

31 January 2020

Company Announcements
ASX Limited

CONVERTIBLE NOTE PLACEMENT

Estrella Resources Ltd (ASX: **ESR**) ("**Estrella**" or "**the Company**") is pleased to announce that it has received firm commitments from sophisticated and professional investors ("**Noteholders**") to raise \$450,000 via the issue of unlisted convertible notes ("**Convertible Notes**").

The funds raised from the issue of the Convertible Notes will be used to progress exploration activities across the Company's mineral projects in Western Australia and for general working capital.

The Convertible Notes have the following key terms and conditions:

- **Interest Rate:** 12% per annum.
- **Conversion Price:** Each Convertible Note is convertible into fully paid ordinary shares in the capital of the Company (**Shares**) at \$0.01 per Share.
- **Security:** The Convertible Notes are unsecured.
- **Repayment Date:** 24 months from the date of execution of the convertible note deeds.
- **Repayment:** On the Repayment Date, the Company may (at its sole discretion) elect to pay:
 - the principal sum of the Convertible Note (**Principal Sum**) in either cash or Shares; and
 - all interest accrued on the Principal Sum (**Accrued Interest**) in either cash or Shares.
- **Conversion Period:** The Noteholder's election during the period commencing on the date which is 6 months from the issue date and ending on the date that is 7 business days prior to the Repayment Date.
- **Conversion rights of Noteholders:** The Noteholders may elect to receive:
 - the Principal Sum in either cash or Shares, or 50:50 cash and Shares; and
 - the Accrued Interest in either cash or Shares.
- **Shareholder and regulatory approval:** The issue of Shares on conversion of the Convertible Notes is subject to and conditional upon the Company seeking and obtaining all necessary shareholder and regulatory approvals required by the Corporations Act or the ASX Listing Rules for the issue of the Shares prior to any conversion of the Convertible Notes (as applicable).

The Company intends to use its existing placement capacity under ASX Listing Rule 7.1 to issue the Convertible Notes and Shares on conversion of the Convertible Notes to the Noteholders.

The Convertible Notes will be issued on receipt of cleared funds which is expected to be on or about 7 February 2020.



ABN 39 155 151 207

ENDS

The Board of Directors of Estrella Resources Limited authorised this announcement to be given to ASX.

For Further Information Contact

Christopher J. Daws
Chief Executive Officer

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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

Name of entity

Estrella Resources Limited

ABN

39 151 155 207

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 | Unlisted Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Unlisted Convertible Notes with an aggregate face value of \$450,000 |
| 3 | Principal terms of the +securities (eg, 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) | Convertible notes (unsecured) with a maturity date of 2 years from the date of issue. The Convertible notes have an interest rate of 12% per annum and are convertible into fully paid ordinary shares of the Company at a conversion price \$0.01 per share. A maximum of 56,448,000 fully paid ordinary shares may be issued on conversion of the Convertible Notes. Further terms and conditions of the Convertible Notes were announced to ASX on 31 January 2020. |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>No, but if converted into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with all ordinary shares on issue. The Convertible Notes do not entitle the holder to participate in the next dividend payment.</p>
5	Issue price or consideration	<p>Convertible Notes issued with an aggregate face value of \$450,000.</p>
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued pursuant to a convertible note placement, as announced to ASX on 31 January 2020. The funds raised from the issue will be used to progress exploration activities at the Company's mineral projects in Western Australia, and for general working capital;</p>
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>19 November 2019</p>
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	<p>Unlisted Convertible Notes with an aggregate face value of \$450,000</p>
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	<p>N/A</p>

⁺ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A						
6f	Number of securities issued under an exception in rule 7.2	N/A						
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	Refer to Annexure 1						
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.	Expected to be on or about 7 February 2020						
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>534,647,797</td><td>Ordinary shares</td></tr><tr><td>250,980,328</td><td>Options exercisable at \$0.05 on or before 27 June 2021</td></tr></table>	Number	+Class	534,647,797	Ordinary shares	250,980,328	Options exercisable at \$0.05 on or before 27 June 2021
Number	+Class							
534,647,797	Ordinary shares							
250,980,328	Options exercisable at \$0.05 on or before 27 June 2021							

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
	8,250,000	Options exercisable at \$0.024 on or before 31 March 2020
	5,500,000	Options exercisable at \$0.05 on or before 15 May 2021
	14,000,000	Options exercisable at \$0.03 on or before 20 November 2022
	Convertible Notes	Unlisted Convertible Notes (unsecured) with an aggregate face value of \$450,000 and a maturity date of 2 years from the date of issue. Convertible into fully paid ordinary shares in the capital of the Company at a conversion price \$0.01 per share. A maximum of 56,448,000 fully paid ordinary shares may be issued on conversion of the Convertible Notes on the terms announced to ASX on 31 January 2020.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	

⁺ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☐ Securities described in Part 1
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

- 38 Number of securities for which ⁺quotation is sought
- 39 Class of ⁺securities for which quotation is sought

⁺ See chapter 19 for defined terms.

40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<div style="border: 1px solid black; height: 150px; width: 100%;"></div>				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	<div style="border: 1px solid black; height: 80px; width: 100%;"></div>				
42	<p>Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: center;">Number</th> <th style="width: 70%; text-align: center;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 50px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: David McEntaggart Date 31 January 2020
(Company Secretary)

Print name:

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

Introduced 01/08/12

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 date of issue or agreement to issue	491,883,292
Add the following: (All issues converted to post consolidation) <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	38,500,000 fully paid shares (issued 27 March 2019, ratified 19 November 2019) 3,464,505 fully paid shares (issued 16 August 2019, ratified 19 November 2019) 800,000 fully paid shares (issued 20 August 2019, ratified 19 November 2019)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	534,647,797

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	80,197,169
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	56,448,000 – maximum number of fully paid ordinary shares that may be issued on conversion of Convertible Notes to be issued on or about 7 February 2020 on the terms and conditions announced to ASX on 31 January 2020.
“C”	56,448,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	80,197,169
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	56,448,000
Total [“A” x 0.15] – “C”	23,749,169 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

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” <i>Note: number must be same as shown in Step 1 of Part 1</i>	534,647,797
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	53,464,779
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: <ul style="list-style-type: none"> • 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 	
“E”	-

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	53,464,779
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	53,464,779 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.