



RESOURCE STAR QUARTERLY REPORT TO 31 December 2013

Introduction

Resource Star Limited (**Resource Star**, or **the Company**) (ASX: RSL) provides a report on its operational activities for the December 2013 quarter.

The December 2013 quarter was challenging for the Company with limited funding opportunities and with the decision not to pursue the proposed new oil project on the agreed terms, the focus was on disciplined, restraint and cost cutting measures pending identification of a suitable transaction.

In order to preserve cash, minimal exploration activity was undertaken during the Quarter, with the relinquishment of non-essential tenements. The Board has considered that the priority was to ensure that Resource Star keeps all options open while it reviewed its options in what continued to be a difficult market for uranium, the historic focus of activity. Resource Star is considering further cost reduction measures presently.

The Company reduced administration expenditure to minimum levels and identified areas of savings including the reduction of Directors' fee.

The Company will continue to review expenditure to ensure that existing cash reserves are well managed and will look to strength the Balance Sheet in preparation for a transaction. The focus for study remains the energy sector, though likely outside uranium.

Operations

To ensure that the Company's ongoing fixed cost base is appropriate and to take account of changed markets, all tenements have been reviewed and those that do not add value as part of the diversification strategy are being relinquished as and when required.

Livingstonia Uranium Project - Malawi

The Company's application to the Malawi Department of Mines for a two (2) year extension to the term of the Livingstonia tenement has not been granted.

The Company is now reviewing its options in relation to this tenement. The possibility of a sale is being considered. Any proceeds from the sale of the tenement would be a reflection of the current market but the Board remain open to discussion.

Ilomba Hill Rare Earth Project – Malawi

The Malawi Department of Mines have cancelled both the Zombae EPL0320/11 and South Rukuru EPL0321/11 licences.

Spinifex Uranium Project

Expenditure during the quarter was limited to administrative costs required under the Heritage Protection Agreement.

Northern Territory Tenements

Work was restricted to project reviews to ensure minimum tenement expenditure commitments were being met.

The Company has until 31 October 2014 to re-apply to the Northern Land Council for the granting of ELA25884 and ELA271749 at Edith River. There was no exploration expenditure on ELA25884 and ELA271749 during the quarter.

The Application For Consent Pursuant to Section 41(2)(b) and in accordance with Section 41(5) and 41(6) of the Aboriginal Land Rights in respect to Mt Celica Project ELA24414 is still being reviewed by the Northern Land Council.

EL26219 the licence held by the Company's 100% owned subsidiary Eastbourne Exploration Ltd was surrendered during the quarter.

EL26219 is known as O'Shea Hill EL 26219 and forms part of the Edith River Project; its main targets were uranium and gold.

The reason for surrendering EL26219 was that radiometrics and geological mapping were insufficiently encouraging to justify further exploration work

Mining Tenements Held as at 31 December 2013

WESTERN AUSTRALIA

Project	Tenement	Interest
Spinifex	E80/3572	Application for Extension

NORTHERN TERRITORY

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

MALAWI (AFRICA)

Project	Tenement	Interest
Ilomba Hill	EPL0264/08	90%
Ulindi	EPLA	Application

Mining Tenements Acquired and Disposed during the December 2013 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2013 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2013 Quarter

Nil

Corporate

Resource Star announced that following initial due diligence of the D-Bar Leasing assets, the Company had elected not to proceed with the acquisition based on current terms. The Company was unable to satisfy itself within the time period of key production numbers and data.

The Company at the time of making this decision remained of the view that the D-Bar Leasing project represented a potentially attractive opportunity for the Company and would add value for shareholders and so the Company expressed its willingness to continue negotiations with the vendors. As at the end of the December 2013 quarter no significant progress had been made in discussions between Resource Star and the vendors.

Funding

The Company announced that it had arranged to transfer a further 50,000 Unsecured Convertible Notes in accordance with the transfer and assignment provisions of the Unsecured Convertible Note Facility; originally signed off in June 2014.

As a result of the transfer of these Notes, \$50,000 new working capital funds were generated.

The Company is currently in discussions with sophisticated, professional and exempt investors in respect to the placement of the Shares available under its ASX Listing Rule 7.1 and 7.1A capacities and placement funds.

The object is to restructure and strength the balance sheet in order to put the Company in a stronger position to consummate a transaction which will add value.

Annual General Meeting

The Company's Annual General Meeting was held on Friday, 29 November 2013.

The Notice of Meeting dispatched to Shareholders contained a total of fourteen (14) Resolutions but prior to the Meeting the Board made the decision to withdraw the three (3) Resolutions relating to the grant of Unlisted Options to the Directors.

This decision was based on the belief that the grant of Unlisted Options to the Board was not at that time in the best interests of the Company or its shareholders.

Of the remaining eleven (11) Resolutions tabled at the Meeting, all were passed unanimously including the Adoption of the Remuneration Report. Whilst the Board recognises that this is a non-binding resolution it was encouraging to see a positive outcome in a what can only be described as a difficult year for a company the size and scale of Resource Star.

Securities

8,733,334 fully paid Ordinary Shares and 50,000 Unsecured Convertible Notes were issued during the quarter.

At the end of the December 2013 quarter the following Securities were on issue:

- 135,973,088 Fully Paid Ordinary Shares.
- 50,000 Unsecured Convertible Notes

Current Board

During the December 2013 quarter there were further changes to the Board structure; which is to be expected as the Company's needs change.

The focus for the Company is very much on funding opportunities and so the decision was made to make an appointment of a Non-Executive Director that had a skill set in this area and so Mr George Karantzias was welcomed to the Board.

Mr Karantzias is a director of Alpha Securities Pty Ltd, a boutique financial services company based in Sydney. He has over twenty years' experience in a variety of senior roles in the financial industry, including as Head of Operations at Etrade Australia Securities Ltd.

Mr Andrew Bell assumed the role of acting Chief Executive Director.

Competent Person Statements

The information in this report that relates to Exploration Results is based on information prepared by Mr Charles Guy, who is a Member of The Australian Institute of Geoscientist. Mr Charles Guy is a consultant of the Company and has sufficient experience which is relevant to style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Charles Guy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information might include, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, shareholder value, projections, targets and expectations, Mineral Reserves and Resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, uranium prices, demand for uranium, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast' and similar expressions. Persons reading this report are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Annual Report.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to update or revise any forward-looking statements whether as a result of new information.