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East Star Resources PLC
23 March 2022

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23 March 2022

East Star Resources Plc

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

Final Results

East Star Resources Plc (LSE:EST), the Kazakhstan-focused gold and copper explorer, announces its results for the period from incorporation on 17 November 2020 to 30 November 2021. The Annual Report and Financial Statements will be posted to shareholders in due course and are available on the Company's website at www.eaststarplc.com.

Highlights

- Admitted to the Main Market of London Stock Exchange on 4 May 2021, raising gross proceeds of £2 million
- Announced on 19 July 2021 an agreement to acquire Discovery Ventures Kazakhstan ("DVK") by way of a reverse takeover

Post Period End Developments

- Re-listed as a Kazakhstan focused gold and copper explorer on 10 January 2022 following completion of the acquisition of DVK and an oversubscribed fundraising of £3.1 million
    - DVK holds four mineral exploration licences in two producing mineral belts in an 80/20 joint venture with the state mining company
- Alex Walker, CEO of DVK, appointed Director and CEO of the Company (based full time in Kazakhstan) and David Minchin appointed Director

of the Company concurrent with the re-listing

- Charles Wood stood down as Director of the Company concurrent with the re-listing
- Announced on 26 January 2022 the first batch of assay results from RC drilling in September 2021 on the Apmintas Licence - showed outstanding high-grade intersections including a "discovery hole" at the first drill target at "Novoe" which returned 63 metres at 4.51 g/t
- Announced on 3 February 2022 historic data which added a new target, 'Southern Shabdar', to the 2022 drill campaign
- Announced on 4 February 2022 the award of a diamond drilling contract for 5,000 metres of drilling in 2022 focused initially on the Apmintas and Dalny Licences in the Chu-Ili belt
- Announced on 7 March 2022 the completion of processing of 481 square kilometres of close spaced drone magnetics flown in September 2021 over the Dalny Licence resulting in 11 target areas prospective for gold mineralisation being identified
- Announced on 8 March 2022 historical drill results acquired over the "Eshkilitau II" target on the Apmintas Licence resulting in the target being added to the 2022 drill programme

Sandy Barblett, Non-executive Chairman, commented:

"2021 saw the Company's shares being admitted to the London Stock Exchange Main Market. Shortly after the listing, we secured an agreement to acquire DVK, a company which has secured highly prospective licences in Kazakhstan - a country which has ideal conditions for mining.

The Board believes that 2022 will be a year of significant growth for the Company as we look to advance our strategy and create value for shareholders.

I would like to thank Alex Walker and his senior management team based in Almaty and my fellow Board members and our shareholders for their support as we travel on this exciting journey of building this unique opportunity into a profitable company."

For further information visit the Company's website at www.eaststarplc.com, or contact:

East Star Resources Plc
Alex Walker, Chief Executive Officer
Tel: +44 (0)20 7390 0234 (via Vigo Consulting)

Peterhouse Capital Limited (Corporate Broker)
Duncan Vasey / Lucy Williams
Tel: +44 (0) 20 7469 0930

Vigo Consulting (Investor Relations)
Ben Simons / Oliver Clark
Tel: +44 (0)20 7390 0234

About East Star Resources Plc
East Star Resources is focused on the discovery and development of gold, copper, and base metal deposits in Kazakhstan. With an initial four licences

covering 1,432 km^2 in two mineral rich belts, East Star is undertaking an intensive exploration programme, applying modern geophysics to discover gold, copper, and base metals in levels that were not previously explored. The Company also intends to expand its licence portfolio in Kazakhstan. East Star's management are based permanently on the ground, supported by local expertise, and a joint venture with the state mining company.

Follow us on social media:

LinkedIn: https://www.linkedin.com/company/east-star-resources/

Twitter: https://twitter.com/EastStar_PLC

CHAIRMAN'S STATEMENT

I am pleased to present the financial statements for East Star Resources plc (the "Company" or "East Star") for the period ended 30 November 2021.

In May 2021, East Star was admitted to trading on the main market of the London Stock Exchange. In July 2021, the Company announced that it had agreed to acquire Discovery Ventures Kazakhstan Limited ("DVK"), a transaction that would see the Company successfully re-list in January 2022, after the reporting period end, as a Kazakhstan focused gold and copper explorer. We are now delighted to present our first financial statements as the relisted company.

DVK - now a wholly owned subsidiary of the Company, and the Kazakhstan national mining company, Tau-Ken Samruk ("TKS"), have formed a joint venture which initially covers four mineral exploration licences (the "Licences") totalling more than 1,400 square kilometres, across two mineral districts, the Chu-Ili Belt, with its endowment of orogenic and intrusion-related gold deposits, and the Rudny Altai Belt, with world-class VMS deposits.

The Licences are currently held by TKS and the Company is in the process of transferring them to two recently established Special Purpose Vehicles ("SPVs"), Rudny Resources Ltd and Chu-Ili Resources Ltd. DVK holds an 80 per cent. interest in the SPVs and TKS holds a 20 per cent. interest.

Discovery Hole - First Drill Results from Apmintas Licence

On 26 January 2022, the Company announced the first batch of assay results from reconnaissance Reverse Circulation (RC) drilling undertaken in September 2021 on the Apmintas Licence in the Chu-Ili Gold Belt in central Kazakhstan. The results showed outstanding high-grade intersections including a "discovery hole" at the first drill target at "Novoe" returning 63 meters at 4.51 g/t Au from surface.

This and other data are currently being processed to determine strike extent and direction and will be used in planning the follow-up diamond drilling exploration expected to commence in Q2 2022.

On 3 February 2022, the Company announced the acquisition of additional historic data which added a new target, 'Southern Shabdar', to the 2022 drill campaign. The historical results included:

- 24.9m @ 2.86 g/t Au
- 8.2m @ 13.0 g/t Au
- 5m @ 4.89 g/t Au from 53m
- 1m @ 24.8 g/t Au from 15m and 2m @ 39.3 g/t Au from 28m; and
- 2m @ 39 g/t Au from 275m downhole

On 4 February 2022, the Company announced the award of a diamond drilling contract to IG Copper and Gold Kazakhstan ("IGKZ") for 5,000 metres of drilling in 2022 focused initially on the Apmintas and Dalny Licences in the Chu-Ili orogenic gold belt of central Kazakhstan.

IGKZ is a wholly owned subsidiary of IG Global Group (IGG), which holds direct and indirect interests in companies that specialise in various disciplines across the spectrum of the mining industry including mineral exploration, drilling, and mine development.

On 7 March 2022, the Company announced the completion of processing of 481 square kilometres of close spaced drone magnetics flown in September 2021 over the Dalny Licence.

This has resulted in 11 target areas prospective for gold mineralisation being identified along structurally prospective sections of the first-order, deep-crustal faults totalling more than 50km of strike. New targets have also been identified beneath alluvial cover indicating the potential for sub cropping gold mineralisation not previously identified in historic exploration. The results widely confirm the Company's approach to the Chu-Ili gold belt as a primary target for orogenic gold deposits in addition to the traditional intrusion-related gold systems and shale hosted gold deposits which have been seen to be repeated consistently along the belt.

On 8 March 2022, the Company announced that historical drill results acquired over the "Eshkilitau II" target on the Apmintas Licence have led to "Eshkilitau II" being added as another target for the 2022 drill programme.

Strategy

The Company is focused on identifying and developing gold and base metals projects in prospective regions of Kazakhstan. The Company's strategy is built on three main pillars:

- Identify highly prospective exploration ground and brownfields projects in known mineral districts with demonstrated historical exploration success and limited application of modern exploration techniques.
- Develop proven and out-of-the-box concepts for potential mineral targets and efficiently conduct exploration by application of state-of-the-art methods and equipment.
- Partner with existing companies via joint venture or farm-in.

Kazakhstan

The Board is especially pleased with the support from all our stakeholders given the prevailing conditions in Kazakhstan at the time of the Company's January 2022 relisting. We are pleased that the tensions subsided within days and the Government of Kazakhstan has since continued to demonstrate its ongoing commitment to protecting foreign investor interests, reiterating that Kazakhstan is still very much a place to do business.

We believe equally now in doing business in Kazakhstan as we did when we first reviewed the prospectivity of the region and the projects which the Company acquired due to the rich mineral endowment of the country and its relatively low level of exploration in comparison with other major mining jurisdictions. The Company believes that the potential for making significant commercial mineral discoveries is favourable through the application of modern exploration methods.

Summary

The Board believes that 2022 will be a year of significant growth for the Company as we look to advance our strategy and create value for shareholders.

I would like to thank Alex Walker and his senior management team based in Almaty and my fellow Board members and our shareholders for their support

as we travel this exciting journey of building this unique opportunity into a profitable company.

Financial Overview

Funding

The Company is funded through investment from its shareholders, having successfully raised gross proceeds of £2 million as part of the initial listing on the London Stock Exchange ("LSE") on 5 May 2021 and subsequent to period end, raised additional gross proceeds of £3.1 million following the re-admission to the LSE on 10 January 2022.

Revenue

Being an exploration company, East Star generated no revenue during the year, but is focussing on the DVK assets or other acquisition targets that we believe will generate revenue for the Company in the future.

Expenditure

During the period, the Company completed its initial public listing on the LSE and announced the acquisition of DVK, which was completed post period end. Expenditure during the period was focussed on the re-admission process and, following re-admission, the Company has focussed its efforts and expenditure on progressing its acquired projects and other potential acquisitions in line with its strategy.

Liquidity, cash and cash equivalents

At 30 November 2021, the Company held £1.2 million, which is all denominated in pounds Sterling, and added gross proceeds of £3.1 million subsequent to period end following its successful re-admission to the LSE.

Dividend

The Directors do not intend to declare a dividend in respect of the period under review.

Sandy Barblett

Non-Executive Chairman

22 March 2022

STRATEGIC REPORT

Fair review of the business

The Company was incorporated on 17 November 2020 with a view to undertake an acquisition of a target company or business within the natural resources, exploration, development and production sectors.

To enable to Company to pursue its principal activities, it pursued an Initial Public Offering ("IPO") of its securities onto the London Stock Exchange through a Standard Listing to raise the necessary funds required for the execution of the business strategy. The IPO was successfully completed during the period, and the Company's shares were admitted for trading on 4 May 2021.

Following admission, the Company focused on its strategy of identifying acquisition opportunities within the natural resources exploration,

development and production sector in Central Asia, culminating in the announcement on 19 July 2021 that the Company had entered into binding Heads of Terms to acquire 100% of the share capital by way of a reverse takeover 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 through a joint venture agreement with Kazakhstan National Mining Company, Tau-Ken Samruk JSC.

The successful re-admission of the enlarged group took place on 10 January 2022.

Principal risks and uncertainties

There are a number of risks associated with newly listed entities focused in the natural resources sector, especially in Central Asia. The Board regularly reviews the risks to which the Company is exposed and endeavours to minimise them as far as possible.

The following summary, which is not exhaustive, outlines some of the risks and uncertainties the Company may be exposed to:

Geopolitical

We all witnessed the unrest in January 2022 in Kazakhstan which was quashed within days and the Government of Kazakhstan has since demonstrated its ongoing commitment to protecting foreign investor interests, reiterating that Kazakhstan is still very much a place to do business.

In addition, the invasion by Russia into Ukraine is being watched carefully as Kazakhstan shares a border with Russia. The Kazakhstan President Kassym-Jomart Tokayev has been in dialogue with both the Presidents of Ukraine and Russia since the start of the invasion.

No operating history

The Company is a newly formed entity with no operating history other than the successful admission to the London Stock Exchange which was completed during the period with the re-admission of the enlarged group taking place on 10 January 2022 with the acquisition of DVK.

Risk Inherent in an Acquisition

Although the Company and the Directors will evaluate the risks inherent in a particular target, they cannot offer any further assurance that all of the significant risk factors can be identified or properly assessed. Furthermore, no assurance can be made that an investment in Ordinary Shares in the Company will ultimately prove to be more favourable to investors then a direct investment, if such an opportunity were available, in a target business.

Exploration and development risks

Following the Company's acquisition in the natural resources sector subsequent to period end, it is likely to be subject to a high degree of risk as mineral exploration and development can be highly speculative. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of the minerals being mined, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection.

In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. As a result of these uncertainties, there can be no guarantee that mineral exploration

and development of any of the Company's investments will result in profitable commercial operations.

Industry-specific risks

The Directors intend to focus on acquisition opportunities in the natural resources sector (but the Company shall not be limited to such sector). The natural resources sector is inherently tied to the performance of the global economy and, in particular, fluctuations in the price of global commodities. As a result, segments of the natural resources sectors (or even the sector as a whole) could be affected by changes in general economic activity levels and others changes which are beyond the Company's control. The revenues and earnings of the acquired business will rely on commodities' prices, which may determine the value of that business at the time of intended divestment of an investment by the Company. The Company will be unable to control the prices for commodities, which may adversely affect the Company's business, results of operations, financial condition or prospects.

COVID-19

The impact of COVID-19 has had a materially adverse effect on the global economy and overall business sentiment, which has the potential to negatively impact the demand and price for gold and base metals and have an impact on the financial position and prospects of the Company. Since the outbreak of COVID-19, however, despite falls in the copper and gold price during the peak of the pandemic, at present the demand for gold and copper is emerging strongly particularly due to increased demand from China and COVID-19 related reductions in the mineral supply.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and reference below, how the Board engages with stakeholders.

We aim to work responsibly with our stakeholders, including suppliers. The key Board decisions made during the period and post period end are set out below:

Significant events / decisions	Key s172 matter(s) affected	Actions and Steps
Entering into an agreement to acquire the enlarged share capital of Discovery Ventures Kazakhstan through a Reverse Takeover transaction ("RTO").	Shareholders and business relationships	Completion of the RTO and re-admission of the enlarged share capital to the London Stock Exchange leading to greater likely outcomes for shareholders in the future.

Key performance indicators

Appropriate key performance indicators will be identified in due course as the business strategy is implemented.

Gender analysis

A split of our employees and directors by gender during the year is shown below:

	Male	Female
Directors	3	nil

As the Company is only in its infancy employee gender is skewed completely towards males. This does not reflect the attitudes of the Company in anyway and the directors will look to promote females in the workforce wherever possible.

Corporate social responsibility

We aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

Greenhouse Gas (GHG) Emissions

The Company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its operations during the period, it has not been practical to measure its carbon footprint. In the future, the Company will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

The Company has started early stage discussions with experts in the measurement of GHG at our mining exploration properties post period end and will have further discussions as we progress during this year's drilling season.

The Company has not made separate disclosures relating to energy consumption & efficiency as the entity consumed less than 40,000 kWh of energy during the period.

Health and Safety

We strive to create a safe and healthy working environment for the wellbeing of our staff and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Company. We aim to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the Company and their own potential.

Sandy Barblett

Non-Executive Chairman

22 March 2022

KEY PERSONNEL

The only employees in the Company are the Directors, who are all considered to be key management personnel.

Charles Wood, Age 47 - Non-Executive Director & Chairman

Charles Wood is an experienced capital markets professional with 20 years expertise in the management and financing of growth companies internationally. He holds a Bachelor of Commerce and is a fellow of the Financial Services Institute of Australasia (FINSIA). Mr. Wood is a Partner of London based Corporate Finance boutique, Orana Corporate LLP. He has considerable experience with both ASX and AIM listed companies. He has held and holds a number of Executive and Non-Executive roles in in public and private businesses providing corporate finance, business development and strategic advice.

Anthony Eastman, Age 47 - Non-Executive Director

Anthony Eastman is a member of the CAANZ and ICAEW and a Partner at Orana Corporate LLP. Mr. Eastman has a number of years' experience in financial management and corporate advisory services, primarily in the natural resources sector, along with extensive experience in the public company environment, having been a director and company secretary of a number of ASX and UK listed junior mining and oil & gas focused companies. He has previously worked with Ernst & Young and CalEnergy Gas Ltd, a subsidiary of the Berkshire Hathaway Group of Companies in both Australia and the United Kingdom

Alexander ("Sandy") Barblett, Age 54 - Non-Executive Director

Sandy Barblett has over 20 years' experience working with private and public listed international companies. He sits as a director and advises companies both private and listed on AIM and the ASX in relation to raising private equity and general fund raising, admission onto public markets, strategy and management selection. Additionally, he has previously held senior leadership roles within the technology sector, most notably with former FTSE 250 company Pace Plc.

Mr. Barblett has a Bachelor of Business from Curtin University of Technology in Perth, Australia and a Bachelor of Law from the University of Queensland; he previously worked for Minter Ellison as a solicitor

Board Composition Subsequent to Year End

On re-admission to the London Stock Exchange on 10 January 2022 Charles Wood resigned as a non-executive director and chairman. Simultaneously Mr Alexander Walker and Mr David Minchin joined the board as Chief Executive Officer ("CEO") and non-executive director respectively.

Alexander Walker, Age 37 - Chief Executive Officer

Alex Walker is an investment banker and resources executive with more than 14 years' experience in natural resources investment with Norwegian Bank, Pareto Securities, London-based investment bank, Brandon Hill Capital and Australian broking firm Patersons Securities. Mr. Walker co-founded and was the General Manager of ScandiVanadium Ltd. He was also involved in the process of listing ScandiVanadium Ltd on the Australian Securities Exchange. Mr. Walker holds a MSc in Mineral and Energy Economics from Curtin University of Technology, Graduate Diploma of Applied Finance, BComm, BSocSci, and is a Graduate of the Australian Institute of Company Directors.

David Minchin, Age 40 - Non-Executive Director

David Minchin is a geologist with over 15 years' experience in production, exploration, and resource investment. Mr. Minchin has worked for Rio Tinto and the British Geological Survey, as well working as Senior Exploration Geologist for ICL-Boulby where he was closely involved in the discovery of the 3.2 billion tonne polyhalite deposit that was subsequently put into production and extended operating mine life by over 30 years. Mr. Minchin has worked as Director of Geology for AMED Funds, a London based private equity group that focuses on exploration projects in Africa. In this role, Mr. Minchin was part of the team responsible for investing and monitoring approximately USD 450 million in projects from exploration through to feasibility and across a range of commodities. Mr. Minchin is currently CEO of

Helium One Global Limited, an AIM quoted company developing a significant primary helium project in Tanzania and was formerly Managing Director of ASX-listed ScandiVanadium.

DIRECTORS' REPORT

The directors present their report and financial statements for the period ended 30 November 2021.

Principal activities

The Company was incorporated on 17th November 2020 under the name Cawmed Resources Limited before changing its name to East Star Resources Limited on 27 January 2021. The Company later registered as a public limited company ("plc") on 3 March 2021. The principal activity of the Company is that of identifying potential companies, businesses or asset/(s) that have operations in the natural resources exploration, development and production sector.

As alluded to in the strategic report above, in pursuing its principal activities, the Company successfully completed the acquisition of the entire enlarged share capital of DVK subsequent to period end on 10 January 2022. Further details of this transaction can be found at Note 21 in the notes accompanying the financial statements.

Results

The Company recorded a loss for the period ended 30 November 2021 before taxation of £421,212.

Directors

The following directors have held office during the period and to the date of these financial statements:

Charles Wood (appointed 17 November 2020) (resigned 10 January 2022)

Sandy Barblett (appointed 26 January 2021)

Anthony Eastman (appointed 26 January 2021)

Alexander Walker (appointed 10 January 2022)

David Minchin (appointed 10 January 2022)

Details of the Directors' holding of Ordinary Shares and Warrants are set out in the Director's Remuneration Report.

Financial Risk & Management

The overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies can be referenced in Note 16.

Share Capital

Details of the Company's issued share capital, together with details of the movements since incorporation, are shown in Note 14. The Company has one class of Ordinary Share, and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

Substantial Shareholdings

At 10 March 2022, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company:

	Number of Shares	Percentage Holding
JIM Nominees Limited	53,723,315	29.48
P H Nominees Limited	20,100,956	11.03
Pershing Nominees Limited	10,996,833	6.03
Thomas Grant and Company Nominees Limited	10,917,563	5.99
Reedbuck Nominees Pty Ltd	9,762,261	5.36
JIM Nominees Limited	8,792,400	4.82

Corporate Governance Statement

As a company being admitted to the Standard Segment of the Official List, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to ensuring that appropriate standards of corporate governance are maintained, so far as is appropriate given the Enlarged Group's current stage of development, the size and composition of the Main Board and available resources. The Board will aim to comply with the QCA Guidelines on Corporate Governance ("QCA Guidelines").

The Company complies with the QCA guidelines in all areas apart from a slight deviation relating to Principle 7 (evaluate board performance based on clear objectives). Given the size and nature of the Company the Board does not consider it appropriate to have a formal performance evaluation procedure in place for Non-Executive Directors. The Board will closely monitor the need for formal performance evaluation, in light of Principle 7 of the QCA Code, as the Company develops.

The Board holds regular scheduled and other timely board meetings as needs arise which require the attention of the Directors. From the Company's IPO, the Board have been responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Board's responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders to whom they are accountable. Following the acquisition of DVK subsequent to period end, these responsibilities have been expanded to include the Enlarged Group.

The primary duty of the Board is to act in the best interests of the Company at all times. The Board will also address issues relating to internal control and the Enlarged Group's approach to risk management and has formally adopted an anti-corruption and bribery policy.

Board of Directors

For the period from incorporation to 30 November 2021 the Board consisted of a non-executive Chairman and two non-executive Directors. The Directors met regularly throughout the year to discuss key issues and to monitor the overall performance of the Company.

The Board has established an Audit Committee and a Remuneration Committee effective from re-admission, with such committees having formally delegated duties and responsibilities. Given the size and structure of the current Board, it has been determined that the Company it is not

necessary to delegate the function of the nomination of Directors and senior managers to a separate nomination committee.

The Directors will actively seek to expand Board membership to provide additional levels of corporate governance procedures at the relevant opportunity and appointed Chief Executive Officer Mr Alex Walker and Non-Executive Director David Minchin effective from re-admission on 10th January 2022 to strengthen the board.

Audit Committee

For the period to 30 November 2021 there was no audit committee in place. From re-admission the Company put in place an audit committee comprising three members, being, Anthony Eastman (as Chair), Sandy Barblett and Alex walker which will have primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Enlarged Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Enlarged Group's accounting and internal controls.

The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Enlarged Group is properly monitored and reported. The audit committee will meet not less than three times a year.

Remuneration Committee

For the period to 30 November 2021 there was no remuneration committee in place. From re-admission the Company has instituted a remuneration committee comprising two directors, Mr. Sandy Barblett (as Chair) and Mr. Anthony Eastman, being responsible for both the review and recommendation of the scale and structure of remuneration for senior management. In reviewing the remuneration policy of the Enlarged Group, this will include any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Enlarged Group.

The members of the committee shall serve for an initial term of three years from re-admission, which will be extendable for a maximum of two terms no longer than 3 years. The committee shall meet at least twice per year.

Nominations Committee

As alluded to above no nominations committee has been established will all matters to be considered by the Board as a whole.

External Auditor

PKF Littlejohn were appointed auditors to the Company and have expressed their willingness to remain in office. The Audit Committee will meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor.

As part of the decision to recommend the appointment of the external auditor, the Board considers the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Board's choice of external auditor. The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded.

Internal financial control

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial controls include:

- a schedule of matters reserved for the approval of the Board;
- evaluation, approval procedures and risk assessment for acquisitions; and
- close involvement of the Directors in the day-to-day operational matters of the Company.

Shareholder Communications

The Company uses a regulatory news service and its corporate website (www.eaststarplc.com) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties.

The Annual General Meeting is used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and Financial Statements. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Directors' Remuneration Report

Remuneration Policies (unaudited)

The remuneration policy of the Company was that pre initial admission, there was nil remuneration for each Director, and then from the date of initial admission, each Director shall be entitled to a salary per annum from the date of Admission until the completion of an acquisition.

Since re-admission subsequent to period end, a remuneration committee has been appointed to reassess an appropriate level of Directors' remuneration and it is envisaged that the remuneration policy will assist to attract, retain and motivate Executive Directors and senior management of a high calibre with a view to encouraging commitment to the development of the Company and for long term enhancement of shareholder value. The Board believes that share ownership by Directors strengthens the link between their personal interests and those of shareholders although there is no formal shareholding policy in place.

The current Directors' remuneration comprises a basic fee and at present, there is no bonus or long term incentive plan in operation for the Directors.

Service contracts (unaudited)

The Directors entered into Service Agreements with the Company and continue to be employed until terminated by the Company. In the event of termination or loss of office the Director is entitled only to payment of his basic salary in respect of his notice period. In the event of termination or loss of office in the case of a material breach of contract the Director is not entitled to any further payment.

Each Director is paid at a rate per annum as follows:

Sandy Barblett £24,000 per annum

Anthony Eastman £24,000 per annum

Charles Wood £24,000 per annum

Approval by members (unaudited)

The remuneration policy above will be put before the members for approval at the next Annual General Meeting.

Implementation Report

Particulars of Directors' Remuneration (audited)

Particulars of directors' remuneration, including directors' warrants which, under the Companies Act 2006 are required to be audited, are given in Note 15 and further referenced in the Directors' report.

Remuneration paid to the Directors' during the year ended 30 November 2021 was:

	Base salary	Pension Contribution	Total
	£	£	£
Sandy Barblett	14,000	-	14,000
Anthony Eastman	14,000	-	14,000
Charles Wood	14,000	-	14,000
	42,000	-	**42,000**

There were no performance measures associated with any aspect of the Director's remuneration during the period.

Payments to past Directors (audited)

There are no past Directors.

Payments for loss of office (audited)

There were no payments for loss of office.

Bonus and incentive plans (audited)

There were no bonus and incentive plans in place during the period.

Political Donations

The Company did not make any donations to political parties in the period.

Percentage change in the remuneration of the Chief Executive (unaudited)

At period end the Company did not have a Chief Executive and as such, no CEO disclosure has been presented.

Directors' interests in shares (audited)

The Company has no Director shareholder requirements.

The beneficial interest of the Directors in the Ordinary Share Capital of the Company at 10 March 2022 were:

	Ordinary Shares	Performance shares	Percentage of issued share capital 10 March 2022 %

Sandy Barblett	550,000	-	0.30
Anthony Eastman	500,000	-	0.27
Charles Wood	700,000	-	0.38
Alexander Walker	20,024,522	31,874,202	10.99
David Minchin	2,200,000	-	1.21
	23,974,522	**-**	**13.15**

Performance Shares

Performance shares are yet to be issued. The performance condition will be met and shares issued upon the confirmation of a mineral resource on one of the Licences of one million ounces of gold equivalent at an average grade of at least 2 grammes per tonne of gold equivalent as defined by an independent professional firm appointed by the Company to either JORC Code or NI 43-101 classification standards

The Directors held the following warrants at the end of the period:

Director	Granted during the period	As at 10 Mar 2022	Exercise Price	Earliest date of exercise	Latest date of exercise
Sandy Barblett	150,000	150,000	£0.05	4 May 2021	4 May 2023
Anthony Eastman	400,000	400,000	£0.05	4 May 2021	4 May 2023
Charles Wood	400,000	400,000	£0.05	4 May 2021	4 May 2023
David Minchin	2,000,000	2,000,000	£0.05	4 May 2021	4 May 2023
	2,950,000	**2,950,000**			

The Directors held the following options at the date of this report:

Director	Options Granted	As at 10 Mar 2022	Date of grant	Exercise Price
Sandy Barblett	250,000	250,000	10 Jan 2022	£0.05
Alexander Walker	8,000,000	8,000,000	10 Jan 2022	£0.05
David Minchin	1,500,000	1,500,000	10 Jan 2022	£0.05
	2,950,000	**2,950,000**		

The options above are only capable of being exercised upon the satisfaction of certain vesting conditions detailed below:

1. one third of each option holders total options shall vest six months from the date of Re-Admission;

2. a second third of each option holders total options shall vest upon the Board of the Company determining (in its discretion that) the share price of the Company has traded at a premium of 50 per cent. to the Fundraise Price (being £0.075 (7.5p)) for a minimum of five consecutive trading days; and

3. the final remaining Options held by each option holder shall vest upon the board of the Company determining (in its discretion that) the share price of the Company has traded at a premium of 100 per cent. to the Fundraise Price (being £0.10 (10p)) for a minimum of five consecutive trading days (each a Vesting Condition and together the Vesting Conditions). Upon the achievement of a Vesting Condition, the option holder shall be able to exercise the vested options by no later than the fifth anniversary of the relevant vesting date.

Interests of Employees

The Company's Corporate Governance Statement in this Annual Report sets out (under board responsibilities) the processes in place to safeguard the interests of employees.

Foster business relationships with suppliers, joint venture partners and others

Potential suppliers and joint venture partners are considered in the light of their suitability to comply with the Company's policies.

Impact of operations on the community and environment

The Company has no current operations that impact upon the community or environment, however upon a successful acquisition, with ensure it reviews its Health, Safety & Environment ('HSE') and other policies and works responsibly with suppliers, and performance is monitored on an on-going basis.

Maintain a reputation for high standards of business conduct

The Corporate Governance section of this Annual Report sets out the Board and Committee structures and extensive Board and Committee meetings held during the year, together with the experience of executive management and the Board and the Company's policies and procedures.

Act fairly as between members of the Company

The Board takes feedback from a wide range of shareholders (large and small) and endeavours at every opportunity to pro-actively engage with all shareholders (via regular news reporting-RNS) and engage with any specific shareholders in response to particular queries they may have from time to time. The Board considers that its key decisions during the year have impacted equally on all members of the Company

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit and loss of the company for that period.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Ensure statements comply with International Accounting Standards in conformity with the Companies Act 2006 for the period; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The financial statements are published on the Company's website www.eaststarplc.com. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that

legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Disclosure and Transparency Rules

Details of the Company's share capital and warrants are given in Notes 14 and 15 respectively. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights. As far as the Company is aware there are no persons with significant direct or indirect holdings other than the Directors and other significant shareholders. The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

Auditor Information

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

Events after the reporting period

On 10 January 2022 the Company completed the acquisition of the enlarged share capital of Discovery Ventures Kazakhstan Limited ("DVK"). Concurrently, the Company completed the placing of 38.05 million shares and received subscriptions for 23.95 million shares which were issued at 5 pence per share raising £3.1 million for the Company. The net proceeds

received by the Company post transaction amounted to approximately £2.6 million which will be used primarily to continue and advance the exploration activities of DVK on licenses as detailed in the work program of the prospectus.

Effective from re-admission on 10 January, Mr. Charles Wood stood down as a Director of the Company and he signed and delivered a resignation letter to the Board. Mr. Alexander Walker and Mr. David Minchin been appointed as Directors of the Company with effect from re-admission. Alex Walker has been appointed as Chief Executive Officer of the Company and Mr Minchin has taken up a non-executive director role.

There are no other significant events of the Company subsequent to year end.

Directors' Indemnity Provisions

The Company has implemented Directors and Officers Liability Indemnity insurance.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details are given in Note 2.2 to the Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

Sandy Barblett

Non-Executive Chairman

22 March 2022

INDEPENDENT AUDITORS REPORT

Opinion

We have audited the financial statements of East Star Resources Plc (the 'company') for the period ended 30 November 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of the company's forecast financial information which covers a period of at least 12 months from when the financial statements are authorised for issue. Management judgements and estimates have been challenged and agreed to supporting documentations, such as the review of bank statements as at 02 March 2022, post year end management accounts, and post year end RNS announcements. We have further assessed the mathematical accuracy of the forecast and compared these to performance of the group post year end. We also assessed the budgets in line in with our understanding of the entity and management plans. We have also considered the impact acquisition of the Discovery Ventures Kazakhstan Ltd would have on the forecast including consideration of minimum spend requirements on licenses held by that entity. From the detailed going concern review, we have concluded that the use of going concern assumption is reasonable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Overall materiality was set at £34,000 based on a benchmark of 2% of net assets. Net assets were used as the basis for calculating materiality as the company is not yet revenue generating, and we consider net assets to be the most significant determinant of the group's financial position and performance used by shareholders. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality for the financial statements as a whole. Performance materiality was set at £22,100, calculated based on 65% of overall materiality.

We have agreed with those charged with governance that we would report any individual audit difference in excess of £1,700 as well as differences below this threshold that, in our review, warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company. We looked at areas requiring the directors to make subjective judgements, for example in respect of treatment of convertible loan notes (identified as a key audit matter) and selection of accounting policies, compliance with accounting policies and disclosure in accordance with IFRS, the Company's Act 2006 and the Listing rules (identified as a key audit matter), and the consideration of future events that are inherently uncertain. Other judgmental areas include the valuation of share-based payments. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatements due to fraud. The Company's key accounting function is based in the United Kingdom and our audit was performed by our team in London with regular contact maintained with the company throughout.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our scope addressed this matter**
Key Audit Matter 1	
Convertible Loan Notes **During the period East Star has subscribed for four, 12-month convertible loan notes (CLNs) of US$175,000 each issued by DVK, the proceeds of which will be used to continue exploration at the Projects. There is a risk that CLNs are not accounted for correctly in line with IFRS.**	Our work in this area included: · Obtaining details and supporting agreements from the company regarding the nature of financing arrangements. · Critically reviewing and challenging where the appropriate the accounting treatment against the terms of the agreement. · Checking the current treatment by the company is correct including classification and accounting entries. · Vouching movements in these balances (drawdowns,

	repayments, interest) to agreements, supporting calculations and bank statements as applicable. · Reviewing disclosures made in the financial statements and ensure these are accurate and complete. Based on the audit procedures performed, we noted that the management had incorrect valued the convertible loan notes at face value, rather than the redemption value on initial recognition. In line with the criteria under IFRS 9, all financial instruments need be measured at fair value on initial recognition. The redemption value of the loan notes is the best estimate of the fair value at initial recognition. This was discussed with the management and an adjustment was raised to value the convertibles at redemption value. For subsequent recognition, financial instruments can only be measured at amortized cost if certain conditions are met under IFRS 9, convertible loans met both the conditions are IFRS 9 hence are subsequently measured at amortized cost. No further issues were noted on our review of the convertible loan notes.
Key Audit Matter 2	
Selection of accounting policies, compliance with accounting policies and disclosure in accordance with IFRS, Company's Act and the Listing rules. **As this is the first period that the company is preparing its statutory financial statements, there is a risk in relation to selection of accounting policies, compliance with those accounting policies and that disclosure of the said accounting**	Our work in this area included: · Carrying out a review of the accounting policies adopted by the company and ensuring these are in line with the requirements of IFRS, the Company's Act 2006 and the Listing rules. · Checking that the accounting policies are fully disclosed in the statutory financial statements. Based on the audit procedures performed, nothing has come to our attention that would indicate

policies may not be in line with the requirements of IFRS, the Company's Act 2006 and the Listing rules.	inadequate disclosure in the Financial Statements or use of inappropriate accounting policies.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and industry research.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Listing Rules, Disclosure and Transparency Rules, Anti-Bribery Act and Anti Money Laundering Regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - enquiries of management
    - review of minutes
    - review of RNS publications
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption

of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by Board of Directors on 7th January 2022 to audit the financial statements for the period ending 30 November 2021 and subsequent financial periods. Our total uninterrupted period of engagement is one year, covering the period ending 30 November 2021

Prior to our appointment as auditors of the company, we provided services to the company in relation to assisting with the PLC conversion of the entity and professional services rendered in respect of reporting accounting work during the period. No non audit services were provided to the company following our appointment as auditors.

We are satisfied that it does not meet the definition of accounting services under the FRC Ethical Standard which would be subject to an outright prohibition under the FRC Ethical Standard. This is because they do not involve the maintenance of accounting records nor do they involve the preparation of financial statements or other subject matter.

Our safeguards in respect of this non-audit service have centred on the fact that the partner connected to the PLC conversion and reporting accountant work was not involved in the audit engagement in any capacity. The service did not involve making any judgements on behalf of the management. We confirm that this safeguard was applied and that it enables us to conclude that our professional judgement and our audit report are not affected by the provision of the services listed above and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for

no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Eric Hindson (Senior Statutory Auditor) 15 Westferry Circus

For and on behalf of PKF Littlejohn LLP Canary Wharf

Statutory Auditor London E14 4HD

22 March 2022

STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ending 30 November 2021 £
Continuing Operations		
Gross Profit		-
Administrative expenses	4	(518,600)
Other operating income		-
Operating loss		**(518,600)**
Finance Income	5	**76,661**
Loss before taxation		**(441,939)**
Taxation on loss of ordinary activities	8	-
Loss for the year from continuing operations		**(441,939)**
Other comprehensive income		20,727
Total comprehensive loss for the year attributable to shareholders from continuing operations		**(421,212)**
Basic & dilutive earnings per share - pence	9	(0.92)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 November 2021 £
CURRENT ASSETS		
Cash and cash equivalents	10	1,248,420
Trade and other receivables	11	71,448
Loan notes	12	608,465
Other current assets		9,902
TOTAL CURRENT ASSETS		1,938,235
TOTAL ASSETS		**1,938,235**
EQUITY		
Share capital	14	695,402
Share premium account	14	1,500,868
Share based payment reserve	15	24,063
Retained Earnings		(421,212)
TOTAL EQUITY		**1,799,121**
CURRENT LIABILITIES		
Trade and other payables	13	139,114
TOTAL CURRENT LIABILITIES		**139,114**
TOTAL LIABILITIES		**139,114**
TOTAL EQUITY AND LIABILITIES		**1,938,235**

The financial statements were approved by the board on 22 March 2022 by:

Anthony Eastman
Non-executive Director
22 March 2022

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Share based payment reserve £	Retained Earnings £	Total Equity £
Loss for the period	-	-	-	(441,939)	(441,939)
Other comprehensive income	-	-	-	20,727	20,727
Total comprehensive income for year	**-**	**-**	**-**	**(421,212)**	**(421,212)**
Transactions with owners in own capacity					
Ordinary shares issued on incorporation	1,000	-	-	-	1,000
Ordinary shares Issued (8 March 2021)	297,502	-	-	-	297,502
Ordinary shares Issued (4 May 2021)	396,900	1,587,598	-	-	1,984,498
Broker warrants Issued (4 May 2021)	-	-	24,063	-	24,063
Share issue costs	-	(86,730)	-	-	(86,730)
Transactions with owners in own capacity	695,402	1,500,868	24,063	-	2,220,333
Balance at 30 November 2021	**695,402**	**1,500,868**	**24,063**	**(421,212)**	**1,799,121**

STATEMENT OF CASHFLOW

	Note	Period ending 30 November 2021 £
Cash flow from operating activities		
Loss for the financial year		(421,212)
Adjustments for:		
Share based payment reserves	15	24,063
Foreign exchange movements		(20,727)
Revaluation adjustments to fair value on convertible loan note	5	(76,661)
Changes in working capital:		

(Increase) in trade and other receivables		(81,350)
Increase in trade and other payables	13	139,114
Net cash outflow from operating activities		**(436,773)**
Cash flows from investing activities		
Purchase of convertible loan notes		(511,077)
Net cash flow from investing activities		**(511,077)**
Cash flows from financing activities		
Proceeds from Issue of Shares	14	2,283,000
Share Issue Costs	14	(86,730)
Net cash flow from financing activities		**2,196,270**
Net increase in cash and cash equivalents		**1,248,420**
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	10	**1,248,420**

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

East Star Resources Plc was incorporated on 17 November 2020 in England and Wales and remains domiciled there with Registered Number 13025608 under the Companies Act 2006, under the name Cawmed Resources Limited. The Company subsequently changed its name to East Star Resources Limited on 27 January 2021 and on 3rd March 2021 re-registered as a plc.

The address of its registered office is Eccleston Yards, 25 Eccleston Place, London SW1W 9NF, United Kingdom.

The principal activity of the Company is to seek suitable investment opportunities primarily in the natural resources sector.

The Company listed on the London Stock Exchange ("LSE") on 4th May 2021. The Company was suspended from trading on 19th July 2021 whilst managing a reverse takeover transaction and was then re-admitted to trading on 10th January 2021.

2. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

The financial statements for the period ended 30 November 2021 have been prepared by East Star Resources Plc in accordance with UK-adopted International Accounting Standards ('IFRS').

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as they fall due.

In January 2022 the Company successfully completed a Reverse Takeover ("RTO") whilst simultaneously completing a placing that allowed the Company to raise £3.1m gross. Post transaction the Company had in excess of £3.5m in cash and consequently exhibits a strong balance sheet position.

On acquisition of Discovery Ventures Kazakhstan Limited the Company acquired the rights to 4 mining licenses within Kazakhstan. The forecasted capital commitments of the Company have been analysed carefully in relation to expected spends on each one of the 4 mining licenses and the board is comfortable that the working capital commitments can be fully satisfied by the current cash position. Listed below are the major capital commitments of DVK in US Dollars at the latest available exchange rate:

Licence rent: $455,710

Licence minimum spend requirement: $225,745

Restoration bond insurance: $53,750

EM survey: $494,316

Total commitments: $1,229,521

It is on these considerations that the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

2.4 Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.5 Foreign currency translation

The financial statements are presented in Sterling which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at

the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

2.6 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss);
- those to be measured at amortised cost; and
- those to be measured subsequently at fair value through profit or loss.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.7 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of any direct issue costs.

2.8 Taxation

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2.9 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

- Convertible Loan Notes: measured at fair value through the profit or loss on recognition and amortized cost subsequently
- Share Based Payments: warrants valued using Black Scholes method

2.10 Share based payments

The Company has made awards of warrants on its unissued share capital to certain parties in return for services provided to the Company. The valuation of these warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model in this instance to derive a value for any share-based payments. These assumptions are described in more detail in note 15.

The expense charged to the Statement of Comprehensive Income during the year in relation to share based payments was £24,063.

2.11 New standards and interpretations not yet adopted

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

- Amendments to IAS 1: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (effective date not yet confirmed)*
- Amendments to IFRS 3: Business Combinations - Reference to Conceptual Framework (effective 1 January 2022)*
- Amendments to IAS 16: Property, Plant and Equipment (effective 1 January 2022)*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022)*
- Annual Improvements to IFRS Standards 2018-2020 Cycle (effective 1 January 2022)*
- Amendments to IAS 8: Accounting Policies, Changes to Accounting Estimates and Errors (effective date not yet confirmed)*
- Amendments to IAS 12: Income Taxes - Deferred Tax arising from a Single Transaction (effective date not yet confirmed)* *subject to UK endorsement

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

The directors are evaluating the impact that these standards may have on the financial statements of Company.

3. Segmental analysis

The Company manages its operations in one segment, being seeking a suitable investment specifically in the natural resources sector. The results of this segment are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual investment appraisals, and to assess its performance.

4. Operating Loss

Operating loss for the company is stated after charging:

	Period ending 30 November 2021 £
Directors' fees	42,000
Professional Fees (Legal & accounting)	259,652
Listing expenses	145,383
Share based payments	24,064
Insurance	15,232
Other administrative expenses	32,269
	(518,600)

5. Finance Income

Finance income consists of the revaluation of loan notes to fair value:

	Period ending 30 November 2021 £
Finance Income	76,661
	76,661

6. Employees

The average number of persons employed by the Company (including executive directors) during the period ended 30 November 2021 was:

	No of employees
Management	3
	3

The aggregate payroll costs of these persons were as follows:

	£
Wages and salaries	42,000
	42,000

Directors did not accrue any salary until the completion of the admission to the London Stock Exchange which occurred on 4 May 2021.

7. Auditor's Remuneration

	Period ending 30 November 2021 £
Fees payable to the Company's auditor for the audit of the Company	35,000

Corporate Finance Fees	15,000
	50,000

The period covers from incorporation to 30 November 2021 and includes accrued expenses relating to the 2021 audit.

8. Taxation

	As at 30 November 2021
	£
The charge / (credit) for the year is made up as follows:	
Corporation taxation on the results for the year	-
Taxation charge / credit for the year	-
A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:	
Loss per accounts	(421,212)
Tax credit at the standard rate of corporation tax in the UK of 19%	(80,030)
Other tax adjustments	80,030
	-

The Company has total carried forward losses of £421,212. The taxed value of the unrecognised deferred tax asset is £105,303 and these losses do not expire. No deferred tax assets in respect of tax losses have not been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. On 3 March 2021, the Chancellor announced that the corporation tax rate will be increasing to 25% from 1 April 2023.

9. Earnings per share

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year.

	£
Profit / (loss) attributable to shareholders of East Star Resources Plc	(421,212)
Weighted number of ordinary shares in issue	45,833,339
Basic & dilutive earnings per share from continuing operations - pence	(0.92)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented. See note 14 for further details.

10. Cash and cash equivalents

	As at 30 November 2021
	£
Cash at bank	1,248,420
	1,248,420

11. Trade and other receivables

	As at 30 November 2021
	£
VAT receivable	71,448
	71,448

12. Loan notes

	As at 30 November 2021
	£
Convertible Loan Note - DVK Kazakhstan	608,465
	608,465

As part of the binding term sheet entered into on 31 October 2021 the Company also subscribed for 4 convertible notes in Discovery Ventures Kazakhstan (DVK). The face value of the notes is $175,000 USD and DVK had drawn down all 4 notes by 30 November 2021. The redemption value of the notes is $201,250 USD and the value on the balance sheet has been reconciled to fair value through the profit & loss. On completion of the RTO of

DVK the notes will convert into an inter-company loan with the Company being the lender and DVK the borrower.

13. Trade and other payables

	As at 30 November 2021
	£
Trade payables	89,672
Payroll accruals	5,800
Accruals	43,500
Other payables	142
	139,114

14. Share capital and share premium

	Ordinary Shares	Share Capital	Share Premium	Total
	#	£	£	£
Issue of ordinary shares on incorporation[1]	100,000	1,000	-	1,000
Issue of ordinary shares [2]	5,900,000	59,000	-	59,000
Issue of ordinary shares [3]	23,850,217	238,502	-	238,502
Issue of ordinary shares [4]	39,689,947	396,900	1,587,598	1,984,498
Share issue costs	-	-	(86,730)	(86,730)
At 30 November 2021	**69,540,154**	**695,402**	**1,500,868**	**2,196,270**

On incorporation on 17 November 2020, the Company issued 100,000 ordinary shares of £0.01 at their nominal value of £0.01.

On 8 March 2021, the Company issued 5,900,000 ordinary shares at their nominal value of £0.01.

On 8 March 2021, the Company issued 23,850,217 ordinary shares at their nominal value of £0.01

On admission to the Standard List of the LSE on 4 May 2021, 39,689,947 shares were issued at a placing price of £0.05.

The share premium represents the difference between the nominal value of the shares issued and the actual amount subscribed less; the cost of issue of the shares, the value of the bonus share issue, or any bonus warrant issue.

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

15. Share based payment reserves

	As at 30 November 2021
	£
Broker placing warrants Issued [1]	24,063
At 30 November 2021	**24,063**

On incorporation 6,000,000 founders warrants were issued on a 1:1 basis with the founders shares. These warrants expire 3 years from the issue date and are exercisable at £0.05. Per IFRS 2 these warrants are not required to be valued.

On admission to LSE on 4 May 2021, 1,200,000 brokers warrants were issued that entitle the warrant holder to subscribe for one Ordinary Share at £0.05 per ordinary share. The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values are as follows:

Date of grant	Number of warrants	Share Price	Exercise Price	Expected volatility	Expected life	Risk free rate	Expected dividends
4 May 2020	1,200,000	£0.05	£0.05	50.00%	3	0.15%	0.00%

Warrants

	Number of Warrants	Exercise Price	Expiry date
On incorporation			
Issued on 16 March 2021	6,000,000	£0.05	4 May 2023
Issued on 4 May 2021	1,200,000	£0.05	4 May 2024
At 30 November 2021	**7,200,000**	**£0.05**	

The weighted average exercise price of the warrants exercisable at 30 November 2021 is £0.05.

The weighted average time to expiry of the warrants as at 30 November 2021 is 2.05 years.

The 6,000,000 warrants issued on 16 March 2021 were issued alongside the placing of ordinary shares and as such are not valued separately.

16. Financial Instruments and Risk Management

Principal financial instruments

The principal financial instruments used by the Company from which the financial risk arises are as follows:

	30 November 2021 £
Financial Assets	
Cash and cash equivalents	1,248,420
Trade and other receivables	71,448
Convertible loan note	608,465
	1,928,333
Financial Liabilities	
Trade payables	89,672
	89,672

The financial liabilities are payable within one year.

General objectives and policies

As alluded to in the Directors report the overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are:

Policy on financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, other receivables, trade and other payables. The Company's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 2 - "Accounting Policies".

The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Derivatives, financial instruments and risk management

The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Company does have some foreign currency exposure as loan to Discovery Ventures Kazakhstan ("DVK") is denominated in US dollars. However due to the low volume of transactions the Directors have assessed the risk as minimal and decided that mitigation strategies are not required at this stage of operations. The Directors will continue to assess this risk at regular intervals going forward.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and the credit ratings of its counterparties are

monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Company applies IFRS 9 to measure expected credit losses for receivables, these are regularly monitored and assessed. Receivables are subject to an expected credit loss provision when it is probable that amounts outstanding are not recoverable as set out in the accounting policy. The impact of expected credit losses was immaterial.

The Company's principal financial assets are cash and cash equivalents and loan notes. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Company's counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Loan notes are issued to Discovery Ventures Kazakhstan Limited which since been acquired by the Company. As a wholly owned subsidiary the of East Star, DVK can be closely monitored by directors to assess whether there are any indicators of impairment.

No financial assets have indicators of impairment.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Borrowings and interest rate risk

The Company currently has no borrowings. The Company's principal financial assets are cash and cash equivalents and loan notes. Cash equivalents include amounts held on deposit with financial institutions. The effect of variable interest rates is not significant.

Liquidity risk

During the period ended 30 November 2021, the Company was financed by cash raised through equity funding. Funds raised surplus to immediate requirements are held as cash deposits in Sterling.

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The table below shows the undiscounted cash flows on the Company's financial liabilities as at 30 November 2021 on the basis of their earliest possible contractual maturity.

	Total	Within 2 months	Within 2-6 months
	£	£	£
At 30 November 2021			
Trade payables	89,672	20,346	69,326
Payroll Accruals	5,800	5,800	-

Capital management

The Company considers its capital to be equal to the sum of its total equity. The Company monitors its capital using a number of key performance indicators including cash flow projections, working capital ratios, the cost to achieve development milestones and potential revenue from partnerships and ongoing licensing activities.

The Company's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a going concern. The Company funds its capital requirements through the issue of new shares to investors.

17. Financial assets and liabilities

	Financial assets at amortised cost £	Financial liabilities at amortised cost £	Total £
2021			
Trade and other receivables	71,448	-	71,448
Loan notes	608,465		608,465
Cash and cash equivalents	1,248,420		1,248,420
Trade and other payables	-	(89,672)	(89,672)
	1,928,333	**(89,672)**	**1,838,661**

18. Related Party Transactions

Warrants issued to Directors and Director related entities

On incorporation, the Company issued 100,000 Ordinary Shares of £0.01 at £0.01 per Ordinary Share for cash consideration of £1,000 to Orana Corporate LLP, an entity of which Directors Charlie Wood and Anthony Eastman are Partners. Subsequently these shares were transferred to Director Charlie Wood.

On 24 December 2020, Ainslie Capital Limited and Tournesol Consulting Limited (entities associated with Directors Charlie Wood and Anthony Eastman respectively) each subscribed for 400,000 Ordinary Shares of £0.01 at £0.01 per Ordinary share (total of 800,000) for cash consideration, of which Charlie Wood had already received the 100,000 shares as referred above.

All of these shares are paid up subsequent to period end.

Provision of services

During the year, £10,500 was incurred for the provision of administrative and corporate accounting services from Orana Corporate LLP, Anthony Eastman and Charles Wood are both directors of East Star and Orana. £1,500 was owing at year end and are included in trade & other payables - note 13.

Other than these there were no other related party transactions.

19. Ultimate Controlling Party

As at 30 November 2021, there was no ultimate controlling party of the Company.

20. Capital Commitments

As at 30 November 2021 there were no capital commitments for the Company, however subsequent to period end, the Company completed the successful acquisition of Discovery Ventures Kazakhstan, who had the following capital commitments as at acquisition date of:

Licence rent: $455,710

Licence minimum spend requirement: $225,745

Restoration bond insurance: $53,750

EM survey: $494,316

Total commitments: $1,229,521

Other than noted above there are no other capital commitments of the Company.

21. Events Subsequent to period end

Acquisition of Discovery Ventures Kazakhstan Limited and related placing/subscription

On 10 January 2022 the Company completed the acquisition of all of the share capital of Discovery Ventures Kazakhstan Limited ("DVK"). At the same time the Company completed the placing of 38.05 million shares and received subscriptions for 23.95 million shares which were issued at 5 pence per share raising £3.1 million for the Company. The Company net proceeds post transaction amounted to approximately £2.6m.

The initial consideration for the acquisition is to be satisfied in full by:

- the issue of 45 million Ordinary Shares in the company, which had a fair value of £2.25m based on the placing price of £0.05

Contingent Consideration

- The sellers shall have the right to receive a further 75 million performance shares based on the completion of the following performance milestone:
    - o confirmation- of -a -mineral -resource -on -one -of -the -Licences -of -at -least -one -million- ounces -of gold -equivalent -at- an -average- grade -of -at -least -two -grammes- per -tonne -of -gold -equivalent -as defined -by -an -independent- professional- firm -appointed -by -the -Company -to -either -JORC -Code or -NI 43-101-classification-standards

The initial estimate of the fair value of the assets acquired and liabilities assumed of DVK at the date of acquisition based upon the DVK balance sheet at 10 January 2022 are as follows:

	£
Property, plant and equipment	25,019
Trade and other receivables	865,793
Cash and cash equivalents	16,211
Other assets	144,579
Trade and other payables	(117,249)
Loans and other borrowings	(833,709)
Total identifiable net assets acquired	100,644

Consideration	-
Initial consideration (recorded at the market value of the shares issued)	2,250,000

Contingent consideration (recorded at the market value of the shares issued as initial consideration)	3,750,000
Total consideration	6,000,000

Goodwill acquired	5,899,356

Goodwill relates to the accumulated "know how" and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes.

The initial accounting for the acquisition of DVK includes the contingent consideration in the calculation of goodwill. This milestone relies on the confirmation of the mineral resources as detailed above. As the Company progresses its explorative activities it will look to apply a probability percentage to this contingent consideration to give the most accurate depiction of goodwill.

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