Brightstar Resources Limited

ABN 44 100 727 491

Interim Financial Report
31 December 2021

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DIRECTORS' REPORT

Your directors submit the financial report of Brightstar Resources Limited and its subsidiaries ("the Group" or "BTR") for the half-year ended 31 December 2021 (the "interim period"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Yongji Duan	Non-Executive Chairman
William Hobba	Managing Director
Josh Hunt	Non-Executive Director

Other Key Officer

Luke Wang	Company Secretary
Tony Lau	Joint Company Secretary (Resigned 19 July 2021)

Review of Operations

The consolidated net loss after tax of the Group for the interim period was $2,094,350 (31 December 2020: $59,627,364 profit).

Corporate

On 27 September 2021, the Group signed a Call Option Deed with Stone Resources (HK) Limited (SRHKL), under which SRHKL agreed to grant the Group or its nominee an option to purchase the 3% net smelter royalty (NSR) which is applicable to a substantial portion of the Group's tenements holdings.

This Call Option Deed was expected to be settled seven days after the Group's 2021 Annual General Meeting, however the Group is still working through the requirements of shareholder approval. It is envisaged this process will be resolved prior to 30 June 2022. 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 Group 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. It is anticipated that Mr Duan will step down as Chairman upon settlement date.
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.

The Group issued 5,172,414 shares to Mr Tony Lau as part payment under the Settlement Deed, with a further $150,000 paid in cash to Mr Tony Lau during the period, after receiving approval at the Group's Annual General Meeting ("AGM") held on 29 November 2021.

On 8 October 2021, the Group completed a placement of approximately 87 million fully paid ordinary shares in order to raise $2.3 million (before costs). The funds raised were to support the Group's exploration activities including recently completed RC drilling program at Cork Tree Well, as well as further exploration programs at its Laverton Project and working capital.

On 25 October 2021, the Group acquired two prospective exploration licences from Milford Resources Pty Ltd, collectively known as "Comet Well". The purpose of the acquisition was to obtain tenure over ground adjacent and contiguous to

Brightstar's existing exploration licences at Alpha and Beta. Under the terms of the acquisition, the Group paid consideration of:

- $50,000 in cash;
- 15,000,000 fully paid ordinary shares in the Group, prices at the 10 day VWAP prior to the date of the agreement;
- 20,000,000 unlisted options exercisable at $0.05 each with an expiry date of 31 December 2024; and
- A 1% NSR over Comet Well.

The above mentioned fully paid ordinary shares and unlisted options were issued after receiving approval at the Group's AGM.

As approved at the Group's AGM, 2,200,000 Service Options were issued to two employees in recognition of their long term service and commitment to the Group. Service Options vested immediately and were for a 3 year term, with an exercise price of $0.05 per instrument.

At the end of the half-year the Group had $1,731,607 (30 June 2021: $985,035) in cash and cash equivalents. The Group had also Capitalised exploration, evaluation and development expenditure of $12,499,575 (30 June 2021: $9,313,231).

Exploration

M38/346 Cork Tree Well (CTW)

90 RC hole program designed and implemented for both confirmation and extension of grade model for JORC compliant Resource at CTW. Drilled between September and November 2021 (See Figure 1). This program tested the CTW mineralisation below the two existing pits as well as north along strike of previous anomalous intersections towards the old A1 "Delta" target.

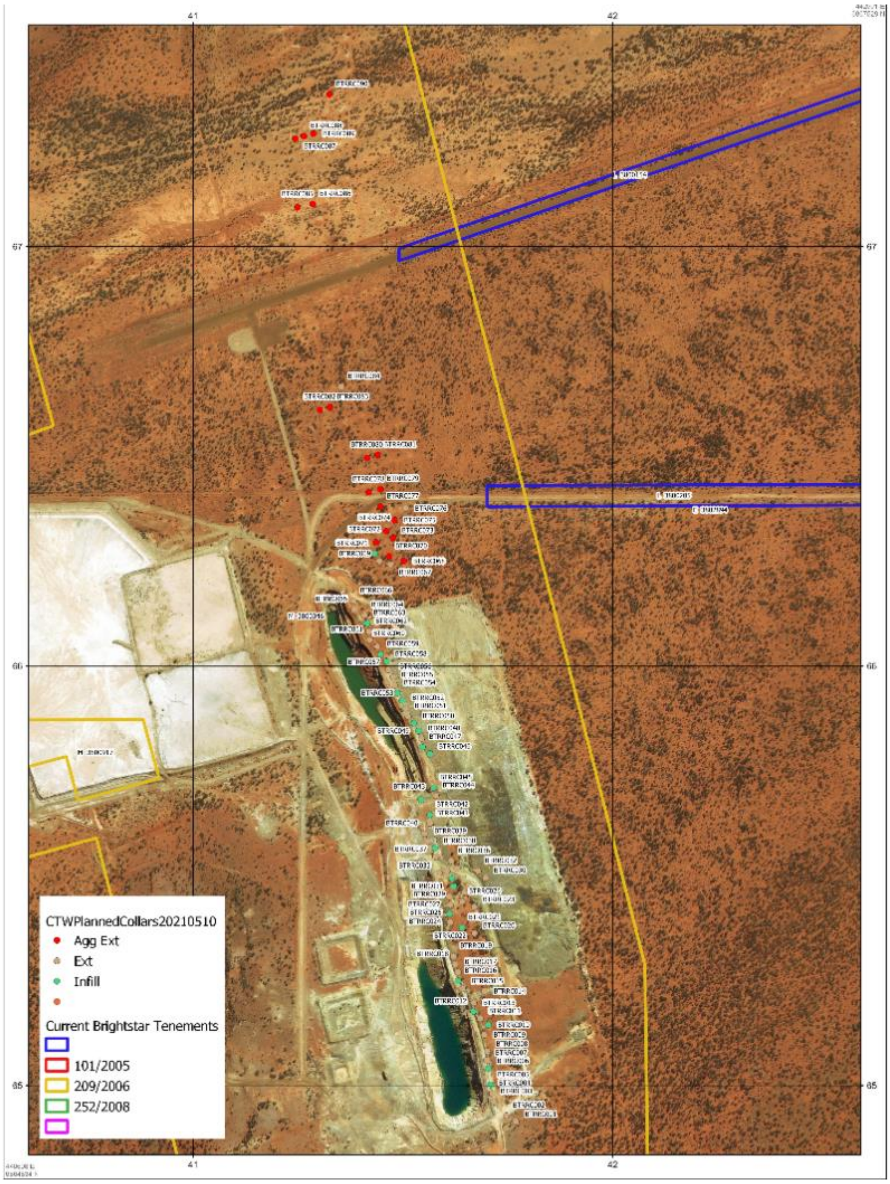

Figure 1: Drill Hole Locations for CTW RC 2021 Program.

Results from this program were generally in line with expectations or slightly higher in grade (See Table 1). Where the mineralisation was anticipated from the previous model these drillholes intersected similar widths and metal tenor (See Figure 2, Figure 3 & Figure 4). This has greatly improved confidence in the original interpretation and in continuity of grade over the deposit.

More RC and some diamond drilling is planned for the project in 2022 including both resource growth (extensional) and exploration (additional) holes to simultaneously grow the current resource (north along strike and down-dip) and look for opportunities for new discoveries in the package.

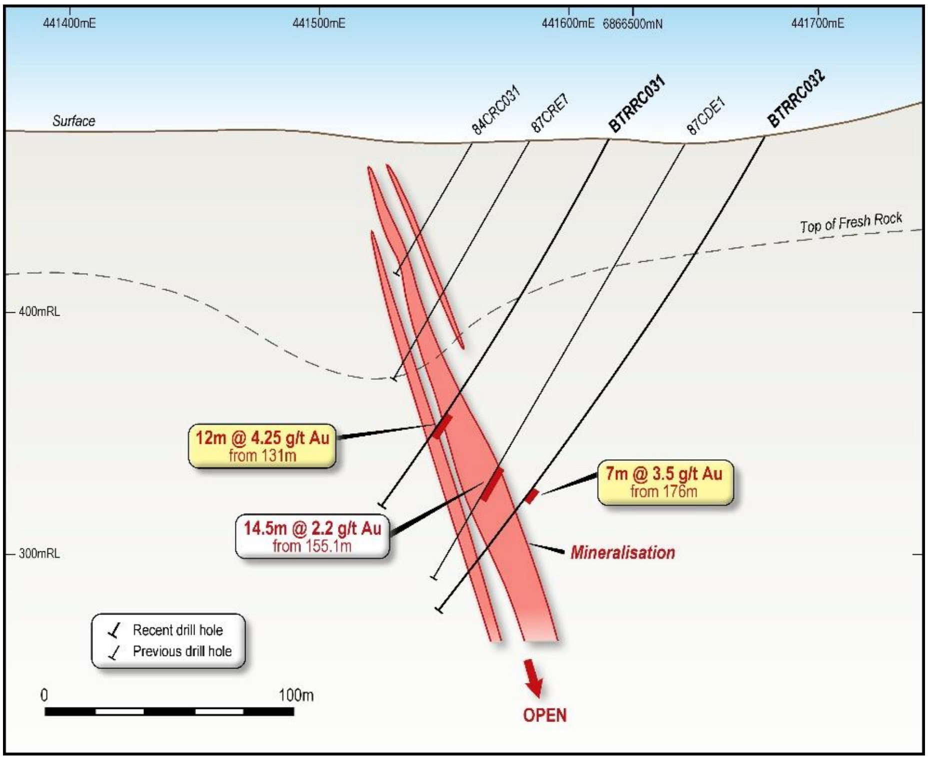

Figure 2: BTRRC031 and BTRRC032 show improved grades.

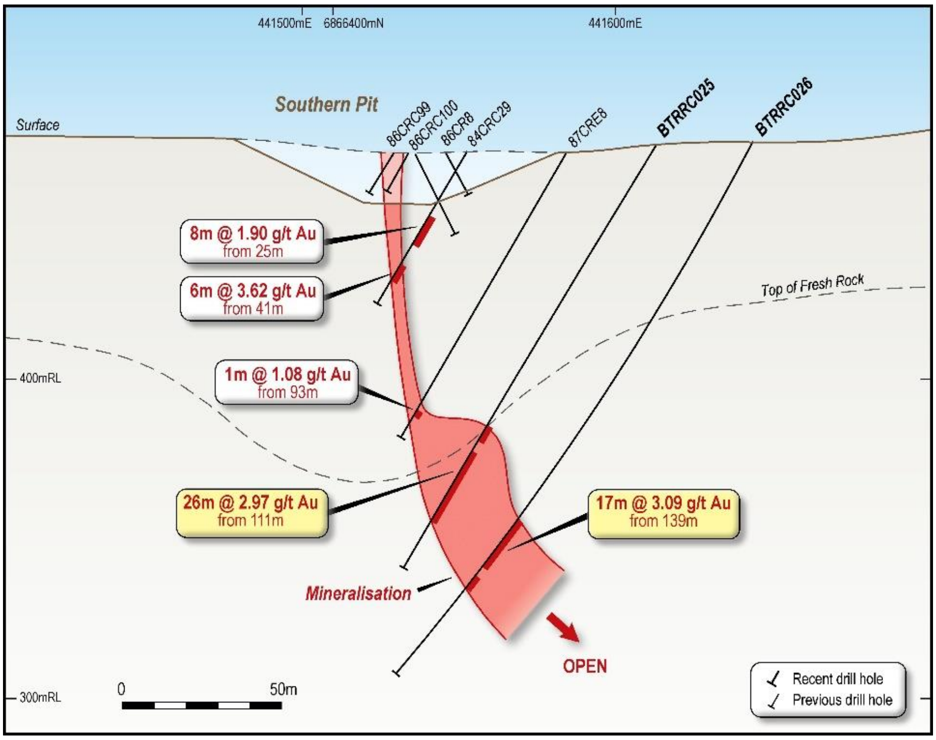

Figure 3: BTRRC025 and BTRRC026 show down-dip improvement in deposit width.

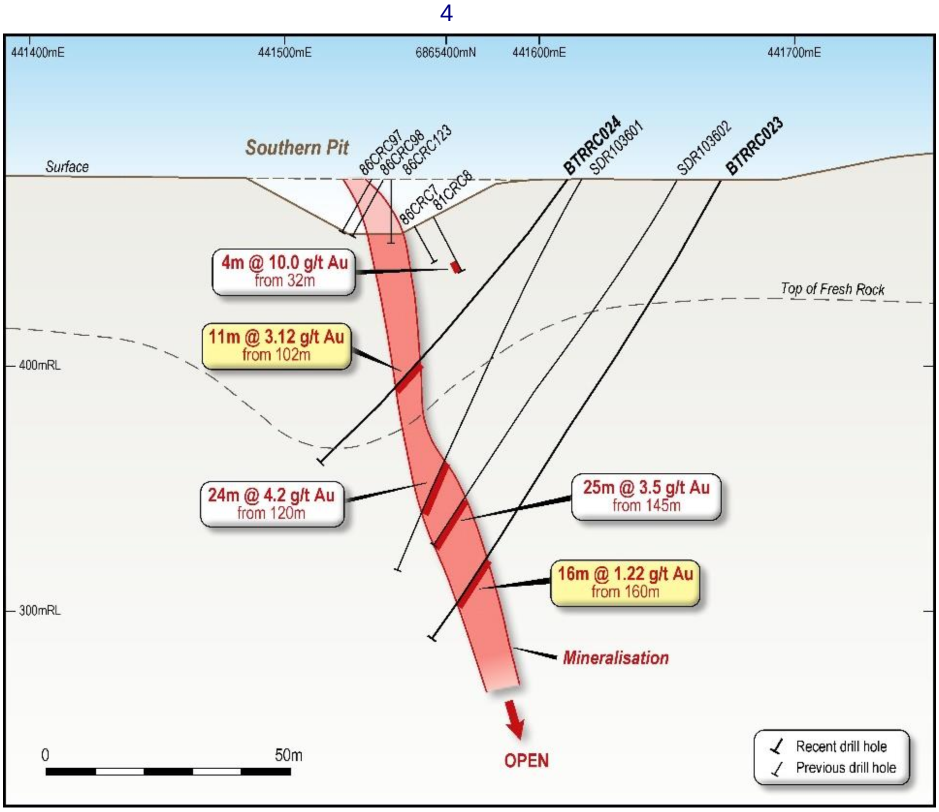

Figure 4: BTRRC023 and BTRRC024 show consistent width and grades and still open down-dip.

Table 1: Top 20 intersections from CTW RC Drill Program 2021.

Hole Number	From (m)	To (m)	Width (m)	Grade (g/t)
BTRRC025	111	137	26	2.97
BTRRC026	139	156	17	3.09
BTRRC022	112	128	16	3.26
BTRRC031	131	143	12	4.25
BTRRC028	157	169	12	3.47
BTRRC075	96	98	2	16.84
BTRRC072	29	35	6	5.56
BTRRC024	102	113	11	2.86
BTRRC074	70	75	5	5.01
BTRRC032	176	183	7	3.5
BTRRC081	58	65	7	3.03
BTRRC041	40	48	8	2.65
BTRRC072	23	24	1	20.32
BTRRC021	133	145	12	1.69
BTRRC029	130	137	7	2.84
BTRRC023	160	176	16	1.22
BTRRC069	42	47	5	3.69
BTRRC083	69	76	7	2.28
BTRRC081	68	74	6	2.6
BTRRC034	111	118	7	2.21

M38/94 & M38/95 Hawks Nest

An extensive collation and review of historic data and interpretation of the various remote sensing datasets undertaken by third party contractor to ensure all historic information has been identified and any digital data is available for further exploration planning. Non-digital data also identified and may be digitised if determined to be of use. Surface geochemical survey recommended.

P38/4377 & P38/4385

Previous work collated and reviewed during the period however no physical activity undertaken. A review of the regolith and digitising of historic drill results is required to determine the next appropriate exploration step. While the rock-chip sampling on P38/4385 is likely to be effective test of a very localised anomaly (See Figure 5) the lack of outcrop throughout the rest of that lease and P38/4377 means this technique has limited application. It is difficult to determine if the previous surface geochemistry (MMI) has been effective in this environment and the lack of drilling has meant that significant parts of the tenure have probably not been properly tested (See Figure 6). Surface geochemistry or auger sampling recommended.

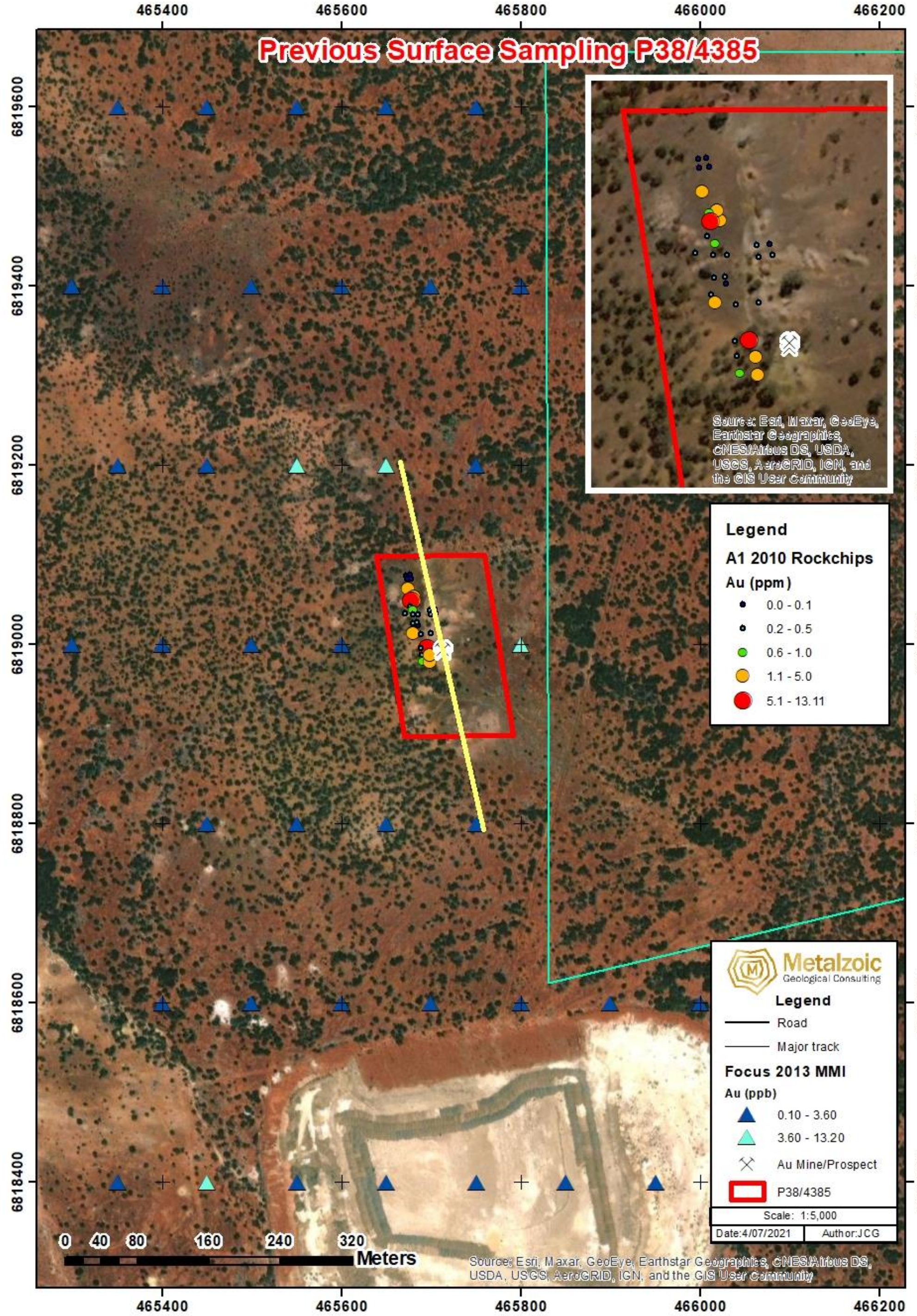

Figure 5: Surface Geochemistry on P38/4385.

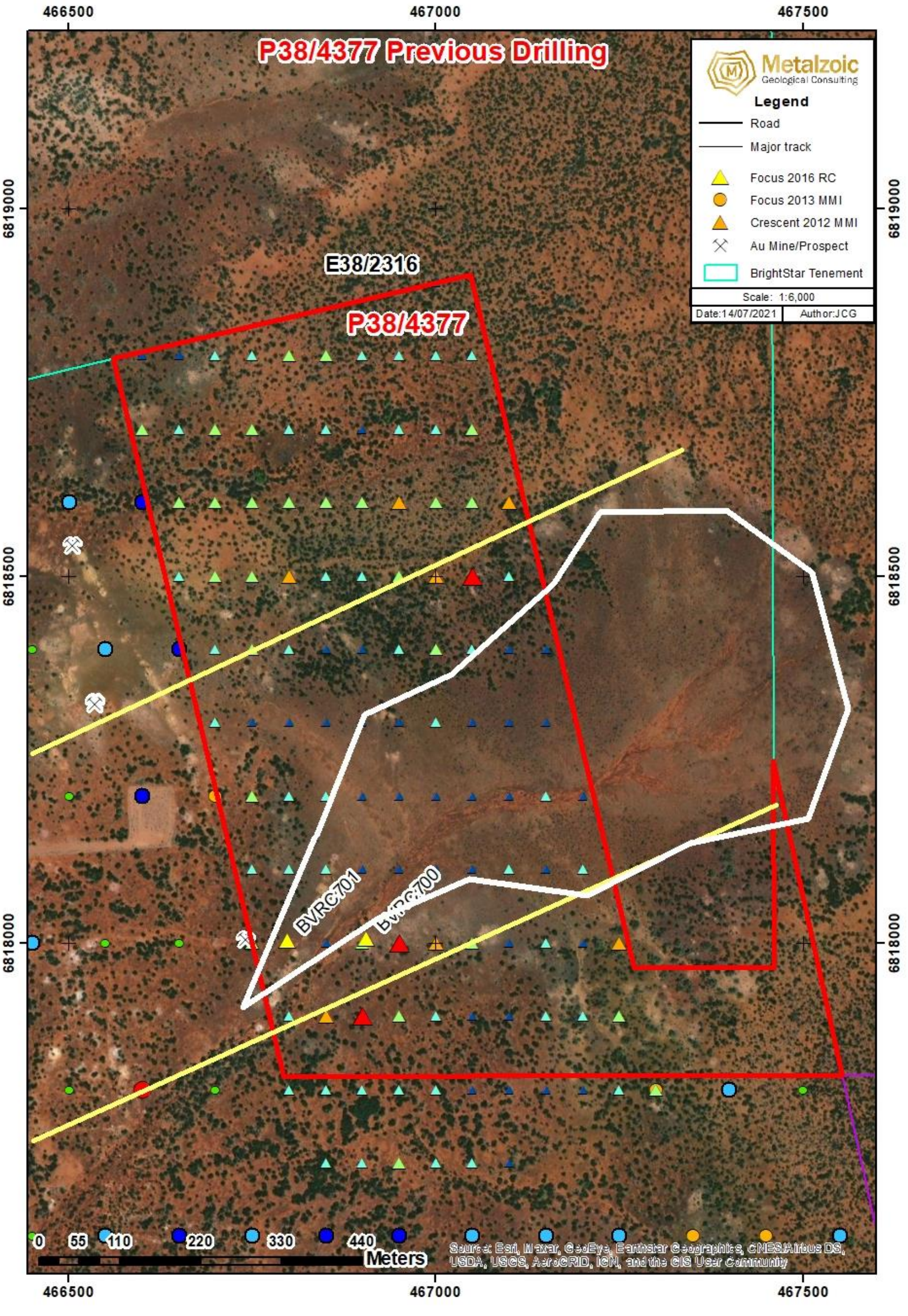

Figure 6: MMI and RC Drillholes on P38/4377.

P38/4431 & P38/4509

Third party contractor collated and reviewed previous exploration datasets during the period however no physical activity undertaken. Due to the potential for surface geochemical sampling to be ineffective in these areas the historic surface geochemical results (MMI and BLEG) are only used to guide potential subsurface testing (See Figure 7). No previous drilling reported on these leases. This project needs subsurface testing to determine if surface geochemical results are being influenced by hardpans or depleted in situ regolith.

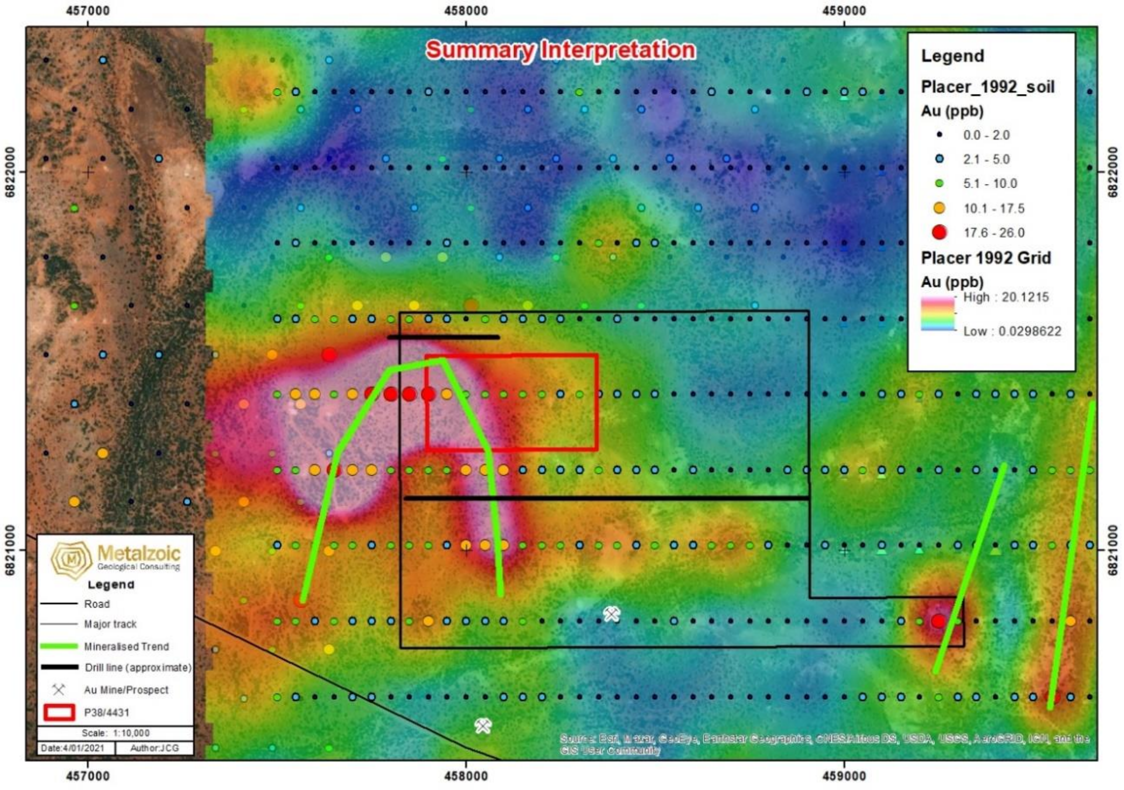

Figure 7: P38/4431 Surface Geochemistry Summary

P38/4432 & P38/4433

Previous work collated and reviewed during the period however no physical activity undertaken. A review of the regolith and digitising of historic drill results is required to determine the next appropriate exploration step. Area mainly sub crop so should be amenable to auger or AC work. P38/4433 also has a string of workings on it called the Sailor Prince project (See Figure 8) 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.

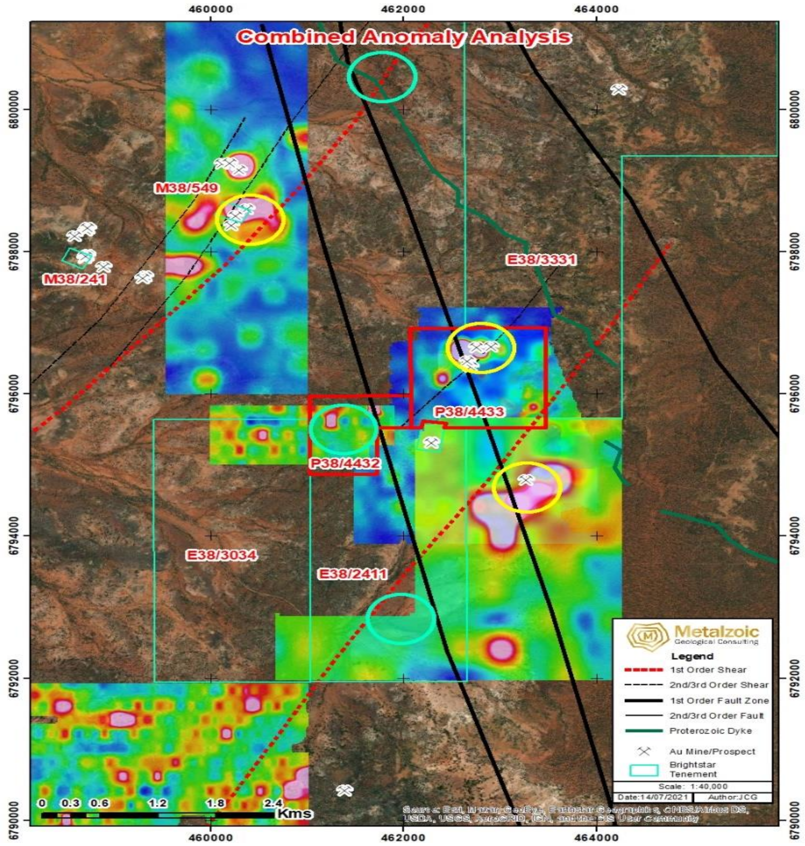

Figure 8: Combined Anomaly Map of P38/4432 & P38/4433.

Significant events after balance date

On 7 March 2022, the Group acquired a strategic land holding at Cork Tree Well. The Group acquired a prospective exploration licence (E38/3434) for cash consideration of $10,000.

On 16 March 2022, the Group advised it had received firm commitments from sophisticated investors to subscribe for a placement of 100,000,000 fully paid ordinary shares at an issue price of $0.025 per share to raise gross proceeds of $2,500,000 before costs.

There were no other matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporation Act 2001 in relation to the review for the interim period is provided with this report.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors:

William Hobba
Managing Director
16 March 2022

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF BRIGHTSTAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 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, 16 March 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	Consolidated 31 December 2021 $	31 December 2020 $
Other income	2	**150,304**	63,449,684
Mine site expenses		**(172,966)**	(141,525)
Exploration expenditure		**(265,679)**	(14,067)
Depreciation and amortisation expense		**(197,224)**	(189,351)
Impairment expense	4	**(46,675)**	(21,746)
Fair value loss on other financial assets		**-**	(972,975)
Finance costs	2	**(388,517)**	(1,280,600)
Administration expenses		**(89,782)**	(417,015)
Consulting expenses		**(30,000)**	(399,472)
Employee expenses	2	**(616,437)**	(276,898)
Other expenses		**(437,374)**	(108,671)
(Loss)/profit before income tax		**(2,094,350)**	59,627,364
Income tax		**-**	-
Net (loss)/profit for the period		**(2,094,350)**	59,627,364
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive (loss)/income for the period		**(2,094,350)**	59,627,364
Basic earnings/(loss) per share (cents per share)		**(0.43)**	8.04
Diluted earnings/(loss) per share (cents per share)		**(0.43)**	7.93

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	Consolidated 31 December 2021 $	30 June 2021 $
Assets			
Current Assets			
Cash and cash equivalents		**1,731,608**	985,036
Trade and other receivables		**4,033**	179
Other financial assets		**25,000**	25,000
Other current assets		**71,824**	23,051
Total Current Assets		**1,832,465**	1,033,266
Non-Current Assets			
Property, plant and equipment		**275,489**	454,899
Right-of-use asset		**5,429**	13,574
Deferred evaluation and exploration expenditure	4	**12,499,575**	9,313,231
Total Non-Current Assets		**12,780,493**	9,781,704
Total Assets		**14,612,958**	10,814,970
Liabilities			
Current Liabilities			
Trade and other payables	5	**2,679,406**	962,968
Lease liabilities		**6,016**	15,639
Borrowings	7	**-**	630,000
Provisions	6	**136,629**	112,740
Total Current Liabilities		**2,822,051**	1,721,347
Non-Current Liabilities			
Borrowings	7	**529,093**	-
Provisions	6	**3,044,667**	3,044,667
Other financial liabilities	8	**4,061,902**	3,715,060
Total Non-Current Liabilities		**7,635,662**	6,759,727
Total Liabilities		**10,457,713**	8,481,074
Net Assets		**4,155,245**	2,333,896
Equity			
Issued capital	9	**40,904,388**	37,857,909
Accumulated losses		**(43,014,985)**	(40,920,635)
Reserves	10	**6,265,842**	5,396,622
Total Equity		**4,155,245**	2,333,896

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance at 1 July 2020	51,541,309	(101,472,495)	8,846	(49,922,340)
Profit for the period	-	59,627,364	-	59,627,364
Total comprehensive loss for the period	-	59,627,364	-	59,627,364
Share issued during the year	359,850	-	-	359,850
Share buy-back during the year	(14,243,250)	-	-	(14,243,250)
Transaction costs on issue of shares	(3,316)	-	-	(3,316)
Share-based payments	-	-	185,815	185,815
Ordinary share buy-back and cancellation	-	-	4,910,710	4,910,710
Balance at 31 December 2020	**37,654,593**	**(41,845,131)**	**5,105,371**	**914,833**
Balance at 1 July 2021	37,857,909	(40,920,635)	5,396,622	2,333,896
Loss for the period	-	(2,094,350)	-	(2,094,350)
Total comprehensive loss for the period	-	(2,094,350)	-	(2,094,350)
Shares issued during the year	3,187,318	-		3,187,318
Transaction costs on issue of shares	(140,839)	-	-	(140,839)
Share-based payments	-	-	869,220	869,220
Balance at 31 December 2021	**40,904,388**	**(43,014,985)**	**6,265,842**	**4,155,245**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated	
	31 December 2021 $	31 December 2020 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	**-**	123,990
Payments to suppliers and employees	**(873,502)**	(315,422)
Dividends received	**-**	105,867
Interest received	**257**	589
Interest on lease liabilities	**(275)**	(947)
Government grants received	**-**	50,000
Net cash outflow from operating activities	**(873,520)**	(35,923)
Cash flows from investing activities		
Proceeds from sale other financial assets	**-**	2,795,029
Proceeds from sale of property, plant and equipment	**-**	8,000
Proceeds from sale of exploration assets	**-**	250,000
Payments for property, plant and equipment	**(9,669)**	(4,745)
Payments for exploration and evaluation expenditure	**(517,880)**	(479,158)
Payments for acquisition of exploration assets	**(50,000)**	-
Net cash inflow/(outflow) from investing activities	**(577,549)**	2,569,126
Cash flows from financing activities		
Repayment of lease liabilities	**(8,838)**	(8,166)
Payments for share buy-back and cancellation	**-**	(2,239,864)
Proceeds from capital raising	**2,206,479**	-
Net cash (outflow)/inflow from financing activities	**2,197,641**	(2,248,030)
Net increase/(decrease) in cash and cash equivalents	**746,572**	285,173
Cash and cash equivalents at the beginning of the period	**985,036**	50,032
Cash and cash equivalents at the end of the period	**1,731,608**	335,205

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report ("half-year financial report") does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Brightstar Resources Limited (the Company) during the half-year ended 31 December 2021 ("interim period") in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This half-year financial report covers the Company and its controlled entities as a consolidated entity (the Group). Brightstar Resources Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 3/25 Belgravia Street, Belmont WA 6104. The Company is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation

This half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

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

Except as disclosed in Note 1(b), the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2021.

(b) Summary of the significant accounting policies

Impact of New and Amended Accounting Standards and Interpretations

The Group has adopted all of the new and amended Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group and effective for the current reporting period. The Group has considered the implications of new and amended Accounting Standards and has determined that their application to the financial statements is either not relevant or not material.

(c) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

(d) Going Concern Basis

The half-year 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 loss of $2,094,350 (31 December 2020: $59,627,364 profit) and cash inflows from operating and investing activities of $1,324,121 (31 December 2020: inflows of $2,533,203) for the reporting period. As at 31 December 2021, the Group had a cash balance of $1,731,607 (30 June 2021: $985,035) and had net assets of $4,155,245 (30 June 2021: $2,333,896) and current exploration expenditure commitments of $738,720

The Group's cash flow forecasts through to 31 March 2023 reflect that the Group will be required to raise additional working capital during this period to enable it to meet its committed administration, exploration and operational expenditure over this period.

Subsequent to the interim period end, on 16 March 2022 the Group advised it had received firm commitments from sophisticated investors to subscribe for a placement of 100,000,000 fully paid ordinary shares at an issue price of $0.025 per share to raise gross proceeds of $2,500,000 before costs. It is expected that this placement will be completed before 31 March 2022. The Directors are satisfied that the Group will be able to secure additional working capital as required via one or a combination of, a placement of shares, option conversions, rights issues, or joint venture arrangements or sale of certain assets. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

In the event the Group is unable to raise additional working capital to meet the Group's ongoing operational and exploration commitments as and when required, there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(e) Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

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 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 2022. They will first be 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.

AASB 2021-2 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.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2021 $	31 December 2020 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year		
(a) Other income		
Bank interest	104	276
Shared service income	-	96,065
Gain from sale of other financial assets	-	33,515
Gain from sale of non-current assets	-	7,912
Gain from sale of exploration assets	-	5,872,106
Debt forgiven	-	57,252,627
Creditor Written-Off	36,675	-
Dividends	-	105,867
Government grants	-	50,000
Other	-	31,316
Gain on modification of borrowings (Note 7)	113,525	-
	150,304	63,449,684
(b) Finance costs		
Interest expenses	29,057	1,210,357
Unwind of discount – financial liability (refer to Note 8)	346,842	70,243
Unwind of discount – borrowings (refer to Note 7)	12,618	-
	388,517	1,280,600
(c) Share-based payments are included within:		
Administration expenses	-	59,850
Employee benefits expense (refer to Note 9 & 10)	237,626	300,000
Consulting expenses	-	427,066
	237,626	786,916

NOTE 3: 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, it has aggregated all operating segments into the one reportable segment being mineral exploration.

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 4: DEFERRED EVALUATION AND EXPLORATION EXPENDITURE

	Consolidated	
	31 December 2021 $	30 June 2021 $
Costs carried forward in respect of:		
Evaluation and exploration expenditure		
Balance at beginning of period	9,313,231	2,686,636
Expenditure incurred	1,821,964	621,887
Exploration written off	(110,540)	(32,220)
Impairment of Beta and Alpha mines (1)	(46,675)	(32,084)
Tenements transferred from/(to) held-for-sale (2)	-	5,819,012
Acquisition of new tenement (3)	1,521,594	250,000
Balance at end of period	12,499,574	9,313,231

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.

(1) 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.

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

(3) 30 June 2021 year acquisition - 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.

31 December 2021 interim period acquisition - As announced on 25 October 2021, the Group acquired a two prospective exploration licences within Western Australia, collectively known as “Comet Well”, from Milford Resources Pty Ltd. The purpose of the acquisition was to obtain tenure over ground adjacent and contiguous to Brightstar’s existing exploration licences at Alpha and Beta.

Under the terms of the acquisition, the Group paid total consideration of $1,521,594, consisting of:

- $50,000 in cash;
- 15,000,000 fully paid ordinary shares in the Group, prices at the 10 day VWAP prior to the date of the agreement, valued at $690,000 based on a 10 day VWAP of $0.046 per share (Note 9);
- 20,000,000 unlisted options exercisable at $0.05 each with an expiry date of 31 December 2024, valued at $781,594 utilising a Black-Scholes (Note 10); and
- A 1% NSR over Comet Well. No value has been placed on this NSR as the amount is unable to be reliably estimate, given the early stage of exploration at Comet Well

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 5: TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021 $	30 June 2021 $
Trade payables (1)	1,527,407	178,001
Other payables and accruals (2)	1,151,999	784,967
	2,679,406	962,968

(1) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(2) Other payables include

- $579,913 interest accrued on borrowings. This amount is expected to be waived upon repayment of the principal amount owing to Great Cortex International Ltd as per the deed of settlement entered into on 27 September 2021. Refer to Note 7 for further information.
- $104,103 outstanding and payable to Directors 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.
- $300,000 Call Option Fee payable to Stone Resources (HK) Limited (SRHKL). On 27 September 2021, the Group signed a Call Option Deed with SRHKL, under which SRHKL agreed to grant the Group or its nominee an option to purchase the 3% net smelter royalty (NSR) which is applicable to a substantial portion of the Group's tenements holdings.

  This Call Option Deed was expected to be settled seven days after the Group's 2021 Annual General Meeting, however the Group is still working through the requirements of shareholder approval. It is envisaged this process will be resolved prior to 30 June 2022. 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.

  The Call 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.

NOTE 6: PROVISIONS

	Rehabilitation $	Employee benefits $	Total $
At 30 June 2021			
Current	-	112,740	112,740
Non-current	3,044,667	-	3,044,667
	3,044,667	112,740	3,694,310
At 31 December 2021			
Current	-	136,629	136,629
Non-current	3,044,667	-	3,044,667
	3,044,667	136,629	3,181,296

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 interim period and annual reporting year end.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 6: PROVISIONS (continued)

Reconciliation of movement in provision for rehabilitation:

	Consolidated	
	31 December 2021 $	30 June 2021 $
Balance at beginning of the period/financial year	3,044,667	3,583,061
Addition	-	-
Utilised	-	-
Transferred from/(to) Liabilities held for sale	-	2,495,400
Adjustment based on reassessment	-	(3,033,794)
Balance at end of the period/financial year end	3,044,667	3,044,667

NOTE 7: BORROWINGS

	Consolidated	
	31 December 2021 $	30 June 2021 $
Current	-	630,000
Non-current	529,093	-
	529,093	630,000

Reconciliation of movement in borrowings:

	Consolidated	
	31 December 2021 $	30 June 2021 $
Opening balance	630,000	630,000
Repayment (1)	(630,000)	
Recognise new liability at fair value on date of modification (1)	516,475	-
Unwind of discount (1)	12,618	-
	529,093	630,000

(1) Great Cortex International Ltd (Cortex) provided a loan of AUD$630,000 which has been accruing interest at 9.31% per annum since February 2012.

On 27 September 2021 the Company entered a settlement deed with Cortex ("Cortex Settlement Deed"), agreeing to pay AUD$630,000 on or before 18 November 2023. Subject to full payment of the AUD$630,000, the original loan agreement which was executed in September 2012 will be terminated, and all liabilities under that loan agreement including interest accrued will be deemed to have been discharged.

The Cortex Settlement Deed was accounted for as a substantial modification under Australian Accounting Standards. Accordingly the Group de-recognised the existing liability as at the date of the as non-current, and revalued the liability at its fair value on the date of the modification. This liability has then been subsequently measured at amortised cost.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: OTHER FINANCIAL LIABILITIES

	Consolidated	
	31 December 2021 $	30 June 2021 $
Amounts payable under share buy-back (1)	4,061,902	3,715,060
	4,061,902	3,715,060

(1) Upon completion of Debt and Equity Compromise Agreement (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, at the Company's election, by 10 August 2023. As at this date, and 31 December 2021, the remaining buy-back consideration represents a financial instrument measured at fair value on day one, then subsequently at amortised cost.

In the 30 June 2021 financial year, at initial recognition with no influence over whether shareholders would approve the issue of shares, the Group valued the liability portion at $3,332,540 (measured first) at fair value, with no value being attributed to the equity component. The remaining liability was initially accounted for in the prior year at fair value and has subsequently been measured at amortised cost.

NOTE 9: ISSUED CAPITAL

	Consolidated	
	31 December 2021 $	30 June 2021 $
Ordinary shares		
Issued and fully paid	40,904,388	37,857,909

	Consolidated		Consolidated	
	31 December 2021 No.	31 December 2021 $	30 June 2021 No.	30 June 2021 $
Movements in ordinary shares on issue				
Balance at beginning of period	439,750,764	37,857,909	836,053,708	51,541,309
Share issues (1)(2)(3)	107,110,105	3,187,318	37,150,000	559,850
Shares repurchase and cancellation	-	-	(443,452,944)	(14,243,250)
Costs associated with issue of shares	-	(140,839)	-	-
Balance at end of period	546,860,869	40,904,388	439,750,764	37,857,909

(1) On 8 October 2021, the Company completed the issue by way of placement of 86,937,691 fully paid ordinary shares in the Company at a price of $0.027 per share to raise $2,347,317 (before costs).

(2) On 1 December 2021, the Company issued 5,172,414 fully paid ordinary shares to Mr Tony Lau as part payment of settlement for a total value of $150,000.

(3) On 1 December 2021, the Company issued 15,000,000 shares to Milford Resources Pty Ltd, at a price of $0.046 per share, as part consideration Comet Well. The shares issued, valued at $690,000, are subject to a 12 months voluntary escrow period from the date of issue. Refer to Note 4 for further information.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 10: RESERVES

	Consolidated	
	31 December 2021 $	30 June 2021 $
Balance at beginning of financial year	5,396,622	8,846
Share based payments (1) (2)	869,220	477,066
Equity reserve (2)	-	4,910,710
Balance at end of financial year	6,265,842	5,396,622

(1) During the reporting period, the Company issued 20,000,000 options exercisable on or before 31 December 2024 to Milford Resources Pty Ltd as part consideration for acquisition of two exploration licence tenements. The options are subjected to a 12 months voluntary escrow period from 1 December 2021. Refer to Note 4 for further information.

The fair value of these options granted was calculated by using the Black Scholes Option Pricing Model by applying the following inputs. The fair value of these options granted, $781,594, has been capitalised as deferred exploration and evaluation expenditure as at 31 December 2021.

	Milford Options
Number of instruments	20,000,000
Date of grant	25 October 2021
Share price at grant date	$0.050
Volatility factor	137.21%
Risk free rate	0.66%
Expected life of instrument (years)	3 years
Exercise price per instrument	$0.050
Valuation per instrument	$0.0391
Total fair value of Milford Options	**$781,594**

(2) During the reporting period, the Company issued 2,200,00 Loyalty Options, exercisable at $0.05 each, to employees in recognition of their employment periods with the Company. The options were for a 3 year term and vested immediately.

The fair value of these options granted was calculated by using the Black Scholes Option Pricing Model by applying the following inputs. An accrued expense recognised for the period in respect of this issue was $87,626.

	Service Options
Number of instruments	2,200,000
Date of grant	29 November 2021
Share price at grant date	$0.051
Volatility factor	140.13%
Risk free rate	0.92%
Expected life of instrument (years)	3 years
Exercise price per instrument	$0.050
Valuation per instrument	$0.0398
Total fair value of Loyalty Options	**$87,626**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

Exploration commitments

The Group has an expenditure commitment of $738,720 for the next 12-months period to sustain current tenements under lease from the Department of Mines, Industry Regulation and Safety (DMIRS). The expenditure commitment includes annual tenement rentals of $105,220 (June 2021: $124,702).

Capital commitments

The Directors are not aware of any other commitments from the Group's operations as at 31 December 2021.

Contingencies

The Company will pay SRHKL 3% net smelter return ("NSR") royalty on gold produced from most of the tenements listed in the Tenement Schedule in the Company's 2021 Annual Report. On 27 September 2021, the Company signed a Call Option Deed with SRHKL, under which SRHKL agreed to grant BTR or its nominee an option to purchase the 3% NSR. 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. The Call Option Deed is expected to be settled during the first half of 2022 calendar year.

As part consideration for acquisition of exploration licences E38/3438, the Company agreed to pay Mining Equities Pty Ltd 1% NSR on gold produced from the above the tenement.

Exploration licence E38/3279 is subject to 1% NSR on gold produced from it which is payable to Mr Peter Gianni.

As announced on 25 October 2021, the Group acquired two prospective exploration licences within Western Australia, E38/3500 and E38/3504, from Milford Resources Pty Ltd. Pursuant to the acquisition agreement, Milford Resources Pty Ltd is entitled to a 1% net smelter royalty with respect of the tenements.

NOTE 12: RELATED PARTY TRANSACTIONS

During the interim period, no options and/or shares were issued to the Directors.

(a) Individual Directors and executives compensation disclosures

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Group since the end of the previous financial year.

(b) Subsidiaries

All inter-company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

(c) Other key management personnel and director transactions

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions.

During the interim period 31 December 2021, the Group had entered into the following transactions with related parties.

On 27 September 2021, the Group signed a Call Option Deed with Stone Resources (HK) Limited (SRHKL), under which SRHKL agreed to grant the Group or its nominee an option to purchase the 3% net smelter royalty (NSR) which is applicable to a substantial portion of the Group's tenements holdings.

This Call Option Deed was expected to be settled seven days after the Group's 2021 Annual General Meeting, however the Group is still working through the requirements of shareholder approval. It is envisaged this process will be resolved prior to 30 June 2022. 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 12: RELATED PARTY TRANSACTIONS (continued)

On 27 September 2021, the Group 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. It is anticipated that Mr Duan will step down as Chairman upon settlement date.

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.

The Group issued 5,172,414 shares to Mr Tony Lau as part payment under the Settlement Deed, with a further $150,000 paid in cash to Mr Tony Lau during the period, after receiving approval at the Group's Annual General Meeting ("AGM") held on 29 November 2021.

Other than as outlined above, the Group did not enter into any further related party transactions with the Director, key management personnel or their related entities.

NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amount of current trade and other receivables, current trade and other payables, and current deferred consideration payable is assumed to approximate their fair value.

NOTE 14: SIGNIFICANT EVENTS AFTER BALANCE DATE

On 7 March 2022, the Group acquired a strategic land holding at Cork Tree Well. The Group acquired a prospective exploration licence (E38/3434) for cash consideration of $10,000.

On 16 March 2022, the Group advised it had received firm commitments from sophisticated investors to subscribe for a placement of 100,000,000 fully paid ordinary shares at an issue price of $0.025 per share to raise gross proceeds of $2,500,000 before costs.

There were no other matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Australian Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
   (b) giving a true and fair view of the financial position of the Group as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that Brightstar Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

William Hobba
Managing Director
16 March 2022

PITCHER PARTNERS

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Brightstar Resources Limited, (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) to the half-year financial report, which indicates that the Group made a net loss of $2,193,584, had cash outflows from operating and investing activities of $1,324,121 for the reporting period. As at 31 December 2021, the Group had a cash balance of $1,731,607, net current liabilities of $989,588, and current exploration expenditure commitments of $738,720. These conditions, along with other matters set forth in Note 1(d) to the half-year financial report, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in this respect.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BRIGHTSTAR RESOURCES LIMITED

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 16 March 2022