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

Dear Sirs

SIGNIFICANT NEW TARGETS IDENTIFIED AT WALHALLA

- **Cohen's North Stockwork Target:**
  - Data review shows new large Stockwork style target at Cohen's North
  - Cohen's North target zone has a potential strike length of 900m
  - Historical trial stope grades of 6-12 g/t Au
  - Surface drilling program targeting Cohen's North already submitted
- **New zone of quartz veining revealed at Empress Adit.**
  - Visible gold identified in preliminary sampling
  - Potential exists for additional main reef target
  - Quartz veining identified over widths of up to 3m in the Empress Chamber

1. COHEN'S NORTH STOCKWORK

Further database work has confirmed the potential for a significant Northern Extension of the Cohen's at Goldstar's Walhalla tenement in Victoria. **This new target is an exciting prospect for additional Stockwork resources and also has the potential to host upper level main reef style mineralisation.**

Goldstar is in the second phase of its development program at Walhalla which involves continued evaluation and interpretation of the extensive historical databases available to the Company in conjunction with further drilling programs. The aim of this phase is to identify resources of a suitable calibre to restart gold production at Walhalla.

This zone was first identified using plan GSV 1581/L/1 and has **a currently identified minimum strike length of 350m**. Work to date has indicated that this new target has a potential strike length of 900m and is open to extension to both the North and South. Further reference to this zone is made in a report on the 'Royal Mint' workings dated 1901.

Subsequent reviews of the Manager's reports of the period and a summary report by Kenny (dated 1937) confirmed the presence of 'Stockwork Style' veining and upper level Cohen's Shoot, with grades of between 6 g/t Au and 12 g/t Au being returned from small parcels of trial stope material. The area was not mined at the time as much higher grades were being recovered from elsewhere in the workings.

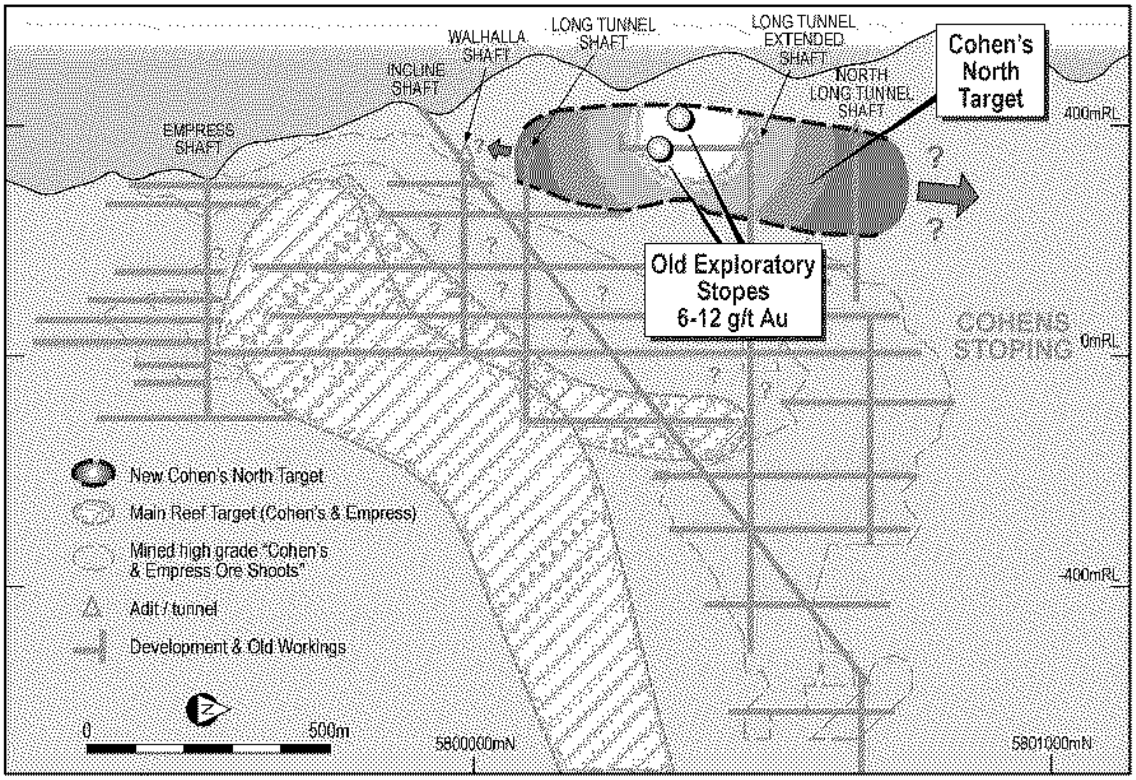


Figure 1: Walhalla Long Section schematic showing Cohen's North Target

A Work Plan to drill this, in addition to other high grade, main reef targets (Upper Empress and Cohen's South) from the surface has already been submitted to the Department of Primary Industry (DPI). A drill rig has been sourced and Goldstar is currently waiting for formal DPI approval prior to commencing this work. This work program is aimed at delineating additional stockwork resources as well as confirming higher grade main reef structures and grades at deeper levels.

2. NEW QUARTZ ZONE EXPOSURE

In preparation for the Empress Adit drilling, the adit was enlarged and a chamber excavated for drill rig access. During this process, the tip of a previously unidentified zone of quartz veining was discovered. The new zone is situated 'to the west' of (ie. away from) all previously identified zones of quartz veining and as such, opens up significant possibilities for further mineralised structures (Figure 2 and Figure 3). **This new zone has the potential to host a main reef target similar in style to the historical Cohen's Shoot, which produced approximately 1.46m ounces at an average grade of over 32g/t Au.**

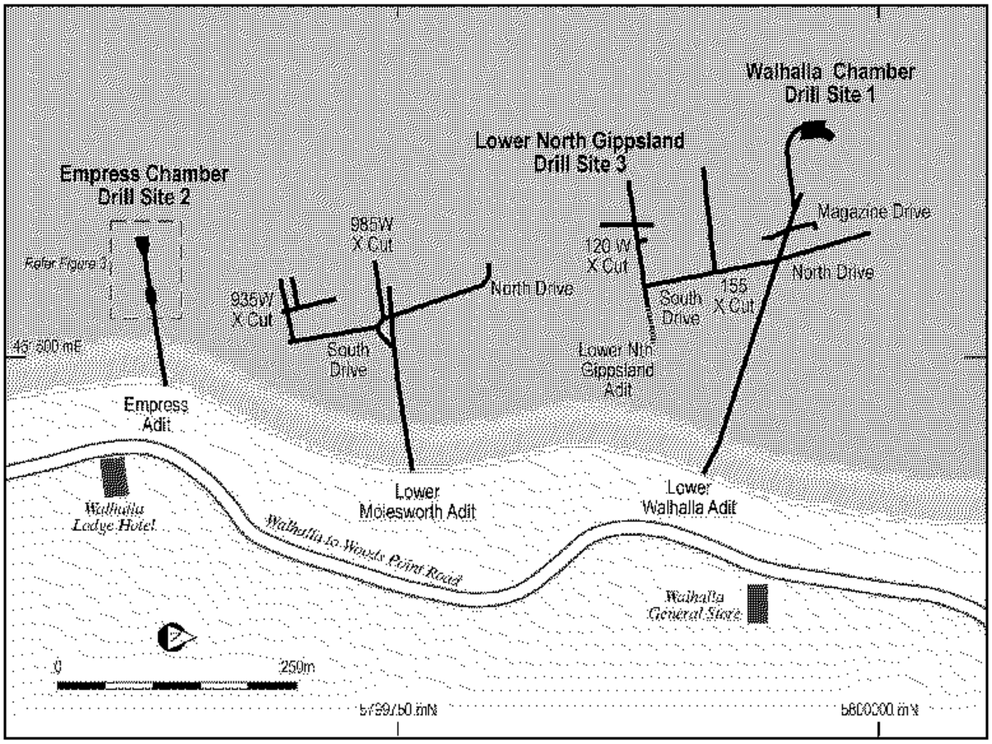


Figure 2: Schematic plan view showing Walhalla workings and underground drill sites

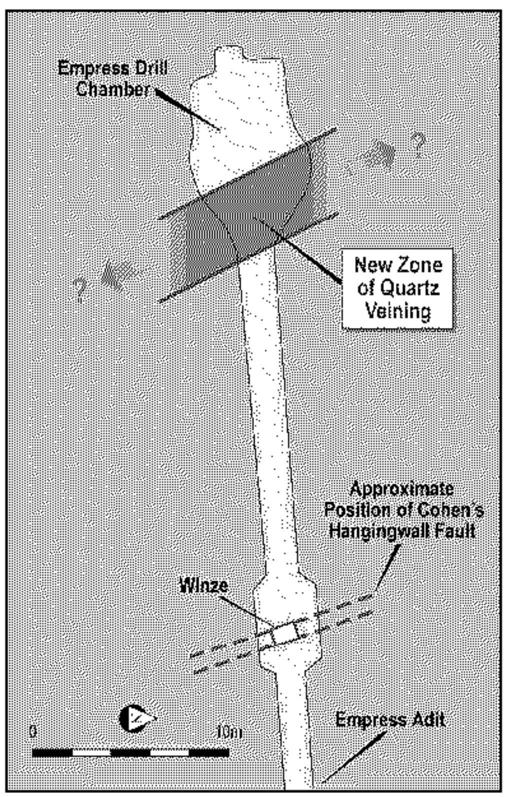


Figure 3: Empress Adit Drill Chamber schematic showing new Zone of Quartz Veining

All material from this section of the excavation has been stockpiled separately for re-assessment. Mapping of the area confirms the typical style of structural disturbance associated with the mineralised zones of this portion of the Walhalla field.

The prospective area was secured for safety reasons to allow drilling to proceed. A review of the stockpiled material is currently underway to determine the most suitable sampling regime.

A preliminary stockpile grab sample was taken and the resultant fine material panned, delivering flecks of visible gold. While this result is not JORC recordable, it indicates that further investigation is warranted. Additional work is currently being undertaken on this new target, with a view to establishing the character and potential mineralisation of the new zone.

3. TARGETS AND DRILLING REFINEMENTS

The development of the new Cohen's North Stockwork Target, coupled with the difficult drilling conditions encountered in the Walhalla Chamber, may result in the drilling focus being shifted to concentrate on further Stockwork Drilling from surface, rather than underground. This decision will be made once the current suite of underground holes is completed at the Empress Adit. Such a decision would negate the need for expensive underground development as a precursor to drilling from a planned third site. A final decision on this and the third underground drill site will be made upon approval of the surface drilling Work Plan.

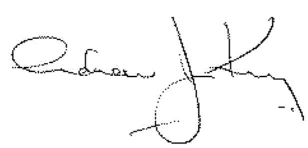
4. SUMMARY

The identification of the Cohen's North Stockwork target provides an exciting opportunity to prove additional Stockwork ounces close to surface as well as hosting possible lower grade main reef mineralisation. The possible size of the Cohen's North target also provides a significant addition to the immediate potential of the drilling programs to be undertaken in the coming months. The current intention is to begin drilling this target as part of the surface Work Plan currently before the DPI for approval.

The new quartz zone identified at the Empress Adit has the potential to add a new dimension to the existing Walhalla model the Company is developing at and around the old Cohen's workings.

These are exciting developments as Goldstar moves into the next phase of its "early reward" drilling campaign and the Company continues to aggressively pursue additional Stockwork Resources and higher grade main reef targets through the current underground drilling and planned surface drilling programs.

Yours faithfully



Andrew J King
Managing Director

Note – The information in this report is based on information compiled by Peter Ball, Consultant Resource Geologist for Goldstar Resources NL, a Corporate Member of the Australian Institute of Mining and Metallurgy who has more than five years' experience in estimation, assessment of, and evaluation of Mineral Resources and Ore Reserves which are relevant to the style of mineralisation under consideration

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