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MARCH 2005 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Major surface drilling program commences at Walhalla.**
- **Exploration Potential of Lomond Reef quantified for the first time – and subsequently expanded to 3.1Mt (+700,000oz Au).**
- **High-grade mineralisation intersected (0.45m @ 12 g/t) within dyke material.**
- **Exploration Potential for area within historic Walhalla mining precinct now exceeds 3Moz.**
- **Program for commercialisation accelerated with planned channel sampling on lead up to Scoping Study scheduled to commence in Q4 2005.**

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1. WALHALLA GOLD PROJECT (Victoria, Goldstar 100%)

1.1 Surface Drilling Program

Following the discovery of the Lomond Reef last quarter, Goldstar commenced a major surface drilling program during January 2005 to test down dip and strike extensions to the Reef. Extensions of this drill program will also test the repeat reef targets of Empress and Cohen's South.

The Lomond Reef is the first 'new' gold-bearing laminated quartz reef system to be discovered at Walhalla since 1914. Its discovery and subsequent expansion confirms Goldstar's exploration concept of Repeat Reef systems at Walhalla. It has also significantly enhanced the Company's exploration effort and development program which targets the commercialisation of the Walhalla Field.

The Lomond Reef is located within the Cohen's North Target, at the northern end of a 1.7 km line of historic workings that exploited the Cohen's Reef between the 1860s and 1914. Those workings produced over 1.5 million ounces from 1.43 million tons of ore at an average grade of slightly over 1 ounce to the ton (32 g/t) from an area of 1 sq km. This made Walhalla the highest grade hard rock producing gold field in Victoria in the late 19th century.

The surface drilling program commenced on the 11 January and, to date, four drill holes totalling 1,414.10 metres have been completed. A further 6 holes totalling 2600 metres will be drilled, in the current Repeat Reefs Programme with work continuing during the June 2005 Quarter subject to drill rig availability.

The four holes completed to date were drilled from two locations at the orientations shown in Table 1 below:

Table 1: Drill Hole Locations						
Hole	**Easting**	**Northing**	**Elevation**	**Total Depth (m)**	**Azimuth (grid)**	**Dip**
GW31	451103	801095	561	355.0	115	-62
GW32	451103	801095	561	404.10	142	-66
GW33	451103	801095	561	424.0	142	-72
GW34	451273	800726	512	231.0	134	-50

Table 2: Significant Drill Hole Intercepts						
Hole	**From (m)**	**To (m)**	**Length (m)**	**Au (g/t)**	**True-width (m)**	**Comments**
GW31	287.40	288.00	0.60	0.64	0.53	west reef
GW31	329.50	330.60	1.10	1.18	0.97	east reef
GW32	382.80	387.65	4.85	2.57	3.54	west reef zone
GW32	394.30	395.75	1.45	1.16	1.06	east reef zone
GW33	**405.95**	**406.40**	**0.45**	**12.00**	**0.32**	**hanging wall dyke**
GW33	406.40	407.60	1.20	0.25	0.85	west reef
GW33	412.10	412.40	0.30	2.08	0.21	east reef
GW34	226.60	228.20	1.60	2.22	0.94	hanging wall dyke, minor qtz veins
(inc)	227.35	227.55	**0.20**	**5.88**	0.09	

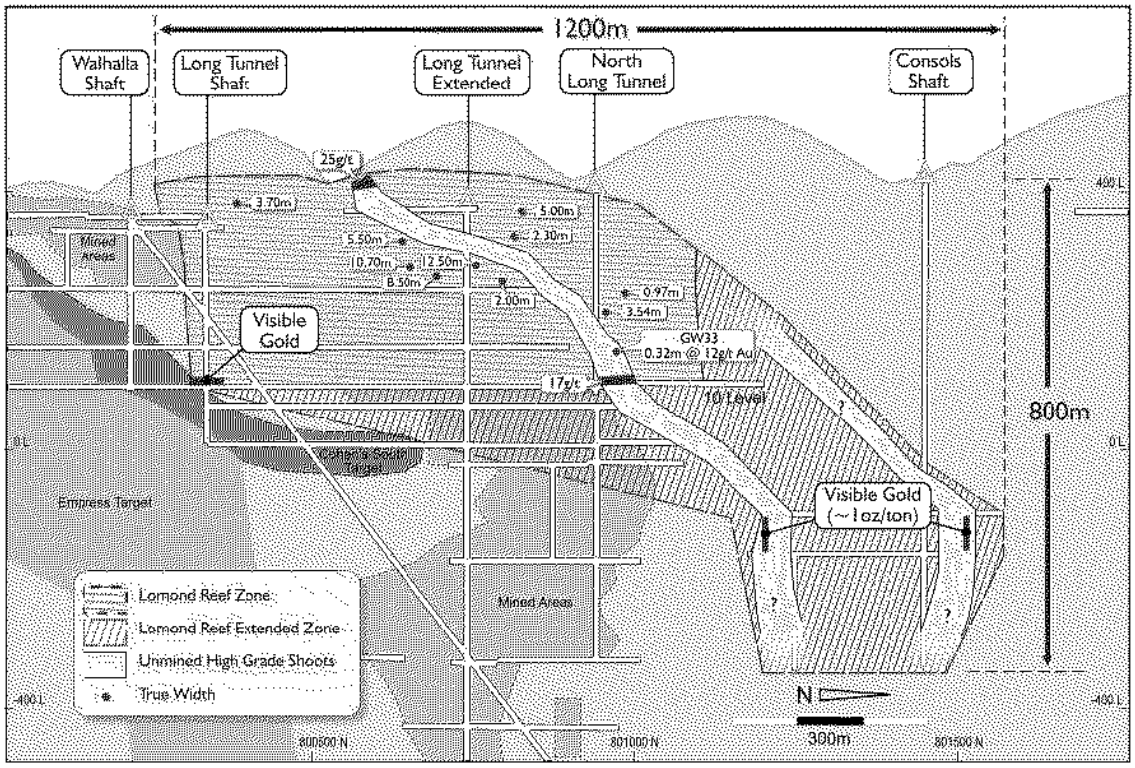
Holes GW31 to 33 intersected a similar sequence of materials to that encountered in previous Lomond Reef drilling, with GW34 finishing in mineralised hanging wall dyke.

The new results have confirmed the high-grade nature of the Lomond Reef. Of particular significance is the high-grade intersection from Hole GW33 of 0.45m at 12g/t Au, which occurs within dyke material adjacent to and in the immediate hanging wall of the western reef. This is the first instance of high-grade gold mineralisation identified by Goldstar within dyke material at Walhalla and highlights the potential to significantly expand the volume of material for any future mining operation.

The assay results are typical of the known coarse nature of the gold in the main reef style mineralisation seen at Walhalla and elsewhere in Victoria. The nuggetty nature and distribution of reef-style gold mineralisation in Victoria renders normal drilling methods ineffective for the determination of gold content.

Main reef structures, such as Lomond, are generally very predictable and continuous once the controls on the mineralisation are understood. For this reason drilling is primarily focused on definition of the reef structure.

The results have to date now expanded the Lomond Reef mineralised zone to a strike length of **1200m** and depth of **800m** and confirmed the down-dip projection of the reef to the North. As well as showing the Lomond reef to pass through the Consols workings (Figure 1) the drilling and historical records review have detected two high grade shoots within the mineralised zone. Figure 1 shows the current extent of the Lomond Reef zone and the position of potential high-grade shoots.



(Figure 1) Lomond Reef Current Status

1.2 Review of Historical Data

Goldstar's ongoing review of historical mining records for the Walhalla region has been a key component of its exploration, with this material providing invaluable and detailed information for modern exploration and to support its geological model for Exploration Potential. It has already delivered the Empress, Cohens South and Cohens North exploration targets.

These historical data reviews coupled with the latest drilling results have enabled an average grade range of between 7g/t to 25 g/t to be placed in the Lomond Reef system. These have been based on J. Kenny's Summary Report of 1937 and Herman's 1901 Report which recorded small, 60 tonne trial parcels of ore being mined from what is now confirmed as the "Lomond Reef". In addition the records show that development in Consols identified reefs up to 2m wide with visible gold (estimated to be 1oz/tonne).

1.3 Lomond Reef Exploration Potential

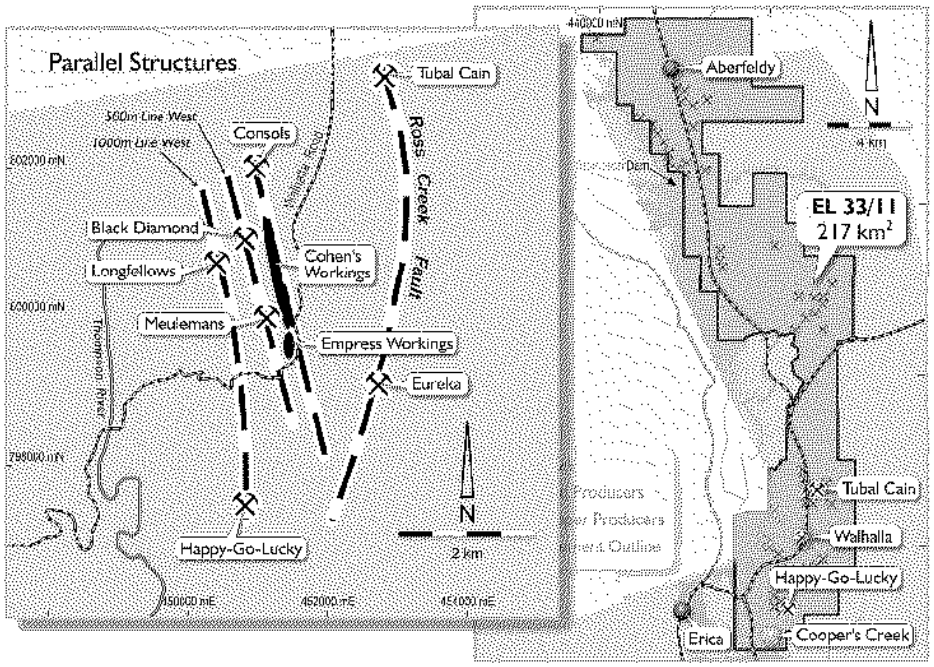
The information from the 2004 underground and 2005 surface drilling programs combined with the ongoing historical data review underpinned a new geological model for the Lomond Reef, resulting in the quantification for the first time of the Exploration Potential for the newly discovered mineralised zone.

Using the average true thickness of the drill hole intercepts and an average SG factor for quartz reef/stockwork and mineralised dyke, the Lomond Reef mineralised zone equates to an Exploration Potential of 3.1Mt containing conservatively 700,000oz of gold. This is based on the lower end of the historical stope grade range of 7 – 25 g/t Au and includes at least one high-grade shoot of up to 400,000 tonnes.

1.4 Proximal Targets

Exploration activities including fieldwork and historical data review have continued to confirm the integrity of a series of 'Proximal Targets' located within a 3.5km radius of Walhalla/Cohens South. Two large structures have been identified to the west (West 1 and West 2), whilst 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 metre.

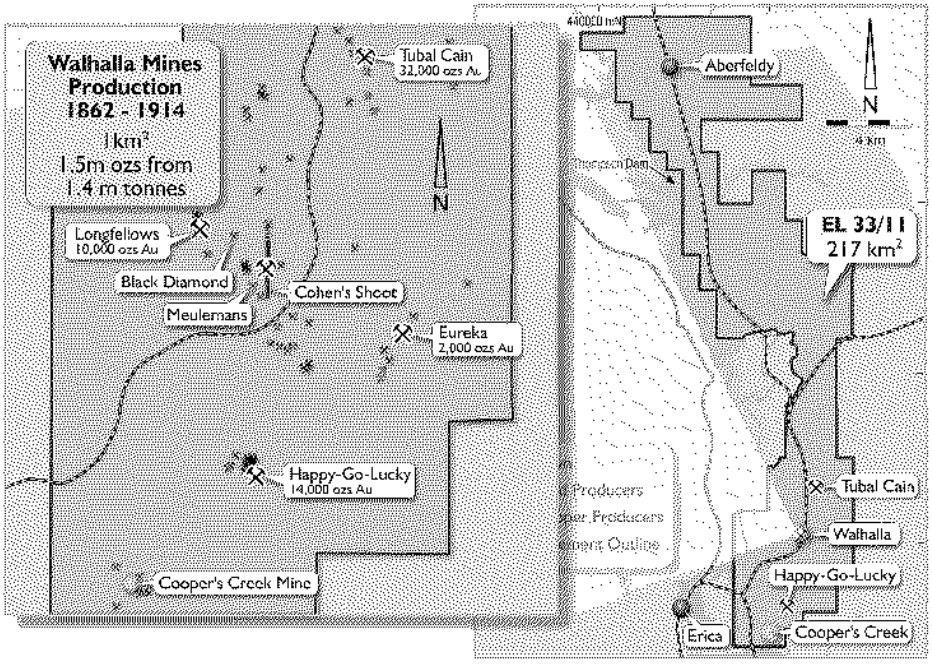


For each of the Proximal Targets the Exploration Potential is currently defined as; Ross Creek (360,000oz), Tubal Cain (220,000oz), Eureka (31,000oz), West 1 (200,000oz) and West 2 (300,000oz). Further exploration of the Proximal Targets has the potential to substantially increase the gold Exploration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

1.5 Walhalla Commercialisation Program

Following the successful exploration programs targeting the Lomond Reef during the quarter, Goldstar has subsequently increased the Exploration Potential for its Walhalla tenement to over 3 million ounces. This currently defined Exploration Potential is only for the area within the historic Wallhalla mining precinct, which represents less than 20% of Goldstar's tenement holding.

The Walhalla Project is contained within a single granted exploration licence (EL 3311) covering approximately 217 sq km and located 180km east of Melbourne. Goldstar's focus is on the exploration and development of the Walhalla Project as the basis for a substantial, long-term Australian gold business.



(Figure 2) Walhalla Gold Project – Regional Overview

Goldstar now has three well defined main reef-style targets at Walhalla, namely the Lomond (+700,000oz Exploration Potential within the currently defined area), Empress Shoot Target (with an Exploration Potential of 1 million ounces), and Cohen's South (Exploration Potential of 250,000oz)

The Company is continuing surface drilling to target further extensions of the Lomond Reef and other main reef-style targets at Walhalla. This forms part of an accelerated development program, which will include Channel Sampling leading to a Scoping Study commencing during the second half of 2005 with Trial Mining targeted to commence in Q2 2006. It is anticipated that, subject to the success of the Trial Mining, a Feasibility Study will then be undertaken commencing in mid-2006 leading to full commercialisation of the Walhalla field

2.0 WESTERN AUSTRALIA

2.1 Peak Hill

Work during the quarter was focussed on further reviews of the latest GDR and recently released public domain geophysical date. This work will lead to the definition of a drill programme at the Murphy Creek prospect and a detailed geophysical programme for the Enigma Target. The Enigma Target is a structural target to the North West of Murphy Creek and has previously delivered results of

- 5m @ 7.1 g/t (from -62m)
- 15m @ 4.6 g/t (from -44m)
- 3m @ 7.0 g/t (from -41m)

2.2 Millrose

Due to access difficulties associated with the wet season no field work was undertaken in the Millrose area during the March quarter. A detailed ground magnetic survey is to be undertaken in the near future on four of the most prospective structural targets on Goldstar's northern Millrose tenements.

3.0 QUEENSLAND

2.3 Top Camp / Iron Ridge

Following the good results achieved from the ground gravity survey undertaken in the December quarter work has continued on the re-appraisal of both GDR and Public Domain geophysical data for the area. It is anticipated that these reviews will be completed during the June Quarter following which the Iron Ridge targets will be subjected to a detailed gravity survey and the Top Camp Target will be ready for drilling.

Recent activity by our near neighbours Matrix Metals and Universal Resources has refocused interest in the region and further highlighted the prospectively of Goldstar's landholding.

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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.