



28 June 2024

Estrella Establishes Joint Venture Company For Exploration & Mining in Timor-Leste

HIGHLIGHTS

- ➔ Estrella finalises Joint Venture and Royalty Deed with state-run Murak Rai Timor (MRT) at a signing ceremony in Dili, Timor Leste¹
- ➔ Deed sees the formation of JV company Estrella Murak Rai Timor (70% owned by ESR, 30% owned by MRT) which will explore for and potentially exploit mineral deposits in three granted Exploration and Evaluation Licences (EEL's) – ZA001, ZA002 and ZA003
- ➔ ESR solely responsible for the JV's funding requirements with MRT to be free-carried until a positive Feasibility Study is completed pertaining to a deposit located within each of the EEL's
- ➔ MRT can elect to transfer its 30% interest in JV to ESR and receive 2% royalty on Net Smelter Return following release of Feasibility Study
- ➔ Proposals to commence trenching and drilling are being readied to assist in the quantification of the high-grade manganese material within the three granted Exploration and Evaluation Licences
- ➔ The licenses have had no modern exploration identified to date, and are highly prospective for Manganese, Copper, and Gold mineralisation.



Figure 1: Sitting; Estrella Managing Director Chris Daws and CEO & President of Murak Rai Timor, EP Mr Jose Goncalves signing Shareholder Deed and Royalty Deed, standing from left to right; Minister of Petroleum and Mineral Resources: Francisco da Costa Monteiro, President of Commission C of National Parliament: Cedelizia Faria dos Santos, President of ANM: Rafael de Araujo, Second Secretary of Australian Embassy in Timor-Leste: Rachael Ratican.

¹ Refer to ASX announcement dated 4th December 2023

Estrella Resources Limited (**ASX: ESR**) (**Estrella** or the **Company**) is pleased to announce the Company has signed an incorporated Joint Venture and Royalty Deed with state-run Murak Rai Timor (MRT) for the formation of Estrella Murak Rai Timor (JV) to explore for and potentially exploit mineral deposits in Timor Leste.

ESR will hold 70% interest in the JV, to be headquartered in Dili, with MRT holding the remaining 30% interest. The JV will wholly own the previously granted² Exploration and Evaluation Licenses (EEL's) – ZA001, ZA002 and ZA003. The three EEL's cover a total landholding of 121.5km² and are highly prospective for manganese mineralisation.³

Under the terms of the Deed, the JV will see MRT free-carried at 30% ownership up until the completion and publication of a Feasibility Study over a deposit located within each of the EELs. In addition, ESR will be solely responsible for the funding requirements of the Company in accordance with the Annual Program up until the completion and publication of a Feasibility Study.

In addition, MRT and ESR have entered into a Royalty Deed whereby MRT can elect to transfer its 30% interest in the JV to ESR following the completion of the Feasibility Study in respect of the EEL(s) and receive a 2% royalty on the Net Smelter Return (NSR) on all minerals produced from the area within the boundary of the EEL(s).

The eight Reconnaissance Permits (RP's) surrounding the EEL's, and which total 382.2 km², are 100% owned by Estrella and do not currently form part of JV Company. RP's entitle the holder to conduct mapping and sampling within the Permit area for 12 months with an additional 6-month extension if required. The holder of the RP has a pre-emptive right in the grant for an Exploration or Mining License up to the expiry of the Permit. Upon Conversion of any granted RP's to EEL's MRT shall be entitled to a 30% free-carried interest and the EEL's will come under the same terms as the currently granted ZA001, ZA002 and ZA003 EEL's.

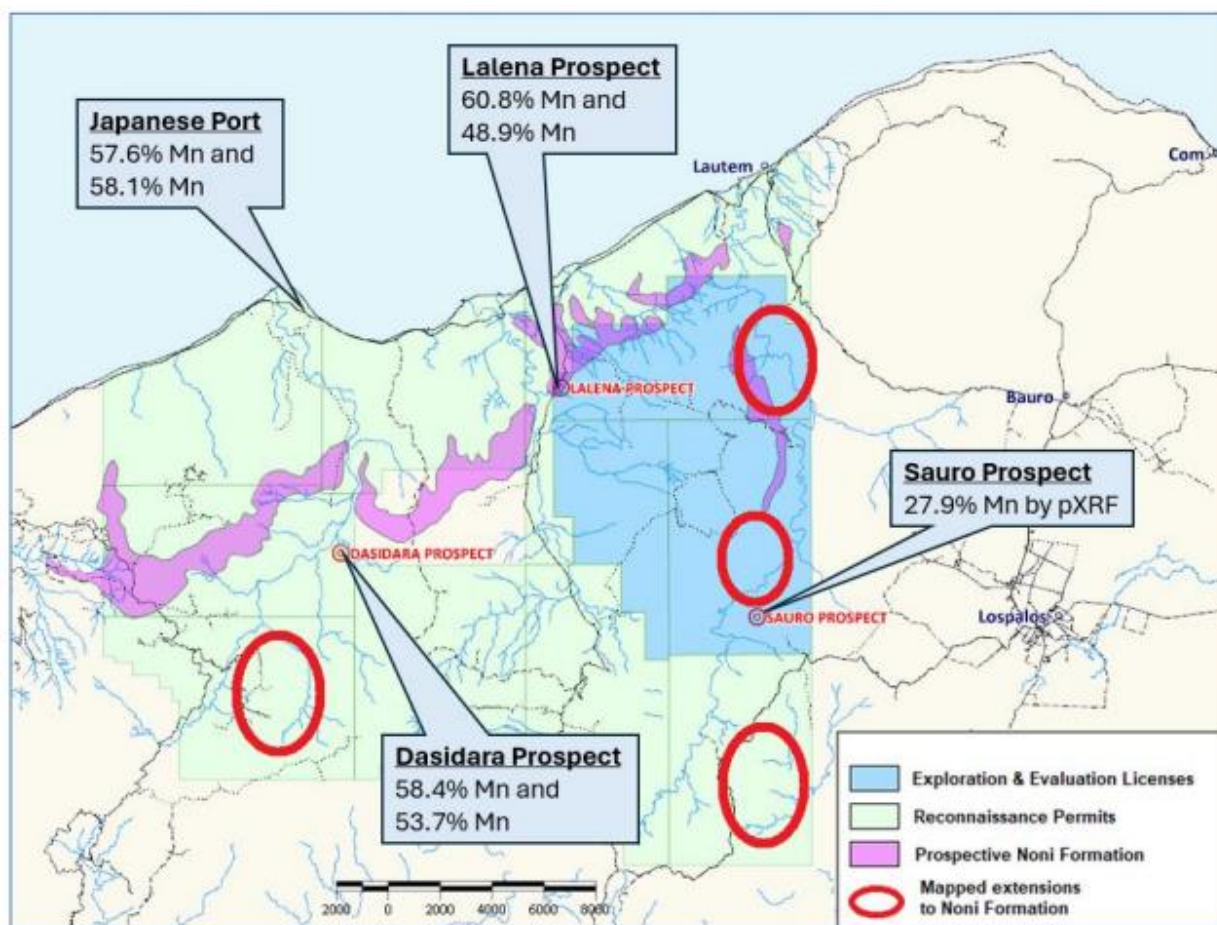


Figure 2: EEL's highlighting Sauro Prospect and prospective Noni Formation. The red circles indicate extensions to the Noni Formation mapped outside previous known extents

² Refer to ASX announcement dated 27 March 2024.

³ Refer to ASX announcement dated 3 April 2024, 31 May 2024

Estrella Managing Director Chris Daws said:

"Yesterday's formal signing ceremony in Dili between Estrella and Murak Rai Timor to form Estrella Murak Rai Timor represents a significant milestone for our company in Timor Leste. The next steps now are for the JV company to get out on the ground and ramp up exploration across the three granted EEL's with an initial focus along the highly prospective Noni Formation where thick manganese-rich bands have been uncovered just below the surface. Proposals are well underway for trenching and drilling to assist in the quantification of the high-grade manganese material and I look forward to updating the market on the JV's progress within the EEL's."

Murak Rai Timor, E.P. (MRT) CEO Mr. Jose Goncalves said:

"This agreement represents an exciting phase not only for MRT but also for the future development of the Timor Leste mining sector. I look forward to working with Estrella as we progress exploration and development of these highly prospective licenses."

Summary of Key Terms:*Shareholder Deed*

- A. The Shareholders (ESR and MRT) have agreed to register and incorporate a Company named Estrella Murak Rai Timor (the "Company") before SERVE, with registered offices at Travessa Taf'ui, Edificio Hotel Timor n.º 10, Rai Nain, Vera Cruz, Dili, Timor-Leste, for the purposes of carrying on the Business.
- B. The Company will hold 100% of the rights, title and interest in the Project.
- C. At the Commencement Date, the Shareholders will hold the following quotas:
 - (i) ESR: one (1) quota with a nominal value of USD 70, representing seventy per cent (70%) of the Company's share capital; and
 - (ii) MRT: one (1) quota with a nominal value of USD 30 representing thirty per cent (30%) of the Company's share capital.
- D. This Deed records the agreement of the Parties with respect to the ownership, control and management of the Company and its Business.

Royalty Deed

- A. ESR and MRT (the Recipient) are the shareholders of the JV Company, Estrella Murak Rai Timor E.P. (the JV Company or the Payer).
- B. The JV Company is the holder of Mining Rights for the performance of Mining Activities over Concession Areas MEL2023-CA-ZA001, MEL2023-CA-ZA002, and MEL2023-CA-ZA003.
- C. ESR and the Recipient are parties to the Shareholders' Deed.
 - a. Pursuant to the Shareholders' Deed, within 90 days following the completion and submission of the Feasibility Study in respect of the Concession Area(s), Recipient can elect (by notice in writing to Payer), in its discretion, to transfer its Interest in the Company to ESR and receive a 2% royalty on the Net Smelter Return (NSR) on all minerals

produced from the area within the boundary of the Concession Area(s) (Royalty) and otherwise on the terms and conditions set out in the Shareholder's Deed.

- D. The Recipient has elected to transfer its Interest in the Company to ESR and receive the Royalty.
- E. With effect from the Election Date, the Payer has agreed to pay the Recipient the Royalty assessed on all Ore, Concentrates or other Products extracted from the Concession Area(s) and sold, removed or otherwise disposed of.
- F. The Parties have agreed to enter into this Deed to record the terms of the Royalty and the basis on which it is to be paid to the Recipient.

MRT was set up in September 2023 by the Timor-Leste Government as the Timor-Leste National Mining Company to be capable of participating in the mining of mineral resources on behalf of the Republic. MRT is run by the former Vice President of the ANPM before its recent split into separate petroleum (ANP) and mineral departments (ANM).

The Board has authorised for this announcement to be released to the ASX.

ENDS

FURTHER INFORMATION CONTACT

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Forward Looking Statements

This announcement contains certain forward-looking statements which have not been based solely on historical facts but, rather, on ESR's current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies many of which are outside the control of ESR and its directors, officers and advisers.