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Estrella Resources Limited (ACN 151 155 207)

Prospectus

For an offer of up to 400,000,000 New Listed Options to the Placement Participants (**Offer**).

The Offer is not underwritten
The Offer closes at 5.00pm WST on 5 October 2020

Important Notice

This is an important document and should be read in its entirety.
This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The New Listed Options offered by this Prospectus should be considered speculative.

Corporate Directory

Directors

Leslie Pereira (Non-Executive Director)
John Kingswood (Non-Executive Director)
Stephen Brockhurst (Non-Executive Director)

Chief Executive Officer

Christopher Daws

Company Secretary

David McEntaggart

Registered Office

Level 11, 216 St Georges Terrace
Perth WA 6000

Telephone: 08 9481 0389
Website: www.estrellaresources.com.au

ASX Code

ESR

Share Registry*

Automatic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: (08) 9324 2099

Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Auditor*

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Lead Manager*

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000

* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

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IMPORTANT INFORMATION

GENERAL

This Prospectus is dated 1 October 2020 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

This Prospectus expires 13 months from the date it was lodged with ASIC. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. An application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Listed Options the subject of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This document is important and it should be read in its entirety. The New Listed Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Section 2 for details of certain risk factors which are considered to be relevant for the purposes of the Offer. Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at www.estrellaresources.com.au. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. A hard copy of this Prospectus may be obtained by contacting the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings set out in Section 7.

OVERSEAS SHAREHOLDERS

New Listed Options will not be issued pursuant to this Prospectus to Shareholders with a registered address which is outside Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the applicable securities law.

This Prospectus does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or issue. This Prospectus has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country.

RISK FACTORS

Refer to Section 2 for details of the risks associated with an investment in the Company. As with any securities investment, there are risks associated with investing in the Company. Investors should be aware that an investment in the Company involves risks that may be greater than risks associated

with an investment in some other companies. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus. The New Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

Risks of investing in the Company's existing assets and general risks are set out in Section 2 of this Prospectus.

Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for New Listed Options offered under this Prospectus. Investors should consider the risk factors described in Section 2, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for New Listed Options.

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TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Lodgement of Prospectus with ASIC and ASX	1 October 2020
Opening Date of Offer	1 October 2020
Closing Date of Offer (5pm WST)	5 October 2020
Dispatch of holding statements in respect of the Offer	7 October 2020
Expected date for Quotation of the New Listed Options	9 October 2020

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date. As such the date the New Listed Options are expected to commence trading on ASX may vary.

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1. DETAILS OF THE OFFER

1.1 Background to the Offer

On 3 August 2020, the Company announced a capital raising comprised of a series of placements to raise a total of \$1,420,000 (before costs) through the issue of Shares and listed Options (exercisable at \$0.02 on or before 31 July 2023) (**New Listed Options**) to sophisticated and professional investors, as follows:

- (a) a placement to raise up to \$1,050,000 (before costs) through the issue of up to 150,000,000 Shares at an issue price of \$0.007 per Share, with one (1) free attaching New Listed Option for every Share subscribed for and issued (total of 150,000,000 New Listed Options) (**Placement**);
- (b) a placement to raise \$350,000 (before costs) through the issue of up to 50,000,000 Shares at an issue price of \$0.007 per Share, together with one (1) free attaching New Listed Option for every Share subscribed for and issue (total of 50,000,000 New Listed Options) (**Company Placement**); and
- (c) a placement to raise up to \$20,000 (before costs) through the issue of up to 200,000,000 New Listed Options at an issue price of \$0.0001 each (**Options Placement**),

(together, the **Capital Raising**).

On 7 August 2020, 23,749,169 Shares were issued in respect of the Placement pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 and 51,250,831 Shares were issued pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1A.

The Company obtained Shareholder approval at its annual general meeting held on 25 September 2020 (**Annual General Meeting**) to (among other things) issue the remaining 125,000,000 Shares and 400,000,000 New Listed Options under the Capital Raising, including Shareholder approval to issue:

- (a) 500,000 Shares and 500,000 New Listed Options to Director, Leslie Pereira (and/or his nominee) under the Company Placement;
- (b) 2,500,000 New Listed Options to Director, Leslie Pereira (and/or his nominee) under the Options Placement; and
- (c) 20,000,000 New Listed Options to Director, John Kingswood (and/or his nominee) under the Options Placement.

On 30 September 2020, the Company issued the remaining 125,000,000 Shares under the Capital Raising. The remaining 400,000,000 New Listed Options will be issued pursuant to this Prospectus and in accordance with the timetable set out at the commencement of this Prospectus (and otherwise in accordance with the ASX Listing Rules).

The Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months. Consequently, the Company is issuing the New Listed Options pursuant to this Prospectus to those persons who are entitled to receive New Listed Options arising from their participation in the Placement, Company Placement and Options Placement (as applicable) (**Placement Participants**). This Prospectus has also been issued to facilitate secondary trading of the New Listed Options and any Shares issued upon exercise of the New Listed Options to be issued under the Offer.

The Placement and Options Placement were managed by CPS Capital Group Pty Ltd (**CPS Capital**) who will receive:

- (a) a management fee equal to 2% of all funds raised under the Placement and the Options Placement; and
- (b) a placement fee equal to 4% on all funds raised under the Placement and the Options Placement.

The New Listed Options will be issued on the terms and conditions set out in Section 4.3.

All Shares issued on exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.2 for further details regarding the rights and liabilities attaching to Shares.

For further details regarding the Capital Raising, refer to the Company's announcement dated 3 August 2020.

1.2 The Offer

This Prospectus invites the Placement Participants to apply for a total of up to 400,000,000 New Listed Options in accordance with their entitlements under the Placement, Company Placement and Options Placement (as applicable) (**Offer**).

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form. Only the Placement Participants can accept the Offer. Refer to Section 1.6 for details on how to apply for New Listed Options.

No funds will be raised from the New Listed Options issued in connection with the Placement or Company Placement as they are free attaching to the Shares on a 1:1 basis. A total of \$20,000 will be raised from the New Listed Options issued in connection with the Options Placement as they are being issued at an issue price of \$0.0001 each. The Company intends to apply the funds raised from the Capital Raising in accordance with the table set out in Section 3.2.

The Offer is only available to those who are personally invited to accept the Offer. Accordingly, Application Forms will only be provided by the Company to these parties.

All New Listed Options offered under this Prospectus will be issued on the same terms and conditions, as set out in Section 4.3. Subject to the quotation requirements of the ASX Listing Rules, the New Listed Options issued under this Prospectus will form a new class of listed security of the Company.

All Shares issued on exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.2 for further details regarding the rights and liabilities attaching to Shares.

1.3 Underwriting

The Offer is not underwritten.

1.4 Minimum Subscription

There is no minimum subscription under the Offer.

1.5 Opening and Closing Dates

The Offer will open for receipt of acceptances on **1 October 2020**.

The Offer will close at **5:00pm WST on 5 October 2020**, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine.

1.6 How to accept the Offer

Only the Placement Participants will be provided a copy of this Prospectus and an Application Form in respect of the Offer. Applications for New Listed Options must be made by the Placement Participants at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Placement Participants may only make an application in accordance with their entitlement under the Placement, Company Placement and/or Options Placement (as applicable).

New Listed Options issued in connection with the Placement and Company Placement will be issued for nil consideration and therefore the Applicants are not required to pay any funds with the Application Form in respect of these New Listed Options.

New Listed Options issued in connection with the Options Placement are being issued at an issue price of \$0.0001 each. Accordingly, Applicants who are applying for these New Listed Options must follow the payment instructions set out in their Application Form.

Completed Application Forms must be posted to the Company's Share Registry as follows:

Automic Pty Ltd
GPO BOX 5193
Sydney NSW 2001

Completed Application Forms must reach the address set out above by no later than the Closing Date.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company, for the number of New Listed Options on the Application Form.

The Application Form does not need to be signed to be a binding acceptance of the New Listed Options under the Offer. If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

If you are in doubt as to the course of action, you should consult your professional advisor(s).

1.7 Lead Manager

The Company engaged the services of CPS Capital to manage the Placement and the Option Placement. Refer to Section 5.5 for a summary of the material terms of the mandate between the Company and CPS Capital (**Lead Manager Mandate**).

1.8 ASX quotation

Application for Official Quotation of the New Listed Options offered pursuant to this Prospectus will be made to ASX within seven (7) days after the date of this Prospectus. The New Listed Options will only be admitted to Official Quotation if the quotation requirements under the ASX Listing Rules are satisfied. If the quotation requirements are not satisfied or

ASX otherwise does not grant Official Quotation of the New Listed Options, the New Listed Options will be issued on an unquoted.

The fact that ASX may grant official quotation to the New Listed Options is not to be taken in any way as an indication of the merits of the Company or the New Listed Options now offered under this Prospectus.

1.9 Issue of New Listed Options

The New Listed Options to be issued pursuant to the Offer will be issued in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

Holding statements for New Listed Options issued under the Offer will be mailed in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

1.10 CHESS and Issuer Sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of securities. The Company will not issue certificates to investors. Rather, holding statements (similar to bank statements) will be dispatched to investors as soon as practicable after issue.

Holding statements will be sent either by CHESS (for new investors who elect to hold their securities on the CHESS sub-register) or by the Company's Share Registry (for new investors who elect to hold their securities on the Issuer sponsored sub-register). The statements will set out the number of New Listed Options issued under the Prospectus and provide details of a Holder Identification Number (for new investors who elect to hold their securities on the Chess sub-register) or Security holder Reference Number (for new investors who elect to hold their securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each new investor following the month in which the balance of their holding of Securities changes, and also as required by the Listing Rules or the Corporations Act.

1.11 Risks

As with any securities investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus. The New Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.12 Overseas Applicants

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

New Zealand

The Offer is not being made to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Offer is being made in reliance on

the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

1.13 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Securities of the Company.

1.14 Privacy Disclosure

Persons who apply for New Listed Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Listed Options will not be processed. In accordance with privacy laws, information collected in relation to specific Applicants can be obtained by that Applicant through contacting the Company or the Share Registry.

1.15 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

If you have any questions regarding the Offer, please contact the Company Secretary on +61 8 9481 0389, from 8.30am to 5.00pm WST, Monday to Friday.

2. RISK FACTORS

2.1 Introduction

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their entitlement to New Listed Options, there are however numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the New Listed Options (or the underlying Shares) will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the New Listed Options.

2.2 Company specific

2.2.1 Going concern

The Company's annual report for the year ended 30 June 2020 includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the interim financial report, the Directors believe that the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern, after consideration of the following factors:

- (a) On 25 September 2020 the Company completed the disposal of the Munda Project for upfront cash consideration of \$1,237,000 (ex GST) and deferred consideration of \$650,000.;
- (b) On 3 August 2020 the Company undertook the Placement to raise \$1,400,000 (before costs) through the issue of 200,000,000 ordinary shares with one free attaching option for every share subscribed at an exercise price of \$0.02 per share expiring 31 July 2023. The Directors and Management of the Company intend to participate in the Company Placement subject to ESR obtaining the necessary shareholder approvals;
- (c) The Directors are confident the Company will be successful in sourcing further capital from the issue of additional equity securities to fund the ongoing operations of the Company; and
- (d) The ability of the Company to further scale back certain parts of their activities that are non-essential so as to conserve cash.

In the event that the Company is unable to secure sources of funding, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business.

2.2.2 Fluctuations in Commodity Prices

The price of nickel, cobalt, gold and other base metals and other minerals fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Depending on the price of nickel, cobalt, gold and other base metals and other minerals, the Company could be forced to discontinue any current or planned exploration and may lose its interest in, or may be forced to sell, some of its properties.

Declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may eventually interrupt operations until a satisfactory reassessment can be completed.

2.2.3 Exploration, Development, Mining and Processing Risks

There is no assurance that nickel, cobalt, gold or other base metals will be discovered in the areas in which the Company has an interest. Even if further nickel, cobalt, gold or other base metals are discovered in those areas, there is no assurance that commercial quantities of these minerals can be recovered from the Company's permits.

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore resources;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;
- (h) native title risks; and
- (i) adverse weather conditions over a prolonged period which may adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation,

consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

2.2.4 Environmental risks and regulations

The exploration activities undertaken by the Company to date and to be undertaken by the Company are subject to environmental laws and regulations. The Company will endeavour to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, the cost and complexity may prevent the Company from being able to develop potentially economically viable mineral deposits.

Furthermore, the existence of environmental legislation means that the Company may potentially face a liability risk relating to its activities and/or be restricted from engaging in certain exploration activities due to environmental legislation. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurance that new environment laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operation.

2.2.5 General Litigation risks

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

2.3 General risks

2.3.1 Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

2.3.2 Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

2.3.3 Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

2.3.4 Change in Regulations

Any material changes in government policies, legislation or shifts in political attitude in Australia that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's exploration.

2.3.5 Title risk and native title

The permits in which the Company will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any permit, applications or conversions in which the Company has a current or potential interest will be granted.

Permits (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for permit renewal from time to time. Renewal of the term of each permit is subject to applicable legislation. If the permit is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

The projects in which the Company has an interest extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its projects and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements. The Directors will closely monitor the potential effect of native title claims on its projects.

2.3.6 Ability to exploit success

Any successful exploitation of discoveries would require obtaining the necessary production permit and the relevant government approvals as required by the relevant Government agencies. The required approvals may be issued at the discretion of the relevant authorities and might be issued subject to conditions or preconditions.

2.3.7 Future performance of business activities

The value of the Company's business activities is subject to the various and unpredictable influences of the market it operates in and the economy in general. Accordingly, adverse economic and market conditions may be experienced by the Company which are outside of its control and may have an adverse effect on the Company.

2.3.8 Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

2.3.9 Coronavirus (COVID-19)

The outbreak of the coronavirus pandemic (**COVID-19**) is impacting on global economic markets. The nature and the extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any government or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on the Company and its operations. If any of these impacts appear material prior to the close of the Offer, the Company will inform investors under a supplementary prospectus.

2.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Listed Options offered under this Prospectus.

Therefore, the underlying Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Listed Options pursuant to this Prospectus.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

The primary purposes of this Prospectus is to:

- (a) issue the New Listed Options under the Offer;
- (b) obtain Quotation of the New Listed Options;
- (c) facilitate secondary trading of the New Listed Options issued under the Offer; and
- (d) facilitate secondary trading of any Shares issued upon exercise of the New Listed Options issued under the Offer.

Section 707(3) of the Corporations Act generally requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months.

Consequently, the Company has issued this Prospectus in respect of the Offer to the Placement Participants. Issuing the New Listed Options under this Prospectus will enable persons who are issued the New Listed Options to on-sell their New Listed Options, and any Shares issued on exercise of the New Listed Options pursuant to *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80*.

3.2 Proposed use of funds

No funds will be raised from the New Listed Options issued in connection with the Placement or Company Placement as they are free attaching to the Shares on a 1:1 basis. A total of \$20,000 will be raised from the New Listed Options issued in connection with the Options Placement as they are being issued at an issue price of \$0.0001 each.

The Company intends to apply the funds raised from the Capital Raising (approximately \$1,420,000) in accordance with the table set out below.

Item of expenditure	Amount
Exploration activities at Carr Boyd Nickel Project	\$800,000
Exploration activities at Spargoville Nickel Project	\$150,000
Costs of the Capital Raising (including CPS Management and Placement Fee)	\$85,200
Expenses of the Offer	\$35,693
General Working Capital	\$349,107
Total	\$1,420,000

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

Refer to Section 5.9 for details of the estimated expenses of the Offer.

3.3 Effect of the Offer

The principal effect of the Offer (assuming all New Listed Options offered under this Prospectus are issued) will be that 400,000,000 New Listed Options will be issued.

The effect of the Offer on the capital structure of the Company is set out in Section 3.6.

3.4 Effect on control of the Company

The Offer will not have a material impact on the control (as defined by section 50AA of the Corporations Act) of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

The maximum number of New Listed Options proposed to be issued under the Offer is 400,000,000 New Listed Options. If all these New Listed Options are exercised, the Shares issued on exercise will represent approximately 54.45% of the Shares on issue following completion of the Offer.

3.5 Pro Forma Statement of Financial Position

Set out in Annexure A is an unaudited pro-forma statement of financial position of the Company prepared using the audited statement of financial position of the Company as at 30 June 2020 and on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position as a result of the Offer and the Capital Raising.

The statements of financial position have been prepared to provide information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

3.6 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer (assuming all New Listed Options are issued, no other Securities are issued, and no other existing Securities are exercised or converted into Shares are exercised) is set out below.

Security	Number
Shares	
Shares on issue as at the date of this Prospectus ¹	734,647,797
Total Shares on issue on completion of the Offer²	734,647,797
Options	
Options on issue as at the date of this Prospectus:	

Listed Options exercisable at \$0.05 on or before 27 June 2021	250,980,328
Unlisted Options exercisable at \$0.05 on or before 15 May 2021	5,500,000
Unlisted Options exercisable at \$0.03 on or before 20 November 2022	14,000,000
Subtotal	270,480,328
New Listed Options to be issued pursuant to the Offer ³	400,000,000
Total Options on issue on completion of the Offer	670,480,328

Notes:

- 1 Shares currently on issue includes 200,000,000 Shares issued under the Capital Raising. 75,000,000 Shares which were issued on 7 August 2020 pursuant to the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A, and the remaining 125,000,000 Shares were issued on 30 September 2020 following Shareholder approval at the Annual General Meeting.
- 2 On 25 February 2020, the Company issued convertible notes with an aggregate face value of \$450,000 and a maturity date of 2 years from the date of issue (**Convertible Notes**). In August 2020, Convertible Notes with a face value of \$50,000 were repaid (together with accrued interest). The Convertible Notes are convertible into Shares at a conversion price of \$0.01 per Share. A maximum of 50,176,000 Shares may be issued on conversion of the Convertible Notes. Refer to the Company's announcement dated 31 January 2020 for further details regarding the Convertible Notes.
- 3 New Listed Options are exercisable at \$0.02 on or before 31 July 2023. The full terms and condition of the New Listed Options are set out in Section 4.3.

3.7 Details of substantial holders

Based on public information as at the date of this Prospectus, the persons who (together with their associates) have a relevant interest in 5% or more of the Company's securities are set out below:

Shareholder	Shares	%
Douglas Charles Daws	65,552,231	10.75%
Apollo Phoenix Resources Pty Ltd	46,331,873	7.60%
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	30,569,400	5.01%

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only New Listed Options are being issued. The Company will notify ASX of any changes in interests of the substantial holders as a result of the issue of Shares under the Capital Raising in accordance with its continuous disclosure obligations.

4. RIGHTS ATTACHING TO SECURITIES

4.1 Terms and Conditions of New Shares

All New Shares issued will rank pari passu in all respects with the Company's existing ordinary fully paid shares. The Company will apply for Official ASX Quotation of all Shares issued upon exercise of New Listed Options issued under the Offer.

4.2 Rights and Liabilities Attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at

least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Rights and Liabilities Attaching to New Listed Options

The rights and liabilities attaching to the New Listed Options are as follows:

- (a) Entitlement: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) Exercise Price: Subject to paragraph (a), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).
- (c) Expiry Date: Each Option will expire at 5:00pm (WST) on 31 July 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Exercise Period: The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) Notice of Exercise: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) Exercise Date: A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) Timing of issue of Shares on exercise: Within 15 Business Days after the Exercise Date, the Company will:
 - (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) Quotation of Options: The Company will seek quotation of the Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the minimum

quotation conditions of the ASX Listing Rules. In the event that quotation of the Options cannot be obtained, the Option will remain unlisted.

- (i) Shares issued on exercise: Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (j) Reconstruction of capital: If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) Participation in new issues: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) Change in exercise price: An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) Transferability: The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws

5. ADDITIONAL INFORMATION

5.1 Company Update

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at www.estrellaresources.com.au

5.2 Nature of this Prospectus

The New Listed Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Listed Options offered pursuant to this Prospectus and the underlying securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

5.3 Continuous Reporting and Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all

of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2020;
 - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2020 on 17 August 2020.

Date	Title
30/09/2020	Change of Director's Interest Notice
30/09/2020	Notice Under Section 708A and Appendix 2A
30/09/2020	Update – Proposed issue of securities - ESR
25/09/2020	Sale of Munda Gold Project Completed
25/09/2020	Results of Meeting
17/09/2020	New Targets Defined at Carr Boyd Rocks
10/09/2020	Sale of Munda Gold Project

08/09/2020	Sulphides Intersected at Carr Boyd Project
26/08/2020	Cover Letter - Notice of Annual General Meeting
26/08/2020	Notice of Annual General Meeting/Proxy Form
18/08/2020	Carr Boyd Nickel Presentation
17/08/2020	Appendix 4G and Corporate Governance Statement
17/08/2020	Annual Report to shareholders

5.4 Market Price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

	Price (\$)	Date
Highest	\$0.019	25 and 26 August 2020
Lowest	\$0.008	13 July to 23 July, 28 July and 29 July 2020
Last	\$0.013	30 September 2020

5.5 Lead Manager Mandate

The Company engaged the services of CPS Capital to manage the Placement and the Option Placement. Pursuant to the Lead Manager Mandate, the Company has agreed to pay CPS Capital:

- (a) a management fee equal to 2% of all funds raised under the Placement and the Options Placement ; and
- (b) a placement fee equal to 4% on all funds raised under the Placement and the Options Placement .

The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this nature.

5.6 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

5.7 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Remuneration

The remuneration (including superannuation) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below:

Director	FY 2019	FY 2020	FY 2021
Leslie Pereira ¹	\$16,667	\$50,708 ²	\$40,000
John Kingswood ³	\$40,000	\$50,708 ²	\$40,000
Stephen Brockhurst ⁴	\$40,000	\$50,708 ²	\$40,000

Notes:

- 1 Leslie Pereira was appointed as Non-Executive Director on 1 February 2019.
- 2 Includes the value of unlisted Options issued to each of Leslie Pereira, John Kingswood and Stephen Brockhurst (or their respective nominees) pursuant to the Company's Employee Share Option Plan following Shareholder approval at the Company's annual general meeting held on 19 November 2019.
- 3 John Kingswood was appointed as Non-Executive Director on 5 January 2017.
- 4 Stephen Brockhurst was appointed as Non-Executive Director on 3 April 2017.

Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Options
Leslie Pereira	800,000 ^{1,2}	7,995,769 ^{3,4}
John Kingswood	1,410,000 ⁵	4,970,000 ^{6,7}
Stephen Brockhurst	750,000 ⁷	4,750,001 ⁸

Notes:

- 1 300,000 Shares held indirectly by Carmine Lion Group Pty Ltd (a company of which Mr Pereira is a director and shareholder) and 500,000 Shares held indirectly by Nannook Holdings Pty Ltd (a company of which Mr Pereira is a director and shareholder).
- 2 The Company obtained Shareholder approval at the Annual General Meeting to issue 500,000 Shares to Leslie Pereira (and/or his nominee) under the Company Placement. These Shares were issued on 30 September 2020.
- 3 Comprising 2,495,769 listed Options exercisable at \$0.05 on or before 27 June 2021, held indirectly by Carmine Lion Group Pty Ltd (a company of which Mr Pereira is a director and shareholder), 2,500,000 listed Options exercisable at \$0.05 on or before 27 June 2021 and 3,000,000 unlisted Options exercisable at \$0.03 on or before 20 November 2022, held indirectly by Nannook Holdings Pty Ltd (a company of which Mr Pereira is a director and shareholder).

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- 4 The Company obtained Shareholder approval at the Annual General Meeting to issue a total of 3,000,000 New Listed Options to Leslie Pereira (and/or his nominee) under the Placement and Company Placement. The Company intends to issue these New Listed Options pursuant to this Prospectus.
- 5 1,200,000 Shares held directly and 210,000 Shares held indirectly by Mr John Timothy Kingswood <Kingswood Family A/C>.
- 6 Comprising 70,000 listed Options exercisable at \$0.05 on or before 27 June 2021, 1,500,000 unlisted Options exercisable at \$0.05 on or before 15 May 2021 and 3,000,000 unlisted Options exercisable at \$0.03 on or before 20 November 2020, held indirectly by Mr John Timothy Kingswood <Kingswood Family A/C>.
- 7 The Company obtained Shareholder approval at the Annual General Meeting to issue 20,000,000 New Listed Options to John Kingswood (and/or his nominee) under the Options Placement. The Company intends to issue these New Listed Options pursuant to this Prospectus.
- 8 500,000 Shares held directly and 250,000 Shares held indirectly by Shriver Nominees Pty Ltd (a company of which Mr Brockhurst is a director and shareholder).
- 9 Comprising 83,334 listed Options exercisable at \$0.05 on or before 27 June 2021 held indirectly by Shriver Nominees Pty Ltd (a company of which Mr Brockhurst is a director and shareholder) , 750,000 unlisted Options exercisable at \$0.05 on or before 15 May 2021 held indirectly by Stephen Brockhurst <SM Brockhurst Family A/C> and 750,000 unlisted Options exercisable at \$0.05 on or before 15 May 2021 held indirectly by Mining Corporate Pty Ltd (a company of which Mr Brockhurst is a director and shareholder).

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

5.8 Interests and Consents of Advisers

Other than as set out below or elsewhere in this Prospectus, no underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Pursuant to Section 716 of the Corporations Act, Nova Legal has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal approximately \$8,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Nova Legal has received fees of \$22,970 (excluding GST and disbursements) in respect of general legal services provided to the Company.

Pursuant to Section 716 of the Corporations Act, CPS Capital has given, and has not withdrawn its consent to being named as Lead Manager to the Placement and the Option Placement in this Prospectus. CPS Capital has not caused or authorised the issue of this

Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. Refer to Section 5.5 for details of the fees payable to CPS Capital as consideration for services provided in respect of the Placement and the Option Placement. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital has received fees of \$42,331 (excluding GST) in respect of services provided to the Company.

Automatic Registry Services (**Share Registry**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Application Forms received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to the Share Registry appear for information purposes only. The Share Registry has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. The Share Registry has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. The Share Registry has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

RSM Australia Partners (**Auditor**) has given and, as at the date hereof, has not withdrawn, its written consent to use of the audited statement of financial position as at 30 June 2020 set out in Annexure A of this Prospectus. The Auditor has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor to the Company. The Auditor has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

5.9 Estimated Expenses of the Offer

In the event the Offer is fully subscribed, the estimated expenses of the Offer (excluding GST) are as follows:

Item	Amount (\$)
ASIC fees	\$3,206
ASX fees	\$19,487
Legal and other professional fees	\$8,000
Printing, registry and other expenses	\$5,000
Total	\$35,693

Note: The Company engaged the services of CPS Capital to manage the Placement and the Option Placement. Refer to Section 5.5 for details of the fees payable to CPS Capital pursuant to the Lead Manager Mandate.

5.10 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please contact the Company and the

Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

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6. DIRECTOR'S CONSENT

This Prospectus is dated 1 October 2020 and is issued by Estrella Resources Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of Estrella Resources Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Estrella Resources Limited:

Stephen Brockhurst
Non-Executive Director

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7. DEFINITIONS

Annual General Meeting means the Company's annual general meeting held on 25 September 2020.

Applicant means a Placement Participant who applies for New Listed Options pursuant to the Offer.

Application Form means an application form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) operating as the Australian Securities Exchange.

Business Day means any day which is defined to be a Business Day pursuant to Listing Rule 19.12 of the Listing Rules.

Capital Raising has the meaning given to it in Section 1.1.

CHESS means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

Closing Date means the closing date of the Offer being 5.00pm WST on 5 October 2020 (unless extended).

Company means Estrella Resources Limited (ACN 151 155 207).

Company Placement has the meaning given to it in Section 1.1.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Cth means the Commonwealth of Australia.

Directors means directors of the Company.

Dollars or **\$** means dollars in Australian currency.

GST means goods and service tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Lead Manager or **CPS Capital** means CPS Capital Group Pty Ltd.

Listing Rules means the Listing Rules of the ASX.

New Listed Options means options to be issued to the Placement Participants on the terms and conditions set out in Section 4.3.

Offer means the offer of 400,000,000 New Listed Options to the Placement Participants pursuant to this Prospectus.

Official List means the official list of ASX.

Opening Date means 1 October 2020.

Option means an option to acquire a Share.

Placement has the meaning given to it in Section 1.1.

Placement Participant means a person who participated in the Placement, Company Placement and Options Placement (as applicable) and **Placement Participants** has a corresponding meaning.

Prospectus means this prospectus dated 1 October 2020.

Quotation and **Official Quotation** means official quotation on ASX.

Securities means Shares and/or Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share as recorded in the register of the Company.

Share Registry means Automatic Registry Services.

WST means Western Standard Time, Perth, Western Australia.

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Annexure A – Pro-Forma Statement of Financial Position

Pro-Forma Statement of Financial Position as at 30 June 2020

	Estrella Consolidated Group (Audited) 30 June 2020 \$	Pro forma balance sheet (Consolidated) (Unaudited) 30 June 2020 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents ^{1,2,3}	36,479	2,382,586
Trade and other receivables	17,124	17,124
TOTAL CURRENT ASSETS	53,603	2,399,710
NON-CURRENT ASSETS		
Property, Plant & Equipment	13,923	13,923
Deferred exploration and evaluation expenditure ²	4,586,994	4,324,830
TOTAL NON-CURRENT ASSETS	4,600,917	4,338,753
TOTAL ASSETS	4,654,520	6,738,463
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables ³	206,230	203,230
Borrowings ³	400,474	350,474
Provisions	40,150	40,150
TOTAL CURRENT LIABILITIES	646,854	593,854
TOTAL LIABILITIES	646,854	593,854
NET ASSETS	4,007,666	6,144,609
EQUITY		
Issued capital ^{1,2}	17,905,893	19,185,000
Reserve ¹	593,880	613,880
Accumulated losses ²	(14,492,107)	(13,654,271)
TOTAL EQUITY	4,007,666	6,144,609

Notes:

1. Includes net proceeds of the Capital Raising (being \$1,420,000) less estimated costs of \$120,893.
2. Includes subsequent event being the disposal of Munda Gold Project for proceeds of \$1,100,000 (net of royalty termination and GST).
3. In August 2020, convertible notes with a face value of \$50,000 and accrued interest of \$3,000 were repaid.