



BrightStar Resources SPECULATIVE BUY

17 January 2012

Current Price:	\$0.11
Ticker:	BUT
Sector:	Materials
Shares on Issue (m):	182.0
Market Cap (\$m):	19.1
Cash (\$m):	2.7
Enterprise Value (\$m):	16.4
52 wk High/Low:	\$0.21 \$0.09
12m Av Daily Vol (m):	0.21

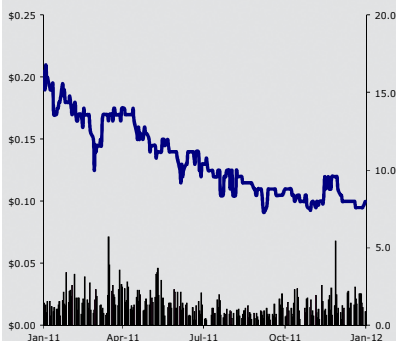
Directors:

Warren Gilmour	Executive Chairman
Geoff Gilmour	Executive Director
Paul Payne	Technical Director
Graeme Clatworthy	Non-Executive Director

Substantial Shareholders:

Directors	15.2%
Golden Cross Resources	8.9%

Share Price Graph



Analysts:
Patrick Chang
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Tim Serjeant

Long wait is over

Illegals removed:

BrightStar Resources (BUT) has announced that the illegal miners at its 100% owned Kitongo Project have been removed under Police and Government directions. As of 16th January 2012, BUT personnel are free to access to the site.

Impact:

Positive

Kitongo currently has a Resource of 370koz @ 1.5g/t, ~80% which is oxide.

BUT has already secured an RC rig (Ausdrill) which is due to arrive in February. A 3,000m program is set to commence late February / early March. A Resource update is expected following this drilling campaign.

A clean-up program is required over the coming weeks to rehabilitate the mining area, survey the pits and workings, and to remove any remaining infrastructure used in the illegal operations.

BUT has, in the meantime, completed extensive data assessment including in-country verification of earlier drilling results and other geological data.

View:

Positive

After nearly one year of on-going communication between BUT and various Tanzanian Government agencies, the Ministry of Mines has issued an order to remove the illegal miners. While the wait has been frustrating, the persistency of the illegal miners have validated the prospectively of Kitongo.

Argonaut sees the removal of illegal miners and commencement of drilling at Kitongo as a key catalyst for the Company.

Kitongo offers a near term Resource upgrade:

- Open along strike and at depth
- Limited drilling below 100m
- A number of good hits sit outside the current Resource
- Resource upgrade expected upon completion of drilling program

Recommendation:

SPEC BUY

BUT is now in a position to progress Kitongo. Argonaut expects a significant Resource update upon the completion of the drilling campaign.

Spec buy recommendation maintained.

Advancing Kitongo

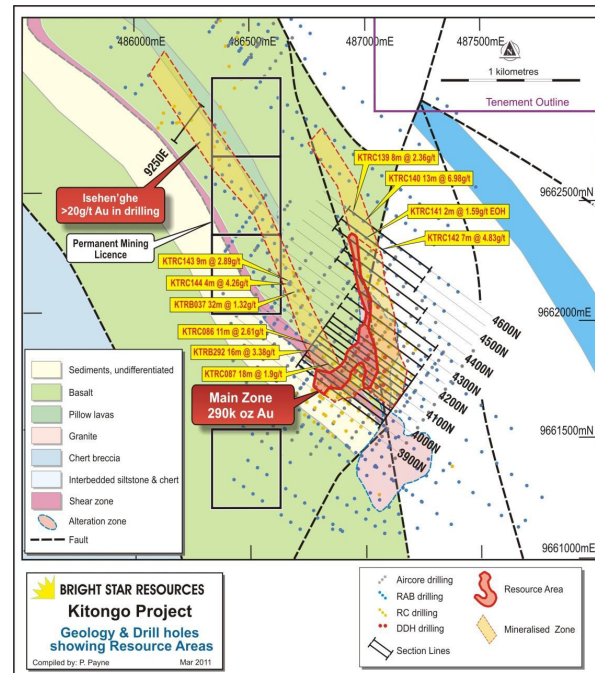
Illegal miners at Kitongo removed, 3,000m RC program to commence...

Following the removal of illegal miners, a 3,000m RC drilling program is set to commence late February / early March.

Kitongo already has a significant 370koz @ 1.5g/t Resource, ~80% of which is oxide.

A Resource update is due following the completion of this drilling program.

Figure 1: Kitongo Plan view



Source: BUT

Resource extension potential

...significant Resource potential at Kitongo....

Kitongo is open both along strike and at depth. The upcoming drilling program would test the strike extent to the north, as well as deeper sulphide mineralisation. The Northern Shear and the South Limb zones have both returned significant hits outside the defined Resource.

Northern Shear results outside of the Resource include:

- 13m at 7.0g/t from 53m
- 7m at 4.8g/t from 41m

South Limb results outside of the Resource include:

- 11m at 2.6g/t from 14m
- 18m at 1.9g/t from 50m

Long wait is over

...Spec buy maintained

Argonaut sees the removal of illegal miners as a key catalyst for the Company and the advancement of Kitongo. While the long wait has been frustrating, BUT is now in a position to progress Kitongo.

Argonaut expects a significant Resource update upon the completion of the drilling campaign. Given the substantial existing Resource, BUT is well leveraged to exploration success. Speculative Buy recommendation maintained.

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