
| 1.13 Total operating and investing cash flows (carried forward) | (331) | (331) |

+ See chapter 19 for defined terms.

30/9/2001

Appendix 5B Page 1

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|------------------------------------------------------------|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (331) | (331) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 6,000 | 6,000 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (share issue costs) | (142) | (142) |
| | Net financing cash flows | 5,858 | 5,858 |
| | Net increase (decrease) in cash held | 5,527 | 5,527 |
| 1.20 | Cash at beginning of quarter/year to date | 57 | 57 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 5,584 | 5,584 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 56 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | | |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 510 |
| 4.2 Development | |
| Total | 510 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 554 | |
| 5.2 Deposits at call | 5,030 | |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 5,584 | |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | | | | |
| 6.2 Interests in mining tenements acquired or increased | EPM 13922 (Iron Ridge, Qld) | 85% acquisition | Nil | 85% |
| | EL 52/1727 (Peak Hill, WA) | 85% acquisition | Nil | 85% |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

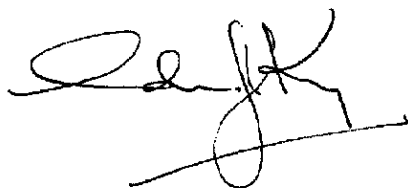
| | | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|------|----------------------------------------------------------------------------------------------------------------------------|--------------|---------------|-----------------------------------------------|--------------------------------------------------|
| 7.1 | Partly paid +securities | 8,000,000 | nil | 10 cents | 0.1 cents |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +Ordinary securities | 48,522,752 | 34,807,751 | 25 cents | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 27,196,000 | 25,096,000 | 25 cents | |
| 7.5 | +Convertible debt securities (description) | | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options (exercise price 35 cents, expiry 31/10/2008) | 1,000,000 | nil | <i>Exercise price 35 cents</i> | <i>Expiry date 31 October 2008</i> |
| 7.8 | Issued during quarter | 1,000,000 | nil | 35 cents | 31 October 2008 |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures (totals only) | | | | |
| 7.12 | Unsecured notes (totals only) | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



..... Date: 15 January 2004

Print name: **Andrew J King**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

=====

+ See chapter 19 for defined terms.