



BRIGHTSTAR
RESOURCES LIMITED

ABN 44 100 727 491

Annual Report

For the year ended 30 June 2023

Contents

CORPORATE INFORMATION.....	1
CHAIRMAN'S LETTER TO SHAREHOLDERS.....	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION.....	25
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	26
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	27
CONSOLIDATED STATEMENT OF CASH FLOWS	28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	29
NOTES TO THE FINANCIAL STATEMENTS	30
DIRECTORS' DECLARATION	60
INDEPENDENT AUDIT'S REPORT	61
CORPORATE GOVERNANCE STATEMENT	68
ASX ADDITIONAL INFORMATION.....	69

CORPORATE INFORMATION

ABN 44 100 727 491

Directors

Mr Alexander Rovira	Managing Director
Mr Gregory Bittar	Non-Executive Chairman
Mr Jonathan Downes	Non-Executive Director
Mr Josh Hunt	Non-Executive Director
Mr Tony Lau	Non-Executive Director

Company Secretaries

Mr Benjamin Smith	Joint Company Secretary
Mr Luke Wang	Joint Company Secretary

Registered and Principal Office

Level 2, 36 Rowland Street
Subiaco WA 6008
Telephone: (618) 9277 6008
Facsimile: (618) 9277 6002
Email: info@brightstarresources.com.au
www.brightstarresources.com.au/

Share register

Computershare Investor Services Pty Limited
Level 17, 221 St Georges Terrace
Perth WA 6000
Telephone: (618) 9323 2000
Facsimile: (618) 9323 2033

Solicitors

Hamilton Locke
Level 48, 152-158 St Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
130 Rokeby Rd (Cnr Barker)
Subiaco WA 6008

Auditors

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000

Securities Exchange Listings

ASX Code: BTR

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to report on what has been an exciting and transformational year for Brightstar Resources.

Against the backdrop of a challenging equity market for junior gold companies, Brightstar has delivered a high level of intensity at both the corporate and project levels which puts us on the path to becoming a low-capex, long-life gold producer across our 100% owned Menzies and Laverton Gold Projects.

In August 2022, Brightstar delivered an update to the Mineral Resource Estimate ("MRE") at Cork Tree Well. The MRE update to 252,100 ounces (5.61Mt @ 1.4 g/t Au) was based on infill and extensional drilling completed by Brightstar and provides us with increased confidence in the resource. The Company also undertook two capital raisings in the December Quarter 2022 and in early 2023, raising a total of \$2.2 million.

In December 2022, it was announced that Brightstar and Kingwest Resources Limited had agreed to a merger via a Scheme of Arrangement under which Brightstar will acquire 100% of the shares in Kingwest. The merger represented a 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 scenarios. The merged group would initially have a combined JORC Resource of ~960koz Au, including high-grade domains at Kingwest's Menzies Gold Project, located 130km north of Kalgoorlie.

Along with the proposed merger, Alex Rovira was appointed Managing Director in January 2023. With a background in geology and corporate finance, Alex's strong experience and expertise in the metals and mining sector has already proven invaluable in positioning Brightstar as a near term gold producer.

A key achievement for the second half of the year was the completion of the merger with Kingwest Resources, following shareholder approval in May 2023.

A toll milling agreement was executed with St Barbara for the Selkirk Mining Joint Venture (JV) with BML Ventures Pty Ltd. At the time of publishing this report, mining by the JV is well underway with the mining campaign expected to complete in Q1 CY2024 followed by haulage and processing of ore at the Gwalia processing plant.

Exploration continued during the March and June quarters 2023 with a ~6,000 metre RC drilling program completed at the Cork Tree Well deposit within the Laverton Gold Project, and a 5,000 metre drilling program at the Aspacia and Lady Irene Deposits at the Menzies Gold Project. The Cork Tree Well drilling supported an upgraded MRE at Cork Tree Well with a 20% increase in ounces to 303koz @ 1.4g/t Au and a subsequent uplift to the total MRE of 1.02Moz Au as announced on 23 June 2023.

The momentum of activity allowed the Company to undertake a \$3.5 million capital raising post 30 June 2023. This funding allows us to continue pursue our exploration and development strategy across both of Brightstar's projects, focussing on a Scoping Study assessing the combined Laverton and Menzies Projects' potential for near-term, long life production which was released in early September 2023.

I would like to take this opportunity to recognise the considerable activity and hard work by the team at Brightstar and to thank my fellow directors, the Brightstar team and our consultants. I would also like to express our appreciation to our shareholders for their continued support and confidence that Brightstar will deliver long term shareholder value.

Gregory Bittar
Chairman
29 September 2023

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of Brightstar Resources Limited ("BTR" or "Company") and its controlled entities (the Group) for the financial year ended 30 June 2023, and independent audit report thereon.

Review of operations

Brightstar Projects

Cork Tree Well – Drilling and Resource Upgrade

Three RC drilling programs were completed at the Cork Tree Well (CTW) Project during the year. Significant intercepts from the programs include:

- 5m @ 9.46g/t Au from 103m and 4m @ 2.56g/t Au from 169m (BTRRC171)¹
- 11m @ 2.54g/t Au from 83m (BTRRC150)¹
- 7m @ 3.11g/t Au from 119m (BTRRC154)¹
- 10m @ 4.54g/t Au from 192m (BTRRC184), including: 2m @ 17.23g/t Au from 194m²
- 2m @ 11.81g/t Au from 172m (BTRRC200)²
- 13m @ 1.83g/t Au from 143m (BTRRC223)²

The majority of the drill holes in the CTW RC program were designed to intersect the projected mineralised zone at the deepest point on each section, seeking to grow the MRE down dip and also increase the drill density in certain areas to generate Indicated JORC Resources. The results indicate that the mineralised system is open both along strike to the north and at depth, and that further drill testing is required to continue to grow the mineralised footprint (Figure 1). Post-year end, in July, Brightstar commenced a ~2,000m RC drilling program at CTW targeting the emerging trend of high-grade plunging shoots within the extensive mineralised system.

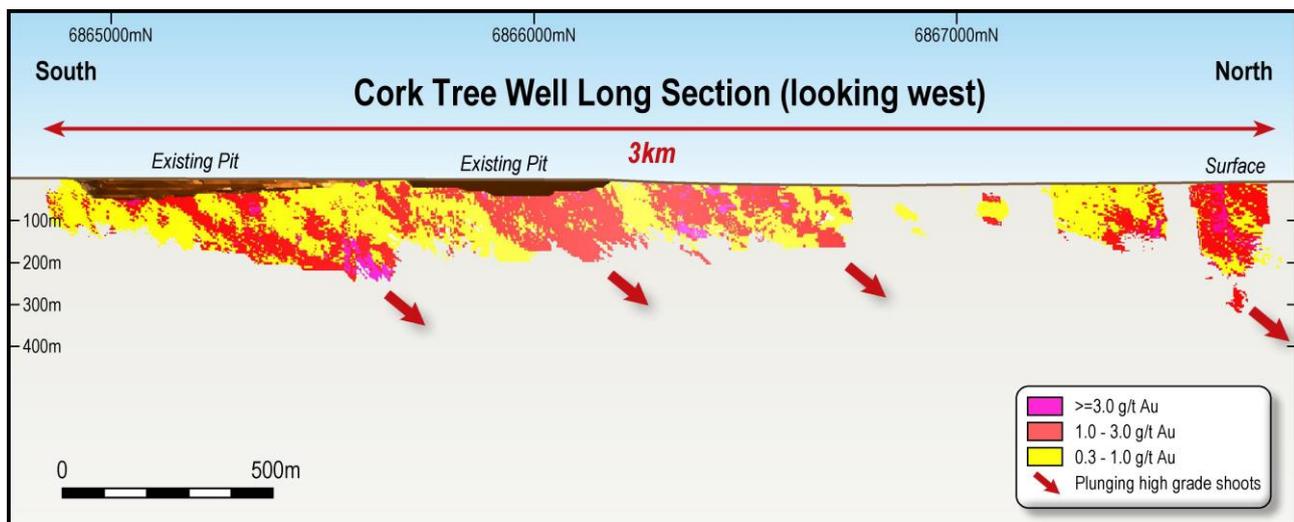


Figure 1: Cork Tree Well MRE long section (Gold grade bins).

Cork Tree Well Resource Upgrade

The Mineral Resource Estimate for CTW was updated twice during the year, in August 2022 and June 2023. For the June 2023 update, Mining consultants ABGM Pty Ltd were engaged to provide an independent JORC 2012 Mineral Resource Estimate for CTW, which resulted in a 20% increase in ounces to 303koz comprising a 65% upgrade in Indicated material, now comprising 157koz @ 1.6g/t Au³. Importantly for mining studies underway, the Indicated category resources at CTW now account for over 51% of the resource ounces (Table 1).

DIRECTORS' REPORT (continued)

Table 1: Cork Tree Well Model variances.

Model Date	Au Cut-off (g/t)	Measured			Indicated			Inferred			Total		
		Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz
August 2022	0.5	-	-	-	1,759	1.7	95	3,851	1.3	158	5,610	1.4	252
June 2023	0.5	-	-	-	3,036	1.6	157	3,501	1.3	146	6,357	1.4	303
Variance	(unit)	-	-	-	1,277	-0.1	62	-350	0	-12	747	0	51
Variance	(%)	-	-	-	173%	94%	165%	91%	100%	92%	113%	100%	120%

Note 1: Refer to release on 23 June 2023 for further details. Some rounding discrepancies may occur

Delta 2 Drilling

A first pass RC drilling campaign was completed at the Delta 2 Prospect (2.5km from CTW) in 2022 and identified a new mineralised system over 300m of strike that remains open at depth and along strike. The program consisted of 12 holes and significant results returned include⁴:

- 2m @ 6.05g/t Au from 29m (BTRRC202)
- 1m @ 5.31g/t AU from 102m (BTRRC207)
- 2m @ 2.42g/t Au from 94m (BTRRC211)

These holes were designed to test for an east dipping mineralised structure striking approximately north-south. This design was based on knowledge gained from exploring the CTW deposit and orientations interpreted from the supergene anomaly in the historical aircore drilling (mentioned in ASX announcement "10,000m RC Drilling Program at Cork Tree Well to Commence", 30 March 2022).

The intersection of anomalous gold numbers across three sections over ~300m of strike length has considerably improved the potential for discovery of a significant mineralised system at Delta 2. In particular, the intersections found in bedrock of >1g/t provide an indication of the potential of the system to host more than just a shallow supergene mineralisation (Figure 2).

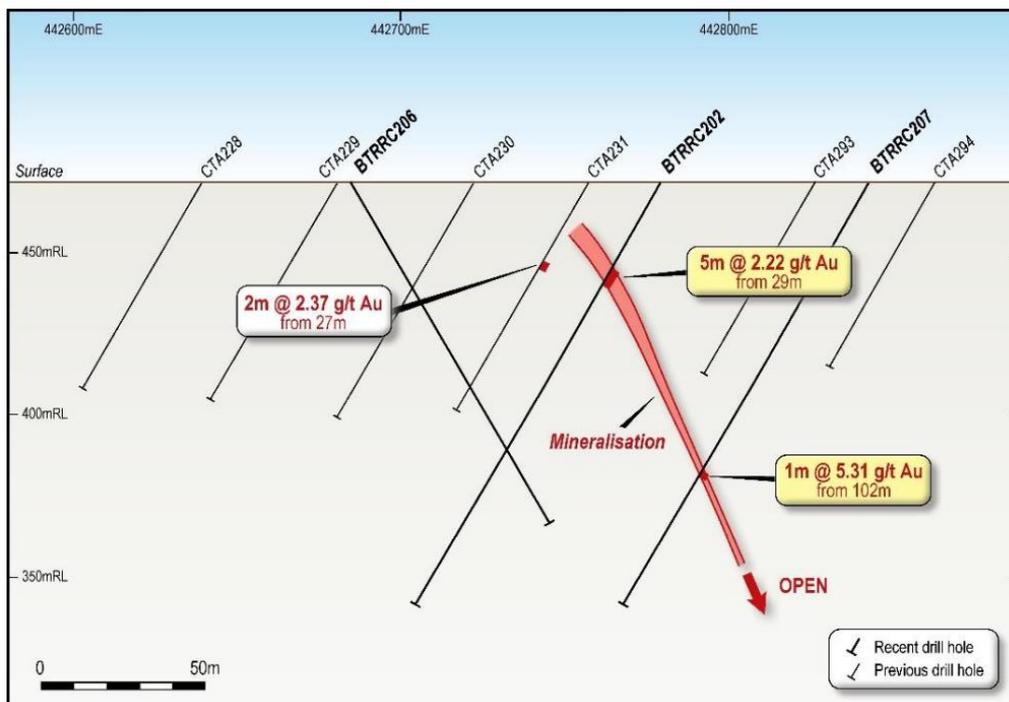


Figure 2: Cross section of bedrock testing at Delta 2 (BTRRC202, BTRRC206 and BTRRC207).

DIRECTORS' REPORT (continued)

Alpha West Drilling

The results returned from the RC drilling at Alpha West confirmed the existence of mineralisation in the fresh rock below the supergene halo in the regolith. Even where the intersections are not ore grade there is still anomalous material showing the continuity of the mineralised structure. This will therefore require further drilling to determine if the opportunity for a small open pit exists as well as potential for a secondary access from surface for future potential underground positions. From initial interpretation it appears that the mineralisation is essentially similar to the main Alpha deposit; relatively narrow higher-grade material trending WNW strike and dipping NNE.

Like the Alpha deposit there is significant upside available in this type of higher-grade, nuggety mineralisation if the controls on mineralisation can be determined. These results are very encouraging as they may provide the chance to develop a second shoot ostensibly on the same trend as the Alpha deposit. The shoot appears to be reasonably well constrained along strike over approximately 200m however the down-dip/down-plunge extent is unknown with only the top 80m effectively tested along this strike extent. It is highly encouraging to note the high grades of the intersections in BTRRC130; which returned 5m @ 9.8g/t Au from 98m; and BTRRC142 which returned 2m @ 11.3g/t Au from 88m⁵ (Figure 3); as they are significantly higher grade than the holes above them on the section. This shows that a single drillhole does not effectively close off this mineralised structure in any given dimension, and therefore an effective planned pattern of drilling will likely be required to optimise this type of mineralisation and maximise its potential.

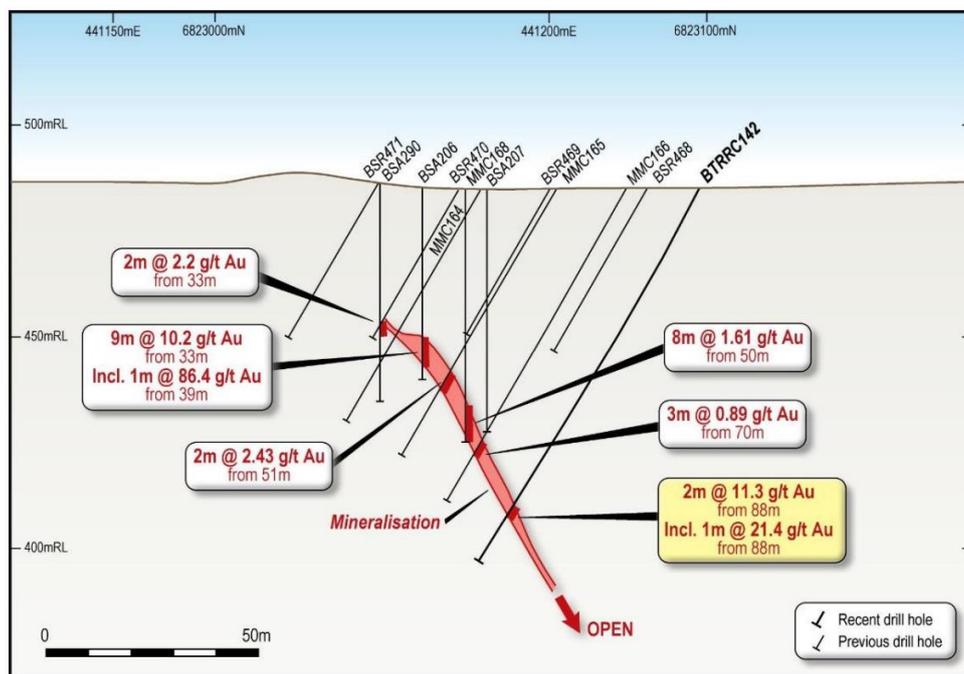


Figure 3: Bedrock testing of Alpha West - BTRRC142.

Scoping Study

During the June Quarter, Brightstar engaged GR Engineering Services Pty Ltd (GRES) and ABGM Pty Ltd (ABGM) to complete studies into the refurbishment and expansion of the Laverton Processing Plant, along with mining optimisations and schedules associated with the extraction of mineral resources across the Brightstar resource base at Menzies and Laverton. Both key consultants have recent and relevant experience in these studies, with GRES currently constructing the Bellevue Gold (ASX:BGL) 1Mtpa processing facility, whilst ABGM's expertise lies in mine design, scheduling and economic evaluation including complex operations such as Hot Chili Ltd's Costa Fuego project (ASX:HCH).

A Scoping Study was released on 6 September 2023 and subsequent to this reporting period the delivered a positive result and most importantly, utilised the resources at both the Menzies and Laverton districts in a stepped approach to minimise capital cost requirements. This strategic pathway has provided indicative capital and operating costs for future operations, identified suitable processing solutions for mineral resources including owner-processing at Brightstar or potential 3rd party options, and supports on-going discussions for non-dilutive financing options for a potentially low capital production re-start scenario which will deliver a pathway to production allowing Brightstar to become a gold producer.

The Scoping Study will be used to guide resource definition exploration efforts into the key deposits scheduled for early mining and cashflow generation, resulting in greater confidence and information on the first mines Brightstar will develop and operate across the portfolio which will manifest as a low-risk mining operation in the crucial early stages of the LOM.

DIRECTORS' REPORT (continued)

Kingwest Resources Limited Activities

Menzies

Lady Irene & Aspacia

Brightstar commenced its inaugural RC drilling campaign at Menzies during the June Quarter, with drilling starting at the Lady Irene deposit located ~7km northwest of Menzies. Drilling continued to quarter end at the Aspacia project, with a small program at the Lady Shenton-Lady Irene "Link Zone" (Figure 4) testing shallow oxide mineralisation potential between the two resources with a combined +300koz JORC2012-compliant resource (Table 3). Subsequent to the year end; high grades were confirmed in numerous holes at Aspacia⁶ including:

- 1m @ 39.58g/t Au from 56m (MGPRC020)
- 1m @ 12.12g/t Au from 113m (MGPRC014)
- 2m @ 5.35g/t Au from 48m (MGPRC012);

Along with intercepts from Lady Irene⁶ including:

- 8m @ 4.09g/t Au from 138m in MGPRC009

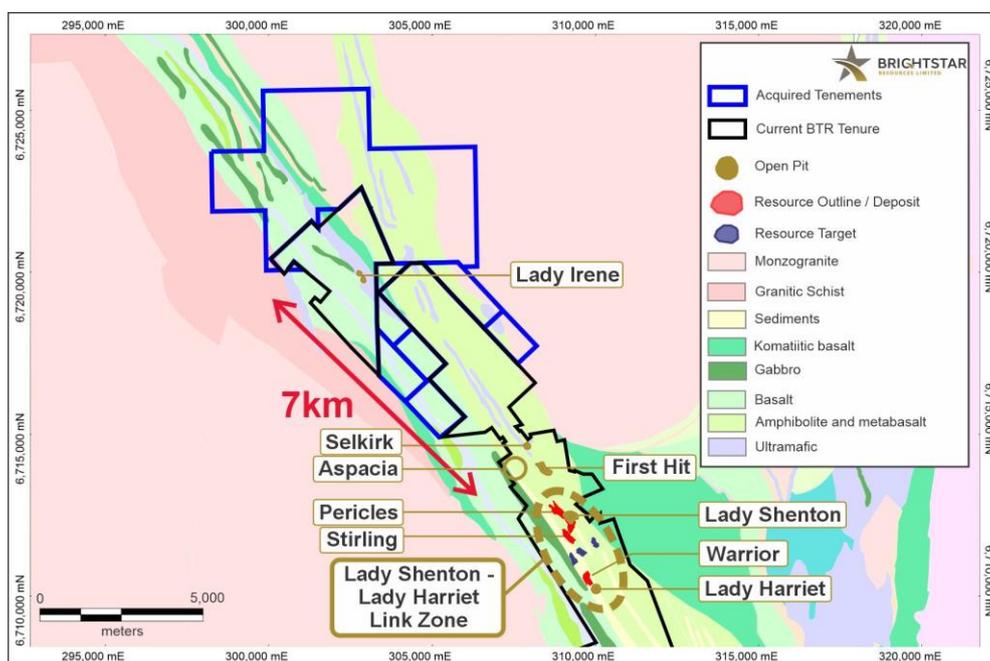


Figure 4: Location of the Menzies 2023 drill programs.

Selkirk

An infill drilling program was completed by BML at the Selkirk Deposit in August 2022, which further confirmed the high-grade nature of the gold mineralisation. Numerous high-grade intervals were intersected including⁷:

- 6m @ 24.62 g/t Au from 92m in 22SKRC017
- 3m @ 14.68 g/t Au from 47m in 22SKRC008
- 2m @ 12.55 g/t Au from 32m in 22SKRC001
- 2m @ 13.44 g/t Au from 55m in 22SKRC012
- 3m @ 7.91 g/t Au from 82m in 22SKRC016
- 1m @ 20.70 g/t Au from 13m in 22SKRC012

After the drilling was completed, a Mining Proposal and Mine Closure Plan were submitted to the Western Australian Department of Mines, Industry Regulation and Safety by BML in its capacity as JV partner and manager of the Selkirk Cutback Project.

During the March Quarter, St Barbara Limited (ASX:SBM) fully executed documentation for toll milling of ore from the Selkirk Joint Venture. That was the last agreement required to formally complete the BML Ventures Joint Venture agreement. Mining commenced at the Selkirk Deposit subsequent to the year end, in August 2023 with ore to be processed at St Barbara's Leonora processing plant, located approximately 100km north of Menzies.

DIRECTORS' REPORT (continued)

Stirling & Pericles

Two infill drilling programs were conducted at Stirling and Pericles during the year, with the aim to increase the confidence in grade and mineralisation continuity. Significant intercepts returned include^{8,9}:

Stirling

- KWR369: 2m @ 10.61 g/t Au from 100m, including 1m @ 17.08 g/t Au from 100m
- KWR367: 1m @ 10.22 g/t Au from 67m
- KWR315: 1m @ 108 g/t Au from 36m
- KWR316: 5m @ 8.49 g/t Au from 42m including 1m @ 36.69 g/t Au from 42m
- KWR329: 1m @ 10.0 g/t Au from 66m
- KWR312A: 4m @ 5.70 g/t Au from 29m including 1m @ 21.58 g/t Au from 32m
- KWR312: 2m @ 9.05 g/t Au from 32m including 1m @ 15.46 g/t Au from 33m

Pericles

- KWR361: 2m @ 27.80 g/t Au from 49m
- KWR365: 4m @ 3.74 g/t Au from 32m, including 1m @ 7.95 g/t Au from 32m and 1m @ 9.05 g/t Au from 103m
- KWR331: 5m @ 10.11 g/t Au from 47m including 3m @ 15.83 g/t Au from 47
- KWR333: 6m @ 3.86 g/t Au from 27m including 1m @ 17.59 g/t Au from 27
- KWR335: 1m @ 8.83 g/t Au from 32
- KWR338: 1m @ 14.29 g/t Au from 18m
- KWR343: 7m @ 5.92 g/t Au from 32
- KWR347: 1m @ 9.03 g/t Au from 17m and 1m @ 10.25 g/t Au from 25m

The Pericles and Stirling deposits reflect the unique potential of the MGP, with near surface and high grade mineralisation present. Both deposits are expected to be a key component of the future development of the Menzies Project. The programme has also highlighted opportunities for high grade down-dip extensions, which represent potential target drilling areas for underground mining considerations (Figure 5 and Figure 6).

The holes were planned during updated resource estimation work for both Stirling and Pericles which were being completed as the drilling commenced in November 2022. The resource estimation work also highlighted the opportunities for high grade extensions that were not fully tested in these recent drilling campaigns.

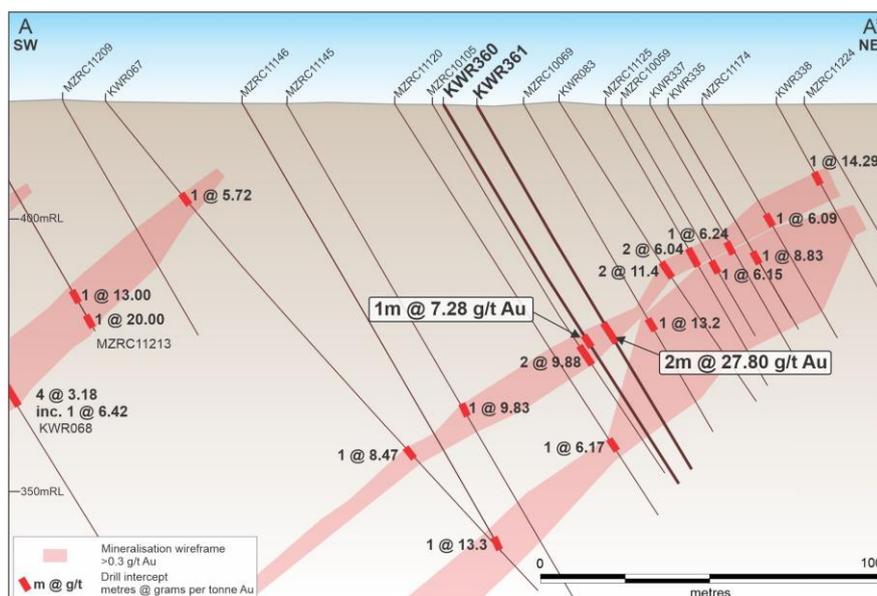


Figure 5: Cross section from Pericles showing the location of infill holes KWR360 and KWR361.

DIRECTORS' REPORT (continued)

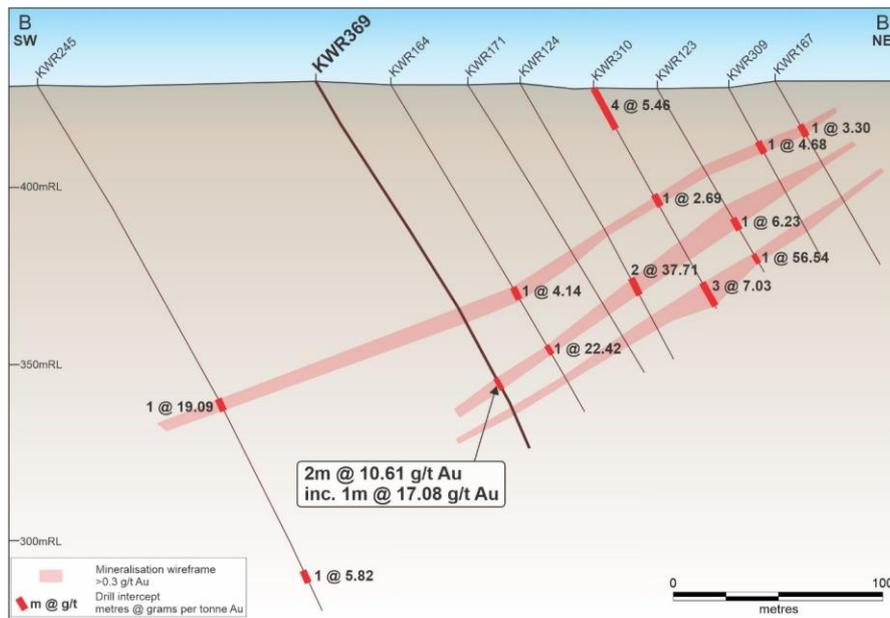


Figure 6: Cross sections from Stirling showing the location of infill drill hole KWR369.

Updated resource calculations conducted in the December Quarter identified shallow high-grade subsets of the Pericles and Stirling deposits with 45,000 ounces at 5.2g/t (Table 2) identified within 100m of surface¹⁰:

Table 2: Resources classification of the Pericles and Stirling high-grade resources.

Type	Indicated			Inferred			Total		
	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
	T	g/t	Ounces	T	g/t	Ounces	T	g/t	Ounces
Pericles – High Grade	178,000	5.0	28,600	17,000	5.6	3,100	196,000	5.0	32,000
Stirling – High Grade	49,000	5.8	9,200	22,000	5.2	3,700	71,000	5.6	13,000
Total	227,000	5.2	37,800	39,000	5.4	6,800	267,000	5.2	45,000

Goongarrie Project

Kingwest continued drilling in the September Quarter to identify the source of the substantial gold signature in Lake Goongarrie. The best primary gold results returned from diamond drilling included 1.09m @ 4.95 g/t Au from 169.86m (KGD008) and 5.0m @ 4.8 g/t Au from 113.3m (KGD004)¹¹. The drilling campaign at Lake Goongarrie was suspended due to heavy rainfall. Overall, the deeper lake drilling proved challenging for a variety of reasons making this program more expensive and slower than initially anticipated. The potential for a discovery remains with results such as KGD004 proving primary mineralisation in a fertile structural setting.

DIRECTORS' REPORT (continued)

Brightstar Global Resource (June 2023)

Table 3: Brightstar Global Resource Table as at 30 June 2023.

Location	Au Cut-off (g/t)	Measured			Indicated			Inferred			Total		
		Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz
Alpha	0.5	623	1.6	33	374	2.1	25	455	3.3	48	1,452	2.3	106
Beta	0.5	345	1.7	19	576	1.6	29	961	1.7	54	1,882	1.7	102
Cork Tree Well	0.5	-	-	-	3,036	1.6	157	3,501	1.3	146	6,357	1.4	303
Total – Laverton	0	968	1.6	52	3,986	1.6	211	4,917	1.6	248	9,691	1.6	511
Pericles	0.5	-	-	-	2,310	1.3	96	2,460	1.2	97	4,770	1.3	192
Lady Shenton	0.5	-	-	-	-	-	-	1,040	1.4	48	1,040	1.4	48
Stirling	0.5	-	-	-	460	1.5	23	700	1.1	26	1,160	1.3	47
Yunndaga	0.5	-	-	-	1,270	1.3	53	2,050	1.4	90	3,310	1.3	144
Yunndaga (UG)	2.0	-	-	-	-	-	-	110	3.3	12	110	3.3	12
Lady Harriet	0.5	-	-	-	170	2.1	12	320	1.1	12	490	1.5	23
Bellenger	0.5	-	-	-	320	0.9	9	80	0.9	2	400	0.9	12
Warrior	0.5	-	-	-	30	1.4	1	190	1.1	7	220	1.1	8
Selkirk	0.5	-	-	-	30	6.3	6	140	1.2	5	170	2.1	12
Lady Irene	0.5	-	-	-	-	-	-	100	1.7	6	100	1.7	6
Total – Menzies	0	-	-	-	4,530	1.4	200	7,190	1.3	305	11,770	1.3	505
Total – BTR		968	1.7	52	8,516	1.5	411	12,107	1.4	553	21,461	1.5	1,016

Refer Note 1 below. Note some rounding discrepancies may occur

References:

1. Refer to Brightstar Resources announcement dated 31 January 2023
2. Refer Brightstar Resources announcement dated 31 July 2023
3. Refer Brightstar Resources announcement dated 23 June 2023
4. Refer Brightstar Resources announcement dated 4 October 2022
5. Refer Brightstar Resources announcement dated 27 October 2022
6. Refer Brightstar Resources announcement dated 19 July 2023
7. Refer to Kingwest Resources Announcement dated 5 September 2022)
8. Refer to Kingwest Resources Announcement dated 23 March 2023
9. Refer to Kingwest Resources Announcement dated 30 January 2023
10. Refer to Kingwest Resources Announcement dated 13 December 2022
11. Refer to Kingwest Resources Announcement dated 25 October 2022

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Brightstar Resources Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Brightstar believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in the estimation of a Mineral Resource.

Competent Person Statement

The information in this report that relates to Exploration results at the Menzies Gold Project is based on information compiled by Ms Elizabeth Laursen B Earth Sci (Hons) GradDip AppFin, who is a Member of the Australasian Institute of Geoscientists. Ms Laursen has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

DIRECTORS' REPORT (continued)

The information presented here relating to exploration of the Laverton Gold Project area is based on information compiled by Mr Ian Pegg B App Sci (Hons), who is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he has undertaken to qualify as a "Competent Person" as that term is defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)". Mr Pegg consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Mr Pegg is employed by Brightstar Resources Ltd.

Compliance Statement

With reference to previously reported Exploration Results and Mineral Resources, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Corporate

Acquisition of Kingwest Resources Limited

On 23 December 2022, the Company announced a binding Scheme Implementation Deed signed with Kingwest Resources Limited ("Kingwest"), under which the two companies will merge by way of a court-approved Scheme of Arrangement between Kingwest and its shareholders ("Scheme"). The Scheme was subsequently approved by shareholders and implemented on 26 May 2023.

The scheme consideration includes Share Scheme Consideration and Option Scheme Consideration:

- (i) All of the ordinary shares at Kingwest are acquired by the Company in exchange for one BTR share for every 0.38 Kingwest shares held; and
- (ii) All of the options over the Kingwest shares were cancelled and the option holders received one BTR option for every 0.38 Kingwest options held.

Upon implementation of the Scheme, Shareholders of the Company and Kingwest held 53% and 47% respectively in the merged group.

Kingwest owns 100% of the advanced Menzies Gold Project ("MGP") and the greenfields Goongarrie Gold Project. As of 26 May 2023, the Mineral Resource estimate of the MGP is 11.77 Mt at 1.33 g/t for 505,100 ounces of contained gold.

Completion of Debt Extinguishment

On 18 October 2022, with shareholders' approval, the Group completed the following transactions with Stone Resources (HK) Limited ("SRHKL"). At the time of transaction SRHKL was a related party of the Group by virtue of Mr Yongji Duan being a director of both SRHKL and the Company.

- (i) The Group granted a 1.5% NSR royalty over six tenements (i.e. E38/3279, E38/3434, E38/3438, E38/3500, E38/3504 and P38/4508) to SRHKL, in exchange for extinguishing \$5,400,000 debt owed to SRHKL;
- (ii) 10,545,818 shares were issued at a deemed issue price of \$0.02845 per share to SRHKL, as non-cash payment of an Option Fee of \$300,000 for being granted a Royalty Buy-back Option ("Call Option"). If the Call Option is exercised, the Group can purchase the 3% NSR which is currently applicable to a substantial portion of the Group's tenement holdings in cash and/or BTR shares at the discretion of the Board. The exercise price of this Call Option is US\$25 million, and the expiry is 5 calendar years since settlement date of this Call Option Deed; and
- (iii) 19,090,909 shares were issued to SRHKL at an issue price of \$0.033 per share, as non-cash settlement of an outstanding liability of \$630,000 owing to Great Cortex International Limited ("Great Cortex"). All related expenses and amounts owing, including accrued interest payments, have been deemed to be discharged.

Capital Raising Activities

On 4 November 2022, the Company completed a placement of approximately 44 million fully paid ordinary shares in order to raise \$660,000 (before costs).

On 11 January 2023, the Group completed a Share Placement raising gross proceeds of \$1,600,000 (before costs) at an issue price of \$0.016 per share.

The funds raised were applied to advance exploration activities and provide working capital.

DIRECTORS' REPORT (continued)

Cash Position

At the end of the financial year the Group had \$425,707 (2022: \$1,601,324) in cash and cash equivalents. The Group's capitalised exploration, evaluation and development expenditure totalled \$38,007,360 (2022: \$13,270,922).

Subsequent to the end of the financial year, the Group completed a capital raising in August to raise \$3.5 million via a Share Placement of approximately 318 million fully paid ordinary shares at an issue price of \$0.011 per share raise gross proceeds (before costs) of \$3,500,000.

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Alexander Rovira

Managing Director (Appointed 12 January 2023)

Mr Rovira holds a Bachelor of Science (Geology) and Bachelor of Commerce (Corporate Finance) from the University of Western Australia. Before joining the Company Mr Rovira had been working for nine years as an investment banker at a global financial services company that focused on the metals and mining sector. Mr Rovira holds no directorships in other listed companies in Australia.

Gregory Bittar

Non-Executive Chairman (Appointed 26 May 2023)

Mr Bittar has extensive experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industries, metals and mining, mining services and energy. Mr Bittar has worked for Bankers Trust, Baring Brothers Burrows and with Morgan Stanley in London, Melbourne and Sydney. Greg holds a Master of Finance from the London Business School, a Bachelor of Economics and a Bachelor of Laws (Hons) from the University of Sydney.

Mr Bittar is currently a Non-Executive Director of Horizon Oil Limited (appointed March 2017) and previously held the position of Chairman for ASX listed mining companies Trek Metals Limited (resigned September 2020) and Millennium Minerals Limited (resigned August 2020).

Jonathan Downes

Non-Executive Director (Appointed 26 May 2023)

Mr Downes has over 25 years' experience in the minerals industry and has worked in various geological and corporate capacities. Experienced with nickel, gold and base metals, he has also been intimately involved with the exploration process, development through to production.

Mr Downes is on the board of several ASX-listed companies; he is currently the Managing director of high grade gold miner Kaiser Reef Limited (appointed September 2019) and non-executive director of Cazaly Resources Ltd (appointed November 2021). Mr Downes was previously a Director of Corazon Mining Limited (resigned September 2023) and Galena Mining Limited (resigned October 2021).

Josh Hunt

Non-Executive Director

Josh Hunt is an experienced capital markets and M&A lawyer and has extensive experience in all aspects of mining and energy project acquisitions and disposals and general mining legislation compliance throughout Australia. He has advised on numerous IPOs, fundraisings, and acquisitions by both public and private companies on the ASX and internationally. Mr Hunt assists the BTR board with corporate governance, company law and capital market management going forward.

Mr Hunt is also a director of ASX listed I Synergy Group Limited (appointed May 2022). Mr Hunt was previously a Director of Douough Limited (formerly ZipTel Limited) (resigned September 2020).

DIRECTORS' REPORT (continued)**Tony Lau**

Non-Executive Director (Appointed 13 February 2023)

Mr Lau has over 20 years of audit, accounting, and corporate finance experience. He worked in PricewaterhouseCoopers in Hong Kong for 12 years and thereafter held a senior finance executive for a number of PRC Groups in Hong Kong. He had extensive exposures in working on complex projects including overseas mergers, acquisitions, and IPOs.

Mr Lau holds no directorships in other listed companies in Australia.

William Hobba

Managing Director (Resigned 12 January 2023)

Mr Hobba had been on the Board of the Company since September 2012. Mr Hobba is an experienced minesite technical advisor who brings 40 years of operational experience in developing mine sites to his role, including over ten years' experience constructing and operating the Brightstar plant. After retiring from the Board, Mr Hobba has been working for the Company in the capacity of Technical Services Manager.

Mr Hobba holds no directorships in other listed companies in Australia.

Yongji Duan

Chairman (Non-Executive) (Resigned 13 February 2023)

Yongji Duan is the Chairman of the board of directors of Stone Resources Limited, a previous major shareholder of Brightstar Resources Limited. He joined Stone Group Corporation in 1985 and has served as Vice President and President prior to his promotion to the Chairman of its board of directors in 1999. He was appointed President and Chief Executive Officer of Stone Group Holdings Limited and its subsidiaries in 2002.

As a well-known entrepreneur and business leader in China from 1999 to 2007, he has held the position as Director of Beijing Centergate Technologies (Holding) Co. Ltd., a company listed on Shenzhen Stock Exchange. From 2003 to 2008, he also served as Director of SINA Corporation (NASDAQ: SINA).

Mr Duan graduated from Tsinghua University and was a researcher at Beijing University of Aeronautics & Astronautics. He acted as Vice Director of 621 Laboratory at China National Space Administration from 1982 to 1984.

Mr Duan holds other directorships in other listed companies in Australia.

Directors' relevant interests in shares, options, or performance rights

The relevant interests of each director, at the date of the directors' report, in shares or options over any such instruments are outlined in the following table:

Directors	Ordinary Shares	Unlisted Options	Performance Rights
Alex Rovira	32,447,368	-	80,000,000
Gregory Bittar	5,879,700	6,528,339	-
Jonathan Downes	9,013,632	2,176,113	-
Josh Hunt	4,607,999	-	-
Tony Lau	15,172,414	-	-

Company Secretaries**Benjamin Smith**

Joint Company Secretary (Appointed 26 May 2023)

Mr Smith is a Chartered Accountant and has over ten years' experience in finance, accounting and corporate advisory. His experience includes three years at BHP's Nickel Wes, and five years auditing ASX listed companies prior to that. More recently he is serving as Company Secretary for ASX listed company Rubix Resources Limited and Estrella Resources Limited.

DIRECTORS' REPORT (continued)**Luke Wang**

Joint Company Secretary

Mr Wang is a Certified Practising Accountant. He holds a Master of Professional Accounting and Postgraduate Diploma in Taxation from the Curtin University. Mr Wang joined the Company in 2012. In addition to his role as Company Secretary, he has been focusing on the financial and administration work of the Company as Financial Controller.

Principal Activities

The principal activities of the Group during the financial year were mineral exploration.

Significant changes in state of affairs

Other than those disclosed in the director's report, there were no significant changes in the state of affairs of the Group during the financial year.

Results

The consolidated profit after income tax attributable to the members of the Group was \$1,944,366 (2022: \$3,950,250 loss).

Dividends

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

Significant events after balance date

On 4 August 2023 the Company completed a Share Placement raising gross proceeds of \$3.5 million (before costs) at an issue price of \$0.011 per share. Approximately 304.5 million fully paid ordinary shares were issued to sophisticated investors. The remaining approximately 13.6 million shares will be issued to the Directors of the Company upon receipt of shareholder approval.

Mining at the Selkirk Deposit under the joint venture with BML Ventures Pty Ltd commenced 21 August 2023. This project is budgeted on a gold price of \$2,850 per ounce. 50% project cashflow is expected to be generated and distributed to the Company in the first quarter of 2024 calendar year.

Results of the Scoping Study from the Menzies & Laverton Gold Projects located in WA's Goldfields region were announced on 6 September 2023. The Scoping Study illustrates that the development of the Menzies and Laverton Gold Projects is a commercially viable stand-alone mining operation and accordingly the Board of the Company has approved progression to a Preliminary Feasibility Study.

There were no other significant events occurring after balance sheet date requiring disclosure other than already disclosed.

Likely developments

The Group will progress the Menzies and Laverton Gold Projects to a Preliminary Feasibility Study, in parallel with converting inferred Mineral Resources to Indicated Mineral Resources, ongoing extensional exploration and resource growth.

Environmental legislation

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Directors of the Group monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

Material Business Risks

The Board and Management have identified the following specific risks relevant to the Company's current/ongoing business and operations:

DIRECTORS' REPORT (continued)*Fluctuations in commodity prices and outlook*

The Group's is by its nature exposed to fluctuations in the gold price and the Australian dollar exchange rate. Volatility in the gold price and Australian dollar effects the perceived value of the Group and its business performance. Declining gold prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

Risk of exploration failure

Exploration activities are inherently risky, and the Board is unable to provide certainty that any or all of these objectives, as outlined as business strategies above, will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Group and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly, further information has not been disclosed.

Additional requirement for capital

The Company's current capital is sufficient, at the issue date of this report, to meet its current planned exploration activities. Activities beyond the scope of current plans including funding corporate activities will require additional funding to be obtained. Funding via additional equity will dilute existing shareholdings and debt financing if viable, would likely be subject to covenants and restrictions. There is a risk that the Company may need to reduce the scope of its future exploration programmes to ensure sufficient capital is maintained. There is no guarantee that suitable, additional funding will be able to be secured by the Company either via equity or debt.

Mineral resources and estimates and exploration

The Group's mineral resources and estimates are estimates, based on interpretations of geological data obtained from drillholes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. Market price fluctuations of gold as well as increased production and capital costs may render the Group's resources unprofitable to develop at a particular site or sites for periods of time or may render estimates containing relatively lower grade mineralisation uneconomic. Estimated resources may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its estimates, which could have a negative impact on the Group's financial results.

The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered (or acquired), it may take several years from the initial phases of drilling until production is possible. There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of resources will not be offset by discoveries or acquisitions.

Mining, exploration and insurance

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, seismic events, cave-ins and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation. There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining, such as unusual or unexpected geological conditions, underground access, ambient rock temperature, rock bursts, seismicity and cave ins.

Unforeseen geological and geotechnical difficulties could impact operations and/or require additional operating or capital expenditure to rectify problems and thereby have an adverse effect on the Company's financial and operational performance.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Environmental, health, safety and permitting

The Group's activities are subject to laws and regulations governing the protection and management of the environment, water management, waste disposal, worker health and safety, mine development and rehabilitation and the protection of endangered and other special status species. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Group's operations, including its ability to continue operations.

DIRECTORS' REPORT (continued)

With the Group's tenure located within Western Australia, the Company is subject to state and federal laws and regulations concerning the environment in Western Australia. Mechanised exploration will impact the local environment along with any advanced development and production activities. In undertaking exploration activities, the Company intends to comply with all environmental laws. Inherent risks when completing exploration activities include, but are not limited to, land disturbance and the disposal of waste products. An incident involving incorrect disposal of waste products could result in delays to exploration, additional costs to remediate the location and any legislative penalties. The Company has procedures in place to minimise the occurrence of environmental impacts and any subsequent penalties; however, the nature of exploration and development will always involve environmental risks.

The Group has implemented health, safety and community initiatives at its sites to manage the health and safety of its employees, contractors and members of the community. While these control measures are in place there is no guarantee that these will eliminate the occurrence of incidents which may result in personal injury or damage to property. In certain instances such occurrences could give rise to regulatory fines and/or civil liability.

Heritage

The Company is subject to state and federal laws and regulations concerning Native Title and Heritage rights and interests. The Company is required to ensure that tenure has been adequately surveyed and considered before commencing any activity that would disturb the natural environment and its surroundings. The Company complies with required legislation regarding Native Title and Heritage requirements and, where appropriate, engages a third party to ensure that all requirements are met. While all care is taken to ensure rights and interests are maintained, there is a level of risk inherent in exploration activities that is unable to be fully mitigated.

Shares under option

Unissued ordinary shares of Group under option as at 30 June 2023 are as follows:

Date options issued	Number of shares under option	Exercise price of option	Expiry date of options
31 December 2020	4,000,000	\$0.06	31 December 2023
31 December 2020	4,000,000	\$0.08	31 December 2023
31 December 2020	4,000,000	\$0.10	31 December 2023
12 February 2021	1,000,000	\$0.10	12 February 2024
22 June 2021	5,000,000	\$0.045	22 June 2024
1 December 2021	2,200,000	\$0.05	1 December 2024
1 December 2021	20,000,000	\$0.05	31 December 2024
30 November 2022	10,000,000	Nil	30 November 2026
26 May 2023	2,960,526	\$0.068	15 September 2023
26 May 2023	59,243,413	\$0.057	30 December 2023
26 May 2023	50,991,656	\$0.038	29 February 2024
26 May 2023	16,447,368	\$0.065	15 September 2024
26 May 2023	21,052,631	\$0.076	21 October 2024
26 May 2023	7,815,789	\$0.106	7 October 2024
26 May 2023	4,473,685	\$0.108	15 February 2025
26 May 2023	3,289,474	\$0.095	28 April 2025
26 May 2023	3,289,474	\$0.023	16 January 2026
26 May 2023	3,947,368	\$0.038	16 January 2026

No option holder has any right under the options to participate in any other share issue of the Company. No shares were issued during or after the reporting period upon the exercise of options, as at the date of this report.

For details of options issued to Directors and Key Management Personnel as remuneration, refer to the remuneration report.

During the financial year 15,000,000 options were cancelled, forfeited or lapsed (2022: nil).

DIRECTORS' REPORT (continued)**Meetings of Directors**

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

	Meetings attended	Eligible to attend
Alex Rovira	4	4
Gregory Bittar	2	2
Jonathan Downes	2	2
Josh Hunt	6	6
Tony Lau	2	2
William Hobba	2	2
Yongji Duan	4	4

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 24 and forms part of this directors' report for the year ended 30 June 2023.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable).

Remuneration report (audited)

The Directors present the Group's 2023 remuneration report which details the remuneration information for Brightstar Resources Limited's executive directors, non-executive directors and other key management personnel.

Details of key management personnel*(i) Directors*

Alex Rovira	Managing Director (<i>appointed 12 January 2023</i>)
Gregory Bittar	Non-Executive Chairman (<i>appointed 26 May 2023</i>)
Jonathan Downes	Non-Executive Director (<i>appointed 26 May 2023</i>)
Josh Hunt	Non-Executive Director
Tony Lau	Non-Executive Director (<i>appointed 13 February 2023</i>)
William Hobba	Managing Director (<i>resigned 12 January 2023</i>)
Yongji Duan	Non-Executive Chairman (<i>resigned 13 February 2023</i>)

(ii) Other Key Officers

Luke Wang	Joint Company Secretary
-----------	-------------------------

DIRECTORS' REPORT (continued)

Remuneration philosophy

The philosophy of the Group in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees.

Remuneration committee

There is no separate Remuneration Committee. The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 29 March 2023 when shareholders approved an aggregate remuneration of \$400,000 per year.

The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. In the current year, no advice was sought. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in the option plan.

Senior manager and executive director remuneration

Remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary. In the current year, no advice was obtained.

Senior managers are given the opportunity to receive their remuneration in a variety of forms including cash, shares issued in lieu of salary, and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")

As the remuneration report for the 2022 financial year received a "no" vote of more than 25%, a "first strike" was recorded for the purposes of the Corporations Act 2001 (Cth). The Board acknowledges the 'strike' received on the Remuneration Report, values the feedback of its shareholders and have been continuing to engage with shareholders on its remuneration approach.

The Board has taken the following actions since the First Strike on the 2022 Remuneration Report:

- Four new Board members who weren't on the Board at the time of the 2022 AGM
- No pay rises occurred to the Board since the 2022 AGM
- No options or incentives have been issued to any Board member without shareholder approval

Managing Director Remuneration

Mr Rovira was appointed Managing Director of the Company on 12 January 2023. His employment is in accordance with an Executive Services Agreement dated 22 December 2022 on an ongoing basis subject to termination and notice.

Mr Rovira's current remuneration is \$250,000 per annum (plus superannuation). In addition, Mr Rovira may be entitled to earn a short-term incentive determined by the Board, and incentive securities subject to compliance with the Listing Rules and the Corporations Act and obtaining shareholder approval. During the year, 80,000,000 Performance Rights are issued to Mr Rovira upon shareholder approval obtained at the general meeting held on 29 March 2023.

The Company or Mr Rovira may terminate the agreement by providing 6 months' notice in writing.

DIRECTORS' REPORT (continued)*Non-Executive Director Remuneration*

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. Compensation details of current Non-Executive Directors are shown as follows:

Name	Fee / Base Salary (excl. Superannuation)
Gregory Bittar	\$75,000
Jonathan Downes	\$48,000
Josh Hunt	\$48,000
Tony Lau	\$48,000

Key Performance Indicators of the Group over the last five years

Information about the Group's earnings and changes in shareholder wealth for the financial year and previous 4 financial years is outlined in the following table:

	2023	2022	2021	2020	2019
Net profit / (loss) after tax	1,944,366	(3,950,250)	60,551,860	(6,617,894)	(4,140,859)
Basic (loss) / profit (cents per share)	0.24	(0.73)	10.25	(0.80)	(0.51)
Dividends paid (cents per share)	-	-	-	-	-
Share price at end of year	0.011	0.018	0.031	0.004	0.002

DIRECTORS' REPORT (continued)**Remuneration report (audited) – (continued)****Table 1: Key Management Personnel Remuneration for the years ended 30 June 2023 and 30 June 2022**

		Short-term Employee Benefits			Short-term Share-based Payments			Other Long-Term Benefits	Post-Employment Benefits	Total
		Salary & Fees	Deferred Remuneration Payment	Other	Shares	Options	Performance Rights	Unvested Cash Bonus	Superannuation	
		\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
Alex Rovira (i)	2023	117,608	-	-	-	-	120,000	-	12,349	249,957
Gregory Bittar (ii)	2023	6,250	-	-	-	-	-	-	656	6,906
Jonathan Downes (ii)	2023	4,000	-	-	-	-	-	-	420	4,420
Josh Hunt	2023	72,000 (viii)	-	-	-	-	-	-	-	72,000
Tony Lau (iii)	2023	23,143 (vi)	-	-	-	-	-	-	-	23,143
William Hobba (iv) (ix)	2023	120,000 (vii)	-	20,371 (vii)	-	81,375	-	848,644	12,600 (vii)	1,082,990
Yongji Duan (v)	2023	47,368	-	-	-	-	-	-	-	47,368
Other Key Management Personnel										
Luke Wang	2023	100,000	-	2,200	-	-	-	-	10,710	112,910
TOTAL		490,369	-	22,571	-	81,375	120,000	848,644	36,735	1,599,693

(i) Appointed 12 January 2023.

(ii) Appointed 26 May 2023.

(iii) Appointed 13 February 2023.

(iv) Resigned 12 January 2023.

(v) Resigned 13 February 2023.

(vi) \$4,857 is related to the period before Mr Lau became a director of the Company.

(vii) \$56,452 salary, \$7,020 expensed other long-term benefits, and \$5,927 superannuation are related to the period after Mr Hobba resigned as a director of the Company.

(viii) Mr Hunt's remuneration is changed to \$48,000 per annum effective from 1 July 2023.

(ix) Relates to a cash bonus being granted to Mr Hobba which will be progressively paid upon pre-established milestones in association with mining and production activities being achieved.

DIRECTORS' REPORT (continued)**Remuneration report (audited) – (continued)****Table 2: Key Management Personnel Remuneration (directors) for the years ended 30 June 2023 and 30 June 2022**

		Short-term Employee Benefits			Short-term Share-based Payments			Other Long-Term Benefits	Post-Employment Benefits	Total
		Salary & Fees	Deferred Remuneration Payment (i)	Other	Shares	Options	Performance Rights	Unvested Cash Bonus	Superannuation	
		\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
William Hobba	2022	120,000	66,000	73,829 (ii)	-	-	-	-	12,000	271,829
Yongji Duan	2022	38,262	38,256	-	-	-	-	-	-	76,518
Josh Hunt	2022	48,000	-	-	-	-	-	-	-	48,000
Other Key Management Personnel										
Tony Lau (iii)	2022	4,583	-	150,000 (iv)	150,000 (iv)	-	-	-	-	304,583
Luke Wang	2022	100,000	-	200	-	39,830	-	-	10,000	150,030
TOTAL		310,845	104,256	224,029	150,000	39,830	-	-	22,000	850,960

- (i) Under mutual agreement, certain Directors agreed to defer the payment of a portion of their remuneration, which will be settled in either cash or equity at the Company's discretion.
- (ii) Reimbursement of expenses as per the rates set out in Mr Hobba's Executive Services Agreement as Managing Director.
- (iii) Mr Lau resigned as secretary of the Company on 19 July 2021.
- (iv) On 1 December 2021, the Group issued 5,172,414 shares to Mr Tony Lau for a total value of \$150,000, as part settlement sum, with a further \$150,000 paid in cash to Mr Tony Lau. This settlement sum was for services performed by Mr Lau during his tenure as company secretary. The issue of shares was approved by shareholders at the Group's 2021 Annual General Meeting.

DIRECTORS' REPORT (continued)
Remuneration report (audited) – (continued)

Table 3: Key Management Personnel Shareholding for the years ended 30 June 2023 and 30 June 2022

		Balance at beginning of period	Granted as remuneration	Other changes during the year	Balance at end of period
Directors					
Alex Rovira (i) (vi)	2023	-	-	32,447,368	32,447,368
	2022	-	-	-	-
Gregory Bittar (ii) (vi)	2023	-	-	5,879,700	5,879,700
	2022	-	-	-	-
Jonathan Downes (ii) (vi)	2023	-	-	9,013,632	9,013,632
	2022	-	-	-	-
Josh Hunt (vi)	2023	3,357,999	-	1,250,000	4,607,999
	2022	3,357,999	-	-	3,357,999
Tony Lau (iii)	2023	-	-	15,172,414	15,172,414
	2022	10,000,000	5,172,414	(15,172,414)	-
William Hobba (iv)	2023	68,727,775	-	(68,727,775)	-
	2022	68,727,775	-	-	68,727,775
Yongji Duan (v)	2023	31,449,497	-	(31,449,497)	-
	2022	31,449,497	-	-	31,449,497
Other Key Management Personnel					
Luke Wang	2023	-	-	-	-
	2022	-	-	-	-
TOTAL	2023	103,535,271	-	(37,094,322)	67,121,112
	2022	113,535,271	5,172,414	(15,172,414)	103,535,271

(i) Appointed 12 January 2023

(ii) Appointed 26 May 2023

(iii) Appointed 13 February 2023

(iv) Resigned 12 January 2023

(v) Resigned 13 February 2023

(vi) Other changes include on-market trading and/ or shares converted to Brightstar from Kingwest as a result of the acquisition (1 Brightstar share received for every 0.38 Kingwest shares held).

DIRECTORS' REPORT (continued)**Remuneration report (audited) – (continued)****Table 4: Key Management Personnel Option holding for the years ended 30 June 2023 and 30 June 2022**

		Balance at beginning of period	Granted as remuneration	Other changes during the year	Balance at end of period
Directors					
Alex Rovira (i)	2023	-	-	-	-
	2022	-	-	-	-
Gregory Bittar (ii) (vii)	2023	-	-	6,528,339	6,528,339
	2022	-	-	-	-
Jonathan Downes (ii) (vii)	2023	-	-	2,176,113	2,176,113
	2022	-	-	-	-
Josh Hunt	2023	-	-	-	-
	2022	-	-	-	-
Tony Lau (iii)	2023	-	-	-	-
	2022	-	-	-	-
William Hobba (iv) (vi)	2023	-	10,000,000	(10,000,000)	-
	2022	-	-	-	-
Yongji Duan (v)	2023	-	-	-	-
	2022	-	-	-	-
Other Key Management Personnel					
Luke Wang	2023	1,000,000	-	-	1,000,000
	2022	-	1,000,000	-	1,000,000
TOTAL	2023	1,000,000	10,000,000	(1,295,547)	9,704,453
	2022	-	1,000,000	-	1,000,000

(i) Appointed 12 January 2023

(ii) Appointed 26 May 2023

(iii) Appointed 13 February 2023

(iv) Resigned 12 January 2023

(v) Resigned 13 February 2023

(vi) Refer to note 19 of the financial statements for terms and conditions of those issued and details of the fair value of zero exercise price options issued to Mr Hobba.

(vii) Other changes include on-market trading and/ or options converted to Brightstar from Kingwest as a result of the acquisition (1 Brightstar share received for every 0.38 Kingwest options held).

DIRECTORS' REPORT (continued)
Remuneration report (audited) – (continued)

Table 5: Key Management Personnel Performance Rights holding for the years ended 30 June 2023 and 30 June 2022

		Balance at beginning of period	Granted as remuneration	Other changes during the year	Balance at end of period
Directors					
Alex Rovira (i) (vi)	2023	-	80,000,000	-	80,000,000
	2022	-	-	-	-
Gregory Bittar (ii)	2023	-	-	-	-
	2022	-	-	-	-
Jonathan Downes (ii)	2023	-	-	-	-
	2022	-	-	-	-
Josh Hunt	2023	-	-	-	-
	2022	-	-	-	-
Tony Lau (iii)	2023	-	-	-	-
	2022	-	-	-	-
William Hobba (iv)	2023	-	-	-	-
	2022	-	-	-	-
Yongji Duan (v)	2023	-	-	-	-
	2022	-	-	-	-
Other Key Management Personnel					
Luke Wang	2023	-	-	-	-
	2022	-	-	-	-
TOTAL	2023	-	80,000,000	-	80,000,000
	2022	-	-	-	-

(i) Appointed 12 January 2023

(ii) Appointed 26 May 2023

(iii) Appointed 13 February 2023

(iv) Resigned 12 January 2023

(v) Resigned 13 February 2023

(vi) Refer to note 19 of the financial statements for terms and conditions of those issued and details of the fair value of the performance rights issued to Mr Rovira.

DIRECTORS' REPORT (continued)**Remuneration report (audited) – (continued)****Transactions with related parties**

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions.

On 18 October 2022, with shareholders approval, the Group completed the following transactions with SRHKL (at the time of transaction SRHKL was a related party of the Group by virtual of Mr Yongji Duan being a director of both SRHKL and the Group) :

- (i) A 1.5% NSR royalty over six tenements (i.e. E38/3279, E38/3434, E38/3438, E38/3500, E38/3504 and P38/4508) was granted to SRHKL, in exchange for extinguishing \$5,400,000 debt owed to SRHKL;
- (ii) 10,545,818 shares were issued at a deemed issue price of \$0.02845 per share to SRHKL, as non-cash payment of an Option Fee for being granted a Royalty Buy-back Option (Call Option). If the Call Option is exercised, the Group can purchase the 3% NSR which is currently applicable to a substantial portion of the Group's tenement holdings in cash and/or BTR shares at the discretion of the Board. The exercise price of this Call Option is US\$25 million, and the expiry is 5 calendar years since settlement date of this Call Option Deed; and
- (iii) 19,090,909 fully paid ordinary shares in the Company were issued to SRHKL at an issue price of \$0.033 per share, as non-cash settlement of the Cortex Loan. The original loan agreement which was executed by the Company and Cortex in September 2012 was subsequently announced terminated, and all liabilities under that loan agreement including interest accrued are deemed to have been discharged.

Details of other related parties' transactions are shown as follows:

	2023	2022
	\$	\$
<i>Hunt DRG – related party to Josh Hunt</i>		
Provision of legal and compliance services which fell outside of the scope of Mr Hunt's director duties	24,500	33,500

Other than as outlined above, the Group did not enter into any further related party transactions with the Director, key management personnel or their related entities.

END OF AUDITED REMUNERATION REPORT

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



Alex Rovira
 Managing Director
 29 September 2023

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BRIGHTSTAR RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Brightstar Resources Limited and the entities it controlled during the period.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 29 September 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2023**

	Notes	2023 \$	2022 \$
Interest		9,217	385
Other income	2(a)	5,062,823	150,188
Remeasurement of Rehabilitation Provision	15	450,832	-
Mine site expenses		(366,466)	(336,813)
Exploration expenditure		(125,512)	(673,934)
Depreciation and amortisation expense	2(b)	(43,383)	(394,942)
Impairment expenses	2(c)	(700,755)	(47,828)
Finance costs	2(d)	(363,340)	(957,128)
Administration expenses		(310,700)	(186,516)
Consulting expenses		(39,000)	(380,338)
Director fees		(292,878)	(255,707)
Employee benefits expense	2(g)	(1,132,112)	(651,924)
Other expenses		(204,360)	(215,693)
Profit / (loss) before income tax		1,944,366	(3,950,250)
Income tax	3	-	-
Net profit / (loss) for the year attributable to members of the parent		1,944,366	(3,950,250)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit / (loss) for the year		1,944,366	(3,950,250)
Total comprehensive income / (loss) for the year attributable to members of the parent		1,944,366	(3,950,250)
Basic (loss)/earnings per share per share (cents per share)	5	0.24	(0.73)
Diluted (loss)/earnings per share (cents per share)	5	0.22	(0.73)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023**

	Notes	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	6	425,707	1,601,324
Trade and other receivables	7	134,447	403
Other financial assets	8	50,943	25,000
Prepayments		114,172	26,142
Total Current Assets		725,269	1,652,869
Non-Current Assets			
Property, plant and equipment	9	297,376	86,183
Right-of-use asset	10	302,083	14,908
Deferred exploration and evaluation expenditure	11,12	38,007,360	13,270,922
Total Non-Current Assets		38,606,816	13,372,013
Total Assets		39,332,085	15,024,882
Current Liabilities			
Trade and other payables	13	1,614,687	2,040,334
Lease liabilities	10	45,941	14,907
Provisions	15	196,593	145,225
Total Current Liabilities		1,857,221	2,200,466
Non-Current Liabilities			
Other payables and accruals	13	848,644	-
Lease liabilities	10	275,775	-
Borrowings	14	-	628,736
Provisions	15	2,926,920	3,111,668
Other financial liabilities	16	-	4,434,667
Total Non-Current Liabilities		4,051,339	8,175,071
Total Liabilities		5,908,560	10,375,537
Net Assets		33,423,525	4,649,345
Equity			
Issued capital	17	68,981,082	43,254,388
Accumulated losses		(42,926,520)	(44,870,886)
Reserve	18	7,368,963	6,265,842
Total Equity		33,423,525	4,649,345

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2023**

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(804,705)	(1,391,789)
Interest received		8,900	523
Interest on lease liabilities		(2,432)	(392)
Net cash (used in) operating activities	6(ii)	(798,237)	(1,391,658)
Cash flows from investing activities			
Proceeds from sale of non-current assets		764	-
Proceeds from sale of assets		-	10,000
Payments for property, plant and equipment		(58,900)	(27,559)
Payments for exploration and evaluation expenditure		(2,553,794)	(2,453,136)
Payments for acquisition of exploration assets		(2,000)	(60,000)
Net cash inflow from acquisition of Kingwest Resources Ltd	12	699,482	-
Transaction costs related to acquisition of entity		(544,037)	-
Net cash (used in) investing activities		(2,458,485)	(2,530,695)
Cash flows from financing activities			
Repayment of lease liabilities		(18,918)	(17,838)
Payments for share buy-back		-	-
Proceeds from capital raising		2,260,000	4,847,318
Transaction costs on issue of equity securities		(126,172)	(290,839)
Payment of deposit and bank guarantee		(33,805)	-
Net cash provided by financing activities		2,081,105	4,538,641
Net (decrease) / increase in cash held		(1,175,004)	616,288
Cash and cash equivalents at beginning of period		1,601,324	985,035
Cash and cash equivalents at end of period	6(i)	425,707	1,601,323

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2023**

	Issued Capital	Accumulated Losses	Reserve	Total
Note	\$	\$	\$	\$
Balance as at 1 July 2021	37,857,909	(40,920,635)	5,396,622	2,333,896
Profit for the year	-	(3,950,250)	-	(3,950,250)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	(3,950,250)	-	(3,950,250)
Shares issued during the year	17 5,687,318	-	-	5,687,318
Transaction costs on issue of shares	(290,839)	-	-	(290,839)
Share based payment reserve	-	-	869,220	869,220
Balance at 30 June 2022	43,254,388	(44,870,886)	6,265,842	4,649,344
Balance as at 1 July 2022	43,254,388	(44,870,886)	6,265,842	4,649,344
Loss for the year	-	1,944,366	-	1,944,366
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	1,944,366	-	1,944,366
Shares issued during the year	17 25,852,866	-	-	25,852,866
Transaction costs on issue of shares	(126,172)	-	-	(126,172)
Share based payment reserve	18, 19 -	-	1,103,121	1,103,121
Balance at 30 June 2023	68,981,082	(42,926,520)	7,368,963	33,423,525

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Brightstar Resources Limited is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity. Its registered office and principal place of business is Level 2, 26 Rowland Street, Subiaco, WA 6008.

(a) Basis of preparation of the financial report

The financial report covers Brightstar Resources Limited ("the Company") and its controlled entities as a group (together referred to as the "Group").

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report was approved by the directors on 29 September 2023.

Compliance with IFRS

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Going Concern

The financial report has been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

The Group has recorded a net profit of \$1,944,366 (2022: loss of \$3,950,250), reported net cash used in operating activities \$798,237 (2022: outflows of 1,391,658) and as of 30 June 2023 cash and cash equivalents of \$425,707 (2022: \$1,601,324).

The directors have prepared a cash flow forecast for the period ending 30 September 2024. It is recognised that additional funding is required either through the issue of further shares, or convertible notes, or the sale of assets, or a combination of these activities for the Group to continue to actively explore and develop its mineral properties, until recommencement of mining and milling operations.

The directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate. The following factors have been taken into consideration by the directors:

- Subsequent to the year end, the Company has successfully completed a Share Placement raising gross proceeds of \$3.5 million (before costs) at an issue price of \$0.011 per share (refer to note 23).
- \$150,000 (incorporated as part of the aforementioned \$3.5 million Share Placement) is expected to be raised via a Director Placement, which is subject to shareholders approval at the general meeting on 9 October 2023.
- Mining at the Selkirk Deposit under the joint venture with BML Ventures Pty Ltd commenced 21 August 2023. This project is budgeted on a gold price of \$2,850 per ounce. Under the joint venture arrangement, the Group receives 50% of the Selkirk Project's net cashflow which is expected to be generated and distributed to the Company in the first quarter of 2024 calendar year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Going Concern (continued)

However, the Group acknowledge that the status of going concern relies on the development of the Company's projects and subsequent capital raising to support the development. Should the Group be unable to raise further debt or capital, there exists a material uncertainty that the Group may in the future not be able to continue as a going concern. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(c) New and revised accounting standards effective for the current reporting period

The Group has adopted all of the new and amended Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group and effective for the current reporting period. The Group has considered the implications of new and amended Accounting Standards and has determined that their application to the financial statements is either not relevant or not material.

(d) Accounting standards issued but not yet effective

The Group has considered all Standards and Interpretations issued but not yet effective for the current reporting period and has determined that their implication to the financial statements is either not relevant or not material.

(e) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter group balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and the statement of financial position respectively.

(f) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Asset Acquisition

AASB 3 *Business Combination* provides guidance to determine whether a business combination or an asset acquisition has occurred. Critical judgment is required to determine the classification of the transaction. On 26 May 2023 the Group completed the acquisition of 100% of Kingwest Resources Ltd ("Kingwest"). Through a thorough analysis of the specific characteristics of the transaction and by applying the relevant implications of AASB 3, it was determined that the transaction does not meet the definition of a business. Consequently, the transaction has been accounted for as an asset acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active Group operations in, or relating to, the area of interest are continuing.

Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

On a regular basis, management consider whether there are indicators as to whether the asset carrying values exceed their recoverable amounts. This consideration includes assessment of the following:

- (a) expiration of the period for which the entity has the right to explore in the specific area of interest with no plans for renewal;
- (b) substantive expenditure on further exploration for and evaluation in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where an impairment indicator is identified, the determination of the recoverable amount requires the use of estimates and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimate include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

Recoverability of Mine Property and Plant

Certain assumptions are required to be made in order to assess the recoverability of Mine Property and Plant. The recoverable amount of Mine Property and Plant is the higher of fair value less costs of disposal and value in use. Mine Property and Plant values are tested on a "Fair value less costs of disposal" as a basis to determine any impairment. In estimating the fair value of Mine Property and Plant, the Group engages third party qualified valuers to perform the valuation of Mine Property and Plant.

The key areas of judgement and estimate include:

- Auction Value of Mine Property and Plant (last report issued for valuation performed in July 2017); and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

Provision for restoration and rehabilitation obligations

The estimated costs of future site rehabilitation and restoration, including heritage preservation where required, associated with previous mining and/or exploration activity are provided for as and when an obligation arises and are included in the costs of the related area of interest. These costs include the dismantling and removal of any plant, equipment and building structures and rehabilitation, where such work is deemed appropriate by the relevant government authorities and the cost of making safe any remaining aspects of the previous mining operation. The costs are based on estimates of future costs, current legal requirements and existing technology.

The provision is based on the best available information of costs expected to be incurred at the expiry of the respective license agreements. Such costs have been provided for at the present value of future expected expenditure discounted using a rate adjusted for risks specific to the liability. On an ongoing basis the closure liability is remeasured at each reporting period in line with the changes in time value of money (recognised as a finance cost in profit or loss and an increase in provision), and changes in estimates of future costs or methods of rehabilitation. Changes in the closure liability are recognised prospectively.

Certain assumptions are required to be made in determining the amount expected to be incurred to settle its obligations in relation to restoration and rehabilitation of the mine site. Key assumptions include the amount and timing of future cash flow estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting judgements, estimates and assumptions (continued)

Share-based payments

The Group measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted. The fair value of the equity instruments granted is determined using an appropriate option pricing model taking into account the terms and conditions upon which the instruments were granted. Volatility for these calculations is determined with reference to the Group's historical volatility for a comparable or appropriate period. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Please refer to Note 18 for further details.

(g) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position

(j) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

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

Office furniture and equipment	5 - 8 years
Plant and equipment	3 - 5 years
Motor vehicles	4 - 5 years

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is based on the fair value less costs of disposal.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss as impairment expenses.

(ii) Derecognition and 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 derecognition 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.

(k) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(l) Mine development expenditure

Mine development expenditure represents the accumulation of all exploration and evaluation expenditure incurred in respect of areas of interest in which a decision to mine has been made. Plant construction and commissioning costs are included as mine development expenditure until the commissioning phase is completed.

Once commission phase is completed and production commences, all assets under mine development expenditure is transferred to mine property and plant. As at the date of the financial report, there are no mine development expenditure recognised by the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Mine property and plant

Once mine construction is completed, assets from mine development expenditure are transferred to mine property and plant (which is a sub category in property, plant and equipment). Mine property and plant are stated at cost, less accumulated depreciation and accumulated losses.

When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of mine development expenditure only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Where mine property and plant is in production, amortisation of mine property and plant is provided on a unit of production basis, which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves. In accordance with its policy, the Group reviews the estimated useful lives of its mine property and plant on an ongoing basis.

Where the Group's mine property and plant is in care and maintenance, the Group has impaired assets to its fair value less cost of disposal and the Group amortises over a straight-line basis to account for the physical wear and tear while the asset remains idle, over an estimated remaining useful life of 5 years.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is fully provided against or written off in the financial year in which this is determined.

(n) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(p) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9 Financial Instruments.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

(q) Provisions – Employee benefits

(i) Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service.

(r) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner unless they are not expected to be recovered over the course of the Groups operation where they are recognised in the Statement of Profit or Loss. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share Capital

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.

(t) Earnings per share

Basic earnings per share ('EPS') is calculated as net profit or loss attributable to members of the Company for the reporting period, after excluding any costs for servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted earnings is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary share and the effect on revenues and expenses of conversion, by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

(u) Other revenue and other income

Interest revenue is measured in accordance with the effective interest method.

Dividend and other distribution revenue is recognised when the right to receive a dividend or other distribution has been established. Dividends and other distributions received from associates and joint ventures are accounted for in accordance with the equity method.

All revenue is measured net of the amount of goods and services tax (GST).

(v) Government grants

The Group recognises stimulus package from the Australian Taxation Office ("ATO") as a government grant when there is reasonable assurance that the entity will comply with the conditions attached to them, and the grant will be received. The amount is recognised as other income in profit or loss.

(w) Events after the reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

(x) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest to the nearest dollar (where indicated).

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	2023	2022
	\$	\$
(a) Other income		
Gain from sale of non-current assets	708	-
Gain from sale of exploration assets	-	(2,099)
Gain on extinguishment of debt arrangements (refer to Note 14 &16)	5,060,075	-
Expected credit loss	-	36,674
Finance Income	-	113,525
Other	2,040	2,088
	<u>5,062,823</u>	<u>150,188</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023**

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE (continued)

(b) Depreciation and amortisation expense

Mine property and plant (refer to Note 9)	-	358,983
Other property, plant and equipment (refer to Note 9)	19,258	19,404
Right-of-use assets (refer to Note 10)	20,028	16,555
	<u>43,383</u>	<u>394,942</u>

(c) Impairment expense

Impairment of deferred exploration expenditure Alpha Mine	23,574	47,828
Impairment of relinquished tenements	677,181	-
	<u>700,755</u>	<u>47,828</u>

(d) Finance costs

Interest expenses	17,675	57,862
Interest expense on lease liabilities	2,432	397
Unwind of discount – borrowings	-	112,261
Unwind of discount – financial liability	-	719,607
Unwind of discount – long-term benefit (refer to Note 13)	77,149	-
Unwind of discount – rehabilitation provision (refer to Note 15)	266,084	67,001
	<u>363,340</u>	<u>957,128</u>

(f) Share-based payments are included within:

Director Fees (refer to Note 19)	131,624	-
Employee benefits expense (refer to Note 19)	86,750	87,626
Consulting expenses	-	150,000
	<u>218,374</u>	<u>237,626</u>

Consolidated

2023	2022
\$	\$

(g) Employee benefits expense:

Wages and salaries	212,516	237,957
Superannuation	34,553	22,000
Share-based payment expense (refer to Note 19)	86,750	87,626
Long-term employee benefits (refer to Note 13)	771,495	-
Other employment related expenses	26,798	304,341
	<u>1,132,112</u>	<u>651,924</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 3: INCOME TAX

	Consolidated	
	2023 \$	2022 \$
(a) Income tax recognised in statement of income		
Accounting income/(loss) before tax from continuing operations	1,944,364	(3,920,251)
Income tax expense/(benefit) calculated at an income tax rate of 30% (2021:30%)	583,309	(1,185,075)
Non-deductible expenses	119,990	242,293
Capital Gain on acquisition of Kingwest	175,967	
Non-assessable debt forgiveness income	-	(11,002)
Deferred Tax Position not recognised	(879,266)	953,784
Income tax expense reported in the statement of comprehensive income	-	-
(b) Recognised deferred tax balances 30% (2022: 30%)		
Deferred tax assets comprise:		
Tax Losses	19,374,579	7,390,954
Provision for doubtful debts	40,242	40,242
Mining assets (plant and equipment)	437,486	510,483
Plant and Equipment under lease	5,890	-
Provision for rehabilitation	878,076	933,500
Other business related costs	329,168	81,159
Other provisions	58,978	43,567
Accrued expenses	192,689	117,994
Deferred tax losses not brought to account	(21,317,108)	(6,611,451)
	-	2,506,448
Deferred tax liabilities comprise:		
Prepayments	(34,252)	(4,766)
Exploration expenditure capitalised	(9,136,774)	(2,501,682)
Offset against Deferred Tax Asset	9,171,026	-
	-	(2,506,448)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2022: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. The company does not currently qualify as a Small Business Entity and as such has recognised future deferred tax assets at 30%. The Company has conducted a preliminary review in respect of losses incurred prior to formation of an income tax consolidated group and has determined that they are likely able to be used by meeting the Same Business Test (SBT). Losses incurred between 1 July 2018 and 30 June 2023 are able to be utilised under the Continuity of Ownership Test (COT).

(c) Unrecognised deferred tax assets

The Group has unrecognised deferred assets relating to revenue tax losses of \$19,374,579 (2022: \$7,390,954) which equates to total revenue losses of \$64,581,930 (2022: 24,636,513). The Group has unrecognised deferred tax liabilities relating to Exploration Expenditure totalling \$9,136,774 (2022: 2,501,682).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 4: SEGMENT REPORTING

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The group's sole activity is mineral exploration and resource development wholly within Australia; therefore the Group considers that it has one reportable segment being mineral exploration with the state of Western Australia.

The reportable segment is represented by the primary statements forming these financial statements.

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2023	2022
	Cents per share	Cents per share
<i>Basic and diluted earnings / (loss) per share:</i>		
Total basic earnings / (loss) per share	0.24	(0.73)
Total diluted earnings / (loss) per share	0.22	(0.73)

Basic and diluted (loss) / earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings / (loss) per share is as follows:

	\$	\$
Earnings / (Loss)	1,944,366	(3,950,250)
Weighted average number of ordinary shares for the purposes of basic loss per share	822,752,276	543,711,556
Adjusted weighted average number of ordinary shares for the purposes of diluted loss per share	900,398,573	543,711,556

In the prior year share options are not dilutive as their inclusion would give rise to a reduced loss per share. In the current year the above adjusted weighted average number of shares incorporates an adjustment to the calculation to incorporate the effects of bonus elements (if any) in relation to rights issues.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2023	2022
	\$	\$
Cash at bank and on hand	425,707	1,601,324
	425,707	1,601,324

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 30 June 2023, the Group did not have any undrawn committed borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

(i) Reconciliation to Cash Flow Statement

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	2023	2022
	\$	\$
Cash and cash equivalents	425,707	1,601,324

(ii) Reconciliation of loss for the year to net cash flows used in operating activities

	Consolidated	
	2023	2022
	\$	\$
Profit/(loss) for the year:	1,944,366	(3,950,250)
Depreciation and amortisation	43,383	394,942
Impairment expenses	700,755	47,828
Exploration expenditure written off	125,512	673,934
(Gain) / Loss from sale of exploration assets	-	2,099
(Gain) / Loss from sale of non-current asset	(708)	-
Debt extinguishment	(4,434,667)	-
Bad debt written-off	-	12,378
Creditor written-off	-	(36,674)
Finance income	-	(1,673)
Finance costs	1,264	720,016
Other non-cash balance	-	24,688
Equity payment to directors and employees	707,605	237,626
(Increase)/decrease in assets:		
Current receivables	78,743	(104)
Prepayments	(98,285)	(3,211)
Increase/(decrease) in liabilities:		
Current payables	(575,718)	387,648
Current provisions	45,628	32,485
Other payables	848,633	-
Provision for rehabilitation	(184,748)	67,001
Net cash used in operating activities	(798,237)	(1,391,658)

(iii) Non-cash investing and financing activities

During the year, the Group had the following non-cash investing and financing activities:

- A new lease arrangement was entered into during the year which resulted in a right of use asset addition of \$307,203.
- Issue of 19,090,909 fully paid ordinary shares to Stone Resources (Hong Kong) Limited ("SRHKL") at a price of \$0.033 per share, as equity settlement of the Cortex Loan.
- Issue of 10,545,818 fully paid ordinary shares to SRHKL at a price of \$0.028 per share, as non-cash payment of an Option Fee for being granted a Royalty Buy-back Option
- Issue of 12,131,227 fully paid ordinary shares to two directors and one employee at a price of \$0.017 per share as part of their remuneration under the remuneration arrangements they have with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

- Issue of 741,386,387 fully paid ordinary shares to shareholders of Kingwest Resources Ltd ("Kingwest") as part consideration for acquisition of Kingwest ("Consideration Shares"). \$22,456,635 has been recognised and recorded as the fair value of the Consideration Shares.
- Grant of 10,000,000 zero exercise price options (ZEPOs) exercisable on or before 30 November 2026 to the Company's former managing director William Hobba as a performance linked incentive component in the remuneration package for Mr Hobba. A share-based payment expense of \$81,375 has been recognised for the year.
- Grant of 173,511,384 unlisted options to optionholders of Kingwest Resources Ltd ("Kingwest") as part consideration for acquisition of Kingwest ("Consideration Options"). \$901,747 has been recognised and recorded as the fair value of the Consideration Options.
- Grant of 80,000,000 Performance Rights expiring 31 March 2026 (in 6 tranches) were issued to the Company's managing director Alex Rovira upon shareholders' approval obtained at the General Meeting held on 29 March 2023. A share-based payment expense of \$119,999 has been recognised for the year.

During the prior year, the Group had the following non-cash investing and financing activities:

- Issue of 15,000,000 fully paid ordinary shares at \$0.046 per share and grant of 20,000,000 unlisted options exercisable at five cents to Milford Resources Pty Ltd as consideration for the acquisition of tenement E38/3500 and E38/3504. This amount has been capitalised into deferred exploration and evaluation expenditure at 30 June 2022.
- Issue of 5,172,414 fully paid ordinary shares to Mr Tony Lau as a part payment settlement, and grant of 2,200,000 unlisted options exercisable at five cents to two employees of Brightstar for provision of services.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023	2022
	\$	\$
Current		
GST receivable	82,728	-
Trade and other receivables	51,719	403
	<u>134,447</u>	<u>403</u>

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2023	2022
	\$	\$
Deposit for credit cards	25,000	25,000
Bank guarantee for office lease	25,943	-
	<u>50,943</u>	<u>25,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2023	2022
	\$	\$
Office furniture and equipment:		
At cost	133,346	104,543
Accumulated depreciation	(104,273)	(77,615)
	<u>29,074</u>	<u>26,928</u>
Plant and equipment:		
At cost	158,651	1,161,949
Accumulated depreciation	(130,991)	(1,161,949)
	<u>27,660</u>	<u>-</u>
Motor vehicles:		
At cost	345,989	224,228
Accumulated depreciation	(234,542)	(164,975)
	<u>111,447</u>	<u>59,253</u>
Mine property and plant:		
At cost	391,391	358,983
Accumulated depreciation	(358,983)	(358,983)
	<u>32,408</u>	<u>-</u>
Land and building:		
At cost	103,662	-
Accumulated depreciation	(6,877)	-
	<u>96,785</u>	<u>-</u>

Reconciliation of movement in property plant and equipment

	Consolidated					
	Office furniture and equipment	Plant and equipment	Motor vehicles	Mine property and plant ¹	Land and building	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
At 1 July 2021, net of accumulated depreciation and impairment	26,877	639	68,399	358,983	-	454,898
Additions	9,674	-	-	-	-	9,674
Disposal / write-offs	-	-	-	-	-	-
Depreciation charge for the year	(9,622)	(639)	(9,145)	(358,983)	-	(378,389)
At 30 June 2022, net of accumulated depreciation and impairment	<u>26,928</u>	<u>-</u>	<u>59,253</u>	<u>-</u>	<u>-</u>	<u>86,183</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of movement in property plant and equipment

	Consolidated					
	Office furniture and equipment	Plant and equipment	Motor vehicles	Mine property and plant ¹	Land and building	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2023						
At 1 July 2022, net of accumulated depreciation and impairment	26,982	-	59,253	-	-	86,183
Additions	3,994	22,500	-	32,408	-	58,902
Additions through acquisition of subsidiary	9,023	5,656	63,791	-	97,234	175,703
Disposal / write-offs	-	-	(56)	-	-	(56)
Depreciation charge for the year	(10,870)	(496)	(11,540)	-	(449)	(23,356)
At 30 June 2023, net of accumulated depreciation and impairment	29,074	27,660	111,447	32,408	96,784	297,376

- (1) Mine Property and Plant: Since processing of mined ore ceased in January 2012 and toll treatment ceased in August 2012 and pending its reinstatement, an assessment of the recoverable value of non-current assets in compliance with AASB 136 was carried out in accordance with assumptions disclosed in Note 1(e) "Recoverability of mine property and plant" and impairments were recognised. The total impairment value recognised of \$14,941,733 remains unchanged. The Board recognise that the previously impairment value of \$14,941,733 can be written back in future periods.

NOTE 10: LEASES

Right-of-use assets

Office Lease	Consolidated	
	2023 \$	2022 \$
Cost	307,203	65,934
Accumulated depreciation	(5,120)	(51,026)
Net carrying amount	302,083	14,908

Reconciliation of movement in Right-of-Use Assets

	2023 \$	2022 \$
Opening carrying amount	14,908	13,573
Additions	307,203	17,890
Depreciation charge for the year	(20,028)	(16,555)
Closing carrying amount	302,083	14,908

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 10: LEASES (continued)

Lease liabilities

	2023	2022
	\$	\$
Office Lease		
Current	45,941	14,907
Non-current	275,775	-
	<u>321,716</u>	<u>14,907</u>

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2023	2022
	\$	
Costs carried forward in respect of:		
Exploration and evaluation expenditure		
Balance at beginning of year	13,270,922	9,313,231
Acquisition of subsidiary (refer Note 12)	23,344,038	-
Expenditure incurred	2,091,155	3,006,429
Expenditure written off	-	(532,504)
Impairment of Goongarrie Project (i)	(677,181)	-
Impairment of Alpha and Beta mines (ii)	(23,574)	(47,828)
Acquisition of tenements	2,000	1,531,594
Balance at end of financial year	<u>38,007,360</u>	<u>13,270,922</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

- (i) The Company acquired the Goongarrie Project as a result of the acquisition of Kingwest Resources Ltd (refer note 12). Drilling was Suspended in September 2022 and there has been no commitment of future funds on an exploration program. The balance of expenditure for Goongarrie Project has been treated as impaired.
- (ii) Mining in Beta and Alpha reached its designed pit depth in prior periods and evaluation is currently underway to determine the future viability of these areas of interest. Notwithstanding, the balance of expenditure for Beta and Alpha mines has been treated as impaired until recommencement of mining in these tenements.

NOTE 12: ASSET ACQUISITION

On 26 May 2023, the Group completed the acquisition of 100% of Kingwest Resources Ltd ("Kingwest"), referred to herein as the "acquisition". The total purchase consideration is \$23,902,420, including issuance of 741,386,387 shares and 173,511,384 options in the Company (valued at \$ 22,456,635 and \$ 901,747 respectively, based on the fair value of the securities at the date of acquisition), together with capitalised transactions costs of \$544,038.

Kingwest owns 100% of the advanced Menzies Gold Project ("MGP") and the greenfields Goongarrie Gold Project. As of 26 May 2023, the Mineral Resource estimate of the MGP is 11.77 Mt at 1.33 g/t for 505,100 ounces of contained gold.

The Group determined that the acquisition of Kingwest does not meet the definition of a business under *AASB 3 Business Combinations*. Instead, it qualifies as an asset acquisition. Accordingly, individual assets acquired are recognised and measured at their respective fair value on the acquisition date. No goodwill, gain on bargain purchase or deferred tax is recognised. Transactions costs which are directly attributable to the acquisition of the assets are capitalised on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 12: ASSET ACQUISITION (continued)

As the consideration transferred for the assets acquired was settled via issuance of shares and options, the Group is required to apply *AASB 2 Share-based Payment* for recognition of equity-settled payments. An increase of \$11,808,167 in the fair value of purchase consideration was recognised to reflect the excess fair value of net assets and liabilities acquired.

Details of the purchase consideration and the net assets acquired are shown as follows:

Purchase consideration	\$
Ordinary shares issued	22,456,635
Unlisted options issued	901,747
Acquisition costs	544,038
Total Purchase Consideration	23,902,420

Net Assets Acquired	As of 26 May 2023 \$
Cash and cash equivalents	699,482
Trade and other receivables	176,147
Property, plant and equipment	175,703
Exploration & Evaluation	23,344,038
Trade and other payables	(487,209)
Provisions	(5,741)
Total Net Assets Acquired	23,902,420

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated	
	2023 \$	2022 \$
Current		
Trade payables (i)	958,521	830,584
Other payables and accruals	656,166	1,209,750
	1,614,687	2,040,334
Non-Current		
Other payables and accruals (ii)	848,644	-
	848,644	-

- (i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
- (ii) A \$1,140,000 cash bonus was granted to a former Director during the reporting period and will be progressively paid upon various pre-established milestones being achieved. At initial recognition, this long-term benefit was valued at \$771,495 (present value) and recognised as a non-current liability. The periodic unwinding of the discount, at 10%, has been recognised in the condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income as finance costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 14: BORROWINGS

	Consolidated	
	2023 \$	2022 \$
Current	-	-
Non-current	-	628,736
	-	628,736

Great Cortex International Ltd (Cortex) provided a loan of AUD\$630,000 which has been accruing interest at 9.31% per annum since February 2012 ("Cortex Loan"). This loan was reclassified as non-current liability, revalued at its fair value and subsequently measured at amortised cost in the 2022 financial year. On 18 October 2022 the loan principal was settled by issuance of 19,090,909 BTR shares at a deemed issue price of \$0.033 per share to a party nominated by Cortex. The original loan agreement which was executed in September 2012 was subsequently announced terminated. All liabilities under the original loan agreement including interest accrued are deemed to have been discharged.

NOTE 15: PROVISIONS

	Rehabilitation \$	Employee benefits \$	Total \$
At 1 July 2022			
Current	-	145,225	145,225
Non-current	3,111,668	-	3,111,668
	3,111,668	145,225	3,256,893
At 30 June 2023			
Current	-	196,593	196,593
Non-current	2,926,920	-	2,926,920
	2,926,920	196,593	3,123,513

The provision for rehabilitation represents the present value of estimated costs of site and pit rehabilitation based upon costs of rehabilitation expected to be incurred at the date the rehabilitation is required and the area of currently disturbed ground subject to rehabilitation as at balance date.

Reconciliation of movement in provision for rehabilitation:

	Consolidated	
	2023 \$	2022 \$
Balance at beginning of financial year	3,111,668	3,044,667
Addition	-	-
Utilised	-	-
Reassessment (i)	(450,832)	-
Unwind of discount	266,084	67,001
Balance at end of financial year	2,926,920	3,111,668

- (i) The Group remeasures the present value of the provision for rehabilitation utilising a pre-tax discount rate appropriate to the risks inherent in the liability. In light of recent economic information, including the consumer price index and interest rate levels, the Group remeasured its provision for rehabilitation at a pre-tax discount rate of 10% (30 June 2022: 4.46%). A reduction of \$450,832 has been recognised in the Consolidated Statement of Profit or Loss and other comprehensive income for the year as a result of the above change in pre-tax discount rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 16: OTHER FINANCIAL LIABILITIES

	Consolidated	
	2023 \$	2022 \$
Amounts payable under share buy-back	-	4,434,667
Total other financial liabilities	-	4,434,667

Following completion of Debt and Equity Compromise Agreement (“DECA”) on 18 November 2020, the buy-back consideration for shares bought back included a deferred payment of \$5,400,000 to be paid in cash or shares, at the Company’s election, by 10 August 2023. As at end of the prior reporting period, 30 June 2022, the remaining balance of buy-back consideration represents a financial instrument measured at fair value on day one, then subsequently at amortised cost.

On 18 October 2022, the \$5,400,000 debt was fully extinguished in exchange for the grant of a 1.5% NSR royalty on six tenements which are not covered by the original DECA. The arrangement was approved by shareholders on 17 October 2022.

NOTE 17: ISSUED CAPITAL

	Consolidated	
	2023 \$	2022 \$
Ordinary shares issued and fully paid	68,981,082	43,254,388

	Consolidated 2023		Consolidated 2022	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	646,860,869	43,254,388	439,750,764	37,857,909
Share issued during the year (i)	927,154,341	25,852,866	207,110,105	5,687,318
Costs associated with issue of shares	-	(126,172)	-	(290,839)
Balance at end of financial year	1,574,015,210	68,981,082	646,860,869	43,254,388

(i) Details of the shares issued during the year are shown as follows:

Ordinary shares	Date	No.	\$
2023			
Equity settlement of Cortex Loan (Note 14)	18 October 2022	19,090,909	630,000
Equity settlement of Option Fee (Note 21)	18 October 2022	10,545,818	300,000
Placement	4 November 2022	44,000,000	660,000
Equity settlement of deferred remuneration (Note 19)	30 November 2022	11,131,227	189,231
Share-based employee bonus (Note 19)	30 November 2022	1,000,000	17,000
Placement	11 January 2023 – 31 March 2023	100,000,000	1,600,000
Acquisition of Kingwest Resources Ltd (Note 12)	26 May 2023	741,386,387	22,456,635
		927,154,341	25,852,866

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 17: ISSUED CAPITAL (continued)

2022			
Placement	8 October 2021	86,937,691	2,347,318
Equity settlement of a fee	1 December 2021	5,172,414	150,000
Acquisition of exploration assets	1 December 2021	15,000,000	690,000
Placement	23 March 2023	100,000,000	2,500,000
		207,110,105	5,687,318

NOTE 18: RESERVES

	Consolidated	
	2023	2022
	\$	\$
Share-based payment reserve	2,458,253	1,355,132
Equity Reserve	4,910,710	4,910,710
	<u>7,368,963</u>	<u>6,265,842</u>

	Consolidated	
	2023	2022
	\$	\$
Movement in share-based payment reserve		
Balance at beginning of financial year	1,355,132	485,912
Share based payments (Note 19)	1,103,121	869,220
Balance at end of financial year	<u>2,458,253</u>	<u>1,355,132</u>

Nature and Purpose of Reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and unrelated parties for services or acquisition.

Equity reserve

This reserve was created to record the difference between the fair value of the buy-back consideration and the historical issue value of the buy-back shares upon completion of the DECA.

NOTE 19: SHARE-BASED PAYMENTS

Shares

- (1) On 18 October 2022, the Company issued:
 - (i) 19,090,909 fully paid ordinary shares to Stone Resources (Hong Kong) Limited ("SRHKL") at a price of \$0.033 per share, as equity settlement of the Cortex Loan (see Note 14 for further information).
 - (ii) 10,545,818 fully paid ordinary shares to SRHKL at a price of \$0.028 per share, as non-cash payment of an Option Fee for being granted a Royalty Buy-back Option (see Note 12 for further information).
- (2) On 30 November 2022, 12,131,227 fully paid ordinary shares were to two directors and one employee at a price of \$0.017 per share as part of their remuneration under the remuneration arrangements they have with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 19: SHARE-BASED PAYMENTS (continued)

- (3) On 26 May 2023, 741,386,387 fully paid ordinary shares were issued to shareholders of Kingwest Resources Ltd ("Kingwest") as part consideration for acquisition of Kingwest ("Consideration Shares"). \$22,456,635 has been recognised and recorded as the fair value of the Consideration Shares.

Consideration Shares

Number of shares issued	741,386,363
Closing share price as at 26 May 2023	\$0.015
Value of shares	\$11,120,795
Fair value allocation (i)	\$11,335,840
Total fair value of Consideration Shares	\$22,456,635

- (i) As outlined within note 12, the acquisition of Kingwest by the Company has been accounted for as an asset acquisition. Given the consideration transferred for the assets acquired was settled via issuance of shares and options, the Company is required to apply AASB 2 for recognition of the equity-settled share-based payments.

When applying AASB 2, the Company is required to measure the assets acquired and the corresponding increase in equity, directly, at the fair value of the assets acquired, unless that fair value cannot be estimated reliably. If the fair value of assets acquired cannot be estimated reliably, the value recognised will be at the fair value of the equity instruments granted. It was concluded the assets can reliably be measured. As such, a corresponding increase (or uplift) in equity is required for the excess value of net assets and liabilities acquired.

This allocation was determined by measuring the fair value of the equity instruments themselves and apportioning the uplift to the excess of the fair value of assets acquired to each component of equity based on their relative stand-alone equity measured fair value.

As a result, consideration paid in issued capital had an uplift of \$11,335,840 to \$22,456,635 and consideration paid in options had had an uplift of \$472,327 to \$901,747.

Share Options

2023

Grant date	Expiry date	Exercise price	Balance at 1 July 2022	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2023	Exercisable at 30 June 2023
9-Apr-20	8-Apr-23	\$0.010	15,000,000	-	-	(15,000,000)	-	-
31-Dec-20	31-Dec-23	\$0.060	4,000,000	-	-	-	4,000,000	4,000,000
31-Dec-20	31-Dec-23	\$0.080	4,000,000	-	-	-	4,000,000	4,000,000
31-Dec-20	31-Dec-23	\$0.100	4,000,000	-	-	-	4,000,000	4,000,000
12-Feb-21	12-Feb-24	\$0.100	1,000,000	-	-	-	1,000,000	1,000,000
22-Jun-21	22-Jun-24	\$0.045	5,000,000	-	-	-	5,000,000	5,000,000
1-Dec-21	1-Dec-24	\$0.050	2,200,000	-	-	-	2,200,000	2,200,000
1-Dec-21	31-Dec-24	\$0.050	20,000,000	-	-	-	20,000,000	20,000,000
30-Nov-22	30-Nov-26	\$0.000	-	10,000,000	-	-	10,000,000	10,000,000
26-May-23	15-Sep-23	\$0.068	-	2,960,526	-	-	2,960,526	2,960,526
26-May-23	30-Dec-23	\$0.057	-	59,243,413	-	-	59,243,413	59,243,413
26-May-23	29-Feb-24	\$0.038	-	50,991,656	-	-	50,991,656	50,991,656
26-May-23	15-Sep-24	\$0.065	-	16,447,368	-	-	16,447,368	16,447,368
26-May-23	21-Oct-24	\$0.076	-	21,052,631	-	-	21,052,631	21,052,631
26-May-23	7-Oct-24	\$0.106	-	7,815,789	-	-	7,815,789	7,815,789
26-May-23	15-Feb-25	\$0.108	-	4,473,685	-	-	4,473,685	4,473,685
26-May-23	28-Apr-25	\$0.095	-	3,289,474	-	-	3,289,474	3,289,474
26-May-23	16-Jan-26	\$0.023	-	3,289,474	-	-	3,289,474	3,289,474
26-May-23	16-Jan-26	\$0.038	-	3,947,368	-	-	3,947,368	3,947,368
			55,200,000	183,511,384	-	(15,000,000)	223,711,384	223,711,384

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 19: SHARE-BASED PAYMENTS (continued)

2022

Grant date	Expiry date	Exercise price	Balance at 1 July 2021	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2022	Exercisable at 30 June 2022
9-Apr-20	8-Apr-23	\$0.010	15,000,000	-	-	-	15,000,000	15,000,000
31-Dec-20	31-Dec-23	\$0.060	4,000,000	-	-	-	4,000,000	4,000,000
31-Dec-20	31-Dec-23	\$0.080	4,000,000	-	-	-	4,000,000	4,000,000
31-Dec-20	31-Dec-23	\$0.100	4,000,000	-	-	-	4,000,000	4,000,000
12-Feb-21	12-Feb-24	\$0.100	1,000,000	-	-	-	1,000,000	1,000,000
22-Jun-21	22-Jun-24	\$0.045	5,000,000	-	-	-	5,000,000	5,000,000
1-Dec-21	1-Dec-24	\$0.050	-	2,200,000	-	-	2,200,000	2,200,000
1-Dec-21	31-Dec-24	\$0.050	-	20,000,000	-	-	20,000,000	20,000,000
			33,000,000	22,200,000	-	-	55,200,000	55,200,000

- (1) On 30 November 2022, 10,000,000 zero exercise price options (ZEPOs) exercisable on or before 30 November 2026 were issued to the Company's former managing director William Hobba as a performance linked incentive component in the remuneration package for Mr Hobba.

80% of the ZEPOs will vest upon the holder serving 12 months, from the date of grant, of continual services with the Company either as a Director, consultant or employee. 20% of the ZEPOs will vest in 24 months upon the same continual service requirement is fulfilled.

The fair value of these options granted was calculated by using the Black Scholes Option Pricing Model by applying the following inputs:

ZEPOs

Number of Options	10,000,000
Date of grant	29-Nov-2022
Share price at grant date	\$0.016
Volatility factor	153.21%
Risk free rate	3.24%
Life of the Options (years)	4
Exercise price	Nil
Valuation per Option	\$0.0155
Total fair value of ZEPOs	\$155,000

The valuation of the ZEPOs will be expensed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income over the vesting period per vesting conditions (i.e. 80% over 12 months and 20% over 24 months). For the year ended 30 June 2023, a share-based payment expense of \$81,375 has been recognised.

Volatility was determined by calculating the historical volatility of the Company's share price over the previous three years.

- (2) On 26 May 2023, 173,511,384 unlisted options were issued to option holders of Kingwest Resources Ltd ("Kingwest") as part consideration for acquisition of Kingwest ("Consideration Options"). \$901,747 has been recognised and recorded as the fair value of the Consideration Options.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 19: SHARE-BASED PAYMENTS (continued)

Consideration Options

Tranche	Number of options	Date of grant	Share price at grant date	Volatility factor	Risk free rate	Life of the options (years)	Exercise price	Valuation per option
1	2,960,526	26-May-2023	\$0.015	108.00%	3.57%	0.33	\$0.068	\$118
2	7,815,789	26-May-2023	\$0.015	127.40%	3.57%	1.39	\$0.106	\$17,898
3	21,052,632	26-May-2023	\$0.015	126.50%	3.57%	1.43	\$0.076	\$66,105
4	16,447,368	26-May-2023	\$0.015	118.60%	3.57%	1.33	\$0.065	\$44,901
5	4,473,684	26-May-2023	\$0.015	124.60%	3.57%	1.75	\$0.108	\$13,734
6	59,243,421	26-May-2023	\$0.015	123.50%	3.57%	0.62	\$0.057	\$58,059
7	3,289,474	26-May-2023	\$0.015	121.90%	3.57%	1.95	\$0.095	\$12,237
8	50,991,668	26-May-2023	\$0.015	131.70%	3.57%	0.79	\$0.038	\$155,525
9	3,289,474	26-May-2023	\$0.015	119.30%	3.57%	2.67	\$0.023	\$30,132
10	3,947,368	26-May-2023	\$0.015	119.30%	3.57%	2.67	\$0.038	\$30,711
Value of Options				\$429,420				
Fair value allocation (i)				\$472,327				
Total fair value of Consideration Options				\$901,747				

(i) Refer to consideration shares above for further details

Performance Rights

- (1) On 31 March 2023, 80,000,000 Performance Rights expiring 31 March 2026 (in 6 tranches) were issued to the Company's managing director Alex Rovira upon shareholders' approval obtained at the General Meeting held on 29 March 2023.

20% of the Performance Rights will vest upon the holder remaining in continuous employment with the Company for a period of 24 months from the date of grant. 80% of the Performance Rights will vest in 36 months following satisfaction of the vesting conditions. Each tranches' vesting conditions are detailed below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 19: SHARE-BASED PAYMENTS (continued)

Tranche	Vesting condition	Percentage
1	Remaining continuously employed or otherwise engaged by the Company (or any other Group member) for a period of 24 months from commencement date	20%
2	Announcement by the Company of the delineation of a Mineral Resource Estimate of at least 1.25Moz Au above 1.3g/t Au	10%
3	Announcement by the Company of the commencement of commercial production at the Company's Brightstar Gold processing plant of at least 10,000oz	20%
4	Announcement by the Company of gold production of 100koz or greater of contained gold metal	10%
5	The Company achiever either: (i) a market capitalization of greater than \$50,000,000 or; (ii) A 20-Day VWAP of greater than \$0.04	10%
6	The Company achiever either: (i) a market capitalization of greater than \$75,000,000 or; (ii) A 20-Day VWAP of greater than \$0.06	10%

The fair value of these options granted was calculated by using the Black Scholes Option Pricing Model by applying the following inputs:

Number of Rights	Performance Rights					
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Date of grant	29-Mar-2023	29-Mar-2023	29-Mar-2023	29-Mar-2023	29-Mar-2023	29-Mar-2023
Share price at grant date	\$0.016	\$0.016	\$0.016	\$0.016	\$0.016	\$0.016
Volatility factor	136.19%	136.19%	136.19%	136.19%	136.19%	136.19%
Risk free rate	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Life of the Rights (years)	3	3	3	3	3	3
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Valuation per Right	\$0.016	\$0.016	\$0.016	\$0.016	\$0.016	\$0.016
Valuation per Tranche	\$320,000	\$160,000	\$320,000	\$160,000	\$160,000	\$160,000

The valuation of the Performance Rights will be expensed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income over the vesting period per vesting conditions (i.e. 20% over 24 months and 80% over 36 months). For the year ended 30 June 2023, a share-based payment expense of \$119,999 has been recognised.

Volatility was determined by calculating the historical volatility of the Company's share price over the previous three years.

NOTE 20: FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 20: FINANCIAL INSTRUMENTS (continued)

	Consolidated	
	2023	2022
	\$	\$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	425,707	1,601,324
Trade and receivables	134,447	403
Financial liabilities		
Trade and other payables	1,614,687	2,040,334
Lease liabilities	45,941	14,907
Borrowings	-	628,736
Other financial liabilities	-	4,434,667

The Group's principal financial instruments are cash, short-term deposits, receivables and payables. All financial instruments are recognised at amortised cost

(c) Market risk

The Group's mining operations were under care and maintenance throughout the current year and therefore not exposed to market risk.

(d) Foreign currency risk management

The Group does not have any material exposure to foreign currency risk, other than its impact on the economy and commodity price generally.

(e) Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date of recognised financial assets is the carrying amount of those assets, net of any allowance for credit losses, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The credit risk on liquid funds is limited because the counterparties are banks with a minimum credit rating of AA assigned by reputable credit rating agencies. The Group's maximum exposure to credit risk at the reporting date was \$560,154. The Group does not have any other material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the group.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have 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, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the company's and the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 20: FINANCIAL INSTRUMENTS (continued)

(f) Liquidity risk management (continued)

Consolidated

	Weighted Average Interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 2 years	2 – 5 years
	%	\$	\$	\$	\$	\$
2023						
Non-interest bearing		1,614,677	-	-	1,140,000	-
Interest bearing loans	9.31%	-	-	-	-	-
Lease liabilities	8.08%	6,163	12,325	55,678	76,761	239,465
Other financial liabilities	19.37%	-	-	-	-	-
		1,618,687	8,103	37,839	905,490	218,928
2022						
Non-interest bearing		2,040,334	-	-	-	-
Interest bearing loans	8.49%	-	-	-	630,000	-
Lease liabilities	4.91%	1,490	2,981	10,435	-	-
Other financial liabilities	19.37%	-	-	-	5,400,000	-
		2,041,824	2,981	10,435	6,030,000	-

(g) Commodity price risk

The Group's mining operations were under care and maintenance throughout the current year and therefore not exposed to commodity risk.

(h) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Carrying Amount		Fair Value	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	425,707	1,601,324	425,707	1,601,324
Trade and other receivables - current	134,447	403	134,447	403
Financial Liabilities				
Trade and other payables	1,614,687	2,040,334	1,614,687	2,040,334
Lease liabilities	45,941	14,907	45,941	14,907
Borrowings	-	628,736	-	628,736
Other financial liabilities	-	4,434,667	-	4,434,667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 21: COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Group has an expenditure commitment of \$1,387,800 for the 2023-2024 period to sustain current tenements under lease from the Department of Mines, Industry Regulation and Safety (DMIRS). The expenditure commitment includes annual tenement rentals of \$264,311 (2022: \$108,977).

Capital expenditure commitments

The Directors are not aware of any other commitments from the Group's operations as at 30 June 2023.

Contingencies

The Company will pay SRHKL 3% net smelter return ("NSR") royalty on gold produced from most of the tenements listed in the Tenement Schedule in the Company's 2020 Annual Report.

As part consideration for acquisition of exploration licences E38/3438, the Company agreed to pay Mining Equities Pty Ltd 1% NSR on gold produced from the above the tenement.

Exploration licence E38/3279 is subject to 1% NSR on gold produced from it which is payable to Mr Peter Gianni.

As announced on 25 October 2021, the Group acquired two prospective exploration licences within Western Australia, E38/3500 and E38/3504, from Milford Resources Pty Ltd. Pursuant to the acquisition agreement, Milford Resources Pty Ltd is entitled to a 1% net smelter royalty with respect of the tenements.

In exchange for extinguishing \$5,400,000 debt owed to SRHKL, the Company granted a 1.5% NSR royalty over six tenements (i.e. E38/3279, E38/3434, E38/3438, E38/3500, E38/3504 and P38/4508) to SRHKL on 18 October 2022. This arrangement was approved by shareholders on 17 October 2022.

On 17 July 2023 the Company announced a tenement swap arrangement under which a 2% NSR was granted to Ardea Resources Limited on lithium extracted and sold from E29/981.

Additional historical royalties may also exist over certain tenements of the Company. Whether the obligations to pay those royalties remains is to be determined. Exploration on the abovementioned tenements have not reached a stage where a royalty can be reliably estimated and hence no value has been attributed to the contingencies.

There were no other contingencies as at 30 June 2023 other than already disclosed

NOTE 22: RELATED PARTY DISCLOSURE

(a) Key management personnel

Disclosure relating to key management personnel are set out in Note 24 and the remuneration report included in the directors' report.

(b) Subsidiaries

Brightstar Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

The consolidated financial statements include the financial statements of Brightstar Resources Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2023	2022
Desert Exploration Pty Ltd	Australia	100%	100%
Kingwest Resources Pty Ltd (i)	Australia	100%	-
Roman Kings Pty Ltd (i)	Australia	100%	-
Golden Gladiator Pty Ltd (i)	Australia	100%	-
Menzies Operational and Mining Pty Ltd (i)	Australia	100%	-
Goongarrie Operational and Mining Pty Ltd (i)	Australia	100%	-

(i) During the year, the Company acquired Kingwest Resources Pty Ltd, refer to note 12 for details. As a result the Company is to consolidate Kingwest Resources Pty Ltd wholly owned subsidiaries including the abovementioned companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 22: RELATED PARTY DISCLOSURE (continued)

(c) Transactions with related parties

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions.

On 18 October 2022, with shareholders approval, the Group completed the following transactions with SRHKL (at the time of transaction SRHKL was a related party of the Group by virtue of Mr Yongji Duan being a director of both SRHKL and the Group) :

- (i) A 1.5% NSR royalty over six tenements (i.e. E38/3279, E38/3434, E38/3438, E38/3500, E38/3504 and P38/4508) was granted to SRHKL, in exchange for extinguishing \$5,400,000 debt owed to SRHKL;
- (ii) 10,545,818 shares were issued at a deemed issue price of \$0.02845 per share to SRHKL, as non-cash payment of an Option Fee for being granted a Royalty Buy-back Option (Call Option). If the Call Option is exercised, the Group can purchase the 3% NSR which is currently applicable to a substantial portion of the Group's tenement holdings in cash and/or BTR shares at the discretion of the Board. The exercise price of this Call Option is US\$25 million, and the expiry is 5 calendar years since settlement date of this Call Option Deed; and
- (iii) 19,090,909 fully paid ordinary shares in the Company were issued to SRHKL at an issue price of \$0.033 per share, as non-cash settlement of the Cortex Loan. The original loan agreement which was executed by the Company and Cortex in September 2012 was subsequently announced terminated, and all liabilities under that loan agreement including interest accrued are deemed to have been discharged.

Details of other related parties' transactions are shown as follows:

	2023	2022
	\$	\$
<i>Hunt DRG – related party to Josh Hunt</i>		
Provision of legal and compliance services which fell outside of the scope of Mr Hunt's director duties	24,500	33,500

Other than as outlined above, the Group did not enter into any further related party transactions with the Director, key management personnel or their related entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 23: PARENT ENTITY DISCLOSURES

Set out below is the summarised financial information of Brightstar Resources Limited, the parent entity of the Group. The Group's accounting policies are applied consistently across all entities within the Group, unless otherwise stated.

Financial position

	30 June 2023	30 June 2022
	\$	\$
Assets		
Current assets	204,916	1,652,869
Non-current assets	39,477,322	13,372,013
Total assets	39,682,238	15,024,882
Liabilities		
Current liabilities	1,391,724	2,200,466
Non-current liabilities	4,051,339	8,175,071
Total liabilities	5,443,063	10,375,537
Equity		
Issued capital	68,981,082	43,254,388
Accumulated losses	(42,110,860)	(44,883,720)
Reserves	7,368,963	6,265,842
Total equity	34,239,185	4,636,510

Financial performance

	30 June 2023	30 June 2022
	\$	\$
Total profit and other comprehensive income / (loss) for the year (after tax)	2,772,860	(3,950,250)

Commitments and Contingencies of the parent entity

Commitments and contingencies of the parent entity are the same as those of the group (refer Note 21).

NOTE 23: EVENTS AFTER THE BALANCE DATE

On 4 August 2023 the Company completed a Share Placement raising gross proceeds of \$3.5 million (before costs) at an issue price of \$0.011 per share. Approximately 304.5 million fully paid ordinary shares were issued to sophisticated investors. The remaining approximately 13.6 million shares will be issued to the Directors of the Company upon receipt of shareholder approval.

Mining at the Selkirk Deposit under the joint venture with BML Ventures Pty Ltd commenced 21 August 2023. This project is budgeted on a gold price of \$2,850 per ounce. Under the joint venture arrangement, the Group receives 50% of the Selkirk Project's net cashflow which is expected to be generated and distributed to the Company in the first quarter of 2024 calendar year.

Results of the Scoping Study from the Menzies & Laverton Gold Projects located in WA's Goldfields region were announced on 6 September 2023. The Scoping Study illustrates that the development of the Menzies and Laverton Gold Projects is a commercially viable stand-alone mining operation and accordingly the Board of the Company has approved progression to a Preliminary Feasibility Study.

There were no other significant events occurring after balance sheet date requiring disclosure other than already disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

NOTE 24: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by Pitcher Partners BA&A Pty Ltd, the auditor of the company, and its related entity.

	Consolidated	
	2023 \$	2022 \$
<i>Audit services - Pitcher Partners BA&A Pty Ltd</i>		
- Audit or review of the financial statements	44,770	40,600
<i>Other services - Pitcher Partners BA&A Pty Ltd</i>		
- Taxation compliance services	10,540	18,400
	<u>55,310</u>	<u>59,000</u>

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2023 \$	2022 \$
Short term employee benefits	512,939	639,130
Share-based payments	201,375	189,830
Other long-term benefits	848,644	-
Post-employment benefits	36,735	22,000
Total key management personnel compensation	<u>1,599,693</u>	<u>850,960</u>

DIRECTORS' DECLARATION

1. In the opinion of the directors of Brightstar Resources Limited (the 'Company'):
 - a. the accompanying financial statements, notes and the additional disclosures of the Group are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
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 2023.

This declaration is signed in accordance with a resolution of the Board of Directors pursuant to S.295 (5) of the Corporations Act 2001.



Alex Rovira

Managing Director

Dated this 29th day of September, 2023

**BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brightstar Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report for the year ended 30 June 2023 which indicates that the Group recorded a net profit of \$1,944,366 (2022: loss of \$3,950,250), reported net cash used in operating activities \$798,237 (2022: outflows of 1,391,658) and as at that date had cash and cash equivalents of \$425,707 (2022: \$1,601,324). These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
<p>Deferred exploration and evaluation expenditure</p> <p>Refer to Note 1(f), 1(k) and 11 to the financial report.</p> <hr/> <p>As at 30 June 2023, the Group held capitalised exploration and evaluation expenditure of \$38,007,360.</p> <p>The carrying value of deferred exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require the deferred exploration and evaluation expenditure to be assessed for impairment involves a number of judgements including but not limited to:</p> <ul style="list-style-type: none"> • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. <p>During the year, the Group determined that there had been no indicators of impairment other than those disclosed within note 11 to the financial report.</p> <p>Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <p>Obtaining an understating of and evaluating the design and implementation of the relevant processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators.</p> <p>Examining the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure.</p> <p>Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and directors as to the intentions and strategy of the Group.</p> <p>Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the amount recognised as deferred exploration and evaluation assets is in accordance with AASB 6.</p> <p>Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined.</p> <p>Assessing the Group's accounting policy as set out within Note 1(f) and 1(k) for compliance with the requirements of <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>.</p> <p>Assessing the adequacy of the disclosures included within the financial report.</p>

**BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED**

Share-based payments

Refer to Note 1(f), 18 and 19 to the financial report.

During the year ended 30 June 2023, share-based payments represent \$1,103,121 of the Group's expenditure. Share-based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted.

Under Australian Accounting Standards, equity settled awards are measured at fair value on the measurement date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions.

In calculating the fair value of the underlying equity instrument there are key judgements that management must make, including but not limited to:

- Estimating the likelihood that the equity instrument will vest;
- Estimating expected future share price volatility;
- Estimating expected dividend yield; and
- Risk-free rate of interest.

Due to the significance to the Group's financial report and the level of judgment involved in determining the fair value of the underlying equity instrument granted, we consider the Group's calculation of the share-based payments expense to be a key audit matter.

Our procedures included, amongst others:

Obtaining an understanding of and evaluating the design and implementation of the processes and controls associated with the preparation of the valuation model used to assess the fair value of the underlying equity instrument granted.

Assessing the key judgements used in the Group's calculation including the share price of the underlying equity instrument including but not limited to:

- Estimating the likelihood that the equity instruments will vest;
- Estimating expected future share price volatility;
- Estimating expected dividend yield; and
- Risk-free rate of interest.

Assessing the Group's accounting policy as set out within Note 1(e) for consistent with the requirements of *AASB 2 Share-based Payments*.

Assessing the adequacy of the disclosures included within the financial report.

Asset Acquisition

Refer to Note 1(f) and 12 to the financial report.

On 26 May 2023, the Group acquired 100% of the issued share capital of Kingwest Resources Ltd (the "Acquisition").

Under the terms of the Acquisition, 741,386,387 shares and 173,511,384 options in the Company were issued as purchase consideration.

Given the consideration transferred for the assets acquired was settled via issuance of shares and options, the Group was required to apply *AASB 2 Share-based Payments* for recognition of the equity-settled share-based payments.

The fair value of the consideration transferred by the Group was \$23,902,420 (including \$544,038 in acquisition costs) to acquire 100% of the share capital of Kingwest Resources Ltd.

Accounting for the Acquisition under *AASB 3 Business Combinations* ("AASB 3") as a business combination or under alternative Australian Accounting Standards as an asset acquisition requires significant judgment in determining key assumptions and estimates.

Our procedures included, amongst others:

Obtaining an understanding of the design and implementation of the relevant controls associated with the accounting for the Acquisition.

Reading the Acquisition agreements to understand the structure, key terms and the nature of consideration. Using this information, we evaluated the accounting treatment of the Acquisition by analysing conclusions reached by the Group in comparison to Australian Accounting Standards.

Critically evaluating the Group's determination of the assets and liabilities acquired in the Acquisition.

Checking the mathematical accuracy of the calculations performed for the Acquisition.

Assessing the key judgements used in the Group's calculation for the consideration transferred via the issue of shares and options to ensure it is consistent with the requirements of *AASB 2 Share-Based Payments*

**BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED**

These include, but are not limited to:

- Whether or not the Acquisition met the definition of a business under AASB 3;
- Determining the fair value of the consideration transferred; and
- Determining the fair value of assets acquired and any liabilities assumed as part of the Acquisition.

Management has determined that the Acquisition does not meet the definition of a business under AASB 3, and has therefore treated the Acquisition as an acquisition of assets.

Due to the significance to the Group's financial report and the level of judgment involved in the accounting for the Acquisition, we consider this to be a key audit matter.

Assessing the Group's disclosures within the financial report and the appropriateness, including consistency with the assumptions and judgements made by management.

Rehabilitation provision

Refer to Note 1(f), 1(r) and 15 to the financial report.

The Group is liable to rehabilitate the environment disturbed by the historical operations. Rehabilitation activities are governed by a combination of legislative and licence requirements.

At 30 June 2023, the consolidated statement of financial position included a provision for such obligations of \$2,926,920.

This was a key audit matter given the determination of this provision requires evaluating the key assumptions used by management and judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and the economic assumptions such as the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.

Our procedures included, amongst others:

Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the estimation of costs and other inputs utilised within the rehabilitation estimate model.

Obtaining the Group's assessment of its obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the rehabilitation provision calculations.

Evaluating and testing key assumptions including economic assumptions through the performance of the following procedures:

- considering the appropriateness of the qualifications and experience of the management consultant appointed as the preparer and an expert in his field
- examining supporting information for significant changes in future costs estimates from the prior year
- considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision

Assessing the adequacy of the disclosures included in the financial report.

Treatment and impact of the Debt and Equity Compromise Agreement Extinguishment

Refer to Note 2(a) and 16 to the financial report.

On 18 November 2020 the Group completed a Debt and Equity Compromise Agreement ("DECA"), which included a deferred payment of \$5,400,000 to be paid

Our procedures included, amongst others:

Obtaining an understanding and evaluating the design and implementation of the relevant controls

BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED

in cash or shares, at the Company's election, by 10 August 2023.

On 18 October 2022, the \$5,400,000 debt was fully extinguished in exchange for the grant of a 1.5% net smelter royalty ("NSR") royalty over six tenements. The arrangement was approved by shareholders on 17 October 2022.

No value has been placed on the NSR, as the Group has no plans to mine the six tenements at this time. As no value has been placed on the NSR, a \$4,437,667 gain on extinguishment of debt has been recognised within the Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2023 being the net carrying value at the time of the extinguishment.

Given the magnitude and one-off nature associated with the extinguishment of the DECA, we consider this is a key audit matter.

associated with the accounting treatment for the extinguishment of the DECA.

Recalculating the gain on extinguishment of the DECA.

Examining and reviewing the relevant agreements of the DECA to obtain an understanding of its key terms.

Reviewing and testing the accounting entries recorded in relation to the gain on extinguishment of the DECA, including assessing if these are consistent with the relevant agreements and with the requirements of *AASB 132: Financial Instruments: Presentation* and *AASB 9: Financial Instruments*.

Assessing the adequacy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED**

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Brightstar Resources Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491

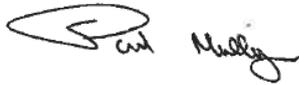
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRIGHTSTAR RESOURCES LIMITED

Responsibilities

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.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 29 September 2023

CORPORATE GOVERNANCE STATEMENT

The Company's charters, policies and procedures are regularly reviewed and updated to comply with law and best practice. These charters and policies as well as the Company's Corporate Governance Statement can be viewed on the Company's website located at www.brightstarresources.com.au. The Company is committed to applying the ASX Corporate Governance Council's Corporate Governance Principles (4th Edition) (ASX Principles and Recommendations) and the Corporate Governance Statement discloses the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the financial year ended 30 June 2023.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not disclosed elsewhere in this report is set out below. This information is effective as at 27 September 2023.

Distribution of Shares

Range	Number of Holders	Securities Held
1 – 1,000	185	23,913
1,001 – 5,000	220	672,765
5,001 – 10,000	300	2,419,846
10,001 – 100,000	1,563	66,969,649
100,001 over	1,385	1,813,929,041
Rounding Total	3,653	1,884,015,214

There are 1,704 shareholders holding unmarketable parcels represented by 28,415,429 shares.

Top 20 Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
Ms Sandra Wheeler	75,265,010	3.99
Mr Yongji Duan	37,043,489	1.97
Delphi Unternehmensberatung Aktiengesellschaft	36,431,819	1.93
Citicorp Nominees Pty Limited	30,316,312	1.61
Chen Yingliu	30,303,030	1.61
Stone Resources (HK) Limited	29,636,727	1.57
Mr Richard Arthur Lockwood	29,246,331	1.55
Chetan Enterprises Pty Ltd <Hegde Super Fund A/C>	22,666,667	1.20
Delphi Unternehmensberatung Aktiengesellschaft	22,000,000	1.17
Certane Ct Pty Ltd <BC1 A/C>	20,364,954	1.08
HSBC Custody Nominees (Australia) Limited	19,719,027	1.05
Las Olas Investments Pty Ltd	19,500,000	1.04
Rec (WA) Pty Ltd <The Ryem A/C>	15,263,627	0.81
Jeff Towler Building Pty Ltd	14,605,263	0.78
Mrs Christabel Jayne Brand <The Brand Family A/C>	14,100,000	0.75
Estate Late Yong Han	13,908,219	0.74
J P Morgan Nominees Australia Pty Limited	13,722,401	0.73
Mr Timothy Stewart Campbell	13,157,895	0.70
Mr Lieven Bert Frans Bouckaert + Mrs Priscilla Lee Bouckaert	13,000,000	0.69
Sol Sal Investments Pty Ltd <Sol Sal Investment A/C>	12,947,368	0.69
Total Top 20 Holders	483,198,139	25.65
Total Remaining Holders	1,400,817,075	74.35
Total Ordinary Shares on Issue	1,884,015,214	100.00

Substantial Shareholders

There is no current shareholder who owns 5% or more of the voting shares in the Company.

ASX ADDITIONAL INFORMATION (Continued)**Voting Rights**

One vote for each ordinary share held in accordance with the Company's Memorandum and Articles of Association. Unlisted options do not carry any voting rights.

On-Market Buy-Back

There is no current on-market buy-back.

Restricted Securities

There are no restricted securities.

Unquoted Securities

Type of Securities	Date of Expiry	Exercise Price	Number of Holders	Number of Holders
Options	15 September 2023	\$0.068	2,960,526	3
Options	30 December 2023	\$0.057	59,243,413	87
Options	31 December 2023	\$0.060	4,000,000	1
Options	31 December 2023	\$0.080	4,000,000	1
Options	31 December 2023	\$0.100	4,000,000	1
Options	12 February 2024	\$0.100	1,000,000	1
Options	29 February 2024	\$0.038	50,991,656	209
Options	22 June 2024	\$0.045	5,000,000	4
Options	15 September 2024	\$0.065	16,447,368	3
Options	7 October 2024	\$0.106	7,815,789	10
Options	21 October 2024	\$0.076	21,052,631	3
Options	1 December 2024	\$0.050	2,200,000	2
Options	31 December 2024	\$0.050	20,000,000	2
Options	15 February 2025	\$0.108	4,473,685	5
Options	28 April 2025	\$0.095	3,289,474	1
Options	16 January 2026	\$0.023	3,289,474	1
Options	16 January 2026	\$0.038	3,947,368	1
Options	30 November 2026	\$0.000	10,000,000	1
Options	4 August 2025	\$0.020	40,000,000	4
Options	7 July 2026	\$0.020	30,000,000	2
Options	7 July 2026	\$0.030	30,000,000	2
Performance Rights	31 March 2026	\$0.000	80,000,000	1

ASX ADDITIONAL INFORMATION (Continued)**Tenement Schedule as at 27 September 2023****LAVERTON GOLD PROJECT**

Project Area	Tenement ID	Status	Registered Holder / Applicant	Interest / Ownership
South Laverton	E38/2411	Granted	Brightstar Resources Limited	100%
	E38/3034	Granted	Brightstar Resources Limited	100%
	E38/3279	Granted	Brightstar Resources Limited	100%
	E38/3293	Granted	Brightstar Resources Limited	100%
	E38/3331	Granted	Brightstar Resources Limited	100%
	E38/3438	Granted	Brightstar Resources Limited	100%
	E38/3500	Granted	Brightstar Resources Limited	100%
	E38/3504	Granted	Brightstar Resources Limited	100%
	M38/1056	Granted	Brightstar Resources Limited	100%
	M38/1057	Granted	Brightstar Resources Limited	100%
	M38/1058	Granted	Brightstar Resources Limited	100%
	M38/241	Granted	Brightstar Resources Limited	100%
	M38/549	Granted	Brightstar Resources Limited	100%
	M38/9	Granted	Brightstar Resources Limited	100%
	M38/968	Granted	Brightstar Resources Limited	100%
	M38/984	Granted	Brightstar Resources Limited	100%
	P38/4377	Granted	Brightstar Resources Limited	100%
	P38/4385	Granted	Brightstar Resources Limited	100%
	P38/4431	Granted	Brightstar Resources Limited	100%
	P38/4432	Granted	Brightstar Resources Limited	100%
	P38/4433	Granted	Brightstar Resources Limited	100%
	P38/4444	Granted	Brightstar Resources Limited	100%
	P38/4445	Granted	Brightstar Resources Limited	100%
	P38/4446	Granted	Brightstar Resources Limited	100%
	P38/4447	Granted	Brightstar Resources Limited	100%
	P38/4448	Granted	Brightstar Resources Limited	100%
	P38/4449	Granted	Brightstar Resources Limited	100%
	P38/4450	Granted	Brightstar Resources Limited	100%
	P38/4508	Granted	Brightstar Resources Limited	100%
	P38/4545	Granted	Brightstar Resources Limited	100%
P38/4546	Granted	Brightstar Resources Limited	100%	
North Laverton	E38/2452	Granted	Brightstar Resources Limited	100%
	E38/2894	Granted	Brightstar Resources Limited	100%
	E38/3198	Granted	Brightstar Resources Limited	100%
	E38/3434	Granted	Brightstar Resources Limited	100%
	M38/346	Granted	Brightstar Resources Limited	100%
	M38/917	Granted	Brightstar Resources Limited	100%
	M38/918	Granted	Brightstar Resources Limited	100%
P38/4108	Granted	Brightstar Resources Limited	100%	
Laverton	E38/3673	Granted	Brightstar Resources Limited	100%
Hawk's Nest	M38/94	Granted	Brightstar Resources Limited	100%
	M38/95	Granted	Brightstar Resources Limited	100%
	M38/314	Granted	Brightstar Resources Limited	100%
	M38/381	Granted	Brightstar Resources Limited	100%

ASX ADDITIONAL INFORMATION (Continued)**Tenement Schedule as at 27 September 2023**

Project Area	Tenement ID	Status	Registered Holder / Applicant	Interest / Ownership
Miscellaneous Leases	L38/100	Granted	Brightstar Resources Limited	100%
	L38/123	Granted	Brightstar Resources Limited	100%
	L38/154	Granted	Brightstar Resources Limited	100%
	L38/168	Granted	Brightstar Resources Limited	100%
	L38/169	Granted	Brightstar Resources Limited	100%

MENZIES GOLD PROJECT

Project Area	Tenement ID	Status	Registered Holder / Applicant	Interest / Ownership
Menzies	E29/984	Granted	Menzies Operational & Mining Pty Ltd	100%
	L29/42	Granted	Menzies Operational & Mining Pty Ltd	100%
	L29/44	Granted	Menzies Operational & Mining Pty Ltd	100%
	L29/43	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/14	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/88	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/153	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/154	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/184	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/212	Granted	Menzies Operational & Mining Pty Ltd	100%
	M29/410	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2346	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2450	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2578	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2579	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2580	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2581	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2582	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2583	Granted	Menzies Operational & Mining Pty Ltd	100%
	P29/2584	Granted	Menzies Operational & Mining Pty Ltd	100%
P29/2585	Granted	Menzies Operational & Mining Pty Ltd	100%	
Goongarrie	E29/966	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	E29/996	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	E29/1062	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2380	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2381	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2412	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2413	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2588	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2675	Pending	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2676	Pending	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2467	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2468	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2530	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2531	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2532	Granted	Goongarrie Operational & Mining Pty Ltd	100%
	P29/2533	Granted	Goongarrie Operational & Mining Pty Ltd	100%

ASX ADDITIONAL INFORMATION (Continued)**TENEMENTS SUBJECT TO TRANSFER**

Refer to announcement dated 17 July 2023 for more information relating to the tenement swap with Ardea Resources Ltd (ASX:ARL)

Part A: Ardea Resources – Transferred Tenements (Brightstar Acquisition)

Tenement	Registered holder/ applicant (% interest)	Date of Grant	Date of Expiry	Interest being acquired by Brightstar
P29/2651	Kalgoorlie Nickel Pty Ltd	26/04/2022	25/04/2026	All rights.
P29/2650	Kalgoorlie Nickel Pty Ltd	26/04/2022	25/04/2026	All rights.
P29/2649	Kalgoorlie Nickel Pty Ltd	26/04/2022	25/04/2026	All rights.
P29/2538	Kalgoorlie Nickel Pty Ltd	25/02/2020	24/02/2024	All rights.
P29/2539	Kalgoorlie Nickel Pty Ltd	25/02/2020	24/02/2024	All rights.
P29/2511	Kalgoorlie Nickel Pty Ltd	03/07/2019	02/07/2023	All rights.
P29/2512	Kalgoorlie Nickel Pty Ltd	03/07/2019	02/07/2023	All rights.
P29/2513	Kalgoorlie Nickel Pty Ltd	03/07/2019	02/07/2023	All rights.
P29/2514	Kalgoorlie Nickel Pty Ltd	03/07/2019	02/07/2023	All rights.
P29/2515	Kalgoorlie Nickel Pty Ltd	03/07/2019	02/07/2023	All rights.
E29/981	Kalgoorlie Nickel Pty Ltd	26/04/2017	25/04/2027	Gold Rights and Lithium Rights only.

Part B: Brightstar Resources – Transferred Tenements (Ardea Acquisition)

Tenement	Registered holder/ applicant (% interest)	Date of Grant	Date of Expiry	Interest being sold
P29/2532	Goongarrie Operational and Mining Pty Ltd	30/07/2020	29/07/2024	All rights.
P29/2530	Goongarrie Operational and Mining Pty Ltd	30/07/2020	29/07/2024	All rights.
P29/2467	Goongarrie Operational and Mining Pty Ltd	21/09/2020	20/09/2024	All rights other than the Gold Rights which are retained by Goongarrie.
P29/2468	Goongarrie Operational and Mining Pty Ltd	21/09/2020	20/09/2024	All rights other than the Gold Rights which are retained by Goongarrie.
P29/2380	Goongarrie Operational and Mining Pty Ltd	05/02/2019	04/02/2027	All rights other than the Gold Rights which are retained by Goongarrie.
E29/984	Menzies Operational and Mining Pty Ltd	24/02/2017	23/02/2027	All rights.
E29/1062	Goongarrie Operational and Mining Pty Ltd	13/03/2020	13/03/2025	Infrastructure Tenement Rights only.