

Bright Star Resources Limited

ABN 86 121 985 395

Annual Report for the financial year ended 30 June 2011

Contents	Page No.
Corporate governance statement	3
Directors' report	8
Remuneration Report	12
Auditor's independence declaration	18
Independent auditor's report	19
Directors' declaration	21
Annual financial report	
Statement of comprehensive income	22
Statement of financial position	23
Statement of changes in equity	24
Cash flow statement	25
Notes to the financial statements	26
Additional Stock Exchange information	61

Corporate governance statement

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a Company considers that a recommendation is inappropriate having regard to its own circumstances, the Company has the flexibility not to follow it. Where a Company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table. A full copy of the Company's Corporate Governance Charter is available on the Company's website at www.brightstarresources.com.au.

Role of the Board

Generally, the powers and obligations of the Board are governed by the *Corporations Act* and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

1. Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
2. Developing, implementing and monitoring operational and financial targets for the Company;
3. Appointment of appropriate staff, consultants and experts to assist in the Company's operations specifically, including the selection and monitoring of a Chief Executive Officer and/or Managing Director;
4. Ensuring appropriate financial and risk management controls are implemented;
5. Approving and monitoring financial and other reporting;
6. Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
7. Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Chief Executive Officer and/or Managing Director;
8. Implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
9. Oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
10. Appointing and removing the Chief Executive Officer and/or Managing Director;
11. Ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and/or Managing Director and the Company Secretary;
12. Input into and final approval of the management's development of corporate strategy and performance objectives;
13. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
14. Monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
15. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
16. Approval of the annual budget;
17. Monitoring the financial performance of the Company;
18. Liaising with the Company's external auditors;
19. Monitoring, and ensuring compliance with, all of the Company's legal obligations;
20. Approving and monitoring financial and other reporting; and
21. Appointing and overseeing Committees where appropriate to assist in the above functions and powers.

Role of Management

The Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval. Evaluation of the performance of senior management during the financial year is to be undertaken on an annual basis at a board meeting of the Company by non-executive Directors, with the Chairman then discussing this review separately with each of the Executives. This is considered to be an appropriate process as the Company is in the exploration and evaluation stage therefore it is not possible to evaluate performance against revenue or profit targets.

Board Processes

The Board meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and the Company Secretary in conjunction with the Directors. Relevant information is circulated to Board members in advance of the meetings.

Composition of the Board

At the date of this report the Board comprises two executive directors and three non-executive directors two of which are independent directors.

Director	Appointed	Non-Executive	Independent
W Gilmour	30 November 2009	No	No
G Gilmour	30 November 2009	No	No
G Clatworthy	30 November 2009	Yes	Yes
P Payne	1 February 2011	No	No
B Bolitho	4 April 2011	Yes	Yes

The Directors are subject to re-election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation at each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy or recruited since the date of the last AGM.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies as set out in the Directors section of the Directors' Report.

Independence of Non-Executive Directors

The Board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that Graeme Clatworthy and Barry Bolitho meet these criteria.

Director Access to Independent Professional Advice

The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient.

Company Materiality Threshold

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. The Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

Ethical Standards

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Board Committees

As at the date of this report, the Company does not have an Audit Committee, a Nomination or Remuneration Committee. The full Board undertakes the role of these committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

Continuous Disclosure and Shareholder Communication

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the Company's website at www.brightstarresources.com.au.

Shareholders are forwarded documents if requested relating to each Annual General Meeting, being the Annual Report, Notice of Meeting and Explanatory Memorandum and Proxy Form, and are invited to attend these meetings. The Company's External Auditor is also present at Annual General Meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

The Company actively encourages shareholders to provide their email contact details so that they can receive all ASX releases as they are released to the market.

Managing Business Risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate, recommend or provide solutions through designated channels;
- verify the implementation of solutions;
- communicate and consult internally and externally as appropriate; and
- to inform investors of material changes to the Company's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate.

The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

The Company is reviewing its risk management procedures and is considering the “Guide for small-mid market capitalised companies on Principle 7: Recognise and Manage Risk” released under the ASX Markets Supervision Education and Research Program when updating its risk management processes designed to manage and report on the management of the Company’s material business risks. The review process will result in the completion of an updated Risk Management Policy, Risk Register and a Risk Management Framework which forms the basis of the risk management and internal control system to manage the Company’s material business risk and report to it on whether those risks are being managed effectively. The Risk Register will identify risks in the broad categories of operations management, asset management, environment, compliance/financial reporting, strategic management, ethical conduct, reputation, occupational health and safety/human resources, IT/technology, finance/business continuity, tenements/resource statements and stakeholder communications. A copy of the Risk Management Policy will be publicly available on the Company’s web site at www.brightstarresources.com.au

The Company has a number of mechanisms in place to ensure that the management regularly reports on matters relating to risks.

The Board requires management to report to it on whether material business risks are being managed effectively. The Managing Director is currently working with management on a review of material risks and will report to the Board in due course.

In accordance with section 259A of the Corporations Act 2001, the Managing Director and Chief Financial Officer have provided a declaration to the Board that:

- In their view the Company’s financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company’s risk management and internal compliance and control system is operating effectively in all material respects.

It is noted that the assurance from the Managing Director and Chief Financial Officer can only be reasonable and not absolute due to the level of judgement required, the limitations of sampling and the difficulty in designing systems to detect all weaknesses in internal control procedures.

ASX Best Practice Recommendations

The table below contains each of the ASX Best Practice Recommendations released by the ASX Corporate Governance Council in March 2003 and updated in August 2007. The Recommendations were amended in 2010 and these amendments apply to the Company’s first financial year commencing on or after 1 January 2011. Where the Company has complied with a recommendation during the reporting period, this is indicated with a “Yes” in the appropriate column and the policy is contained in the Company’s Corporate Governance Charter available on the Company’s website at www.brightstarresources.com.au . Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a “No” and the Company’s reasons are set out in the corresponding note at the end of the table.

	Description	Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	A clear description of the process for evaluating the performance of senior executives.	Yes	
1.3	An explanation of whether an evaluation of senior executives took place in the financial year, and a statement as to whether it was in accordance with the process disclosed.	Yes	
	A statement as to where a copy of matters reserved for the board is publicly available.	Yes	
	A statement as to where a copy of matters delegated to senior executives is publicly available and a statement as to where a copy of the board charter is publicly available.	Yes	
1.4	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	
2.1	A majority of the Board should be independent directors, and a statement made as to which Directors are independent	No	5
2.2	The Chairperson should be an independent director.	No	5

	Description	Complied	Note
2.3	The roles of Chairperson and Managing Director should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee and should have policies for the selection of Directors.	No	2, 3
2.5	A clear description of the process for evaluating the performance of the board, its committees and individual directors.	No	4
2.6	Provide the information indicated in the Guide to reporting on Principle 2	Yes	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1	the practices necessary to maintain confidence in the Company's integrity; and	Yes	
3.1.2	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Disclose the policy concerning trading in Company securities by Directors, Officers and Employees.	Yes	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.1	The Board should establish an Audit Committee.	No	2
4.2	Structure the Audit Committee so that it consists of:		
	• only Non-Executive Directors	N/a	
	• a majority of Independent Directors	N/a	
	• an independent Chairperson, who is not chairperson of the Board	N/a	
	• at least three members.	N/a	
4.3	The Audit Committee should have a formal charter.	N/a	
4.4	The Details of the names and qualifications of those appointed to the Audit committee are specified in the Corporate Governance Charter.	N/a	
	The details of the number of meetings of the Audit committee are set out in the Directors Report.	N/a	
	A statement as to the procedures for the selection, appointment and rotation of external audit engagement partners is included in the Company's Corporate Governance Charter.	N/a	
4.5	Provide the information indicated in the Guide to reporting on Principle 4	Yes	
5.2	The Company's continuous disclosure policy is publicly available in the Company's Corporate Governance Charter.	Yes	
5.3	Provide the information indicated in the guide to reporting on Principal 5.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings- refer to Continuous Disclosure and Shareholder Communication as set out above.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	
6.3	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	

	Description	Complied	Note
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management	Yes	
7.2	The Board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and management has reported to it on whether those risks are being managed effectively and management has reported to the board as to effectiveness of the entity's management of its material business risks.	No	6
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.3.1	<ul style="list-style-type: none"> • the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board 	Yes	
7.3.2	<ul style="list-style-type: none"> • the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects 	Yes	
7.4	The board has received the report from management under Recommendation 7.2, has received assurance from the CEO and CFO under Recommendation 7.3; and the entity's policies on risk oversight and management of material business risks are publicly available on the Company's website at www.brightstarresources.com.au	Yes	
7.5	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	4
8.2	The Board should establish a Remuneration Committee.	No	2
8.3	The Company prohibits entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Yes	
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes	

Notes

1. The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website at www.brightstarresources.com.au under the heading "Corporate Governance".
2. As at the date of this report, the Company does not have an Audit Committee, a Remuneration Committee or a Nomination Committee. The full Board of Directors undertake the role of the individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established and if possible the Company will increase the number of independent Directors.
3. There is no formal policy on the selection of Directors as this is done on a case by case basis by the Board acting as the Nomination Committee. The remuneration of all Directors and key management personnel is as set out in the Remuneration Report in the Directors Report.
4. The evaluation of individual board members' performance is to be undertaken by the Chairman. During the reporting period, board performance evaluations of the current board have not been conducted, as an evaluation criteria is yet to be agreed upon.
5. As at the date of this report the Board does not have a majority of independent directors. Given the nature of the Company's current business operations the Directors believe that the existing Board composition is optimal. However as circumstances change the Company will, at the appropriate time, make further independent director appointments.
6. The Company is currently reviewing its risk management procedures.

Directors' Report

The Directors of Bright Star Resources Limited ("the Company") – (formerly "Tasman Goldfields Limited") submit herewith the annual financial report of Bright Star Resources Limited and its controlled entities ("Consolidated Entity") for the year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors and Directors' Details

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Director **Warren Gilmour CPA**
Appointed **30 November 2009**
Age **74**
Position **Executive Chairman**

Warren is a Certified Practising Accountant with post graduate qualifications from the Harvard Business School in Boston USA. Warren has extensive experience at senior levels in both public and private companies in banking, finance and project management.

During the past 3 years Warren has also served as a director of the following ASX listed companies:

- Andean Resources Ltd from October 2003 to November 2009

Director **Geoffrey Gilmour**
Appointed **30 November 2009**
Age **47**
Position **Managing Director**

Geoffrey is the principal of Willowood Corporate Pty Ltd a Company which advises and raises capital for junior resource companies. Geoffrey was instrumental in the creation of Andean Resources Ltd an emerging gold Company taken over by Goldcorp Inc for more than \$3.5 billion.

Director **Paul Payne B App Sc, Grad Dip Min Ec, MAusIMM**
Appointed **1 February 2011**
Age **48**
Position **Technical Director**

Paul is a geologist with over 25 years experience in the mining industry with specialist experience in project evaluation, exploration and mining.

Paul has worked in senior roles with Dominion Mining Ltd, Normandy NFM Ltd and Plutonic Resources Ltd prior to its takeover by Homestake Mining Company.

Director **Graeme Clatworthy B Bus (Acc)**
Appointed **30 November 2009**
Age **46**
Position **Non-Executive Director**

Graeme has been involved in the stockbroking industry since 1987. During this period he has worked in areas including Floor Trader, Equities Dealer, Assistant Accountant, Deputy State Manager and Approved Representative of ASX.

Director **Barry Bolitho B App Sc, Dip App Chem, FAusIMM**
Appointed **4 April 2011**
Age **61**
Position **Non-Executive Director**

Barry has many years experience in senior executive roles in the resources industry. He has tertiary qualifications in metallurgy and chemistry and has extensive operational experience in a number of metals including base metals, mineral sands and precious metals.

During the past 3 years Barry has also served as a director of the following ASX listed companies:

- Andean Resources Ltd from August 2006 to December 2010;
- Jabiru Metals Ltd from November 2005 to May 2011;
- Blackwood Corporation Ltd (formerly Matilda Minerals Ltd) from May 2003 to present;
- Industrial Minerals Corporation Ltd from March 2011 to present;
- Red 5 Ltd from March 2010 to November 2010; and
- Sub-Sahara Resources NL from March 2007 to August 2009.

Company Secretary

Ross Arancini B.Bus CA is the Company's secretary. Ross is a Chartered Accountant who has been in private practice for over 20 years specialising in providing corporate and taxation advice to listed public companies involved in mineral exploration. Ross has been Company Secretary of a number of listed and unlisted public companies.

Principal activities

The principal activity of the Company is exploration for gold and other minerals in Tanzania and Australia.

Operating Results

The net loss from continuing operations of the Consolidated Entity for the year ended 30 June 2011 was \$2,340,589 (2010: \$2,115,453).

Review of operations

During the year and to the date of this report the Company's activities have continued to divest non-core mineral tenement holdings and acquire advanced projects with a view to increasing shareholder wealth.

During the year the Company completed the acquisition of the Kitongo Gold Project located in Tanzania. The acquisition of the Kitongo Gold Project was made through the acquisition of Carlton Resources Pty Limited. The purchase price of the project was paid in cash and shares for a total value of \$2,224,621. The project has an inferred gold resource of 4.4 million tonnes grading 2.0 g/t and has significant potential exploration upside from oxide and sulphide extensions and a number of defined exploration targets.

During the year the Company disposed of subsidiary Challenger Mines Ltd. The sale price, to be paid in instalments, was \$1,750,000 of which \$250,000 is payable on the commencement of production. In addition the Company received \$197,000 in bond refunds as part of the disposal.

During the year the Company entered into a joint venture agreement that entitles the Company to earn a 75% interest in the Miyabi Gold Project located in Tanzania. The project has a gold resource base of 520,000 ozs and significant exploration upside. The Company can earn 50% of the project by expending \$3m on exploration and can earn a further 25% by completing a feasibility study.

During the year the Company strengthened the board with the appointment of Paul Payne and Barry Bolitho as directors.

Information on Mr Payne and Mr Bolitho is contained in Directors' Details above.

The consolidated net loss from continuing operations for the year is \$2,340,589. The loss includes:

- (a) a non-cash expense of \$1,091,082 (2010 : \$397,600) for the calculated value of options granted as remuneration and attributable to the year;
- (b) administrative expenses of \$1,047,527 (2010: \$544,342) from increased corporate activity during the year;
- (c) an impairment loss for plant and equipment of \$150,086 (2010 : \$7,304) as a result of the Directors' regular impairment review.

During the year the Group incurred a loss from discontinued operations of \$108,893 (2010 : \$660,089). This loss relates to the operations of companies within the group that were disposed of or de-registered during the year as part of the Company's ongoing non-core asset divestment strategy.

The Group's net asset position is \$7,198,816 (2010 : \$3,140,227). The Group's financial position has significantly improved from the prior year with cash balances of \$2,709,639 (2010 : \$356,844) and current receivables of \$1,032,390 (2010 : \$22,325) of which \$1,000,000 (2010 : Nil) relates to the sale of non-core assets..

Changes in state of affairs

During the year the Company issued the following shares and options:

- 12,000,000 unlisted incentive options on 4 October 2010 to directors and the company secretary. The options are exercisable at \$0.10 and expire on 4 October 2014;
- 40,000,000 shares on 11 October 2010 at \$0.09 each to fund exploration and for working capital. 20,000,000 listed options were also issued on a 1 for 2 basis to participants in the placement. The options are exercisable at \$0.10 and expire on 7 October 2012;
- 14,940,233 shares on 20 October 2010 at \$0.09 each to acquire Carlton Resources Pty Ltd. The company had entered into an agreement to acquire the Kitongo Gold Project;
- 1,700,000 listed options on 11 November 2010 to employees and shareholders. 500,000 of the options were issued to employees as a reward for services provided. 1,200,000 of the options were issued to long standing shareholders in recognition of their support for the Company;
- 4,572,175 shares on 13 January 2011 at \$0.1531 each to IAMGOLD Corporation for the acquisition of the Kitongo Gold Project;
- 5,000,000 unlisted incentive options on 18 March 2011 to directors. The options are exercisable at \$0.27 each and expire on 18 March 2015;
- 2,500,000 unlisted incentive options on 31 May 2011 to a director. The options are exercisable at \$0.27 each and expire on 31 May 2015.

During the year the Company continued its focus on gold resources located in Africa with the acquisition of the Kitongo Gold Project and by entering into a joint venture agreement that entitles it to earn up to 75% of the Miyabi Gold Project.

During the year after a review of its non-core assets the Company disposed of Challenger Mines Ltd and has or will de-register or liquidate its New Zealand and PNG subsidiaries. All NZ and PNG tenements have or will be disposed of or relinquished.

Other than the above there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect,:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

Future developments

The Directors intend to continue to review opportunities for existing projects both in terms of development or sale.

The Directors will continue to assess acquisition opportunities that they believe will create shareholder wealth.

Health and Safety Policy

The Company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

Environmental regulations

The Company is subject to significant environmental regulation under Commonwealth, State and Territory legislation in relation to the discharge of hazardous waste and minerals arising from mining activities and development conducted by the Company on any of its tenements. At the date of this report there have been no known breaches of any environmental obligations.

Dividends

No dividends have been paid or proposed since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Bright Star Resources Limited	2,850,000	Ordinary Shares	30 cents	24 May 2012
Bright Star Resources Limited	8,000,000	Ordinary Shares	10 cents	22 March 2014
Bright Star Resources Limited	12,000,000	Ordinary Shares	10 cents	4 October 2014
Bright Star Resources Limited	21,700,000	Ordinary Shares	10 cents	7 October 2012
Bright Star Resources Limited	5,000,000	Ordinary Shares	27 cents	18 March 2015
Bright Star Resources Limited	2,500,000	Ordinary Shares	27 cents	31 May 2015

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme. Each option is convertible to one ordinary share. 21,700,000 options exercisable at 10 cents and expiring on 7 October 2012 are listed. All other options are unlisted. No options have been exercised during the financial year or since year end to the date of this report.

Indemnification of directors and officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by an officer or auditor.

Directors' meetings

The following table sets out the number of Directors' meetings (including Directors' meetings requiring circulating resolutions), committee meetings held during the financial year and the number of meetings attended by each Director while they were a Director:

Directors	Board meetings	
	Held	Attended
W Gilmour (appointed 30 November 2009)	17	14
G Gilmour (appointed 30 November 2009)	17	17
G Clatworthy (appointed 30 November 2009)	17	15
P Payne (appointed 1 February 2011)	7	5
B Bolitho (appointed 4 April 2011)	3	1

Directors' interests in the Company

The following table sets out each Director's relevant interest in fully paid ordinary shares and options in the Company at the date of this report.

Directors	Fully paid ordinary shares	Share options
	Number	Number
W Gilmour	14,892,857	8,000,000
G Gilmour	7,108,604	5,000,000
G Clatworthy	3,277,771	5,000,000
P Payne	500,000	5,000,000
B Bolitho	-	2,500,000

Remuneration report (Audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, key management personnel (KMP) of the group are identified as those persons having the authority and responsibility for planning, directing and controlling major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company. The prescribed details for each person covered by this remuneration report are detailed below under the following headings:-

- A.Key management personnel and relevant group executives' details
- B.Remuneration policy for key management personnel
- C.Relationship between remuneration policy and Company performance
- D.Remuneration of the key management personnel and relevant group executives
- E.Key terms of employment contracts

A. Key management and relevant group executives' details

The following persons have been identified as acting as key management personnel and/or relevant group executives of the Company and the Consolidated Entity during the financial year:

- W Gilmour (Executive Chairman) appointed 30 November 2009;
- G Gilmour (Managing Director) appointed 30 November 2009;
- G Clatworthy (Non-Executive Director) appointed 30 November 2009;
- P Payne (Technical Director) appointed 1 February 2011;
- B Bolitho (Non-Executive Director) appointed 4 April 2011.
- R Arancini (Company Secretary) appointed 30 November 2009

B. Remuneration policy for key management personnel

The Board is responsible for determining and reviewing compensation arrangements for key management personnel.

The Company may issue options subject to shareholder approval, where required, as determined by the Board.

Executive Remuneration

To achieve its objectives of discovery of economic resources in a cost effective manner, the Company aims to attract and retain a skilled senior management team focused upon contributing to that objective. The Board has established a principle of offering competitive remuneration packages including incentives. There are no guaranteed pay increases included in the senior executives' contracts and the executives are not entitled to any retirement benefits other than those provided under the superannuation guarantee legislation.

Non-Executive Directors

Non-Executive Directors' fees are reviewed on a regular basis against industry benchmarks. Other than compulsory payments made under the superannuation guarantee legislation, there are no retirement benefits provided to Non-Executive Directors. Directors fee are currently set at \$54,000 per annum plus statutory superannuation except for the Chairman who receives \$72,000 per annum plus statutory superannuation.

C.Relationship between remuneration policy and Company performance

The Key Management Personnel and relevant group executives' remuneration do not comprise of any elements that are related to performance.

The performance of the Company in the mining industry will be dependent upon the Company meeting the following corporate objectives:

- conducting successful exploration;
- seeking long term cash flow and profitability through to production; and
- actively pursuing acquisition opportunities to enhance the Company's exploration discovery capacity.

The table below sets out summary information about the Consolidated Entity's earnings, movements in shareholders wealth for the three years to 30 June 2011:

Description	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Revenue	\$128,076	\$53,964	\$98,057	\$128,048
Net loss before tax	\$2,340,589	\$2,775,542	\$6,812,078	\$851,900
Net loss after tax	\$2,340,589	\$2,775,542	\$6,812,078	\$851,900
Share price at start of year	8 cents	2.8 cents	12 cents	N/A

Share price at end of year	14 cents	8 cents	2.8 cents	12 cents
Interim dividend	-	-	-	-
Final dividend	-	-	-	-
Return of capital	-	-	-	-
Basic loss per share	1.49 cents per share	2.89 cents per share	10.01 cents per share	2.2 cents per share
Diluted loss per share	1.49 cents per share	2.89 cents per share	10.01 cents per share	2.2 cents per share

D. Remuneration of the key management personnel and relevant group executives

The following tables provide information about the remuneration of the Consolidated Entity's key management personnel and relevant group executives for the current and previous financial years:

	Short-term employee benefits				Post-employment benefits Super-annuation	Other long-term employee benefits	Share-based payment Options & rights	Total	% of remuneration performance related
	Salary & fees	Bonus	Non-monetary	Other (iii)					
2011	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors									
G Clatworthy	54,000	-	-	31,500	4,860	-	328,500	418,860	78.43
B Bolitho (ii)	13,500	-	-	-	-	-	15,123	28,623	52.84
Executive Directors									
W Gilmour	72,000	-	-	62,250	6,480	-	-	140,730	-
G Gilmour	54,000	-	-	304,500	4,860	-	328,500	691,860	47.48
P Payne (i)	98,910	-	-	-	8,904	-	99,868	207,682	48.09
Company Secretary									
R Arancini	-	-	-	225,730	-	-	131,400	357,130	36.79

(i) appointed 1 February 2011.

(ii) appointed 4 April 2011.

(iii) other benefits relate to consulting and other services provided.

	Short-term employee benefits				Post-employment benefits Super-annuation	Other long-term employee benefits	Share-based payment Options & rights	Total	% of remuneration performance related
	Salary & fees	Bonus	Non-monetary	Other (iii)					
2010	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors									
G Clatworthy (i)	-	-	-	-	-	-	-	-	-
J. Park (ii)	6,240	-	-	-	-	-	-	6,240	-
R Skrzecynski (ii)	4,375	-	-	-	-	-	-	4,375	-
Executive Directors									
W Gilmour (i)	-	-	-	49,500	-	-	397,600	447,100	88.93
G Gilmour (i)	-	-	-	37,500	-	-	-	37,500	-
G. Checketts (ii)	59,500	-	-	-	5,355	-	-	64,855	-
Company Secretary									
R Arancini (i)	-	-	-	-	-	-	-	-	-
J. Haley (ii)	3,800	-	-	-	-	-	-	3,800	-
Senior Management									
P Nicolson (ii)	50,000	-	-	-	4,500	-	-	54,500	-

(i) appointed 30 November 2009.

(ii) resigned 30 November 2009.

(iii) other benefits relate to consulting and other services provided.

Share-based payments granted as compensation

Current financial year

During the year the following options were granted to key management personnel:

Name & Series	Share options Number
G Gilmour – Director (ii)	5,000,000
G Clatworthy – Director (ii)	5,000,000
P Payne – Director (iii)	5,000,000
B Bolitho – Director (iv)	2,500,000
R Arancini – KMP (i)	2,000,000

The options were granted to provide realistic and meaningful incentive and to form part of a reasonable remuneration package. The terms and conditions for the grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Director (ii)	10 cents	10,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vested at date of grant
Director (iii)	27 cents	5,000,000	18 Mar 11	18 Mar 15	\$0.0701	18 Mar 12
Director (iv)	27 cents	2,500,000	31 May 11	31 May 15	\$0.0736	31 May 12
KMP (i)	10 cents	2,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vested at date of grant

There is no further service or performance criteria that need to be met in relation to these options.

During the current financial year no options granted to key management personnel were exercised or lapsed.

Previous financial year

During the year the following options were granted to a Director:

Name & Series	Share options Number
W Gilmour – Director (i)	8,000,000

The options were granted as an incentive to Warren Gilmour to join the board of the Company as its financial position precluded an offer of a commercially competitive salary

The terms and conditions for the grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Director (i)	10 cents	8,000,000	23 Mar 10	22 Mar 14	\$0.0497	Vested at date of grant

There is no further service or performance criteria that need to be met in relation to these options.

Details of existing Options issued to Directors and Key Management Personnel

At 30 June 2011 the following options have been granted to current and previous Directors and other key management personnel:

Director	Option series	Share options Number
W Gilmour	Director (i)	8,000,000
G Gilmour	Director (ii)	5,000,000
G Clatworthy	Director (ii)	5,000,000
P Payne	Director (iii)	5,000,000
B Bolitho	Director (iv)	2,500,000
J Park	Director (v)	600,000
G Checketts	Director (v)	600,000
A Gates	Director (v)	600,000
R Skrzecynski	Director (v)	600,000

KMP	Option series	Share options Number
R Arancini	KMP (i)	2,000,000
G Gill	KMP (ii)	150,000
P Nicolson	KMP (iii)	300,000

Director (i) - These options have an exercise price of 10 cents per share and are exercisable by 22 March 2014. There are no further service or performance criteria that need to be met in relation to these options.

Director (ii) - These options have an exercise price of 10 cents per share and are exercisable by 4 October 2014. There is no further service or performance criteria that need to be met in relation to these options.

Director (iii) - These options have an exercise price of 27 cents per share and are exercisable by 18 March 2015. The options vest on 18 March 2012. There is no further service or performance criteria that need to be met in relation to these options.

Director (iv) - These options have an exercise price of 27 cents per share and are exercisable by 31 May 2015. The options vest on 31 May 2012. There is no further service or performance criteria that need to be met in relation to these options.

Director (v) – These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. There is no further service or performance criteria that need to be met in relation to these options.

KMP (i) - These options have an exercise price of 10 cents per share and are exercisable by 4 October 2014. There is no further service or performance criteria that need to be met in relation to these options.

KMP (ii) - These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. There is no further service or performance criteria that need to be met in relation to these options.

KMP (iii) - These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. The options had a 12 month vesting period at the date of grant. This vesting requirement has been satisfied. There is no further service or performance criteria that need to be met in relation to these options.

The terms and conditions for each grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Director (i)	10 cents	8,000,000	23 Mar 10	22 Mar 14	\$0.0497	Vests at date of grant
Director (ii)	10 cents	10,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vests at date of grant
Director (iii)	27 cents	5,000,000	18 Mar 11	18 Mar 15	\$0.0701	18 Mar 12
Director (iv)	27 cents	2,500,000	31 May 11	31 May 15	\$0.0736	31 May 12
Director (v)	30 cents	2,400,000	24/ May 07	24 May 12	\$0.096	Vests at date of grant.
KMP (i)	10 cents	2,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vests at date of grant
KMP (ii)	30 cents	150,000	24 May 07	24 May 12	\$0.096	Vests at date of grant.
KMP (iii)	30 cents	300,000	24 May 07	24 May 12	\$0.107	Vested 12 months after grant date

Value of options issued to Directors and Executives

Current financial year

During the current financial year a total of 19,500,000 options were granted to Directors and key management personnel.

The following table summarises various information in relation to all options granted to Directors and Executives:

Option Series	2009 Value of options granted at the grant date (i) \$	2010 Value of options granted at the grant date (ii) \$	2011 Value of options granted at the date of grant (iii)	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse \$
Director (i)	-	397,600	-	-	-
Director (ii)	-	-	657,000	-	-
Director (iii)	-	-	99,868	-	-
Director (iv)	-	-	15,123	-	-
KMP (i)	-	-	131,400	-	-
KMP (iii)	28,730	-	-	-	-

Notes to the above table:

(a) The fair value of options granted is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

Previous financial year

During the current financial year 8,000,000 options were granted to Director, Warren Gilmour.

The following table summarises various information in relation to all options granted to Directors and Executives:

Option Series	2008 Value of options granted at the grant date (i) \$	2009 Value of options granted at the grant date (ii) \$	2010 Value of options granted at the date of grant (iii)	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse \$
Director (i)	-	-	397,600	-	-
Director (v)	230,496	-	-	-	-
KMP (iii)	14,406	-	-	-	-
KMP (iii)	3,254	28,730	-	-	-

Notes to the above table:

(a) The fair value of options granted is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards. .

E. Key terms of employment contracts

Contracts for services of key management personnel and relevant executives

Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature.

Non-Executive Directors

The Company's Constitution provides that the Directors may be paid out of Company funds, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. The sum of Directors' remuneration may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Any director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the ASX Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act 2001. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the *Corporations Act 2001*.

Executive Director and other key management personnel

Geoffrey Gilmour

The Company has entered into a consultancy agreement with Willowood Corporate Pty Ltd ("Willowood") to provide the services of Geoffrey Gilmour to the Company. The key terms of the agreement were as follows:

- Monthly fee of \$15,000 (excluding GST); and
- Term – 15 months from 1 March 2011;
- Termination by the Company– The Company may terminate the agreement by giving 3 months prior written notice. If terminated in this manner the Company must pay Willowood the amount payable on the unexpired balance of the 15 month term. The Company may also terminate the agreement if Willowood becomes insolvent or if Willowood or Mr Gilmour are wilfully dishonest or fraudulent. In such case Willowood is only entitled to be paid up to the date of termination.

Paul Payne

The Company has entered into an employment agreement with Paul Payne to provide his services to the Company. The key terms of the agreement were as follows:

- Annual salary of \$200,000 inclusive of superannuation; and
 - Term – 12 months from 1 February 2011.
- Termination by the Company– The Company may terminate the agreement by giving 1 months prior written notice. If the Company terminates the agreement in this manner pay Mr Payne the amount payable in respect of the unexpired balance of the 12 month term. The Company may also terminate the agreement for reasons including dishonesty or fraud by Mr Payne. In such case Mr Payne is only entitled to his salary up to the date of termination.

Warren Gilmour

Mr Gilmour has agreed to provide consultancy services to the Company as and when required at commercial rates. There is no formal written agreement with Mr Gilmour.

Ross Arancini

Mr Arancini has agreed to provide company secretarial, accounting, corporate and taxation services to the Company at commercial rates. There is no formal written agreement with Mr Arancini.

Non-audit services

During the year the following non-audit services were provided by the Company's auditor. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised..

Services	Amount	
	2011	2010
Taxation	\$6,000	-

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the Annual Report.

Signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Mr Geoffrey Gilmour
Managing Director

Fremantle
30th September 2011



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Auditor's Independence Declaration to the Directors of Bright Star Resources Limited.

In relation to our audit of the financial report of Bright Star Resources Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Brad Tozer'.

Brad Tozer
Partner
30 September 2011



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Independent auditor's report to the members of Bright Star Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Bright Star Resources Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Bright Star Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Inherent Uncertainty Regarding Continuation as a Going Concern

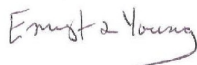
Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 3 to the financial statements "Basis of preparation", there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 17 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Bright Star Resources Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Brad Tozer'.

Brad Tozer
Partner
Brisbane
30 September 2011

Directors' declaration

In accordance with a resolution of the directors of Bright Star Resources Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the Directors



Mr Geoffrey Gilmour
Managing Director

Fremantle
30th September 2011

Statement of comprehensive income for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$	2010 \$
Continuing operations			
Rental Income		-	11,838
Interest revenue		100,831	5,921
Option fee		25,000	20,000
Sundry income		2,245	3,027
Administrative expenses	6	(1,047,527)	(544,342)
Depreciation and amortisation expense		(2,115)	(3,280)
Employee benefit expenses		(1,336,659)	(544,940)
Exploration expenditure		(2,500)	(80,269)
Finance costs		-	(72,399)
Foreign currency translation reserve de-recognised		70,222	-
Impairment loss on exploration tenements	13	-	(717,406)
Impairment loss on plant and equipment		(150,086)	(7,304)
Impairment loss on receivables		-	(186,299)
Loss for the year before income tax		(2,340,589)	(2,115,453)
Income tax expense	7	-	-
Loss from continuing operations for the year after income tax		(2,340,589)	(2,115,453)
Discontinued operations			
Gain/(loss) from discontinued operations after income tax	32	(108,893)	(660,089)
Loss for the year after income tax		(2,449,482)	(2,775,542)
Other comprehensive income			
De-recognition of foreign currency translation		(70,222)	-
Foreign currency translation		-	25,773
Total comprehensive income for the year		(2,519,704)	(2,749,769)
Loss for the year is attributable to:			
Owners of Bright Star Resources Limited		(2,449,482)	(2,775,542)
Total comprehensive loss for the year is attributable to:			
Owners of Bright Star Resources Limited		(2,519,704)	(2,749,769)
Loss per share from continuing operations attributable to owners of Bright Star Resources Limited			
Basic and diluted (cents per share)	19	(1.43)	(2.20)
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic and diluted (cents per share)	19	(1.49)	(2.89)

Notes to the financial statements are included on pages 26 to 60.

Statement of financial position as at 30 June 2011

	Note	Consolidated	
		2011 \$	2010 \$
Current assets			
Cash and cash equivalents	8	2,709,639	356,844
Trade and other receivables	9	1,032,390	22,335
Total current assets		<u>3,742,029</u>	<u>379,179</u>
Non-current assets			
Property, plant and equipment	12	17,768	416,132
Exploration and evaluation expenditure	13	3,635,392	2,281,784
Receivables	10	88,674	287,428
Total non-current assets		<u>3,741,834</u>	<u>2,985,344</u>
Total assets		<u>7,483,863</u>	<u>3,364,523</u>
Current liabilities			
Trade and other payables	14	285,047	84,296
Provisions	15	-	-
Total current liabilities		<u>285,047</u>	<u>84,296</u>
Non-current liabilities			
Provisions	15	-	140,000
Total non-current liabilities		<u>285,047</u>	<u>140,000</u>
Total liabilities		<u>285,047</u>	<u>224,296</u>
Net assets		<u>7,198,816</u>	<u>3,140,227</u>
Equity			
Issued capital	16	18,730,878	13,243,667
Reserves	17	1,765,568	744,708
Accumulated losses	18	(13,297,630)	(10,848,148)
Total equity		<u>7,198,816</u>	<u>3,140,227</u>

Notes to the financial statements are included on pages 26 to 60.

Statement of changes in equity for the financial year ended 30 June 2011

	Fully paid ordinary shares \$	Share option reserve \$	Foreign currency reserve \$	Accumulated losses \$	Non- controlling interest \$	Total \$
Balance at 1 July 2009	10,928,217	276,886	44,449	(8,072,606)	-	3,176,946
Loss for the year	-	-	-	(2,775,542)	-	(2,775,542)
Other comprehensive income	-	-	25,773	-	-	25,773
Total comprehensive income for the year	-	-	25,773	(2,775,542)	-	(2,749,769)
Transactions with owners in their capacity as owners						
Issue of shares	2,361,200	-	-	-	-	2,361,200
Share issue costs	(45,750)	-	-	-	-	(45,750)
Share based payment	-	397,600	-	-	-	397,600
Balance at 30 June 2010	13,243,667	674,486	70,222	(10,848,148)	-	3,140,227
Balance at 1 July 2010	13,243,667	674,486	70,222	(10,848,148)	-	3,140,227
Loss for the year	-	-	-	(2,449,482)	-	(2,449,482)
Other comprehensive income	-	-	(70,222)	-	-	(70,222)
Total comprehensive income for the year	-	-	(70,222)	(2,449,482)	-	(2,519,704)
Transactions with owners in their capacity as owners						
Issue of shares	5,644,621	-	-	-	-	5,644,621
Share issue costs	(157,410)	-	-	-	-	(157,410)
Share based payment	-	1,091,082	-	-	-	1,091,082
Balance at 30 June 2011	18,730,878	1,765,568	-	(13,297,630)	-	7,198,816

Notes to the financial statements are included on pages 26 to 60.

Cash flow statement for the financial year ended 30 June 2011

	Note	Consolidated	
		2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		27,245	10,029
Receipts from rental income		-	11,838
Payments to suppliers and employees		(1,212,859)	(874,584)
Net cash (used in) operating activities	25	(1,185,614)	(852,717)
Cash flows from investing activities			
Interest received		100,831	19,099
Amounts advanced by related parties		-	300,000
Deferred consideration paid		-	(1,195,000)
Payments for property, plant and equipment		(12,691)	(7,315)
Receipts from / (payments for) security deposits and options		198,754	-
Payments for exploration expenditure		(732,652)	(175,554)
Net cash (used in) investing activities		(445,758)	(1,058,770)
Cash flows from financing activities			
Proceeds from issues of equity securities		3,600,000	2,061,500
Payment for share issue costs		(157,410)	(32,550)
Proceeds from disposal of subsidiary		500,000	-
Cash inflow on acquisition of subsidiary		(154,087)	-
Net cash provided by (used in) financing activities		3,788,503	2,028,950
Net increase in cash and cash equivalents		2,157,131	117,463
Cash and cash equivalents at the beginning of the financial year			
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	25,773
Net cash flow from discontinued operations		195,664	5,408
Cash and cash equivalents at the end of the financial year	25	2,709,639	356,844

Notes to the financial statements are included on pages 26 to 60.

Notes to the financial statements for the year ended 30 June 2011

Note	Contents
1	General information
2	New accounting standards and interpretations
3	Significant accounting policies
4	Critical accounting judgements and key sources of estimation uncertainty
5	Operating segments
6	Other expenses
7	Income taxes
8	Cash and cash equivalents
9	Trade and other receivables
10	Receivables
11	Parent entity disclosures
12	Property, plant and equipment
13	Exploration and evaluation expenditure
14	Trade and other payables
15	Provisions
16	Issued capital
17	Reserves
18	Accumulated losses
19	Loss per share
20	Dividends
21	Commitments for expenditure
22	Contingent liabilities and contingent assets
23	Acquisition of controlled entity
24	Interests in controlled entities
25	Notes to the cash flow statement
26	Financial instruments
27	Key management personnel compensation
28	Share-based payments
29	Related party transactions
30	Remuneration of auditors
31	Subsequent events
32	Discontinued operations

1. General information

Bright Star Resources Limited (the Company) (formerly "Tasman Goldfields Limited") is a public Company listed on the Australian Securities Exchange (trading under the code: BUT), incorporated in Australia and operating from Fremantle. The Company's registered office and its principal place of business are as follows:

The registered office and principal place of business is at 1/1 Nairn Street, Fremantle WA 6160.

Bright Star Resources Limited is a gold and mineral exploration company operating in Australia and Tanzania.

2. New accounting standards and interpretations

(a) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Reference	Title	Application Date	Application date for Group
AASB 2009-5	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – The subject of amendments to the standards are set out below:</p> <ul style="list-style-type: none"> • AASB 5 – Disclosures in relation to non-current assets (or disposal groups) classified as held for sale or discontinued operations • AASB 8 – Disclosure of information about segment assets • AASB 101 – Current/non-current classification of convertible instruments • AASB 107 – Classification of expenditures that does not give rise to an asset • AASB 117 – Classification of leases of land • AASB 118 – Determining whether an entity is acting as a principle or an agent • AASB 136 – Clarifying the unit of account for goodwill impairment test is not larger than an operating segment before aggregation • AASB 139 – Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract 	1 Jan 2010	1 Jul 10
AASB 2010-3	<p>Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]</p> <p>Limits the scope of the measurement choices of non-controlling interest to instruments that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of NCI are measured at fair value.</p> <p>Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), in a consistent manner i.e., allocate between consideration and post combination expenses.</p> <p>Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.</p> <p>Clarifies that the revised accounting for loss of significant influence or joint control (from the issue of IFRS 3 Revised) is only applicable prospectively.</p>	1 Jul 10	1 Jul 10

(b) Accounting standards and interpretations issued but not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

The company has not assessed the impact of these standards on its financial statements for the future years.

Ref	Title	Summary	Applic date of standrard	Applic date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	1 Jan 13	1 Jul 13
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<ul style="list-style-type: none"> ▶ These amendments arise from the issuance of AASB 9 <i>Financial Instruments</i> that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. ▶ This Standard shall be applied when AASB 9 is applied. 	1 Jan 13	1 Jul 13
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</p> <p>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 Jan 11	1 Jul 11
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137,	<p>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.</p> <p>In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian</p>	1 Jan 11	1 Jul 11

	139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.		
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 Jan 11	1 Jul 11
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 Jan 11	1 Jul 11
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. <i>Disclosures</i> require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 Jul 11	1 Jul 11
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments).	1 Oct 12	1 Jul 12
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	1 Oct 13	1 Jul 13
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and SIC-12 <i>Consolidation – Special Purpose Entities</i> . The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	1 Jan 13	1 Jul 13

AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 31 <i>Interests in Joint Ventures</i> and SIC-13 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i>. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.</p>	1 Jan 13	1 Jul 13
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance under AASBs for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p>	1 Jan 13	1 Jul 13

3. Significant accounting policies and Going Concern

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 30th September 2011.

Basis of preparation and Going Concern

The financial report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which considers the realisation of assets and the settlement of liabilities in the normal course of business activities.

As at 30 June 2011 the Company has commitments of \$3,466,000 (2010 : \$1,713,000) in respect of minimum expenditure required under exploration permits and mineral leases.

During the year the Company entered into a joint venture agreement that entitles the Company to earn a 75% interest in the Miyabi Gold Project located in Tanzania. The Company can earn 50% of the project by expending \$3,000,000 on exploration and can earn a further 25% on completion of a feasibility study.

In order for the Company to undertake committed exploration activities and meet its obligations under the Miyabi Gold Project joint venture it will have to raise additional capital.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances as the Directors believe that they can raise sufficient funds to meet their committed activities and continue planned operations. However, in the event the consolidated entity is unable to raise additional equity capital or realise funds through the sale of assets there is significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore, whether it will realise its assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and amount and classification of liabilities that might be necessary should the Company and/or the consolidated entity not continue as going concerns.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Principles of Consolidation

The consolidated financial information comprises the financial statements Bright Star Resources Limited and its subsidiaries as at 30 June 2011.

Subsidiaries are all those entities controlled by the Company. Control exists where the parent entity has the capacity to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. A list of controlled entities is shown at **note 25**.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. The financial information of the subsidiaries are prepared for the same reporting period as Tasman Goldfields Limited and using consistent accounting policies

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and

other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

c) Segment Information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers — being the executive management team.

d) Foreign Currency Translation

Functional and presentation currency

The functional currency of each of the Group's operations is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the functional currency of the Company and its Australian subsidiaries and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

The financial results and position of foreign subsidiaries whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months, and bank overdrafts.

f) Investment and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has a positive intention to hold these investments to maturity. Investments intended to be held for an undefined period are not included in this classification. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation cost using the effective interest rate method. This calculation includes all fees and points paid or other premiums or discounts. For investments carried at amortised cost, gains or losses are recognised when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets that are non-derivative that are designated available-for-sale or are not included in the above categories. After initial recognition available-for-sale investments are recognised at fair value, with gains or losses recognised in profit and loss being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past evaluation expenditure in respect of the area of interest is reclassified as capitalised costs of development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

The recoverable amount of exploration and evaluation assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Accumulated costs in respect of areas of interest are written off or a provision made in the statement of comprehensive income when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Provisions are made where farm-in partners are sought and there is a possibility that carried forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Group undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

Development expenditure

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

Farm-in Arrangements

Expenditure incurred under a farm-in arrangement is accounted for in the same way as directly incurred exploration and evaluation expenditure.

h) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value of the plant and equipment also includes costs eligible for capitalisation. Other costs relating to plant and equipment are expensed when incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Depreciation Rate
Buildings	2% - 4%
Plant and equipment	4% - 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

i) Impairment of Non Financial Assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its

recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

j) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

k) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows.

l) Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising fair value of the original debt less principal payments and amortisation.

The fair value of original debt is measured by discounting the balance due at the Company's estimated weighted average cost of capital.

m) Share Based Payment Transactions

Equity Settled Transactions

The Group has provided benefits to certain key management personnel and the Company Secretary in the form of share-based payments, where services were rendered in the period prior to the initial public offer in exchange for shares in the Company (equity-settled transactions). The shares granted were not subject to any vesting conditions.

The Group also provides benefits to certain key management personnel and the Company Secretary in the form of options.

The Group currently has an Employee Option Plan (EOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to relevant market rates for the time, commitment and responsibilities for the work performed.

The cost of the equity-settled transactions has been recognised, together with a corresponding increase in equity, at the date of the granting of the shares and options.

n) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Revenue Recognition

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the asset.

p) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

q) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

GST receivable from or payable to, the Australian Taxation Office has been accounted for and included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis except for the GST component of investing activities, which are disclosed as operating cash flow.

r) Loss per Share (EPS)

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of benefits will be required to settle the obligation and the provision can be measured reliably. The estimated future obligations include the costs of restoring the affected exploration and evaluation areas contained in the Group's tenements.

The provision for future restoration is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The initial estimate of restoration and rehabilitation relating to exploration and evaluation assets is capitalised into the cost of the related asset and is amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same way, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

t) Interests in a Jointly Controlled Operation

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Impairment of assets and exploration and evaluation expenditure

The Company determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At each reporting date management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of future cash flows or fair value is required.

During the financial year the Consolidated Group made an assessment of the carrying value of its exploration assets. As the result of the assessment of the economic recoverability and the planned relinquishment of mining tenements the Consolidated Group made a provision for impairment of \$Nil (2010 : \$1,372,026) against the carrying value of its exploration and evaluation expenditure.

Impairment of Plant Property and Equipment

During the year the Consolidated Group made an assessment of the carrying value of property, plant and equipment owned by Group companies. As a result of this assessment the Consolidated Group made a provision for impairment of \$150,086 (2010 : \$7,304) against the carrying value of property, plant and equipment.

During the year the Consolidated Group made an assessment of the carrying value of Land and Buildings owned by Group companies. As a result of this assessment the Consolidated Group made a provision for impairment of \$Nil (2010 : \$91,146) against the carrying value of Land and Buildings.

Impairment of receivable

During the previous financial year the Company made an assessment of the likely recovery of a loan to a third party. As a result of this assessment the Company made a provision for impairment of \$161,243.

Recoverability of Deferred Tax Assets

Deferred tax assets are not recognised for deductible temporary differences as Directors consider that it is not probable that future taxable profits will be available to utilise those temporary differences.

(ii) Significant accounting estimates and assumptions

Contingent Liabilities and Contingent Assets

The Company assesses contingent liabilities and contingent assets at each reporting date and will account for them only if:

- a) they can be reliably measured;

- b) the probability that an asset or liability will eventually be recognised is greater than remote; and
- c) the items are considered material.

Estimate of Useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model.

5. Operating Segments

Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The executive management team reviews exploration expenditure in each segment to assess its performance and make operating decisions. All other expense and revenue items are not allocated to operating segments as they are not considered part of the core operations of the any segment.

The Group operates in mineral exploration in Australia, New Zealand, Papua New Guinea and Tanzania.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.

Segment information provided to the Board – continuing operations

	Australia		New Zealand		Papua New Guinea		Tanzania	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-	-	-	-
Total segment expenses	(2,500)	(265,970)	-	(531,705)	-	-	-	-
Total segment loss	(2,500)	(265,970)	-	(531,705)	-	-	-	-
Total segment assets	936,568	2,250,789	-	-	30,995	30,995	2,667,829	-
Total segment liabilities	-	(140,000)	-	-	-	-	-	-

	Total	
	2011	2010
	\$	\$
Total segment revenue	-	-
Total segment expenses	(2,500)	(797,675)
Total segment loss	(2,500)	(797,675)
Total segment assets	3,635,392	2,281,784
Total segment liabilities	-	(140,000)

Other segment information

Segment expense reconcile to total expense as follows:

Segment expense	(2,500)	(797,675)
Administrative expenses	(1,047,527)	(544,342)
Employee benefits expense	(1,336,659)	(544,940)
Depreciation	(2,115)	(3,280)
Impairment losses	(150,086)	(193,603)
De-recognise foreign currency translation	70,222	-
Finance costs	-	(72,399)
Loss from discontinued operations	(108,893)	(673,267)
Total expenses	(2,577,558)	(2,829,506)

Segment assets reconcile to total assets as follows:

Segment assets	3,635,392	2,281,784
Corporate assets	3,742,029	379,179
Property, plant and equipment	17,768	416,132
Receivables	88,674	287,428
Total assets	7,483,863	3,364,523

5. Operating Segments (continued)

	2011 \$	2010 \$
Segment liabilities reconcile to total liabilities as follows:		
Segment liabilities	-	(140,000)
Other liabilities	(285,047)	(84,296)
Total liabilities	(285,047)	(224,296)
Segment loss reconciles to loss before tax as follows:		
Segment loss	(2,500)	(797,675)
Revenue from operations	128,076	40,786
Administrative expenses	(1,047,527)	(544,342)
Employee benefits expense	(1,336,659)	(544,940)
Depreciation	(2,115)	(3,280)
Impairment losses	(150,086)	(193,603)
De-recognise foreign currency translation	70,222	-
Finance costs	-	(72,399)
	(2,340,589)	(2,115,453)

6. Other expenses

Loss for the year includes the following expenses:

	2011 \$	2010 \$
Administrative		
Travel	69,652	39,165
Legal	119,844	67,116
Accounting fees	15,385	32,750
Office Rent	28,939	23,202
Audit fees	51,875	56,500
Stock Exchange fees	53,810	48,331
Consultancy fees	556,584	234,806
Other	151,438	42,472
	1,047,527	544,342
Employee Benefits		
<i>Charged to statement of comprehensive income</i>		
Options granted to directors, officers and employees	1,091,082	397,600
Directors fees, superannuation and salaries & wages	245,577	147,340
	1,336,659	544,940
<i>Capitalised to exploration and evaluation costs</i>		
Salaries & wages and superannuation	83,289	-

Total key management personnel remuneration disclosed in Note 28 includes amounts in "Employee benefits" and "Consultancy fees" disclosed above.

7. Income taxes

	2011 \$	2010 \$
Tax expense/(benefit) comprises:		
Current tax expense/(benefit)	-	-
Total tax expense/(benefit)	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2011 \$	2010 \$
Loss from continuing operations	(2,449,482)	(2,775,542)
Income tax benefit calculated at 30%	(734,845)	(832,663)
Tax effects of amounts which are not deductible in calculating taxable income	454,490	119,280
Tax assets not brought to account	280,355	713,383
Total tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2011 \$	2010 \$
The following deferred tax assets/ liabilities have not been brought to account:		
Share issue costs	107,895	134,770
Unused tax losses (a)	2,153,775	1,873,420
Deferred tax assets not recognised by foreign subsidiaries	-	360,360
Accruals	8,250	12,000
Provision for restoration and rehabilitation	-	42,000
Exploration and evaluation expenditure	(277,298)	(684,520)

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- (i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- (ii) conditions for deductibility imposed by the law are complied with; and
- (iii) no changes in tax legislation adversely affecting the realisation of the benefit from the deductions.

No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future.

- (a) Tax loss information is an estimate of available losses, subject to final confirmation of losses transferred on sale of Challenger Mines Limited.
- (b) Tax balances maybe impacted by the finalization of provisional accounting in Note 23.

Unrecognised tax losses as at 30 June 2011 aggregate \$7,179,250 (2010: 6,244,733)

8. Cash and cash equivalents

	2011 \$	2010 \$
Cash at bank and on hand	2,709,639	356,844
	2,709,639	356,844

9. Trade and other receivables

	2011 \$	2010 \$
<u>Current</u>		
Other debtors	1,032,390	22,335
	<u>1,032,390</u>	<u>22,335</u>

During the year the Company sold subsidiary company Challenger Mines Limited for a total consideration of \$1,750,00 to be paid in instalments as follows:

- \$500,000 on settlement in January 2011;
- \$500,000 in July 2011;
- \$500,000 in January 2012;
- \$250,000 on commencement of production.

The Company has not recognised the final \$250,000 instalment as an asset as significant uncertainties exist to its ultimate receipt. During the year the Company received the initial \$500,000 leaving \$1,000,000 as a receivable in other debtors at 30 June 2011. In July 2011 the Company received the second instalment of \$500,000. No provision has been made against the final instalment of \$500,000 as the Company considers it will be received in full.

10. Receivables

	2011 \$	2010 \$
<u>Non Current</u>		
Security deposits – bank guarantee (i)	88,674	94,297
Deposits and environmental bonds – mining tenements (ii)	-	193,131
	<u>88,674</u>	<u>287,428</u>

- (i) The Group has arranged bank guarantees in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to certain mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited; and
- (ii) The deposits and environmental bonds relate to mining tenements held in Australia.

11. Parent entity disclosure

The following details information related to the parent entity, Bright Star Resources Limited as at 30 June 2011. The information presented has been prepared using consistent accounting policies as presented in Note 3.

	2011	2010
	\$	\$
Current assets	2,741,602	376,242
Non-current assets	4,737,607	2,956,754
Total assets	<u>7,479,209</u>	<u>3,332,996</u>
Current liabilities	310,960	84,296
Non-current liabilities	-	-
Total liabilities	<u>310,960</u>	<u>84,296</u>
Contributed equity	18,730,878	13,243,667
Accumulated losses	(13,328,197)	(10,669,453)
Reserves	1,765,568	674,876
Total equity	<u>7,168,249</u>	<u>3,249,090</u>
Loss for the year	<u>(2,658,744)</u>	<u>(2,630,134)</u>
Total comprehensive loss for the year	<u>(2,658,744)</u>	<u>(2,630,134)</u>

Guarantees: No guarantees have been entered into by the parent entity on behalf of subsidiaries.

Contingent liabilities: The Company has arranged bank guarantees totalling \$94,297 (2010: \$94,297) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited.

12. Property, plant and equipment

	Freehold land & buildings at cost	Plant and equipment at cost	Total
	\$	\$	\$
Balance at 1 July 2010	510,000	932,310	1,442,310
Additions	-	12,692	12,692
Disposals	(510,000)	(902,000)	(1,412,000)
Balance at 30 June 2011	-	43,002	43,002

Accumulated depreciation/ amortisation and impairment			
Balance at 1 July 2010	(101,059)	(925,119)	(1,026,178)
Disposals	101,059	1,054,084	1,155,143
Impairment loss (i)	-	(150,086)	(105,086)
Depreciation expense	-	(2,115)	(2,115)
Balance at 30 June 2011	-	(23,236)	(25,234)
Net book value as at 30 June 2011	-	19,766	17,768

	Freehold land & buildings at cost	Plant and equipment at cost	Total
	\$	\$	\$
Balance at 1 July 2009	510,000	924,995	1,434,995
Additions	-	7,315	7,315
Balance at 30 June 2010	510,000	932,310	1,442,310

Accumulated depreciation/ amortisation and impairment			
Balance at beginning of period	(6,705)	(917,743)	(924,448)
Impairment loss (i)	(91,146)	(7,304)	(98,450)
Depreciation expense	(3,208)	(72)	(3,280)
Balance at 30 June 2010	(101,059)	(925,119)	(1,026,178)
Net book value as at 30 June 2010	408,941	7,191	416,132

12. Property, plant and equipment (continued)

- (i) During the financial year the Consolidated Group made an assessment of the carrying value of the freehold land and buildings and plant and equipment and determined that total fair value is \$17,768 (2010 : \$416,132). As the result of this assessment the Consolidated Group made a provision for impairment of \$Nil (2010 : \$98,450) against the carrying value of these assets.

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2011	2010
	\$	\$
Buildings	-	3,208
Plant and equipment	2,115	72
	<u>2,115</u>	<u>3,280</u>

13. Exploration and evaluation expenditure

	2011	2010
	\$	\$
Gross carrying value:		
Balance at beginning of period	8,832,448	8,656,891
Additions (iv)	2,644,622	175,557
Disposals	(6,377,915)	-
Balance at end of financial year	<u>5,099,155</u>	<u>8,832,448</u>
Accumulated depreciation/amortisation and impairment		
Balance at beginning of period	(6,550,664)	(5,258,907)
Impairment expense (i)	-	(1,291,757)
Disposals	5,086,901	-
Balance at end of financial year	<u>(1,463,763)</u>	<u>(6,550,664)</u>
At the end of the financial year book value net of accumulated amortisation and impairment (ii)	<u>3,635,392</u>	<u>2,281,784</u>

- (i) During the financial year the Consolidated Group made an assessment of the carrying value of its exploration assets. As the result of the assessment of the economic recoverability and the planned relinquishment of mining tenements the Consolidated Group made a provision for impairment of \$Nil (2010 : \$1,291,757) against the carrying value of its exploration and evaluation expenditure.
- (ii) The above amounts represent capitalised costs of exploration areas of interest carried forward as an asset in accordance with the accounting policy set out in **note 3 (g)**. The ultimate recoupment of the exploration and evaluation expenditure in respect to the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect to each relevant area of interest is not charged to the statement of comprehensive income until a mining operation is commenced or when tenements are relinquished.
- (iii) During the half-year ended 31 December 2010 the Company an impairment of \$30,995 was made on tenements held in PNG. Subsequent to 30 June 2011 the Company entered into an agreement to dispose of these tenements for \$50,000. The impairment recognised at the end of the half-year was reversed.
- (iv) During the year the company entered into a farm-in arrangement for Miyabi Joint Venture through a JV agreement. Expenditure incurred during the year on Miyabi JV is included in additions during the year. The farm-in arrangement entitles the Company to earn a 75% interest in the Miyabi Gold Project located in Tanzania. The Company can earn 50% of the project by expending \$3m on exploration and can earn a further 25% by completing a feasibility study.

14. Trade and other payables

	2011	2010
	\$	\$
Trade, other payables and accrued expenses (i)	285,047	84,296
	<u>285,047</u>	<u>84,296</u>

(i) There has been no interest charged on the trade payables.

15. Provisions

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
<u>Non-current</u>		
Provision for rehabilitation expenditure (i)	-	140,000
	-	140,000
	-	140,000
<u>Provision for rehabilitation expenditure</u>		
Balance at beginning of the period	140,000	140,000
Disposal of project	(140,000)	-
Balance at end of financial year	-	140,000

(i) the non-current provision for rehabilitation expenditure represents the present value of the Director's best estimates of the future sacrifice of economic benefits required to meet environmental liabilities on the Group's tenements.

16. Issued capital

182,095,763 fully paid ordinary shares
(2010: 122,582,763)

Consolidated	
2011	2010
\$	\$
18,730,878	13,243,667
18,730,878	13,243,667

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Company/ Consolidated	2011 No.	2011 \$	2010 No.	2010 \$
Fully paid ordinary shares				
Balance at beginning of the period	122,582,763	13,243,667	75,633,335	10,928,217
Shares issued at \$0.08 per share on 16 September 2009 pursuant to an option agreement for the development of the Challenger and Mt Adrah Gold projects			2,500,000	200,000
Shares issued at \$0.025 per share on 21 October 2009 to fund exploration and for working capital			8,000,000	200,000
Shares issued at \$0.025 per share on 21 October 2009 to corporate advisor Alpha Securities Pty Ltd to advise on capital raising and research for a 12 month period			528,000	13,200
Shares issued at \$0.035 per share on 14 December 2009 for working capital			12,000,000	420,000
Shares issued at \$0.035 per share on 22 March 2010 to repay a \$300,000 loan made to the Company by directors			8,571,428	300,000
Shares issued at \$0.08 per share on 1 April 2010 to retire debt and for working capital			15,350,000	1,228,000
Shares issued at \$0.09 per share on 11 October 2010 to fund exploration and for working capital	40,000,000	3,600,000	-	-
Shares issued at \$0.09 per share on 20 October 2010 for the acquisition of Carlton Resources Pty Ltd	14,940,233	1,344,621	-	-
Shares issued at \$0.1531 per share on 13 January 2011 to IAMGOLD to acquire the Kitongo Gold Project	4,572,175	700,000	-	-
Share issue costs	-	(157,410)	-	(45,750)
Balance at end of financial year	182,095,171	18,730,878	122,582,763	13,243,667

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary shares is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Management controls the capital of the group in order to fund its operations and continue as a going concern. The consolidated entity does not have any externally imposed capital requirements.

Other share options on issue

Details of unissued shares or interests under option as at 30 June 2011 are as follows:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options	Listed / Unlisted
Bright Star Resources Limited	2,850,000	Ordinary Shares	30 cents	24 May 2012	Unlisted
Bright Star Resources Limited	8,000,000	Ordinary Shares	10 cents	22 March 2014	Unlisted
Bright Star Resources Limited	12,000,000	Ordinary Shares	10 cents	4 October 2014	Unlisted
Bright Star Resources Limited	21,700,000	Ordinary Shares	10 cents	7 October 2012	Listed
Bright Star Resources Limited	5,000,000	Ordinary Shares	27 cents	18 March 2015	Unlisted
Bright Star Resources Limited	2,500,000	Ordinary Shares	27 cents	31 May 2015	Unlisted

Each option entitles the holder to purchase one share. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the Company or any other body corporate.

17. Reserves

	Consolidated	
	2011 \$	2010 \$
Share option reserve	1,765,568	674,486
Foreign Currency Translation Reserve	-	70,222
	<u>1,765,568</u>	<u>744,708</u>
Foreign Currency Translation reserve		
Balance at beginning of financial year	70,222	44,449
Movements:		
Translation adjustments (i)	-	25,773
De-recognition	(70,222)	
Balance at end of financial year	<u>-</u>	<u>70,222</u>
Share Option reserve		
Balance at beginning of financial year	674,486	276,886
Movements:		
Issue of options (ii), (iii)	1,091,082	397,600
Balance at end of financial year	<u>1,765,568</u>	<u>674,486</u>

- (i) Represents the foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries.
- (ii) During the year the Company granted a total of 20,000,000 (2010 : 8,000,000) options to directors, officers and employees. The options have a fair value at the time of grant of \$1,091,082 (2010 : \$397,600).
- (iii) The Share option reserve arises on the grant of share options to executives and senior employees. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in **note 29** to the financial statements.

18. Accumulated losses

	Consolidated	
	2011 \$	2010 \$
Balance at beginning of financial year	(10,848,148)	(8,072,606)
Net loss for the year	(2,449,482)	(2,775,542)
Balance at end of financial year	<u>(13,297,630)</u>	<u>(10,848,148)</u>

19. Loss per share

	2011 Cents per share	2010 Cents per share
Basic loss per share		
From continuing operations	1.43	2.20
Total basic loss per share	<u>1.49</u>	<u>2.89</u>
Diluted loss per share		
From continuing operations	1.43	2.20
Total diluted loss per share	<u>1.49</u>	<u>2.89</u>

Basic loss per share

The net loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2011 \$	2010 \$
Net loss	(2,449,482)	(2,775,542)
Losses used in the calculation of basic loss per share from continuing operations	(2,340,589)	(2,115,453)
Losses used in the calculation of basic loss per share attributable to ordinary shareholders	<u>(2,449,482)</u>	<u>(2,775,542)</u>

	2011	2010
	No.	No.
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	163,918,425	96,258,339

	2011	2010
	No.	No.
Options	52,050,000	10,850,000

Options are considered potential ordinary shares. As the Company incurred a loss during the year the options were not considered dilutive. Accordingly the options have not been included in the determination of diluted earnings per share.

20. Dividends

No dividends were paid or proposed during the current or previous financial year.

21. Commitments for expenditure

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements. The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993) or the equivalent legislation in New Zealand and Papua New Guinea may affect access to and tenure of exploration tenements. Any substantial claim may have an effect on the value of the tenement affected by the claim. No provision has been made in the accounts for the possibility of a native title claim application.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the consolidated entity.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

(i) Exploration Commitments

Commitments for payments under exploration permits and mineral leases in existence at the reporting date but not recognised as liabilities payable are as follows:

	Consolidated	
	2011	2010
	\$	\$
<u>Exploration and evaluation expenditure</u>		
Not longer than 1 year	1,006,000	535,000
Longer than 1 year and not longer than 5 years	2,460,000	1,178,000
Longer than 5 years	-	-
	3,466,000	1,713,000

(ii) Remuneration commitments for payment of salaries under long term employment contracts in existence at reporting date but not recognised as a liability payable:

	Consolidated	
	2011	2010
	\$	\$
<u>Salaries under long term employment contracts</u>		
Not longer than 1 year	296,667	243,300
Longer than 1 year and not longer than 5 years	-	269,775
Longer than 5 years	-	-
	296,667	513,075

22. Contingent liabilities and contingent assets

The Group has arranged bank guarantees totalling \$88,674 (2010: \$94,297) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited.

Pursuant to the agreement for the acquisition of the Kitongo Gold Project the Company will be required to pay an amount of \$750,000 to the vendor on the commencement of production.

The Directors are not aware of any other contingent liabilities or contingent assets that are likely to have a material effect

on the results of the Group as disclosed in these financial statements.

23. Acquisition of controlled entity

On 19 October 2010 Bright Star Resources Limited acquired all of the ordinary equity of Carlton Resources Pty Limited and its controlled entities. All entities in Carlton Resources Pty Limited group on that date became 100% controlled subsidiaries of Bright Star Resources Limited. Carlton Resources Pty Limited owns the Kitongo Gold Project through its wholly owned subsidiary.

Initial consideration transferred was 14,940,233 ordinary shares in Bright Star Resources Limited. Post 31 December 2010 further consideration of 4,572,175 ordinary shares in Bright Star Resources Limited were issued and cash consideration of \$180,000 was paid.

An additional amount of \$750,000 is payable for the acquisition if commercial production is achieved. The directors at 30 June 2011 do not believe given the very early stage the fair value of any consideration is material and have not recorded any amounts.

The acquisition has been provisionally accounted for as follows:

	Consolidated fair value at the acquisition date (AUD)\$
Cash	25,913
Other current assets	508
Intangible asset	2,198,200
	<u>2,224,621</u>

The acquisition was funded by:

Shares issued	1,344,621
Deferred consideration – cash	180,000
Deferred consideration – shares	700,000
	<u>2,224,621</u>

The fair values of acquired assets and related deferred tax liability has been determined provisionally and based on the best information available at the reporting date. Specifically the tax base of acquired assets is under review. Currently based on the best available information these have been set at their accounting value, however require further review. Should the tax base be less than the accounting value assessable temporary differences may result on acquisition which would be offset against goodwill which would require impairment testing.

24. Interests in controlled entities

Name of entity	Country of incorporation	Ownership interest	
		2011 %	2010 %
Parent entity:			
Bright Star Resources Limited (i)	Australia		
Controlled entities:			
Tasman Goldfields Australia Operations Pty Ltd	Australia	100	100
Tasman Goldfields Miclere Pty Ltd (ii)	Australia	100	100
Tasman Goldfields NSW Pty Ltd (ii)	Australia	100	100
Challenger Mines Pty Ltd (ii) (B)	Australia	-	100
Tasman Goldfields Pajingo Pty Ltd (ii) (E)	Australia	-	100
Tasman Goldfields NZ Operations Ltd (A)	New Zealand	100	100
Tasman Goldfields Longwood Limited (ii) (A)	New Zealand	100	100
Tasman Goldfields Otago Limited (ii) (A)	New Zealand	100	100
Golden Pacific Resources Limited (E)	Australia	-	100
Golden Pacific Resources (PNG) Limited (ii)	Papua New Guinea	100	100
Golden New Guinea Ltd (ii)	Papua New Guinea	100	100
Carlton Resources Pty Ltd (C)	Australia	100	-
Carlton Kitongo Tanzania Limited (D)	Tanzania	100	-

- (i) Bright Star Resources Limited is the ultimate holding Company.
- (ii) Investments held through subsidiaries.

The parent entity and its controlled entities are not within a tax-consolidated group.

- (A) These subsidiaries have been placed into voluntary liquidation.
- (B) This subsidiary was sold during the year.
- (C) This subsidiary was acquired during the year.
- (D) This subsidiary was incorporated during the year.
- (E) This subsidiary was de-registered during the year.

25. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2011	2010
	\$	\$
Cash and cash equivalents	2,709,639	356,844

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated	
	2011	2010
	\$	\$
Net loss	(2,449,482)	(2,775,542)
Interest income	(100,831)	(19,099)
Depreciation	2,115	3,280
Impairment of exploration and evaluation expenditure	-	1,291,757
Impairment loss on plant and equipment	-	7,304
Impairment loss on receivable	-	186,299
Impairment loss on land and buildings	-	91,146
Discontinued operations	(13,407)	(11,921)
Equity-based remuneration – share based payments	1,091,082	397,600
Exploration expensed	2,500	
Interest on deferred consideration		78,909
Loss on disposal of land & buildings	150,086	-
(Increase)/decrease in assets:		
Trade and other receivables	(1,579)	(3,853)
Prepayments	-	-
Increase/(decrease) in liabilities:		
Trade and other payables	133,902	(71,779)
Provisions – employee benefits	-	(26,818)
Net cash use in operating activities	<u>(1,185,614)</u>	<u>(852,717)</u>

(c) Non-cash financing and investment activities

Issue of 528,000 shares at \$0.025 per share for capital raising and research services provided by Alpha Securities Pty Ltd for a 12 month period	-	13,200
Issue of 14,940,233 shares at \$0.09 per share on 20 October 2010 for the acquisition of Carlton Resources Pty Ltd	1,344,621	-
Issue of 4,572,175 shares at \$0.1531 per share on 13 January 2011 to IAMGOLD to acquire the Kitongo Gold Project	700,000	-

26. Financial instruments

(a) Financial risk management objectives

The senior management and Board monitor and manage the financial risk relating to the operations of the Group. The Group's activities include exposure to market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program focuses on managing these risks and implementing and monitoring of controls over the cash management function. The unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. There has been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods to measure them.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in **notes 3 and 4** to the financial statements.

(c) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders of the parent, comprising of issued capital, reserves and accumulated losses as disclosed in **notes 16, 17 and 18** respectively. The Group operates its exploration and evaluation activities through its wholly owned subsidiaries. None of the Group's entities are subject to externally imposed capital requirements. The Group intends to use a variety of capital market issues to meet anticipated funding requirements. The Group currently has no short-term or long-term borrowings.

(d) Market price risk

The Group is involved in the exploration and development of mining tenements for base metals including gold and copper. Revenue from any future mining associated with metal sales, the acquisition and disposal consideration for mining tenements and the ability to raise funds through equity and debt will be largely dependent upon the commodity price for resources at the time of the transaction.

(e) Interest rate risk

The Group's cash-flow interest rate risk for assets primarily arises from cash at bank and deposits which are subject to market bank rates. There is no interest receivable or payable on the Group's trade and other receivables or payables. Details of the interest rates and maturities are located in this note. The Group will be exposed to further interest rate risk if it intends to borrow funds in the future for acquisition and development.

(f) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. The Group internal policy requires deposits to be held with financial institutions holding a benchmark credit rating. At balance date the cash and deposits were held with the ANZ Banking Group.

(g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- (ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis; and
- (iii) the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

(h) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services and the holding of assets and liabilities in currencies other than the Group's measurement currency. The Group did not have a material exposure to foreign currency risk during the period to 30 June 2011.

27. Financial instruments (continued)

Maturity profile of financial instruments

The following tables details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table have been drawn up based on undiscounted cash flows and details the Group's exposure to interest rate risk as at 30 June 2011 and as at 30 June 2010:

2011	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 + years \$	Total
Financial assets							
Non-interest bearing		-	-	1,032,390	-	-	1,032,390
Variable interest rate instrument	5.0	2,709,639	-	-	88,674	-	2,798,313
Fixed interest rate instruments		-	-	-	-	-	-
		<u>2,709,639</u>	<u>-</u>	<u>1,032,390</u>	<u>88,674</u>	<u>-</u>	<u>3,830,703</u>
Financial liabilities							
Non-interest bearing		285,047	-	-	-	-	285,047
		<u>285,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,047</u>
2010							
2010	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 + years \$	Total
Financial assets							
Non-interest bearing		22,335	-	-	-	-	22,335
Variable interest rate instrument	4.0	356,844	-	-	287,428	-	644,272
Fixed interest rate instruments		-	-	-	-	-	-
		<u>379,179</u>	<u>-</u>	<u>-</u>	<u>287,428</u>	<u>-</u>	<u>666,607</u>
Financial liabilities							
Non-interest bearing		84,296	-	-	-	-	84,296
		<u>84,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,296</u>

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by \$20,166 (2010: \$6,447).

27. Key management personnel compensation

	2011	2010
	\$	\$
Short-term employee benefits	916,390	210,915
Post-employment benefits	25,104	9,855
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	903,391	397,600
	1,844,885	618,370

Further details of the key management personnel compensation can be found in the Remuneration Report section of the Directors' Report. The remuneration report also contains information on disputed remuneration not included in the amounts above.

28. Share-based payments

(a) Key Management Personnel

During the year the following options were granted to key management personnel:

Name & Series	Share options Number
G Gilmour – Director (ii)	5,000,000
G Clatworthy – Director (ii)	5,000,000
P Payne – Director (iii)	5,000,000
B Bolitho – Director (iv)	2,500,000
R Arancini – KMP (i)	2,000,000

The options were granted to provide realistic and meaningful incentive and to form part of a reasonable remuneration package.

The terms and conditions for the grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Director (ii)	10 cents	10,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vested at date of grant
Director (iii)	27 cents	5,000,000	18 Mar 11	18 Mar 15	\$0.0701	18 Mar 12
Director (iv)	27 cents	2,500,000	31 May 11	31 May 15	\$0.0736	31 May 12
KMP (i)	10 cents	2,000,000	4 Oct 10	4 Oct 14	\$0.0657	Vested at date of grant

Other key inputs to the Black Scholes model used for valuing the options are:

Option series	Grant date share price	Expected volatility	Risk free rate
Director (ii)	\$0.12	70%	4.76%
Director (iii)	\$0.145	80%	4.79%
Director (iv)	\$0.15	80%	4.76%
KMP (i)	\$0.12	70%	4.76%

There is no further service or performance criteria that need to be met in relation to these options.

During the current financial year no options granted to key management personnel were exercised or lapsed.

During the previous year 8,000,000 options over ordinary shares in the capital of the Company were granted to the following Director:-

Director	Share options Number
Mr. W Gilmour	8,000,000

These options have an exercise price of 10 cents per share and are exercisable by 22 March 2014. There is no further service or performance criteria that need to be met in relation to these options. The fair value of these options at time of issue was \$397,600.

The granting of these options was not dependent on the satisfaction of a performance condition and was issued by the Company as an incentive.

The key inputs to the Black Scholes model used for valuing the options are:

Inputs into the model		
Fair Value of Options		\$0.0497
Grant date share price		\$0.08
Exercise price		\$0.10
Expected volatility		90%
Risk free rate		4.70%

No other options were granted to key management personnel during the previous financial year.

(b) Others

During the year ended 30 June 2011, 1.7 million listed options were issued to employees and shareholders. 500,000 of the options were issued to employees as a reward for services provided. 1,200,000 of the options were issued to long standing shareholders in recognition of their support for the Company.

The terms and conditions for the grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Other	10 cents	1,700,000	11 Nov 10	11 Nov 12	\$0.0832	Vested at date of grant

The key inputs to the Black Scholes model used for valuing the options are:

Inputs into the model		
Fair Value of Options		\$0.0832
Grant date share price		\$0.16
Exercise price		\$0.10
Expected volatility		90%
Risk free rate		4.99%

(c) Reconciliation of options outstanding

The following reconciles the outstanding share options provided as share based payments at the beginning and end of the financial year:

	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	10,850,000	\$0.15	2,850,000	\$0.30
Granted during the financial year	21,200,000	\$0.18	8,000,000	\$0.10
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year	32,050,000	\$0.17	10,850,000	\$0.15
Exercisable at end of the financial year	32,050,000	\$0.17	10,850,000	\$0.15

29. Related party transactions

Parent entity

The parent entity in the Group is Bright Star Resources Limited which was incorporated in Brisbane Australia on 29 September 2006.

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in the subsidiary are disclosed in **note 24** to the financial statements.

(b) Transactions with key management personnel

i. Key management personnel compensation

The aggregate compensation made to key management personnel compensation are disclosed in **note 27** of the financial statements and details of the compensation made to key management personal has been provided in the remuneration report which forms part of the Directors' Report.

ii. Key management personnel equity holdings

Fully paid ordinary shares of Bright Star Resources Limited held directly or indirectly:

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No. (v)
2011					
W Gilmour	14,892,857	-	-	-	14,892,857
G Gilmour	6,658,604	-	-	-	7,108,604
G Clatworthy	3,277,771	-	-	-	3,277,771
R Arancini	1,428,571	-	-	2,695,101	4,123,672
P Payne	-	-	-	500,000	500,000
B Bolitho	-	-	-	-	-
2010					
W Gilmour	7,750,000	-	-	7,142,857	14,892,857
G Gilmour	-	-	-	6,658,604	6,658,604
G Clatworthy	1,849,200	-	-	1,428,571	3,277,771
R Arancini	-	-	-	1,428,571	1,428,571
J Park	2,253,500	-	-	-	2,253,500
G Checketts	5,450,000	-	-	-	5,450,000
R. Skrzeczynski	1,800,000	-	-	-	1,800,000

- (i) Messrs Park, Checketts and Skrzeczynski resigned on 30 November 2009.
- (ii) Messrs Gilmour, Gilmour, Clatworthy and Arancini were appointed on 30 November 2009
- (iii) Paul Payne was appointed on 1 February 2011
- (iv) Barry Bolitho was appointed on 4 April 2011.
- (v) Shareholding shown at 30 June or at date of resignation where resignation occurred during the year.

Share options of Bright Star Resources Limited

Directors	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June (beneficial interest) No.	Bal vested at 30 June No. (i)	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2011									
W Gilmour	8,000,000	-	-	-	8,000,000	8,000,000	-	8,000,000	-
G Gilmour	-	5,000,000	-	-	5,000,000	5,000,000	-	5,000,000	5,000,000
G Clatworthy	-	5,000,000	-	-	5,000,000	5,000,000	-	5,000,000	5,000,000
R Arancini	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
P Payne	-	5,000,000	-	-	5,000,000	-	-	-	-
B Bolitho	-	2,500,000	-	-	2,500,000	-	-	-	-
2010									
W Gilmour	-	8,000,000	-	-	8,000,000	8,000,000	-	8,000,000	8,000,000
J Park	600,000	-	-	-	600,000	600,000	-	600,000	-
G Checketts	600,000	-	-	-	600,000	600,000	-	600,000	-
T Gates	600,000	-	-	-	600,000	600,000	-	600,000	-
R Skrzeczynski	600,000	-	-	-	600,000	600,000	-	600,000	-
P Nicolson	300,000	-	-	-	300,000	300,000	-	300,000	-
G Gill	150,000	-	-	-	150,000	150,000	-	150,000	-

- (i) Messrs Park, Checketts, Gates, Skrzeczynski, Nicolson and Gill resigned during the 2010 year.
- (ii) Option holdings shown at 30 June or at date of resignation where resignation occurred during the year.

Transactions between the Group and other related parties

(a) Other Transactions with Key Management Personnel and Related Parties

i. Loans

During the previous year a loan aggregating \$300,000 was provided by Mr W Gilmour (\$250,000) and Mr Graeme Clatworthy (\$50,000) to the Company. The loan was repaid during the previous year through the issue of share at 3.5 cents each.

ii. Consultancy fees

The following amounts have been included in disclosed remuneration in Note 28.

During the financial year the Company paid Willowood Corporate Pty Ltd, a Company related to Mr G Gilmour consultancy fees of \$304,500 (2010 : \$37,500).

During the financial year the Company paid Tanner Investments Pty Ltd, a company related to Mr W Gilmour, consultancy fees of \$62,250 (2010 : \$49,500).

During the financial year the Company paid G Clatworthy and R Arancini, consultancy fees of \$31,500 (2010: Nil) and \$225,730 (2010: Nil).

ii. Other

During the year the company paid salary and wages of \$22,800 (2010 : nil) and superannuation of \$2,052 (2010 : nil) to Penny Gilmour daughter of Warren Gilmour.

During the year Ms Gilmour was granted 500,000 options as remuneration. The options are exercisable at \$0.10 and expire on 7 October 2012. There is no further service or performance criteria that need to be met in relation to these options. The fair value of the options at time of issue was \$41,600.

The key inputs to the Black Scholes model used for valuing the options are:

Inputs into the model	
Fair Value of Options	\$0.0832
Grant date share price	\$0.16
Exercise price	\$0.10
Expected volatility	90%
Risk free rate	4.81%

30. Remuneration of auditors

	Consolidated	
	2011	2010
	\$	\$
Remuneration of Ernst & Young as the auditor of the parent entity		
Audit or review of the financial report	51,875	56,500
Related practice of the parent entity auditor		
Other non-audit services – taxation services	6,000	-
	57,875	56,500
Amounts due and receivable by other auditors (foreign subsidiaries)		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	-	2,610
	-	2,610

31. Subsequent events

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

32. Discontinued operations

In September 2010 management entered into a call option agreement to sale Challenger Mines Limited. The option was exercised by the buyer prior to 30 June 2011 and the control of business was passed to the acquirer.

The results of the operations for the discontinued operations for the year are presented below:

	2011	2010
	\$	\$
Revenue	12,694	13,178
Expenses	(121,587)	(673,267)
Loss for the year	(108,893)	(660,089)

Assets and liabilities and cash flow information of disposed entity

The major classes of assets and liabilities of Challenger Mines Limited are as follows:

	\$
Cash at bank	471
GST receivable	1,296
Exploration permits and bonds	197,258
Land and buildings	258,854
Exploration and evaluation expenditure	1,291,014
Provision for rehabilitation and restoration	(140,000)
Net assets attributed to discontinued operations	1,608,893

The net cash flows of Challenger Mines Limited are as follows:

Operating activities	12,694
Net cash inflow	12,694

	2011
	\$
<i>Consideration received or receivable:</i>	
Cash	1,500,000
Less: Net assets disposed off	1,608,893
Loss on disposal	<u>(108,893)</u>

Earnings per share – cents per share:

	2011	2010
- Basic from discontinued operations	(0.07)	(0.69)
- Diluted from discontinued operations	(0.07)	(0.69)

Additional stock exchange information as at 29 September 2011

Number of holders of equity securities

Ordinary share capital

182,095,171 fully paid ordinary shares.

There are 58 unmarketable shareholdings.

14,940,233 fully paid ordinary shares are subject to voluntary escrow. The escrow period ends on 20 October 2011.

All issued ordinary shares carry one vote per share.

Listed options

21,700,000 options are quoted on ASX. The options are exercisable at 10 cents and expire on 7 October 2012.

Unlisted options

2,850,000 options exercisable at 30 cents and expiring on 24 May 2012 are held by 6 individual option holders;

8,000,000 options exercisable at 10 cents and expiring on 22 March 2014 are held by one option holder;

12,000,000 options exercisable at 10 cents and expiring on 4 October 2014 are held by three option holders.

5,000,000 options exercisable at 27 cents and expiring on 18 March 2015 are held by one option holder.

2,500,000 options exercisable at 27 cents and expiring on 31 May 2015 are held by one option holder.

Options do not carry a right to vote.

Distribution of holders of ordinary shares

Holdings Ranges	Holders	Total Units	%
1-1,000	20	3,966	0.002
1,001-5,000	60	223,741	0.123
5,001-10,000	124	1,067,791	0.586
10,001-100,000	520	22,822,745	12.533
100,000 and over	216	157,976,928	86.755
Totals	940	182,095,171	100.00

Distribution of holders of listed options

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0
1,001-5,000	0	0	0
5,001-10,000	2	17,500	0.081
10,001-100,000	42	2,744,884	12.649
100,000 and over	40	18,937,616	87.270
Totals	84	21,700,000	100.00

Substantial shareholders

ORDINARY SHAREHOLDER	FULLY PAID SHARES	%
GOLDEN CROSS RESOURCES LTD	15,000,000	8.237
W&C GILMOUR SUPERANNUATION FUND	14,892,857	8.179

Twenty largest holders of quoted ordinary shares

Holder Name	Balance	%
GOLDEN CROSS RESOURCES LTD	15,000,000	8.237
WARREN GIMLOUR & CATHERINE GILMOUR <W&C GILMOUR SUPER FUND A?C>	14,892,857	8.179
GEOFFREY MARK GILMOUR	6,658,604	3.657
DR LEON EUGENE PRETORIUS	6,642,000	3.648
NEFCO NOMINEES PTY LTD	5,250,000	2.883
JP MORGAN NOMINEES AUST LTD <CASH INCOME A/C>	4,623,960	2.539
RED OAKS PTY LTD	4,123,672	2.265
ROBKIN PTY LTD <PACIFIC EXP CONS S/F A/C>	3,938,318	2.163
GRAHAM FRANK & GINA MARIA MCDONAGH <MCDONAGH SUPERFUND A/C>	3,580,000	1.966
TOTODE PTY LTD <HINDMARSH INVESTMENTS A/C>	3,427,465	1.882
GEOFFREY JOHN CHAPMAN	3,427,465	1.882
GRAEME JOHN CLATWORTHY <G CLATWORTHY FAMILY A/C>	3,277,771	1.800
COLOSSEUM SECURITIES PTY LTD <GIGLIA FAMILY A/C>	2,881,869	1.593
PETER ANDREW SMITH	2,695,101	1.48
LAURIE TONY SORGIOVANNI	2,350,000	1.291
JEAN JACQUES LOOFS	1,787,500	0.982
PINELEAF LTD <SMITH SUPERFUND A/C>	1,750,000	0.961
JOHN GORDON PARK & SHIRLEY PATRICIA PARK <PARK SUPER FUND A/C>	1,673,500	0.919
GREAT EASTERN HOLDINGS PTY LTD <NAMBUNG UNIT A/C>	1,595,830	0.876
ELK HOLDINGS PTY LTD <THE ELK SUPERFUND A/C>	1,523,318	0.837
Total	91,099,230	50.028

Twenty largest holders of quoted options

NEFCO NOMINEES PTY LTD	2,225,000	10.253
GREAT EASTERN HOLDINGS PTY LTS <NAMBUNG UNIT A/C>	1,700,000	7.834
UBS WEALTH MANAGEMENT AUST NOMINEES PTY LTD	1,667,055	7.682
MERRILL LYNCH (AUST) NOMINEES PTY LTD	1,431,191	6.595
JEREMY TOBIAS	977,778	4.506
PENSION AUST NOMINEES PTY LTD <ACCUM A/C>	800,000	3.687
HERMIONE LILITH CALOV LOOFS	714,441	3.292
UTRADE LTD	612,908	2.824
CUSTODIAL SERVICES LTD <BENEFICIARIES HOLDING <A/C>	572,778	2.640
CLAPSY PTY LTD <BARON SUPERFUND A/C>	550,000	2.535
PENSION AUST NOMINEES PTY LTD <INDIAN OCEAN A/C>	550,000	2.535
JEAN-JACQUES & HERMIONE LOOFS <LOOFS SUPERFUND A/C>	526,000	2.424
PJG CORPORATE PTY LTD <PENELOPE GILMOUR SUPERFUND A/C>	500,000	2.304
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD NOMINEE A/C>	483,000	2.226
NICOLE GALLIN & KYLE HAYNES <GH SUPERFUND A/C>	422,222	1.946
RANGEMEN PTY LTD <THE HOWE SUPERFUND A/C>	392,778	1.810
SBG NOMINEES PTY LTD <STEPHEN GILMOUR SUPERFUND A/C>	350,000	1.613
DANIELLE TR)Y	305,556	1.408
OCEANRIDGE LTD	300,000	1.382
QUEENSLAN MARKETING MANAGEMENT PTY LTD <SUPERFUND A/C>	277,777	1.280
PINELEAF PTY LTD <SMITHERS SUPERFUND A/C>	277,777	1.280
Total	15,636,261	72.057

Unquoted options greater than 20%

W&C GILMOUR SUPER FUND – 8,000,000 options exercisable at 10 cents expiring on 22 March 2014

JOHN PARK – 600,000 options exercisable at 30 cents expiring on 24 May 2012

GEOFFREY CHECKETTS – 600,000 options exercisable at 30 cents expiring on 24 May 2012

ANTHONY GATES – 600,000 options exercisable at 30 cents expiring on 24 May 2012

ROBERT SKRZECYNSKI – 600,000 options exercisable at 30 cents expiring on 24 May 2012

GEOFFREY GILMOUR – 5,000,000 options exercisable at 10 cents expiring on 4 October 2014.

GRAHAM CLATWORTHY – 5,000,000 options exercisable at 10 cents expiring on 4 October 2014.

PAUL PAYNE – 5,000,000 options exercisable at 27 cents expiring on 18 March 2015.

BARRY BOLITHO – 2,500,000 options exercisable at 27 cents expiring on 31 May 2015.

Tenement Schedule
 Tenements held at 30 June 2011

Tenement No	Status	Expiry	Registered Holder	Equity
Miclere Project				
EPM 9453	Granted	18/07/15	Tasman Goldfields Miclere Pty Ltd	100%
EPM 9680	Renewal pending	07/12/09	Tasman Goldfields Miclere Pty Ltd	100%
ML 1765	Granted	31/03/26	Tasman Goldfields Miclere Pty Ltd	100%
ML 1797	Granted	31/07/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1865	Granted	30/04/25	Tasman Goldfields Miclere Pty Ltd	100%
ML 1883	Granted	30/04/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1905	Granted	30/09/26	Tasman Goldfields Miclere Pty Ltd	100%
ML 1927	Granted	31/01/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1928	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1929	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1931	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1939	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1946	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1947	Renewal pending	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1954	Granted	31/01/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1955	Granted	31/10/16	Tasman Goldfields Miclere Pty Ltd	100%
ML 2139	Granted	30/04/12	Tasman Goldfields Miclere Pty Ltd	100%
ML 2140	Granted	31/08/12	Tasman Goldfields Miclere Pty Ltd	100%
ML 1963	Granted	30/06/18	Tasman Goldfields Miclere Pty Ltd	100%
Mt Adrah				
EL 6372	Granted	01/04/11	Challenger Mines Ltd*	100%
			*transfer lodged to transfer ownership to Tasman Goldfields NSW Pty Ltd	
Kitongo				
RL 0002/2009	Granted	11/06/14	Carlton Kitongo Tanzania Ltd	100%
RL 0003/2009	Granted	11/06/14	Carlton Kitongo Tanzania Ltd	100%
RL 0004/2009	Granted	11/06/14	Carlton Kitongo Tanzania Ltd	100%
PL 6385/2010	Granted	4/05/17	Carlton Kitongo Tanzania Ltd	100%
PL 6499/2010	Granted	12/08/17	Carlton Kitongo Tanzania Ltd	100%
PL 6543/2010	Granted	4/10/17	Carlton Kitongo Tanzania Ltd	100%
PL 5571/2008	Granted	30/12/15	Carlton Kitongo Tanzania Ltd	100%
PL6629/2010	Granted	20/09/17	Carlton Kitongo Tanzania Ltd	100%
PL6421/2010	Granted	4/05/17	Carlton Kitongo Tanzania Ltd	100%
PL6530/2010	Granted	4/10/17	Carlton Kitongo Tanzania Ltd	100%
PL 6631/2010	Renewal	20/09/17	Carlton Kitongo Tanzania Ltd	100%
PL 3540/2005	Renewal	6/09/12	Carlton Kitongo Tanzania Ltd	100%
PL 3541/2005	Renewal	6/09/12	Carlton Kitongo Tanzania Ltd	100%
PL 3566/2005	Renewal	18/09/12	Carlton Kitongo Tanzania Ltd	100%
PL 3616/2005	Renewal	6/10/12	Carlton Kitongo Tanzania Ltd	100%
PL 4618/2007	Renewal	17/09/14	Carlton Kitongo Tanzania Ltd	100%
PL 6637/2010	Renewal	20/09/17	Carlton Kitongo Tanzania Ltd	100%
PL 3534/2005	Renewal	6/09/12	Carlton Kitongo Tanzania Ltd	100%
PL3539/2005	Renewal	6/09/12	Carlton Kitongo Tanzania Ltd	100%
PL3569/2005	Renewal	18/09/12	Carlton Kitongo Tanzania Ltd	100%
PL3568/2005	Renewal	18/09/12	Carlton Kitongo Tanzania Ltd	100%

Corporate directory

Directors	Warren Gilmour (Chairman) Geoffrey Gilmour (Managing Director) Graeme Clatworthy Paul Payne (Technical Director) Barry Bolitho
Company secretary	Mr. Ross Arancini
Registered office	Bright Star Resources Limited 1/1 Nairn Street FREMANTLE WA 6160
Share registry	Registries Limited Level 7 207 Kent Street SYDNEY NSW 2000
Auditors	Ernst & Young 1 Eagle Street BRISBANE QLD 4000
Lawyers	Johnson Winter Slattery Level 1, London House 216 St George's Tce PERTH WA 6000
Stock exchange listings	Bright Star Resources Limited fully paid ordinary shares are quoted on the Australian Securities Exchange
Website address	www.brightstarresources.com.au