

ASX/Media Release – 11 June 2009

MARCH 2009 QUARTERLY REPORT

KEY POINTS

- On 8 January 2009, the securities of Goldstar Resources NL were suspended from quotation on ASX and administrators were appointed.
- At a meeting on 27 February 2009 creditors resolved to accept a Deed of Company Arrangement (DOCA) put forward for the Company.
- A Shareholder meeting is scheduled to be held on 12 June 2009, the main purpose of which relates to the implementation of the terms of the DOCA. If the resolutions to be put to shareholders are passed, the Directors expect to be able to restore the operational independence of the Company.
- The Company recorded a net loss for the 6 month period ended 31 December 2009 of \$30.27 million. The result is driven primarily by the impairment of plant and equipment and deferred exploration and development expenditure.

Goldstar Resources NL
(subject to deed of company arrangement)

ABN 76 098 939 274

ASX Code: GDR

Issued Capital:
164,955,097 Ord shares

Directors:
Executive Chairman:
Denis Waddell

Non-Executive Directors:
Graeme Sloan
Alexander Haller

Company Secretary:
Darren Hotton

Contact:
Level 11, 330 Collins Street
Melbourne VIC 3000
Tel: (+61-3) 8080-7170
Fax: (+61-3) 8080-7174
Email: info@goldstarnl.com.au
Web: www.goldstarnl.com.au

Company Enquiries:
Denis Waddell
Executive Chairman
Tel: (+61-3) 8080-7170



IMPORTANT NOTICE

On 8 January 2009, shares in Goldstar Resources NL were suspended from trading by ASX, and Craig Crosbie and Brett Lord were appointed as Administrators of the Company ("Administrators").

Subsequently, at a meeting of creditors held on 27 February 2009, creditors resolved to accept the DOCA proposal. The DOCA was executed on 27 February 2009.

In accordance with the DOCA, the Company is aiming to raise sufficient funds from a capital raising (subject to shareholder approval) ("Capital Raising") and a re-negotiated converting loan agreement from Silja Investment Ltd ("Silja"), to:-

1. enable full payment of the costs and expenses of the Administrators;
2. payment of 100% of the admitted claims of unsecured creditors; and
3. most importantly for shareholders, fund the ongoing feasibility study of the Walhalla Gold Project and exploration of the Company's highly prospective tenement package.

A summary of the terms of the DOCA is set out in Section 1.6 of the of the Explanatory Statement that forms part of the Notice of Meeting of shareholders scheduled to be held on 12 June 2009.

Following execution of the DOCA, the previous directors other than Graeme Sloan resigned as directors of the Company and two new directors were appointed. Today, the Board consists of Denis Waddell as Executive Chairman with Alexander Haller and Graeme Sloan as Non-Executive Directors.

A General Meeting of the shareholders will be held at on 12 June 2009. The principal purpose of the Meeting is to seek shareholder approval for the Company to raise sufficient funds for the purposes outlined above, from new capital and a re-negotiated converting loan agreement.

If the proposed capital raising is completed, the Company will seek the reinstatement of the quotation of its securities on the ASX.

PROJECTS

WALHALLA GOLD PROJECT

Following the suspension of the Company's shares from the ASX on 8 January 2009, all non essential work except that required to keep the Company's tenements and assets in good standing was suspended. In anticipation of a successful outcome at the shareholder meeting scheduled for 12 June 2009, the Company's Rawson and Melbourne offices have been re-opened.

The Company is continuing to address all essential work to maintain its key assets and has commenced work on preparing the Company for possible reinstatement to the ASX.

A number of key personnel have been identified for recruitment to progress the feasibility study at the Walhalla Gold Project and to review and evaluate the Company's exploration portfolio to prioritise and undertake exploration programmes.

PROJECTS (continued)

OTHER PROJECTS

BHP-Billiton Joint Venture – Millrose Gold and Nickel Project

During the Quarter, BHP-Billiton informed the Company of its withdrawal from the joint venture handing management control back to Goldstar. A review of this tenement is underway. It is expected that the Company will make a determination of the future of this tenement by year end.

Millrose West Gold and Nickel Project (Goldstar 100%)

A review of this tenement is underway. It is expected that the Company will make a determination of the future of this tenement by year end.

Matrix Metals Joint Venture - Top Camp/Iron Ridge Copper Project

The Company's joint venture partner, Matrix went into voluntary administration on 11 November 2008. As at the end of the Quarter, the status of the project required clarification with the administrator of Matrix.

Peak Resources Joint Venture – Peak Hill Gold project

During the Quarter, Peak Resources informed the Company of its withdrawal from the joint venture handing management control back to Goldstar. A review of this tenement is underway. It is expected that the Company will make a determination of the future of this tenement by year end.

CORPORATE

Cash and Cash Equivalents

Cash on hand at the end of the Quarter was \$0.13 million.

A general meeting of shareholders of the Company is scheduled to be held on 12 June 2009. The main purpose of the meeting of shareholders relates to the implementation of the terms of the DOCA. If the resolutions in relation to the DOCA to be put to shareholders at the general meeting are passed, the Directors expect to be able to successfully complete the capital raising of approximately \$6.0 million and the re-negotiation of the \$4.6 million converting loan agreement. This will place the Company in a sound financial position to progress the Company's activities.

Appointment of Directors

On 27 February 2009, the Company appointed Mr Denis Waddell as Executive Chairman of the Company and Mr Alexander Haller as a Non-Executive Director of the Company.

Resignation of Directors

On 2 January 2009, the Company announced the resignation of Mr Gordon Lewis as Managing Director.

On 27 February 2009, the Company announced the resignations of Mr Gordon Hill, Ms Eileen Carr and Dr Jeff O'Leary as Directors of the Company.

CORPORATE (continued)

Company Secretary Appointment

On 6 February 2009, Mr Darren Hotton was appointed Company Secretary. On 8 December 2009, Darren Hotton was appointed to the role of Chief Financial Officer.

Placement

On 24 February 2009, the Company completed a placement of 5,000,000 fully paid ordinary shares at an issue price of \$0.01 per share to raise \$50,000 and on 3 March 2009, the Company completed a placement of 9,325,000 fully paid ordinary shares at an issue price of \$0.01 per share to raise \$93,250.

ACTIVITIES POST QUARTER

31 December 2008 - Interim Financial Report

On 5 June 2009, the Company released its Interim Financial Report for the period ended 31 December 2008. The Company recorded a net loss for the period of \$30.27 million. The result is driven primarily by the impairment of plant and equipment and deferred exploration and development expenditure.

Shareholder Meeting

A General Meeting of the shareholders will be held on 12 June 2009. The principal purpose of the Meeting is to seek shareholder approval for the Company to raise sufficient funds for the purposes outlined above, from new capital and a re-negotiated converting loan agreement.

Change of Name

Consistent with the relaunching of the Company, at the meeting of shareholders to be held on 12 June 2009, the Directors are seeking a change of company name to Orion Gold NL. The Directors consider this an essential element in the future marketing and growth of the Company.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Goldstar Resources NL (subject to deed of company arrangement)

ABN

76 098 939 274

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	---	4
1.2 Payments for		
(a) exploration and evaluation	(66)	(1,699)
(b) development		
(c) production		
(d) administration	(280)	(1,688)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	35
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	12	12
Net Operating Cash Flows	(324)	(3,336)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	---	(177)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	---	(177)
1.13 Total operating and investing cash flows (carried forward)	(324)	(3,513)

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(324)	(3,513)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	138	406
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	---	1,400
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	82	82
	Net financing cash flows	220	1,888
Net increase (decrease) in cash held			
		(104)	(1,625)
1.20	Cash at beginning of quarter/year to date	237	1,758
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	133	133

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	nil
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

For personal use only

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements – Note 1	6,000	1,400

Note 1 -

The converting loan agreement between Silja Investments Limited (“Silja”) and the Company dated 9 September 2008, provided for Silja to provide a total of up to approximately \$6 million in debt funding to the Company by way of the following convertible notes:

- (a) First tranche note - \$1,400,000;
- (b) Second tranche note - \$1,600,000; and
- (c) Third tranche note - \$3,000,000.

The issue of the convertible notes was subject to the satisfaction of a number of conditions precedent, including shareholder approval, which was given at a general meeting of the Company held on 25 November 2008. The first tranche note was issued on that date, however, as at 31 March 2009 the second tranche note and the third tranche note have not been issued.

The convertible notes can be converted to share capital of the Company at the option of the holder and accordingly are considered compound financial instruments.

The component of the convertible notes that exhibits characteristics of a liability is initially recognised as a liability in the balance sheet at the fair value of a similar liability that does not have an equity conversion option and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance (interest) cost.

The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest expense on compound instruments is determined based on the liability component and includes the actual interest paid or payable to holders. There are no dividends associated with the equity component.

It is an ‘event of default’ under the converting loan agreement, if there is an event which, in the reasonable opinion of Silja, is a material adverse change affecting the Company or its prospects. On 8 January 2009, Silja notified the Company that Silja was of the opinion that events had occurred which constituted a material adverse change affecting the Company or its prospects.

Voluntary administrators were appointed on 8 January 2009. Subsequent to this, a statement was issued by the ASX that trading in the Company’s shares was suspended from 8 January 2009.

At a meeting of creditors held on 27 February 2009, creditors resolved to accept a Deed of Company Arrangement (“DOCA”) proposal, the principal objective of which is to restore the operational independence of the Company. The DOCA was executed on 27 February 2009.

A general meeting of shareholders of the Company is scheduled to be held on 12 June 2009. The main purpose of the meeting of shareholders relates to the implementation of the terms of the DOCA. If the resolutions in relation to the DOCA to be put to shareholders at the general meeting are passed, the Directors expect to be able to restore the operational independence of the Company.

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B Mining exploration entity quarterly report

Effective from the granting of the approvals being sought pursuant to the resolutions set out in the Notice of Meeting, Silja agreed to waive all defaults by the Company under the converting loan agreement which occurred prior to the commencement of the DOCA.

If the Company's shareholders do not grant the approvals being sought at the general meeting of shareholders of the Company scheduled to be held on 12 June 2009, then the Company will not be able to complete the Capital Raising or seek reinstatement of its shares on ASX and the convertible note may become immediately due and payable.

A summary of the terms of the DOCA is set out in Section 1.6 of the Explanatory Statement that forms part of the Notice of Meeting of shareholders scheduled to be held on 12 June 2009.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	\$65
4.2 Development	
Total	\$65

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	133	237
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	133	237

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	n/a		
6.2 Interests in mining tenements acquired or increased	n/a		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Partly Paid +securities <i>(description)</i>	2,351,000	Nil	10 cents	0.1 cents
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	164,955,097	164,955,097		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,325,000	14,325,000	1 cent	Fully Paid
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(Exercise Price 35 cents, expiry 27 September 2009)</i>	696,000		35 cents	27 September 2009
<i>(Exercise Price 37.5 cents, expiry 30 September 2009)</i>	325,000		37.5 cents	30 September 2009
<i>(Exercise Price 35 cents, expiry 9 November 2011)</i>	75,000		35 cents	9 November 2011

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
	<i>(Exercise Price 37.5 cents, expiry 30 September 2009)</i>	100,000		37.5 cents	30 September 2009
	<i>(Exercise Price 37.5 cents, expiry 31 July 2009)</i>	250,000		37.5 cents	31 July 2009
	<i>(Exercise Price 5.6877 cents, expiry 17 December 2013)</i>	1,500,000		5.6877 cents	17 December 2013
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

For personal use only

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 11 June 2009

Print name: Darren Hotton

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.

For personal use only