

7 May 2009

The Manager
Company Announcement Office
ASX Limited
Exchange Centre, Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

COMPANY UPDATE

The Directors are pleased to announce that significant progress has been made in recent months on addressing the various requirements to achieve the reinstatement and quotation of the Company's shares on Australian Securities Exchange (ASX).

Following the appointment of voluntary Administrators on 8 January 2009, a statement was issued by ASX that trading in Goldstar Resources NL shares was suspended from 8 January 2009. Subsequently, at a meeting of creditors held on 27 February 2009, creditors resolved to accept a Deed of Company Arrangement (DOCA) proposal. The DOCA was executed on 27 February 2009.

Had the DOCA not been accepted by creditors, the Directors understand that the Administrators would have recommended the appointment of a liquidator which in our view would clearly not have been in the best interests of shareholders.

The principal objective of the DOCA is to restore the operational independence of the Company and to maximise the return to shareholders and creditors as compared with the liquidation scenario. This can only occur if the terms of the DOCA are met which is the main purpose of a meeting of shareholders to be held on 12 June 2009, at which various resolutions regarding matters to be satisfied under the DOCA will be put to shareholders. A Notice of Meeting (Notice) will be posted to shareholders in the next few days.

In accordance with the DOCA, the Company is aiming to raise sufficient funds from new capital and a re-negotiated converting loan agreement from Silja Investment Limited (the Company's major shareholder), to enable full payment of the costs and expenses of the Administrators, payment of 100% of the admitted claims of unsecured creditors and most importantly for shareholders, fund the ongoing feasibility study of the Walhalla Gold Project (Project) and exploration of the Company's highly prospective tenement package.

Following execution of the DOCA, the previous Directors other than Graeme Sloan resigned as Directors of the Company and two new Directors were appointed. As at 27 February 2009, the Board consisted of Denis Waddell as Executive Chairman with Alexander Haller and Graeme Sloan as Non-Executive Directors. Darren Hotton was appointed Company Secretary on 6 February 2009 following Bruce Paterson's resignation.

The new Board and management team have made a significant effort in respect of the DOCA. The new team is committed to having the Company's shares reinstated and quoted on ASX following the successful completion of the planned capital raising of approximately A\$6.0 million. These funds, together with the A\$4.6 million available under the re-negotiated converting loan agreement, will place the Company in a sound financial position to progress the Company's activities.

Consistent with the relaunching of the Company, the new Board is recommending a change of company name to Orion Gold NL which will be included as a resolution in the Notice.

The new Board and management rate the prospectivity of the Walhalla region very highly given the historical gold production in the region and the Company's previously reported gold resources. Subject to shareholder approval of the resolutions to be put to the meeting of shareholders on 12 June 2009, the Company will immediately arrange and oversee a geological and technical assessment, interpretation and evaluation of the Project and related tenement package. The proposed assessment will form the basis of the planned feasibility study which is aimed at enabling the Company to commit to developing the Project as soon as possible and for the Company to become Victoria's next gold producer.

The Walhalla region to this day has not had anywhere near enough modern day exploration or capital applied to it to enable realisation of its riches. The new Board and management are committed to seeing this happen with the support of the Company's shareholders, stakeholders, the local community and the Victorian Government.

The Directors look forward to the support of shareholders at the General Meeting to be held on 12 June 2009 and the reinstatement and quotation of the Company's shares on ASX.

Yours faithfully

Goldstar Resources NL



Denis Waddell
Executive Chairman