GOLDSTAR
RESOURCES NL

P: +61 8 9321 1577
F: +61 8 9321 1566

Unit 4, 26 Clive Street
West Perth, WA 6005
www.goldstarnl.com.au

ABN: 76 098 939 274

ASX RELEASE

9 March 2006

GOLDSTAR FINALISES CAPITAL RAISING WITH ALLOCATION OF SECOND PLACEMENT

- **Strong support for placement of second tranche of ~7.25 million shares at 40 cents to raise $A2.9 million.**
- **Shareholder meeting convened to approve second tranche.**
- **Total $8.0M fund raising to underpin Walhalla work programmes.**

Following its recently completed $5.1 million share placement, Goldstar Resources NL (ASX: **GDR**) today announced that it had finalised the allocations for the placement of approximately 7.25 million shares at 40 cents largely to existing shareholders and institutional and sophisticated investors, raising a further approximately $A2.9 million. While fully allocated, with requests for shares strongly exceeding availability, the allotment of this second Tranche remains subject to shareholder approval.

The first Tranche, comprising 12.75 million shares at 40 cents to raise $5.1 million, under GDR's 15% placement facility, will be placed with high net worth clients of Zurich Trust Ltd through its nominee, Z Nominees Ltd (Zurich Trust Ltd is a subsidiary of Zurich Financial Services).

Goldstar has convened a general meeting of shareholders to be held on 3rd April 2006 to approve the placement of the second Tranche of shares, as required under the ASX Listing Rules. The shares, under the tranche 2 placement, will be issued following this meeting.

The Tranche 2 placement, comprising approximately 7.25 million shares at 40 cents, has been supported by Goldstar's major shareholder, Kingsgate Consolidated Limited, which has confirmed its commitment to subscribe for 3.943 million shares in the placement to maintain its existing interest in the Company. The placement has also been well supported by investor clients of Sydney-based Southern Cross Equities Ltd and Melbourne-based Cygnet Capital Pty Ltd.

Subject to shareholder approval for the second tranche, the proceeds of the overall share placements will amount to $8.0 million. Together with Goldstar's existing cash reserves, this will increase the Company's cash position to in excess of $11 million, providing a strong platform for its ongoing aggressive exploration programmes and growth objectives at the Walhalla Gold Project in Victoria.

All the placement shares will rank pari passu with the Company's existing ordinary shares. Following allotment of the all the shares pursuant to both the placements, Goldstar will have a total of approximately 105.4 million shares on issue. As previously advised, the funds raised through the placements will be applied to expedite ongoing exploration and work programmes at Walhalla.

Goldstar recently announced that it had moved to accelerate the Eureka Bulk Sampling Scoping Study in light of the positive outcome of the geological model, which quantified an estimated 430,000 tonnes of potentially high-grade quartz reef material and a further 900,000 tonnes of mineralised material in the surrounding dyke and sediments within the Eureka Dyke Bulge.

Goldstar would like to take the opportunity to welcome the new shareholders. We would also like to thank Southern Cross Equities and Cygnet Capital together with both new and current shareholders for their support in the current capital raising and look forward to them sharing in the future development of the company.

Andrew J King
Managing Director

Goldstar Resources NL
Telephone: (+61-8) 9321 1577
www.goldstarnl.com.au

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 Mineral Resource nor is there certainty that future exploration of such Potential will result in its direct conversion into the status of Mineral 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