

# Notice of Annual General Meeting and Explanatory Memorandum

## Brightstar Resources Limited

ABN 44 100 727 491

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Date of Meeting: 29 November 2022

Time of Meeting: 10.30am (Perth Time)

Place of Meeting: Country Comfort Perth

249-263 Great Eastern Highway, Belmont WA

**This is an important document. Please read it carefully as the business of the Meeting affects your shareholding and your vote is important. If Shareholders are in doubt as to how to vote in respect of any or all of the resolutions contained within this document, they are advised to seek advice from their accountant, solicitor, or other relevant professional adviser prior to voting.**

**Shareholders are encouraged to attend or complete the Proxy Form enclosed and return it in accordance with the instructions set out in the Proxy Form.**

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Brightstar Resources Limited (ABN 44 100 727 491) (**Company**) will be held at Country Comfort Perth, 249-263 Great Eastern Highway, Belmont WA, on 29 November 2022 commencing at 10.30am (Perth time).

## Snapshot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a “snapshot” of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 10.30 am (Perth time) on 27 November 2022 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

## Agenda

### Ordinary Business

### Financial Report

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To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Balance Sheet, Statement of Cashflows and notes to and forming part of the accounts of the Company and its controlled entities for the financial year ended 30 June 2022.

### 1. Resolution 1 – Remuneration Report

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To consider and, if thought fit, pass the following resolution as an advisory Resolution:

*“That, the Remuneration Report for the year ended 30 June 2022 (as set out in the Directors' Report) is adopted.”*

**Voting:** *The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.*

*Voting Prohibition pursuant to Section 250R(4) of the Corporations Act: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:*

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;*
- (b) a Closely Related Party of such a member.*

*However, the above persons may cast a vote on Resolution 1 if:*

- (a) the person does so as a proxy; and*
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and*
- (c) either:*
  - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or*
  - (2) the voter is the chair of the meeting and the appointment of the chair as proxy:*
    - i. does not specify the way the proxy is to vote on the resolution; and*
    - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.*

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## 2. Resolution 2 – Re-election of Mr Joshua Hunt as a Director

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To consider and, if thought fit, pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, for the purposes of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Mr Joshua Hunt, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

## 3. Resolution 3 – Ratification of prior issue of LR 7.1 Placement Shares

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To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior issue on 23 March 2022 of 50,000,000 Shares under Listing Rule 7.1 to sophisticated investors and on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who participated in the issue, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 3 by:*

- (a) a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (1) the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## 4. Resolution 4 – Ratification of prior issue of LR 7.1A Placement Shares

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To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior issue on 23 March 2022 of 50,000,000 Shares under Listing Rule 7.1A to sophisticated investors and on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who participated in the issue, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 4 by:*

- (a) a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (1) the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

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## 5. Resolution 5 – Approval of Issue of Shares to William Hobba

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To consider and, if thought fit, to pass with or without amendment, the following resolutions as Ordinary Resolutions:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,537,235 Shares to William Hobba (or his nominee) on the terms and conditions set out in the Explanatory Statement*

**Voting Prohibition:** *The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr William Hobba (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 5 by:*

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## 6. Resolution 6 – Approval of Issue of Shares to Yongji Duan

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To consider and, if thought fit, to pass with or without amendment, the following resolutions as Ordinary Resolutions:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue a maximum of 5,593,992 Shares to Yongji Duan or his nominee on the terms set out in the Explanatory Memorandum.”*

**Voting Prohibition:** *The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Yongji Duan (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:*

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## 7. Resolution 7 – Approval of Issue of Shares to Ian Pegg

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To consider and, if thought fit, pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a maximum of 1,000,000 Shares to Ian Pegg or his nominee on the terms set out in the Explanatory Memorandum.”*

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**Voting Prohibition:** The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Ian Pegg (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 7 by:

- (a) a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 8. Resolution 8 – Adoption of Employee Securities Incentive Plan

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To consider and, if thought fit, pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Securities Incentive Plan and for the issue of up to a maximum of 30,000,000 Securities under that Plan on the terms and conditions set out in the Explanatory Statement.”*

**Note:** The number of Securities stipulated above is a maximum only. It is not envisaged that 30,000,000 securities will be issued immediately and, as at the date of this Notice, the Company does not intend to issue that quantum of securities under the Plan. Please refer to the information in the Explanatory Memorandum for more information.

**Voting Exclusion:** a person who is eligible to participate in the employee incentive plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

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However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## 9. Resolution 9 – Issue of Zero Exercise Options to Director – William Hobba

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To consider and, if thought fit, pass with or without amendment, the following resolution as an Ordinary Resolution:

*“That, subject to the passing of Resolution 8, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Zero Exercise Price Options to Mr William Hobba (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** Mr William Hobba (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 10. Resolution 10 – Approval of 10% Placement Capacity

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To consider and, if thought fit, to pass with or without amendment, the following resolution as a Special Resolution:

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, shareholders approve the Company to have the additional capacity to issue Shares totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** *The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 10 by:*

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## Other Business

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To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

## Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting.

## Poll

All Resolutions shall be conducted by poll.

## Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Completed Proxy Forms may be sent via:

*Online:* [www.investorvote.com.au](http://www.investorvote.com.au)

*By mail:* Share Registry – Computershare Investor Services Pty Limited,  
GPO Box 242,  
Melbourne, Victoria 3001, Australia

*By fax:* 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

*By mobile:* Scan the QR Code on your proxy form and follow the prompts

Custodian voting for Intermediary Online subscribers only (custodians).

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The enclosed proxy form for the Meeting provides further details on appointing proxies and lodging the proxy form. Proxies must be returned by 10.30 am (Perth time) on 27 November 2022.

## **Voting by Proxy**

A Shareholder can direct its proxy to vote for, against or abstain from voting on each Resolution by marking the appropriate box in the voting directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the Meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the voting directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

## **Corporate Representative**

If a representative of a Shareholder corporation is to attend the Meeting, a “Corporate Representative Certificate” should be completed and produced prior to the Meeting. Please contact the Company’s share registry for a pro forma certificate if required.

By Order of the Board  
Brightstar Resources Limited

**Luke Wang**  
Company Secretary

28 October 2022



# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to Shareholders of Brightstar Resources Limited (**Brightstar** or **Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Country Comfort Perth, 249-263 Great Eastern Highway, Belmont WA, on 29 November 2022 commencing at 10.30 am (Perth time).

The Notice of Meeting sets out details of proposals concerning the Resolutions to be put to Shareholders.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Resolution 1 relating to the Remuneration Report is an advisory Resolution and does not bind the Directors or the Company. All other Resolutions are Ordinary Resolutions, which require that a simple majority of votes cast by Shareholders present and entitled to vote on the Resolution must be in favour of the Resolution.

Unless otherwise defined, the Terms used in this Explanatory Memorandum are defined in section 13.

## 2. Consider the Company's Financial Report

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The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Balance Sheet, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2022 were released to the ASX on 30 September 2022.

The Company's Annual Report is placed to the Shareholders for discussion.

No voting is required for this item.

## 3. Resolution 1 – Remuneration Report

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### 3.1 Remuneration Report

In accordance with Section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report for the period ending 30 June 2022.

The Remuneration Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

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A reasonable opportunity will be provided for the Shareholders to ask questions about, or make comments, on, the Remuneration Report at the Meeting.

## 3.2 Recommendation

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

A vote on this Resolution is advisory only and does not bind the Directors or the Company.

## 3.3 Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

Members of the Key Management Personnel and their Closely Related Parties (**Restricted Voters**) and proxies of Restricted Voters are restricted from voting on a Resolution which is connected directly or indirectly with the remuneration of a member of the Key Management Personnel (**Voting Restriction**).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company will disregard any votes cast in favour of the Resolution by any Restricted Voters.

The Voting Restriction applies to Resolution 1. However, it does not apply where:

- (a) the member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the Chair is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change their voting intention on any Resolution, in which case an ASX announcement will be made.

The Proxy Form attached to this Notice has been prepared on this basis.

## 4. Resolution 2 – Re-election of Mr Joshua Hunt as a Director

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### 4.1 General

ASX Listing Rule 14.5 provides that, a listed entity must hold an election at each Annual General Meeting and as such it has been determined that Mr Hunt will retire and seek re-election at this Meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Hunt, who has served as a Director since 18 November 2020, retires by rotation and seeks re-election.

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## 4.2 Qualifications and other material directorships

Mr Hunt is a corporate and mining lawyer who has extensive experience in all aspects of technology, mining and energy project acquisitions and disposals. He has advised on numerous IPOs and fundraisings and has a wide range of experience in many different types of acquisitions by both public and private companies.

Mr Hunt provides stock exchange and listing rule compliance advice, capital markets, corporate and strategic advice, general securities and commercial law advice. Mr Hunt is closely involved with early stage and venture capital projects and regularly assists such projects to develop and market

Mr Hunt has over 8 years' experience as a director of ASX listed entities and is currently a Non-Executive Director of I Synergy Group Limited (ASX:IS3). Mr Hunt holds Bachelor degrees in both Law and Commerce.

## 4.3 Independence

Mr Hunt has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party. Mr Hunt is a shareholder of the Company.

If re-elected the Board considers that Mr Hunt will be an independent Director.

Mr Hunt has confirmed that he considers he will have sufficient time to fulfil his responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with his availability to perform his duties as a Non-Executive Director of the Company.

## 4.4 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2 (Mr Hunt declines to make a recommendation based on his material personal interest in Resolution 2). Any undirected proxies held by the Chairman will be voted in favour of Resolution 2.

## 5. Resolution 3 – Ratification of prior Issue of Shares under Listing Rule 7.1

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### 5.1 Background

On 23 March 2022, the Company issued 50,000,000 Shares at an issue price of 2.5 cents (\$0.025) to various sophisticated and professional investors under the March Placement. The Shares under the March Placement were issued using the Company's existing placement capacity under Listing Rule 7.1.

Resolution 3 seeks Shareholder approval to ratify the issue of the Shares issued under the March Placement pursuant to Listing Rule 7.4.

Resolution 3 is an Ordinary Resolution. The Chair intends to exercise all available proxies in favour of Resolution 3.

### 5.2 Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of

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that period.

The issue of the Shares under the March Placement does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1, and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 3 seeks Shareholder approval to issue the Shares under the March Placement under and for the purposes of Listing Rule 7.4.

## 5.3 Information required under Listing Rule 14.1A

If Resolution 3 is passed, the issue of the Shares under the March Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 3 is not passed, the issue of the Shares under the March Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of securities it can issue without Shareholder approval over the 12 month period following the issue date. If this Resolution is not passed then it is likely the Company will seek approval at a subsequent General Meeting of the Company.

## 5.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) the Shares under the March Placement were issued to various institutional, sophisticated and professional investors primarily identified by Canaccord Genuity (Australia) Limited (CGF). CGF is not a related party of the Company and none of the investors under the March Placement were related parties of the Company or substantial Shareholders.
- (b) a total of 50,000,000 Shares were issued pursuant to the Company's placement capacity under Listing Rule 7.1;
- (c) the issued Shares were ordinary fully paid shares in the capital of the Company;
- (d) the Shares under the March Placement were issued on 23 March 2022;
- (e) a total of \$1,250,000 was raised via the issue of 50,000,000 Shares;
- (f) the proceeds of the Shares issued were used as follows:
  - (1) exploration expenses across the Laverton projects of Brightstar;
  - (2) drilling programs at the Cork Tree Well project
  - (3) costs associated with assay and resource delineation at Cork Tree Well and the Alpha and Brightstar's other projects;

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- (4) upkeep, care and maintenance of the Brightstar Plant;
  - (5) employment costs; and
  - (6) general working capital and corporate expenses.
- (g) a voting exclusion statement is included in the Notice of Meeting.

## 5.5 Directors' Recommendation and Reasons

The Directors recommend that Shareholders vote in favour of Resolution 3. The Directors consider that the March Placement was beneficial to the Shareholders as it enabled the Company to significantly progress its drilling and exploration programs, primarily at Cork Tree Well. In the event ratification is not approved then the Company will have to seek different funding options in the future.

## 6. Resolution 4 – Ratification of prior Issue of Shares under Listing Rule 7.1A

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### 6.1 Background

On 23 March 2022, the Company issued 50,000,000 Shares at an issue price of 2.5 cents (\$0.025) to various sophisticated and professional investors under the March Placement. The Shares under the March Placement were issued using the Company's existing placement capacity under Listing Rule 7.1A.

Resolution 4 seeks Shareholder approval to ratify the issue of the Shares issued under the March Placement pursuant to Listing Rule 7.4.

Resolution 4 is an Ordinary Resolution. The Chair intends to exercise all available proxies in favour of Resolution 4.

### 6.2 Listing Rules 7.1, 7.1A and 7.4

A summary of Listing Rules 7.1 and 7.4 is provided above at paragraph 5 of this Explanatory Memorandum.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital (in addition to the placement capacity available under Listing Rule 7.1). The Company obtained this approval at its annual general meeting held on 29 November 2021. The issue of the Shares under the March Placement does not fit within any of the exceptions to Listing Rule 7.2 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's placement capacity under each of Listing Rules 7.1 and 7.1A. This reduces the Company's capacity to issue further equity securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Shares under the March Placement.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and 7.1A.

Ratification by the Shareholders of the Company of the Shares is now sought pursuant to Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital under Listing Rule 7.1 and 7.1A, if required, in the next 12 months without Shareholder approval, to the extent of the Shares.

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The effect of this Resolution 4 is that the Company, for the purposes of Listing Rule 7.1 will be able to refresh its 15% placement capacity with effect from the date of the Meeting, to the extent of the Shares that have been issued under the Placement.

The effect of this Resolution 4 is that the Company, for the purposes of Listing Rule 7.1A will be able to refresh its 10% capacity with effect from the date of the Meeting, to the extent of the Shares that have been issued under the Placement.

To this end, Resolution 4 seeks Shareholder approval to issue the Shares under the March Placement under and for the purposes of Listing Rule 7.4.

## 6.3 Information required under Listing Rule 14.1A

If Resolution 4 is passed, the issue of the Shares under the March Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 4 is not passed, the issue of the Shares under the March Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of securities it can issue without Shareholder approval over the 12 month period following the issue date. If this Resolution is not passed then it is likely the Company will seek approval at a subsequent General Meeting of the Company.

It should be noted by Shareholders that approval for the Listing Rule 7.1A capacity is also being sought at this Meeting.

## 6.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Shares under the March Placement were issued to various institutional, sophisticated and professional investors primarily identified by Canaccord Genuity (Australia) Limited (CGF). CGF is not a related party of the Company and none of the investors under the March Placement were related parties of the Company or substantial Shareholders.
- (b) a total of 50,000,000 Shares were issued pursuant to the Company's placement capacity under Listing Rule 7.1;
- (c) the issued Shares were ordinary fully paid shares in the capital of the Company;
- (d) the Shares under the March Placement were issued on 23 March 2022;
- (e) a total of \$1,250,000 was raised via the issue of 50,000,000 Shares;
- (f) the proceeds of the Shares issued were used as follows:
  - (1) exploration expenses across the Laverton projects of Brightstar;
  - (2) drilling programs at the Cork Tree Well project
  - (3) costs associated with assay and resource delineation at Cork Tree Well and the Alpha and Brightstar's other projects;
  - (4) upkeep, care and maintenance of the Brightstar Plant
  - (5) employment costs; and

# Explanatory Memorandum

(6) general working capital and corporate expenses.

(g) a voting exclusion statement is included in the Notice of Meeting.

## 6.5 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4. The Directors consider that the March Placement was beneficial to the Shareholders as it enabled the Company to significantly progress its drilling and exploration programs, primarily at Cork Tree Well. In the event ratification is not approved then the Company will have to seek different funding options in the future.

## 7. Resolution 5 – Approval of Issue of Shares to William Hobba

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### 7.1 Background

The Company has agreed subject to obtaining Shareholder approval and subject to the passing of Resolution 5, to issue up to an aggregate of 5,537,235 Shares to Director, Mr William Hobba (**Hobba Shares**). The Hobba Shares are issued in satisfaction of deferred remuneration under the Executive Services Contract between Brightstar and Mr Hobba, executed in December 2020. There is currently an outstanding accrued amount of \$94,133 outstanding for the financial year 21/22 (which includes unpaid amounts of \$9,600 from FY19/20 and \$18,533 from FY 20/21) and this is proposed to be satisfied by issuing the Hobba Shares at 1.7 cents, being the 10-day VWAP prior to the expiry of the 21/22 financial year (30 June 2022).

Resolution 5 seeks Shareholder approval for the issue of the Hobba Shares to Mr Hobba or his nominee.

### 7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Hobba Shares constitutes giving a financial benefit and Mr Hobba is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Hobba with respect to Resolution 5, due to his material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Shares because the agreement to issue the Shares, is part of the remuneration package for Mr Hobba and constitutes actual cash foregone by Mr Hobba, it is therefore considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The terms and conditions of Mr Hobba's Executive Agreement are summarised at Schedule 1

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## 7.3 Listing Rule 10.11

Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Hobba Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

## 7.4 Information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Hobba Shares to Mr Hobba within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Hobba Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Hobba Shares will not use up any of the Company's 15% annual placement capacity.

The result of this will be that no further funds are owing to Mr Hobba under his Executive Agreement.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Hobba Shares. In such circumstances, the Company will have to consider alternative arrangements, including paying the amount in cash given the Hobba Shares are proposed to be issued in lieu of actual cash amounts owing under the Executive Agreement.

## 7.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 5:

- (a) the Hobba Shares will be issued to Mr Hobba. Mr Hobba falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Shares to be issued is 5,537,235;
- (c) the Hobba Shares will be ordinary fully paid Shares upon issue;
- (d) the Hobba Shares will be issued as soon as practicable following the Meeting and no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);



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- (e) the deemed issue price is 1.7 cents (\$0.017) being the 10 day VWAP of Shares prior to the end of the financial year (30 June 2022);
- (f) the consideration for the Hobba Shares is an outstanding accrued amount of \$94,133 outstanding as at the end of financial year 21/22 under the Executive Agreement;
- (g) no funds will be raised from the issue of the Hobba Shares;
- (h) Mr Hobba's total remuneration package is \$180,000 plus statutory superannuation, he is also entitled to claim travel and living away from home expenses;
- (i) Shareholders should note that the amount deemed value of the Hobba Shares is included in the amount at (h) above, the Hobba Shares are not over and above that amount;
- (j) A voting exclusion statement is included in the Resolution.

## 7.6 Board Recommendation

The Board (with the exception of Mr Hobba who makes no recommendation due to his material personal interest) recommends voting in favour of the Resolution. The balance of the Board are of the view that the issue of the Hobba Shares is a capital efficient method by which to compensate Mr Hobba under his Executive Agreement and that the alternative, of paying out those amounts in cash, is not in the best interests of the Company and will have a negative impact upon the cash position of the Company.

## 8. Resolution 6 – Approval of Issue of Shares to Yongji Duan

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### 8.1 Background

The Company has agreed subject to obtaining Shareholder approval and subject to the passing of Resolution 6, to issue up to an aggregate of 5,593,992 Shares to Director, Mr Yongji Duan (**Duan Shares**). The Duan Shares are issued in satisfaction of deferred director fees dating back to the 19/20 financial year. There is currently an outstanding accrued amount of \$95,098 outstanding as at the end of the financial year 21/22 and this is proposed to be satisfied by issuing the Duan Shares at 1.7 cents, being the 10-day VWAP prior to the expiry of the 21/22 financial year (30 June 2022).

Resolution 6 seeks Shareholder approval for the issue of the Duan Shares to Mr Duan or his nominee.

### 8.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Duan Shares constitutes giving a financial benefit and Mr Duan is a related party of the Company by virtue of being a Director.

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The Directors (other than Mr Duan with respect to Resolution 6, due to his material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Shares because the agreement to issue the Shares, is part of the remuneration package for Mr Duan and constitutes actual cash foregone by Mr Duan, it is therefore considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The terms and conditions of Mr Duan's engagement are summarised at Schedule 2

## 8.3 Listing Rule 10.11

Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Duan Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

## 8.4 Information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Duan Shares to Mr Duan within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Duan Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Duan Shares will not use up any of the Company's 15% annual placement capacity.

The result of this will be that no further funds are owing to Mr Duan under his engagement as Chairman of the Company.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Hobba Shares. In such circumstances, the Company will have to consider alternative arrangements, including paying the amount in cash given the Duan Shares are proposed to be issued in lieu of actual cash amounts owing under the Duan's engagement since the 19/20 financial year.

## 8.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 6:

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- (a) the Duan Shares will be issued to Mr Duan. Mr Duan falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Shares to be issued is 5,593,992;
- (c) the Duan Shares will be ordinary fully paid Shares upon issue;
- (d) the Duan Shares will be issued as soon as practicable following the Meeting and no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (e) the deemed issue price is 1.7 cents (\$0.017) being the 10 day VWAP of Shares prior to the end of the financial year (30 June 2022);
- (f) the consideration for the Duan Shares is an outstanding accrued amount of \$95,098 outstanding as at the end of financial year 20/21 under Duan's engagement as Chairman of the Company;
- (g) no funds will be raised from the issue of the Duan Shares;
- (h) Mr Duan's total remuneration package is \$76,518 and Duan has historically agreed to accept at least 50% of this amount in Shares;
- (i) Shareholders should note that the amount deemed value of the Duan Shares is included in the amount at (h) above, the Duan Shares are not over and above that amount;
- (j) A voting exclusion statement is included in the Resolution.

## 8.6 Board Recommendation

The Board (with the exception of Mr Duan who makes no recommendation due to his material personal interest) recommends voting in favour of the Resolution. The balance of the Board are of the view that the issue of the Duan Shares is a capital efficient method by which to compensate Mr Duan for amounts due to Mr Duan and that the alternative, of paying out those amounts in cash, is not in the best interests of the Company and will have a negative impact upon the cash position of the Company.

## 9. Resolution 7 – Issue of Shares to Ian Pegg

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### 9.1 Background

Resolution 7 proposes the issue of 1,000,000 Shares deemed issue price of \$0.017 being the 10 day VWAP of Shares prior to the end of the financial year (30 June 2022) to Ian Pegg who is engaged as the Chief Exploration Geologist of the Company (**Pegg Shares**).

Since 22 February 2021 Mr Pegg has made a significant contribution to the Company in his role and the Board of the Company has determined that the issue of the Pegg Shares is warranted as part of the remuneration package for under his employment contract.

Since joining the Company Mr Pegg has been instrumental in:

- i. Designing and implementing the extensive drilling programs of the Company;
- ii. Reporting and interpreting all new and existing data sets;
- iii. Compiling reports and presentations;

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- iv. Managing third party contractors across the exploration activities of the Company;
- v. JORC and reporting compliance; and
- vi. Sampling, mapping, health and safety management, licensing and approvals.

Mr Pegg has also spent extensive periods of time on site at the Brightstar Plant and properties throughout the term of his engagement.

Resolution 7 is an Ordinary Resolution and seeks Shareholder approval for the issue of the Pegg Shares.

## 9.2 Listing Rule 7.1 and 14.1A

Subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Resolution 7 seeks shareholder approval to the issue of the Pegg Shares for the purposes of Listing Rule 7.1, so that the issue of those Shares does not count towards the Company's 15% Capacity.

If Resolution 7 is passed, the Pegg Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not proceed with the issue of the Pegg Shares and will consider alternative possibilities to compensate Mr Pegg.

## 9.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Pegg Shares:

- (a) the Pegg Shares will be issued for the provision of services by Mr Pegg in addition to his remuneration;
- (b) 1,000,000 Shares will be issued under Resolution 7 to Mr Pegg;
- (c) the Pegg Shares will be fully paid ordinary shares in the capital of the Company;
- (d) the Pegg Shares are anticipated to be issued within 7 days of the date of this Meeting, in any event, no later than 3 months after the date of the Meeting;
- (e) the Pegg Shares will be issued for nil consideration at a deemed issue price of 1.7 cents;
- (f) the Pegg Shares are being issued in recognition for services provided under Mr Pegg's employment and as such no funds are being raised by the issue of the Pegg Shares; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

## 9.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7. Any undirected proxies held by the Chairman will be voted in favour of Resolution 7. Any undirected proxies held by the Chairman will be voted in favour of Resolution 7.

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## 10. Resolution 8 – Adoption of Employee Incentive Plan

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### 10.1 Background

The Resolution 8 seeks Shareholder approval for the adoption of the employee incentive scheme titled “Employee Securities Incentive Plan” (**Plan**) and for the issue of a maximum of 30,000,000 Securities under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

### 10.2 Listing Rule 7.1 and Listing Rule 7.2 Exception 13(b)

Generally and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity’s ordinary securities have approved the issue of Equity Securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of Equity Securities issued under the scheme does not exceed the maximum number set out in the entity’s notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 8 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years from the date of the Meeting. The issue of any securities to eligible participants under the Plan (up to the maximum number of securities stated in Section 7.3(c) below) will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX’s opinion, such that approval should be obtained.

### 10.3 Information under Listing Rule 14.1A

If Resolution 8 not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities will reduce, to that extent, the Company’s capacity to issue Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of those securities.

If Resolution 8 is passed then any Securities issued under the Plan will not count against the Company’s capacity to issue Securities.

### 10.4 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 8:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 2;

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- (b) the Company has not issued any securities under the Plan as this is the first time that Shareholder approval is being sought for the adoption of the Plan; and
- (c) the maximum number of securities proposed to be issued under the Plan in reliance on Listing Rule 7.2 (Exception 13(b)), is 30,000,000 Securities. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately

## 10.5 Directors' Recommendation

The Directors make no recommendation on the Resolution as each of Mr Hobba, Mr Hunt and Mr Duan may participate in the Plan. The Board's opinion is that the Plan is appropriate and will allow the Company flexibility as to how it remunerates current and future employees and Directors.

## 11. Resolution 9 - Approval of Issue of Zero Exercise Price Options to Director – William Hobba

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### 11.1 Background

The Company has agreed, subject to obtaining Shareholder approval and subject to the passing of Resolution 9, to issue up to an aggregate of 10,000,000 zero exercise price Options to Director, Mr Hobba, that will vest, subject to the satisfaction of certain milestones, and become convertible into Shares at the election of the holder on a 1:1 basis (**ZEPOs**).

Resolution 9 seeks Shareholder approval for the issue of ZEPOs to Mr Hobba, a Director.

### 11.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the ZEPOs constitutes giving a financial benefit and Mr Hobba is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Hobba with respect to Resolution 9, due to his material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the ZEPOs because the agreement to issue the ZEPOs, reached as part of the remuneration package for Mr Hobba, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The terms and conditions of Mr Hobba's Executive Agreement are summarised at Schedule 1.

### 11.3 Listing Rule 10.11

Listing 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;

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- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of ZEPOs falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

## 11.4 Information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the ZEPOs to Mr Hobba within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the ZEPOs (because approval is being obtained under Listing Rule 10.11), the issue of the ZEPOs will not use up any of the Company's 15% annual placement capacity.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the ZEPOs. In such circumstances, the Company will seek to determine alternative long term incentive arrangements for Mr Hobba which as closely as possible align with the intention of the proposed issue of the ZEPOs. Such alternative arrangements may include cash, Securities or a combination of both.

## 11.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 9:

- (a) The ZEPOs will be issued to Mr Hobba falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) The maximum number of ZEPOs to be issued to Mr Hobba (being the nature of the financial benefit proposed to be given) is 10,000,000 ZEPOs. The below table sets out the number of ZEPOs that will be issued based on the milestones set out below:

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Tranche	Milestones	Number	Expiry Date
1	ZEPOs will vest upon the holder serving 12 months, from the Commencement Date, of continual service with the company either as a Director, Consultant or Employee.	8,000,000	5:00 pm (AWST) on the four-year anniversary of their date of issue
2	ZEPOs will vest upon the holder serving 24 months, from the Commencement Date, of continual service with the company either as a Director, Consultant or Employee.	2,000,000	5:00 pm (AWST) on the four-year anniversary of their date of issue

- (c) The full terms and conditions of the ZEPOs are set out in Schedule 4;
- (d) The ZEPOs will be issued as soon as practicable following the Meeting and no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (e) The issue price of the ZEPOs will be nil. The Company will not receive any other consideration in respect of the issue of the ZEPOs;
- (f) The purpose of the issue of the ZEPOs is to provide a performance linked incentive component in the remuneration package for Mr Hobba to motivate and reward his ongoing performance and in acknowledgement of the outstanding dedication and service he has provided to the Company over an extended period of time and to do this in a cost effective manner, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration or reward were given to Mr Hobba;
- (g) total remuneration package for Mr Hobba is \$180,000 plus statutory superannuation, he is also entitled to claim travel and living away from home expenses. If the ZEPOs are approved and issued then the total remuneration package will increase by \$200,000 to \$380,000, being the value of the ZEPOs as set out in Schedule 5;
- (h) the value of the ZEPOs and the pricing methodology is set out in Schedule 5;
- (i) the ZEPOs are being issued to Mr Hobba to bring his remuneration in line with market expectations given Mr Hobba's extensive experience and expertise and deep knowledge of the Company's activities, particularly given the fact he is key in ensuring that the Company will be able to resume production through the Brightstar Plant. A summary of Mr Hobba's Executive Agreement is set out at Schedule 1;
- (j) details of any Securities issued under the Plan will be published in the annual report of the Company relating to the period during which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (k) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

## 11.6 Board recommendation

The Board (with the exception of Mr Hobba who makes no recommendation due to his material personal interest) recommends voting in favour of the Resolution. The balance of the Board are of the view that the issue of the ZEPOs is appropriate remuneration when taking the entirety of Mr Hobba's remuneration into account and his integral role in the Company's future prospects.



# Explanatory Memorandum

The Board does not consider the current cash-based remuneration of Mr Hobba to be sufficient.

## 12. Resolution 10 - Approval of 10% Placement Capacity

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### 12.1 Background

ASX Listing Rule 7.1A provides that an Eligible Entity (defined below) may seek Shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

If Shareholders approve Resolution 10, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 10 will be to allow the Directors to issue Shares up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 10 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 10 for it to be passed.

If Resolution 10 is not passed, the Company's capacity to issue Equity Securities without any further Shareholder's approval will be decreased from a combined limit of 25% to 15%.

The Chair intends to exercise all available proxies in favour of Resolution 10.

### 12.2 Applicable Listing Rules

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000,

**(Eligible Entity).**

The Company is an Eligible Entity.

### 12.3 Information on Additional Placement Capacity

As at the date of this Notice, the Company currently has on issue 676,497,596 Shares and the last recorded closing price of the Shares on 20 October 2022 was \$0.020. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$13,529,952.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

# Explanatory Memorandum

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being Shares (ASX: BTR).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

A = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under rule 7.4.

## 12.4 Technical information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to Resolution 10:

- (a) Period of approval validity

# Explanatory Memorandum

Shareholder approval of the 10% Additional Placement Capacity under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier of:

- (1) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (2) the time and date of the Company's next annual general meeting; or
- (3) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale or activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

(b) Minimum issue price

The issue price of any Equity Security under the Additional Placement Capacity will not be less than 75% of the VWAP for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed; or
- (2) if the securities are not issued within 10 trading days of the date above, the date on which the securities are issued.

(c) Purposes of funds

Any funds raised from an issue of Shares under Listing Rule 7.1A would be used to progress the Company's three-year plan including resources expansion and Brightstar plant refurbishment.

(d) Risk of Economic and Voting Dilution

If Resolution 10 is passed and the Company issues securities under the Additional Placement Capacity, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (1) the market price for Shares in the same class may be significantly lower on the issue date of the new Shares than on the date of this Meeting; and
- (2) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

If Resolution 10 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the market price of the Shares and the number of Shares on issued as at 20 October 2022.

The table also shows the voting dilution impact where the number of Shares on issue (**Variable A** in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under Listing Rule 7.1A.

# Explanatory Memorandum

Variable A in Listing Rule 7.1A		Nominal issue price		
		50% decrease \$0.010	Issue price \$0.020	100% increase \$0.040
<b>Current issued capital A 676,497,596</b>	Shares issued under LR7.1A	67,649,760	67,649,760	67,649,760
	Voting dilution	10%	10%	10%
	Funds raised	\$676,498	\$1,352,995	\$2,705,990
<b>50% increase in issued capital A 1,014,746,394</b>	Shares issued under LR7.1A	101,474,639	101,474,639	101,474,639
	Voting dilution	10%	10%	10%
	Funds raised	\$1,014,746	\$2,029,493	\$4,058,986
<b>100% increase in issued capital A 1,352,995,192</b>	Shares issued under LR7.1A	135,299,519	135,299,519	135,299,519
	Voting dilution	10%	10%	10%
	Funds raised	\$1,352,995	\$2,705,990	\$5,411,981

The table above uses the following assumptions:

- (i) The current Shares on issue are the Shares on issue as at 20 October 2022.
  - (ii) The issue price set out above is the closing price of the Shares on the ASX on 20 October 2022.
  - (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity and no options on issue are exercised.
  - (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
  - (v) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
  - (vi) This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
  - (vii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (e) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the Additional Placement Capacity. the identity of the recipients of Shares will be determined on a case-by-case basis having regard to factors including but not limited to:

# Explanatory Memorandum

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (2) the effect of the issue of the Shares on the control of the Company;
- (3) the financial situation and solvency of the company; and
- (4) advice from corporate, financial and broking advisors (if applicable).

The recipients under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

If Resolution 10 is approved by Shareholders, the Company may issue Equity Securities under the 10% Additional Placement Capacity during the 10% Placement Period, as and when the circumstances of the Company require.

(f) **Past Equity Security Issues**

In the 12 months prior to the proposed Meeting date of 29 November 2022, the Company has issued 50,000,000 ordinary fully paid shares via a placement under Listing Rule 7.1A, representing 9.49% of the total number of Shares on issue at the commencement of that 12 month period. The investors under this placement were identified by CGF, being the corporate advisor of the Company. The investors were identified via a standard bookbuild process conducted by CGF and none of these investors are related parties of the Company.

The placement Shares were issued on 23 March 2022 at an issue price of \$0.025 per share, representing a 7% discount to the closing market price on the date of issue. \$1,250,000 (before costs) was raised from the Placement and the funds will be used to fund the Company's exploration activities at its Laverton Project including the underway RC drilling program at Cork Tree Well, further drilling and exploration programs and working capital. The full balance of \$1,250,000 was available to spend following the placement as other costs incurred by the Company were funded out of its existing cash balance. As at 20 October 2022 the Company has spent the full balance of these fund on its exploration programs, particularly drilling on and evaluation of Cork Tree Well.

(g) **Voting Exclusion Statement**

A voting exclusion statement is provided above in the body of the notice in accordance with ASX Listing Rules.

## 12.5 **Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 10 as it will provide the Company with the flexibility to raise additional capital without needing to first obtain Shareholder approval.

# Explanatory Memorandum

## 13. Interpretation

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**Annual Report** means the Annual Report of the Company.

**Associate** has the meaning given to that term in the Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange.

**A\$** means Australian Dollar as the currency of the Commonwealth of Australia.

**Board** means the Board of Directors of the Company.

**Brightstar Plant** means the circa 650,000 tpa plant and associated camp and equipment located in South Laverton, Western Australia owned by the Company.

**CGF** means Canaccord Genuity (Australia) Limited (ACN 075 071 466).

**Chairman** means the person appointed chairman of the Company convened by the Notice.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Brightstar Resources Limited.

**Company Secretary** means Luke Wang.

**Constitution** means the constitution of the Company from time to time.

**Cork Tree Well** means the exploration and development projects owned by the Company situated North of Laverton WA.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

**Director** means a director of the Company.

**Executive Agreement** is summarised at Schedule 1.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting.

**Key Management Personnel** has the meaning given to that term in the Corporations Act.

**Listing Rule** means the official listing rules of the ASX as amended from time to time.

**March Placement** means the placement of 100,000,000 Shares at an issue price of 2.5 cents to raise a total of \$2,500,000 completed on 23 March 2022 and announced on 16 March 2022 to institutional, professional and sophisticated investors.

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on 29 November 2022.

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Option** means an option to acquire a Share.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

**Proxy Form** means the proxy form to the Notice.

**Related Party** has the meaning given to that term in the Corporations Act.

# Explanatory Memorandum

**Remuneration Report** means the section of the Directors' Report in the 2021 Annual Report dealing with the remuneration of the Company's Directors, Company Secretary, and senior executives described as 'Remuneration Report'.

**Resolution** means a resolution proposed at the Meeting.

**Securities** has the meaning set out in the Corporations Act.

**Share** means an ordinary fully paid share in the issued capital of the Company.

**Shareholder** means a holder of Shares in the Company.

**Special Resolution** means a resolution passed by more than 75% of the votes cast at a general meeting of shareholders.

**Voting Power** has the meaning given in the Corporations Act.

**ZEPO/s** means zero exercise price options on the terms and conditions set out in Schedule 4.

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*Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Luke Wang (Company Secretary):*

*Suite 3, 25 Belgravia Street*

*Belmont WA 6104*

*Telephone Phone: +61 8 9277 6008*

*Email: [lukew@brightstarresources.com.au](mailto:lukew@brightstarresources.com.au)*

# Explanatory Memorandum

## Schedule 1 — Terms of Hobba Executive Agreement

The material terms and conditions of the Mr Hobba's (**Executive**) Executive Agreement are set out below (**Agreement**). The Agreement otherwise contains terms and conditions which are considered standard for an agreement of its type such as confidentiality clauses and statutory leave provisions.

<b>Role</b>	The Executive has been appointed by the Company to act as Managing Director.
<b>Term</b>	The appointment of the Executive commenced on 1 December 2020 and continues until terminated in accordance with the Agreement or for a fixed term of 3 years.
<b>Base salary</b>	The Executive will receive a base salary of A\$120,000. The Executive will be paid statutory superannuation contributions in accordance with applicable laws.  The Base Salary will be reviewed annually by the Company and as a result of this review the base salary component is now \$180,000 from the end of the 2021 FY.
<b>Performance Based Bonuses</b>	The Executive will be entitled to be issued securities under any Employee Incentive Plan to bring the Base Salary in line with industry standard.  The terms of any such securities are determined by the Board, subject to any approvals required.
<b>Additional work related benefits</b>	The Executive shall be provided with the following: (a) Mobile telephone use. (b) Motor vehicle travel where work related of an amount equal to \$1.35 per km travelled. (c) Living away from home allowance for personal expenses where travelling for work of \$140 per day.
<b>Expenses</b>	The Company will pay or reimburse the Executive for all reasonable out-of-pocket expenses properly incurred by him in the provision of the services in accordance with the applicable rules and policies of the Company
<b>Termination by the Company</b>	The Company may terminate the contract immediately if the Executive commits a serious act of fraud, criminal behaviour, gross negligence, dishonesty, wilful disobedience, misconduct, breach of duty, becomes bankrupt or engages in other similar behaviours or activities.  Either party may terminate the Agreement for any reason (other than as described above) upon giving the other not less than 1 months' prior written notice.
<b>Termination by the Executive</b>	The Executive may terminate the Agreement at any time upon giving not less than 1 months' prior written notice of termination to the Company.  The Company has the right to pay out any notice period.
<b>Restraint</b>	The Executive is restrained from competing with the Company for a 12 month period following termination of employment within Western Australia.



# Explanatory Memorandum

## Schedule 2 – Terms of Duan Engagement

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The material terms and conditions of the Mr Duan’s (**Duan**) engagement are set out below (**Appointment**). The Appointment otherwise contains terms and conditions which are considered standard for a Non-executive appointment of its type such as confidentiality clauses and access to documents.

<b>Role</b>	Duan was appointed by the Company to act as Non-Executive Chairman.
<b>Term</b>	Duan was re-elected to the Board at the 2021 AGM of the Company.
<b>Remuneration</b>	Duan receives a total of \$76,518 per annum of which he has agreed to take 50% in Shares (subject to approval of Shareholders).
<b>Indemnity and Insurance</b>	Duan is entitled to be insured under the Director and Officers Policy of the Company and has standard indemnities in place.
<b>Expenses</b>	The Company will pay or reimburse Duan for all reasonable out-of-pocket expenses properly incurred by him in the provision of the services in accordance with the applicable rules and policies of the Company (such as air travel, mobile phone and email, computer and any other facilities agreed between the parties).

# Explanatory Memorandum

## Schedule 3 – Material Terms and Conditions of Employee Incentive Plan

The material terms and conditions of the Employee Securities Incentive Plan (**Plan**) are as follows:

<p><b>Eligibility</b></p>	<p>Participants in the Plan may be:</p> <p>(a) an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an associated body corporate; and</p> <p>(b) has been determined by the Board to be eligible to participate in the Plan from time to time,</p> <p>who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options, Performance Rights and Shares (<b>Securities</b>) under the Plan (<b>Eligible Participant</b>).</p>
<p><b>Invitation</b></p>	<p>The Company may, at the sole and absolute discretion of the Board, offer and issue to an Eligible Participant any (or any combination) of the different types of Securities provided under the Plan.</p> <p>The terms and conditions of Securities offered or granted under the Plan to each Eligible Participant will be determined by the Board in its sole and absolute discretion.</p>
<p><b>Convertible Security</b></p>	<p>Each Option and/or Performance Right (<b>Convertible Security</b>) represents a right to acquire one or more Shares, subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.</p>
<p><b>Vesting of a Convertible Security</b></p>	<p>Any vesting conditions applicable to the grant of Convertible Securities will be described in the Invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied by the due date and/or otherwise waived by the Board, that Convertible Security will lapse.</p>
<p><b>Exercise of Convertible Securities and cashless exercise</b></p>	<p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Options (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the Invitation or vesting notice.</p> <p>The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the exercise price of Options, but that on exercise of the Options, the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the exercise price otherwise payable in relation to the Options and the then Market Value of the Plan Shares as at the time of the exercise (with the number of Plan Shares rounded down).</p> <p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.</p>

# Explanatory Memorandum

<p><b>Shares</b></p>	<p>The Board may from time to time make an invitation to an Eligible Participant to acquire Shares under the Plan. The Board will determine in its sole and absolute discretion the acquisition price (if any) for each Share which may be nil. The Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.</p> <p>Where Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.</p>
<p><b>Forfeiture</b></p>	<p>In respect of each offer of Securities, the Board may determine, criteria, requirements or conditions which if met (notwithstanding the satisfaction or waiver of any performance hurdles and vesting conditions) will result in the lapsing of Convertible Securities or a Participant surrendering Shares (<b>Forfeiture Conditions</b>).</p> <p>Where such Forfeiture Conditions are met, unless the Board in its sole discretion determines otherwise, all unvested and vested Convertible Securities will automatically lapse and all unvested and vested Shares will automatically be surrendered.</p> <p>In addition, where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breaches his or her duties to the Group, the Board may in its discretion deem all Securities to be forfeited.</p>
<p><b>Rights attaching to Shares</b></p>	<p>Any Shares allotted, issued or transferred by the Company to a Participant under the Plan (including on exercise or conversion of Convertible Securities) will rank equally with all existing Shares on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues.</p>
<p><b>Disposal Restrictions</b></p>	<p>If the invitation provides that any Shares held by any Participants are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as Shares held by any Participants are subject to any disposal restrictions under the Plan, the Participant must not transfer, encumber or otherwise dispose of, or have a security interest granted over that Share or take any action if to do so would contravene applicable laws.</p>
<p><b>Change of Control</b></p>	<p>If a change of control event occurs in relation to the Company, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
<p><b>Employee Share Trust</b></p>	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Securities for Participants under the Plan and delivering Shares on behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).</p>
<p><b>Participation Rights</b></p>	<p>During the currency of any Convertible Securities and prior to their vesting, Participants are not entitled to participate in any new issue of Securities of the Company as a result of their holding Convertible Securities.</p>
<p><b>Leaver</b></p>	<p>Where a Participant who holds Securities becomes a leaver, Securities will automatically be forfeited by the Participant unless the Board in its absolute discretion, resolves to allow the Participant to continue to hold the Securities after the Participant becomes a leaver due to:</p>

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	<ul style="list-style-type: none"><li>(a) death or total and permanent disability; or</li><li>(b) retirement or redundancy; or</li><li>(c) the suffering of severe financial hardship; or</li><li>(d) any other circumstances determined by mutual agreement of the Board and the Participant at any time (whether before or after the Invitation).</li></ul>
<b>Reorganisation</b>	<p>Subject to all applicable laws, following any variation to the issued capital of the Company arising from:</p> <ul style="list-style-type: none"><li>(a) a reduction, subdivision or consolidation of the issued capital of the Company;</li><li>(b) a reorganisation of the issued capital of the Company;</li><li>(c) a distribution of assets in specie;</li><li>(d) the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of the Company's normal distribution policy; or</li><li>(e) any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves,</li></ul> <p>the number of Securities to which each Participant holds under the Plan, and the exercise price of Options (if any) held by each Participant, will be adjusted in accordance with the Listing Rules.</p>
<b>Amendment of Plan</b>	<p>Subject to the following paragraph, the Listing Rules and the Company's constitution, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities that have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by the relevant Participant.</p>

# Explanatory Memorandum

## Schedule 4 – Terms and Conditions of ZEPOs

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The ZEPOs proposed to be issued to Mr Hobba the subject of Resolutions 6, 7 and 8 are proposed to be issued under the Company's Employee Securities Incentive Plan, subject to the passing of those Resolutions. Capitalised terms in this Schedule have the same meaning as given to that term in the Employee Securities Incentive Plan unless otherwise stated.

(a) **Commencement Date**

The date from the ZEPOs are issued to the director, consultant or employee (**Participant**).

(b) **Entitlement**

Each ZEPO entitles the holder to subscribe for one Share upon exercise of the ZEPO.

(c) **Exercise Price**

No consideration is payable upon the exercise of each ZEPO.

(d) **Expiry Date**

Each ZEPO will expire at 5:00 pm (AWST) on the four year anniversary of their date of issue (**Expiry Date**).

A ZEPO not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Vesting Conditions**

The ZEPOs will vest upon satisfaction of the following vesting conditions, or where, despite vesting conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested ZEPOs have vested:

- (i) 80% of the ZEPOS, will vest upon the holder serving 12 months, from the Commencement Date, of continual service with the company either as a Director, Consultant or Employee; and
- (ii) 20% of the ZEPOS, will vest upon the holder serving 24 months, from the Commencement Date, of continual service with the company either as a Director, Consultant or Employee,

(together, the **Vesting Conditions**).

(f) **Exercise Period**

Once vested, a ZEPO is exercisable into a Share at any time on or prior to the Expiry Date (**Exercise Period**).

(g) **Vesting on a change of control**

Where there is a Change of Control, all Vesting Conditions are deemed to be automatically waived and advised by written notice to the holder.

(h) **Leaver**

The Participant's entitlement to any unexercised ZEPOs, is conditional upon and subject to the Board resolving in its absolute discretion to allow the Participant to continue to hold the unexercised ZEPOs due to:

- (i) death or total and permanent disability; or
- (ii) retirement or redundancy; or

# Explanatory Memorandum

- (iii) the suffering of severe financial hardship; or
- (iv) any other circumstances determined by mutual agreement of the Board and the Participant at any time (whether before or after the Invitation).

Where the above circumstances do not apply and the Participant becomes a Leaver, any unexercised ZEPOs held will be automatically forfeited by the Participant.

(i) **Notice of Exercise**

The ZEPOs may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the ZEPO certificate (**Notice of Exercise**).

(j) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (**Exercise Date**).

(k) **Timing of issue of Shares on exercise**

Within 5 Business Days the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of ZEPOs specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the ZEPOs.

If a notice delivered under (k)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(l) **Shares issued on exercise**

Shares issued on exercise of the ZEPOs rank equally in all respects with the then issued shares of the Company.

(m) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a ZEPO holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

# Explanatory Memorandum

(n) **Participation in new issues**

There are no participation rights or entitlements inherent in a ZEPO and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of a ZEPO without exercising the ZEPO.

(o) **Change in exercise price**

A ZEPO does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the ZEPO can be exercised.

(p) **Transferability**

A ZEPO is not transferable unless in certain specified circumstances detailed in the Company's Plan (such as by force of law on death or legal incapacity of the Participant) and with the consent of the Board. The ZEPOs may also be subject to restrictions or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(q) **Deferred Taxation**

Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to each ZEPO.

(r) **Dividend and Voting Rights**

A ZEPO does not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(s) **No rights to return of capital**

A ZEPO does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(t) **Rights on winding up**

A ZEPO does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

# Explanatory Memorandum

## Schedule 5 – Valuation of ZEPOs


The ZEPOs to be issued to Mr Hobba pursuant to Resolution 9 have been valued using the binomial options pricing model and based on the assumptions set out below, the ZEPOs were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	19 October 2022
Market price of Shares	0.17 cents
Exercise price	Nil
Expiry date (length of time from issue)	Four (4) years from the date of issue
Risk free interest rate	2.80%
Volatility (discount)	140%
<b>Indicative value per ZEPO</b>	0.02 cents
<b>Total Value of ZEPOs to be issued to Mr Hobba</b>	\$200,000

**Note:** The valuation noted above is not necessarily the market price that the ZEPOs could be traded at and is not automatically the market price for taxation purposes



## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (AWST) on Sunday, 27 November 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 181941**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Brightstar Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Brightstar Resources Limited to be held at Country Comfort Perth, 249-263 Great Eastern Highway, Belmont, WA 6104 on Tuesday, 29 November 2022 at 10:30am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5, 6, 7, 8 and 9 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Adoption of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Joshua Hunt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Zero Exercise Options to Director – William Hobba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior issue of LR 7.1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of LR 7.1A Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 5	Approval of Issue of Shares to William Hobba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Approval of Issue of Shares to Yongji Duan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Approval of Issue of Shares to Ian Pegg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

