



BrightStar Resources SPECULATIVE BUY

6 December 2011

Miyabi exploration update

Current Price: **\$0.11**

Ticker: **BUT**
Sector: **Materials**

Shares on Issue (m): **182.0**
Market Cap (\$m): **20.0**
Cash (\$m): **2.7**
Enterprise Value (\$m): **17.3**

52 wk High/Low: **\$0.21** **\$0.08**
12m Av Daily Vol (m): **0.36**

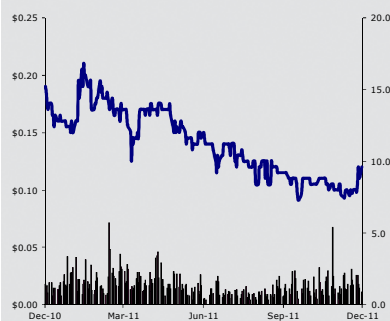
Directors:

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

Exploration update:

BrightStar Resources (BUT) has concluded a first pass RAB drilling program at Miyabi (BUT earning 75%). The program was designed to test a 5km long granite / greenstone contact zone at the northwest margin of the the greenstone belt as well as targets within the Miyabi Structural Corridor. Best results from this program include:

- 33m @ 4.4g/t from 9m*
- 9m @ 1.8g/t from 21m* (previously reported)
- 6m @ 2.6g/t from surface (previously reported)

* hole ended in mineralisation

Assays are expected in late December / January from a first round RC drilling beneath the best RAB results.

Impact:

Positive

BUT is earning 75% interested in the Miyabi JV through spending \$3m in exploration (50%) and completion of a Feasibility Study. The first pass RAB drilling has identified numerous mineralised shear zones and BUT is planning an RC / diamond program commencing at the end of the wet season to follow up these targets.

View:

Positive

The results from the first round of RAB drilling is highly encouraging, especially considering the shallow depth of the holes (typically <40m) and wide spacing (200m sections) required to cover a 5km strike. The drilling results support the potential to expand the current 520koz inventory at Miyabi.

Argonaut understands BUT is making good progress at moving the illegal miners off Kitongo, enabling drilling to commence. Kitongo offers excellent Resource potential as the deposit is open along strike and at depth.

Recommendation:

SPEC BUY

The encouraging results demonstrate the potential of the 5km long greenstone / granite contact at Miyabi to host additional deposits similar to Faida (200koz).

Based on the current inventory, BUT is trading at an EV / Resource oz of \$31, well below the peer average of \$143.

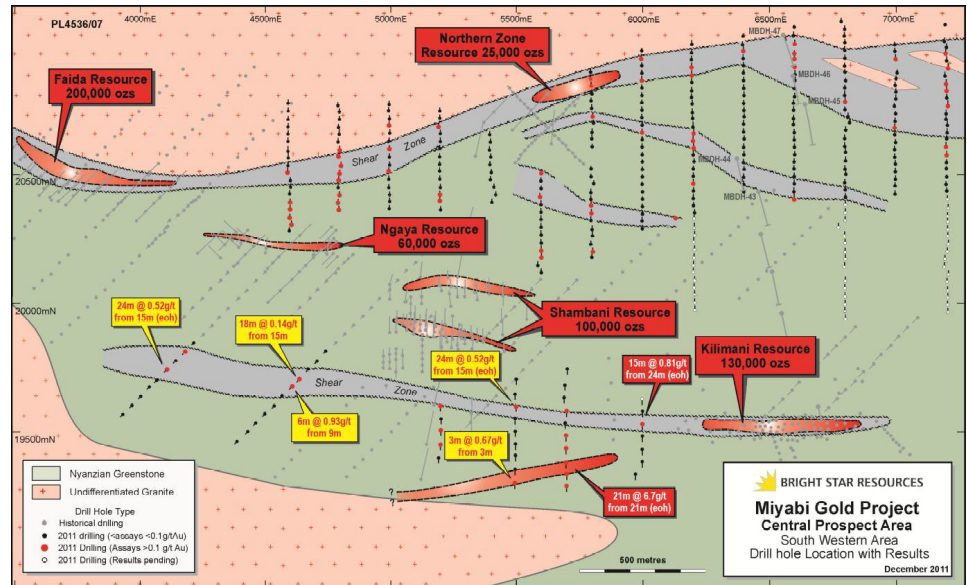
Argonaut maintains its Spec buy recommendation.

Miyabi Exploration update

First pass RAB drilling returned multiple ore grade intersections....

BUT has completed a first pass RAB drilling program at Miyabi. The shallow (<40m), wide spaced (200m sections) drilling program has discovered multiple mineralised structures (Figure 1) and returned multiple ore grade intersections.

Figure 1: Plan view - Newly defined mineralised zones at Miyabi



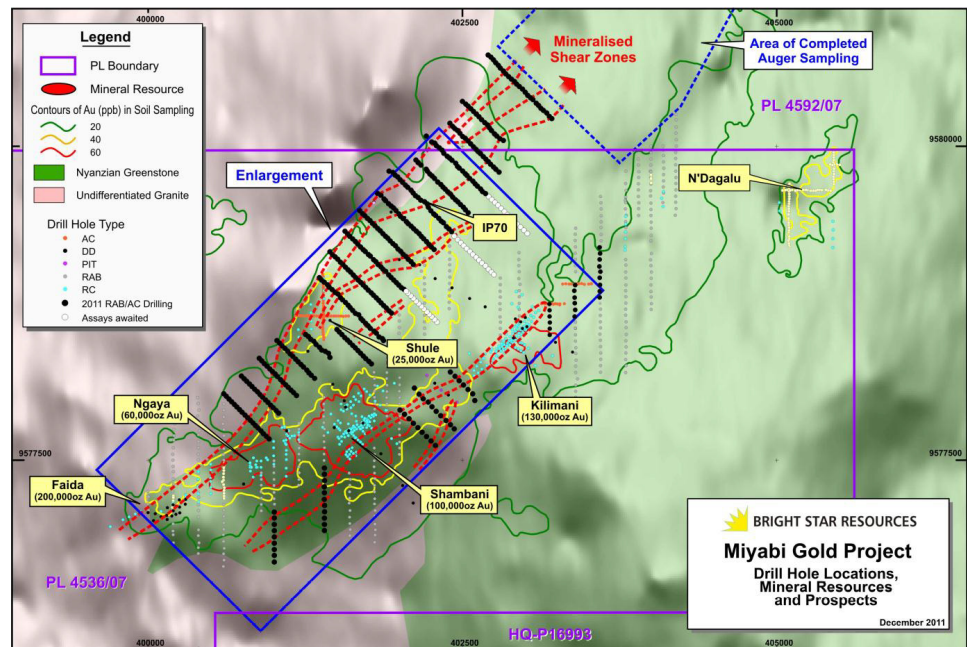
...defined several mineralised structures...

Source: BUT

The mineralisation is still open in multiple directions, particularly to the north east (Figure 2) where a 3km strike remains untested. Follow up RC / Diamond drilling is being planned to commence after the wet season.

...remains open and untested to the north east

Figure 2: Plan view - Mineralisation remains open to the north east

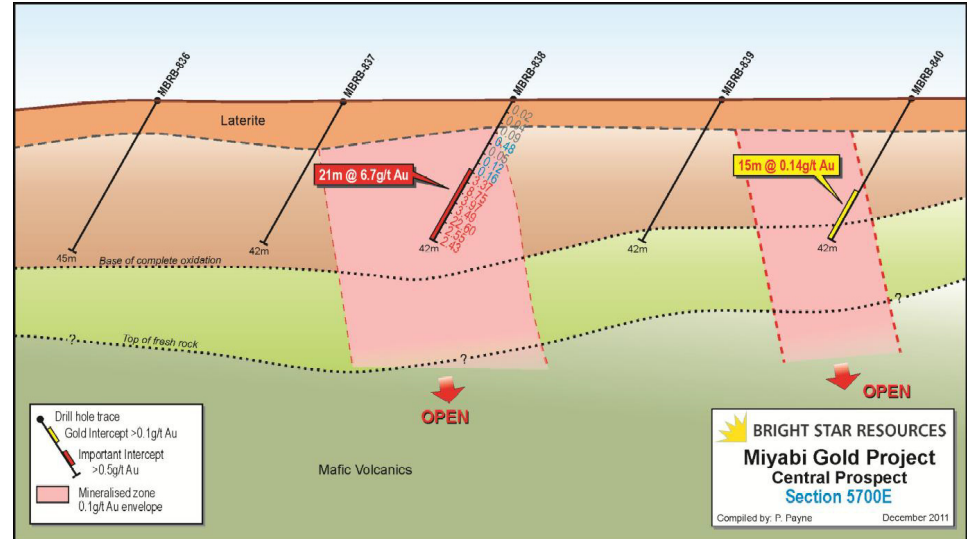


Source: BUT

The results from the first round of RAB drilling is highly encouraging, especially considering the shallow depth of the holes and wide spacing required to cover a 5km strike. The results from MBRB838 has highlighted potential for high grade mineralisation (Figure 3).

best result include 33m @ 4.4g/t from 9m

Figure 3: Cross section - Highlighting the recent discovery at Miyabi



Source: BUT

The drilling results has demonstrated the potential of the 5km long greenstone / granite contact to host additional deposits, and supports the potential to expand the current 520koz inventory at Miyabi.

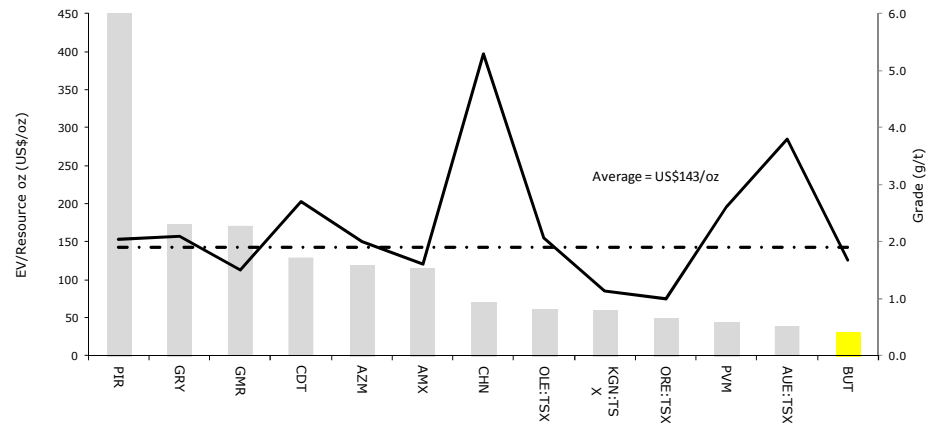
Deep value

BUT is earning 75% interest in the Miyabi Project, which has a current Resource of 520koz. The encouraging results from first pass, widely space shallow RAB drilling has demonstrated the potential of the 5km long greenstone / granite contact to host additional deposits similar to Faida (200koz).

Based on the current inventory, BUT is trading at an EV / Resource oz of \$31, well below the peer average of \$143.

BUT is trading at a deep discount compared to African peers

Figure 4: African peers - EV / Resource oz



Source: Argonaut

Argonaut maintains its Speculative Buy recommendation.

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