*e*Research

StockPotentials

March 8, 2010

GROUNDSTAR RESOURCES LIMITED

Price (March 8)	**$0.32**
52-Week Range	**$0.69-$0.105**
Shares O/S	**67.9 million**
Market Cap	**$21.7 million**
50-day Average Volume	**176,100**
200-day Average Volume	**104,700**
Fiscal Year-End	**April 30**
Symbol	**TSX-V: GSA**
Website	**www.groundstarresources.com**

Financial Data

	Year Ended Apr 30/08	Year Ended Apr 30/09	12 Months Oct 31/09
Selected Balance Sheet			
Cash & Equivalents	7,546,648	1,755,605	4,009,075
Properties	6,414,290	16,399,017	15,818,978
Shareholders' Equity	17,944,423	17,827,880	20,126,345
Total Assets	18,595,260	18,668,650	20,645,177
Selected Income (Loss)			
Revenues	659,932	315,441	259,347
General Income (Expense) Items	(5,803,754)	794,838	732,856
Non-Discretionary G&A Expense	(1,172,742)	(421,897)	(393,815)
EBT	(5,143,822)	1,110,279	2,403,322
Net Loss	(5,143,822)	1,110,279	2,403,322
Cash Flow From Operations	(1,732,718)	660,653	(1,474,758)
Key Ratios			
Working Capital	13,009,860	1,738,574	3,673,520
Capex	(3,341,578)	(13,147,510)	(8,788,789)
Monthly Cash Burn ($)	(97,729)	(35,158)	(32,818)
Monthly E&D Expenses ($)	(278,465)	(1,095,626)	(732,399)
Cash/OpEx (months)	77	50	122
Cash/OpEx + Capex (months)	20	2	5
Per Share			
Earnings/(Loss) Per Share	-$0.10	$0.02	$0.04
Cash Flow Per Share	-$0.03	$0.01	-$0.02
Cash Per Share	$0.14	$0.03	$0.06
Properties Book Value PS	$0.12	$0.30	$0.23
Equity (Book Value) Per Share	$0.33	$0.33	$0.30
Multiples			
Price/Cash (times)	6.79	9.88	7.79
Price/Properties (times)	7.98	1.06	1.97
Price/Book Value (times)	2.85	0.97	1.55

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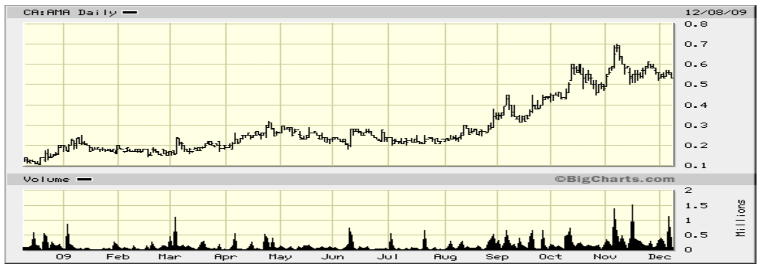
Note: Report prepared with public information only.



Source: www.bigcharts.com

PROFILE

Groundstar Resources Limited is a Calgary-based junior oil and gas company actively pursuing international exploration and production opportunities. The Company currently has interests in several prospective oil and gas properties in the Middle East, North Africa, and South America.

CORPORATE STRATEGY

Groundstar acquires prospective oil and gas properties that major oil companies, in the course of exploring large tracts of international acreage, frequently choose to ignore or abandon due to the small size of discoveries or special infrastructure requirements. By employing careful due diligence, planning and local intelligence, Groundstar believes it can acquire and transform such prospects into economical and profitable developments. Preference is given to acquiring properties with low to medium risk drilling prospects with near-term "on-stream" characteristics to generate cash flow. Funding to cover exploration and drilling costs are arranged through farm-in arrangements with other oil & gas exploration companies which sometimes act as operators.

STRATEGIC EVALUATION MANDATE

On March 3, 2010, Groundstar announced that its Board of Directors had approved a mandate to undertake a process for evaluating the various strategic alternatives available to the Company for the purpose of "maximizing shareholder value". The various alternatives include a sale, merger, or other business combination involving Groundstar, or the sale of some or all of the Company's assets. To this effect, the Company has retained an exclusive financial advisor to assist in the review process. The Company states, "There can be no assurances that any transaction will occur or, if one is undertaken, any certainty with regard to its terms or timing."

INVESTMENT CONSIDERATIONS

Strengths

- Seasoned management with extensive experience in oil & gas exploration in the Middle East.
- Established track record for deal-making.
- Sufficient cash on hand (US$4.0 million) to meet upcoming drilling obligations (US$2.9 million 2010 capex).

Challenges

- All operations and assets are located in countries which may be considered to be politically and economically less stable.
- Exploration or development activities in such countries may require protracted negotiations with host governments, national oil companies, and third parties, with no guarantee of success.
- Exploration and drilling activities dependent on securing suitable farm-in arrangements.

PROPERTY PORTFOLIO

Currently, Groundstar holds interests in three exploration blocks located in:

► the Kurdistan region of Iraq;
► Egypt; and
► Guyana in South America.

1. KURDISTAN: QARA DAGH BLOCK

As a member of a consortium operated by Niko Resources, Groundstar holds a 6% net participating interest in the 846 square kilometre Qara Dagh Block. The terms of the arrangement are covered under a Production Sharing Contract ("PSC") with the Kurdistan Regional Government.

The Block lies on trend with existing discoveries, including Heritage Oil's Miran West #1 and the Kurdamir #1 currently being drilled by Western Zagros, a portion of which covers a large unexplored 65 kilometre long by 6 kilometre wide surface structure with existing oil seeps.

In December 2009, AJM Petroleum Consultants ("AJM") completed a NI 51-101-compliant initial resource estimate for the Qara Dagh Block. AJM has estimated an unrisked "best estimate" of 2.7 billion barrels of Petroleum Initially-in-Place, as of December 31, 2009. This assessment was requested by the operator on behalf of the consortium members.

The details of this assessment appear in the following table:

TABLE 1: Initial Resource Assessment – Qara Dagh Block

Petroleum Initially–In-Place (PIIP) and Prospective Resources (Unrisked)[(1)(5)(6)(7)] Qara Dagh Block As of December 31, 2009			
	Oil (millions of Barrels)		
Category	Low Estimate P90[(2)]	Best Estimate P50[(3)]	High Estimate P10[(4)]
Petroleum Initially in Place	1,674	2,742	4,896
Prospective Gross Ultimate Recovery	269	450	849

Source: AJM Petroleum Consultants and Groundstar Resources

In June 2009, the consortium completed the acquisition of 355 kilometres of 2D seismic over the surface structure that dominates the Qara Dagh Block. Processing has been completed and three potential drilling locations have been identified from interpretation of the seismic. The first exploration well in this Block is scheduled to spud in March 2010 and drill to a total depth of about 4,000 meters, targeting seven prospective formations in Cretaceous and Jurassic periods. Based on price indications received to date, it is expected to cost $30.9 million, or $2.47 million net to Groundstar.

2. EGYPT - WEST KOM OMBO BLOCK (WKO)

As a result of a recent asset exchange (see below), the Company now holds an 80% working interest in the West Kom Ombo Block (31,520 square kilometres) in Upper Egypt, one of the largest onshore Blocks in the country.

Groundstar is committed to drilling two exploration wells before September 17, 2011, with a minimum financial commitment of US$4 million, of which 85% has already been spent. Last year, a 2D seismic program was completed confirming two drilling prospects plus three additional structures on the Block. Confidentiality Agreements have been signed with a number of interested companies for evaluation and potential farm-in participation in the Block.

In January 2010, Groundstar entered into an asset exchange agreement with Karl Thomson Energy Limited (KTE), its partner in its two Egyptian Blocks. This exchange is mainly driven by the Company's desire to increase its interest in the West Kom Ombo Block where Groundstar is operator and has a major working interest. The Company is exchanging its 20% working interest in the West Esh El Mallaha (WEEM) Block, where KTE has been funding drilling and completion operations, for a 20% interest in the WKO Block. Groundstar will also receive approximately US$800,000 in adjustments. Groundstar's interest in WKO will tehreby increase to 80% and its interest in WEEM will be nil. Its net land interest will increase by over 6,000 square kilometres in the WKO Block. This agreement is subject to approval of Egyptian Regulatory Authorities.

In 2008, Gustavson Associates, LLC, completed an independent NI 51-101 compliant resource assessment of the Block based on legacy 2D seismic data. Gustavson's resource estimate of the five prospects yielded a “best estimate” (P50) prospective recoverable oil resource of 569 million barrels of oil, or 455 million net to Groundstar based on its current 80% working interest. The full estimate appears below.

Table 2: Resource Estimate – West Kombo Ombo Block

Prospective Oil Resources, Millions of Barrels

Prospect	Low Estimate	Best Estimate	High Estimate
A	37	76	156
B	107	258	543
C	36	74	143
D	67	138	266
E	9	23	50
Totals	**256**	**569**	**1,158**

Source: Gustavson Associates LLC and Groundstar Resources

The area has recently been experiencing a high level of activity. In January 2010, Dana Gas Egypt announced the completion of the Al Baraka-4 well, with a flow rate of 1,300 barrels of oil per day (“bopd”) with artificial lift, and 220 bopd with natural flow. The well is currently on-stream and producing at a rate more than 5 times the sustained flow rate from any previous well in the field. Groundstar believes that the geology at this producing well extends onto its own adjacent block with the potential for multiple-pay zones in Cretaceous and Jurassic formations.

3. Guyana: Takutu Basin PPL

Groundstar curently holds a 10% net working interest in a Petroleum Prospecting Licence (PPL) in the Takutu Basin. The Company's partner, Cancol Energy Ltd., holds the balance and will carry Groundstar's net interest to first commercial production. Based on analysis of legacy 2D seismic of the Basin, three prospects have been identified.

Under the terms of its current 3-Year Petroleum Agreement, the operator is obliged to drill one exploration well by May 22, 2010, and a second well by May 22, 2011. Pursuant to this obligation, drilling and tubular equipment has been procured, and a drill site pad and staging area have been prepared. The first well, Rewa #1, will be drilled to a propsed depth of 950 meters and the second well, Apoteri K-2, will be drilled to a propsed depth of 2,770 meters. This later well will be drilled adjacent to the 1982 Murphy Oil Karanambo #1 well which tested 42° API oil at a rate of 411 bopd.

FINANCIAL REVIEW

1. Six Months Results to October 31, 2009

Interest revenue declined to US$43,721 for the first six months of 2009 compared to US$99,835 realized for the same period in fiscal 2008. The decline was a direct result of a reduction in cash and cash equivalents and term deposits due to a significant increase in capital expenditures in the current period. Net earnings of US$454,664 were reported 2009 year-to-date compared to a net loss of US$838,379 during the corresponding 2008 six-month period as a direct result of the gain on sale of a subsidiary totalling US$1,411,119.

Expenses increased by US$61,982 or 6.6% during the 2009 period. The increase is a direct result of the forfeiture of bid bonds in the amount of US$289,418, which was partially offset by a decline in general and administration expenses of US$28,002, interest and bank charges of US$64,412, and a foreign exchange loss of US$146,346.

Cash used in operations for the period was US$1,106,222 as compared to cash provided by operations of US$1,029,189 in 2008, a difference of US$2,135,411. This change is primarily a result of the collection of US$200,000 in accounts receivable and a US$1,300,000 increase in accounts payable due to increased activity during 2008 coupled with a US$300,000 reduction in accounts payable during 2009.

2. Liquidity

As of October 31, 2009, the Company had more than US$4 million in cash and equivalents, sufficient to meet its US$2.5 million share of the Kurdistan drilling costs as well as its approximate US$33,000 non-discretionary monthly cash burn.

OPERATIONS OUTLOOK

Management's recent move to increase its stake in the West Kom Ombo Block in Egypt reflects a strong conviction that this property will yield a commercial discovery. While exploration success can never be assured, Dana Gas Egypt's recent achievement on the adjacent block has increased the odds of such an outcome at West Kombo Ombo. With multiple drilling prospects identified in a comparable geological setting to that of the adjacent Dana Gas producing well, the appeal of the play should prompt a quick closing of a farm-in deal and the spudding of a well on the Block, possibly during H2/2010.

The recent announcement that the Company is pursuing strategic alternatives is likely connected to negotiations for bringing in a partner. One possible scenario could be a business amalgamation involving a share exchange. While this introduces some business uncertainty, drilling activity during H1/2010 in both Guyana and Kurdistan, albeit involving minor working interests, should elicit a degree of speculative interest in the Company's stock over the next few months.

Another positive sentiment should be generated from news that both Iraq and Kurdistan now appear ready to resolve the long-standing dispute over oil profit-sharing, possibly clearing the way to legitimizing Kurdistan's existing production-sharing agreements, which the Baghdad government currently regards as illegal.

MANAGEMENT AND DIRECTORS

Kam A. Fard, P.Eng. - President, Director
Kenneth Chobotuk, P.Geoph. - Vice President Exploration
Frank Crawford, P.Geol. - Chief Geologist
Klaus Weber, MBA - General Manager, Egypt
Samir Zidan - Deputy General Manager, Cairo Office

Stuart B. McDowall – Director
Darryl J. Raymaker, Q.C. - Director
John van der Welle – Director
Kenneth D. Taylor – Director
Mr. Fadi Nammour – Director
Mr. Blair Anderson - Director

SHARE STRUCTURE

Current Issued and Outstanding Shares	67,863,028
Options	5,350,000
Warrants	1,274,000
Fully Diluted	74,487,028

CORPORATE INFORMATION

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