



**COMPANY DIRECTORS  
AND MANAGEMENT**

William Hobba  
**Managing Director**

Yongji Duan  
**Chairman**

Josh Hunt  
**Non-Executive Director**

Luke Wang  
**Financial Controller  
Company Secretary**

**27 SEPTEMBER 2021**

**CALL OPTION DEED FOR ROYALTY BUYBACK AND SETTLEMENT  
DEEDS**

Brightstar Resources Ltd. (ASX: BTR) (**Brightstar** or the **Company**) announces the signing a Royalty Call Option Deed and two Settlement Deeds in relation to an outstanding liability for a long-term loan and amounts owed to its former Company Secretary.

Settlement under the documents is to be subject to shareholder approvals as required under the ASX Listing Rules and, if required, the Corporations Act, and Brightstar will seek these approvals as soon as practicable. Brightstar envisages this to be at its 2021 AGM.

Each of the below deeds were executed by Brightstar on 27 September 2021.

**Call Option Deed**

The parties to the Call Option Deed are:

- i. Brightstar;
- ii. Desert Exploration Pty Ltd ACN 065 110 698 (**Desert Exploration**), a subsidiary of Brightstar; and
- iii. Stone Resources (HK) Limited a company incorporated in Hong Kong (**SRHK**), a related entity of Director Mr Yongji Duan.

SRHK is the payee of a 3% net smelter royalty (**NSR**) over a substantial portion of Brightstar's tenement holdings, which was granted as part of the consideration given to SRHK under the Debt and Equity Compromise Agreement (**DECA**). Details of the DECA were previously announced on ASX on 25 March 2020 along with subsequent amendments and variations.

Under the Call Option Deed, SRHK has agreed to grant Brightstar or its nominee an option to purchase the NSR (**Call Option**).

An option fee, in cash and/or shares at Brightstar's discretion, equal to AUD\$300,000 is payable to SRHK on the settlement date. The grant of the Call Option is subject to shareholder approval if required, including under Chapter 10 of the ASX Listing Rules, any share based payments are calculated by reference to a 10 day VWAP for the days preceding the execution date of the deed.

The option period commences when the Call Option Deed is settled (being the payment of the option fee), which is expected to occur seven days after the date of Brightstar's 2021 AGM, however this may be as late as 31 March 2022 depending upon the nature of the shareholder approvals required.

The option period expires 5 calendar years after the settlement date.

The exercise price of this Call Option is US\$25,000,000. If exercised, Brightstar can elect to pay the exercise price in cash and/or shares. The exercise is subject to any required shareholder approvals at the time of exercise.

SRHK has no rights to compel or demand exercise of the Call Option granted under the Call Option Deed.

The Call Option may be exercised for the purchase of part of the NSR and the purchase price will be adjusted pro-rata. If the Call Option is exercised for the purchase of part of the NSR, within the Option Period, Brightstar may exercise the Call Option one further time for the purchase of part or all of the remainder of the NSR.

### **Settlement Deed – SRHK, Duan, Cortex**

The parties to the Settlement Deed are:

- i. Brightstar;
- ii. SRHK;
- iii. Great Cortex International Limited, a company incorporated in the British Virgin Islands (**Cortex**); and
- iv. Yongji Duan (**Duan**).

#### *Cortex Settlement*

As set out in previous Annual Reports, Cortex provided a loan of AUD\$630,000 (**Loan**) which has been accruing interest at 9.31% per annum since February 2012.

Under this Settlement Deed, Brightstar has agreed to pay AUD \$630,000 in cash on or before 18 November 2023. Subject to payment of the AUD \$630,000 on or before 18 November 2023, Brightstar and Cortex will terminate the original loan agreement which was executed in September 2012 and all liabilities under that loan agreement will be deemed to have been discharged.

It has been agreed that all interest payments accrued under the Loan are forgiven and not payable provided Brightstar meets its obligations under this Settlement Deed.

#### *Duan Settlement*

The Duan Settlement Deed deals with claims made by the parties relating to expenditure and reimbursement. It has been agreed that execution of the Duan Settlement Deed will be in full and final settlement of all these matters including outstanding remuneration (**Released Matters**).

In consideration of mutual releases and in full and final settlement of the Released Matters, Mr Duan has agreed to step down as Chairman of Brightstar on and from the settlement date (which is the same settlement date as under the Call Option Deed above) and remain on the Board as a Non-Executive Director.

Outstanding remuneration payable to Mr Duan for the period from 1 July 2019 to 31 August 2021 totalling \$63,217.87 will be settled in cash and/or shares at Brightstar's election on that settlement date. Any share based payments are calculated by reference to a 10 day VWAP for the days preceding the execution date of the deed.

Non-executive director Mr Josh Hunt has agreed to act as Chairman on an interim basis.

#### *SRHK Settlement*

SRHK is a party to the Settlement Deed as a related entity of Mr Duan and due to the fact that Brightstar has entered into the Call Option Deed with SRHK as described above.

#### **Settlement Deed – Lau**

The parties to the Settlement Deed are:

- i. Brightstar; and
- ii. Tony Lau (**Lau**).

The Company had been in negotiations with Mr Lau concerning alleged outstanding remuneration and reimbursement expenses during his time as company secretary from 29 April 2014 to 19 July 2021.

The parties have agreed to pay a total of AUD\$300,000 to Mr Lau as payment for services performed by Mr Lau during his tenure as company secretary of Brightstar, and in full and final settlement of all claims made by Mr Lau and Brightstar.

Brightstar can elect to make the payment in cash and/or shares at Brightstar's election. Any share based payments are calculated by reference to a 10 day VWAP for the days preceding the execution date of the deed. The settlement date is within 7 days of Brightstar's 2021 AGM or 7 December 2021, whichever is the earlier.

Brightstar Resources Managing Director Bill Hobba commented:

"The Settlement Deeds close off all outstanding issues. If exploration is successful, the Call Option, if exercised, will work as a cap on the NSR royalty liability which will benefit all shareholders of Brightstar and provide certainty moving forward."

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

*For further information, please contact:*

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Managing Director

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

*This Announcement contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this Announcement.*

*This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Indonesia and Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.*

*Although the forward-looking information contained in this Announcement is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.*

*No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this Announcement.*