

ASX RELEASE

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SIGNIFICANT EXPANSION OF WALHALLA PROPRIETARY DYKE BULGE AS SURFACE DRILLING ADVANCES

- Latest drilling expands dyke bulge at Walhalla Proprietary and confirms presence of four potential high-grade quartz reefs.
- Walhalla Proprietary dyke bulge confirmed as significantly larger than Eureka.
- Visible gold identified in first hole at Tubal Cain.
- Eight potential high-grade quartz reefs intersected at Tubal Cain, with drilling confirming the limits of the dyke bulge.
- Surface drilling resumes at Eureka targeting extensions to the dyke bulge.

Goldstar Resources NL (**ASX: GDR**) today announced an update on surface drilling activities at the Tubal Cain, Walhalla Proprietary and Eureka dyke bulges at its Walhalla Gold Project in Victoria. This included confirmation of a significant expansion of the dyke bulge at Walhalla Proprietary and the identification of four potential high grade quartz reefs within this system.

The surface drilling program, part of Goldstar's Winter Work Program at Walhalla, is continuing in parallel with the previously announced Eureka Bulk Sampling program.

WALHALLA PROPRIETARY EXPANDS

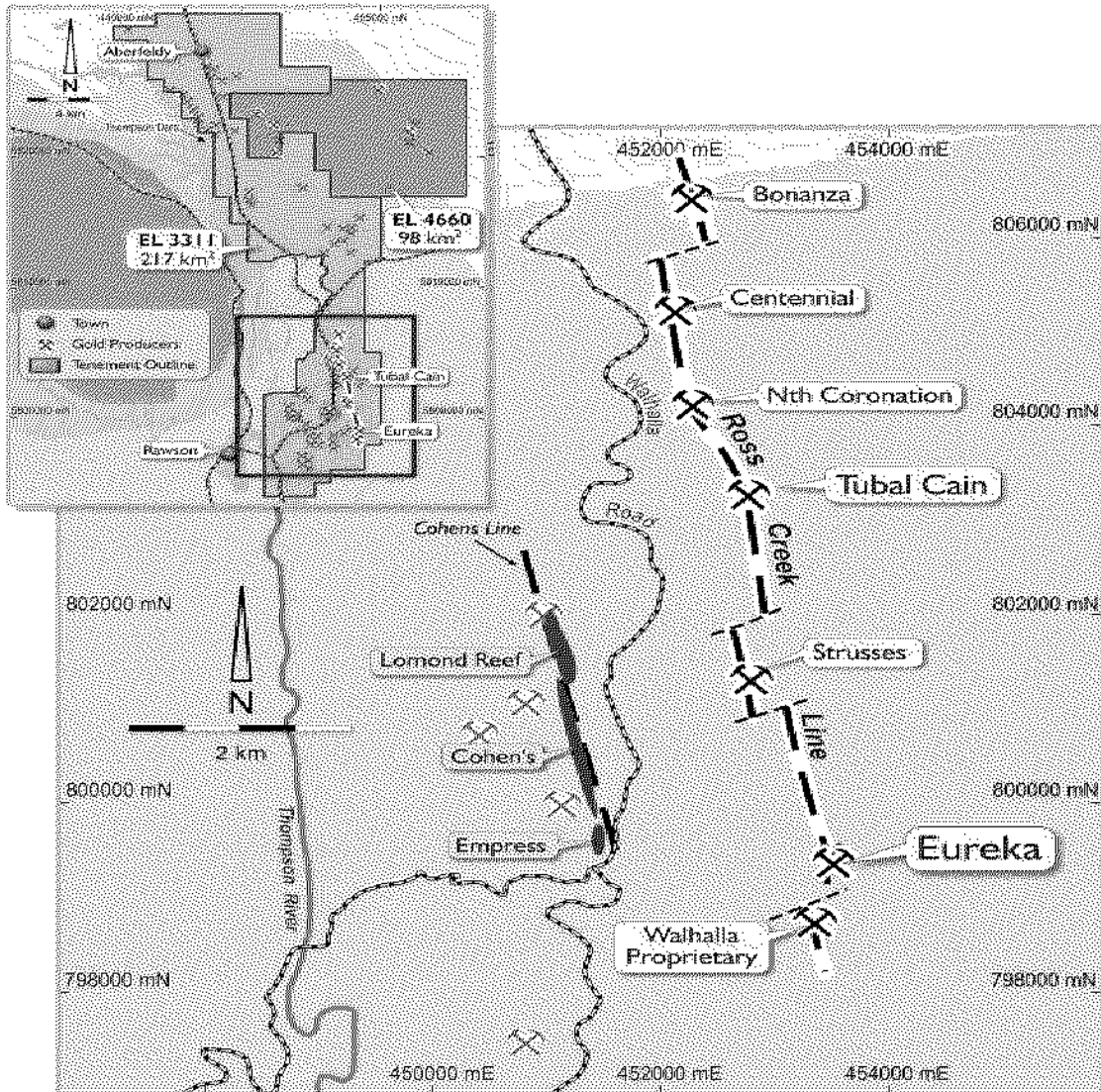
Goldstar has now completed three surface diamond drill holes at the **Walhalla Proprietary** dyke bulge, located 700m south of Eureka (Fig 1). Assay results so far received from the first hole have confirmed a sequence of **four potential high-grade quartz reef structures** within the dyke bulge.

Goldstar has spent considerable time cross checking all results received from the recent drilling against historical records and field mapping. This has been to ensure a high level of confidence in the results before confirming the details of this major new dyke bulge discovery.

The geological logging of the holes has indicated that the dyke bulge at Walhalla Proprietary is currently defined as approximately; **260m in strike length, 120m wide and 300m deep**. It remains open along strike and at depth. This represents a

significant volume expansion compared to the previously reported information in March 2006. The Walhalla Proprietary dyke bulge, is therefore considerably larger than Eureka and the largest dyke bulge system so far identified within Goldstar's exploration leases at Walhalla.

Figure 1 – Location Plan



The results are very encouraging, particularly in light of the potential of the dyke bulges, as already evidenced at Eureka, to host significant tonnages of high-grade quartz reefs. The potential of the dyke bulges to support early production from the Walhalla field will shortly be tested through the Bulk Sampling program already underway at Eureka.

Goldstar has already commenced the development of an indicative geological model for the Walhalla Proprietary dyke bulge, based on the historical records, in field mapping and the recent drilling. It is considered though, that additional drilling will be required to

upgrade the geological model to a similar level to that announced earlier this year for the Eureka dyke bulge. This extended drilling programme will be planned once the full set of assay results are received and a clearer picture of the dyke bulge has been developed.

The mineralisation at Walhalla Proprietary has similar characteristics to that found at Eureka. As with other typical coarse gold style deposits in the Walhalla Field, the initial focus of drilling at Walhalla Proprietary is on the continuity of the mineralised structures. Chip sampling, reported previously, has produced grades as high as 77g/t Au and there is an expectation of similar higher grades, being delivered as drilling density increases.

The location of the recently completed holes at Walhalla Proprietary and assay results from the first hole are shown in Tables 1 and 2 (Appendix 1). These results show the location of the four potentially high-grade quartz reef structures. In addition the assays have also identified mineralisation in the dyke material surrounding some of the quartz reefs. This is very similar to what has already been defined at Eureka and highlights the overall potential for the Walhalla Proprietary dyke bulge.

Confirmation of Walhalla Proprietary as a major dyke bulge system represents a significant development for Goldstar in advancing towards its objective of evaluating the overall production potential of the Proximal Targets within the Ross Creek Line of mineralisation.

TUBAL CAIN

Goldstar has completed three surface diamond drill holes at the **Tubal Cain** dyke bulge, located approximately 4km north of Eureka, with a fourth hole currently in progress. Assay results have been received for the first hole, with results for the other holes expected within the next month.

The results from the first hole have confirmed the presence of **six high-grade quartz reefs** within the dyke bulge, with hole 2 confirming **eight reefs, based on the geological logging**. These reefs were, previously identified from old mining records, surface mapping and drilling from the 1980's. The top 300m of the Tubal Cain dyke bulge has therefore delivered the same number of reefs as within the Eureka dyke bulge.

Holes 2 and 3 were designed primarily to test the northern and south-easterly extensions of the dyke bulge where, historically, higher grade material was mined. The geological logging of the core in these two holes confirms the currently defined limits of the dyke bulge. The fourth hole is designed to test for a northerly extension.

The location of the recently completed holes at Tubal Cain and assay results from the first hole are shown in Tables 3 and 4 (Appendix 1). The drilling intersected typically nuggetty gold mineralisation, with visible gold noted in a 0.5m long sample from 221.1m downhole grading 7.53g/t Au

ONGOING DRILLING AND EUREKA SCOPING STUDY

Goldstar's exploration and development program at Walhalla is continuing to gather momentum, with surface drilling re-commencing last week at Eureka. This current phase of drilling is designed to test for extensions of the dyke bulge both down-dip and along strike. This program will build on drilling completed earlier this calendar year which confirmed the presence of an additional eighth reef at Eureka and extended the dyke bulge some 300m below surface

The Company will announce the assay results from the remaining holes at both Walhalla Proprietary and Tubal Cain once they become available and have been integrated into the geological models. It is anticipated that these results will lead to the justification of additional drilling to complete the geological model for the dyke bulges at each location.

Goldstar is applying a rigorous process of cross-checking and truthing all results received from its drilling activities at Walhalla. This involves referencing the logged drilling results meticulously against historical records. This ensures a high level of confidence in the results before they are published.

The current Scoping Study on the proposed Bulk Sampling program at Eureka is nearing completion, with full results from the study expected to be announced later this month.

The continued success of the surface drilling program within the Ross Creek Line further strengthens the Company's objective of targeting the early commencement of gold production from the Walhalla goldfield, with the forthcoming Eureka Bulk Sampling program representing a key milestone in advancing towards commercial scale gold production.

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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

APPENDIX 1

holeID	Easting GDA94	Northing GDA94	Elevation	length	Azimuth Local grid	dip	Azimuth magnetic
GRW-001	453176.32	5798727.31	417.4	262.3	270	-70	258
GRW-002	453223.68	5798708.57	414.9	290.0	230	-55	218
GRW-003	453221.21	5798713.31	422.0	380.6	312	-55	300

From	To	Length	Total Au	Geology
21.10	22.10	1.00	0.95	Mineralised Dyke
22.10	23.10	1.00	0.71	Mineralised Dyke
23.10	24.10	1.00	0.78	Mineralised Dyke
24.10	25.10	1.00	0.56	Mineralised Dyke
31.70	32.70	1.00	0.82	Mineralised Dyke
32.70	33.70	1.00	1.02	Mineralised Dyke
33.70	34.80	1.10	1.29	Mineralised Dyke
34.80	35.90	1.10	1.87	Quartz Breccia Vein
35.90	36.40	0.50	0.74	Mineralised Dyke
36.40	37.20	0.80	1.10	Mineralised Dyke
42.60	43.30	0.70	1.43	Mineralised Dyke
43.30	44.30	1.00	0.37	Mineralised Dyke
45.30	46.30	1.00	0.81	Mineralised Dyke
46.30	47.20	0.90	1.16	Mineralised Dyke
47.20	47.85	0.65	1.75	Mineralised Dyke
47.85	48.20	0.35	2.69	Quartz Breccia Vein
48.20	49.20	1.00	0.91	Mineralised Dyke
49.20	50.20	1.00	0.67	Mineralised Dyke
50.60	50.90	0.30	0.88	Quartz Breccia Vein
55.20	55.50	0.30	0.68	Mineralised Dyke

APPENDIX 1 (cont.)

holeID	Easting GDA94	Northing GDA94	Elevation	length	Azimuth Local grid	dip	Azimuth magnetic
GRT-001	452707.66	5803182.09	576.9	417.1	123	-64.5	111
GRT-002	452703.24	5803187.29	576.1	623.5	359	-69	347
GRT-003	452706.65	5803189.22	576.4	abandoned	115	-59	103
GRT-004	452717.00	5803189.00	578.0	305.8	102	-59	90
GRT-005	452975.00	5803357.00	623.0	In progress	283	-50	271

From	To	Length	Total Au	Geology
79.00	79.70	0.70	0.87	Mineralised Dyke
79.70	80.00	0.30	1.17	Mineralised Dyke
80.00	81.00	1.00	1.11	Quartz Breccia Vein
81.00	81.80	0.80	0.93	Quartz Breccia Vein
81.80	82.60	0.80	1.69	Mineralised Dyke
100.80	101.30	0.50	1.04	Mineralised Dyke
101.30	101.75	0.45	1.09	Mineralised Dyke
132.90	133.40	0.50	1.31	Mineralised Dyke
133.50	134.10	0.60	1.65	Mineralised Dyke
134.10	134.60	0.50	1.05	Mineralised Dyke
196.80	197.20	0.40	0.92	Quartz Breccia Vein
198.90	199.50	0.60	0.80	Mineralised Dyke
200.75	201.75	1.00	0.62	Mineralised Dyke
203.60	204.10	0.50	1.04	Quartz Breccia Vein
207.50	208.50	1.00	0.69	Mineralised Dyke
208.50	209.60	1.10	0.75	Mineralised Dyke
218.65	219.20	0.55	1.15	Quartz Breccia Vein
219.20	219.90	0.70	0.64	Mineralised Dyke
221.10	221.60	0.50	7.53	Quartz Breccia Vein - Vis Au
226.60	227.20	0.60	1.81	Mineralised Dyke
229.30	230.30	1.00	0.57	Mineralised Dyke
241.50	242.75	1.25	0.59	Mineralised Dyke
242.75	243.15	0.40	0.84	Quartz Breccia Vein
244.20	244.90	0.70	0.52	Mineralised Dyke