



# ASX

## Announcement

28th July 2011

**BrightStar Resources Ltd**  
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**Graeme Clatworthy**  
Non-executive Director

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Non-executive Director

**BrightStar Resources Limited**  
is listed on the ASX with the  
symbol:  
Shares "BUT".  
Options "BUTO"

# Quarterly Activities Report For the Period Ended 30 June 2011

## Highlights

- **Operational in Tanzania**
- **Miyabi Drilling Commences**
  - 11,000m RAB program commenced June 6
  - By 30 June, 164 holes for 4,085m had been completed with results awaited;
  - 5km target zone on granite/greenstone contact;
  - Good potential to expand existing 520,000oz Mineral Resource;
  - Camp refurbished and community assistance negotiations commenced;
  - BrightStar earning up to 75% by funding exploration and BFS.
- **Kitongo Project Advancing**
  - Negotiations continued with government officials to remove illegal miners;
  - Data verification continued;
  - Rig booked and preliminary RC program of 3000m planned but delayed by illegal miners.
- **Miclere Project**
  - Site visit to check status of infrastructure and discussions with local parties.
- **Discussions on further project acquisitions**
- **Cash reserves of \$2.7 million**

## Miyabi Gold Project (BrightStar earning 75%)

- 520,000oz gold resource with most drilling to <100m vertical depth
- Exciting exploration targets defined by sparse drilling and strong geophysics
- 252km<sup>2</sup> of contiguous tenements
- BrightStar to earn up to 75% from African Eagle Resources plc by sole funding exploration and BFS

The Miyabi Project is located approximately 200km southwest of Mwanza in the Lake Victoria Goldfields of Tanzania. It is approximately 60km west of African Barrick Gold's operating Buzwagi mine, and approximately 30km south of Resolute Mining Limited's Nyakafuru project. The Project is some 150km southwest of BrightStar's Kitongo Gold Project. The Location of Miyabi and other BrightStar properties is shown in Figure 1.

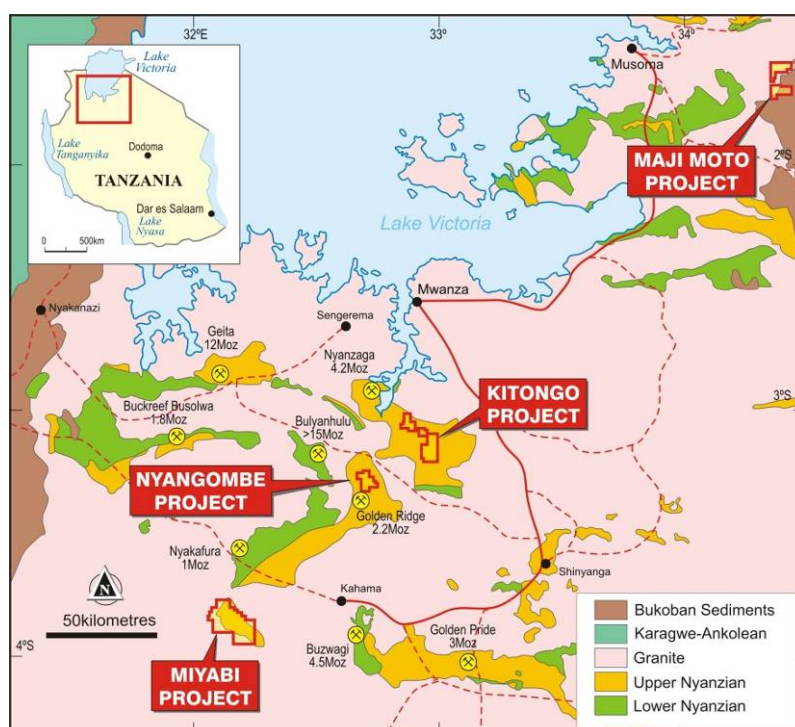
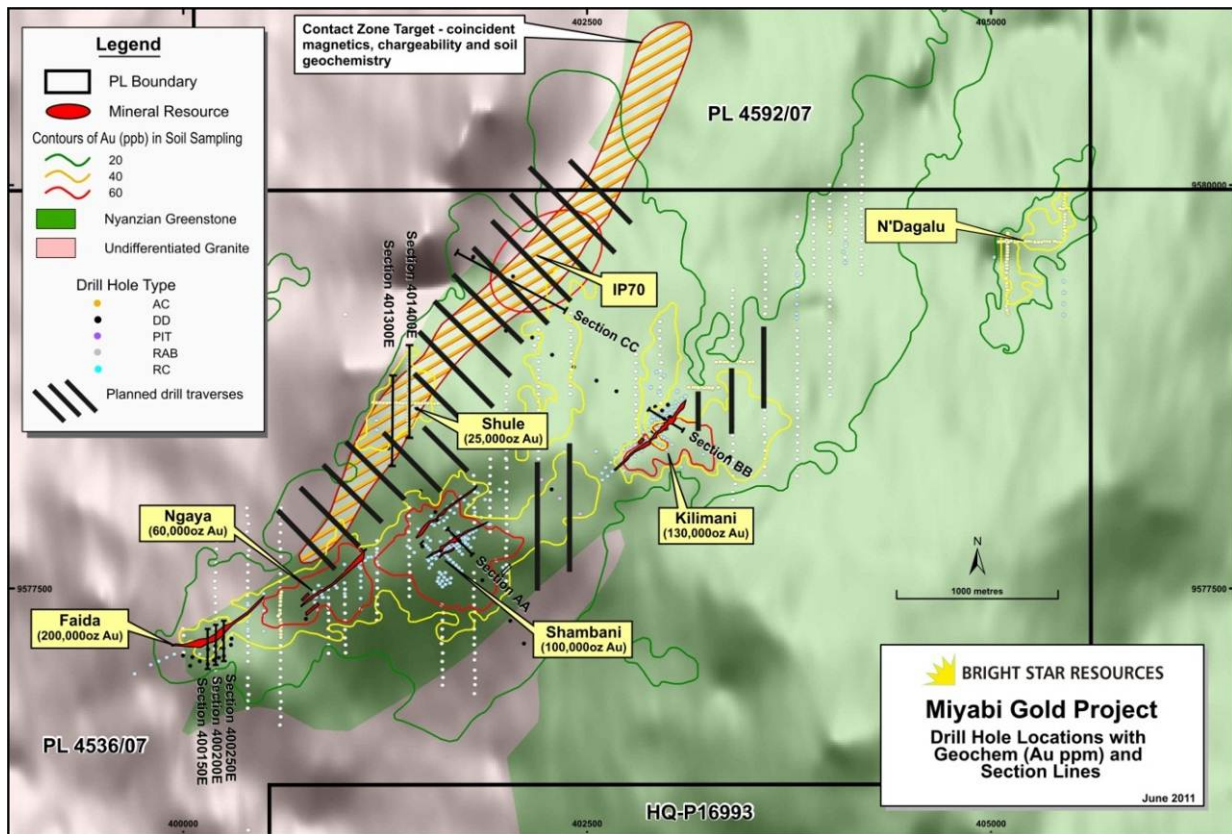


Figure 1: Location of BrightStar Projects

Exploration at the project has been carried out by UK based African Eagle Resources plc since 1999 and led to the discovery of a mineralized shear zone system termed the Miyabi Structural Corridor. Subsequent drilling led to the delineation of Mineral Resources at four main deposits.

The current Indicated and Inferred mineral Resource at the project is 12.4Mt at 1.3g/t Au for 520,000oz. The deposits, main prospects and planned drilling are shown in Figure 2.



**Figure 2: Miyabi Structural Corridor Deposits, Prospects and Planned Drilling**

### June Quarter Activities

- Camp refurbished and operational
- 4,085m of RAB drilling completed
- Prospective rock types intersected

RAB drilling commenced at Miyabi on 6 June, only six weeks after signing the JV agreement with African Eagle. A program of 11,000m has been planned with the majority of holes testing the highly prospective granite/greenstone contact zone.

At June 30, a total of 164 holes had been completed for 4085m. The expected rock types had been intersected, with extensive zones of alteration and shearing associated with the contact zone. No results had been received at 30 June.

Images from the site are shown below.



## Joint Venture Agreement

The key terms of the joint venture are summarised as follows:

- BrightStar to spend US\$3.0 million by 24 October 2013 (30 months) to earn a 50% interest in the Miyabi Project (Phase 1 of the Earning Period). A minimum expenditure of US\$1.0 million is required by 24 April 2012.
- BrightStar may elect to earn a further 25% interest by completing a Feasibility Study for the Project (Phase 2 of the Earning Period).
- A royalty of 1.5% of gross revenue is payable to local Tanzanian interests which were the original holders of the Prospecting Licences.

## Mineral Resources

A summary of the SRK Mineral Resource estimate at a 0.5g/t Au cut-off is shown below.

### Miyabi Mineral Resource Estimate 0.5g/t Au Cut-off (SRK Estimate 2006)

Deposit	Indicated			Inferred			Total Resource		
	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz
Faida	3.5	1.5	0.17	1.0	0.9	0.03	4.4	1.4	0.20
Ngaya	0.2	1.0	0.01	1.5	1.1	0.05	1.7	1.1	0.06
Shambani	1.6	1.5	0.07	0.8	1.1	0.03	2.4	1.3	0.10
Kilimani	2.6	1.4	0.12	0.3	1.6	0.01	2.9	1.4	0.13
Northern Zone				1.0	0.8	0.02	1.0	0.8	0.02
<b>Total</b>	<b>7.9</b>	<b>1.5</b>	<b>0.37</b>	<b>4.5</b>	<b>1.0</b>	<b>0.15</b>	<b>12.4</b>	<b>1.3</b>	<b>0.52</b>

\*Rounding errors may occur

# Kitongo Gold Project (100% BrightStar)

- 290,000oz gold resource with excellent potential for depth and strike extensions
- High grade prospects defined by RC and RAB drilling
- Exciting regional exploration opportunities
- Work programs currently prevented by the presence of illegal miners

The Kitongo Project is located in the Lake Victoria Goldfields region of Tanzania, 90km south of the mining service centre of Mwanza. The Location of Kitongo and other BrightStar properties is shown in Figure 1.

Since acquiring the Project, BrightStar has completed extensive data assessment including in-country verification of earlier drilling, review of original logs, RC chips, assay data and survey records. This has increased confidence in both the database and the Mineral Resource estimate for the Main Zone deposit.

Compelling drill targets have been identified at the project the partially tested extensions to the 290,000 ounce Main Zone deposit. The geology, prospects and drilling at the deposit are shown in Figure 2.

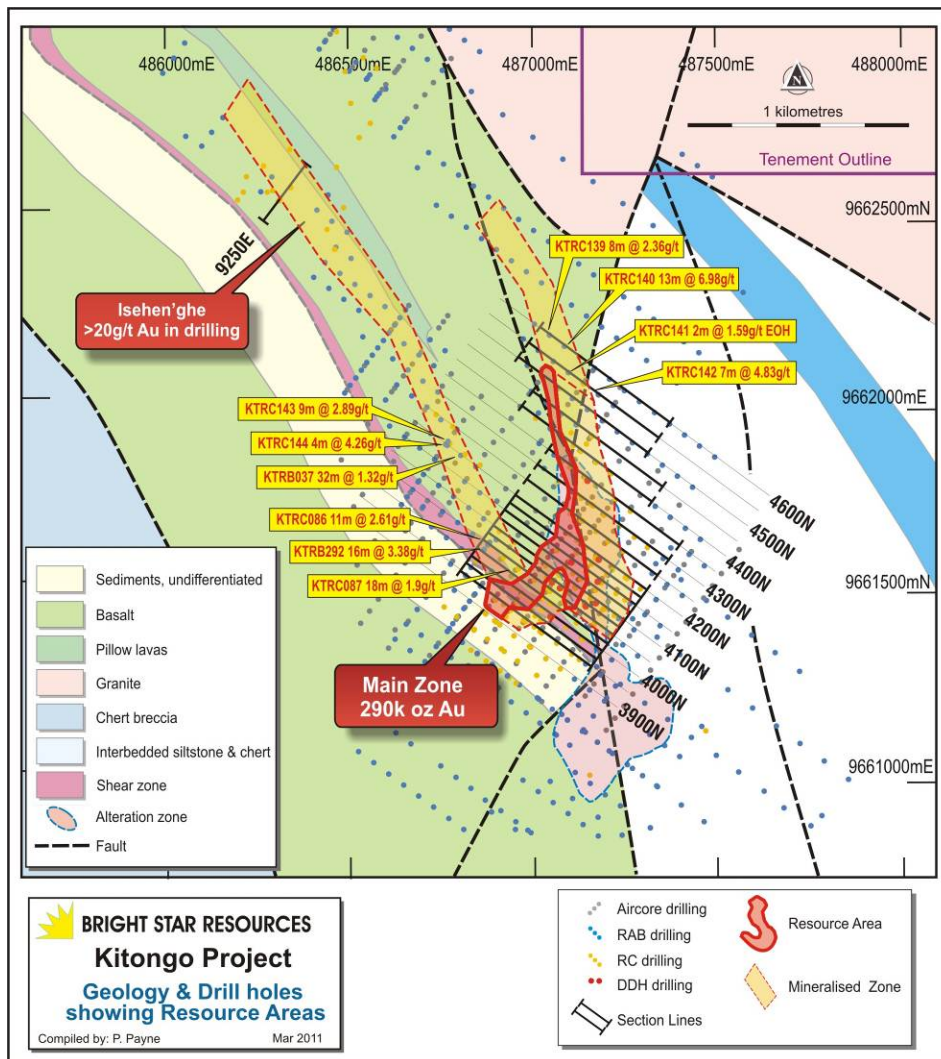


Figure 2: Kitongo Main Zone and Prospects

## Current Status

BrightStar has signed a contract with Layne Drilling to provide a rig for a preliminary 3,000m RC program. The main targets are the Main Zone resource extensions and a limited number of holes testing the Kitongo Hill prospect.

The timing of commencement of drilling is not clear at the moment as the site is currently inhabited by a number of illegal miners. Officials from the Department of Energy and Minerals have been providing assistance in the removal of the illegal miners. After months of negotiations, the Regional Police Commander attended the site on 14 June and issued an eviction order with 7 days' notice. Several days' later this was suspended after the intervention of an official from the ruling political party.

The matter has now been referred to the Minister for Energy and Minerals and BrightStar is confident that the Minister will intervene uphold the Company's legal right of tenure to the project.

## Mineral Resources

A summary of the 2006 Hellman and Schofield Mineral Resource estimate at a 1.0g/t Au cut-off is shown below.

### Kitongo Gold Project Inferred Mineral Resource 1.0g/t Au Cut-off

Type	Kt	Au g/t	Koz
Laterite	400	2.1	25
Highly Oxidised	2,400	2.2	170
Moderately Oxidised	400	2.0	26
Fresh	1,200	1.7	66
<b>Total</b>	<b>4,400</b>	<b>2.0</b>	<b>290</b>

\*Rounding errors may occur

## Miclere Gold Project, Queensland (100% BrightStar)

The Miclere Project is located approximately 30km northwest of Clermont in Central Queensland. It is centred on the historic Miclere, Black Ridge and Springs Goldfields from which some 100,000 ounces of gold has been previously mined. The Miclere Project consists of 17 granted Mining Leases (ML) and two Exploration Permits for Minerals (EPM).

There is demonstrated potential for large scale placer type gold mineralisation at the project. The Project is also considered prospective for hard rock gold and base metal mineralisation. BrightStar plans to divest the project to concentrate on its more advanced gold projects in Tanzania.

During the quarter a site visit to the project was carried out to assess the status of infrastructure and access after the extensive flooding in the region. Survey work is required as a priority to reestablish lease boundaries.

A review and compilation of available data is underway as the first stage of the project evaluation.

## **Competent Person Statement**

The information in this report that relates to Mineral Resources and exploration results is based on information compiled by Mr Paul Payne, a director and full time employee of BrightStar and a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne has sufficient experience which is relevant to the 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 Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.





1.13 Total operating and investing cash flows (brought forward)	(395)	(1,117)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from the issue of shares, options, etc.		3,600
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from loans		
1.17 Repayment of loans		
1.18 Dividends paid		
1.19 Other – Share issue expenses		(156)
- Cash inflow from acquisition of subsidiary		26
<b>Net financing cash flows</b>		<b>3,470</b>
<b>Net increase (decrease) in cash held</b>	<b>(395)</b>	<b>2,353</b>
1.20 Cash at beginning of quarter/year to date	3,105	357
1.21 Exchange rate adjustments to item 1.20		
1.22 <b>Cash at end of quarter</b>	<b>2,710</b>	<b>2,710</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current Qtr \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	223
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Consultancy fees (66), Directors fees (78), Superannuation (13) & wages (66)

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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### Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities – provided by Directors		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	400
<b>Total</b>	<b>900</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank		204
5.2 Deposits at call	1,210	901
5.3 Bank Overdraft		
5.4 Other (provide details) – Term Deposit	1,500	2,000
<b>Total: cash at end of quarter</b> (Item 1.22)	<b>2,710</b>	<b>3,105</b>

### Changes in interests in mining tenements

Tenement Reference	Nature of interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2 Interests in mining tenements acquired or increased	Nil		

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Number Issued	Number quoted	Issue price per security	Amount paid up per security
7.1 <b>Preference securities</b> (description)				
7.2 Issued during Quarter				
7.3 <b>Ordinary securities</b>	182,095,171	167,154,938		
7.4 Issued during Quarter				
7.5 <b>Convertible debt securities</b> (description)				
7.6 Issued during quarter				
7.7 <b>Options</b> (description)	2,850,000 8,000,000 12,000,000 21,700,000 5,000,000 2,500,000	21,700,000	\$0.30 \$0.10 \$0.10 \$0.10 \$0.27 \$0.27	24 Sept 12 22 Mar 14 4 Oct 14 7 Oct 12 18 Mar 15 31 May 15
7.8 Issued during Quarter	2,500,000		\$0.27	31 May 15
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

### Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:

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Geoffrey Gilmour  
Managing Director

Date: 28 July 2011

### Notes

1. The quarterly report is to provide a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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