CANNINDAH RESOURCES RAISES $225,000 IN CONVERTIBLE NOTE PLACEMENT

Cannindah Resources Limited (ASX: CAE) is pleased to announce that it has entered into a Convertible Note agreement for A$225,000 (the Note) with Hong Kong based EKG Limited.

The key terms of the Note are set out in the attached Appendix 3B. Funds drawn down from the Note will be applied to the Company's project activities and to provide working capital.

The Board considers the terms of the Note are commercially reasonable and represents a price conversion marginally higher than the current market price of CAE shares trading on the ASX

For further information, please contact:

Tom Pickett
Executive Chairman
Ph: 61 7 3357 3988

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

CANNINDAH RESOURCES LIMITED

ABN

35 108 146 694

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	⁺Class of ⁺securities issued or to be issued	Convertible Notes
2	Number of ⁺securities issued or to be issued (if known) or maximum number which may be issued	15 million

3   Principal terms of the ⁺securities (e.g. if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)

Interest Rate	8% per annum payable on conversion
Maturity Date	16 February 2018
Price	$0.015 per note
Conversion rate	Each note may be converted into one ordinary share. The notes cannot be redeemed for cash.
Redemption	At the option of the holder or on the Maturity Date.
The notes may not be traded or on sold.	
The notes carry no voting rights	

+ See chapter 19 for defined terms.

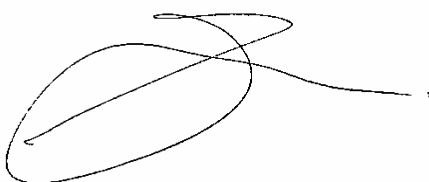| 4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	On conversion the shares will rank equally with all other ordinary shares. .
5	Issue price or consideration	$0.015 each ($225,000)
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Working capital and project expenditure
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	yes
6b	The date the security holder resolution under rule 7.1A was passed	24 November 2016
6c	Number of +securities issued without security holder approval under rule 7.1	15,000,000 (convertible notes)
6d	Number of +securities issued with security holder approval under rule 7.1A	nil

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	nil

6f	Number of +securities issued under an exception in rule 7.2	nil

6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	n/a

6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a

6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 11,359 shares Listing Rule 7.1A 10,007,573 shares

7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	16 February 2017

8	Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable)	Number	+Class
		100,075,733	Fully paid ordinary shares

+ See chapter 19 for defined terms.

Number	+Class
15,000,000	Convertible notes

9 Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable)

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

n/a

Part 2 - Pro rata issue   N/A Deleted

Part 3 - Quotation of securities   N/A Deleted

Sign here: Date: 16 February 2017

Garry Gill
Company Secretary

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ordinary securities on issue 12 months before the ⁺issue date or date of agreement to issue	92,160,663
Add the following: • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil 7,915,070 nil
Subtract the number of fully paid ⁺ordinary securities cancelled during that 12 month period	nil
"A"	100,075,733

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	15,011,359

Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	15,000,000
"C"	15,000,000

Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	15,011,359
Subtract "C" *Note: number must be same as shown in Step 3*	15,000,000
Total ["A" x 0.15] – "C"	11,359 *[Note: this is the remaining placement capacity under rule 7.1]*

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	100,075,733
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	10,007,573
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	nil
"E"	nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	10,007,573
Subtract "E" *Note: number must be same as shown in Step 3*	nil
Total ["A" x 0.10] – "E"	10,007,573 *Note: this is the remaining placement capacity under rule 7.1A*