

Kingwest Resources Ltd

ASX: KWR

Shares on Issue
281,726,818

Directors & Management

Executive Chairman
Gregory Bittar

Chief Operating Officer
Dean Vallve

Non Executive Directors
Jonathan Downes
Ashok Parekh

Company Secretary
Stephen Brockhurst

Principal Place of Business

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Subiaco WA 6008

Registered Office

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15 March 2023

KINGWEST AND BRIGHTSTAR AGREE REVISED CONSIDERATION IN STRATEGIC MERGER TO UNLOCK SIGNIFICANT POTENTIAL VALUE FOR SHAREHOLDERS

- Kingwest Resources and Brightstar Resources have agreed to revised consideration for the proposed merger via a Kingwest Scheme of Arrangement under which Brightstar will acquire 100% of the shares in Kingwest
- Kingwest Shareholders to receive 1 Brightstar share for every 0.38 shares held at the Scheme Record Date; previously 1 Brightstar share for every 0.44 shares held
- Upon implementation of the Scheme, Kingwest shareholders will hold approximately 47% and Brightstar shareholders will hold approximately 53% of the Merged Group, respectively¹,
- The Revised Scheme is unanimously recommended by the Board of Kingwest and each director of Kingwest intends to vote all Kingwest shares they control in favour of the Scheme, in the absence of a Superior Proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Kingwest Shareholders²
- 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

Kingwest Resources Limited (**Kingwest**) (ASX: KWR) refers to the Scheme Implementation Deed (**SID**) announced on 23 December 2022 between Kingwest and Brightstar Resources Limited (**Brightstar**) (ASX: BTR) pursuant to which Brightstar would acquire 100% of the issued capital of Kingwest by Scheme of Arrangement (**Initial Scheme**). The consideration proposed under the Initial Scheme was for Kingwest Shareholders to receive 1 Brightstar share for every 0.44 shares held (**Initial Scheme Consideration**).

Following stakeholder engagement and feedback in relation to the Initial Scheme, Kingwest and Brightstar engaged in negotiations and have agreed to increase the Scheme consideration such that each Kingwest Shareholder will now receive 1 Brightstar share for every 0.38 Kingwest shares held at the Scheme record date (**Revised Scheme**). If the Scheme is approved and implemented, shareholders of Brightstar and Kingwest will hold 53% and 47%, respectively in the Merged Group compared with 57% and 43% respectively under the Initial Scheme.

In addition, pursuant to a separate scheme of arrangement for Kingwest optionholders, outstanding Kingwest options (including share appreciation rights)

¹ Undiluted basis.

² Refer to SID for details.

will be exchanged for new Brightstar options at the same revised exchange ratio of 1 Brightstar option for every 0.38 Kingwest options held. The new Brightstar options will be issued on equivalent terms to the existing Kingwest Options, including an adjusted exercise price and the same maturity dates.

A revised Option and Share Appreciation Rights conversion table is included as Appendix 1.

The Initial Scheme contemplated Kingwest Directors Gregory Bittar, Jonathan Downes and Ashok Parekh joining the Brightstar Board of Directors upon implementation of the transaction. In consideration of the proposed Brightstar Board size and composition, Ashok Parekh has indicated that he supports a smaller Board with reduced financial impost on Brightstar and hence he will not join the Brightstar Board.

It is now contemplated that the Brightstar Board following the merger will comprise five Directors: three from Brightstar including Managing Director Alex Rovira and two from Kingwest.

Kingwest and Brightstar have entered into a Letter of Variation to the SID (attached to this announcement) to effect these changes and the revised timetable below.

No other changes have been made to the SID as announced on 23 December 2022.

Kingwest Board Unanimously Recommends the Revised Scheme

The Directors of Kingwest unanimously recommend that Kingwest shareholders vote in favour of the Revised Scheme at the Scheme Meeting, in the absence of a superior proposal and subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the revised Scheme is in the best interests of Kingwest shareholders.

Subject to those same qualifications, each member of the Kingwest Board intends to vote, or cause to be voted, all Kingwest shares held or controlled by them in favour of the revised Scheme.

Since the SID was announced on 23 December 2022, no party has engaged with Kingwest with regard to evaluating or providing a competing proposal.

Gregory Bittar, Chairman of Kingwest, commented:

"The Kingwest Board is pleased to announce the agreement with Brightstar which provides for a merger of equals as a first step towards transforming Kingwest into a larger and more diverse junior gold company. At a time which appears to mark a positive momentum shift for gold equities globally, the opportunity to combine the assets of Kingwest and Brightstar presents a significant value opportunity for all shareholders.

I would also like to express Kingwest's great appreciation to Ashok for his support during his time on the Kingwest Board, particularly through this transaction. Whilst Ashok was incredibly enthusiastic about being part of the merged group and serving on the Brightstar Board, he recognised that it was in the interests of all shareholders for the size of the merged Board to be appropriate for the size and scale of the merged group."

UPDATED SCHEME TIMETABLE AND NEXT STEPS

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

A Scheme Booklet will be circulated to all Kingwest Shareholders and Optionholders. The Booklet will contain important information about the revised Schemes, the Scheme Meetings, the reasons for the Kingwest Directors' recommendation and the Independent Expert's Report.

An updated indicative timeline is set out below:

Action	Date
Original Announcement of Proposed	23 December 2022
KWR submits draft Scheme Booklet to ASIC and ASX	17 March 2023
First Court Hearing	5 April 2023
Kingwest to Dispatch Scheme Documents to Shareholders and Optionholders	12 April 2023
Scheme Meetings	12 May 2023
Second Court Hearing	18 May 2023
Effective Date	19 May 2023
Record Date	23 May 2023
Implementation Date	26 May 2023

Steinepreis Paganin is acting as legal advisor to Kingwest.

Authorised for release to the ASX by the Board of Kingwest.

Further information contact:

Gregory Bittar

Executive Chairman

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Appendix 1

Revised Option and Share Appreciation Rights Conversion

Exchange Ratio		0.38	
		Proposed Brightstar Options	
Current Kingwest Options/Share Appreciation Rights	Number	Number	Exercise Price
KWRAI : Share Appreciation Rights			
- Strike price of \$0.28 expiring 7 October 2024	2,970,000	7,815,789	0.106
- Strike price of \$0.18 expiring 15 September 2023	1,125,000	2,960,526	0.068
	4,095,000	10,776,316	
KWRAM : Option Expiring 21-OCT-2024 EX \$0.20	8,000,000	21,052,632	0.076
KWRAL : Option Expiring 15-SEP-2024 EX \$0.17	6,250,000	16,447,368	0.065
KWRAO : Option Expiring 15-FEB-2025 EX \$0.285	1,700,000	4,473,684	0.108
KWRAJ : Option Expiring 30-DEC-2023 EX \$0.15	22,512,500	59,243,421	0.057
KWRAQ : Option Expiring 28-APR-2025 EX \$0.25	1,250,000	3,289,474	0.095
KWRAR : Option Expiring 29-FEB-2024 EX \$0.10	19,376,834	50,991,668	0.038
KWRAS: Option Expiring 16-JAN-2026 EX \$0.06	1,250,000	3,289,474	0.023
KWRAT: Option Expiring 16-JAN-2026 EX \$0.10	1,500,000	3,947,368	0.038
	61,839,334	162,735,089	

Deed of Amendment

Kingwest Resources Limited
(ACN 624 972 185)

and

Brightstar Resources Limited
(ACN 100 727 491)

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Date: March 2023

Parties

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

Background

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

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed:

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

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

1.2 Terms defined in Scheme Implementation Deed

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

2. Amendments

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

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

Transaction Ratio means:

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

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

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

Schedule 1 – Timetable

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

Schedule 2 – Capital structure details

1. BTR details

1.1 Currently on issue

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

1.2 Agreed to be issued

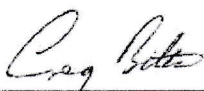
Security	Number	Details
Shares	3,500,000	Shares to be issued pursuant to a placement announced by BTR on 23 December 2022, subject to the receipt of prior BTR Shareholder approval.
Performance Rights	80,000,000	Performance Rights agreed to be issued to Alex Rovira (or his nominee) pursuant to BTR's Employee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

2. KWR details

Security	Total on issue
Shares	281,726,818
Options	
• Share Appreciation Rights exercisable at \$0.18 each (unless cash settled) expiring 15/09/2023	1,125,000
• Share Appreciation Rights exercisable at \$0.28 each (unless cash settled) expiring 7/10/2024	2,970,000
• Options exercisable at \$0.20 each expiring 21/10/2024	8,000,000
• Options exercisable at \$0.17 each expiring 15/09/2024	6,250,000
• Options exercisable at \$0.285 each expiring 15/02/2025	1,700,000
• Options exercisable at \$0.15 each expiring 30/12/2023	22,512,500
• Options exercisable at \$0.25 each expiring 28/04/2025	1,250,000
• Options exercisable at \$0.10 each expiring 29/02/2024	19,376,834
• Options exercisable at \$0.06 each expiring 16/01/2026	1,250,000
• Options exercisable at \$0.10 each expiring 16/01/2026	1,500,000
Total Options	65,934,334

Executed as a deed

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



Signature of Director

Gregory John Bittar

Name of Director in full



Signature of Secretary/other Director

Jonathan Downes

Name of Secretary/other Director in full

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



Signature of Director

Alexander Rovira

Name of Director in full



Signature of Secretary/other Director

Sacha Hunt

Name of Secretary/other Director in full