BRIGHTSTAR
RESOURCES LIMITED

(formerly Stone Resources Australia Limited)

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

ABOVE: Strike Drilling RC Rig on Site at Cork Tree Well.

BELOW: Brightstar Processing Facility.

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CORPORATE INFORMATION

ABN 44 100 727 491

Directors

Mr William Hobba – Executive Director
Mr Yongji Duan – Chairman (Non-Executive)
Mr Josh Hunt – Director (Non-Executive)

Other Key Officers

Mr Luke Wang – Company Secretary

Registered and Principal Office

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Share register

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Solicitors

Hunt DRG
137 Curtin Avenue,
Cottesloe WA 6011

Lawton Macmaster Legal
Suite 2, 257 York Street,
Subiaco WA 6008

Bankers

Westpac Banking Corporation
1257-1261 Hay Street,
West Perth WA 6005

Auditors

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

Securities Exchange Listings

ASX Code: BTR

CHAIRMAN'S LETTER TO SHAREHOLDERS

Brightstar Resources Limited (**Brightstar** or the **Company**) has successfully completed the significant debt cancellation and share cancellation (DECA) after having shareholders' approval at the AGM on 16 November 2020. The DECA recapitalisation has provided the Company a fresh start for the development as a junior gold exploration and development company.

Brightstar has achieved a number of acquisitions during the year:

On 8 February 2021, the Company has acquired a prospective exploration licence in Western Australia, E38/3438 from Mining Equities Pty Ltd. This tenement is prospective brownfields ground less than 15km from our Brightstar plant and adjacent to a number of our existing prospecting and exploration licences.

On 6 April 2021, the Company has acquired an exploration licence E38/3279 (Ophir Bore) which is located immediately adjacent to Brightstar's existing exploration licences E38/3331 and E38/2411 and consolidates Brightstar's exploration ground less than ten kilometres east of the Granny Smith Mine operated by Goldfields Limited.

The Company has been busy finalising its Three-Year Strategic Plan:

On 17 December 2020, the Company commenced a sub-audio magnetics (SAM) survey programme conducted by GAP Geophysics on the Company's Cork Tree Well Project in the Laverton region of Western Australia. The SAM programme results released on 9 June 2021 has provided great insight into the continuation of the lithological and structural features that host the Cork Tree Well deposits to the south. The SAM survey results been utilised to assist the development of the Three-Year Strategic Plan.

On 22 February 2021, the Company has appointed Ian Pegg who is the former Granny Smith Mining Company Exploration Superintendent as Brightstar's exploration manager. Ian's expertise on the geology of the Laverton region can support the Company in finalising our three-year strategy for Brightstar.

On 5 May 2021, the Company has received a report prepared by Como Engineers Pty Ltd that confirms an estimated cost of $5.5 million to refurbish the Brightstar Processing Plant at the Company's flagship Brightstar Gold Project, near Laverton in the northern Goldfields.

On 15 September 2021, the Company has appointed Strike Drilling as the drill contractor for Mineral Resource development drilling at Brightstar's Cork Tree Well Project in the Laverton district of Western Australia.

Brightstar has also entered into a Royalty Call Option Deed with Stone Resources (HK) Limited (SRHK) on 27 September 2021. SRHK is the payee of a 3% net smelter royalty (NSR) over a substantial portion of Brightstar's tenement holdings, which was granted as part of the consideration given to SRHK under the DECA. Under the Call Option Deed, SRHK has agreed to grant Brightstar an option to purchase the NSR (Call Option).

I wish to thank Mr Hobba and Mr Hunt for the difficult task of successfully negotiating the Company's Restructuring, our Employees at the Belmont Office and Laverton site for their excellent efforts.

I believe we will seize the potential of our valuable mining assets to bring abundant rewards to our shareholders.

To all our shareholders, I express my appreciation of your confidence, support and loyalty.

Yours truly,

Yongji Duan
Chairman
Perth, 1 October 2021.

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Brightstar Resources Limited ("BTR" or "Company") and the entities it controlled during the financial year ended 30 June 2021 ("Group"). In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

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

Names, qualifications, experience, and special responsibilities

William Hobba

Managing Director (Appointed on 3 December 2020, Executive Director 10 September 2020 to 2 December 2020, Non-Executive Director 1 July 2020 to 9 September 2020)

William Hobba has been a director of Brightstar for the past seven years. Mr Hobba has previously served as a non-executive director and technical advisor of Brightstar. Mr Hobba's appointment to the position of Managing Director reflects the leadership role he has assumed in helping the company recapitalisation and plan to return to production. Mr Hobba is an experienced minesite technical advisor who brings 40 years of operational experience in developing mine sites to his role, including over ten years' experience constructing and operating the Brightstar plant.

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

Yongji Duan

Chairman (Non-Executive)

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

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

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

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

Josh Hunt

Director (Non-Executive)

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

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

Yong Han

Executive Director (Resigned on 18 November 2020)

Mr Han joined the Company management team in November 2011. Prior to his appointment as CEO, Mr Han was the executive vice president of Stone Resources Limited, a previous major shareholder of Brightstar Resources Limited.

He was appointed President of Shaanxi Ma'anqiao & Mine Industry Co., Ltd., in 1993. Since 1998, he has been Tenure Researcher at China Academy of Management Science. He held the position of Vice Chairman of Shaanxi Gold Association in 2005.

Mr Han is a senior economist and a Chinese certified professional manager.

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

DIRECTORS' REPORT (continued)

Directors (continued)

Kaiye Shuai

Non-Executive Director (Resigned on 18 November 2020)

Dr Kaiye Shuai served as Chief Executive Officer from November 2011 and resigned from the latter position in January 2014, continuing as a Non-Executive Director. He is a director of Stone Resources Limited, a previous major shareholder of the Company. He was appointed Chief Geologist of Stone Resources Limited and was also appointed to its board of directors in 2007. Dr Shuai is an experienced geologist with a wealth of expertise in the mining sector.

Prior to his appointment, he has been Professor in China University of Geosciences for over 10 years. Early in his professional career, Dr Shuai served as Geological Engineer in No. 16 Geological Team at Yunnan Provincial Geology Bureau from 1970 to 1979. He has participated in the exploration of Potash, Copper, and Iron Deposit in Yunnan province in the 1970s and the exploration of Zhaoyuan Gold mine in Shandong province in the 1980s. Dr Shuai graduated from Chengdu Geology College in 1970. He received his Doctorate and Master degree from China University of Geosciences in the 1980s. From 1991 to 1992, he was a visiting professor at California Santa Barbara (UCSB) in the United States of America.

Dr Shuai holds no other directorships in other listed companies in Australia.

Fang Lu

Executive Director (Resigned on 18 November 2020)

Mr Fang Lu is the vice president of Stone Resources Limited since 2000, a previous major shareholder of Brightstar Resources Limited, having joined the latter in 1990. Mr Lu is the vice president of Beijing Stone New Technology Industrial Company and Beijing Stone Investment Co., Ltd.

Mr Lu graduated from Beijing University of Aeronautics and was a visiting scholar at McMaster University (Canada) in 1988. Mr Lu holds no directorships in other listed companies.

Other Key Management Personnel

Luke Wang

Joint Company Secretary (Appointed on 24 November 2020)

Mr Wang is a Certified Practising Accountant. He joined the Company in 2012. In addition to the Company Secretary work, Mr Wang is also managing the Company's accounting and financial reporting, as well as assisting with tenement management and various administration tasks.

Tony Lau, FCPA (HK)

Joint Company Secretary (Resigned on 19 July 2021)

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

Sheng Hui Lu

Deputy Executive Officer / Joint Company Secretary (Resigned on 24 November 2020)

Mr Lu has more than 25 years as senior manager and an entrepreneur in various companies in China and in Australia. He has rich experience in management. He is a well-known writer and community leader of the Chinese Community in Perth. He is part time Chief Editor of "Oceania Times" in WA. He holds a Bachelor of Arts Degree from China and a post graduate certificate in marketing from Australia.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
William Hobba (Managing Director)	-	68,727,775
Yongji Duan (Non-Executive Chairman)	-	31,449,497
Josh Hunt (Non-Executive Director)	-	3,357,999

There were no options granted to key management personnel (directors and executives) during the year.

There were no ordinary shares issued by the company during or since the end of the financial year as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

Dividends

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

Principal Activities

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

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated profit after income tax attributable to the members of the Group was $60,551,860 (2020: $6,617,894 loss).

Significant change in state of affairs

During the year ended 30 June 2021, the Group completed the divestment of its Ben Hur project and a Debt and Equity Compromise Agreement with related entities. These changes allow the Group to focus on its core exploration activities, being the Cork Tree Well, Beta, Alpha and Hawkes Nest projects located nearby to Laverton in Western Australia.

Review of operations

Corporate

On 16 November 2020, shareholders approved a change of name of the Company from Stone Resources Australia Limited to Brightstar Resources Limited.

The Group completed divestment of its Ben Hur project in September 2020 and the execution of the Debit and Equity Compromise Agreement ("DECA") in November 2020.

Upon completion of the DECA, the debt totalling $57,252,627 that the Company owed to its previous major shareholder and major debt provider (Stone Resources Limited ("SRL") and Stone Resources (HK) Limited ("SRHKL") has extinguished (30 June 2020: $55,524,813). The net profit mentioned above is primarily caused by the debt cancellation.

A selective buy-back of 433,452,944 shares previously held by SRL and SRHKL were cancelled at the same time. The total consideration for the buy-back was $11,400,000.

At the end of the financial year the Group had $985,036 (2020: $50,032) in cash and cash equivalents. The Group's capitalised exploration, evaluation and development expenditure totalled $9,313,231 (2020: $2,686,636).

During the year the Company issued 33,150,000 shares to two key management personnel of the Company as part remuneration for services rendered. The Company also issued 4,000,000 shares and 1,000,00 options to an unrelated party for the purchase of an exploration licence. 17,000,000 unlisted options were issued by Company to corporate advisors as consideration for consulting services provided.

As at 30 June 2021, the Company had 439,750,764 shares on issue (2020: 836,053,708) and 33,000,000 unlisted options (2020: 15,000,000).

DIRECTORS' REPORT (continued)

Review of operations (continued)

Exploration

Exploration activities carried out during the year included:

- Consolidation work undertaken on all of the Resources in the Group to ensure robustness of the resource base.
- Compilation of data for early-stage exploration commenced in a new database MX Deposit.
- Surface geochemistry tested on several leases with varied results.

<u>Desktop Activities</u>

Disparate drilling data from historic drilling data systems including Access databases, Micromine databases, Excel spreadsheets, Micromine data files, and text files of many types were collected. These datasets were collated in the building of a new database structure that was completed in parallel to data clean-up/validation. Currently over 19,000 historic drillholes are contained in the database.

Drill hole planning was completed to determine opportunities for extensional targets along the lengths of both Alpha and CTW deposits. These holes will provide an ideal opportunity to update the Resource, convert parts of the current Resource to Reserve and contribute significant information to mining studies early in 2022.

<u>Exploration Activities.</u>

❖ *Cork Tree Well Reporting Group*

Sub-Audio Magnetic (SAM) survey undertaken in northern half of M38/346 at Cork Tree Well in December 2020 and the interpretation results were announced in June 2021. This interpretation provided several targets including up to three additional kilometres of strike extent of the interpreted host at CTW proper.

48 samples were collected from the top 10cm of the soil profile on E38/2452. Approximately 1kg of material was sieved to -2mm to remove coarse lag. Sample spacing was at 100m x 200m. Samples were analysed by Minanalytical Perth using an Aqua Regia digest and ICP-MS/ICP-OES finish for a 47 element Suite. ICP-MS and ICP-OES. The nearby Cork Tree Well open cut pit shows a well-developed, +10m, indurated profile (See Figure 1). This is common throughout the Laverton area but is not seen commonly further south. This profile is probably the reason for the poor response from soil sampling away from outcrop/sub crop in the Laverton region.

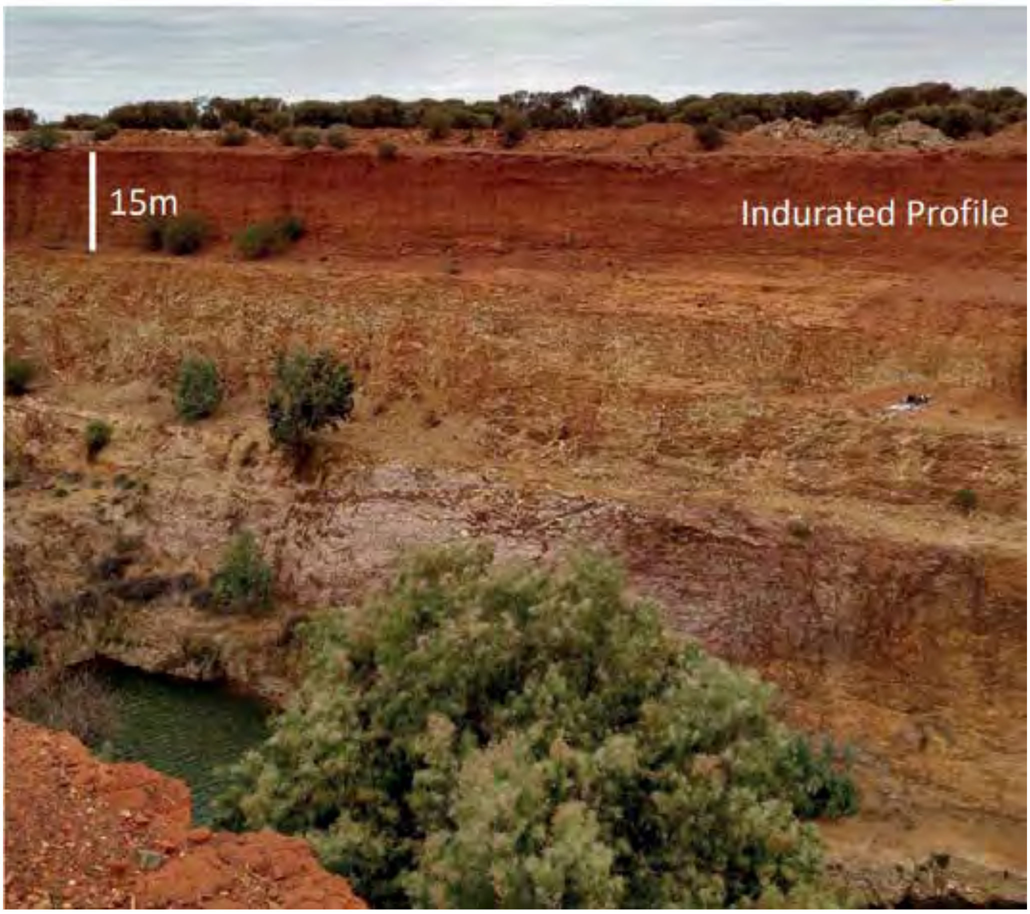

Figure 1: Indurated near surface hardpan and pallid zone below.

Figure 1: Indurated near surface hardpan and pallid zone below.

DIRECTORS' REPORT (continued)

Review of operations (continued)

❖ *Laverton North*

Trial surface sampling on E38/2233 was completed on 6 December 2020. 14 soil samples and 4 rock chip samples were collected and analysed by MinAnalytical in Perth. Samples were analysed for a multi-element suite by Aqua Regia Digest with an ICP-MS finish (AR10MS) and an ICP-OES finish (AR10OES). The best gold value was from rock chip sample 2233-3 of 808 ppb. And the best soil Au value was 255 ppb from sample 2233-13. Correlations are indicated between Au and Fe, V, Zn, Ag, Mo and Sb. This suggests that there may be a significant effect from Fe scavenging of some elements. Interestingly, there is no correlation with As or Te which would be expected from an orogenic gold source. Ag, Zn, Mo and Sb are more suggestive of VHMS mineralisation. Au results seem to correlate with the indications from the historic sampling that Au mineralisation is associated with the intersection of NW fractures and a generally NNE trend in the mafic hosts. The high soil sample results provide strong encouragement that economic mineralisation may be concealed under cover in this area. Two intersections of fractures with black shales/shears have been highlighted as potential targets.

❖ *Brightstar Reporting Group (including Alpha and Beta Projects)*

A trial sampling program was undertaken to determine the applicability of soil sampling in this region (E38/2411). 12 soil samples were collected from 0-10cm depth along two lines at 50m x 100m spacing. The samples were sieved to < 2mm and sent to Minanalytical in Perth for analysis. Samples were analysed by AR10_MS - Multi-element by 10g Aqua Regia Digest with ICP-MS Finish or AR10_OES - Multi-element by 10g Aqua Regia Digest with ICP-OES Finish Gold values were very low, which may be an actual representation of Au in the soil or may indicate that depletion in the surface sample has not given a representative sampling of this area. Surficial (sieved) soil sampling does not appear to be effective in this area from the sampling undertaken to date.

11 rockchip samples were taken from outcrop or mullock on M38/549 where quartz veining was exposed. These samples were analysed for 45 elements to determine if any elements or group of elements could be used as pathfinders for the mineralisation. Results indicate that the mineralisation is likely to be extending both north and south of the main workings with the most northern sample returning 3.9g/t and the most southern sample returning 2.4g/t. Mineralisation appears to be constrained to quartz veining with little anomalism seen in the mafic host.

Previous work collated and reviewed during the period however no physical activity undertaken. On E38/3108 bedrock geology is interpreted as either basalt or granitic gneiss depending on the dataset. If it is granitic gneiss there is little prospectivity on the tenement however, if there are mafic/granitic contacts then some prospectivity remains to be tested. Testing of sub-surface rock types to be planned for 2022. Previous surface geochemical sampling limited to sub-crop section of lease in the western part of the lease with low level anomalism. This may indicate 'leakage' of gold along a structure but does not appear to be the signal of a deposit.

Previous surface geochemistry seems to have been effective in the northern part of P38/4444 and P38/4445 however the southern part of these leases are not well tested by surface geochemistry because of the cover thickness. A detailed review of the regolith and digitising of historic drill results is required to determine the next appropriate exploration step.

Cover may have made previous surface geochemistry ineffective on P38/4446 and P38/4447. There is limited previous AC and RAB drilling, however no significant intersections on the actual leases. A detailed review of the historic data is required to determine an appropriate program for follow up.

The area around P38/4432 & P38/4433 is mainly sub crop, so should be amenable to auger or AC work that the Company intends to investigate further. P38/4433 also has a string of workings on it called the Sailor Prince project which produced over 4000 ounces during the period 1897 to 1930. This is significantly bigger than most of the workings in the area and worthy of drill testing.

DIRECTORS' REPORT (continued)

Review of operations (continued)

JORC Resources and Reserves

Following the divestment of the Ben Hur project, the company engaged independent consultants in September 2020 to review the resources in Alpha, Beta and Cork Tree Well (CTW) tenements. The table on the JORC Resources and Reserves is shown below:

		Measured			Indicated			Inferred			Total		
Location	**Cut-off (g/t)**	**KTonnes**	**g/t Au**	**KOunces**	**KTonnes**	**g/t Au**	**KOunces**	**KTonnes**	**g/t Au**	**KOunces**	**KTonnes**	**g/t Au**	**KOunces**
Alpha	0.5	623	1.6	33	374	2.1	25	455	3.3	48	1,452	2.3	106
Beta	0.5	345	1.7	19	576	1.6	29	961	1.7	54	1,882	1.7	102
Cork Tree Well	0.5	1,220	1.9	76	944	1.9	57	1,696	1.9	104	3,860	1.9	237
Total		2,188	1.8	128	1,894	1.8	111	3,112	2.1	206	7,194	1.9	445

All data is rounded and discrepancies in summation may occur

Competent Person's Statement

The information in the Report that relates to Mineral Resources of the Alpha, Beta and Cork Tree Well deposit is based on information compiled by Mr Richard Maddocks of Auralia Mining Consulting Pty Ltd. Mr Maddocks is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he has undertaken to qualify as a "Competent Person" as that term is defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Resources (JORC Code 2012)". Mr Maddocks consents to the inclusion in this report of the matters based in this information in the form and context in which it appears. Mr Maddocks was employed as a contractor of BTR.

Significant events after balance date

Drilling over the Company's Cork Tree Well project commenced from in the 3rd week of September 2021. This is the first drilling campaign since BTR completed recapitalisation in November 2020. It is expected that the results may assist in developing a revised Mineral Resource Estimate for the project and used to plan future exploration drilling at Cork Tree Well and surrounding areas.

On 27 September 2021, the Company signed a Call Option Deed with Stone Resources (HK) Limited (SRHKL), under which SRHKL agreed to grant BTR or its nominee an option to purchase the 3% net smelter royalty (NSR) which is applicable to a substantial portion of BTR's tenements holdings. This Call Option Deed is expected to be settled seven days after BTR's 2021 Annual General Meeting, however this may be as late as 31 March 2022 depending upon the nature of shareholder approval required. The exercise price of this Call Option is US$25 million, and the expiry is 5 calendar years since settlement date of this Call Option Deed. An Option Fee of $300,000 is payable to SRHKL on the settlement date. Both the exercise price, if exercised, and the Option Fee can be settled in cash and/or BTR shares at the discretion of the Board. SRHKL has no rights to compel or demand exercise of the Call Option. Purchase of part of the NSR is allowed by the Call Option.

On 27 September 2021, the Company also executed two Settlement Deeds in relation to an outstanding liability owing to Great Cortex International Limited ("Great Cortex") and amounts owed to its former Company Secretary Mr Tony Lau. Under the Settlement Deeds:

i. The Company will repay the loan principal of $630,000 in cash to Great Cortex on or before 18 November 2023. All related expenses and amounts owing, including accrued interest payments, will be waived once Brightstar meets its obligations under the Settlement Deed.

ii. A settlement sum of $300,000 will be paid to Mr Tony Lau, in cash and/or shares at the Company's discretion, on the earlier of seven days after BTR's 2021 Annual General Meeting or 7 December 2021.

iii. Mr Duan will step down from the Chairman role and remain on the Board as a Non-Executive Director. The deferred remuneration payment of $63,218 will be paid to Mr Duan in cash and/or shares at Brightstar's election on the same settlement date under Call Option Deed above.

DIRECTORS' REPORT (continued)

Significant events after balance date (continued)

iv. All claims between the Parties relating to the past conduct of the Parties are settled in accordance with the terms of the Deeds.

v. The DECA remains in force and effect.

On 28 September 2021, the Company signed a mandate with Canaccord Genuity (Australia) Limited to act as Lead Manager with regards to a placement. The placement is expected to be completed within the 1st week of October 2021.

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

Likely developments

The Group will continue to progress its three-year plan by growing its resources with the ultimate target of restarting its mining operations.

Environmental legislation

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

Remuneration report (audited)

The Directors present the Group's 2021 remuneration report which details the remuneration information for Brightstar Resources Limited's executive directors, non-executive directors and other key management personnel.

Details of key management personnel

(i) Directors

William Hobba	Managing Director (*appointed on 3 December 2020, Executive Director 10 September 2020 to 2 December 2020, Non-Executive Director 1 July 2020 to 9 September 2020)*
Yongji Duan	Non-Executive Chairman
Josh Hunt	Non-Executive Director (*appointed on 18 November 2020*)
Yong Han	Executive Director (*resigned on 18 November 2020*)
Fang Lu	Executive Director (*resigned on 18 November 2020*)
Kaiye Shuai	Non-Executive Director (*resigned on 18 November 2020*)

(ii) Other Key Officers

Yafei (Luke) Wang	Company Secretary (*appointed on 19 July 2021, formerly Joint Company Secretary*)
Tony Lau	Joint Company Secretary (*resigned on 19 July 2021*)
Sheng Hui Lu	Deputy Executive Officer / Joint Company Secretary (*resigned on 24 November 2020*)

Remuneration philosophy

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

Remuneration committee

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

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

Remuneration structure

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

DIRECTORS' REPORT (continued)

Remuneration report (audited) (continued)

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

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

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

Senior manager and executive director remuneration

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

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

Voting and comments made at the Company's 2020 Annual General Meeting ("AGM")

The Group received more than 99% of yes votes on its remuneration report for the 2020 financial year. The Group did not receive any feedback at the AGM or throughout the year on its remuneration practices.

Executive Service Agreements

The key terms of Mr Hobba and Mr Wang's service agreements are set out below:

William Hobba, Managing Director

(a) Terms of agreement dated 1 December 2020, commencing 3 December 2020 for a term of three years

(b) Remuneration:
  - Base salary of $120,000 plus $11,400 in superannuation;
  - Reimbursement of telephone, travel and other expenses reasonably incurred in connection with his employment; and
  - Eligibility to participate in any executive bonus scheme as approved and implemented by the Group.

(c) Termination of the agreement by either Mr Hobba or the Group can be made upon giving one month's written notice or by the Group immediately upon giving written notice with payment in lieu.

Yafei (Luke) Wang, Financial Controller and Company Secretary

(a) Terms of agreement dated 23 November 2020, commencing 23 November 2020 for a term of three years

(b) Remuneration:
  - Base salary of $100,000 plus $9,500 in superannuation

(c) Termination of the agreement by either Mr Wang or the Group can be made upon giving one month's written notice or by the Group immediately upon giving written notice with payment in lieu.

Key Performance Indicators of the Group over the last five years

Consolidated	**30-June-21 *($)***	**30-June-20 *($)***	**30-June-19 *($)***	**30-June-18 *($)***	**30-June-17 *($)***
Net profit / (loss) before tax	60,551,860	(6,617,894)	(4,140,859)	(5,156,614)	(10,724,347)
Net profit / (loss) after tax	60,551,860	(6,617,894)	(4,140,859)	(5,156,614)	(10,724,347)
Share price at end of year	0.031	0.004	0.002	0.003	0.004
Interim and final dividend	-	-	-	-	-
Basic profit / (loss) per share (cents)	10.25	(0.80)	(0.51)	(0.66)	(1.48)

DIRECTORS' REPORT (continued)

Remuneration report (audited) – (continued)

Table 1: Key Management Personnel Remuneration (directors) for the years ended 30 June 2021 and 30 June 2020

		Short-term employee benefits				Post-employment benefits	
		Salary & Fees $	Deferred remuneration payment (i) $	Other $	Share-based payments $	Superannuation $	Total $
William Hobba	**2021**	**92,786**	**18,533**	**358,767** (ii)	**300,000** (ii)	**7,057**	**777,143**
	2020	44,400	9,600	-	-	-	54,000
Yongji Duan	**2021**	**45,509**	**31,009**	**-**		**-**	**76,518**
	2020	50,685	25,833			-	76,518
Josh Hunt	**2021**	**6,000**	**-**	**-**	**60,000**	**-**	**66,000**
	2020	-	-	-	-	-	-
Yong Han (iii)	**2021**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	-	-	-	-	-	-
Kaiye Shuai (iii)	**2021**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	-	-	-	-	-	-
Fang Lu (iii)	**2021**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	-	-	-	-	-	-
Sub-Total (Directors)	**2021**	**144,295**	**49,542**	**358,767**	**360,000**	**7,057**	**919,661**
	2020	95,085	35,433	-	-	-	130,518

(i) Under mutual agreement, certain Directors agreed to defer the payment of a portion of their remuneration, which will be settled in either cash or equity at the Company's discretion.

(ii) Payment includes $620,000 reimbursement as agreed under the terms of the DECA. $300,000 of this amount was settled through the issue of 30,000,000 fully paid ordinary shares to Mr Hobba. A further $38,767 related to reimbursement of expenses as per the rates set out in Mr Hobba's Executive Services Agreement as Managing Director from 3 December 2020.

(iii) Mr Han, Mr Shuai and Mr Fang Lu resigned on 18 November 2020. They did not receive any directors' fees for their role on the board of the Company.

(iv) Mr Hunt received 3,150,000 fully paid ordinary shares in lieu of $60,000 of his annual remuneration as a Director.

DIRECTORS' REPORT (continued)

Remuneration report (audited) – (continued)

Table 2: Key Management Personnel Remuneration (executives) for the years ended 30 June 2021 and 30 June 2020

		Short-term employee benefits				Post-employment benefits	
		Salary & Fees $	**Deferred remuneration payments** (i) **$**	**Other $**	**Share-based payments $**	**Superannuation $**	**Total $**
Yafei (Luke) Wang	**2021**	**90,281**	**-**	**-**	**-**	**8,577**	**98,858**
	2020	50,806	-	-	-	4,826	55,632
Tony Lau (ii)	**2021**	**13,750**	**13,750** (ii)	**-**	**-**	**-**	**27,500**
	2020	11,729	-	-	11,728	-	23,457
Sheng Hui Lu (iii)	**2021**	**55,157**	**-**	**-**	**-**	**3,275**	**58,432**
	2020	60,065	-	-	-	5,549	65,614
Sub-Total (Executives)	**2021**	**159,188**	**13,750**	**-**	**-**	**11,852**	**184,790**
	2020	122,600	-	-	11,728	10,375	144,703
Totals (Directors and Other Key Officers)	**2021**	**303,483**	**63,292**	**358,767**	**360,000**	**18,909**	**1,104,451**
	2020	217,685	35,433	-	11,728	10,375	275,221

(i) Under mutual agreement, certain Directors agreed to defer the payment of a portion of their remuneration, which will be settled in either cash or equity at the Company's discretion.

(ii) This deferred remuneration payable to Mr Lau was settled in cash immediately on his resignation on 19 July 2021.

(iii) Mr Sheng Lu resigned on 24 November 2020.

DIRECTORS' REPORT (continued)

Remuneration report (audited) – (continued)

Table 3: Key Management Personnel Shareholdings for the years ended 30 June 2021 and 30 June 2020

Ordinary shares held in Brightstar Resources Limited (number)

30 June 2021	Balance at beginning of period	Granted as remuneration	Other	Balance at end of period
Directors				
William Hobba	**38,727,775**	30,000,000 (i)	-	**68,727,775**
Yongji Duan	**31,449,497**	-	-	**31,449,497**
Josh Hunt	**-**	3,150,000 (i)	207,999	**3,357,999**
Yong Han (ii)	**13,908,219**	-	(13,908,219)	**-**
Kaiye Shuai (ii)	**11,425,436**	-	(11,245,436)	**-**
Fang Lu (ii)	**-**	-	-	**-**
Other Key Officer				
Luke Wang	**-**	-	-	**-**
Sheng Hui Lu (iii)	**4,475,178**	-	(4,475,178)	**-**
Tony Lau (iv)	**10,000,000**	-	-	**10,000,000**
	109,986,105	33,150,000	(29,600,834)	**113,535,271**

(i) Mr Hobba was issued 30,000,000 fully paid ordinary shares at $NIL consideration as reimbursement for fulfilling duties and in lieu of remuneration as a Director of the Group over the prior 7 years. Mr Hunt was issued shares at $NIL consideration in lieu of $60,000 of his remuneration as a Director. These shares were approved for issue at the Group's AGM on 16 November 2020.

(ii) Mr Han, Mr Shuai and Mr Fang Lu resigned on 18 November 2020.

(iii) Mr Sheng Lu resigned on 24 November 2020.

(iv) Mr Lau resigned 19 July 2021

DIRECTORS' REPORT (continued)

Remuneration report (audited) – (continued)

Table 4: Key Management Personnel Shareholdings for the years ended 30 June 2020 and 30 June 2019 (continued)

Ordinary shares held in Brightstar Resources Limited (number)

30 June 2020	Balance at beginning of period	Granted as remuneration	Other	Balance at end of period
Directors				
Yongji Duan	**28,866,221**	2,583,276 (i)	-	**31,449,497**
William Hobba	**37,767,775**	960,000 (i)	-	**38,727,775**
Yong Han	**13,908,219**	-	-	**13,908,219**
Kaiye Shuai	**11,425,436**	-	-	**11,425,436**
Fang Lu	**-**	-	-	**-**
Other Key Officer				
Luke Wang	**-**	-	-	**-**
Tony Lau	**4,135,694**	-	5,864,306 (ii)	**10,000,000**
Sheng Hui Lu	**4,475,178**	-	-	**4,475,178**
	100,578,523	**3,543,276**	**5,864,306**	**109,986,105**

(i) Issued to Directors in settlement of their remuneration amounts that were agreed to be deferred and settled in either cash or equity at the Company's discretion.
(ii) Share-based payment as settlement of consultancy fees for services rendered.

DIRECTORS' REPORT (continued)

Remuneration report (audited) – (continued)

Shares under option

There were no unissued shares under option held by any members of Key Management Personnel as at 30 June 2021 (30 June 2020: NIL).

Other transactions and balances with Key Management Personnel

Some Directors and executives hold positions within other entities that cause them to have control or exert significant influence over the financial or operating policies of those entities. However, these entities did not transact with the Company during the current and previous reporting periods.

Under mutual agreement, certain Directors and Executives agreed to part payment of their remuneration, which was deferred and will be settled in either cash or equity at the Company's discretion. The balance of outstanding amounts owing to the Directors and Executives as at 30 June 2021 year end is as follows. These amounts are included within Table 2 and Table 3 as remuneration to the respective Director and Executive:

Table 4: Key Management Personnel balances payable as at 30 June 2021 and 30 June 2020

Transaction		2021 $	2020 $
Directors			
Yongji Duan	Deferred remuneration payment	56,841	25,833
William Hobba	Deferred remuneration payment	28,133	9,600
Other Key Officer			
Tony Lau (i)	Deferred remuneration payment	13,750	-

(i) Mr Lau resigned from the Joint Company Secretary role with effect from 19 July 2021. Outstanding remuneration amounts owing to him were settled in cash.

END OF AUDITED REMUNERATION REPORT

Shares under option

Unissued ordinary shares of Group under option at the date of this report are as follows:

Date options granted	Number of shares under option	Exercise price of option	Expiry date of options
9 April 2020	15,000,000	$0.01	8 April 2023
31 December 2020	4,000,000	$0.06	31 December 2023
31 December 2020	4,000,000	$0.08	31 December 2023
31 December 2020	4,000,000	$0.10	31 December 2023
12 February 2021	1,000,000	$0.10	12 February 2024
22 June 2021	5,000,000	$0.045	22 June 2024

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

Share options held or granted to directors and officers

No options over unissued ordinary shares were granted during or since the end of the financial year to directors or officers.

Directors' interests in shares or options

Directors' relevant interests in shares of Brightstar or options over shares in the Group are detailed below.

DIRECTORS' REPORT (continued)

Directors' relevant interests in:	Ordinary shares of Brightstar Resources Limited	Options over shares in Brightstar Resources Limited
William Hobba	68,727,775	-
Yongji Duan	31,449,497	-
Josh Hunt	3,357,999	-

Directors' Meetings

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

	Directors' Meetings	**Eligible to attend**
Number of meetings held:	6	
Number of meetings attended:		
Mr William Hobba	6	6
Mr Yongji Duan	-	6
Mr Josh Hunt	6	6
Dr Kaiye Shuai	-	-
Mr Yong Han	-	-
Mr Fang Lu	-	-

Proceedings on behalf of the company

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

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

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 16 and forms part of this directors' report for the year ended 30 June 2021.

Non-Audit Services

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Company are important. Non-audit services provided during the financial year by the auditor are detailed below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Acts 2001.

	30-June-21	**30-June-20**
	$	**$**
Amount paid/payable to Pitcher Partners BA&A Pty Ltd or related entities for non-audit services		
Pitcher Partners Accountants & Advisors WA Pty Ltd – Taxation compliance services	8,000	-
Total auditors' remuneration for non-audit services	**8,000**	**-**

	30-June-21	**30-June-20**
	$	**$**
Amount paid/payable to Deloitte Touché Tohmatsu or related entities for non-audit services		
- Taxation compliance services	14,700	13,402
Total auditors' remuneration for non-audit services	**14,700**	**13,402**

DIRECTORS' REPORT (continued)

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board.

Rounding of amounts

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

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

William Hobba
Managing Director
30 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF BRIGHTSTAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
Other income	2(a)	62,060,466	364,749
Remeasurement of Rehabilitation Provision	16	3,033,794	-
Mine site expenses	2(b)	(332,002)	(554,457)
Exploration expenditure		(222,722)	(1,079,134)
Depreciation and amortisation expense	2(c)	(382,456)	(379,836)
Director fees		(151,367)	(130,517)
Impairment expenses	2(d)	(32,084)	(1,075,812)
Finance costs	2(e)	(1,622,983)	(3,035,368)
Administration expenses	2(f)	(208,962)	(84,057)
Consulting expenses	2(f)	(648,407)	(52,075)
Employee benefits expense	2(g)	(702,641)	(334,340)
Other expenses		(238,776)	(257,048)
Profit / (loss) before income tax		**60,551,860**	**(6,617,894)**
Income tax	3	-	-
Net profit / (loss) for the year		**60,551,860**	**(6,617,894)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**60,551,860**	**(6,617,894)**
Total comprehensive income / (loss) for the year		**60,551,860**	**(6,617,894)**
Basic earnings/(loss) per share per share (cents per share)	5	**10.25**	**(0.80)**
Diluted earnings/(loss) per share (cents per share)	5	**9.89**	**(0.80)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2021

	Notes	Consolidated 2021 $	2020 $
Current Assets			
Cash and cash equivalents	6	985,036	50,032
Trade and other receivables	7	179	35,617
Other financial assets	8	25,000	25,000
Assets held for sale	10	-	11,172,169
Other current assets		23,051	16,358
Total Current Assets		1,033,266	11,299,176
Non-Current Assets			
Property, plant and equipment	9	454,899	720,969
Right-of-use asset	11	13,574	32,018
Deferred exploration and evaluation expenditure	12	9,313,231	2,686,636
Total Non-Current Assets		9,781,704	3,439,623
Total Assets		10,814,970	14,738,799
Current Liabilities			
Trade and other payables	13	962,968	21,134,121
Lease liabilities	14	15,639	17,618
Borrowings	15	630,000	36,066,134
Provisions	16	112,740	111,249
Liabilities held for sale	10	-	3,733,200
Total Current Liabilities		1,721,347	61,062,322
Non-Current Liabilities			
Lease liabilities	14	-	15,756
Provisions	16	3,044,667	3,583,061
Other financial liabilities	17	3,715,060	-
Total Non-Current Liabilities		6,759,727	3,598,817
Total Liabilities		8,481,074	64,661,139
Net Assets/(Liabilities)		2,333,896	(49,922,340)
Equity			
Issued capital	18	37,857,909	51,541,309
Accumulated losses		(40,920,635)	(101,472,495)
Reserve	19	5,396,622	8,846
Total Equity/(Deficit)		2,333,896	(49,922,340)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2021

	Notes	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		131,289	291,219
Payments to suppliers and employees		(1,129,956)	(844,997)
Dividends received		105,867	-
Interest received		633	651
Interest on lease liabilities		(1,969)	(2,075)
Government grants received		50,000	50,000
Net cash used in operating activities	6(ii)	(844,136)	(503,127)
Cash flows from investing activities			
Proceeds from sale of other financial assets		4,628,618	-
Proceeds from sale of property, plant and equipment		8,000	2,000
Proceeds from sale of exploration assets		250,000	-
Payments for property, plant and equipment		(161,907)	-
Payments for exploration and evaluation expenditure		(688,962)	(805,025)
Net cash provided by/(used in) investing activities		4,035,749	(803,025)
Cash flows from financing activities			
Proceeds from borrowings		-	1,273,700
Repayment of lease liabilities		(16,746)	(18,224)
Payments for share buy-back		(2,239,864)	-
Net cash (used in)/provided by financing activities		(2,256,610)	1,255,476
Net increase/(decrease) in cash held		935,003	(50,676)
Cash and cash equivalents at beginning of period		50,032	100,708
Cash and cash equivalents at end of period	6(i)	985,035	50,032

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2021

Consolidated	Note	Issued Capital $	Accumulated Losses $	Reserve $	Total $
Balance as at 1 July 2019		51,467,992	(94,854,601)	-	(43,386,609)
Loss for the year		-	(6,617,894)	-	(6,617,894)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the year		-	(6,617,894)	-	(6,617,894)
Shares issued during the year	18	77,161	-	-	77,161
Transaction costs on issue of shares		(3,844)	-	-	(3,844)
Share based payment expense		-	-	8,846	8,846
Balance at 30 June 2020		**51,541,309**	**(101,472,495)**	**8,846**	**(49,922,340)**
Balance as at 1 July 2020		51,541,309	(101,472,495)	8,846	(49,922,340)
Profit for the year		-	60,551,860	-	60,551,860
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the year		-	60,551,860	-	60,551,860
Shares issued during the year	18	559,850	-	-	559,850
Share buy-back during the year		(14,243,250)	-	-	(14,243,250)
Transaction costs on issue of shares		-	-	-	-
Share based payment expense	19	-	-	477,066	477,066
Ordinary share buy-back and cancellation		-	-	4,910,710	4,910,710
Balance at 30 June 2021		**37,857,909**	**(40,920,635)**	**5,396,622**	**2,333,896**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

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

The financial report covers Brightstar Resources Limited ("the Company") and its controlled entities as a group (together referred to as the "Group"). Brightstar Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Brightstar Resources Limited is a for-profit entity for the purpose of preparing the financial report.

Compliance with IFRS

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

Historical cost convention

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

Fair value measurement

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

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

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

(b) Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The Group has recorded a net profit of $60,551,860 (2020: $6,617,894 loss) and cash inflows from operating and investing activities of $3,191,613 (2020: outflows of $1,306,152) for the reporting period. As at 30 June 2021, the Group had a cash balance of $985,035 (30 June 2020: $335,205), had net assets of $2,333,896 (30 June 2020: $914,833 net liabilities) and current exploration expenditure commitments of $703,670.

The directors have prepared a cash flow forecast for the period ending 30 September 2022. It is recognised that additional funding is required either through the issue of further shares, or convertible notes, or the sale of assets, or a combination of these activities for the Group to continue to actively explore and develop its mineral properties, until recommencement of mining operations. The directors may also look to delay the timing of certain budgeted expenditures in accordance with their three year strategic plan.

Subsequent to the financial year end, the Company has signed a Mandate for its first capital raising since completion of recapitalisation in November 2020. The Company also managed to renegotiate the terms of the Great Cortex loan (originally due 30 September 2021) and extended the repayment date by more than 24 months to November 2023. Refer to Note 24 for further information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Going Concern (continued)

The directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate.

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

(c) New and revised accounting standards effective at 30 June 2021

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including the following:

AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*

AASB 2018-6 amends AASB 3 *Business Combinations* to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

(a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

(b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;

(c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

(d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and

(e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of AASB 2018-6 has not materially impacted the financial statements of the Group.

AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

AASB 2018-7 principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

The application of AASB 2018-7 has not materially impacted the financial statements of the Group.

AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information required by paragraph 30 of AASB 108 (regarding disclosing the effect of new standards not yet issued) to IFRS Standards that have not yet been issued by the Australian Accounting Standards Board.

The application of AASB 2019-5 has not materially impacted the financial statements of the Group.

(d) Accounting standards issued but not yet effective

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2021:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Accounting standards issued but not yet effective (continued)

AASB 2020-3 ***Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments***

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture. The main amendments relate to:

(a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

(b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;

(c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

(d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

(e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and

(f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2020-1 ***Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*****, and**

AASB 2020-6 ***Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date***

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2023. They will first be applied by the Group in the financial year commencing 1 July 2023.

The likely impact of these accounting standard on the financial statements of the Group has not been determined.

AASB 2021-2 ***Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates***

AASB 2020-1 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:

(a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

(b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;

(c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;

(d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and

(e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Principles of consolidation

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

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

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

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

(f) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with AASB requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised; if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Significant accounting judgements include:

Exploration and evaluation costs

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

(ii) Significant accounting estimates and assumptions include:

Impairment of exploration and evaluation assets

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

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

(a) expiration of the period for which the entity has the right to explore in the specific area of interest with no plans for renewal;

(b) substantive expenditure on further exploration for and evaluation in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting judgements and key sources of estimation uncertainty (continued)

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

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

Recoverability of Mine Property and Plant

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

The key areas of judgement and estimate include:

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

Provision for restoration and rehabilitation obligations

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

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

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

Share-based payments

The Group measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted. The fair value of the equity instruments granted is determined using an appropriate option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Please refer to Note 19 for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income tax

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

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

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

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

(h) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(i) Cash and cash equivalents

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

(j) Property, plant and equipment

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

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

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

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

(i) Impairment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(k) Exploration and evaluation

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

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(k) Exploration and evaluation (continued)

(b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

(l) Mine development expenditure

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

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

(m) Mine property and plant

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(n) Leases

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

(n) Leases (continued)

Lease assets

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

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

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

Lease liabilities

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

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

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

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

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

(o) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Borrowing costs

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

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

(q) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the assets (i.e. trade date accounting is adopted). Financial assets and liabilities are initially measured at their fair value.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at fair value through profit or loss. With respect to trade and other receivables, these are recognised at the consideration that is unconditional which is considered to be fair value. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e., the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions – Employee benefits

(i) Wages, Salaries and Annual Leave

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

(ii) Long Service Leave

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

(s) Provision for restoration and rehabilitation

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

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

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

(t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

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

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

(v) Other revenue and other income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Government grants

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

(x) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. The condition is regarded as met only when the sale is highly probably, the asset (or disposal group) is available for immediate sale in its present condition and management is committed to the sale within one year from the date of classification.

NOTE 2: PROFIT BEFORE INCOME TAX EXPENSE

	Consolidated	
	2021	2020
	$	$
(a) Other income		
Sale of sundry product on mine plant	-	127,610
Bank interest	419	590
Shared service income (Note 22)	96,065	183,916
Gain/(Loss) from sale of other financial assets (Note 8)	(1,361,246)	590
Gain from sale of non-current assets	7,912	2,000
Gain from sale of exploration assets (1)	5,872,106	-
Debt forgiven (2)	57,252,627	-
Creditor Written-Off	37,500	-
Dividends	105,867	-
Government grant	50,000	50,000
Other	(784)	633
	62,060,466	364,749

(1) Divestment of Ben Hur Project was announced completed on 2 September 2020. The Group received $9,750,000 in Regis Resources Limited shares and $250,000 in cash consideration. A $5,872,106 gain on sale was recognised as other income in the current period.

	$
Consideration	10,000,000
Fair value of assets held for sale	(5,365,694)
Fair value of liabilities held for sale	1,237,800
Net gain from sale of exploration assets	5,872,106

(2) During the period, $57,252,627 of debt that the Company owed to its previous major shareholder and major debt provider (Stone Resources Limited ("SRL") and Stone Resources (HK) Limited ("SRHKL")) was cancelled upon completion of Debit and Equity Compromise Agreement ("DECA") on 18 November 2020. Refer to Note 15 Borrowings for further information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 2: PROFIT BEFORE INCOME TAX EXPENSE (Continued)

	Consolidated	
(b) Mine site expenses	2021 $	2020 $
Mine site expenditure under care and maintenance	332,002	554,457
(c) Depreciation and amortisation expense		
Mine property and plant	358,984	358,984
Property, plant and equipment	6,506	3,347
Right-of-use assets	16,966	17,505
	382,456	379,836
(d) Impairment expense		
Impairment of deferred exploration expenditure Alpha Mine	32,084	19,810
Impairment on relinquished tenements	-	1,056,002
	32,084	1,075,812
(e) Finance costs		
Interest expenses	1,240,463	3,035,368
Unwind of discount – financial liability (refer to Note 10)	382,520	-
	1,622,983	3,035,368
(f) Share-based payments are included within:		
Administration expenses (refer to Note 18)	59,850	-
Employee benefits expense (refer to Note 18)	300,000	-
Consulting expenses (refer to Note 19)	427,066	50,575
	786,916	50,575
(g) Employee benefits expense:		
Wages and salaries	299,028	259,600
Superannuation	25,114	24,702
Share-based payment expense (refer to Note 18)	300,000	-
Other employment related expenses	78,499	50,038
	702,641	334,340

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 3: INCOME TAX

	Consolidated	
	2021	2020
	$	$
(a) Income tax recognised in statement of income		
Accounting loss before tax from continuing operations	60,551,860	(6,617,894)
Income tax expense/(benefit) calculated at an income tax rate of % (2020:27.5%)	18,165,558	(1,819,921)
Non-deductible expenses:	468,950	63,342
Non-assessable debt forgiveness income	(17,202,038)	-
Franking credits converted to losses	(31,760)	-
Utilisation of previously unrecognised losses	(1,400,710)	-
Unused tax losses and temporary differences not recognised	-	1,756,579
Income tax expense reported in the statement of comprehensive income	-	-
(b) Recognised deferred tax balances 30% (2020: 27.5%)		
Deferred tax assets comprise:		
Losses offset against future taxable income – revenue	5,952,417	5,446,545
Provision for doubtful debts	44,041	-
Mining assets (plant and equipment)	422,207	299,836
Provision for rehabilitation	906,376	1,902,228
Other business related costs	16,130	-
Other provisions	33,822	28,481
Accrued expenses	29,188	34,394
Deferred tax losses not brought to account	(4,714,184)	5,446,545
	2,689,997	2,552,025
Deferred tax liabilities comprise:		
Prepayments	(3,803)	-
Accrued income	-	(102)
Exploration expenditure capitalised	(2,686,194)	(2,551,923)
	(2,689,997)	(2,552,025)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2020: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law. At 30 June 2021, legislation to reduce the small business tax rate from 27.5% for 2020 financial year to 26% for the 2021 financial year has been enacted. The company does not currently qualify as a Small Business Entity and as such has recognised future deferred tax assets at 30%. The Company has conducted a preliminary review in respect of losses incurred prior to 4 November 2011 and has determined that they are likely able to be used by meeting the Same Business Test (SBT) and Continuity of Ownership Test (COT). Losses incurred between 4 November 2011 and the date of the effectuation of the DECA are able to be utilised under the COT.

(c) Unrecognised deferred tax assets

The Group has unrecognised deferred assets compromising relating to revenue tax losses of $19,841,391 (2020: $23,232,925), capital tax losses of $287,945 (2020: $7,945) and other deferred tax assets arising from temporary differences of $4,714,184 (2020: $5,446,545).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 4: SEGMENT REPORTING

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

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

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2021	2020
	Cents per share	Cents per share
Basic and diluted earnings / (loss) per share:		
Total basic earnings/(loss) per share	10.25	(0.80)
Total diluted earnings/(loss) per share	9.89	(0.80)

Basic and diluted earnings / (loss) per share

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

	$	$
Earnings / (Loss)	60,551,860	(6,617,894)
Weighted average number of ordinary shares for the purposes of basic loss per share	590,814,907	829,475,335
Adjusted weighted average number of ordinary shares for the purposes of diluted loss per share	612,302,578	829,475,335

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2021	2020
	$	$
Cash at bank and on hand	985,036	50,032
	985,036	50,032

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

At 30 June 2021, the Group did not have any undrawn committed borrowing facilities.

(i) Reconciliation to Cash Flow Statement

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

	Consolidated	
	2021	2020
	$	$
Cash and cash equivalents	985,036	50,032

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

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

	Consolidated	
	2021	2020
	$	$
Profit/(loss) for the year:	60,551,860	(6,617,894)
Depreciation	382,456	379,836
Impairment expenses	32,084	1,075,812
Exploration expenditure written off	-	1,079,134
Gain / (Loss) from sale of other financial assets	1,361,246	-
Gain / (Loss) from sale of exploration assets	(5,872,106)	-
(Gain) / Loss from sale of non-current asset	(7,912)	(2,000)
Debt forgiven	(35,436,134)	-
Creditor written-off	(37,500)	-
Unwind on the deferred DECA payment recorded at amortised cost	382,520	-
Interest on lease liabilities	1,969	2,075
Other non-cash balance	35,531	-
Equity payment to suppliers and key management personnel	786,916	50,575
(Increase)/decrease in assets:		
Current receivables	35,438	22,272
Other current assets	(6,693)	3,070
Increase/(decrease) in liabilities:		
Current payables	(20,021,508)	3,136,883
Current provisions	1,491	25,839
Provision for rehabilitation	(3,033,794)	341,271
Net cash used in operating activities	(844,136)	(503,127)

(iii) Non-cash investing and financing activities

The Group issued 4,000,000 fully paid ordinary shares at $0.05 per share to Mining Equities Pty Ltd as consideration for the acquisition of tenement E38/3438. This amount has been capitalised into deferred exploration and evaluation expenditure at 30 June 2021. Refer to Note 12 for further details.

The Group also issued 30,000,000 and 3,150,000 fully paid ordinary shares to Mr Hobba and Mr Hunt respectively. These shares were issued for $NIL consideration in lieu of remuneration and reimbursements outstanding to Mr Hobba ($300,000), and in lieu of a portion of Mr Hunt's remuneration over the next 12 months. These amounts were issued in November 2020 upon receiving approval for their issue at the AGM. Refer to Note 18 for further details.

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT	Consolidated	
	2021	2020
	$	$
Trade receivables	-	35,224
Other receivables	179	393
	179	35,617

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated 2021 $	Consolidated 2020 $
Deposit for credit cards	25,000	25,000
	25,000	25,000

During the year, the Group received 1,823,332 fully paid ordinary shares in Regis Resources Limited ("Regis) on 3 September 2020 as consideration for sale of the Ben Hur project. All the Regis shares had been either transferred to SRHKL in accordance with the DECA agreed (refer to Note 15) or sold on market before 30 June 2021. A loss of $1,361,246 was realised on the sale of Regis shares.

Reconciliation of the movement in equity instruments at fair value through profit or loss is as follows:

	Consolidated 2021 $	Consolidated 2020 $
Balance at the beginning of the year		
Receipt of shares from Regis	9,750,000	-
Sold on market	(4,628,618)	-
Transferred to SRHKL in accordance with the DECA	(3,760,136)	-
Gain/(loss) recognised on sale of financial instruments	(1,361,246)	-
	-	-

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Office furniture and equipment $	Plant and equipment $	Motor vehicles $	Mine property and plant[1] $	Total $
Year ended 30 June 2021					
At 1 July 2020, net of accumulated depreciation and impairment	518	1,729	755	717,967	720,969
Additions	29,150	-	70,359	-	99,508
Disposal / write-offs	(88)	-	-	-	(88)
Depreciation charge for the year	(2,702)	(1,090)	(2,715)	(358,984)	(365,491)
At 30 June 2021, net of accumulated depreciation and impairment	26,877	639	68,399	358,983	454,899

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 1 July 2020					
Cost	67,101	1,161,949	207,197	39,139,173	40,662,208
Accumulated depreciation and impairment	(66,583)	(1,160,220)	(206,442)	(38,421,206)	(39,854,451)
Net carrying amount	518	1,729	755	717,967	720,969
At 30 June 2021					
Cost	95,560	1,161,949	224,228	39,139,173	40,620,910
Accumulated depreciation and impairment	(68,683)	(1,161,310)	(155,829)	(38,780,190)	(40,166,012)
Net carrying amount	26,877	639	68,399	358,983	454,898

(1) Mine Property and Plant: Since processing of mined ore ceased in January 2012 and toll treatment ceased in August 2012 and pending its reinstatement, an assessment of the recoverable value of non-current assets in compliance with AASB 136 was carried out in accordance with assumptions disclosed in Note 1(f) "Recoverability of mine property and plant" and impairments were recognised. The Board considered and approved the value of mine property and plant as at 30 June 2021 of $358,983 (2020: $717,967) and the total impairment value recognised of $14,941,733 remains unchanged. The Board recognise that the previously impairment value of $14,941,733 can be written back in future periods.

NOTE 10: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 25 March 2020, the Group announced the proposed of selling its northern tenements. These operations, which were expected to be sold within 12 months, had been classified as held for sale and presented separately in the statement of financial position in the previous report for the year ended 30 June 2020. Following the completion of divestment announced on 2 September 2020, the balance of the assets and liabilities relating to the operations classified as held for sale were either transferred to Profit & Loss or reclassified to their respective classification.

	Consolidated	
	2021 $	2020 $
Tenements held for sale (1)	-	11,172,169
Total assets classified as held for sale	-	11,172,169
Provision for rehabilitation (1)	-	3,733,200
Total liabilities associated with assets classified as held for sale	-	3,733,200
Net assets of disposal group	-	7,438,969

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 10: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

(1) Assets and liabilities that were classified as held for sale at 30 June 2020 comprised the northern tenements (see below) and the associated amount recognised as their cost for rehabilitation:

M38/346	M38/339	M38/917	M38/918	M38/160	M38/1241	E38/2894	E38/2452
E38/3198	E38/3199	E38/3234	L38/206	P38/4114	P38/4115	P38/4108	P38/4364

Only tenements E38/3199, E38/3234, M38/1241, M38/160, M38/339, P38/4114, P38/4115, P38/4364 and L38/206 were sold in the current reporting period and the remaining northern tenements retained by the Group have been reclassified from held for sale to their respective classification.

The divestment of Ben Hur Project was announced completed on 2 September 2020. The Group received $9,750,000 in Regis Resources Limited shares (1,823,332 fully paid ordinary shares) and $250,000 in cash consideration. A $5,872,106 gain on sale was recognised as other income in the current period.

	$
Consideration (cash and Regis shares)	10,000,000
Fair value of assets held for sale	(5,365,694)
Fair value of liabilities held for sale	1,237,800
Net gain from sale of exploration assets	5,872,106

Reconciliation of movement in assets and liabilities classified as held for sale:

	Consolidated	
	2021 $	2020 $
Assets classified as held for sale		
Balance at beginning of period	11,172,169	-
Additions	12,537	11,172,169
Sale of Ben Hur Project	(5,365,694)	-
Transferred back to evaluation and exploration expenditure	(5,819,012)	-
Balance at end of financial year	-	11,172,169
Liabilities classified as held for sale		
Balance at beginning of period	(3,733,200)	-
Additions	-	(3,733,200)
Sale of Ben Hur Project	1,237,800	-
Transferred back to evaluation and exploration expenditure	2,495,400	-
Balance at end of financial year	-	(3,733,200)

NOTE 11: RIGHT-OF-USE ASSETS

	Consolidated	
	2021 $	2020 $
Cost	48,044	49,523
Accumulated depreciation	(34,471)	(17,505)
Net carrying amount	13,573	32,018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

NOTE 11: RIGHT-OF-USE ASSETS (CONTINUED)

Reconciliation of movement in Right-of-Use Assets

	Office premises	Total
	$	$
Year ended 30 June 2021		
At 1 July 2020, net of accumulated depreciation	32,018	32,018
Discount received	(1,479)	(1,479)
Depreciation charge for the year	(16,965)	(16,966)
Net carrying amount	13,574	13,573

(1) The Group has one lease relating to its office premises in Perth. The right of use assets do not have an option to purchase at the end of the term.

NOTE 12: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2021 $	2020 $
Costs carried forward in respect of:		
Exploration and evaluation expenditure		
Balance at beginning of year	2,686,636	14,966,010
Expenditure incurred	621,887	735,739
Expenditure written off	(32,220)	(767,132)
Impairment of Alpha and Beta mines (2)	(32,084)	(19,810)
Impairment of relinquished tenements	-	(1,056,002)
Tenements transferred from/(to) held-for-sale (3)	5,819,012	(11,172,169)
Acquisition of tenement E38/3438 (4)	250,000	-
Balance at end of financial year	9,313,231	2,686,636

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

(2) Mining in Beta and Alpha reached its designed pit depth in prior periods and evaluation is currently underway to determine the future viability of these areas of interest. Notwithstanding, the balance of expenditure for Beta and Alpha mines has been treated as impaired until recommencement of mining in these tenements.

(3) Capitalised expenditure relating to retained North tenements were transferred from/(to) assets from held-for-sale.

(4) As announced on 8 February 2021, the Group acquired a prospective exploration licence within Western Australia, E38/3438, from Mining Equities Pty Ltd. Pursuant to the acquisition agreement, Mining Equities Pty Ltd received:

- $200,000 in fully paid ordinary shares of the Group priced at the 5-day VWAP prior to their issue;
- $50,000 in unlisted options over the Group, exercisable at 20 cents with a term of 3 years; and
- A 1% net smelter royalty with respect of the tenement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 13: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2021	2020
	$	$
Trade payables (1)	178,001	206,390
Other payables and accruals (2)	784,967	839,052
Interest accrual – SRL and SRHKL (refer Note 22)	-	20,088,679
	962,968	21,134,121

(1) Trade payables are non-interest bearing and are normally settled on 30-day terms. Balance disclosed under this item has been fully paid by 31 July 2021.

(2) Other payables include
- $550,347 interest accrued on a related party loan (Great Cortex International Ltd) (2020: $491,697) (refer Note 22).
- $135,309 outstanding and payable to Directors, Executives, and employees who mutually agreed with the Group to defer the payment of a portion of their remuneration, which will be settled in either cash or equity at the Company's discretion

NOTE 14: LEASE LIABILITIES

	2021	2020
	$	$
Current	15,639	17,618
Non-current	-	15,756
	15,639	33,374

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The lease liabilities relate to the Group's office premise lease and is unsecured.

NOTE 15: BORROWINGS

	Consolidated	
	2021	2020
	$	$
Current		
Loan from related party (1)	-	34,936,134
Convertible loan from related party (1)	-	500,000
Loan from related party (2)	630,000	630,000
	630,000	36,066,134

(1) During the period, $57,252,627 debt (being opening 1 July 2020: $55,524,813, interest: $1,179,844, additional payments made on behalf of Brightstar: $547,970, closing at 18 November 2020: $57,252,267), which was accruing interest at 8.53% per annum, that the Company owed to its previous major shareholder and major debt provider (Stone Resources Limited ("SRL") and Stone Resources (HK) Limited ("SRHKL")) was cancelled upon completion of DECA on 18 November 2020. Both SRL and SRHKL are related parties by virtue of Mr. Yongji Duan, Non-Executive Chairman of the Company, being a director of SRL and SRHKL.

(2) Great Cortex International Ltd was a related party by virtual of Mr. Yongji Duan, Non-executive Chairman of the Company, being a director of Great Cortex International Ltd (Mr. Duan ceased to be a Director of Great Cortex before 30 June 2021). This related party provided a loan of $630,000 which accrues interest at 9.31% per annum to the Company on 15 February 2012. Accrued interest, totalling $550,347, is included within trade and other payables. Subsequent to year end, the Company has signed a settlement deed with Great Cortex to extend the repayment of the principal amount to 18 November 2023 and waive all accrued interest owing. Refer to Note 24 for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 16: PROVISIONS

	Rehabilitation	Employee benefits	Total
	$	$	$
At 1 July 2020			
Current	-	111,249	111,249
Non-current	3,583,061	-	3,583,061
	3,583,061	111,249	3,694,310
At 30 June 2021			
Current	-	112,740	112,740
Non-current	3,044,667	-	3,044,667
	3,044,667	112,740	3,157,407

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

The Group recently completed an annual review and determined that it appropriate to reduce the current provision level based on two major findings: (1) some of the costs being accounted no longer exist and/or were rehabilitated in prior periods, and (2) unit rate prices and domain sizes used in previous calculation are overestimated. Adjustment of the rehabilitation provision has been recognised in the Profit & Loss for the year ended 30 June 2021.

Reconciliation of movement in provision for rehabilitation:

	Consolidated	
	2021	2020
	$	$
Balance at beginning of financial year	3,583,061	6,974,990
Addition	-	341,271
Utilised	-	-
Transferred from/(to) Liabilities held for sale (Note 10)	2,495,400	(3,733,200)
Adjustment based on reassessment	(3,033,794)	-
Balance at end of financial year	3,044,667	3,583,061

NOTE 17: OTHER FINANCIAL LIABILITIES

	Consolidated	
	2021 $	2020 $
Amounts payable under share buy-back (1)	3,715,060	-
Total other financial liabilities	3,715,060	-

(1) During the year, upon completion of DECA on 18 November 2020, the buy-back consideration for shares bought back included a deferred payment of $5,400,000 to be paid in cash or shares under the Company's election by 10 August 2023. As at this date, and 30 June 2021, the remaining buy-back consideration represents a financial instrument measured at fair value on day one, then subsequently at amortised cost.

At initial recognition, with no influence over whether shareholders would approve the issue of shares, the Group valued the liability portion at $3,332,530 (measured first) at net present value, with the residual $2,067,460 being attributed to the equity component. The remaining liability is initially accounted for at fair value and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 17: OTHER FINANCIAL LIABILITIES (CONTINUED)

The periodic unwinding of the discount, at 19.37%, will be recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income as finance costs. For the year ended 30 June 2021, a finance loss of $382,520 has been recognised.

NOTE 18: ISSUED CAPITAL

	Consolidated	
	2021	2020
	$	$
Ordinary shares issued and fully paid	37,857,909	51,541,309

	Consolidated 2021		Consolidated 2020	
	No.	**$**	**No.**	**$**
Movement in ordinary shares on issue				
Balance at beginning of financial year	836,053,708	51,541,309	811,646,126	51,467,992
Share issues (1)(2)(3)	37,150,000	559,850	24,407,582	77,161
Shares repurchase and cancellation (4)	(433,452,944)	(14,243,250)	-	-
Costs associated with issue of shares	-	-	-	(3,844)
Balance at end of financial year	439,750,764	37,857,909	836,053,708	51,541,309

(1) On 18 November 2020, the Company issued 30,000,000 ordinary fully paid shares to a director in lieu of remuneration and reimbursements for carrying out their duties as directors of the Company. The shares were issued at a deemed price of $0.0098 per share for a total value of $300,000.

(2) On 18 November 2020, the Company issued 3,150,000 ordinary fully paid shares to a director in lieu of remuneration. The shares were issued at a deemed price of $0.019 per share for a total of $59,850.

(3) On 12 February 2021, the Company issued 4,000,000 ordinary fully paid shares as part consideration for purchase of an exploration asset. The shares were issued at a 5-day volume weighted average price (VWAP) of $0.050 per share for a total of $200,000.

(4) On 18 November 2020, upon the completion of the DECA, the Group bought back 433,452,944 fully paid ordinary shares from SRL and SRHKL at a gross cost of $11,400,000. The net fair value of the consideration which includes adjustment for the deferred consideration was $9,332,540. These shares have been subsequently cancelled. The difference between the historical capital amount relating to these shares of $14,243,250 and the fair value of the consideration, amounting to $4,910,910 has been recognised as an equity reserve.

NOTE 19: RESERVES

	Consolidated	
	2021	2020
	$	$
Balance at beginning of financial year	8,846	-
Share-based payments reserve (1)	477,066	8,846
Equity reserve (2)	4,910,710	-
Balance at end of financial year	5,396,622	8,846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 19: RESERVES (CONTINUED)

(1) During the year, the Company issued 12,000,000 Options exercisable on or before 31 December 2023 to Canaccord Genuity (3 tranches of 4,000,000) for services rendered in relation to the provision of on-going capital markets strategy. The Options vested immediately. The fair value of these Options granted was calculated by using the Black Scholes Option Pricing Model by applying the following inputs. The total expense recognised for the period in respect of this issue was $274,174.

	Tranche 1	**Tranche 2**	**Tranche 3**
Number of instruments	4,000,000	4,000,000	4,000,000
Date of grant	1 Sep 2020	1 Sep 2020	1 Sep 2020
Expiry date	31 Dec 2023	31 Dec 2023	31 Dec 2023
Share price at grant date	$0.024	$0.024	$0.024
Volatility factor	241.79%	241.79%	241.79%
Risk free rate	0.27%	0.27%	0.27%
Expected life of instrument (years)	3 years	3 years	3 years
Exercise price per instrument	$0.06	$0.08	$0.10
Valuation per instrument	$0.0230	$0.0228	$0.0227
Total expense	$91,936	$91,363	$90,875

On 8 September 2020, the Company agreed to issue 5,000,000 options exercisable on or before three years from the issue date to PCF Capital Pty Ltd for services rendered in relation to the provision of on-going capital markets strategy. The options were issued on 22 June 2021 and the fair value of these options was calculated by using the Black Scholes Option Pricing Model by applying the following inputs. The total expense recognised for the period in respect of this issue was $152,892.

	PCF Options
Number of instruments	5,000,000
Date of grant	22 June 2021
Expiry date	22 June 2024
Share price at grant date	$0.032
Volatility factor	239.84%
Risk free rate	0.28%
Expected life of instrument (years)	3 years
Exercise price per instrument	$0.045
Valuation per instrument	$0.0306
Total expense	$152,892

On 12 February 2021, the Company issued 1,000,000 Options exercisable on or before 12 February 2024 as part consideration for the acquisition of an exploration licence tenement. The total expense recognised for the period in respect of this issue was $50,000.

	Consolidated	
	2021 $	2020 $
Share-based payments reserve		
Balance at beginning of financial year	8,846	-
Options issued (refer above)	477,066	8,846
Balance at end of financial year	485,912	8,846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 19: RESERVES (continued)

(2)

	Consolidated	
	2021	2020
	$	$
Equity reserve		
Balance at beginning of financial year	-	-
Ordinary shares buy-back and cancellation	4,910,710	-
Balance at end of financial year	4,910,710	-

Nature and Purpose of Reserves

Share-based payments reserve

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

Equity reserve

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

NOTE 20: FINANCIAL INSTRUMENTS

(a) Capital risk management

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

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

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

	Consolidated	
	2021	2020
	$	$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents (Note 6)	985,036	50,032
Trade and receivables (Note 7)	179	35,617
Financial liabilities		
Trade and other payables (Note 13)	962,698	21,134,121
Lease liabilities (Note 14)	15,639	33,374
Borrowings (Note 15)	630,000	36,066,134
Other financial liabilities (Note 17)	3,715,060	-

(c) Market risk

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

(d) Foreign currency risk management

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Credit risk management

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

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

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

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Consolidated

	Weighted Average Interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 2 years	2 – 5 years
	%	$	$	$	$	$
2021						
Non-interest bearing		962,968	-	-	-	-
Interest bearing loans	9.31%	630,000 (1)	-	-	-	-
Lease liabilities	4.91%	1,348	2,696	11,595	-	-
Other financial liabilities	19.37%	-	-	-	-	5,400,000 (2)
		1,594,316	**2,696**	**11,595**	**-**	**5,400,000**
2020						
Non-interest bearing		21,134,121	-	-	-	-
Interest bearing loans	8.49%	35,436,134	-	-	630,000	-
Lease liabilities	4.91%	1,523	3,027	13,068	15,756	-
		56,571,778	**3,027**	**13,068**	**645,756**	-

(1) Subsequent to year end, the Company has signed a settlement deed with Great Cortex to extend the repayment of the principal amount to 18 November 2023 and waive all accrued interest (repayable on demand and included in trade and other payables classified under non-interest bearing above) owing. Refer to Note 24 for further details.

(2) During the year, upon completion of DECA on 18 November 2020, the buy-back consideration for shares bought back included a deferred payment be paid in cash or shares under the Company's election by 10 August 2023 (see Note 17 for further information).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 20: FINANCIAL INSTRUMENTS (continued)

(g) Commodity price risk

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

(h) Fair values

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

	Carrying Amount		Fair Value	
	2021	2020	2021	2020
	$	$	$	$
Financial Assets				
Cash and cash equivalents	985,036	50,032	985,036	50,032
Trade and other receivables - current	179	35,617	179	35,617
Financial Liabilities				
Trade and other payables	962,968	21,134,121	962,968	21,134,121
Lease liabilities	15,639	33,374	15,639	33,374
Borrowings	630,000	36,066,134	630,000	36,066,134
Other financial liabilities	3,715,060	-	3,715,060	-

NOTE 21: COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

The Directors are not aware of any other commitments from the Group's operations as at 30 June 2021.

Exploration commitments

The Group has an expenditure commitment of $703,670 (exc. GST) for the year 2021-22 to sustain current tenements under lease from the Department of Mines, Industry Regulation and Safety (DMIRS). The expenditure commitment includes annual tenement rentals of $124,702 (2020: $86,274).

Contingencies

The Company will pay SRHKL 3% net smelter return ("NSR") royalty on gold produced from the tenements listed in the Tenement Schedule in the Company's 2020 Annual Report, less those sold to Regis Resources Limited during the period, per Note 10. Subsequent to year end, the Group entered into a Royalty Sales agreement to buyback the above 3% NSR royalty before 31 March. Refer to Note 24 for further information.

As announced on 8 February 2021, the Group acquired a prospective exploration licence within Western Australia, E38/3438, from Mining Equities Pty Ltd. Pursuant to the acquisition agreement, Mining Equities Pty Ltd is entitled to a 1% net smelter royalty with respect of the tenement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

NOTE 22: RELATED PARTY DISCLOSURE

(a) Subsidiaries

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

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

Name	*Country of Incorporation*	*% Equity Interest 2021*	*% Equity Interest 2020*
Desertex Resources Pty Ltd (1)	Australia	-	100%
Desert Exploration Pty Ltd	Australia	100%	100%

(1) Desertex Resources Pty Ltd was deregistered during the year.

(b) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		*Income from Related Parties $'000*	*Interest expense to Related Parties $'000*	*Amounts Owed by Related parties $'000*	*Amounts Owed to Related parties (Loan) $'000*	*Interest Accrual to Related parties $'000*
Stone Resources (H.K.) Ltd (1)	2021	-	-	-	-	-
Stone Resources (H.K.) Ltd	2020	-	2,974,484	-	35,436,134	20,088,679
Great Cortex International Ltd (2)	2021	-	58,650	-	630,000	550,347
Great Cortex International Ltd	2020	-	58,811	-	630,000	491,697
Australia Stonefood Pty Ltd (3)	2021	96,065	-	-	-	-
Australia Stonefood Pty Ltd	2020	183,916	-	-	-	-

(1) $57,252,627 debt that the Company owed to its previous major shareholder and major debt provider (Stone Resources Limited ("SRL") and Stone Resources (HK) Limited ("SRHKL")), including interest expense, was cancelled upon completion of DECA on 18 November 2020. Both SRL and SRHKL are related parties by virtue of Mr. Yongji Duan, Non-Executive Chairman of the Company, being a director of SRL and SRHKL.

(2) Interest expense of $58,650 at 9.31% per annum was recorded for the year on a related party loan of $630,000 from Great Cortex International Limited (2020: $58,811) in which Mr. Yongji Duan was a director (Mr. Duan ceased to be a Director of Great Cortex before 30 June 2021). The Company has signed a settlement deed with Great Cortex to extend the repayment to 18 November 2023. Subject to full repayment of loan principal, all other expenses relating to this Loan including interest will be waived.

(3) Service fee income of $96,065 (net of GST) was derived for the provision of office space, motor vehicle and administration services to Australian Stonefood Pty Ltd during the financial year (2020: 183,916). Australian Stonefood Pty Ltd is a subsidiary of an entity in which Mr. Yongji Duan is a substantial shareholder. This arrangement was terminated as at 31 December 2020.

(c) Key management personnel

Details relating to key management personnel are included in Note 26.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 23: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2021 $	30 June 2020 $
Assets		
Current assets	1,033,266	11,299,176
Non-current assets	9,901,812	3,426,788
Total assets	10,935,078	14,725,964
Liabilities		
Current liabilities	1,721,347	61,062,322
Non-current liabilities	6,759,727	3,598,817
Total liabilities	8,481,074	64,661,139
Equity		
Issued capital	37,857,909	51,541,309
Accumulated losses	(40,933,470)	(101,485,330)
Reserves	5,396,622	8,846
Total equity	2,321,061	(49,935,175)

Financial performance

	30 June 2021 $	30 June 2020 $
Total profit and other comprehensive income for the year	60,551,860	(6,617,894)

Commitments and Contingencies of the parent entity

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

Reconciliation of Accumulated Losses

	30 June 2021 $	30 June 2020 $
Balance at beginning of financial year	(101,485,330)	(94,867,436)
Income for the year	60,551,860	(6,617,894)
Balance at end of financial year	(40,933,470)	(101,485,330)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 24: EVENTS AFTER THE BALANCE DATE

Drilling over the Company's Cork Tree Well project commenced from in the 3rd week of September 2021. This is the first drilling campaign since BTR completed recapitalisation in November 2020. It is expected that the results may assist in developing a revised Mineral Resource Estimate for the project and used to plan future exploration drilling at Cork Tree Well and surrounding areas.

On 27 September 2021, the Company signed a Call Option Deed with Stone Resources (HK) Limited (SRHKL), under which SRHKL agreed to grant BTR or its nominee an option to purchase the 3% net smelter royalty (NSR) which is applicable to a substantial portion of BTR's tenements holdings. This Call Option Deed is expected to be settled seven days after BTR's 2021 Annual General Meeting, however this may be as late as 31 March 2022 depending upon the nature of shareholder approval required. The exercise price of this Call Option is US$25 million, and the expiry is 5 calendar years since settlement date of this Call Option Deed. An Option Fee of $300,000 is payable to SRHKL on the settlement date. Both the exercise price, if exercised, and the Option Fee can be settled in cash and/or BTR shares at the discretion of the Board. SRHKL has no rights to compel or demand exercise of the Call Option. Purchase of part of the NSR is allowed by the Call Option.

On 27 September 2021, the Company also executed two Settlement Deeds in relation to an outstanding liability owing to Great Cortex International Limited ("Great Cortex") and amounts owed to its former Company Secretary Mr Tony Lau. Under the Settlement Deeds:

i. The Company will repay the loan principal of $630,000 in cash to Great Cortex on or before 18 November 2023. All related expenses and amounts owing, including accrued interest payments, will be waived once Brightstar meets its obligations under the Settlement Deed.

ii. A settlement sum of $300,000 will be paid to Mr Tony Lau, in cash and/or shares at the Company's discretion, on the earlier of seven days after BTR's 2021 Annual General Meeting or 7 December 2021.

iii. Mr Duan will step down from the Chairman role and remain on the Board as a Non-Executive Director. The deferred remuneration payment of $63,218 will be paid to Mr Duan in cash and/or shares at Brightstar's election on the same settlement date under Call Option Deed above.

i. All claims between the Parties relating to the past conduct of the Parties are settled in accordance with the terms of the Deeds.

ii. The DECA remains in force and effect.

On 28 September 2021, the Company signed a mandate with Canaccord Genuity (Australia) Limited to act as Lead Manager with regards to a placement. The placement is expected to be completed within the 1st week of October 2021.

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

NOTE 25: AUDITOR'S REMUNERATION

The auditor of Brightstar Resources Limited was changed from Deloitte Touché Tohmatsu to Pitcher Partners during the year.

		Consolidated	
		2021 $	2020 $
	Amounts paid and payable to Pitcher Partners BA&A Pty Ltd for:		
-	An audit or review of the financial report of the parent entity and any other entity in the group	39,500	-
-	Taxation services	8,000	-
		47,500	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 25: AUDITOR'S REMUNERATION (CONTINUED)

	Consolidated 2021 $	Consolidated 2020 $
Amounts paid and payable to Deloitte Touché Tohmatsu for:		
- An audit or review of the financial report of the parent entity and any other entity in the group	45,884	62,762
- Taxation services	14,700	13,402
	60,584	76,164

NOTE 26: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

William Hobba	Managing Director (*appointed on 3 December 2020, formerly Executive Director*)
Yongji Duan	Non-Executive Chairman
Josh Hunt	Non-Executive Director (*appointed on 18 November 2020*)
Yong Han	Executive Director (*resigned on 18 November 2020*)
Fang Lu	Executive Director (*resigned on 18 November 2020*)
Kaiye Shuai	Non-Executive Director (*resigned on 18 November 2020*)

(ii) Other Key Officer

Luke Wang	Company Secretary (*appointed on 19 July 2021, formerly Joint Company Secretary*)
Tony Lau	Joint Company Secretary (*resigned on 19 July 2021*)
Sheng Hui Lu	Deputy Executive Officer / Joint Company Secretary (*resigned on 24 November 2020*)

(b) Other transactions and balances with Key Management Personnel

Some Directors and executives hold positions within other entities which cause them to have control or exert significant influence over the financial or operating policies of those entities.

The following balances were payable at balance sheet date:

	Transaction	2021 $	2020 $
Directors			
Yongji Duan	Deferred remuneration payment (1)	56,841	25,833
William Hobba	Deferred remuneration payment (1)	28,133	9,600
Other Key Officer			
Tony Lau (2)	Deferred remuneration payment (1)	13,750	-

(1) Under mutual agreement, part payment of the remuneration has been deferred and will be settled in either cash or equity at the Company's discretion.

(2) Mr Lau resigned from the Joint Company Secretary role with effect from 19 July 2021. Outstanding remuneration was settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

NOTE 26: DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(c) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the year ended 30 June 2021.The totals of remuneration paid to key management personnel of the Company and the group during the year are as follows:

	2021 $	2020 $
Short term employee benefits	662,250	217,685
Post-employment benefits	18,909	10,375
Share-based payments	360,000	11,728
Deferred remuneration payment	63,292	35,433
Total key management personnel compensation	1,104,451	275,221

DIRECTORS' DECLARATION

1. In the opinion of the directors of Brightstar Resources Limited (the 'Company'):
   a. the accompanying financial statements, notes and the additional disclosures of the Group are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

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

William Hobba
Managing Director
Dated this 30th day of September, 2021

BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brightstar Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report for the year ended 30 June 2021 which indicates that the Group had cash and cash equivalents of $985,035 (2020: $335,205) and exploration commitments of $703,670. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491

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

Key Audit Matter	How our audit addressed the key audit matter
Deferred exploration and evaluation expenditure Refer to Note 1(f), 1(k) and 12 to the financial report.	
As at 30 June 2021, the Group held capitalised exploration and evaluation expenditure of $9,313,231. This included $5,819,012 transferred back from assets held for sale as at 30 June 2020. The carrying value of deferred exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require the deferred exploration and evaluation expenditure to be assessed for impairment involves a number of judgements including but not limited to: • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the relevant processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators. Examining the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure. Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the amount recognised as deferred exploration and evaluation assets is in accordance with AASB 6. Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures included within the financial report.

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

Share-based payments Refer to Note 1(f) and 18 and 19 to the financial report.	
During the year ended 30 June 2021, the Group has issued shares and options to advisors, suppliers, directors and employees, totalling $1,036,916. Under Australian Accounting Standards, equity settled awards for employees are measured at fair value of goods or services received, or on the measurement (grant) date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions. In calculating the fair value there are a number of judgements management must make, including but not limited to: • estimating expected future share price volatility; • expected dividend yield; and • risk-free rate of interest. Due to the significance to the Group's financial report and the level of judgment involved in determining the valuation of the share-based payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation. Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of volatility, expected dividend yield, risk-free rate, and other inputs, including, agreeing these to internal and external sources of information as appropriate. Assessing the adequacy of the disclosures included in the financial report.

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

Rehabilitation provision Refer to Note 1(1),1(s) and 16 to the financial report.	
The Group is liable to rehabilitate the environment disturbed by the historical operations at the Brightstar Beta Project. Rehabilitation activities are governed by a combination of legislative and licence requirements. At 30 June 2021, the consolidated statement of financial position included a provision for such obligations of $3,044,667. This was a key audit matter given the determination of this provision requires evaluating the key assumptions used by management and judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and the economic assumptions such as the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.	Our procedures included, amongst others: Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the estimation of costs and other inputs utilised within the rehabilitation estimate model. Obtaining the Group's assessment of its obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the rehabilitation provision calculations for the Brightstar Beta Project. Evaluating and testing key assumptions including economic assumptions through the performance of the following procedures: • considering the appropriateness of the qualifications and experience of the management consultant appointed as the preparer and an expert in his field • examining supporting information for significant changes in future costs estimates from the prior year • considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision Assessing the adequacy of the disclosures included in the financial report.

PITCHER PARTNERS

BRIGHTSTAR RESOURCES LIMITED
ABN 44 100 727 491

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

Treatment and impact of the Debt and Equity Compromise Agreement Refer to Note 15, 17, 18 and 19 to the financial report.	
On 16 March 2020, the Group entered into a Debt and Equity Compromise Agreement ("DECA") with Stone Resources Limited and its related entities ("SRL"). As a result of the DECA, the Group has recognised: - Forgiveness of $57,252,627 in debt owing to SRL - The buy-back and cancellation of 433,452,944 fully paid ordinary shares for total consideration of $11,400,000 payable in cash and via in-kind transfers of financial assets held by the Group. $5,400,000 of this total considered will also be paid in cash or through the issue of fully paid shares in the Group, at the Group's election by 10 August 2023. Due to the significance of the treatment and impact to the Group's financial report, we consider the DECA to be a key audit matter	Our procedures included, amongst others: Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the accounting treatment for the DECA. Examining and reviewing the relevant agreements entered into in order to implement the DECA. Reviewing and testing the accounting entries recorded in order to implement the DECA, including assessing if these are consistent with the relevant agreements AASB 132 and AASB 9. Considering the appropriateness of the effective interest rate applied to the amortised cost calculation for amounts payable under the share buy-back, and the mathematical accuracy of the excel model. Assessing the adequacy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Brightstar Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 30 September 2021

CORPORATE GOVERNANCE STATEMENT

The Company's charters, policies and procedures are regularly reviewed and updated to comply with law and best practice. These charters and policies as well as the Company's Corporate Governance Statement can be viewed on the Company's website located at www.brightstarresources.com.au. The Company is committed to applying the ASX Corporate Governance Council's Corporate Governance Principles (4^{th} Edition) (ASX Principles and Recommendations) and the Corporate Governance Statement discloses the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the financial year ended 30 June 2021.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not disclosed elsewhere in this report is set out below. This information is effective as at 1 October 2021.

Distribution of Shares

Range	Number of Holders	Securities Held
1 – 1,000	157	19,244
1,001 – 5,000	222	696,134
5,001 – 10,000	250	2,060,119
10,001 – 100,000	803	30,655,279
100,001 over	300	406,319,988
Rounding Total	1,732	439,750,764

There are 777 shareholders holding unmarketable parcels represented by 4,722,179 shares.

Top 20 Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
Ms Sandra Wheeler	68,727,775	15.63
Mr Yongji Duan	31,449,497	7.15
Chen Yingliu	30,303,030	6.89
Mr Lieven Bert Frans Bouckaert + Mrs Priscilla Lee Bouckaert	23,855,118	5.42
Scorpius Holdings Pty Ltd <Twigger Family A/C>	15,040,000	3.42
Mr Yong Han	13,908,219	3.16
HSBC Custody Nominees (Australia) Limited	10,740,384	2.44
Mr Guofu Zu	8,256,201	1.88
Mr Kaiye Shuai	7,351,035	1.67
Citywest Corp Pty Ltd <Copulos Sunshine Unit A/C>	6,273,221	1.43
Ms Esma Eileen Barker	5,762,938	1.31
Mr Wenhua Shan	5,000,400	1.14
Mr Wayne Richard Lonergan (LDS Account)	4,765,624	1.08
Mr Quansheng Wang	4,501,591	1.02
Mr Yongqi Jing	4,500,591	1.02
Mrs Linda Teresa Hotker + Mr Wayne David Hotker	4,408,333	1.00
Mr Sheng Hui Lu	4,175,178	0.95
Mr Ianaki Semerdziev	3,500,000	0.80
NYG Pty Ptd <JNH Law Fund A/C>	3,150,000	0.72
Citicorp Nominees Pty Limited	3,054,683	0.69
Total Top 20 Holders	258,723,818	58.83
Total Remaining Holders	181,026,946	41.17
Total Ordinary Shares on Issue	**439,750,764**	**100.00**

Substantial Shareholders

Shareholder	Shares Held	% of Issued Capital
Ms Sandra Wheeler	68,727,775	15.63
Mr Yongji Duan	31,449,497	7.15
Chen Yingliu	30,303,030	6.89
Mr Lieven Bert Frans Bouckaert + Mrs Priscilla Lee Bouckaert	23,855,118	5.42

ASX ADDITIONAL INFORMAITON (Continued)

Voting Rights

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

On-Market Buy-Back

There is no current on-market buy-back.

Restricted Securities

At the end of the financial year there were no ordinary fully paid shares subject to restriction agreements.

Unquoted Securities

The number of equity securities that are on issue and the number of holders for each class of unquoted equity securities are as follows:

Unlisted Options	Number of Holders	Substantial Holders
15000,000 Unlisted options expiring on 09/04/2023 @ $0.01	1	Scorprius Holdings Pty Ltd <Twigger Family A/C>
4,000,000 Unlisted options expiring on 31/12/2023 @ $0.06	1	CG Nominees (Australia) Pty Ltd
4,000,000 Unlisted options expiring on 31/12/2023 @ $0.08	1	CG Nominees (Australia) Pty Ltd
4,000,000 Unlisted options expiring on 31/12/2023 @ $0.10	1	CG Nominees (Australia) Pty Ltd
1,000,000 Unlisted options expiring on 12/02/2024 @ $0.10	1	Mining Equities Pty Ltd
5,000,000 Unlisted options expiring on 22/06/2024 @ $0.045	1	PCF Capital Pty Ltd

ASX ADDITIONAL INFORMAITON (Continued)

Tenement Schedule as at 1 October 2021

Reporting Group	Lease	Status	Lease Manager	Total Shares
Brightstar (South Laverton)	M38/968	Granted	Desert Exploration Pty Ltd	100
	M38/1056	Granted	Brightstar Resources Limited	100
	M38/1057	Granted	Brightstar Resources Limited	100
	M38/1058	Granted	Brightstar Resources Limited	100
	M38/9	Granted	Brightstar Resources Limited	100
	E38/2316	Granted	Brightstar Resources Limited	100
	E38/2364	Granted	Brightstar Resources Limited	100
	E38/2365	Granted	Brightstar Resources Limited	100
	E38/2411	Granted	Brightstar Resources Limited	100
	E38/3034	Granted	Brightstar Resources Limited	100
	E38/3108	Granted	Brightstar Resources Limited	100
	E38/3293	Granted	Brightstar Resources Limited	100
	E38/3331	Granted	Brightstar Resources Limited	100
	E38/3438	Granted	Brightstar Resources Limited	100
	M38/241	Granted	Brightstar Resources Limited	100
	M38/549	Granted	Brightstar Resources Limited	100
	M38/984	Granted	Brightstar Resources Limited	100
	P38/4377	Granted	Brightstar Resources Limited	100
	P38/4385	Granted	Brightstar Resources Limited	100
	P38/4431	Granted	Brightstar Resources Limited	100
	P38/4432	Granted	Brightstar Resources Limited	100
	P38/4433	Granted	Brightstar Resources Limited	100
	P38/4444	Granted	Brightstar Resources Limited	100
	P38/4445	Granted	Brightstar Resources Limited	100
	P38/4446	Granted	Brightstar Resources Limited	100
	P38/4447	Granted	Brightstar Resources Limited	100
	P38/4448	Granted	Brightstar Resources Limited	100
	P38/4449	Granted	Brightstar Resources Limited	100
	P38/4450	Granted	Brightstar Resources Limited	100
	P38/4508	Granted	Brightstar Resources Limited	100
Brightstar North (North Laverton)	E38/2452	Granted	Brightstar Resources Limited	100
	E38/2894	Granted	Brightstar Resources Limited	100
	M38/346	Granted	Brightstar Resources Limited	100
	M38/917	Granted	Brightstar Resources Limited	100
	M38/918	Granted	Brightstar Resources Limited	100
	P38/4108	Granted	Brightstar Resources Limited	100
	E38/3198	Granted	Brightstar Resources Limited	100
Standalone (Laverton)	E38/2233	Granted	Brightstar Resources Limited	100

ASX ADDITIONAL INFORMAITON (Continued)

Tenement Schedule as at 1 October 2021

Reporting Group	Lease	Status	Lease Manager	Total Shares
Hawks Nest (West Laverton)	M38/94	Granted	Brightstar Resources Limited	100
	M38/95	Granted	Brightstar Resources Limited	100
	M38/314	Granted	Brightstar Resources Limited	100
	M38/381	Granted	Brightstar Resources Limited	100
Miscellaneous Licences	L38/100	Granted	Brightstar Resources Limited	100
	L38/123	Granted	Brightstar Resources Limited	100
	L38/168	Granted	Brightstar Resources Limited	100
	L38/169	Granted	Brightstar Resources Limited	100
	L38/171	Granted	Brightstar Resources Limited	100
	L38/185	Granted	Brightstar Resources Limited	100
	L38/188	Granted	Brightstar Resources Limited	100
	L38/154	Granted	Brightstar Resources Limited	100
	L38/205	Granted	Brightstar Resources Limited	100

* Transfer of Tenement E38/3279 is underway as of 1 October 2021.

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