

RESOURCE STAR LIMITED

ABN 71 098 238 585

**INTERIM FINANCIAL REPORT
31 DECEMBER 2010**

CONTENTS

	Page
CORPORATE INFORMATION	1
DIRECTORS' REPORT	2-3
AUDITORS' INDEPENDENCE DECLARATION	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9-13
DIRECTORS' DECLARATION	14
INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RESOURCE STAR LIMITED	15-16

CORPORATE INFORMATION

DIRECTORS

Mr A Bell (Chairman)

Mr R Kestel

Mr R Benussi

Mr C Geach

COMPANY SECRETARY

Ms E Kestel

REGISTERED OFFICE

Level 2 Spectrum, 100 Railway Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 9, 440 Collins Street
Melbourne VIC 3000

AUDITORS

HLB Mann Judd (Vic Partnership)
Level 1, 160 Queen Street
Melbourne VIC 3000

SOLICITORS

Steinepreis Paganin
Level 4 The Read Buildings
16 Milligan Street
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

INTERNET ADDRESS

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ASX CODES

Shares

RSL

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors who held office during or since the end of the interim and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr A Bell (Chairman)
Mr R Kestel
Mr R Benussi
Mr C Geach

REVIEW OF OPERATIONS

Operating review

There has been much progress during the period on the Company's projects in Malawi and Australia. As previously announced very encouraging results have been defined at Livingstonia and most importantly subsequent drilling has shown the continuation of mineralisation. In the Northern Territory first drilling was undertaken across two projects and initial geophysics and soil sampling completed at Ilomba Hill. In addition, our JV partner Globe Metals and Mining announced the discovery of heavy rare earths mineralisation at Machinga, and Nimrodel Resources' acquisition of Walkabout Resources advances the Specimen Reef Joint Venture.

In July the initial allocation of Entitlement Options resulted in 10,532,905 being subscribed for with an additional 15,431,186 classed as Shortfall Options subsequently being placed; there was also the issue of 20,000,000 Lead Manager Options. These issues resulted in a full take-up of Options in the Company. The options are exercisable at twenty cents, expire on 30th September 2012 and, if exercised, will raise over \$9 million for the Company.

In October 2010 \$500,000 was raised from institutional and sophisticated investors to fund the Company until results were received from the maiden drilling and exploration programs across Malawi and Australia. Approval for this Placement was granted by Shareholders in July 2010 at the Company's General Meeting.

New projects to further strengthen the Company's portfolio are continuously under review.

Malawi

An independent report was completed by CSA Global Pty Ltd on the Livingstonia Project and building on the encouraging results planned drilling of 1,000 metres was extended to a total of 1,500 metres after initial indications highlighted a zone to the east of previous drilling that appeared prospective. Results received subsequent to the period confirmed this thicker, higher grade zone, with an apparent south-east trend that is incompletely tested.

Also in Malawi, at the 90% owned Ilomba Hill Project, a high quality airborne geophysical survey was flown over the whole licence which confirmed areas of historical interest, as well as defining a larger 1.5km anomaly across the main part. To cover this anomaly and additional satellite features across the licence a substantial soil sampling program of more than 850 samples has been undertaken. This is the first step in the systematic exploration of the Project.

At Machinga our Joint Venture partners Globe Metals and Mining completed their first drilling on the licence and confirmed a heavy rare earth discovery. Complementing the rare earths are significant niobium-tantalum-zirconium grades, which add to the value. Following completion of the drilling and expenditure of \$250,000 Globe achieved their first earn-in hurdle and now hold a 20% interest in the Project.

Australia

Sampling at the Edith River Project showed significant levels of uranium anomalism in areas identified by airborne geophysics. Subsequent mapping located strong ground radiometric responses at both Hayes Creek South and O'Shea Hill which corresponded with structural features. Combined with significantly uranium-anomalous haematite breccias from Tennysons grading up to 0.44% U308, it confirmed the prospective nature of the Project. Initial drilling was constrained by the onset of the wet season in the Pine Creek area, but sub-surface uranium anomalism was confirmed in narrow intercepts in multiple drill-holes at Tennysons.

Given the early-stage nature of the drilling these results are positive in confirming the historically reported existence of uranium at depth. There remains much work to be done on Resource Star's Northern Territory projects, including further geophysics over the western part of the Edith River Project and the Company plans to commit further resources to the Northern Territory licences over the next year.

DIRECTORS' REPORT

In Western Australia an option over Yuinmery was acquired to complement the existing calcrete licence at Lake Barlee, and a recommended work program over the two licences is being investigated.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Richard Evans, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Evans is an 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 Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Ross Kestel
Director

Dated 15 March 2011

Auditor's Independence Declaration to the Directors of Resource Star Limited

In relation to our review of the half-year financial report of Resource Star Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resource Star Limited and the entities it controlled during the period.



HLB Mann Judd
Chartered Accountants



David Nairn
Partner

15 March 2011
Melbourne

HLB Mann Judd (VIC Partnership)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	<i>CONSOLIDATED</i> 31 December 2010 \$	31 December 2009 \$
Continuing operations			
Other revenue	2(a)	91,404	2,551
Exploration expenditure written off		(358,836)	(8,544)
Depreciation		(711)	(759)
Other expenses	2(b)	(500,247)	(498,189)
Loss from continuing operations before income tax		(768,390)	(504,941)
Income tax expense		-	-
Loss from continuing operations		(768,390)	(504,941)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		(768,390)	(504,941)
Net comprehensive loss attributable to:			
Members of the parent entity		(768,390)	(504,941)
Non-controlling interest		-	-
		(768,390)	(504,941)
Earnings/(loss) per share profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)		(1.43)	(1.38)
Diluted earnings per share (cents per share)		(1.43)	(1.38)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	<i>Note</i>	<i>CONSOLIDATED</i> As at 31 December 2010 \$	As at 30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,242,274	357,293
Trade and other receivables		67,934	41,424
Other financial assets		-	1,200,000
Other		18,360	10,190
Total Current Assets		1,328,568	1,608,907
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	3,006,421	2,711,495
Plant and equipment		2,771	3,482
Total Non-Current Assets		3,009,192	2,714,977
TOTAL ASSETS		4,337,760	4,323,884
LIABILITIES			
Current Liabilities			
Trade and other payables		437,785	448,140
Employee benefits		219	13,183
Total Current Liabilities		438,004	461,323
TOTAL LIABILITIES		438,004	461,323
NET ASSETS		3,899,756	3,862,561
EQUITY			
Contributed equity	4(a)	31,719,831	31,312,858
Reserves	4(b)	451,973	58,989
Accumulated (losses)		(28,272,048)	(27,509,286)
TOTAL EQUITY		3,899,756	3,862,561

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	<i>Contributed equity</i>	<i>Accumulated (losses)</i>	<i>Reserves</i>	<i>Total Equity</i>
	\$	\$	\$	\$
Balance at 1 July 2009	28,626,314	(26,101,712)	31,920	2,556,522
Total comprehensive loss for the period	-	(504,941)	-	(504,941)
Share issued (net of costs)	542,988	-	-	542,988
Options issued	-	-	39,965	39,965
Options forfeited	-	31,920	(31,920)	-
At 31 December 2009	29,169,302	(26,574,733)	39,965	2,634,534
Balance at 1 July 2010	31,312,858	(27,509,286)	58,989	3,862,561
Total comprehensive loss for the period	-	(768,390)	-	(768,390)
Shares issued (net of costs)	406,973	-	-	406,973
Options issued	-	-	398,612	398,612
Options forfeited	-	5,628	(5,628)	-
At 31 December 2010	31,719,831	(28,272,048)	451,973	3,899,756

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	<i>CONSOLIDATED</i>	
	31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities		
Interest income	56,071	2,469
Payment to suppliers and employees	(518,341)	(464,205)
Net cash flows provided by/(used in) operating activities	(462,270)	(461,736)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(583,863)	(83,818)
Proceeds from investments	1,200,000	-
Net cash provided by/(used in) investing activities	616,137	(83,818)
Cash flows from financing activities		
Proceeds from borrowings	-	227,358
Proceeds from issue of shares and options	829,641	598,796
Share issue costs	(98,527)	(114,578)
Net cash flows provided by/(used in) financing activities	731,114	711,576
Net increase/(decrease) in cash and cash equivalents	884,981	166,022
Cash and cash equivalents at beginning of period	357,293	128,906
Cash and cash equivalents at the end of the period	1,242,274	294,928

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Resource Star Limited ("the Company" or "RSL") and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

(d) Going concern

In the past six (6) months the Group has continued its exploration programs. In the half-year ended 31 December 2010 the Company recorded a net loss of \$768,390 (2009: \$504,941) and a net operating cash outflow of \$462,270 (2009: \$461,736).

Notwithstanding the positive working capital position as at 31 December 2010, the Directors anticipate in order to meet and progress its planned exploration expenditure further funding will be required within the next twelve (12) months and having prepared a cashflow budget of the Group's working capital requirements have already commenced planning to access additional funding.

The Board is confident in securing sufficient additional funding for at least the next 12 months and would be able to negotiate with interested parties, which includes a Substantial Shareholder regarding a number of funding options that includes further debt and capital raisings.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative and exploration costs and entering into farm-in and joint venture agreements.

At this time the Directors are of the opinion that if required, no asset is likely to be realised for an amount less than the amount at which it is recorded at 31 December 2010. 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 Group not continue as a going concern.

As a result of these matters, the Directors have prepared the financial report on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010. The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2010:

- AASB 2009-5 *Further Amendments to Australia Accounting Standards arising from the Annual Improvements Process*

A number of amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes include current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

- AASB 2009-8 *Amendments to Australia Accounting Standards – Group Cash-settled Share-based Payment Transactions*

This amendment clarifies the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*

Clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.

- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements, including measurement of non-controlling interests in a business combination, transition requirements for contingent considerations from a business combination and transition requirements for amendments arising as a result of AASB 127.

- AASB 136 *Impairment of Assets*

The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(f) Subsequent Events

No other events have arisen subsequent to the reporting date other than those already disclosed in the interim financial report and the Directors' Report, which have significantly affected or may significantly affect the operations of the Group, its result or the state of affairs of the Group in future years.

(g) Comparatives

Where required by Australian Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		CONSOLIDATED	
		31 December 2010	31 December 2009
		\$	\$
2.	REVENUES AND EXPENSES		
(a) Other revenue			
Finance revenue – bank interest		36,680	2,551
Foreign exchange gain		54,724	-
		91,404	2,551
(b) Other expenses			
Administration expenses		377,026	381,376
Auditor's remuneration		13,000	12,000
Directors' fees		41,250	45,000
Foreign exchange loss		-	19,848
Share based payments		68,971	39,965
		500,247	498,189

		CONSOLIDATED	
		31 December 2010	30 June 2010
		\$	\$
3. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE			
Costs carried forward in respect of areas of interest in the following phase:			
Exploration and evaluation phase – at cost			
Balance at beginning of period		2,711,495	2,719,902
Expenditure incurred		653,762	270,224
		3,365,257	2,990,126
Expenditure written off (a)		(358,836)	(278,631)
Total deferred exploration and evaluation expenditure		3,006,421	2,711,495

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

(a) An assessment of the recoverable amount was completed on all tenements and capitalised expenditure totalling \$358,836 (2009: \$278,631) was written off. Write-downs occurred where capitalised expenditure was considered to be unreasonably high, not in the Group's mandated area of "uranium and associated elements" or in relation to expired licenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		CONSOLIDATED	
		31 December 2010	30 June 2010
		\$	\$
4. CONTRIBUTED EQUITY			
(a) Contributed Equity			
Ordinary shares (i)		31,719,831	31,312,858
		31,719,831	31,312,858

	31 December 2010		30 June 2010	
	Number	\$	Number	\$
(i) Ordinary shares				
Issued and fully paid	56,928,182	33,939,686	51,928,182	33,439,686
Less: equity raising costs	-	(2,219,855)	-	(2,126,828)
	56,928,182	31,719,831	51,928,182	31,312,858

Fully paid ordinary shares have the right to receive dividends as declared and entitle their holder to vote either in person or by proxy at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value. Accordingly the parent does not have authorised capital or par value in respect of its shares.

		CONSOLIDATED	
		Number	\$
(b) Options reserve			
<i>Movements in options reserve</i>			
At 1 July 2010		800,000	58,989
Options issued		47,964,091	398,612
Options forfeited		(250,000)	(5,628)
At 31 December 2010		48,514,091	451,973

5. DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the period ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

6. SEGMENT INFORMATION

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (Chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of its geographical segment.

Following adoption of AASB 8, the identification of the Group's reportable segments has not changed. During the year, the Group considers that it has operated in two segments, being mineral exploration in Australia and Malawi (Africa).

Geographical segments

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the half-year ended 31 December 2010 and 31 December 2009.

	Australia \$	Malawi (Africa) \$	Total \$
31 December 2010			
Segment revenue	91,404	-	91,404
Segment net operating loss after tax	(768,390)	-	(768,390)
Segment assets	2,847,324	1,490,436	4,337,760
Segment liabilities	(157,456)	(280,548)	(438,004)
Cash flow information			
Net cash flow from investing activities	968,984	(352,847)	616,137
31 December 2009			
Segment revenue	2,551	-	2,551
Segment net operating loss after tax	(504,941)	-	(504,941)
Segment assets	1,950,795	1,268,600	3,219,395
Segment liabilities	(584,861)	-	(584,861)
Cash flow information			
Net cash flow from investing activities	(28,210)	(55,608)	(83,818)

7. CONTINGENCIES

There have been no changes in contingent liabilities since the last annual reporting date.

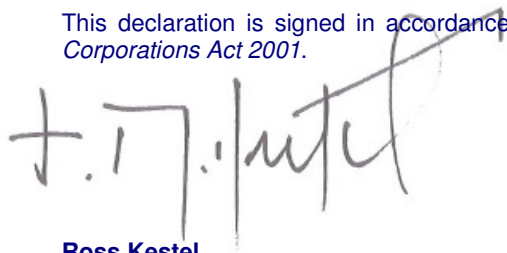
DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

In the opinion of the Directors of Resource Star Limited:

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - a complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the interim period then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable taking into account the factors outlined in Note 1 (d) of the interim financial statements.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



Ross Kestel
Director

Dated 15 March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESOURCE STAR LIMITED**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Resource Star Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The Group comprises both the Company and the entities it controlled at the half year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Star Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (VIC Partnership)

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Matters Relating to the Electronic Presentation of the Reviewed Financial Report

This review report relates to the financial report of the Group for the half-year ended 31 December 2010 included on the website of the Company. The directors of the Company are responsible for the integrity of the web site and we have not been engaged to report on the integrity of the web site. This review report refers only to the half-year financial report named above and not on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resource Star Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the matters highlighted in Note 1(d) *Going Concern* in the half-year financial report, which may cast doubt on whether the Company and the Group will be able to continue as a going concern in the future and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.



HLB Mann Judd
Chartered Accountants



David Nairn
Partner

15 March 2011
Melbourne