12 November 2015

ASX Announcement

Estrella Resources Limited to acquire UK-based Data Laboratories Ltd

Highlights

- Estrella Resources Limited (**Estrella** or the **Company**) will acquire all of the issued share capital of Data Laboratories Limited, a UK company, (**Data Labs**) for approximately 275,000,000 fully paid ordinary shares.
- Data Labs has built and developed its first software product, "Talent Lab" (www.talent-lab.com). The product comes to market at a time when Human Capital Management (HCM) solutions are attracting widespread attention.
- Talent Lab is next generation people analytics software, delivered via the cloud, which enables the transformation of human capital data into actionable insights through cutting-edge data visualisation.
- The proprietary software platform is fully operational with a strong pipeline of possible global blue chip organisations as clients.
- The application of the software platform extends beyond the HCM sector with further modules being explored in other industry sectors.
- The company is proposing to raise a minimum of $3 million at no less than $0.03 per share.
- New funds will be used in 2016 to build the global sales, marketing and implementation team and broaden existing software capability.
- According to leading information technology research and advisory firm Gartner, HCM products are expected to reach USD10 billion in revenue this year with talent management alone expected to reach revenue of USD4.5 billion.
- Estrella Resources proposes to be renamed Data Labs Technologies Limited.

Estrella Resources Limited (**ASX:ESR**) has signed a Share Sale agreement with the major shareholder, Mr Sam Jones, of Data Laboratories Limited to acquire his shares (**Sale Shares**) in Data Labs (**Transaction**) subject to (**among other conditions**) Estrella shareholder approval and completion of legal and financial due diligence by the parties. See below for further details of the terms of the Transaction.

Talent Lab Background

Talent Lab is next generation people analytics software that enables the transformation of human capital data into actionable insights.

The Software-as-a-Service (**SaaS**) platform aggregates and cleans data from multiple data sources, before being transformed into compelling, easy-to-understand visual modules which can be manipulated and queried in real time without the need for analysts, spreadsheets and PowerPoint slides. Talent Lab provides leaders with insights allowing them to make pivotal business decisions that create value in the organisation.

Talent Lab can be delivered as an on-premise or hosted solution.

Market Opportunity

HCM technology is a vibrant sector which is currently attracting widespread investor and customer attention. Gartner claims: *"We expect human capital management products to reach USD10 billion by 2015.Talent management alone is expected to reach USD4.5 billion with 75% of available solutions expected to be cloud based."*

Accenture said: *"We imagine a future in which faster-moving, loosely collaborative cloud-based HR applications tied together in an integrated network may replace existing systems altogether. Unencumbered by legacy code, mindsets or business models, newer cloud-based players may also be able to more nimbly capture market share."*

There is a significant opportunity for technology to revolutionise the HCM industry for the following reasons:

- Businesses are using too many HCM systems, or systems that are more than seven years old. Cloud technology has made it easy to switch vendors.
- Businesses are searching for ways to play "moneyball[1]" with their people information. Data visualisation is a gateway into big data analytics.
- New software interfaces are a top driver for replacement. Businesses are looking for a more consumer-like experience with data analytics tools.
- Talent has become one of the most important issues for CEOs.

Data Labs Status, Development Stage

Data Labs has released its first version of the Talent Lab product to the market following extensive beta testing with Fortune 500 companies. In addition:

- The first release of the product includes 11 modules (predefined and customisable views into the data). This is expected to grow to 15 in 2016. Talent Lab will be available in iOS and Android in 2016.
- Data Labs is designing a global partner program with some of the world's largest consulting groups.
- Data Labs is joining vendor programs with leading technology firms, including ADP Marketplace.
- Future Data Labs expenditure is targeted at marketing, sales, implementation and further product development including connectivity to third party platforms.
- Cloud based business model with recurring revenue with three different pricing points.

Competitive Advantages:

- **Ease of use.** Human Resource Information Systems (HRIS) are not designed to be used by senior management, or in the boardroom. Talent Lab has been designed for everyone, taking people outside of the HR department and into the boardroom.

[1] "Moneyball is a property of Sony Pictures, Scott Rudin Productions, Michael De Luca Productions and Distributed by Columbia Pictures. Official Site: http://www.sonypictures.com/movies/moneyball/

- **Talent Labs sits at the nexus between design, artistry, journalism and engineering.** Talent Lab software is a marriage between award winning design standards, beautiful interactive technology, ease of use, and powerful data analytics capability. The output is a platform that enables any organisation to conduct data journalism, as seen in organisations such as The New York Times or Guardian information graphics departments.

- **Price. Compelling cost/benefit for potential clients.** HCM software costs millions or is tied to a major investment in Enterprise Resource Planning (ERP) software. Talent Lab is deployed via the cloud via software licenses, are monthly-based which is off balance sheet and matches costs to benefits.

- **Future growth opportunities.** HCM is already a big field. There are significant advantages to having focus. However the platform has further potential in the broader data visualisation market including being a front end for "big data" analytics.

- **Interesting partnership opportunities in a number of areas:**
    - HR / ERP providers such as SAP, ORACLE
    - Cloud HR data service providers such as ADP
    - Cloud disrupters such as Salesforce, which apart from being a successful technology company is the biggest VC in the HR space
    - People / talent oriented platforms: eg LinkedIn
    - Talent Labs fills a people analytics gap in the offerings of all the above
    - Global consulting groups

KEY TRANSACTION TERMS

Under the terms of the Share Sale agreement, Estrella will acquire all of the issued share capital of Data Labs for a total of 275,000,000 fully paid ordinary shares in Estrella. The consideration Shares will be subject to escrow as required by the ASX Listing Rules.

In addition, Estrella will agree to issue Performance Rights to Mr Sam Jones, the proposed Managing Director post completion of the transaction, that are each convertible into a fully paid ordinary share in the Company upon achieving the milestones outlined below:

Class A: 37,500,000 Performance Rights upon achieving at least $5,000,000 of gross revenue from the Data Labs intellectual property for the period from completion of the Transaction (**Completion**) to 30 June 2017

Class B: 37,500,000 Performance Rights upon achieving either: (i) at least $10,000,000 of gross revenue from the Data Labs intellectual property for the period from 1 July 2017 to 30 June 2018; or (ii) at least $15,000,000 of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2018

Class C: 37,500,000 Performance Rights upon achieving either: (i) at least $20,000,000 of gross revenue from the Data Labs intellectual property for the period from 1 July 2018 to 30 June 2019; or (ii) at least $35,000,000 of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2019

Class D: 37,500,000 Performance Rights upon achieving either: (i) at least $30,000,000 of gross revenue from the Data Labs intellectual property for the period from 1 July

2019 to 30 June 2020; or (ii) at least $65,000,000 of gross revenue from the Data Labs intellectual property for the period from Completion to 30 June 2020

Estrella will also issue 40,000,000 options to certain advisers to the Transaction, exercisable at $0.03 on or before 30 June 2020.

Estrella proposes to change its name to Data Labs Technologies Limited.

CAPITAL RAISING

In connection with the acquisition, Estrella will conduct a capital raising to procure at a minimum, the amount required to meet the re-compliance requirements of chapters 1 and 2 of the ASX listing rules. ESR shares will be issued at a price and volume to be agreed by Estrella and Data Labs, pursuant to a prospectus.

Paterson Securities Limited will act as lead manager to the capital raising.

PROFORMA CAPITAL STRUCTURE

Below is a table showing the Company's current capital structure and the proposed capital structure on completion of the Transaction (including the Capital Raising).

	Shares	**Options**	**Performance Rights**	**Cash $m**
Shares on Issue	155,249,959	40,537,857	-	1.3
Consideration Shares to be issued to Data Labs shareholders	275,000,000	-		-
Performance Rights	-	-	150,000,000	-
Adviser Options	-	40,000,000	-	-
Capital Raising at 3.0c (Indicative price and number only)	100,000,000	-	-	3.0
Transaction Costs and spending before completion	-	-	-	(0.8)
Total	**530,249,959**	**80,537,857**	**150,000,000**	**3.5**

COMPLETION CONDITIONS

Completion of the transaction will be subject to a number of conditions precedent, including:

a. Estrella obtaining all necessary shareholder approvals as are required in respect of this transaction;
b. Data Labs obtaining any third party consents or approvals required, including from counterparties to contracts, to give effect to the Transaction;
c. Estrella completing the proposed Capital Raising;
d. all Data Labs shareholders (other than Mr Sam Jones) executing an agreement to sell their Data Labs shares on the term proposed by this transaction (note the majority of shareholders have already signed such agreements with those outstanding expected shortly);
e. the key shareholder of Data Labs assigning to Data Labs all intellectual property rights in the "Software-as-a-Service" data analytics platform developed by Data Labs and used by Data Labs in its Talent Lab product;
f. Estrella conducting technical, financial and legal due diligence on Data Labs and its assets and being satisfied with the results of such due diligence in its absolute discretion;
g. the key shareholder of Data Labs conducting financial and legal due diligence on Estrella and being satisfied with the results of such due diligence in his absolute discretion; and
h. Estrella and Data Labs obtaining all necessary regulatory approvals, including re-compliance with chapters 1 and 2 of the listing rules of ASX (if required).

NEW BOARD AND MANAGEMENT

Upon completion of the acquisition, Data Labs will be entitled to nominate three new Directors so that Estrella will have a total of four Directors following completion of the Transaction.

As part of the Transaction, the Company will appoint the following directors: Sam Jones as Managing Director, and Tim Andrew as Non-executive Director. Howard Digby will remain on the board as Non-executive Director with one position still to be filled.

Sam Jones – CEO, MD (Singapore)

Founder of Talent Lab Software. More than 15 years' experience in HR Technology, Executive Search and IT Consulting. Successful founder of multiple analytics technology companies and winner of The HR Tech 'Awesome Startup' in 2014.

Tim Andrew – Non Executive Director (Perth/Hong Kong)

Former Managing Director at Deutsche Bank and Standard Chartered with Global Head roles in M&A, ECM, Equities and Research. Last 20 years based in Asia and North America.

Howard Digby – Non Executive Director (Perth)

Former senior roles at IBM, Adobe, Gartner and the Economist Group in Asia. Director of Sun Biomedical (ASX.SBN) and (Director-elect) Fitzroy Resources (ASX:FRY).

FINANCIAL EFFECT OF THE ACQUISTON

The effect of the transaction (acquisition and capital raising) on total assets and total equity interests is as follows:

Pro Forma as at 30 September 2015

A$	Data Labs	Estrella	Consolidated Post Transaction
Total Assets	1,025,033	1,369,874	5,028,415
Total Equity Interests	976,058	1,275,498	4,885,064

The Group (Data Laboratories Limited and Estrella Resources Limited) does not have any revenue at this stage. The Group made a loss for the year ended 30 June 2015 of approximately $4.5 million which included a write down of the Chile exploration project in the amount of approximately $3.3 million. The Group proposes to dispose of the Chile project or place this entity into voluntary liquidation, the costs of which are not expected to exceed $50,000.

INDICATIVE TIMETABLE

An indicative timetable for the completion of the Transaction and re-compliance with Chapters 1 and 2 of the Listing Rules is in the table below.

Event	Date*
Trading halt	10 November 2015
Date of this announcement – Estrella shares resume trading	12 November 2015
Due diligence complete	10 December 2015
Notice of Shareholder Meeting sent to Shareholders	18 December 2015
Estrella Shareholder Meeting	27 January 2016
Prospectus lodged with ASIC and offer open	29 January 2016
Prospectus Offer closes	15 February 2016
Re-instatement to trading on ASX	26 February 2016

*Dates in the above table other than the Shareholder Meeting are indicative only.

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