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East Star Resources PLC
26 October 2021

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East Star Resources Plc

("**East Star**" or the "**Company**")

Update on Proposed RTO

East Star, a shell company formed for the purpose of undertaking an acquisition in the natural resources sector, is delighted to announce that it has entered into a share purchase agreement with the vendors of Discovery Ventures Kazakhstan Limited ("**DVK**") to conditionally acquire the entire issued share capital of DVK (the "**Proposed Acquisition**").

DVK is 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**"). 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 located in Kazakhstan 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.

Share Purchase Agreement

The terms of the Proposed Acquisition have been agreed, but the transaction remains subject to and conditional upon the satisfaction of certain conditions, including, *inter alia*:

1. the acquisition being approved by shareholders of the Company at a general meeting;

2. the Company having obtained a waiver from the Takeover Panel under Rule 9 of the Takeover Code, if required;

3. the placing being undertaken by the brokers of the Company in connection with the transaction being unconditional in all respects; and

4. the Company's shares being re-admitted to trading following the completion of the transaction.

Subject to the acquisition being declared unconditional, the acquisition will be satisfied by the issue and allotment of 45,000,000 ordinary shares in the capital of the Company ("**Consideration Shares**") to the shareholders of DVK. The DVK Sellers shall have right to deferred consideration of 75,000,000 new Ordinary Shares, subject to the satisfaction of a performance condition (the "**Deferred Consideration Shares**").

DVK issued a convertible loan note to existing shareholder Ilwella Pty Ltd ("**Notes**"). It has been agreed between the parties that the convertible loan will be redeemed by the Company by issuing and allotting to Ilwella Pty Ltd a number of Ordinary Shares as is equal to the full redemption value of the Notes, being US$361,100. The number of Ordinary Shares used to satisfy the redemption cannot be ascertained as at the date of this announcement.

The full terms of the Proposed Acquisition will be set out in a prospectus expected to be published in due course.

Convertible Loan Note Arrangements

Under a term sheet, East Star subscribed for up to four 12-month convertible loan notes of $175,000 each ("**CLN**") issued by DVK. These CLN proceeds drawn by DVK over the past four months have enabled continued work on DVK's projects and preparation for an accelerated exploration programme upon completion of the transaction during Q4 2021.

As at today's date DVK has drawn down $US700,000 of convertible loan notes under the term sheet.

Sandy Barblett, Director of East Star Resources Plc, said:

"*We are very excited to have completed the conditional acquisition of DVK. At a time of higher prices across the base metals complex and increasing resource scarcity we see enormous opportunity in Kazakhstan. Historically Kazakhstan has been a significant producer of precious and base metals but has remained largely underexplored by modern exploration techniques. Alex and his experienced team at DVK have first mover advantage under the new Kazakh mineral legislation (introduced in 2018) and have secured significant acreage positions in highly prospective mineral belts. Some of the world's largest resource companies including Glencore, Rio Tinto and Fortescue Metals Group continue to grow their footprint in Kazakhstan which gives us further confidence in this jurisdiction."*

Alex Walker, CEO of DVK, said:

"We are pleased to join forces with East Star Resources, a combination which will drive an accelerated work programme on our projects. 2022 will be a landmark year for our merged group as we continue drilling areas with demonstrated high grades of gold and copper and apply modern exploration techniques to our underexplored assets. Our joint venture agreement with Kazakhstan National Mining Company, Tau-Ken Samruk (TKS), provides us with a stable and supportive framework to grow our footprint in country and increase our exposure to exploration in world class precious and base metal mineral belts."

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