

WestStar Signs Convertible Note Agreement

ASX Release

24 April 2017

**WESTSTAR
INDUSTRIAL LIMITED**
ACN 119 047 693

Suite 1, Ground Floor
437 Roberts Road
Subiaco, WA, 6008

Tel: +61 8 9466 9018
Fax: +61 8 9381 1122

Contact:

Mr Philip Re
Mr Bert Mondello

Directors:

Lay Ann Ong
Bert Mondello
Philip Re

Secretary:

Andrew Metcalfe

Issued Capital:

228,951,141 shares

ASX Symbol:

WSI

WestStar Industrial Limited ("WSI" or "the Company") advises that, it has today entered into a Convertible Note Agreement (the "Agreement") with WestStar Precast Pte Ltd (the "Noteholder"), a substantial shareholder of the Company and an entity associated with the Company's Chairman, Mr Lay Ann Ong.

Under the Agreement, up to 20,000,000 Convertible Notes will, subject to and conditional upon the receipt of Shareholder approval, be issued to the Noteholder to facilitate the conversion of a debt owing to the Noteholder of \$232,011 provided under a working capital facility into equity in the Company, with each Convertible Note having a face value of \$0.01 and being convertible into one Share and one Option exercisable at \$0.02 each on or before the date that is 18 months from the issue date of the Options, to the Noteholder (and / or its nominee(s)).

The Company intends to hold a general meeting in early June 2017 to seek approval for the issue of the Convertible Notes ("Meeting"). A notice of general meeting will be dispatched to shareholders in the coming weeks. The material terms of the Agreement are set out in Annexure A of this announcement.

The Noteholder's right to convert some or all the Convertible Notes will remain subject to and conditional upon the Company obtaining any further shareholder approvals required prior to conversion, including for the purposes of item 7 of s 611 of the Corporations Act, where required. It is not intended that shareholder approval be obtained at the Meeting for these purposes.

No funds will be raised from the issue of the Convertible Notes, however the issue of Shares and Options on conversion will fully discharge and satisfy the repayment of the abovementioned debt. Shares issued on conversion will rank equally in all respects with all other Shares on issue at the date of conversion.

For further information in respect to this release, please contact:

Philip Re
Non-Executive Director
pre@regencypartners.com.au

Bert Mondello
Non-Executive Director
bmondello@regencypartners.com.au

Annexure A – Summary of Material Terms of Convertible Note

- (a) **Number of Convertible Notes to be issued:** 20,000,000
- (b) **Face Value:** \$0.01 each
- (c) **Expiry Date:** 18 months from the issue date
- (d) **Interest Rate:** Nil
- (e) **Conversion:**
 - (i) Each Convertible Note is convertible into one Share and one Option exercisable at \$0.02 each on or before the date that is 18 months from the issue date of the Option.
 - (ii) The Noteholder will be entitled to convert Convertible Notes into Shares and Options by delivering a conversion notice to the Company at any time during the period commencing on the date Shareholders approve both:
 - A. the issue of the Convertible Notes; and
 - B. the issue of Shares and Options pursuant to the conversion of the Convertible Notes, including for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes,and prior to the Expiry Date.
 - (iii) The Company must proceed to issue the Shares and Options to the Noteholder within 5 business days of receipt of a conversion notice.
 - (iv) The Noteholder's right to convert some or all of the Convertible Notes is subject to and conditional upon:
 - A. the Company obtaining all necessary Shareholder approvals at a General Meeting, including pursuant to Chapter 2E of the Corporations Act, item 7 of s 611 of the Corporations Act and the ASX Listing Rules for the issue of the Shares and Options upon conversion of the Convertible Notes; and
 - B. the Noteholder obtaining any regulatory approvals required for the issue of the Shares and Options upon conversion of the Convertible Notes.
 - (v) The issue of Shares and Options on conversion will fully discharge and satisfy the repayment of the Debt.
 - (vi) Shares issued on conversion will rank equally in all respects with all other Shares on issue at the date of conversion and the Company must, as soon as reasonably practicable after conversion, make application to ASX for official quotation of all Shares and Options issued upon conversion.
 - (vii) Options issued on conversion will be issued on the terms and conditions set out in Appendix A.
- (f) **Events of Default:** The following events constitute Events of Default under the Convertible Note:
 - (i) **Non-issue of Shares or Options:** the Company fails to issue any Shares or Options required to be issued under this Agreement within five (5) Business Days of the date the requirement to issue the Shares or Options arises.
 - (ii) **Non-payment:** the Company fails to pay any amount due under this Agreement within five (5) Business Days of the due date.
 - (iii) **Misrepresentation:** any representation, warranty or statement made or repeated in or in connection with this Agreement is materially untrue or misleading (whether by omission or otherwise) when so made or repeated becomes untrue or misleading when taken as a whole.
 - (iv) **Breach of warranty:** a breach of any representation, warranty or undertaking by the Company.

- (v) **Material adverse change:** any change which in the Noteholder's reasonable opinion would materially and adversely affect:
 - A. the ability of the Company to perform, observe or fulfil any or all of its material obligations to the Noteholder; or
 - B. the rights of the Noteholder.
- (vi) **Change of business activity:** the Company undergoes a material change in its business activities such that it commences substantive business activities not related to its current business.
- (vii) **Involuntary winding up:** an application or order is made for the winding up of the Company or for the appointment of a liquidator.
- (viii) **Voluntary winding up:** the Company passes a resolution for its winding up.
- (ix) **Receiver:** a receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to, or takes possession of all, or any part of the assets of the Company or a Subsidiary of the Company.
- (x) **Insolvency:** the Company:
 - A. suspends payments to creditors generally;
 - B. becomes an externally-administered body corporate within the meaning of the Corporations Act;
 - C. becomes subject to administration under Part 5.3A of Chapter 5 of the Corporations Act, or steps are taken which could reasonably be expected to result in the Company becoming so subject; or
 - D. is or states that it is, or is deemed by applicable law to be, unable to pay its debts as and when they fall due.
- (xi) **Compromise or arrangement:** the Company takes any step for the purpose of entering into a compromise or arrangement with all of its members or creditors except for the purpose of resolution of a bona fide dispute, or a reconstruction, amalgamation, merger or consolidation on terms approved by the Noteholder (which should not be unreasonably withheld).
- (xii) **Suspension or delisting:** the Shares are suspended by the ASX, for a period of more than twenty (20) Trading Days (as defined by ASX) in aggregate in any 12 month period between the Execution Date and the Expiry Date, or delisted from the ASX.
- (g) **Consequences of an Event of Default:** The Noteholder may terminate the Convertible Note agreement by notice in writing to the Company if a Default Event occurs and, where capable of remedy, that Default Event has not been remedied for 14 days following written notice from the Noteholder specifying the Default Event, in reasonable detail.
- (h) **Capital Reconstructions:** If, before the Expiry Date there is a reorganisation, reconstruction, consolidation, sub-division or bonus-issue of the capital of the Company, Shares and Convertible Notes issued shall be reorganised, reconstructed, consolidated or sub-divided on the same basis so that the Noteholder is treated in the same manner as the other Shareholders, the value of the Convertible Notes are not adversely affected and the Noteholder is not conferred with any additional benefits which are not also conferred on other Shareholders.