



15 March 2023

BRIGHTSTAR AND KINGWEST AGREE TO REVISED SCHEME CONSIDERATION TO UNLOCK POTENTIAL VALUE FOR SHAREHOLDERS

COMPANY DIRECTORS AND MANAGEMENT

Alex Rovira
Managing Director

Josh Hunt
Chairman

Tony Lau
Non-Executive Director

Luke Wang
Financial Controller
Company Secretary

HIGHLIGHTS

- Brightstar Resources and Kingwest Resources have agreed to revised consideration for the proposed merger
- Brightstar remains committed to Kingwest Scheme of Arrangement under which Brightstar will acquire 100% of the shares in Kingwest
- Kingwest Shareholders to receive 1 Brightstar share for every 0.38 shares held at the Scheme Record Date (previously 1 Brightstar share for every 0.44 shares held)
- Upon implementation of the Scheme, Kingwest shareholders will hold approximately 47% and Brightstar shareholders will hold approximately 53% of the Merged Group respectively, compared with the 43% and 57% respectively under the initial Scheme consideration
- Strategic consolidation of the gold assets of Brightstar and Kingwest to materially increase scale to the benefit of all shareholders and reduce timeline to potential production

Brightstar Resources Limited (ASX:BTR) (**Brightstar** or the **Company**), refers to the strategic merger with Kingwest Resources Limited (ASX:KWR) (**Kingwest**) announced on 23 December 2022.

The companies entered a binding Scheme Implementation Deed (**SID**), under which the two companies will merge by way of a recommended court-approved Scheme of Arrangement between Kingwest and its shareholders (**Scheme** or **Share Scheme**).

Following continued shareholder engagement and discussions with the Board of Kingwest, Brightstar and Kingwest have agreed to amend the SID to revise the offer ratio and therefore consideration for Kingwest shareholders.

Under the revised terms of the Scheme, each Kingwest Shareholder will receive 1 Brightstar share for every 0.38 Kingwest shares held at the Scheme record date. This is an improvement from the original merger ratio of 0.44.

If the Scheme is approved and implemented, shareholders of Brightstar and Kingwest will hold 53% and 47% respectively in the combined company post merger (**Merged Group**), compared to the original split of 57% and 43% respectively.

The Kingwest Board unanimously recommends that Kingwest Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert opining the Scheme is in the best interests of Kingwest Shareholders. Kingwest Directors intend to vote all the shares that they hold in Kingwest in favour of the Scheme, in the absence of a superior proposal.

Alex Rovira, Managing Director of Brightstar, commented:

"We remain committed to this transformational transaction which creates a larger, diverse junior gold play.

A substantial pro-forma JORC Mineral Resource, all located on granted Mining Leases, is a material asset base and enables the Merged Group to quickly assess development scenarios in a strengthening gold price environment.

Following continued engagement with the Board of Kingwest and shareholders, the Brightstar directors have made the decision to revise the terms of the Scheme.

The revised merger terms ensure all shareholders retain a meaningful stake in the Merged Group, and we strongly believe that the potential of the combined asset portfolio will deliver material benefits for all shareholders.

We look forward to Kingwest shareholder support at the scheme meeting."

Brightstar and Kingwest have also agreed to revised terms as to a separate scheme of arrangement pursuant to which the outstanding 65.96 million Kingwest options and share appreciation rights, subject to ASX granting a waiver of Listing Rule 6.23.2, will be exchanged for new Brightstar options at the revised exchange ratio of 0.38 and on equivalent terms including an adjusted exercise price and the same maturity dates (**Option Scheme**). The Option Scheme and the Share Scheme are inter-conditional.

The other material terms and conditions as outlined in the announcement of 23 December 2022 remain the same. The Deed of Amendment giving effect to the amendments described in this announcement is attached.

TIMETABLE AND NEXT STEPS

Kingwest Shareholders and Optionholders do not need to take any action in relation to the Share Scheme and Option Scheme at this stage.

A Scheme Booklet will be circulated to all Kingwest Shareholders and Optionholders. The Booklet will contain full details of the proposed Scheme, including the basis for the Kingwest Board's unanimous recommendation that Kingwest Shareholders approve the proposed Scheme in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Kingwest Shareholders.

This ASX announcement has been approved by the Managing Director on behalf of the board of Brightstar.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Alex Rovira

Managing Director

Mobile: +61 431 894 303

Email: alex@brightstarresources.com.au

Disclaimer

Nature of this document: The purpose of this announcement is to provide general information about Brightstar Resources Limited (the 'Company'). Unless otherwise stated herein, the information in this announcement is based on the Company's own information and estimates. In attending this announcement or viewing this document you agree to be bound by the following terms and conditions. This document has been prepared by the Company. Information in this document should be read in conjunction with other announcements made by the Company to the Australian Securities Exchange and available at www.asx.com.

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Deed of Amendment

Kingwest Resources Limited
(ACN 624 972 185)

and

Brightstar Resources Limited
(ACN 100 727 491)

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Date: March 2023

Parties

KWR	Name	Kingwest Resources Limited
	ACN	624 972 185
	Address	Level 8, 216 St Georges Terrace, Perth WA 6000
	Email	Davidm@miningcorporate.com.au
	Attention	David McEntaggart
BTR	Name	Brightstar Resources Limited
	ACN	100 727 491
	Address	3/25 Belgravia Street, Belmont WA 6104
	Email	joshh@brightstarresources.com.au

Background

- (A) KWR and BTR are parties to the Scheme Implementation Deed.
- (B) This deed records the parties' agreed amendments to the Scheme Implementation Deed.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed:

Effective Date means the date on which this deed is signed by all the parties.

Scheme Implementation Deed means the scheme implementation deed between KWR and BTR dated 22 December 2022.

1.2 Terms defined in Scheme Implementation Deed

Unless the context otherwise requires, terms defined in the Scheme Implementation Deed have the same meaning in this deed.

2. Amendments

In accordance with clause 17.7 of the Scheme Implementation Deed, with effect from the Effective Date, each party acknowledges and agrees that the Scheme Implementation Deed is amended as follows:

- (a) the definition of 'Transaction Ratio' in clause 1.1 of the Scheme Implementation Deed is deleted and replaced with the following:

Transaction Ratio means:

- (a) *in the case of the Share Scheme, 1 new BTR Share for every 0.38 KWR Shares held; and*

- (b) *in the case of the Option Scheme, 1 new BTR Option for every 0.38 KWR Options held.*
- (b) clause 6.5(b)(ii) of the Scheme Implementation Deed is deleted;
- (c) Schedule 2 of the Scheme Implementation Deed is deleted and replaced with the Schedule 1 of this deed; and
- (d) Schedule 5 of the Scheme Implementation Deed is deleted and replaced with Schedule 2 of this deed.
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3. General

- (a) The parties acknowledge and agree that:
- (i) the amendments to the Scheme Implementation Deed in this deed are a valid variation under the terms of the Scheme Implementation Deed and do not affect its validity or enforceability in relation to any accrued rights and obligations of the parties;
 - (ii) each party continues to enjoy all the rights and benefits conferred on the party under or in respect of the Scheme Implementation Deed;
 - (iii) each party continues to be bound by all of the obligations and liabilities imposed on the party under or in respect of the Scheme Implementation Deed (as varied by this deed); and
 - (iv) if there is a conflict between the Scheme Implementation Deed and this deed, the terms of this deed prevail.
- (b) Other than as amended by this deed, the Scheme Implementation Deed shall continue in full force and effect.
- (c) On and from the Effective Date, the Scheme Implementation Deed is to be read together with this deed as a single integrated document incorporating the amendments effected by this deed.
- (d) This deed contains the entire agreement between the parties as at the date of this deed with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.
- (e) This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.
- (f) This deed is governed by the laws of Western Australia. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and courts competent to hear appeals from those courts.

Schedule 1 – Timetable

Event	Date
Announce Transaction	23 December 2022
KWR submits draft Scheme Booklet to ASIC and ASX	17 March 2023
First Court hearing	5 April 2023
Scheme Booklet made available to Scheme Participants	12 April 2023
Scheme Meetings	12 May 2023
Second Court hearing to approve Schemes	18 May 2023
Effective Date	19 May 2023
Record Date	23 May 2023
Implementation Date	26 May 2023

Schedule 2 – Capital structure details

1. BTR details

1.1 Currently on issue

Security	Total on issue
Shares	829,128,823
Options	
• Options exercisable at \$0.01 each expiring 09/04/2023	15,000,000
• Options exercisable at \$0.045 each expiring 22/06/2024	5,000,000
• Options exercisable at \$0.10 each expiring 31/12/2023	4,000,000
• Options exercisable at \$0.06 each expiring 31/12/2023	4,000,000
• Options exercisable at \$0.08 each expiring 31/12/2023	4,000,000
• Options exercisable at \$0.05 each expiring 01/12/2024	2,200,000
• Options exercisable at \$0.10 each expiring 12/02/2024	1,000,000
• Options exercisable at \$0.05 each expiring 31/12/2024	20,000,000
• Options with nil exercise price expiring 30/11/2026	8,000,000
• Options with nil exercise price expiring 30/11/2026	2,000,000
Total Options	65,200,000

1.2 Agreed to be issued

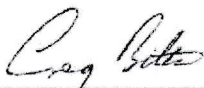
Security	Number	Details
Shares	3,500,000	Shares to be issued pursuant to a placement announced by BTR on 23 December 2022, subject to the receipt of prior BTR Shareholder approval.
Performance Rights	80,000,000	Performance Rights agreed to be issued to Alex Rovira (or his nominee) pursuant to BTR's Employee Incentive Securities Plan, subject to the receipt of prior BTR Shareholder approval.

2. KWR details

Security	Total on issue
Shares	281,726,818
Options	
<ul style="list-style-type: none">• Share Appreciation Rights exercisable at \$0.18 each (unless cash settled) expiring 15/09/2023	1,125,000
<ul style="list-style-type: none">• Share Appreciation Rights exercisable at \$0.28 each (unless cash settled) expiring 7/10/2024	2,970,000
<ul style="list-style-type: none">• Options exercisable at \$0.20 each expiring 21/10/2024	8,000,000
<ul style="list-style-type: none">• Options exercisable at \$0.17 each expiring 15/09/2024	6,250,000
<ul style="list-style-type: none">• Options exercisable at \$0.285 each expiring 15/02/2025	1,700,000
<ul style="list-style-type: none">• Options exercisable at \$0.15 each expiring 30/12/2023	22,512,500
<ul style="list-style-type: none">• Options exercisable at \$0.25 each expiring 28/04/2025	1,250,000
<ul style="list-style-type: none">• Options exercisable at \$0.10 each expiring 29/02/2024	19,376,834
<ul style="list-style-type: none">• Options exercisable at \$0.06 each expiring 16/01/2026	1,250,000
<ul style="list-style-type: none">• Options exercisable at \$0.10 each expiring 16/01/2026	1,500,000
Total Options	65,934,334

Executed as a deed


Executed by Kingwest Resources Limited (ACN 624 972 185) in accordance with section 127(1) of the *Corporations Act 2001* (Cth):



Signature of Director

Gregory John Bittar

Name of Director in full



Signature of Secretary/other Director

Jonathan Downes

Name of Secretary/other Director in full

Executed by Brightstar Resources Limited (ACN 100 727 491) in accordance with section 127(1) of the *Corporations Act 2001* (Cth):



Signature of Director

Alexander Rovira

Name of Director in full



Signature of Secretary/other Director

Sacha Hunt

Name of Secretary/other Director in full