

30 April 2004

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

Dear Sirs

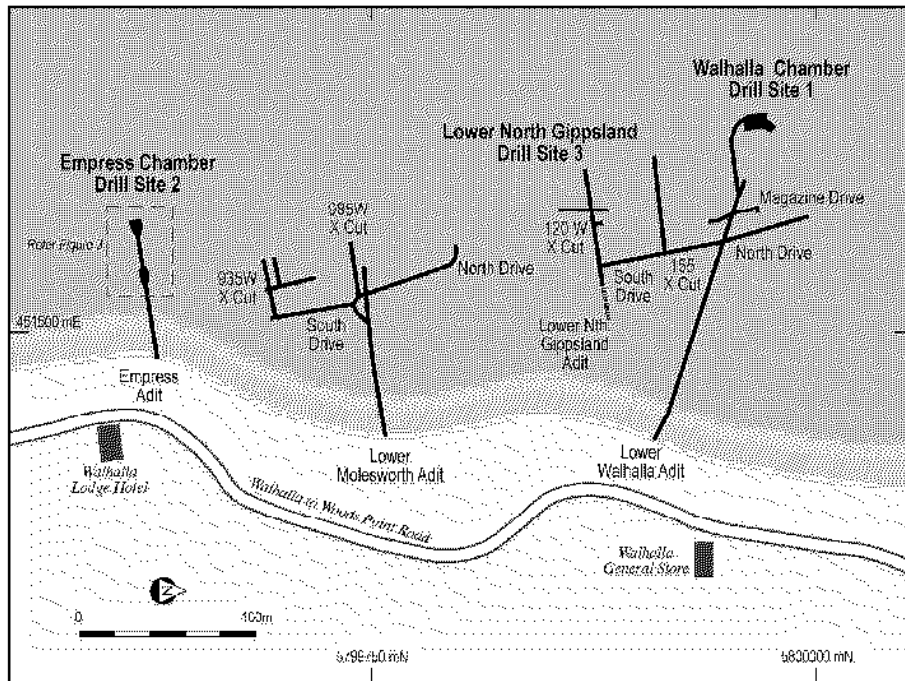
## MARCH 2004 QUARTERLY REPORT TO SHAREHOLDERS

### 1. WALHALLA

- Drilling confirms Stockwork location and grade.
- Cohen's North Target significantly expands Stockwork potential.
- New zone of quartz mineralisation identified in Empress Adit.

#### 1.1. Stockwork Drilling

Stockwork drilling commenced on schedule in January, with the first suite of eight holes being drilled from the reopened Walhalla Chamber (Figure 1). As reported on 19 April 2004, six of the eight holes intercepted stockwork with thicknesses of between 4.5 and 25 metres. Due to the poor ground conditions in the ore zone, drill core recovery was significantly lower than expected with only an average of 62% recovery being achieved in this zone.



**Figure 1: Schematic plan view showing Walhalla workings and underground drill sites**

Typical stockwork grades have been achieved from the available samples, with spot grades of up to 6.75 g/t Au being recorded. The low core recovery has meant that it has not been possible to report grade results in accordance with the JORC requirements.

Good core recovery in the hanging wall and foot wall zones has confirmed the integrity of the ground in these areas. This will increase the flexibility for the selection of decline and underground infrastructure locations when the Company is ready to proceed to undertaking a feasibility study on mining the resource.

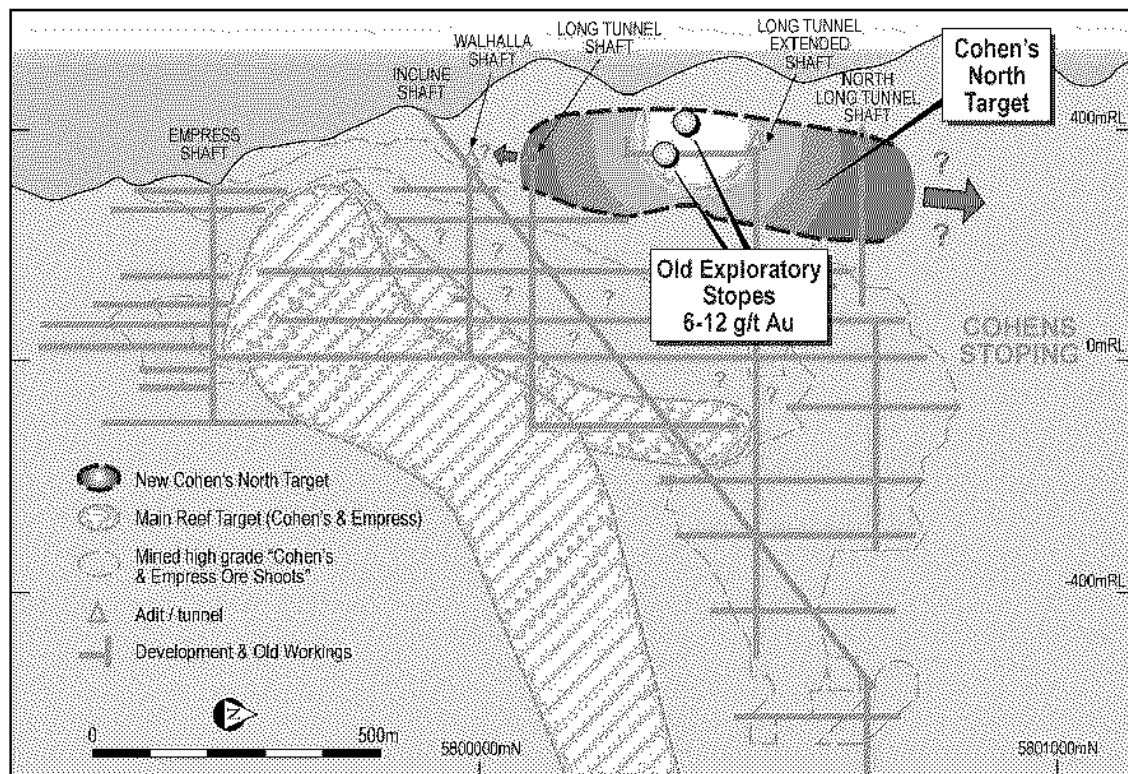
The results delivered to date confirm our understanding of the location and size of the stockwork resource. The Company anticipates that the next phase of drilling will continue to build on the current stockwork resources of 119,000 ounces.

## 1.2. Cohen's North Stockwork Target

Continued interrogation of the database identified a stockwork style target with a potential strike length of up to 900 metres (Figure 2). This target is located to the north of the current stockwork resource and was reported on in detail in our announcement of 27 April 2004.

Historical mine plans have confirmed a minimum strike length of 350 metres, while additional work shows a potential strike length of 900 metres. Reports from 1901 of the old 'Royal Mint' workings and reviews by Kenny (1937) indicated trial stopes were undertaken in the area with conservative results of between 6-12 g/t Au being achieved.

Mining at the time of the trial stopes was concentrated elsewhere on the Company's leases where much higher grades were being achieved. This resulted in the "Cohen's North" zone being left behind, providing GDR with the opportunity to further investigate the potential to exploit this zone in today's more conducive economic environment.

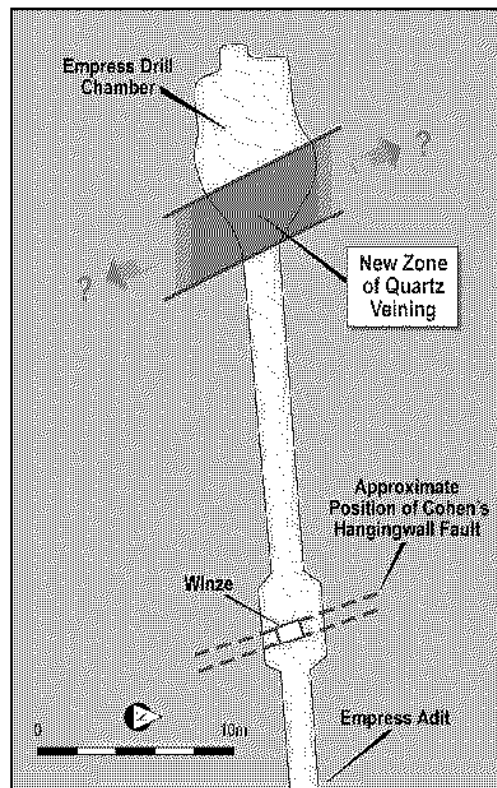


**Figure 2: Walhalla Long Section schematic showing Cohen's North Target**

### 1.3. New Quartz Zone

Identified in the Empress Adit (see Figure 1) as a result of enlarging the Adit for the second stockwork drill location, this new quartz zone is outside previously known zones of veining and indicates the potential for a further mineralised structure (Figure 3). This new find further enhances the GDR concept of "repeat zones of mineralisation" to be occurring in the Walhalla field.

As reported in our announcement of 27 April 2004, the fines from grab samples in this area were panned and delivered visible gold. This result was a clear indication that further investigation of this zone was warranted. To this end, a work program, including further data reviews, sampling and drilling, is currently being implemented to establish the character and potential mineralisation of the new zone.



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

### 1.4. Current and Future Drilling

Drilling has already commenced at Location 2, the Empress Chamber, the second of the locations for the stockwork drill program. Core recoveries are expected to be significantly better due to the limited historical mining previously undertaken in this area. Results from this program will be reported once they have been reviewed against the current understanding of the geological model of the area.

A 20 to 25 hole first pass, surface based, drilling program to investigate the previously identified Upper Level Empress, Cohen's South and now the new Cohen's North Targets has been prepared and submitted to the Victorian Department of Primary Industry (DPI) for approval to commence work. A drill rig has been sourced and is available to start drilling as soon as approval is received from the DPI.

## **2. PEAK HILL**

During the quarter, a site based review of the region was undertaken to confirm the integrity of historical drill programs and improve GDR's geological knowledge prior to commencing the next phase of exploration. This has resulted in GDR's decision to undertake further geophysical work on the area prior to commencement of any drilling program.

## **3. MILLROSE**

As for Peak Hill, a site inspection was completed at Millrose during February/March. This visit, together with a further review of the available database, enhanced the prospectivity of GDR's northern tenements, leading to a refinement of the targets in that area.

These targets are focused on the geological and structural trends of the area where there are distinct similarities to the setting for the Audax 251,000 ounces resource on the adjoining tenement to the south. It is proposed to undertake a ground based geophysical survey to further enhance the targets prior to any commencement of drilling in the area.

## **4. TOP CAMP**

Following a site visit to improve GDR's geological interpretation and topographical knowledge of the tenements, a further data review was completed during the quarter. With the additional information on the new Iron Ridge tenement (December quarterly report), collated with the current database, the Top Camp targets are in the process of being more accurately defined.

To further enhance these targets, it is proposed to undertake a ground based gravity survey of the tenements. It is considered, based on in-house expertise, that gravity will provide a better interpretation of the structure and potential mineralisation zones in this highly prospective region. It is proposed to undertake this work during the northern dry, over the next six months.

While on site, the opportunity was taken to meet with the local parties to the Native Title Agreement for our tenements. The meeting was very productive and follow up meetings will be held on a regular basis when GDR personnel are in the region. GDR's Native Title Agreement has been in place for some time and there are no native title impediments to work being undertaken on the ground.

## **5. SUMMARY**

The stockwork drilling programme has increased Goldstar's confidence in the resource model, with stockwork widths of 4m to 25m and variable spot grades to 6.57 g/t. It has also significantly improved our knowledge of the location of the old underground workings as well as confirming the structural integrity of the surrounding ground which is essential information for commencement of the Feasibility Study.

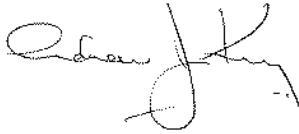
The new Cohen's North stockwork target and Empress Adit Quartz Vein are both exciting. They offer the opportunity for significant increases in both Stockwork and Main Shoot style mineralisation at Walhalla.

GDR is actively pursuing these new targets with drill programs developed, drill rigs allocated and only awaiting DPI approval for commencement of the work. In addition the Stockwork Drilling is progressing with drilling at Location 2 – the Empress Adit well underway.

Walhalla is the key focus of GDR however activity is also being maintained on the company's Peak Hill, Millrose and Top Camp prospects. Each of these is showing exploration upside in line with expectations detailed in the prospectus.

We consider that GDR is well positioned for an exciting June Quarter with active exploration on all our tenements.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew J King', with a stylized flourish at the end.

**Andrew J King**  
**Managing Director**

For further information:

Andrew King  
Managing Director  
Goldstar Resources NL  
(08) 9321 1577  
[www.goldstarnl.com.au](http://www.goldstarnl.com.au)

Doug Macdonald  
Capital Group  
0424 255 959

*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.*