



**ACN 151 155 207**

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**NOTICE OF GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PROXY FORM**

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**Date of Meeting**

**10<sup>th</sup> September, 2015**

**Time of Meeting**

**11.00 a.m. (AEST)**

**Place of Meeting**

**In the Boardroom of Hall Chadwick, Level 40, 2 Park Street Sydney NSW 2000**

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of the members of Estrella Resources Limited (“the Company”) will be held in the Boardroom of Hall Chadwick at Level 40, 20 Park Street, Sydney on 10<sup>th</sup> September, 2015 commencing at 11.00 a.m. (AEST).

### **BUSINESS:**

#### **Resolution 1: Ratification of Share placement – Capital Raising**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior allotment and issue of 17,900,000 Shares to Black Swan Global Pty Limited on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

#### **Resolution 2: Approval of Issue of Options to a former Director – Dr Jason Berton**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is hereby given for Dr Jason Berton to receive, for nil cash consideration 5,000,000 Options exercisable on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

#### **Resolution 3: Approval of Issue of Options to a former Director - Mr Julian Bavin**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is hereby given for Mr Julian Bavin to receive, for nil cash consideration 2,000,000 Options exercisable on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

#### **Resolution 4: Issue of Options – Consultants / Advisors**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.3 and for all other purposes, the Shareholders approve the allotment and issue of 13,000,000 Options to Consultants / Advisors exercisable on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Resolution 5: Ratification of Share placement – Capital Raising**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior allotment and issue of 12,000,000 Shares to professional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Resolution 6: Approval to Issue up to 388,000,000 Shares**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the allotment and issue of 388,000,000 Shares to institutional and professional investors on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Resolution 7: Approval to Issue up to 125,000,000 Options**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the allotment and issue of 125,000,000 Options to Forrest Capital (and/or its nominees) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Resolution 8: Approval of Share Consolidation**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, subject to Resolution 6 being passed, for the purpose of section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Directors to consolidate the issued capital of the Company on the basis that every four (4) Shares be consolidated into one (1) Share, and Options on issue be adjusted in accordance with the Listing Rules on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

## **OTHER BUSINESS**

To transact any other business brought forward in accordance with the Company's Constitution. Further information in relation to these resolutions is set out in the Explanatory Memorandum below.

### **PROXIES**

To be effective, the proxy form and the power of attorney or other authority (if any) under which each is signed (or a copy of that power or authority certified in a manner acceptable to the Directors of the Company) must be received at least 48 hours prior to the meeting (i.e. not later than 11.00 a.m. AEST on 8<sup>th</sup> September 2015), or to any adjourned meeting, at the Company's Share Registrars being:

#### **Estrella Resources Limited**

***Hand Delivery:***

C/- Alexander Cable  
Level 15 1 Alfred Street  
Sydney NSW 2000

***By Mail:***

PO Box R933  
Royal Exchange  
Sydney NSW 1225

***By email:***

info@estrellaresources.com.au

A member entitled to attend and vote is entitled to appoint not more than two persons as his/her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless under Power of Attorney (which should have been noted by the Company) a proxy form by a corporation should be executed under its common seal or in accordance with the Corporations Act.

Dated at Sydney this 10th day of August, 2015

### **BY ORDER OF THE BOARD**

**Guy Robertson**

Company Secretary

## VOTING EXCLUSION STATEMENTS

Under ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolutions by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
1. Ratification of prior issue of 17,900,000 Shares	<ul style="list-style-type: none"> <li>• Black Swan Global Pty Ltd; and</li> <li>• Any of its respective associates.</li> </ul>
2. Approval to issue 5,000,000 options – Mr Jason Berton	<ul style="list-style-type: none"> <li>• Mr Jason Berton</li> <li>• Any of his associates</li> </ul>
3. Approval to issue 2,000,000 options – Mr Julian Bavin	<ul style="list-style-type: none"> <li>• Mr Julian Bavin</li> <li>• Any of his associates</li> </ul>
4. Approval to issue 13,000,000 options – advisors and consultants	<ul style="list-style-type: none"> <li>• Alexander Cable Pty Limited</li> <li>• Any of its respective associates.</li> </ul>
5. Ratification of prior issue of 12,000,000 Shares	<ul style="list-style-type: none"> <li>• Any person who participated in the proposed issue;</li> <li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li> <li>• Any of their respective associates.</li> </ul>
6. Approval to issue 388,000,000 shares	<ul style="list-style-type: none"> <li>• Any person who may participate in the proposed issue;</li> <li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li> <li>• Any of their respective associates.</li> </ul>
7. Approval to issue 125,000,000 options to Forrest Capital (and/or its nominees)	<ul style="list-style-type: none"> <li>• Forrest Capital Pty Limited and/or their nominees</li> <li>• Any person who may participate in the proposed issue;</li> <li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li> <li>• Any of their respective associates.</li> </ul>

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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## EXPLANATORY MEMORANDUM

These explanatory notes set out information in connection with the business to be considered at the Estrella Resources Limited General Meeting to be held on 10<sup>th</sup> September 2015 at 11 am (AEST) in the Boardroom of Hall Chadwick, Level 40, 2 Park Street Sydney NSW 2000.

### **1.0 - RESOLUTION 1 - RATIFICATION OF SHARE PLACEMENT – CAPITAL RAISING**

#### **1.1 Background**

On 1 April 2015, the Company announced a placement of shares to Black Swan Global Pty Ltd (Black Swan), being an Excluded Offeree (as defined in section 708 of the Corporations Act) to raise \$125,300 through the issue of 17,900,000 Shares at an issue price of \$0.007 per Share.

Black Swan was not a related party of the Company.

The prior approval of Shareholders was not required in respect of the placement of Shares as it did not exceed the 15% restriction imposed upon listed companies by Listing Rule 7.1 and/or the 10% restriction imposed upon listed companies by Listing Rule 7.1A.

Listing Rule 7.4 provides that if a placement of Shares is ratified by Shareholders, the Company will again have the flexibility to issue further securities without Shareholder approval within the 15% restriction imposed upon listed companies by Listing Rule 7.1 and/or the 10% restriction imposed upon listed companies by Listing Rule 7.1A, as the case requires.

The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of opportunities that may arise.

#### **1.2 Information for Shareholders in accordance with Listing Rule 7.4**

The following information is provided in relation to Resolution 1 in accordance with Listing Rule 7.5:

- (a) Number of securities allotted:** The Placement consisted of the issue and allotment of 17,900,000 Shares.
- (b) Issue price:** Each Share was issued at a price of A\$0.007.
- (c) Term of the securities:** The Shares issued to Black Swan rank equally with the existing Shares on issue coded ESR.
- (d) Allottees:** The Shares were issued to Black Swan Global Pty Ltd, which is not a related party of the Company.

- (e) **Use of funds:** The Company intends to and has used the funds raised primarily for the exploration of various prospects within Project Altair and also for general working capital purposes including assessment of new investment opportunities.

### 1.3 Recommendation

The Board unanimously recommends that the Shareholders approve Resolution 1.

## 2.0 - RESOLUTION 2 - ISSUE OF OPTIONS TO FORMER DIRECTOR – JASON BERTON

### 2.1 Background

Resolution 2 is to consider the issue of options to Mr Jason Berton, a former Estrella Director, which was agreed to by the Board, subject to shareholder approval, to adequately incentivise the Director in light of his skill and experience when considered together with his remuneration.

The options are considered reasonable remuneration and no regulatory approval will be sought under Chapter 2E of the Corporations Act.

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 2:

Name	Number of Options	Exercise Price Per Option	Expiry Date of Options
Dr Jason Berton	5,000,000	\$0.011	31 May 2018

No funds will be raised from the issue of the options, however upon exercise of the options the funds raised will be used for general working capital purposes including assessment of new investment opportunities. If the options are fully exercised, \$55,000 in capital will be raised.

If approved, the shares will be issued to Dr Berton within one (1) month of the date of this meeting. No funds will be received from the issue of these shares.

### 2.2 Valuation

The Directors have undertaken a valuation using an employee option valuation model based on Black and Scholes. It is a requirement of ASIC that a dollar value be placed on the Options to be issued.

In determining this value, the following assumptions have been made:

- (a) the Share price at the issue date is assumed to be \$0.006 per Share, which is based on the six month volume weighted average prices of trading in the Shares up to and including 24 July 2015;
- (b) 5,000,000 Options are to be exercisable at \$0.011;

- (c) 5,000,000 Options are expected expire on 31/5/18.
- (d) the estimate of volatility, based on price volatility of the Shares to the expiry of the options is approximately 100% based on share volatility over the last 6 months; and
- (e) the average current risk-free interest rate is 2.3% (Government Bond Rate for next 3 years).

On this basis, the options are valued at approximately \$0.0029 per Option. Therefore, the implied "value" of the Options being granted to the director is as follows:

Related Party	Number of Options	Value
Jason Berton	5,000,000	\$14,859

Other information that is reasonably required by members to make a decision whether it is in the best interest of the Company to pass Resolution 2 and that is known to the Company or any of its Directors is as follows:

- (i) Resolution 2 would have the effect of giving power to the Directors to grant a total of 5,000,000 Options. On 31 July 2015, the Company had on issue 220,999,713 Shares and 17,151,427 Options exercisable over various periods and at various exercise prices.
- (ii) If all of the 5,000,000 Options granted as proposed above are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 2.2%.
- (iii) The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.
- (iv) In respect of remuneration and consulting fees payable to the Director:

Mr Berton or his nominee was entitled to be paid \$225,000 per annum, inclusive of superannuation up to the date of his resignation as managing director on 31 July 2015.

As at the date of this notice, the former Director has the following interest in the securities of the Company.

Name	Number of Shares	Number of Options
Mr Jason Berton	1,109,091	4,000,000

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The following table details the trading history of the Company's Shares on the ASX in the 12 months preceding 24 July 2015:

Date	High (\$)	Low (\$)	VWAP (\$)
As at 24 July 2015	\$0.005	\$0.005	\$0.005
1 month to 24 July 2015	\$0.008	\$0.005	\$0.0055
3 months to 24 July 2015	\$0.008	\$0.003	\$0.0053
6 months to 24 July 2015	\$0.034	\$0.003	\$0.0059
12 months to 24 July 2015	\$0.076	\$0.003	\$0.037

### 2.3 Recommendation

The Board does not make any voting recommendation with regard to Resolution 2.

### 3.0 - RESOLUTION 3 - ISSUE OF OPTIONS TO DIRECTOR

#### 3.1 Background

Resolution 3 is to consider the issue of options to Mr Julian Bavin, a former Estrella Director, in lieu of cash consideration for remuneration for the three months ended 29 June 2015.

The options are considered reasonable remuneration and no regulatory approval will be sought under Chapter 2E of the Corporations Act.

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 3:

Name	Number of Options	Exercise Price Per Option	Expiry Date of Options
Mr Julian Bavin	2,000,000	\$0.011	31 May 2018

No funds will be raised from the issue of the options, however upon exercise of the options the funds raised will be used for general working capital purposes including assessment of new investment opportunities. If the options are fully exercised, \$22,000 in capital will be raised.

If approved, the shares will be issued to Mr Bavin within one (1) month of the date of this meeting. No funds will be received from the issue of these shares.

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### 3.2 Valuation

The Directors have undertaken a valuation using an employee option valuation model based on Black and Scholes. It is a requirement of ASIC that a dollar value be placed on the Options to be issued.

In determining this value, the following assumptions have been made:

- (f) the Share price at the issue dates is assumed to be \$0.006 per Share, which is based on volume weighted average prices of trading in the Shares up to and including 24 July 2015;
- (g) 2,000,000 Options are to be exercisable at \$0.011;
- (h) 2,000,000 Options are expected expire on 31/5/18.
- (i) the estimate of volatility, based on price volatility of the Shares to the expiry of the options is approximately 100% based on share volatility over the last 3 months; and
- (j) the average current risk-free interest rate is 2.3% (Government Bond Rate for next 3 years).

On this basis, the options are valued at approximately \$0.0029 per Option. Therefore, the implied "value" of the Options being granted to the director is as follows:

Related Party	Number of Options	Value
Julian Bavin	2,000,000	\$5,944

Other information that is reasonably required by members to make a decision whether it is in the best interest of the Company to pass Resolution 3 and that is known to the Company or any of its Directors is as follows:

- (i) Resolution 3 would have the effect of giving power to the Directors to grant a total of 2,000,000 Options. On 31 July 2015, the Company had on issue 220,999,713 Shares and 17,151,427 Options exercisable over various periods and at various exercise prices.
- (ii) If all of the 2,000,000 Options granted as proposed above are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 0.9%.
- (iii) The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.
- (iv) In respect of remuneration and consulting fees payable to the Director:

Mr Bavin or his nominee was entitled to be paid \$40,000 per annum, inclusive of superannuation;

As at the date of this notice, the former Director has the following interest in the securities of the Company.

Name	Number of Shares	Number of Options
Mr Julian Bavin	636,364	1,600,000

The following table details the trading history of the Company's Shares on the ASX in the 12 months preceding 24 July 2015:

Date	High (\$)	Low (\$)	VWAP (\$)
As at 24 July 2015	\$0.005	\$0.005	\$0.005
1 month to 24 July 2015	\$0.008	\$0.005	\$0.0055
3 months to 24 July 2015	\$0.008	\$0.003	\$0.0053
6 months to 24 July 2015	\$0.034	\$0.003	\$0.0059
12 months to 24 July 2015	\$0.076	\$0.003	\$0.037

### 3.3 Recommendation

The Board does not make any voting recommendation with regard to Resolution 3.

## 4.0 - RESOLUTION 4 - ISSUE OF OPTIONS TO CONSULTANTS / ADVISORS

### 4.1 Background

Resolutions 4 seeks shareholder approval for the issue of Estrella options to Consultants and Advisors to the Company.

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of a total of 13,000,000 Options described above. The effect of such approval is that those Options will be not counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

## 4.2 Information for Shareholders in accordance with Listing Rule 7.4

The following information is provided in relation to Resolution 4 in accordance with Listing Rule 7.5:

- (a) **Number of Options proposed to be issued:** 13,000,000 Options.
- (b) **Issue price:** Each Option has no issue price.
- (c) **Exercise Price:** Each Option has an exercise price of \$0.011.
- (d) **Option Term (Duration):** Each Option may be exercised at any time up to 5.00pm AEST on 31 May 2018.
- (e) **Terms of the Options:** The Options may not be transferred without the approval of the Company and will not be quoted on ASX. The terms of the options are as outlined in Annexure A.
- (f) **Allottees:** The allottee of the Options is Alexander Cable Limited an advisor to the Company. The Options will be granted as consideration to Alexander Cable Ltd for services in raising capital and assisting the Company in taking its business forward.
- (g) **Use of funds raised on Exercise of the Options:** In the event the Options are exercised, the Company intends to use the funds raised primarily for general working capital purposes including assessment of new investment opportunities. If the full 13,000,000 options are exercised, \$143,000 in working capital will be raised.
- (h) **Date of Issue:** If approved, the Options will be issued within one (1) month of the date of this meeting.

## 4.3 Recommendation

The Board recommends that Shareholders approve Resolution 4 as the Options are to be issued for services rendered and to be rendered by the advisor in assisting the Company in its development in the year ahead.

## 5.0 - RESOLUTION 5 - RATIFICATION OF SHARE PLACEMENT – CAPITAL RAISING

### 5.1 Background

On 3 August 2015, the Company announced a placement of shares to professional and sophisticated investors in two tranches, the first being 12 million shares at a price of \$0.003 per share for \$36,000 to Excluded Offerees (as defined in section 708 of the Corporations Act).

The investors to who these shares were issued are not related parties of the Company.

The prior approval of Shareholders was not required in respect of the placement of tranche 1 of 12 million Shares as it did not exceed the 15% restriction imposed upon listed companies by Listing Rule 7.1 and/or the 10% restriction imposed upon listed companies by Listing Rule 7.1A.

Listing Rule 7.4 provides that if a placement of Shares is ratified by Shareholders, the Company will again have the flexibility to issue further securities without Shareholder approval within the 15% restriction imposed upon listed companies by Listing Rule 7.1 and/or the 10% restriction imposed upon listed companies by Listing Rule 7.1A, as the case requires.

The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of opportunities that may arise.

## **5.2 Information for Shareholders in accordance with Listing Rule 7.4**

The following information is provided in relation to Resolution 5 in accordance with Listing Rule 7.5:

- (a) Number of securities allotted:** The Placement consisted of the issue and allotment of 12,000,000 Shares.
- (b) Issue price:** Each Share was issued at a price of A\$0.003.
- (c) Term of the securities:** The Shares issued to the professional and sophisticated investors rank equally with the existing Shares on issue coded ESR.
- (d) Allottees:** The Shares were issued to professional and sophisticated investors who are not related parties of the Company.
- (e) Use of funds:** The funds raised from the issue of the Shares will be used by the Company for general working capital for existing assets, business and administration costs (including the costs of the capital raising) and to assess further new venture opportunities.

## **5.3 Recommendation**

The Board unanimously recommends that the Shareholders approve Resolution 5.

## **6.0 - RESOLUTION 6- ISSUE OF UP TO 388,000,000 SHARES**

### **6.1 Background**

The Board is considering a share issue to raise additional working capital. In order to maintain the ability to issue up to its full placement capacity, the Company hereby seeks shareholder approval for the proposed share issue, so that the shares issued (if any) do not count towards or reduce the number of shares that the Company may issue under Listing Rules 7.1 and 7.1A.

The following information is provided in relation to Resolution 6 in accordance with Listing Rules 7.1 and 7.5:

- (a) Number of securities to be allotted and issued:** Up to 388,000,000 shares.
- (b) Issue price:** The Shares will be issued at a price of \$0.003 per share.
- (c) Term of the securities:** The shares rank equally with the existing shares on issue.
- (d) Allottees:** The shares will be issued to Excluded Offerees in the context of Section 708 of the Corporations Act. At the date of this Notice of Meeting, the Company has not identified the parties to whom the shares will be issued.
- (e) Intended use of funds:** The funds raised from the issue of the Shares will be used by the Company for general working capital for existing assets, business and administration costs (including the costs of the capital raising) and to assess further new venture opportunities.
- (f) Date of Issue:** The shares will be issued and allotted within three months of shareholder approval, being on or before 9 December 2015

### 6.3 Recommendation

The Board unanimously recommends that the Shareholders approve Resolution 6.

## 7.0 RESOLUTION 7 – APPROVAL TO ISSUE UP TO 125,000,000 OPTIONS

### 7.1 Background

Under Resolution 7, the Company seeks Shareholder approval under ASX Listing Rule 7.1 to issue a total of up to 125,000,000 Options to Forrest Capital and/or their nominees.

### 7.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 7 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of a total of up to 125,000,000 Options described above. The effect of such approval is that any such Options will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

### 8.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- a) *The maximum number of securities the entity is to issue*

The maximum number of securities to be issued is 125,000,000 Options. The maximum number of Shares to be issued if the 125,000,000 Options all become exercisable and are exercised is 125,000,000.

b) *The date by which the entity will issue the equity securities*

The Options will be issued no later than three months after the date of the Meeting.

c) *The issue price of the securities*

The options will be issued for \$0.00001 per option. The options will not be issued to related parties of the Company, or their Associates.

d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The Options will be granted as part of the consideration for services provided by Forrest Capital (and/or its nominees) in relation to the Capital Raising pursuant to a corporate advisory mandate.

e) *The terms of the securities*

The Options will have an exercise price of \$0.006 and may be exercised on or before the expiry date being 31 March 2020. The Options will not be quoted but quotation may be requested in accordance with the terms and conditions set out in Annexure B.

f) *The intended use of the funds raised*

If all of the Options become exercisable and are exercised at a price of 0.6 cents per Option, \$750,000 of additional funding will be raised for the Company which will be used for working capital purposes. \$1,250 raised on issue of the options will be applied to working capital.

g) *The dates of allotment or a statement that allotment will occur progressively*

The Options will be allotted progressively.

h) *Voting Exclusion*

A voting exclusion statement forms part of this Notice.

#### **7.4 Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 7 as the issue of the proposed Options are to be issued as consideration to the advisor for raising capital for the company and assisting the company in its development in the year ahead.

## **8. RESOLUTION 8 – APPROVAL FOR SHARE CONSOLIDATION ON THE BASIS OF 1 FOR 4**

### **8.1 Background**

The Company proposes to consolidate the Company's share capital through the conversion of every four ordinary shares into one ordinary share (the "Share Consolidation"). The Corporations Act 2001 provides that a company may consolidate its shares if the consolidation is approved by an ordinary resolution. This section of the explanatory statement provides the information required by ASX Listing Rule 7.20 to be provided to shareholders in relation to the resolution.

This resolution is subject to Resolution 6 being passed.

### **8.2 Reasons for the proposal**

The reasons for the proposal are as follows:

- On completion of the recently announced capital raising the Company will have more than 600 million shares on issue.
- The Share Consolidation will result in a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors globally.

### **8.3 Effect of the Share Consolidation**

#### **(a) Ordinary shares**

If the resolution is approved, every four shares on issue will be consolidated into 1 share (subject to rounding). Overall, this will result in the numbers of shares on issue reducing from 220,999,713 (as at 31 July 2015) to 55,249,929.

As the Share Consolidation applies equally to all shareholders, individual shareholdings will be reduced in the same ratio as the total number of Company shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Share Consolidation will have no effect on the percentage interest of each shareholder, the aggregate value of each shareholder's holding or the Company's market capitalisation (other than minor changes as a result of rounding).

For example, a holding of 100,000 shares at a share price of A\$0.005 (aggregate value of A\$500) prior to the Share Consolidation should equate to a holding of 25,000 shares and a share price of A\$0.02 after the Share Consolidation (aggregate value of A\$500).

#### **(c) Options**

As at 31 July 2015, the Company had 17,151,427 unlisted options on issue with various exercise prices and expiry dates. In accordance with the terms and conditions of the options and ASX Listing Rule 7.22, these options will be consolidated on the same basis as the Company's shares with the effect that the number of shares the subject of each option agreement will be reduced by a factor of 4 and the exercise price will be increased by a factor of 4. After the Share Consolidation, there will be 4,287,857 unlisted options.



For example, a holding of 100,000 options with an exercise price of A\$0.10 pre consolidation would result in a holding of 25,000 options with an exercise price of A\$0.40 after the Share Consolidation.

#### **8.4 Rounding**

Where the consolidation of a shareholder's holding results in an entitlement to a fraction of a share, the fraction will be rounded up to the next whole number of shares. Fractions of share rights and options will also be rounded up to the next whole number.

#### **8.5 Holding Statements**

From the effective date of the Share Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-consolidation basis. New holding statements will be issued to security holders who should check their holdings after the Share Consolidation.

#### **8.6 Tax implications of Share Consolidation**

The Share Consolidation should not result in a capital gains tax (CGT) event for Australian tax residents. The cost base of the shares held after the Share Consolidation will be the sum of the cost bases of the original shares pre-consolidation. The acquisition date of shares held after the Share Consolidation will be the same as the date on which the original shares were acquired.

These statements do not consider the tax implications in respect of shares or securities held on revenue account, as trading stock, by non-resident shareholders or under the Share Rights Plan or Executives' Options Plan. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising shareholders or securities holders about the tax consequences of the proposed Share Consolidation.

### 8.7 Indicative timetable

The proposed Share Consolidation, if approved by shareholders, will take effect on 10 September 2015. An indicative timetable (subject to change) is as follows:

<b>Event</b>	<b>Indicative Date</b>
Following shareholder approval Company announces shareholder approval of Consolidation	10 September 2015
Last day for trading in pre-consolidated securities.	15 September 2015
Trading in the consolidated securities on a deferred settlement basis commences.	16 September 2015
Last day to register transfers on a pre-consolidation basis.	18 September 2015
Registration of securities on a post consolidation basis.	21 September 2015
Dispatch of new holding statements.	25 September 2015

### 8.8 Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 8.

**ANNEXURE A**  
**(Resolutions 2, 3, and 4 )**

- The terms and conditions of the Annexure A Options shall be as follows:
- (a) Each Annexure A Option entitles the holder to acquire one (1) Share.
- (b) The Annexure A Options are exercisable at any time up until 5.00pm on 31 May 2018 (**Annexure A Option Exercise Period**) by completing an exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure A Options are exercised to the registered office of the Company or to the share registry of the Company.
- (c) The Annexure A Options vest on date of Grant (**Annexure A Option Vesting Date**).
- (d) The Annexure A Option exercise price is A\$0.011 per Annexure A Option.
- (e) On and from the relevant Annexure A Option Vesting Date, the Annexure A Options will be freely transferable in whole or in part at any time prior to expiry.
- (f) Shares issued on the exercise of an Annexure A Option will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Annexure A Option will rank equally with the then issued ordinary shares of the Company in all respects. Official quotation of those Shares on the ASX will be sought.
- (g) The Annexure A Option holders shall only be permitted to participate in a new issue of securities on the prior exercise of Annexure A Options in which case the Annexure A Option holders shall be afforded the period of at least four (4) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Annexure A Options.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Annexure A Option holders will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to Shareholders, the number of Shares over which the Annexure A Option is exercisable may be increased by the number of Shares which the holder of the Annexure A Option would have received if the Annexure A Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Annexure A Option may be reduced in accordance with the ASX Listing Rules.
- (k) Reminder notices will be forwarded to the Annexure A Option holders prior to the expiry of the Annexure A Options. Annexure A Options not exercised before the expiry of the Annexure A Option Exercise Period will lapse.
- (l) The Annexure A Options will be recorded on the Company's register of Option holders maintained at the share registry. The register will be open for inspection by the Annexure A Option holders free of charge. Shares to be allotted on exercise of Annexure A Options will be recorded on the Company's share register.
- (m) The Directors will not seek listing of the Annexure A Options.
- (n) The Annexure A Option holder, if appearing on the Company's register of Option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.

**ANNEXURE B**  
**(Resolution 7 )**

- The terms and conditions of the Annexure B Options shall be as follows:
- (a) Each Annexure B Option entitles the holder to acquire one (1) Share.
- (b) The Annexure B Options are exercisable at any time up until 5.00pm on 31 March 2020 (**Annexure B Option Exercise Period**) by completing an exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure B Options are exercised to the registered office of the Company or to the share registry of the Company.
- (c) The Annexure B Options vest on date of Grant (**Annexure B Option Vesting Date**).
- (d) The Annexure B Option exercise price is A\$0.006 per Annexure B Option.
- (e) On and from the relevant Annexure B Option Vesting Date, the Annexure B Options will be freely transferable in whole or in part at any time prior to expiry.
- (f) Shares issued on the exercise of an Annexure B Option will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Annexure B Option will rank equally with the then issued ordinary shares of the Company in all respects. Official quotation of those Shares on the ASX will be sought.
- (g) The Annexure B Option holders shall only be permitted to participate in a new issue of securities on the prior exercise of Annexure B Options in which case the Annexure B Option holders shall be afforded the period of at least four (4) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Annexure B Options.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Annexure B Option holders will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to Shareholders, the number of Shares over which the Annexure B Option is exercisable may be increased by the number of Shares which the holder of the Annexure B Option would have received if the Annexure B Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Annexure B Option may be reduced in accordance with the ASX Listing Rules.
- (k) Reminder notices will be forwarded to the Annexure B Option holders prior to the expiry of the Annexure B Options. Annexure B Options not exercised before the expiry of the Annexure B Option Exercise Period will lapse.
- (l) The Annexure B Options will be recorded on the Company's register of Option holders maintained at the share registry. The register will be open for inspection by the Annexure B Option holders free of charge. Shares to be allotted on exercise of Annexure B Options will be recorded on the Company's share register.
- (m) The Directors will not seek listing of the Annexure B Options.
- (n) The Annexure B Option holder, if appearing on the Company's register of Option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.

For personal use only



#### All Correspondence to:

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Sydney NSW 2000 Australia

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💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEST) Tuesday 8<sup>th</sup> September 2015**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEST), Tuesday 8<sup>th</sup> September 2015**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged by the following methods:

📠 **By Fax** + 61 2 9078 7661

✉ **By Mail** PO BOX R933 Royal Exchange  
NSW 1225

💻 **By email** [info@estrellaresources.com.au](mailto:info@estrellaresources.com.au)

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**  
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Estrella Resources Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held in the Boardroom of Hall Chadwick on **Level 40, 2 Park Street, SYDNEY NSW 2000 on Thursday, 10<sup>th</sup> September 2015 at 11:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business.** If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Ratification of 17,900,000 shares to Black Swan Global Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of options to former director – Jason Berton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of options to former director – Julian Bavin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of 13,000,000 options to consultants/advisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of 12,000,000 shares to Professional & Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue up to 388,000,000 shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to issue up to 125,000,000 options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of share consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015

