

Kingwest Resources Ltd

ASX: KWR

Shares on Issue
281,726,818

Directors & Management

Executive Chairman
Gregory Bittar

Chief Operating Officer
Dean Vallve

Non-Executive Directors
Jonathan Downes
Ashok Parekh

Company Secretary
Stephen Brockhurst

Principal Place of Business
Unit 3, Churchill Court
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Subiaco WA 6008

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27 April 2023

ASX via Electronic Lodgement

Quarterly Report for the period ending 31 March 2023

During the March Quarter, Kingwest Resources Limited (Kingwest; ASX:KWR) and Brightstar Resources Limited (Brightstar; ASX:BTR) progressed the previously announced strategic merger via a Kingwest Scheme of Arrangement to unlock significant value for shareholders.

Kingwest Resources and Brightstar Resources agreed to revised consideration for the proposed merger under which Brightstar will acquire 100% of the shares in Kingwest with Kingwest shareholders receiving 1 new Brightstar share for each 0.38 Kingwest shares.

Highlights of the merger:

- Strategic consolidation of the gold assets of Brightstar and Kingwest to materially increase scale to the benefit of all shareholders and reduce timeline for potential production scenarios
- Kingwest Shareholders to receive 1 Brightstar share for every 0.38 shares held at the Scheme Record Date; previously 1 Brightstar share for every 0.44 shares held
- Upon implementation of the Scheme, Kingwest shareholders will hold approximately 47% and Brightstar shareholders will hold approximately 53% of the Merged Group, respectively¹
- Independent Expert has concluded that the Revised Scheme is fair and reasonable and hence in the best interests of Kingwest shareholders
- The Revised Scheme is unanimously recommended by the Board of Kingwest and each director of Kingwest intends to vote all Kingwest shares they control in favour of the Scheme, in the absence of a Superior Proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Kingwest Shareholders²

Other highlights of the March Quarter include:

- Thirteen drill hole infill program at the Stirling and Pericles Deposits at Menzies was completed returning high grade results
- Toll milling agreement executed with St Barbara Ltd for Selkirk Mining JV

¹ Undiluted basis

² Refer to SID for details



MERGER WITH BRIGHTSTAR

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

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

In addition, pursuant to a separate scheme of arrangement for Kingwest optionholders, outstanding Kingwest options (including share appreciation rights) will be exchanged for new Brightstar options at the same revised exchange ratio of 1 Brightstar option for every 0.38 Kingwest options held. The new Brightstar options will be issued on equivalent terms to the existing Kingwest Options, including an adjusted exercise price and the same maturity dates.

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

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

Kingwest Board Unanimously Recommends the Revised Scheme

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

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

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



Scheme Timetable

Information relating to the Scheme of Arrangement including the Scheme Booklet has been made available to all Kingwest Shareholders and Optionholders post-quarter end and as released to the ASX on the 6th of April 2023. The Booklet contains important information about the revised Schemes, the Scheme Meetings, the reasons for the Kingwest Directors' recommendation and the Independent Expert's Report.

The current timeline is set out below:

Action	Date
Original Announcement of Proposed Merger	23 December 2022
KWR and BTR Announce Revised Scheme Consideration	15 March 2023
Registration of Scheme Booklet with ASIC	6 April 2023
Kingwest to Dispatch Scheme Documents to Shareholders and Optionholders	12 April 2023
Scheme Meetings	12 May 2023
Second Court Hearing	18 May 2023
Effective Date	19 May 2023
Record Date	23 May 2023
Implementation Date	26 May 2023

INFILL DRILLING AT STIRLING AND PERICLES

An infill drilling was conducted at the Menzies Gold Project in February 2023. The RC programme was planned to infill drill both the Stirling and Pericles Deposits to increase the confidence in grade and mineralisation continuity. Thirteen Reverse Circulation (RC) holes totalling 1,209 metres were completed in the program, with best results returned including (refer to ASX announcement 23 March 2023):

Stirling

- KWR369 : **2m @ 10.61 g/t Au** from 100m, *including 1m @ 17.08 g/t Au* from 100m
- KWR367: **1m @ 10.22 g/t Au** from 67m

Pericles

- KWR361 : **2m @ 27.80 g/t Au** from 49m
- KWR365 : **4m @ 3.74 g/t Au** from 32m, *including 1m @ 7.95 g/t Au* from 32m and **1m @ 9.05 g/t Au** from 103m
- KWR360 : **1m @ 7.28 g/t Au** from 50m
- KWR364 : **1m @ 6.70 g/t Au** from 45m
- KWR334 : **1m @ 5.7 g/t Au** from 47m



The Pericles and Stirling deposits reflect the unique potential of the MGP, with near surface and high grade mineralisation present. Both deposits are expected to be a key component of the project's future development post the planned merger with Brightstar Resources Ltd (ASX:BTR). Table 1 contains significant intercepts received from the campaign, with Figures 1 and 2 displaying the success of the infill drilling program.

This program was largely designed to improve confidence in the grade and mineralisation continuity within possible pit outlines and to target high grade extensions. The programme has also highlighted opportunities for high grade down-dip extensions, which represent potential target drilling areas for underground mining considerations.

Table 1: Significant Intercepts from 2023 Stirling and Pericles Drilling

Deposit	Hole ID	Depth From (m)	Depth To (m)	Interval (m)	Au (ppm)
Pericles	KWR358	50	52	2	6.10
Pericles	KWR359	72	74	2	1.97
Pericles	KWR360	50	51	1	7.28
Pericles	KWR360	70	73	3	1.56
Pericles	KWR361	49	51	2	27.80
Pericles	KWR362	35	36	1	1.25
Pericles	KWR363	71	72	1	1.70
Pericles	KWR364	55	56	1	6.70
Pericles	KWR365	32	36	4	3.74
	<i>inc.</i>	32	33	1	7.95
	<i>And</i>	103	104	1	9.05
Pericles	KWR366	86	87	1	2.34
Stirling	KWR367	67	68	1	10.22
Stirling	KWR368	98	99	1	2.95
Stirling	KWR369	100	102	2	10.61
	<i>inc.</i>	100	101	1	17.08
Pericles	KWR334A	18	39	21	1.15
	<i>inc.</i>	18	21	3	2.70

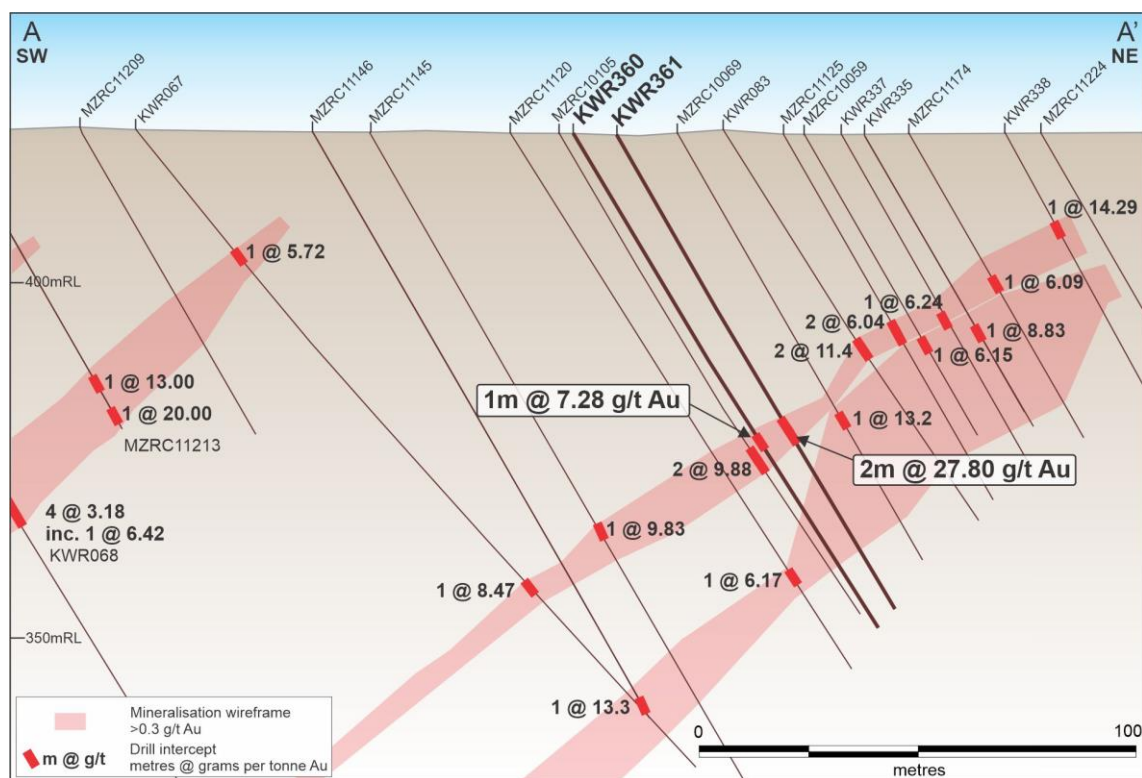


Figure 1: Cross section from Pericles showing the location of infill holes KWR360 and KWR361.

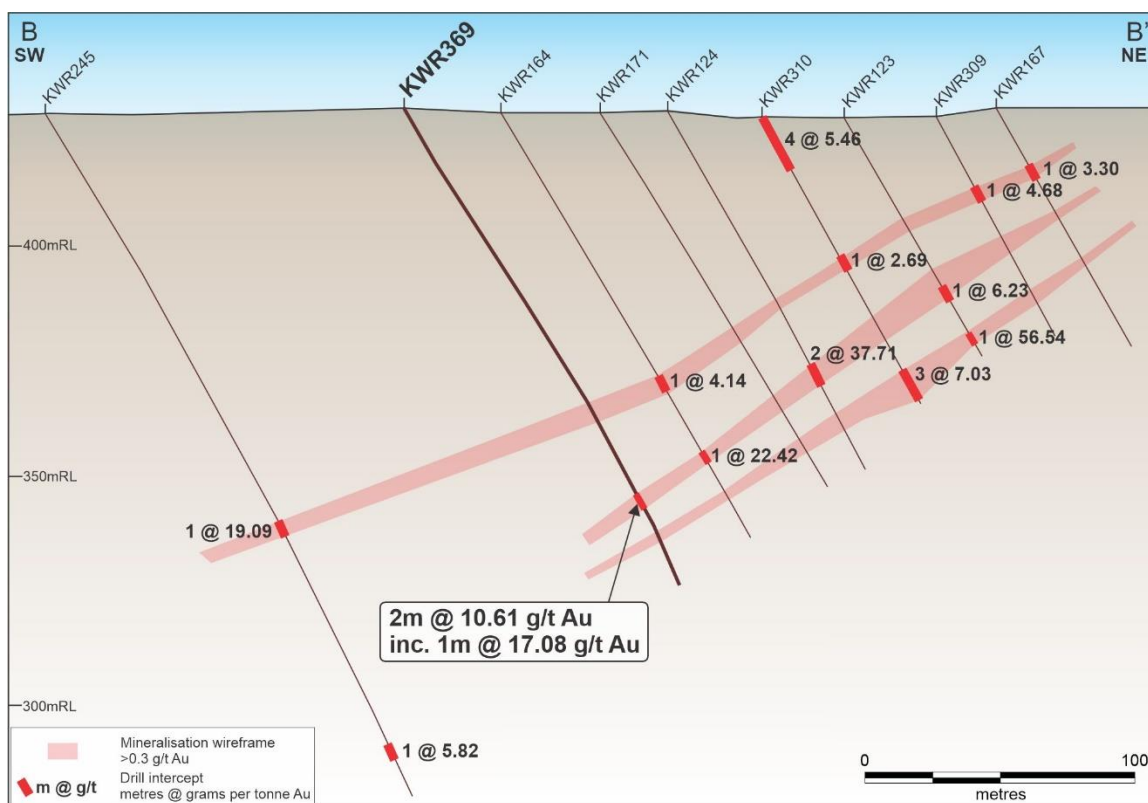


Figure 2: Cross sections from Stirling showing the location of infill drill hole KWR369.



SELKIRK MINING JOINT VENTURE

St Barbara Limited (ASX:SBM) has fully executed documentation for toll milling of ore from Kingwest's Selkirk Joint Venture. This was the last agreement required to formally complete the BML Ventures Joint Venture agreement. Kingwest has been informed that mining will commence early in the second half of 2023, with a mining campaign completing in Q1 CY2024 followed by haulage and processing of ore at St Barbara's Leonora processing plant, located approximately 100km north of Menzies.

FINANCIAL COMMENTARY – 31 MARCH 2023

The Company's Quarterly Cashflow Report (Appendix 5B) follows this activities report. The Company had \$1.3M in cash as at 31 March 2023. Exploration Expenditure for the quarter was \$416,000 relating to exploration and evaluation activities at Menzies.

The total amount paid to related parties of Kingwest and their associates, as per item 6.1 of the Appendix 5B, was \$66,000 for Directors fees, salaries and superannuation.

-Ends-

The Board of Directors of Kingwest Resources Limited authorised this announcement to be given to ASX.

Further information contact:

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Executive Chairman

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Compliance Statement

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

Forward-Looking Statements

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



APPENDIX 1: Tenement information

PROJECT	TENEMENT	TENURE TYPE	STATUS	CHANGE IN INTEREST	KWR CURRENT INTEREST
MENZIES (Western Australia)	E29/984	EXPLORATION	GRANTED	-	100%
	L29/42	MISCELLANEOUS	GRANTED	-	100%
	L29/43	MISCELLANEOUS	GRANTED	-	100%
	L29/44	MISCELLANEOUS	GRANTED	-	100%
	M29/14	MINING	GRANTED	-	100%
	M29/153	MINING	GRANTED	-	100%
	M29/154	MINING	GRANTED	-	100%
	M29/184	MINING	GRANTED	-	100%
	M29/212	MINING	GRANTED	-	100%
	M29/410	MINING	GRANTED	-	100%
	M29/88	MINING	GRANTED	-	100%
	P29/2346	PROSPECTING	GRANTED	-	100%
	P29/2450	PROSPECTING	GRANTED	-	100%
	P29/2578	PROSPECTING	GRANTED	-	100%
	P29/2579	PROSPECTING	GRANTED	-	100%
	P29/2580	PROSPECTING	GRANTED	-	100%
	P29/2581	PROSPECTING	GRANTED	-	100%
	P29/2582	PROSPECTING	GRANTED	-	100%
	P29/2583	PROSPECTING	GRANTED	-	100%
	P29/2584	PROSPECTING	GRANTED	-	100%
	P29/2585	PROSPECTING	GRANTED	-	100%
	P29/2588	PROSPECTING	GRANTED	-	100%
GOONGARRIE (Western Australia)	P29/2380	PROSPECTING	GRANTED	-	100%
	P29/2381	PROSPECTING	GRANTED	-	100%
	P29/2412	PROSPECTING	GRANTED	-	100%
	P29/2413	PROSPECTING	GRANTED	-	100%
	P29/2530	PROSPECTING	GRANTED	-	100%
	P29/2531	PROSPECTING	GRANTED	-	100%
	P29/2532	PROSPECTING	GRANTED	-	100%
	P29/2533	PROSPECTING	GRANTED	-	100%
	P29/2467	PROSPECTING	GRANTED	-	100%
	P29/2468	PROSPECTING	GRANTED	-	100%
	E29/966	EXPLORATION	GRANTED	-	100%
	E29/1062	EXPLORATION	GRANTED	-	100%
	E29/996	EXPLORATION	GRANTED	-	100%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kingwest Resources Limited

ABN

58 624 972 185

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(123)	(295)
	(e) administration and corporate costs	(361)	(714)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	20
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(478)	(989)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(416)	(1,962)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) Advanced Royalty Receipt	-	100
2.6	Net cash from / (used in) investing activities	(416)	(1,862)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,519
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(137)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,382

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,222	1,797
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(478)	(989)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(416)	(1,862)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,382

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,328	1,328

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,328	2,222
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,328	2,222

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	66
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(478)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(416)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(894)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,328
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,328
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The Company has ceased exploration and evaluation activity and hence reduced its outgoings whilst it progresses the proposed merger with Brightstar Resources which is planned to complete this quarter.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The balance sheet and funding requirements of the merged Brightstar and Kingwest group are being considered and we believe will be supported by the strong strategic rationale of the proposed merger as well as expected gold production in March Qtr 2024	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The strategic rationale of the proposed merger with Brightstar along with production opportunities support a reasonable expectation of being able to fund ongoing operations

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.