Company Registration No. 13025608 (England and Wales)

EAST STAR RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors	Mr Alexander ("Sandy") Barblett - Non-Executive Chairman
	Mr Alexander Walker – Chief Executive Officer and Executive Director
	Mr Christopher van Wijk – Technical Director
	Mr David Minchin – Non-Executive Director
	Mr Anthony Eastman – Non-Executive Director
Company Secretary	Orana Corporate LLP
Company number	13025608
Registered office & place of operations	Eccleston Yards 25 Eccleston Place London SW1W 9NF
Independent Auditors	Kreston Reeves LLP 2nd Floor 168 Shoreditch High St London E1 6RA
Broker	Peterhouse Capital Limited 80 Cheapside London EC2V 6DZ
Registrars	Share Registrars Limited 27/28 Endcastle Street London W1W 8DH
Financial Public Relations	Vigo Consulting Sackville House, 40 Piccadilly, London W1J 0HR
Bankers	Alpha FX 2 Eastbourne Terrace London WC 6LG
Website	www.eaststarplc.com

Introduction

I am pleased to present the annual financial results for East Star Resources PLC (the "Company" or "East Star") for the period ended 31 December 2023.

At the beginning of the year, we had identified what we believed to be a substantial copper VMS deposit. Our teams undertook extensive fieldwork to corroborate historical data before drilling in the summer. By the end of the year, we had confirmed the Verkhuba Copper Deposit, which is located close to processing infrastructure, and its potential for open pit development. East Star is now well and truly a copper focused company at a time of a global and dynamic shift in attention towards a metal which is essential for electrification.

Review of Operations

Copper

VMS - Rudny Altai Belt

In January 2023, East Star announced the identification of a substantial copper-zinc-lead deposit located within the 100% owned RA3 licence, centrally located in the world-class Rudny Altai VMS belt. The newly identified polymetallic deposit known as the Verkhuba Copper Deposit is within the greater Verkhuba Ore District on East Star's licences which includes other high priority HEM anomalies.

East Star commissioned leading resource advisors AMC Consultants to determine an independent JORC-compliant Exploration Target for the Verkhuba Deposit. This work resulted in March 2023 in the generation of an Exploration Target of 19-23 Mt at 1.0-1.4% Cu and 1.0-1.4% Zn (1.4-1.9% CuEq), defined by 97 drill holes comprising 42,178 m of historical diamond core drilling, reviewed by the East Star technical team over the preceding 12 months.

In July 2023, we began to prepare the site for our own drilling. Our field teams undertook an extensive geological traverse over the project area, mapping more than 70 historical collar locations and copper outcrops.

During August 2023, we commenced diamond core drilling at the Verkhuba Copper Deposit. This initial programme was aimed, amongst other things, at twinning existing boreholes with identified strong copper mineralisation.

By November 2023, following assay results, East Star was able to confirm the presence of the massive and disseminated sulphides containing high-grade copper We with 62 samples contained grades above the 1% Cu and 1% Zn detection limits including:

VU_23_DD_001

- 2.9m @ 2.08% Cu from 19.4m,
- 15.0m @ 1.56% CuEq from 27.4m, and
- 6.2m @ 1.11% CuEq from 56.4m

VU_23_DD_002

- 11.8m @ 1.41% CuEq from 171.0m, and
- 10.3m @ 1.77% CuEq from 186.8m

These initial results demonstrated that the Verkhuba Copper Deposit contained relatively shallow high-grade copper and provided further credibility to the historical data.

Following further review of the data, East Star confirmed in December 2023 the potential for open pit resource development. We were delighted that we could definitively demonstrate that the Verkhuba Copper Deposit has multiple copper-rich ore grade intervals at mineable depths. As announced, the grades were relatively consistent with the 1.4 - 1.8% copper grade range derived from the 5-6Mt open-pit resource calculated from the independent resource model.

Rare Earths

East Kostanay

In April 2023, we announced assay results from initial drilling in November 2022 to test the Talairyk project for Rare Earth Element ("REE") concentrations. The results demonstrated high grade intersections across the 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.

Eight samples were sent for five-stage sequential leach test work to provide an initial indication as to the leachability of the REEs from the clays. Sequential leach testing clearly demonstrated that a majority of REEs were liberated from primary minerals during the weathering process and were now associated with other mineral phases. Through this work, our understanding of the minerology and potential for economic extraction of REEs from the Talairyk deposit improved; however, given our portfolio focus on copper and the near-term development opportunity, we took the decision to rationalise the East Kostanay licences, relinquishing the Talairyk 1 area and commencing the process of ceasing the joint venture with Phoenix Mining on the Talairyk area.

Gold

Chu-Ili Orogenic Gold Belt

In February 2023, we announced results from diamond core drilling undertaken in 2022 on the Apmintas Licence. The results demonstrated gold bearing systems in all three target areas. Eshkilitau II showed potential for an extensive mineralised system with a strike of more than 1 km along a fault zone. High-grade intersections at Southern Shabdar (32.15 g/t Au) and Eshkilitau (14.01 g/t Au) demonstrated the existence of high-grade zones within the mineralised systems while gold occurrences mapped over 10 km of the Eshkilitau trend demonstrated the exploration upside within the region.

In light of our copper focus, we have rationalised the Chu-Ili orogenic licence areas to concentrate on the extensively mineralised Eshkilitau fault within the Apmintas Licence, while commencing the process to relinquish the Dalny Licence and the less prospective areas of the Apmintas Licence.

Corporate Activities

In October 2023, we announced the Company had raised gross proceeds of £546,000 by way of a placing of 36,400,000 new ordinary shares at 1.5 pence per share. Alongside other existing and new investors, our Chief Executive Officer and largest shareholder both participated. The funds raised have been put towards advancing the potentially game-changing copper deposit at Verkhuba as well as preparing a number of other targets for drill-ready status this season such as Talovskoye. We are grateful for those investors who supported East Star and look forward to your Company soon being underpinned by a JORC Inferred copper resource with near-term development potential and exploration upside across three copper exploration strategies.

Post Year-End Events

Copper

Grant from BHP Xplor for Copper Porphyry Exploration - Balkash-Ili Magmatic Arc

We were delighted to announce in January 2023 that we had been selected to receive a grant of up to US$500,000 under the 2024 BHP Xplor programme to initiate a copper porphyry exploration strategy in Kazakhstan. We are extremely proud that BHP has chosen to work with East Star and provide non-dilutive grant funding to look for major new copper porphyry deposits in the region. Porphyry deposits are the primary deposit style for copper production in the world and Kazakhstan is host to several exceptional but significantly underexplored regions that contain world-class copper porphyry mines.

In February 2024, we were awarded our first copper porphyry exploration licence – a 79 km^2 tenement with a 3km long silica lithocap located ~80km north of the large Aktogay open pit copper mine (~2.5Bt @ 0.39% Cu).

In March 2024, we were awarded a second copper porphyry exploration licence – a 121 km^2 tenement with a 6km long and 3km wide silica lithocap, located ~150km north of the large Kounrad open pit copper mine and smelter (~800Mt @ 0.62% Cu and up to 0.76g/t Au). The licence shows historical soil anomalism indicating its potential prospectivity for a copper porphyry deposit.

Sediment-Hosted Copper Exploration JV with Getech

In February 2024, we announced that we had entered into a joint venture agreement with Getech Group PLC (AIM: GTC) ("Getech"), a world-leading locator of subsurface resources, to explore for sediment-hosted copper deposits in Kazakhstan. The JV will be conducted through a wholly owned East Star subsidiary established specifically for this purpose. At no upfront cost to East Star, this play-type adds a third geological strand to East Star's copper exploration strategy in addition to VMS and porphyry. We look forward to working with Getech to apply its unparallelled database and modern geoscientific expertise to underexplored basins in Kazakhstan.

Verkhuba Copper Deposit Update

In March 2024, we were pleased to announce that we have instructed independent experts AMC Consultants to produce a maiden JORC Inferred Mineral Resource Estimate for the Verkhuba Copper Deposit, the publication of which is due imminently.

In April 2024 we announced that because of interest in the Verkhuba Copper Deposit having been received from several companies, we have initiated a formal process including the opening of a data room for a potential joint venture, farm-out, or sale of the deposit. The process is expected to be finalised in June and although there can be no certainty that a transaction will be concluded, the Company is confident of receiving multiple commercial offers.

Director Appointment

Alongside the BHP Xplor grant, we were pleased to announce the appointment of Chris van Wijk initially as a Non-Executive Director and subsequently in February 2024 as the Technical Director of the Company. Chris is an experienced geologist who specialises in project evaluation and project generation and developed the porphyry exploration strategy with East Star. He brings a wealth of relevant experience, including base metal and gold exploration in Africa, Europe, the Americas, and Australia as well as joint venture management and project evaluation for major mining companies including BHP, IAMGOLD, First Quantum Minerals and Fortescue Metals Group. Chris' technical expertise is a valuable addition to our Board and exploration portfolio. He brings outstanding geological pedigree, particularly with regard to sediment-hosted copper and porphyry exploration which, when paired with East Star's proven ability to efficiently and effectively execute exploration in Kazakhstan, will take the Company to the next level.

Key Financial Indicators

- Cash and cash equivalents at Year end were £635,000
- Loss before taxation for the Year was £1,528,000
- The Group held net assets at Year end of £2,813,000

Summary

I would like to congratulate Alex Walker and his team in Kazakhstan. While markets have been tough and other battery metals have been under pressure, they have skilfully skewed the portfolio towards a potentially highly rewarding copper strategy, with near-term development potential at Verkhuba and exploration upside backed, in part, by a BHP Xplor grant.

This is an extraordinary yet largely unnoticed position to be in. We are now on the cusp of delivering a maiden JORC Inferred resource before drilling again this season as a precursor to conducting an economic study to demonstrate the low-cost development potential of copper which has now entered a significant structural deficit that is expected to continue for many years to come.

Forthcoming drilling will focus on further resource definition to convert the open pit area at the Verkhuba Copper Deposit to JORC Indicated status as well as further testing the continuity of the underground ore bodies to assess development potential. A very exciting field season is soon to get underway.

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Sandy Barblett

Non-Executive Chairman

17 April 2024

Key personnel of the Group are comprised of the Directors:

Alexander Walker, Age 39 - Chief Executive Officer

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

Alexander ("Sandy") Barblett, Age 57 - Non-Executive Chairman

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

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

Anthony Eastman, Age 49 – Non-Executive Director

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

Christopher van Wijk, Age 42 – Technical Director

Chris van Wijk is an experienced geologist, who specialises in project evaluation and project generation. Mr. van Wijk brings to his role in East Star a wealth of relevant experience including base metal and gold exploration in Africa, Europe, the Americas and Australia as well as joint venture management and project evaluation for major mining companies including BHP, IAMGOLD, First Quantum Minerals and Fortescue Metals Group. Mr. van Wijk has managed various successful exploration projects including the Scoping Study at Mount Nimba in Guinea for BHP Billiton and the resource drilling at First Quantum's Sentinel Project in Zambia. Mr. van Wijk has a Master of Science in Ore Deposit Geology from the University of Western Australia and is a member of the AUSIMM.

David Minchin, Age 42 – Non-Executive Director

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

The Directors present their strategic report for the period ended 31 December 2023 for the Company and all its subsidiaries collectively referred to as "the Group".

Principal risks and uncertainties

There are a number of risks associated with entities focused on natural resources exploration, particularly in Central Asia. The Board regularly reviews the risks to which the Company is exposed and endeavours to minimise them as far as possible. They consider the following risks are of particular relevance to the Company's activities. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Political and country risk

The unrest in Kazakhstan in January 2022 was well publicised and was quashed within days. The Government of Kazakhstan has since demonstrated its ongoing commitment to protecting foreign investor interests. In the past 12 months, both the European Commission and the United Kingdom have signed Memorandums of Understanding with Kazakhstan on strategic partnerships including in the fields of raw materials. Further, international exploration companies such as RIO Tinto and First Quantum have reiterated their commitment to exploration in Kazakhstan and BHP have started exploring in Kazakhstan via their Xplor Programme.

In addition, the invasion by Russia into Ukraine is being watched carefully as Kazakhstan shares a border with Russia. The Kazakhstan President Kassym-Jomart Tokayev has been in dialogue with both the presidents of Ukraine and Russia since the start of the invasion. The Company is confident that Kazakhstan is managing the situation very well and does not believe there is any significant risk of military conflict with Russia or of Kazakhstan being the subject to any Western sanctions.

Exploration and development risks

There is a high degree of risk as mineral exploration and development can be highly speculative. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of the minerals being mined, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection.

In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. As a result of these uncertainties, there can be no guarantee that mineral exploration and development of any of the Company's investments will result in profitable commercial operations.

Industry-specific risks

The natural resources sector is inherently tied to the performance of the global economy and, in particular, fluctuations in the price of global commodities. As a result, segments of the natural resources sectors (or even the sector as a whole) could be affected by changes in general economic activity levels and others changes which are beyond the Company's control. The Company will be unable to control the prices for commodities, which may adversely affect the Company's business, results of operations, financial condition or prospects.

Government regulation risk

The mineral exploration and development activities which are undertaken by the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organisations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of its tenements, as well as its ability to explore and operate those tenements in which it currently holds an interest or in respect of which it obtains exploration and/or development rights in the future.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production.

Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

We also note though that East Star is a founding member and its CEO, Alex Walker is a founding Director of the Kazakhstan Chamber of Mines, which was established, largely to assist industry in ensuring productive and open dialogue with the Government on laws effecting the sub soil. Notable members of the Chamber include, RIO Tinto, Fortescue Metals Group, KAZ Minerals, Eramet and a number of other local and international, public and private explorers and developers.

Permitting risk

The Company's operations may be subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for future operations. Management believes it has received the necessary permits for the current operations. Prior to any development on any tenements, the Company must receive permits from appropriate governmental authorities and private parties. There can be no assurance that the Company will obtain and/or continue to hold all permits necessary to develop or continue operating at any particular tenement.

Environmental and other regulatory requirement risk

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. The Company has an in-house environmental manager specifically for the purpose of maintaining and monitoring it's legal and moral obligations on these matters.

Financing risk

The development of the Company's tenements and its ability to earn into projects will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's tenements from time to time, or even a loss of tenement interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Foreign currency risk

Fluctuations in currency exchange rates, principally between the British pound, US Dollar and Kazakhstan Tenge, can impact the Company's earnings and cash flows. If the value of the Tenge or US Dollar increases relative to the British pound, the Company's results of operations, financial condition and liquidity could be materially adversely affected.

Market conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Company regardless of its operating performance. The Company also faces competition from other organisations, some of which may have greater resources or be more established in Kazakhstan. The Board considers and reviews all market conditions to try and mitigate any risks that may arise from these.

Key personnel risk

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business. The Company has proactively developed more depth of expertise to build redundancy. The Company now has a Technical Director and has recently hired a very well qualified East Region exploration manager with a view to becoming Exploration Manager or Country Manager in due course.

Future Developments

Future developments are detailed in the Chairman's Statement.

Section 172 Statement

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

We aim to work responsibly with our stakeholders, including suppliers. The key Board decisions made during the period and post period end are set out in the Chairman's statement.

Gender analysis

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

	Male	Female
Directors	5	-
Employees	2	5

The Group is committed to gender equality as evidenced by its fair distribution of genders in its workforce.

Corporate social responsibility

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

Greenhouse Gas (GHG) Emissions

The Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. Before work can commence on an awarded exploration licence, the total amount of emissions and the total amount of work (drilling meters, sampling etc) is approved by the Government of Kazakhstan. As part of its operations, each licence is required to report quarterly to on the environmental impact, including emissions of the operations during that quarter. The Company manages these reports to ensure approved emissions are not exceeded.

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

Health and Safety

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

In addition, certain staff members undertake training in Kazakhstan for workplace safety where certificates are awarded for their completion.

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Sandy Barblett
Non-Executive Chairman
17 April 2024

The Directors present their report and financial statements for the year ended 31 December 2023.

Principal activities

In the 2023 year the Group was primarily concerned with the exploration and exploitation of its 8 mineral licenses held through its various Kazakhstan based subsidiaries.

Results

The Group recorded a loss for the year ended 31 December 2023 before taxation of approx. £1,528,000 (2022: approx. £3,105,000), which included an impairment charge on exploration assets of approx. £1,058,000 (2022: nil). The Company recorded a loss before taxation for the year ended 31 December 2023 of £488,178 (2022: £971,025).

Directors

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

Sandy Barblett

Anthony Eastman

Alex Walker

David Minchin

Christopher van Wijk (appointed 22 January 2024)

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

Financial Risk & Management

The overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies can be referenced in Note 21.

Share Capital

Details of the Company's issued share capital, together with details of the movements since incorporation, are shown in Note 18. The Company has one class of Ordinary Share, and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

Substantial Shareholdings

At 17 April 2024, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company:

	Number of Shares	Percentage Holding
Ilwella Pty Ltd	36,452,313	16.7
Alexander Casey Walker*	21,279,201	9.7
TS Capital Limited	18,339,317	8.4
Reedbuck Nominees Pty Ltd	9,762,261	4.5
Rainer Heinz Ellmies	9,762,261	4.5
Oberon Investments Limited	9,380,000	4.3
Sebastian Marr	6,606,071	3.0

** Executive Director of East Star Resources Plc*

Directors' Remuneration Report

Remuneration Policies

The remuneration policy of the Group is that each Director shall be entitled to a salary per annum from the date of Admission to manage the operations of the Group.

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

The current Directors' remuneration comprises a basic fee and a long-term incentive plan at present.

Service contracts

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

During the year each Director was paid at a rate per annum as follows:

Alex Walker	£12,000 per annum
Sandy Barblett	£23,000 per annum
Anthony Eastman	£23,000 per annum
David Minchin	£24,000 per annum

*Effective from 1 December 2023 all Non-Executive Directors apart from David Minchin voluntarily agreed to take a 50% reduction in salary and defer the remaining portion until June 2024 when salaries will be reviewed by the Board. David Minchin has agreed to reduce his salary in line with the other Directors from 1 March 2024.

Particulars of Directors' Remuneration

Particulars of Directors' remuneration, including Directors' warrants which, under the Companies Act 2006 are required to be audited, are given below.

Remuneration paid to the Directors' during the year ended 31 December 2023 was:

	Salary (UK) £'000	Salary (Kazakhstan) £'000	Bonus £'000	Warrants £'000	Options £'000	Total £'000
Sandy Barblett	22	-	-	-	1	23
Anthony Eastman	22	-	-	-	-	22
Alexander Walker*	11	129	-	-	23	163
David Minchin	24	-	-	-	4	28
	79	**129**	**-**	**-**	**28**	**236**

**Approximately £47,000 of CEO Alexander Walker's salary included here has been capitalised as attributable to exploration assets in Kazakhstan*

2022	Base salary £'000	Bonus £'000	Warrants £'000	Options £'000	Total £'000
Sandy Barblett	34	-	-	2	36
Anthony Eastman	34	-	15	-	49
Alexander Walker*	153	75	-	80	308
Charles Wood	8	-	27	-	35
David Minchin	31	-	-	15	46
	260	**75**	**42**	**97**	**474**

Payments to past Directors

There are no payments to Directors from previous periods.

Bonus and incentive plans

On 28 March 2023 the Company implemented a long-Term Incentive Plan available to employees of the Group. Employees are incentivised to remain in the employ of the Group with share options that vest based on service milestones.

Percentage change in the remuneration of the Chief Executive Officer ("CEO")

CEO remuneration has reduced by 48% in the recent year. This has resulted partly from the lack of bonus payments in the current year versus the previous period. The Board (including the CEO) also agreed to suspend salaries from December 2023 to consolidate the cash position of the Group.

Directors' interests in shares

The Group has no Director shareholder requirements.

The beneficial interest of the Directors in the Ordinary Share Capital of the Company at 17 April 2024 were:

	Ordinary Shares #	Percentage of issued share capital 17 April 2024 %
Sandy Barblett	550,000	0.25
Anthony Eastman	500,000	0.23
Alexander Walker	21,279,201	9.73
David Minchin	2,200,000	1.01
	24,529,201	11.22

The Directors held the following warrants at 17 April 2024:

Director	31 December 2022	Granted during the period	Lapsed during the period	17 April 2024
Sandy Barblett	150,000	-	(150,000)	-
Anthony Eastman	1,799,681	-	(400,000)	1,399,681
David Minchin	2,000,000	-	(2,000,000)	-
Alexander Walker	-	1,254,679	-	1,254,679
	3,949,681	**1,254,679**	**(2,550,000)**	**2,654,360**

The Directors held the following options as at 17 April 2024:

Director	31 December 2022	Granted during the period	Lapsed during the period	17 April 2024
Sandy Barblett	250,000	289,855	-	539,855
Alexander Walker	8,000,000	2,898,511	-	10,898,511
Anthony Eastman	-	289,855	-	289,855
David Minchin	1,500,000	289,855	-	1,789,855
	9,750,000	**3,768,076**	**-**	**13,518,076**

UK 10-year performance graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Group's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company has only been listed for a relatively short period of time. The Group is not paying dividends and is currently incurring losses and hence the remuneration of Directors is not specifically linked to performance. Therefore, we do not consider the inclusion of this graph to be useful to shareholders at the current time. The Directors will review the inclusion of this table for future reports.

UK 10-year CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-year CEO table. The Directors do not currently consider that including these tables would be meaningful given that this was the second year the Group had a CEO. The Directors will review the inclusion of this table for future reports.

Matters covered in the Strategic report

Items required under Schedule 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11) CA 2006.

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Sandy Barblett
Non-Executive Chairman
17 April 2024

As a Group listed on the standard segment of the official list, the Group is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to ensuring that appropriate standards of corporate governance are maintained, so far as is appropriate given the Enlarged Group's current stage of development, the size and composition of the Main Board and available resources. The Board will aim to comply with the QCA Guidelines on Corporate Governance ("QCA Guidelines"). The Board has reviewed the recent changes to the code and have assessed their potential impact on the management of the Group.

The QCA Code has ten principles of corporate governance that the Group applies to establish the governance foundations of the business. These principles are:

1. Establish a purpose, strategy and business model which promote long term value for shareholders;
2. Promote a corporate culture that is based on ethical values and behaviours;
3. Seek to understand and meet shareholder needs and expectations;
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long term success;
5. Embed effective risk management, considering both internal controls and assurance activities, considering both opportunities and threats, throughout the organisation;
6. Establish and maintain the board as a well-functioning balanced team led by the Chair;
7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities;
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose strategy and culture; and
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

Here follows a short explanation of how the Group applies each of the principles, including where applicable an explanation of why there is a deviation from those principles.

Principle One

Business Model and Strategy

The Group holds several mining licenses in Kazakhstan and is actively carrying out explorative activities across a number of these licenses. It has a clear strategy of exploring these licenses and looking to capitalise on future opportunities as detailed in the Strategic Report. Further to earlier comments on risk and strategy the Group is committed to broadening its area and scope of operations as appropriate.

Principle Two

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole which in turn will impact the Group's performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group and the way that consultants or other representatives behave. The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by Directors, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through everything that the Group does. The Directors are focused on ensuring that the Group maintains an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, a code for Directors' dealings in

securities which is appropriate for a company whose securities are traded on this main market and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. Issues of bribery and corruption are taken seriously. The Group has a zero-tolerance approach to bribery and corruption and has recently put an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with.

Principle Three

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. They will be encouraged to attend the AGM and participate in hearing the CEO who provides regular updates on social media platforms.

Principle Four

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Group has created close ongoing relationships with a broad range of its stakeholders and will ensure that it provides them with regular opportunities to raise issues and provide feedback to the Group. The Group is committed to delivering lasting benefit to the local communities and environments where we work as well as to our shareholders, employees and contractors. As the Group evolves, we anticipate that this aspect of community engagement will evolve further.

Principle Five

Risk Management

The Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Group. The Group has a framework of internal financial controls to address financial risk and regularly reviews the non-financial risks to ensure all exposures are adequately managed. The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group. The principal risks and uncertainties are as set out in the Strategic Report.

Principle Six

A Well-Functioning Board of Directors

The Board will maintain a balance of executives and non-executive Directors. Currently there are 3 non-executives including the Chairman and 2 Executives. There are no mandatory hours for Directors to be available for Group business although the CEO is required to commit 100% of his working time to the Group. The non-executive Directors are available for any Group business when it may arise.

Further information about the Directors can be found in the Key Personnel report as well as the Company website at www.eaststarplc.com. The Directors met 6 times throughout the year to discuss key issues and to monitor the overall performance of the Group. All Directors attended all meetings during the year.

Principle Seven

Appropriate governance structures

The Group's governance structures are appropriate for a Group of its size. The Board also meets regularly and the Directors continuously maintain an informal dialogue between themselves. The Chairman is responsible for the effectiveness of the Board as well as primary contact with shareholders, while the execution of the Group's investment strategy is a matter reserved for the Chief Executive. The current Governance structure is outlined below:

Audit Committee

The Group audit committee comprises two members, being, Anthony Eastman (as Chair) and Sandy Barblett which will have primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls.

The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Enlarged Group is properly monitored and reported. The audit committee has met twice during the year and will meet to approve these financial statements.

Remuneration Committee

The Group committee comprises two directors, Mr. Sandy Barblett (as Chair) and Mr. Anthony Eastman, being responsible for both the review and recommendation of the scale and structure of remuneration for senior management. In reviewing the remuneration policy of the Group, this will include any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Group.

The members of the committee shall serve for an initial term of three years from re-admission. The remuneration committee has met twice during the year.

Nominations Committee

No nominations committee has been established with all matters to be considered by the Board as a whole.

The Group believes that the Directors have wide ranging experience working for/and/or advising businesses operating within the natural resources sector. They also have an extensive network of relationships to reach key decision-makers to help achieve their strategy. The Board recognises that it currently does not have any female Directors however as it grows, it will look to recruit and develop a diverse and more gender-balanced executive team.

Principle Eight

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors will be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance against targets and objectives. As a part of the appraisal the appropriateness and opportunity for continuing professional development whether formal or informal is discussed and assessed.

Principle Nine

Remuneration policies

The Board is committed to ensuring that the creation of value for shareholders aligns with the interests of executives and employees of the Group. Implementation during the year of a long-term incentive plan helps to align these interests and the Board clearly communicates to employees how remuneration is linked to the performance of the Group.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in compliance with regulations applicable to companies quoted on the LSE's Main Market. All shareholders are encouraged to attend the Company's Annual General Meeting where they will be given the opportunity to interact with the Directors. Investors also have access to current information on the Group through its website, (www.eaststarplc.com).

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

<u>Climate change risk - (TCFD)</u>

The Board considers the impact that the Group has on the environment and aims to conduct its operations in a responsible and sustainable way as it relates to climate change. The Kazakhstan government ensures that Discovery Ventures Kazakhstan Limited ("DVK") completes environmental surveys detailing impacts on the environment and particular the soil. This survey also assesses estimated costs to restore any drilling site to its original condition. As a result of this DVK outlays significant funds to ensure adequate Sub Soil insurance to cover its obligations.

The Board are also aware that as operations expand their energy consumption will increase along side. Currently the Board do not consider the energy consumed in relation to drilling to be at a level where it needs to put in place mitigators.

The Directors consider that the environmental compliance requirements imposed on them by the Kazakhstan Government to be sufficient and hence have not explored any additional reporting. The Directors will continue to monitor the requirements in Kazakhstan and will look to potentially include in future annual reports when the information becomes material to shareholders and other key stakeholders.

In line with the requirements of the Financial Conduct Authority's Listing Rule 14.3.27R, and for the above reasons, we note that we have not made the disclosures, in respect of the financial year ended 31 December 2023, in line with the recommendations and recommended disclosures of the TCFD.

External Auditor

During the period the Audit Committee decided to change auditors from PKF Littlejohn to Kreston Reeves LLP. The Audit Committee has met with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Group and its external auditor.

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

Internal financial control

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

Key financial controls include:

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

Shareholder Communications

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

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards for the group and, as regards to the Parent Company Financial Statements, as applied in accordance with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the profit and loss of the Group for that period.

In preparing the financial statements the Directors are required to:

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

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

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

Disclosure and Transparency Rules

Details of the Company's share capital and warrants and options are given in Notes 18 and 19 respectively. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights. As far as the Group is aware there are no persons with significant direct or indirect holdings other than the Directors and other significant shareholders as shown on page 14. The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Requirements of the Listing Rules

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

Auditor Information

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

Political Donations

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

Events after the reporting period

See note 32 in the consolidated financial statements.

Directors' Indemnity Provisions

The Group has implemented Directors and Officers Liability Indemnity insurance.

Going concern

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

On behalf of the board

…………………………………………….

Sandy Barblett
Non-Executive Chairman
17 April 2024

Opinion

We have audited the financial statements of East Star Resources PLC (the 'parent company') and its subsidiary (the 'Group') for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statements of cashflows and notes to the financial statements, including a summary of significant Group accounting policies. The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and UK adopted international accounting standards as well as with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- *the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;*
- *the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;*
- *the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.*

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2.2 in the financial statements, which discloses that the Group is in a exploratory pre-revenue phase and that its ability to meet liabilities as they fall due at present is based on the ability of the Group to continue to raise funds via debt and equity funding. This situation will remain the same for the foreseeable future given the timescales involved in moving from the mining exploration stage into full production stage. Additionally there is of course the inherent uncertainty over the long-term technical feasibility and economic viability of such projects at this early exploration stage. These events or conditions, along with other matters set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. This conclusion is reached based on the following procedures, we have:

- *Evaluated the design and implementation of key internal controls over management's assessment of going concern, considering in detail the rationale provided and whether this was consistent with our understanding as well as audit evidence obtained; and*
- *Evaluated the management's going concern assessment for completeness of and reasonableness of assumptions as well as ensuring that this is in line with the disclosures included in the financial statements; and*
- *Considered the key financial data of the group and company at year end and assessed the financial headroom available by reference to ongoing cash commitments over a period of at least 12 months from the date of the approval of these financial statements; and*
- *Specifically considered the willingness and ability of shareholders to continue to provide equity finance to the business based on historic track record of support, capital raises after the balance sheet date and further audit evidence obtained from shareholders; and*
- *Specifically considered the ability of the Group to free up cash flows via other options, including external finance partnerships, should this be required, to assess the likelihood and quantum of funds that could be made available to the business; and*
- *Considered the accuracy of spending forecasts produced by management by reference to key assumptions made as well as the historical accuracy of forecasts previously prepared by management, taking into account variances that arose; and*
- *Considered the general trends and results of exploration activity to date in order to assess for audit evidence that the long-term technical feasibility and economic viability of the various mining projects might be in doubt.*

Given our conclusions reached that there is a material uncertainty with respect to going concern this same material uncertainty therefore also extends to related balances included within these financial statements. Specifically, over the ultimate recoverability of investments in subsidiary of £6.3m (2022: £6.3m) and intercompany receivables of £3.7m (2022: £2.7m) included in the company statement of financial position. As well as the value of exploration assets of £2.1m (2022: £2.3m) in the consolidated statement of financial position. This is as the realisation of these assets is based on the ultimate viability of developing a commercially successful mining business.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on note 2.2;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 4;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 10 to 12;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 10 and
- The section describing the work of the Risk and Audit Committee set out on page 20.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our application of materiality

	Group financial statements	Parent company financial statements
Materiality	£77,200 (2022: Per predecessor auditor – £88,000)	£63,000 (2022: Per predecessor auditor - £87,000)
Basis for determining materiality	~2.5% of Gross assets	~2.5% of Gross assets - Capped below group materiality
Rationale for benchmark applied	Gross assets - the group's principal activity of that of a mining exploration and development vehicle. To this end the business is highly asset focused and has no operational revenues at this stage. Therefore a benchmark for materiality of	Gross assets - the company primarily operating as a holding company for the group and has historically had no material income. Therefore a benchmark based on the gross assets of the

	the gross assets of the group is considered to be appropriate. Considering the group's listed status we also considered loss after tax and EBITDA, this usually being a key benchmark for investors. However, given the business is pre-revenue there is limited interest in these performance indicators at present for stakeholders in the business.	company is considered to be appropriate.
Performance materiality	£57,900 (2022: Per predecessor auditor - £61,600)	£47,250 (2022: Per predecessor auditor - £60,900)
Basis for determining performance materiality	75% of materiality	75% of materiality – Capped below group materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.	On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.
Triviality threshold	£3,510 (2022: Per the predecessor auditor - £4,400)	£3,150 (2022: Per predecessor auditor - £4,350)
Basis for determining triviality threshold	5% of materiality	5% of materiality - Capped below group materiality

We reported all audit differences found in excess of our triviality threshold to the directors and the management board.

For each Group company within the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality allocated across each Group company was capped at the Group materiality. The scope of our audit was influenced by our application of materiality as we set certain quantitative thresholds for performance materiality and use these thresholds as a consideration tool to help to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We determined component materiality for the parent company to be capped at below group materiality. This was also the case for group subsidiaries registered outside of the UK.. Performance materiality was set in the range of 75% of each individual materiality.

Coverage overview

	Group net assets
Totals at 31 December 2023:	**£2,812,000**
Full statutory audit procedures (Kreston Reeves)	**£2,812,000 (100%)**
Limited procedures	**£Nil (0%)**

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. As noted above limited assurance audit work – which is to say the audit of balances and transactions material at a group level – was only applied in respect of a small element of the group. The below table summarises for the parent company, and its subsidiaries, in terms of the level of assurance gained:

Group component	Level of assurance
Discovery Ventures Kazakhstan Limited	Statutory audit procedures (applying a component materiality capped below group materiality)
Chu Ili Resources Ltd	Statutory audit procedures (applying a component materiality capped below group materiality)

Rudny Resources Ltd	Statutory audit procedures (applying a component materiality capped below group materiality)

Key audit matters

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

Valuation/recoverability of investments (£6.3m) & receivables in subsidiary companies (£3.7m)	
Significance and nature of key risk:	**How our audit addressed the key risk:**
The monetary value of both the investment figure and the trade receivables balance with subsidiary company (Discovery Ventures Kazakhstan Limited) are highly material. The recovery risk associated with both figures is also raised due to the subsidiary not currently being revenue generating and having net liabilities at the year end.	We confirmed that the subsidiary company, including the other subsidiary companies owned by this subsidiary, do not have sufficient net assets in order to repay the receivable balance We obtained management's assessment over recoverability and audited the key assumptions included in this, these being: That the rights to explore the related reserve areas have been secured via mining licenses. That continued exploration of these areas is budgeted as part of the minimum spending commitments as per each mining license. That early results to date are positive and that there is no evidence to suggest that the ultimate commercial viability of the business is threatened at this stage. Initial technical reports produced suggest the estimated net present value of returns are far in excess of the value of these assets. We have considered each assumption made and agree that these are consistent with audit evidence available. We interrogated the technical report, including assessing the preparer of this to ensure it could be relied upon. We performed stress testing over the estimates involved in order to conclude that there is substantial headroom between net present value and carrying value of related assets.

Key observations communicated to the Risk and Audit Committee

We have no concerns over the existence and monetary accuracy of these assets in the financial statements based on audit evidence available. However, as noted in our going concern section, given that there is a material uncertainty over the business as a whole there is therefore also a material uncertainty over the recoverability of these balances. Given that the recoverability strategy is ultimately dependent on a commercially successful mining operation.

Valuation/classification of exploration assets (£2.1m)

Significance and nature of key risk:	How our audit addressed the key risk:
The exploration assets have the potential to be materially overstated due to the incorrect capitalisation of exploration expenses as a result of not meeting the IFRS 6 recognition criteria. Additionally, impairment indicators may exist which would trigger the need for an impairment assessment resulting in the assets being reduced in value. The assessment around whether IFRS 6 criteria is being met as well as the overall impairment assessment requires a significant level of estimation and judgement from management. As such this is considered a key audit risk.	We have considered the stage of all the current projects being undertaken by the business and considered the evidence available to determine if IFRS 6 is the appropriate standard to consider for the accounting treatment of costs incurred on these projects. After determining that the IFRS 6 standard is the most appropriate accounting basis we selected a sample of additions for the current year. Supporting audit evidence was obtained for each allowing us to determine if capitalisation of the expenses as in accordance with IFRS 6. We further determined whether the value and date of capitalisation was appropriate. We obtained management's assessment over exploration assets and audited the key assumptions which are as listed in the 'Valuation/recoverability of investments & receivables in subsidiary companies' audit risk assessment. We have considered each assumption made and agree that these are consistent with audit evidence available. We scrutinised the technical report, including assessing the preparer of this to ensure it could be relied upon. We performed stress testing over the estimates involved in order to conclude that there is substantial headroom between net present value and carrying value of related assets.

Key observations communicated to the Risk and Audit Committee

We have no concerns over the material accuracy of these assets in the financial statements based on audit evidence available. However, as noted in our going concern section, given that there is a material uncertainty over the business as a whole there is therefore also a material uncertainty over the

recoverability of these balances. Given that the recoverability strategy is dependent largely on a commercially successful mining operation.

Other information

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

We have nothing to report in this regard.

Our opinion on the Remuneration Report

Kreston Reeves has audited the Annual remuneration report set out on pages 15 to 17 of the Annual Report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with the Companies Act 2006. Kreston Reeves' responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with International Accounting Standards. In Kreston Reeves' opinion, the Remuneration Report of the Group for the year, complies with the requirements of the Companies Act 2006.

Our consideration of climate change related risks

The financial impacts on the Group of climate change and the transition to a low carbon economy ("climate change") were considered in our audit where they have the potential to directly or indirectly impact key judgements and estimates within the financial statements.

The Group continues to develop its assessment of the potential impacts of climate change. Climate risks have the potential to materially impact the key judgements and estimates within the financial report. Our audit considered those risks that could be material to the key judgement and estimates in the assessment of the carrying value of non-current assets and closure and rehabilitation provisions.

The key judgements and estimates included in the financial statements incorporate actions and strategies, to the extent they have been approved and can be reliably estimated in accordance with the Group's accounting policies. Accordingly, our audit procedures address the audit risks presented to the Group from climate change risk.

Opinions on other matters prescribed by the Companies Act 2006

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

- *the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and*

- *the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.*

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 22), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to: posting inappropriate journal entries to reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of exploration assets. Audit procedures performed by the group engagement team and component auditors included:

- *We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework and the relevant mining regulations and tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to minimum spending commitments, health and safety, employee matters, bribery and corruption practices and environmental requirements; and*

- *Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations; and*

- *Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and*

- *Challenging assumptions and judgements made by management in its significant accounting estimates. Specifically, in considering the appropriateness to capitalise expenditure as Exploration assets under IFRS 6; and*

- *Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and*

- *Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and*

- *Reading minutes of meetings of those charged with governance, and reviewing correspondence with relevant regulatory authorities; and*

- *Performing integrity testing to verify the legitimacy of banking records obtained from management; and*

- *Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and*

- *Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.*

- *We ensured our audit team had appropriate industry experience of the mining sector. Our audit planning included considering external market factors, for example geopolitical risk, the potential impact of climate change and other major trends in the industry.*

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.*

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.*

- *Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.*

- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters which we are required to address

We were appointed by the audit committee in the year to audit the financial statements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

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

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Dwyer BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Audited Year ended 31 December 2023 £'000	Audited Period ended 31 December 2022 £'000
Continuing Operations			
Revenue		-	-
Administrative expenses	4	(710)	(1,131)
Share based payments	19	(39)	(244)
Impairment charge	10 & 11	(1,058)	-
Other income		279	-
Operating loss		**(1,528)**	**(1,375)**
Reverse acquisition expense		-	(1,730)
Loss before taxation		**(1,528)**	**(3,105)**
Taxation on loss or ordinary activities	7	-	-
Loss for the year from continuing operations		**(1,528)**	**(3,105)**
Other comprehensive income	8	(35)	70
Total comprehensive loss for the year attributable to shareholders from continuing operations		**(1,563)**	**(3,035)**
Basic & dilutive earnings per share - pence	9	(0.81)	(1.72)

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

	Note	Audited As at 31 December 2023 £'000	Audited As at 31 December 2022 £'000
NON-CURRENT ASSETS			
Exploration assets	10	2,149	2,268
Earn in advance (financial asset)	11	-	57
Property, plant and equipment	12	17	25
TOTAL NON-CURRENT ASSETS		**2,166**	**2,350**
CURRENT ASSETS			
Cash and cash equivalents	14	635	1,456
Trade and other receivables	16	127	133
TOTAL CURRENT ASSETS		762	1,589
TOTAL ASSETS		**2,928**	**3,939**
CURRENT LIABILITIES			
Trade and other payables	17	115	127
TOTAL CURRENT LIABILITIES		115	127
TOTAL LIABILITIES		**115**	**127**
NET ASSETS		**2,813**	**3,812**
EQUITY			
Share capital	18	2,187	1,823
Share premium	18	6,052	5,891
Share capital to issue	20	3,750	3,750
Share based payments reserve	19	307	268
Foreign exchange reserve		31	66
Reverse acquisition reserve	20	(4,795)	(4,795)
Retained earnings		(4,719)	(3,191)
TOTAL EQUITY		**2,813**	**3,812**

**Non-controlling interest of £29 exists with business 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 £488,178 (2022: £971,025)

The financial statements were approved and authorised for issue by the board on 17 April 2024 and were signed on its behalf by:

……………………………… Non-Executive Chairman – Sandy Barblett

The notes form an integral part of these consolidated financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Audited As at 31 December 2023 £'000	Audited As at 31 December 2022 £'000
NON-CURRENT ASSETS			
Investment in subsidiary	13	6,268	6,268
Intercompany receivables	15	3,674	2,734
TOTAL NON-CURRENT ASSETS		9,942	9,002
CURRENT ASSETS			
Cash and cash equivalents	14	509	1,407
Trade and other receivables	16	47	16
TOTAL CURRENT ASSETS		556	1,423
TOTAL ASSETS		**10,498**	**10,425**
CURRENT LIABILITIES			
Trade and other payables	17	82	85
TOTAL CURRENT LIABILITIES		82	85
TOTAL LIABILITIES		**82**	**85**
NET ASSETS		**10,416**	**10,340**
EQUITY			
Share capital	18	2,187	1,823
Share premium	18	6,052	5,891
Share capital to issue	20	3,750	3,750
Share based payments reserve	19	307	268
Retained Earnings		(1,880)	(1,392)
TOTAL EQUITY		**10,416**	**10,340**

The financial statements were approved and authorised for issue by the board on 17 April 2024 and were signed on its behalf by:

………………………………..
Non-Executive Chairman – Sandy Barblett

The notes form an integral part of these consolidated financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Share Capital £'000	Share Premium £'000	Equity reserve £'000	SBP reserve £'000	Foreign exchange reserve £'000	Reverse acquisition reserve £'000	Share Capital to be issued £'000	Retained Earnings £'000	Total Equity £'000
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**
Loss for period	-	-	-	-	-	-	-	(1,528)	(1,528)
Other comprehensive income	-	-	-	-	(35)	-	-	-	(35)
Total comprehensive income for year	**-**	**-**	**-**	**-**	**(35)**	**-**	**-**	**(1,528)**	**(1,563)**
Transactions with owners in own capacity									
Ordinary Shares issued in the period	364	182	-	-	-	-	-	-	546
Share Issue Costs	-	(21)	-	-	-	-	-	-	(21)
Share based payments	-	-	-	39	-	-	-	-	39
Transactions with owners in own capacity	364	161	-	39	-	-	-	-	564
Balance at 31 December 2023	**2,187**	**6,052**	**-**	**307**	**31**	**(4,795)**	**3,750**	**(4,719)**	**2,813**

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Share capital	Share premium	SBP reserve	Share capital to issue	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
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**
Loss for period	-	-	-	-	(488)	(488)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for year	-	-	-	-	**(488)**	**(488)**
Transactions with owners in own capacity						
Ordinary Shares issued in the period	364	182	-	-	-	546
Share Issue Costs	-	(21)	-	-	-	(21)
Share based payments	-	-	39	-	-	39
Transactions with owners in own capacity	364	161	39	-	-	564
Balance at 31 December 2023	**2,187**	**6,052**	**307**	**3,750**	**(1,880)**	**10,416**

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Cash flow from operating activities			
Loss before taxation for the financial year		(1,528)	(3,105)
Adjustments for:			
Share based payments	19	39	244
Reverse acquisition share-based payment expense		-	1,730
Settlement of fees through issue of equity		-	18
Impairment charge on exploration assets*		887	-
Foreign exchange movements		97	70
Depreciation & amortization		10	9
Changes in working capital:			
(Increase) / decrease in trade and other receivables		6	830
Increase / (decrease) in trade and other payables		(12)	87
Net cash outflow from operating activities		**(501)**	**(117)**
Cash flows from investing activities			
Investment in exploration assets		(888)	(1,449)
Purchase of property, plant & equipment		(2)	(9)
Cash acquired on acquisition of subsidiary		-	22
Net cash flow from investing activities		**(890)**	**(1,436)**
Cash flows from financing activities			
Proceeds from Issue of Shares	18	546	3,100
Share Issue Costs	18	(21)	(118)
Net cash flow from financing activities		**525**	**2,982**
Net increase in cash and cash equivalents		**(866)**	**1,429**
Cash and cash equivalents at beginning of the period		1,456	16
Foreign exchange effect on cash balance		45	11
Cash and cash equivalents at end of the period	14	**635**	**1,456**

** Impairment charge is adjusted to reflect the true cash impact in the period and hence will not reconcile directly to the value in the Statement of Comprehensive Income.*

The notes form an integral part of these consolidated financial statements

	Note	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Cash flow from operating activities			
Loss for the financial year		(488)	(971)
Adjustments for:			
Share based payments	19	39	244
Settlement of fees through issue of equity			18
Foreign exchange movements		(1)	-
Changes in working capital:			
Decrease / (increase) in trade and other receivables		(31)	66
(Decrease) in trade and other payables		(2)	(53)
Net cash outflow from operating activities		**(483)**	**(696)**
Cash flows from investing activities			
Loans to subsidiaries		(940)	(2,127)
Net cash flow from investing activities		**(940)**	**(2,127)**
Cash flows from financing activities			
Proceeds from Issue of Shares	18	546	3,100
Share Issue Costs	18	(21)	(118)
Net cash flow from financing activities		**525**	**2,982**
Net increase in cash and cash equivalents		**(898)**	**159**
Cash and cash equivalents at beginning of the period		1,407	1,248
Cash and cash equivalents at end of the period	14	**509**	**1,407**

The notes form an integral part of these consolidated financial statements

1. General Information

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

The address of its registered office and principal place of business 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 4 May 2021. The Company was suspended from trading on 19 July 2021 whilst managing a reverse takeover transaction and was then re-admitted to trading on 10 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").

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS), International standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Boards (IASB) and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

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 2023 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.

The accounting period for the Group covers the year ending on 31 December 2023 and is therefore not directly comparable to the prior period as this covered a 13 month period. The financial statements are presented in Pounds Sterling and rounded to the nearest thousand (£'000).

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Contingent consideration
- Investment property
- Revalued property, plant and equipment
- Net defined benefit liability
- Cash settled share-based payment liabilities

Reverse acquisition accounting treatment

During the last 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 comparatives of the consolidated financial statements have been prepared to reflect the consolidated results of the Group from acquisition date on 10 January 2022. The comparative 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.

Critical accounting judgements and key sources of estimation uncertainty are disclosed in note 2.17.

2.2 Going concern

The Directors have prepared financial forecasts to estimate the likely cash requirements of the Group over the 12 months from sign off of the annual report. Given its stage of development and lack of recurring revenues, in preparing these financial forecasts, the Directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The Directors have considered the sensitivity of the financial forecasts to changes in key assumptions, including, among others, potential cost overruns within committed spend and changes in exchange rates.

The Directors plan to raise further funds during 2024 and have reasonable expectations that sufficient cash will be raised to fund the planned operations of the Group for a period of at least 12 months from the date of approval of these financial statements. The funding requirement indicates that a material uncertainty exists which may cast significant doubt over the Group's and Company's ability to continue as a going concern, and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. This has been detailed in the auditors report.

After due consideration of these forecasts, current cash resources, including the sensitivity of key inputs, the Directors consider that the Group will have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report) and, for this reason, the financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

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.

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.

The 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 20.

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

ii) 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 Other comprehensive income 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 the notes.

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 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.

2.16 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.

2.17 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 13 & 15
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. The value of the Company's investment in DVK amounts to approx. £6.275 million and intercompany loans amount to approx. £3.674 million. 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 10
Costs capitalised in respect of the Group's mining assets are required to be assessed for impairment under the provisions of IFRS 6 (2023: approx. £2.149 million) 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. Management have concluded that it is appropriate to process an impairment charge in the period in relation to exploration assets and can be further evidenced at note 10.

The Directors have made an assessment and concluded that it is appropriate to process impairment charges in the year specifically relating to licenses held within the joint venture agreement held with Phoenix Mining Limited in relation to the rare earths exploration. As this agreement has been terminated the Directors believe it necessary to impair the entirety of the investment and this charge can be seen in the statement of comprehensive income.

Share based payments – Note 19

The Group issues options and warrants to its employees, directors, investors and advisors. These are valued in accordance with IFRS 2 "Share-based payments" (2023: approx. £0.04 million). 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.

In the period the Group implemented a long-term incentive program for employees which can be evidence further at note 19. These options have various vesting dates and conditions and have been valued using the Black-Scholes method to assign an appropriate value in the financial statements.

2.18 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:

Standard	Effective date	Overview
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2024 (early adoption permitted)	The standard has been amended to clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. In order to conclude a liability is non-current, the right to defer settlement of a liability for at least 12 months after the reporting date must exist as at the end of the reporting period. The amendments also clarify that (for the purposes of classification as current or non-current), settlement is the transfer of cash, the entity's own equity instruments (except as described below), other assets or services.
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024 (early adoption permitted)	The standard confirms that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024 (early adoption permitted)	The amendments address the accounting that should be applied by a seller-lessee in a sale and leaseback transaction when the leaseback contains variable lease payments, such as turnover rentals, that do not depend on an index or rate. Specifically, they confirm that the 'lease payments' or the 'revised lease payments' arising from the leaseback arrangement are measured in such a way that no gain or loss is recognised on the right of use retained by the seller-lessee.
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024 (early adoption permitted)	The amendments require an entity to disclose information about its supplier finance arrangements to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025 (early adoption permitted)	The amendments have been made to clarify: - when a currency is exchangeable into another currency; and - how a company estimates a spot rate when a currency lacks exchangeability.

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

2.19 New standards and interpretations adopted

Standard	Overview
IFRS 17 Insurance Contracts	IFRS 17 will replace IFRS 4 Insurance Contracts, a temporary standard which permits a variety of accounting practices for insurance contracts.
Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 *Comparative Information*	Many insurance entities will now be applying both IFRS 17 and IFRS 9 for the first time in annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2 – Making Materiality Judgements *Disclosure of Accounting Policies*	The amendments to IAS 1 will require an entity to disclose material accounting policies. Accounting policy information is likely to be considered material if users need the disclosure to understand other material information in the accounts.
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors *Definition of Accounting Estimates*	The amendments introduce a definition for accounting estimates which is 'monetary amounts in financial statements that are subject to measurement uncertainty'. Measurement uncertainty will arise when monetary amounts required to apply an accounting policy cannot be observed directly. In such cases, accounting estimates will need to be developed using judgements and assumptions.
Amendments to IAS 12 – Income Taxes *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	This amendment to IAS 12 Income Taxes introduces an exception to the "initial recognition exemption" when the transaction gives rise to equal taxable and deductible temporary differences.
Amendments to IAS 12 – Income Taxes *International Tax Reform – Pillar Two Model Rules*	This amendment to IAS 12 Income Taxes introduces disclosures to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The effect of these amended Standards and Interpretations which are in issue have not had a material effect on the financial statements.

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 2023 (2022: £0).

	United Kingdom £'000	**Kazakhstan £'000**	**Total £'000**
Administrative expenses	(449)	(261)	(710)
Share based payments	(39)	-	(39)
Impairment charge	-	(1,058)	(1,058)
Other income	-	279	279
Operating loss from continued operations per reportable segment	**(488)**	**(1,040)**	**(1,528)**
Reportable segment assets	557	2,372	2,929
Reportable segment liabilities	(83)	(33)	(116)
Total	**474**	**2,339**	**2,813**

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:

	Year ended 31 Dec 2023 £'000	**Period ended 31 Dec 2022 £'000**
Professional fees	(189)	(340)
Directors' fees*	(161)	(335)
Salaries & wages	(55)	(89)
Geological consulting and exploration costs	(111)	-
Insurance	(7)	(25)
Consultants	(29)	-
Travel	-	(33)
Foreign Exchange	9	83
VAT write off	-	(279)
Other administrative expenses	(167)	(113)
Administrative expenses	**(710)**	**(1,131)**

**Please see Directors Remuneration report for breakdown*

5. Employees

The average number of persons employed by the Group (including directors) during the period ended 31 December 2023 was:

	2023	2022
Management	5	4
Non-management	7	7
	12	11

The highest paid director received total remuneration of approx. £163,000 including share-based payments (2022: approx. £308,000)

6. Auditor's Remuneration

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Fees payable for the audit of the Group's financial statements	44	45
Fees payable for review of the Group's interim financial statements	-	3
	44	**48**

7. Taxation

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'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	(1,528)	(3,105)
Tax credit at the weighted standard average rate of corporation tax in the UK of 19% and Kazakhstan of 20%	(298)	(606)
Adjustment for items disallowable for tax	7	375
Tax losses for which no deferred tax is recognised	(291)	231
Tax expense recognised in accounts	-	-

The Group has estimated tax losses carried forward of approx. £2,768,000 (2022: approx. £1,279,000) The taxed value of the unrecognised deferred tax asset is approx. £542,000 and these losses do not expire. No deferred tax assets in respect of tax losses have been recognised in the accounts as there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

8. 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:

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Foreign currency movements	(35)	70
	(35)	**70**

9. Earnings per share

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

	Year ended 31 December 2023	Period ended 31 December 2022
Loss attributable to shareholders of East Star Resources PLC - £'000	(1,528)	(3,105)
Weighted number of ordinary shares in issue	189,850,164	180,843,292
Basic & dilutive earnings per share from continuing operations – pence	**(0.81)**	**(1.72)**

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.

In the current year no adjustment is required to account for the reverse takeover transaction. In the previous period the weighted average number of shares was 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.

10. Exploration assets

Group

	Exploration assets £'000
Cost and carrying value – 1 January 2022	-
Additions	2,268
Impairment charge	-
At 31 December 2022	**2,268**
Additions	888
Foreign exchange	(75)
Impairment on licenses	(932)
At 31 December 2023	**2,149**

Exploration and evaluation assets relate specifically to expenditure to support the exploitation of exploration licenses held in the Kazakhstan based subsidiaries. The Group holds a total of 8 licenses across 3 mineral districts being specifically the Chu-Ili belt, East Kostanay region and Rudny Altai belt.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned by the Company or in conjunction with potential joint venture partners;
- The Board may consider to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves;
- Existing joint venture agreements have been terminated;
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

The Directors concluded that an impairment charge need be processed in the period in relation to the licenses as detailed below:

i) License 670 – Dalny: The exploration asset relating to license 670 was fully impaired in the period. No further exploration is planned by the Group.

ii) License 774 – Apmintas: The exploration asset relating to license 774 has been partially impaired in the period. The Company is in the process of relinquishing 40% of the tenement package considered to be less prospective for a commercial gold discovery.

A 10% movement either way in the KZT/GBP exchange rate would change the fair value by approximately £215,000.

11. Earn in advance (financial asset)

Group

	Earn in advance £'000
Cost and carrying value – 1 January 2022	-
Additions	57
Impairment charge	-
At 31 December 2022	**57**
Additions	57
Foreign exchange	12
Impairment on licenses	(126)
At 31 December 2023	**-**

The licenses held jointly with Phoenix Mining Ltd in relation to rare earths are referred to above as a financial asset as they do not currently satisfy all the requirements of IFRS 6 to be capitalised as an exploration asset.

In the period an impairment charge was processed in relation to the licences as the joint venture agreement with Phoenix Mining Ltd was terminated. An impairment charge of £126,174 has been included in the accounts to write down the value of the assets to their fair value less cost to sell.

12. Property, plant & equipment

Group

	Plant and equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost				
Opening balance – 1 January 2023	29	2	7	38
Additions	2	-	-	2
At 31 December 2023	31	2	7	40
Depreciation				
Opening balance – 1 January 2023	(12)	-	(1)	(13)
Charge for the period	(7)	(1)	(2)	(10)
At 31 December 2023	(19)	(1)	(3)	(23)
Net book value 31 December 2022	17	2	6	25
Net book value 31 December 2023	**12**	**1**	**4**	**17**

	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**

13. Investment in subsidiaries

Company

	£'000
Cost and carrying value – 1 December 2021	-
Additions:	
Share acquisition on RTO	2,250
Convertible loan note	268
Consideration shares	3,750
At 31 December 2022	**6,268**
Additions	-
Impairment	-
At 31 December 2023	**6,268**

List of Subsidiaries

Name	Business Activity	Country of Incorporation	Registered Address	Percentage Holding
Discovery Ventures Kazakhstan Limited	Mineral exploration	Kazakhstan	VP 32, building 12/1, Dinmuhamed Konaev street, Yesil district, Astana, Z05H9B0, Kazakhstan	100%
Chu Ili Resources ltd*	Mineral exploration	Kazakhstan	bld. 12/1, VP 32, 3rd floor, IHUB coworking, D. Konayev Street, Yessil district, Astana city, Z05H9B0, Kazakhstan	80%
Rudny Resources ltd*	Mineral exploration	Kazakhstan	bld. 12/1, VP 32, 3rd floor, IHUB coworking, D. Konayev Street, Yessil district, Astana city, Z05H9B0, Kazakhstan	80%

**Subsidiaries held indirectly through Discovery Ventures Kazakhstan*

14. Cash and cash equivalents

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash at bank	635	1,456	509	1,407

15. Inter-company receivable

Company

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Inter-company loan – DVK	3,674	2,734
	3,674	**2,734**

16. Trade and other receivables

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
VAT receivable	17	15	17	6
Prepayments	39	24	20	-
Other debtors	71	94	10	10
	127	**133**	**47**	**16**

17. Trade and other payables

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Trade payables	71	54	38	32
Accruals	44	54	44	45
Other payables	-	19	-	8
	115	**127**	**82**	**85**

18. Share capital and share premium

Group

	Ordinary Shares #	Share Capital £'000	Share Premium £'000	Total £'000
At 31 December 2021	**70,590**	**53**	**132**	**185**
Transfer of capital to reverse acquisition reserve	(70,590)	(53)	(132)	(185)
Share capital of the Company at acquisition	69,540,164	695	1,501	2,196
Issue of shares for acquisition of subsidiary	50,350,000	504	2,014	2,518
Issue of ordinary shares	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**
Issue of ordinary shares[1]	36,400,000	364	182	546
Share issue costs	-	-	(21)	(21)
At 31 December 2023	**218,650,164**	**2,187**	**6,052**	**8,239**

[1] On 16 October 2023, the Company issued 36,400,000 ordinary shares at £0.015 as part of a share placement.

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.

19. Share based payments reserve

	Group £'000	Company £'000
Opening balance – 1 December 2021	-	24
Acquired equity as part of acquisition	24	-
Advisor warrants issued	132	132
Employee options issued	112	112
As at 31 December 2022	**268**	**268**
Employee options issued[1]	32	32
LTIP options issued[2]	7	7
As at 31 December 2023	**307**	**307**

[1] 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. Value attributed to the share based payments reserve in the current period represents the pro-rata portion of the expense brought to account over the vesting period.

[2] 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 4,432,326 options over new ordinary shares in the Company to employees and non-executive directors of the Company to be approved by shareholders at the next Annual General Meeting. Value attributed to the share based payments reserve in the current period represents the pro-rata portion of the expense brought to account over the vesting period

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:

Options

Grant date	Number	Share price	Exercise price	Volatility %	RF Rate %	Technique
01/03/2023	4,251,167	0.035	0.043	77	3.5	Black Scholes

Warrants

	As at 31 December 2023	
	Weighted average exercise price	**Number of warrants**
Brought forward at 1 January 2023		14,813,505
Lapsed in period	5p	(6,000,000)
Granted in period	3p	36,400,000
Vested in period	3p	36,400,000
Outstanding at 31 December 2023	4p	45,213,505
Exercisable at 31 December 2023	4p	45,213,505

The weighted average time to expiry of the warrants as at 31 December 2023 is 1.06 years.

Options

	As at 31 December 2023	
	Weighted average exercise price	**Number of options**
Brought forward at 1 January 2023	5p	11,250,000
Granted in period	4.3p	4,794,644
Cancelled in period	4.3p	(1,110,144)
Vested in period		-
Outstanding at 31 December 2023	5p	14,934,500
Exercisable at 31 December 2023		3,750,000

The weighted average time to expiry of the options as at 31 December 2023 is 4.67 years.

The option vesting conditions of the LTIP options are as below:

- 50% of the Shares under Option (rounded down to the nearest whole number) shall Vest on the first anniversary of the Date of Grant;
- 25% of the Shares under Option (rounded down to the nearest whole number) shall Vest on the second anniversary of the Date of Grant;
- 25% the remaining number of the Shares under Option shall Vest on the third anniversary of the Date of Grant.

20. Reverse acquisition

On 10 January 2022, the Company acquired the share capital of Discovery Ventures Kazakhstan Limited (“DVK”), 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.

21. 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:

£GBP	31 Dec 2023 £'000
Cash and cash equivalents	126
Trade and other receivables	80
Trade and other payables	(33)
	173

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.

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 2023, the Group was primarily financed by cash raised through equity funding and supplemented by funds provided through the BHP Xplor program. 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 2023 on the basis of their earliest possible contractual maturity.

	Total £'000	Within 2 months £'000	Within 2-6 months £'000
At 31 Dec 2023			
Trade payables	71	71	-

22. Financial assets and liabilities

Group – Year ended 31 Dec	***Financial assets/liabilities at amortised cost*** **2023 £'000**	**2022 £'000**
Trade and other receivables[1]	88	109
Cash and cash equivalents	635	1,456
Trade and other payables[2]	(71)	(73)
	652	**1,492**

Company – Period ended 31 Dec	***Financial assets/liabilities at amortised cost*** **2023 £'000**	**2022 £'000**
Trade and other receivables[1]	27	15
Cash and cash equivalents	509	1,407
Trade and other payables[2]	(38)	(40)
	498	**1,382**

[1] Trade and other receivables excludes prepayments
[2] Trade and other payables excludes accruals

23. Related Party Transactions

Orana Corporate LLP - Service Agreement
During the year, £58,300 was paid to Orana Corporate LLP of which Anthony Eastman is a director of East Star Resources PLC and Orana during the period for the provision of corporate accounting services. £1,000 was deferred to be settled at a later date.

Other than these there were no other related party transactions.

Directors remuneration
See Directors report for details on Directors remuneration in the period.

24. Ultimate Controlling Party

As at 31 December 2023, there was no ultimate controlling party of the Group.

25. Capital Commitments

The Group is committed to the following minimum expenditure across various licenses within 12 months from 31 December 2023:

License area	License	Owner	Annual minimal expenditures on exploration
			£
Apmintas	774-EL	Chu-Ili Resources Limited	157,168
Novo 2	847-EL	Rudny Resources Limited	118,252
Novo 1	914-EL	Rudny Resources Limited	179,733
RA 1	1799-EL	Discovery Ventures Kazakhstan Limited	32,032
RA 3	1795-EL	Discovery Ventures Kazakhstan Limited	20,867
RA 4	2546-EL	Discovery Ventures Kazakhstan Limited	6,620
Snowy	2506-EL	Copperland	41,237
Ayogoz	2483-EL	Copperland	30,746
		Total	**586,655**

26. Contingent assets

VAT recoverable

The subsidiaries of East Star Resources had accrued an amount of £293,078 relating to VAT incurred on expenditure on the various mining licenses to 31 December 2023. 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.

27. Contingent liabilities

There were no contingent liabilities over the Group as at 31 December 2023.

28. Events Subsequent to period end

BHP Xplor Program

On 22 January 2024 the Company announced that it had been selected to receive a grant of up to US$500,000 from BHP under the 2024 BHP Xplor Programme to initiate a copper porphyry exploration strategy in Kazakhstan.

Appointment of director

On 22 January 2024 the Company appointed Chris van Wijk as a Non-Executive Director and subsequently on 29 February 2024 he was appointed as Technical Director.

Sediment-Hosted Copper Exploration JV with Getech

In February 2024, the Company announced it had entered into a joint venture agreement with Getech Group PLC (AIM: GTC) ("Getech"), a world-leading locator of subsurface resources, to explore for sediment-hosted copper deposits in Kazakhstan.

Verkhuba Copper Deposit Update

In March 2024, the Company announced it had instructed independent experts AMC Consultants to produce a maiden JORC Inferred Resource for the Verkhuba Copper Deposit.