

Appendix 4E
Preliminary final report

Resource Star Limited

31st July 2008

Lodged with the ASX under Listing Rule 4.3A

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Resource Star Limited
Year ended 31 July 2008

(Previous corresponding period: Year ended 31 July 2007)

Results for Announcement to the Market

A\$,000

Revenue from ordinary activities	Down	77%	to	106
Profit/(loss) from ordinary activities after tax attributable to members	Down	4,439%	to	(757)
Net profit/(loss) for the period attributable to members	Down	4,439%	to	(757)

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

Record date for determining entitlements to the dividend

N/A

Explanation of Revenue

Revenue from ordinary activities includes interest income of \$105,137. Last years income included interest of \$79,356 and debts forgiven under Deed of Company Arrangement (DOCA) of \$374,476.

Explanation of Profit/(loss) from ordinary activities after tax

The financial year reports a loss of \$757,468 compared to a loss of \$16,689 in the prior year. The loss last year included income from the debts forgiven under Deed of Company Arrangement (DOCA) of \$374,476. Excluding income from the DOCA in the 2007 year, the consolidated Group incurred an operating loss of \$391,165 compared to a loss of \$757,468 in the current year.

Explanation of Net Profit/(loss)

See above: explanation of profit/(loss) from ordinary activities after tax

Resource Star Limited
Preliminary consolidated income statement
For the year ended 31 July 2008

	A\$,000 Reporting Period	A\$,000 Previous Corresponding Period
Finance revenue	105	79
Other income	1	-
Debts forgiven under Deed of Company Arrangement	-	375
Administration expenses	(281)	(146)
Auditors remuneration	(37)	(65)
Directors' fees	(142)	(86)
Due diligence costs	(27)	(97)
Employee costs	(283)	-
Secretarial fees	(84)	(31)
Write off of inventory to net realisable value	(9)	(45)
Profit/(loss) before income tax	(757)	(16)
Income tax expense	-	-
Net (profit)/loss attributable to outside equity interests	-	-
Profit/(loss) attributable to members of the parent	(757)	(16)

***Basic earnings per share (cents)** (0.1395¢) (0.0050¢)

***Diluted earnings per share (cents)** (0.1395¢) (0.0050¢)

* Note that amounts shown for the reporting period are post re-organisation of capital and amounts for the previous reporting period are pre re-organisation of capital.

The above consolidated income statement should be read in conjunction with the accompanying notes.

Resource Star Limited
Preliminary consolidated balance sheet
As at 31 July 2008

	A\$,000 Reporting Period	A\$,000 Previous Corresponding Period
Current assets		
Cash and cash equivalents	907	1,420
Trade and other receivables	27	17
Inventories	-	8
Other current assets	6	6
Total current assets	940	1,451
Non-Current assets		
Exploration and Evaluation Expenditure	3,031	-
Property, Plant and Equipment	6	-
Total non-current assets	3,037	1,451
Total assets	3,977	1,451
Current liabilities		
Trade and other payables	358	40
Total current liabilities	358	40
Total liabilities	358	40
Net assets	3,619	1,411
Equity		
Issued Capital	28,231	25,522
Retained Earnings	(24,612)	(24,111)
Total equity	3,619	1,411

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Resource Star Limited
Preliminary consolidated statement of cash flows
For the year ended 31 July 2008

	A\$,000 Reporting Period	A\$,000 Previous Corresponding Period
Cash flows from operating activities		
Interest income	107	77
Other Income	1	-
Payments to suppliers and employees	(781)	(407)
Funds paid to/retained by Administrator to extinguish creditor claims on successful completion of Deed of Company Arrangement	-	(2,257)
Income taxes paid	-	-
Net cash flows from/(used in) operating activities	(673)	(2,587)
Cash flows from investing activities		
Purchase of plant and equipment	(9)	-
Payments for exploration and evaluation expenditure	(1,871)	-
Net cash flows from/(used in) investing activities	(1,880)	-
Cash flows from financing activities		
Proceeds from issue of shares and options	2,209	2,918
Share issue costs	(169)	(218)
Net cash flows from financing activities	2,040	2,700
Net increase / (decrease) in cash and cash equivalents	(513)	113
Cash and cash equivalents at beginning of period	1,420	1,307
Cash and cash equivalents at end of period	907	1,420

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Resource Star Limited

Other notes to the preliminary consolidated financial statements

For the year ended 31 July 2008

Note 1. Future Developments

The Company continues to review opportunities that will add to shareholder value. This includes the exploration and evaluation of the Group's tenements and possible new opportunities.

Note 2. Material factors affecting the revenues and expenses of the economic entity for the current period

Revenues: see above: explanation of revenue

Expenses: see above: explanation of profit/(loss)

Note 3. Retained Earnings

	A\$,000	A\$,000
	Reporting Period	Previous Corresponding Period
Accumulated Losses at the beginning of the financial year	(24,111)	(24,095)
Net profit/(loss) attributable to members of Resource Star Limited	(757)	(16)
Cancelled unlisted incentive options	56	-
30 June 2008 options lapsed	200	-
Accumulated Losses at the end of the financial year	(24,612)	(24,111)

Note 4. NTA Backing

	Reporting Period	Previous Corresponding Period
Net tangible asset backing per ordinary share*	10.558¢	0.3569 ¢

* Note that the NTA for the reporting period has been calculated using the post capital reorganisation number of ordinary shares and the previous corresponding period has been calculated using the pre capital reorganisation number of ordinary shares.

Note 5. Other significant information

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Resource Star Limited

Other notes to the preliminary consolidated financial statements

For the year ended 31 July 2008

Note 6. Earnings Per Security (EPS)

*Basic earnings per share (cents)	(0.1395¢)	(0.0050¢)
*Diluted earnings per share (cents)	(0.1395¢)	(0.0050¢)

* Note that amounts shown for the reporting period is post re-organisation of capital and amounts for the previous reporting period are pre re-organisation of capital.

Earning reconciliation	A\$,000 Reporting Period	A\$,000 Previous Corresponding Period
Net Profit/(loss)	(757)	(16)
Basic and diluted earnings	(757)	(16)

Weighted average number of shares used as the denominator

Number for basic earnings per share:

Ordinary shares	543,166,047	336,240,712
Effect of share options	83,164,529	6,432,540
<i>Number for diluted earnings per share</i>	<u>626,330,576</u>	<u>342,673,252</u>

For the reporting period, the numerator used in the calculation of both Basic EPS and Diluted EPS is \$757,468 and there are no reconciling items. The denominator used for the Basic EPS and for the Diluted EPS calculation is 543,166,047 (weighted average number of shares). Share options with an exercise price above the average market price during the period have been excluded from the calculation of the diluted EPS. Diluted earnings per share is not reflected as the result is anti-dilutive in nature.

Note that the reporting period numbers are post re-organisation of capital and amounts for the previous reporting period are pre re-organisation of capital.

Resource Star Limited

Other notes to the preliminary consolidated financial statements

For the year ended 31 July 2008

Note 7. Controlled entities

Name	Country of Incorporation	Percentage of equity interest held by the consolidated	
		2008	2007
Star Shopper Pty Ltd^	Australia	Nil	100%
Star Shopper Wholesale Pty Ltd^	Australia	Nil	100%
Orion Exploration Pty Ltd	Australia	100%	Nil
Eastbourne Exploration Pty Ltd	Australia	100%	Nil

^ Entities deregistered

These entities were deregistered on 9 January 2008 and consequently are not controlled by the Company at 31 July 2008.

Note 8. Exploration and evaluation expenditure

	A\$,000 Reporting Period	A\$,000 Previous Corresponding Period
Costs carried forward in respect of areas of interest in the following phase:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	-	-
Mineral tenements on acquisition of subsidiary	1,499	-
Assignment of Machinga tenement in Malawi to subsidiary	450	-
Assignment of Chintheche tenement in Malawi	450	-
Expenditure incurred	632	-
	<u>3,031</u>	-
Expenditure written off	-	-
Total deferred exploration expenditure	<u>3,031</u>	-

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Resource Star Limited

Other notes to the preliminary consolidated financial statements

For the year ended 31 July 2008

Note 9. Events Subsequent to Balance Date

On the 11 August 2008 the Company issued 700,000 Unlisted Incentive Options to Managing Director, Ian Scott. The Options were issued at nil consideration in accordance with the terms and conditions tabled and approved at the Company's General Meeting of Shareholders held on 14 July 2008.

On 30 September 2008 the Company entered into an underwriting agreement with Red Rock Resources plc (Red Rock) whereby the total amount underwritten has increased to \$1,500,000. Red Rock has agreed to provide working capital for the Company until such time as the capital raising under the Prospectus dated 4 July 2008 has been finalised.

Note 10. Going Concern

In the past twelve months the Group has undertaken exploration programs and acquired additional tenement holdings. In the year ended 31 July 2008 the Company recorded a net loss of \$757,468 and a net operating cash outflow of \$671,286. The Company has a working capital surplus (net current assets) of \$582,146 at 31 July 2008.

In the short term, the continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as and when they fall due remains dependent upon raising additional working capital from the equity market. Accordingly, the future cash flows of the Company depend on future events that involve risks and uncertainties and should these risks or uncertainties be realised, the ability of the Company to obtain additional funding is uncertain.

As a result of these matters, there is uncertainty whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. The Directors have carefully reviewed the cash flow forecast and financing alternatives available and believe that the Company will be successful in obtaining the required working capital. Accordingly, the Directors have prepared the financial report on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded at 31 July 2008. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 11. Compliance Statement

This report is based on accounts which are in the process of being audited.

The Company was released from Administration on 15 August 2006 and had insufficient records to comply with all disclosure requirements in its 2006 Financial Report. Please refer to that Report for full details. Due to the limitation on information available until 15 August 2006 it is expected the Auditor will issue a qualified audit report due to the comparative figures.

It is expected that the auditor will also add an emphasis of matter relating to the existence of a material uncertainty regarding continuation of the company as a going concern.