RESOURCE STAR LIMITED

ABN 71 098 238 585

ANNUAL FINANCIAL REPORT

for the year ended 30 June 2013

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Mr A Bell (Chairman)
Mr C Burrell (Executive Director)
Mr C Guy (Non-Executive Director)

COMPANY SECRETARY

Ms E Kestel

REGISTERED OFFICE

Level 2 Spectrum, 100 Railway Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 2 Spectrum, 100 Railway Road
Subiaco WA 6008

AUDITORS

HLB Mann Judd (Vic Partnership)
Level 9, 575 Bourke Street
Melbourne VIC 3000

SOLICITORS

Fuse Advisory
52 Little Ryrie Street
Geelong VIC 3220

SHARE REGISTRY

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

INTERNET ADDRESS

www.resourcestar.com.au

ASX CODES

Shares RSL

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the annual financial report together with the consolidated financial statements of Resource Star Limited ("the Company") which include the financial statements of the Group. The Group comprises the Company and the entities it controlled during the year ended and as at 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

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

Names, qualifications, experience and special responsibilities

A Bell, (Non-Executive Chairman) *MA, LLB Appointed 6 August 2007*

Mr Bell was appointed director and chairman on 6 August 2007. Mr Bell is a former Mining Analyst, Fund Manager, and Investment Banker and is Chairman of Regency Mines plc and of Red Rock Resources plc, both companies listed on the AIM market of the London Stock Exchange.

Mr Bell was the Company's acting Chief Executive Officer from 5 July 2010 to the appointment of Mr S Heggen as Chief Executive Officer on 1 May 2011.

Mr Bell is currently a non-executive director of the following ASX listed company:

- Jupiter Mines Limited – May 2008 to current

During the past three years he has not served as a director of any other ASX listed companies.

C Burrell, (Executive Director) *LLB, Graduate Diploma in Legal Practice Appointed 9 April 2013*

Mr Burrell has been practising in the area of commercial law for over ten years and is the Managing Partner and founder of Fuse Advisory; a boutique corporate and legal advisory firm.

Mr Burrell provides advice to businesses on commercial and corporate advisory matters, workplace relations and dispute resolution. His daily activities focus on advising private and publicly listed companies on mergers and acquisitions, takeovers, capital raising, corporate compliance and governance, and other complex commercial and corporate transactions.

Before opening Fuse Advisory, Mr Burrell was the General Counsel and National Manger, Workplace and Risk for IPA Personnel Pty Ltd and held senior positions at a variety of organisations including the Master Builders Association, the South Australian Chamber of Commerce and Industry and the University of New England

He also has held various board and committee positions for ASX listed companies during his career, most recently as a director of Barwon Health (where he also chaired the Remuneration Committee and the Audit and Risk Committee) between 2006 and 2011.

During the past three years he has not served as a director of any other ASX listed companies.

C Guy, (Non-Executive Director *BSc Appointed 9 April 2013*

Mr Guy is an experienced geologist and exploration manager with more than twenty years' experience in the mining, exploration, and environmental industries, including over ten years at consulting firms providing technical and consultancy services to the mining industry.

His career has encompassed both Australian and overseas projects including iron ore at the Cockatoo Island Mine at the Kimberleys in Western Australia, nickel laterite at Romblon in the Philippines, exploration of the Mabuhay Epithermal Gold Project in the Philippines, and numerous mineral exploration projects within Western Australia.

Mr Guy is the former Exploration Manager for Jupiter Mines Ltd, where he implemented a management style and set of exploration protocols which enabled the projects to progress from a grass roots stage through to resource development planning. This approach led to the successful delineation of the Mt Mason DSO iron project and the Mt Ida magnetite iron project.

Mr Guy is a member of the Australian Institute of Geologists (AIG), and also serves as Managing Director of RAM Resources Limited.

Mr Guy is currently the managing director of the following ASX listed company:

- Ram Resources Limited – March 2013 to current

R Kestel, B.Bus, CA, AICD (Non-Executive Director) Resigned 27 November 2012

R Benussi NIA (Non-Executive Director) Resigned 31 March 2013

S Heggen BEc. LLB **(**Managing Director / Chief Executive Officer) Resigned 5 April 2013

Company secretary

E Kestel, B.Bus, CPA

Ms Kestel holds the office of Company Secretary since her appointment on 3 November 2008.

A professionally qualified Certified Practising Accountant with over 15 year's practical experience she currently provides Independent Company Secretarial Services to a number of WA and interstate based ASX-listed companies.

Ms Kestel is not an executive of the Company.

Interest in the shares and options of the company

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options
A Bell	46,908,554	Nil
C Burrell	Nil	Nil
C Guy	Nil	Nil

- The interest in shares and options displayed for Mr Bell are the shares and options owned by Red Rock Resources plc. Mr Bell is a director of Red Rock Resources plc.

Share options
Unissued shares

As at the date of this report, there were Nil (2012: 51,514,091) unissued ordinary shares under options). Details of unissued ordinary shares are:

Unissued ordinary shares under options	30 June 2013	Reporting date
Unlisted options exercisable as follows:		
▪ Exercisable at $0.15 and expire 1 December 2013;	1,500,000	-
▪ Exercisable at $0.20 and expire 1 December 2013; and	750,000	-
▪ Exercisable at $0.25 and expire 1 December 2013.	750,000	-
Total	**3,000,000**	**-**

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

There have been no unissued shares or interests under option of any controlled entities within the Group during or since reporting date. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Dividends

No dividends have been paid or declared since the start of the year and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2013 (30 June 2012: $Nil).

Principal activities

The principal activity of the Group during the financial year was to undertake exploration of the Group's tenements in Australia and Malawi (Africa) and to review various exploration opportunities.

In June 2013 the Company announced that the Board had approved a major change of strategic direction for the Company and would seek to expand its activities in the mining industry by pursuing acquisition opportunities in the mining services sector.

Review of operations

As the 2013 financial year progressed the general uncertainty in the global economy and equity markets continued together with the negative sentiments, particularly in the resources market.

These events prompted Resource Star to reduce expenditure levels prudently where necessary and to conserve cash to the extent possible while preserving value for shareholders. This has necessarily meant that exploration activity has been curtailed and as a result tenements have been or are in the process of being relinquished.

This uncertainty meant that the Board adopted a conservative approach with regard to further asset acquisitions and the only transaction of this nature entered into was in the second half of the financial year which resulted in the Company negotiating with its joint venture partner (Thundelarra Limited) to acquire 100% of Spinifex Uranium Project E80/3572.

This project is a single tenement covering 30 square kilometres and is located approximately 50 kilometres south of Kununurra and about 60 kilometres north of the Argyle diamond mine.

Whilst the terms of the acquisition were agreed upon the tenement was actually transferred in July 2013 which also saw the issue of five (5) million Shares to Thundelarra Limited as consideration for the transaction.

This transaction ensured that the Company retains its exposure to the positive, medium and long term fundamentals for uranium while giving it the capacity to manage expenditure levels with more flexibility and facilitate a transition into new opportunities.

During the third quarter of the financial year, Resource Star was able to rely on the on-going financial support of its major shareholder Red Rock Resources Plc. This support ensured that Resource Star was able to subsequently undertake an equity raising at a time and in a manner consistent with its plans and long term objectives.

At the beginning of 2013, Resource Star announced a Share Purchase Plan to existing Shareholders offering a maximum of 34,000,000 Shares at 1.5 cents to raise a maximum of $680,000. A total of 7,333,333 Shares to the value of $110,000 was applied for under the Plan.

The proceeds of the Offer were used to continue exploration work on the tenements and for working capital purposes

The Offer was supported by the Company's major shareholder and as at the conclusion of the financial year Red Rock's shareholding in the Company was at approximately 39%.

The expenditure restraint referred to above continued throughout the financial year and the Board continues to work to add and preserve value for shareholders.

The structure of the Board changed during the last quarter of the financial year with the appointment of two (2) new, very experienced and highly qualified directors - Mr Chris Burrell as Executive Director and Mr Charles Guy as Technical Director. There is now a reduced Board of three (3) but their combined skills and expertise together with that of the Non-Executive Chairman, Mr Andrew Bell is such that they can apply experience, business knowledge and strategic insights to the opportunities and challenges that are and lie ahead for the Company.

In Malawi, in November 2012, the Malawian authorities approved the transfer of Globe Metals and Mining Ltd's ("Globe") 80% interest in the Livingstonia Uranium Project to Resource Star in exchange for Resource Star transferring its 80% interest in the Machinga Rare Earths Project to Globe. This exchange enabled the Company to acquire 100% of the Project at a significantly lower cost than implied by the original farm in arrangements. Following completion of the transfer, Resource Star applied to the Malawian authorities for a two year extension to the term of the exploration licence and the Company is still awaiting formal advice from the Malawi authorities in respect to the extension.

Also in Malawi, the two (2) tenements comprising the Mt Ilomba Hill Rare Earth Project – EPL 321/11 and EPL 320/11 were relinquished during the last quarter. A limited rock chip sampling program has been completed on EPL 264/08 and those samples are waiting testing.

In Australia, Resource Star has continued to critically assess its exploration licenses in the Northern Territory in order to reduce operating expenditure commitments and better focus resources and during the period Exploration Licence EL 23569 was relinquished.

Mt Celica Project ELA 24414 has come to the end of its five (5) year moratorium period. Resource Star has re-applied to the Northern Land Council to negotiate for the granting of ELA 24414 via Application For Consent Pursuant to Section 41(2(b) and in accordance with Section 41(5) and 41(6) of the Aboriginal Land Rights.

DIRECTORS' REPORT (continued)

The Specimen Reef Project was a joint venture formed with Nimrodel Resources Limited (ASX: NMR) with around 3 tenements located north and south of the Savage River iron ore mine.

Resource Star Ltd is the holder of EL 11/2005 and together completed two (2) diamond drill holes. Drill results were not positive and Nimrodel has withdrawn from the joint venture and as a result this Project has been relinquished.

The expenditure restraint implemented by the Company will result in reduced activity on all remaining tenements with the minimum expenditure required in relation to the Spinifex Uranium Project in WA being spent over the ensuring twelve (12) months.

Resource Star has been actively seeking out and reviewing acquisition opportunities; this includes opportunities in Australia and overseas and in commodities other than uranium and rare earths.

As a result of this work the Company announced in August 2013 that that it had entered into a legally binding terms sheet with Australian owned Searex Petroleum (BIV) Limited to acquire a 50% shareholding interest in D-Bar Leasing Inc (**D-Bar**), a company incorporated in Abilene, Texas, USA which has a 100% working interest in 2,732 acres of oil leases, as well as ownership of freehold land, buildings, plant and equipment.

The due diligence process is in progress as at the date of this Report and it is expected that the Board will be making the necessary comments shortly.

The decision by the Board to pursue the D-Bar project is in line with the Company's announced plan to move into new resource sectors; which it must do as the impact on the equity market's view of uranium producers and explorers is being keenly felt.

Operating results for the year

The statement of comprehensive income shows a net loss attributable to members of $3,459,124 (2012: loss of $1,426,244).

Significant changes in state of affairs

On 27 November 2012, the Company issued 250,000 Fully Paid Ordinary Shares at 2 cents per share following Termination of the Consultancy Agreement with the Exploration Manager.

On 18 March 2013, the Company issued 7,333,340 Fully Paid Ordinary Shares at 1.5 cents per share following closure of the Share Purchase Plan on 8 March 2013.

On 6 June 2013, the Company announced that the Board had approved a major change in its strategic direction. The Company would seek to expand its activities in the mining industry by pursuing acquisition opportunities in the mining sector services and diversify beyond its core market of uranium opportunities.

Significant events after the reporting date

On 26 July 2013, the Company announced finalisation of the Spinifex Uranium Project Acquisition in accordance with the Agreement for Sale of Mining Assets.

On 2 August 2013, the Company announced that it had entered into a binding terms sheet to acquire a 50% shareholding in D-Bar Leasing Inc. which holds a 100% working interest in 8 oil producing lease groups, 96 wells covering approximately 2,732 acres located in Abilene, Texas, USA.

On 12 August 2013, the Company announced the lapse of 3,000,000 Unlisted Options previously issued to the Managing Director due to the significant price differential between the exercise and share price.

On 5 September 2013, the Company announced the issue of 110,000 Unsecured Convertible Note and the subsequent conversion to 800,000 Fully Paid Ordinary Shares on 13 September 2013 in accordance with the terms and conditions of the Unsecured Convertible Note Deed.

Other than the above, there has not been any matter or circumstance that has arisen after the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and future results

The management team and Board of Directors ("the Board") of the Company are continuing to review opportunities available to the Company, which includes the exploration of the Group's existing tenements and assessment of new opportunities.

Any additional information has not been provided since the Directors believe that there may be an unreasonable prejudice to the Company.

Environmental regulation and performance

The Company's operations are subject to environmental regulations under Commonwealth and State legislation in Australia and Malawi. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Indemnification and insurance of officers and auditors

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, Ms E Kestel, and all executive officers of the Company and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company.

The following persons acted as directors during or since the end of the financial year:

Mr A Bell	Director (non-executive) – appointed 6 August 2007
Mr C Burrell	Director (executive) – appointed 9 April 2013
Mr C Guy	Director (non-executive) – appointed 9 April 2013
Mr R Kestel	Director (non-executive) – appointed 15 August 2006, resigned 27 November 2012
Mr R Benussi	Director (non-executive) – appointed 9 July 2009, resigned 31 March 2013
Mr S Heggen	Director (executive) – appointed 1 May 2011, resigned 5 April 2013

The term 'senior management' is used in this remuneration report to refer to Mr S Heggen and Mr C Burrell.

The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best senior management to run and manage the Group.

Remuneration philosophy

The performance of the Group depends upon the quality of the directors and executives. The philosophy of the Group in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- ensure that there is transparency in setting of corporate arrangements;
- link executive rewards to shareholders' value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration. Incentives are only paid once pre-determined KPI's have been met.

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and senior management.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration report (audited) (continued)

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 28 February 2007 when shareholders approved an aggregate remuneration of $210,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No external advice was received during the year.

Each director receives a fee for being a director of the Company.

Senior Management and Executives

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external independent advice, where necessary, no such advice was required during the year.

Variable remuneration

The objective of the short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Mr Heggen's employment contract contains a performance based clause. The performance clause contains a number of provisions which are linked to the Group achieving growth and profitability.

Employment contracts

Executives

Mr Simon Heggen was appointed Managing Director/Chief Executive Officer on 1 May 2011 and resigned on 5 April 2013.

His employment contract provided:

- base annual remuneration of $225,000 exclusive of superannuation;
- granting of options which were approved by the Company's shareholders in November 2011;
- termination of the employment contract by either party by giving three months notice;
- the Company may terminate the contract at any time if any serious or persistent breach of any of the provisions contained in the Executive Services Agreement is committed.

Performance of shareholders wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

As at 30 June	**2013**	**2012**	**2011**	**2010**	**2009**
Profit / (Loss) per share (cents)	(2.85)	(1.25)	(2.27)	(2.77)	(4.31)
Share price	0.008	0.02	0.05	0.061	n/a

The following table provides details of the components of remuneration for each member of the key management personnel of the Group. All remuneration to Key Management Personnel is valued at the cost to the Group and expensed.

DIRECTORS' REPORT (continued)

Remuneration report (audited) (continued)

Remuneration of directors and named executives

Table 1: Directors' remuneration for the years ended 30 June:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
A Bell Director	2012	45,000	-	-	-	-	-	-	-	45,000	-
	2013	45,000	-	-	-	-	-	-	-	45,000	-
C Guy * Director	2012	-	-	-	-	-	-	-	-	-	-
	2013	10,000	-	-	-	-	-	-	-	10,000	-
R Kestel ^ Director	2012	45,000	-	-	-	4,050	-	-	-	49,050	-
	2013	18,750	-	-	-	1,688	-	-	-	20,438	-
R Benussi ^^ Director	2012	40,000	-	-	-	-	-	-	-	40,000	-
	2013	30,000	-	-	-	-	-	-	-	30,000	-
C Geach ^^^^ Director	2012	16,667	-	-	-	-	-	-	-	16,667	-
	2013	-	-	-	-	-	-	-	-	-	-
Total	**2012**	**146,667**	**-**	**-**	**-**	**4,050**	**-**	**--**	**-**	**150,717**	**-**
	2013	**103,750**	**-**	**-**	**-**	**1,688**	**-**		**-**	**105,438**	**-**

* Appointed 9 April 2013 ^ Resigned 27 November 2012 ^^ Resigned 31 March 2013 ^^^^ Resigned 30 November 2011

Table 2: Executive Directors' and named executives remuneration for the period/year ended 30 June:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
C Burrell * Director	2012	-	-	-	-	-	-	-	-	-	-
	2013	24,000	-	-	-		-		-	24,000	-
S Heggen ^^^ Managing Director	2012	225,000	-	-	-	20,250	-	21,329	-	266,579	8%
	2013	132,381	-	-	-	11,813	-	3,120	-	147,314	2%
Total	**2012**	**225,000**	**-**	**-**	**-**	**20,250**	**-**	**21,329**	**-**	**266,579**	**-**
	2013	**156,381**	**-**	**-**	**-**	**11,813**	**-**	**3,120**	**-**	**171,314**	**-**
Grand Total	**2012**	**371,667**	**-**	**-**	**-**	**24,300**	**-**	**21,329**	**-**	**417,296**	**-**
	2013	**260,131**	**-**	**-**	**-**	**13,501**	**-**	**3,120**	**-**	**276,752**	**-**

* Appointed 9 April 2013 ^^^ Resigned 5 April 2013

Remuneration report (audited) (continued)

Remuneration of directors and named executives

Options granted as part of remuneration:

During the 2012 year, 3,000,000 unlisted options were issued to Mr Simon Heggen as part of his remuneration, 1,500,000 of these options vested as at 30 November 2011 in accordance with the options terms and conditions. During the 2011 year, the Board resolved to issue 2,000,000 unlisted options to Mr Andrew Bell as part of his remuneration and 250,000 options issued to Mr Richard Evans were forfeited.

The contractual life of the options issued is as follows: 550,000 options expired on 15 July 2012, 2,000,000 options expired 30 September 2012 and 3,000,000 options expiring on 1 December 2013.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year and the prior year:

	30 June 2012 No.	30 June 2012 Weighted average exercise price	30 June 2011 No.	30 June 2011 Weighted average exercise price
Outstanding at the beginning of the year	**5,550,000**	**$0.1941**	2,550,000	$0.2020
Granted during the year	**-**	**-**	3,000,000	$0.1875
Forfeited during the year	**(2,550,000)**	**$0.2020**	-	-
Outstanding at the end of the year	**3,000,000**	**$0.1875**	5,550,000	$0.1941
Exercisable at the end of the year	**3,000,000**		5,550,000	$0.1941

The outstanding balance as at 30 June 2013 is represented by:

- 1,500,000 options over ordinary shares with an exercise price of $0.15 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 1 December 2013.

The outstanding balance as at 30 June 2012 is represented by:

- 300,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 15 July 2012;
- 250,000 options over ordinary shares with an exercise price of $0.22 each, exercisable until 15 July 2012;
- 2,000,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 30 September 2012;
- 1,500,000 options over ordinary shares with an exercise price of $0.15 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 1 December 2013.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 0.42 years (2012: 0.86 years).

The weighted average exercise price for options outstanding at year end was $0.1875 (2012: $0.1941).

The fair value of options granted during the year was $Nil (2012: $21,329).

The fair value of options forfeited during the year was $122,331 (2012: $Nil).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

	30 June 2013	30 June 2012
Volatility	-	123%
Risk-free interest rate	-	3.12%
Expected life of option	-	2.01 years
Exercise price	-	15 to 25 cents

There have not been any alterations to the terms / conditions of any grants since grant date.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (continued)

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings eligible to attend	Directors' Meetings attended	Audit and Risk Management Committee Meetings eligible to attend	Audit and Risk Management Committee Meetings attended
Mr A Bell	12	10	-	-
Mr C Burrell	2	2	-	-
Mr C Guy	2	2	-	-
Mr R Kestel	5	5	-	-
Mr R Benussi	10	9	2	2
Mr S Heggen	10	10	2	2

Auditor's Independence and non-audit services

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 audit of the annual report. This Independence Declaration is set out on page 11 and forms part of this directors' report for the year ended 30 June 2013.

Signed in accordance with a resolution of the Board of Directors

Chris Burrell
Executive Director
30 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Resource Star Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

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

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
30 September 2013

HLB Mann Judd (VIC Partnership)
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CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Board of Directors of Resource Star Limited is responsible for establishing the corporate governance framework of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to corporate governance and to the extent that they are applicable to the Group have followed the Australian Securities Exchange Corporate Governance Council (**CGC**) published guidelines as well as its own corporate governance principles and recommendations.

In summary, Resource Star departs from the CGC's recommendation in six (6) key areas:

- Recommendation 2.1
  The majority of the Board are not independent. Only one (1) of the three (3) Directors is considered independent; as one Director is the Executive Director and the other Director is a Director of a Company which is a Substantial Shareholder of Resource Star Limited.

- Recommendation 2.2
  The Chair is not deemed to be independent. The current Chair is an Officer of a Company which is a Substantial Shareholder of Resource Star Limited.

- Recommendation 2.4
  Resource Star Limited does not have a separate Nomination Committee. The Company is of a size and a level of current activity that enables the full Board to be able to deal with the matters normally attended to by the Nomination Committee.

  Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

- Recommendation 3.3
  Due to the current nature and scale of Resource Star Limited's activities, the Company is yet to establish measurable objectives for achieving gender diversity to report against.

- Recommendation 4.2
  Resource Star Limited has established an Audit Committee which is comprised of the directors the same as the Board. Whilst this is appropriate for a company the size of Resource Star Limited and with the current level of activity it does mean that a number of the recommendations are not met – does not consist of non-executive directors; does not consist of a majority of independent directors and is not chaired by an independent chair.

- Recommendation 8.1
  Resource Star Limited currently does not have a separate Remuneration Committee. The Company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Remuneration Committee.

The table below summarises Resource Star Limited's compliance with the CGC's recommendations.

Recommendation	**Compliance Yes/No**
Principle 1 – Lay Solid Foundations for management and oversight	
1.1 Companies should formalise the functions reserved to the Board and those delegated to senior executives and disclose those functions. **The Company's Corporate Governance Polices includes a Board Charter, which discloses the specific responsibilities of the Board.**	Yes

Recommendation	Compliance Yes/No
Principle 2 – Structure the board to add value	
1.2 Companies should disclose the process for evaluating the performance of senior executives. **The Board monitors the performance of senior management including measuring actual performance against planned performance.**	Yes
1.3 Companies should provide the information indicated in Guide to reporting on Principle 1. **The Company will provide details of any departures from Principle 1 in its Annual Report.**	Yes
2.1 A majority of the Board should be independent directors. ***Only one (1) of the three (3) Board members is independent – one (1) Director is the Executive Director and the other Director is a Director of a company which is a Substantial Shareholder of Resources Star Limited.***	**No**
2.2 The Chair should be an independent director ***The Chair is an officer of a company which is a substantial shareholder.***	**No**
2.3 The roles of chair and chief executive officer should not be exercised by the same individual. **The Company has in place a Non-Executive Chairman and an Executive Director so a segregation of duties exists.**	Yes
2.4 The board should establish a nomination committee ***Resource Star Limited is not of a size to justify having a Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the full Board.***	**No**
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and the individual Directors. **The Board has adopted a policy to assist of evaluating Board performance.**	Yes
2.6 Companies should provide the information indicated in Guide to reporting on Principle 2. **The Company will provide details of any departures from Principle 2 in its Annual Report.**	Yes
Principle 3 – Promote ethical and responsible decision-making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity; 3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; and 3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices. **The Company's Corporate Governance Policies include a Directors and Executive officers' Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.**	Yes
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. **The Company has adopted a Diversity Policy.**	Yes

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Compliance Yes/No
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. ***Due to the current nature and scale of Resource Star's activities, the Board is yet to establish measurable objectives for achieving gender diversity to report against.***	**No**
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. **Resource Star Limited has one (1) female employee engaged in a clerical role, one (1) female in a senior position of Company Secretary and no females on the Board.**	Yes
3.5 Companies should provide the information indicated in Guide to reporting on Principle 3. **The Company will provide details of any departures from Principle 3 in its Annual Report.**	Yes
Principle 4 – Safeguard integrity in financial reporting	
4.1 The Board should establish an audit committee. **Resource Star Limited has established an Audit and Risk Management Committee.**	Yes
4.2 The audit committee should be structured so that it: ▪ Consists only of non-executive directors; ▪ Consists of a majority of independent directors; ▪ Is chaired by an independent chair, who is not the chair of the Board; and ▪ Has at least three (3) members **The current Committee comprises the same Directors as the Board and whilst two (2) of the directors are non-executive; one (1) is the Executive Director.** **Only one (1) of the Committee is an independent director with the other two (2) directors being the Executive Director and a director who is an officer of a company that is a substantial shareholder of the Company.** **The Committee meetings are chaired by the Executive Director who is not independent but this director is not the chair of the Board.**	 **No** **No** **No** Yes
4.3 The audit committee should have a formal operating charter. **An Audit Committee Charter has been established and is followed.**	Yes
4.4 Companies should provide the information indicated in Guide to reporting on Principle 4. **The Company will provide details of any departures from Principle 4 in its Annual Report.**	Yes
Principle 5 – Make timely and balanced disclosure	
5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. **The Company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.**	Yes
5.2 Companies should provide the information indicated in Guide to reporting on Principle 5. **The Company will provide details of any departures from Principle 5 in its Annual Report.**	Yes

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	**Compliance Yes/No**
Principle 6– Respect the rights of shareholders	
6.1 Companies should design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy. **The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs.**	Yes
6.2 Companies should provide the information indicated in Guide to reporting on Principle 6. **The Company will provide details of any departures from Principle 6 in its Annual Report.**	Yes
Principle 7– Recognise and manage risk	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. **The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board identifies the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.**	Yes
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. **The Board requires that the Managing/Executive Director designs and implements continuous risk management and internal control systems and provides reports at relevant times.**	Yes
7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks. **The Board seeks, at the appropriate times, the relevant assurances from the Managing/Executive Director and the individual appointed to perform the role of Chief Financial Officer.**	Yes
7.4 Companies should provide the information indicated in Guide to reporting on Principle 7. **The Company will provide details of any departures from Principle 7 in its Annual Report.**	Yes
Principle 8– Remunerate fairly and responsibly	
8.1 The Board should establish a remuneration committee. **Resource Star Limited is not of a size to justify having a remuneration committee. Matters typically dealt with by such a committee are dealt with by the full Board.**	**No**
8.2 The remuneration committee should be structured so that it: ▪ Consists of a majority of independent directors; ▪ Is chaired by an independent chair; and ▪ Has at least three (3) members *The remuneration committee when established will be structured as above.*	**Not Applicable**

Recommendation	Compliance Yes/No
8.3 Companies should clearly distinguish the structure of non executive director's remuneration from that of executive directors and senior executives. **The Board distinguishes the structure of non executive director's remuneration from that of executive directors and senior executives. The Company's Constitution provides that the remuneration of non executive directors will not be more than the aggregate fixed sum by a general meeting of shareholders.** **The Board is responsible for determining the remuneration of any director or senior executive, without the participation of the affected director.**	Yes
8.4 Companies should provide the information indicated in Guide to reporting on Principle 8. **The Company will provide details of any departures from Principle 8 in its Annual Report.**	Yes

Unless otherwise stated, Resource Star Limited's corporate governance practices were in place throughout the year ended 30 June 2013.

There is a corporate governance section on the Company's website which sets out the various policies, charters and codes of conduct which have been adopted to ensure compliance with the principles and recommendations referred to above.

A description of Resource Star's main corporate governance practices are set out below.

The Board of Directors

Role and Responsibilities of the Board

In accordance with ASX Principle 1, the Resource Star Limited Board has established a **Board Charter** which is available on the Company website. This Charter outlines the functions of the Resource Star Board and the senior executives and shows that the role and responsibilities of the Board and the senior executives are quite clear and distinct.

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Executive Director and Chair;
- Development of corporate objectives and strategy and approving plans, new investments, major capital and operating expenditures and major funding activities proposed;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Monitoring director performance and implementation of strategy;
- Ensuring appropriate resources are in place and available to the directors;
- Reviewing and approving the remuneration of the senior executives;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:

  - Directors and Executive Officers Code of Conduct;

- Dealings in Securities; and
- Reporting and Dealing with Unethical Practices.

- Reporting to and advising shareholders.

Composition of the Board

The Resource Star Board totals three (3) and is comprised of two (2) Non-Executive Directors and one (1) Executive Director.

The table below sets out the detail of the tenure of each director at the date of this Report.

Director	Role of Director	First Appointed	Non Executive	Independent
Andrew BELL	Non Executive Chair	6 August 2007	Yes	No
Chris BURRELL	Executive	09 April 2013	No	No
Charles GUY	Non Executive	09 April 2013	Yes	Yes

Details of the Board including their experience, expertise and qualifications are set out in the Directors' Report.

STRUCTURE OF THE BOARD

Independence

As outlined in ASX Principle 2, Directors of Resource Star are expected to contribute independent views.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent Director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a Director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Bell (substantial shareholder) and Mr Burrell (Executive Director) are not considered to be independent. Even though only one third of the current Board is independent, the Board believes that the current composition of the Board is adequate for the current size and activities and includes an appropriate mix of skills and expertise, relevant to Resource Star's activities.

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, in the absence of a Remuneration and Nomination Committee, the Board will consider a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Notification

Resource Star has reviewed and considered the positions of each of the three (3) Directors in office at the date of this Annual Report and consider that only one (1) of the three (3) Directors is independent. Mr Guy is an independent Director in accordance with the definition of independence above.

This composition is not unusual for a company the size of Resource Star Limited and undertaking the level of activity that it currently does.

Chair and Executive Director

The roles of the Chair and the Executive Director are not to be exercised by the same individual.

The Chair is responsible for leading the Board, ensuring that Board activities are organised, efficiently conducted and ensuring that the Directors are properly briefed for meetings.

The Executive Director has responsibility for the day to day activities and operations and is totally accountable to the Board for all authority delegated.

The Chair must be appropriately qualified and have the required experience to discharge the responsibilities for leading, managing and delegating and in the absence of a Nomination Committee the Board from amongst themselves have nominated the Director that they believe can fulfil the role of Chair.

The Board has not yet into place procedures to assess the performance of the Executive Director; as the person to this role has only recently been appointed. The Board will develop necessary performance assessment procedures.

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

Board Evaluation Process

In the absence of Nomination and Remuneration Committees, the Resource Star Board reviews its performance and the performance of individual Directors including the Managing/Executive Director.

External consultants are engaged where it is seen to be beneficial to the Company when undertaking the performance evaluation process.

A performance evaluation of the Resource Star Board took place during the 2012 financial year in relation to the ex-directors. Performance evaluations in respect of the current Board have not yet been completed.

In relation to the term of office, the Constitution specifies that one third of all directors must retire from office annually and are eligible for re-election at the Company's Annual General Meeting.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee.

The full Board attends to the matters normally attended to by a Remuneration or Nomination Committee. The Board acknowledges that when the size and nature of the Company warrants a Remuneration and Nomination Committee then the Committee will operate under a Charter approved by the Board.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves with remuneration levels being set in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives.

As at the date of this Report there is no scheme to provide retirement benefits to non executive directors.

Details of the Company's remuneration philosophy and framework and the remuneration received by directors and executives are provided in the Directors' Report under the heading **Remuneration Report.**

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all directors and senior executives. In light of this, Resource Star Limited has developed a Code of Conduct which has the full backing of the Board and is to be followed by the directors, senior executives and employees.

This policy is regularly reviewed and updated as necessary.

Diversity Policy

Resource Star Limited is committed to workplace diversity and recognises the benefits arising from having a broader pool of quality employees, improving employee retention rates and tapping into all available talent. Diversity includes such areas as gender, age and background.

Resource Star Limited developed and approved a Diversity Policy in 2011 which has a focus of improving gender balance and working towards increasing the representation of women in management roles. The Resource Star Limited Diversity Policy aims to achieve:

- developing a culture which takes into account domestic responsibilities of employees;
- as part of the annual remuneration review, assessing the gender pay parity across the business and implementing action plans to address any areas of concern;
- maintaining a workplace culture that supports difference and that enables each staff member to fully contribute to the best of their ability;
- identifying what is getting in the way of diversity success and taking action to address the issues;
- improved employment and career development opportunities for women;
- an environment that encourages the development of necessary skills and experience for leadership roles; and
- a workplace that is free for all forms of discrimination and harassment

The proportion of women in Resource Star Limited is as follows:

	Women	Proportion
Employees	1	50%
Senior executive position (Company Secretary)	1	50%
Board of Directors	0	0%

The Company currently has no full time employees – both the Executive Director and the Clerical Officer are engaged on a part-time basis.

Notification

ASX Principle 3 recommends that companies should disclose in each annual report measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.

Due to the current nature and scale of Resource Star's activities, the Board is yet to establish measurable objectives for achieving gender diversity to report against. No measurable objectives will be established until the number of employees and level of activities of the Company have increased to sufficient levels to enable meaningful and achievable objectives to be developed.

Securities Trading

Resource Star Limited has adopted a **Securities Dealing Policy** which is derived largely from the *Corporations Act 2001* requirements that applies to all directors, senior executives and employees.

Under this Policy and the *Corporations Act 2001*, it is illegal for directors, senior executives and employees who have access to price sensitive information which has not been published or is generally not available to:

(a) apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Resource Star Securities;

(b) procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Resource Star Securities; or

(c) directly or indirectly communicate the Material Non-Public Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:
   (i) apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Resource Star Securities; or
   (ii) procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of Resource Star Securities.

Corporate Reporting

In accordance with ASX Principle 7, the Executive Director and the Chair have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial positions and operational results of Resource Star Limited; and
- The financial reports are founded in a sound system of internal control and risk management which implements the policies adopted by the Board and the Company's risk management and internal controls are operating efficiently in all material respects.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee comprising of the same members as the board of director – Mr Burrell (Chairman), Mr Bell and Mr Guy and Ms Kestel is the Secretary of the Committee.

Whilst this is appropriate for a company the size of Resource Star Limited and with the current level of activity it does mean that a number of the recommendations are not met – does not consist of non-executive directors; does not consist of a majority of independent directors and is not chaired by an independent chair

The Committee operates under Charter approved by the Board which is available from the Company's webpage. It is the Committee's responsibility to ensure that an effective internal control framework exists within the Company. The internal controls that the Company have in place include the safeguarding of assets, the maintenance of proper accounting records, identifying and managing risk and attesting to the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators. The Committee also provides the Board with assurance of the reliability of the financial information included in the Interim Financial and Annual Reports. The Audit and Risk Management Committee is also responsible for:

- Liaising with the external auditors on accounting policy and disclosure;
- Reviewing and meeting with the external auditors to review the Interim Financial and Annual Reports before submission to the Board;
- Overseeing risk management.

In accordance with ASX Principle 7, the Board has established a Risk Management policy, which is designed to safeguard the Group's assets and to ensure the integrity of the financial reporting.

The Company has as a standing Agenda item Risk Management and on a regular basis the Board will assess the Risk Management matrix and amend accordingly.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board but when the Committee is established it will be the responsibility of the Committee to complete this review. The auditors have a policy of rotating the audit partner at least every 5 years.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

External Auditors

Resource Star Limited's current external auditors are HLB Mann Judd. As noted in the Audit and Risk Management Committee Charter, the performance and independence of HLB Mann Judd is reviewed by the Committee.

HLB Mann Judd attests to their independence by providing a statement as to their independence; which has been included in the 2013 Annual Report for the year ended 30 June 2013.

Risk Management

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value.

The Executive Director reports directly to the Board on the Group's key risks and is responsible for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Board monitors the performance of the risk management and internal control systems and determines the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the Company have been fully developed and implemented.

The Company has identified specific risk management areas being strategic, operational and compliance. The Board has reviewed risks faced by the Company on a regular basis due to the current finance position of the Company.

A detailed risk identification matrix will be prepared by management. High and very high risk issues will be reported to the Board. The Executive Director is responsible for ensuring the Company complies with its regulatory obligations.

The Executive Director and externally appointed CFO equivalent also provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

These assurances can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

Continuous Disclosure

In accordance with ASX Principle 5, Resource Star Limited has established a Disclosure Policy.

The Policy is committed to:

- Ensuring that shareholders have the opportunity to access externally available information issued by the Company;
- Providing full and timely information to the market about the Company's activities; and
- Complying with the obligations contained in the ASX Listing Rules and the *Corporations Act 2001* relating to continuous disclosure.

The Executive Director and the Company Secretary have been nominated as the people responsible for communication with the ASX. This involves complying with continuous disclosure requirements outlined in ASX Listing Rules, ensuring that disclosure with the ASX is co-ordinated and being responsible for administering and implementing this Policy.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Shareholder Communication

In accordance with ASX Principle 6, Resource Star Limited has established a communications strategy policy.

The directors of Resource Star recognises the importance of forthright communication and in order to prosper and achieve growth, it must (among other things) earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in its communications and consistently delivering on its commitments.

The Board aims to ensure that the shareholders on behalf of whom they act are informed of all information necessary in order to make effective decisions about Resource Star and to be kept informed of all major developments affecting the Company in a timely and effective manner. Resource Star follows three main forms of information disclosure:

- Continuous disclosure - which is its core disclosure obligation and primary method of informing the market and shareholders;

- Periodic disclosure - in the form of full-year and half-year reporting; and

- Specific information disclosure - as and when required, of administrative and corporate details, usually in the form of ASX releases.

Further it is a Corporations Act requirement that the auditor of Resource Star Limited attends the Annual General Meeting. This provides shareholders with the opportunity to ask the auditor questions concerning the conduct of the audit and the preparation and content of the Auditor Report as contained in the 2013 Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED 30 June 2013 $	30 June 2012 $
Other revenue	2(a)	**2,174**	7,263
Tenement commitment written back			265,908
Exploration expenditure written off	8	**(2,919,130)**	(615,841)
Expensed share issue costs		**-**	(8,241)
Depreciation		**(1,116)**	(1,836)
Other expenses	2(b)	**(541,052)**	(1,073,497)
Loss before income tax expense		**(3,459,124)**	(1,426,244)
Income tax expense	3	**-**	-
Loss after tax from continuing operations		**(3,459,124)**	(1,426,244)
Net loss for the year	15	**(3,459,124)**	(1,426,244)
Other comprehensive income / (loss)		**-**	-
Total comprehensive (loss) for the year		**(3,459,124)**	(1,426,244)
Net loss and comprehensive loss attributable to:			
Owners of the parent entity		**(3,459,124)**	(1,426,244)
Non-controlling interest		**-**	-
		(3,459,124)	(1,426,244)
Basic loss per share (cents per share)	4	**(2.979)**	(2.012)
Basic loss per share from continuing operations (cents per share)	4	**(2.979)**	(2.012)
Diluted loss per share (cents per share)	4	**(2.979)**	(2.012)
Diluted loss per share from continuing operations (cents per share)	4	**(2.979)**	(2.012)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	CONSOLIDATED 2013 $	2012 $
Current Assets			
Cash and cash equivalents	5	**1,358**	342,338
Trade and other receivables	6	**35,864**	33,400
Other	7	**8,484**	11,708
Total Current Assets		**45,706**	387,446
Non-Current Assets			
Deferred exploration and evaluation expenditure	8	**79,023**	2,748,019
Property, plant and equipment	9	**1,251**	2,367
Total Non-Current Assets		**80,274**	2,750,386
Total Assets		**125,980**	3,137,832
Current Liabilities			
Trade and other payables	10	**318,429**	55,037
Employee benefits	11	**-**	10,894
Borrowings	12	**81,644**	-
Total Current Liabilities		**400,073**	65,931
Total Liabilities		**400,073**	65,931
Net Assets		**(274,093)**	3,071,901
Equity / (Net Deficiency of Assets over Liabilities)			
Contributed equity	13	**32,930,782**	32,820,772
Reserves	14	**24,450**	473,302
Accumulated losses	15	**(33,229,325)**	(30,222,173)
Total Equity / (Net Liabilities)		**(274,093)**	3,071,901

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED 30 June 2013 $	30 June 2012 $
Cash flows from operating activities			
Interest income		**2,428**	7,476
Payment to suppliers and employees		**(291,921)**	(1,064,156)
Net cash flows provided by/(used in) operating activities	5(a)	**(289,493)**	(1,056,680)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(238,141)**	(182,535)
Payments for plant and equipment		**-**	(716)
Net cash flows provided by/(used in) investing activities		**(238,141)**	(183,251)
Cash flows from financing activities			
Proceeds from issue of shares and options		**110,010**	1,129,518
Proceeds from loans		**81,644**	368,954
Repayments of loans		**-**	(368,954)
Share issue costs		**(5,000)**	(28,573)
Net cash flows provided by/(used in) financing activities		**186,654**	1,100,945
Net increase/(decrease) in cash and cash equivalents		**(340,980)**	(138,986)
Cash and cash equivalents at beginning of year		**342,338**	481,324
Cash and cash equivalents at the end of the year	5	**1,358**	342,338

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	*Accumulated losses*	*Reserves*	*Total Equity/(Net Liabilities)*
	$	*$*	*$*	*$*
Balance at 1 July 2011	31,719,831	(28,795,929)	451,973	3,375,875
Total comprehensive loss for the year	-	(1,426,244)	-	(1,426,244)
Shares issued (net of costs)	1,100,941	-	-	1,100,941
Options issued	-	-	21,329	21,329
Options forfeited	-	-	-	-
At 30 June 2012	32,820,772	(30,222,173)	473,302	3,071,901
Balance at 1 July 2012	**32,820,772**	**(30,222,173)**	**473,302**	**3,071,901**
Total comprehensive loss for the year	**-**	**(3,459,124)**	**-**	**(3,459,124)**
Shares issued (net of costs)	**110,010**	**-**	**-**	**110,010**
Options issued	**-**	**-**	**3,120**	**3,120**
Options forfeited	**-**	**451,972**	**(451,972)**	**-**
At 30 June 2013	**32,930,782**	**(33,229,325)**	**24,450**	**(274,093)**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Resource Star Limited and its subsidiaries (collectively referred to as "the Group").

The financial report has also been prepared using the accrual basis and on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a for profit listed public company incorporated in Australia. The Company's principal activity is mineral exploration.

(b) Adoption of new and revised standards

(i) Changes in accounting policy and disclosures

In the year ended 30 June 2013, 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 the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised standards

(i) Changes in accounting policy and disclosures

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 11	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	The Group has considered these standards and determined that it is likely to impact the disclosure requirements related to its suite of financial instruments.	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised standards

(i) Changes in accounting policy and disclosures

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 119	Employee Benefits	An amended version of AASB 119 Employee Benefits with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include: - Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing AASB 119) - Introducing enhanced disclosures about defined benefit plans - Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits - Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features - Classification of employee benefits: the amendments define short term employee benefits as employee benefits that are "expected to be settled wholly before twelve months after the end of annual reporting period" in place of currently used "due to be settled" Incorporating other matters submitted to the IFRS Interpretations Committee.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2013
AASB 124	Related Party Disclosures	AASB 124 establishes guidance for disclosure of related party transactions and outstanding balances that could impact on an entity's financial position and profit or loss. **Amendment AASB 2011-4** removes the disclosure requirements for individual key management personnel. The adoption of these amendments will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors' report.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2013

(c) Statement of Compliance

The financial report was authorised for issue on the day of the Directors' Report.

The financial report complies with Australian Accounting Standards ("AASB"). Compliance with AASB ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Star Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Resource Star Limited and its subsidiaries are referred to in this financial report as the group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

(e) Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with key management personnel by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binomial model.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off.

Recovery of deferred tax assets

Deferred tax assets are only recognised as deductible temporary differences when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies. The Group has been incurring losses and presently, it is not known when the Group will earn taxable income. As such, deferred taxes have not been recognised.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset, using the effective interest rate method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and Cash Equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the consolidated statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of comprehensive income.

(i) Foreign Currency Translation

Both the functional and presentation currency of the Company and its subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income (loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge (benefit) is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, Plant and Equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 1 to 7.5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the consolidated statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year/period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Borrowing Costs

Borrowing costs are capitalised where they are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed when incurred.

(p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Employee Leave Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as a provision in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled inclusive of on-costs.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share based payment transactions

Equity settled transactions

The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 16 and the Remuneration Report.

The fair value of options issued in 2012 and 2013 as approved by the Directors and shareholders are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example (profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(u) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current;

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exchange (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognised.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Exploration and evaluation expenditure (continued)

An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or an oil or natural gas field, or has been proved to contain such a deposit or field.

(v) Going concern

In the past year the Group has continued its exploration programs. In the year ended 30 June 2013 the Company recorded a net loss of $3,459,124 (2012: $1,426,244) and a net operating cash outflow of $289,493 (2012:$1,056,680), resulting in the Group having a net liabilities position of $274,093 (2012: net assets of $3.071 million), despite the Group having a market capitalisation of $0.971 million as at 30 June 2013.

The Directors anticipate in order to meet its working capital requirements and progress its planned exploration expenditure further funding will be required within the next twelve (12) months and having prepared a cash flow budget of the Group's working capital requirements for the next 12 months to September 2014 and have already commenced planning to access additional funding.

In June 2013 Resource Star Limited announced that it had arranged a Convertible Note Facility up to a maximum of $500,000 and then as recently as September 2013 the Company announced that it was negotiating for the Convertible Note Facility to be assigned to new parties in accordance with the transfer and assignment provisions of the Convertible Note Facility.

The Company has raised funds of $130,000 subsequent to year end from the transfer of Convertible Notes. The Notes have been transferred to the two (2) major Shareholders of the Company and approaches are being made to other Shareholders. These notes were subsequently converted into shares as highlighted in note 19.

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, regarding a number of funding options that includes further debt and capital raisings.

In addition; the Company has received a Letter of Support from Red Rock Resources; the largest Substantial Shareholder which will ensure financial support to the Company to ensure that it meets its debts as and when they fall due. The Directors have assessed Red Rock Resources' ability to honour the commitment made under its letter of support and are satisfied that Red Rock Resources has the ability to comply with the terms of the undertaking provided in the letter of financial support. This financial support will either by equity, short-term loans, bonds or convertible stock and in the event it provides money by loans none of these loans will be callable before September 2014.

The Company has a history of raising capital to fund its operations and exploration activities.

Should the Group be unable to raise sufficient funds, it would consider selectively reducing administrative and exploration costs.

In the event that the Company is unable to secure sources of funding, these matters as set forth indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its debts and discharge its liabilities in the normal course of business.

(w) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. The financial information for the Parent Entity is disclosed in note 24 and has been prepared on the same basis as the consolidated financial statements.

(x) Operating segments

Operating segments are presented in a manner consistent with the internal reporting provided to the chief operating decision makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance, and has been identified as the Board Directors of the Company.

CONSOLIDATED

	30 June 2013 $	30 June 2012 $
2. REVENUES AND EXPENSES		
(a) Other revenue		
Finance revenue – bank interest	**2,174**	7,263
Foreign exchange gain	**-**	-
	2,174	7,263
(b) Other expenses		
Administration expenses	**154,054**	463,861
Auditor's remuneration	**36,211**	37,150
ASX fees	**14,938**	21,648
Directors' fees and salaries	**209,418**	405,276
Secretarial fees	**64,561**	54,808
Professional accounting fees	**53,750**	59,952
Foreign exchange loss	**-**	6,244
Interest paid	**-**	3,229
Share based payments	**8,120**	21,329
	541,052	1,073,497

3. INCOME TAX EXPENSE

The prima facie tax on profit/(loss) from continuing Operations before income tax is reconciled to the income tax expense as follows:

Prima facie (benefit)/expense on profit/(loss) from continuing operations (30%)	**(1,037,737)**	(427,873)
Tax effect of capitalised exploration costs	**(75,040)**	(41,359)
Tax effect of permanent differences	**2,535**	6,676
	(1,110,242)	(462,556)
Deferred tax asset not brought to account	**1,110,242**	462,556
Income tax expense for the year	**-**	-

The amounts of tax losses available have not been recognised at the date of the report. It is expected that a certain amount of tax losses would be deductible against future taxable income on the condition that certain criteria imposed by the tax legislation have been met.

The DTA not brought to account will only be realised if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) the Company and Group are able to meet the continuity of business and/or continuity of ownership tests.

4. EARNINGS/(LOSS) PER SHARE

	CONSOLIDATED 2013	CONSOLIDATED 2012
	Cents per share	Cents per share
Basic loss per share:		
Total basic loss per share	**(2.979)**	(2.012)
Diluted loss per share		
Total diluted loss per share	**(2.979)**	(2.012)
The earnings and weighted average number of ordinary shares used in the calculation of basic per share is as follows:	$	$
Loss	**(3,459,124)**	(1,426,244)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**116,113,942**	70,883,969
Effect of dilution:		
Share options (a)	**-**	-
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**116,113,942**	70,883,969

(a) Diluted loss per share arising from the options is not reflected as the result is anti-dilutive in nature.

5. CASH AND CASH EQUIVALENTS

Reconciliation of cash

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash at bank and cash in hand	**1,358**	342,338
	1,358	342,338

Cash at bank earns interest at floating rates based on daily bank deposit rates.

There were no Deposits at call at the end of the 2012 or 2013 financial years.

The Group has no credit standby arrangements, loan or overdraft facilities.

		CONSOLIDATED	
		2013	2012
		$	$
5.	**CASH AND CASH EQUIVALENTS (continued)**		
(a)	**Reconciliation of net loss after tax to net cash flows from operations**		
	Net loss	**(3,459,124)**	(1,426,244)
	Adjustments for:		
	Depreciation on property, plant and equipment	**1,116**	1,836
	Exploration expenditure written off	**2,919,130**	615,841
	Share based payments	**8,120**	21,329
	Changes in assets and liabilities:		
	(Increase)/decrease in trade and other receivables	**(2,463)**	30,753
	(Decrease)/increase in trade payables and accruals	**240,504**	(300,997)
	(Increase)/decrease in prepayments	**3,224**	802
	Net cash provided by/(used in) operating activities	**(289,493)**	(1,056,680)

6. TRADE AND OTHER RECEIVABLES

	2013	2012
Current		
Accrued income	**-**	254
Other receivables (i)	**35,864**	33,146
	35,864	33,400

(i) Other receivables are non-interest bearing and expected to be received in 30 days.

The Group has no concentration of credit risk with respect to any single counter party or group of counter parties. All of the other receivables are based in Australia. No amounts of other receivables are past due nor impaired.

	CONSOLIDATED	
	2013	2012
	$	$
7. OTHER CURRENT ASSETS		
Current		
Prepayments	**8,484**	11,708
	8,484	11,708

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of:

Exploration and evaluation phase – at cost		
Balance at beginning of year	**2,748,019**	3,225,998
Expenditure incurred	**250,134**	137,862
Expenditure written off *	**(2,919,130)**	(615,841)
Total deferred exploration and evaluation expenditure	**79,023**	2,748,019

* An assessment of the recoverable amount has been completed on all tenements and capitalised expenditure totalling $2,919,130 (2012: $615,841) was written off. Write-downs occurred where capitalised expenditure was considered to exceed the recoverable amount, not in the Group's mandated area of "uranium and associated elements" or in relation to expired licenses.

As announced on 29 November 2012 regulatory approval was received from the Malawi Minister for Energy and Mining on 27 November 2012 for the transfer of the Livingstonia Uranium Project EPl0187/05 from Globe Metals & Mining Ltd in exchange (swap) for the transfer of the Machinga Rare Earths Project (EPL0230/08) to Globe Metals & Mining Ltd the accounting policy for exchanges (swaps) of exploration and evaluation assets is disclosed in Note 1 (u).

	CONSOLIDATED	
	2013	2012
	$	$
9. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At 1 July, net of accumulated depreciation and impairment	**2,367**	3,487
Additions	**-**	716
Disposals	**-**	-
Depreciation charge for the year	**(1,116)**	(1,836)
At 30 June, net of accumulated depreciation and impairment	**1,251**	2,367
Cost	**13,687**	13,687
Accumulated depreciation and impairment	**(12,436)**	(11,320)
Net carrying amount	**1,251**	2,367

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
10. TRADE AND OTHER PAYABLES		
Current		
Unsecured Liabilities		
Trade payables	**222,132**	37,203
Accrued expenses	**96,297**	17,834
	318,429	55,037
Included in the above balance are the following amounts payable to current and former Directors and their related entities:		
Current and former Directors and their related entities	**96,600**	-
	96,600	-

Refer to Note 22(e) for further details.

11. EMPLOYEE BENEFITS		
Current Liabilities		
Liability for annual leave	**-**	10,894
	-	10,894
12. BORROWINGS		
Current Liabilities		
Loan from related entities	**81,644**	-
	81,644	-

Refer to Note 22(e) for further details.

13. CONTRIBUTED EQUITY

Ordinary shares issued and fully paid	**32,930,782**	32,820,772
	32,930,782	32,820,772

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of share capital and issued shares do not have a par value.

(i) Movement in ordinary shares on issue	Number	$
At 1 July 2011	56,928,182	31,719,831
Fully paid shares issued for cash		
• Non-renounceable entitlements issue – 23 March 2012	41,928,182	838,563
• Non-renounceable entitlements issue (shortfall funds) - 1 May 2012	15,000,000	300,000
Share issue costs	-	(37,622)
At 30 June 2012	113,856,364	32,820,772

13. CONTRIBUTED EQUITY (continued)

	CONSOLIDATED Number	$
At 1 July 2012	**113,856,364**	**32,820,772**
Fully paid shares issued for cash		
• Exercise of options – 31 August 2012	**50**	**10**
• Share purchase plan – 18 March 2013	**7,333,340**	**110,000**
Shares issued other than for cash		
• Exploration Manager as per consultancy agreement – 27 November 2012	**250,000**	**5,000**
Share issue costs	**-**	**(5,000)**
At 30 June 2013	**121,439,754**	**32,930,782**

(a) Capital management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. Refer to note 17 for how the Group manages its liquidity risk.

14. RESERVES

	CONSOLIDATED Number	$
Options Reserve		
At 1 July 2011	48,514,091	451,973
Options issued	3,000,000	21,329
At 1 July 2012	**51,514,091**	**473,302**
Options issued	**-**	**3,120**
Options exercised	**(50)**	**-**
Options expired/forfeited	**(48,514,041)**	**(451,972)**
At 30 June 2013	**3,000,000**	**24,450**

The reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
15. ACCUMULATED LOSSES		
Movements in accumulated losses		
At 1 July	**(30,222,173)**	(28,795,929)
Loss attributable to the members of the parent entity	**(3,459,124)**	(1,426,244)
Options expired/forfeited	**451,972**	-
At 30 June	**(33,229,325)**	(30,222,173)

16. SHARE BASED PAYMENTS

Recognised share-based payment expenses

The expense recognised for share-based payment expenses during the year is shown in the table below:

	2013 $	2012 $
Expense arising from equity-settled share-based payment transactions - Directors	**3,120**	21,329
Expense arising from equity-settled share-based payment transactions - Exploration Manager	**5,000**	-
Total expense arising from share-based payment transactions	**8,120**	21,329

The assessed fair value at grant date of options granted to the Directors in FY 2011/12 (ie. 30/11/11) were determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The table below illustrates the number of options, the weighted average exercise price (WAEP) of and movements in share options issued by the Company during the year to key management personnel current and prior:

	30 June 2013 No.	30 June 2013 Weighted average exercise price	30 June 2012 No.	30 June 2012 Weighted average exercise price
Outstanding at the beginning of the period	**5,550,000**	**$0.1941**	2,550,000	$0.2020
Granted during the period	**-**	**-**	3,000,000	$0.1875
Forfeited during the period	**(2,550,000)**	**$0.2020**	-	-
Outstanding at the end of the period	**3,000,000**	**$0.1875**	5,550,000	$0.1941
Exercisable at the end of the period	**3,000,000**	**$0.1875**	5,550,000	$0.1941

The outstanding balance as at 30 June 2013 is represented by:

- 1,500,000 options over ordinary shares with an exercise price of $0.15 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.20 each, exercisable until 1 December 2013;
- 750,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 1 December 2013.

16. SHARE BASED PAYMENTS (continued)

The options weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 0.42 years (2012: 0.86 years).

The weighted average exercise price for options outstanding at year end was $0.1875 (2012: $0.1941).

The fair value of options granted during the year was $Nil (2012: $21,329).

The fair value of options expired during the year was $122,331 (2012: $Nil).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

	30 June 2013	30 June 2012
Volatility	-	123%
Risk-free interest rate	-	3.12%
Expected life of option	-	2.01 years
Exercise price	-	15 to 25 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends that may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board is responsible for monitoring and managing the Group's financial risk exposures by monitoring the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the internal controls relating to currency risk, financing risk and interest rate risk. The overall risk management strategy seeks to assist the Group to meet its targets, while minimising potential adverse effects on financial performance.

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits and financial liabilities from related parties.

The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash, short-term deposits and short-term borrowings. The short-term debt is a fixed rate debt. Since the Group does not have any long-term debt obligations, the Group's exposure to this risk is nominal.

Market risk
The Group's exposure to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices relates primarily to accounts payables and short-term borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

	CONSOLIDATED	
	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	**1,358**	342,338
Financial Liabilities	**-**	-
Net exposure	**1,358**	342,338

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties that could lead to financial loss to the Group. The Group's policy is to trade only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures. Cash and cash equivalents are held with Authorised Deposit Institutions (ADI) or an institution which has a Standard and Poor's (Australia) Pty Ltd rating of 'A-1+' for terms of a year or less.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. Details with respect to credit risk of trade and other receivables are disclosed in note 6.

Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available funding facilities and capital raising. The liquidity risk is currently managed by the Board by monitoring the Group's cash flow and commitments on a monthly basis.

Refer to Note 1(v) for additional details.

The tables on pages 45 and 46 reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013 and 2012.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk management

Exposure to foreign exchange risk may result in the fair value of cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial investments and/or financial liabilities which are other than the AUD currency of the Group.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2013	2012	2013	2012
	$	$	$	$
British Pound	**5,162**	-	**-**	-

Foreign currency sensitivity analysis

The Group is exposed to British Pound (GBP) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar (AUD) strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	AUD impact	
	Consolidated	
	2013	2012
	$	$
Profit or loss	516	-

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

The fair values of financial assets have been calculated using market interest rates.

As at the end of the current and prior financial years, the Group does not have any financial instruments held at fair value and accordingly, the fair value hierarchy is not required to be applied.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Carrying amount		*Fair value*	
	2013 $	2012 $	2013 $	2012 $
CONSOLIDATED				
Financial assets				
Cash	**1,358**	342,338	**1,358**	342,338
Other financial assets	**-**	-	**-**	-
Trade and other receivables	**35,864**	33,400	**35,864**	33,400
Financial liabilities				
Trade and other payables	**318,429**	55,037	**318,429**	55,037
Borrowings	**81,644**	-	**81,644**	-

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments:

Year ended 30/6/2013	<1 year $	1-2 years $	2-3 years $	3-4 years $	4-5 years $	>5 years $	Total $	Weighted average effective interest rate %
CONSOLIDATED								
FINANCIAL ASSETS								
Floating rate								
Cash assets	1,358	-	-	-	-	-	1,358	0.99%
Non-interest bearing								
Trade & other receivables	35,864	-	-	-	-	-	35,864	0.00%
FINANCIAL LIABILITIES								
Non-interest bearing								
Trade & other payables	318,429	-	-	-	-	-	318,429	0.00%
Borrowings	81,644	-	-	-	-	-	81,644	0.00%

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Period ended 30/6/2012	<1 year $	1-2 years $	2-3 years $	3-4 years $	4-5 years $	>5 years $	Total $	Weighted average effective interest rate %
CONSOLIDATED								
FINANCIAL ASSETS								
Floating rate								
Cash assets	342,338	-	-	-	-	-	342,338	3.25%
Non-interest bearing								
Trade & other receivables	33,400	-	-	-	-	-	33,400	0.00%
FINANCIAL LIABILITIES								
Non-interest bearing								
Trade & other payables	55,037	-	-	-	-	-	55,037	0.00%
Borrowings	-	-	-	-	-	-	-	0.00%

18. CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Resource Star Limited and the controlled subsidiaries listed in the following table:

	Country of Incorporation	*% Equity interest*		*Owing to Parent Company*	
		2013	**2012**	**2013**	**2012**
Orion Exploration Pty Ltd	Australia	**100%**	100%	**62,363**	852,101
Eastbourne Exploration Pty Ltd	Australia	**100%**	100%	**-**	1,514,833
				62,363	2,366,934

The transactions with the subsidiaries were limited to the advance of funds during the year.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On the 26 July 2013, the Company announced finalisation of the Spinifex Uranium Project Acquisition in accordance with the Agreement for Sale of Mining Assets, which resulted in the Company issuing 5 million shares to the vendor at the deemed price of 1.5 cents per share.

On 2 August 2013, the Company announced that it had entered into a binding terms sheet to acquire a 50% shareholding in D-Bar Leasing Inc. which holds a 100% working interest in 8 oil producing lease groups, 96 wells covering approximately 2,732 acres located in Abilene, Texas, USA.

On 12 August 2013, the Company announced the lapse of 3,000,000 Unlisted Options previously issued to the Managing Director due to the significant price differential between the exercise and share price.

On 5 September 2013, the Company announced the issue of 110,000 Unsecured Convertible Note to raise $30,000 new working capital funds and the subsequent conversion to 800,000 Fully Paid Ordinary Shares on 13 September 2013 in accordance with the terms and conditions of the Unsecured Convertible Note Deed.

Other than the above, there has not been any matter or circumstance that has arisen after the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

	CONSOLIDATED	
	30 June 2013 $	30 June 2012 $

20. AUDITOR'S REMUNERATION

The auditor of Resource Star Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

	30 June 2013 $	30 June 2012 $
An audit or review of the financial report of the entity and any other entity in the consolidated group	**36,211**	37,150
	36,211	37,150

21. 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.

During the year, the Group considers that it has operated in two segments, being mineral exploration in Australia and Malawi (Africa).

Segment information
The following table presents revenue and profit/(loss) information and certain asset and liability information regarding the reporting segments for the years ended 30 June 2013 and 30 June 2012. The accounting policies used to determine the segment information are consistent with those used to prepare the Group's financial statements.

	Australia $	Malawi (Africa) $	Total $
2013			
Segment revenue	**2,174**	**-**	**2,174**
Segment net operating loss after tax	**(1,413,599)**	**(2,045,525)**	**(3,459,124)**
Segment assets	**125,980**	**-**	**125,980**
Segment liabilities	**(400,073)**	**-**	**(400,073)**
Cash flow information			
Net cash flows provided by/(used in) investing activities	**(48,115)**	**(190,026)**	**(238,141)**
2012			
Segment revenue	7,263	-	7,263
Segment net operating loss after tax	(1,313,067)	(113,177)	(1,426,244)
Segment assets	1,450,510	1,687,322	3,137,832
Segment liabilities	(61,993)	(3,938)	(65,931)
Cash flow information			
Net cash flow provided by/(used in) investing activities	(126,653)	(56,598)	(183,251)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. RELATED PARTY DISCLOSURES

(a) Details of key management personnel (KMP)

(i) Directors

A Bell	(Non-Executive Chairman)	
C Guy	(Non-Executive Director)	Appointed 9 April 2013
R Kestel	(Non-Executive Director)	Resigned 27 November 2012
R Benussi	(Non-Executive Director)	Resigned 31 March 2013

(ii) Executives

C Burrell	(Executive Director)	Appointed 9 April 2013
S Heggen	(Non-Executive Director)	Resigned 5 April 2013

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Remuneration paid or payable

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the years ended 30 June 2013 and 30 June 2012.

The total remuneration paid to KMP of the Company and the Group is as follows:

	CONSOLIDATED	
	30 June 2013 $	30 June 2012 $
Short-term employee benefits	**260,131**	371,667
Post-employment benefits	**13,501**	24,300
Share-based payments	**3,120**	21,329
	276,752	417,296

(c) Shareholdings of KMP

Shares held in the Company (number)

2013	Balance at beginning of year 01 July 2012	Exercise options	No Change / Other	Balance at date of resignation	Balance at 30 June 2013
A Bell	**45,908,745**	**-**	**999,809**	**N/A**	**46,908,554**
C Burrell *	**-**	**-**	**-**	**N/A**	**-**
C Guy *	**-**	**-**	**-**	**N/A**	**-**
R Kestel ^	**-**	**-**	**-**	**-**	**N/A**
R Benussi ^^	**1,000,000**	**-**	**-**	**(1,000,000)**	**N/A**
S Heggen ^^^	**-**	**-**	**212,074**	**(212,074)**	**N/A**
Total	**46,908,745**	**-**	**1,211,883**	**(1,212,074)**	**46,908,554**

2012	Balance at beginning of year 01 July 2011	Exercise options	No Change / Other	Balance of date of resignation	Balance at 30 June 2012
A Bell	13,984,872	-	31,923,873	N/A	45,908,745
R Kestel ^	-	-	-	N/A	-
R Benussi ^^	1,000,000	-	-	N/A	1,000,000
S Heggen ^^^	-	-	-	N/A	-
C Geach ^^^^	-	-	-	-	N/A
Total	14,984,872	-	31,923,873	-	46,908,745

22. RELATED PARTY DISCLOSURES (continued)

(d) Option holdings of KMP

Options held in the Company (number)

2013	Balance at beginning of year 01 July 2012	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2013
A Bell	**11,947,648**	**-**	**(11,947,648)**	**N/A**	**-**
C Burrell *	**-**	**-**	**-**	**N/A**	**-**
C Guy *	**-**	**-**	**-**	**N/A**	**-**
R Kestel ^	**-**	**-**	**-**	**-**	**N/A**
R Benussi ^^	**-**	**-**	**-**	**-**	**N/A**
S Heggen ^^^	**3,000,000**	**-**	**-**	**(3,000,000)**	**N/A**
Total	**14,947,648**	**-**	**(11,947,648)**	**(3,000,000)**	**-**

2012	Balance at beginning of year 01 July 2011	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2012
A Bell	11,947,648	-	-	N/A	11,947,648
R Kestel ^	-	-	-	N/A	-
R Benussi ^^	-	-	-	N/A	-
S Heggen ^^^	-	3,000,000	-	N/A	3,000,000
C Geach ^^^^	-	-	-	-	N/A
Total	11,947,648	3,000,000	-	N/A	14,947,648

* Appointed 9 April 2013 ^ Resigned 27 November 2012 ^^ Resigned 31 March 2013 ^^^ Resigned 5 April 2013^^^^ Resigned 30 November 2011

(e) Other transactions with directors

Other transactions with the Company or its controlled entities

The terms and conditions of transactions with Directors and Executives and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arms length basis unless otherwise stated.

The aggregate amount recognised during the year to Specified Directors and Specified Executives and their related entities were as follows:

Red Rock Resources plc

Red Rock Resources Plc (Red Rock) is a substantial shareholder of the Company and holds more than 20% of the issued capital. The amount owed to Red Rock by the Group at 30 June 2013 was $86,806 (2012: $Nil) for loan funds $81,644 and reimbursement of expenses $5,162. Interest of $Nil (2012: $3,229) was paid to Red Rock during the period. The borrowing is unsecured and is non-interest bearing.

Andrew Bell

An amount of $30,000 was owing to Andrew Bell by the Group at 30 June 2013 for Directors Fees (2012: $Nil)

Chris Burrell

An amount of $29,000 was owing to Chris Burrell by the Group at 30 June 2013 for Directors Fees of $24,000 and reimbursement of expenses $5,000 (2012: $Nil).

Bill Guy

An amount of $10,018 was owing to Bill Guy by the Group at 30 June 2013 for Directors Fees of $10,000 and reimbursement of expenses $18 (2012: $Nil).

Ross Kestel

An amount of $4,087 was owing to Ross Kestel by the Group at 30 June 2013 for Directors Fees of $3,750 and superannuation of $337 (2012: $Nil).

Robert Benussi

An amount of $18,333 was owing to Robert Benussi's related entity by the Group at 30 June 2013 for Directors Fees (2012: $Nil).

23. CAPITAL AND OTHER COMMITMENTS

Exploration and other commitments

In order to maintain current rights of tenure to exploration of exploration licences, the Group is required to perform a minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. For the exploration licences held at year end, the aggregate minimum expenditure requirement per annum is $50,000 (2012: $959,524).

As at 30 June 2013, the Company had a contractual commitment for the acquisition of the Spinifex Uranium Project in accordance with the Agreement for Sale of Mining Assets, by way of the issue of 5 million shares to the vendor at the deemed price of 1.5 cents per share.

Operating lease commitments – Group as lessee

The Group has entered into a commercial licence agreement on the lease of the office premises. The period of the licence is 12 months and is extendable on a month by month basis after the anniversary date. The minimum rentals payable per annum is $36,396 (2012: $36,396).

24. PARENT ENTITY DISCLOSURES

(a) Summary of Financial Information

	2013 $	2012 $
Financial position		
Assets		
Current assets	**43,465**	375,397
Non-current assets	**63,615**	2,579,428
Total assets	**107,080**	2,954,825
Liabilities		
Current liabilities	**381,173**	59,448
Total liabilities	**381,173**	59,448
Net Assets	**(274,093)**	2,895,377
Equity		
Contributed capital	**32,930,782**	32,820,772
(Accumulated losses)	**(33,229,325)**	(30,398,697)
Reserves		
Options reserve	**-**	329,641
Share based payments reserve	**24,450**	143,661
Total equity	**(274,093)**	2,895,377

	30 June 2013 $	30 June 2012 $
Financial performance		
Loss for the year	**(3,282,601)**	(1,217,522)
Other comprehensive income (loss)	**-**	-
Total comprehensive income (loss)	**(3,282,601)**	(1,217,522)

	2013	2012
	$	$

24. PARENT ENTITY DISCLOSURES (continued)

(b) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2013, the Company had no contractual commitments for the acquisition of property, plant and equipment (2012: Nil), other than those disclosed in note 23.

(c) Guarantees and contingent liabilities

As at 30 June 2013, the Company had no guarantees or contingent liabilities (2012: Nil), other than those already disclosed in note 25.

25. CONTINGENCIES

There were no contingencies as at 30 June 2013 and 2012.

26. COMPANY DETAILS

The registered office of the company is:

Level 2 Spectrum, 100 Railway Road

Subiaco WA 6008

The principal place of business is:

Level 2 Spectrum, 100 Railway Road

Subiaco WA 6008

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

1. In the opinion of the directors of Resource Star Limited (the "Company"):

   (a) the financial statements, notes and additional disclosures included in the director's report designated as audited are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 1(v); and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as outlined in note 1(c).

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the year ended 30 June 2013.

This declaration is signed in accordance with a resolution of the Board of Directors.

Chris Burrell

Chris Burrell
Executive Director

30 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report to the Members of Resource Star Limited

Report on the Financial Report

We have audited the accompanying financial report of Resource Star Limited ("Resource Star" or " the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Opinion

In our opinion:

(a) the financial report of Resource Star Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 (v) in the financial report, which indicates that the Group incurred a loss of $3,459,124 (2012: loss of $1,426,244) and experienced a drop in its cash balance of $340,980 during the year (2012: a drop of $138,986). Those conditions, along with other matters set forth in Note 1 (v), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Resource Star Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
30 September 2013

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 25 September 2013.

(a) Distribution of equity securities

(i) Ordinary share capital

- 127,239,754 fully paid shares held by 1,457 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Analysis of numbers of equity security holders by size of holding are:

	Class of Equity Security	
	Number of Holders	**Fully Paid Ordinary Shares**
1 – 1,000	562	145,245
1,001 – 5,000	280	700,099
5,001 – 10,000	182	1,248,118
10,001 – 100,000	339	11,226,243
100,000 and over	94	113,920,049
Total Holders	1,457	127,239,754

There are 1,186 shareholders holding less than a marketable parcel of shares.

(b) Twenty largest holders of quoted equity securities (fully paid ordinary shares)

	Number held	**Percentage %**
RED ROCK RESOURCES PLC <YA GLOBAL (2) A/C>	46,908,554	36.87
ECOMETRIX PTY LTD	22,057,330	17.34
THUNDELARRA LTD	5,000,000	3.93
JPMORGAN NOMINEES AUSTRALIA LIMITED<CASH INCOME A/C>	3,072,141	2.41
TROMSO PTY LTD	2,200,000	1.73
VICPORT FISHERIES PTY LTD	1,750,000	1.38
MERRILL LYNCH (AUSTRAIA) NOMINEES PTY LIMITED	1,488,505	1.17
M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,481,004	1.16
FARJOY PTY LIMITED	1,362,354	1.07
MR LESLIE MARTA	1,200,000	0.94
ECOMETRIX PTY LTD	1,061,406	0.83
BONVIEW ORCHARDS PTY LTD <SUPERFUND A/C>	1,000,000	0.79
MR AUSTIN GALT <G GALT AUSTIN A/C>	972,565	0.76
MR PAUL BARBER <HUSSELBEE SUPER FUND A/C>	800,000	0.63
MS ALEXANDRA BELL	800,000	0.63
HOOPER SUPERANNUATION FUND PTY LTD <HOOPER SUPER FUND A/C>	750,000	0.59
MR ERNEST & MRS JO-ANNE WHITEHEAD	750,000	0.59
GRAHAM COCK PTY LTD <GRAHAM COCK SUPER FUND A/C>	700,000	0.55
MR PAUL BARBER <HUSSELBEE SUPER FUNDS A/C>	668,457	0.53
VICAM PTY LIMITED	650,000	0.51
	94,672,316	**74.41**

ASX ADDITIONAL INFORMATION

(c) Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
RED ROCK RESOURCES PLC <YA GLOBAL (2) A/C>	46,908,554	36.87
ECOMETRIX PTY LTD	22,057,330	17.34

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Business Objective

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

(f) Schedule of Tenements as at 25 September 2013

WESTERN AUSTRALIA

Project	Tenement	Interest
Spinifex	**E80/3572**	**Application for Extension**

NORTHERN TERRITORY

Project	Tenement	Interest
Edith River Project	**ELA25884**	**Application**
	EL25885	**100%**
	ELA27149	**Application**
	ELA28903	**Application**
Celia Prospect	**ELA24414**	**Application**
Woolgni Mine Area	**MLA24342**	**Application**

MALAWI (AFRICA)

Project	Tenement	Interest
Ilomba Hill	**EPL0264/08**	**90%**
Livingstonia	**EPL187/05R**	**Application for Extension**
Ulindi	**EPLA**	**Application**