



ASX:ESR

ESTRELLA  
RESOURCES

4 December 2023

## Estrella Signs MOU with Murak Rai for Joint Exploration and Mining Ventures in Timor-Leste

### HIGHLIGHTS

- Estrella has signed a binding Memorandum of Understanding (**MOU**) with state-run Murak Rai Timor (**MRT**) to create a joint-venture partnership to explore for and potentially exploit mineral deposits in Timor-Leste
  - The MOU initiates the process whereby Estrella and MRT will create a joint-venture (**JV**)
  - The JV will see MRT free-carried at 30% up to the public release of a Definitive Feasibility Study pertaining to Mining Concessions granted to Estrella by the Timor-Leste Government
  - The JV will actively seek new opportunities for mineral exploration within Timor-Leste
- Estrella was one of only four groups awarded Mining Concessions in Timor-Leste inaugural Minerals Tender 2023
- Estrella will have a first-mover advantage in a developing country that is starting a new mineral industry

Estrella Resources Limited (ASX: ESR) (**Estrella** or the **Company**) is pleased to announce that it has signed a binding MOU with MRT to initiate a joint-venture process whereby Estrella and MRT will explore for and potentially exploit mineral resources within the Democratic Republic of Timor-Leste.

As announced on 10 October 2023, the Company has pre-qualified for Timor-Leste's inaugural Minerals Tender process and submitted bids for highly prospective mineral concessions (**Mining Concessions**). The MOU sets out the terms and conditions on which the Company and MRT will form an incorporated JV to explore and develop the Mining Concessions.

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).

According to Decree-Law No. 64/2023, MRT is tasked to carry out mining activities, including reconnaissance, prospecting and research, evaluation, development, operation, treatment, transportation and marketing of minerals, as well as mine closure activities.

MRT will be a commercial entity with private company rights and public capital as a part of the Government's strategy to build institutions that stimulate the development of economic sectors and have great potential to contribute to economic diversification.

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Since 2009, Estrella's Managing Director Chris Daws has been visiting Timor-Leste and has cultivated relationships in-country in anticipation of the eventual passing of critical mining legislation to enable foreign participation and investment into a new minerals sector. The legislation was passed in 2021 and the inaugural Public Minerals Tender process concluded in Dili at the end of November 2023.

Estrella Resources Limited Representacao Permanente (ESR-RP) was registered in Dili as Estrella's managing branch Company to allow Estrella to effectively operate mineral exploration and development activities in Timor-Leste.

**Commenting on the MOU, Murak Rai Timor, E.P. (MRT) CEO Mr. Jose Goncalves said:**

"The Timor-Leste State-Owned Mining Company welcomed the signing of the Memorandum of Understanding and the future partnership between the two companies.

Partnerships with credible industry players such as Estrella Resources will play an important role in the development of the Timor-Leste mining sector and allow MRT and the Country to continue to grow in what is a critical element of the Nation's economic diversification strategy."

**Commenting on the MOU, Estrella Managing Director Chris Daws said:**

"I am extremely pleased to be able to confirm the signing of this extremely imported partnership with the Timor-Leste government body created for the sole purpose to stimulate and participate in the country's minerals exploration and mining developments.

The MRT will be an important partner for Estrella. Their intimate knowledge of the country's customs, law and its people will be very important as we navigate a way together in building a new and vibrant minerals industry in the country.

The next steps will, now Estrella has been successful in the minerals tender process, be to create a JV company and shareholder agreement between our permanent branch office in Dili and the MRT which will establish the framework of our working relationship going forward in Timor-Leste."

**Details of the Memorandum of Understanding with MRT**

The MOU is an agreed approach to set up a formal joint-venture between Estrella and MRT to jointly explore for and potentially exploit the Mining Concessions in Timor-Leste.

The material terms of the MOU are as follows:

- (a) ESR and MRT will form an incorporated joint venture in relation to the exploration and development of the Mining Concessions. The initial shareholding interests of ESR and MRT in the JV entity will be 70% and 30% respectively;
- (b) MRT will be free-carried at 30% ownership up until the publication and approval of a Definitive Feasibility Study or similar level Economic Report on a mineral discovery within Mining Concessions to be granted to Estrella by the Timor-Leste Government;
- (c) after the expiry of the free-carried period, MRT can elect to either:

- (i) contribute to all direct and indirect costs related to the Mining Concessions on a pro-rata basis in accordance with its interest in the JV; or
  - (ii) transfer its 30% interest in the JV and Mining Concessions to ESR and receive a Net Smelter Return royalty (NSR) of 2% over all minerals produced from the area within the boundary of the Mining Concessions;
- (d) the parties will negotiate in good faith and enter into a shareholders' agreement within six (6) months from the date of the MOU to more fully document the terms on the JV, which shall be on terms that are material consistent with the MOU and include other provisions which are customary for agreements of their nature.

A joint-venture partnership between MRT and ESR-RP is regarded as the best way forward for any potential success from mineral exploration to flow through to both ESR shareholders and the Timor-Leste people. The opening of Estrella's branch Office in Dili will enable Estrella and the Government of Timor-Leste to participate at all levels in the discovery and potential mining that may follow. This will ensure environmental, economic and social benefits to the Republic and people in areas where ESR-RP operates.

Estrella very much looks forward to working with the Timor-Leste Government, MRT, the Autoridade Nacional Mineralis (ANM), local communities and with our Timor-Leste contacts to build a strong and successful minerals exploration and development sector.

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

#### **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.