

COMPANY UPDATE – 15 March 2005

2005 FOCUS ON ACCELERATING COMMERCIALISATION OF WALHALLA GOLD PROJECT, VICTORIA

Goldstar Resources NL (ASX: **GDR**) today announced an update on its 2005 exploration & development program including plans to accelerate commercialisation of its 100%-owned **Walhalla Gold Project** in Victoria following the discovery and extension of the **Lomond Reef** and the quantification of over **2.8Moz** of Exploration Potential defined to date on the lease.

In addition to a major surface drilling program currently underway, Goldstar's 2005 work program will include channel sampling of the **Lomond Reef** and other principal reef structures followed by commencement of a Trial Mining Scoping Study in the 4th Quarter of 2005.

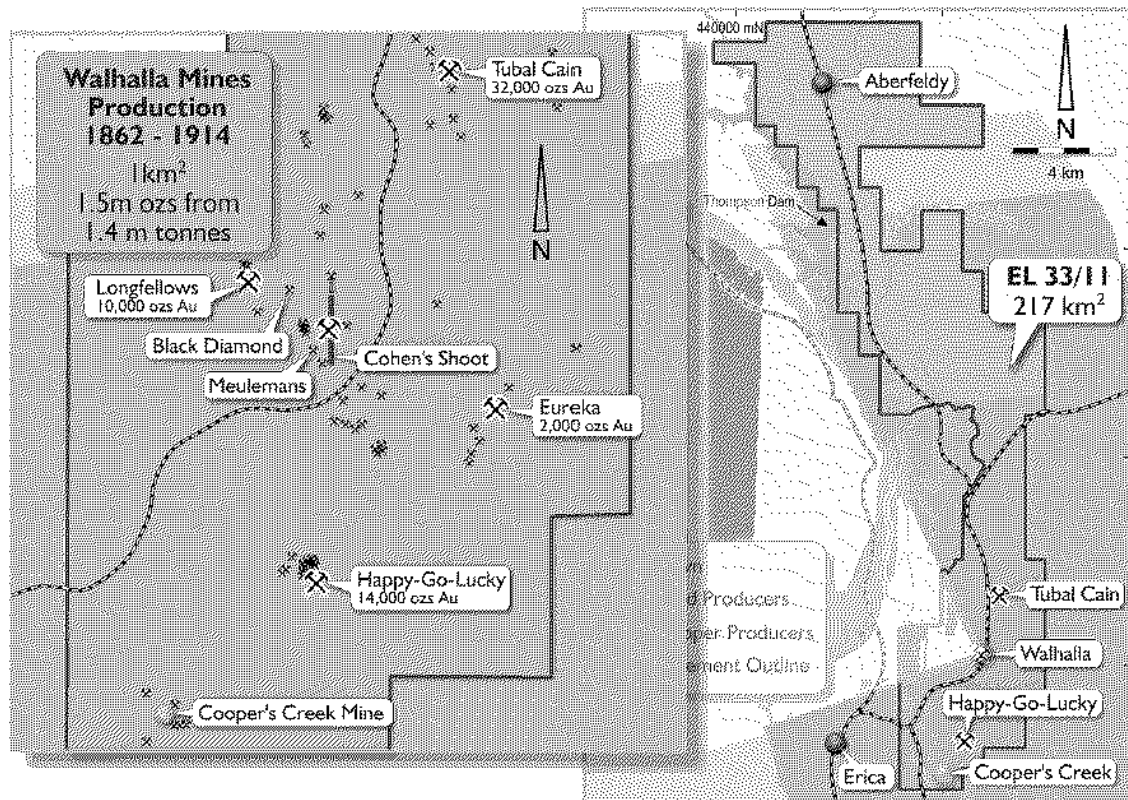
It is anticipated that, subject to permitting, Trial Mining will commence in early 2006 with a Feasibility Study scheduled to start by mid-year leading to full commercialization of the Walhalla field.

RECENT ACHIEVEMENTS

Within less than 18 months of its \$6 million IPO and ASX listing, Goldstar has made significant progress towards its objective of commercialising the Walhalla Project by:

- re-opening and maintaining the historic Walhalla workings, ensuring long-term availability of drilling locations and bulk sampling points;
- discovering the Lomond Reef – the first 'new' reef to be identified at Walhalla since 1914 – which is currently defined to have +500,000oz Exploration Potential;
- identifying other new main reef-style targets and expanding existing targets, resulting in a combined Exploration Potential in excess of 1.25Moz;
- confirming and structurally extending an indicated and inferred 119,000oz near-surface stockwork resource;
- resolving permitting issues in an innovative and cooperative manner, providing a strong foundation for ongoing exploration and mine development;
- identifying proximal targets within a 3.5km radius of Walhalla including three major parallel structures with a combined total Exploration Potential of +1Moz.

BACKGROUND



The Walhalla Gold Project is contained within a single granted exploration licence (EL) covering approximately 217 sq km and located 180km east of Melbourne in Victoria's Gippsland region.

The Cohen's Reef at Walhalla produced over 1.5 million ounces from 1.43 million tons of ore at an average grade of over 1 ounce to the tonne (32 g/t) from an area of 1 sq km, making it Victoria's highest grade hard rock gold field in the late 19th century

Goldstar's intensive exploration and development program at Walhalla coincides with a renaissance of gold exploration and mine development in Victoria which, until recently, has been mainly focused on the Bendigo and Ballarat gold fields to the west and north-west of Melbourne and at the Fosterville Mine (Perseverance Corporation), outside Bendigo.

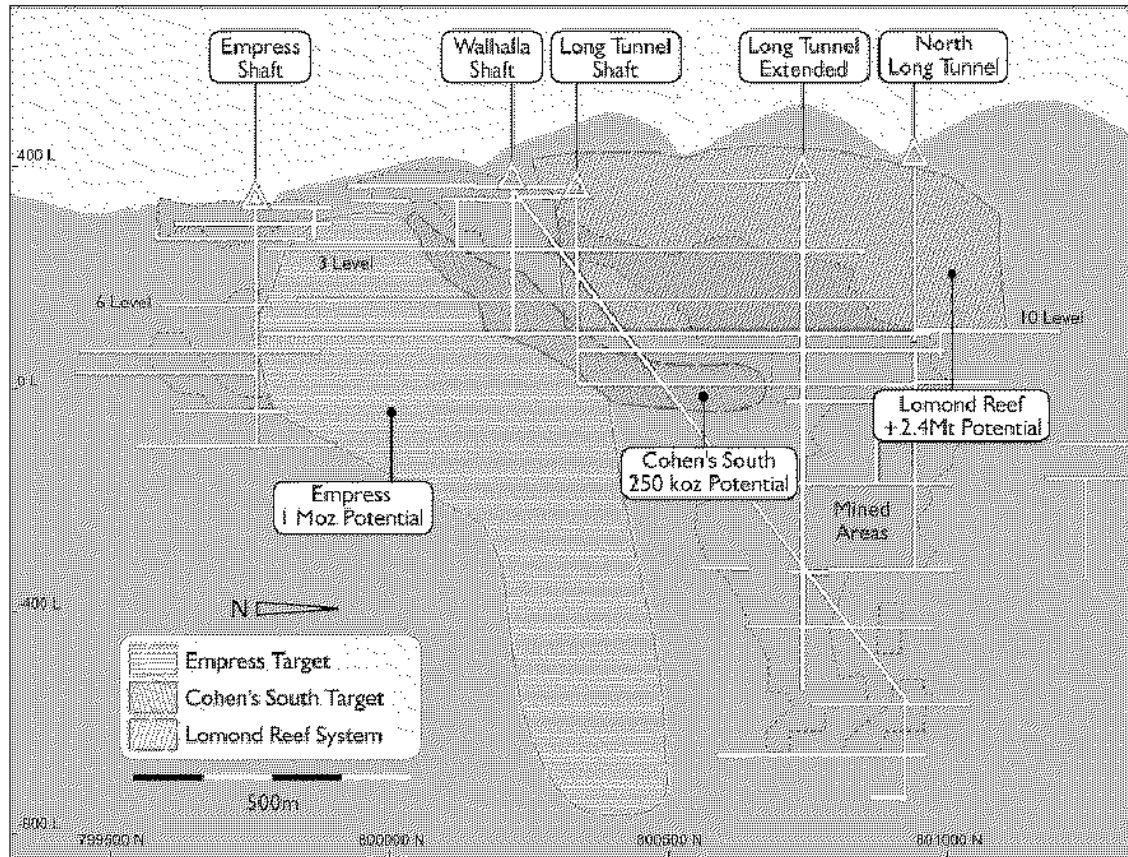
119,000oz WALHALLA STOCKWORK RESOURCE (Indicated & Inferred)

Goldstar reopened the Walhalla underground workings in late 2003, initially to provide access for the establishment of drill sites. The aim was both to confirm and expand the near-surface stockwork resource of 677,000t at 5.5 g/t for 119,000oz of gold.

The program confirmed the presence of the stockwork zone with intercepts of between 4.5 metres and 25 metres and 15 out of 16 holes encountering gold mineralization. The results confirmed the nature and distribution of high-grade gold mineralization within the stockwork zones and significantly expanded the size of the structure hosting the mineralization.

Variable core recovery has so far precluded the generation of an expanded resource for the stockwork, although Goldstar is currently assessing a range of different methodologies to achieve such an upgraded resource. The Company considers this zone to form a significant component of the future mineable resources at Walhalla.

2004 EXPLORATION – NEW REEF TARGETS IDENTIFIED (+1Moz potential)



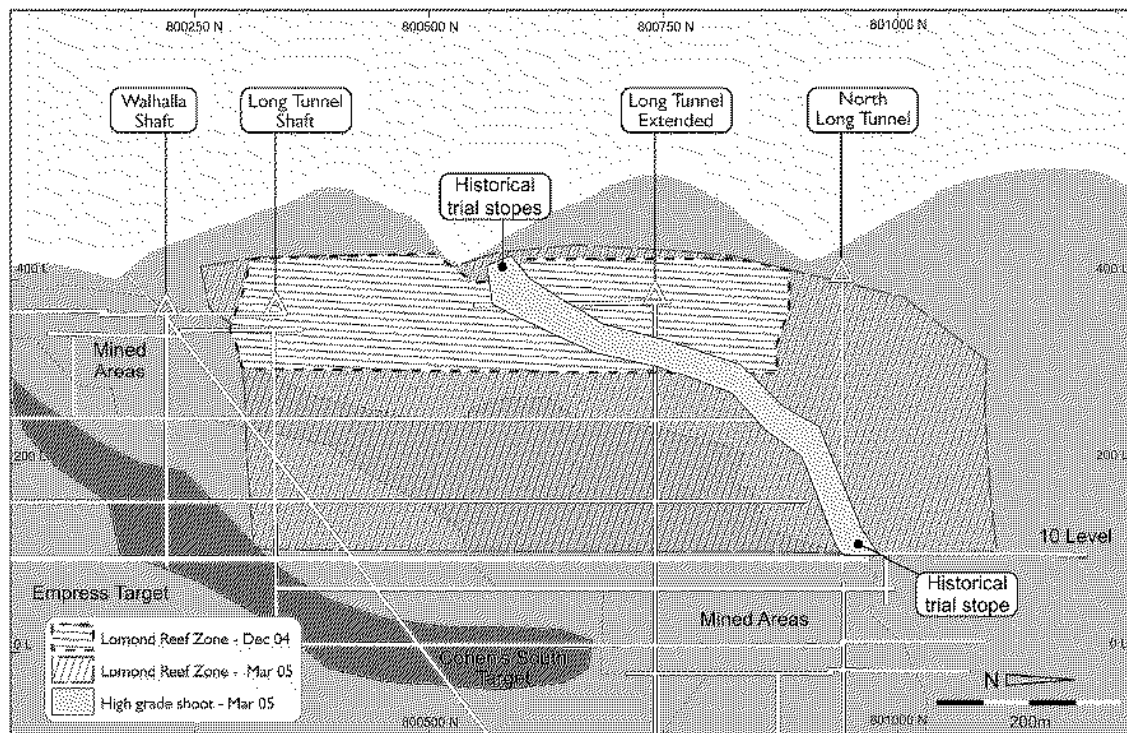
Goldstar made a number of important advances in its exploration at Walhalla in 2004, leveraging off a detailed analysis of archive material. This proved to be a treasure trove of information for modern exploration, providing accurate and detailed records of historic ore drives and old exploration stopes – highlighting unmined ore zones which historically would have been regarded as 'low grade' (ie, less than 1oz/tonne). The plan has clear references to 'visible gold', 'good gold', etc and strike intercepts of up to 108m at 3.8 to 5.4 g/t gold.

Interpretation of this information significantly expanded the Empress Shoot Target, upgrading this zone to having greater than **1Moz Exploration Potential**. A similar approach to the archive reviews has identified new target zones at Cohen's South, which has an Exploration Potential of **250,000oz**, and Cohen's North – where the Lomond Reef system was discovered. Permitting issues associated with surface drilling of these targets resulted in some drilling delays in mid-2004, but ultimately led to an innovative solution to ensure continuity of operations. Goldstar reached agreement with the Walhalla Board of Management to gain underground drilling access from the historic Long Tunnel Extended (LTE) tourist mine, at the same time providing an opportunity to upgrade the tourist facility.

LOMOND REEF – A SIGNIFICANT NEW DISCOVERY (+2.4 Mt, +500,000oz target)

The LTE drilling program has represented the most significant step forward for the Walhalla story since Goldstar's ASX listing. In conjunction with channel sampling, the drilling program resulted in the identification of the **Lomond Reef**, a new gold-bearing laminated quartz reef system within the Cohen's North Target.

This has confirmed Goldstar's exploration concept of repeat reef systems as outlined in its Prospectus, further enhancing the prospectivity of the Walhalla field.



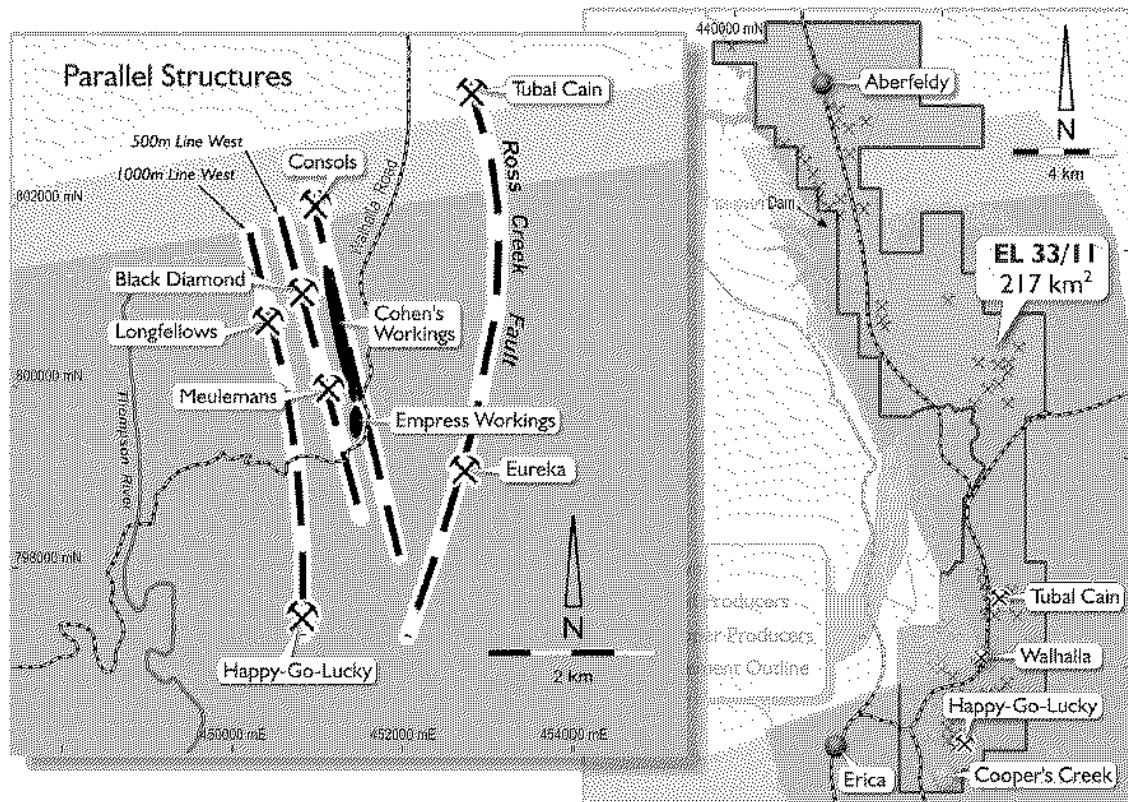
The initial holes intersected mineralized widths of up to 17.05 metres (12.5 metres true width). They comprised a mixture of laminated and massive quartz reef together with stockwork and mineralized dyke. This sequence of materials is consistent with the Cohen's Main Reef mineralization. Recently announced drilling has further expanded the **Lomond Reef** to an **800 metre strike length** and a **down dip extent of 300 metres**.

Based on the average true thickness of the drill hole intercepts (6.5m) and an average SG factor for quartz reef/stockwork/mineralised dyke material, a conceptual geological model has been developed for the Lomond Reef zone equating to 2.4 million tonnes. Detailed and verifiable historical data has indicated that the grade of the reef system can vary from a minimum of 7g/t to up to 25g/t. These figures when conservatively applied imply an Exploration Potential for the Lomond system, as currently defined, of at least 500,000oz.

The nuggetty nature and distribution of reef-style gold mineralization in Victoria renders normal drilling methods ineffective for the determination of gold content. However, the main reef systems are generally very predictable and continuous once the controls on the mineralization are understood.

The Lomond Reef has so far demonstrated excellent continuity and predictability and has the potential to expand significantly with further drilling, developing as potentially the most significant reef system at Walhalla to date.

GROWTH POTENTIAL: PROXIMAL TARGETS CONFIRMED
(+ 1.1Moz EXPLORATION POTENTIAL)



Goldstar initially focused its efforts on the 1 sq km zone centred around the original workings. However, recent work has been undertaken to confirm the integrity of a series of 'Proximal Targets' located within a 3.5km radius.

Two large structures have been identified to the west (West 1 and West 2), while a further structure, the Ross Creek Fault Zone, has been identified to the east.

These 'Proximal Targets' have been quantified as having a combined Exploration Potential in excess of 1Moz of gold based on a 25% success rate to a depth of only 250 metres.

For each of the Proximal Targets the Exploration Potential is currently defined as; Ross Creek (360,000oz), Tubal Cain (220,000oz), Eureka (31,000oz), West 1 (200,000oz) and West 2 (300,000oz). Further exploration of the Proximal Targets has the potential to substantially increase the gold resource potential of Goldstar's Walhalla Project.

SUMMARY

- **Lomond Reef discovery confirms potential for multiple high grade main reef-style systems at Walhalla.**
- **Lomond Reef expanded and quantified with an Exploration Potential of plus 2.4M tonnes with historical grades ranging from 7 to 25 grams per tonne (+500,000oz).**
- **Proximal Targets confirmed and quantified giving the Walhalla gold field an Exploration Potential of over 2.8Moz of gold and still growing.**
- **Commercialisation programme outlined with drilling currently underway leading to a scoping study and trial mining targeted for 2Q 2006.**

ANDREW KING
Managing Director

Information in this report relating to ore reserves, mineral resources and mineralisation conforms to the reporting requirements of the "Australasian Code for Reporting of Identified Mineralised Resources and Ore Reserves". It is based upon information compiled by a Competent Person as defined in the Code being Mr Duncan Greenaway (M.Sc. Dip. L. Arch. MAICD MAusIMM) of Goldstar Resources NL and Mr Peter Ball (B.Sc MAusIMM) of Datageo Geological Consultants. Mr Ball and Mr Greenaway have sufficient experience in mineral resource estimation relevant to the style of mineralisation and type of deposit under consideration, and consent to the inclusion in the public release of the matters based on their information in the form and context in which it appears.

Released by:

Jan Hope / Nicholas Read

Jan Hope & Partners

Telephone: (+61-8) 9388-1474

On behalf of:

Mr Andrew King

Managing Director

Goldstar Resources NL

Telephone: (+61-8) 9321-1577

Web: www.goldstarnl.com.au