RNS Number : 6452F
East Star Resources PLC
19 July 2021

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East Star Resources Plc

("East Star" or the "Company")

Proposed Acquisition of High Impact Gold Exploration Projects and Suspension of Trading

East Star Resources, a London Stock Exchange traded natural resource focused company, is pleased to announce that it has entered into binding Heads of Terms ("Term Sheet") to acquire 100% of the share capital by way of a reverse takeover ("the Transaction") of Discovery Ventures Kazakhstan Limited ("DVK"), a private Kazakhstan registered company. DVK has negotiated the rights to certain prospective gold and base metals exploration licences in the Chu-ili and Rudny Altai mineral belts (the "Projects") through a joint venture agreement with Kazakhstan National Mining Company, Tau-Ken Samruk JSC ("TKS").

Kazakhstan is a significant producer of precious and base metals, but has remained largely underexplored by modern exploration techniques. The country introduced a new mineral code effective since June 2018 which, based on Western Australia's mineral law, has opened significant portions of world class mineral belts. The partnership with TKS gives DVK a vital pillar of support as it seeks to expand in country.

The Projects are located in highly prospective areas where historical exploration and old mining operations demonstrate highly mineralised systems. DVK has a world-class management team of natural resources project developers and financiers, led by Alex Walker, a mineral resources executive with more than 15 years' experience in financing and project management. The team also includes ex-senior management for Kazakhstan and the Eurasian Region from Freeport-McMoRan, BHP and Kazakhmys.

Exploration activity on priority targets has already commenced with field sampling and magnetic surveying and drilling is expected to commence in the coming months. Under the Term Sheet, East Star has also subscribed for four, 12-month convertible loan notes of US$175,000 each ("Convertible

Notes") issued by DVK, the proceeds of which will be used to continue exploration at the Projects.

The Transaction remains subject to full due diligence to the Company's satisfaction, completion of the acquisition and re-listing of the enlarged group. If the Transaction is completed, it will constitute a reverse takeover under the Listing Rules and will be subject to approval by shareholders of the Company at a general meeting.

As the Transaction will constitute a Reverse Takeover, the Company has requested that the listing of its Ordinary Shares be temporarily suspended with effect from 7.30 a.m. today. Pending the publication of a prospectus, EST intends to make an application for the enlarged Company to have its Ordinary Shares admitted to the Official List and to trading on the Main Market for listed securities of the London Stock Exchange ("Relisting"). However, the Board has noted of the ongoing market effectiveness review by the FCA, which may lead to certain changes in the Listing Rules for new issuers, and so will keep shareholders updated with any changes to the proposed Relisting.

Charlie Wood, director of East Star said "We are very excited to have agreed initial terms with Alex and his team on an acquisition of DVK. Kazakhstan has been overlooked as a mining destination for many years, but has a well-established history of gold and base metals success. Our combined vision is to build on this initial Transaction and grow a portfolio of near-term production and high-impact exploration assets in a significant, but underdeveloped, mining-friendly jurisdiction. We are now conducting due diligence and hope to conclude the transaction as soon as possible."

****ENDS****

Enquiries

East Star Resources Plc	Charles Wood Non-executive Director	+44 (0)20 3918 8792
Peterhouse Capital Limited (as brokers to the Company)	Lucy Williams/Duncan Vasey	+44 (0)207 469 0936

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