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East Star Resources PLC
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East Star Resources Plc

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

JV Agreement for Development of Verkhuba

Market leading EPC company to farm into Verkhuba Copper Deposit and advance to production

East Star Resources Plc (LSE: EST), the Kazakhstan-focused gold and base metals explorer, is pleased to announce it has signed binding Heads of Agreement ("HoA") to establish a joint venture company ("JVCo") pursuant to which Hong Kong Xinhai Mining Services Limited ("Xinhai") will farm in, in five stages, for up to 70% of the Verkhuba Copper Deposit ("Verkhuba"), taking the project into production.

Xinhai is a privately owned, global process engineering and contracting company that specialises in providing engineering design, procurement, construction ("EPC") services and contract mining services to the mining industry.

Highlights

- Binding HoA with a market leading EPC firm to finance, de-risk and speed up the development of the Verkhuba copper deposit.
- Xinhai's estimated investment for the feasibility study and mine and plant construction costs is approximately US$65 million.
- With positive results from a Feasibility Study, no further funding is required for East Star to become a copper producer.
- East Star retains 100% of the Rulikha and Talovskoye prospects including the soviet era Rulikha deposit, independently modelled to contain an upper limit JORC Exploration Target of 23Mt @ 2.4% copper equivalent (CuEq)

Farm-In Stages

Xinhai shall have the right to earn an increasing equity interest in the JVCo by funding 100% of the costs required for the project, from additional resource definition drilling through to commissioning and production.

Xinhai's equity interest in the JVCo shall increase in stages according to the following schedule upon the satisfaction of the corresponding milestones:

	Milestone	**Resulting Shareholding (Xinhai / East Star)**
Stage 1: Establishment & Initial Funding	Xinhai invests A$1.5 million for resource definition drilling	15% / 85%
Stage 2: Feasibility Study Completion	Xinhai funds a feasibility study sufficient for Kazakhstan mining licence application	20% / 80%
Stage 3: Detailed Engineering Design	Xinhai funds detailed engineering and design work	30% / 70%
Stage 4: Equipment Transfer	Transfer of ownership (Bill of Lading) of construction equipment to the JVC	51% / 49%

Stage 5: Project Commissioning	Successful commissioning of a 1 million tonne per annum capacity mining and processing project	70% / 30%

Alex Walker, CEO of East Star, commented:

"This transaction brings a world class EPC company to Verkhuba, validating East Star's view that this asset is already worth significantly more that our current market capitalisation. The transaction brings both financial capacity and development expertise to Verkhuba, derisking and accelerating its development without further dilution at the Company level. Further, it allows East Star to reconcentrate its efforts on making its next discovery as we aim to bring more gold and copper projects to development. We look forward to working with Xinhai on Verkhuba and potentially other projects in Kazakhstan in the future.

Importantly, East Star retains 100% of its other Rudny Altai Belt VMS licences incorporating the Rulikha Deposit and exploration areas, as well as the Snowy, Piket, and Judzha licences in Karaganda which are prospective for porphyry and epithermal mineralisation.

We're also very excited to be starting work on the Endeavour Mining Joint Venture which, when combined with the Xinhai investment, will expose East Star to more than US$3 million in exploration in 2026 without funding from the Company."

About Hong Kong Xinhai Mining Services Limited

Xinhai is a leading global process engineering and contracting company that specialises in providing engineering design, procurement and construction services to the mining industry. Xinhai has completed more than 500 EPC contracts globally, many including mine construction and mine operation management services. Xinhai has been very active this year, signing partnership agreements and/or equity investments in six ASX listed companies.

Farm-In

East Star and Xinhai have signed a binding HoA, pursuant to which the parties intend to enter into a full Joint Venture Agreement whereby Xinhai intends to farm into Verkhuba. Under the terms of the JV, circa 5,000 metres of drilling will be conducted, funded by an initial investment from Xinhai of A$1.5 million into the JVCo, to inform a Feasibility Study. East Star will continue to assist with the management of the licence, the mining licence application, and other permitting and ESG requirements.

The binding HoA provides Xinhai with exclusivity over East Star's Licence 1795, which incorporates Verkhuba, for up to 180 days while the parties negotiate and execute a binding Joint Venture Agreement ("JV Agreement"). After the execution of the JV Agreement, East Star will be responsible for the establishment of the JVCo (within 90 days) to be registered at the Astana International Finance Centre (AIFC). Upon establishment of the JVCo, Xinhai and East Star will each appoint one director. When Xinhai earns more than 50% of the shares of the JVCo, Xinhai will have the right to appoint an additional director to the board of the JVCo.

Xinhai shall provide all necessary working capital and bear all costs incurred during the commissioning period of the project. Upon the successful commissioning of the project and issuance of the Completion Certificate, the JVCo shall assume full responsibility for the operational management of the project.

Should the JVCo require any additional funding for its operations after commissioning, and the JVCo does not have the financial capacity to service this requirement through debt or equity, both Xinhai and East Star shall contribute such funds pro rata in proportion to their respective shareholdings in the JVCo at the time of the contribution.

The JVCo shall distribute dividends to its shareholders, at a time and in a manner to be determined by the JVCo board of directors, in proportion to their respective shareholdings.

Contacts:

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

SI Capital (Corporate Broker)
Nick Emerson
Tel: +44 (0)1483 413 500

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

About East Star Resources Plc

East Star Resources is focused on the discovery and development of copper and gold in Kazakhstan. The Company is pursuing multiple exploration strategies including:

- A joint venture with Hong Kong Xinhai Mining Services Limited to take the Verkhuba Deposit (20.3Mt @ 1.16% copper, 1.54% zinc and 0.27% lead) into production (at no further cost to East Star) with East Star retaining 30% ownership in production
- A second VMS Exploration Target with up to 23Mt @ 2.4% copper equivalent in the same region, with numerous other targets being advanced to drill-ready status
- A $25 million+ strategic gold exploration joint venture with Endeavour Mining
- Tier 1 potential copper porphyry targets and epithermal gold targets in a proven copper porphyry and epithermal belt

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About Hong Kong Xinhai Mining Services Limited

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www.xinhaimining.com

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

This announcement contains inside information for the purposes of Article 7 of Regulation 2014/596/EU which is part of domestic UK law pursuant to the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) ("UK MAR"). Upon the publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain.

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