



ABN 39 151 155 207

2 June 2021

ASX Announcement

Full Option Exercise Underwriting

Estrella Resources Limited (ASX: ESR) (**Estrella Resources**, the **Company**) is pleased to announce that it has entered into an option exercise underwriting agreement (**Underwriting Agreement**) with Henslow Pty Ltd (**Henslow** or **Underwriter**) to fully underwrite the exercise of listed options (ASX: ESRO) which are exercisable at \$0.05 on or before 5.00pm (WST) on 27 June 2021 (**Options**). As at the date of the Underwriting Agreement, there are 225,812,246 Options on issue which remain unexercised, representing an underwriting amount of \$11,290,612 (**Underwritten Amount**). Henslow has received commitments from institutional and sophisticated investors to take up any unexercised Options.

Henslow is an independent corporate advisory firm that have assisted companies in completing deals to the value of in excess of \$3 billion in the past five years, specialising in supporting and partnering with growing companies across a number of sectors. Being a member firm of Oaklins, an internationally recognised and respected mid-market M&A advisor, Estrella Resources look forward to an ongoing relationship with Henslow that potentially opens the Company up to further institutional investment at an exciting time in the Company's growth.

In accordance with ASX Listing Rule 3.11.3, the Company advises that Henslow are not a related party of the Company. Henslow will receive a selling and management fee of 2% of the Underwritten Amount, an underwriting fee of 4% of the Underwritten Amount and a total of 5,000,000 unlisted options with an exercise price of \$0.05 and an expiry date of 1 June 2022 which the Company intends to issue Henslow (or its nominee) pursuant to its placement capacity under ASX Listing Rule 7.1.

Any shortfall shares to be issued on exercise of outstanding Options by the Underwriter pursuant to the Underwriting Agreement are expected to be issued in accordance with ASX Listing Rule 7.2 (Exception 10) and not require shareholder approval and will not form part of the Company's ASX Listing Rule 7.1 placement capacity.

Funds raised will be used by the Company to continue to develop its understanding of the geology at the Carr Boyd Project, where massive nickel-copper-iron sulphides have been discovered, most recently with the intersection of 6.75m of massive nickel-copper-iron sulphide part of a 37.2m mineralized zone (refer ASX announcement 1 June 2021).

An active exploration program is underway to unlock this potential with the Company utilising drilling, EM surveying, gravity and most recently world leading seismic surveys – with all operations based out of the Company's recently established mining camp to further accelerate timeframes.



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Estrella Resources is also aided by a number of macroeconomic tailwinds, including a globally significant increase in demand for electric vehicles and battery storage, which are nickel-intensive and a continuing source of support for the long-term nickel price.

The funds obtained from the full underwriting of the Options will be sufficient for the Company's current planned exploration activities for at least the next 12 months without any further requirement for capital, including the following RC and diamond drilling;

- T5 Phase 3 - Testing the T5 pyroxenite adjacent to current drilling to determine magma flow and sulphide settling directions (plunge) for T5 mineralisation.
- T5 / Dunn Phase 4 -Extend RC exploration of the T5 basal contact 2 km north past Dunn to determine northern prospectivity.
- Drinkwater / T5 Phase 5 planning - Fixed loop TEM on basal contact from Drinkwater to Carr Boyd utilising seismic interpretation.
- T5 Phase 5 - Testing the T5 pyroxenite utilising seismic south of T5, targeting confluence of Carr Boyd mineralisation and T5 mineralisation.
- Schmidt / Drinkwater Phase 1 - Test basal contact within embayment area using RC and DHEM.
- Tregurtha Phase 1 - Determine controls on mineralisation, DHEM.
- Schmidt / Drinkwater Phase 2 - to determine geology / prospectivity of Tregurtha. Drilling to follow up Phase 1 RC. DHEM.
- Gossan Hill Phase 1 - Determine prospectivity of basal contact.
- POH Phase 1 - Determine controls on pyroxenite and mineralisation. DHEM.
- T5 Phase 6 - Deep drilling at T5 utilising all datasets to test contact mineralisation at ~1000m depth.
- CSIRO Indicator Mineral Project Carr Boyd - Classification and fingerprinting of Carr Boyd pyroxenites, structural and petrographic studies. Determine geochemical vectors in regolith and determine potential exploration workflow to follow up.

The Board of the Company has authorised this announcement to be released to the ASX.

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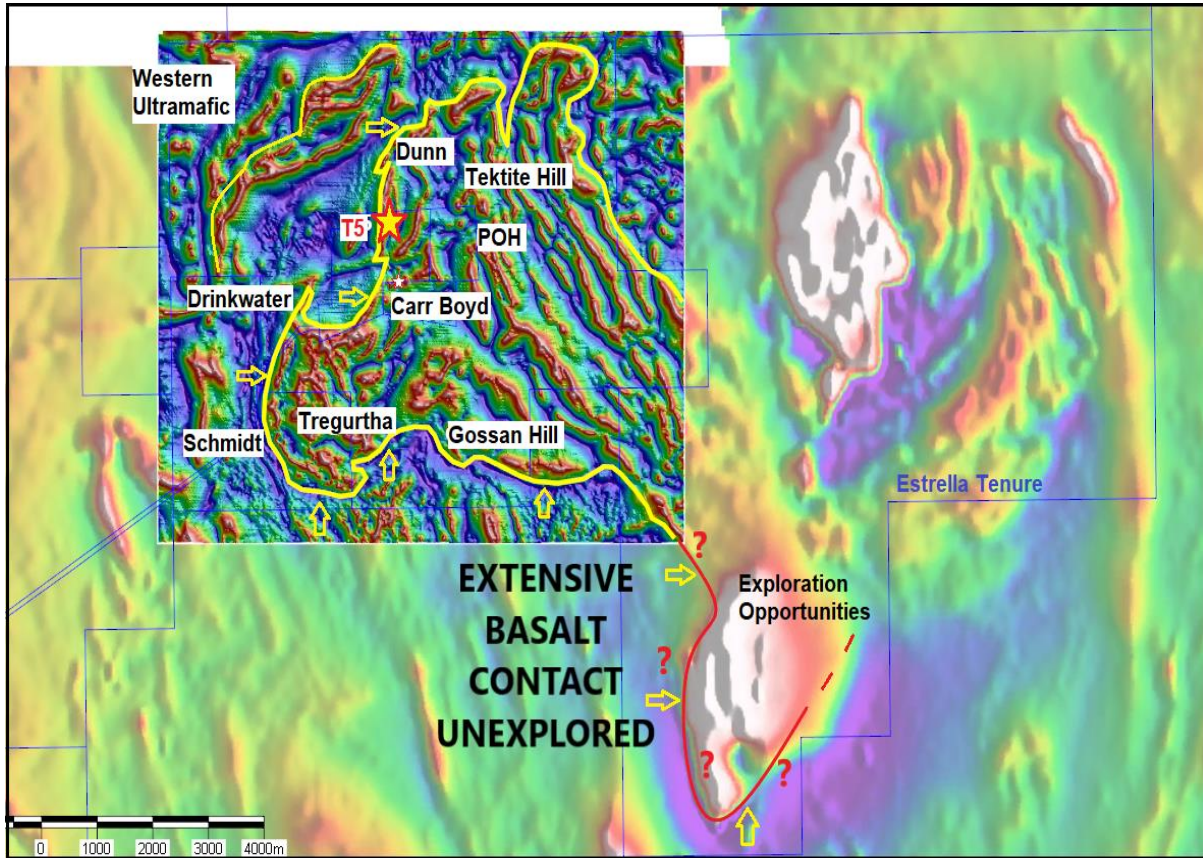


Figure 1. Magnetic image of the Carr Boyd Rocks Intrusive Complex outlining the extent of the interpreted basal contact (YELLOW Line) and the various currently known prospects.

ANNEXURE A

The Underwriting Agreement is subject to the following material terms:

1. The Company and the Underwriter have agreed as follows:
 - (a) Underwriter to fully underwrite 225,812,246 Options (being the number of Options on issue and which remain unexercised as at the date of the Underwriting Agreement), representing an underwriting amount of \$11,290,612;
 - (b) Company to pay Henslow a 2% selling and management fee on the Underwritten Amount and an underwriting fee of 4% of the Underwritten Amount, representing a total of \$677,437 (ex GST);
 - (c) Company to issue Henslow (or their nominees) 5,000,000 new unlisted options, with an exercise price of \$0.05 expiring 1 June 2022;
 - (d) the Underwriter may procure such persons to sub-underwrite as the Underwriter at its sole and absolute discretion; and
 - (e) the obligation of the Underwriter to subscriber for shares (**Shortfall Shares**) on exercise of Options which remain unexercised as at 27 June 2021 (**Expiry Date**) at \$0.05 per Shortfall Shares is subject to and conditional upon a number of conditions precedent, including (but not limited to) the Company providing the Underwriter a shortfall notice outlining the number of outstanding Options as at the Expiry Date and a certificate confirming (among other things) that no termination event has occurred (as outlined below) and the representations and warranties given by the Company are true and correct (**Certificate**), as at the date of the certificate.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

2. Termination events

The obligations of the Underwriter to underwrite the Underwritten Amount is subject to certain events of termination. Subject to the following events, the Underwriter may terminate its obligations under the Underwriting Agreement if one or more of the events set out below occurs before 9.00am (Sydney time) on 5 July 2021 (being the **Shortfall Settlement Date**).

Unless otherwise defined, capitalised terms set out below have the meaning given to them in the Underwriting Agreement.

- (a) the ASX/S&P 300 Metals and Mining Index closes on any Business Days before the Shortfall Settlement Date at a level which is 10% or more below the level of that index



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at the close of trading on the Business Day before the date of the Underwriting Agreement;

- (b) any event specified in the Timetable is delayed for more than 2 Business Days (other than events solely within the control of the Underwriter) without the prior written approval of the Underwriter;
- (c) the Company is prevented from allotting and issuing the Shortfall Shares in accordance with the Underwriting Agreement and the Timetable;
- (d) the allotment and issue of the Shortfall Shares in the circumstances contemplated by the Underwriting Agreement is not permitted by the Corporations Act, the ASX Listing Rules or any other applicable law;
- (e) the Certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;
- (f) ASIC:
 - (i) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or the Company; or
 - (ii) prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Offer,

and such hearing, notice, investigation, prosecution or proceeding is not withdrawn or discontinued before the Shortfall Settlement Date;

- (g) ASX announces that the Shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation
- (h) unconditional approval (or approval conditional only on customary conditions which are acceptable to the Underwriter, acting reasonably) is refused or not granted to the official quotation of all of the Shortfall Shares by 12.00pm on the Shortfall Settlement Date;
- (i) the Company or one of its subsidiaries which represents 5% or more of the consolidated assets or earnings of the Group (each a "**Material Subsidiary**") becomes Insolvent or there is an act or omission which may result in the Company or a Material Subsidiary becoming Insolvent;
- (j) proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in



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Australia seeking an injunction or other order in relation to the Company's ability to agree to and complete the Offer;

- (k) the Company is or becomes in default of any of the terms and conditions of the Underwriting Agreement or a representation or warranty by the Company is or becomes false or incorrect;
- (l) any adverse change or effect occurs, or an event occurs which is likely to give rise to an adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of the Company from that existing at the date of the Underwriting Agreement;
- (m) any Offer Document includes a material statement or fact that is misleading or deceptive in a material respect or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or deceptive in a material respect;
- (n) the information supplied by or on behalf of the Company to the Underwriter as part of the due diligence activities is, in the reasonable opinion of the Underwriter, false, misleading or deceptive (including by omission);
- (o) any director of the Company is charged with a criminal offence relating to any financial or corporate matter, or any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (p) the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Offer;
- (q) any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, the United States of America, Hong Kong, the United Kingdom, Germany, China, Singapore or New Zealand from those existing at the date of the Underwriting Agreement;
- (r) there is an outbreak or escalation of hostilities in any part of the world, whether war has been declared or not, or an act or acts of terrorism, involving one or more of any one or more of Australia, the United States of America, Hong Kong, the United Kingdom, Germany, China, Singapore or New Zealand;
- (s) there is introduced, or there is an official public announcement of a proposal to introduce, a new law in Australia or any State of Australia, or the Reserve Bank of Australia, or any Australian Commonwealth or State authority, adopts or announces a proposal to adopt a new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (other than a law or policy which has been announced prior to the date of the Underwriting Agreement);



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- (t) a general moratorium on commercial banking activities in Australia, the United States of America, Hong Kong, the United Kingdom, Germany, China, Singapore or New Zealand is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries, for more than one business day; and
- (u) trading of securities quoted on ASX, NZX, the London Stock Exchange, the New York Stock Exchange, NASDAQ, the Singapore Exchange or the Hong Kong Stock Exchange is suspended, or there is a material limitation in trading, for more than one business day on which the exchange is open for trading.

No event set out in paragraphs (j) to (u) above will entitle the Underwriter to exercise its right to terminate its obligations under the Underwriting Agreement unless it has reasonable grounds to believe and does believe that:

- (a) the event has had, or is likely to have, a material adverse effect on the outcome or success of the Offer (or a part of it) or the likely price at which the Shortfall Shares will trade on ASX or on the ability of the Underwriter to settle the issue of Shortfall Shares; or
- (b) the event could give rise to a contravention by the Underwriter, of or liability for the Underwriter under, the Corporations Act or any applicable laws.