



FOR IMMEDIATE RELEASE

Exall Resources Limited and Southern Star Resources Inc. Agree to Merge

Toronto, Ontario – September 28, 2006 – Exall Resources Limited (TSX: EXL) (OTCBB: EXALF) (“Exall”) and Southern Star Resources Inc. (TSX: SSR) (“Southern Star”), are pleased to announce that they have entered into a merger agreement to create a premier gold exploration company to be named “Gold Eagle Mines Ltd.” (“Gold Eagle”). Gold Eagle share ownership on a fully diluted basis will be composed of approximately 53% Exall and 47% Southern Star. Southern Star shareholders will receive 1.000 Gold Eagle share per Southern Star share and Exall shareholders will receive 0.5428 Gold Eagle share for each share of Exall.

“This is a strategic combination that will enhance long-term value and consolidate the Bruce Channel Gold Discovery on the Gold Eagle Property in Red Lake into one public company. Both shareholder groups will have an unparalleled opportunity to maximize the growth potential of one of the most exciting gold exploration properties in the world. We intend to aggressively pursue the surface and underground exploration and development options, as well as test the other gold targets on the property. Our goal is to create an exciting long term future for all shareholders,” said Stephen G. Roman, Chairman, President and CEO of Exall.

“The combination of our two companies presents a great opportunity for all shareholders”, said Robert Cudney, Chairman of Southern Star. “With Board and management participation in the new entity, we will be an integral part of the organization going forward.”

The Gold Eagle Property consists of 35 patented claims totalling 511.6 hectares (1,264.2 acres) in the heart of the prolific Red Lake Gold Camp. The property hosts the Gold Eagle mine which operated from 1937 to 1941. In August 2005, drilling intersected a significant gold zone beneath the Bruce Channel. This mineralised zone is referred to as the Bruce Channel Discovery and drilling to date has consistently intersected vein hosted high-grade gold values and extensive gold-rich sulphide zones within brecciated structures. The mineralized envelope is currently estimated to extend a minimum of 1,000 metres vertically and approximately 415 metres northeast–southwest and 450 metres northwest–southeast. The increasing size of the drill database is establishing mineralogical continuity between drill holes with increasing confidence. Mineralization remains open in all directions. There are no royalties on the Gold Eagle Property.

Highlights of the combined company include:

Consolidation of the Highly Prospective Gold Eagle Property in Red Lake

- Creation of one of the premier gold exploration companies in the world.
- Allows Gold Eagle to focus entirely on the development of this highly prospective project west of Goldcorp’s Red Lake and Campbell mines.
- Gold Eagle will have a market capitalization of over \$400 million, increased trading liquidity, a larger, more diverse shareholder base and an enhanced profile both domestically and internationally providing it with better access to capital.

Aggressive Exploration and Development Plan

- Gold Eagle will have approximately \$15.5 million in cash to pursue further exploration and development of the Gold Eagle Property.
- Complete the 2006, 35,000 metre surface drill program to expand the mineralized envelope in the Bruce Channel.

Strong Management and Board

- Stephen G. Roman and Robert Cudney will be Co-Chairmen of Gold Eagle.
- The nine-member board of directors will consist of four existing Exall directors including: Stephen G. Roman, Derek C. Rance, Simon J. Lawrence and T. Douglas Willock and four nominees of Southern Star directors including: Robert Cudney, Terry MacGibbon, Brent Peters and one additional nominee, plus the new permanent CEO of Gold Eagle.
- As of today, Exall and Southern Star boards have established a CEO Search Committee, consisting of Terry MacGibbon and Derek C. Rance, whose mandate is to identify a permanent Gold Eagle CEO and CFO as soon as possible. In the event the permanent CEO or CFO is not confirmed by closing of the merger, John Harvey and Douglas Scharf will be appointed as Gold Eagle's interim CEO and CFO, respectively, until the search process is complete.

Transaction Details

The amalgamation by way of plan of arrangement ("Arrangement") is to be approved at a special meeting of Exall and Southern Star shareholders expected to be held during November, 2006. The formal information circular containing further details and conditions of the Arrangement is expected to be mailed to Exall and Southern Star shareholders in October 2006. The Board of Directors of each of Exall and Southern Star has unanimously approved the arrangement agreement and is recommending that shareholders vote in favour of the Arrangement at their respective shareholders' meeting. Each Board of Directors has received a fairness opinion from its financial advisors that the consideration to be received under the Arrangement is fair, from a financial point of view, to the Exall and Southern Star shareholders. Upon closing, the outstanding options and warrants of Exall and Southern Star will become options and warrants to purchase shares of Gold Eagle with the number of options and warrants and the exercise prices of such options and warrants adjusted based on the share exchange ratios under the Arrangement.

Exall has also agreed to use its best efforts to complete, prior to the implementation of the Arrangement, the proposed reorganization of its business announced on July 25, 2006. Under this reorganization, Exall has formed a wholly-owned subsidiary company and will transfer all of Exall's oil and gas business assets, along with cash of approximately \$1 million, to the new entity expected to be named Exall Energy Corporation and distribute the shares of Exall Energy Corporation to its shareholders as a return of capital (the "**Distribution**"). Completion of the Arrangement is not, however, conditional on completion of the Distribution.

Upon completion of the Arrangement, after giving effect to the Distribution and the cancellation of 3.4 million Southern Star shares held by Exall, Gold Eagle will have approximately 93.61 million shares outstanding on a fully diluted basis resulting in an ownership split of approximately 53% held by former shareholders of Exall and 47% held by former shareholders of Southern Star. The exchange ratio is conditional on Exall having a minimum \$3,180,000 net cash position and Southern Star having a

minimum \$12,470,000 net cash position on closing. In the event that either party has less net cash on closing, the exchange ratio will be adjusted accordingly.

The transaction is conditional on approval from a minimum of 66 ⅔% of the votes cast at the Exall and Southern Star's shareholder meetings, the receipt of all necessary regulatory and court approvals and other customary conditions.

Pursuant to the agreement, Exall and Southern Star have agreed not to solicit third party interest regarding any alternative acquisitions, subject to fiduciary obligations. Exall and Southern Star have each agreed to pay a break-fee of \$7.5 million in certain circumstances. Further, the companies have granted each other the right to match a competing offer.

Exall retained Genuity Capital Markets to act as Exall's financial advisor and WeirFoulds LLP to act as Exall's legal advisor.

Southern Star retained Dundee Securities Corporation, BMO Capital Markets and Primary Capital Inc. to act as its financial advisors and Goldman and Carr LLP to act as its legal advisor.

Exall Resources Limited is a Toronto Stock Exchange listed company that trades under the symbol EXL. Exall owns 3,398,000 common shares of Southern Star Resources Inc.

Southern Star Resources Inc. is a Toronto Stock Exchange listed company that trades under the symbol SSR.

Cautionary Statements

This news release contains forward-looking statements regarding the proposed amalgamation of Southern Star and Exall by way of a plan of arrangement. Actual results and developments may differ materially from those contemplated by these statements depending on, among others, the risks that Southern Star and Exall will not be able to obtain the required approvals or clearances from regulatory or other agencies and bodies on a timely basis. The forward-looking statements included in this release represent Southern Star's and Exall's views as of the date of this release. While Southern Star and Exall anticipate that subsequent events and developments may cause their views to change, Southern Star and Exall specifically disclaim any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of Southern Star and Exall as of any date subsequent to the date of this release.

Where to Find Additional Information About the Transaction

This press release is neither an offer to purchase securities nor a solicitation of an offer to sell securities. Investors and shareholders are strongly advised to read the arrangement agreement, plan of arrangement and the information circular to be sent to Exall and Southern Star shareholders in connection with the special meetings, as well as any amendments and supplements to those documents, when they become available because they will contain important information.

For further information, please contact:

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