



BrightStar Resources Limited
1/1 Nairn Street Fremantle Western Australia 6160
PO Box 1133 Fremantle Western Australia 6959
T. (+61) 8 9430 9966 F. (+61) 8 9430 9965
admin@brightstarresources.com.au
brightstarresources.com.au

BRIGHTSTAR RESOURCES LTD ABN 86 121 985 395

Corporate Governance Statement

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 Chief Executive Officer and/or 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. An evaluation of the performance of senior management during the financial year will be undertaken 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 of BrightStar Resources Limited meets on a regular basis. The agenda for these meetings is prepared by the Chief Executive Officer and/or Managing Director and 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 three executive directors and two non-executive directors who 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 Chief Executive Officer and/or 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 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.

The Company has a policy that the directors and employees are not permitted to hedge their exposure to the Company's securities.

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 of Directors undertake 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.

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. As management has changed extensively during the year and much of its time has been devoted to sorting out the Company’s affairs the Board has yet to receive reports from management as to the effectiveness of the Company’s system for managing its material business risks. The Managing Director is currently working with management on a review of material risks.

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 ASX Listing Rules require listed companies to disclose 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.

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a “Yes” in the appropriate column. 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
2.3	The roles of Chairperson and Chief Executive Officer 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 auditors report.	Yes	
6.3	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	
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.
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 of the Company's Annual Report to shareholders.
4. The evaluation of individual board members' performance is 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.