RNS Number : 4990W
East Star Resources PLC
18 April 2023

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18 April 2023

East Star Resources Plc

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

Final Results for the 13 Months Ended 31 December 2022

East Star Resources Plc (LSE:EST), which is defining mineral resources in Kazakhstan for the energy revolution, is pleased to present its annual financial results for the period ended 31 December 2022 (the "Period"). Owing to the change in the Company's financial year end from 30 November to 31 December to align with the calendar year, these results cover a Period of 13 months.

Highlights

Corporate

- Re-listed as a Kazakhstan-focused minerals explorer on 10 January 2022 following completion of the acquisition of Discovery Ventures Kazakhstan Limited ("DVK") and an oversubscribed fundraising of £3.1 million

- Alex Walker, CEO of DVK, appointed Director and CEO of the Company (based full time in Kazakhstan)

Projects

Copper-Zinc-Lead - Rudny Altai VMS Belt

- 3,640.2-line km of helicopter-borne electromagnetic ("HEM") survey conducted between May and July 2022 over VMS licences in the world-class Rudny Altai belt generating:
  - Five 'Priority 1' targets - four are drill-ready
  - Three 'Priority 2' targets - minor field work required prior to being drill-ready
  - 40 additional targets

- Announced on 15 August 2022 the award of three new volcanogenic massive sulphide ("VMS") licences incorporating two historic operating copper-zinc-lead mines, one known deposit, and many historical mineral occurrences

- Announced on 25 January 2023 (post Period end) the identification of a substantial copper-zinc-lead-deposit located within the 100% owned 'RA3' licence (the "Verkhuba Deposit"). An independent JORC-compliant Exploration Target of 19-23 Mt at 1.4-1.9% CuEq for the Verkhuba Deposit was announced on 21 March 2023. Highlights include:
  - Exploration Target defined by 97 drill holes comprising 42,178 m of historical diamond drilling

- Verification and infill drilling has been planned to upgrade Exploration Target to JORC-compliant resources with drilling expected to commence this summer

Rare Earths - East Kostanay

- Announced on 18 May 2022 a farm-in for up to 90% of the Talairyk rare earth elements ("REE") project. Highlights include:
  - Low-cost and zero cash payment entry to a geologically de-risked REE deposit with Ionic Adsorption Clay (IAC) potential
  - Historical resource (non-compliant) of 19,962 tonnes of yttrium plus REEs

- Announced on 8 August 2022 the award of an additional contiguous exploration licence at Talairyk

- Undertook 1,001 m of Reverse Circulation ("RC") drilling between October and November 2022 to confirm historical grades, width and extent of the mineralisation, and provide samples for metallurgical test work

- Announced assay results on 3 April 2023 (post period end) which demonstrate high grade intersections across the entire tested area and broad intersections in every drill hole, validating historical data and providing a strong indication of an REE deposit of consequential size and grade, with an average grade of 934.4 ppm and a peak grade of 3 m at 5,402 ppm TREO from 1m

- Leach test work to examine recoverability is ongoing

Gold - Chu-Ili Orogenic Gold Belt

- Exploration programme conducted throughout the period comprising analysis of historical data, close spaced drone magnetics and rock chip sampling leading up to a 4,947 m diamond drilling programme on both gold licences which commenced around 25 July 2022

- Assay results from Apmintas Licence announced on 13 February 2023 (post Period end) demonstrated:
  - Anomalous gold mineralisation in all three target areas with potential economic grades in the Eshkilitau II and Southern Shabdar targets
  - Eshkilitau II has potential for a mineralised system with a strike of >1 km along a fault zone with significant regional exploration upside potential
  - High-grade intersections indicate existence of high-grade zones within the mineralised systems at Southern Shabdar
  - Detailed structural logging is underway with analysis to determine next steps to progress exploration

Sandy Barblett, Non-executive Chairman, commented:

"This summer will see East Star drilling the significant copper-zinc-lead Verkhuba Deposit Exploration Target on the Rudny Altai belt as we seek to upgrade it to a JORC-complaint resource. Success in this objective alone positions East Star for a significant re-rating. At the same time, we intend to test priority HEM targets which offer the potential to become additional copper deposits proximal to Verkhuba, while conducting additional fieldwork and geophysics to refine more exploration targets.

In relation to our rare earths project, following highly encouraging assay results from RC drilling, we eagerly await the results of leach test work which will examine the recoverability potential of the valuable elements before moving into resource drilling of the historical deposit this year.

On the Chu-Ili gold belt we are determining the next steps in exploration, likely to focus on 10 km of strike along trend from high grade mines.

We believe Kazakhstan has the mineral wealth and political will to become a major supplier of critical and strategic minerals. East Star's first mover advantage is now evident in the portfolio, with the Company positioned as the listed brownfield resource definition vehicle through which to access the next wave of mineral discoveries in Kazakhstan."

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

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About East Star Resources Plc

East Star Resources is focused on the discovery and development of strategic minerals required for the energy revolution. With an initial nine licenses covering 1,321.5 km^2 in three mineral rich districts of Kazakhstan, East Star is undertaking an intensive exploration programme, applying modern geophysics to discover minerals in levels that were not previously explored. The Company also intends to further expand its licence portfolio in Kazakhstan. East Star's management are based permanently on the ground, supported by local expertise, and joint ventures with the state mining company.

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www.eaststarplc.com/newsalerts

The person who arranged for the release of this announcement was Alex Walker, CEO of the Company.

CHAIRMAN'S STATEMENT

On 10 January 2022, soon after the beginning of this Period under review, East Star raised gross proceeds of £3.1 million by way of an oversubscribed placing and subscription and was readmitted to the Official List of the London Stock Exchange by way of a Standard Listing following its acquisition of 100% of the share capital of the mineral explorer, Discovery Ventures Kazakhstan Limited ("DVK").

DVK was formed to take advantage of a convergence of what we believe to be ideal conditions to explore for and develop mineral deposits in Kazakhstan. This is predicated on the availability of high-quality regional data and mapping from historical exploration to which modern interpretation techniques can now be applied, extensive underexplored areas, low operating and energy costs, established logistics, the number of majors operating in-country, and a progressive regulatory framework. In the period since East Star set up in Kazakhstan, both the European Union and the UK have forged MoUs for the supply of critical metals. In a statement in October 2022, European Commission President, Ursula von der Leyen, acknowledged that meeting green and digital economy goals would require minerals of which Kazakhstan is so rich.

The rapid maturation of East Star's portfolio is testament to the conditions in-country. Indeed, the period since listing has been nothing short of exceptional. We came to market as a greenfield explorer in early 2022 with four licences and have grown to nine licences - or three projects - covering 1,321.5 km^2 in three mineral districts targeting multiple in-demand commodities. We have, since listing, conducted nearly 5,000 m of diamond core drilling on gold licences, conducted and interpreted substantial helicopter-borne electromagnetic surveying over VMS licences, RC drilled our REE deposit and conducted extensive fieldwork and historical data analysis across all three projects. We have achieved all this on time and cost efficiently.

The outcome has been that in little over a year, East Star's shareholders have gained exposure to forthcoming brownfield resource drilling of potentially significant copper-zinc-lead and rare earth deposits, both with significant exploration upside in prolific but underexplored mineral belts and potentially accelerated development pathways. This, combined with the 10 km of strike with demonstrated gold at potential economic grades on our Chu-Ili licences makes for a uniquely exciting portfolio which we believe is at this moment vastly underappreciated by the stock market.

Review of Operations

Copper-Zinc-Lead - Rudny Altai VMS Belt
During the year the Company acquired two licences (80% held in DVK) in the Rudny Altai region, one of the largest VMS provinces in the world, in a joint venture with the state mining company Tau Ken Samruk (20% held in Tau Ken Samruk). On 15 August 2022, East Star announced the award of three additional contiguous licences (100%

East Star) incorporating two historical operating (extremely high grade), copper-lead-zinc mines, one known deposit, and many historical mineral occurrences.

We conducted 3,640.2-line km of HEM survey between May and July 2022 over these licences resulting in the generation of five 'Priority 1' targets - four drill-ready; three 'Priority 2' targets with minor field work required prior to being drill-ready; and 40 additional targets.

On 25 January 2023 (post Period end) we announced the identification of a substantial copper-zinc-lead-deposit located within East Star's 100% owned 'RA3' licence (the "Verkhuba Deposit"). An independent JORC-compliant Exploration Target of 19-23 Mt at 1.4-1.9% CuEq for the Verkhuba Deposit was announced on 21 March 2023. The Exploration Target has been defined by 97 drill holes comprising 42,178 m of historical diamond drilling providing a reasonable level of confidence in the geological interpretation.

This is without doubt the most exciting development in the portfolio in the Period. We are now planning verification and infill drilling to convert the Exploration Target to JORC-compliant resources with drilling expected to commence this summer. A conversion of the target to JORC resources offers the potential for a transformational re-rating in East Star's value just to equal the average value of peer group copper deposits, before considering the potential for additional tonnage of the ore bodies, significant exploration upside from HEM targets, and a potential route to low-CAPEX development leveraging the regional infrastructure already in place and excess processing capacity from both Glencore (Kazzinc) and KAZ Minerals.

Rare Earths - East Kostanay

The critical need for REEs to support the energy revolution is well publicised. On 18 May 2022, East Star announced a farm-in for up to 90% of the Talairyk Ionic Adsorption Clay (IAC) REE project. This represented a low-cost and zero cash payment entry to a geologically de-risked IAC hosted REE deposit with a historical resource (non-compliant) of 19,962 tonnes of yttrium plus REEs.

On 8 August 2022, we increased our exposure to REEs with the announcement of the award of an additional contiguous exploration licence at Talairyk and began a work programme aimed ultimately at confirming and expanding the historical resource and assessing recoverability potential of the REEs.

1,001 m of RC drilling was conducted by East Star between October and November 2022 to confirm historical grades, width and extent of the mineralisation, and provide samples for metallurgical test work. On 3 April 2023 (post Period end), we announced assay results which demonstrate high grade intersections across the entire tested area and broad intersections in every drill hole, validating historical data and providing a strong indication of an REE deposit of consequential size and grade, with an average grade of 934.4 ppm and a peak grade of 3m at 5,402 ppm TREO from 1m.

Leach test work to examine recoverability rates of the REEs is underway. Positive results will give us the confidence to move rapidly into resource drilling of the historical deposit to bring it to JORC standards and commence development studies.

Gold - Chu-Ili Orogenic Gold Belt

A huge amount of exploration activity has been conducted on East Star's gold licences during the Period and, while the exciting developments in our critical metals projects have understandably taken priority in recent months given their near-term development potential, we have not lost sight of the potential to define a million ounces of gold on acreage where our diamond drill results and shallow artisanal mines are a visible sign of a working gold system especially at a time when gold is now above $2,000 per oz.

East Star's exploration programme conducted throughout the period comprised analysis of historical data, close spaced drone magnetics, and rock chip sampling leading up to nearly 5,000 m of diamond drilling on both gold licences which commenced around 25 July 2022.

Assay results from the Apmintas Licence were announced on 13 February 2023 (post Period end) and demonstrated anomalous gold mineralisation in all three target areas with potential economic grades in the Eshkilitau II and Southern Shabdar targets. Eshkilitau II has potential for a mineralised system with a strike of more than 1 km along a fault zone with significant regional exploration upside potential, while high-grade intersections indicate the existence of high-grade zones within the mineralised systems at Southern Shabdar. Detailed structural logging is underway, the analysis of which will determine the next steps to progress exploration.

Key East Star Financial Indicators

- Cash and cash equivalents at Period end were £1.456 million
- Loss before taxation for the Period was £3.106million (includes £1.73 million reverse acquisition expense (non-cash) on acquisition of DVK)
- Net cash flow for the period was £1.437 million
- The Group held net assets at Period end of £3.812 million

Summary

This summer will see East Star drilling the significant copper-zinc-lead Verkhuba Deposit Exploration Target on the Rudny Altai belt as we seek to upgrade it to a JORC-complaint resource. Given the extensive historical drilling and Company data analysis that underpins this Exploration Target, we have a reasonable level of confidence in achieving this. Success in this objective alone positions East Star for a significant re-rating.

At the same time, we intend to test priority HEM targets which offer the potential to become additional copper deposits proximal to the Verkhuba Deposit, while conducting additional fieldwork and geophysics to refine more exploration targets.

In relation to our rare earths project, following highly encouraging assay results from RC drilling, we eagerly await the results of leach test work which will examine the recoverability potential of the valuable elements before moving into resource drilling of the historical deposit this year.

On the Chu-Ili gold belt we are determining the next steps in exploration, likely to focus on 10 km of strike along trend from high grade mines.

We believe Kazakhstan has the mineral wealth and political will to become a major supplier of critical and strategic minerals. East Star's first mover advantage is now evident in the portfolio, with the Company positioned as the listed brownfield resource definition vehicle through which to access the next wave of mineral discoveries in Kazakhstan.

I would like to take this opportunity to commend our CEO, Alex Walker, who is based permanently in Kazakhstan, and our whole team in Kazakhstan, who have in the Period conducted successful work programmes safely and cost effectively across three projects which now position East Star to deliver, this year, JORC resources of metals needed for the energy revolution. As always, we thank shareholders for their continued support.

Sandy Barblett
Non-Executive Chairman
17 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2022

	Note	Audited Period ended 31 December 2022 £'000	Unaudited Year ended 31 December 2021 £'000
Continuing Operations			
Revenue		-	-
Administrative expenses	4	(1,131)	(47)
Share based payments		(244)	-
Operating loss		**(1,375)**	**(47)**

Finance expenses	5	-	(39)
Reverse acquisition expense	24	(1,730)	-
Loss before taxation		**(3,105)**	**(86)**
Taxation on loss of ordinary activities	8	-	-
Loss for the year from continuing operations		**(3,105)**	**(86)**
Other comprehensive income	9	70	(4)
Total comprehensive loss for the year attributable to shareholders from continuing operations		**(3,035)**	**(90)**
Basic & dilutive earnings per share - pence	10	(1.72)	(0.07)

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

The notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Audited As at 31 December 2022 £'000	Unaudited As at 31 December 2021 £'000
NON-CURRENT ASSETS			
Exploration assets	11	2,268	-
Earn in advance (financial asset)	12	57	-
Property, plant and equipment	13	25	25
TOTAL NON-CURRENT ASSETS		**2,350**	**25**
CURRENT ASSETS			
Cash and cash equivalents	15	1,456	17
Trade and other receivables	17	133	964
TOTAL CURRENT ASSETS		**1,589**	**981**
TOTAL ASSETS		**3,939**	**1,006**
CURRENT LIABILITIES			
Trade and other payables	19	127	40
Loan notes	20	-	765
Borrowings	21	-	75
TOTAL CURRENT LIABILITIES		**127**	**880**
TOTAL LIABILITIES		**127**	**880**
NET ASSETS		**3,812**	**126**

EQUITY			
Share capital	22	1,823	53
Share premium	22	5,891	132
Other equity reserve		-	31
Share capital to issue	24	3,750	-
Share based payment reserve	23	268	-
Foreign exchange reserve		66	(4)
Reverse acquisition reserve	24	(4,795)	-
Retained earnings		(3,191)	(86)
TOTAL EQUITY		**3,812**	**126**

**Non-controlling interest of £33 exists with Joint Venture Partner (Tau-Ken Samruk) not stated above.*

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account has not been presented for the Company. The Company's total comprehensive loss for the financial period was £971,025 (2021: £421,212)

The financial statements were approved and authorised for issue by the board on 17 April 2023 and were signed on its behalf by:

Director - Anthony Eastman

The notes form an integral part of these consolidated financial statements.

COMPANY STATMEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Audited As at 31 December 2022 £'000	Audited As at 30 November 2021 £'000
NON-CURRENT ASSETS			
Investment	14	6,268	-
Intercompany receivables	16	2,734	
TOTAL NON-CURRENT ASSETS		**9,002**	**-**
CURRENT ASSETS			
Cash and cash equivalents	15	1,407	1,248
Trade and other receivables	17	16	72
Loan notes	18	-	608
Other current assets		-	10
TOTAL CURRENT ASSETS		**1,423**	**1,938**
TOTAL ASSETS		**10,425**	**1,938**
CURRENT LIABILITIES			
Trade and other payables	19	85	139
TOTAL CURRENT LIABILITIES		**85**	**139**
TOTAL LIABILITIES		**85**	**139**

NET ASSETS		**10,340**	**1,799**
EQUITY			
Share capital	22	1,823	695
Share premium account	22	5,891	1,501
Share capital to issue	24	3,750	-
Share based payment reserve	23	268	24
Retained Earnings		(1,392)	(421)
TOTAL EQUITY		**10,340**	**1,799**

The financial statements were approved and authorised for issue by the board on 17 April 2023 and were signed on its behalf by:

Director - Anthony Eastman
The notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Share Capital	Share Premium	Equity reserve	SBP reserve	Foreign exchange reserve	Reverse acquisition reserve	Share Capital issue	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2020	45	-	-	-	-	-	-	-	45
Loss for period	-	-	-	-	-	-	-	(86)	(86)
Other comprehensive income	-	-	-	-	(4)	-	-	-	(4)
Total comprehensive expense for year	-	-	-	-	**(4)**	-	-	**(86)**	**(90)**
Transactions with owners in own capacity									
Ordinary shares issued	8	132	-	-	-	-	-	-	140
Equity value of convertible loan notes	-	-	31	-	-	-	-	-	31
Transactions with owners in own capacity	8	132	31	-	-	-	-	-	171
Balance at 31 December 2021	**53**	**132**	**31**	-	**(4)**	-	-	**(86)**	**126**
Loss for period	-	-	-	-	-	-	-	(3,105)	(3,105)
Other comprehensive income	-	-	-	-	70	-	-	-	70
Total comprehensive income for year	**-**	**-**	**-**	**-**	**70**	**-**	**-**	**(3,105)**	**(3,035)**

Transactions with owners in own capacity									
Recognition of PLC equity at acquisition date	695	1,501	-	24	-	1,257	-	-	3,477
Remove share capital of DVK	(53)	(132)	(31)	-	-	216	-	-	-
Issue of shares for acquisition of subsidiary	504	2,014	-	-	-	(6,268)	3,750	-	-
Issue of shares for placing	624	2,494	-	-	-	-	-	-	3,118
Share issue costs	-	(118)	-	-	-	-	-	-	(118)
Broker warrants issued	-	-	-	132	-	-	-	-	132
Employee options issued	-	-	-	112	-	-	-	-	112
Transactions with owners in own capacity	1,770	5,759	(31)	268	-	(4,795)	3,750	-	6,721
Balance at 31 December 2022	**1,823**	**5,891**	-	**268**	**66**	**(4,795)**	**3,750**	**(3,191)**	**3,812**

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Share capital	Share premium	SBP reserve	Share capital to issue	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loss for period	-	-	-	-	(442)	(442)
Other comprehensive income	-	-	-	-	21	21
Total comprehensive expense for year	-	-	-	-	**(421)**	**(421)**
Transactions with owners in own capacity						
Ordinary Shares issued in the period	695	1,588	-	-	-	2,283
Broker Warrants Issued	-	-	24	-	-	24
Share Issue Costs	-	(87)	-	-	-	(87)
Transactions with owners in own capacity	695	1,501	24	-	-	2,220
Balance at 30 November 2021	**695**	**1,501**	**24**	**-**	**(421)**	**1,799**
Loss for period	-	-	-	-	(971)	(971)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for year	-	-	-	-	**(971)**	**(971)**

Transactions with owners in own capacity						
Ordinary Shares issued in the period	1,128	4,508	-	-	-	5,636
Performance shares on acquisition	-	-	-	3,750	-	3,750
Advisor warrants issued	-	-	132	-	-	132
Employee options issued	-	-	112	-	-	112
Share Issue Costs	-	(118)	-	-	-	(118)
Transactions with owners in own capacity	1,128	4,390	244	3,750	-	9,512
Balance at 31 December 2022	**1,823**	**5,891**	**268**	**3,750**	**(1,392)**	**10,340**

CONSOLIDATED STATEMENT OF CASHFLOWS FOR PERIOD ENDED 31 DECEMBER 2022

	Note	Audited Period ended 31 December 2022 £'000	Unaudited Year ended 31 December 2021 £'000
Cash flow from operating activities			
Loss for the financial year		(3,105)	(90)
Adjustments for:			
Share based payments		244	-
Reverse acquisition expense		1,730	-
Depreciation & amortization		9	-
Interest charge on convertible loan note		-	39
Settlement of fees through issue of equity		18	-
Foreign exchange movements		70	(4)
Changes in working capital:			
Decrease / (increase) in trade and other receivables		830	(922)
Increase in trade and other payables		87	629
Net cash outflow from operating activities		**(117)**	**(348)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(9)	(25)
Investment in exploration and financial assets		(1,449)	-
Cash acquired on acquisition of subsidiary		22	-
Net cash flow from investing activities		**(1,436)**	**(25)**
Cash flows from financing activities			
Proceeds from issue of shares		3,100	138
Share issue costs		(118)	-
Issue of convertible loan notes		-	249
Net cash flow from financing activities		**2,982**	**387**

Net increase in cash and cash equivalents		**1,429**	**14**
Cash and cash equivalents at beginning of the period		16	9
Foreign exchange effect on cash balance		11	(7)
Cash and cash equivalents at end of the period	15	**1,456**	**16**

During the period there were the following material non-cash transactions:

- 50.35 million shares as consideration on the acquisition of Discovery Ventures Kazakhstan
- Settlement of East star convertible loan notes through issue of equity
- Settlement of Ilwella convertible loan notes through issue of equity

The notes form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CAHSFLOWS FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Audited 13 months ended 31 December 2022 £'000	Audited Period ended 30 November 2021 £'000
Cash flow from operating activities			
Loss for the financial year		(971)	(421)
Adjustments for:			
Share based payments		244	24
Settlement of fees through issue of equity		18	(21)
Revaluation adjustments to fair value		-	(77)
Changes in working capital:			
Decrease / (increase) in trade and other receivables		66	(81)
(Decrease) / increase in trade and other payables		(53)	139
Net cash outflow from operating activities		**(696)**	**(437)**
Cash flows from investing activities			
Purchase of convertible loan notes		-	(511)
Loans to subsidiaries		(2,127)	-
Net cash flow from investing activities		**(2,127)**	**(511)**
Cash flows from financing activities			
Proceeds from Issue of Shares		3,100	2,283
Share Issue Costs		(118)	(87)
Net cash flow from financing activities		**2,982**	**2,196**
Net increase in cash and cash equivalents		**159**	**1,248**
Cash and cash equivalents at beginning of the	15	1,248	-

period			
Cash and cash equivalents at end of the period	15	**1,407**	**1,248**

During the period there were the following material non-cash transactions:

- 50.35 million shares as consideration on the acquisition of Discovery Ventures Kazakhstan
- Settlement of East star convertible loan notes through issue of equity

The notes form an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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 originally 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 2022. The Company successfully completed the acquisition of its Kazakhstan based subsidiary - "Discovery Ventures Kazakhstan Limited" on 10 January and since then has been increasing exploration operations within the region. The consolidated financial statements are presented for the Company and all of its subsidiaries ("the Group").

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 consolidated and parent company financial statements ("financial statements") for the period ended 31 December 2022 have been prepared by East Star Resources Plc in accordance with UK-adopted International Accounting Standards ("IAS UK"). The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The functional currency of the Company is Pounds Sterling (£) as this is the currency that finance was raised in.

The functional currency of its subsidiaries is the Kazakhstan Tenge. For all subsidiaries these are the currencies that mainly influence labour, material and other costs of providing services. However, the presentational currency for the subsidiaries is United States Dollar ($) as this is the currency that the subsidiaries are required to report to national mining authorities in.

The Group has chosen to present its consolidated financial statements in Pounds Sterling (£), as the Directors believe it is a more convenient presentational currency for users of the consolidated financial statements. Foreign operations are included in accordance with the policies set out below.

During the period the Company changed its accounting reference date from 30th November to 31st December to align itself with its newly acquired subsidiary. Consequently, the current year covers a 13 month period, whereas the prior year is a 12-month period and so is not entirely comparable year on year. This change in periods relates only to the parent company financial statements. Consolidated financial statements are prepared to 31 December for 2021 and 2022.

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group 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 Group to raise £3.1m gross. Post transaction the Group had in excess of £3.5m in cash (£1.456m at period end) and consequently exhibits a strong balance sheet position.

On acquisition of Discovery Ventures Kazakhstan Limited the Group acquired the rights to multiple mining licenses within Kazakhstan. The forecast capital commitments of the Group have been analysed carefully in

relation to expected spends on each one of the mining licenses and the board is comfortable that the working capital commitments can be fully satisfied by the current cash position. The major capital commitments of DVK and its subsidiaries can be seen in Note 29.

These considerations combined with other mitigating factors (Directors are prepared to forego salaries if necessary to support the Company) that the directors have a reasonable expectation that the Group 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 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Per IFRS 10, control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Reverse acquisition accounting treatment

During the period East Star Resources Plc acquired the entire share capital of Discovery Ventures Kazakhstan Ltd. As East Star Resources ("accounting acquiree") was purely a cash shell at time of acquisition it did not constitute a business and therefore the acquisition was treated as a reverse acquisition of DVK ("accounting acquirer") and outside the scope of IFRS 3.

As a result of this the consolidated financial statements have been prepared to reflect the consolidated results of the Group from acquisition date on 10 January 2022. The consolidated period is the 12 month period ending 31 December 2022 and incorporates results from DVK for the entire period and results from East Star from acquisition date on 10 January 2022. Comparatives have been prepared to reflect the results of the accounting acquirer for the year ending 31 December 2021.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions. The Group holds the majority of group funds in Lloyds bank equivalent accounts through a forex platform (Alpha FX). Supplementary working capital funds are held in online banking platforms in the UK (Revolut) and physical banks in Kazakhstan.

2.5 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.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve except to the extent that the translation difference is allocated to non-controlling interests.

https://www.lawinsider.com/clause/reverse-acquisition-reserveThe reverse acquisition reserve was recognised during the formation of the Group when the legal acquiree was considered to be the accounting acquirer under the rules of IFRS 3. As the accounting acquiree was not a business under IFRS 3, a part of the transaction was outside the scope of IFRS 3. This resulted in the recognition of a 'reverse acquisition reserve' on consolidation and is set out in more detail in note 24.

Share capital to issue reserve relates to shares to be settled via the issue of the Company's shares at the year-end which meet the definition of equity per IAS 32 are classified as shares to be issue within equity and are held at fair value.

2.6 Foreign currency translation

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;

(ii) income and expenses for each income statement are translated at spot exchange rates (unless the spot is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in the Statement of Comprehensive Income and accumulated in the foreign exchange reserve in equity.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange reserve (attributed to non-controlling interests as appropriate).

2.7 Financial instruments

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

a) Classification

The Group 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 Group'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 Group 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 Group 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 Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group 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 Group subsequently measures all equity investments at fair value. Where the Group'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 Group'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 Group 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 Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.8 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

2.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

When the Group acquires any plant and equipment it is stated in the accounts at its cost of acquisition less a provision.

Depreciation is charged to write off the costs less estimated residual value of plant and equipment on a straight basis over their estimated useful lives being:

- Plant and equipment 5-7 years
- Furniture and fittings 5-7 years
- Computer equipment 3 years

Estimated useful lives and residual values are reviewed each year and amended as required.

2.11 Exploration and evaluation assets

Intangible assets represent exploration and evaluation assets (IFRS 6 assets), being the cost of acquisition by the Group of rights, licences and know-how. Such expenditure requires the immediate write-off of exploration and development expenditure that the Directors do not consider to be supported by the existence of commercial reserves.

All costs associated with mineral exploration and investments, are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads and these assets are not amortised until technical feasibility and commercial viability is established. If an exploration project is successful, the related expenditures will be transferred to "mining assets" and amortised over the estimated life of the commercial ore reserves on a unit of production basis.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. When relevant, such assets shall be assessed for impairment, and any impairment loss recognised, before reclassification to "Mine development".

2.12 Share based payments

The Group has made awards of warrants and options on its unissued share capital to certain parties in return for services provided to the Group. 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 and the Monte Carlo valuation model to derive a value for any share-based payments. These assumptions are described in more detail in note 23.

The expense charged to the Statement of Comprehensive Income during the year in relation to share based payments was £244,283.

2.13 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.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the group or parent company financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. As there is no reasonable expectation of future revenues to which tax losses could be applied no deferred tax asset has been recognised.

2.14 Leases

The Group recognises the guidelines set out in "IFRS 16 - Leases" and are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than £5k) are recognised on a straight-line basis as an expense in profit or loss. The short term lease exemption has been utilised by the Group in relation to property leases held in the Kazakhstan and the UK. These leases are on a rolling month-month basis and hence there is no long term commitment entered into and are also low-value assets.

2.15 Convertible loan notes, borrowings and borrowing costs

Convertible loan notes classified as financial liabilities and borrowings are recognised initially at fair value, net of transaction costs. After initial recognition, loans are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the loan to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability or at least 12 months after the end of the reporting period.

2.16 Contingent asset

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets in these financial statements relate to VAT that is only offsetable against future revenue and hence these amounts are contingent on this occurrence and are classified as so.

2.17 Other comprehensive income

Gains or losses on the translation of currencies into the presentational currency are recognised as other comprehensive income in the Statement of Profit and Loss and Other Comprehensive Income and transferred to a separate foreign exchange reserve under equity.

2.18 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:

Impairment of investments and loans to subsidiaries - Note 14 & 16

The Group and the Company assess at each reporting date whether there is any objective evidence that investments in and loans to subsidiaries are impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments/receivables, including valuation, creditworthiness and future cashflows. As at the year end the Directors do not assess there to be any impairment of these amounts.

Recoverable value of exploration assets - Note 11

Costs capitalised in respect of the Group's mining assets are required to be assessed for impairment under the provisions of IFRS 6. Such an estimate requires the Group to exercise judgement in respect of the indicators of impairment and also in respect of inputs used in the models which are used to support the carrying value of the assets. Such inputs include estimates of mineral reserves, production profiles, commodity prices, capital expenditure, inflation rates, and pre-tax discount rates that reflect current market assessments of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Directors concluded that there was no impairment as at 31 December 2022.

Share based payments - Note 23
The Group issues options and warrants to its employees, directors, investors and advisors. These are valued in accordance with IFRS 2 "Share-based payments". In calculating the related charge on issuing shares and warrants the Group will use a variety of estimates and judgements in respect of inputs used including share price volatility, risk free rate, and expected life. Changes to these inputs may impact the related charge.

Valuation of contingent consideration payable - Note 24
The Group has recorded a contingent consideration liability of £3.75m as at 31 December 2022 relating to the reverse acquisition of DVK. An estimate must be made when determining the value of contingent consideration to be recognised at each balance sheet date. Changes in assumptions could cause an increase, or reduction, in the amount of contingent consideration payable, with a resulting charge or credit in the consolidated income statement.

The contingent consideration (in the form of performance shares) is based upon the achievement of performance milestones relating to 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 - Group -to -either -JORC -Code or -NI 43-101-classification- standards. The Directors believe that there is a moderate probability that these conditions will be met however not in the 12 month period so it has been classified as a non-current liability in the statement of financial position.

2.19 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):

Standard	Impact on initial application	Effective date
Annual Improvements	2018-2020 Cycle	1 January 2023
IAS 1	Classification of liabilities Current or Non-current	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023

The effect of these 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 Group.

3. Segmental analysis

The Group manages its operations in two segments, being exploration activities in Kazakhstan and corporate functions in the United Kingdom. The results of these segments are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual investment appraisals, and to assess their performance.

The Group generated no revenue during the year ended 31 December 2022 (2021:£0).

	United Kingdom	Kazakhstan	Total
	£'000	£'000	£'000
Administrative expenses	(675)	(177)	(852)
Share based payments	(244)	-	(244)
VAT write off	-	(279)	(279)
Operating loss from continued operations per reportable segment	**(919)**	**(456)**	**(1,375)**
Reportable segment assets	1,423	2,516	3,939
Reportable segment liabilities	(85)	(42)	(127)

Total	**1,338**	**2,474**	**3,812**

Segment assets and liabilities are allocated based on geographical location.

4. Administrative expenses

Administrative expenses for the Group can further be broken down as per below:

	Period ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
Professional fees	(340)	-
Directors fees	(335)	(3)
Salaries & wages	(89)	(31)
Insurance	(25)	-
Travel & entertainment	(33)	-
Foreign exchange	83	-
VAT write off	(279)	-
Other administrative expenses	(113)	(13)
Total	**(1,131)**	**(47)**

5. Finance expenses

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

	Period ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
Interest expenses	-	(39)
	-	**(39)**

6. Employees

The average number of persons employed by the Group (including directors) during the period ended 31 December 2022 was:

	31 December 2022 **No of employees**	**31 December 2021** **No of employees**
Management	4	3
Non-management	7	-
	11	3

Aggregate payroll costs of these person were as follows:

	Period ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
Management	335	3

Non-management	108	31
	443	34

The highest paid director received total remuneration of £308,000 (2021: £14,000)

7. Auditor's Remuneration

	Period ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
Fees payable for the audit of the Group's financial statements	45	35
Fees payable for review of the Group's interim financial statements	3	-
Fees payable for other services - Reporting accountant services in respect to reverse acquisition	-	15
	48	50

8. Taxation

	Period ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
A reconciliation of the tax charge 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	(3,105)	(421)
Tax credit at the weighted standard average rate of corporation tax in the UK of 19% and Kazakhstan of 20%	(606)	(80)
Adjustment for items disallowable for tax	375	57
Tax losses for which no deferred tax is recognised	231	23
Tax expense recognised in accounts	-	-

The Group has total carried forward losses of £1,250k. The taxed value of the unrecognised deferred tax asset is £238k 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 15 March 2023 it was announced that from 1 April 2023 the UK corporation tax rate would increase from 19% to 25% for profits over £250,000. Profits made under the £250,000 threshold will continue to be taxed at a rate of 19%. The Group will continue to calculate the effective tax rate at 19%.

9. Other comprehensive income

Items credited to the other comprehensive income line in the statement of comprehensive income relate to the impact of foreign exchange movements when translating the statement of financial position from functional to presentational currencies on consolidation. The corresponding movement is offset against the foreign exchange reserve in the statement of financial position:

	Period ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Foreign currency movements	70	(4)
	70	**(4)**

10. 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.

	Year ended 31 December 2022	Year ended 31 December 2021
Loss attributable to shareholders of East Star Resources Plc - £'000	(3,105)	(86)
Weighted number of ordinary shares in issue	180,843,292	123,231,836
Basic & dilutive earnings per share from continuing operations - pence	(1.72)	(0.07)

The weighted average number of shares is adjusted for the impact of the reverse acquisition as follows:

Prior to the reverse takeover, the number of shares is based on DVK, adjusted using the share exchange ratio arising on the reverse takeover; and from the date of the reverse takeover, the number of share is based on the Company. The prior year number of shares is also adjusted using the share exchange ratio.

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 23 for further details.

11. Exploration assets

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Exploration & evaluation assets	**2,268**	**-**	**-**	**-**

Exploration and evaluation assets relate specifically to mining licenses held in the Kazakhstan based subsidiaries. The Group holds a total of 8 licenses plus one jointly through a farm in arrangement with Phoenix Mining ltd

across 3 mineral districts being specifically the Chu-Ili belt, East Kostanay region and Rudny Altai belt. The majority of investment in the assets has been across the Chu-Ili and Rudny held licenses to date.

12. Earn in advance (financial asset)

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Earn in advance (financial asset)	57	-	-	-

The asset held jointly with Phoenix Mining Ltd is classified below as a financial asset as it does not currently satisfy all the requirements of IFRS 6 to be capitalised as an exploration asset.

13. Property, plant & equipment

Group

	Plant and equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost				
Opening balance - 1 January 2021	-	-	-	-
Additions	26	1	3	30
At 31 December 2021	26	1	3	30
Depreciation				
Opening balance - 1 January 2021	-	-	-	-
Charge for the period	(5)	-	-	(5)
At 31 December 2021	(5)	-	-	(5)
Net book value 31 December 2021	**21**	**1**	**3**	**25**

	Plant and equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost				
Opening balance - 1 January 2022	26	1	3	30
Additions	3	1	4	8
At 31 December 2022	29	2	7	38
Depreciation				
Opening balance - 1 January 2022	(5)	-	-	(5)
Charge for the period	(7)	-	(1)	(8)
At 31 December 2022	(12)	-	(1)	(13)
Net book value 31 December 2021	21	1	3	25
Net book value 31 December 2022	**17**	**2**	**6**	**25**

14. Investment in subsidiaries

	Group		Company	
	As at 31 December	As at 31 December	As at 31 December	As at 30 November

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investment in DVK	-	-	6,268	-
	-	-	**6,268**	

On 10 January 2022 the Company completed the successful acquisition of DVK through a reverse takeover. The Company issued 50,350,000 shares at £0.05 to the shareholders of DVK in order to acquire the entire share capital of DVK. As part of the investment the Company has also recognised a contingent liability to issue 75,000,000 shares at £0.05 on the satisfaction of specific performance milestones. The transaction was treated as a reverse acquisition as detailed in note 24.

Name	Business Activity	Country of Incorporation	Registered Address	Percentage Holding
Discovery Ventures Kazakhstan Limited	Mineral exploration	Kazakhstan	Block C4.3, Office 140, Z05T3F5, Nur Sultan, Kazakhstan	100%
Chu Lli Resources ltd*	Mineral exploration	Kazakhstan	Mangilik Yel 55/22, Block C4.3, Office 140, Z05T3F5, Nur Sultan, Kazakhstan	80%
Rudny Resources ltd*	Mineral exploration	Kazakhstan	Mangilik Yel 55/22, Block C4.3, Office 140, Z05T3F5, Nur Sultan, Kazakhstan	80%

**Subsidiaries held indirectly through Discovery Ventures Kazakhstan*

15. Cash and cash equivalents

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Cash at bank	1,456	17	1,407	1,248

16. Inter-company receivable

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Inter-company loan - DVK	-	-	2,734	-
	-	**-**	**2,734**	**-**

17. Trade and other receivables

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
VAT receivable	15	-	6	72
Prepayments	24	2	-	-
Receivable from joint venture	-	876	-	-
Other debtors	94	86	10	-
	133	**964**	**16**	**72**

Receivable from Tau-Ken Samruk ("TKS") relates to exploration costs spent on the joint venture specifically relating to Licence 1067EL. The JV agreement with TKS allows for reimbursement of exploration funds which were reimbursed in the 2022 year.

18. Loan notes

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Convertible loan note	-	-	-	608
	-	-	-	608

As part of the binding term sheet entered into on 31 October 2021 the Company subscribed for convertible loan notes in Discovery Ventures Kazakhstan (DVK). On completion of the acquisition of DVK on 10 January 2022 the notes converted to an inter-company loan with the Company being the lender and DVK the borrower.

19. Trade and other payables

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Trade payables	54	11	32	90
Accruals	54	-	45	49
Other payables	19	29	8	-
	127	40	85	139

20. Loan notes

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Convertible loan note - Illwella[1]	-	243	-	-
Convertible loan note - East Star[2]	-	522	-	-
	-	**765**	**-**	**-**

[1] On 14 January 2021 DVK issued a convertible note to Ilwella Pty Ltd. This note was settled as part of the acquisition by East Star Resources through the issue of 5,350,000 shares at a value of £0.05 (see note 24).

[2] On 31 October 2021 DVK issued 4 convertible notes to East Star Resources. On completion of the acquisition of DVK on 10 January 2022 the notes converted to an inter-company loan with the Company being the lender and DVK the borrower.

21. Borrowings

	Group		Company	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 30 November 2021 £'000
Loan - East Star Resources	-	75	-	-
	-	**75**	**-**	**-**

In December 2021 the Company agreed to a short term, interest free loan with DVK to service its working capital requirements until the acquisition. This loan was repaid in the first quarter of 2022.

22. Share capital and share premium

Group

	Ordinary Shares	Share Capital	Share Premium	Total
	#	£'000	£'000	£'000

At 1 January 2021	**60,000**	**45**	**-**	**45**
Issue of ordinary shares	10,590	8	132	140
At 31 December 2021	**70,590**	**53**	**132**	**185**
Transfer of capital to reverse acquisition reserve[1]	(70,590)	(53)	(132)	(185)
Share capital of the Company at acquisition[2]	69,540,164	695	1,501	2,196
Issue of shares for acquisition of subsidiary[3]	50,350,000	504	2,014	2,518
Issue of ordinary shares[4]	62,360,000	624	2,494	3,118
Share issue costs	-	-	(118)	(118)
At 31 December 2022	**182,250,164**	**1,823**	**5,891**	**7,714**

[1] On 10 January 2022 the Group eliminated the share capital of DVK as part of the reverse acquisition.

[2] On 10 January 2022 the Group brought to account the pre-existing share capital of East Star Resources as part of the reverse acquisition.

[3] On 10 January 2022 the Company issued 50,350,000 shares at £0.05 to the shareholders of DVK as consideration for the acquisition.

[4] On 10 January 2022 the Company issued 62,360,000 shares at £0.05 as part of a share placement accompanying the readmission to the London Stock Exchange.

Company

	Ordinary Shares	Share Capital	Share Premium	Total
	#	£'000	£'000	£'000
Issue of ordinary shares on incorporation	100,000	1	-	1
Issue of ordinary shares	5,900,000	59	-	59
Issue of ordinary shares	23,850,217	238	-	238
Issue of ordinary shares	39,689,947	397	1,588	1,985
Share issue costs	-	-	(87)	(87)
At 30 November 2021	**69,540,154**	**695**	**1,501**	**2,196**
Issue of shares for acquisition of subsidiary[1]	50,350,000	504	2,014	2,518
Issue of ordinary shares[2]	62,360,000	624	2,494	3,118
Share issue costs	-	-	(118)	-
At 31 December 2022	**182,250,164**	**1,823**	**5,891**	**7,714**

[1] On 10 January 2022 the Company issued 50,350,000 shares at £0.05 to the shareholders of DVK as consideration for the acquisition.

[2] On 10 January 2022 the Company issued 62,360,000 shares at £0.05 as part of a share placement accompanying the readmission to the London Stock Exchange.

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.

23. Share based payment reserves

	Group £'000	Company £'000
Opening balance - 1 December 2021	-	24
Acquired equity as part of acquisition	24	-
Advisor warrants issued[1]	132	132
Employee options issued[2]	112	112
As at 31 December 2022	**268**	**268**

[1] On 10 January 2022, 5,467,505 warrants were issued to advisors and have been fair valued in accordance with IFRS 2 at the fair value of the services received. This amount is attributable to the cost of re-admission to the LSE and therefore has been accounted for in the Share based payments reserve.

[1] On 10 January 2022, 2,146,000 warrants were issued to the Company's broker Peterhouse Capital and have been fair valued in accordance with IFRS 2 at the fair value of the services received. This amount is attributable to the cost of re-admission to the LSE and therefore has been accounted for in the share based payments reserve.

[2] On 13 December 2021, 11,250,000 employee options were granted. These options have an exercise price of £0.05 and expire 5 years from the grant date.

Share based payments valuation

The charges associated with the share based payments have been applied to the statement of profit or loss and other comprehensive income. The following tables summarises the valuation techniques and inputs used to calculate the values of share based payments in the period:

Warrants

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
10/01/2022	5,467,505	0.05	0.05	50	3.1	Black Scholes
10/01/2022	2,146,000	0.05	0.05	50	3.1	Black Scholes

Options

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
13/12/2021	3,750,000	0.05	0.05	50	3.1	Black Scholes
13/12/2021	3,750,000	0.05	0.05	50	3.1	Monte Carlo
13/12/2021	3,750,000	0.05	0.05	50	3.1	Monte Carlo

Warrants

	As at 31 December 2022	
	Weighted average exercise price	Number of warrants
Brought forward at 1 November 2021	5p	7,200,000
Granted in period	5p	7,613,505
Vested in period	5p	7,613,505
Outstanding at 31 December 2022	5p	14,813,505
Exercisable at 31 December 2022	5p	14,813,505

The weighted average time to expiry of the warrants as at 31 December 2022 is 2.03 years.

Options

	As at 31 December 2022	
	Weighted average exercise price	Number of options
Brought forward at 1 November 2021	5p	-
Granted in period	5p	11,250,000
Vested in period	5p	3,750,000
Outstanding at 31 December 2022	5p	11,250,000
Exercisable at 31 December 2022	5p	3,750,000

The weighted average time to expiry of the options as at 31 December 2022 is 3.95 years.

The option vesting conditions of the 11,250,000 employee options are listed below:

Vesting Event	Trigger for Vesting	Number of options vested on date of vesting
1	Six months from the date of RTO	One third of the total options issued

	admission	
2	Share price traded at £0.075 for at least 5 consecutive days	One third of the total options issued
3	Share price traded at £0.10 for at least 5 consecutive days	All remaining unvested options not having vested following vesting event 1 & 2

24. Reverse acquisition

On 10 January 2022, the Company acquired, through an issue of 45,000,000 consideration shares the entire share capital of DVK, whose principal activity is to undertake exploration activities relating to gold and copper mineral resources in Kazakhstan.

Although the transaction resulted in DVK becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as in substance, it has resulted in a fundamental change in the business of the Company with the sole director of DVK becoming the Chief Executive Officer of the Company. Thus, the executive management of DVK now exerts significant influence over the executive management of the Company.

The shareholders of DVK acquired a 27.63% interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the Main Market LSE Listing, acquiring DVK and raising equity finance to provide the required funding for the operations of the acquisition the directors did not consider this to meet the definition of a business in accordance with IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the DVK shareholders and the share of the fair value of net assets gained by the DVK shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition, and represents in substance the cost of acquiring a Main Market LSE listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of DVK and its subsidiaries and include:

- The assets and liabilities of DVK and its subsidiaries at their pre-acquisition carrying value amounts and the results for both periods; and
- The assets and liabilities of the Company as at 10 January 2022 and its results from the date of the reverse acquisition on 10 January 2022 to 31 May 2022.

On 10 January 2022, the Company issued 45,000,000 ordinary shares to acquire the entire share capital of DVK. As part of the acquisition the Company also agreed to settle a separate convertible loan note held by DVK through the issue of 5,350,000 shares. On the same date, the Company was readmitted to the Main Market of the LSE, after completing its second placing round with a placing share price of £0.05 and therefore the Company has valued the investment in DVK at £6,267,500. (This figure includes both the initial consideration mentioned above as well as the contingent consideration on completion milestones).

Because the legal subsidiary, DVK, was treated on consolidation as the accounting acquirer and the legal Parent Company, East Star, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by DVK was calculated at £3,477,008 based on an assessment of the purchase consideration for a 100% holding of East Star of 69,540,164 shares at a weighted average placing price of £0.05 per share (being the share price of East Star at acquisition).

The fair value of the net assets of East Star at acquisition was as follows:

	£'000
Cash and cash equivalents	1,835
Convertible loan notes	609
Other receivables	151
Trade and other payables	(848)
Net assets	**1,747**

The difference between the deemed cost (£3,477,008) and the fair value of the net assets assumed above of £1,747,053 resulted in £1,729,955 being expensed within "reverse acquisition expenses" in accordance with IFRS 2, Share Based Payments, reflecting the economic cost to DVK shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity[1]	(473)
DVK share capital at acquisition[2]	216
Investment in DVK[3]	(6,268)
Reverse acquisition expense[4]	1,730
	(4,795)

1. Recognition of pre-acquisition equity of East Star as at 10 January 2022.

2. DVK had equity at the date of acquisition of £216,050. As these financial statements present the capital structure of the legal parent entity, the equity of DVK is eliminated.

3. The value of the shares issued by the Company in exchange for the entire share capital of DVK as at the share price used in the placing that occurred simultaneously (£0.05). The above entry is required to eliminate the balance sheet impact of this transaction.
   I. Initial consideration: 45 million shares at £0.05 (£2,250,000)
   II. Contingent consideration: 75 million shares at £0.05 (£3,750,000)
   III. Convertible loan notes settled on behalf of DVK through issue of 5.35m shares at £0.05 (£267,500)

4. The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by DVK to acquire the Company.

25. Financial Instruments and Risk Management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium, reverse acquisition reserves, foreign exchange reserves and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks.

The management of these risks is vested to the Board of Directors. The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in expense/decrease in income.

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 Group's competitiveness and flexibility. Further details regarding these policies are detailed below.

Principal financial instruments

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

Policy on financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, other receivables, trade and other payables. The Group'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 Group 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 Group 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

The Group operates in a global market with income and costs arising in a number of currencies and is exposed to foreign currency risk arising from commercial transactions, translation of assets and liabilities and net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the Group's functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through its foreign currency denominated cash balances, trade receivables and payables

	31 Dec 2022
$USD	$'000
Cash and cash equivalents	49
Trade and other receivables	443
Trade and other payables	(33)
	459

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group'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 Group 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 Group's principal financial assets are cash and cash equivalents. 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 Group's counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has zero trade receivables and therefore there is no risk relating to a 3rd party being unable to service its obligations.

No financial assets have indicators of impairment.

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

Interest rate risk

The Group currently has no borrowings. The Group's principal financial assets are cash and cash equivalents. 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 31 December 2022, the Group was financed by cash raised through equity funding. Funds raised surplus to immediate requirements are held as cash deposits in Sterling except for minor working capital requirements held in subsidiary bank accounts.

In managing liquidity risk, the main objective of the Group is to ensure that it has the ability to pay all of its liabilities as they fall due. The Group 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 Group's financial liabilities as at 31 December 2022 on the basis of their earliest possible contractual maturity.

	Total	Within 2 months	Within 2-6 months
	£'000	£'000	£'000
At 31 Dec 2022			
Trade payables	54	54	-
Payroll Accruals	19	19	-

26. Financial assets and liabilities

	Financial assets/liabilities at fair value through profit or loss		*Financial assets/liabilities at amortised cost*	
Group - Year ended 31 Dec	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade and other receivables[1]	-	-	109	964
Cash and cash equivalents	-	-	1,456	17
Loan notes	-	-	-	(765)
Borrowings	-	-	-	(75)
Trade and other payables[2]	-	-	(73)	(40)
	-	**-**	**1,492**	**101**

	Financial assets/liabilities at fair value through profit or loss		*Financial assets/liabilities at amortised cost*	
Company - Period ended 31 Dec	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade and other receivables[1]	-	-	15	71
Loan notes	-	-	-	608
Cash and cash equivalents	-	-	1,407	1,248
Trade and other payables[2]	-	-	(40)	(90)
	-	**-**	**1,382**	**1,837**

[1] Trade and other receivables excludes prepayments

[2] Trade and other payables excludes accruals

27. Related Party Transactions

Directors remuneration

During the period Directors received the following remuneration:

	Base salary £'000	Bonus £'000	Total £'000
Sandy Barblett	34	-	34
Anthony Eastman	34	-	34
Alexander Walker*	153	75	228
Charles Wood	8	-	8
David Minchin	31	-	31
	260	**75**	**335**

*During the period a bonus was paid to Alex Walker of $100,000 USD relating to milestones achieved prior to the acquisition of DVK on 10 January 2022. The East Star board of Directors agreed to pay this bonus post the transaction occurring and has been recognised in the accounts of DVK.

	Warrants #	Warrants £'000	Options #	Options £'000
Sandy Barblett	-	-	250,000	2
Anthony Eastman	1,399,681	15	-	-
Alexander Walker	-	-	8,000,000	80
Charles Wood	2,536,922	27	-	-
David Minchin	-	-	1,500,000	15
	3,936,603	**42**	**9,750,000**	**97**

Provision of services
During the year, £95,643 was paid to Orana Corporate of which both Anthony Eastman and Charles Wood were directors of East Star and Orana during the period. The breakdown of fees is detailed below:

- Corporate finance fees: £40,000
- Accounting and company secretary fees: £31,413
- Commission on fundraise: £24,230

Other than these there were no other related party transactions.

28. Ultimate Controlling Party

As at 31 December 2022, there was no ultimate controlling party of the Group.

29. Capital Commitments

The Group is committed to the following minimum expenditure across various licenses within 12 months from 31 December 2022:

License area	License	Owner	Annual minimal expenditures on exploration
			£

Apmintas	774-EL	Chu-lii Resources Limited	101,161
Dalny	670-EL	Chu-lii Resources Limited	47,552
Novo 2	847-EL	Rudny Resources Limited	128,601
Novo 1	914-EL	Rudny Resources Limited	132,478
RA 1	1799-EL	Discovery Ventures Kazakhstan Limited	29,197
RA 2	1794-EL	Discovery Ventures Kazakhstan Limited	10,904
RA 3	1795-EL	Discovery Ventures Kazakhstan Limited	16,887
Talairyk 1	1796-EL	Discovery Ventures Kazakhstan Limited	43,992
Talairyk	1067-EL	Phoenix Mining Ltd (DVK farming in)	12,369

30. Contingent assets

VAT recoverable

The subsidiaries of East Star Resources had accrued an amount of £279,174 relating to VAT incurred on expenditure on the various mining licenses to 31 December 2022. As the Group is currently not generating revenue these amounts can not be offset but are retained in the event that revenue is generated in a period of 5 years from incurring the expense.

Per "IAS 37 - Provisions, Contingent Liabilities and Contingent Assets" this amount should not be recognised as an asset due to the uncertainty of economic benefits flowing to the Group but is disclosed as a contingent asset as the inflow of economic benefits is probable.

31. Contingent liabilities

There were no contingent liabilities over the Group as at 31 December 2022.

32. Events Subsequent to period end

Long term incentive plan

On 1 March 2023 the remuneration committee approved the adoption of a long term incentive plan ("LTIP"). On the recommendation of the Remuneration Committee, the Company has granted an aggregate of 4,794,686 options over new ordinary shares in the Company to employees and non-executive directors of the Company (the "Options") to be approved by shareholders at the next Annual General Meeting.

There were no other events subsequent to period end requiring disclosure.

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