GOLDSTAR RESOURCES NL

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# GOLDSTAR ANNOUNCES A$6M CONVERTIBLE NOTE LOAN FACILITY

Emerging gold company, Goldstar Resources NL (**ASX: GDR**), is pleased to announce that it has reached agreement on the key terms and conditions of a **A$6 million Convertible Note** loan facility to provide continued funding for the Company's 100%-owned Southern Crown Gold Project in Victoria.

The proposed issue of convertible notes replaces the non-renounceable rights issue announced on 29 July, securing immediate funding for the next phase of evaluation and development of the Southern Crown Project. The Company's Board believes that this represents the most efficient funding mechanism in the current market environment, providing an immediate cash injection and minimizing dilution for existing shareholders, following the recent drop in both the overall investment market and GDR's share price.

The issue of convertible notes under the facility will be conditional upon receiving shareholder approval in general meeting, pursuant to ASX Listing Rule 10.11. However, Goldstar will immediately draw down an advance of A$1.4 million upon execution of the transaction documents, with the remaining funds to be drawn down in two additional tranches as required. This advance will be converted to notes once shareholder approval has been obtained at the forthcoming EGM. The lender, SILJA Investment LTD, is associated with a major shareholder.

The notes will have a term of 5 years and accrue an interest of 9%. The conversion price will be A$0.10 for the first A$3 million, and a 20% discount to the prior 60-day VWAP of Goldstar shares for the second A$3 million. The notes will be secured by a fixed and floating charge over Goldstar's assets. In addition, Goldstar has agreed to issue to the lender 15 million options upon the issue of the note with an average strike of A$0.20, a substantial premium to the current market price

SILJA Investment Ltd also has the right to nominate up to two representatives to join the Goldstar Board as Non-Executive Directors. Full details of the Convertible Note loan facility will be made available for the general meeting of shareholders.

Commenting on the announcement, Goldstar's Chairman, Mr Gordon Hill, said: "I am extremely pleased to have completed this funding arrangement, which provides immediate cash at minimal dilution, and shows the confidence investors have in Goldstar's resource. Following the recently granted Mining Licence for the Southern Crown Project, Goldstar is well placed to move forward and advance the project towards production. This funding mechanism ensures ready availability of funding without having to issue additional shares in the current difficult market circumstances."

**- ENDS -**

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***Forward-Looking Statements***

*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Goldstar Resources NL that could cause actual results to differ materially from such statements. Goldstar makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*