

**RETAIL STAR LIMITED
TO BE RE-NAMED**



RETAIL STAR

RESOURCE STAR LIMITED

ABN 71 098 238 585

PROSPECTUS

To satisfy ASX requirements for re-listing following a change to the nature of the Company's activities, for the offer of 2,500,000 Shares at an issue price of 20 cents each to raise \$500,000 and for a non-renounceable entitlement issue of two (2) Shares for every nine (9) Shares held by Shareholders registered at 5.00pm (WST) on 24 July 2008 at an issue price of 20 cents per Share.

In addition, for every two (2) Shares issued under this Prospectus, each investor will be issued one (1) Option.

Oversubscriptions of up to a further 2,500,000 Shares at an issue price of 20 cents each to raise up to a further \$500,000 may be accepted.

The Entitlements Offer is partly underwritten by Red Rock Resources Plc up to an amount of \$1,100,000.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Securities the subject of this Prospectus should be considered speculative.

CHANGE OF NATURE

The Company is seeking to change the nature of its activities to become a mining exploration company. The Company has called a General Meeting to be held on 14 July 2008 to obtain the approval of Shareholders to certain resolutions, including the change in nature of the Company, a change in name to Resource Star Limited and a capital consolidation with consequential issue of new shares and options. Please refer to Section 3.3 of this Prospectus for full details of these resolutions.

Assuming Shareholder approval is obtained, the Company must comply with ASX requirements to re-list on the ASX, which include re-complying with Listing Rules 1 and 2. This Prospectus is issued to assist the Company re-comply with ASX Listing Rule 1.1.

Both the General Offer and the Entitlements Offer are conditional upon Shareholders approving the resolutions at the Company's General Meeting referred to above.

If Shareholder approval is not obtained, none of the Securities offered under this Prospectus will be allotted or issued, and the Company's existing Securities will (subject to ASX's overriding discretion) commence trading again on the ASX on the basis of its current operations.

IMPORTANT NOTICE

This Prospectus is dated 4 July 2008 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares and Options the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.retailstar.net.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

INVESTMENT HIGHLIGHTS

- This information is a selective overview only. Investors should read the Prospectus in full before deciding whether to invest.
- Retail Star Limited is to be renamed Resource Star Limited which will better reflect the mineral exploration focus of the Company. The Company has tenements in areas of demonstrated uranium potential in the Northern Territory, Western Australia and Malawi.
- The Company intends to use the funds raised from this offer in exploration programs over priority targets on its existing tenements in the Northern Territory and in Malawi.
- The initial focus in Malawi is on the Machinga tenement, on radiometric anomalies identified during airborne surveys in 1986. Detailed ground reconnaissance is currently underway to locate drill sites for reverse circulation (RC) drilling on the prioritised targets.
- In the Northern Territory, the initial focus is on the historical uranium occurrences on the Woolgni and Edith River tenements. Field reconnaissance is underway around the known uranium occurrences and it is intended to undertake an RC drilling program this season, once priority drill sites and access have been finalised.
- It is also planned to undertake preliminary reconnaissance over previously identified iron occurrences on Marrakai, Daly River Road and Hayes Creek South, as resources permit.
- In the event oversubscriptions (of up to \$500,000) are accepted they will be applied to further the exploration efforts in Australia and Malawi (with a small amount towards the expenses of the offer).
- Retail Star is also working to identify additional opportunities outside the existing tenements.
- On successful completion of the offer, the Company will have sufficient working capital to carry out the objectives stated in this Prospectus.

INVESTMENT RISKS

Subscribing for Securities the subject of this Prospectus involves a number of risks. Before deciding whether to invest in the Company, any intending investor is urged to consider the risk factors set out in Section 11 of this Prospectus which include:

- No guarantee of exploration success.
 - Resources estimates are imprecise and may prove to be inaccurate.
 - Commodity price volatility and exchange rate risks.
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1. CORPORATE DIRECTORY

Directors

Mr A Bell
Non-Executive Chairman

Mr I Scott
Managing Director

Mr M Yannaghas
Non-Executive Director

Mr R Kestel
Non-Executive Director

Share Registry *

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Telephone: (02) 8234 5000
Facsimile: (02) 8235 8150

Company Secretary

Mr S Headon

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Principal Office

Level 9
440 Collins Street
Melbourne VIC 3000

Telephone: (03) 9607 1322
Facsimile: (03) 9607 1329

Independent Accountant and Auditor

HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000

Independent Geologist

Continental Resource Management Pty
Ltd
10 Hehir Street
Belmont WA 6104

Website

www.retailstar.net.au
www.resourcestar.com.au

ASX CODE

RSL

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. MANAGING DIRECTOR'S LETTER

Dear Shareholder

On behalf of both the board of directors of Retail Star Limited (to be renamed Resource Star Limited) (**Retail Star** or the **Company**), I am pleased to present this Prospectus and to offer you the opportunity to either become a shareholder in the Company or to increase your investment if you are an existing shareholder.

Retail Star previously operated a retail business which focussed on internet shopping through an on-line portal.

On 6 August 2007, Retail Star shareholders agreed to the Company acquiring a uranium exploration company, Orion Exploration Pty Ltd, from Red Rock Resources Plc (a company incorporated in the United Kingdom and listed on AIM), together with uranium exploration rights in E29/581, a tenement in Western Australia (Yilgarn District – Mt Alfred).

As part of the arrangement, Red Rock Resources also transferred into the Company certain exploration licenses located in Malawi, Southern Africa (**Malawi Tenements**).

The strategic objective of the Company is proposed to now focus its activities on mineral exploration, and initially in projects based in Malawi in Africa and Western Australia and the Northern Territory in Australia. See Company and Project Overview at Section 5 of this Prospectus for more details.

The principal commodity sought within all of the projects is uranium, although some of the Northern Territory projects are also prospective for gold and iron mineralisation. Both of RSL's Malawi projects are also prospective for niobium, tantalum, and zirconium. The projects range in development status from those with identified targets (the Malawi, Woolgni, Edith River and Mt Alfred Projects) to prospective grass roots exploration projects. The projects are located in areas where there is reasonable expectation for locating economic mineralisation. To pursue and achieve this strategic objective, the Company is required to obtain the approval of Shareholders to change the nature and business activities of the Company to that of a mining exploration company.

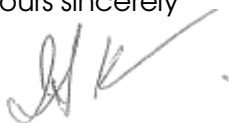
By this Prospectus, the Company is offering existing Shareholders an entitlement to take up further Shares in the Company and also new investors an opportunity to make an initial investment in the Company.

The board and management team provide a strong technical and corporate team to drive and grow your Company over future years.

On behalf of the directors, I welcome your consideration of this opportunity to be part of an exciting new direction for the Company.

I strongly recommend you carefully read this Prospectus.

Yours sincerely



Ian Scott
Managing Director

3. INVESTMENT OVERVIEW

3.1 Important Notice

This Section is not intended to provide full information for existing investors or intending investors to subscribe for shares in the Company. This Prospectus should be read and considered in its entirety. This Prospectus assumes Shareholder approval has been obtained for the Resolutions included in the Notice of Meeting, and described in Section 3.3 below.

3.1 Company Objectives

Following a period wherein the Company pursued the continued development and operation of its online retailing business, the Board has reassessed the prospects of online retailing, and considered alternate strategic directions.

The strategic objective of the Company is proposed to now focus its activities on mineral exploration, more particularly uranium exploration and initially in projects based in Malawi in Africa and Western Australia and the Northern Territory in Australia. See Company and Project Overview at Section 5 of this Prospectus for more details.

To pursue and achieve this strategic objective, the Company is required to obtain the approval of Shareholders to change the nature and business activities of the Company to that of a mining exploration company.

On the basis that approval is obtained, the Company will immediately seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules. This Prospectus serves to assist with the process of the Company to re-comply.

At the time of reinstatement, it is believed the Company will have sufficient working capital to complete its proposed short to medium term exploration objectives.

3.2 Notice of General Meeting

The Company has despatched a Notice of Meeting to Shareholders relating to a General Meeting of Shareholders to be held on 14 July 2008. A full Explanatory Statement accompanies this Notice of Meeting, explaining in detail the resolutions to be put to Shareholders for approval.

For a full understanding of the resolutions and their impact on the Company if approved by Shareholders, the Notice of Meeting and Explanatory Statement needs to be read and understood. A full copy of the Notice of Meeting and Explanatory Statement has been lodged with ASIC, and can also be obtained from the Company web-site.

In summary, the following is a list of Resolutions to be put to Shareholders for approval:

- (a) that approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement to the Notice of Meeting;

- (b) that approval is given to change the name of the Company to "Resource Star Limited";
- (c) that approval is given for the Company to issue the Shares and Options as described and detailed in the Notice of Meeting;
- (d) that approval is given for the issue of Director Options to Mr Ian Scott, the Managing Director of the Company; and
- (e) that the Company be authorised to proceed with a consolidation of its share capital on the basis of 1 Security for every 17 Securities in the Company.

3.3 Indicative Timetable

The indicative timetable for the proposed change is as follows:

Event	Date
Lodgement of Prospectus with the ASIC	4 July 2008
Suspension of Company's Securities from trading on ASX (at the opening of trading)	14 July 2008
General Meeting to approve transaction	
Notification to ASX of results of General Meeting	
Opening of General Offer under the Prospectus	15 July 2008
Notice to Shareholders under Entitlements Offer	16 July 2008
Ex Date (in relation to Entitlements Offer)	18 July 2008
Record Date for determining Shareholder entitlements (for Entitlements Offer)	24 July 2008
Despatch of Prospectus to eligible Shareholders (for the Entitlements Offer)	28 July 2008
Opening of Entitlements Offer under the Prospectus	28 July 2008
Closing Date of Entitlements Offer and General Offer under the Prospectus	12 August 2008
Trading on a deferred settlement basis (for Entitlements Offer)	13 August 2008
Notification to ASX of any under subscriptions	14 August 2008
Despatch date (for Entitlements Offer)	19 August 2008
Deferred settlement market ends (for Entitlements Offer)	
Last day for Securities to be entered into the holders' Security holdings (for Entitlements Offer)	
Anticipated date the suspension of trading is lifted and Company is relisted on the ASX	21 August 2008

3.4 Purpose of the Total Offer and Use of Proceeds

It is intended to apply funds raised from the Total Offer as follows:

Item	\$1,500,000 raised	\$2,000,000 raised
Evaluation and exploration		
- Malawi	\$791,100	\$1,114,000
- Australia	\$145,000	\$455,000
Expenses of issue	\$273,000	\$298,000
Working capital	\$290,900	\$133,000
Total	\$1,500,000	\$2,000,000

The initial focus in Malawi is on the Machinga tenement, on radiometric anomalies identified during airborne surveys in 1986. A detailed ground-based scintillometer survey is underway to more accurately delineate the anomalous zone. Detailed geological, regolith and land use mapping is being carried out simultaneously, supported by a portable XRF analyser to detect the potentially valuable mineral components.

Also planned during the 2008 field season (May – October) are trenching followed by a reverse circulation (RC) drilling on the prioritised targets generated from the abovementioned reconnaissance phase. An initial 5000 metres of drilling has been allowed for.

Samples will be checked on site with the XRF analyser before submission to a laboratory in South Africa for chemical analyses.

In the Northern Territory, the initial focus is on the historical uranium occurrences on the Woolgni and Edith River tenements. Field reconnaissance involving spectrometer surveys, mapping and rock chip sampling is underway around the known uranium occurrences and it is intended to undertake a small RC drilling program (3-5000 metres) once priority drill sites and access have been finalised.

It is also planned to undertake preliminary reconnaissance over previously identified iron occurrences on Marrakai, Daly River Road and Hayes Creek South, as resources permit.

Retail Star is also working to identify additional opportunities outside the existing tenements.

In the event oversubscriptions (of up to \$500,000) are accepted they will be applied to expenses of the issue (up to \$35,000) and the balance to further the exploration efforts in Australia and Malawi.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

3.5 Capital Structure

The existing capital structure of the Company is set out below:

Shares	Number
Current Shares on issue	582,799,753
Performance Shares	Number
Current Convertible Performance Shares on issue	20,000,000
Options	Number
\$0.261 options, expiring on 15 December 2009	1,333,334
\$0.287 options, expiring on 15 December 2010	1,333,334
\$0.314 options, expiring on 15 December 2011	1,333,332
\$0.25 options, expiring on 15 December 2009	3,300,000
TOTAL	7,300,000

Following the proposed Consolidation, Entitlements Offer, and issue of all Shares and Options proposed at the General Meeting and under the General Offer, the capital structure of the Company will be as set out below:

Shares	Number
Shares on issue after the Consolidation	34,282,339
Shares offered under Entitlements Offer	7,618,297
Shares offered under the General Offer (including oversubscriptions)	5,000,000
TOTAL NUMBER OF ORDINARY SHARES	46,900,636

Performance Shares	
Convertible Performance Shares on issue (post Consolidation)	1,176,471
Options	
\$4.437 options, expiring on 15 December 2009	78,432
\$4.879 options, expiring on 15 December 2010	78,432

\$5.338 options, expiring on 15 December 2011	78,432
\$4.25 options, expiring on 15 December 2009	194,118
Director options	700,000
Free attaching \$0.25 options for Shares issued under the Entitlements Offer, expiring on 30 November 2008	3,809,148
Free attaching \$0.25 options for Shares issued under the General Offer (including oversubscriptions), expiring on 30 November 2008	2,500,000
TOTAL NUMBER OF OPTIONS	7,438,562

Notes:

* Refer to Independent Accountant's Report for further information.

3.6 Restricted Securities

At the date of this Prospectus, 4,705,882 Shares (on a post Consolidation basis) are held in voluntary escrow for a period to 6 August 2008.

4. DETAILS OF THE OFFER

4.1 The Offer

By this Prospectus, the Company offers 2,500,000 Shares at an issue price of 20 cents each to raise \$500,000 (**the General Offer**) and up to 7,618,297 Shares at an issue price of 20 cents each to raise approximately \$1,500,000 (**Entitlements Offer**).

The Entitlements Offer is a pro rata non-renounceable rights issue to holders of Shares on the basis of two (2) Shares for every nine (9) Shares held on the Record Date.

The Company currently has approximately 7,300,000 (post Consolidation) Options on issue. The terms and conditions of these Options do not allow for the participation by those Option holders in new issues of Securities. Those Option holders will, however, be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Offer.

In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

For every two Shares issued under this Prospectus, each investor will be issued one Option. The amount payable upon exercise of each Option will be \$0.25 and the expiry date of the Options is 30 November 2008. The full terms and conditions of the Options offered under this Prospectus are outlined in Section 13.2.

The purpose of the Total Offer and the use of funds raised are set out in Section 3.4 of this Prospectus.

4.2 Offer Conditional on Shareholder Approval

The General Offer and the Entitlements Offer are conditional upon Shareholders approving the Resolutions referred to in Section 3.3 of this Prospectus at the Company's General Meeting on 14 July 2008.

If Shareholder approval is not obtained, none of the Securities offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act.

4.3 Oversubscriptions

The Company may accept oversubscriptions under the General Offer of up to a further \$500,000 through the issue of up to a further 2,500,000 Shares at an issue price of \$0.20.

The maximum amount which may be raised under this Prospectus is therefore \$2,500,000.

4.4 Shortfall

Any shortfall from the Entitlements Offer will be allocated to the General Offer and the Company will treat any excess applications under the General Offer (over and

above \$1,000,000) as applications for the shortfall (if any) from the Entitlements Offer.

4.5 Minimum Subscription

The minimum subscription for both the General Offer and the Entitlements Offer (in aggregate) is \$1,500,000 (inclusive of the amount underwritten by Red Rock Resources of \$1,100,000).

If the minimum subscription has not been raised within 4 months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

4.6 Applications

Applications for Shares under the General Offer must be made using the Application Form. Payment for the Shares must be made in full at the issue price of 20 cents per Share. The Company reserves the right to close the General Offer early.

Your acceptance of the Entitlements Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Entitlements Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at 20 cents per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you wish to apply for more Shares than your Entitlement, please complete the appropriate box on your Entitlement and Acceptance Form, or alternatively, apply for additional Shares using the Application Form relating to the General Offer.

4.7 Allotment

Subject to ASX granting approval for the Company to be re-instated to the Official List, and subject to Shareholders approving certain resolutions to be considered at the Company's General Meeting on 14 July 2008, allotment of the Securities offered by this Prospectus will take place as soon as practicable after the Closing

Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Securities takes place, will retain any interest earned on the application monies.

4.8 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Securities offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Securities within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Securities offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

4.9 Underwriter

The Entitlements Offer is partly underwritten by Red Rock Resources (**Underwriter**) up to the amount of \$1,100,000. Please refer to Section 12.1 of this Prospectus for a summary of the terms and conditions of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Entitlements Offer up to the amount of \$1,100,000. In consideration for this, the Company has agreed to pay the Underwriter a fee equal to 4% of the underwritten amount as raised under this Prospectus.

4.10 Loyalty Options

The Company proposes to undertake a non-renounceable entitlement issue of Loyalty Options within three to six months after the relisting on ASX. All Shareholders registered on the share register of the Company at a date to be announced by the Company to the ASX will be entitled to participate in the entitlement issue if they hold Shares on the record date.

The exercise price and the expiry date of the Loyalty Options will be determined by the Company after its securities have been reinstated to trading on ASX.

4.11 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Share holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

4.12 Commissions on Application Forms

The Company reserves the right to pay a commission of 5% (inclusive of goods and services tax) of amounts subscribed to any licensed Securities dealers or Australian Financial Services licensee in respect of valid applications relating to the General Offer lodged and accepted by the Company and bearing the stamp of the

licensed Securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed Securities dealer or Australian Financial Services licensee.

4.13 Risk factors

Subscribing for Securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 11 of this Prospectus and any intending investor is urged to consider those risks carefully (and if necessary, consult a professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 11, and other general risks applicable to all investments in listed Securities not specifically referred to, may in the future affect the value of the Securities. Accordingly, an investment in the Company should be considered speculative.

4.14 Privacy Statement

If you complete an application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised Securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

5. COMPANY AND PROJECT OVERVIEW

5.1 Background

Retail Star has previously operated a retail business which focussed on internet shopping through an on-line portal.

On 6 August 2007, Retail Star shareholders agreed to the Company acquiring a uranium exploration company, Orion Exploration Pty Ltd (**Orion**), from Red Rock Resources (a company incorporated in the United Kingdom and listed on AIM), together with uranium exploration rights in E29/581, a tenement in Western Australia's Yilgarn District (Mt Alfred).

As part of the arrangement, Red Rock Resources also transferred into the Company certain exploration licenses located in Malawi, Southern Africa (**Malawi Tenements**).

Set out below is a summary of the current assets of the Company and other relevant information for Shareholders to assess the proposed future direction of the Company.

5.2 Overview of Assets

The Company has projects in the Northern Territory, in Western Australia and in the southern African country of Malawi. The main exploration focus for the Company is uranium and the tenements are located in areas considered highly favourable for uranium mineralisation. Many of the tenements are also prospective for other minerals, including iron in the Northern Territory, and these are being examined in conjunction with the uranium potential.

The Company's tenements are held by Orion Exploration Pty Ltd (**Orion**), by Eastbourne Exploration Pty Ltd (**Eastbourne**) and in its own right. Eastbourne and Orion are wholly owned subsidiaries of the Company.

5.3 Tenement List

A list of the tenements held by the Company or in which the Company has an interest is set out in the table below.

Tenements in Malawi:

Project Name	Tenement	Size
Machinga	EPL 0230/07	378 km ²
Chintheche	EPL 0219/2007	210.9km ²

Tenements in Australia:

Project Name	Tenement	Size
Woolgni and Edith River Project	EL23569, EL23568, EL26219, EL26220	739.3 km ²
Mt Alfred Prospect ¹	E25 29/581	210.5 km ²
Marrakai	EL24614	20.9 km ²
Hayes Creek South	EL24432	130.1 km ²
Daly River Road	EL24391	20.04 km ²
Celia Prospect ²	ELA 24414	13.05 km ²
Woolgni Mine Area ³	MLA24342	163.1 ha

¹ The Company's interest in the Mt Alfred Prospect tenement currently relates only to Uranium rights.

² The tenement relating to the Celia Prospect is currently an application.

³ The Woolgni Mine Area is a small mineral lease application over the historical Woolgni Gold Mine. It is totally enclosed within EL23569.

5.4 Malawi tenements

The Company has acquired two projects in the east-central African nation of Malawi (Figure 1). Both contain identified radiometric anomalies and are highly prospective for uranium mineralisation. Within the northern project, **Chintheche**, uranium channel anomalies are associated with late Tertiary sediments that are potential hosts for sediment-hosted uranium mineralisation. Within the southern project, **Machinga**, anomalies are associated with alkaline intrusions which the Company intends to systematically explore for vein-style mineralisation.

Malawi is considered to have undergone positive social and political transformation in recent years and the government appears to be committed to the development of mining, including that of uranium. Evidence of this is the grant of a Mining Licence to Paladin Energy Limited for its Kayelekera Uranium Project in the north of the country.

The **Machinga Project (EPL 0230-07)**, with an area of 378km², comprises an Exclusive Prospecting Licence (**EPL**) granted to Eastbourne Exploration Pty Ltd (**Eastbourne**) on 12 December 2007. Eastbourne is a wholly owned subsidiary of the Company.

The project area is situated in the south of Malawi between the country's new and old capitals Lilongwe and Zomba. The highway connecting the two cities passes through the project area.



Figure 1: Malawi licence locations

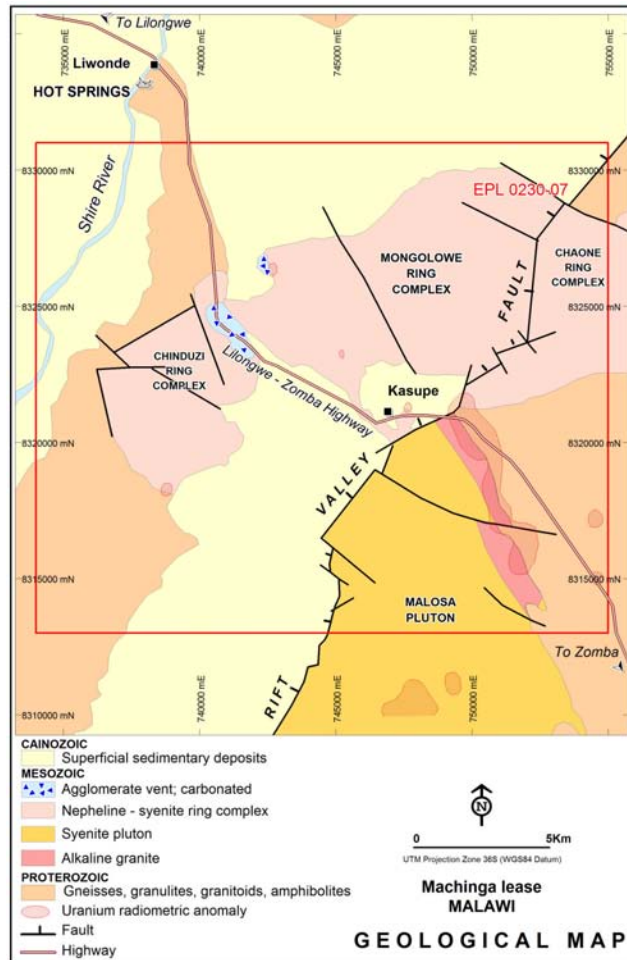


Figure 2: Geology of Machinga Licence Area

In 1955 a radiometric anomaly was located about three kilometres southeast of Machinga (formerly Kasupe). Two historical diamond drill holes intersected radioactive granitic and pegmatitic veins up to 2.5m in thickness. Downhole radiometric analyses gave maximum values of 700eppm U_3O_8 and 3000eppm ThO_2 .

During 1986, an airborne magnetic and radiometric survey was carried out over Malawi. The survey was carried out by Hunting Geology and Geophysics Limited and interpreted by the Canadian geophysical company Paterson, Grant & Watson Limited (**PGW**) for a UN-sponsored Development Program (**UNDP**). The survey located a number of significant uranium channel radiometric anomalies within the Zomba region. The Company's Machinga licence covers the group of anomalies.

The identified uranium anomalies are spatially related to the margins of syenitic/alkaline intrusive complexes. These contact zones have the potential to contain significant concentrations not only of uranium, but also of other elements including tantalum, niobium, and rare earth elements (**REE**).

The potential is also present for other types of mineralisation within the project area. Carbonatite volcanics associated with the intrusive complexes are prospective for REE and for phosphate. The Basement Complex is prospective for

gold and base metals. Interpretation of the aeromagnetic data may indicate structures that could be associated with gold mineralisation.

In early 2008, the Company carried out two scintillometer traverses across the northern part of the main north-south anomaly. The traverses confirmed the presence of a broad radiometric anomaly with a width of over one kilometre.

The Company's proposed exploration program in 2008 is to:

- (a) complete detailed geological mapping of the areas of the radiometric anomalies, assisted by portable scintillometer and XRF analyser;
- (b) complete geochemical surveys, trenching, and rock chip sampling over priority areas; and
- (c) evaluate the anomalies, identify and prioritise targets, and commence staged drill programs into them.

In addition, the Company intends to initiate exploration within the tenement to identify other target areas for follow up investigation. First pass exploration of the alkaline ring complexes may be by stream sediment geochemistry including the collection and analysis of heavy mineral concentrates.

The **Chintheche project area (EPL 0219-07)** covers an area of 210.9km² and contains a number of uranium channel radiometric anomalies identified by PGW from the 1986 radiometric survey. The anomalies are over both Basement Complex rocks and over younger clastic sediments that sit above and marginal to them. The younger sediments are prospective for roll front style uranium mineralisation and the basement rocks for vein style U-Nb-Ta-REE mineralisation.

The project is situated about 240km north of the capital of Lilongwe (Figure 1).

The licence was granted to Red Rock Resources plc in June 2007 and was transferred to the Company in February 2008.

Apart from regional geochemical and airborne geophysical surveys, no previous exploration is known within the project area.

The area was included as part of the 1986 UNDP aeromagnetic and radiometric survey, PGW's interpretation of which highlighted a number of uranium channel radiometric anomalies. The stronger anomalies are either within the Timbiri Beds or close to their margin, where they lap onto the topographically higher basement rocks (Figure 3).

The Company's proposed exploration is a similar staged program to that proposed for its Machinga Project. It intends to initially concentrate on exploration for sediment hosted uranium mineralisation. Further exploration will be dependent upon results.



Figure 3: Geology of Chintheche Licence Area

5.5 Australian tenements

The locations of the Australian tenements are shown in figure 4.

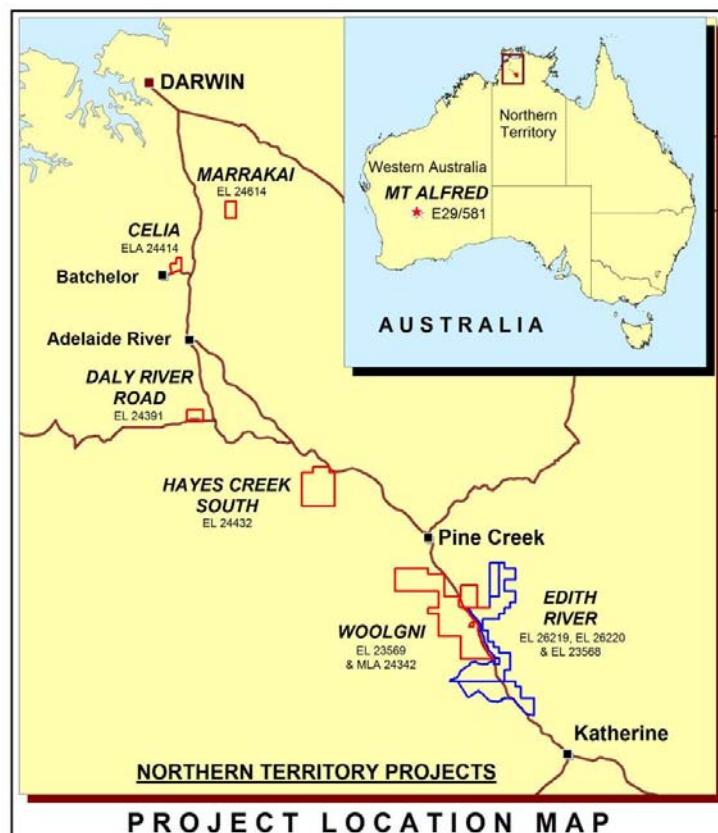


Figure 4: Location of the Company's Australian tenements

Northern Territory tenements

The Company has six projects within Australia's Northern Territory. All are situated within a few tens of kilometres of the main north-south Stuart Highway and railway line, and are within 300km of Darwin. They are within, or marginal to, the Paleoproterozoic Pine Creek Geosyncline that is richly endowed with uranium, gold, base metals, and iron deposits.

Dormant mines and deposits under development or exploration in the area include Woodcutters (Zn, Pb, Ag), Rum Jungle and Dysons (U), Whites and Mt Fitch (Cu, U), and Browns (Cu, Zn, Pb, Co, Ni).

The major Alligator Rivers Uranium Field that includes the Ranger, Ngarbarlek, and Jabiluka deposits is in the northeast of the Pine Creek Inlier. The smaller deposits of the South Alligator Valley Mineral Field are situated to the northeast of Pine Creek.

Iron ore mining has also taken place at Mt Bundey in the north of the geosyncline and is currently occurring at Frances Creek, in its central portion.

A regional north-northwest trending shear zone, the Pine Creek Shear, passes through the Company's Edith River and Marrakai project areas. The shear zone is spatially related to a number of major, million ounce plus, gold deposits.

The Company's six projects are Edith River, Woolgini, Hayes Creek South, Daly River Road, Marrakai and Celia.

The Company has completed data compilation and confirmation of priority targets on all of its tenements in the Northern Territory. Field work will confirm these, in anticipation of drilling the highest priority targets on the Woolgini/Edith River projects in 2008.

The **Edith River Project (EL23568, EL26219, EL26220)** comprises three contiguous Exploration Licences (ELs) that cover almost 400km², approximately 230km south of Darwin, between Pine Creek and Katherine in the Northern Territory.

The project is at the southern end of the north-northwest trending Pine Creek Shear Zone and the granite within the project area contains a number of shears that have a similar orientation. These shears are associated with occurrences of uranium mineralisation, to the south of the Edith River, that were discovered by prospectors in 1952.

Small shafts have been sunk on the YMCA, Tennyson's and Fergusson River Prospects. The YMCA and Tennyson's Prospects were explored by the Bureau of Mineral Resources (BMR) during 1952-1954. Two diamond drill holes were completed by the BMR into the YMCA Prospects. The best intersections, as measured by a downhole radiometric logging tool, were 1.5m @ 1000eppm U₃O₈ at one prospect and 1m @ 1000eppm U₃O₈ at the other.

The Company has commenced systematic exploration of the shear zones within the Cullen Batholith for uranium mineralisation, initially through the application of spectral imagery and field reconnaissance. Areas of alteration identified will be mapped in detail and surveyed with soil geochemistry, rock chip samples and detailed ground radiometrics. Targets identified from these surveys will then be drill-tested.

In the southeast of the project area, the Burrell Creek Formation comprises the southern-most portion of the Pine Creek Geosyncline, which, to the north, hosts numerous gold deposits. A small program to further evaluate the gold potential is proposed.

The **Woolgni Project (EL23569)** covers over 352km² and is approximately 200km south of Darwin. The tenement is situated near the southern extent of the Pine Creek Geosyncline, in the vicinity of the Pine Creek Shear. The Hore and O'Connors uranium occurrence is present within the project area. The tenement also includes three gold prospects: the historical Woolgni Goldfield, the Tower Prospect, and the Copperfield South Prospect.

The uranium potential of the Woolgni Project will be assessed in conjunction with the uranium exploration program on the Edith River Project.

At the Tower Prospect a strongly gold anomalous gossanous zone has never been drill tested. It is within the vicinity of, and parallel to, the Pine Creek Shear Zone and must be considered a prime gold target. In 1988, a reconnaissance geochemical survey over the area uncovered gold mineralisation in three trenches over a strike length of 600m.

The gold mineralisation at the Woolgni Prospect has not been closed off down dip and the limits and orientations of known high-grade shoots have not been tested.

The Copperfield South Prospect contains low-grade gold mineralisation within the Woollybutt Anticline. Parts of the anticline are beneath recent alluvial cover and drainage sediment sampling has indicated other untested areas in the vicinity. Potential therefore exists for the discovery of further gold mineralisation at the prospect.

While the main focus is on uranium, a small gold exploration program for the Woolgni Project will be undertaken.

The **Marrakai Project (EL24614)** covers 20km² and is located to the east of the Adelaide River about 65km southeast of Darwin and 10km east of the Stuart Highway. It is situated at the northern end of the Pine Creek Shear Zone and is prospective for uranium, iron and gold mineralisation. Despite the fact that it is only 15km from the Woodcutters Zn-Pb mine, 30km from the Rum Jungle Uranium and polymetallic mines, and along structural and stratigraphic strike from the major gold mines of the Pine Creek region, it has not been effectively explored.

Uranium mineralisation within the Rum Jungle Mineral Field to the southwest occurs within Mount Partridge Group sediments, mainly within the Whites Formation, which is a calcareous and carbonaceous, pyritic argillite. In general, the uranium mineralisation is associated with shearing and brecciation. Within the Marrakai project area, the Koolpin Formation, a pyritic carbonaceous shale, is a similar unit and a potential host for similar mineralisation. The faults within the area may have provided pathways for mineralizing fluids and the project is within a region that hosts numerous uranium deposits and occurrences.

Initial uranium targets have been located by a radiometric survey. The proposed exploration program recommends testing areas of the Koolpin Formation in the vicinity of faults and fold axes for iron mineralisation, with priority being given to the Ella Creek Member.

The project area contains the Marrakai Iron Prospect. Two north-trending gossanous iron-ore lenses are present on the flanks of an anticline within the Ella Creek Member of the Koolpin Formation. The lenses are stratabound and are interpreted to be formed by the enrichment of a siltstone horizon. The mineralisation is of goethite, haematite, and limonite, with quartz being the major gangue mineral. The eastern lens has a length of 230m, is 3m thick, and dips at 50° to the east. A chip sample from it returned 35.2% Fe. The western lens has a length of 340m and a thickness of 4.5m.

The outcropping iron mineralisation is of sub-economic grade, but apart from the collection of a few surface samples, no exploration of the occurrence, or of the Ella Creek Member within which it occurs, has taken place. There is potential for the formation of economic iron-ore mineralisation within it, particularly in the vicinity of fault zones and fold axes, where hydrothermal alteration of the iron-rich unit may have formed significant deposits.

Mineralisation within the Frances Creek iron-ore field to the southeast is interpreted to have formed by alteration of similar stratigraphy in a similar setting. The field contains more than fifty separate deposits over a distance of approximately 35 kilometres.

Other units also contain horizons that could be subject to iron alteration. For instance, the Wildman Siltstone, which is the host formation at Frances Creek, is also present within the tenement.

The location of the project area within the Pine Creek Shear Zone and the rock units within it make it a prospective location for gold mineralisation. It is unlikely that outcropping gold mineralisation has been missed. However, the faults, with which gold mineralisation may be associated, are largely under alluvial cover, much of which may have been derived from outside the tenement. A 2008 re-assessment of previous exploration programs has concluded that stream sediment sampling carried out by previous explorers is unlikely to have been effective in the testing of these covered areas.

Exploration proposed includes field reconnaissance for uranium, iron and gold. All three commodities will require drill-based exploration, as many of the target areas are beneath surficial cover. Detailed geophysical data acquisition may assist in locating prospective targets prior to drilling.

The **Hayes Creek South Project (EL24432)** covers 130km² and is located to the southwest of the Stuart Highway and a few kilometres to the south of the Hayes Creek Roadhouse and Caravan Park. The tenement contains Paleoproterozoic sandstones that are unconformable over granitic rocks of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation.

A positive feature of the project area is that it has not been subject to systematic exploration, partly due to the fact that vehicular access to its northeastern section has been difficult, and partly to the paucity of outcrop in the southeastern section.

Iron (Fe) and manganese (Mn) enrichment is present within the Stray Creek Sandstone in the north of the project area. The mineralisation as described in 1970 is restricted to the surface layers of the underlying rocks, which are of shallow dipping ferruginous shale, dolomitic shale, siltstone, and fine-grained sandstone

beds. Rock chip samples returned up to 56.3% Fe and 37.0% Mn. Other forms of iron occurrence have also been reported in the vicinity of the tenement.

Exploration proposed includes the ground checking of radiometric anomalies in the southwest of the tenement area and the detailed mapping of the Fe-Mn mineralisation in the northern portion of the tenement.

The **Daly River Road Project (EL24391)** covers 20km² and is located immediately to the north of the Daly River Road, about 25km due south of Adelaide River. Access to the project area is via the sealed old Stuart Highway and Daly River Road. The tenement contains Cretaceous sediments that are unconformable over Paleoproterozoic sandstones of the Tolmer Group, which, in turn, overlie the Burrell Creek Formation of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation and a discrete uranium channel anomaly is present in the radiometric data acquired from the regional radiometric survey. Possible trap sites may be associated with the unconformity between the Daly River Sandstone and the underlying Burrell Creek Formation.

It is proposed to determine the source of a uranium channel radiometric anomaly in the southeast of the tenement by means of a detailed ground radiometric survey, geological mapping, and soil and rock chip sampling.

Near-surface thin tabular lenses of iron mineralisation within the Cretaceous sediments were explored between 1967 and 1970. The iron mineralisation is reported to be present both subsurface and in outcrop and it is possible that sections of it have not been drill tested. Compilation of the drill data from the iron exploration is proposed to determine if there are areas that have not been drilled and that have the potential to contain significant tonnages of mineralisation.

The **Celia Project (ELA24414)** covers 12.9km² and is about 90km south of Darwin by road. It is located immediately to the north of the sealed Batchelor Road, 5km west of the Stuart Highway and 3km east of the town of Batchelor. It is situated over Palaeoproterozoic sediments on the southeastern flank of the Rum Jungle Dome. It is prospective for uranium and polymetallic mineralisation and a magnesite deposit is present within the tenement, which, despite being only a few kilometres from the Rum Jungle uranium and polymetallic mines and the Woodcutters Zn-Pb mine, has been subject to little systematic exploration for minerals other than magnesite.

The lease was applied for by Tennant Creek Gold (NT) Pty Ltd. An agreement with Orion is in place whereby it is to be transferred after grant. The ELA is within Aboriginal Freehold Land and the consent of the owners is required before the tenement can be granted and exploration can take place. In November 2007 the indigenous stakeholders in the area indicated that they would not consent to the grant of the tenement. Unless the Northern Land Council indicates otherwise, the tenement is consequently under moratorium for a maximum period of five years until 12 June 2013.

The Western Australian Tenement

The Mt Alfred Project comprises the uranium interests within E29/581, a licence area covering 210.5km², situated in the Eastern Goldfields of Western Australia and about 140km northwest of the town Menzies. The project area includes about 60km² of the Lake Barlee playa lake system. The Company is exploring the area for calcrete-hosted uranium mineralisation.

The Company has entered into a Joint Venture (JV) agreement by which it has acquired the right to explore for and mine uranium on the tenement. Red Rock Resources is the owner of the tenement and has entered into a joint venture with the Company whereby the Company has acquired the right to explore for and mine uranium on the tenement. Previous exploration within the tenement located uranium mineralisation within Cainozoic sediments marginal to the lake.

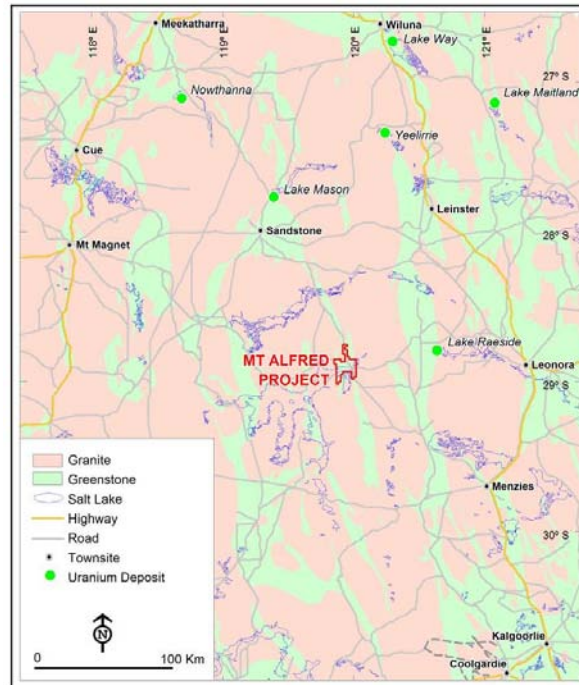


Figure 5: Calcrete hosted uranium deposits in northeast Yilgarn

The project is situated within the Lake Barlee drainage system in the eastern portion of the Archaean Yilgarn Block, which comprises granites intrusive into folded greenstone belts (figures 5 and 6). These basement rocks have been subject to extensive weathering and peneplanation. Wide paleodrainage systems occupy relatively shallow valleys and drain the region towards the southeast. The central portions of the valleys are covered by playa lakes. Extensive areas of calcrete development have occurred marginal to, and in channels leading to, the playas. Within the northeastern Yilgarn, many of these calcretes contain carnotite uranium mineralisation, especially marginal to the playas, in which locations a number of uranium deposits are situated. Deposits in which resources have been identified include Yeelirrie¹ (52,500t of contained U_3O_8), Lake Maitland² (10,800t of contained U_3O_8), Lake Way³ (9,000t of contained U_3O_8), and, down drainage from Lake Barlee, Lake Raeside¹ (1,700t of contained U_3O_8).

The tenement was explored for calcrete hosted uranium by Uranerz (Australia) Pty Ltd (**Uranerz**) between 1976 and 1979. Uranerz carried out an airborne radiometric survey, collected grab and water samples, and drilled thirty-six auger holes within the area of the current tenement for a total of 481m. The auger-hole locations,

¹ McKay, A.D. & Miezeitis, Y., 2001. *Australia's uranium resources, geology and development of deposits*. AGSO – Geoscience Australia, Mineral Resource Report 1.

² Hellman & Schofield Pty Ltd., 2007. *First Time Disclosure: Mega Uranium Ltd. Mineral Resources For Lake Maitland Uranium Deposit*

³ Nova Energy Limited 2007 Annual Report (pre-merger with Toro Energy Ltd)

drilled over uranium-channel radiometric anomalies, are shown on Figure 6. Samples from five of the holes returned analyses between 100ppm and 120ppm U_3O_8 .

During late 2007, the Company collected twenty-five surface and near-surface samples from twelve locations near the junction of the southern arm of Lake Barlee with the main drainage system, around the southern area drilled by Uranerz in 1976. The results of the sampling confirmed the presence of uranium mineralisation within the surface sediments. Values of between 100ppm and 300ppm U_3O_8 were obtained from four of the sample locations over a distance of 400m, to depths of 60cm. The results of this orientation survey confirmed that surface sampling, and thus also radiometric surveys, are inadequate tools for the location of even near-surface uranium mineralisation in the area.

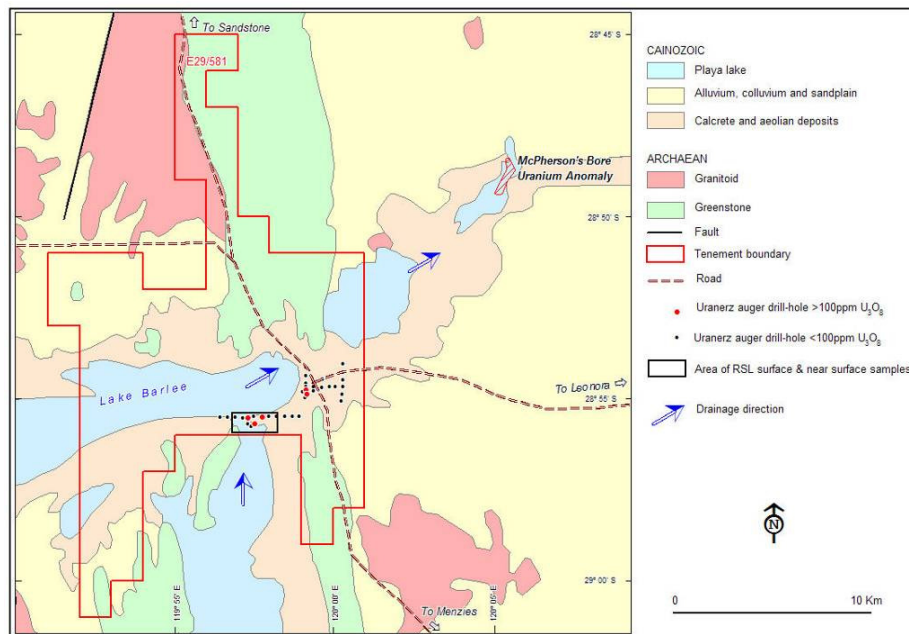


Figure 6: Geology of the Mt Alfred Project area

Uranium mineralisation may also be present within the sub-surface older sediments within the drainage system.

The high prospectivity of the Lake Barlee drainage channel has been demonstrated at McPherson's Bore, where, about 10km along the Lake Barlee paleodrainage system to the northeast of the tenement, Encounter Resources Limited has been exploring a uranium anomaly associated with a near surface zone of calcrete and calcareous sediments. Encounter has announced that near surface uranium mineralisation is hosted in lake clays and extends over a length of 1.7km. Auger drilling returned intersections of up to 1.5m @ 324ppm U_3O_8 .

Systematic aircore drilling of the prospective areas within the tenement is required. The initial priorities are to determine the depth, extent, and grade of mineralisation within the vicinity of the two areas that have been highlighted by previous work; and to carry out reconnaissance drilling over other prospective areas.

Qualifying statements

In the sections on Machinga and Edith River, reference is made to eppm. This is shorthand for equivalent parts per million. In the case of uranium, it is a measure of the uranium content interpreted from radiometric data rather than from chemical analysis. The gamma radiation measured by sensors and used to calculate the equivalent U_3O_8 content is predominantly from the daughter products of the uranium decay chain. When the mineralisation is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. Because of the age of the deposits in the two areas tested, the mineralisation is considered to be in radiometric equilibrium.

The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Scott, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Scott is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Scott consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

6. DIRECTORS AND CORPORATE GOVERNANCE

6.1 Directors

Mr A Bell ***Non-Executive Chairman***

Mr Bell is the Chairman of Red Rock Resources plc and its largest shareholder, Regency Mines plc, both of which are mineral exploration companies listed on the AIM market of the London Stock Exchange plc. He is also non-executive Chairman of AIM-listed Greatland Gold plc and a non-executive director of ASX-listed Jupiter Mines Ltd.

After graduation Mr Bell worked in London as an oil and mining analyst at investment bank Morgan Grenfell & Co, and subsequently as a broker, fund manager and corporate financier specialising in Asian markets.

Mr Bell is a Fellow of the Geological Society

Mr I Scott ***Managing Director***

Mr Scott is a geologist with a wide range of technical and managerial experience in mining geology and exploration with major Australian minerals development companies.

After graduation he worked as a geologist in exploration and mine geology for mining companies WMC and MIM for a total of over 30 years. This period included 13 years on the Olympic Dam copper-uranium project in South Australia and included 3 years as Chief Geologist there.

Mr Scott is a Member of the Australian Institute of Mining and Metallurgy.

Mr M Yannaghas ***Non-Executive Director***

Mr Yannaghas trained as a financial analyst with a leading US consultancy firm, Greenwich Associates. He has worked with small companies for the last ten years in various roles including as founder, director and advisor.

He currently works for Regency Mines as Operations Manager. Responsibilities include management and oversight of project development, fund raising and business development.

He also holds a number of non executive directorships and advisory positions.

Mr Ross Kestel ***Non-Executive Director***

Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and has been a director of the accounting practice Nissen Kestel Harford since July 1980.

Currently, he is a director of the following companies:

- (a) Jabiru Metals Ltd – zinc, copper, producer.

- (b) VDM Group Ltd – consulting engineering / construction / infrastructure.
- (c) Dioro Exploration NL – gold producer.
- (d) Jatoil Ltd - biodiesel producer.

He is also Chairman of Reco Financial Services Ltd and XState Resources Ltd and is also company secretary of Jabiru Metals Ltd, Northern Mining Ltd and Poseidon Nickel Ltd. All of these companies are listed on the ASX.

Mr Kestel is a Registered Company Auditor and a member of the Institute of Company Directors.

6.2 Corporate Governance

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Company's main corporate governance policies and practices are outlined below:

(a) Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) developing initiatives for profit and asset growth;
- (ii) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (iii) acting on behalf of, and being accountable to, the Shareholders; and
- (iv) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (i) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (ii) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

(c) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(d) **Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

(e) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(f) **Audit committee**

The Company is to have a separately constituted audit committee.

(g) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key

operational risks and their management will be recurring items for deliberation at Board meetings.

(h) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Full details of the corporate governance policies adopted by the Board can be found on the Company's website.

CONTINENTAL RESOURCE MANAGEMENT PTY LTD

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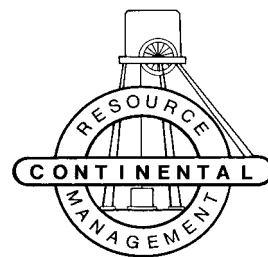
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Australia



30th May 2008

The Directors
Retail Star Limited
Level 9, 440 Collins Street
Melbourne,
VICTORIA
3000

Dear Sirs,

INDEPENDENT GEOLOGIST'S REPORT

This report has been prepared by Continental Resource Management Pty Ltd ("CRM"), an independent geological consultancy established in 1989. The report has been prepared at the request of Retail Star Limited ("RSL" or "the Company") to provide an independent geological assessment of the Company's mineral exploration projects and proposed exploration programmes on those properties, which are located in Australia and in Malawi.

Within Australia, the Company has acquired interests in tenements in six projects in the Northern Territory and one in Western Australia. Within the East African nation of Malawi, the Company has acquired interests in two project areas.

The principal commodity sought within all of the projects is uranium, although the Woolgni Project also contains gold mineralisation and gold and polymetallic mineralisation may also be present within the various projects. The agreements, status, and interests held by RSL in the properties are set out elsewhere in this Prospectus.

CRM's assessment of the Tenements is based upon technical information provided by RSL. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous title holders to the areas, where it has been considered necessary. Reference has also been made to selected mineral deposits not held by

RSL, in order to illustrate the types of mineral commodities and styles of mineralisation present in the region. CRM has endeavoured, by making reasonable enquiries, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure CRM had access to all relevant technical and other information.

It is the opinion of CRM that the properties described in this Prospectus are worthy of continued exploration and are located in areas where there is reasonable expectation for locating economic mineralisation. The programmes and budgets proposed for the projects are considered to be appropriate. The budgets are considered to be adequate to cover the cost of the proposed programmes and to meet statutory requirements in each instance. It is not possible to accurately determine the outcome of exploration and considerable variation to the proposed exploration programmes and budgets may be required as new data becomes available.

The statements contained in this report are given in good faith and have been derived from information believed to be reliable and accurate, and supplemented by our own investigations. We have relied upon this information and have no reason to believe that any material facts have been withheld from us. We do not imply that we have carried out any type of audit on the technical, accounting or other records of RSL or that our assessment has revealed all of the matters which an audit or more extensive examination might disclose at the date of this report. This report was prepared by John Doepel, who visited RSL's Northern Territory Projects during December 2007 and who has previously visited the region that contains RSL's Mt Alfred project area. As no exploration has yet been carried out within the Malawi project areas and no specific areas of mineralisation have been located within them, it was not considered necessary for CRM to visit these projects.

CRM has .. given and has not at the time of lodgement of this Prospectus withdrawn its consent to the issue of the Prospectus with this report included in the form and context in which it appears.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Doepel', written in a cursive style.

John Doepel
Continental Resource Management Pty Ltd

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INTRODUCTION

This report describes the mineral exploration assets (“the Tenements”) of Retail Star Limited (“RSL”). The properties, which are located in Malawi and in Australia’s Northern Territory and Western Australia, are primarily focused on uranium. Some of the Northern Territory projects are also prospective for gold and iron mineralisation. The projects range in development from those with identified targets (the Woolgni, Edith River, and Mt Alfred Projects) to prospective grass roots exploration projects.

RSL’s project locations are shown on Figures 1 and 2 and a summary of them is given in Table 1.

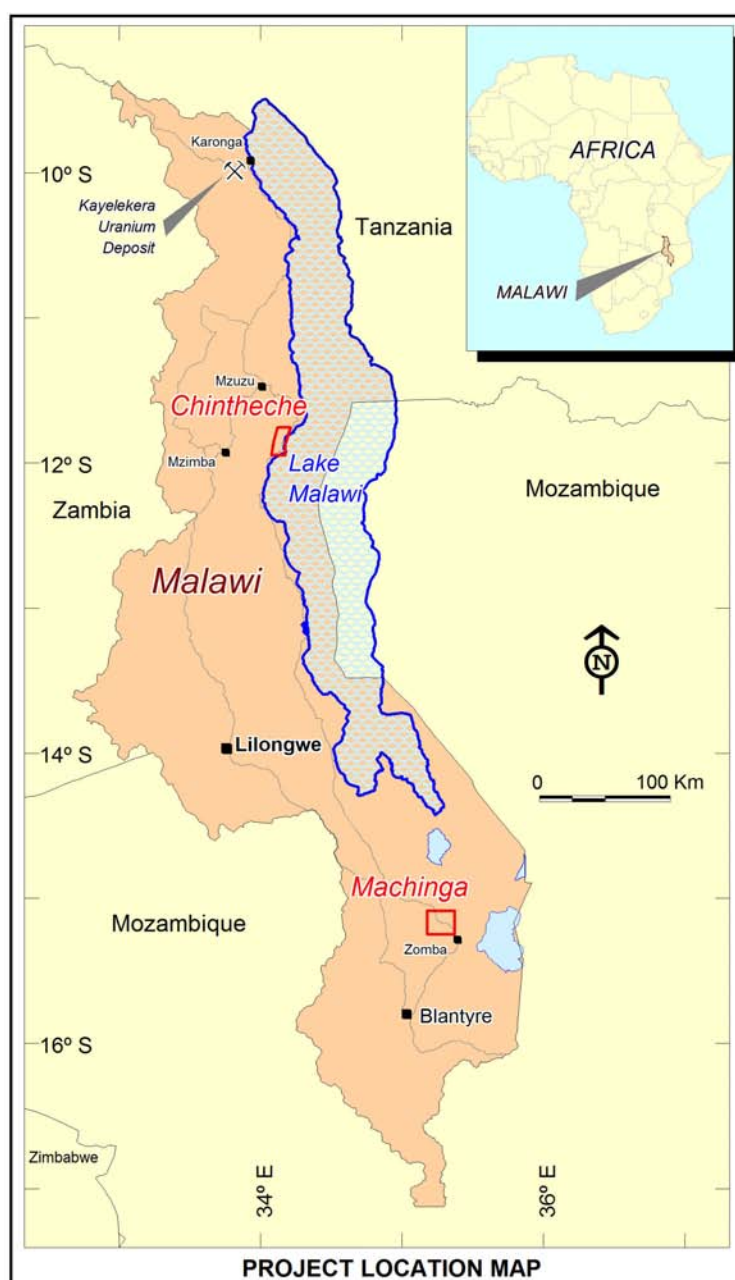


Figure 1 Malawi project locations

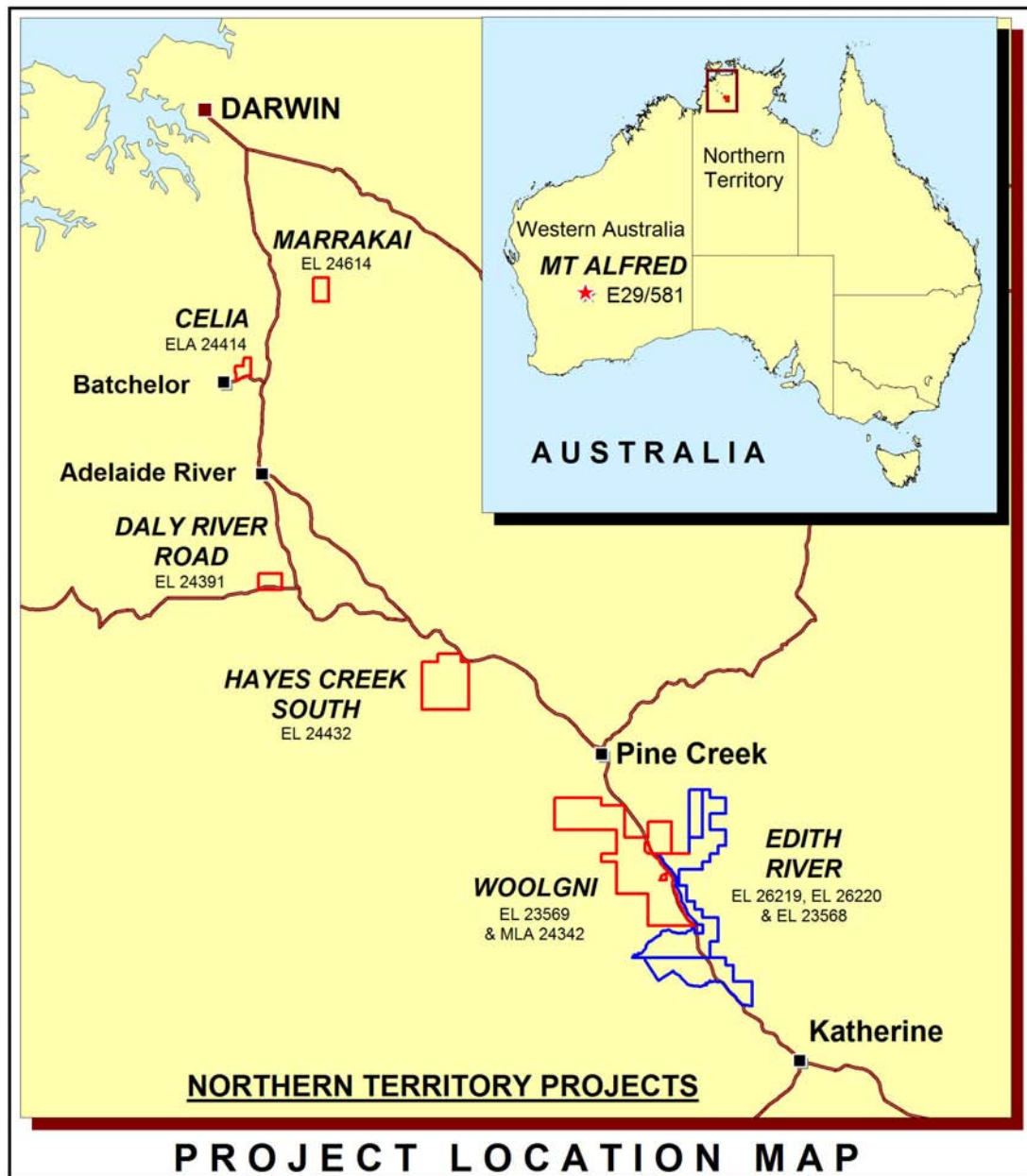


Figure 2 Australian project locations

Table 1 RSL - Summary Table of Projects

Location	Project	Tenement	Interest	Licence Expiry	Area (km²)
Malawi	Machinga	EPL 0230/07	100%	11/12/2010	378.0
Malawi	Chintheche	EPL 0219/07	100%	26/06/2010	210.9
N.T. Australia	Edith River	EL23568 EL26219 EL26220	100%	16/02/2009	228.8
				15/11/2013	124.2
				15/11/2013	34.3
N.T. Australia	Woolgni	EL23569 MLA24342	100%	16/06/2009	352.0
N.T. Australia	Hayes Creek South	EL24432	100%	1/12/2011	130.1
N.T. Australia	Daly River Road	EL24391	100%	1/12/2011	20.0
N.T. Australia	Marrakai	EL24614	100%	1/12/2011	20.1
N.T. Australia	Celia	ELA24414*	100%	Application	12.9
Western Australia	Mt Alfred	E29/581	100%**	7/03/2011	210.5

* Under moratorium

** Uranium interest only

Sources of information

CRM's assessment of the Tenements is based upon technical information provided by RSL. This information includes published government reports and maps and reports prepared by previous title holders to the areas. CRM has endeavoured, by making reasonable enquiries, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure CRM had access to all relevant technical and other information.

John Doepel visited RSL's Northern Territory Daly River Road, Hayes Creek South, Woolgni, and Edith River project areas during December 2007 in the company of Ian Scott, Managing Director of RSL.

MALAWI PROJECTS

RSL has acquired two projects in the east-central African nation of Malawi (Figure 1). Both contain identified radiometric anomalies and are prospective for uranium mineralisation. Within the southern project, Machinga, uranium channel anomalies are associated with alkaline intrusions, which RSL intends to systematically explore for vein-style mineralisation. Within the northern project, Chintheche, anomalies are associated with late Tertiary sediments that are potential hosts for sediment hosted uranium mineralisation.

Malawi is bounded by Zambia to the west, Tanzania to the north and northeast, and Mozambique to the east and south. Its capital city is Lilongwe. Malawi is elongate, with a north-south length of about 850km and an east-west width of about 150km. Lake Malawi, in the northeast of the country, is one of the major lakes of the African Rift Valley (Figure 1). The country's area is about half that of the Australian state of Victoria's and its population, at approximately 13 million, is about double. A significant proportion of the population comprises subsistence farmers for whom maize is the main crop.

Malawi is considered to have undergone positive social and political transformation in recent years and the government appears to be committed to the development of mining, including that of uranium. Evidence of this is the grant of a Mining Licence to Paladin Energy Limited ("Paladin") for its Kayelekera Uranium Project in the north of the country.

Malawi - Geology and Uranium Mineralisation

The geology of Malawi comprises five main groups of rocks (Figure 3), which are, from oldest to youngest:

- Gneisses and granulites of the Proterozoic Malawi Basement Complex that is present over the majority of the country.
- Lower Palaeozoic to Neoproterozoic intrusives; predominantly granitoids and syenites
- Permian – Triassic Karoo System clastic sediments that occupy fault troughs in the north and south
- Mesozoic alkaline intrusives associated with Rift Valley volcanism in the south and central areas
- Cainozoic sediments; especially in the south and bordering Lake Malawi

Uranium mineralisation within Malawi is known to occur in two styles: roll-front and vein.

Paladin's Kayelekera Deposit is of the roll-front style and occurs within Karoo System sandstones in the far north of the country. The source of the uranium is assumed to be older crystalline rocks. Another Australian exploration company, Globe Uranium Limited ("Globe"), has also discovered roll-front style mineralisation within the Karoo System sandstones in northern Malawi. Karoo sandstones have not been identified in the RSL project areas, but the Chintheche Project does contain younger sediments that overlie Basement Complex rocks. These sediments, and any older sediments that may be present beneath them, are prospective for sediment hosted uranium mineralisation.

Globe has also located vein-style uranium mineralisation within the basement at Kanyika, in the central area of Malawi. The mineralisation is present in multiple zones within a steeply dipping elongate alkalic granitoid intrusion into gneisses. The uranium is associated with niobium, tantalum, and zirconium. Both of RSL's projects are prospective for similar mineralisation.

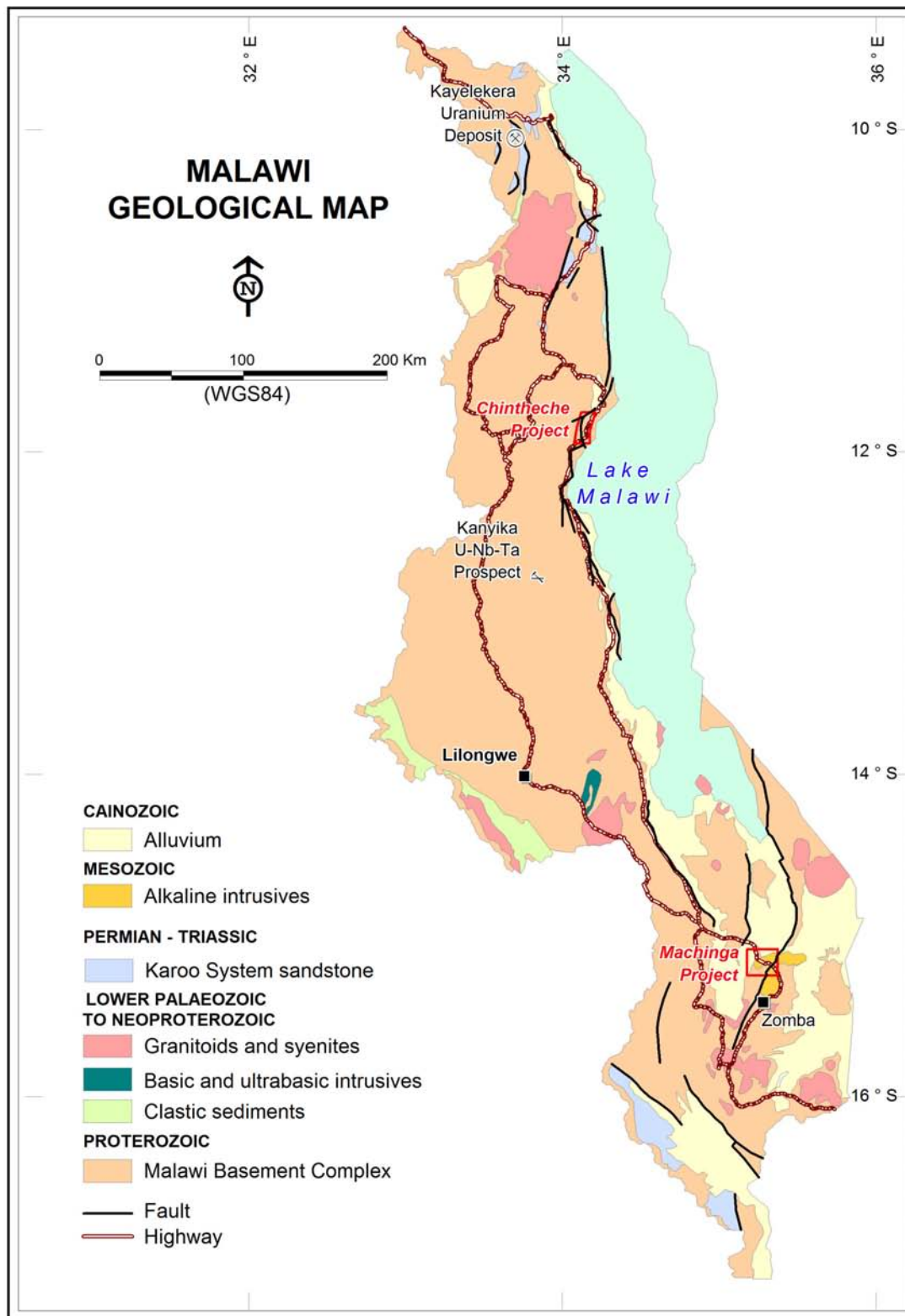


Figure 3 Malawi – Geological map

MACHINGA PROJECT

Introduction

The Machinga Project covers an area in southern Malawi that contains two major alkaline complexes that intrude basement rocks. The intrusive complexes form forested hills that rise

above cleared farmed plains (Figure 4). The Zomba Plateau, immediately to the south of the project area, is about 1800m above the plain. The area was applied for to cover uranium channel radiometric anomalies that were located by a country-wide airborne survey carried out in the 1980s.

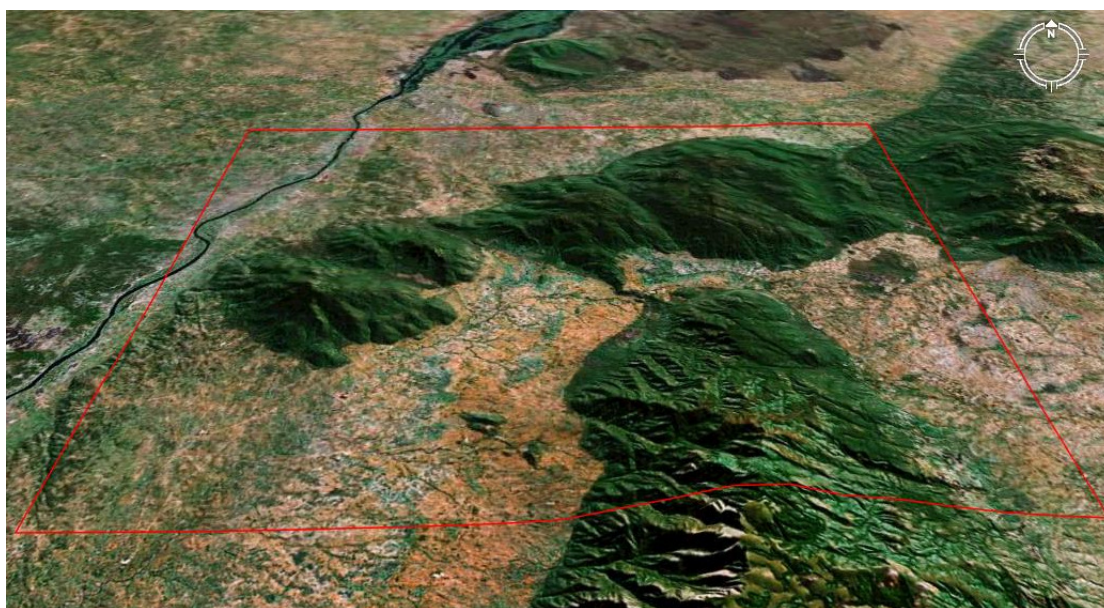


Figure 4 Machinga project area – 3D view

Tenements and Agreements

The Machinga Project comprises an Exclusive Prospecting Licence (“EPL”) granted to Eastbourne Exploration Pty Ltd (“Eastbourne”) on 12 December 2007. Eastbourne is a wholly owned subsidiary of RSL. The EPL, 0230-07, has an area of 378km² and provides exclusive rights explore for uranium for a term of three years. Licences can be renewed for reduced areas for two further periods, if it can be demonstrated that the proposed work programme has been undertaken. Additional minerals can be added at the time of application for a Development Agreement. Details of conditions are given elsewhere in this Prospectus, in the Solicitor’s report on Malawi Licences.

Location and Access

The project area is situated in the south of Malawi between the country’s new and old capitals Lilongwe and Zomba (populations 400,000 and 100,000 respectively). The country’s main north-south highway, which connects the two cities, passes through the project area. By road, Lilongwe is about 240km northwest of the project area. Zomba is about 20km to its south. Numerous tracks cover the farmland areas. The forested uplands are within forestry reserves, within which access is by forestry tracks. The licence conditions allow exploration within the reserves.

Geological Setting

Topographically and geologically the area is dominated by rocks of the Mesozoic Chilwa Alkaline Province, which consists of a number of granite, syenite, and nepheline-syenite plutons associated with volcanic vents infilled with carbonatite and agglomerate. The alkaline plutons intrude rocks of the Malawi Basement Complex, as does a very varied suite of minor intrusions, usually dykes, particularly in the vicinity of the plutons’ margins. There are also minor hydrothermal rocks. The plutonic phase occurred in the Jurassic and the

carbonatite volcanic activity about 15My later during the Lower Cretaceous. Figure 5 is a geological map of the project area.

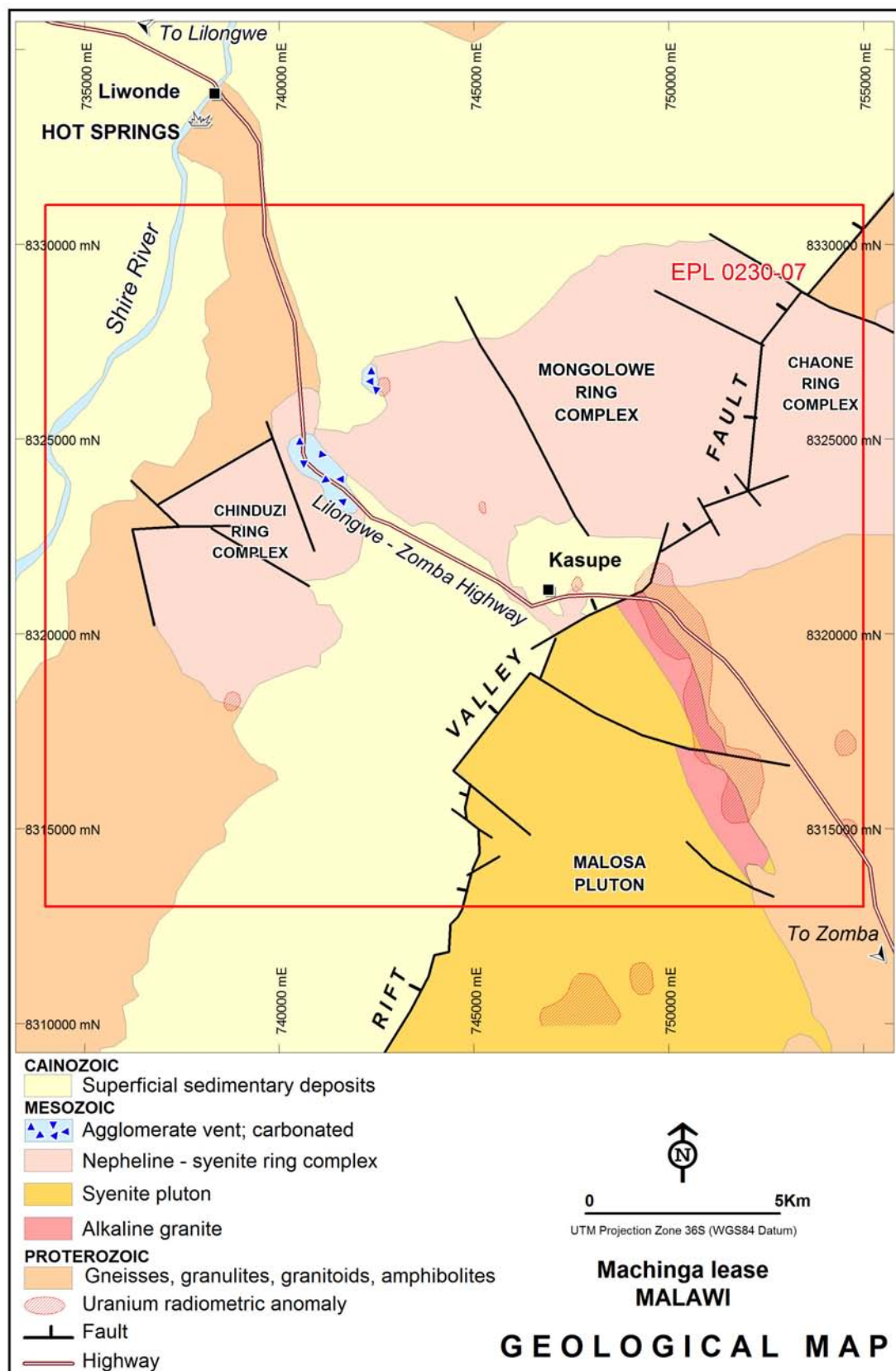


Figure 5 Machinga Project – Geological map

Project Geology

The project area contains four alkaline plutons, three of which, the Chinduzi, Mongolowe, and Chaone ring-complexes are of nepheline-syenite and occur in an east-west string across the north of the project area. They are between 5km and 10km in diameter and their emplacement is thought to be associated with cauldron subsidence. At their highest points they are about 500m above the surrounding plain. Agglomerate vents are present near the northwest margin of the Mongolowe ring-complex and the northeast margin of the Chinduzi complex. Strong carbonate alteration is associated with the vents. The fourth and larger southern Malosa Pluton forms the northern portion of the Zomba-Malosa Massif that reaches a height of about 1000m above the plain. It is composed of a heterogeneous mixture of syenitic and granitic rocks.

The plutons intrude gneisses and charnockitic granulites of the Proterozoic Basement Complex, within which semi-pelitic rocks are dominant. Other rock types include psammitic and pelitic gneisses, marble, calc-silicates, amphibolites, and minor anorthositic gneiss. Litic gneisses, secretion pegmatites, and boudinage are common within the basement with migmatization present locally. The gneisses are folded isoclinally along northwest to northeast axes and dips are moderate to high.

The northeast trending Rift Valley Fault, which in the Malawi region is the eastern edge of the rift valley, passes through the project area and forms the western margin of the Malosa Pluton.

Broad alluvial plains cover sections in the north, northwest, and central south of the project area.

Previous Exploration

In 1955 a radiometric anomaly was located with a car-borne ratemeter about three kilometres southeast of Kasupe on the old Zomba-Liwonde road. Investigation of the locality was carried out by the American Smelting and Refining Company ("ASARCO") and the Atomic Energy Division of the Geological Survey of Great Britain. Exploration was by a car-mounted scintillometer, an airborne scintillometer, geological mapping, trenching, shallow drilling, and diamond drilling. Radiometric anomalies were found within the basement gneisses associated with outcrops of fine-grained epidotized rock, its pegmatitic equivalents, and an alkaline granite ring-dyke peripheral to the Malosa Pluton. The work concentrated on three outcropping pegmatites that were of the order of one to two metres thick. The two diamond drill holes intersected radioactive granitic and pegmatitic veins up to 2.5m in thickness. The veins contained the thorium silicate mineral thorite and uraniferous pyrochlore. Downhole radiometric analyses gave maximum values of 700eppm U_3O_8 and 3000eppm ThO_2 .

During 1986 an airborne magnetic and radiometric survey was carried out over selected 1:100,000 sheet areas that comprised over half of the total area of Malawi. The survey was carried out by Hunting Geology and Geophysics Limited and interpreted by the Canadian geophysical company Paterson, Grant & Watson Limited ("PGW") for an UN-sponsored Development Program ("UNDP"). The survey was flown with east-west lines, line separation of 1.0km, terrain clearance of 120m, and a radiometric sampling rate of approximately 70m. The survey located a number of uranium channel radiometric anomalies within the Zomba region, including one with a peak value of about ten times background and a length of seven kilometres that is coincident with the eastern margin of the Malosa Pluton. RSL's Machinga

licence application was made to cover the group of anomalies (Figure 6). The northern anomaly is coincident with a volcanic vent containing carbonated agglomerate.

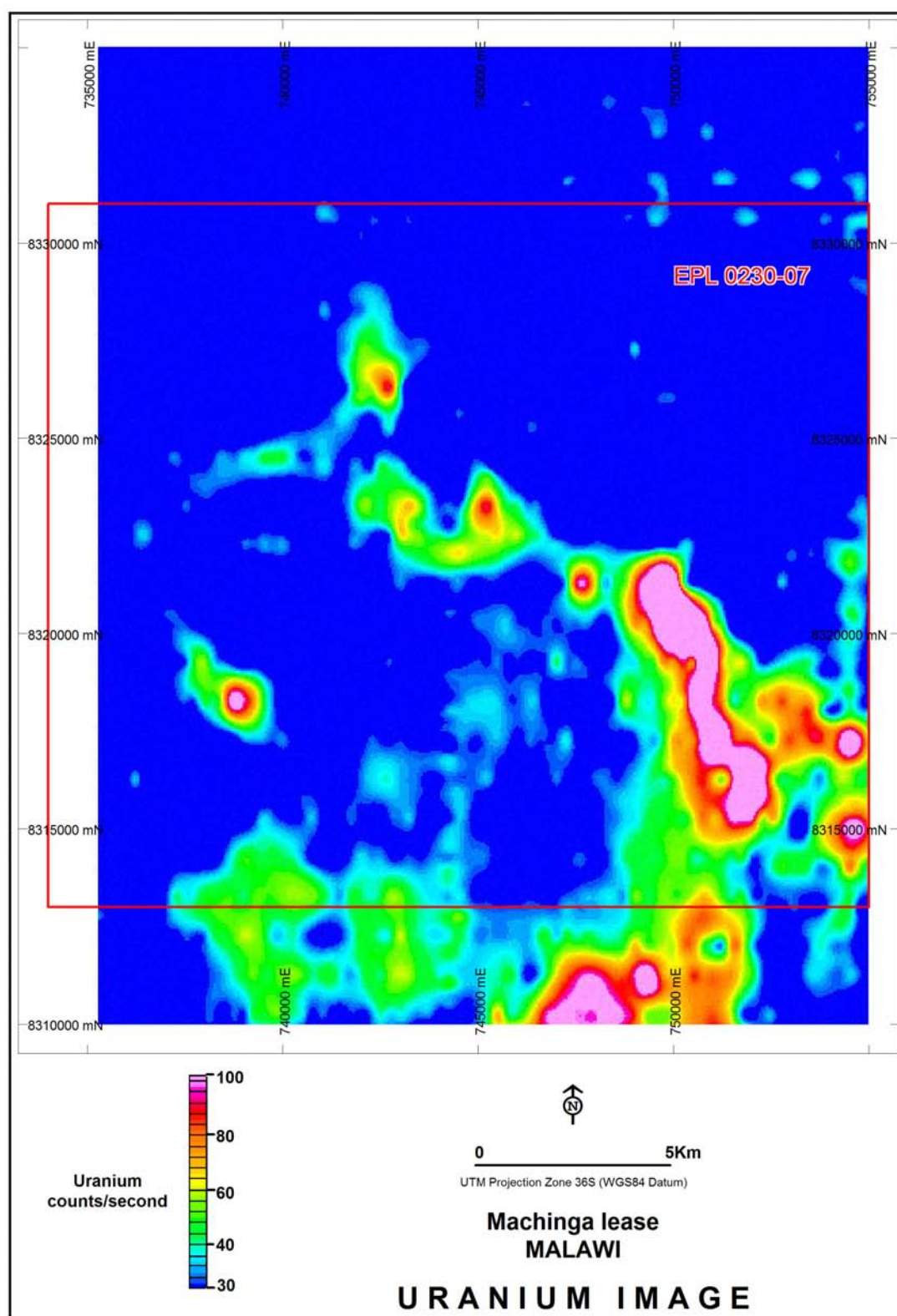


Figure 6 Machinga Project – Uranium channel radiometric image

Exploration

RSL's consultant geophysicist, Integrated Geophysical Solutions ("IGS"), has examined the radiometric data from the Machinga project area. IGS reports that, for the largest north-south trending anomaly, the thorium peak is offset to the east from the uranium peak. This offset may indicate fractionation within the host rocks. The radiometric anomalies appear to be associated with the margins of syenitic intrusive complexes and fractionation within these rocks may have resulted in concentrations of other elements including niobium and tantalum.

RSL has carried out two scintillometer traverses across the northern part of the main north-south anomaly. The traverses confirmed the presence of a broad radiometric anomaly with a width of over one kilometre. There was little outcrop along the traverses, with the exception of pegmatites, the outcrop of which coincided with spikes in the radiometric response, the highest of which was in the order of ten times background.

Exploration Potential

The identified uranium anomalies within the project area are spatially related to the margins of the Malosa, Chinouzi, and Mongolowe syenitic/alkaline intrusive complexes. These contact zones have the potential to contain significant concentrations not only of uranium, but also of other elements including tantalum, niobium, and rare earth elements ("REE"). Such mineralisation is known to be present in Malawi.

Globe Uranium Limited ("Globe") is exploring an alkalic granitoid intrusive within its Kanyika Project about 300km to the north. Globe has reported that it contains multiple zones of uranium-niobium-tantalum mineralisation. The prospect was identified from a uranium anomaly located during the country-wide airborne radiometric survey.

In the far north-west of the country, at Ilomba Hill, uraniferous pyrochlore occurs within veins associated with a syenite ring complex intruded into basement gneisses. Rock samples from the veins taken in the late 1950s returned analyses up to 2.15% U_3O_8 and 7.5% Nb_2O_5 .

The potential is also present for other types of mineralisation within the project area. Carbonatite volcanics associated with the intrusive complexes are prospective for REE and for phosphate. The Basement Complex is prospective for gold and base metals. Interpretation of the aeromagnetic data may indicate structures that could be associated with gold mineralisation.

Proposed Exploration

RSL's proposed exploration programme within 2008 and 2009 is to carry out:

- Detailed geological mapping accompanied by scintillometer and XRF traverses of the areas of the radiometric anomalies;
- Soil geochemical surveys, trenching, and rock chip sampling over priority areas;
- The acquisition of detailed magnetic data over the areas of the radiometric anomalies;
- Evaluate the anomalies, identify and prioritise targets, and commence staged drill programmes into them.

CRM is of the opinion that the radiometric anomalies should be explored systematically and that this proposed programme follows a logical and sensible progression.

In addition, RSL intends to initiate exploration within the tenement to identify other target areas for follow up investigation. CRM has recommended that first pass exploration of the

alkaline ring complexes be by stream sediment geochemistry including the collection of heavy mineral concentrates and analysis for a range of elements including Nb, Ta, REE, and P.

CHINTHECHE PROJECT

Introduction

The Chintheche project area was applied for to cover a number of uranium channel radiometric anomalies identified by PGW from the 1986 radiometric survey. The anomalies are over both Basement Complex rocks and over younger clastic sediments that sit above and marginal to them. The younger sediments are prospective for roll front style uranium mineralisation and the basement rocks for vein style U-Nb-Ta-REE mineralisation.

Tenements and Agreements

The Chintheche Project comprises EPL 0219-07, which has an area of 210.9km² and which was granted to Red Rock Resources plc (“Red Rock”) on 27 June 2007. The licence has since been transferred to RSL. The conditions of the EPL are similar to those of the Machinga EPL.

Location and Access

The project is situated immediately to the west of Lake Malawi about 240km north of Lilongwe (see Figure 1). It has a north-south length of about 20km and an east-west width of about 10km. The eastern section of the tenement is flat and covered with small farms. The western section has two north-south lines of hills that rise up to 300m above the plain. Subsistence farming within this section is less intense, but a network of tracks is present.

Geological Setting

The tenement is situated within the Great African Rift Valley immediately to the west of Lake Malawi. It is underlain by Malawi Basement Complex rocks that, in the east of the tenement, are covered by the late-Tertiary Timbiri Beds and Recent alluvium. Figure 7 is a geological map of the project area.



Figure 7 Chintheche Project – Geological Map

Project Geology

The Basement Complex within the project area predominantly comprises biotite gneiss, garnetiferous biotite gneiss, and micaceous phyllonite, with minor quartzite and quartz schist. Both the stratigraphy and the metamorphic foliation strike, in general, east-west.

The Timbiri Beds consist of clays, grits, and conglomerates that infill an uneven, eroded, weathered basement surface. They cover the lakeshore plain around Chintheche and the bases of the valleys further inland. The variation of topography above the level of the beds indicates that they may, in places, have significant thickness.

The lake shore deposits in the south of the tenement to the southwest of Bandawe Point, although mapped as Timbiri Beds, appear to be part of a shore-parallel dune system that extends about a kilometre inland from the coast.

The geomorphology of the area is controlled by a number of faults that are related to the rift valley and along which movement has taken place both in the Mesozoic and Tertiary. The fault system may have produced small-scale grabens that have been infilled with sediments and that are now concealed by the Timbiri Beds and the more recent alluvial deposits.

Previous Exploration

Apart from regional geochemical and airborne geophysical surveys, no previous exploration is known within the project area.

The entire country was covered by a regional stream sediment geochemical survey in the 1960s. Samples were collected at an average spacing of one per square kilometre. No significant results were highlighted within the Chintheche project area.

The area was included as part of the 1986 UNDP aeromagnetic and radiometric survey, PGW's interpretation of which highlighted a number of uranium channel radiometric anomalies (Figure 8). The stronger anomalies are either within the Timbiri Beds or close to their margin, where they lap onto the topographically higher basement rocks (see Figure 7). IGS has indicated that the stronger anomalies are of the order of four times background.

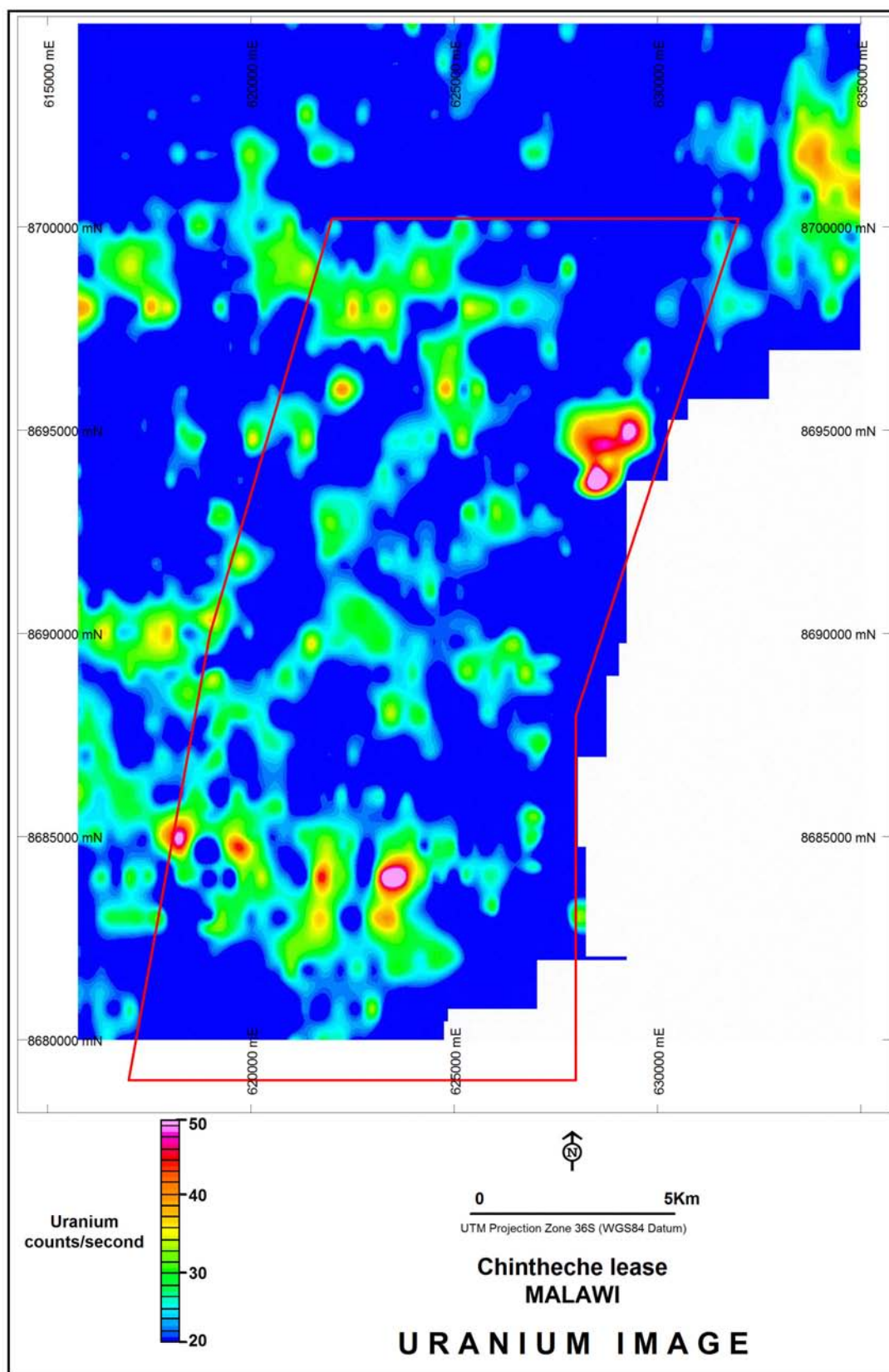


Figure 8 Chintheche Project – Uranium channel radiometric image

Exploration Potential

The prime exploration potential within the Chintheche Project is for the discovery of sediment hosted uranium mineralisation within the Timbiri Beds. Although the uranium channel anomalies associated with the sediments may indicate the location of mineralisation, their main significance is that they indicate that uranium is present within the unit. The radiation observed during airborne or surface radiometric surveys originates in the top few centimetres of material and even large deposits of high-grade mineralisation cannot be located through metres or tens of metres of rock or unconsolidated cover as radiation cannot penetrate such a distance.

The lower level anomalies over the basement rocks probably indicate that some mineralisation is present within the sequence. It is, however, possible that vein-style mineralisation is present within the basement, which should, as a lower priority, be investigated for such occurrences and for other minerals including base and precious metals and Nb-Ta-REE. Western Metals Limited has recently discovered uranium mineralisation in biotite-quartz-feldspar gneiss within the Proterozoic basement of southern Tanzania, about 200km east of Chintheche. The uranium is within the mineral pyrochlore that is disseminated within the biotite-rich gneissic bands.

The long-shore dunes in the south of the tenement should be investigated for concentrations of heavy minerals, including ilmenite, zircon, monazite, and rutile, which are present in lake shore deposits to the south. It should be noted, however, that the licence is to prospect for uranium.

Proposed Exploration

RSL's proposed exploration is a similar staged programme to that proposed for its Machinga Project. It intends to initially concentrate on exploration of the Timbiri Beds for sediment hosted uranium mineralisation. Further exploration will be dependent upon earlier results.

NORTHERN TERRITORY PROJECTS

RSL has six projects within Australia's Northern Territory. All are situated within a few tens of kilometres of the main north-south Stuart Highway and are within 300km of Darwin (Figures 2 and 9). They are within, or marginal to, the Paleoproterozoic Pine Creek Geosyncline that is richly endowed with uranium, polymetallic, gold, and iron deposits.

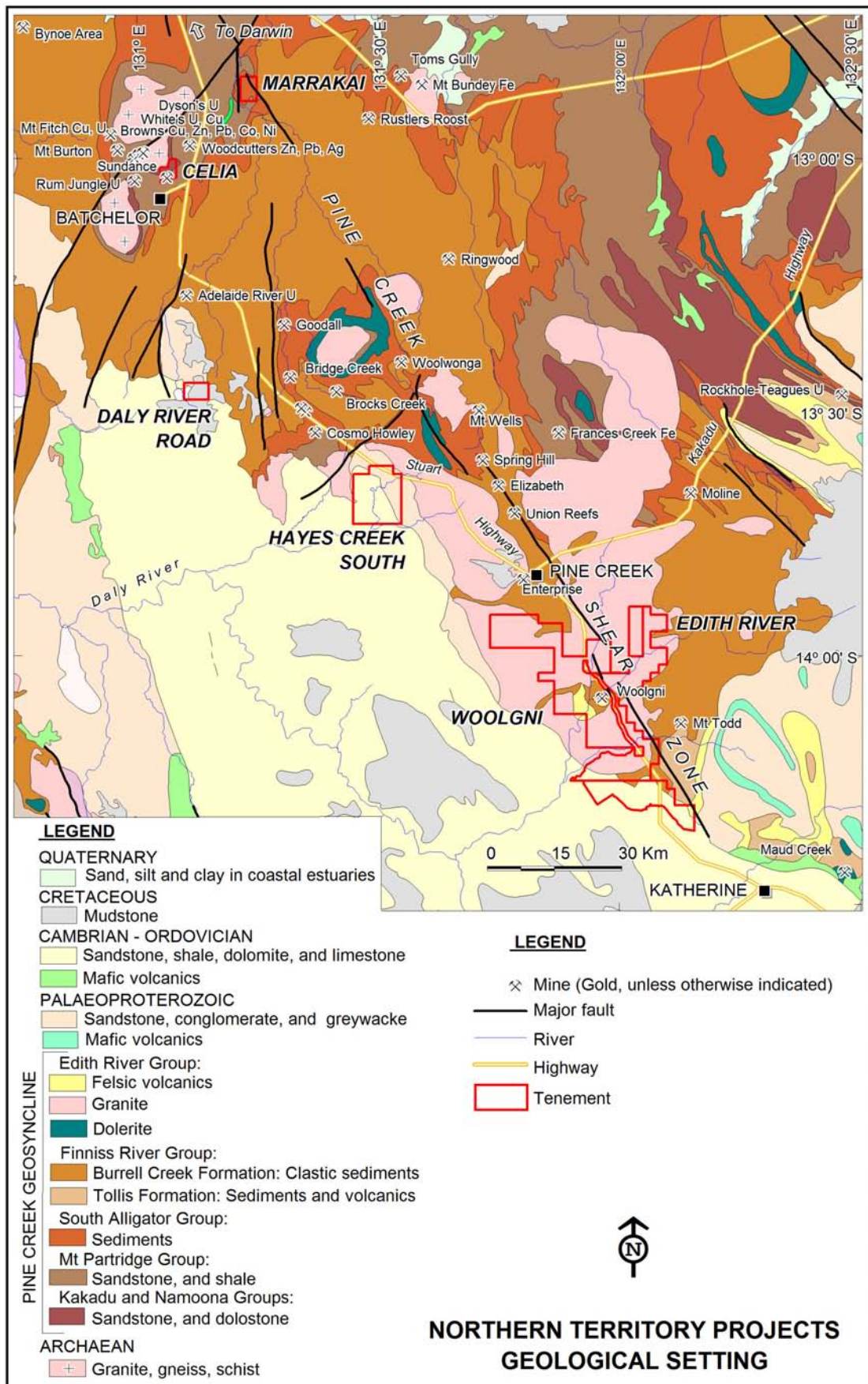


Figure 9 Northern Territory Projects – Geological Setting

The Pine Creek Geosyncline consists of Paleoproterozoic metasedimentary rocks that overly a gneissic and granitic Archaean basement. The geosynclinal sequence is intruded by granitic plutons that are also of Paleoproterozoic age. The basement outcrops in two domes in the northwest of the region near the town of Batchelor. Uranium and polymetallic mineralisation is present within the Paleoproterozoic sediments in the vicinity of the domes, associated with major faults and shears. Dormant mines and deposits under development or exploration in the area include Woodcutters (Zn,Pb, Ag), Rum Jungle and Dysons (U), Whites and Mt Fitch (Cu, U), and Browns (Cu, Zn, Pb, Co, Ni).

The major Alligator Rivers Uranium Field that includes the Ranger, Ngarbarlek, and Jabiluka deposits is in the northeast of the Pine Creek Inlier. The smaller deposits of the South Alligator Valley Mineral Field are situated to the northeast of Pine Creek.

Iron ore mining has also taken place at Mt Bundey in the north of the geosyncline and is currently occurring at Frances Creek, in its central portion.

A regional north-northwest trending shear zone, the Pine Creek Shear, passes through RSL's Edith River and Marrakai project areas (Figure 9). The shear zone contains a number of sub-parallel faults present within corridor that has a width of up to 5km. It postdates the granitic intrusions and is considered to have been a major locus for the passage of gold-bearing fluids. It is spatially related to a number of major gold deposits. The pre-mining resources of the larger gold deposits within the region are summarised in Table 2.

Table 2 Pre-mining resources of major Pine Creek Geosyncline gold deposits

Deposit	Mt	Au (g/t)	Gold (Moz)
Mount Todd	194	1.0	6.4
Union Reefs	23	1.9	1.4
Brocks Creek	18	1.7	1.0
Maud Creek	11	3.0	1.0
Cosmo Howley	9.6	3.0	0.94
Enterprise	8.8	2.7	0.76
Woolwonga	5	3	0.5

The Pine Creek Geosyncline was folded and regionally metamorphosed to the chlorite facies between 1,870 and 1,900Ma. Two major phases of deformation pre-date the granitoid intrusions. The first phase produced bedding-concordant fabrics and breccia zones. The second phase produced north to northwest trending folds that vary from open and upright to overturned and isoclinal. The folding was accompanied by the development of a penetrative axial plane slaty cleavage. Gold mineralisation occurs in two main structural settings; in quartz vein sets that are parallel or sub-parallel to the axial plane cleavage, and in bedding parallel saddle reef position quartz veins. Many of the deposits are located on anticlinal crests. Stockwork, fault related, and stratiform gold mineralisation are also present in the region.

EDITH RIVER PROJECT

Introduction

The Edith River Project consists of three contiguous Exploration Licences (“ELs”) that cover almost 400km², approximately 230km south of Darwin, between Pine Creek and Katherine in the Northern Territory (Figure 2). The tenements are situated at the southern end of the Pine Creek Geosyncline, in the vicinity of the Pine Creek Shear. The project includes a number of uranium prospects.

Tenements and Agreements

The Edith River Project comprises three contiguous ELs. One, EL23568, is held by Orion Exploration Pty Ltd (Orion) and the other two by Eastbourne Exploration Pty Ltd (“Eastbourne”). Eastbourne and Orion are wholly owned subsidiaries of RSL. Tenement details are summarised in Table 3.

Table 3 Edith River Project - Tenement summary

Tenement	Area (km²)	Holder	Beneficial Holder	Grant Date	Term (years)	Annual Commitment
EL23568	228.8	Orion	RSL	17/06/2003	6	\$35,000
EL26219	124.2	Eastbourne	RSL	16/11/2007	6	\$50,000
EL26220	34.3	Eastbourne	RSL	16/11/2007	6	\$40,000
Totals	387.3					\$125,000

Portions of the project area are the subject of two native title claims, details of which are given elsewhere in this Prospectus.

Location and Access

The Edith River Project is located either side of the sealed Stuart Highway and the adjacent Alice Springs to Darwin railway. Its northern boundary is approximately 20km southeast of the town of Pine Creek, it has a north-south extent of approximately 50km, and its southern boundary is approximately 20km northwest of the town of Katherine. Access within the project area is mostly by pastoral tracks.

Geological Setting

RSL’s Edith River Project is at the southern end of the Pine Creek Geosyncline (Figures 9 and 10). Its northern and central sections are within the granitic Cullen Batholith, its southeastern section contains areas of Burrell Creek Formation and of volcanics, and its southwestern section is covered by Cambrian-Ordovician and Cretaceous sediments, which are in turn largely overlain by Cainozoic cover. The Mount Todd gold mine, which had a pre-mining

resource of 194Mt @ 1.0 g/t Au for 6.4Moz of gold, is a few kilometres to the east of the project area within the Burrell Creek Formation.

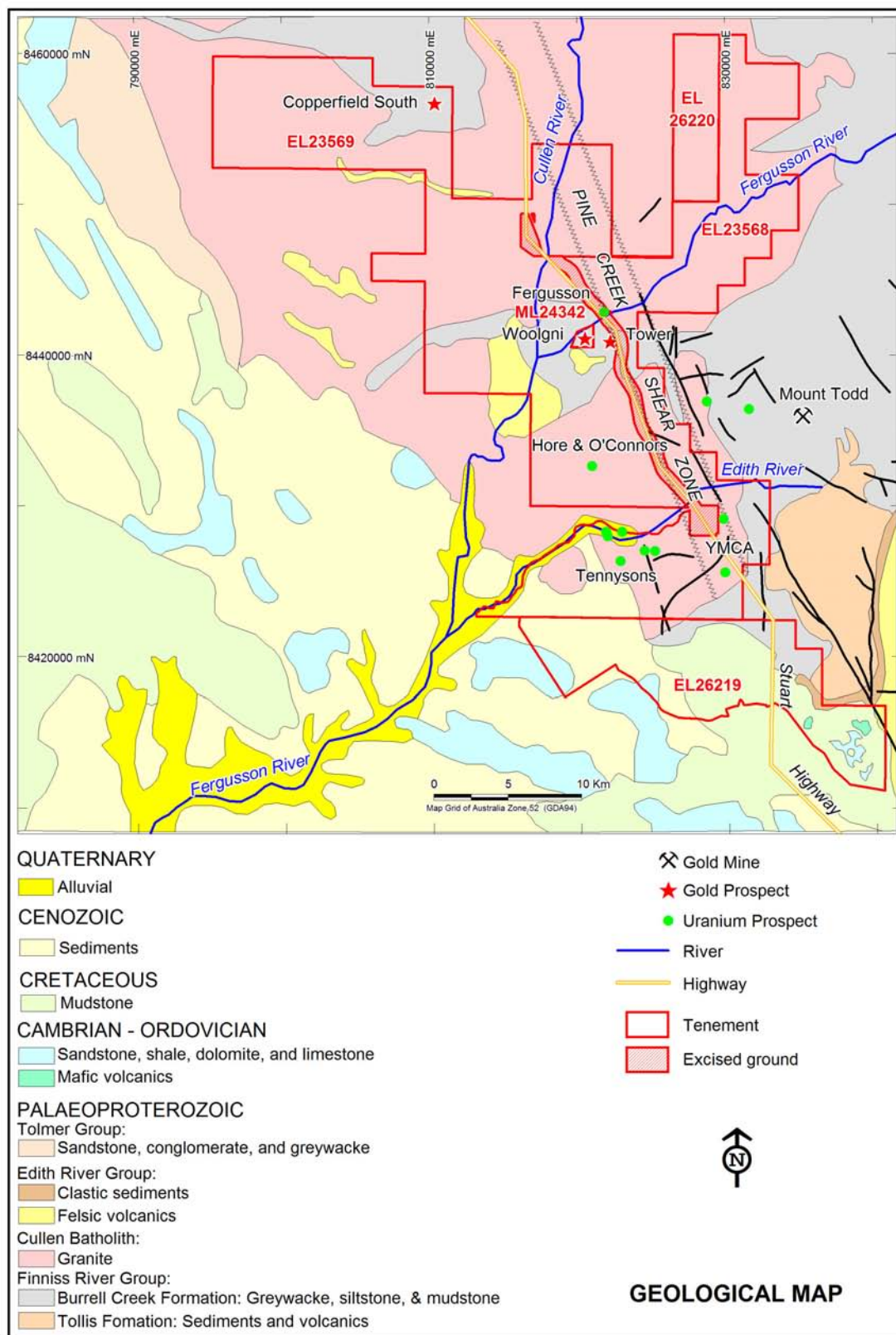


Figure 10 Edith River and Woolgni Projects - Geological map

Project Geology and Mineralisation

The Edith River project area is dominated by the southern portion of the Cullen Batholith. The granite is intrusive into metamorphosed shale, siltstone, and greywacke of the Burrell Creek Formation, portions of which are present to the south of the Fergusson River in the central portion of the tenement. The formation also covers portions of the southeast of the project area. Small areas of Cambrian basalt and of Paleoproterozoic Edith River Group felsic volcanics are present within the eastern corner of EL26219 in the far south of the project. Paleozoic sediments occupy the southwest portion of the area. From younger to older (top to bottom) they are:

- Quaternary alluvium
- Cainozoic sand
- Lateritised Cretaceous mudstone and shale
- Ordovician and Cambrian to Ordovician sandstone, shale, and dolostone
- Cambrian limestone and shale

The project is at the southern end of the north-northwest trending Pine Creek Shear Zone and the granite within the project area contains a number of shears that have a similar north-northwest orientation. These shears are associated with occurrences of uranium mineralisation, to the south of the Edith River, that were discovered by prospectors in 1952. Occurrences to the east of the Stuart Highway were named the YMCA Prospects and six occurrences to the west were named the Tennyson's Prospects. Three shafts were sunk to between 10m and 30m in depth into the YMCA Prospects and another shaft was sunk about 16km to the north-northwest at the Fergusson River Prospect.

The mineralisation is within steeply dipping north-northwest trending shear zones that are up to 100m in width and contain en-echelon quartz veining. The granite within the shear zones is greisenised and the quartz is locally brecciated and cemented by a brown apatite-haematite assemblage. The observed uranium minerals were autunite and torbernite.

Previous Exploration

The YMCA and Tennyson's Prospects were explored by the Bureau of Mineral Resources ("BMR") during 1952-1954. The shafts at the YMCA Prospects were sunk on breccias that were interpreted to occur at the intersection of shears and cross-fractures. Two diamond drill holes were completed by the BMR into each of two of the YMCA Prospects, for a total length of 315m. The best intersections, as measured by a downhole radiometric logging tool, were 1.5m @ 1000ppm U_3O_8 at one prospect and 1m @ 1000ppm U_3O_8 at the other.

Current Exploration

During 2006 Orion carried out a rock chip sampling programme over the Fergusson River U Prospect. An altered metasediment from within a small shaft at the site contained 2.7% Cu, 0.5g/t Au, and 158ppm U.

Samples of altered and sheared granite from the area of the YMCA Prospects were submitted to Roger Townend and Associates ("Townend") for petrological examination. Townend reported that indications of hydrothermal alteration associated with possible uranium mineralisation were fine iron oxide (possibly haematite), sericite, and monazite containing above average contents of uranium and thorium. He, however, noted that the low chlorite content was a negative feature.

Exploration Potential

The Cullen Batholith contains a number of shears, up to 100m in width. Alteration within the shear zones includes iron oxide and uranium minerals. Other shears in the region contain gold mineralisation.

In the southeast of the project area, the Burrell Creek Formation comprises the southern-most portion of the Pine Creek Geosyncline, which, to the north, hosts numerous gold deposits. It is worthy of systematic exploration for gold mineralisation.

Proposed Exploration

RSL proposes to systematically explore the shear zones within the Cullen Batholith for uranium and gold mineralisation. CRM recommends that initial exploration should be by the identification of zones of alteration. As good outcrop and only skeletal soil development is present over most of the prospective area, the application of spectral imagery should enable this to be done efficiently. The areas of alteration identified should be mapped in detail and surveyed with soil geochemistry and detailed ground radiometrics. Targets identified from these surveys should then be drill-tested.

Exploration of the Burrell Creek Formation for gold should initially be by compilation of all past exploration within that section of the project area, with particular attention being given to the assembly of a levelled geochemical database.

Exploration during the second year will be dependent upon earlier results.

WOOLGNI PROJECT

Introduction

The Woolgni Project consists of one EL that covers over 352km². The historical Woolgni Goldfield is within the project area, which is approximately 200km south of Darwin in the Northern Territory (Figure 2). The tenements are situated near the southern extent of the Pine Creek Geosyncline, in the vicinity of the Pine Creek Shear. The Hore and O'Connors uranium occurrence is present within the project area, which also includes three gold prospects: the Woolgni Goldfield, the Tower Prospect, and the Copperfield South Prospect. The Tower Prospect has never been drill-tested. Within it, gold mineralisation was uncovered in three trenches over a strike length of 600m; however the known mineralisation is marginal to an excised portion of the tenement.

Tenements and Agreements

The Woolgni Project comprises one EL, 23569, held by Orion Exploration Pty Ltd (Orion), within which Tennant Creek Gold (NT) Pty Ltd ("TCG") has applied for a Mineral Lease, MLA24342, over that part of the area of the EL that contains the historical Woolgni gold workings. An agreement is in place whereby TCG will transfer its rights to Orion after the grant of the lease. Tenement details are summarised in Table 4.

Table 4 Woolgni Project - Tenement summary

Tenement	Area	Holder	Beneficial	Grant	Term	Annual
	(km²)		Holder	Date	(years)	Commitment

EL23569	352	Orion	RSL	17/06/03	6	A\$70,000
MLA24342	1.63	TCG	RSL	Application	25	NA
Totals					352*	A\$70,000

* MLA24342 is over a portion of EL23569

The historical workings within the mining lease application are subject to a proposed Heritage Place Overlay, which RSL has requested not be granted. The location of the proposed overlay is shown on Figure 11.

Portions of the project area are the subject of four native title claims, details of which are given elsewhere in this Prospectus.

Location and Access

The Woolgni Project is located immediately to the west of the sealed Stuart Highway and the adjacent Alice Springs to Darwin railway. Its northern boundary is approximately 10km south of the town of Pine Creek, it has a north-south extent of approximately 50km, and its southern boundary is approximately 40km north of the town of Katherine. Access within the project area is mostly by pastoral tracks. The historical Woolgni gold workings are a few kilometres to the west of the highway and just to the south of the Fergusson River.

Geological Setting

RSL's Woolgni Project covers parts of the granitic Paleoproterozoic Cullen Batholith and areas of Burrell Creek Formation, that occur to the north of the batholith and as a large pendant within it in the vicinity of the Fergusson River (Figure 9).

Project Geology

The Woolgni project area is dominated by the southern portion of the Cullen Batholith (Figure 10). The granite is intrusive into metamorphosed shale, siltstone, and greywacke of the Burrell Creek Formation, pendants of which crop out in the north, centre-east, and southeast of the tenement area. The granite and the metasediments are overlain by an outlier of felsic volcanics of the Palaeoproterozoic Edith River Group in the centre-east.

Mineralisation

A vein-type uranium occurrence is present within the granite in the south of the project area. The occurrence, Hore and O'Connors, is similar to those to the south and southeast within RSL's Edith River Project. The oxide zone uranium minerals metaautunite and torbernite occur associated with quartz and minor apatite, fluorite, and haematite. The vein is within a silicified and greisenised north-northwest striking shear zone.

Significant gold mineralisation is present at Woolgni, where two mineralised zones are present, each approximately 400m in length. The mineralisation is within pyritic quartz veins in silicified greywacke of the Burrell Creek Formation. The larger veins are of sub-economic grade over most of their lengths, but contain pods or shoots of higher grade material. The mineralised zones occur in two south dipping arcs and have been interpreted to be saddle reefs around the nose of a south-southeast plunging anticline (Figure 11).

Historical Mining

Alluvial gold mining commenced at Woolgni in 1897. Hard rock mining of rich quartz reefs followed with two adits and a number of shafts being dug. Total production from the field is recorded as 3,840oz of gold, with the last production in 1905. Mining was concentrated on two lines of workings: Woolgni West and Woolgni East (Figure 11). A quantity of ore grading 3oz/ton was reported to have been obtained from the western lode, which had a width of 1.5m.

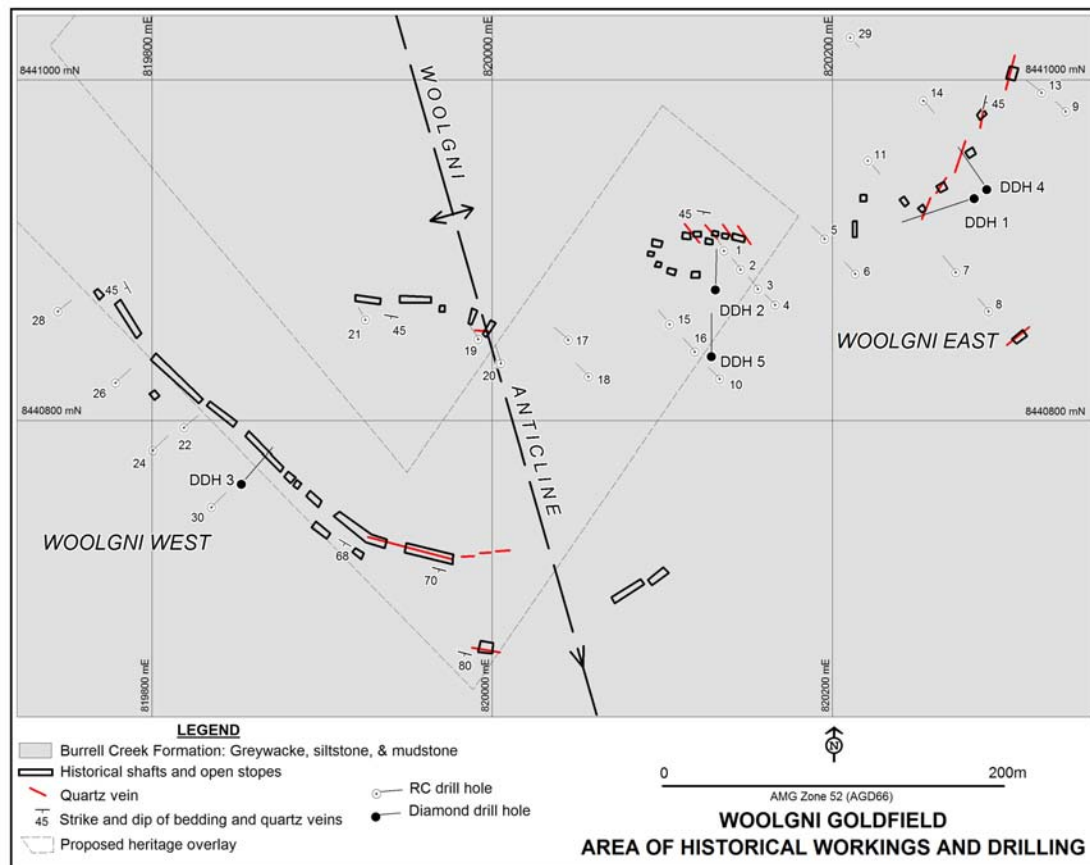


Figure 11 Woolgni Goldfield – Area of historical workings and drilling

Previous Exploration

Woolgni Goldfield

The Woolgni Goldfield was explored by Zapopan NL (Zapopan) and its joint venture partners between 1987 and 1990. Initial exploration included the drilling of five diamond holes totalling 263m. The holes were drilled immediately under old mine workings. All holes intersected gold mineralisation, with the best results being 8.3m @ 3.0g/t from 20.1m and 1.1m @ 47g/t Au from 33m in the same hole; and 1m @ 9.4g/t from 29m. Zapopan also carried out a soil and rock chip sampling programme to the north across the Fergusson River.

The second programme, during 1988, included detailed mapping of the area of historical workings, and the excavation and systematic channel sampling of 17 costeans for a total length of 1,050m. The costeans were dug across the quartz lodes. Mineralisation of a minimum grade of 0.5g/t Au occupied a total width of 128m within the 17 costeans.

Significant intersections included 10.7m @ 4.4g/t, 8.5m @ 2.0g/t, 4.3m @ 5.2g/t, and 1.6m @ 7.0g/t Au.

A RC drilling programme of 26 holes for 1,791m was also carried out. Drill intersections with a minimum grade of 0.5g/t Au totalled 152m from the 26 holes. Significant intersections from the two drill programmes are summarised in Table 5 and the drill-hole locations are shown on Figure 11. The drilling intersected multiple zones of mineralisation, not all of which were associated with quartz veining.

Table 5 Woolgni Prospect – Significant drill intersections

Hole ID	Drill Type	From (m)	Intersection (m)	Grade (g/t Au)
2	Diamond	20.1	8.3	3.0
		and 33	1.1	47.0
4	Diamond	29	1	9.4
FR3	RC	25	1	7.0
		and 60	2	3.8
		and 95	5	1.5*
FR5	RC	18	9	1.7
FR10	RC	60	1	10.1
FR11	RC	24	4	7.8
FR13	RC	23	2	3.5
FR15	RC	32	6	1.3
FR16	RC	57	11	4.0
FR20	RC	72	2	11.2*

* Hole finished in mineralisation

During 1989 and 1990 exploration was restricted to rock chip sampling over areas of the Burrell Creek Formation away from the main area of workings. No significant results were obtained.

Tower Prospect

In 1988, Hilltop Enterprises Pty Ltd (Hilltop) conducted a reconnaissance geochemical survey over the area to the east of the Woolgni workings, targeting outcropping siltstones and greywackes of the Burrell Creek Formation. Three areas showed anomalous gold values. The most significant of these, immediately to the west of the Stuart Highway and east of a telecommunications tower, was named the Tower Prospect. Three samples, collected about

300m apart on a north-northwest line assayed 17.3g/t, 0.5g/t, and 1.1g/t Au. The samples were of gossanous metasediments.

Hilltop excavated and channel sampled nine widely spaced trenches over the prospect. The trenching confirmed the presence gold mineralisation. The northern gossanous zone was cut by two trenches 100m apart. A best assay of 1m @ 26.2g/t Au was obtained from the northernmost trench and the same zone was uncovered 100m to the south in the adjoining trench. Three channel samples totalling 7.3m in length returned between 0.26g/t and 0.28g/t Au in another trench excavated 500m further south. The approximate locations of the costeans are shown on Figure 12.

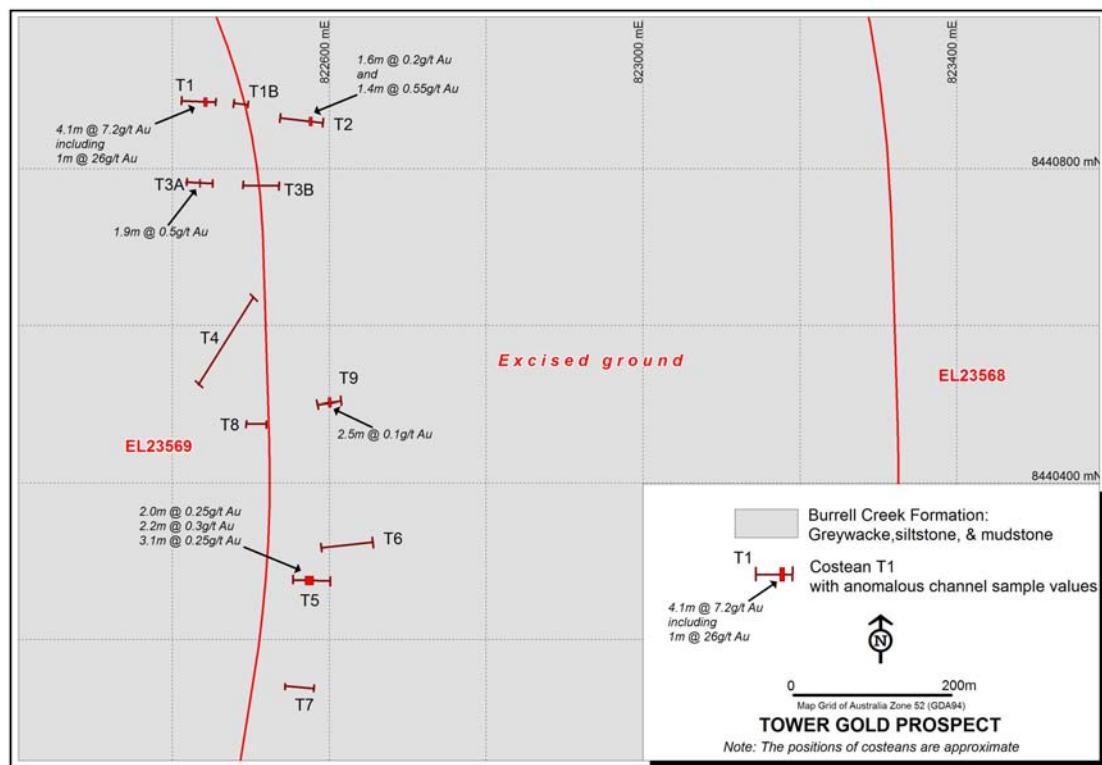


Figure 12 Tower Gold Prospect – Costean map

Copperfield South Prospect

The Copperfield South Prospect, in the north of EL 23569, is situated about 14km south of the township of Pine Creek and about 2km west of the Stuart Highway. Gold mineralisation is associated with sulphidic quartz saddle reefs in greywackes of the Burrell Creek Formation. The veining is concentrated along the crest of the Woollybutt Anticline, which trends 330° and plunges at approximately 40° to the northwest (Figure 13).

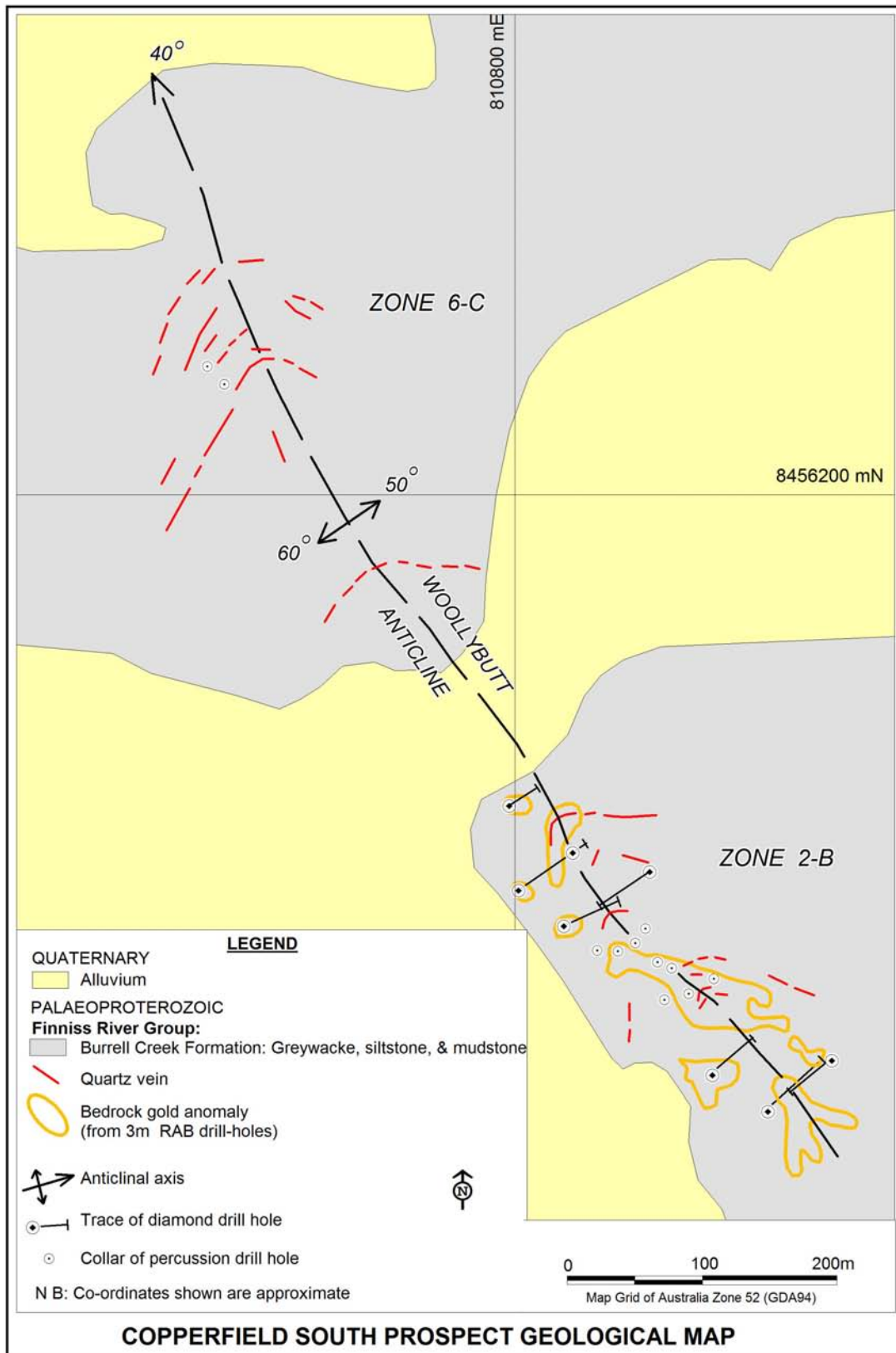


Figure 13 Copperfield South Prospect – Geological map

Gold Fields Exploration Pty Ltd (1986-1989)

Exploration within the prospect was begun in 1986 by Gold Fields Exploration Pty Ltd (“Gold Fields”), which had obtained gold values up to 7.7g/t Au within quartz veining

associated with the anticlinal axis during a regional rock chip sampling survey. Gold Fields carried out:

- Geological mapping and rock chip sampling over the rocks of the Burrell Creek Formation
- Detailed geological mapping and rock chip sampling over the axial zone of the Woollybutt Anticline
- Excavation and sampling of 13 trenches totalling 1601m in length over the axial zone. Two areas of mineralisation were defined by the trenching: Zones 2-B and 6-C. The zones contained increased quartz veining and wallrock alteration. The veining was predominantly of bedding-parallel “saddle reefs”. The alteration included pitting after pyrite and arsenopyrite, chloritisation, and silicification.
- The drilling of 11 percussion holes for a total of 313m, to test the mineralized zones. The drilling indicated that within zone 6-C the gold mineralisation is confined to a 5m thick stratigraphic package on the western limb of the anticline. Within Zone 2-B the mineralisation was more widespread.
- The drilling of 250 shallow RAB holes on 40m and 20m by 10m grids for geochemical sampling. The drilling indicated a number of anomalies within an area of 400m by 80m of zone 2-B.
- The drilling of 10 diamond holes for 829m

The best drill intersections in Zone 2-B were 12m @ 1.45g/t and 10m @ 1.06g/t Au. Within Zone 6-C the best intersection was 6m @ 0.6g/t Au.

Rosequartz Mining NL (1990-1994)

From 1990 to 1994 Rosequartz Mining NL (Rosequartz) continued the exploration of the area around the Woollybutt Anticline. Its exploration comprised:

- The collection and analysis of seventeen bulk leach extractable gold (“BLEG”) drainage sediment samples. The sampling indicated gold-anomalism, situated approximately 1km to the north of the known Woollybutt Anticline mineralisation, that covered an area of approximately 3km².
- Follow-up of the central portion of the anomalous area by means of soil sampling on an 80m grid. The soil sampling was situated over the northern extension to the Woollybutt Anticline. It did not produce either gold- or arsenic-anomalous results.

Current Exploration

Orion commissioned the geophysical consultants, AsIs International Pty Ltd (“AsIs”) to carry out a reinterpretation of exploration data over the Woolgni and Edith River project areas, with an emphasis on the existing geophysical data. AsIs concluded that the area was highly prospective for uranium mineralisation, including vein, and Iron Oxide Copper Gold Uranium (IOCGU) deposit types. It also suggested that interpretation of aeromagnetic data could reveal structures and shears that may host gold/base metal mineralisation within the Cullen Batholith.

AsIs recommended that RSL acquire and interpret detailed low-level airborne magnetic data over the tenement area.

During 2006 Orion carried out a rock chip sampling programme over the Woolgni Gold Prospect. The best result was 1.6g/t Au from a 1m wide sulphidic quartz lode.

CRM has examined the drill and costean data from the area of the Woolgni workings and has reported that an Exploration Target of the order of 200,000t @ 2.5g/t Au is present down dip of the historical workings.

Exploration Potential

Alteration along shear zones within the granitic rocks of the Cullen Batholith has the potential to contain uranium mineralisation. These shears should be explored in conjunction with those within RSL's adjoining Edith River Project. There are a number of uranium occurrences within the area, and they and the ground along strike from them and in their vicinity, should be subject to particular exploration.

The Pine Creek Geosyncline Burrell Creek Formation metasediments, situated in the north and centre-east of the project area are worthy of further exploration for gold. The dormant Mt Todd Gold Mine is approximately 15km to the southeast of the Tower Prospect. A large-tonnage low-grade gold resource remains at the mine and a study is underway into the economics of reopening the mine and treatment facilities. It is conceivable that the treatment facility could be available for treatment of gold mineralisation outlined by RSL within the Woolgni project area. The operating Union Reefs treatment plant, less than 50km to the north by road, is an alternative treatment possibility.

The gold mineralisation at the Woolgni Prospect has not been closed off down dip and the limits and orientations of known high-grade shoots have not been tested.

At the Tower Prospect a strongly gold anomalous gossanous zone has never been drill tested. It is within the vicinity of, and parallel to, the Pine Creek Shear Zone and must be considered a prime gold target. The prospect is, however, situated close to the boundary of the Stuart Highway easement and, until exploration is carried out over the prospect, it cannot be determined how much of the potentially mineralised zone is within the easement, which contains a mixture of land types. It is not clear at the moment what effect the easement would have on potential development.

The Copperfield South Prospect contains low-grade gold mineralisation within the Woollybutt Anticline. Parts of the anticline are beneath recent alluvial cover and drainage sediment sampling has indicated other untested areas in the vicinity. Potential therefore exists for the discovery of further gold mineralisation at the prospect.

Proposed Exploration

CRM recommends that RSL's exploration programme should be designed to test the tenements for the uranium and gold targets described above.

It proposes that, during the first year, RSL:

- Investigates the uranium targets by means of ground radiometrics, detailed mapping, and soil geochemistry;
- Compiles a detailed structural map and analysis of the Woolgni Goldfield, to determine the controls and disposition of the mineralisation;
- Estimates the gold resource in the area of the historical Woolgni gold workings, using the existing drill and costean sample information;
- Carries out a first-pass RAB programme over the Tower Prospect;
- Carries out a detailed BLEG sampling programme over the areas of Burrell Creek Formation in the centre the project area.

Exploration during the second year will be dependent upon earlier results. CRM anticipates that the programme should include:

- Possible drill testing of mineralised zones located by the previous year's exploration of uranium targets
- Possible follow-up drilling of mineralised zones located by the previous year's first pass drill programme at the Tower Prospect;
- An electromagnetic ("EM") survey over the Woolgni Prospect in order to locate sulphidic lodes;
- Carries out a RC drill programme targeted at down dip and down plunge extensions to the known mineralisation at Woolgni and at conductors located by geophysical survey;
- Either a geochemical RAB or aircore drill sampling programme over alluvial covered portions of the Woollybutt Anticline at the Copperfield South Prospect, or an EM survey over these portions of the anticline.

MARRAKAI PROJECT

Introduction

The Marrakai Project consists of one EL that covers 20km². It is situated at the northern end of the Pine Creek Shear Zone and is prospective for iron, uranium, and gold mineralisation. Despite the fact that it is only 15km from the Woodcutters Zn-Pb mine, 30km from the Rum Jungle U and polymetallic mines, and along structural and stratigraphic strike from the major gold mines of the Pine Creek region, it has never been systematically explored.

Tenements and Agreements

The Marrakai Project comprises one EL, 24614, held by Orion. It was granted on 2/12/2005 for a period of six years, with an area of 20km². The minimum expenditure required during the current year is \$7,400. The tenement was due for a 50% reduction on 1/12/2007, but a waiver of reduction has been obtained for a further 12 months.

The project area is the subject of a registered native title claim, details of which are given elsewhere in this Prospectus.

Location and Access

The Marrakai Project is located to the east of the Adelaide River about 65km southeast of Darwin and 10km east of the Stuart Highway. Access to the project area from the highway is by the formed but unsealed Marrakai Road and then by pastoral tracks across a clay soil plain. The project area contains area of low rocky rises and areas of clay soils. Access is straightforward during the dry season but difficult during the wet.

Project Geology

The project area is within the Paleoproterozoic Pine Creek Geosyncline, and contains sediments of the Finnis River Group, the South Alligator Group, and the Mount Partridge Group. Figure 16 includes a geological map of the project area. Outcrop occurs along low rises above a plain that contains areas of residual gravel and sand that comprise a Cainozoic duricrust surface and broad alluvium rich in black clays and silt. The alluvial areas in the

west of the tenement are part of the Adelaide River flood plain and cover abandoned river channels. The large alluvial channel in the northeast drains substantial area to the east.

The project area is situated at the northern end of the Pine Creek Shear Zone. A major northwest trending fault related to this zone passes through the tenement and a parallel fault is just to the south. Another regionally significant fault, the northeast trending Giants Reef Fault, is four kilometres to the northwest of the tenement. A number of smaller northeast to east-northeast trending faults dislocate the Proterozoic sequence, which is interpreted to comprise four fault separated blocks within the project area. The sequence is folded along north trending axes that are spaced about 750m apart and along which zones of brecciation and quartz veining have developed.

In more detail, the Proterozoic geological succession within the area is, from youngest (top) to oldest (base):

Finnis River Group

Burrell Creek Formation: Siltstone, shale, greywacke, quartz pebble conglomerate

South Alligator Group

Mount Bonnie Formation: Siltstone and shale, minor silicified tuffaceous shale, feldspathic greywacke

Gerowie Tuff: Siliceous tuffaceous shale and siltstone, fine-grained silicified tuff, chert, minor banded iron formation

Koolpin Formation: Shale and siltstone, commonly carbonaceous and pyritic; massive ironstone containing siliceous breccias, minor shale and chert. The *Ella Creek Member* contains massive to rubbly goethitic ironstone and quartzite breccias, quartz flake breccias with quartzite nodules, and conglomerate.

Unconformity

Mount Partridge Group

Wildman Siltstone: Shale, argillite, siltstone, sandstone, quartzite.

The majority of the units contain similar lithologies, which, in conjunction with the discontinuous outcrop, has led to varying interpretations of the geology within the project area. Figure 14 is a solid geology interpretation of the project with areas of alluvium and floodplain overlain.

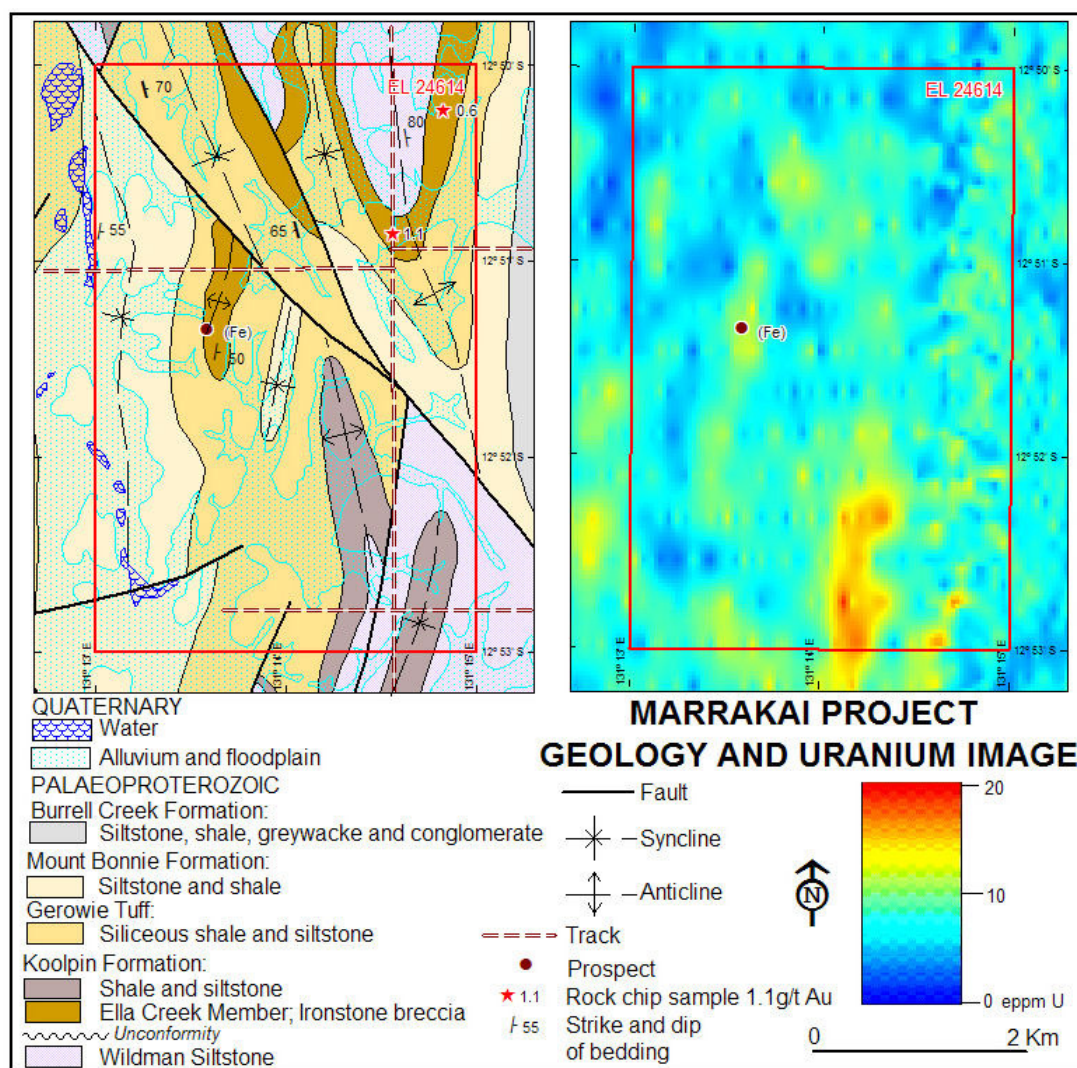


Figure 14 Marrakai Project – Geological map & uranium channel radiometric image

Radiometric Image

Figure 14 incorporates a uranium channel radiometric image of the project area, processed from data collected by regional surveys flown at 200m line spacing and a height of 60m between 1987 and 1999. A north trending anomalous area is present in the south of the project area. It has a length of about 1.5km and a peak value of about 20eppm U. Two smaller anomalies are present about one kilometre to the east. The larger anomaly is largely over an area of north draining alluvium that is surrounded by low rises of Gerowie Tuff and Koolpin Formation. High spots within the anomaly appear to be over outcrops of the Ella Creek Member of the Koolpin Formation. Koolpin Formation rocks also appear to be associated with the smaller anomalies to the east.

Mineralisation

The only known mineralisation within the project area is the Marrakai Iron Prospect. Two north-trending gossanous iron-ore lenses are present on the flanks of an anticline within the Ella Creek Member of the Koolpin Formation. The lenses are stratabound and are interpreted to be formed by the enrichment of a siltstone horizon. The mineralisation is of goethite, haematite, and limonite, with quartz being the major gangue mineral. The eastern lens has a

length of 230m, is 3m thick, and dips at 50° to the east. A chip sample from it returned 35.2% Fe. The western lens has a length of 340m and a thickness of 4.5m.

Previous Exploration

Previous exploration within the project area has been carried out by Kakadu Resources Ltd (“Kakadu”) and Aztec Mining Company Ltd (“Aztec”).

Kakadu carried out geological mapping and collected about twenty stream sediment BLEG samples and fifty rock chip samples between 1987 and 1990 from the present tenement area. The BLEG samples, although widely spaced, indicated the presence of anomalous gold in the area, by returning values up to 8ppb Au. The rock chip sampling, which was restricted to the eastern section of the present tenement, returned results of 0.6g/t and 1.1g/t Au respectively from brecciated chert and a ferruginous lens in the Ella Creek Member of the Koolpin Formation. About 700m south of the tenement, a rock chip sample from the Koolpin Formation returned 2.0g/t Au.

Aztec explored the area from 1991 to 1993. It also carried out stream sediment and rock sampling (eight stream sediment BLEG, sixty-one -40# stream sediment, and eight rock samples). No anomalous results were obtained. Aztec acquired Landsat data and processed it with Thematic Mapper software, but did not carry out follow-up exploration.

Exploration Potential

The Marrakai Project is situated at the northern end of the Pine Creek Shear Zone and is prospective for iron, uranium, and gold mineralisation. It has never been systematically explored, despite the fact that it is only 15km from the Woodcutters Zn-Pb mine, 30km from the Rum Jungle U and polymetallic mines, is within the Pine Creek Shear zone, and contains the same stratigraphy and structures as the major gold mines of the Pine Creek region,.

Iron-ore

The outcropping iron mineralisation is of sub-economic grade, but apart from the collection of a few surface samples, no exploration of the occurrence, or of the Ella Creek Member within which it occurs, has taken place. The Ella Creek Member crops out as siliceous and ferruginous breccias. Where it is fresh and unaltered it is interpreted to comprise pyritic black shales and cherts. There is potential for the formation of economic iron-ore mineralisation within it, particularly in the vicinity of fault zones and fold axes, where hydrothermal alteration of the iron-rich unit may have formed significant deposits.

Mineralisation within the Frances Creek iron-ore field to the southeast is interpreted to have formed by alteration of similar stratigraphy in a similar setting. The field contains more than fifty separate deposits over a distance of approximately 35 kilometres. The haematite-goethite-limonite mineralisation occurs as alteration of the Wildman Siltstone within fault breccias and fold axial locations.

The Ella Creek Member, which has an interpreted strike length of about 10km within the Marrakai project area, is the most prospective unit for enrichment within the area, but other units also contain horizons that could be subject to iron alteration. For instance, the Wildman Siltstone, which is the host formation at Frances Creek, is also present within the tenement. Prospective locations include the faults and fold axes within the tenement. As many of these locations are beneath surficial cover, drilling, possibly targeted by geophysical exploration, will be required to systematically explore the project.

Gold

The location of the project area within the Pine Creek Shear Zone and the rock units within it make it a prospective location for gold mineralisation. It is unlikely that outcropping mineralisation has been missed as quartz veined and brecciated outcrops have been sampled by previous explorers. However, the stream sediment sampling that was carried out is unlikely to have been effective in the testing of the area, as outcrop only covers less than half of the tenement, the drainage is poorly defined, and the sample density was low. The faults, with which gold mineralisation may be associated, are largely under alluvial cover, much of which may have been derived from outside the tenement.

The iron and sulphide rich composition of the Koolpin Formation makes it a favourable host for gold mineralisation (at the 0.94Moz Cosmo Howley deposit about 75km to the south the mineralisation is within a sulphidic iron formation, carbonaceous mudstone, and mudstone unit of the Koolpin Formation). The other formations within the project area are also prospective, the Wildman Siltstone being the host formation at the Toms Gully Mine, the Mount Bonnie Formation the host at the 0.5 Moz Woolwonga deposit, and some of the Brocks Creek-Zapopan deposits are described as being within or marginal to the Gerowie Tuff.

Locally, the Maureen and Maureen Extended gold prospects, which are respectively located 7km and 10km to the south of the project area, are within the Koolpin Formation.

Uranium

The project area is also prospective for uranium mineralisation. The mineralisation within the Rum Jungle Mineral Field to the southwest occurs within Mount Partridge Group sediments, mainly within the Whites Formation, which is a calcareous and carbonaceous, pyritic argillite. In general, the uranium mineralisation is associated with shearing and brecciation. Within the Marrakai project area, the Koolpin Formation, a pyritic, carbonaceous shale, is a similar unit and a potential host for similar mineralisation. The faults within the area may have provided pathways for mineralizing fluids and the project is within a region that hosts numerous uranium deposits and occurrences.

The uranium anomalies depicted on Figure 14 are within an area of the tenement that contains Koolpin Formation rocks. The anomalies can be considered to have located a target area that has the potential to contain significant uranium mineralisation.

Proposed Exploration

CRM proposes that systematic exploration be conducted over the Marrakai Project for iron ore, gold, and uranium mineralisation. All three commodities will require drill based exploration, as many of the target areas are beneath surficial cover.

Initial uranium targets have been located by the radiometric survey. Areas of the Koolpin Formation in the vicinity of faults and fold axes should be tested for iron mineralisation, with priority being given to the Ella Creek Member. The faults and fold axes should also be explored for gold mineralisation. Geophysical interpretation of the existing 200m spaced aeromagnetic data may be adequate to locate minor fault and shear zones that splay off the major faults, but the acquisition of more detailed data should be considered, especially as the project area is relatively small and the lack of topographical relief should enable high quality low level acquisition.

HAYES CREEK SOUTH PROJECT

Introduction

The Hayes Creek South Project consists of one EL that covers 130km². The tenement contains Paleoproterozoic sandstones that are unconformable over granitic rocks of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation.

Tenements and Agreements

The Hayes Creek South Project comprises one EL, 24432, held by Orion. It was granted on 2/12/2005 for a period of six years, with an area of 130.1km². The minimum expenditure required during the current year is \$10,900. The tenement was due for a 50% reduction on 1/12/2007, however a waiver of reduction has been obtained for a further 12 months.

Location and Access

The Hayes Creek South Project is located to the southwest of the Stuart Highway and a few kilometres to the south of the Hayes Creek Roadhouse and Caravan Park. It is within the Douglas Pastoral Lease. Access to the project area is via station roads that eventually join the old Stuart Highway to the west of Hayes Creek. Access within the southwestern portion of the tenement is straightforward by means of a number of station tracks, but access is poor to the sandstone areas in the northeast of the project area.

Project Geology

The project area covers a portion of the southwestern margin of the Pine Creek Geosyncline, rocks of which crop out to the west, north and east of the tenement (Figure 9). The northeastern section of the tenement contains shallow to moderately dipping clastic sediments, predominantly sandstones of the Paleoproterozoic Tolmer Group and the southwestern section contains shallow dipping Cambrian sediments (Figure 15). The broad geology of the area is controlled by four structures:

- An arcuate fault in the west that forms the boundary between the Tolmer Group sediments to its east and the stratigraphically-lower Fenton granite to its west. Adjacent to the fault the Tolmer Group rocks dip at a moderate to steep angle away from it;
- A shallow south-southwest plunging syncline that folds the Tolmer Group sediments;
- Two northwest trending faults that dislocate both the Tolmer Group and the Cambrian sediments.

In more detail, the geological succession within the project area is, from youngest (top) to oldest (base):

- Tindall Limestone: Fossiliferous limestone, with minor chert nodules and bands;
- Jindare Formation: Quartz sandstone, feldspathic quartz sandstone, conglomerate, siltstone breccia
- Unconformity;
- Stray Creek Sandstone: Quartz sandstone, flaggy quartz siltstone;
- Depot Creek Sandstone: Quartzite and coarse sandstone; commonly ripple marked; lenses of quartz pebble conglomerate, some fine-to medium-grained sandstone;
- Unconformity;

- Fenton and McMinns Bluff Granites: Coarse porphyritic hornblende-biotite granites; sheared in places.

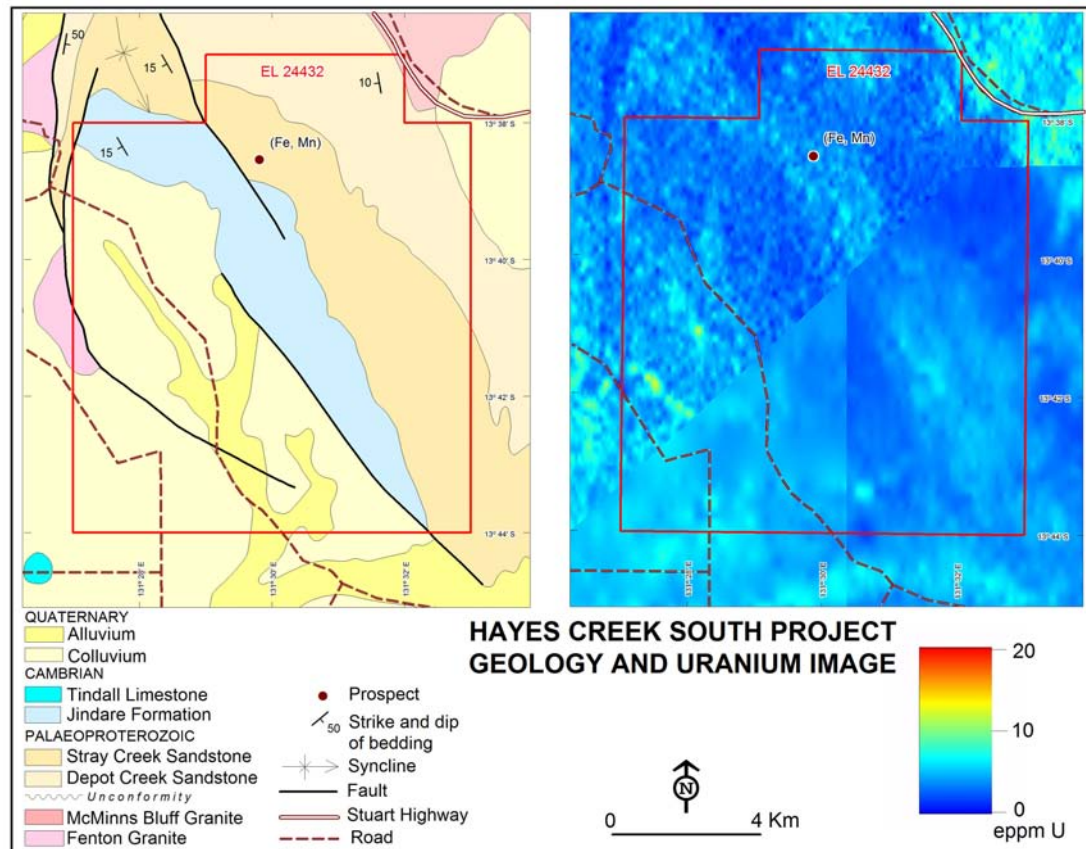


Figure 15 Hayes Creek South Project – Geological map & uranium channel radiometric image

Radiometric Image

Figure 15 incorporates a uranium channel radiometric image of the project area, which is located at the junction of three separate regional airborne surveys. The northern section of the image was processed from data collected by regional surveys flown at 200m line spacing and a height of 60m between 1987 and 1999; the southwestern section from a regional survey flown at 500m line spacing and 80m height in 1984, and the southeastern section from a survey flown at 400m line spacing and 80m height in 2000.

The image displays a northwest trending line of low-level anomalies in the southwest of the project area that have a peak value of about 14eppm U against a background of about 3eppm U. The line of anomalies is about two kilometres in length and is coincident with the interpreted position of the arcuate fault that, further north, abuts the basement granite against the Tolmer Group sandstones. The area of interest is covered with surficial sands and clays. The anomaly may extend further to the southeast, as the poorer quality radiometric survey data in this area may not have distinguished it from the background.

A less intense anomalous zone is shown about 1.8km to the northeast of the anomalous line and parallel to it. The image also shows that the granitic basement to the northeast of the tenement has a relatively high background uranium content compared to the sediments within the project area.

Mineralisation

Iron (Fe) and manganese (Mn) enrichment is present within the Stray Creek Sandstone in the north of the project area. The mineralisation, as described by Central Pacific Minerals N.L. (“Central Pacific”) in 1970, is restricted to the surface layers of the underlying rocks, which are of shallow dipping ferruginous shale, dolomitic shale, siltstone, and fine-grained sandstone beds. The profile is, from surface:

- Limonitic and manganiferous oxides; 5cm to 1m in thickness
- Surface limonites grading into ferruginised sediments; collapse structures and breccias; 1m to 1.6m in thickness
- Collapse structures grading into ferruginous sediments

Rock chip samples taken from the surface layer returned up to 56% Fe and 37% Mn. Central Pacific reported that the ferruginous sediments were examined over a length of 10km but that no extensive zone of limonite development was observed.

The mineralisation has also been described, by G. Young, P. Young, and J Eveleigh, previous tenement holders in 1990, as being in at least three sub-parallel zones of semi to massive haematite and goethite between 1m to 8m wide and spaced 25m to 100m apart within sandstone, with a tectonic brecciated fabric formed by angular clasts of sandstone in a haematic matrix or as haematitic stockworks and fracture fill. The zones appear to be fault related and are sub-parallel to the northwest trending fault to their west. Some tension gash type vuggy quartz is present.

Previous Exploration

Other than examinations of the iron and manganese occurrence, no systematic exploration has been reported from the tenement area.

Exploration Potential

The project area has potential to contain uranium mineralisation. It is marginal to the Pine Creek Inlier, which contains the high-grade unconformity-related deposits of the Alligator Rivers Uranium Field and the Rum Jungle Mineral Field. It contains Paleoproterozoic sandstones and quartzites that are unconformable on basement granite with relatively high background uranium content. The granite is a potential source of uranium. The sandstones are cut by a number of steep angle faults that may have acted as conduits for uranium bearing fluids. The sandstones are, in turn, unconformably overlain by Cambrian sediments. Trap sites for uranium mineralisation may be present within and adjacent to the unconformities and the faults.

A positive feature of the project area is that it has not been subject to systematic exploration, partly due to the difficult access to its northeastern section and partly due to the paucity of outcrop in its southwestern section.

Proposed Exploration

CRM recommends that exploration to be undertaken within the project area should include the ground checking of the radiometric anomalies in the southwest of the tenement area and the detailed mapping of the Fe-Mn mineralisation in the northern portion of the tenement.

DALY RIVER ROAD PROJECT

Introduction

The Daly River Road Project consists of one EL that covers 20km². The tenement contains Cretaceous sediments that are unconformable over Paleoproterozoic sandstones of the Tolmer Group, which, in turn, overlie the Burrell Creek Formation of the Pine Creek Geosyncline. It is a possible location of unconformity related uranium mineralisation and a discrete uranium channel anomaly is present in the radiometric data acquired from the regional radiometric survey. Near surface thin tabular lenses of iron mineralisation within the Cretaceous sediments were explored between 1967 and 1970.

Tenements and Agreements

The Daly River Road Project comprises one EL, 24391, held by Orion. It was granted on 2/12/2005 for a period of six years, with an area of 20km². The minimum expenditure required during the current year is \$6,000. The tenement was due for a 50% reduction on 1/12/2007, however a waiver of reduction has been obtained for a further 12 months.

The project area is the subject of two registered native title claims, details of which are given elsewhere in this Prospectus.

Location and Access

The Daly River Road Project is located immediately to the north of the Daly River Road, about 25km due south of Adelaide River. Access to the project area is via the sealed old Stuart Highway and Daly River Road. Cretaceous rocks form a mesa that covers the central portion of the project area and access across it is by a number of tracks and cleared lines.

Project Geology

The project area covers a portion of the southwestern margin of the Pine Creek Geosyncline, rocks of which crop out in the east of the tenement (Figures 9 and 15). The northeastern and northwestern sections of the project area contain shallow dipping clastic sediments, predominantly sandstones of the Paleoproterozoic Tolmer Group and the southwestern section contains shallow dipping Cambrian sediments (Figure 16). The Petrel Formation, a sub-horizontal silty sandstone of Cretaceous age, covers the older rocks in the central portion of the tenement, forming a mesa.

In more detail, the geological succession within the area is, from youngest (top) to oldest (base):

- Ferricrete capping to Petrel Formation;
- Petrel Formation: Friable quartz sandstone, ferruginous sandstone, conglomerate, siltstone, sandy claystone, porcellanite;
- Unconformity;
- Junduckin Formation: Siltstone and silty shale with minor sandstone and chert;
- Tindall Limestone: Fossiliferous limestone, with minor chert nodules and bands;
- Unconformity;
- Stray Creek Sandstone: Quartz sandstone, flaggy quartz siltstone;
- Depot Creek Sandstone: Quartzite and coarse sandstone; commonly ripple marked; lenses of quartz pebble conglomerate, some fine-to medium-grained sandstone;
- Unconformity;

- Burrell Creek Formation: Siltstone, shale, slate, greywacke; isoclinally folded along north-south axes.

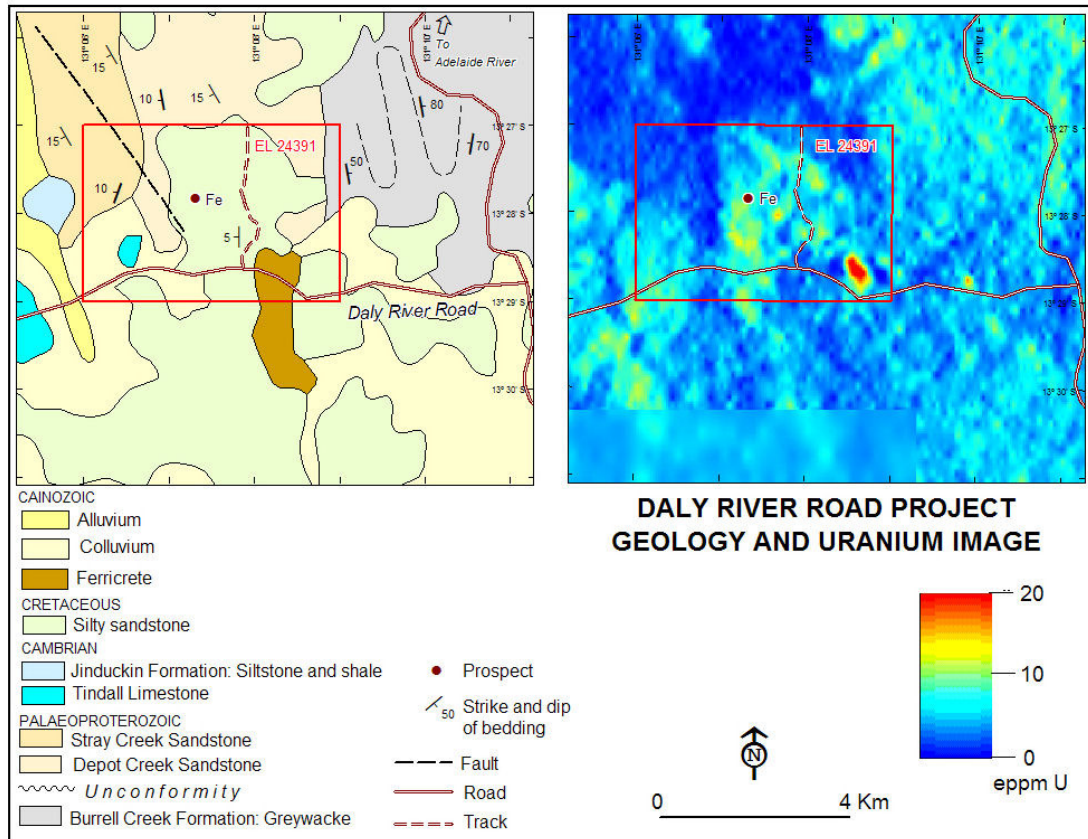


Figure 16 Daly River Road Project – Geological map & uranium channel radiometric image

Radiometric Image

Figure 16 incorporates a uranium channel radiometric image of the project area, processed from data collected by regional surveys flown at 200m line spacing and a height of 60m between 1987 and 1999. A discrete anomaly that has a length of about 500m and a peak value of about 25eppm U is present in the southeast of the project area. The anomaly is derived from Cretaceous sediments, which have background values between about 2 and 12eppm U.

Mineralisation

Iron oxide rich clays that contain concentrations of goethite and haematite ironstone occur within the Cretaceous Petrel Formation. The ironstones outcrop within gullies incised into the formation along the western edge of the mesa that is capped by it. Drill-holes that tested the western portion of the mesa intersected lenses of goethite, hematite, lepidocrocite, and limonite mineralisation.

Previous Exploration

The iron mineralisation was explored by Wandaroo Mining Corp. Ltd (“Wandaroo”) in 1967-68 and by Kratos Uranium NL (“Kratos”) in 1970.

Wandaroo carried out rock chip sampling and drilled ten percussion holes for a total of 123m through the Cretaceous Petrel Formation to the underlying Stray Creek Sandstone. The drilling was carried out within the western third of the mesa over a north-south length of about one kilometre and a width of about 500m. Three of the holes intersected intervals of haematite or gothite mineralisation grading >40% Fe at depths of between 4.5m and 10.5m. Forty-two rock chip samples of ironstone outcrop and float averaged 53% Fe with a range of 32% to 62.5% Fe. Thirteen of the samples were analysed for phosphorous, the results ranging from 0.12% to 0.75% with an average of 0.30%. Possible beneficiation of the material was tested by screening and magnetic separation.

Kratos carried out rock chip sampling and drilled fifteen vertical diamond drill holes for 225m on an incomplete 300m spaced grid over the same area that was drilled by Wandaroo. Intersections of mineralisation grading >45%Fe over a minimum length of one metre were made in only four holes, with the best intersection being 3.4m @ 48% Fe from a depth of 11m. The intersections were over a north-south length of 600m and averaged 2.4m in thickness at an average depth below surface of 8.5m.

Exploration Potential

Similarly to the Hayes Creek South Project, the Daly River Road project area has the potential to contain uranium mineralisation. Possible trap sites may be associated with the unconformity between the Daly River Sandstone and the underlying Burrell Creek Formation.

Although the iron mineralisation is reported to be of a small tonnage and to be relatively low in grade, only the western third of the unit within which it occurs has been drill tested. It is possible that other lenses are present subsurface within the central and eastern sections of the Petrel Formation in the tenement area.

Proposed Exploration

CRM recommends that the uranium channel radiometric anomaly in the southeast of the tenement be investigated, initially by means of a detailed ground radiometric survey, geological mapping, and soil and rock chip sampling, which, depending upon the results, should be followed by first pass drill testing.

CELIA PROJECT

Introduction

The Celia Project consists of one ELA that covers 12.9km². It is situated over Palaeoproterozoic sediments on the southeastern flank of the Rum Jungle Dome. It is prospective for uranium and polymetallic mineralisation and a magnesite deposit is present within the tenement. The project area, despite being only a few kilometres from the Rum Jungle U and polymetallic mines and the Woodcutters Zn-Pb mine, has been subject to little systematic exploration for minerals other than magnesite.

Tenements and Agreements

The Celia Project comprises one ELA, 24414, applied for by Tennant Creek Gold (NT) Pty Ltd, with an area of 12.9km². The rights to the tenement were passed to Orion and an agreement is in place whereby they are to be transferred after grant. The ELA is within Aboriginal Freehold Land and the consent of the owners is required before the tenement can be granted and exploration can take place. In November 2007 the indigenous stakeholders in

the area indicated that they would not consent to the grant of the tenement and unless RSL is notified to the contrary by the Northern Territory Land Council the tenement is consequently under moratorium for a five year period. No expenditure is required while the tenement remains an application.

Location and Access

The Celia Project is about 90km south of Darwin by road. It is located immediately to the north of the sealed Batchelor Road, 5km west of the Stuart Highway and 3km east of the town of Batchelor. Access within the tenement is not developed, but would not be difficult.

Project Geology

The project area is situated in the northwest of the Paleoproterozoic Pine Creek Inlier. It covers sediments of the lower section of the Paleoproterozoic sedimentary sequence and a small section of the Archaean basement. It is on the southeast flank of the Rum Jungle Dome, away from which the sedimentary sequence dips at angles of about 50° to 60°. Figure 17 includes a geological map of the project area.

In more detail, the Precambrian geological succession within the general area is, from youngest (top) to oldest (base):

- Wildman Siltstone: Shale, siltstone, argillite (*not present within ELA24414*);
- Whites Formation: Calcareous and carbonaceous pyritic argillite (*the host to most of the Rum Jungle area polymetallic mineralisation - not present within ELA24414*)
- Coomalie Dolomite: Stromatolitic dolomite and magnesite; silicified (especially in upper section) (*not present within ELA24414*);
- Unconformity or thrust
- Crater Formation: Clastic sediments; Arkosic arenite, sandstone, siltstone, shale, conglomeratic (especially at base and including BIF clasts);
- Celia Dolomite: Stromatolitic dolomite and magnesite; silicified (especially in upper section);
- Beestons Formation: Conglomerate (including BIF clasts), grit, arkose, sandstone
- Basement complex: Granite, gneiss, schist (including BIF).

Of interest is the repetition of the sequence: conglomerate, arkosic sandstone, magnesian dolomite, silicified dolomite. It has been suggested that the upper sequence (the Crater Formation and the Coomalie Dolomite) may be a thrust repetition of the lower sequence (the Beestons Formation and the Celia Dolomite). Of exploration significance, are the bedding parallel shears within the conglomeratic units towards the base of both the Beestons and the Crater Formations.

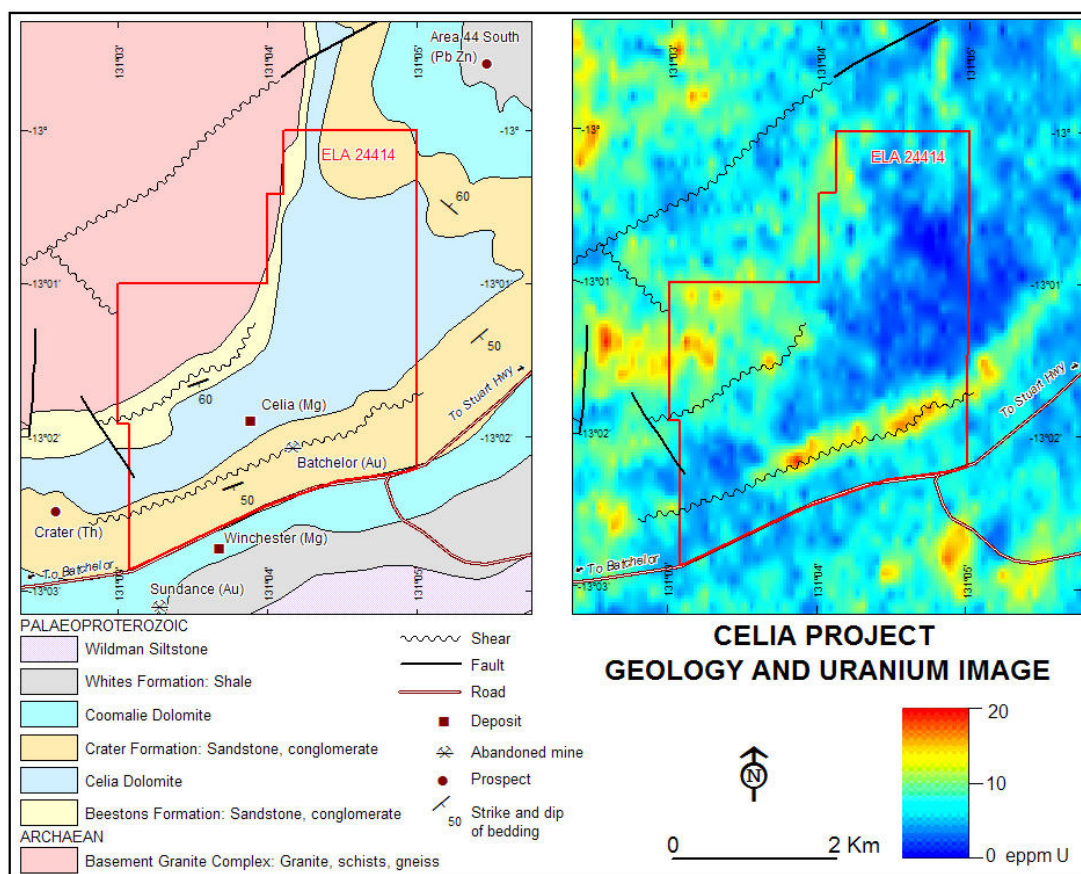


Figure 17 Celia Project – Geological map & uranium channel radiometric image

Radiometric Image

Figure 17 incorporates a uranium channel radiometric image of the project area, processed from data collected by regional surveys flown at 200m line spacing and a height of 60m between 1987 and 1999. A significant feature is the line of anomalies in the south of the tenement that are coincident with the location of a shear within the Crater Formation. The line is about three kilometres in length and the highest value is about 20 eppm U compared to background values over the formation of 2 to 8eppm U. Less intense anomalies are present within the Beestons Formation, coincident with another mapped shear. The radiometrically high area in the northwest corner of the tenement is over the granitic basement, which has relatively high background levels of uranium. Exploration of this area is of lower priority.

Mineralisation

Magnesite

The Celia Dolomite contains areas of magnesite. Between 1978 and 1983 BHP delineated one such area within ELA24414, shown on Figure 17 as the Celia Deposit, containing a possible 10Mt of high density low silica magnesite following mapping, drilling, flotation, calcining, and sintering tests. BHP also located two other areas of high-grade magnesite that are outside RSL's application area. One of these, the Winchester Deposit, within the Coomalie Dolomite to the south of EL24414, was subsequently explored by Mt Grace Resources NL, which estimated an Indicated Resource of 12.2Mt @ 43% MgO within the deposit.

Gold

A small abandoned gold working (Batchelor) is associated with a shear in sandstone of the Crater Formation. Surface mining of a vertical north striking quartz-tourmaline vein is reported to have produced 12oz of gold from only 0.6t of ore. Of interest is the location of the working, which is within the bedding parallel shear zone. Other small quartz-tourmaline veins are present nearby.

Radioactive minerals

The Crater Prospect, over a radiometric anomaly about one kilometre to the west of the tenement, was tested by a BMR diamond drill-hole in 1970. The hole intersected disseminated mineralisation within a haematitic quartz pebble conglomerate in the Crater Formation. The radioactivity was ascribed to a disseminated thorium bearing phosphate mineral. The maximum value obtained by analysis of the core was 0.12% thorium. The mineralisation was interpreted to be placer in origin. Associated minerals are rutile and zircon.

Previous Exploration

Previous exploration within the project area has been carried out by BHP between 1978 and 1983, Nicron Resources Ltd from 1990 to 1993, and R.M. Biddlecombe from 1992 to 1995.

BHP mapped and chip sampled outcrops of magnesite within the Celia Dolomite and drilled sixteen percussion holes along two traverses across the unit. It also drilled twenty diamond holes on a detailed 100m by 50m grid to obtain core samples that were subjected to flotation, calcining, and sintering testwork, the results of which indicated that a high density low silica magnesite brick suitable for refractory purposes could be produced from the rock.

Nicron carried out mapping, RC and RAB drilling of the magnesite deposit. It estimated an Inferred Resource of 0.5Mt of magnesite to be present within one section of it. The resource was to 40m depth and averaged 3.0% insoluble residue with a Ca/Mg ratio of <0.03. It was defined on the basis of Nicron's four RC drill-holes that were drilled into an area of low-silica sub-crop. Twenty RAB holes were drilled on a 50m grid around the area of the resource, but intersected karst fill or poor quality magnesite. The testwork concluded that the magnesite is suitable for suspension flash calcining.

Biddlecombe tested mullock from the small, abandoned Batchelor Gold Mine, which exploited a quartz-tourmaline vein to a depth of about 10m over a length of about 10m and a width of about 2m. He reported grades of over 10oz/t Au from mineralised mullock. He also collected twenty-six rock-chip and twenty loam samples, primarily along strike from the mine, but did not obtain any significant results.

Exploration Potential

The project area has the potential to host significant mineralisation and contains a deposit of magnesite. The project is within a region that is richly endowed with a variety of metals including U, Pb, Zn, Ag, Cu, Co, Ni, Au, and Mg; and indications of mineralisation are present in and around the application area. Despite this, it has only been exposed to cursory exploration for metals other than magnesium – presumably on the basis that the larger known deposits in the region are within formations higher in the sedimentary sequence than those within the project area.

Obvious targets within the tenement are the shear zones within the Beestons and Crater Formations. Uranium channel radiometric anomalies are coincident with their outcrop. Uranium mineralisation may be present within or adjacent to the shear zones. Of interest also is the gold mineralisation associated the shear at the Batchelor gold prospect. The quartz vein associated gold may have been remobilized from extensive low-grade mineralisation associated with the shear zone. Of further interest is the haematitic alteration apparently present within the shear zone at the Crater Prospect to the west of the tenement.

There is also potential for gold mineralisation to be present within the Celia Dolomite. The abandoned Sundance gold mine to the south of the tenement is within the lithologically similar Coomalie Dolomite. The mineralisation at Sundance is within pipe-like structures that, in the oxide zone widen to form silicified haematite quartz breccias. Mineralisation in the primary zone is present as auriferous pyrite within an envelope of talc alteration. The 17,800t of ore mined had a grade of 10.7g/t Au and contained up to 930ppm Sn. Elevated Ag, As, Ba, Bi, and B are associated with the mineralisation. If similar mineralisation is present within the Celia Dolomite, it should be able to be located by geochemical or geophysical prospecting.

Proposed Exploration

No exploration is proposed for the Celia Project while it remains under moratorium in the application stage. CRM recommends that, after grant, RSL's first priority should be to systematically test the bedding parallel shear zones with a combination of ground radiometrics and soil geochemistry, to be followed by first pass drilling.

WESTERN AUSTRALIAN PROJECT

RSL is exploring its Mt Alfred Project in the Eastern Goldfields of Western Australia for calcrete hosted uranium mineralisation. The project is situated within the Lake Barlee drainage system in the eastern portion of the Archaean Yilgarn Block, which comprises granites intrusive into folded greenstone belts. These basement rocks have been subject to extensive weathering and peneplanation. Wide paleodrainage systems occupy relatively shallow valleys that drain the region towards the southeast (Figure 18). The central portions of the valleys are covered by playa lakes. Extensive areas of calcrete development have occurred marginal to, and in channels leading to, the playas.

Within the northeastern Yilgarn many of these calcretes contain carnotite uranium mineralisation, especially marginal to the playas, in which locations a number of uranium deposits are situated. Deposits in which resources have been identified include Yeelirrie (52,500t of contained U_3O_8), Lake Maitland (10,800t of contained U_3O_8), Lake Way (9,000t of contained U_3O_8), and, down drainage from Lake Barlee, Lake Raeside (1,700t of contained U_3O_8).

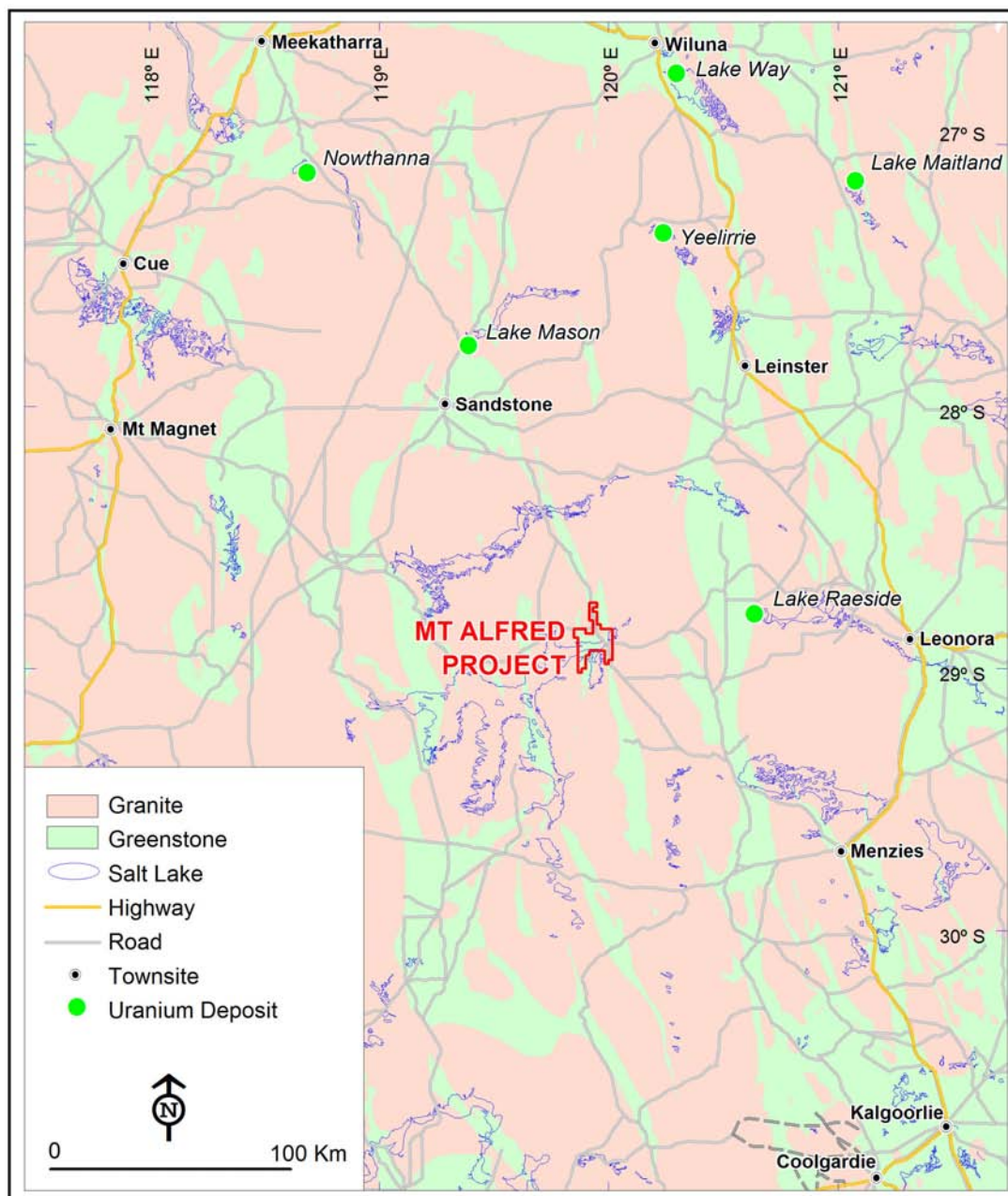


Figure 18 Calcrete hosted uranium deposits in northeast Yilgarn

MT ALFRED PROJECT

Introduction

The Mt Alfred Project, in the Eastern Goldfields of Western Australia, consists of one EL that includes about 60km² of the Lake Barlee playa lake system. Previous exploration within the tenement located uranium mineralisation within Cainozoic sediments marginal to the lake. RSL has entered into a Joint Venture (“JV”) agreement by which it has acquired the right to explore for and mine uranium on the tenement.

Tenements and Agreements

The Mt Alfred Project comprises the uranium interests within E29/581. The tenement is held by P. W. Askins and C. Baxter, who are holding it in trust for the benefit of Red Rock

Resources plc (“Red Rock”). Red Rock has entered into a JV with RSL whereby RSL has acquired the right to explore for and mine uranium on the tenement. It should be noted that the mining of uranium is currently not permitted under Western Australian governmental legislation.

The tenement was granted on 8/03/2006 for a period of five years. It has an area of 210.5km² and is due for a 50% reduction in size on 8/03/2009. The annual exploration commitment is \$70,000. This expenditure is required to be met by Red Rock, which is currently exploring the tenement for other minerals and which is responsible for maintaining the tenement in good standing.

The project area is the subject of registered native title claims, details of which are given elsewhere in this Prospectus.

Location and Access

The project area is situated about 140km northwest of the town Menzies in the Eastern Goldfields of Western Australia. Access to the area is by the formed Menzies to Sandstone road that passes through the tenement. The area is within semi-arid pastoral country that experiences hot summers and cool winters. The vegetation includes low open mulga woodland on rises, low bluebush and saltbush on plains, and samphire on lake margins. Access in areas marginal to the playa lakes is straightforward except after rain, but vehicular travel on the lake surfaces can be difficult.

Project Geology

The basement geology of the project area consists of Archaean greenstone rocks that are in belt that strikes north through the centre of the tenement. The belt is flanked to both the east and the west by Archaean granitoids that are intrusive into it. The greenstones include metamorphosed units of BIF, basalt, dolerite, and ultramafic rocks.

The Cainozoic geology of the area is dominated by Lake Barlee, a playa lake that is within a broad sediment filled valley. Surficial and underground waters enter the tenement from the west and the south and drain from it to the east (Figure 19). Typically, these large east-draining valleys contain Tertiary sands, silts, and clays beneath more recent saline muds. The channels leading into them contain calcrete deposits. Aeolian dunes are also present marginal to the lakes, especially on their eastern sides.

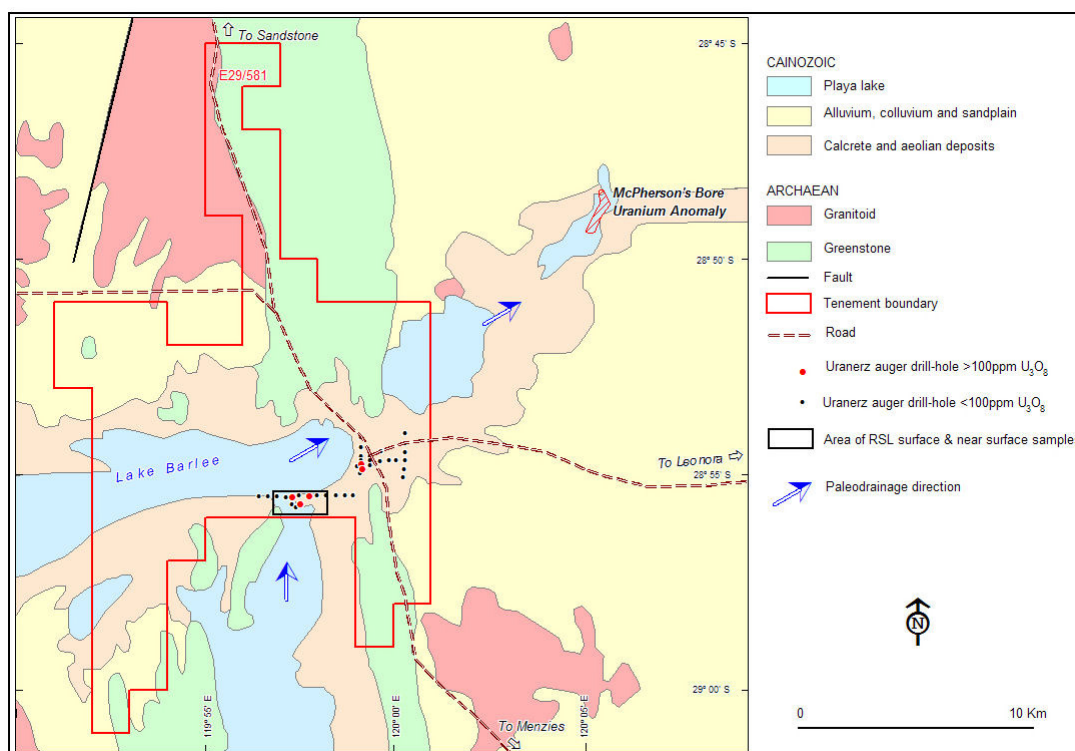


Figure 19 Mt Alfred Project – Geological map

Previous Exploration and Mineralisation

The tenement was explored for calcrete hosted uranium by Uranerz (Australia) Pty Ltd (“Uranerz”) between 1976 and 1979. Uranerz carried out an airborne radiometric survey, collected grab and water samples, and drilled thirty-six auger holes within the area of the current tenement for a total of 481m. The auger-hole locations, drilled over uranium-channel radiometric anomalies, are shown on Figure 19. Samples from five of the holes returned analyses between 100ppm and 120ppm U_3O_8 .

Current Exploration

During late 2007, RSL collected twenty-five surface and near-surface samples from twelve locations near the junction of the southern arm of Lake Barlee with the main drainage system, around the southern area drilled by Uranerz in 1976. The results of the sampling confirmed the presence of uranium mineralisation within the surface sediments.

Values of between 100ppm and 300ppm U_3O_8 were obtained from four of the sample locations over a distance of 400m. The average value of the four samples from these locations, collected at depths of between 40cm and 60cm, was 230ppm U_3O_8 . Surface samples collected from the same locations however, contained an average of only 13ppm U_3O_8 , which indicates that surface sampling, and thus also radiometric surveys, are inadequate tools for the location of even near surface uranium mineralisation in the area.

Exploration Potential

The project area has the potential to contain significant calcrete hosted uranium mineralisation. It is situated in a region within which a number of similar deposits are located, it contains extensive areas of calcrete, and limited drilling and sampling has indicated the presence of uranium mineralisation. Although the auger drilling returned only relatively low levels of uranium mineralisation within the near surface sediments, two things need to be

considered. The first is that only a small section of the prospective near-surface calcareous sediments was tested. The second is that, although the most intense portions of the airborne radiometric anomaly were drill-tested, radiometric surveys only indicate the presence of at-surface mineralisation and do not reveal sub-surface mineralisation. The results obtained from the drilling and from sampling by RSL are positive, as they indicate that the area does contain uranium mineralisation.

Uranium mineralisation may also be present within the sub-surface older sediments within the drainage system. Underground water carrying dissolved uranium through aquifers may have deposited mineralisation at a redox boundary or within organic rich units in the sediments.

The high prospectivity of the Lake Barlee drainage channel has been demonstrated at McPherson's Bore, where, about 10km along the Lake Barlee drainage system to the northeast of the tenement, Encounter Resources Limited is currently exploring a uranium anomaly associated with a near surface zone of calcrete and calcareous sediments. Encounter has announced that near surface uranium mineralisation is hosted in lake clays and extends over a length of 1.7km. Auger drilling returned intersections of up to 1.5m @ 324ppm U₃O₈.

Proposed Exploration

CRM recommends that RSL carries out systematic aircore drilling of the prospective areas within the tenement. Its initial priorities are to determine the depth, extent, and grade of mineralisation within the vicinity of the two areas that have been highlighted by previous work; and to carry out reconnaissance drilling over other prospective areas.

EXPLORATION BUDGET

RSL has proposed an exploration budget for the twelve months from August 2008 to July 2009. The budget is set out in Table 6. CRM understands that this budget will only cover some of the exploration recommended by it, part of which will have taken place prior to August 2008 using existing funds, and part of which can be expected to occur after July 2009.

Table 6 Proposed Exploration Budget – August 2008 to July 2009

Project	Budget (A\$)
Machinga	1,064,000
Chintheche	50,000
Total Malawi	1,114,000
Edith River & Woolgni	430,000
Marrakai	8,000
Hayes Creek South	11,000
Daly River Road	6,000
Mt Alfred	Nil*
Total Australia	455,000
TOTAL	1,569,000

* RSL understands that the expenditure requirement for the Mt Alfred tenement will be met by Red Rock Resources

DECLARATIONS

This report has been prepared by J.J.G. Doepel. Mr Doepel is a Principal Geologist with Continental Resource Management Pty Ltd, who has more than 30 years experience in the mineral industry as a geologist and who has explored for a wide variety of metals and minerals and has participated in many resource estimations. Mr Doepel holds a Bachelor of Science with Honours and a Graduate Diploma in Forensic Science from the University of Western Australia and a Diploma of Teaching from Curtin University. He is a Member of the Geological Society of Australia and of the Australasian Institute of Mining and Metallurgy.

CRM was established in 1989 and since that time has provided geological consulting services to the exploration industry in Australia, Asia, Europe, Africa, and North America. It has provided services in relation to estimation, assessment, and evaluation of a wide range of both metallic and non-metallic deposits. It has advised upon, designed and performed exploration programmes; carried out valuations, due diligence studies, and mine life studies; and produced independent reports on mining and exploration properties.

No member or employee of CRM is, or is intended to be a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. CRM has not previously provided geological services to the Company and there is no agreement or understanding between CRM and the Company as to CRM performing further work for the Company. Fees are being charged at a commercial rate for the preparation of this report, the payment of which are not contingent upon the conclusions of the report.

Where mineral resources and reserves are referred to, the terminology is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Code) as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council (JORC) and dated December, 2004.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 30th May, 2008 and could alter over time depending on exploration results, metal prices, and other relevant market factors.

GLOSSARY OF GEOLOGICAL AND TECHNICAL TERMS

Adit	A horizontal mine opening; (from a hillside)
Aeolian	Deposits formed as result of winds
Aeromagnetic survey	A geophysical survey method conducted from an aircraft that measures the magnetic intensities of the rock units below
Ag	The chemical symbol for the metallic element silver

Agglomerate	Rock made of ejected volcanic material containing predominantly rounded to sub-angular fragments larger than 32mm in diameter
Agglomerate	Rock made of ejected volcanic material containing predominantly rounded to sub-angular fragments larger than 32mm in diameter
Alkalic	A group of igneous rocks or magmas containing a high proportion of sodium and / or potassium to calcium
Alkaline	Igneous rock containing a high proportion of sodium compared to calcium
Alluvial	Result of waterborne process
Alteration	Change in mineralogical composition of a rock; commonly caused by hydrothermal solutions
Amphibolite	A medium-grade metamorphic rock containing significant amounts of the mineral amphibole
Anomaly	An area highlighted by a geochemical or geophysical survey as possessing greater than background metal values or physical characteristics
Anorthosite	A variety of igneous rock which consists chiefly of feldspar
Anticline	Rock strata folded in a convex upward manner
Apatite	A phosphate mineral
Archaean	The oldest rocks of the Precambrian Era; older than about 2500 million years
Arenite	A sedimentary rock that has a sandy texture
Argillite	Low-grade metamorphic rock derived from siltstone or shale
Arkose	A sandstone in which 25% or more of the grains are feldspar
Arsenopyrite	A mineral composed of the elements iron, arsenic, and sulphur
As	The chemical symbol for the metallic element arsenic
Au	The chemical symbol for the metallic element gold
Auger drilling	A method of drilling by which a sample of unconsolidated material is brought to the surface up the inclined flights of an auger
Auriferous	Gold bearing
Autunite	A secondary yellow-green hydrated uranium phosphate mineral

B	The chemical symbol for the element boron
Ba	The chemical symbol for the element barium.
Basalt	Dark coloured, fine-grained volcanic rock formed by the cooling of a mafic lava
Base metal	A relatively common metallic element; especially copper, lead, zinc, or nickel.
Batholith	A large body of rock formed by the cooling of magma at depth within the Earth's crust
Beneficiation	To improve the economic value of an ore through chemical or physical treatments
Bi	The chemical symbol for the metallic element bismuth
BIF	"Banded Iron Formation"; chemical sedimentary rock composed mainly of finely alternating layers of silica and iron oxide
Biotite	A dark platy mineral of the mica group
BLEG	Bulk leach extractable gold: a sampling and analytical method by which bulk regolith samples are tested for gold content
Bluebush	A shrub
Boudinage	A structure in which coherent rock strata within a yielding matrix are divided by cross fractures into segments that in section resemble sausages
Breccia	A rock composed of angular rock fragments cemented by a finer-grained matrix
Brecciated	Broken into angular fragments, which are later cemented to form a new rock
Cainozoic	An era of geological time, from the beginning of the Tertiary Period (about 65 million years ago) to the present
Calcareous	Rocks containing calcium carbonate
Calcining	The heating of a material below melting point to effect a decomposition reduction, or oxidation
Calcrete	A cemented surficial rock in which the cement is calcium carbonate
Cambrian	The period of geological time between about 490 and 545 million years ago
Carbonaceous	Rocks containing organically derived carbon

Carnotite	A secondary mineral containing uranium, vanadium, and potassium; with 50% U_3O_8
Cauldron	A volcanic structure of the order of 1.5km to 15km in diameter caused by the collapse along ring shaped faults of a cylindrical block of rock into an underlying magma chamber
Charnockite	A high-grade metamorphic rock
Chert	Very fine-grained rock composed of silica
Chlorite	A pale-green platy hydrous silicate mineral related to mica
Clast	A individual rock fragment that was derived from the breakup of a larger rock
Clastic	A sedimentary rock composed of grains or fragments derived at a different locality
Co	The chemical symbol for the metallic element cobalt
Concordant	Parallel to the plane of
Conglomerate	A sedimentary rock containing rounded to sub-angular granules, pebbles, cobbles, and / or boulders set in a finer grained matrix
Costean	An elongate pit
Cretaceous	The final period of the Mesozoic Era; from about 140 to 65 million years ago
Cu	The chemical symbol for the metallic element copper
Diamond drilling	Method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit
Dip	The angle that a rock unit or structure makes with the horizontal
Dolerite	A dark-coloured, fine to medium-grained, mafic intrusive igneous rock
Dolomite	The mineral $\text{CaMg}(\text{CO}_3)_2$, or the rock composed of the mineral
Dolostone	A rock composed of the mineral dolomite
Duricrust	A hard crust to soil or weathered rock formed by the precipitation of iron, silica, or carbonate
Dyke	A tabular igneous intrusion that cuts across the intruded rocks
En echelon	Parallel but offset structures or veins
Epidote	A yellow to green silicate mineral, formed during low grade metamorphism or hydrothermal processes

eppm	Equivalent parts per million; in the case of uranium interpreted from radiometric data rather than chemical analysis. Uranium grades thus reported are derived from gamma ray logging and should be regarded as approximations only
Facies	A grade of metamorphism characterised by the development of a particular mineral
Fault	A fracture in rock along which there has been relative displacement of the two sides
Fe	The chemical symbol for the metallic element iron
Feldspar	A silicate mineral; formed in igneous and metamorphic rocks; light coloured
Felsic	Light coloured igneous rock; containing abundant potassium feldspar and quartz
Ferricrete	Surficial rock cemented with iron oxide
Ferruginous	Containing the element iron
Flotation	A metallurgical technique for the separation of (especially) sulphide minerals from finely ground rock
Fluorite	Mineral of composition CaF_2
Fold	A bend in rock strata or structure
Fossiliferous	Containing fossils
Fractionation	Chemical separation of mixture or solution into separate components
Friable	To crumble easily
g/t	Grams per tonne
Gangue	Non-valuable minerals within a rock that also contains valuable minerals
Garnet	A metamorphic mineral
Geochemistry	The study of the abundance of elements in rocks and soil by chemical methods
Geomorphology	The study of landforms
Geophysics	The study and measurement of the physical properties of rocks and geological formations
Geosyncline	A mobile regional scale downwarp of the Earth's crust that subsides as it is filled with sediments and volcanic rocks

Gneiss	High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals
Goethite	A red, yellow, or brown hydrated iron oxide mineral containing 62% Fe
Gossan	A rock formed from the weathering of a rock containing sulphide minerals; characterised by hydrated iron oxides
Graben	An elongate, relatively depressed block of rocks that is bounded by faults on its long sides
Grade	Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 2% Ni)
Granite	A light coloured, relatively coarse-grained igneous rock formed at depth beneath the Earth's surface; comprises large sections of continental crust
Granitoid	A field term for a coarse-grained rock resembling granite
Granulite	A granular high-grade metamorphic rock formed as a result of extreme heat and pressure at depth beneath the Earth's surface
Grass roots	Initial stages of a mineral exploration programme involving a preliminary assessment of potential of country away from known mineralisation
Greenstone	A field term for metamorphosed mafic and ultramafic igneous rocks
Greisen	A hydrothermally altered granitic rock
Greywacke	A dark-coloured, poorly sorted sandstone containing quartz, feldspar, lithic fragments, and a clay matrix
Haematite	A blood-red iron oxide mineral containing 70% Fe
Hornblende	A green silicate mineral of the amphibole group
Hydrothermal	A mineral forming or altering geological process involving hot water-bearing fluids
Ilmenite	A titanium-iron oxide mineral (FeTiO_3)
Inlier	Older rocks surrounded by younger
Intrusion	A body of igneous rock that invades older rocks
Ironstone	A rock composed predominantly of iron minerals
Isocline	Fold in which both limbs are parallel; thus tightly folded
Jurassic	The middle period of the Mesozoic Era; between about 140 and

205 million years ago

Karst	Topography formed over limestone characterised by sinkholes and caves
Laterite	An iron oxide-rich rock formed near the Earth's surface by weathering processes
Lepidocrocite	A red or reddish brown iron oxide mineral similar to goethite
Limestone	A sedimentary rock composed principally of the mineral calcium carbonate
Limonite	Brown hydrated iron oxide mineral containing about 60% Fe
Lithology	The characteristics of a rock; especially mineral content,, structure, grainsize, and classification
Lit-Par-Lit	Parallel sheets of granitic rock intruded into foliation planes of country rock
Lode	A tabular, potentially-economic deposit, with more or less definite boundaries, within country rock; especially an economic vein
Marble	Metamorphosed limestone or dolomite
Mesa	An flat topped hill that is, in general, surrounded by cliffs
Mesozoic	The era of geological time between about 65 and 250 million years ago
Meta-	The prefix used to describe the original nature of a metamorphic rock, e.g. a metamorphosed sediment can be described as a metasediment
Metaautunite	A secondary yellow hydrated uranium phosphate mineral
Metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure, and / or fluids
Metasediment	A metamorphosed sediment
Mg	The chemical symbol for the metallic element magnesium
Mica	A platy aluminium silicate mineral
Migmatite	A high-grade metamorphic rock comprised of an intimate mixture of metamorphic minerals and igneous minerals; commonly a mixture of gneiss and granitic veins
Mn	The chemical symbol for the metallic element manganese
Monazite	A phosphate mineral containing rare-earth elements

Moz	Million ounces (usually of gold)
Mt	Million tonnes
Mudstone	A sedimentary rock composed predominantly of approximately equal proportions of clay and silt
Mulga	A low tree
Nb	The chemical symbol for the metallic element niobium
Neoproterozoic	The youngest of the three Proterozoic eras; between about 1000 and 545 million years ago
Nepheline-	A sodium rich feldspar (mineral)
Ni	The chemical symbol for the metallic element nickel
O	The chemical symbol for the element oxygen
Ordovician	The period of geological time between about 435 and 490 million years ago
Oxide	A compound containing the element oxygen
Paleodrainage	An ancient drainage system
Paleoproterozoic	The oldest of the three Proterozoic eras; between about 2500 and 1600 million years ago
Paleozoic	The geological time occurring between 545 and 250 million years ago
Pb	The chemical symbol for the metallic element lead
Pegmatite	Very coarse-grained igneous intrusive body, usually granitic and in dyke or sill form; may contain valuable minerals
Pelite	A very fine-grained sedimentary rock composed of clay particles
Pendant	A downward projection into an igneous intrusion of the country rock that forms the roof to the intrusion
Peneplain	Land flattened by erosion
Permian	The period of geological time between about 250 and 300 million years ago
Petrology	The study of rocks
Phosphorous	The non metallic element phosphorus
Phyllonite	A very fine-grained metamorphic rock that is formed by the crushing of initially coarser rocks; characterised by silky films of

	mica or chlorite
Playa lake	A shallow intermittent lake in an arid or semi-arid region; often saline
Pluton	A relatively large body of igneous rock formed beneath the earth's surface
Polymetallic	Mineralisation containing a number of metals; especially both base and precious metals
Porcellanite	A very fine-grained siliceous rock that is in part argillaceous and in part calcareous
Porphyry	Igneous rock containing conspicuous phenocrysts (large crystals) in a fine-grained groundmass; usually intrusive
ppm	Parts per million (10^6)
Proterozoic	The eon of geological time between about 545 and 2,500 million years ago
Psammite	Sedimentary rock composed predominantly of sand sized particles
Pyrite	A mineral composed of iron sulphide (FeS_2); "fools gold"
Pyrochlore	A mineral containing niobium and / or tantalum
Pyrolusite	Manganese dioxide, a common ore of manganese
Quartz	A mineral composed of silicon and oxygen; forms as hard colourless crystals; a common component of sand.
Quartzite	A granular metamorphic rock composed predominantly of quartz; derived from quartz sandstone
Quaternary	The period of geological time from about 2 million years ago to the present.
RAB	"Rotary Air Blast", a rotary drilling technique in which compressed air returns the sample to surface outside the drill-rod string
Radiometric	A geophysical survey exploration method that measures the radioactive properties of rock units
RC	"Reverse Circulation"; a percussion drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination
Reconnaissance	A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey

Redox front	The location within a set of rocks at which chemical conditions change or changed from oxidising to reducing
Reef	A tabular or vein like deposit of valuable mineral between well defined walls
Rift	A break in the Earth's crust caused by parallel faults, the portion between which is displaced downwards
Roll front	The location in which uranium mineralisation is concentrated at the interface between oxidised and reduced rocks
Rutile	A mineral containing titanium dioxide
Saltbush	A shrub
Samphire	A low, fleshy-leafed plant that grows in salty conditions
Sandstone	A sedimentary rock composed primarily of sand sized grains
Schist	A medium or coarse-grained metamorphic rock with a platy texture due to the subparallel orientation of micaceous minerals
Scintillometer	A device that measures radiation
Sediment	Rock formed by the deposition of solids from water
Sericite	A white fine-grained potassium mica occurring as an alteration product
Shale	A very fine-grained sedimentary formed by the lithification of layers of mud and clay
Shear	A set of fractures in rock that both distort (shear out) the rock, primarily in a ductile manner, and displace the rocks on its sides, as would a fault
Silicate	A compound containing the element silicon
Siliceous	Containing the mineral silica
Silicified	A rock that has been altered or replaced by silica
Silt	Sedimentary material with grain size greater than clay but less than sand
Siltstone	A fine-grained sedimentary rock formed by the lithification of layers of silt
Sintering	Combining metals without melting them
Slate	A low grade metamorphic rock with a strong cleavage formed as a result of regional metamorphism of shale

Sn	The chemical symbol for the metallic element tin
Stockwork	A network of, usually quartz, veinlets cutting older rock
Stratiform	A mineral deposit occurring in layers; especially parallel to those of the enclosing strata
Stratigraphy	The branch of geology to do with the formation, composition, sequence, and correlation of stratified rocks
Stromatolite	Layered carbonate or silicate rocks formed by microorganisms
Sulphide	A mineral compound containing sulphur and metal
Supergene	A mineral enrichment formed relatively near to the Earth's surface by the movement of chemicals in solution and their deposition near the top of the water table
Syenite	An igneous rock composed mainly of feldspar
Ta	The chemical symbol for the metallic element tantalum
Tertiary	The period of geological time between about 2 and 65 million years ago
Thorite	The main ore of thorium with a chemical composition of ThSiO_4
Thrust	A low or moderate angled fault in which the upper block has moved up over the lower
Torbernite	A mineral containing uranium, copper, and phosphate
Tourmaline	A mineral containing aluminium, boron, and other elements
Triassic	The initial period of the Mesozoic Era; between about 250 and 205 million years ago
Tuff	A rock formed from the deposition of volcanic ash
U	The chemical symbol for the metallic element uranium
Ultramafic	Dark-coloured igneous rock containing virtually no quartz or feldspar and composed essentially of ferromagnesian silicates, mainly olivine and pyroxene
Vein	A thin sheet-like body within older rock; often within fractures; commonly dominantly quartz
Vent	The opening of a volcano
Volcanic	Descriptive of rocks originating from volcanic activity
Vug	A cavity in a rock; often with a mineral lining of different composition to the surrounding rock

Wallrock	The wall of a vein or lode
Weathering	The processes by which rocks at or near the Earth's surface change in mineralogical and chemical composition due to the action of air, water, plants, and temperature changes
XRF	X-Ray Fluorescence. A method of chemical analysis, which can be carried out in the field on rock or soil by a hand held instrument
Zircon	The chief ore mineral of zirconium; zirconium silicate; a heavy mineral
Zn	The chemical symbol for the metallic element zinc
Zr	The chemical symbol for the metallic element zirconium

8. INDEPENDENT ACCOUNTANT'S REPORT



Accountants | Business and Financial Advisers

3 July 2008

The Directors
Retail Star Limited
Level 9
440 Collins Street
MELBOURNE VIC 3000

Dear Sirs

Independent Accountant's Report

1. Introduction

- 1.1. This report has been prepared for inclusion in a Prospectus to be dated on or about 4 July 2008 for the issue by Retail Star Limited ("Retail Star") (ACN 098 238 585) of:
 - 5,000,000 Shares of 20 cents each and related Options, to raise up to \$1,000,000, prior to issue costs, in accordance with the General Offer set out in the Prospectus; and
 - 7,618,297 Shares of 20 cents each and related Options, to raise up to \$1,523,659 prior to issue costs, in accordance with the Entitlements Offer set out in the Prospectus.
- 1.2. The Prospectus also provides for the General Offer to include any shortfall in the Entitlements Offer.
- 1.3. The purpose of this report is to assist potential investors and their financial advisers in making an assessment of the balance sheet of Retail Star, assuming amounts proposed to be raised under the Prospectus are achieved.
- 1.4. Expressions defined in the Glossary of the Prospectus, have the same meaning in this report.

2. Scope of Report

- 2.1. You have requested HLB Mann Judd (NSW Partnership) ("HLB MJ") to prepare this report presenting the following information:

- 2.1.1. the historical financial information, comprising the historical consolidated balance sheet of Retail Star as at 31 January 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of Retail Star for the six month period ended 31 January 2008; and
- 2.1.2. the pro forma consolidated balance sheets of Retail Star as at 31 January 2008 assuming minimum and maximum subscriptions are raised pursuant to the Prospectus.
- 2.2. Items 2.1.1 and 2.1.2 above are referred to in this report as the “historical financial information” and our commentary on these matters is set out below under Historical Financial Information.
- 2.3. The consolidated financial information in this report, relating to Retail Star includes Retail Star and the entities it controlled during the 6 months ended 31 January 2008 (further details are available in Notes 2(b) and 11 of Annexure 1).

3. Background Information

- 3.1. Retail Star was registered on 24 September 2001 as Gowings Retail Limited and listed on ASX in December 2001. Gowings Retail was formed for the purpose of acquiring the retail business formerly operated by ASX listed Gowing Bros. Limited.
- 3.2. In August 2004, the company changed its name to G Retail Limited.
- 3.3. G Retail limited was placed in voluntary administration on 8 November 2005.
- 3.4. On 26 March 2006 G Retail Limited entered into a Deed of Company Arrangement (“DOCA”). The Deed Administrators subsequently accepted a proposal for the restructuring and recapitalisation of the company.
- 3.5. On 14 August 2006 Shareholders approved the resolutions to complete the restructuring and recapitalisation of the company.
- 3.6. On 15 August 2006 the company’s name changed to Retail Star Limited.
- 3.7. On 6 August 2007 Shareholders of Retail Star approved the acquisition of 100% of Orion Exploration Pty Limited (“Orion”) which provides it with access to certain uranium exploration rights in Malawi, East Africa as well as access to its uranium interests in Australia. Orion, prior to 6 August 2007, was owned by Red Rock Resources Plc (“RRR”), which presently controls 24.02% of Retail Star.
- 3.8. On 9 January 2008, Retail Star acquired 100% of Eastbourne Exploration Pty Ltd (“Eastbourne”). Eastbourne holds an Exclusive Prospecting Licence (“EPL”), also in Malawi, as well as two uranium tenements in the Northern Territory.
- 3.9. On 11 February 2008 the government of Malawi approved a transfer of an EPL for the Chintheche uranium licence from RRR to Retail Star.
- 3.10. Both the acquisition of Eastbourne on 9 January 2008 and the transfer of the EPL on 11 February 2008 were pursuant to the agreement approved by Shareholders on 6 August 2007.
- 3.11. On 12 May 2008 Retail Star announced to ASX that it would seek Shareholders approval to change the nature of its business and activities to an exploration and

mining company. Consequently, as this change is significant, Retail Star must re-comply with Chapters 1 and 2 of the ASX listing rules.

- 3.12. The ASX listing re-compliance involves the holding of a general meeting of Shareholders, which is proposed to be held on 14 July 2008, at which date approval will be sought in relation to following five resolutions:
- Resolution 1: proposes a change in the nature and scale of Retail Star's activities as described in the Explanatory Statement, which broadly is as set out in 3.11 above;
 - Resolution 2: proposes a change in the company's name to Resource Star Limited;
 - Resolution 3: proposes the consolidation of capital ("Consolidation") and results in every seventeen (17) Shares presently in issue being converted into one (1) Share;
 - Resolution 4: proposes the allotment and issue of up to 5,000,000 Shares of 20 cents each and related free Options, to raise up to \$1,000,000, prior to issue costs; this is the General Offer (described in Retail Star's notice to ASX of 30 May 2008 as the Share Placement); and
 - Resolution 5: proposes the allotment and issue of 700,000 Director Options to Mr Ian Scott for nil cash consideration.

For full details of each resolution, reference should be made to the Notice of Meeting lodged with ASX on 30 May 2008 and the Explanatory Statement that accompanied that notice.

- 3.13. In addition to the Consolidation and General Offer, Retail Star has announced it intends to raise up to approximately \$1,500,000 by an Entitlements Offer on the basis two (2) Shares for every nine (9) Shares held by Shareholders at an issue price of 20 cents per Share. The Entitlements Offer will be calculated on the number of Shares held by a Shareholder following the Consolidation referred to above.
- 3.14. The Board of Retail Star has advised that minimum subscriptions pursuant to the Prospectus are \$1,500,000. Maximum subscriptions that may be accepted pursuant to the Prospectus are \$2,523,659. Both the minimum and maximum amounts are before deduction of costs associated with those subscriptions.
- 3.15. RRR has advised it will underwrite the Entitlements Offer up to \$1,100,000 in total.

4. Proposed Changes in Issued Capital and Options

4.1. Details of Issued Capital pre and post Consolidation

Issued Capital	Number issued	Issue Price \$	\$
Ordinary Shares - balance at 31 January 2008	552,799,753		27,847,045
Conversion of Class C Performance Shares (note 1)	30,000,000	0.015	450,000
Total Ordinary Shares - balance pre Consolidation	582,799,753		28,297,045
Total Ordinary Shares -balance post Consolidation	34,282,339		28,297,045
Class A Performance Shares - balance at 31 January 2008 and pre Consolidation	20,000,000		100,000
Class A Performance Shares - balance post Consolidation	1,176,471		100,000
Class C Performance Shares – balance at 31 January 2008)	30,000,000	-	-
Conversion of Class C Performance Shares (Note 1)	(30,000,000)		-
Total C Performance Shares on issue pre Consolidation	Nil		Nil

Notes

1. Conversion of 30,000,000 C Class Performance Shares to 30,000,000 Ordinary Shares (at 1.5 cents each) as a result of the grant of the Chintheche Exclusive Prospective Licence (EPL0219/07) on 11 February 2008 (Refer to Notes to the Financial Statements, Note 12. Subsequent Events, in Annexure 1).

4.2. Issued Shares including Maximum Subscriptions

The details of movements in Retail Star's Shares since 31 January 2008, and assuming the General Offer and Entitlements Offer are fully subscribed, are as follows:

Issued Shares	Number issued	Issue Price \$	\$
Consolidation (Note 1)	34,282,339		28,297,045
Shares to be issued under Entitlements Offer (Note 2)	7,618,297	0.20	1,523,659
Shares to be issued under the General Offer (Note 3)	5,000,000	0.20	1,000,000
Less: Transaction costs of issue (Note 4)	-		(298,000)
Total including maximum subscriptions	46,900,636		30,522,704

Notes

1. The Consolidation results in every seventeen (17) Shares, pre Consolidation, being converted into one (1) Share.
2. The Entitlements Offer is the proposed issue of two (2) Shares for every nine (9) Shares held by Shareholders at an issue price of 20 cents per Share. The Entitlements Offer will be calculated on the number of Shares held by a Shareholder following the Consolidation. This will result in the issue of up to 7,618,297 Ordinary Shares.
3. The General Offer is the proposed issue of up to 5,000,000 Shares at 20 cents each to raise up to \$1,000,000.
4. Details of Prospectus costs (net of GST) for minimum and maximum subscriptions are estimated as follows:

	Minimum Subscriptions	Maximum Subscriptions
ASIC Fees	2,000	2,000
ASX Fees	30,000	30,000
Brokerage and Retainer Fees	80,000	105,000
Independent Geologist's Report	34,000	34,000
Legal and Accounting	63,000	63,000
Printing	10,000	10,000
Underwriting	44,000	44,000
Other	10,000	10,000
Total	<u>\$273,000</u>	<u>\$298,000</u>

4.3. Issued Shares including Minimum Subscriptions

The details of movements in Retail Star's Shares since 31 January 2008, and assuming the General Offer and Entitlements Offer are subscribed to minimum subscriptions of \$1,500,000, are as follows:

Issued Shares	Number issued	Issue Price \$	\$
Consolidation (Note 1)	34,282,339		28,297,045
Shares to be issued under Entitlements Offer (Note 2)	3,750,000	0.20	750,000
Shares to be issued under General Offer (Note 3)	3,750,000	0.20	750,000
Less: Transaction costs of issue (Note 4)	-		(273,000)
Total including minimum subscriptions	<u>41,782,339</u>		<u>29,524,045</u>

Notes

1. Refer to Note 1 in table at 4.2
2. Refer to Note 2 in table at 4.2. The minimum subscriptions above are based on 7,500,000 Shares being issued to raise funds of \$1,500,000 and for illustrative purpose divided equally between the General Offer and Entitlements Offer ie 3,750,000 Shares raising \$750,000 for each offer.
3. Refer to Note 3 in table at 4.2 and note 2 above.
4. Refer to Note 4 in table at 4.2

4.4. Details of Options Issued prior to Consolidation

The table below represents the number of Options on issue at 31 January 2008 prior to the Consolidation, Entitlements Offer, General Offer and Director options.

Exercise Price and Expiry Date	Number
\$0.80 options expiring on 31 May 2008	65,000
\$1.00 options expiring on 31 May 2008	70,000
\$0.261 options expiring on 15 December 2009	1,333,334
\$0.025 options expiring on 30 June 2008	20,000,000
\$0.015 options expiring on 30 June 2008	230,000
\$0.287 options expiring on 15 December 2010	1,333,334
\$0.314 options expiring on 15 December 2011	1,333,332
\$0.25 options expiring on 15 December 2009	3,300,000
Options on issue at 31 January 2008	27,665,000
Less: Options lapsed prior to Consolidation	
\$0.80 options expiring on 31 May 2008	65,000
\$1.00 options expiring on 31 May 2008	70,000
\$0.025 options expiring on 30 June 2008	20,000,000
\$0.015 options expiring on 30 June 2008	230,000
Options on issue prior to Consolidation	7,300,000

The table below represents the number of options and exercise price on issue after the Consolidation.

Exercise Price and Expiry Date (Note 1)	Number
\$4.437 options expiring on 15 December 2009	78,432
\$4.879 options expiring on 15 December 2010	78,432
\$5.338 options expiring on 15 December 2011	78,432
\$4.25 options expiring on 15 December 2009	194,118
Options on issue post Consolidation	429,414

Notes

1. The Consolidation is based on the issue of one (1) Option for every seventeen (17) Options held.

4.5. Options issued including Maximum Subscriptions

Exercise Price and Expiry Date	Number
\$4.437 options expiring on 15 December 2009	78,432
\$4.879 options expiring on 15 December 2010	78,432
\$5.338 options expiring on 15 December 2011	78,432
\$4.25 options expiring on 15 December 2009	194,118
\$0.25 options expiring on 30 November 2008 (Note 1)	3,809,148
\$0.25 options expiring on 30 November 2008 (Note 2)	2,500,000
\$0.30 Director options expiring on 31 December 2008 (Note 3)	300,000
\$0.35 Director options expiring on 31 December 2009 (Note 3)	200,000
\$0.40 Director options expiring on 31 December 2010 (Note 3)	200,000
Options on issue post consolidation – maximum subscriptions	7,438,562

Notes

1. The Entitlements Offer is the issue of one (1) Option for every two (2) Share purchased under the Entitlements Offer.
2. The General Offer is the issue of one (1) Option for every two (2) Share purchased under the General Offer (to be granted under Resolution 2).
3. The Options issued to Ian Scott to be granted for nil consideration (to be granted under Resolution 5).

4.6. Options issued including Minimum Subscriptions

Exercise Price and Expiry Date	Number
\$4.437 options expiring on 15 December 2009	78,432
\$4.879 options expiring on 15 December 2010	78,432
\$5.338 options expiring on 15 December 2011	78,432
\$4.25 options expiring on 15 December 2009	194,118
\$0.25 options expiring on 30 November 2008 (Note 1)	1,875,000
\$0.25 options expiring on 30 November 2008 (Note 2)	1,875,000
\$0.30 Director options expiring on 31 December 2008 (Note 3)	300,000
\$0.35 Director options expiring on 31 December 2009 (Note 3)	200,000
\$0.40 Director options expiring on 31 December 2010 (Note 3)	200,000
Options on issue post consolidation – minimum subscriptions	4,879,414

Notes

1. Refer Note 1 in table at 4.5 for details of shares issued under the Entitlements Offer. Refer Note 2 in table at 4.3 for details in relation to minimum subscriptions.
2. Refer Note 2 in table at 4.5 for details of shares issued under the General Offer. Refer Note 2 in table at 4.3 for details in relation to minimum subscription.
3. Refer Note 3 in table at 4.5

5. Basis of information in this report

5.1. In relation to the information presented in this report:

- 5.1.1. except for any obligation arising under the underwriting agreement (refer to Section 12.1 of the Prospectus), support by another person, corporation or an unrelated entity has not been assumed;
- 5.1.2. the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this report; and
- 5.1.3. the going concern basis of accounting has been adopted.

6. Proposed application of funds to be raised by the issue of the prospectus

- 6.1. We are advised by the directors that the funds raised by the issue of Shares under the Prospectus will be utilised to:
1. pay estimated costs associated with the Prospectus of \$273,000, assuming minimum subscriptions and \$298,000 assuming maximum subscriptions (Refer to Note 4 in table at 4.2);
 2. explore Retail Star's mineral interests in Malawi and Australia as described in sections 1.2 to 1.6 (inclusive) and section 1.9 of the Explanatory Statement; and
 3. provide working capital to meet ongoing administration costs.

7. Financial risk if minimum subscriptions are not raised

- 7.1. If Retail Star does not receive a total of minimum subscription of \$1,500,000 from the Entitlements Offer and the General Offer, combined, then Retail Star will be required to return all funds received for that issue and placement to investors.
- 7.2. Investors' attention is also drawn to section 11.6 of the Prospectus: "Funding Risk and Future Capital Needs" which states as follows:

"In the event the Company does not achieve the minimum subscription under this Prospectus, there is a risk that it may not be able to continue to fund its ongoing exploration programs (unless another funding source can be secured). This could adversely affect the ability of the Company to grow organically or through acquisitions.

In these circumstances, shareholders may face the loss of a substantial portion of their investment."

8. Historical Financial Information

- 8.1. Set out in Annexure 1 (attached) is Retail Star's financial report for the six months ended 31 January 2008. That report was prepared by Retail Star in order to satisfy its requirements under the Corporations Act, 2001 as a disclosing entity and also to satisfy the ASX listing rules, which require companies listed on ASX to prepare and lodge half-yearly financial information which are either audited or reviewed.
- 8.2. Retail Star's financial report for the period ended 31 January 2008 comprises the condensed balance sheet as at 31 January 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Retail Star group.
- 8.3. In our role as Retail Star's statutory auditors, we conducted a review (but not audit) of the company's financial report for the period ended 31 January 2008. Our review report relating to that financial report contains a qualified conclusion because of an inadequacy in maintaining accounting records during the period [in

the financial year ended 31 July 2007] when the company was under administration – refer *Basis for Qualified Auditor's Conclusion* in our review report in Annexure 1 and also 3.4 above. As can be seen from the review report in that annexure, the qualification does not affect the conclusion relating to financial information in the 31 January 2008 financial period but is directed at the comparative information, which is contained in that report, for the period ended 31 January 2007.

- 8.4. Retail Star's consolidated condensed balance sheet at 31 January 2008 referred to above and included in Annexure 1 has been used as the basis for the preparation of the pro forma consolidated balance sheets which are set out in 9 below.
- 8.5. We have conducted a review of the historical financial information, including the consolidated pro forma balance sheets of Retail Star in accordance with Auditing Standards on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity" and conducted such enquiries and procedures which we considered necessary for the purposes of this report.
- 8.6. The review procedures undertaken by HLB MJ in our role as Independent Accountants were substantially lesser in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this report does not express an audit opinion on the historical financial information included in this report or elsewhere in the Prospectus.

9. Pro forma consolidated balance sheets

- 9.1. The unaudited pro forma consolidated balance sheets of Retail Star below have been prepared based on the historical consolidated balance sheet as 31 January 2008, adjusted as set out in 1 below, and also for minimum and maximum subscriptions which may arise under the Prospectus. Except for the effect of the following in 1 to 4 below, the pro forma balance sheets do not take into account events or transactions since 31 January 2008:
 1. the conversion of 30,000,000 C Class Performance Shares to 30,000,000 Shares (at 1.5 cents each) as a result of the Chintheche Exclusive Prospective Licence (EPL0219/07). Refer to Note 1 in table at 4.1;
 2. the issue of up to 2,500,000 Shares of 20 cents each in accordance with the General Offer to raise \$500,000;
 3. the issue of up to 7,500,000 Shares of 20 cents each in accordance with the Entitlements Offer to raise up to \$1,523,659; and
 4. estimated costs in relation to the issue of the Prospectus \$273,000 for minimum subscription and \$298,000 for maximum subscription (Refer to Note 4 in table at 4.2).

	RETAIL STAR LIMITED		
	CONSOLIDATED BALANCE SHEETS		
	As at 31 January 2008	Pro forma including Minimum Subscriptions	Pro forma including Maximum Subscriptions
	\$	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents (Note 1)	1,727,319	2,954,319	3,952,978
Trade and other receivables	20,491	20,491	20,491
Inventories	8,500	8,500	8,500
Other current assets	15,509	15,509	15,509
Total Current Assets	1,771,819	2,998,819	3,997,478
Non-Current Assets			
Exploration and evaluation expenditure (Note 2)	1,993,801	2,443,801	2,443,801
Property, plant and equipment	6,053	6,053	6,053
Total Non-Current Assets	1,999,854	2,449,854	2,449,854
TOTAL ASSETS	3,771,673	5,448,673	6,447,332
LIABILITIES			
Current Liabilities			
Trade and other payables	55,393	55,393	55,393
Total Current Liabilities	55,393	55,393	55,393
TOTAL LIABILITIES	55,393	55,393	55,393

NET ASSETS	3,716,280	5,393,280	6,391,939
EQUITY			
Issued capital (Note 3)	27,947,045	29,624,045	30,622,704
Options reserve	216,982	216,982	216,982
Accumulated losses	(24,447,747)	(24,447,747)	(24,447,747)
TOTAL EQUITY	3,716,280	5,393,280	6,391,939

		Pro forma Minimum Subscriptions	Pro forma Maximum Subscriptions
Note 1 – Cash and cash equivalents			
Balance at 31 January 2008		1,727,319	1,727,319
Entitlements Offer - minimum subscriptions – refer 4.3 above		750,000	-
General Offer minimum subscriptions – refer 4.3 above		750,000	-
Entitlements Offer – maximum subscriptions – refer 4.2 above		-	1,523,659
General Offer - maximum subscriptions – refer 4.2 above		-	1,000,000
Less: Estimated costs of Prospectus		(273,000)	(298,000)
Balance after pro forma adjustments		2,954,319	3,952,978

	Pro forma Minimum Subscriptions	Pro forma Maximum Subscriptions
Note 2 – Exploration and evaluation expenditure		
Balance at 31 January 2008	1,993,801	1,993,801
Chintheche Exclusive Prospective Licence (EPL0219/07)	450,000	450,000
Balance after pro forma adjustments	2,443,801	2,443,801

Note 3 – Issued capital

Balance at 31 January 2008	27,947,045	27,947,045
Entitlements Offer - minimum subscriptions – refer 4.3 above	750,000	-
General Offer minimum subscriptions – refer 4.3 above	750,000	-
Entitlements Offer – maximum subscriptions – refer 4.2 above	-	1,523,659
General Offer - maximum subscriptions – refer 4.2 above	-	1,000,000
Conversion of 30,000,000 C Class Performance Shares to 30,000,000 Shares (at 1.5 cents each)	450,000	450,000
Less: Estimated costs of Prospectus	(273,000)	(298,000)
Balance after pro forma adjustments	29,624,045	30,622,704

Note 4 the consolidated balance sheet of Retail Star at 31 January 2008 should be read in conjunction with the half year financial report in Annexure 1.

10. Subsequent Events

- 10.1. In our opinion, there have been no material items, transactions or events subsequent to 31 January 2008 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment on, or adjustment to, the content of this report or which would cause such information included in this report to be misleading.

11. Review Opinion - Historical Financial Information

- 11.1. Based on our review, we have not become aware of any matter that makes us believe that:

- the unaudited consolidated income statement, statement of changes in equity and cash flow statement of Retail Star for the period ended 31 January 2008, as set out in Annexure 1 of this Report, do not present fairly the performance of the Company's operations and the entities it controlled for that period;
- the unaudited consolidated balance sheet of Retail Star as at 31 January 2008, as set out in Annexure 1 of this Report, does not present fairly the financial position of the Company and the entities it controlled as at that date; and
- the pro forma consolidated balance sheets of Retail Star as at 31 January 2008, as set out in section 9 of this Report, do not present fairly the position of the Company and the entities it controlled as at 31 January 2008, as if the transactions referred to in section 9.1 above had occurred as at that date;

12. Disclosures

- 12.1. HLB Mann Judd (NSW Partnership) are the auditors of Retail Star.
- 12.2. No partner in the firm of HLB Mann Judd (NSW Partnership) has any interest in Retail Star.
- 12.3. Consent for the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully



Philip Meade

Partner



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2 June 2008

Retail Star Limited
Level 9
440 Collins Street
Melbourne VIC 3000

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

This Report is prepared for inclusion in a prospectus to be issued by Retail Star Limited (**Company**) on or about 4 July 2008 (**Prospectus**).

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest.

All applications for exploration tenements and granted exploration tenements are collectively referred to in this report as the **Tenements**. The Tenements are located in Western Australia and the Northern Territory. Details of the Tenements are set out in Part I of the attached Schedule, which forms part of this Report.

2. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

- (a) we have obtained searches of the West Australian Tenement from the registers maintained by the Western Australian Department of Industry and Resources (**DOIR**). This search was conducted on 21 May 2008. Key details on the status of the West Australian Tenement are set out in Part I of the Schedule;

- (b) we have obtained searches of the Northern Territory Tenements from the registers maintained by the Northern Territory Department of Primary Industry, Fisheries and Mines (**NT Department**). These searches were conducted on 26 May 2008 and 25 June 2008. Key details on the status of the Northern Territory Tenements are set out in Part I of the Schedule;
- (c) we have obtained extracts of registered native title claims that apply to the Tenements from the register maintained by the National Native Title Tribunal (**NNTT**). This material was obtained on 21 May 2008, 22 May 2008 and 25 June 2008. Details of native title claims affecting the Tenements are set out in Section 7 of this Report and Part II of the Schedule; and
- (d) we have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the DOIR and NT Department searches and have summarised the material terms (details of which are set out in Section 12 of the Prospectus).

3. OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant searches:

- (a) (**Company's Interest**): this Report provides an accurate statement as to the Company's interest in the Tenements;
- (b) (**Good Standing**): this Report provides an accurate statement as to the validity and good standing of the Tenements; and
- (c) (**Third party interests**): this Report provides an accurate statement as to third party interests, including encumbrances, in relation to the Tenements.

4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) (**Company's Interest**): The Company does not have a registered interest in Tenement E29/581. It only has an equitable interest in the uranium rights associated to E29/581 under the Agreement for Sale of Assets and Subscription for Securities dated 26 July 2007 with Red Rock Resources plc (**Red Rock Resources**);
- (b) (**Applications for Tenements**): The Company is not the applicant for Tenements ELA24414 and MLA24342. We have relied on Red Rock Resources' representations in the Agreement for Sale of Assets and Subscription for Securities dated 26 July 2007 that ELA24414 and MLA24342 are being held on trust for Red Rock Resources by a third party and Red Rock Resources will be able to transfer ELA24414 and MLA24342 to the Company once granted.

5. DESCRIPTION OF THE TENEMENTS

5.1 WA Tenement

The WA Tenement is an exploration licence granted under the *Mining Act 1978* (WA) (**WA Mining Act**). Schedule 1 provides a list of the Tenements. The following provides a description of the nature and key terms of an exploration licence, as set out in the WA Mining Act.

West Australian Exploration Licences

Application: A person may lodge an application for an exploration licence and the Minister decides whether to grant the application. An application for an exploration licence (unless a reversion application) cannot be legally transferred and continues in the name of the applicant.

Rights: The holder of an exploration licence is entitled to enter the land and undertake operations for the purposes of exploration for minerals.

Term: An exploration licence has a term of 5 years from the date of grant. The Minister may extend the term where:

- the exploration licence was granted before 10 February 2006, by a further period or periods of 1 or 2 years; and
- the exploration licence was granted after 10 February 2006, by a further period of 5 years followed by a further period or periods of 2 years.

Where an exploration licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Retention Status: The holder of an exploration licence granted after 10 February 2006 may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource within the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease. The holder of an exploration licence applied for or granted before 10 February 2006, can apply for a retention licence (see below).

Conditions: Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the exploration licence.

Relinquishment: The holder of an exploration licence granted or applied for before 10 February 2006 must relinquish not less than half of the blocks comprising the licence at the end of the third year. A further relinquishment of not less than half of the remaining blocks is required at the end of the fourth year. The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year.

Priority to apply for Mining Lease: The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of

the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

Transfer: No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealing.

Reversion Application: The WA Mining Act allowed the holder of an exploration licence who had applied for a mining lease before 10 February 2006 to lodge an application between 11 February 2006 and 10 February 2007 for an exploration licence or prospecting licence in lieu of the grant of the mining lease. The WA Mining Act provides that reversion applications are deemed to be transferred to a transferee of the underlying exploration licence.

5.2 Northern Territory Tenements

The NT Tenements comprise exploration licences applied for or granted under the *Mining Act 1980* (NT) (**NT Mining Act**). Schedule 1 provides a list of the Tenements. The following provides a description of the nature and key terms of explorations licences as set out in the NT Mining Act.

The *Mineral Royalty Act* levies a royalty at a rate of 18 per cent of the Net Value of mineral commodities sold or removed from a mine, regardless of the type of mineral commodity or whether the mine is situated on Crown, freehold, leasehold or Aboriginal land.

Northern Territory Exploration Licences

Rights: The holder of an exploration licence is authorised to conduct exploration activity on the tenement with any equipment as may be necessary for the purpose of exploring for minerals.

Term: An exploration licence may be granted for a term not exceeding 6 years and may be renewed for 2 further periods of 2 years at the Minister's discretion.

Relinquishment: The area of land in respect of which an exploration licence may be granted must be contained in a single licence area and must not exceed 500 blocks. Under the NT Mining Act, the area of an exploration licence must be reduced by 50% after two years from the date of the grant of the exploration licence, and for each year after that, a further 50% of the remaining area must be relinquished, subject to the discretion of the Minister.

Conditions: An exploration licence is granted subject to certain standard conditions under the NT Mining Act and includes obligations relating to rehabilitation, payment of rent, minimum expenditure, and reporting requirements.

Consent: Under the *Mining Management Act 2001* (NT), any activity on tenure (other than for exploration that does not involve substantial disturbance) requires the Minister to grant ministerial authorisation before that activity can commence. Any such activity would need to be undertaken in accordance with a mining management plan, which is integral with the Ministerial Authorisation and must deal with safety, health and environmental issues.

Northern Territory Mineral Lease

Rights: The holder of a mineral lease is entitled to enter the land and undertake operations for the purposes of mining and extracting minerals (other than a

mineral specified in the lease document as a mineral that may not be mined). The holder has exclusive rights to the land for mining purposes.

Term: A mineral lease may be granted for such term as the Minister thinks fit.

Conditions: Mineral leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements.

Variation as to minerals recoverable: The Minister may, on written application by the lessee, vary a mineral lease by specifying additional minerals the mining of which is permitted on the area subject to the mineral lease.

Application for Renewal: A lessee may, at any time before 3 months before the expiration of a mineral lease, or such later time, not being later than the expiration of the mineral lease, as the Minister allows, apply to the Minister for renewal or further renewal of the mineral lease.

6. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements.

We have not undertaken searches to ascertain if any Aboriginal sites or objects have been registered in the vicinity of the Tenements, as there is no obligation under the relevant legislation to register sites or objects. Furthermore, the exact location of Aboriginal sites cannot be ascertained from these searches.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

6.1 Commonwealth Legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.2 Western Australian Legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons.

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered and the WA Heritage Act protects all registered and unregistered sites.

6.3 Northern Territory Tenements

The *Northern Territory Aboriginal Sacred Sites Act (NT) (NT Heritage Act)* applies to the NT Tenements. Pursuant to the NT Heritage Act, any explorer or miner is required to work within the sacred site protection regime set by the Aboriginal Areas Protection Authority.

There may be some sites located on the Northern Territory Tenement registered on the Register maintained under the NT Heritage Act.

7. NATIVE TITLE

7.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2) (1992) 175 CLR 1 (Mabo no.2)*.

Mabo no. 2 held that certain land tenure existing as at the date of that case, including mining tenements, where granted or renewed without due regard to native title rights, were invalid.

As a result of Mabo no. 2, the *Native Title Act 1993 (Cth) (NTA)* was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the National Native Title Tribunal (**NNTT**) and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State or Territory legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite Mabo no. 2. This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996; and
- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

The Future Act Provisions are summarised in Section 7.2 below, following which the Report identifies:

- (d) native title claims and determinations that are registered against the Tenements (see Section 7.3);
- (e) Tenements which have been retrospectively validated under the NTA as being granted before 23 December 1996 (see Section 7.4);
- (f) Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA. This Report assumes that the Future Act Provisions have been complied with in relation to these Tenements (see Section 7.4); and
- (g) Tenements which are yet to be granted and which may need to comply with the Future Act Provisions in order to be valid under the NTA (see Section 7.4).
 - (i) Note that the grant of a Tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the Tenement, or has been validly extinguished prior to the grant of the Tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the Tenements.

Unless it is clear that native title does not exist (eg in relation to freehold land), the usual practice of a State or Territory is to comply with the Future Act Provisions when granting a Tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the Tenement and as such, the Future Act Provisions apply.

Where a Tenement has been retrospectively validated or validly granted under the NTA, the rights under the Tenement prevail over any inconsistent native title rights.

7.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are three alternatives: the Right to Negotiate, an Indigenous Land Use Agreement (**ILUA**) and the Expedited Procedure. These are summarised below.

Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State or Territory, the applicant for the Tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the Tenement can be granted. The applicant for the Tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the Tenement (eg in relation to heritage surveys).

If agreement is not reached to enable the Tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six (6) months to decide whether the Tenement can be granted and if so, on what conditions. The NNTT usually requires the parties to have had at least 6 months of negotiations before it will accept a referral for arbitration.

ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State or Territory and the applicant for the Tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the Tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State or Territory considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the Tenement in accordance with the NTA. Persons have until three (3) months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the Tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four (4) months of the notification date, the State or Territory may grant the Tenement.

If one or more registered native title claimants or native title holders object within that four (4) month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State or Territory may grant the Tenement. Otherwise, the Future Act Provisions (eg Right to Negotiate or ILUA) must be followed before the Tenement can be granted.

The State of Western Australia currently follows a policy of granting prospecting and exploration licenses under the Expedited Procedure where the applicant has entered into a standard aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The standard heritage agreement (and ancillary agreements) usually provide for payment of

compensation by the applicant for the tenement and conditions that apply to activities carried out within the tenement.

7.3 Registered Native Title Claims and Determinations

Our searches indicate that the Tenements are subject to the following registered native title claims.

Tenement	Native Title Claim
EL23568	DC98/8 (Rail Corridor 8) DC01/18 (Bonrook)
EL23569	DC98/8 (Rail Corridor 8) DC01/18 (Bonrook) DC04/2 (Jindare) DC04/3 (Edith River)
EL24614	DC01/27 (Koolpinyah South)
EL24391	DC99/5 (Portion 4724 Adelaide River) DC01/7 (Tipperary North)
EL26219	DC98/8 (Rail Corridor 8)
EL26220	DC01/18 (Bonrook)
E29/581	WC99/5 (Koara People) WC00/14 (Ngalia Kutjungkatja) WC99/10 (Wutha)
MLA24342	DC04/3 (Edith River)

The status of the native title claims is summarised in Part II of the Schedule.

The native title claimants are entitled to certain rights under the Future Act Provisions.

Our searches indicate that none of the Tenements are subject to native title determinations.

7.4 Validity of Tenements under the NTA

The sections below examine the validity of the Tenements under the NTA.

Tenements granted before 23 December 1996

Our searches indicate that none of the Tenements were granted before 1 January 1994.

Our searches indicate that none of the Tenements were granted after 1 January 1994 but before 23 December 1996.

Tenements granted after 23 December 1996

Our searches indicate that the following Tenements were granted after 23 December 1996.

Tenement	Date of Grant
EL23568	17 February 2003
EL23569	17 June 2003
EL24614, EL24432 and EL24391	2 December 2005
E29/581	8 March 2006
EL26219 and EL26220	16 November 2007

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

Tenements renewed after 23 December 1996

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

- the area to which the mining tenement applies is not extended;
- the term of the renewed mining tenement is not longer than the term of the old mining tenement; and
- the rights to be created are not greater than the rights conferred by the old mining tenement.

In such cases, the mining tenement can be renewed without complying with the Future Act Provisions. It is currently uncertain whether this exemption applies to a second or subsequent renewal of such a mining tenement.

Our searches indicate that none of the Tenements were renewed after 23 December 1996.

Renewals of Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

Valid grant of Applications for Tenements

The Future Act Provisions must be complied with when granting any of the Tenements that are currently applications. This will ensure that the newly granted Tenements are valid under the NTA be assured.

The following Tenements are currently applications and as such will need to satisfy the Future Act Provisions.

Applicant	Tenement
Tennant Creek Gold (NT) Pty Ltd	MLA24342

The registered native title claimants and holders of native title identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

Note that the grant of any tenements in the future in relation to the Tenements (for example, the grant of a mining lease from an exploration licence) will also need to comply with the Future Act Provisions.

7.5 Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)

The Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) (**ALR Act**) enables the granting of inalienable freehold title to traditional Aboriginal owners of land in the Northern Territory. The ALR Act also regulates exploration and mining on Aboriginal land and sets out the processes to be followed when negotiating with traditional owners for access to Aboriginal land.

Currently, the land subject to ELA24414 is Aboriginal Land under the ALR Act and is owned by the Finnis River Aboriginal Land Trust.

Under the ALR Act an exploration licence can not be granted in relation to Aboriginal land without the consent of the relevant Land Council and the Minister. On 30 November 2007, application was made by Orion Exploration Pty Ltd (beneficial holder of ELA24414) for consent to the grant of ELA24414. Subsequent to the application, the Northern Land Council refused to consent to the proposed grant of the Tenement.

Under the Act, where a Land Council has refused to consent to the grant of an exploration licence, a 5 year moratorium on further negotiations applies. The Company may make a re-application for consent to the grant of ELA24414 to the Land Council within the 30 day period commencing 5 years after the date of the refusal decision.

During the moratorium period the Land Council can apply to the Minister to allow for a new proposal to be lodged with the Land Council for its re-issue and consent to the grant of the licence.

8. URANIUM MINING – AUSTRALIAN GOVERNMENT REGULATION AND POLICY

Uranium mining in Australia is subject to extensive regulation by state and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict conditions and international agreements. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes. Further, under the *Atomic Energy Act 1953* (Cth) any person who discovers uranium must report that discovery to the Commonwealth Minister within one month whereupon the Minister may request

further particulars of such discovery. The Commonwealth Minister may take possession of that uranium subject to the payment of compensation.

Current Western Australian State Government policy prohibits the mining of uranium in Western Australia. The current Northern Territory Government's policies allow the mining of uranium provided strict conditions are adhered to.

Pursuant to the *Atomic Energy Act 1953* (Cth) and the *Northern Territory Self-Government) Regulations 1978* (Cth) the Commonwealth has reserved its powers on uranium mining in the Northern Territory. The NT Mining Act requires that the Northern Territory Minister for Mines must consult with the Commonwealth Minister for Industry, Tourism and Resources before granting a mining title that relates to uranium, and must act in accordance with any advice that the Commonwealth Minister provides.

We do not express any opinion on the current or future policy of either the state or federal governments having jurisdiction over the Tenements.

9. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;
- (b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us;
- (d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements complied with the applicable Future Act Provisions;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) references in the Schedule to any area of land are taken from details shown on searches obtained from the relevant department. It is not

possible to verify the accuracy of those areas without conducting a survey; and

- (j) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Prospectus.

10. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



STEINEPREIS PAGANIN

PART I

WEST AUSTRALIAN TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	BONDS	NATIVE TITLE CLAIMS / DETERMINATIONS / ILUAs	NOTES
E29/581	Paul Winston Askins* and Callum Baxter*	Paul Winston Askins 50/100 shares and Callum Baxter 50/100 shares	08.03.2006	07.03.2011	70	\$7,707.70	\$70,000	Application to Amend lodged 18.06.2007 (amending address of applicant)	-	WC99/5 (Koara People) WC00/14 (Ngalia Kutjungkatja) WC99/10 (Wutha)	Authorised for all minerals, including Iron 1-19 Red Rock Resources is responsible for maintaining the good standing of the tenement.

* Red Rock Resources Plc is the owner of the tenement pursuant to a transfer dated 27 June 2008. As at the date of this Prospectus, the transfer document is pending stamping and subsequent lodgement with the Department of Industry and Resources (WA).

NORTHERN TERRITORY TENEMENT SCHEDULE

TENEMENT	HOLDER / APPLICANT	INTEREST	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	NATIVE TITLE CLAIMS
EL23568	Orion Exploration Pty Ltd	100	17.02.2003	16.02.2009	81 sub-blocks	DC98/8 (Rail Corridor 8) DC01/18 (Bonrook)
EL23569	Orion Exploration Pty Ltd	100	17.06.2003	16.06.2009	117 sub-blocks	DC98/8 (Rail Corridor 8) DC01/18 (Bonrook) DC04/2 (Jindare)

TENEMENT	HOLDER / APPLICANT	INTEREST	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	NATIVE TITLE CLAIMS
						DC04/3 (Edith River)
EL24614	Orion Exploration Pty Ltd	100	02.12.2005	01.12.2011	6 sub-blocks	DC01/27 (Koolpinyah South)
EL24432	Orion Exploration Pty Ltd	100	02.12.2005	01.12.2011	39 sub-blocks	-
EL24391	Orion Exploration Pty Ltd	100	02.12.2005	01.12.2011	6 sub-blocks	DC99/5 (Portion 4724 Adelaide River) DC01/7 (Tipperary North)
EL26219	Eastbourne Exploration Pty Ltd	100	16.11.2007	15.11.2013	51 sub-blocks	DC98/8 (Rail Corridor 8)
EL26220	Eastbourne Exploration Pty Ltd	100	16.11.2007	15.11.2013	12 sub-blocks	DC01/18 (Bonrook)
ELA24414	Tennant Creek Gold (NT) Pty Ltd	100	(07.10.2004)		5 sub-blocks	-
MLA24342	Tennant Creek Gold (NT) Pty Ltd	100	(16.06.2004)		164 Hectares	DC04/3 (Edith River)

Key to Tenement Schedule

E -means WA Exploration Licence

EL - means NT Exploration Licence

ELA – means Exploration Licence Application

MLA – means Mineral Lease Application

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Part II of this Report for the status of the native title claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the relevant Mining Act.

References to numbers in the “Notes” column refers to the notes following this table.

Notes:

1. The licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
2. The licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing or Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
3. The grant of this licence does not include the land the subject of prior Exploration Licence 29/434 and 29/459. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia."
4. The licensee's attention is drawn to the provisions of:
 - a. Water and Rivers Commission Act 1995 and any Regulations thereunder; and
 - b. Identification of environmental sensitive wetlands listed within the RAMSAR Convention 1971, ANCA's Directory of important wetlands, the National Estates Register and the Environmental Protection Policies 1999.
5. The licensee pursuant to the approval of the Minister for State Development under Section 111 of the Mining Act 1978 is authorized to explore for iron.
6. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
7. All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Industry and Resources (DoIR). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DoIR.
8. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
9. Unless the written approval of the Environmental Officer, DoIR is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
10. The licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
11. The licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:-
 - a. the grant of the Licence; or
 - b. registration of a transfer introducing a new Licensee;advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant of transfer.
12. All Mining Act tenement activities prohibited within 200 metres of RAMSAR or ANCA listed wetlands unless written permission of Department of Conservation and Land Management, in consultation with the Department of Environment, is first obtained.

13. All Mining Act tenement activities prohibited within 200 metres of "Conservation" and "Resource Enhancement" Category wetlands unless written permission of the Department of Environment is first obtained.
14. The prior written consent of the Minister for State Development being obtained before commencing mining on Trigonometrical Station Reserve 37047.
15. No interference with Geodetic Survey Station SSM-NMF 391 and SSM-YOUANMI 9 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
16. No interference with the use of Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
17. Prior to any ground-disturbing activity, as defined by the Director, Environment, DoIR the licensee preparing a detailed program for each phase of proposed exploration for approval of the Director, Environment, DoIR. The program to include:
 - a. maps and/or aerial photographs showing all proposed routes, construction and upgrading of tracks, camps, drill sites and any other disturbances;
 - b. the purpose, specifications and life of all proposed disturbances;
 - c. proposals which may disturb any declared rare or geographically restricted flora and fauna; and
 - d. techniques, prescriptions and timetable for the rehabilitation of all proposed disturbances.
18. The licensee, at his expense, rehabilitating all areas cleared, explored or otherwise disturbed during the term of the licence to the satisfaction of the Directors, Environment, DoIR. Such rehabilitation as is appropriate and may include:
 - a. stockpiling and return of topsoil;
 - b. backfilling all holes, trenches and costeans;
 - c. ripping;
 - d. contouring to the original landform;
 - e. revegetation with seed; and
 - f. capping and backfilling of all drill holes.
19. Prior to the cessation of exploration/prospecting activity the licensee notifying the Environmental Officer, DoIR and arranging an inspection as required.

The NT Mining Act outlines the conditions pursuant to which the grant of an exploration licence in the Northern Territory is made. Those conditions include:

1. That the licensee will:
 - (a) for the purpose of exploring for minerals, carry out geological, geochemical or geophysical surveys or any combination of those surveys, on the licence area;
 - (b) not extract or remove from the licence area any amount of ore, material or other substance other than amounts for sampling purposes authorised by or under section 23 (c) of the NT Mining Act;

- (c) expend not less than the minimum amount of expenditure specified in the licence by carrying out exploration activities on the licence area;
- (d) within 28 days after confirmation of their discovery, report in writing to the Secretary all minerals of possible economic or scientific interest discovered on the licence area;
- (e) obtain and send to the Secretary such water samples and data on underground water encountered during exploratory drilling as the Secretary, in writing directs;
- (f) conduct the exploration programmes and other activities in such a way as not to interfere with existing roads, railways, telephone or telegraph lines, power lines and cables, water pipelines or dams or reservoirs or gas, oil, slurry or tailings pipelines or storage containers, situated on the licence area, or the lawful activities or rights of any person on or in relation to land adjacent to the licence area; and
- (g) not interfere with any historical site or object or any Aboriginal sacred site or object, declared as such under a law in force in the Territory, otherwise than in accordance with that law.

2. All exploration licences, exploration retention licences and mining tenements are granted subject to the condition that the holder will:

- (a) allow a member of the Police Force, a mining officer, or a person authorised in writing for that purpose by the Secretary, on production of that authorisation, to enter a licence area or mining tenement area at any time and examine the activities of the holder thereon;
- (b) notify the Secretary in writing of any change in an address referred to in section 162(1)(b) of the NT Mining Act within 14 days of any such change;
- (c) comply with the law in force in the Territory relating to the lighting, use and control of fire;
- (d) comply with the law in force in the Territory relating to the control and use of water and to soil conservation;
- (e) not interfere with land used as a yard, garden or orchard, or on which substantial improvements exist, except with the written consent of the owner or occupier, if any, of that land;
- (f) pay the prescribed rent for the licence area, exploration retention licence or mining tenement area at the time and in the manner prescribed; and
- (g) subject to section 175(3) of the NT Mining act, in respect of all minerals or extractive minerals obtained from a mineral lease area, extractive mineral lease area or extractive mineral permit area, pay royalties to the Crown (or, where he is not liable to pay the royalties, ensure that the royalties are paid by or on behalf of the person who is liable) at such times, at such rates, in such manner and subject to such conditions, as are from time to time prescribed by or under this or any other law of the Territory,

and such other conditions, not inconsistent with this section or the specific provisions of the NT Mining Act imposing conditions to which exploration licences, exploration retention licences or particular mining tenements are subject, as the person granting the exploration licence, exploration retention licence or mining tenement, as the case may be, thinks fit and endorses on the grant document.

- 3. All exploration licences are granted subject to the condition that the holder of the licence or the holder's agent must also hold the relevant Authorisation before carrying out on the licence area any exploration, operations or works involving substantial disturbance.
- 4. A condition endorsed on an exploration licence, exploration retention licence or mining tenement document (other than an extractive mineral permit) may provide for the approval of the Secretary to be obtained before a particular action is taken and for the Secretary to impose conditions on the taking of that action, and compliance with the conditions so imposed by the Secretary shall be a condition of that licence, exploration retention licence or mining tenement.
- 5. Where a condition of an exploration licence, exploration retention licence or a mining tenement (other than an extractive mineral permit) requires the holder to do any thing in relation to the licence area or tenement area and the holder does not, within the time provided in the condition, or within such further time as the Secretary allows, do that thing, the Secretary or a person authorised by him may enter on the licence area or tenement area, as the case may be, with such assistance as, and take whatever action, he considers necessary for doing that thing, and the costs incurred by him in so doing shall be a debt due and payable by the holder to the Territory, whether or not at the time that the thing was done by the Secretary or that person, the exploration licence, exploration retention licence or mining tenement had been cancelled, forfeited, surrendered or had expired.

6. An exploration licence is subject to the conditions that the Minister determines (whether in accordance with a recommendation of the Lands and Mining Tribunal or otherwise) and endorsed on the licence.

PART II

STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	IN MEDIATION	STATUS
WC99/5	WAD6008/98	Koara People	Not Registered	Yes	Active
WC00/14	WAD6011/00	Ngalia Kutjungkatja	Not Registered	Yes	Active
WC99/10	WAD6064/98	Wutha	Registered	-	Active
DC01/7	NTD6007/01	Tipperary North	Registered	No	Active
DC99/5	NTD6005/99	Portion 4724 Adelaide River	Registered	No	Active
DC01/27	NTD6027/01	Koolpinyah South	Registered	No	Active
DC04/3	NTD20/04	Edith River	Registered	No	Active
DC04/2	NTD9/04	Jindare	Registered	No	Active
DC01/18	NTD6018/01	Bonrook	Registered	No	Active
DC98/8	NTD6036/98	Rail Corridor 8	Not Registered	No	Active

10. SOLICITOR'S REPORT ON MALAWI LICENCES

10.1 Brief Background

In Malawi, the searching for and mining of minerals is governed by the Mines and Minerals Act (the **Act**), Chapter 61:01 of the Laws of Malawi.

In terms of ownership, minerals are owned by the people of Malawi, but the property in and control over them is vested in the President (**Head of State**) on behalf of the people of Malawi.

However, although the minerals belong to the people of Malawi, the Act prohibits any person, including a citizen of Malawi, from carrying on reconnaissance, prospecting or mining operations except under and in accordance with a Mining Right, a non – exclusive prospecting licence or mineral permit. The definition of a Mining Right includes an exclusive prospecting licence. There are, of course, exceptions to the prohibition of carrying on reconnaissance, prospecting or mining operations without a Mining Right. These exceptions are contained in Section 115 of the Act, and they are that the Act does not operate to prevent.

- (a) a citizen of Malawi from taking minerals of any kind from customary land in accordance with custom, and from which it has been customary to take minerals of that kind;
- (b) a person from taking building and industrial minerals from land which he is the lawful occupier of for the purpose of construction on the land; and
- (c) any forest officer, game control officer or national parks officer, in his official capacity, from taking in a forest reserve, a game reserve or a national park, as the case may be, building and industrial minerals for the purposes of building, bridge – building, road making and other constructional purposes in the reserve or park.

Section 116 of the Act introduces another exception to the prohibition of carrying on reconnaissance or prospecting operations without a Mining Right, a non – exclusive prospecting licence or a mineral permit. This exception is that even without these, a person may carry on reconnaissance or prospecting operations if such operations are in the course of a scientific investigation with respect to the geology or mineral resources of Malawi, and he has the consent of the Commissioner for Mines and Minerals (the **Commissioner**) in writing.

10.2 Confirmation of Malawi Tenements

Exclusive Prospecting Licence No. EPL0219/2007 was originally granted to Red Rock Resources Plc (**RRR**) on 27th June 2007 for three years, to prospect for uranium in a prospecting area comprising 210.9 square kilometres in Chintheche, northern Malawi. With the approval of the Minister, RRR transferred this licence to its affiliate company, Retail Star Limited (**RSL**), on 4th February 2008.

Exclusive Prospecting Licence No. EPL0230/07 was granted to Eastbourne Exploration Pty Limited (**Eastbourne**) on 12th December 2007 for three years, to prospect for uranium in a prospecting area comprising 378 square kilometres in Machinga, southern Malawi. Although this licence is held by Eastbourne, the company is wholly owned by RSL, and therefore the licence is under the control of RSL.

The tables below summarise the two licences.

Exclusive Prospecting Licence EPL 0219/2007

Type of Licence	Exclusive Prospecting Licence
Number	EPL 0219/2007
Date of Grant	27 th June 2007
Period	Three years
Commencement	Not stated, but presumably 27 th June 2007
Expiry	26 th June 2010
Holder	Previously Red Rock Resources Plc but transferred to Retail Star Limited
Date of Transfer	4 th February 2008
Minerals	Uranium
Prospecting area	210.9 square Kilometres
Region	Chintheche
District	Nkhatabay (Northern Malawi)

Exclusive Prospecting Licence EPL 0230/07

Type of Licence	Exclusive Prospecting Licence
Number	EPL 0230/07
Date of Grant	12 th December 2007
Period	Three years
Commencement	12 th December 2007
Expiry	11 th December 2010
Holder	Eastbourne Exploration Pty Limited, a company wholly owned by Retail Star Limited
Minerals	Uranium
Prospecting area	378 square Kilometres
Region	Liwonde and Machinga
District	Machinga (Southern Malawi)

10.3 Exclusive Prospecting Licences (EPLs)

EPLs are the essence of this report. An EPL is a licence granted under Section 26 of the Act. When granted and while it has effect, an EPL confers on the holder of the licence the exclusive right to carry on prospecting operations, in the prospecting area, for the mineral to which the licence relates. For the purpose of exercising that right, the holder may, subject to the Act and to the conditions of the licence, either himself or by way of his employees or agents, enter the prospecting area and erect camps and temporary buildings, or erect installations in any waters which form part of the prospecting area.

The contents of an EPL are:

- (a) The date of the grant of the licence and the period for which it is granted.
- (b) The name of the mineral in respect of which it is granted.
- (c) A description of the land covered by the licence, and, if the Minister so directs, a plan of the area.
- (d) The conditions on which it is granted. These conditions are usually:

- (i) programme of operations and minimum amount to be expended on those operations;
 - (ii) requirement to employ and train Malawians and to employ non – citizens only if the skills required in that post are not locally available; and
 - (iii) the requirement to purchase local goods and services if the same can be obtained at competitive terms, and are of a quality comparable with those available from outside Malawi.
- (e) Covenants by the licensee. The usual covenants are:
 - (i) to comply with all obligations imposed by an Act of Parliament, particularly the Mines and Minerals Act;
 - (ii) to conserve and protect the environment;
 - (iii) to fill in or fence off deep pits, trenches and excavations;
 - (iv) to re-instate, level, re-grass and replant any part of the licenced area which may have been damaged by the prospecting operations; and
 - (v) not to pollute any streams or rivers.
- (f) Reservation of the Minister’s power to cancel the licence.
- (g) Appendices in the form of a map of the licenced area with the relevant coordinates, a programme of prospecting work, and a programme for the employment and training of citizens of Malawi.

Sometimes there may be included in an EPL a provision for the exercise by the Government or a person named or identified in the licence, of an option to acquire on specified terms, or on terms to be agreed, an interest in any mining venture which may be carried on or in relation to the land which constitutes the prospecting area.

10.4 Reporting Requirements

Every quarter the holder of an EPL is required to submit a report in writing to the Minister (through the Commissioner), indicating what he has done and expended in the quarter ended. A quarter begins running from the date of grant of the licence stated in the licence, and thenceforth.

In addition to these quarterly reports, the licence is further subject to the condition that every year, the holder must submit to the Minister a detailed and adequate report of what he did in the year ending, how much he expended on the prospecting operations, and setting out a programme of work to be carried out and expenditure to be made in the year of licence commencing. This report must be submitted not later than one month before the anniversary in every year of the grant of the licence. No further reports are required other than the quarterly and annual reports.

10.5 Term of EPL

The term or tenure of an EPL is the period for which the licence is granted, not exceeding three years, stated in the licence. However, where the Minister is satisfied that an initial period is required to make the necessary preparations to carry on prospecting operations, he may specify in an EPL a period, not exceeding three months, as the preparation period. In that case the preparation period plus the period stated in the EPL as the term of the EPL will together be taken as the term of the EPL. The term of the EPL commences on and includes the date of the grant of the licence.

Where the holder of an EPL applies for the grant of a mining licence over the area which constitutes the prospecting area, and the application remains undealt with up to the date of expiry of the licence, the EPL continues to have effect over that area of land until

- (a) notice is given to the applicant of the refusal to grant the mining licence; or
- (b) notice is given to the applicant of the date of the grant of the mining licence.

10.6 Period within which to commence Prospecting Operations

Once an EPL is granted, the holder must commence prospecting operations within three months from the date of the grant of the licence stated in the licence. In so carrying out the prospecting operations, the holder must do so in accordance with his programme of prospecting operations.

10.7 Notice to commence prospecting operations

Before commencing prospecting operations in any private land, the holder of an EPL is required to give to any lawful occupier of the land notice of his intention to commence operations, in such manner and form as may be prescribed.

10.8 Discovery of mineral or mineral deposit

The holder is required to give notice to the Minister of discovery of any mineral to which the licence relates of possible commercial value. If the discovery is of any mineral deposit of possible commercial value, he must give notice of such discovery to the Minister within thirty days of the discovery.

10.9 Other duties of EPL holder

Furthermore, the holder, in the entire term of the EPL, must expend in relation to the prospecting area, an amount not less than the amount required by and indicated on the licence.

The holder must also employ and train citizens of Malawi in accordance with the proposals in the programme for the employment and training of citizens of Malawi appended to the licence.

The final duty of the holder is to carry on prospecting operations in accordance with the Act.

A holder may, of course, apply to the Minister to limit, reduce, vary or suspend any obligation to which he is subject, and if satisfied, the Minister may grant the application, with or without conditions.

10.10 Expenditure

Currently the application fee for an EPL in Malawi is MK5,000.00 which is non-refundable if the application is not granted. When granted, the licence will not be released until the applicant pays in full annual ground rent for the prospecting area for the first year, which currently is MK100 per square kilometre.

The amount shown on the licence as the required expenditure is a projected expenditure on the prospecting operations in the entire term of the licence. There is no expected annual expenditure, provided that by the end of the term of the EPL, the holder shall have expended the amount required by the licence.

For RSL's tenements EPL0219/2007 (Chintheche) and EPL0230/07 (Machinga), RSL is expected to expend MK52,500,000.00 and MK49,000,000.00, respectively, by the end of the terms of the EPLs. Current conversion rate is US\$1 to MK141.90.

Where it is so agreed in a separate Agreement between the Government of the Republic of Malawi and the holder of the licence, or where there is a condition to that effect in the licence, the shortfall between the amount projected to be expended in the entire term of the EPL and the amount actually expended is a debt to the Government of the Republic of Malawi, which may be recovered in a court of law. This condition is on both licences of RSL.

10.11 Renewal of EPL

The holder of an EPL may apply for the renewal of the licence in respect of an area of land of such shape as may be prescribed, and which is not greater in extent than half of the prospecting area for which the licence was originally granted. Such application for renewal must be made not later than three months before the expiration of the licence. An application for renewal of an EPL must state the period for which renewal of the licence is sought, and must be accompanied with:

- (a) a report on prospecting operations then carried out and the costs incurred in carrying them out;
- (b) a statement giving particulars of the programme of prospecting operations proposed to be carried out in the period of renewal, an estimate of any significant effect which the prospecting operations, if carried out, would likely have on the environment and on any monument or relic in the area over which renewal of the licence is sought, and an estimate of the cost of carrying out the programme;
- (c) a plan identifying the area of land in respect of which renewal of the licence is sought; and
- (d) particulars of any alteration in the financial and technical resources available to the applicant originally given on the first application for an EPL.

The Minister will refuse to renew the licence if:

- (e) the applicant is in default;

- (f) the programme of prospecting operations proposed to be carried out is not satisfactory; or
- (g) the area of land for which renewal of the licence is sought does not meet the prescribed shape or is greater in extent than half of the prospecting area as at the date of the original grant of the licence.

What is further worthy of note is that an application for the renewal of an EPL may be made on not more than two occasions.

10.12 Transfer of EPL

The transfer of an EPL by the holder is of no force and is regarded as vending unless the Minister approves. An application for approval by the Minister to transfer an EPL is made to the Commissioner. The Minister may approve or reject the application, and where approved, the approval may be subject to such conditions as he may deem necessary, having regard to the circumstances.

The Minister will approve the transfer of an EPL when the transferee:

- (a) is a person controlling, controlled by, or under common control with, the transferor; and
- (b) is not disqualified under the Act from holding a Mineral Right.

However, legal proceedings not commenced may be commenced and those already commenced may be continued against the former holder of the licence notwithstanding the transfer.

10.13 Register

The Register of every Mineral Right maintained by the Commissioner is at all reasonable times open for inspection by any person on payment of the prescribed fee, and a person may take copies of any licence or entry in the Register on payment of the prescribed fee.

10.14 Compensation

Where, in the course of prospecting operations, any disturbance of the rights of the lawful occupier of any land or damage to any crops, trees, buildings, stock or works thereon is caused, the holder of the EPL by virtue of which the operations are carried on is liable to pay the lawful occupier fair and reasonable compensation in respect of the disturbance or damage.

The amount of compensation payable may be agreed between the holder of the licence and the lawful occupier. If not so agreed, the compensation may be assessed by the Commissioner.

10.15 Disputes

Disputes between persons engaged in reconnaissance, prospecting or mining operations, either among themselves, or in relation to themselves and third parties, other than the Government, may be inquired into and determined by the Commissioner.

10.16 Limitations and qualifications

This report is limited to the requirements for a due diligence on RSL's two tenements EPL0219/2007 (Chintheche) and EPL0230/07 (Machinga) in Malawi. The scope of this report is limited to EPLs in Malawi because these are the licences currently held in Malawi by RSL, and it is in accordance with the instructions we had from RSL, to prepare a solicitor's report on the Malawi EPL. We did not state the general law in Malawi as it relates to mining. We limited the report to the law as it relates to EPLs.

10.17 Purpose

This report is given pursuant to our agreement to undertake the due diligence on RSL's two Malawi tenements in connection with the issue of the prospectus, and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other Authority or person without our prior consent in writing.

Dated at Lilongwe this 6th day of June 2008.

MVALO & COMPANY

11. RISK FACTORS

11.1 Specific Australian Risks

Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Tenure and Access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Uranium Specific Risks

The current and future operations of the Company in relation to uranium, including exploration, appraisal and production activities, may be affected by a range of factors, including:

Government regulation and policy

Uranium mining in Australia is subject to extensive regulation by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent the proliferation of nuclear weapons. The export of uranium is controlled by the Federal Government through its licensing process and it is understood that Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Mining Policy

Both Federal Coalition and Labour Party policy favours the development of new uranium mines, albeit under strict environmental, heritage and nuclear safeguards. However, there can be no assurance that the policy will not change in the future and this may adversely affect the long-term prospects of the Company.

There is currently no legislation that expressly prohibits uranium mining in Western Australia. However, the current Western Australian State Government has just restated that it will not permit uranium mining in Western Australia. All mining leases granted since 22 June 2002 are subject to a condition which prohibits the mining of uranium. Whilst the Company is not restricted from exploration and evaluation of its uranium deposit in Western Australia, the development of the uranium deposit is contingent upon a change of Western Australian State Government Policy in relation to uranium production.

There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

Export Policy

The Commonwealth Government maintains tight controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the Customs (Prohibited Exports) Regulations (Cth) and the Nuclear Non-Proliferation (Safeguards) Act (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

Competition from alternative energy and public perception

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional energy sources may be provided at lower cost resulting in a decrease in demand for uranium.

Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have very low levels, if any, of carbon emissions. However, to date these have not been efficient enough to be relied upon. Technology changes may occur that make alternative energy systems more efficient and reliable.

11.2 Specific Malawian Risks

Government Regulation and Policy

All minerals in Malawi are vested in the President on behalf of the Malawian people. The exploration, mining and disposal of these minerals are governed by the Mines and Minerals Act 1981. The Administration of the Act is the responsibility of the Commissioner for Mines and Minerals in the Ministry of Energy and Mining.

There are numerous companies presently engaged in mining activities in Malawi. The Malawian government has recently granted a mining licence to an Australian company for the purpose of mining uranium.

The Directors of the Company are unaware of any legislation or policy within Malawi which could adversely affect the establishment of mining operations within the country.

There are risks attaching to exploration operations in a developing country which are not necessarily present in a developed country which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal provisions and laws and can lead to delays or even the suspension of operations.

No assurance can be given regarding future stability in Malawi or any other country in which the Company may have an interest.

Title Risks

The mining tenements in which the Company has or may acquire an interest in are subject to the applicable local laws and regulations. There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted.

Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in Malawi. Failure to comply with these conditions may render the licences liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenement will not be granted.

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party.

Legal System in Malawi

The legal system operating in Malawi may be less developed than more established countries, which may result in risks such as:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (b) a higher degree of discretion on the part of governmental agencies;
- (c) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (d) the relative inexperience of the judiciary and courts in such matters.

There can be no assurance joint ventures, licences, license applications or other legal arrangements will not be adversely effected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

11.3 Exploration

Mining exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

11.4 Compulsory Work Obligations

Each of the Company's tenements is subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

11.5 Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

11.6 Funding Risk and Future Capital Needs

In the event the Company does not achieve the minimum subscription under this Prospectus, there is a risk that it may not be able to continue to fund its ongoing exploration programs (unless another funding source can be secured). This could adversely affect the ability of the Company to grow organically or through acquisitions.

In these circumstances, shareholders may face the loss of a substantial portion of their investment.

11.7 General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

11.8 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

11.9 Reliance on Key Employees

The Company does and will rely on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Company can retain its key employees.

11.10 Share Market

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) metal price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

11.11 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns

of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

12. MATERIAL CONTRACTS

12.1 Underwriting Agreement

On 4 July 2008, the Company entered into an underwriting agreement (**Underwriting Agreement**) with Red Rock Resources (**Underwriter**).

Pursuant to the Underwriting Agreement, the Underwriter agreed to underwrite \$1,100,000 of the Entitlements Offer. In consideration for this, the Company has agreed to pay the Underwriter a fee equal to 4% of the underwritten amount.

The Company has also agreed to reimburse the Underwriter for all reasonable agreed costs and expenses incurred in connection with the underwriting.

The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain standard events including (definitions and terms mentioned in this summary have the same meaning as contained in the Underwriting Agreement):

- (a) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (b) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (c) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (d) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (e) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them in any material respect;
- (f) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (g) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus;
- (h) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;

- (i) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (j) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (k) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (l) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (m) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (n) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Entitlement Securities without the prior written consent of the Underwriter;
- (o) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (p) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (q) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (r) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus; or
- (s) **(Breach of Material Contracts)**: any of the Contracts is terminated or substantially modified, without the approval of the Underwriter.

12.2 Effect on Voting Power

Red Rock Resources (**Underwriter**) currently has a relevant interest of 24.02% of the Company's issued voting shares. Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to underwrite up to \$1,100,000 of the Entitlements Offer.

The table below demonstrates the potential maximum extent of the increase in the voting power of the Underwriter as a result of underwriting up to \$1,100,000 of the Entitlements Offer (all numbers are on a post Consolidation basis):

Event/Date	Number of Shares held by Underwriter	Voting Power of Underwriter
Date of Prospectus	8,235,294	24.02%
After issue of Underwritten Shares assuming 100% Shortfall and only \$1.5 million being raised under this Prospectus.	13,735,294	32.89%
After issue of Underwritten Shares assuming 50% Shortfall and \$1.5 million being raised under this Prospectus	10,985,294	26.29%

Red Rock Resources also holds 1,176,471 Performance Shares (post Consolidation) which may convert into Shares if the milestone is achieved.

The figures depicted above demonstrate the potential effect of the underwriting by the Underwriter. However, it is unlikely that none of the Shareholders will take up their Entitlement and that no applications will be received for the General Offer under this Prospectus. In the event that Shareholders take up their Entitlements and Shares are allotted under the General Offer, the underwriting obligation of the Underwriter and therefore voting power of the Underwriter will reduce by a corresponding amount.

In the unlikely event that the Underwriter did gain control of the Company as a result of partially underwriting the Entitlements Offer, the Underwriter has advised the Company that, other than as disclosed in this Prospectus, it:

- (a) has no intention of making any significant changes to the business of the Company;
- (b) does not propose to change the management and operations of the Company or to make any change to the employment of any present employee of the Company;
- (c) does not intend to redeploy any fixed assets of the Company;
- (d) does not have any present intention to inject further capital into the Company;
- (e) does not intend to transfer any property between the Company and the Underwriter or any person associated with it; and
- (f) has no current intention to change the Company's existing policies in relation to financial matters or dividends.

The Underwriter has consented in writing to the inclusion of the statement set out above in this Prospectus.

12.3 Agreement for Sale of Assets and Subscription for Securities

On 26 July 2007 Retail Star Limited (**RSL**) entered into an Agreement for Sale of Assets and Subscription for Securities with Red Rock Resources Plc (**Red Rock**) (**Agreement**).

Under the Agreement, RSL acquired:

- (a) 100% of the fully paid ordinary shares in the capital of Orion Exploration Pty Ltd (ACN 115 637 244) (**Orion Shares**);
- (b) the right to explore for uranium on exploration licence E29/581 (**Uranium Rights**);
- (c) all of Red Rock Resources' right, title and interest in exploration licences EPL0181-2005 and EPL180/2005 situated in Malawi (in the event the applications relating to those exploration licences are granted); and
- (d) the mining information associated with all mining tenements subject to the Agreement,

(together the **Assets**).

By acquiring 100% of the fully paid ordinary shares in Orion, RSL acquired the beneficial interest to ELA24414, EL24614, EL23568, EL24432, EL24391 and E23569.

The consideration payable by RSL for the Assets was:

- (a) \$1,500,00 in cash;
- (b) 30,000,000 B Class converting performance shares on a pre-Consolidation basis; and
- (c) 30,000,000 C Class converting performance shares on a pre-Consolidation basis.

In addition, under the Agreement, RSL agreed to allot and issue and Red Rock Resources agreed to subscribe for:

- (a) 80,000,000 fully paid ordinary shares at an issue price of 1.5 cents each on a pre-Consolidation basis;
- (b) 20,000,000 options at an issue price of 1 cent each on a pre-Consolidation basis; and
- (c) 20,000,000 A Class converting preference shares at an issue price of 0.5 cents each on a pre-Consolidation basis.

Red Rock Resources and RSL also provided each other with standard warranties (effective as at the execution date and settlement date).

12.4 Co-Existence Agreement

On 10 September 2007, RSL and Red Rock Resources entered into a co-existence agreement in relation to E29/581 located at Mt Alfred, Western Australia (**Co-existence Agreement**).

The Co-existence Agreement governs the rights of RSL in relation to exploration and mining activities related to the uranium rights for E29/581, previously granted under the Agreement for Sale of Assets and Subscription for Securities (**Uranium Rights**).

Under the Co-existence Agreement:

- (a) the parties acknowledge that the Uranium Rights are held by RSL and the rights to other minerals are held by Red Rock Resources concurrently. The Parties agree to confer with one another in relation to the exercise of their rights and, will agree on the manner of their exercise in order to minimise interference with the others operations;
- (b) Red Rock Resources may only exercise its rights in respect of the other minerals in a manner which does not unreasonably interfere with any activities and operations of RSL in respect of its uranium;
- (c) RSL may only exercise its Uranium Rights in a manner which does not unreasonably interfere with any prior activities and prior operations of Red Rock Resources in respect of other minerals; and
- (d) each party has made standard covenants and warranties under the Co-existence Agreement for an agreement of this nature.

12.5 Agreement for Malawian Exploration Program

On 25 February 2008, the Company and GeoQuest Limited (**Consultant**) entered into an agreement under which the Consultant has agreed to carry out prospecting and exploration activities on the Company's Chintheche* and Machinga tenements in Malawi, for the purposes of identifying and delineating Uranium mineralisation.

Scope of work: The scope of work to be provided by the Consultant has been organised into 3 phases, as determined by the Company and the Consultant. During Phase 1, the Consultant was to develop an exploration strategy, program of work, costing, schedules and associated procedures. The Company is satisfied that these objectives comprising Phase 1 have been completed. Phases 2 and 3 focus on the implementation and execution of the proposed exploration program.

Term: The Agreement commenced on 25 February 2008 for 12 months until 28 February 2009. The agreement states that services throughout this time will be provided on a 'temporary basis'.

Payment: Payment for the services is made by the Company upon submission by the Consultant of monthly invoices. The rate of payment is based on the Consultant's standard fee structure. The Consultant is also reimbursed for pre-approved travel and associated expenses.

Termination: Upon breach of any provision of the agreement, either party may terminate the agreement with 30 Business Days written notice to the other party, if the defaulting party does not remedy the breach within 14 days of receipt of a notice of breach.

Either party may terminate the agreement without notice if:

- (a) the other party commits an act of insolvency or enters into a compromise with creditors; or
- (b) the other party commits a breach of any material term of the agreement which is not capable of being remedied within 14 Business Days.

* The Company has noted that it is unlikely that exploration activities on Chintheche will occur during the 2008 field season.

12.6 Agreement for Northern Territory Exploration Program

On 6 May 2008, the Company entered into a Management of Exploration agreement with CSA Global Pty Ltd (formerly CSA Australia Pty Ltd) (**CSA**) under which CSA has agreed to manage exploration on the Company's Pine Creek Geosyncline project in the Northern Territory (specifically the Edith River and Woolgni tenements). CSA will provide a report to the Company at the conclusion of its assignment.

Term: CSA has provided services since March 2008, and a review of the agreement and the progression of the exploration activities is scheduled for September 2008.

Payment: The Company must pay for:

- (a) the time worked by CSA employees at the applicable rate (varies for each employee), as specified in the agreement;
- (b) software equipment and consumables, at the rates specified in the agreement;
- (c) travel expenses; and
- (d) any other costs and expenses.

A budget for the cost of the services and associated expenses, as devised by CSA and the Company, has been estimated to be \$347,380. The budget does not include costs of drilling, earthworks, laboratory or external consultant charges as these will be paid for directly by the Company, and are estimated to be approximately \$280,000.

The Company must pay CSA within 30 days of receipt of each monthly invoice.

Termination: The Company is able to terminate the agreement, or any part of the agreement at any time, with 30 days written notice to CSA.

CSA may terminate the agreement if the Company fails to pay the invoice within 60 days of its due date.

12.7 Director's Executive Services Agreement

The Company has entered into an executive service agreement with Mr Ian Scott to provide the services of Managing Director of the Company on the following terms and conditions:

- (a) the term of the agreement is a minimum of 3 years commencing on the 7 August 2007;

- (b) the Company will pay Mr Scott a salary of \$200,000 per annum inclusive of taxes and non-cash benefits (exclusive of statutory superannuation) (**Salary**) to be reviewed annually by the Company. In addition, Mr Scott will be reimbursed for all reasonable expenses incurred in the performance of his duties;
- (c) the agreement may be terminated by the Company in a number of circumstances including:
 - (i) committal by Mr Scott of any major criminal offence which brings the Company or any of its related bodies corporate into lasting disrepute;
 - (ii) failure by Mr Scott to comply with any lawful reasonable direction or order given by the Company which is not rectified with 14 business days of receipt of notice;
 - (iii) a serious or persistent breach by Mr Scott of any of the provisions of the agreement and the breach is not remedied with 14 days of receipt of notice; and
 - (iv) Mr Scott being incapacitated by illness or injury of any kind which prevents the performance of duties for a period of 2 consecutive months or any periods aggregating 2 months in any period of 12 months during the term of employment;
- (d) the Company may also terminate the agreement, at its sole discretion, by giving 3 months notice to Mr Scott and making payment of 3 months Salary at the end of the notice period. Alternatively, the Company may elect to dispense with the notice period and pay the equivalent of 6 months salary to Mr Scott; and
- (e) Mr Scott may terminate the agreement immediately if there is a serious or persistent breach of the agreement by the Company which is not remedied within 28 days of receipt of written notice or otherwise at any time by giving 3 months written notice to the Company.

The agreement also contains provisions including confidentiality, duties of the executive and non-competition that are customary in agreements of this type.

13. ADDITIONAL INFORMATION

13.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for

that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other Securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted Securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

13.2 Current Options

In order for the Company to re-list on the ASX following its change in nature of activities, it must re-comply with Listing Rules 1 and 2. Under Listing Rule 1, all options issued by the Company must have an exercise price of at least 20 cents each.

Details of the current Options on issue are set out in Section 3.5 of this Prospectus.

The terms and conditions of the current Options on issue are as follows:

- (a) each Option entitles the holder to one (1) Share in the Company;
- (b) the amount payable upon exercise of each Option (**Exercise Price**) and the expiry date of the Options (**Expiry Date**) are set out in Section 3.5;
- (c) the Options are exercisable at any time on or prior to 5.00pm (WST) on their Expiry Date by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;

- (d) an Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised;
- (e) subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable;
- (f) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for quotation of the Options and all Shares issued upon exercise of the Options on ASX;
- (g) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (h) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

13.3 Options to be Issued

The Options to be issued pursuant to this Prospectus (on the basis of one (1) Option for any two (2) Shares issued) will be issued on the following conditions:

- (a) each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options;
- (b) the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**) and the expiry date of the Options is 30 November 2008 (**Expiry Date**);
- (c) any Option not exercised before 5.00pm (WST) on the Expiry Date will automatically lapse on the Expiry Date;
- (d) the Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (e) an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice);

- (f) an Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds;
- (g) within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice;
- (h) all Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares;
- (i) the Company will apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares;
- (j) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction;
- (k) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;
- (l) in the event the Company proceeds with a pro rata issue (except a bonus issue) of Securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2; and
- (m) in the event the Company proceeds with a bonus issue of Securities to Shareholders after the date of issues of the Options, the number of Securities over which an Option is exercisable may be increased by the number of Securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

13.4 Convertible Performance Shares

The Company also has performance shares on issue. The terms and conditions of the Convertible Performance Shares are as follows:

- (a) **(Convertible Performance Shares):** Each Convertible Performance Share is a share in the capital of the Company.
- (b) **(General Meetings):** The Convertible Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

- (c) **(No Voting Rights):** The Convertible Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** The Convertible Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Convertible Performance Shares participate in the surplus profits or assets of the Company upon winding up of the Company only to the extent of \$0.000001 per Convertible Performance Share.
- (f) **(Not Transferable):** The Convertible Performance Shares are not transferable.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX):** The Convertible Performance Shares will not be quoted on ASX. However, upon conversion of the Convertible Performance Shares into Shares, the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (i) **(Participation in Entitlements and Bonus Issues):** Holders of Convertible Performance Shares will be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No Other Rights):** The Convertible Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (k) **(Conversion on achievement of milestones):** Each Convertible Performance Share will convert into one (1) fully paid ordinary share in the capital of the Company within 12 months from settlement of the acquisition by the Company of the whole of the issued capital of Orion Exploration Pty Ltd (**Expiry Date**) and only upon ELA 24414 being granted to the Company (**the Milestone**).
- (l) **(Redemption if Milestone not Achieved):** If the Milestone is not achieved by the Expiry Date, then all of the Convertible Performance Shares held by a Holder relating to that Milestone will be automatically redeemed by the Company for the sum of \$0.000001 per Convertible Performance Share within 10 Business Days of the date of the Expiry Date.
- (m) **(Conversion Procedure):** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Convertible Performance Shares into Shares.
- (n) **(Ranking of Shares):** The Shares into which the Convertible Performance Shares will convert will rank pari passu in all respects with existing Shares and the Company will apply to have them listed on ASX.

13.5 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Securities as set out in the table below:

Director	Shares	Options
Mr A Bell ^{1, 2}	3,000,000	0
Mr I Scott	0	0
Mr M Yannaghas	0	0
Mr R Kestel	0	0

Notes:

1. Mr Bell has an indirect interest in Retail Star Limited via Bellmin Limited. Mr Bell is a shareholder of Bellmin Limited. Bellmin Limited holds 3,000,000 shares through Redstone Metals Pty Ltd.
2. In addition to the shares disclosed in the table, Mr Bell has an indirect interest in Retail Star Limited via Regency Mines plc. Regency Mines plc holds 43.9% of the Fully Paid Ordinary shares of Red Rock Resources, which is a Substantial Shareholder in Retail Star Limited to 24.02% of the total Issued Share Capital.

As a result of the proposed Consolidation, and the consequential issue of Shares and Options, which is the subject of Shareholder approval at the General Meeting of Shareholders to be held on 14 July 2008, and which has been outlined earlier in this Prospectus, the Director's relevant interests in Securities will be as follows:

Director	Shares	Options
Mr A Bell	176,471	0
Mr I Scott	0	700,000
Mr M Yannaghas	0	0
Mr R Kestel	0	0

13.6 Remuneration

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed \$210,000 per annum.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

13.7 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) director of the Company;
- (b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promoter of the Company; or
- (d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- (c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus other than:

Director	2007	2008
Mr A Bell	Nil	\$40,705
Mr I Scott	Nil	\$252,957
Mr M Yannaghas	Nil	\$36,183
Mr R Kestel	\$26,250	\$47,092

HLB Mann Judd has acted as Independent Accountant and Auditor and has prepared an Independent Accountant's Report which has been included in Section 8 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$13,750 for these services.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to this Prospectus, has been involved in due diligence enquiries on Australian legal matters and has prepared the Solicitor's Report on Australian Tenements set out in Section 9 of this Prospectus. The Company estimates it will pay Steinepreis Paganin \$45,000 for these services up to the date of lodgement of this Prospectus with the ASX. Subsequently, fees will be charged in accordance with normal charge out rates.

Continental Resource Management Pty Ltd has acted as the Independent Geologist and has prepared the Independent Geologist's Report which has been included in Section 7 of this Prospectus. The Company estimates that it will

pay Continental Resource Management Pty Ltd a total of \$34,200 for these services.

Mvalo & Company has acted as the Malawi solicitors to the Company in relation to this Prospectus, has been involved in due diligence enquiries on Malawi legal matters and has prepared the Solicitor's Report on Malawi Licences set out in section 10 of this Prospectus. The Company estimates it will pay Mvalo & Company approximately US\$3,500 for these services. Subsequently, fees will be charged in accordance with the normal charge out rates.

Nissen Kestel Harford has been paid approximately \$210,985 in general accounting and secretarial fees by the Company in the last 24 months up to the date of this Prospectus. Ross Kestel is a Director and shareholder of Nissen Kestel Harford.

13.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HLB Mann Judd has given their written consent to being named as Independent Accountant in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 8 in the form and context in which the report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Australian Tenements in section 9 in the following context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Mvalo & Company has given its written consent to be named as the Malawi solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Malawi Licences in section 10 in the forming context in which the report is included. Mvalo & Company has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Continental Resource Management Pty Ltd has given its written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 7 in the form and context in which the report is included. Continental Resource Management Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

13.9 Expenses of the Total Offer

The full expenses of the Total Offer are estimated to be approximately \$298,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount (\$)
ASIC fees	\$2,000
ASX fees	\$30,000
Printing	\$10,000
Legal and Accounting	\$63,000
Underwriting	\$44,000
Other	\$149,000
TOTAL	\$298,000

13.10 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.11 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the appropriate application forms. If you have not, please email the Company at info@retailstar.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.retailstar.net.au.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.12 Taxation

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

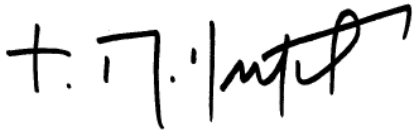
13.13 Forecasts

The Company is an exploration company with the intention to become a producer in the medium term. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts can not be prepared and accordingly have not included forecasts in this Prospectus.

14. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 't. 17.11.14' followed by a stylized signature.

Ross Kestel
Director
For and on behalf of
Retail Star Limited

15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$ means an Australian dollar.

ASIC means Australian Securities & Investments Commission.

Application Form means the application form accompanying this Prospectus relating to the General Offer.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Closing Date means the closing date for the General Offer and the Entitlements Offer as set out in section 3.3.

Company and **RSL** means Retail Star Limited (ABN 71 098 238 585).

Consolidation means the consolidation of the Company's capital on a 1 for 17 basis to be undertaken by the Company under Resolution 3 of the General Meeting of the Company to be held on 14 July 2008, and the subject of a Notice of Meeting issued to Shareholders on 30 May 2008.

Constitution means the constitution of the Company.

Convertible Performance Shares means the convertible preference shares described in Section 13.4.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus.

Entitlement and Acceptance Form means the entitlement and acceptance form for the Entitlements Offer either attached to or accompanying this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlements Offer.

Entitlements Offer means the non-renounceable entitlement issue of two (2) Shares for every nine (9) Shares held as set out in this Prospectus.

Listing Rules means the official listing rules of ASX.

Loyalty Option means an option to acquire a Share proposed to be issued under the non-renounceable entitlements issue referred to in section 4.10 of this Prospectus.

General Offer means the offer of 2,500,000 Shares at 20 cents each (with the ability to accept oversubscription for a further 2,500,000 Shares) and also the offer of any Shares under the shortfall from the Entitlements Offer as set out in this Prospectus.

Notice of Meeting means the notice of meeting and explanatory statement for the general meeting of the Company's shareholders to be held on 14 July 2008.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to subscribe for a Share.

Prospectus means this prospectus.

Red Rock Resources means Red Rock Resources plc.

Record Date means 5.00pm (WST) on the record date set out in section 3.3.

Security means both a Share and an Option.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares.

Tenements mean tenements and licences in which the Company (or one of its subsidiaries) has an interest.

Total Offer means both the General Offer and the Entitlements Offer.

Underwriter means Red Rock Resources.

WST Western Standard Time.