RESOURCE STAR LIMITED
ABN 71 098 238 585

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ANNUAL FINANCIAL REPORT
30 June 2010

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CORPORATE INFORMATION

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DIRECTORS

Mr A Bell (Chairman)

Mr R Kestel

Mr R Benussi

Mr C Geach

COMPANY SECRETARY

Ms E Kestel

REGISTERED OFFICE

Level 2 Spectrum, 100 Railway Road

Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 9, 440 Collins Street

Melbourne VIC 3000

AUDITORS

HLB Mann Judd (Vic Partnership)

Level 1, 160 Queen Street

Melbourne VIC 3000

SOLICITORS

Steinepreis Paganin

Level 4 The Read Buildings

16 Milligan Street

Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace

Perth WA 6000

INTERNET ADDRESS

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 2010. In order to comply with the provisions of the Corporations Act, 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, MA, LLB (Non-Executive Director and Chairman up to 5 July 2010, Executive Chairman since 5 July 2010)

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 has been the Company's acting Chief Executive Officer since 5 July 2010.

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

R Kestel, B.Bus, ACA, FCPA, AICD (Non-Executive Director)

Mr Kestel was appointed director on 15 August 2006. Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 until April 2010.

Mr Kestel has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries.

Mr Kestel is currently a non executive director of the following ASX listed companies:
- VDM Group Limited – August 2005 to current
- Jabiru Metals Limited – August 2003 to current
- Blackcrest Resources Limited – June 2006 to current
- Jatoil Limited – September 2007 to current
- Xstate Resources Limited – September 2006 to current
- Regis Resources Limited – July 2009 to current

During the past three years he has also served as a non executive director of the following ASX listed companies:
- Equigold NL - April 2005 to June 2008
- Dioro Exploration Limited – April 2009 to February 2010
- DVM International Limited – April 2005 to November 2007

Mr Kestel is a member of the Australian Institute of Company Directors.

He is Chairman of the Audit and Risk Management Committee.

R Benussi NIA (Non-Executive Director)

Mr Benussi was appointed director on 9 July 2009. He is the Chief Financial Officer, General Manager, Corporate and Company Secretary of Jupiter Mines Limited.

Mr Benussi holds a Diploma from the National Institute of Accountants and remains a Member of the Institute. He has an extensive background in finance, stockbroking, corporate advisory and business development with companies such as Olin Corporation, Lend Lease, Dalgety and Lion Nathan.

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

He is a member of the Audit and Risk Management Committee.

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C Geach B.Sc (Hons) (Non-Executive Director)

Mr Geach was appointed director on 22 April 2010. Mr Geach has a Bachelor of Science (Hons-Geology), is currently a member of the Australian Institute of Geoscientists and formerly a Licentiate of Royal Society of Chemistry, past Fellow of the Geological Society and past Member of the AusIMM.

He is also an experienced and capable Geoscientist-Exploration, Business Manager with considerable executive project management skills with over twenty eight (28) years of exploration and mining experience and a founding executive director of four (4) ASX companies.

Over the last two years Mr Geach has consulted to the resource and energy industry advising many companies on exploration management and providing hands on geological input as a contract and consulting geologist.

In 2008 he was involved in setting up a private company to list uranium assets on the ASX and has also separately advised on uranium projects.

Currently he is part time managing director of a private company which has primarily a magnetite asset and also with areas for gold/BIF/Li/Bauxite all in Western Australia.

During the past three years he has also served as an executive director of the following ASX listed company:

- Jutt Holdings Limited – December 2006 to August 2008

He is a member of the Audit and Risk Management Committee.

M Yannaghas, BA (Non-Executive Director)

Mr Yannaghas resigned on 18 September 2009. Information on the director who resigned during the current financial year is not available and consequently has not been disclosed.

I Scott, Assoc. in Appl. Geol., MAusIMM, AAICD (Executive Director)

Mr Scott resigned on 9 July 2009. Information on the director who resigned during the current financial year is not available and consequently has not been disclosed.

Company secretary

E Kestel, B.Bus, CPA

Ms Kestel was appointed company secretary on 3 November 2008. She has been a Certified Practising Accountant for over 15 years.

Ms Kestel is not an executive of the Company.

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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		13,984,872	8,947,648
R Kestel		Nil	Nil
R Benussi	(appointed 9/07/2009)	1,000,000	Nil
C Geach	(appointed 22/04/2010)	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.
- 1,176,471 Class A Performance Shares previously issued to Red Rock Resources plc were cancelled during the year following the expiration of the time to achieve the key milestone events.
- The interest in shares displayed for Mr Benussi are the shares owned by Intrepid Concepts Pty Ltd and the Benussi Super Fund. Mr Benussi is a sole director and trustee and beneficiary respectively.

Share options

Unissued shares

As at the date of this report, there were 800,000 (2009: 429,414) unissued ordinary shares under options (31,332,905 (2009: 829,414) at the reporting date). Details of unissued ordinary shares are:

Unissued ordinary shares under options	30 June 2010	Reporting date
Listed options exercisable at $0.20 expiring on 30 September 2012	-	30,532,905
Unlisted incentive options exercisable as follows:		
▪ Exercisable at $0.20 and expire 15 July 2012;	300,000	300,000
▪ Exercisable at $0.22 and expire 15 July 2012; and	250,000	250,000
▪ Exercisable at $0.25 and expire 15 July 2012	250,000	250,000
Total	**800,000**	**31,332,905**

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 2010 (30 June 2009: $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.

There have been no other significant changes in the nature of those activities during the year.

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DIRECTORS' REPORT (continued)

Review of operations

Before and since re-listing of the Company's shares on the Australian Securities Exchange the Company has taken active steps to enhance its asset portfolio. Three additional tenements were acquired to the West of the Edith River tenement in the Northern Territory, 90% of the Ilomba Hill tenement in Northern Malawi was acquired, an interest in a tenement in Tasmania was acquired, a new calcrete uranium-prospective tenement adjacent to the Lake Barlee tenement in Western Australia was applied for, and the area covered by the Machinga exploration license in Malawi was greatly enlarged.

Most significantly, a joint venture was entered into with Globe Metals and Mining Ltd, under which the Company would farm in to up to an 80% of Globe's Livingstonia sandstone-host roll front uranium project in Northern Malawi, with the initial 20% interest to be earned by establishing a JORC Resource based on the 11,000m of drilling already carried out, and carrying out a further 1,000m of drilling. By the end of the financial year, work on the Resource estimation was already in hand.

In a continuation of the strategically focussed and systematic approach referred to in last year's report, the Company decided to allow Globe, which had explored successfully for niobium in the nearby Kanyika area in Malawi, to farm in to the Company's Machinga niobium and rare earth deposit in the Chilwa Alkaline Province. Globe can earn up to an 80% interest by taking the project to feasibility, with the initial 20% earned by expending $250,000, and a further 31% earned by expenditure of a further $2.25m. This leaves the Company with an eventual interest of 20% in a project which has been taken all the way to bankable feasibility, and with no expenditure commitments until that point. Through this joint venture Resource Star has enhanced its understanding of, and retained an interest in, the rare earth market, while able to concentrate on its specialist interest, uranium.

As the year ended, Resource Star continued to review opportunities presented to it in the uranium and energy sectors, as well as possible acquisitions of new rare earth-prospective ground.

Malawi

Exploration continued during the year at the Machinga license, with initial geological mapping and rock chip sampling establishing some high grade niobium results and promising rare earth results on a 2km section of the main Machinga anomaly, and identifying a further 5km plus of strike. After establishing the joint venture with Globe, the results of further soil sampling were received identifying multiple new targets over a wide area. An extension to the license to cover 935 sq km was applied for, and later granted. Globe has continued the exploration, with trenching followed after the end of the financial year by a drill programme. Results from the first two trenches confirmed the emerging picture of a high ratio of the economically more valuable heavy rare earths to total rare earths, with particularly high levels of dysprosium. Dysprosium is seeing increasing demand for electric cars, memory media, and nuclear fuel rods, at a time when Chinese exports are being restricted.

At Livingstonia due diligence was successfully carried out, and the process of developing a JORC Resource of U3O8 commissioned before year end, in preparation for a planned drill programme to enlarge the Resource and define areas of higher grade, to be undertaken in October/November.

Following results from initial exploration at the Chintheche license, it was concluded that the radioactive material was probably derived from fluvial transportation to the Lake Malawi shore line and was superficial in nature, and that the other mineralisation likely to be present, including mineral sands, was a low priority target for the Company. Accordingly a waiver for relinquishment has been submitted to the Department of Mines.

At Ilomba, some exceptionally high uranium and niobium grades found in grab samples in the past, and the rock type, indicate that this is a promising target for uranium and rare earth mineralisation. A programme of airborne geophysics, to be followed by ground exploration, was planned for the second half of calendar 2010.

Australia

In the Northern Territory, a further 316 sq km adjacent to the Edith River tenement was added to the ground position. 3,250 line kilometres of radiometric/magnetic geophysics were flown in April 2010, over the Northern Territory tenements, and structural and radiometric targets were defined. Three new uranium channel anomalies were defined along key structures at Edith River, where subsequent ground work has confirmed multiple targets, and at Hayes Creek South and Marrakai targets were refined and new targets generated, including a 2.5km structural anomaly potentially linked to the nearby Thunderball discovery.

Plans for the second half of calendar 2010 include sampling, and a drill programme covering the major targets. The strong anomalism on some of the Edith River targets is particularly encouraging for further exploration.

Following grant of a second 100 sq km license at Lake Barlee in Western Australia a shallow drill programme is planned to test the airborne radiometric anomalies around the edges of the lake.

Operating results for the period

The statement of comprehensive income shows a net loss attributable to members of $1,439,494 (2009: loss of $1,479,243).

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Significant changes in state of affairs

In November 2009 the Company completed a Share Placement which was a precursor to ASX re-listing. 3,742,475 Fully Paid Ordinary Shares were issued at 16 cents to institutional and sophisticated investors.

In December 2009 the Company issued a Prospectus which represented another step for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and seek admission to the Official List.

In February 2010 the Company issued 9,502,258 Fully Paid Ordinary Shares at 20 cents under the terms of the 2009 Prospectus which resulted in re-listing on the ASX Official List following a change to the nature of the Company's activities.

In addition to this share issue another 3,000,000 Fully Paid Ordinary Shares at a deemed issue price of 20 cents per Shares were allotted to the Company's major Shareholder Red Rock Resources plc in satisfaction of prior loan arrangements and as consideration under a Sale Agreement.

The Company was successfully re-listed on the ASX Official List on 25 February 2010 with the commencement of trading of its Securities on 1 March 2010.

Significant events after the reporting date

On 5 July 2010, Richard Evans resigned as Chief Executive Officer of the Company. On the same day, Andrew Bell assumed the position of Acting Chief Executive Officer in addition to his role as Chairman.

On 15 July 2010, the Company reported a maiden JORC Inferred Mineral Resource at Livingstonia, with the mineralisation open in several directions. The Board of Directors believe this initial Mineral Resource Estimate to be a significant milestone for Resource Star, demonstrating the significant potential of the Livingstonia Project. The Board believes that it provides a strong platform for the Company to grow its resource base and greatly strengthens Resource Star's portfolio of exploration assets in Australia and Malawi.

On 21 July 2010 the Company announced the allotment of 10,532,905 September 2012 Listed Options under the terms of a Non-Renounceable Entitlement Issue on the basis of one (1) Option for every two (2) Shares held at an issue price of $0.01 to raise working capital of $105,329.

In accordance with a Mandate Letter signed between the Company and Allegra Capital Pty Ltd, any Option shortfall from the Non-Renounceable Entitlement Issue was available to Allegra Capital to deal with accordingly. Allegra Capital Pty Ltd has just placed the Shortfall Options of 15,431,186 at $0.01 per Option to raise additional working capital of just over $154,000.

On 23 July 2010 the Company held a General Meeting of Shareholders to seek approval in relation to four (4) Resolutions – (1) Approval for the Placement of Shares; (2) Ratification of November 2009 Share Placement; (3) Issue of Options to Allegra Capital Pty Ltd and (4) Election of Mr Geach as a director of the Company.

All Resolutions were unanimously passed by Shareholders.

On 24 September 2010 the Company announced the allotment of a further 20,000,000 September 2012 Listed Options to Allegra Capital Pty Ltd. In accordance with the terms of a Mandate to Act as Lead Manager Letter signed between Resource Star Limited and Allegra Capital Pty Ltd on 17 May 2010 in relation to the Non-Renounceable Entitlement Issue, Allegra Capital Pty Ltd or its nominees were entitled to receive 20,000,000 Lead Manager Options which have the same terms as the Entitlement Options.

The Lead Manager Options were issued at $0.0035 to raise a total of $70,000 which will be used for Working Capital purposes.

Other than the above, there has not been any matter or circumstance that has arisen after balance date 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.

Environmental regulation and performance

The Company's operations are subject to environmental regulations under Commonwealth and State legislation in Australia. 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.

DIRECTORS' REPORT (continued)

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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.

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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 R Kestel	Director (non-executive) – appointed 15 August 2006
Mr R Benussi	Director (non-executive) – appointed 9 July 2009
Mr I Scott	Executive Director – resigned 9 July 2009
Mr M Yannaghas	Director (non-executive) – resigned 18 September 2009
Mr C Geach	Director (non-executive) – appointed 22 April 2010

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr Richard Evans was the Company's Chief Executive Officer (CEO) from the date of his appointment on 6 July 2009 to his resignation date on 5 July 2010.

Mr Evans resigned due to personal reasons but remains as Technical Consultant to the Company as and when required.

Mr Andrew Bell was appointed as the acting Chief Executive Officer following the resignation of Mr Evans.

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

- set competitive remuneration packages to attract and retain high calibre employees;
- 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 have been met.

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

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 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.

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.

Variable remuneration

The objective of the short term incentive program is to link the achievement of the Company'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 Company is reasonable in the circumstances.

The Company has not yet fixed the short term incentive program due to the limited number of employees.

Employment contracts

Executives

Mr Richard Evans was appointed Chief Executive Officer on 6 July 2009. He resigned effective 5 July 2010. His employment contract provided for the following:

- base annual remuneration of $165,000 exclusive of superannuation increasing to $175,000 exclusive of superannuation on agreed commencement of the re-listing / prospectus process;
- the receipt of eight-hundred thousand Executive Share Options (refer to table 2 in this Remuneration Report);
- termination of the employment contract by either party by giving three months notice or payment in lieu of notice and a payment of three months salary plus superannuation after the expiry of the three months written notice period;
- the Company may terminate the contract at any time if serious misconduct has occurred; and
- after his resignation his vested options remain current.

The following table provides details of the components of remuneration for each member of the key management personnel of the Group and to the extent different, the five Group and Company executives receiving the highest remuneration.

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DIRECTORS' REPORT (continued)

Remuneration report (continued)

Remuneration of directors and named executives

Table 1: Directors' remuneration for the period/year ended 30 June 2009 / 30 June 2010:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
A Bell	2009	41,250	-	-	-	-	-	-	-	41,250	-
Director	2010	45,000	-	-	-	-	-	-	-	45,000	-
R Kestel	2009	41,250	-	-	-	-	-	-	-	41,250	-
Director	2010	45,000	-	-	-	-	-	-	-	45,000	-
R Benussi*	2009	-	-	-	-	-	-	-	-	-	-
Director	2010	39,340	-	-	-	-	-	-	-	39,340	-
C Geach**	2009	-	-	-	-	-	-	-	-	-	-
Director	2010	6,667	-	-	-	-	-	-	-	6,667	-
M Yannaghas^^	2009	36,667	-	-	-	-	-	-	-	36,667	-
Director	2010	8,639	-	-	-	-	-	-	-	8,639	-
Total	**2009**	**119,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**119,167**	**-**
	2010	**144,646**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**144,646**	**-**

* Appointed 9 July 2009 ** Appointed 22 April 2010 ^^ Resigned 18 September 2009

Remuneration of directors and named executives

Table 2: Executive Directors' and named executives remuneration for the period/year ended 30 June 2009 / 30 June 2010:

		Short Term				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
I Scott^	2009	195,489	-	-	-	16,500	-	31,920	-	243,909	-
Executive Director	2010	7,776	-	-	-	2,714	-	-	-	10,490	-
R Evans^^	2009	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer	2010	171,932	-	-	-	15,554	-	58,989	-	246,475	-
Total	**2009**	**195,489**	**-**	**-**	**-**	**16,500**	**-**	**31,920**	**-**	**243,909**	**-**
	2010	**179,708**	**-**	**-**	**-**	**18,268**	**-**	**58,989**	**-**	**256,965**	**-**
Grand Total	**2009**	**314,656**	**-**	**-**	**-**	**16,500**	**-**	**31,920**	**-**	**363,076**	**-**
	2010	**324,354**	**-**	**-**	**-**	**18,268**	**-**	**58,989**	**-**	**401,611**	**-**

^ Resigned 9 July 2009 ^^ Resigned 5 July 2010

The only Company executive employed was Ian Scott during the period ended 30 June 2009 and Richard Evans during the year ended 30 June 2010.

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Remuneration report (continued)

Remuneration of directors and named executives

Options granted as part of remuneration:

During the year, the Board of Resource Star Limited resolved to issue 800,000 unlisted options to Mr Richard Evans in accordance with the Terms and Conditions set out in his Executive Service Agreement.

The contractual life of the options issued are as follows: 800,000 options expire on 15 July 2012.

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 period:

	30 June 2010 No.	30 June 2010 Weighted average exercise price	30 June 2009 No.	30 June 2009 Weighted average exercise price
Outstanding at the beginning of the period	400,000	$0.375	-	-
Granted during the period	800,000	$0.222	700,000	$0.343
Forfeited during the period	(400,000)	$0.375	(300,000)	($0.300)
Outstanding at the end of the period	800,000	$0.222	400,000	$0.375
Exercisable at the end of the period	800,000	$0.222	400,000	$0.375

The outstanding balance as at 30 June 2010 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;
- 250,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 15 July 2012.

The outstanding balance as at 30 June 2009 is represented by:

- 200,000 options over ordinary shares with an exercise price of $0.35 each, exercisable until 31 December 2009;
- 200,000 options over ordinary shares with an exercise price of $0.40 each, exercisable until 31 December 2010.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.04 years (2009: 1.00 year).

The weighted average exercise price for options outstanding at year end was $0.222 (2009: $0.375).

The fair value of options granted during the year was $75,875 (2009: $41,550).

The fair value of options forfeited during the year was $31,920 (2009: $9,630).

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 2010	30 June 2009
Volatility	100%	100%
Risk-free interest rate	4.555%	6.78% to 6.98%
Expected life of option	3.09 years	0.42 to 2.42 years
Exercise price	20 to 25 cents	30 to 40 cents

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	14	12	-	-
Mr R Kestel	14	14	3	3
Mr R Benussi	14	12	3	3
Mr C Geach	2	2	1	1
Mr M Yannaghas	3	3	-	-
Mr I Scott	-	-	-	-

Auditor 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 13 and forms part of this directors' report for the year ended 30 June 2010.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to HLB Mann Judd for non-audit services provided during the year ended 30 June 2010 (2009: Nil):

	$
Independent accountant's report for a prospectus	**11,000**

Signed in accordance with a resolution of the Board of Directors.

Ross Kestel
Director
30 September 2010

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HLB Mann Judd

Accountants | Business and Financial Advisers

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

In relation to our audit of the financial report of Resource Star Limited for the financial year ended 30 June 2010 ("the audit"), I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
30 September 2010

HLB Mann Judd (VIC Partnership)
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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Resource Star Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Company 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 Company have followed the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council.

In summary, at the date of this report the Company departs from the Guidelines in four (4) key areas:

- The Chairperson is not deemed to be Independent. This is a departure from Recommendation 2.2;
- The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual. This is a departure from recommendation 2.3;
- The Company does not have a separate Nomination Committee. This is a departure from Recommendation 2.4
- The Company does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1.

Also the Company does not have a full time Chief Financial Officer but all assurances as to the integrity of the Financial Accounts are provided by the externally appointed Senior Accountant.

Role of the board

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the financial health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Group for the year 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.

Trading Policy

The Company has developed a policy regarding directors and employees trading in its securities. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

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Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Structure of the board

Directors of the Company 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 exceed 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.

In accordance with the definition of independence above, the following directors of the Company are considered to be independent:

Name	Position
R Benussi	Non-Executive Director
R Kestel	Non-Executive Director
C Geach	Non-Executive Director

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.

The term in office held by each director is as follows:

Name	Term
A Bell	3 years
R Benussi	1 year
R Kestel	4 years
C Geach	3 months

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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, the Board will document the process behind a recommendation for 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.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration and Nomination Committee due to its size. The full Board attends to the matters normally attended to by a Remuneration and Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current year, please refer to the Remuneration Report, which is contained within the Directors' Report. There is no scheme to provide retirement benefits to Non-Executive Directors, other than the compulsory superannuation guarantee.

The Board is responsible for determining and reviewing compensation, arrangements and performance of Directors for the Directors themselves.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of risk management, internal controls and ethical standards to the Audit and Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The Audit and Risk Management Committee comprises three (3) Non-Executive Directors.

The members of the Audit and Risk Management Committee at the date of this Report are:

- R Kestel (Chairman);
- R Benussi; and
- C Geach.

For qualifications of the Audit and Risk Management Committee members and details on the number of meetings of the Committee held during the year and the attendees of those meetings, refer to the Directors' Report.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee. As required by the *Corporations Act 2001*, the audit firm has a policy of rotating the audit partner at least every 5 years.

RISK MANAGEMENT

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

Management reports directly to the Board on the Company's key risks and is responsible, through the CEO for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Audit and Risk Management Committee monitors the performance of the risk management and internal control systems and reports to the Board on 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 potential impact of the global financial crisis.

A detailed risk identification matrix has been prepared by management. High and very high risk issues are reported to the Board. The CEO is responsible for ensuring the Company complies with its regulatory obligations.

CORPORATE GOVERNANCE STATEMENT (continued)

The CEO and CFO (or 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.

The assurances from the CEO and CFO (or equivalent) 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.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council as they applied for the period ended 30 June 2010. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below.

Corporate Governance Policy	Comment
Principle 1 ***Lay solid foundation for management and oversight***	***Adopted***
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	The Company's Corporate Governance Polices includes a Board Charter, which discloses the specific responsibilities of the Board.
1.2 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.
1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 2 ***Structure the board to add value***	***Adopted except for Recommendations 2.2, 2.3 and 2.4***
2.1 A majority of the Board should be independent.	The Company is in compliance with this recommendation as three (3) of the four (4) Directors are defined as being independent.
2.2 The chairperson should be an independent director.	The current chairperson is an officer of an entity which is a substantial Shareholder of the Company.
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	Following the resignation of the Company's CEO due to personal reasons; the chairperson has been assigned the role of CEO in the short to medium term.
2.4 The board should establish a nomination committee.	No formal nomination committee or procedures have been adopted as yet given the size of the Company and the Board. The Board, as a whole, will serve as a nomination committee. Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5 Disclose the process for evaluating the performance of the board, its committees and the individual directors.	The Board has a policy of conducting an annual performance review of itself that compares the performance of the Board with the requirements of the Board Charter, critically reviews the mix of the Board and suggests and amendments to the Board Charter as are deemed necessary or appropriate.
2.6 Provide the information indicated in 'Guide to reporting on Principle 2'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report

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CORPORATE GOVERNANCE STATEMENT (continued)

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Corporate Governance Policy	Comment
Principle 3 ***Actively promote ethical and responsible decision-making***	***Adopted***
3.1 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 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.
3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	The Company's Corporate Governance Policies includes Dealing in Securities which provides comprehensive guidelines on trading in the Company's securities.
3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 4 ***Safeguard integrity in financial reporting***	***Adopted***
4.1 The Board should establish an audit committee.	An Audit and Risk Management Committee has been established.
4.2 Structure the audit committee so that it consists of: ▪ Only non-executive directors ▪ A majority of independent directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members.	The Audit and Risk Management Committee consists of three (3) Non-Executive Directors; who are all independent and is chaired by a Director who is not chair of the RSL Board.
4.3 The audit committee should have a formal operating charter.	The Audit and Risk Management Committee has a formal Charter.
4.4 Provide the information indicated in the 'Guide to reporting on Principle 4'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 5 ***Promote timely and balanced disclosure***	***Adopted***
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has a Continuous Disclosure program in place 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.
5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 6 ***Respect the rights of shareholders***	***Adopted***
6.1 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
6.2 Provide the information indicated in the 'Guide to reporting on Principle 6'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 7 ***Recognise and manage risk***	***Adopted***
7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.	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 determines and identifies the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.
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 CEO has designed and implemented continuous risk management and internal control systems. Reports as requested are provided at relevant times.
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 individuals appointed to perform the role of Chief Executive Officer and the Chief Financial Officer.
7.4 Provide the information indicated in the 'Guide to reporting on Principle 7'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report
Principle 8 ***Remunerate fairly and responsibly***	***Adopted except for Recommendation 8.1***
8.1 The Board should establish a remuneration committee	*The Company's remuneration committee comprises the Board acting without the affected director participating in the decision making process*
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executives	The Board will distinguish the structure of non executive director's remuneration from that of executive directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of the Managing Director and senior executives (without the participation of the affected director).
8.3 Provide the information indicated in the 'Guide to reporting on Principle 8'.	The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report

Further information on the Corporate Governance Policies that have been adopted by the Company can be referenced at the Company's webpage www.resourcestar.com.au

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		Year ended 30June 2010 $	Period ended 30 June 2009 $
Other revenue	2(a)	**34,724**	37,084
Exploration expenditure written off		**(278,631)**	(612,479)
Expensed share issue costs		**-**	(243,488)
Tenement commitment costs		**(335,372)**	-
Depreciation		**(1,717)**	(2,509)
Other expenses	2(b)	**(858,498)**	(657,851)
Loss before income tax expense		**(1,439,494)**	(1,479,243)
Income tax expense	3	**-**	-
Loss after tax from continuing operations		**(1,439,494)**	(1,479,243)
Net loss for the year/period	15	**(1,439,494)**	(1,479,243)
Other comprehensive income		**-**	-
Total comprehensive income / (loss) for the year/period		**(1,439,494)**	(1,479,243)
Net loss and comprehensive loss attributable to:			
Owners of the parent entity		**(1,439,494)**	(1,479,243)
Non-controlling interest		**-**	-
		(1,439,494)	(1,479,243)
Basic loss per share (cents per share)	4	**(3.401)**	(4.3148)
Basic loss per share from continuing operations (cents per share)	4	**(3.401)**	(4.3148)
Diluted loss per share (cents per share)	4	**(3.401)**	(4.3148)
Diluted loss per share from continuing operations (cents per share)	4	**(3.401)**	(4.3148)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Current Assets			
Cash and cash equivalents	5	**357,293**	128,904
Trade and other receivables	6	**41,424**	12,359
Other financial assets	5a	**1,200,000**	-
Other	7	**10,190**	7,468
Total Current Assets		**1,608,907**	148,731
Non-Current Assets			
Deferred exploration and evaluation expenditure	8	**2,711,495**	2,719,902
Property, plant and equipment	9	**3,482**	3,449
Total Non-Current Assets		**2,714,977**	2,723,351
Total Assets		**4,323,884**	2,872,082
Current Liabilities			
Trade and other payables	10	**448,140**	44,525
Employee benefits	12	**13,183**	22,384
Total Current Liabilities		**461,323**	66,909
Non-Current Liabilities			
Interest bearing liabilities	11	**-**	248,651
Total Non-Current Liabilities		**-**	248,651
Total Liabilities		**461,323**	315,560
Net Assets		**3,862,561**	2,556,522
Equity			
Contributed equity	13	**31,312,858**	28,626,314
Reserves	14	**58,989**	31,920
Accumulated losses	15	**(27,509,286)**	(26,101,712)
Total Equity		**3,862,561**	2,556,522

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		Year ended 30 June 2010 $	Period ended 30 June 2009 $
Cash flows from operating activities			
Interest income		**12,614**	12,281
Payment to suppliers and employees		**(758,523)**	(640,935)
Net cash flows provided by/(used in) operating activities	5(b)	**(745,909)**	(628,654)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(137,497)**	(529,319)
Payments for investments		**(1,200,000)**	-
Payments for plant and equipment		**(1,750)**	-
Net cash provided by/(used in) investing activities		**(1,339,247)**	(529,319)
Cash flows from financing activities			
Proceeds from issue of shares and options		**2,499,302**	-
Proceeds from loans		**221,500**	484,492
Share issue costs		**(407,257)**	(105,322)
Net cash flows provided by/(used in) financing activities		**2,313,545**	379,170
Net increase/(decrease) in cash and cash equivalents		**228,389**	(778,803)
Cash and cash equivalents at beginning of year/period		**128,904**	907,707
Cash and cash equivalents at the end of the year/period	5	**357,293**	128,904

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

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Contributed equity	*Accumulated losses*	*Reserves*	*Total Equity*
	$	*$*	*$*	*$*
Balance at 1 August 2008	28,388,314	(24,622,469)	-	3,765,845
Total comprehensive loss for the period	-	(1,479,243)	-	(1,479,243)
Share issued (net of costs)	238,000	-	-	238,000
Options issued	-	-	41,550	41,550
Options expired/forfeited	-	-	(9,630)	(9,630)
At 30 June 2009	28,626,314	(26,101,712)	31,920	2,556,522
Balance at 1 July 2009	**28,626,314**	**(26,101,712)**	**31,920**	**2,556,522**
Total comprehensive loss for the year	**-**	**(1,439,494)**	**-**	**(1,439,494)**
Shares issued (net of costs)	**2,686,544**	**-**	**-**	**2,686,544**
Options issued	**-**	**-**	**58,989**	**58,989**
Options forfeited	**-**	**31,920**	**(31,920)**	**-**
At 30 June 2010	**31,312,858**	**(27,509,286)**	**58,989**	**3,862,561**

The accompanying notes form part of these financial statements.

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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 Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared 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.

Reference to the year ended 30 June 2010 is for 12 months and the period ended 30 June 2009 is for 11 months due to a change of year end in 2009.

The financial report is presented in Australian dollars.

Resource Star Limited (the "Company") is a listed Public Company, incorporated in Australia and comprises the Company and its subsidiaries (together referred to as the "Group").

(b) Adoption of new and revised standards

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial period except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

- AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations effective 1 January 2009
- AASB 7 Financial Instruments: Disclosures effective 1 January 2009
- AASB 8 Operating Segments effective 1 January 2009
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 January 2009
- AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009
- AASB 2009-3 Amendments to Australian Accounting Standards - Embedded Derivatives [AASB 139 and Interpretation 9] effective 30 June 2009
- AASB 2009-6 Amendments to Australian Accounting Standards operative for years beginning on or after 1 January 2009 that end on or after 30 June 2009

When the adoption of the Standards and Interpretations is deemed to have an impact on the financial statements or performance of the Group, the impact is described below:

AASB 7 Financial Instruments: Disclosures

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 18. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 18.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 8 Operating Segments

The Group has applied AASB 8 Operating Segments from 1 January 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of the Company. The Group has reviewed the requirements of AASB 8 and has determined that after due consideration that it operates in two operating segments being Australia and Malawi (Africa).

AASB 3 Business Combinations

A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through the statement of comprehensive income. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised as its share of the acquiree's net identifiable assets.

If the Group recognises previously acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. The changes were implemented prospectively from 1 July 2009.

AASB 101 Presentation of Financial Statements

The Group has adopted the revised AASB 101 that prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of the Income Statement with a Statement of Comprehensive Income. Items of income and expense not recognized in profit or loss are now recognized as components of comprehensive income. In this regard, these items are no longer reflected as equity movements in the Statement of Changes in Equity;
- The adoption of a single statement approach to the presentation of the Consolidated Statement of Comprehensive Income; and
- Other financial statements are renamed in accordance with the standard.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the Group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements Project

In May 2008 and April 2009 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- AASB 101 Presentation of Financial Statements: assets and liabilities classified as held for trading in accordance with AASB 139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether management's expectation of the year of realisation of financial assets and liabilities is in accordance with AASB 101. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.
- AASB 116 Property, Plant and Equipment: replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.
- AASB 136 Impairment of Assets: when discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”. The amendment also clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes.
- Other amendments resulting from the Annual Improvements Project to other affected Standards did not have any impact on the accounting policies, financial position or performance of the Group.

(ii) Accounting Standards and Interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting period. The Group’s assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as an equity-settled or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on or after 1 July 2010. Minimal impact is expected on the Group’s financial statements.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The Group will apply the amended standard from the financial reporting period commencing on or after 1 July 2010.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. The Group has not yet decided when to adopt AASB 9.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standard from the annual financial reporting period commencing on or after 1 July 2011. The impact of this amended standard is to be assessed.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from the financial reporting period commencing on or after 1 July 2010. It is not expected to have any impact on the Group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented and the Group has not entered into any debt for equity swaps since that date.

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

(d) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of Resource Star Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved 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 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.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Resource Star Limited.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in accounting policy

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains and losses in profit and loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests in associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(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 employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the binomial model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

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.

(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.

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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 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 statement of financial position.

For the purposes of the 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 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 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 with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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 and associates 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)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit (loss) will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 balance sheet.

Cash flows are included in the 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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

Furniture 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 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 function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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) Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probably that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) 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.

(q) Employee Leave Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(i) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit 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.

(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 to the Chief Executive Officer as approved by the Directors is 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 are continuing.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

Notwithstanding the loss incurred over the past 12 months and the Group’s financial position, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business based on the factors outlined in note 25.

(w) Parent entity information

The financial information for the Parent Entity disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

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	CONSOLIDATED	
	Year ended 30 June 2010 $	Period ended 30 June 2009 $
2. REVENUES AND EXPENSES		
(a) Other revenue		
Finance revenue – bank interest	**34,724**	11,890
Foreign exchange gain	**-**	25,194
	34,724	37,084
(b) Other expenses		
Administration expenses	**516,611**	421,776
Auditor's remuneration	**42,500**	31,500
ASX fees	**70,956**	818
Directors' fees	**90,000**	119,167
Secretarial fees	**75,287**	35,944
Foreign exchange loss	**19,848**	-
Professional accounting fees	**33,237**	40,107
Finance cost	**10,059**	8,539
	858,498	657,851

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%)	**(431,848)**	(443,773)
Tax effect of capitalised exploration costs	**2,522**	(90,265)
Tax effect of permanent differences	**17,766**	184,198
	(411,560)	(349,840)
Deferred tax asset not brought to account	**411,560**	(349,840)
Income tax expense for the year/period	**-**	-

The amounts of tax losses available have not been determined 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 2010 Cents per share	CONSOLIDATED 2009 Cents per share
Basic loss per share:		
Total basic loss per share	**(3.401)**	(4.3148)
Diluted loss per share		
Total diluted loss per share	**(3.401)**	(4.3148)
The earnings and weighted average number of ordinary shares used in the calculation of basic per share is as follows:	$	$
Loss	**(1,439,494)**	(1,479,243)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**42,325,721**	34,283,179
Effect of dilution:		
Class A performance shares	**-**	1,176,471
Share options (a)	**-**	958,456
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**42,325,721**	36,418,106

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

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
Reconciliation of cash		
Cash at the end of the financial period/year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank and cash in hand	**357,293**	128,904
	357,293	128,904

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

Deposits at call earns interest at fixed rates ranging from 5.5% to 6.3% for terms of 4 to 9 months.

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

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	CONSOLIDATED 2010 $	2009 $
5. CASH AND CASH EQUIVALENTS (continued)		
(a) Other financial assets		
Deposits at call	**1,200,000**	-
	1,200,000	-

	2010 $	2009 $
(b) Reconciliation of net loss after tax to net cash flows from operations		
Net loss	**(1,439,494)**	(1,479,243)
Adjustments for:		
Incentive options	**58,989**	31,920
Depreciation on property, plant and equipment	**1,717**	2,509
Exploration expenditure written off	**613,903**	612,479
Foreign exchange loss (gain)	**19,848**	(25,194)
Share issue costs expensed	**-**	105,322
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(29,064)**	14,536
(Decrease)/increase in trade payables and accruals	**30,914**	(46,187)
(Increase)/decrease in prepayments	**(2,722)**	155,204
Net cash provided by/(used in) operating activities	**(745,909)**	(628,654)

6. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Current		
Accrued income	**22,150**	39
Other receivables (i)	**19,274**	12,320
	41,424	12,359

(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.

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	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
7. OTHER CURRENT ASSETS		
Current		
Prepayments	**10,190**	7,468
	10,190	7,468

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of :		
Exploration and evaluation phase – at cost		
Balance at beginning of year/period	**2,719,902**	3,031,497
Expenditure incurred	**270,224**	300,884
Expenditure written off *	**(278,631)**	(612,479)
Total deferred exploration and evaluation expenditure	**2,711,495**	2,719,902

* In 2008/09, the Group was notified by the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources that a portion of tenement EL23569 had been incorrectly granted to the Group. The area was Aboriginal Freehold land that was determined after the tenement application was submitted but before its grant. As a result, in the 2009 year the Group wrote off $200,000 of the expenditure on EL23569 to reflect this. The value of the write-down was based on tenement costs and the geological prospectivity of the excised areas. In 2009/10, an assessment of the recoverable amount was completed on all tenements and capitalised expenditure totalling $278,631 (2009: $612,479, including the $200,000 previously mentioned) was written off. Write-downs occurred where capitalised expenditure was considered to be unreasonably high, not in the Group's mandated area of "uranium and associated elements" or in relation to expired licenses.

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
9. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At 1 July 2009 / 1 August 2008, net of accumulated depreciation and impairment	**3,449**	5,958
Additions	**1,750**	-
Disposals	**-**	-
Depreciation charge for the year/period	**(1,717)**	(2,509)
At 30 June 2010 / 30 June 2009, net of accumulated depreciation and impairment	**3,482**	3,449
Cost	**11,395**	9,645
Accumulated depreciation and impairment	**(7,913)**	(6,196)
Net carrying amount	**3,482**	3,449

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	CONSOLIDATED 2010 $	2009 $
10. TRADE AND OTHER PAYABLES		
Current		
Unsecured Liabilities		
Trade payables	**92,883**	**6,688**
Tenement commitment payable	**335,272**	**-**
Accrued expenses	**19,985**	**37,837**
	448,140	**44,525**

Included in the above balance are the following amounts payable to Directors and related entities.

Directors and related entities	**43,844**	**8,965**
	43,844	**8,965**

11. INTEREST-BEARING LIABILITIES

Non-current		
Unsecured		
Loan - related parties	**-**	248,651
	-	248,651

Interest was payable on the loan at a rate 4% per annum and was repaid in full on 25 February 2010 pursuant to the Replacement Prospectus lodged with the ASIC.

12. EMPLOYEE BENEFITS

Current Liabilities		
Liability for annual leave	**13,183**	22,384
	13,183	22,384

13. CONTRIBUTED EQUITY

Ordinary shares issued and fully paid (i)	**31,312,858**	28,526,314
Class A performance shares issued and fully paid (ii)	**-**	100,000
	31,312,858	28,626,314

Fully paid ordinary shares carry one vote per share either in person or by proxy at a meeting of the Company and carry the right to dividends.

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13. CONTRIBUTED EQUITY (continued)

	CONSOLIDATED Number	CONSOLIDATED $
(i) Movement in ordinary shares on issue		
At 1 August 2008	**34,283,179**	28,288,314
Shares issued other than for cash *	**-**	238,000
At 1 July 2009	**34,283,179**	28,526,314
Fully paid shares issued for cash		
• Placement at 16 cents – 11 November 2009	**3,742,475**	598,796
• Issue of shares pursuant to prospectus at 20 cents– 25 February 2010	**9,502,528**	1,900,506
Shares issued other than for cash		
• Shares allotted at 20 cents – 2 July 2009 *	**1,400,000**	-
• Purchase of tenements and repayment of loan at 20 cents – 25 February 2010	**3,000,000**	600,000
Cancelled class A performance shares	**-**	100,000
Share issue costs	**-**	(412,758)
At 30 June 2010	**51,928,182**	31,312,858

* As detailed in the 2008/09 audited financial statements the Company agreed to issue 1,400,000 shares to Red Rock Resources Plc. Although the consideration was reflected at 30 June 2009, the shares were formally allotted on 2 July 2009.

	Number	$
(ii) Movement in Class A performance shares on issue		
At 1 August 2008	**1,176,471**	100,000
At 1 July 2009	**1,176,471**	100,000
Cancellation of shares	**(1,176,471)**	(100,000)
At 30 June 2010	**-**	-

Class "A" performance shares do not carry the right to vote or receive dividends.

(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.

14. RESERVES

	CONSOLIDATED	
	Number	$
Options Reserve		
At 1 August 2008	**-**	-
Options issued	**700,000**	41,550
Options expired/forfeited	**(300,000)**	(9,630)
At 1 July 2009	**400,000**	31,920
Options issued	**800,000**	58,989
Options expired/forfeited	**(400,000)**	(31,920)
At 30 June 2010	**800,000**	58,989

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

15. ACCUMULATED LOSSES

	CONSOLIDATED	
	2010 $	2009 $
Movements in accumulated losses		
At 1 July 2009 / 1 August 2008	**(26,101,712)**	(24,622,469)
Loss attributable to the members of the parent entity	**(1,439,494)**	(1,479,243)
Options forfeited	**31,920**	-
At 30 June 2010 / 30 June 2009	**(27,509,286)**	(26,101,712)

16. SHARE BASED PAYMENTS

Recognised share-based payment expenses

The expense recognised for employee and non-executive director services received during the year is shown in the table below:

Expense arising from equity-settled share-based payment transactions	**58,989**	31,920
Total expense arising from share-based payment transactions	**58,989**	31,920

The assessed fair value at grant date of options granted to the Chief Executive Officer 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.

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16. SHARE BASED PAYMENTS (continued)

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:

	30 June 2010 No.	30 June 2010 Weighted average exercise price	30 June 2009 No.	30 June 2009 Weighted average exercise price
Outstanding at the beginning of the period	400,000	$0.375	-	-
Granted during the period	800,000	$0.222	700,000	$0.343
Forfeited during the period	(400,000)	$0.375	(300,000)	($0.300)
Outstanding at the end of the period	800,000	$0.222	400,000	$0.375
Exercisable at the end of the period	800,000	$0.222	400,000	$0.375

The outstanding balance as at 30 June 2010 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;
- 250,000 options over ordinary shares with an exercise price of $0.25 each, exercisable until 15 July 2012.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.04 years (2009: 1.0 year).

The weighted average exercise price for options outstanding at year end was $0.222 (2009: $0.375).

The fair value of options granted during the year was $75,875 (2009: $41,550).

The fair value of options expired during the year was $31,920 (2009: $9,630).

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 2010	30 June 2009
Volatility	100%	100%
Risk-free interest rate	4.555%	6.78% to 6.98%
Expected life of option	3.09 years	0.42 to 2.42 years
Exercise price	20 to 25 cents	30 to 40 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.

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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 interest bearing liabilities.

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	
	2010	2009
	$	$
Financial Assets		
Cash and cash equivalents	**357,293**	128,904
Other financial investments	**1,200,000**	-
Financial Liabilities		
Short-term borrowings – related parties	**-**	(248,651)
Net exposure	**1,557,293**	(119,747)

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 bank overdrafts, bank loans 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 25 for additional details.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below 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 2010 and 2009.

	CONSOLIDATED 2010 $	2009 $
6 months or less	**448,140**	44,525
6-12 months or less	**-**	-
1-5 years	**-**	248,651
Over 5 years	**-**	-
	448,140	293,176

18. FINANCIAL INSTRUMENTS

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 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	
	2010	2009	2010	2009
	$	$	$	$
British Pound	**-**	248,651	**-**	-
US Dollar	**335,272**	-	**-**	-

Foreign currency sensitivity analysis

The Group is exposed to British Pounds (GBP) and US Dollar (USD) 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 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.

	USD impact Consolidated		GBP impact Consolidated	
	2010	2009	2010	2009
	$	$	$	$
Profit or loss (i)	**30,479 / (37,252)**	-	**-**	24,865

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.

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18. FINANCIAL INSTRUMENTS (continued)

	Carrying amount		*Fair value*	
	2010 $	2009 $	2010 $	2009 $
CONSOLIDATED				
Financial assets				
Cash	**357,293**	128,904	**357,293**	128,904
Other financial assets	**1,200,000**	-	**1,200,000**	-
Trade and other receivables	**41,424**	12,359	**41,424**	12,359
Financial liabilities on balance sheet				
Trade and other payables	**448,140**	44,525	**448,140**	44,525
Interest-bearing liabilities	**-**	248,651	**-**	223,278

Interest rate risk

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

Year ended 30/6/2010	<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	357,293	-	-	-	-	-	357,293	4.50%
Fixed rate								
Cash assets	1,200,000	-	-	-	-	-	1,200,000	5.76%
Trade & other receivables	41,424	-	-	-	-	-	41,424	0.00%
FINANCIAL LIABILITIES								
Fixed rate								
Trade & other payables	448,140	-	-	-	-	-	448,140	0.00%
Interest-bearing liabilities	-	-	-	-	-	-	-	0.00%

18. FINANCIAL INSTRUMENTS (continued)

Period ended 30/6/2009	<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	128,904	-	-	-	-	-	128,904	0.73%
Interest free								
Trade & other receivables	12,359	-	-	-	-	-	12,359	0.00%
FINANCIAL LIABILITIES								
Interest free								
Trade & other payables	44,525	-	-	-	-	-	44,525	0.00%
Fixed rate								
Interest-bearing liabilities	248,651	-	-	-	-	-	248,651	4.00%

19. 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***	
		2010	**2009**	**2010**	**2009**
Orion Exploration Pty Ltd	Australia	**100%**	100%	**414,356**	361,912
Eastbourne Exploration Pty Ltd	Australia	**100%**	100%	**1,058,932**	1,001,234
				1,476,288	1,363,146

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20. EVENTS AFTER THE BALANCE DATE

On 5 July 2010, Richard Evans resigned as Chief Executive Officer of the Company. On the same day, Andrew Bell assumed the position of Acting Chief Executive Officer in addition to his role as Chairman.

On 15 July 2010, the Company reported a maiden JORC Inferred Mineral Resource at Livingstonia, with the mineralisation open in several directions. The Board of Directors believe this initial Mineral Resource Estimate to be a significant milestone for Resource Star, demonstrating the significant potential of the Livingstonia Project. The Board believes that it provides a strong platform for the Company to grow its resource base and greatly strengthens Resource Star's portfolio of exploration assets in Australia and Malawi.

On the 21 July 2010 the Company announced the allotment of 10,532,905 September 2012 Listed Options under the terms of a Non-Renounceable Entitlement Issue on the basis of one (1) Option for every two (2) Shares held at an issue price of $0.01 to raise working capital of $105,329.

In accordance with a Mandate Letter signed between the Company and Allegra Capital Pty Ltd, any Option shortfall from the Non-Renounceable Entitlement Issue was available to Allegra Capital to deal with accordingly. Allegra Capital Pty Ltd has just placed the Shortfall Options of 15,431,186 at $0.01 per Option to raise additional working capital of just over $154,000.

On the 23 July 2010 the Company held a General Meeting of Shareholders to seek approval in relation to four (4) Resolutions – (1) Approval for the Placement of Shares; (2) Ratification of November 2009 Share Placement; (3) Issue of Options to Allegra Capital Pty Ltd and (4) Election of Mr Geach as a director of the Company.

All Resolutions were unanimously passed by Shareholders.

On 24 September 2010 the Company announced the allotment of a further 20,000,000 September 2012 Listed Options to Allegra Capital Pty Ltd. In accordance with the terms of a Mandate to Act as Lead Manager Letter signed between Resource Star Limited and Allegra Capital Pty Ltd on 17 May 2010 in relation to the Non-Renounceable Entitlement Issue, Allegra Capital Pty Ltd or its nominees were entitled to receive 20,000,000 Lead Manager Options which have the same terms as the Entitlement Options.

The Lead Manager Options were issued at $0.0035 to raise a total of $70,000 which will be used for Working Capital purposes.

Other than the above, there has not been any matter or circumstance that has arisen after balance date 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.

21. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	Year ended 30 June 2010 $	Period ended 30 June 2009 $
The auditor of Resource Star Limited is HLB Mann Judd.		
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**31,500**	31,500
Independent accountant's report for prospectus	**11,000**	-
	42,500	31,500

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22. SEGMENT INFORMATION

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

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

Segment information
The following table presents revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2010 and period ended 30 June 2009.

	Australia $	Malawi (Africa) $	Total $
2010			
Segment revenue	**34,724**	**-**	**34,724**
Segment net operating loss after tax	**(841,950)**	**(597,544)**	**(1,439,494)**
Segment assets	**3,185,895**	**1,137,989**	**4,323,884**
Segment liabilities	**(126,051)**	**(335,272)**	**(461,323)**
Cash flow information			
Net cash flow from investing activities	**(1,261,978)**	**(77,269)**	**(1,339,247)**
2009			
Segment revenue	37,084	-	37,084
Segment net operating loss after tax	(1,238,900)	(240,343)	(1,479,243)
Segment assets	1,659,090	1,212,992	2,872,082
Segment liabilities	(315,560)	-	(315,560)
Cash flow information			
Net cash flow from investing activities	(317,829)	(211,490)	(529,319)

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23. RELATED PARTY DISCLOSURES

(a) Details of key management personnel (KMP)

(i) Directors

A Bell	(Executive Chairman)	Assumed position of Executive Chairman on 5 July 2010
R Kestel	(Non Executive Director)	
R Benussi	(Non Executive Director)	Appointed 9 July 2009
C Geach	(Non Executive Director)	Appointed 22 April 2010
M Yannaghas	(Non Executive Director)	Resigned 18 September 2009

(ii) Executives

I Scott	(Executive Director)	Resigned 9 July 2009
R Evans	(CEO)	Appointed 6 July 2009 / Resigned 5 July 2010

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 year ended 30 June 2010 and the period ended 30 June 2009.

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

	CONSOLIDATED	
	Year ended 30 June 2010 $	Period ended 30 June 2009 $
Short-term employee benefits	**324,354**	314,656
Post-employment benefits	**18,268**	16,500
Share-based payments	**58,989**	31,920
	401,611	363,076

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23. RELATED PARTY DISCLOSURES (continued)

(c) Shareholdings of KMP

Shares held in the Company (number)

2010	Balance at beginning of year 01 July 2009	Exercise options	No Change Other	Balance of date of resignation	Balance at 30 June 2010
A Bell	8,235,295	-	5,749,577	N/A	13,984,872
R Kestel	-	-	-	N/A	-
R Benussi***	-	-	1,000,000	N/A	1,000,000
C Geach	-	-	-	N/A	-
M Yannaghas^^	-	-	-	-	
I Scott^	-	-	-	-	
R Evans*	-	-	-	N/A	-
Total	**8,235,295**	**-**	**6,749,577**	**-**	**14,984,872**

2009	Balance at beginning of year 01 Aug 2008	Exercise options	No Change Other	Balance of date of resignation	Balance at 30 June 2009
A Bell	3,529,412	-	4,705,883	N/A	8,235,295
R Kestel	-	-	-	N/A	-
M Yannaghas ^^	-	-	-	N/A	-
I Scott ^	-	-	-	N/A	-
Total	**3,529,412**	**-**	**4,705,883**	**-**	**8,235,295**

* Appointed 6 July 2009, Resigned 5 July 2010 *** Appointed 9 July 2009 ^ Resigned 9 July 2009 ^^ Resigned 18 September 2009

(d) Option holdings of KMP

2010	Balance at beginning of year 01 July 2009	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2010
A Bell	-	8,947,648	-	N/A	8,947,648
R Kestel	-	-	-	N/A	-
R Benussi***	-	-	-	N/A	-
M Yannaghas^^	-	-	-	-	-
I Scott^	400,000	-	(400,000)	-	-
R Evans	-	800,000	-	N/A	800,000
Total	**400,000**	**9,747,648**	**(400,000)**	**-**	**9,747,648**

2009	Balance at beginning of year 01 Aug 2008	Options Issued	Options Forfeited	Balance of date of resignation	Balance at 30 June 2009
A Bell	-	-	-	N/A	-
R Kestel	-	-	-	N/A	-
M Yannaghas^^	-	-	-	N/A	-
I Scott^	-	700,000	(300,000)	N/A	400,000
Total	**-**	**700,000**	**(300,000)**	**-**	**400,000**

*** Appointed 9 July 2009 ^ Resigned 9 July 2009 ^^ Resigned 18 September 2009

(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.

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23. RELATED PARTY DISCLOSURES (continued)

(e) Other transactions with directors (continued)

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

Mr R Kestel

Fees for accounting services of $33,237 (2009: $40,107) and corporate secretarial fees of $75,287 (2009: $35,944) were paid to Mr Kestel's related company, Nissen Kestel Harford, during the period. Amounts outstanding at 30 June 2010 were $20,479 (2009: $5,215), including directors fees of $4,750 (2009: $Nil). Mr Kestel owns 13% of Nissen Kestel Harford.

Mr C Geach

Fees for consultancy services of $15,200 (2009: $Nil) were paid to Mr Geach, during the period. Amounts outstanding at 30 June 2010 were $19,698 (2009: $Nil), including directors fees of $3,667 (2009: $Nil).

Red Rock Resources plc

Red Rock Resources Plc is a substantial shareholder of the Company and holds more than 20% of the issued capital. The amount owed to Red Rock Resources plc (Red Rock) by the Group at 30 June 2010 was $Nil (2009: $248,651). Refer to note 11 for further details of the loan. Interest of $10,059 (2009: $8,539) was paid to Red Rock Resources Plc during the period.

24. 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 period end, the aggregate minimum expenditure requirement per annum is $784,544 (2008: $550,682).

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 $30,091 (2009: $30,360).

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25. GOING CONCERN

In the past year the Group has continued its exploration programs. In the year ended 30 June 2010 the Company recorded a net loss of $1,439,494 (2009: $1,479,243) and a net operating cash outflow of $745,909 (2009: $628,654).

The Group will require further funding in order to meet day-to-day obligations as they fall due and to progress its exploration projects as budgeted. The Board of Directors is aware, having prepared a cashflow budget, of the Group's working capital requirements and the need to access additional funding within the next 6 months. Should the Group be unable to raise sufficient funds, it would consider a number of options including:

- selectively reducing administrative and exploration costs
- entering into farm-in and joint venture agreements
- the sale or relinquishing of tenements, if necessary.

Should the Group be unable to continue as a going concern, the Group may be required to realise their assets and extinguish their liabilities and commitments other than in the normal course of business and at the amounts other than those stated in the financial report.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded at 30 June 2010. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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

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

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26. PARENT ENTITY DISCLOSURES

(a) Summary of Financial Information

	2010 $	2009 $
Financial position		
Assets		
Current assets	**1,593,578**	125,044
Non-current assets	**2,314,955**	2,748,282
Total assets	**3,908,533**	2,873,326
Liabilities		
Current liabilities	**435,058**	61,570
Non-current liabilities	**-**	240,958
Total liabilities	**435,058**	302,528
Net Assets	**3,473,475**	2,570,798
Equity		
Contributed capital	**31,312,858**	28,626,314
(Accumulated losses)	**(27,898,372)**	(26,087,436)
Reserves		
Options reserve	**58,989**	31,920
Total equity	**3,473,475**	2,570,798

	Year ended 30 June 2010 $	Period ended 30 June 2009 $
Financial performance		
Loss for the year/period	**(1,842,856)**	(1,479,370)
Other comprehensive income (loss)	**-**	-
Total comprehensive income (loss)	**(1,842,856)**	(1,479,370)

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

As at 30 June 2010, the Company had no contractual commitments for the acquisition of property, plant and equipment (2009: NIL).

(c) Guarantees and contingent liabilities

As at 30 June 2010, the Company had no guarantees or contingent liabilities (2009: NIL).

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27. CONTINGENCIES

A total of $335,272 has been included in Trade and Other Payables in relation to an amount under spent at the Group's Chintheche tenement. Under legislation in Malawi, amounts under spent are required to be paid to the Republic of Malawi. Given its decision to surrender its right to explore at Chintheche, the Group has recognised a liability for this under-spend. The Group has also written to the Mines Department in Malawi seeking a waiver. Should the waiver be provided, the Group will not have to settle its obligation and as such a Contingent Asset exists for this amount.

28. 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 9, 440 Collins Street

Melbourne VIC 3000

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2010

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 2010 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Auditing 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 25; and

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

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 2010.

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

Ross Kestel
Director

30 September 2010

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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 ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2010, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The Group comprises both the Company and the entities it controlled at year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report, comprising of the financial statements and notes complies with International Financial Reporting Standards ("IFRS").

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. These Auditing 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 procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Group for the year ended 30 June 2010 included in the annual report and on the website of the Company. The directors of the Company are responsible for the integrity of the web site and we have not been engaged to report on the integrity of the web site. This audit report refers only to the annual financial report named above and not on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Company's website.

HLB Mann Judd

Accountants | Business and Financial Advisers

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

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 2010 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

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

Significant uncertainty regarding continuation as a going concern
Without qualification to the opinion expressed above, attention is drawn to Note 25 *Going Concern* in the financial statements, which indicates that there is significant uncertainty whether the Company and the Group will be able to continue as a going concern in the future and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau **Melbourne**
Partner 30 September 2010

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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 31 August 2010.

(a) Distribution of equity securities

(i) Ordinary share capital

- 51,928,182 fully paid shares held by 1,659 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**	**Number of Holders**	**Listed Options**
1 – 1,000	613	159,317	73	21,454
1,001 – 5,000	349	837,484	61	162,140
5,001 – 10,000	242	1,648,016	24	176,734
10,001 – 100,000	379	12,964,812	42	1,498,384
100,001 and over	76	36,588,553	8	8,674,193
	1,659	52,198,182	208	10,532,905

1,114 Shareholders holding less than a marketable parcel

(ii) Unlisted options expiring 15 July 2012

- 1 holder of 300,000 unlisted options expiring 15 July 2012 exercisable at $0.20 each do not carry the right to vote or receive dividends;
- 1 holder of 250,000 unlisted options expiring 15 July 2012 exercisable at $0.22 each do not carry the right to vote or receive dividends; and
- 1 holder of 250,000 unlisted options expiring 15 July 2012 exercisable at $0.25 each do not carry the right to vote or receive dividends

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

	Number held	**Percentage %**
Red Rock Resources plc	14,869,872	28.64
Ecometrix Pty Ltd	2,123,530	4.09
Vicport Fisheries Pty Ltd	1,490,830	2.87
Austock Investments Pty Ltd	992,475	1.91
Dr Colin Frederick Rayner	920,000	1.77
M&K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/c>	778,263	1.50
Deutscher Limited	635,295	1.22
Mr Austin William Galt <G Galt Austin A/c>	600,000	1.16
The K Group Pty Ltd	534,804	1.03
Perlus Pty Ltd	500,000	0.96
Confadent Limited	469,280	0.96
Gowings Bros Limited	432,353	0.83
Mr Anthony James Ellis	382,047	0.74
Sacco Developments Australia Pty Limited <The Sacco Family A/c>	342,280	0.66
Rimoyne Pty Ltd	312,500	0.60
Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi <Brizzi Family S/F A/c>	305,893	0.60
Kings Park Superannuation Fund Pty Ltd <Kings Park Super Fund A/c>	300,000	0.59
Allegra Capital Pty Ltd	273,500	0.58
KBP Investments Pty LTd <KBP Family A/c>	270,000	0.52
Kings Park Superannuation Fund Pty Ltd <Kings Park Super Fund A/c>	270,000	0.52
	26,802,912	**51.67**

(c) Twenty largest holders of quoted equity securities (listed options)

	Number held	Percentage %
Red Rock Resources plc	6,947,648	65.96
Ecometrix Pty Ltd	1,061,765	10.08
M&K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/c>	292,132	2.77
Rikoaks Pty Limited <KC Super Fund A/C.	125,000	1.19
Jectburn Pty Ltd	112,500	1.07
Mr Warwick Gregory Sherman	109,412	1.04
Rikoaks Pty Limited <KC Super Fund A/C.	100,000	0.95
Tromso Pty Ltd	100,000	0.95
Mr Alan Schwarz	88,236	0.95
Mr Robert Mckenzie Mostyn	85,000	0.81
Mr Peter Wayne Leggett & Mrs Beverley Joy Leggett <Leggett Financial S/F>	75,589	0.72
Vicam Pty Limited	75,000	0.71
Mr Donald William Allen & Mrs Jennifer Doreen Allen <The Allen Superfund A/c>	62,500	0.59
Lynwar Pty Ltd <The Willjune A/c>	50,000	0.47
Mr Robert Graeme Stockdale & Mrs Lizzi Marie Stockdale <R&L Stockdale Superfund A/c>	50,000	0.47
Bexley Pty Ltd <Pepper No2 Retirement A/c>	45,589	0.43
Mr Jamie Ronald Green	45,000	0.43
Mr Swee Kai Foong	43,236	0.41
Narobin Pty Ltd <Narobin Super Fund A/c>	39,706	0.38
Mr Paul Notholt	34,881	0.38
	9,543,194	**90.76**

(d) Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Red Rock Resources plc	14,869,872	28.64
Ecometrix Pty Ltd	2,123,530	4.09
Options		
Red Rock Resources plc	6,947,648	65.96
Ecometrix Pty Ltd	1,061,765	10.08

(e) Voting rights

All ordinary shares carry one vote per share without restriction.

(f) Restricted Securities

The Company has 760,000 restricted securities (held in escrow until 1 March 2012) on issue.

(g) Business Objective

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

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ASX ADDITIONAL INFORMATION

(h) Schedule of Tenements as at 28 September 2010

NORTHERN TERRITORY

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Edith River Project	EL23568	)	17/02/2003	16/02/2011	RSL 100%
	EL23569	)	17/06/2003	16/06/2011	RSL 100%
	EL26219	)	16/11/2007	15/11/2013	RSL 100%
	EL26220	) 996	16/11/2007	15/11/2013	RSL 100%
	ELA25884	)	Application	Application	RSL 100%
	EL25885	)	22/10/2007	21/10/2013	RSL 100%
	EL26341	)	22/04/2008	21/04/2014	RSL 100%
	ELA27149	)	Application	Application	RSL 100%
Marrakai	EL24614	20	02/12/2005	01/12/2011	RSL 100%
Hayes Creek South	EL24432	63	02/12/2005	01/12/2011	RSL 100%
Daly River Road	EL24391	10	02/12/2005	01/12/2011	RSL 100%
Celia Prospect	ELA24414	13	Application	Application	RSL 100%
Woolgni Mine Area	MLA24342	163 ha	Application	Application	RSL 100%

TASMANIA

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Specimen Reef	EL11/2005	71	12/05/2006	12/05/2011	RSL 35%

WESTERN AUSTRALIA

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Lake Barlee	E29/581	) 185	08/03/2006	07/03/2011	RSL 100%
	EL29/721	)	Application	Application	RSL 100%

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(h) Schedule of Tenements as at 28 September 2010 (continued)

MALAWI (AFRICA)

Project	Tenement	Area (sq km)	Grant Date	Expiry Date	Holder
Machinga	EPL0230/07	935	12/12/2007	11/12/2010	RSL 100%
Chinteche	EPL0219/2007	212	27/06/2007	26/06/2010	RSL 100%
Ilomba Hill	EPL0264/08	80	30/09/2008	29/09/2011	RSL 90%
Ulindi	EPLA	31	Application	Application	RSL 90%
South Rukuru	EPLA	750	Application	Application	RSL earning 20% in 2010
Mt Mwinje	EPLA	564	Application	Application	RSL 80%