

ASX / MEDIA RELEASE

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WALHALLA DRILLING GATHERS MOMENTUM WITH EXPANDED SUMMER PROGRAM

- Eureka resource drilling underway with a view towards establishing a JORC compliant resource in Q2 2006.
 - Second drill rig secured to undertake follow-up drilling at Lomond, Cohens South and Empress.
 - Channel sampling of Lomond and Repeat Reefs underway as part of current Scoping Study.
 - Work Plan Approvals received for expanded Proximal and Repeat Reef targets for current and 2006/07 field seasons.
 - Regional exploration commences
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Goldstar Resources NL (**ASX: GDR**) is pleased to announce that the expanded summer work program at its 100%-owned Walhalla Gold Project in Victoria has commenced with activities underway including resource drilling at the **Eureka** Prospect, accelerated exploration within the **Ross Creek Line** ("RCL"), plus channel sampling and drilling targeting **Lomond, Repeat Reefs and other Proximal Targets**.

The results of the current phase of activity will provide important information on the optimum development pathway and potential future production programming for the central Cohen's Shear area and Proximal Targets such as the RCL, West 1 and West 2. The results of the Eureka drilling, together with a bulk sampling program scheduled to commence during the 1st quarter of 2006, will lay the foundations for an initial JORC compliant resource estimate during the 2nd quarter of 2006.

EUREKA RESOURCE DRILLING

Following the successful first phase of drilling at Eureka earlier this year (which returned visible gold intercepts grading up to 285g/t), Goldstar's Board approved a 2,000 metre drilling program to test the extent of the near-surface mineralisation to a depth of ~ 250 metres. This program commenced in October and has to date been highly successful in confirming that the reef systems identified in the initial drilling continue at depth.

As a result of this continuing success, the drilling program has been modified to focus on in-fill drilling for resource definition. It is anticipated that this program will be completed early in 2006, after which the results will be incorporated into the first stage of a resource model for the Eureka deposit, with a view towards establishing a JORC compliant resource.

The delineation of an initial resource at Eureka has significant implications for the potential future development sequencing of the Walhalla Project. The recent exploration success within the RCL (where Goldstar has expanded the known mineralized length from 6km to 9km, compared with the Cohen's workings which extend over 2km) highlights the potential of the RCL to develop as a significant source of high-grade ore for a future mining operation. The RCL is interpreted to host a series of dyke bulges similar to that seen at the old Morning Star and A1 mines to the north of Walhalla, each of which produced in the vicinity of 500,000oz of gold. The drilling at Eureka has expanded the sequence of laminated quartz reefs from 3 to 7 and expanded the width of the dyke bulge by 100%, highlighting the significant resource potential of the individual targets within the RCL.

After the Eureka drilling, the rig will commence drilling to test the next RCL Target, **Tubal Cain**, located approximately 4 km to the north.

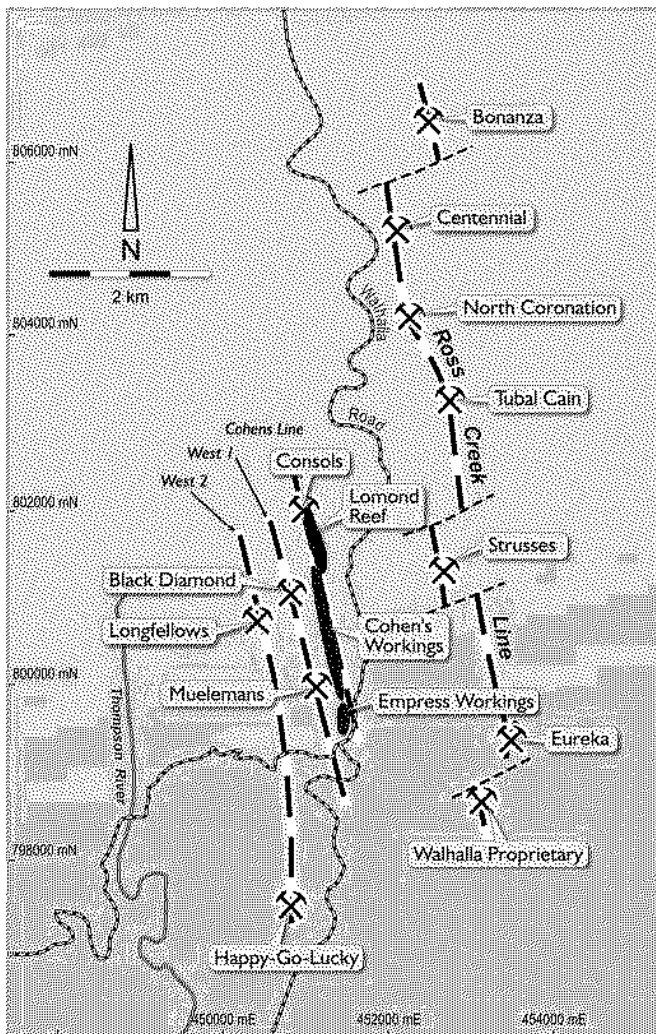


Fig 1: Lomond, Repeat Reefs and Proximal Targets

DRILLING RESUMES AT LOMOND AND REPEAT REEFS

To ensure that the overall work program on the **Lomond** and **Repeat Reefs** (Cohen's South and Empress) within the central Cohen's Shear at Walhalla remains on track, Goldstar secured a second drill rig that was scheduled to be relocated to Walhalla as soon as it completed its previous contract. This rig has now been delivered to site and the drill crew is currently commissioning the rig in preparation to commence work **in the first week of December 2005**.

Initially, three holes will be drilled in the Lomond Reef to target

- the area proposed for Bulk Sampling during 2006;
- the down-dip link between the old Long Tunnel Extended (LTE) mine workings and the Consols workings; and
- the southern, near-surface extensions of the Lomond Reef.

On completion of the Lomond drilling program, the rig will move to drill the Cohen's South and Empress targets. The proposed program will aim to expand on the results obtained from the first Empress drill hole completed in June 2005. A total of 5 holes are planned to provide an approximate 100x100m spaced pattern over the upper levels of the Cohen's South and Empress targets.

Continued success with drilling of the Empress Target and the anticipated confirmation of the Cohen's South Target will significantly enhance the potential economic viability of the Repeat Reef system at Walhalla.

The discovery of the Lomond Reef late last year represented one of the most significant advances to date in the proposed commercialization of the Walhalla field. The forthcoming drilling program will consolidate on the results achieved since then and return the focus to the Repeat Reef system within the central Cohen's Shear. Earlier this year, Goldstar defined an Exploration Potential for the Lomond Reef alone of **+700,000oz**.

CHANNEL SAMPLING PROGRAM – LOMOND & REPEAT REEFS

Work has also commenced from underground to access the upper levels of the Lomond Reef to enable the first phase of an extended channel sampling program to be undertaken. This program is designed to increase the level of confidence in the grade potential of the Lomond Reef and collect samples for initial metallurgical test work.

In parallel with channel sampling of the Lomond Reef, samples will be collected from six other access points along the Repeat Reef system. This sampling will include Empress, the Stockwork Zone, Cohen's backfill and other remnant reefs that are considered to offer significant potential for early production.

This overall program will continue through until at least March 2006 with some of the results to be incorporated into the Lomond/Repeat Reefs Scoping Study. The channel sample results together with the results of the forthcoming and previous drilling programs will provide key information to underpin the estimation of a JORC compliant inferred resource for the Lomond and Repeat Reefs.

The purpose of the Scoping Study currently underway is to establish the viability, criteria and preliminary costing for bulk sampling/trial mining of the Lomond and possibly the Repeat Reefs.

DRILLING OF OTHER PROXIMAL TARGETS

Drilling is scheduled to be undertaken on the **Longfellow's and Black Diamond Prospects in the New Year**. Longfellow's, which is located approximately 1km west of Walhalla, is one of the significant areas of historical gold production within the tenement and one of the key hitherto untested (by modern exploration) Proximal Targets within the West 1 and West 2 structures. Two holes are proposed at Longfellow's, with one designed to test the depth continuity of the mineralisation below the main level of the old workings and the other designed to test the mineralisation below the deepest area of historical development.

Initially a single hole will be drilled at the **Black Diamond Prospect**, 500m to the west of Lomond, targeting the intersection of two dykes and a fault near which very high grades were indicated in the old workings. This hole is a follow-up to the two successful holes drilled in the program completed in June 2005.

EXPANDED WORK PLANS APPROVED

The major expansion of the RCL announced earlier this year and the improving level of geological understanding of the Repeat Reef System at Walhalla prompted Goldstar to submit an extensive Work Plan to the regulatory bodies for their consideration. Approval for this Work Plan was received earlier this month, enabling a significantly increased work program to be scheduled for both the current **and** 2006/07 field seasons.

The approvals received will enable drilling and larger-scale sampling work to be undertaken on **Walhalla Proprietary** (rock chip sampling returning grades up to 77g/t Au) and **Strusses** (both priority targets within the RCL, located respectively to the south and north of Eureka) as well as accelerating general exploration of the other RCL historic workings.

In addition, expanded sampling programs have been approved for the **Reilly and Peter's, Just in Time and Alpine** workings, located within the central Repeat Reefs system at Walhalla, to the north or south of the Lomond, Empress and Cohen's targets. None of these areas have previously been explored by Goldstar.

These Work Plans, together with the current work being undertaken, are all focused on delivering early gold production from the Walhalla Field.

REGIONAL EXPLORATION ACCELERATES

With an increasing knowledge base following the successful work carried out to date on the Repeat Reef Systems and the RCL, Goldstar considered it essential to gain a better understanding of the overall potential of the Walhalla Lease. To date Goldstar has only considered an area comprising less than 15 % of the total 217km².

In order to manage this work Goldstar, appointed a Regional Geologist in September with a specific brief to accelerate regional exploration activities. Work to date has focused on historical data compilation, incorporation of the early results from both the Victorian Initiative for Mining and Petroleum (**VIMP**) program and also the Monash University Study on the area, which is sponsored by Goldstar, the Victorian Government and the Australian Research Council.

This work is expected both to expand the exploration potential of the Project as well as provide an increased knowledge base that will assist with the current and future exploration programs.

SUMMARY

Goldstar is moving towards the conclusion of an active and very successful year with exploration and development activities at Walhalla gaining momentum across a number of fronts.

Goldstar's Managing Director, Andrew King, commented: "This has been a watershed year for the Company, with success achieved both within our original core area of focus – the central Repeat Reef system at Walhalla adjacent to the historic workings – and more broadly with the success of our winter exploration program targeting the RCL, which delivered the stunning results achieved at Eureka. The success of regional exploration has greatly expanded the potential scope of the project and significantly increased the prospect of production from multiple centres within the lease."

"Resource drilling is now underway at Eureka together with renewed drilling and channel sampling within the central reef system, a greatly expanded focus on the other Proximal Targets together with a start on the broader picture within the extensive Walhalla lease. We expect a regular news flow during 2006 from all these areas – all of which amounts to a very exciting outlook for Goldstar as we accelerate towards our goal of building a pathway to production and reviving Victoria's highest grade hard rock historic gold production centre."

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– ENDS –

Information in this report relating to Exploration Potential in the Walhalla area applies to zones identified as having potential to host gold mineralisation. Reference is made to ranges in both grade values and widths in measures to comply with parameters as set out under Clause 18 of the JORC Code. Use of the term Exploration Potential in no way implies the status of Resource. It is based upon information compiled by a Competent Person as defined in the Code being Mr Peter Ball (B.Sc MAusIMM) of Datageo Geological Consultants. Mr Ball has 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