



Quarterly Report 30th December 2010

ASX

Announcement

28th January 2011

BrightStar Resources Ltd

ABN 86 121 985 395

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Geoff Gilmour

Managing Director

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Graeme Clatworthy

Director

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BrightStar Resources Limited

is listed on the ASX with the

symbol:

Shares "BUT".

Options "BUTO"

Highlights

- Successful Capital raising
- First field visit to the 100% owned Kitongo Gold project in Tanzania
- Continued work on Mt Adrah for inclusion into a new ASX listed gold float
- Option exercised for the sale of Challenger Mines Limited
- Continued discussions on potential new projects

CORPORATE

During the quarter \$3.6M was successfully raised via a share placement to sophisticated investors.

The Company now has sufficient funds to:

- add value to the Kitongo Project via a drilling campaign expected to commence in March 2011;
- seek additional project opportunities; and
- to attract key personnel as required.

KITONGO

Management conducted its first field visit to Tanzania to inspect its 100% owned Kitongo Gold Project and to meet Menan Sanga our country manager.

The entry into Tanzania is via the Capital Dar es Salaam followed by a 3 hour flight to Mwanza.

Mwanza is large city that will supply much of the Company's mining services. Accommodation in the city is good with quality internet & mobile connections. In Mwanza management met with 4 drilling companies and an assay laboratory.

From Mwanza the journey to Kitongo takes nearly two hours, half of which is on a sealed road with the remainder via a quality unsealed road. The infrastructure will allow drill rigs access to site.



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CHALLENGER

The option agreement entered into for the sale of Challenger Mines Ltd was exercised by the purchaser. (ASX RELEASE on the 25th of January 2011 stated that the sale of Challenger Mines had been completed).

Total sale price is \$1,750,000 payable in cash instalments as follows:

- Settlement \$500,000
- A further payment in 6 months \$500,000
- A further payment in 12 months \$500,000
- A further payment on commencing production \$250,000

State Government Bonds amounting to \$197,000 were also reimbursed at settlement.

Mt ADRAH

Negotiations are at an advanced stage to vend the Mt Adrah project into a new ASX listed gold float.

MICLERE

The Miclere project situated in the Emerald District of Queensland, has been affected by the recent flooding. Management will monitor the situation.

PNG

The Wardens hearing was on the 13th January 2011 for EL 1444. The Company is currently awaiting advice on the outcome.

Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

BRIGHT STAR RESOURCES LIMITED

ABN

86 121 985 395

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for: (a) exploration and evaluation
(b) development
(c) production
(d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other (provide details if material) - Option fee

Net Operating Cash Flows

Cash flows related to investing activities

- 1.8 Payment for purchases of: (a) prospects
(b) equity investments
(c) other fixed assets
- 1.9 Proceeds from sale of: (a) prospects
(b) equity investments
(c) other fixed assets
- 1.10 Loans to/from other entities
- 1.11 Loans repaid by other entities
- 1.12 Other

Net Investing Cash Flows

- 1.13 Total operating and investing cash flows
(carried forward)

Current Qtr \$A'000	Year to Date (6 months) \$A'000
(70)	(116)
(706)	(822)
16	18
	25
(760)	(895)
(760)	(895)

1.13 Total operating and investing cash flows (brought forward)	(760)	(895)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	3,600	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	(136)	(136)
Net financing cash flows	3,464	3,464
Net increase (decrease) in cash held	2,704	2,569
1.20 Cash at beginning of quarter/year to date	222	357
1.21 Exchange rate adjustments to item 1.20		
1.22 Cash at end of quarter	2,926	2,926

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	362
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 (256), Directors fees (90), Superannuation (10) & wages (6)

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

Issue of 14,940,233 shares for the acquisition of Carlton Resources Pty Ltd (which has entered into an agreement to acquire the Kitongo Gold Project)

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

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	250
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	450

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	134	66
5.2 Deposits at call	792	156
5.3 Bank Overdraft		
5.4 Other (provide details) – Term DEposit	2,000	
Total: cash at end of quarter (Item 1.22)	2,926	222

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 Preference securities (description)				
7.2 Issued during Quarter				
7.3 Ordinary securities	177,522,996	162,582,763		
7.4 Issued during Quarter	54,940,233	40,000,000		
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options (description)	2,850,000 8,000,000 12,000,000 21,700,000	21,700,000	\$0.30 \$0.10 \$0.10 \$0.10	24 Sept 12 22 Mar 14 4 Oct 14 7 Oct 12
7.8 Issued during Quarter	12,000,000 21,700,000	21,700,000	\$0.10 \$0.10	4 Oct 14 7 Oct 12
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (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:

Geoffrey Gilmour
Managing Director

Date: 28 January 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.
