



ASX Announcement

2 September 2024

Estrella secures Strategic Investment to advance Timor-Leste Project

HIGHLIGHTS

- Estrella has entered into a Subscription Agreement with a strategic investor to raise \$350,000 at an issue price of \$0.006 for each fully paid ordinary share, which represents a premium of 20% to the last closing price of \$0.005 on 28 August 2024.
- The strategic investor will have the option to subscribe for up to \$5,000,000 worth of shares at an issue price equal to the higher of \$0.02 or a 20% discount to the 10-day VWAP prior to date of exercise of the option, subject to shareholder approval.
- Funds to be utilised for Manganese exploration, potential resource drilling and mine development studies

Estrella Resources Limited (ASX: ESR) ("**Estrella**" or the "**Company**") is pleased to announce that it has entered into a subscription agreement ("**Subscription Agreement**") with a strategic investor ("**Subscriber**").

Pursuant to the Subscription Agreement, the Subscriber has agreed to initially subscribe for 58,333,333 fully paid ordinary shares in the capital of Estrella ("**Tranche 1 Subscription Shares**") at an issue price of \$0.006 each, which will provide the Company with \$350,000 in funds to advance the Timor-Leste Project. The Company will issue the Tranche 1 Subscription Shares pursuant to its available placement capacity under Listing Rule 7.1 and 7.1A.

The Company has granted the Subscriber an option ("**Option**") to subscribe for up to an additional \$5,000,000 worth of shares ("**Tranche 2 Subscription Shares**") at an issue price equal to the higher of \$0.02 or a 20% discount to the 10-day VWAP prior to date of exercise of the Option. The Option will be exercisable by the Subscriber (or its nominee) at any time from the date of completion of the issue of the Tranche 1 Subscription Shares until the date which is 90 days after the date on which the Company releases an ASX announcement confirming the delivery and outcomes of a feasibility study in relation to the Timor-Leste Project ("**Option Period**"). The Subscriber (or its nominee) may exercise the Option by providing



written notice to the Company detailing the amount and number of Tranche 2 Subscription Shares to the subscriber for and issued. The issue of any Tranche 2 Subscription Shares will be subject to shareholder approval which the Company will seek at the AGM later this calendar year.

Under the terms of the Subscription Agreement, the Company grants the Subscriber the right to register a first ranking security over the Company's interest in the Spargoville nickel rights until the Company is able to provide the Subscriber with written notice that 20,000 tonnes of Ore have been delivered to a port for sale. In the event that the Company is unable to notify the Subscriber that 20,000 tonnes of Ore has been delivered to the port for sale within 18 months of entering the Subscription Agreement, the Company will transfer its interests under the Spargoville Nickel Rights Agreement to the Subscriber.

A summary of the material terms of the Subscription Agreement is set out in Appendix 1 of this announcement.

Commenting on the new opportunity, Estrella Managing Director Chris Daws said:

"This strategic investment comes at an important time in the Company's exploration and development of its Timor-Leste mineral assets. It has been accomplished with minimal dilution to shareholders and Tranche 2, if exercised by the Strategic Investor, will see substantial development funding become available to the Company at a significantly higher premium to the current market prices of the Company.

In such a short period of time we have been able to establish an in-country exploration team, established exploration office/lab in Dili and a field exploration base. We have made some important mineral discoveries in Timor-Leste within our extensive granted exploration concessions and all of our team look forward to further exploration successes.

Recent site visits undertaken by various institutions and global organisations has reaffirmed my belief that Estrella has positioned itself well in an extremely attractive mineral exploration region as a "first mover". I look forward in progressing and reporting on our exploration efforts in Timor-Leste with the aid of our partners, Government bodies, employees, shareholders and investors."

The Company has agreed to the following fees as consideration for introducing and facilitating the strategic investment:

- 8,000,000 ESROB options (**Facilitation Options**) upon receipt of funds for the Tranche 1 Subscription Shares; and
- 2.5% of the value of the Tranche 2 Subscription Shares, which may be settled in cash, shares or ESROB options (at the election of the Company at the time of receipt of funds for the Tranche 2 Subscription Shares).



The Facilitation Options will be issued pursuant to the Company's available placement capacity under Listing Rule 7.1. The issue of any shares or ESROB options in respect of the Tranche 2 Subscription Shares will be subject to shareholder approval.

Settlement of the Tranche 1 placement occurred on Thursday 29 August 2024, with quotation of subscription shares expected on Monday 2 September 2024. The funds will be used to advance ESR interests in Timor-Leste and working capital.

This announcement is authorised for release by the Board of Estrella Resources Limited.

ENDS

FURTHER INFORMATION CONTACT

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Appendix 1 – Summary of Subscription Agreement

Subscriber	MJ Ratta Investments Pty Ltd as trustee for the M and J Ratta Trust
Tranche 1 Subscription Amount	\$350,000
Tranche 1 Subscription Price	\$0.006
Tranche 1 Subscription Shares	58,333,333 Shares
Tranche 1 Conditions Precedent	Tranche 1 Completion is subject to and condition upon: (a) the Company obtaining all necessary shareholder and regulatory approvals (if any) to issue the Tranche 1 Subscription Shares; and (b) the Company and the Subscriber entering into a Royalty Deed in respect of the Royalty.
Option	Subject to Tranche 1 Completion occurring, the Company grants the Subscriber an option to subscribe for additional Shares under the Tranche 2 Subscription (" Option ").
Option Period	The Option will be exercisable by the Subscriber (or its nominee) at any time from the date on which Tranche 1 Completion occurs until the date which is 90 days after the date on which the Company releases an ASX announcement confirming the delivery and outcomes of a feasibility study in relation to the Timor-Lest Project (" Option Period ").
Exercise of Option	The Subscriber (or its nominee) may exercise the Option by providing a written notice to the Company detailing the Tranche 2 Subscription Amount (" Exercise Notice "). In the event the Subscriber (or its nominee) does not issue an Exercise Notice to the Company before the end of the Option Period, the Option will cease to apply, and the Subscriber (or its nominee) will have no further rights in connection with the Tranche 2 Subscription.
Tranche 2 Subscription Amount	The amount the Subscriber wishes to invest under the Tranche 2 Subscription as detailed by the Subscriber in the Exercise Notice, provided that such amount must not exceed \$5,000,000.
Tranche 2 Subscription Price	The higher of: (a) \$0.02 per Share; and (b) a 20% discount to the VWAP, over the 10 trading days on which trades in Shares on ASX actually occurred, immediately prior to the date of the Exercise Notice.
Tranche 2 Subscription Shares	The number of Shares being equal to the Tranche 2 Subscription Amount divided by the Tranche 2 Subscription Price.



Tranche 2 Conditions Precedent	Tranche 2 Completion is subject to and condition upon the Company obtaining all necessary shareholder and regulatory approvals to issue the Tranche 2 Subscription Shares.
Royalty	On and from the Tranche 1 Completion Date, the Company grants the Subscriber (or its nominee) a 0.25% gross revenue royalty on the sale of manganese ore extracted and recovered from the Timor-Leste Project (“ Royalty ”). The obligation to pay the Royalty continues for 5 years from commencement of first production. In the event the Subscriber subscribes for and is issued \$5,000,000 worth of Shares under the Tranche 2 Subscription, the percentage of the Royalty will increase to 0.5% and the term of the Royalty will increase to 7 years from commencement of first production.
Security	Under the terms of the Subscription Agreement, the Company grants the Subscriber the right to register as first ranking security over the Spargoville Nickel Mineral Rights until the Company is able to provide the Subscriber with written notice that 20,000 tonnes of Ore have been delivered to a port for sale. In the event that the Company is unable to notify the Subscriber of 20,000 tonnes of Ore being delivered to the port for sale within 18 months of entering the Subscription Agreement, the Company will transfer its interests under the Nickel Rights Agreement and do everything to reasonable effect the transfer of these rights.