



and its controlled entities

# 2019 ANNUAL REPORT

ABN: 39 151 155 207

# Annual Report 2019

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**ESTRELLA RESOURCES LIMITED  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

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**DIRECTORS' REPORT**

Your directors present the following report on Estrella Resources Limited ("the Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group") for the financial year ended to 30 June 2019.

**Directors**

The names of directors in office at any time during or since the end of the period are:

Leslie Pereira	Non-Executive Director (appointed 1 February 2019)
John Kingswood	Non-Executive Director
Stephen Brockhurst	Non-Executive Director
Raymond Shorrocks	Non-Executive Director (resigned 1 February 2019)

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

**Principal activities**

The principal activities of the Group during the reporting period were to explore nickel and gold projects in Western Australia.

**Review of Operations**

Estrella Resources Limited (ASX: ESR) (Estrella or Company) is pleased to provide its Activities Report for the full year ended 30 June 2019.

**Work Summary**

The focus of fieldwork during the year was at the Carr Boyd Layered Complex (CBLC), Spargoville Nickel Project and the Munda Gold Project.

At Carr Boyd, Phase II and III ground HPEM surveying over the northern CBLC and the Fosters Hill area was completed and drilling was successful in discovering a new zone of nickel and copper sulphide mineralisation at the T5 prospect.

At Spargoville, drilling was completed on two high priority drill targets. One was sampling the high-grade mineralisation beneath the 5A open pit for metallurgical testwork and economic evaluations. The other was an EM target located between the 5A and 5B mines. Both objectives were successfully completed.

Preliminary work was undertaken to plan drilling programs at the Munda Gold / Nickel Project.

**Discovery at Carr Boyd**

Phase II and Phase III moving loop HPEM surveys extending north from the Phase I survey were completed during the full year, screening the interpreted basal contact position and immediate footwall sequence to over 4km north of the Carr Boyd Mine.

There were several historic high priority exploration targets and prospects in this area based on surface geochemistry, downhole geochemistry, aero-magnetics, ground gravity, and interpreted geology datasets. HPEM defined two significant conductors indicative of the presence of well-developed sulphides associated with two of the exploration targets, Target A and Target 5.

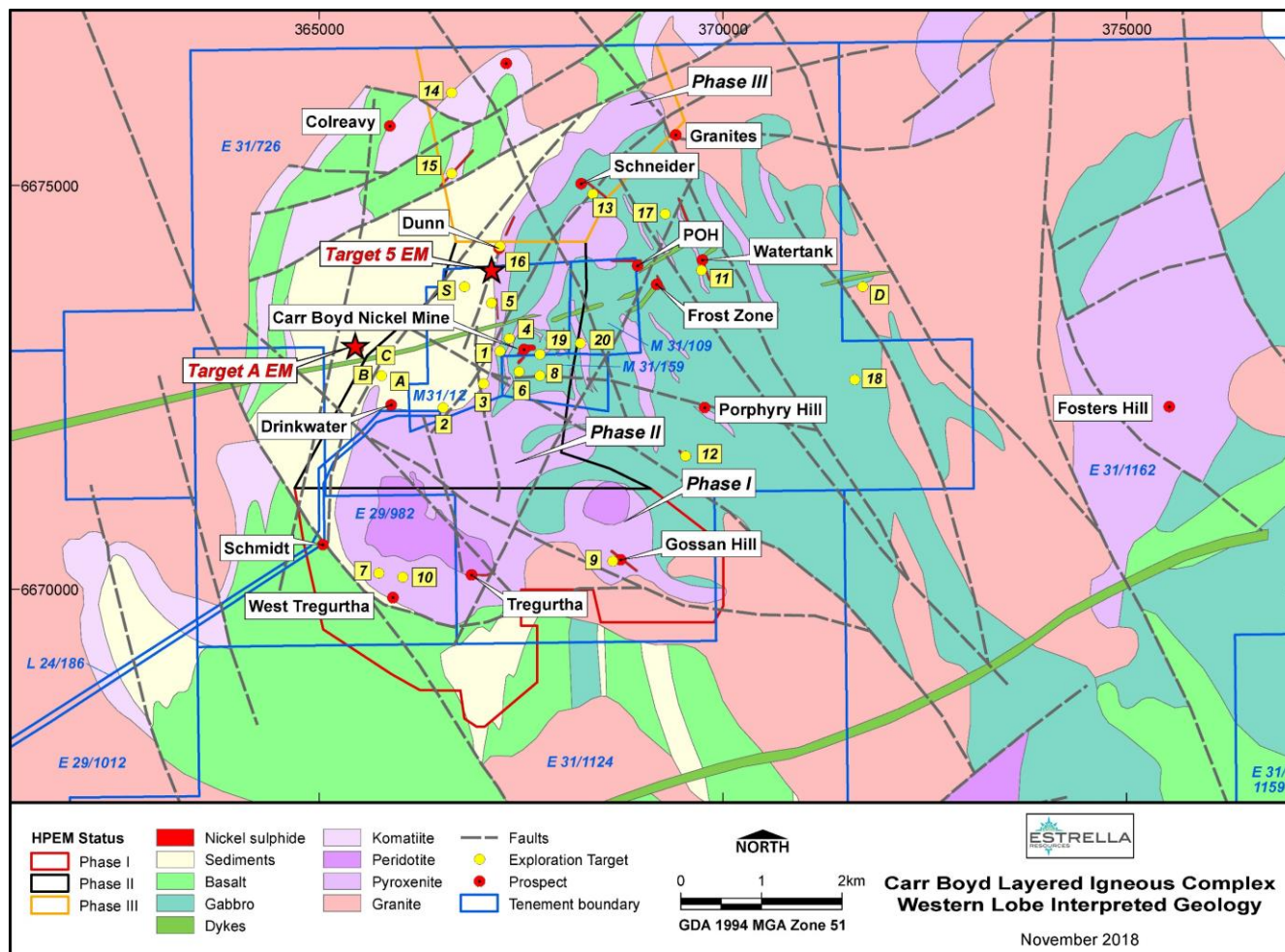
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Target 5 was drilled with 11 metres of mineralised basal contact intersected and included a 5 metre zone of strong matrix-style nickel and copper sulphides discovered. Target A remained untested at year-end.

The Fosters Hill HPEM survey was completed as part of the Phase II program. No conductors of potential interest were detected by the Foster Hill survey.



**Figure 1. Geological map of the CBLC with outlines of Phase I, Phase II, and Phase III HPEM. Also shown are all ranked exploration targets (yellow dots) and advanced prospect locations (red dots).**

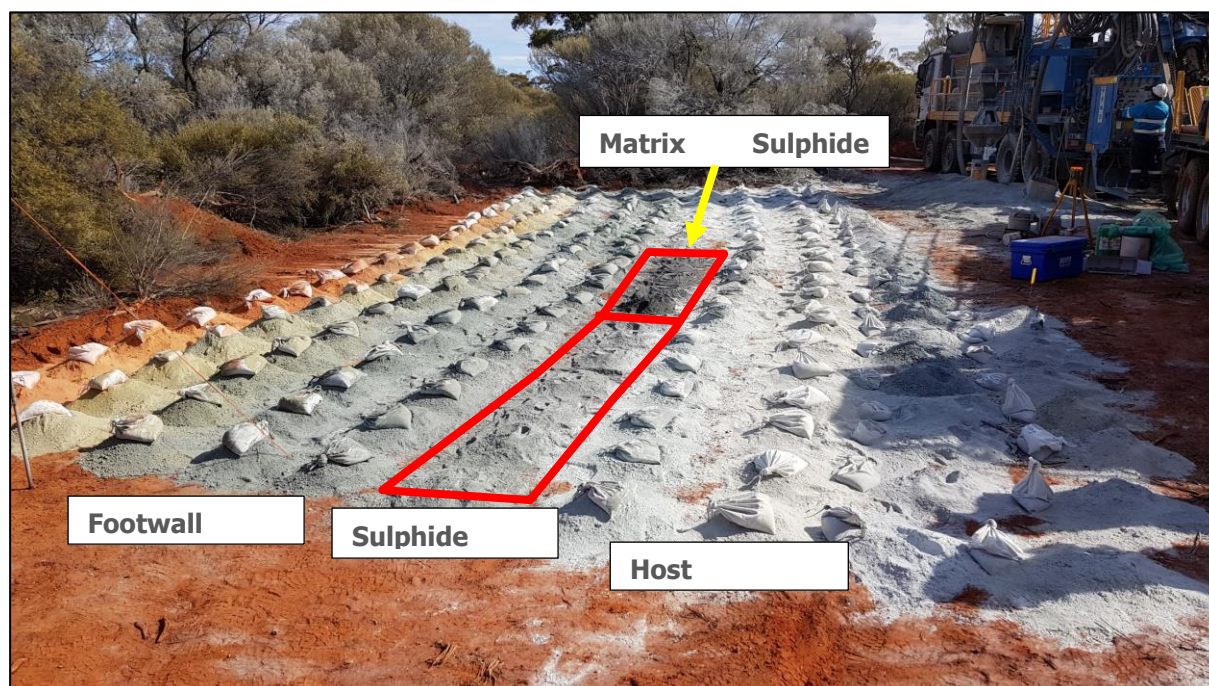
### Target 5 Nickel & Copper Sulphide Discovery

The first known report of this target appears in an internal company report written for Titan Resources in 2004. It is described again in an internal company report written for Yilgarn Mining in 2008.

The target was defined by a 450m long zone of highly anomalous nickel and copper mineralisation in historic drilling, located approximately 100m south of the defined Target 5 EM conductor. The mineralisation and EM conductor appeared to be located on or very close to the interpreted basal contact position of the CBLC. Historic drilling did not appear to have tested the conductor defined by the completed Phase II HPEM.

The EM conductor was discrete and moderately to highly conductive. The modelled conductance was 3000 – 5000S, making it a very high priority drill target.

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**Figure 2. Sulphide mineralised samples within CBP042 at Target 5 Carr Boyd. Black samples are the higher grade, sulphide rich matrix zone.**

RC drilling into the Target 5 EM anomaly resulted in the discovery of significant magmatic nickel and copper sulphides on what is believed to represent a basal contact position of the CBLC approximately 1,200m North Northwest of the Carr Boyd Rocks Nickel Mine.

Two RC drill holes, CBP042 and CBP043, were completed to test the Target 5 EM conductor plate. CBP043 intersected a minor disseminated sulphide zone between 125-127m down-hole and was completed at 180m. CBP042 was drilled approximately 40m north of CBP043 and intersected a basal zone of disseminated and matrix nickel-copper sulphides from 126-137m including 5m of strong matrix-style nickel and copper sulphides between 132-137m depths (Figure 2). CBP042 was drilled to a down-hole depth of 234m to facilitate deep DHTeM testing of the discovery area.

Both CBP042 and CBP043 were cased with 50mm PVC for DHTeM testing. Modelling of the geochemical and geophysical data potentially indicates a strong target zone to the north as well as below the current and historic drilling.

**Table 1: Significant Intersection Results above 0.4% Ni cut-off grade.**

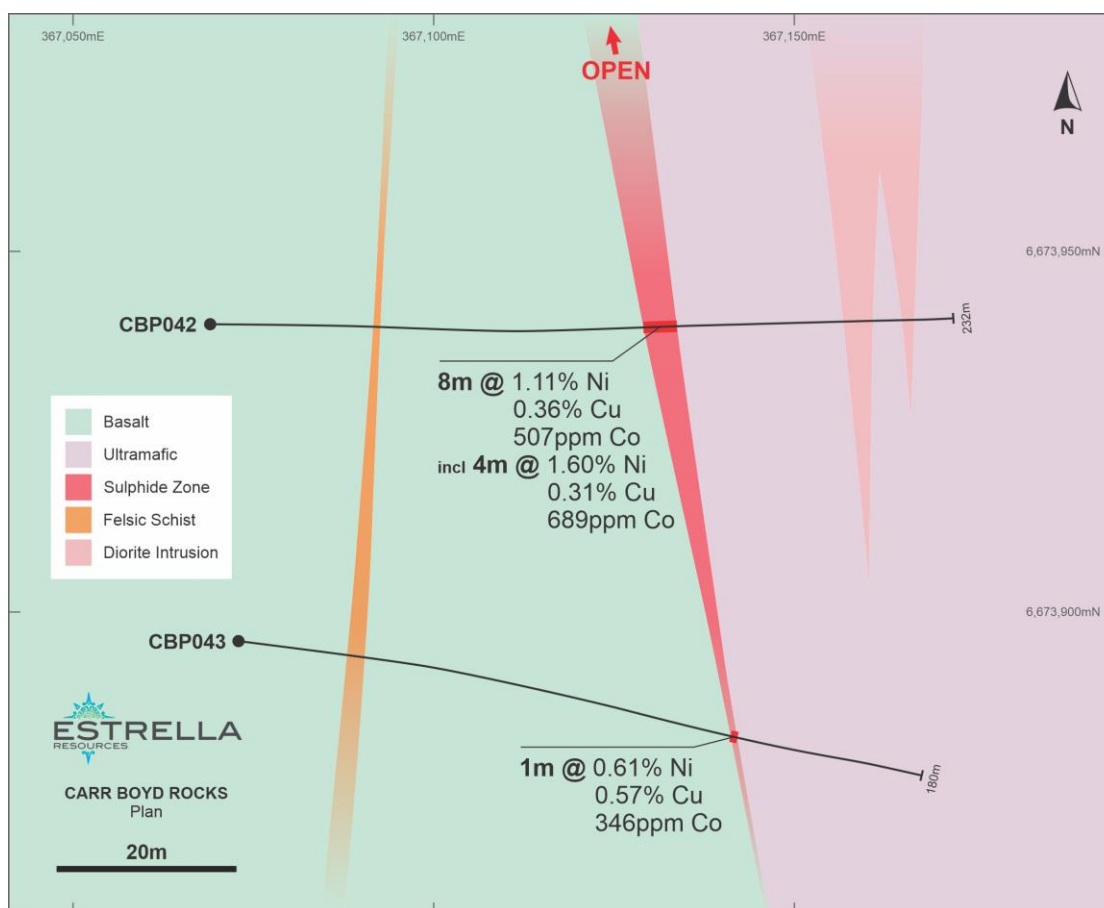
Hole ID	From	To	Width	Ni%	Cu%	Co ppm
<b>CBP042</b>	<b>129m</b>	<b>137m</b>	<b>8m</b>	<b>1.11%</b>	<b>0.36%</b>	<b>507ppm</b>
<i>Incl</i>	<b>133m</b>	<b>137m</b>	<b>4m</b>	<b>1.60%</b>	<b>0.31%</b>	<b>689ppm</b>
<b>CBP043</b>	<b>126m</b>	<b>127m</b>	<b>1m</b>	<b>0.61%</b>	<b>0.57%</b>	<b>346ppm</b>



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**Table 2: Drill Hole Collar Details**

Drill Hole Collar Details						
Hole ID	Hole Type	Depth	Dip	Azimuth	East_MGA	North_MGA
CBP042	RC	234m	-60	090	367069	6673940
CBP043	RC	180m	-60	095	367073	6673896

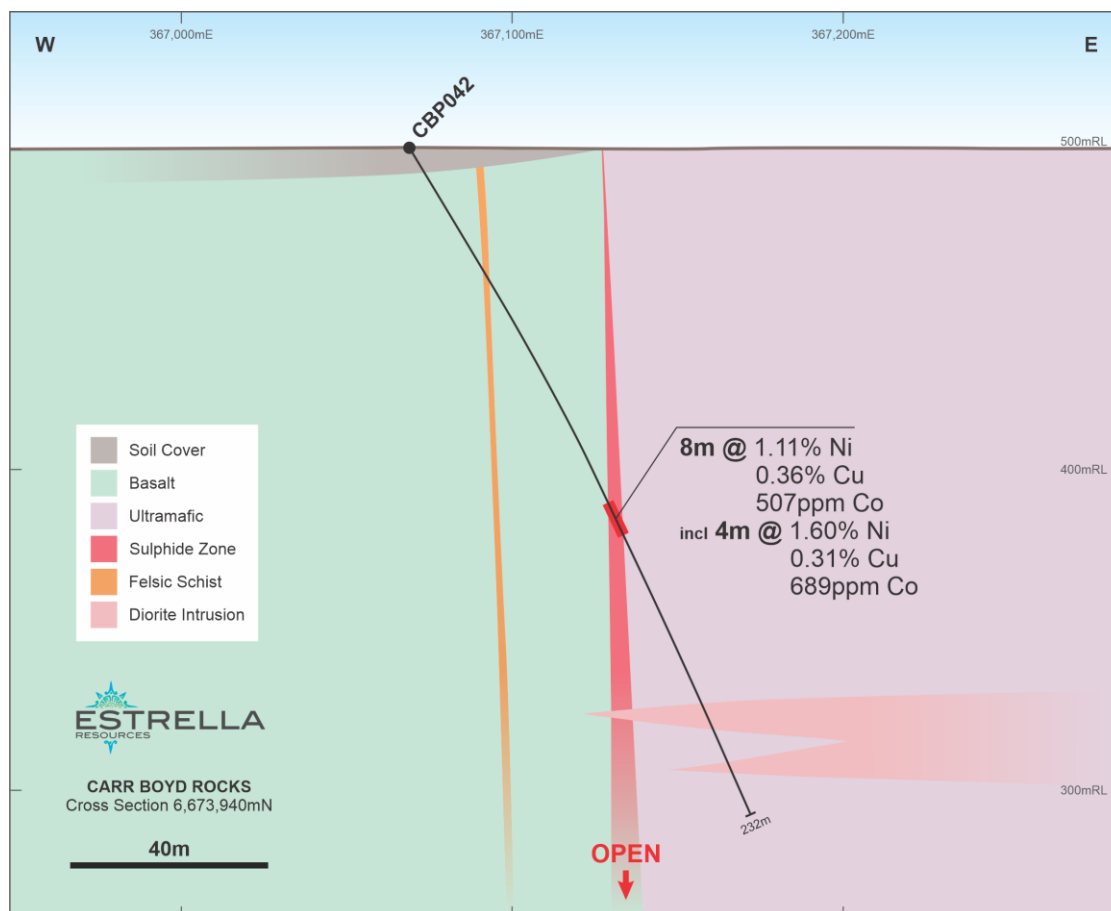


**Figure 3: Plan showing drill hole locations and interpreted geology from the logging.**

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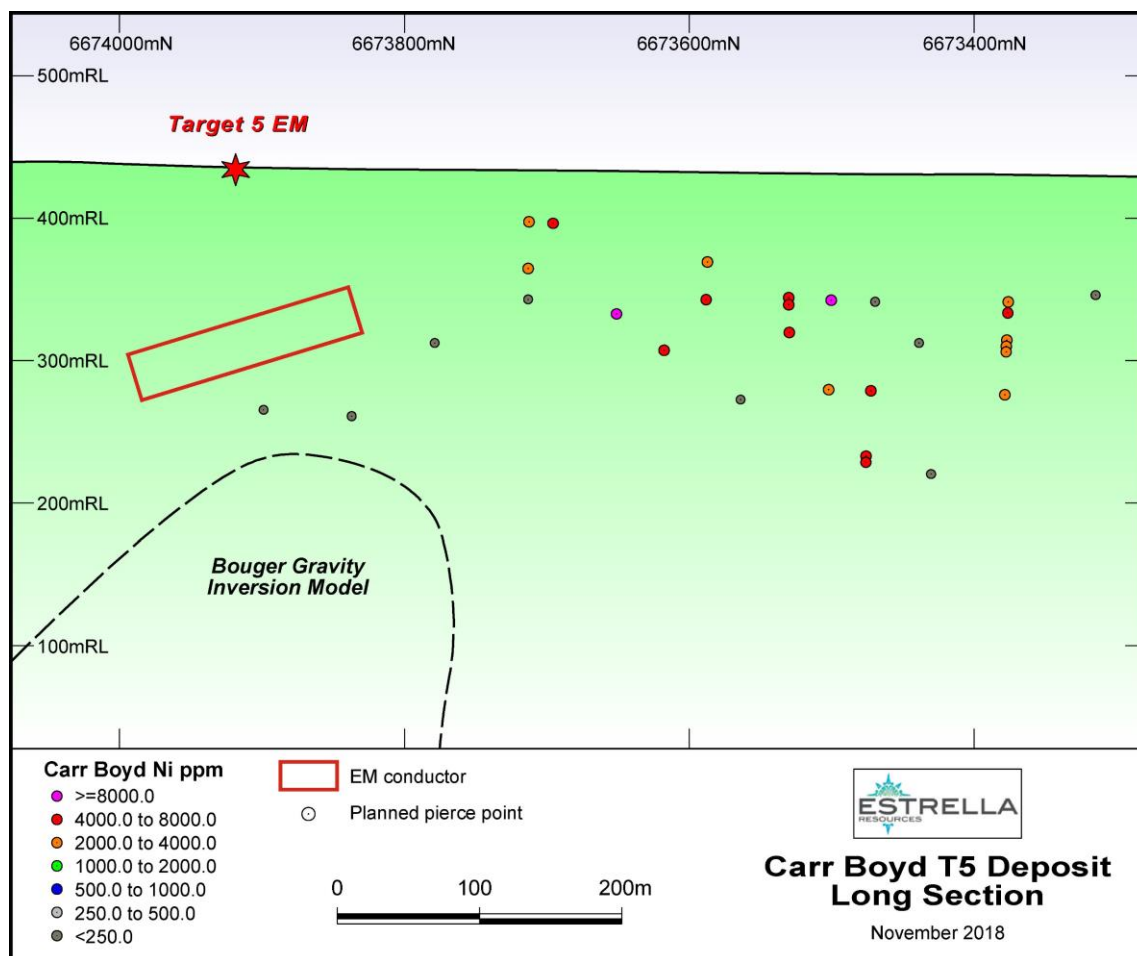


**Figure 4: Cross-section with intersection results and interpreted geology in drill hole CBP042.**

The host ultramafic sits against a primary basal contact (not sheared) and is underlain by a sequence of mafic basalts and felsic sediments to the west. The base of the ultramafic sequence comprises low-magnesium ultramafics which have a weakly to highly disseminated sulphide zone developing from the base upwards. This is overlain by a geochemically different, second pulse of ultramafic comprising the higher-grade matrix sulphides at the base of a thicker, magnesium-rich (20-25% MgO) host ultramafic which develops eastwards.

The DHTEM clearly defines that the drilling intersected the T5 MLTEM conductor. The modelling of the data is supportive of mineralisation opening up along the length of the basal contact to the north, as well as at depth below the drilling to the north & south. Deep diamond core drilling has been planned targeting a zone 300m to the north and south of the current drilling and directly below T5 at a vertical target depth of 300-400m below surface. This planned drilling will be testing the basal contact over a greater strike length of ~700-800m providing critical geological and geochemical vectoring data. The drilling will also provide a platform for deep DHTEM geophysical testing for strengthening Ni-Cu sulphide mineralisation.

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**Figure 1. Long section of Target 5 showing drillhole pierce points coloured by nickel grade, the EM model, and a bouger gravity inversion model located at depth.**

**Table 3. Summary of historic drillholes and significant intercepts at T5. Intercepts have been generated on a trigger value of 0.25% Ni, a min. width of 0.5m, max. total waste 15m, max. consecutive length of waste 5m, max. gap 3m\***

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni ppm	Cu ppm	Co ppm
GD077	CORE	367214	6673376	430	-60	270	205.74	100.58	103.63	3.05	3140	1805	140
GD077	CORE	367160	6673376	333	-60	270	206	108.81	113.08	4.27	4014	2479	129
GD077	CORE	367150	6673376	314	-60	270	206	131.98	133.81	1.83	3167	3858	167
GD089	CORE	367247	6673378	430	-60	270	192	138.99	139.6	0.61	2600	1200	100
GD089	CORE	367175	6673378	305	-60	270	192	143.87	144.48	0.61	3200	1200	100
GD089	CORE	367158	6673378	275	-60	270	192	178	179.83	1.83	2633	2133	93
GD119	CORE	367218	6673501	425	-60	270	165	97.23	97.84	0.61	13700	700	800
GD120	CORE	367154	6673712	434	-60	270	67	39.62	45.72	6.1	2700	2275	176
GD121	CORE	367168	6673712	434	-60	270	93	79.86	81.08	1.22	2850	3100	150
GD122	CORE	367153	6673695	434	-60	270	51	41.76	44.2	2.44	6900	2231	625
GD124	CORE	367221	6673531	432	-60	270	116	99.67	103.02	3.35	7952	3530	546
GD124	CORE	367167	6673531	339	-60	270	116	106.38	108.2	1.82	6180	2491	435
GD128	CORE	367253	6673532	431	-60	270	191	128.63	129.24	0.61	6400	1225	100



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GD134	CORE	367253	6673503	431	-60	270	210	170.08	176.17	6.09	2592	1430	141
GD137	CORE	367254	6673473	425	-60	270	188	168.55	173.43	4.88	5363	2916	200
GD139	CORE	367219	6673589	432	-60	270	114	73.53	74.75	1.22	2700	2625	100
GD139	CORE	367164	6673589	342	-60	270	114	104.7	105.77	1.07	5128	3004	357
GD140	CORE	367218	6673652	433	-60	270	123	115.06	117.35	2.29	11719	2390	
GD162	CORE	367249	6673619	432	-60	270	182	147.52	148.13	0.61	4200	725	200
GD163	CORE	367293	6673476	430	-60	270	256	236.83	237.74	0.91	5500	6875	100
GD163	CORE	367160	6673476	228	-60	270	256	242.32	243.23	0.91	4500	4500	200
GD084	CORE	367223	6673315	430	-60	270	148	NSI					
GD116	CORE	367226	6673438	431	-60	270	142	NSI					
GD150	CORE	367294	6673430	430	-60	270	264	NSI					
GD126	CORE	367217	6673470	431	-60	270	151	NSI					
GD132	CORE	367254	6673564	431	-60	270	191	NSI					
GD125	CORE	367199	6673713	434	-60	270	113	NSI					
GD147	CORE	367196	6673778	434	-60	270	142	NSI					
GD143	CORE	367225	6673837	434	-60	270	220	NSI					
GD144	CORE	367222	6673899	435	-60	270	198	NSI					
GD129	CORE	367223	6673562	432	-60	270	134	NSI					
CBC022	RC	367613	6673407	421	-60	90	150	NSI					
CBR193	RAB	367638	6673707	435	-60	90	16	NSI					
CBR194	RAB	367588	6673707	435	-60	90	7	NSI					
CBR195	RAB	367538	6673707	435	-60	90	18	NSI					
CBR204	RAB	367638	6673402	433	-60	90	35	NSI					
CBR205	RAB	367588	6673402	433	-60	90	23	NSI					
CBR206	RAB	367538	6673402	433	-60	90	17	NSI					
CBR207	RAB	367488	6673402	433	-60	90	21	NSI					
CBR208	RAB	367438	6673402	434	-60	90	16	NSI					
CBR209	RAB	367388	6673402	435	-60	90	32	NSI					
CBR210	RAB	367338	6673402	435	-60	90	35	NSI					
CBR218	RAB	367488	6673757	420	-60	90	27	NSI					
CBR219	RAB	367438	6673757	420	-60	90	24	NSI					
CBR220	RAB	367388	6673757	420	-60	90	36	NSI					
CBR221	RAB	367338	6673757	420	-60	90	47	NSI					
CBR222	RAB	367288	6673757	420	-60	90	46	NSI					
CBR223	RAB	367238	6673757	420	-60	90	20	NSI					
CBR224	RAB	367188	6673757	420	-60	90	35	NSI					
CBR225	RAB	367138	6673757	420	-60	90	39	NSI					
CBR226	RAB	367088	6673757	420	-60	90	32	NSI					
CBR227	RAB	367038	6673757	420	-60	90	41	NSI					
CBR228	RAB	366988	6673757	420	-60	90	25	NSI					
CBR229	RAB	366938	6673757	420	-60	90	27	NSI					
CBR230	RAB	366888	6673757	420	-60	90	37	NSI					
CBR231	RAB	366838	6673757	420	-60	90	35	NSI					
CBR232	RAB	366788	6673757	420	-60	90	53	NSI					
GD078	DD	367443	6673327	426	-60	270	119	NSI					
GD082	DD	367504	6673537	427	-60	90	166	NSI					
GD141	DD	367387	6673936	431	-60	270	265	NSI					
GD148	DD	366923	6673820	439	-60	270	152	NSI					

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#### **Target A**

Is a conceptual satellite style target located on an interpreted fault outside of the CBLC, in the footwall sequence. The target area also appears in the Titan and Yilgarn Mining reports, although the newly defined EM conductor is located approximately 200m further west, on a different magnetic feature.

A diamond drillhole spudded by Defiance Mining in 1997, DD97CB043 appears to target the conductor position, suggesting it was detected by a SiroTEM survey completed at that time. Interrogation of the available datasets suggests the hole did not intersect the conductor, although more investigation is required to confirm this.

Target A remains untested.

#### **About the Project and the CBLC**

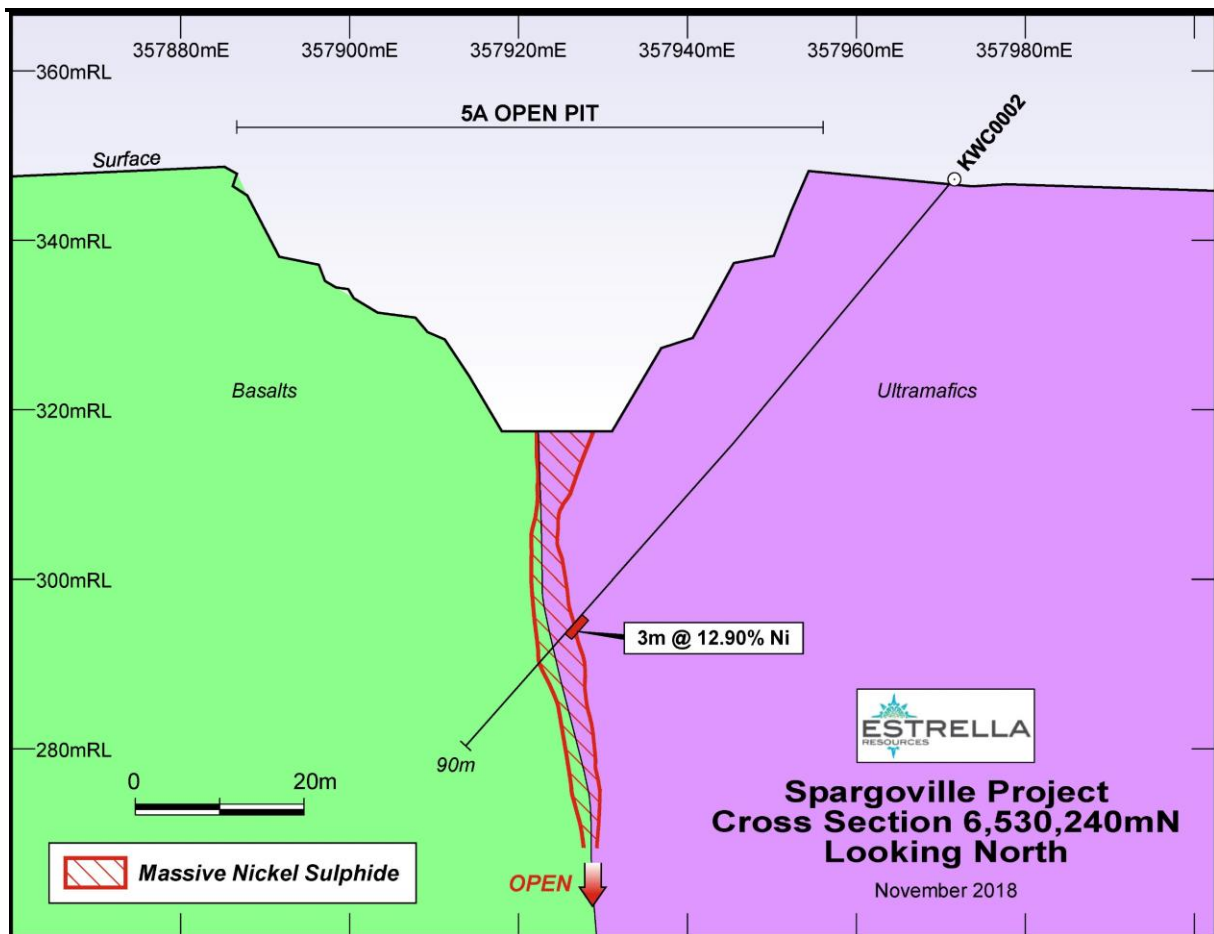
The CBLC is a 75km<sup>2</sup> layered mafic igneous complex, which hosts several occurrences of nickel and copper sulphides. The most significant occurrence discovered to date is at the Carr Boyd Rocks mine, where mineralisation is hosted by bronzitite breccias (pyroxenites) emplaced within the gabbroic sequence of the Complex. The CBLC is in a Tier 1 jurisdiction approximately 80km north north-east of Kalgoorlie Western Australia. An all-weather haul road accessible by Estrella under a granted miscellaneous license connects the Project to the Goldfields Highway via Scotia.

A "Voisey Bay" style model has not been adequately explored within the CBLC. This represents a compelling exploration target opportunity which the Company will continue to aggressively pursue.

#### **Spargoville Nickel Project**

Drilling was undertaken during the year at the 5A nickel mine which is one of four nickel occurrences within the Spargoville Nickel Project area and detailed metallurgical testing was undertaken on drill spoils by independent third parties. Assay results returned from the Company's maiden drilling program have been consistently higher than historic drilling and have exceeded the Company's expectations. The presence of elevated platinum group and cobalt mineralisation in the results is also a very encouraging development for the project.

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**Figure 6. Cross Section section of Spargoville 5A showing the drill hole trace for RC hole KWC0002. Note historic drilling has been left off the cross section for clarity.+**

The high-grade nickel sulphide mineralisation appears to be open at depth. Interrogation of historic geophysical datasets has revealed the presence of several high priority EM targets, which can be targeted by future drilling.

Bulk samples were collected from the drill spoils to conduct metallurgical test work. There have been significant advances in metallurgical technology and the Company in conjunction with independent third parties have been testing the bulk drill spoils of the drilling for the recovery of nickel and associated minerals with this work ongoing.

Bulk RC drill chips sample from the 5A drilling program was delivered to Auralia Metallurgy Pty Ltd laboratory in Midvale, WA for a metallurgical test program aimed at establishing a flow sheet for processing the deeply weathered ore.

The sample composition is shown in Table 4 below.

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**Table 4: RC Sample Inventory & Composition**

DRILL HOLE NUMBER	SAMPLE WEIGHT- Kg	WEIGHT % DISTRIBUTION
001	143.8	15.3
002	90.4	9.6
004	406.1	43.1
005	64.4	6.8
006	236.6	25.1
TOTAL	943.1	100.0

NOTE: Wet weight as delivered; approximately 5% moisture

The individual samples were combined, mixed and split into two equal portions. A head sample was analysed for water-soluble nickel and total nickel content, copper, iron, sulphur and arsenic.

The nickel assay averaged 6.39% (6.38 and 6.40 %) of which 1.43 percentage points (22.5%) was water soluble. Copper assayed 0.48%, iron, 21.7%, sulphur, 15.2% and arsenic 0.11%. Water wash pH was 3.9.

The nickel occurs as violarite, some of which is intimately associated with pyrite and marcasite.

The individual samples were combined, mixed and split into two equal portions. One portion was then split into sub-portions for immediate test work and the second half retained for future test work.

The nickel assay averaged 6.39% (6.38 and 6.40 %) of which 1.43% points (22.5%) was water soluble. Copper assayed 0.48%, iron, 21.7%, sulphur, 15.2% and arsenic 0.11%. Water wash pH was 3.9.

Significant flotation test work has been carried out by previous owners, but failed to achieve economic recovery rates. However, the test programmes provided valuable insight for the follow-up test work, which has produced encouraging results.

The high degree of weathering has resulted in about 25% of the nickel being water soluble. Water wash metals extraction and solution pH are shown in Table 6. The low pH necessitates uneconomical rates of neutralant consumption, but water washing and rinsing of the residual solids prior to flotation has given excellent results enabling a low MgO to iron ratio and arsenic concentrations well below the upper limit. The inclusion of the water-soluble nickel, increase overall nickel recovery from 65% to around 90%.

Initial metal precipitation tests show that high quality nickel precipitate can be produced.

Concentrate grades and recovery are shown in Table 5. New test work is aimed at enhancing water/acid soluble nickel recovery and optimising reagent suites for the flotation stage.

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**Table 5: Head Assay for elements of principal interest**

Sample	Nickel %	Water Soluble Ni %	Water Soluble Ni %	Copper %	Iron %	Sulphur %	Arsenic %	MgO %
Composite 1	6.40	1.41	22.0	0.48	21.7	15.2	0.11	10.2
Comp 1 Rpt	6.38	1.45	22.7	0.48	21.7	15.3	0.11	10.1

The high water-soluble nickel content provides a pathway to economic flotation recovery of the non-water-soluble sulphide nickel and the recovery of this valuable component by a relatively simple nickel cementation stage.

Removing the water-soluble elements prior to flotation has resulted in a significant improvement in nickel grade and recovery and a substantial reduction in the amount of alkali (sodium carbonate) required to adjust the flotation pulp to the optimum pH for flotation.

## **1.2 Test Results**

### **1.2.1 Water Soluble Metal Recovery**

Preliminary metal precipitation tests show that nickel and cobalt can be successfully separated from copper by the iron cementation process. This process enables high-purity nickel and cobalt recovery although the composite sample tested contains low cobalt concentration.

**Table 6: Iron Cementation Separation Tests**

STAGE	Ni ppm	Cu ppm	Fe ppm	Co ppm	As ppm	Mg ppm
Head	2667	89	147	50	3	221
Fe Cementation 800C 60 mins	2625	<1	429	52	1	239
Recovery %	1.6	0	-	-4	-	-8.1

The iron cementation test shows that this process can be used to separate copper and arsenic from nickel and cobalt. This enables a copper-free nickel and cobalt precipitate to be produced. Such a precipitate is valued by nickel processors such as Murrin Murrin, that cannot tolerate copper in their circuit.

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### 1.2.2 Flotation

The washed filter cake from the water leach test was then subjected to flotation. Two sulphidising float tests were conducted, each testing a different sulphide reagent. Both tests yielded similar results with respect to nickel, copper, iron and MgO recovery, but the test using ammonium sulphide for sulphidising gave a significantly high sulphur recovery 95.8 %. Generally, this indicates very high sulphide nickel recovery, which was borne out by polished section examination of the flotation tails.

A new test program will be undertaken to determine the benefits of high shear mixing for both water-soluble nickel recovery and flotation conditioning.

The technology being tested is capable of scale-up to plant scale, something that has been uneconomical to do in the past.

The grade and recovery for the ammonium sulphide as sulphidising reagent is shown in Table 7.

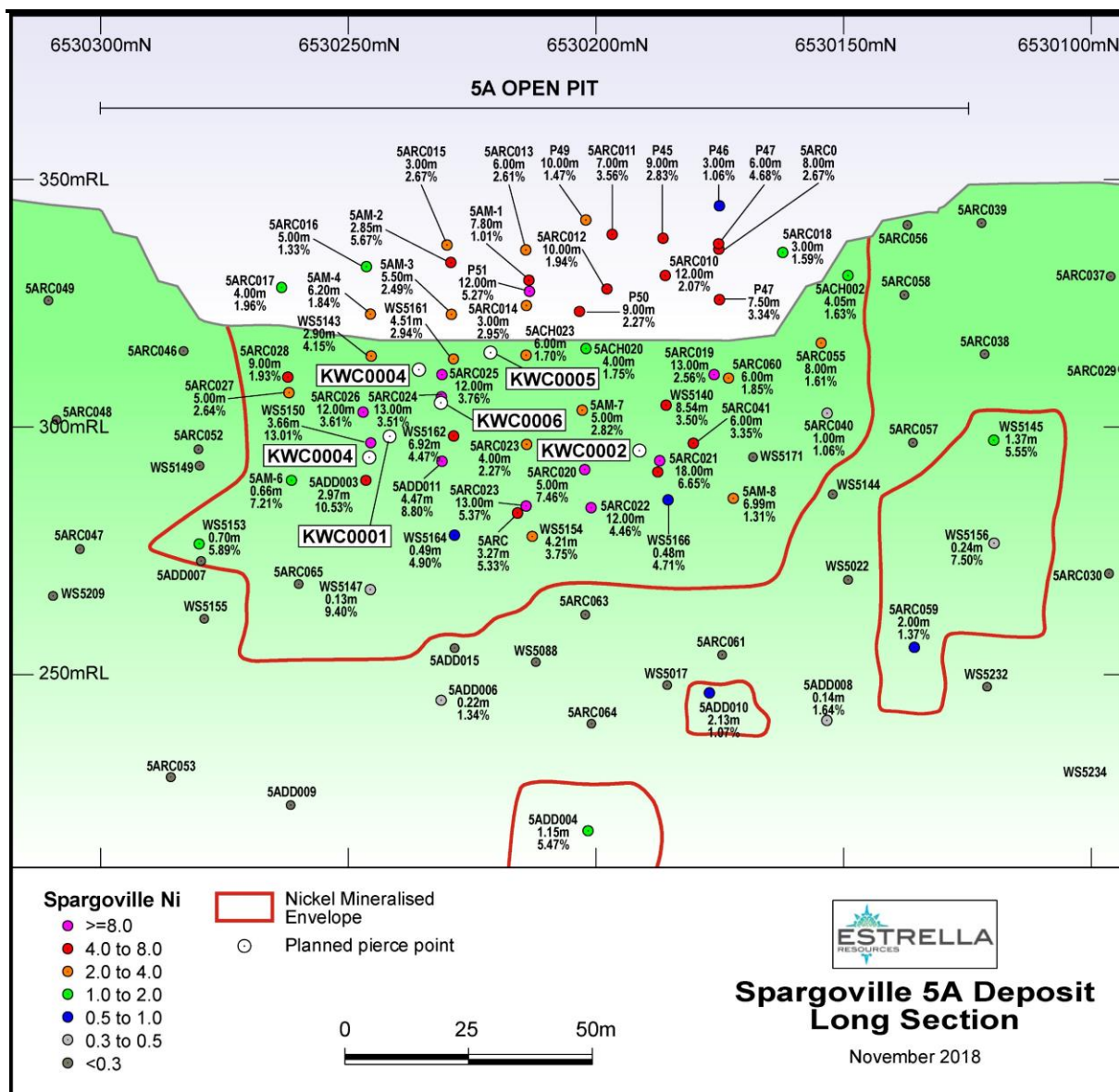
**Table 7: Concentrate Grade and Recovery**

Nickel		Copper		Iron		Sulphur		As		MgO	
Grade %	Recovery %	Grade %	Recovery %	Grade %	Recovery %	Grade %	Recovery %	Grade %	Recovery %	Grade %	Recovery %
9.41	89.2*	0.82	86.3	29.0	87.1	29.5	95.8	5.5	22.4	0.19	72.1

\* 24.2 % Water soluble Ni recovery and 65% recovery to concentrate.

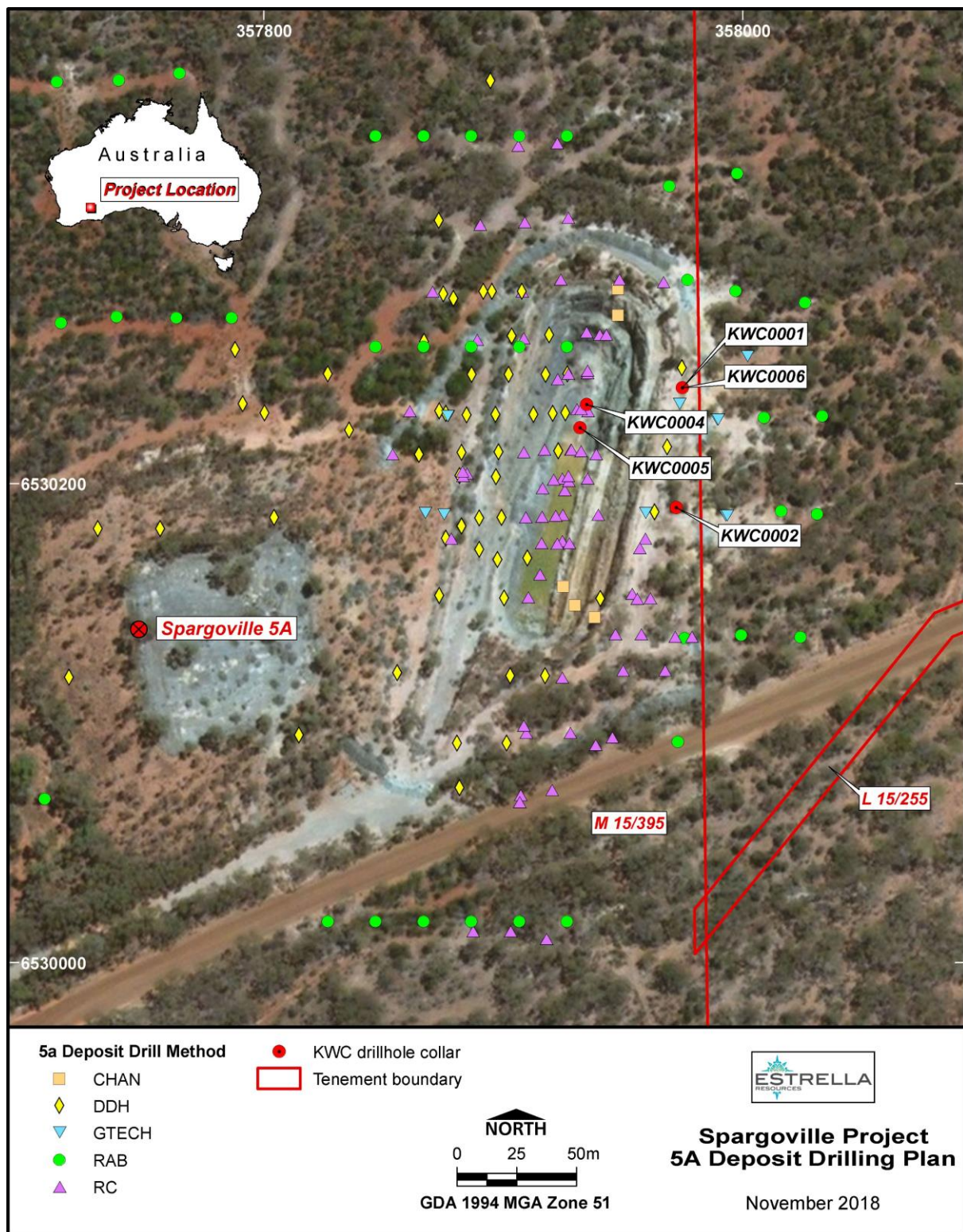


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**Figure 7. Long section of Spargoville 5A showing the pierce point locations of the new RC holes, KWC0001, KWC0002, KWC0003, and KWC0005**

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**Figure 8. Map showing location of the 5A open pit, and the drill collars for the intercepts reported in this announcement**



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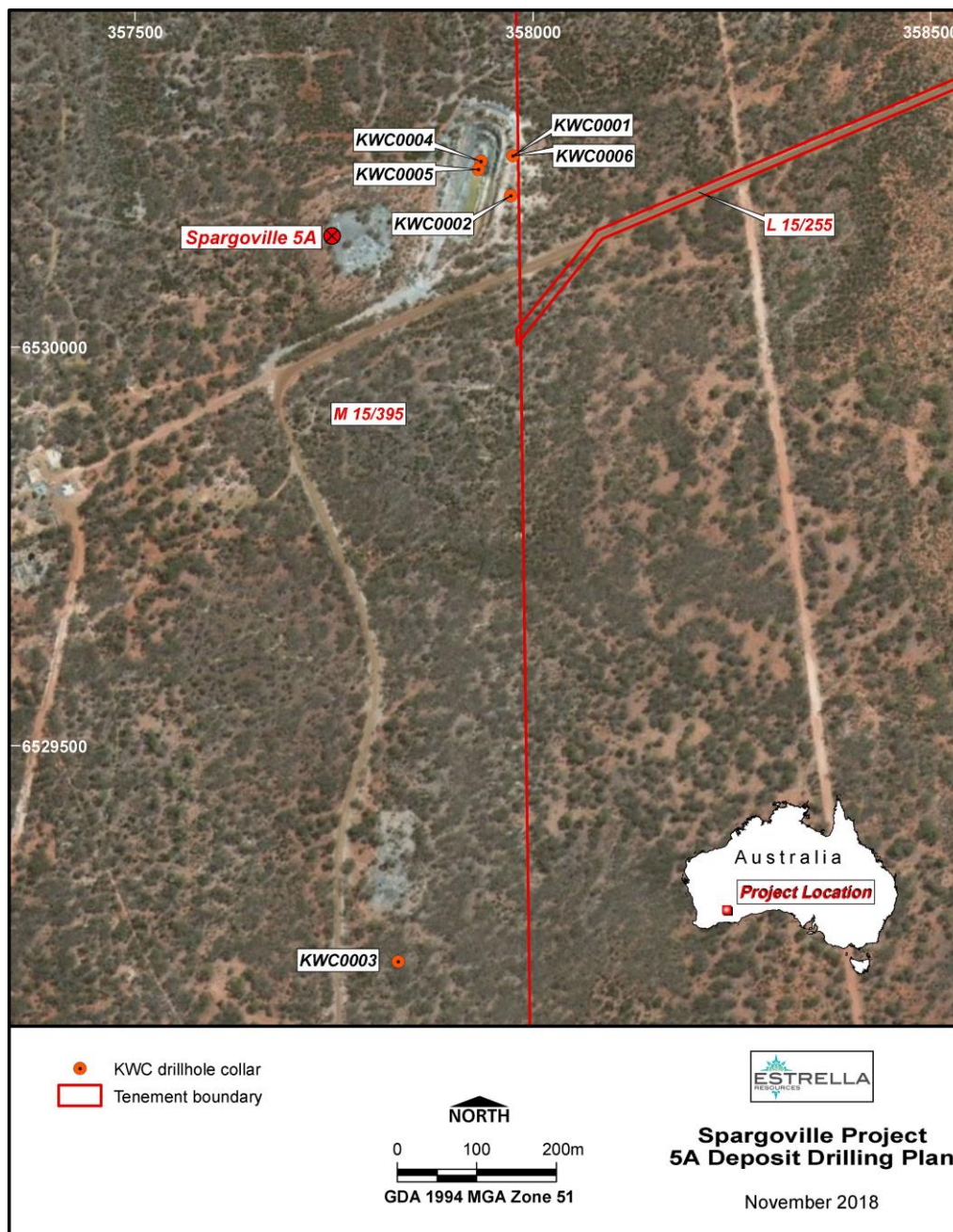
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#### M15/96-C1 Target

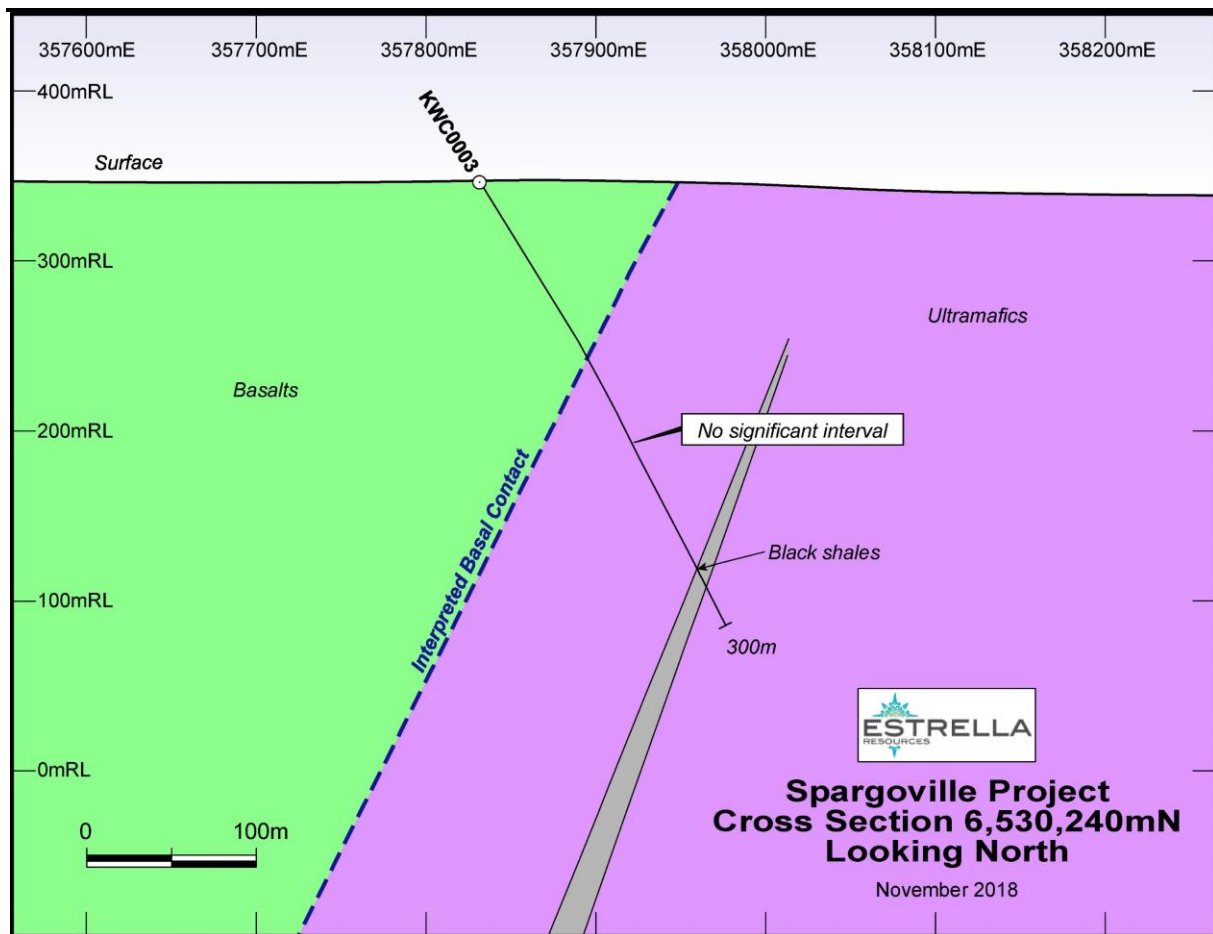
An EM survey completed by Consolidated Minerals in 2010 on neighbouring tenement M15/96 identified this EM conductor, which is located close the eastern boundary of M15/395. KWC0003 drilled during the year targeted this conductor, which was found to be caused by a sulphidic black shale horizon in ultramafics and no follow up work will be required.

There are several historic EM targets within the Spargoville Project tenure which the Company is currently interrogating.



**Figure 9. Plan showing the location of the 5A drill target and KWC0003, targeting the M15/96-C1 EM target**

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**Figure 10. Cross section of the M15/96 C1 target, showing the position of the black shale horizon intersected by KWC0002.**

Hole_ID	Type	Easting	Northing	RL	Dip	Azi	EOH Depth	mFro m	mTo	Width	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
KWC0001	RC	357975	6530240	346	-60	270	90	61	66	5	11.32	5413	2054	423	217
KWC0002	RC	357972	6530190	348	-50	272	90	69	72	3	12.90	13667	2876	1856	672
KWC0003	RC	357831	6529229	347	-60	90	300	NSI							
KWC0004	RC	357935	6530233	317	-60	355	46	0	14	14	4.18	6769	846	464	266
KWC0004	RC							20	35	15	10.45	7840	1972	872	114
KWC0005	RC	357932	6530223	317	-60	195	31	0	5	5	1.90	1738	469	148	44
KWC0006	RC	357975	6530240	346	-45	258	80	39	40	1	1.50	234	136	21	21
KWC0006	RC							52	66	14	4.83	3002	785	286	139
5ADD003	DD	357975	6530248	345	-54	270	83.9	68	70.97	2.97	10.53	8225	2385	315	382
5ADD010	DD	357876	6530177	346	-61	90	131.8	110.1	112.23	2.13	1.07	765	207	181	131
5ADD011	DD	357974	6530233	346	-50	270	72.3	66.7	71.17	4.47	8.80	5902	2010	NA	NA
5AM-1	UKN	357923	6530213	349	-60	90	32	18.45	26.25	7.8	3.01	NA	NA	NA	NA
5AM-2	UKN	357926	6530229	348	-45	90	26	19.75	22.6	2.85	5.67	NA	NA	NA	NA
5AM-3	UKN	357921	6530229	348	-60	90	38	27	32.5	5.5	2.49	NA	NA	NA	NA
5AM-4	UKN	357927	6530246	347	-60	90	37	25	31.2	6.2	1.84	NA	NA	NA	NA
5AM-5	RC	357919	6530262	346	-60	90	60	42.2	47.6	5.4	2.73	NA	NA	NA	NA
5AM-7	UKN	357897	6530203	348	-60	90	63	49	54	5	2.82	NA	NA	NA	NA
5AM-8	UKN	357890	6530172	348	-60	90	83	68.55	75.54	6.99	1.31	NA	NA	NA	NA
5ARC009	RC	357916	6530175	349	-60	89	28	11	19	8	2.67	1538	NA	NA	NA
5ARC010	RC	357916	6530186	349	-60	90	40	15	27	12	2.07	3758	NA	NA	NA

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5ARC011	RC	357926	6530197	349	-60	92	22	8	15	7	3.56	2400	NA	NA	NA
5ARC012	RC	357916	6530198	349	-60	91	34	19	29	10	1.94	1860	NA	NA	NA
5ARC013	RC	357928	6530214	349	-60	89	28	12	18	6	2.61	2383	NA	NA	NA
5ARC014	RC	357917	6530214	349	-60	90	40	27	30	3	2.95	3067	NA	NA	NA
5ARC015	RC	357936	6530230	348	-60	91	22	11	14	3	2.67	3267	NA	NA	NA
5ARC016	RC	357935	6530246	347	-60	88	28	14	19	5	1.33	1220	NA	NA	NA
5ARC017	RC	357935	6530263	346	-60	88	34	18	22	4	1.96	1175	NA	NA	NA
5ARC018	RC	357915	6530162	349	-60	89	28	14	17	3	1.59	4900	NA	NA	NA
5ARC019	RC	357925	6530176	317	-90	0	22	0	13	13	2.56	1746	NA	NA	NA
5ARC020	RC	357925	6530202	318	-90	0	34	0	4	4	1.75	3175	NA	NA	NA
5ARC020	RC				-90	0		24	29	5	7.46	6320	NA	NA	NA
5ARC021	RC	357925	6530187	317	-90	0	34	15	33	18	6.65	8361	NA	NA	NA
5ARC022	RC	357928	6530201	318	-90	0	40	28	40	12	4.46	1992	NA	NA	NA
5ARC023	RC	357929	6530214	317	-90	0	40	0	6	6	1.70	2733	NA	NA	NA
5ARC023	RC				-90	0		19	23	4	2.27	1500	NA	NA	NA
5ARC023	RC				-90	0		27	40	13	5.37	3900	NA	NA	NA
5ARC024	RC	357931	6530231	318	-90	0	22	5	18	13	3.51	2569	NA	NA	NA
5ARC025	RC	357933	6530231	318	-90	0	34	1	13	12	3.76	1883	NA	NA	NA
5ARC026	RC	357935	6530247	319	-90	0	22	10	22	12	3.61	3525	NA	NA	NA
5ARC027	RC	357940	6530262	321	-90	0	22	11	16	5	2.64	1700	NA	NA	NA
5ARC028	RC	357943	6530262	321	-90	0	28	6	15	9	1.93	1544	NA	NA	NA
5ARC041	RC	357959	6530177	349	-57	270	82	58	64	6	3.35	1773	750	NA	NA
5ARC055	RC	357954	6530154	349	-49	272	52	38	46	8	1.61	2294	499	379	86
5ARC059	RC	357979	6530136	348	-63	268	106	101	103	2	1.37	864	349	410	106
5ARC060	RC	357957	6530173	349	-52	271	64	47	53	6	1.85	1390	640	424	85
P45	RC	357922	6530187	349	-60	90	30	8	17	9	2.83	NA	NA	NA	NA
P46	RC	357928	6530175	349	-90	360	30	3	6	3	1.06	NA	NA	NA	NA
P47	RC	357923	6530175	349	-90	360	33	9	15	6	4.68	NA	0	NA	NA
P47	UKN				-90	360		19.5	27	7.5	3.34	NA	NA	NA	NA
P49	RC	357935	6530202	349	-90	360	22	2	12	10	1.47	NA	NA	NA	NA
P50	RC	357927	6530203	349	-90	360	33	21	30	9	2.27	NA	NA	NA	NA
P51	RC	357933	6530213	348	-90	360	30	15	27	12	5.27	NA	NA	NA	NA
W55140	DD	357899	6530186	349	-60	90	137	46.93	55.47	8.54	3.50	5058	NA	NA	NA
W55143	DD	357918	6530246	348	-60	90	102	37.79	40.69	2.9	4.15	5673	NA	NA	NA
W55150	DD	357902	6530246	348	-60	90	128	57.6	61.26	3.66	13.01	10759	NA	NA	NA
W55154	DD	357883	6530213	348	-60	90	156	82.2	86.41	4.21	3.75	905	NA	NA	NA
W55161	DD	357913	6530229	349	-60	90	63	39.13	43.64	4.51	2.94	1773	NA	NA	NA
W55162	DD	357897	6530229	349	-60	90	104	56.02	62.94	6.92	4.47	3436	NA	NA	NA
W55145	DD	357918	6530120	350	-60	90	127	60.35	61.72	1.37	5.55	1409	NA	NA	NA
W55156	DD	357903	6530120	349	-60	90	181	84.09	84.33	0.24	7.50	1800	NA	NA	NA
5ADD008	DD	357873	6530153	347	-62	91	132	118.69	118.83	0.14	1.64	272	271	3	6
5ARC040	RC	357962	6530152	349	-60	270	64	52	53	1	1.06	234	82	NA	NA
W55166	DD	357890	6530186	348	-60	90	112	73.67	74.15	0.48	4.71	887	NA	NA	NA
W55221	DD	357757	6530181	350	-65	90	306	248.22	248.56	0.34	3.44	3700	NA	NA	NA
W55226	DD	357731	6530181	351	-65	90	336	279.19	280.11	0.92	1.02	535	NA	NA	NA
5ADD004	DD	357882	6530203	346	-68	93	153	132.66	133.81	1.15	5.47	1101	695	447	371
5ADD012	DD	357791	6530233	349	-61	88	306	266.35	267.28	0.93	2.23	2273	577	59	95
5ADD013	DD	357836	6530222	347	-59	87	204	195.7	196.08	0.38	1.24	964	515	NA	NA
5ADD006	DD	357873	6530230	345	-60	90	138	114.02	114.24	0.22	1.34	4566	268	137	87
W55147	UKN	357887	6530246	347	-65	90	160	88.23	88.36	0.13	9.40	11500	NA	NA	NA
5AM-6	UKN	357904	6530261	346	-60	90	72	65.4	66	0.6	7.21	NA	NA	NA	NA
W55153	UKN	357892	6530280	346	-60	90	117	83.3	84	0.7	5.89	686	NA	NA	NA
5ARC050	RC	357923	6530342	350	-60	90	40	NSI							
5ARC051	RC	357906	6530341	351	-60	90	64	NSI							
07BKWD	DD	357721	6530322	353	-59	89	399	NSI							
5ARC049	RC	357927	6530311	345	-60	90	40	NSI							
5ARC048	RC	357909	6530309	347	-60	90	67	NSI							
W55209	DD	357873	6530310	349	-60	90	141	NSI							

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5ARC047	RC	357891	6530308	348	-60	90	100	NSI							
5ARC046	RC	357967	6530284	344	-50	270	52	NSI							
5ARC052	RC	357908	6530280	341	-55	90	76	NSI							
WS5149	DD	357908	6530280	345	-60	90	99	NSI							
5ADD007	DD	357895	6530280	341	-60	90	102	NSI							
5ARC053	RC	357871	6530280	343	-60	88	142	NSI							
WS5155	DD	357875	6530279	347	-60	90	137	NSI							
5ARC065	RC	357889	6530260	342	-60	90	106	NSI							
5ADD009	DD	357867	6530259	342	-60	91	141	NSI							
WS5224	DD	357827	6530246	348	-60	90	214	NSI							
5ARC054	RC	357861	6530230	345	-60	90	178	NSI							
5ADD015	DD	357877	6530228	347	-55	90	117	NSI							
WS5164	DD	357885	6530229	348	-60	90	152	83.39	83.88	0.49	4.90	2665	NA	NA	NA
WS5088	DD	357865	6530212	347	-60	90	203	NSI							
5ARC063	RC	357883	6530203	346	-55	91	118	NSI							
5ARC064	RC	357883	6530205	346	-61	92	142	NSI							
07BKWD	DD	357800	6530229	348	-57	109	279	NSI							
WS5017	DD	357804	6530186	349	-45	90	217	NSI							
5ARC061	RC	357878	6530177	347	-57	91	130	NSI							
WS5171	DD	357898	6530168	349	-60	90	109	NSI							
WS5144	DD	357900	6530152	349	-60	90	151	NSI							
WS5022	DD	357881	6530092	351	-45	45	198	NSI							
5ARC057	RC	357972	6530136	349	-61	266	76	NSI							
5ARC058	RC	357958	6530137	349	-61	268	40	NSI							
5ARC056	RC	357947	6530137	349	-61	270	34	NSI							
5ARC038	RC	357968	6530122	350	-55	270	52	NSI							
5ARC039	RC	357950	6530122	350	-58	270	34	NSI							
WS5232	DD	357856	6530121	350	-60	90	191	NSI							
WS5238	DD	357719	6530119	351	-70	90	361	NSI							
5ARC037	RC	357928	6530096	349	-60	90	40	NSI							
5ARC029	RC	357910	6530096	349	-60	90	72	NSI							
WS5176	DD	357901	6530092	350	-60	90	151	NSI							
5ARC030	RC	357909	6530099	349	-74	90	102	NSI							
WS5234	DD	357815	6530095	352	-65	90	249	NSI							
5ARC033	RC	357907	6530067	350	-74	90	100	NSI							
5ARC032	RC	357907	6530070	350	-60	90	58	NSI							
PH278	UKN	357916	6530034	350	-60	90	71	NSI							
5ARC035	RC	357903	6530013	350	-60	90	64	NSI							
5ARC036	RC	357918	6530010	350	-60	90	40	NSI							
5ARC042	RC	357887	6530013	351	-60	90	88	NSI							

<sup>†</sup>Refer to ESR announcement "Spectacular Maiden Drill Results Spargoville" 06 December 2018



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**Munda Project**

The Company revised plans for the Munda Gold Project during the year with drilling on hold while the Company focussed on Carr Boyd and Spargoville. Programme of Work approvals for targeted drilling at Munda were received from the DMIRS during the year with drilling commenced post year-end targeting the high-grade gold structures immediately north of the Munda gold open pit mine.

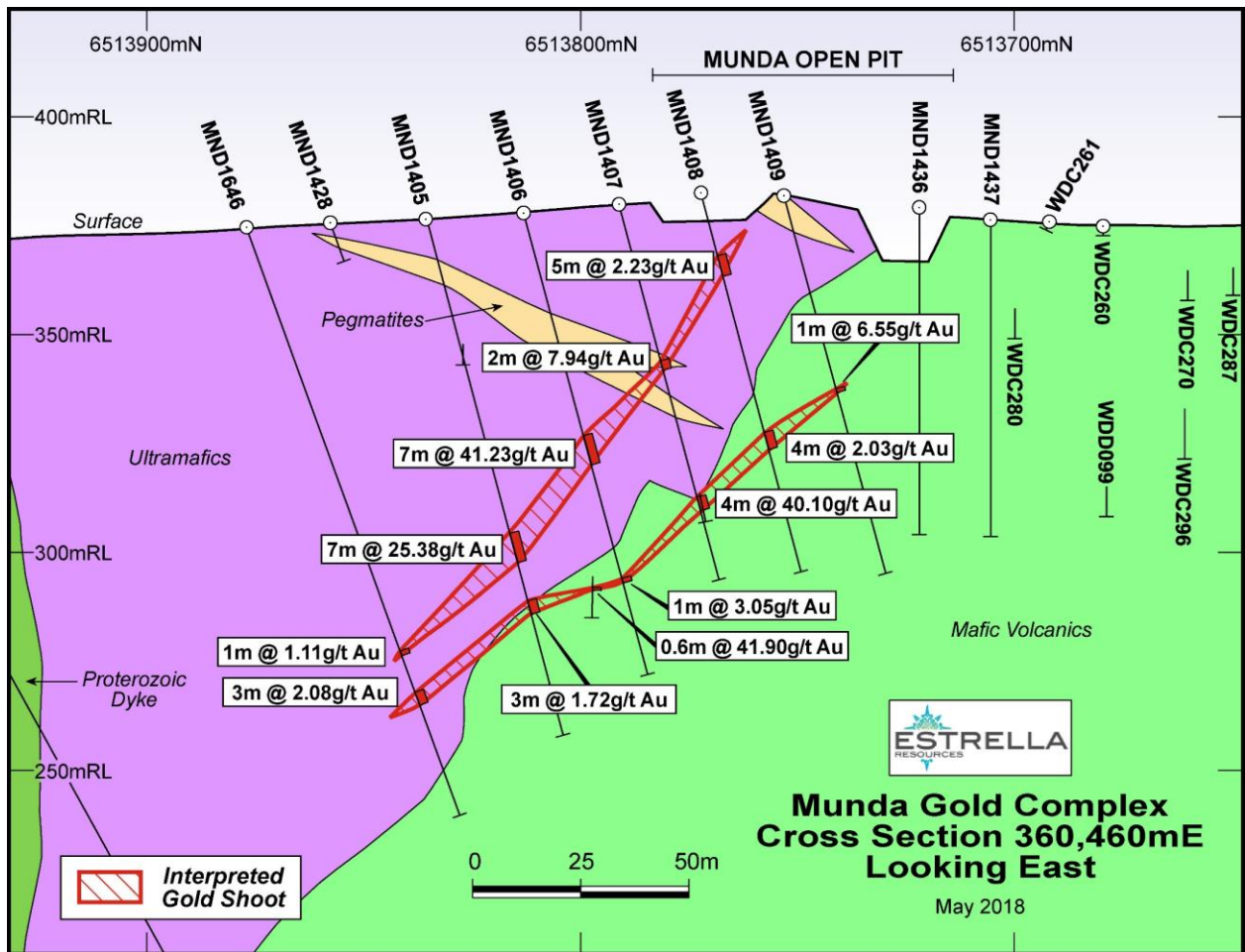
The Company is testing a new "plunging shoot" structural interpretation to the high-grade gold mineralisation. The additional drilling and assay information obtained from this work will be used to update the current JORC2012 Mineral Resource of 511,000t @ 2.82g/t Au for 46,337 ounces Au (Refer to ESR announcement "ESR to Acquire Munda Gold and Spargoville Nickel Projects" 04 September 2017)

**Table 8. Munda Gold Mineral Resource Estimate**

Resources			Metal Grade	Contained Metal
<i>Category</i>	<i>Cut off</i>	<i>Tonnage</i>	<i>Gold</i>	<i>Gold</i>
	<i>(Au g/t)</i>	<i>(Kt)</i>	<i>(g/t)</i>	<i>(oz)</i>
Inferred	1	511	2.82	46,337
<b>Total</b>	<b>1</b>	<b>511</b>	<b>2.82</b>	<b>46,337</b>

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**Figure 11. Cross section of Munda showing some of the thicker higher grade gold intercepts and interpreted gold shoots**

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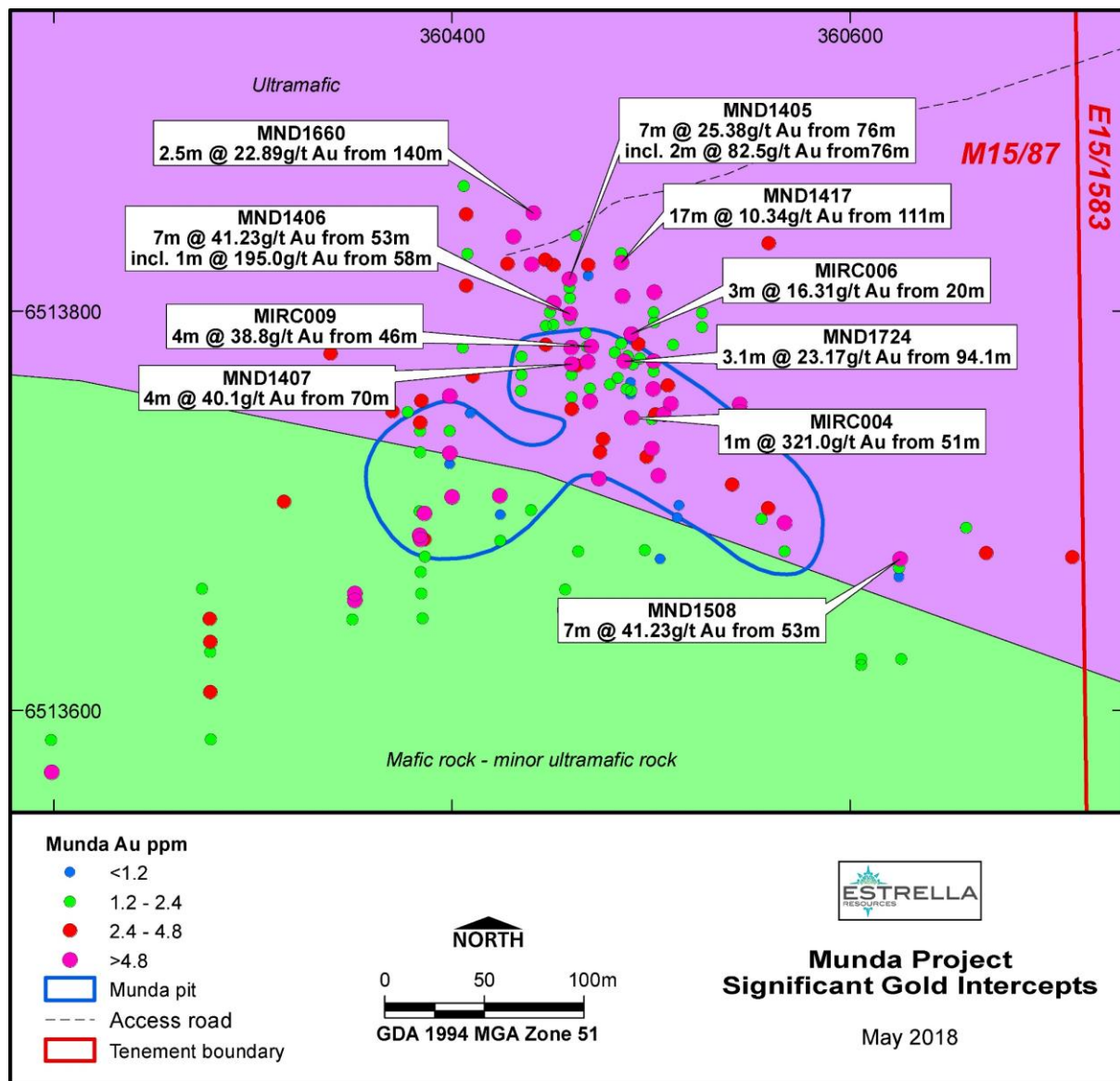
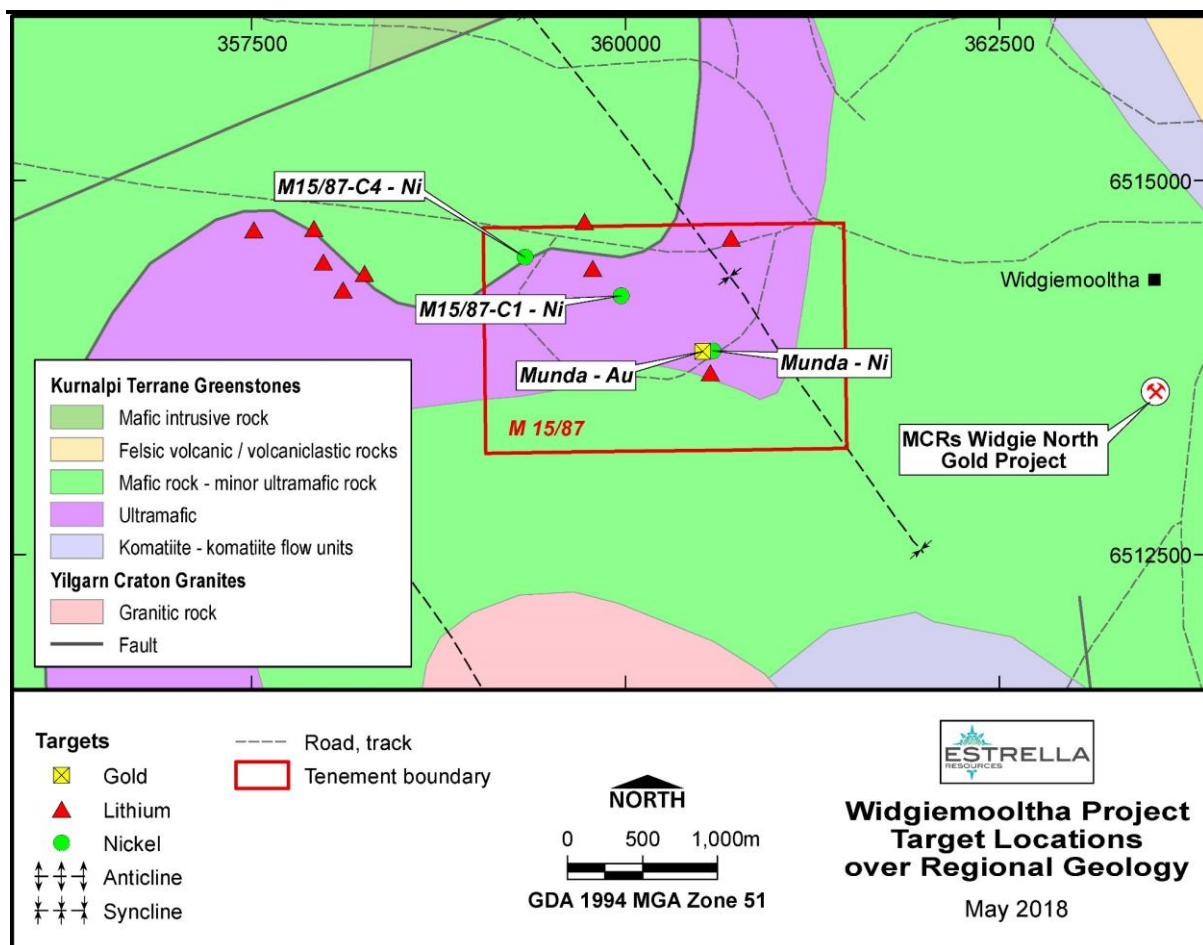


Figure 12. Plan showing previous high-grade gold intercepts

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**Figure 13. Geological map showing the location of the Munda project, exploration targets on M15/87, and other relevant nearby landmarks.**

**Competent Person Statement**

The information in this announcement relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Luke Marshall, who is a consultant to Estrella Resources and a member of The Australasian Institute of Geoscientists. Mr Marshall has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Marshall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# **ESTRELLA RESOURCES LIMITED**

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### **DIRECTORS' REPORT**

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#### **Significant changes in the state of affairs**

In the opinion of the Directors, other than the matters as outlined in the operations report above, or as set out in the accounts and notes thereto, there were no significant changes in the state of affairs of the Group during the financial year.

#### **Dividends**

In respect to the current year, no dividends were paid or declared during the period by the Group and no recommendation is made as to dividends.

#### **Corporate Governance Statement**

The Group has disclosed its corporate governance statement on the Company website at [www.estrellaresources.com.au/investor-centre](http://www.estrellaresources.com.au/investor-centre).

#### **Events subsequent to the reporting period**

On 16 August 2019 and 20 August 2019, the Company issued 3,464,505 and 800,000 ordinary shares respectively, to drilling suppliers in lieu of services provided. The shares were issued at a deemed issue price of \$0.01 per share for a total value of \$42,645.

On 30 August 2019, the Company's wholly owned subsidiary WA Nickel Pty Ltd entered into a Sale Agreement to dispose of its nickel rights in the Munda Project (M15/87) for cash consideration of \$250,000. The disposal is for the nickel rights only and the Group retains the gold rights in the Munda Project.

No other matters or circumstances since the end of the year have occurred that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Entity in subsequent financial years.

#### **Likely future developments and expected results**

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

#### **Environmental issues**

The Group's operations are subject to the laws and regulations pertaining to mining exploration operations in Australia. As at the date of this Report the Group has not been notified of any breach of any such laws or regulations.

#### **Information on Directors**

##### **Mr Leslie Pereira— Non-Executive Director**

Date of appointment: 1 February 2019

Mr Pereira is a WA based businessman and investor in the resources sector. Mr Pereira has previously held senior management positions overseeing active mining operations in Indonesia. He has been actively involved in capital raisings and promotions of a number of publicly listed companies.

Mr Pereira is not currently and has not been within the last three years a Director of any publicly listed Companies. Mr Pereira currently holds 300,000 fully paid ordinary shares and 4,995,769 quoted options in Estrella Resources Limited.

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**Mr John Kingswood – Non-Executive Director**

Date of appointment: 6 January 2017

Mr Kingswood has over 20 years' mining experience with significant experience in mining and project management.

Mr Kingswood has been involved with some of WA's largest projects from BHP, RGP3, 5 and 6 Rio Tinto Argyle Diamond underground operations. Mr Kingswood has a strong track record of identifying potential projects and implementing effective strategies.

Mr Kingswood is not currently and has not been within the last three years a Director of any publicly listed Companies.

Mr Kingswood currently holds 1,410,000 fully paid ordinary shares, 1,500,000 unlisted options and 470,000 quoted options in Estrella Resources Limited.

**Mr Stephen Brockhurst – Non-Executive Director**

Date of appointment as Non-Executive Director: 3 April 2017

Mr Brockhurst is the founding Director of Mining Corporate Pty Ltd and has over 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed and private companies. He is currently a Director of Kingwest Resources Limited and Nelson Resources Limited and was previously a Director of Roto-Gro International Limited (resigned 5 February 2018) and International Goldfields Limited (resigned 5 January 2018).

Mr Brockhurst currently holds 750,000 fully paid ordinary shares, 1,500,000 unlisted options and 250,001 quoted options in Estrella Resources Limited.

**Mr Raymond Shorrocks – Non-Executive Director**

Date of appointment: 24 June 2015

Resigned: 1 February 2019

Mr Shorrocks has over 20 years' experience in corporate finance and has advised a diverse range of mining companies during his career at Patersons Securities Limited, one of Australia's largest full service stockbroking and financial services firms. Mr Shorrocks has been instrumental in managing and structuring equity capital raisings as well as having advised extensively in the areas of mergers and acquisitions.



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#### Other Management

##### **Mr Christopher Daws: Chief Executive Officer**

Date of appointment: 2 January 2017

Mr Daws has strong experience in running junior resource companies having previously been involved with Niagara Mining (Poseidon), US Nickel and KMC Limited. Mr Daws is a Director and founder of Apollo Resources Pty Ltd and a Director of Nimbus Mines Pty Ltd. Mr Daws is responsible for running the day-to-day operations of the Group.

##### **Mr David McEntaggart: Company Secretary**

Date of appointment: 21 May 2018

Mr McEntaggart is a Chartered Accountant and Chartered Secretary with over 10 years' experience in the resource industry and accounting profession in Australia and the UK. He provides services to a number of ASX listed companies specialising in financial accounting and corporate compliance.

#### **Meetings of the Board**

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

<b>Director</b>	<b>BOARD MEETINGS</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
L Pereira	1	1
J Kingswood	2	2
S Brockhurst	2	2
R Shorrocks	1	1

The Board of Directors also approved twelve (12) circular resolutions during the year ended 30 June 2019 which were signed by all eligible Directors of the Company.

The Company had the following options on issue as at the date of this report:

<b>Number of shares under option</b>	<b>Class</b>	<b>Exercise price</b>	<b>Expiry date of options</b>
1,375,000	Unquoted	\$0.40	13 Nov 2019
8,250,000	Unquoted	\$0.024	31 Mar 2020
5,500,000	Unquoted	\$0.05	15 May 2021
250,980,328	Quoted	\$0.05	27 June 2021
<b>Total</b>			
266,105,328			

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**Shares issued during or since the end of the year as a result of exercise**

No shares have been issued during or since the end of the year as a result of exercise of an option.

**Indemnifying officers or auditor**

During the reporting period, the Group paid an insurance premium to insure the Directors and Officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group. Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has entered into agreements with each of the Directors and Officers to indemnify them against any claim and related expenses, which arise as a result of work completed in their respective capabilities. The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

**Proceedings on behalf of Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

**Non-audit services**

No amounts were paid to the auditors of the Group, RSM Australia Partners, for non-audit services provided during the year. Details of the amounts paid to the previous auditors of the Group, Hall Chadwick, for non-audit services provided during the year up until their resignation are below:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Non-audit services:</b>		
Taxation services	11,500	9,330

**Officers of the Group who are former partners of RSM Australia Partners**

There are no officers of the Group who are former partners of RSM Australia Partners.

**Auditor independence declaration**

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included within this financial report and forms part of this Directors' report.

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## **AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

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#### **REMUNERATION REPORT (Audited)**

The Directors of Estrella Resources Limited present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements

#### **Principles used to determine the nature and amount of remuneration**

The following Report outlines the principles used to determine the nature and amount of remuneration. The Board assumes the role of the Remuneration Committee and is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of Directors and Key Management Personnel. The role also includes responsibility for share options incentives, superannuation entitlements, retirement and termination entitlements, fringe benefits policies, liability insurance policies and other terms of employment.

The Board will review the arrangements having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages or fees paid to Key Management Personnel.

No remuneration consultant was used during the year. Remuneration packages are set at levels intended to attract and retain Key Management Personnel capable of managing the Group's activities. Where Key Management Personnel positions are held by consultants, fees are based on normal commercial terms and conditions.

The remuneration of an Executive Director is ultimately decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$380,000 per annum.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

The executive pay and reward framework has three components:

1. Base pay and benefits;
2. Long-term incentives through share schemes; and
3. Other remuneration such as superannuation.

The combination of these comprises the Key Management Personnel total remuneration. All remuneration is fixed and no portion is based on performance targets. The award of long-term incentives is based upon the discretion of the Board.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

**Relationship between the Remuneration Policy and Company Performance**

	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	48,162	195,677	21,282	144,121	6,584
Profit/(loss) after income tax	(622,143)	(2,858,418)	(733,365)	(826,867)	(4,487,477)
Basic loss per share (cents)	(0.13)	(0.71)	(0.27)	(0.58)	(3.77)
Diluted loss per share (cents)	(0.13)	(0.71)	(0.27)	(0.58)	(3.77)

**Details of remuneration**

Details of the nature and amount of each element of the emoluments of each of the Directors and Key Management Personnel of the Group for the year ended 30 June 2019 and 30 June 2018 are set out in the following tables:

<b>2019</b>	<b>Short-term benefits</b>		<b>Post-employment benefits</b>	<b>Share-based Payments</b>		
	<b>Salary</b>					
	<b>And Fees</b>	<b>Bonus</b>	<b>Superannuation</b>	<b>Options</b>	<b>Total</b>	<b>Performance Related</b>
<b>Name</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>DIRECTORS</b>						
R Shorrocks <sup>1</sup>	23,333	-	-	-	23,333	0%
L. Pereira <sup>1</sup>	16,667	-	-	-	16,667	0%
J. Kingswood	40,000	-	-	-	40,000	0%
S. Brockhurst	40,000	-	-	-	40,000	0%
	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	
<b>OTHER MANAGEMENT</b>						
C.Daws	240,000	-	22,800	-	262,800	0%
	<b>360,000</b>	<b>-</b>	<b>22,800</b>	<b>-</b>	<b>382,800</b>	

<sup>1</sup> Ray Shorrocks resigned on 1 February 2019 and Les Pereira was appointed on 1 February 2019.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

2018	Short-term benefits		Post-employment benefits	Share-based Payments		
	Salary					
Name	And Fees	Bonus	Superannuation	Options	Total	Performance Related
	\$	\$	\$	\$	\$	%
<b>DIRECTORS</b>						
R Shorrocks	40,000	-	-	20,318	60,318	34%
J. Kingswood	40,000	-	-	20,318	60,318	34%
S. Brockhurst	40,000	-	-	20,318	60,318	34%
	<b>120,000</b>	-	-	<b>60,954</b>	<b>180,954</b>	
<b>OTHER MANAGEMENT</b>						
C.Daws	240,000	-	22,800	13,546	276,346	5%
	<b>360,000</b>	-	<b>22,800</b>	<b>74,500</b>	<b>457,300</b>	

**Share based remuneration**

No options were issued to Key Management Personnel as remuneration during the 30 June 2019 financial year.

During the 2018 financial year, 5,500,000 unlisted options exercisable at \$0.05 on or before 15 May 2021 were issued to Key Management Personnel. Refer to Note 17 – Share based payments.

**Transactions with key management personnel**

During the year ended 30 June 2019, fees of \$102,019 (2018: \$114,147) were paid or due to be paid to Mining Corporate Pty Ltd, a company of which Mr Brockhurst is a director of, for company secretarial, accounting and bookkeeping services.

There were no other transactions with key management personnel in 2019 other than as outlined above.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

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**Key management personnel shareholdings**

**Fully Paid Ordinary Shares**

<b>2019 Directors</b>	<b>Balance 01 July 2018</b>	<b>Purchases /(Sales)</b>	<b>Net other Change</b>	<b>Balance 30 June 2019</b>
R Shorrocks	714,285	-	(714,285) <sup>1</sup>	-
L Pereira	-	150,000	150,000 <sup>1</sup>	300,000
J Kingswood	1,410,000	-	-	1,410,000
S Brockhurst	250,000	500,000	-	750,000
<b>Other Management</b>				
C Daws	10,491,486	7,132,849	-	17,624,335

<sup>1</sup> Balance of shares held on Director appointment / resignation

<b>2018 Directors</b>	<b>Balance 01 July 2017</b>	<b>Purchases /(Sales)</b>	<b>Net other Change</b>	<b>Balance 30 June 2018</b>
R Shorrocks	714,285	-	-	714,285
J Kingswood	1,410,000	-	-	1,410,000
S Brockhurst	250,000	-	-	250,000
<b>Other Management</b>				
C Daws	7,905,567	2,585,919	-	10,491,486



**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

**Share Options**

<b>2019</b>	<b>Balance 1 July 2018</b>	<b>Options Granted</b>	<b>Options Purchased</b>	<b>Net other Change</b>	<b>Options Exercised</b>	<b>Balance 30 June 2019</b>	<b>Total Vested 30 June 2019</b>
R Shorrocks	1,500,000	-		(1,500,000) <sup>1</sup>	-	-	-
L. Pereira	-	-	3,000,000	1,000,000 <sup>1</sup>	-	4,000,000	4,000,000
J Kingswood	1,500,000	-	470,000	-	-	1,970,000	1,970,000
S Brockhurst	1,500,000	-	250,001	-	-	1,750,001	1,750,001

**Other**

**Management**

C Daws	1,000,000	-	11,394,088	-	-	12,394,088	12,394,088
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<sup>1</sup> Balance of options held on Director appointment / resignation

<b>2018</b>	<b>Balance 1 July 2017</b>	<b>Options Granted</b>	<b>Net other Change</b>	<b>Options Exercised</b>	<b>Balance 30 June 2018</b>	<b>Total Vested 30 June 2018</b>
R Shorrocks	-	1,500,000	-	-	1,500,000	1,500,000
J Kingswood	-	1,500,000	-	-	1,500,000	1,500,000
S Brockhurst	-	1,500,000	-	-	1,500,000	1,500,000

**Other**

**Management**

C Daws	-	1,000,000	-	-	1,000,000	1,000,000
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**Service Agreements**

*Non-Executive Directors Remuneration*

Remuneration of Non-Executive Directors Mr Leslie Pereira, Mr John Kingswood and Mr Stephen Brockhurst are formalised in the form of service agreements between themselves and the Company. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act. Current Non-Executive Directors' letters of appointments entitle the directors to the remuneration of \$40,000 per annum.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

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*Other Executives Remuneration*

Mr Christopher Daws was appointed as Chief Executive Officer on 2 January 2017. His employment conditions are governed by an Executive Service Agreement. The terms of agreement can be terminated by providing three (3) months written notice in case of the Company. Where the Company terminates the agreement, the Company will pay an amount equivalent of the six (6) months' remuneration. In the case of a change of control event and the 12 months thereafter, if there is a material adverse change to Mr Daws position or remuneration, the Company will pay an amount equal to six (6) months' remuneration. Mr Daws is entitled to receive \$240,000 per year (exclusive of statutory superannuation). The remuneration is not dependent on the satisfaction of any performance conditions. The Company may at any time during the employment pay Mr Daws a performance-based bonus over and above the set remuneration. In determining the extent of any performance-based bonus payments, the Company will take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

**END OF THE AUDITED REMUNERATION REPORT**

Signed in accordance with a resolution of the Board of Directors:



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**Stephen Brockhurst**

**Director**

Dated this 23<sup>rd</sup> day of September 2019

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Estrella Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized, handwritten-style signature of 'RSM' in a dark grey font.

RSM AUSTRALIA PARTNERS

A handwritten signature in dark grey ink that reads 'A Whyte'.

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 23 September 2019

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the year ended 30 June 2019

	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		<b>\$</b>	<b>\$</b>
Interest income	3	3,162	5,636
Other income	3	45,000	190,041
Personnel costs		(148,014)	(57,941)
Legal fees		(19,397)	(62,184)
Exploration costs written off	8	(58,025)	(28,397)
Directors' fees		(120,000)	(120,000)
Consulting fees		(142,840)	(130,269)
Share based payment expense	17	-	(74,500)
Depreciation		(9,814)	(32,768)
Loss on disposal of controlled entity	22	-	(2,385,395)
Other expenses		(172,215)	(162,641)
<b>LOSS BEFORE INCOME TAX</b>		<b>(622,143)</b>	<b>(2,858,418)</b>
Income tax benefit	5	-	-
<b>LOSS FOR THE PERIOD</b>		<b>(622,143)</b>	<b>(2,858,418)</b>
<b>Other Comprehensive Loss</b>			-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(622,143)</b>	<b>(2,858,418)</b>
<b>Loss per share:</b>			
Basic and diluted loss per share (cents per share)	13	(0.13)	(0.71)

These financial statements should be read in conjunction with the accompanying notes.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
<b>Current assets</b>			
Cash and cash equivalents	15	279,170	446,364
Trade and other receivables	6	22,847	26,074
<b>Total current assets</b>		<b>302,017</b>	<b>472,438</b>
<b>Non-Current Assets</b>			
Plant & equipment	7	21,836	23,929
Exploration and evaluation expenditure	8	4,332,162	3,794,667
<b>Total Non-Current Assets</b>		<b>4,353,998</b>	<b>3,818,596</b>
<b>Total assets</b>		<b>4,656,015</b>	<b>4,291,034</b>
<b>Current liabilities</b>			
Trade and other payables	9	181,910	255,961
Provisions	10	21,378	16,164
<b>Total current liabilities</b>		<b>203,288</b>	<b>272,125</b>
<b>Total liabilities</b>		<b>203,288</b>	<b>272,125</b>
<b>Net assets</b>		<b>4,452,727</b>	<b>4,018,909</b>
<b>Equity</b>			
Share capital	11	17,863,248	17,032,787
Reserves	12	723,034	774,854
Accumulated losses		(14,133,555)	(13,788,732)
<b>Total equity</b>		<b>4,452,727</b>	<b>4,018,909</b>

These financial statements should be read in conjunction with the accompanying notes.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2019

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Option reserve \$</b>	<b>Total \$</b>
<b>Balance at 30 June 2018</b>	<b>17,032,787</b>	<b>(13,788,732)</b>	<b>774,854</b>	<b>4,018,909</b>
Loss for the year	-	(622,143)	-	(622,143)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	61,539	61,539
Options expired during the year	-	277,320	(277,320)	-
Shares issued during the year - placement	1,000,500	-	-	1,000,500
Options issued during the year – entitlement issue	-	-	163,961	163,961
Cost of equity issued during the year	(170,039)	-	-	(170,039)
<b>Balance at 30 June 2019</b>	<b>17,863,248</b>	<b>(14,133,555)</b>	<b>723,034</b>	<b>4,452,727</b>
<b>Balance at 30 June 2017</b>	<b>14,042,219</b>	<b>(11,008,289)</b>	<b>606,419</b>	<b>3,640,349</b>
Loss for the year	-	(2,858,418)	-	(2,858,418)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	246,410	246,410
Options expired during the year	-	77,975	(77,975)	-
Shares issued on acquisition of subsidiaries	1,719,200	-	-	1,719,200
Shares issued during the year	1,360,000	-	-	1,360,000
Cost of equity issued during the year	(88,632)	-	-	(88,632)
<b>Balance at 30 June 2018</b>	<b>17,032,787</b>	<b>(13,788,732)</b>	<b>774,854</b>	<b>4,018,909</b>

These financial statements should be read in conjunction with the accompanying notes.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June 2019

	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	-
Payments to suppliers and employees		(546,779)	(605,141)
Interest received		3,162	5,636
Other receipts		-	46,341
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>15</b>	<b>(543,617)</b>	<b>(553,164)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(7,721)	(55,870)
Payments for exploration and evaluation		(671,817)	(1,760,768)
Payment for acquisition of controlled entity		-	(176,000)
Proceeds from disposal of controlled entity		-	700,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(679,538)</b>	<b>(1,292,638)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,000,500	1,360,000
Proceeds from issue of options		163,961	-
Loan funds provided		-	107,486
Share issue costs		(108,500)	(88,632)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>1,055,961</b>	<b>1,378,854</b>
Net increase/(decrease) in cash held		<b>(167,194)</b>	<b>(466,948)</b>
Cash at the beginning of the year		<b>446,364</b>	<b>910,767</b>
Cash acquired on acquisition of subsidiary		-	<b>2,545</b>
<b>CASH AT THE END OF THE YEAR</b>		<b>279,170</b>	<b>446,364</b>

These financial statements should be read in conjunction with the accompanying notes.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Nature of Operations**

The consolidated entity (the Group) consists of Estrella Resources Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2019.

**General Information**

Estrella Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. It is a for profit entity. The Company was incorporated on 27 May 2011. The registered office and principal place of business is Level 11, 216 St Georges Terrace, Perth, WA, 6000. Estrella Resources' shares are listed on the ASX (ASX:ESR).

**2. Statement of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

**AASB 9 Financial Instruments**

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.



**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**AASB 15 Revenue from Contracts with Customers**

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There is no significant impact on the adoption of new standards.

**a) Basis of preparation**

**Statement of compliance**

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Estrella Resources Limited is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements for the year ended 30 June 2019 (including comparatives) were approved and authorised for issue by the Board of Directors on 23 September 2019.

**Historical Cost Convention**

The financial report has been prepared on an accruals basis and is based on the historical costs modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Critical accounting estimates and judgements**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised.

*Share based payments*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by Directors' assessment as to the cost of the last equity based transaction made. Refer to note 17 for details. The accounting estimates and assumptions in relation to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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*Impairment of capitalised exploration and evaluation expenditure*

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

**b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**c) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**d) Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**e) Exploration and Evaluation Expenditure**

Pre-licence costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred unless the company is in the process of acquiring the licences, then the costs incurred are capitalised as exploration and evaluation expenditure.

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised on a project by project basis. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Expenditure deemed to be unsuccessful is recognised in the consolidated statement of profit or loss and other comprehensive income immediately.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

**f) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**g) Trade and Payables**

Trade and other payables are stated at cost and are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

**h) Trade and Other Receivables**

Trade and other receivables are stated at their cost less impairment losses.

**i) Post-employment benefits and short-term employee benefits**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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**j) Revenue**

The Group recognises revenue as follows:

**Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**k) Operating expenses**

Operating expenses are recognised in the consolidated statement of profit and loss and other comprehensive income upon utilisation of the service or at date of their origin.

**l) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (being the Managing Director). The chief operating decision maker (being the Managing Director), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**m) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**n) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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**o) Provisions, contingent liabilities and contingent assets**

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

**p) Equity, reserves and dividend payments**

Share Capital represents the fair value of shares that have been issued. Any transactions cost associated with the issuing of shares are deducted from the share capital, net of any related income tax benefits.

Other components of equity include the following:

- Option reserve – The fair value of options granted is recognised as an increase in equity.

**q) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

**r) Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Estrella Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests

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are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**s) Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**t) Income tax**

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Estrella Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2018. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

**u) Plant and Equipment**

Items of plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a diminishing value basis commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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**v) Earnings per share**

*i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

*ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**w) New accounting standards for application in future period**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, is set out below.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity. The impact of its adoption is expected to be insignificant as there are no operating leases in the consolidated entity for the year ended 30 June 2019.



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**x) Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$622,143 and had net cash outflows from operating activities of \$543,617 and from investing activities of \$679,538 for the year ended 30 June 2019. As at that date the Group had Cash and cash equivalents of \$279,170. These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

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

- The Directors are confident the Group will be successful in sourcing further capital from the issue of additional equity securities to fund the ongoing operations of the Group; and
- The ability of the Group to further scale back certain parts of their activities that are non-essential so as to conserve cash.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

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**3. Revenue**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Interest income	3,162	5,636
Loan forgiveness	-	143,700
Exclusivity fee income	-	25,000
Other	45,000	21,341
<b>Total Revenue</b>	<b>48,162</b>	<b>195,677</b>

**4. Result for the period**

Loss before income tax includes the following specific expenses:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Share based payments:</b>		
- Key management personnel under the ESOP	-	74,500
<b>Employee benefit expenses:</b>		
Post-employment benefits		
- Superannuation	22,800	26,413

**5. Income tax expense**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(622,143)	(2,858,418)
Prima facie tax payable on profit before income tax at 27.5% (2018: 27.5%)	(171,089)	(786,065)
Tax effect - permanent differences	16,900	637,115
Tax effect of tax losses and temporary differences not recognised	154,189	148,950
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

The amount of tax losses carried forward as at 30 June 2019 amount to \$10,243,538 (2018: \$9,662,685).

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**6. Trade and other receivables**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Prepayments	8,648	4,210
GST receivable	14,199	21,864
Loan to Data Laboratories Ltd <sup>1</sup>	500,000	500,000
Less impairment of loan to Data Laboratories Ltd <sup>1</sup>	(500,000)	(500,000)
<b>Total trade and other receivables</b>	<b>22,847</b>	<b>26,074</b>

<sup>1</sup>In November 2015 the Company entered into an agreement to acquire Data Laboratories Ltd (Data Labs), a company registered in the United Kingdom. The Company advanced Data Labs \$500,000 but did not proceed with the acquisition. Under the terms of the termination agreement of the loan an amount of \$250,000 will be converted into shares in Data Labs at the same price that Data Labs does its next capital raising and the balance of \$250,000 is repayable from the proceeds of the Data Labs capital raising. While Data Labs continues to trade it has not yet undertaken a capital raising. The Company has therefore impaired the loan until such time as equity in Data Labs is issued and the Loan is repaid.

Allowance for expected credit losses

There is no allowance for expected credit losses recognised for the year ended 30 June 2019.

**7. Plant & Equipment**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Equipment at cost	40,935	33,214
Equipment – accumulated depreciation	(19,099)	(9,285)
	<b>21,836</b>	<b>23,929</b>
<b>Equipment</b>		
Opening Balance	23,929	826
Additions	7,721	55,870
Depreciation	(9,814)	(32,767)
<b>Closing balance of plant &amp; equipment</b>	<b>21,836</b>	<b>23,929</b>

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**8. Exploration and evaluation assets**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration and evaluation assets</b>		
Balance at the beginning of the year	3,794,667	2,846,352
Exploration costs capitalised	595,520	1,861,792
Acquisition of Carr Boyd Nickel <sup>1</sup>	-	1,285,109
Acquisition of WA Nickel <sup>1</sup>	-	915,205
Disposal of Mt Edwards Lithium <sup>2</sup>	-	(3,085,395)
Impairment	(58,025)	(28,397)
<b>Balance at the end of the year</b>	<b>4,332,162</b>	<b>3,794,667</b>

<sup>1</sup>Refer to note 21 for the acquisition of Carr Boyd Nickel Pty Ltd and WA Nickel Pty Ltd

<sup>2</sup>Refer to note 22 for the disposal of Mt Edwards Lithium Pty Ltd

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company conducts impairment testing when indicators of impairment are present at the reporting date.

**9. Trade and other payables**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	40,377	34,751
Accruals	141,533	221,210
<b>Total</b>	<b>181,910</b>	<b>255,961</b>

**10. Provisions**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee benefits	21,378	16,164

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**11. Issued capital**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
530,382,292 fully paid ordinary shares (2018: 471,883,292)	18,159,434	17,158,934
Share issue costs	(296,186)	(126,147)
	<b>17,863,248</b>	<b>17,032,787</b>

The Group does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Movements in Share Capital**

	<b>30 June 2019</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2018</b>
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<b>Fully paid ordinary shares</b>				
Balance as at the beginning of the reporting period	471,883,292	17,032,787	361,283,292	14,042,219
Placement Shares issued 24 October 2017 at \$0.04 per share	-	-	34,000,000	1,360,000
Shares issued 12 January 2018 on acquisition of WA Nickel Pty Ltd at \$0.023 per share	-	-	34,000,000	782,000
Shares issued 27 June 2018 on acquisition of Carr Boyd Nickel Pty Ltd at \$0.022 per share	-	-	42,600,000	937,200
Placement Shares issued 21 August 2018 at \$0.025 per share	20,000,000	500,000	-	-
Placement Shares issued 27 March 2019 at \$0.013 per share	38,500,000	500,500	-	-
	<b>530,383,292</b>	<b>18,033,287</b>	<b>471,883,292</b>	<b>17,121,419</b>
Share issue costs	-	(170,039)	-	(88,632)
	<b>530,383,292</b>	<b>17,863,248</b>	<b>471,883,292</b>	<b>17,032,787</b>

**Capital Management**

The Board controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

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There are no externally imposed capital requirements.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. The Group has no borrowings and it does not have a gearing ratio.

**12. Reserves**

	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>Summary</b>	<b>\$</b>	<b>\$</b>
Option and equity settled reserve	723,034	774,854
	<b>723,034</b>	<b>774,854</b>
<b>Option reserve<sup>1</sup></b>		
Balance at beginning of year	774,854	606,419
Options issued	225,500	246,410
Options expired	(277,320)	(77,975)
<b>Balance at end of year</b>	<b>723,034</b>	<b>774,854</b>

<sup>1</sup>The option reserve records the fair value of options issued.

<b>a) Options</b>	<b>30 June 2019</b>	<b>\$</b>	<b>30 June 2018</b>	<b>\$</b>
	<b>Number</b>		<b>Number</b>	
<b>Options issued/options reserve</b>				
Balance as at the beginning of the period	<b>32,993,750</b>	<b>774,854</b>	<b>15,493,750</b>	<b>606,419</b>
Unlisted Options issued 15/05/2018	-	-	5,500,000	74,501
Unlisted Options expired 31/05/2018	-	-	(5,000,000)	(77,975)
Unlisted Options issued 27/06/2018	-	-	17,000,000	171,909
Unlisted Options expired 3/10/2018	(118,750)	(20,520)	-	-
Listed Options issued 21/08/2018	20,000,000 <sup>1</sup>	-	-	-
Listed Options issued 19/09/2018	72,783,633 <sup>2</sup>	72,784	-	-
Listed Options issued 16/11/2018	91,177,464 <sup>2</sup>	91,177	-	-
Unlisted Options expired 21/11/2018	(750,000)	(256,800)	-	-
Listed Options issued 27/03/2019	30,769,231 <sup>3</sup>	61,539	-	-
Listed Options issued 27/03/2019	19,250,000 <sup>1</sup>	-	-	-
	<b>266,105,328</b>	<b>723,034</b>	<b>32,993,750</b>	<b>774,854</b>

<sup>1</sup> Free attaching options issued pursuant to a capital raising;

<sup>2</sup> Options issued pursuant to the entitlement issue prospectus at an issue price \$0.001 per option, total funds raised were \$91,177;

<sup>3</sup> Options issued as consideration for corporate advisory services provided for the placement at a deemed issue price of \$0.002 per option.

For details options issued as part of share based payments, refer to Note 17.

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**13. Earnings per share**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic (loss) per share	(0.13)	(0.71)
Diluted (loss) per share	(0.13)	(0.71)

The following reflects the loss and share data used in the calculations of the basic and diluted loss per share:

**Reconciliation**

Net loss for the period	(622,143)	(2,858,418)
Loss used in calculating basic and diluted loss per share	(622,143)	(2,858,418)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive loss per share	494,151,785	400,873,429

The options on issue are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares in the calculation of diluted loss per share.

**14. Expenditure commitments**

In order to maintain the current rights to Western Australian exploration tenements, the Group is required to perform minimum exploration requirements specified by the Department of Mines and Petroleum:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Less than 12 months	119,175	63,273
Between 12 months and 5 years	790,686	533,230
<b>Total</b>	<b>909,861</b>	<b>596,503</b>



**ESTRELLA RESOURCES LIMITED**  
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**15. Notes to the statement of cash flow**

**a) Reconciliation of cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	279,170	446,364

**b) Reconciliation of loss for the year after income tax to cash flows used in operating activities**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Loss for the year</b>	(622,143)	(2,858,418)
Forgiveness of debt	-	(143,700)
Depreciation of plant and equipment	9,814	32,767
Impairment of exploration and evaluation assets	58,025	28,397
Loss on disposal of subsidiary	-	2,385,395
Share based payments	-	74,500
Movements in assets and liabilities:		
Trade and other current receivables	52,090	11,542
Trade and other payables	(46,617)	(87,482)
Employee provisions	5,214	3,835
<b>Net cash used in operating activities</b>	<b>(543,617)</b>	<b>(533,164)</b>

**c) Non-cash financing and investing activities**

There were no non cash financing and investing activities during the 2019 financial year.

During the 2018 financial year:

- the Company acquired WA Nickel Pty Ltd. The purchase consideration was settled via issuance of 34,000,000 shares at a fair value of \$0.023 per share;
- the Company also acquired Carr Boyd Nickel Pty Ltd. The purchase consideration was settled via issuance of 42,600,000 shares at a fair value of \$0.022 per share and 17,000,000 unlisted options exercisable at \$0.05 per option on or before 27 June 2021 at a fair value of \$0.0101 per option.

**ESTRELLA RESOURCES LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16. Financial instrument risk management**

The Group is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below:

*Specific risks*

- Market risk
- Credit risk
- Liquidity risk
- Sovereign risk
- Operational risk
- Contractual risk
- Commodity price volatility risk
- Commercialisation risks

*Financial instruments used*

The principal categories of financial instrument used by Estrella Resources are:

- Trade receivables
- Cash at bank
- Trade and other payables

The Company's exposure to interest rate risk and effective weighted average interest rate for financial assets and liabilities is set out below.

**FIXED MATURITY DATES**

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-2 years	2-3 years	Non interest bearing	Total
2019	%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and cash equivalents	1.5%	279,170	-	-	-	-	279,170
Trade and other receivables	-	-	-	-	-	22,847	22,847
		279,170	-	-	-	22,847	302,017
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	181,910	181,910
		-	-	-	-	181,910	181,910

**ESTRELLA RESOURCES LIMITED**  
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**FIXED MATURITY DATES**

<b>2018</b>	<b>Weighted average effective interest rate</b>  %	<b>Variable interest rate</b>  \$	<b>Less than 1 year</b>  \$	<b>1-2 years</b>  \$	<b>2-3 years</b>  \$	<b>Non interest bearing</b>  \$	<b>Total</b>  \$
<b>Financial assets</b>							
Cash and cash equivalents	2%	446,364	-	-	-	-	446,364
Trade and other receivables	-	-	-	-	-	26,074	26,074
		<b>446,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,074</b>	<b>472,438</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	255,961	255,961
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,961</b>	<b>255,961</b>

**Fair value estimation**

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

**Objectives, policies and processes**

Risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Board is currently responsible for implementing processes which follow the objectives and policies.

The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

**Market risk**

***Cash flow interest rate sensitivity***

At 30 June 2019 the Group is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates.

At 30 June 2019, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 1% increase in the interest rate results in a decrease in loss by \$3,000 and an increase in equity by 1% of cash. These changes are considered to be reasonably possible based on observation of current market conditions.

***Other price risk***

Market price risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The nature of the Group's financial assets and liabilities is such that its exposure to market price risk is essentially only through foreign exchange rates which will impact payments made in US dollars for future commitments and exploration.

**ESTRELLA RESOURCES LIMITED**  
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***Credit risk analysis***

Credit risk is the risk of loss from a counter-party failing to meet its financial obligations to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the consolidated statement of financial position and notes to the financial statements.

The Group's cash and cash equivalents are deposited with licensed Australian banks. The most significant other financial assets are trade and other receivables. The Group has a receivable of \$500,000 from Data Laboratories Ltd. As the value of this asset is uncertain it has been impaired in full.

There were no past due debts at the reporting date requiring consideration of impairment provisions.

***Liquidity risk analysis***

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group may encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

***Contractual risks***

As a party to contracts, the Company will have various contractual rights in the event of non-compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

**ESTRELLA RESOURCES LIMITED**  
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**17. Share based payments**

The following share based payments were in existence during the year:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Options</b>		
5,500,000 unlisted options issued to KMP pursuant to the ESOP (a)	-	74,500
17,000,000 unlisted options issued as consideration for Carr Boyd Nickel Pty Ltd (b)	-	171,909
30,769,231 listed options (ASX: ESRO) issued as consideration for corporate advisory services provided for the placement <sup>1</sup>	61,539	-

<sup>1</sup>The fair value of the listed options issued were determined by reference to the market price at the date of issue being \$0.002 per option.

**Ordinary Shares**

34,000,000 Ordinary shares issued as consideration for the acquisition of WA Nickel Pty Ltd	-	782,000
42,600,000 Ordinary shares issued as consideration for the acquisition of Carr Boyd Nickel Pty Ltd	-	937,200

The fair value of ordinary shares issued were determined by reference to the market price.

**a) Employee share option plan**

The Employee Share Option Plan (**ESOP**) was approved by shareholder on 26 April 2018. During the 2018 financial year, 5,500,000 options were issued to key management personnel under the ESOP.

<b>Grant Date/entitlement</b>	<b>Number of Instruments</b>	<b>Grant Date</b>	<b>Fair value per instrument \$</b>	<b>Value \$</b>
Unlisted options issued to key management personnel exercisable at \$0.05 on or before 15 May 2021	5,500,000	26/04/2018	0.01355	74,500

**ESTRELLA RESOURCES LIMITED**  
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The options issued during the 2018 financial year were calculated using the Black-scholes option pricing model with the following inputs:

	<b>Options Granted</b>
Expected volatility (%)	100
Risk free interest rate (%)	1.9
Weighted average expected life of options (years)	3
Expected dividends	Nil
Option exercise price (\$)	0.05
Share price at grant date (\$)	0.027
Fair value of option (\$)	0.01355
Number of options	5,500,000
Expiry date	15 May 2021

The options issued were deemed to vest immediately and there were no other vesting conditions.

No options were issued under the ESOP during the 2019 financial year.

***b) Options issued on acquisition of subsidiary***

During the 2018 financial year the Company acquired Carr Boyd Nickel Pty Ltd. As part of the consideration for the acquisition 17,000,000 options were issued to the vendor, Apollo Phoenix Resources Pty Ltd.

<b>Grant Date/entitlement</b>	<b>Number of Instruments</b>	<b>Grant Date</b>	<b>Fair value per instrument \$</b>	<b>Value \$</b>
Unlisted options issued as consideration for the acquisition of Carr Boyd Nickel Pty Ltd, exercisable at \$0.05 on or before 27 June 2021	17,000,000	27/06/2018	0.01011	171,909

**ESTRELLA RESOURCES LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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The options issued during the 2018 financial year were calculated using the Black-scholes option pricing model with the following inputs:

	<b>Options Granted</b>
Expected volatility (%)	100
Risk free interest rate (%)	1.9
Weighted average expected life of options (years)	3
Expected dividends	Nil
Option exercise price (\$)	0.05
Share price at grant date (\$)	0.022
Fair value of option (\$)	0.01011
Number of options	17,000,000
Expiry date	27 June 2021

***Other options on issue***

The following reconciles other outstanding share-based payment options on issue at the beginning and at the end of the reporting period:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>Number of Options</b>	<b>Number of Options</b>
Balance at beginning of the reporting period	32,993,750	15,493,750
Granted during the financial year	233,980,328	22,500,000
	266,974,078	37,993,750
Expired during the financial year	(868,750)	(5,000,000)
Exercised during the financial year	-	-
<b>Balance at end of the reporting period</b>	<b>266,105,328</b>	<b>32,993,750</b>



**ESTRELLA RESOURCES LIMITED**  
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**18. Related party disclosures**

The key management personnel of the Company during the reporting period were:

**a) Key Management Personnel**

<b>Directors</b>	<b>Position</b>
L Pereira	Non-Executive Director (appointed 1 February 2019)
J Kingswood	Non-Executive Director
S Brockhurst	Non-Executive Director
R Shorrocks	Non-Executive Director (resigned 1 February 2019)

**Other Management**

C Daws	Chief Executive Officer
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Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

**b) Key Management Personnel Compensation**

The aggregate compensation of the Key Management Personnel of the Company is set out below:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term key management personnel benefits	360,000	360,000
Post-employment benefits	22,800	22,800
Share-based payment expense	-	74,500
<b>Total</b>	<b>382,800</b>	<b>457,300</b>

**c) Equity interests in related parties**

Nil.

**d) Related party transactions**

During the year ended 30 June 2019, fees of \$ 102,019 (2018: \$114,147) were paid or due to be paid to Mining Corporate Pty Ltd, a company of which Mr Brockhurst is a director of, for company secretarial, accounting and bookkeeping services.

There were no other transactions with key management personnel in 2019 other than as outlined above.

During the year ended 30 June 2018 the Company acquired the Carr Boyd Nickel Project through the acquisition of 100% of the issued capital in Carr Boyd Nickel Pty Ltd from Apollo Phoenix Resources Pty Ltd, a company in which Mr John Kingswood and Mr Christopher Daws are Directors and Shareholders. The consideration for the acquisition was an initial cash payment of \$176,000, 42,600,000 ordinary shares and 17,000,000 unlisted options exercisable at \$0.05 with a 3 year expiry period. The acquisition was subject to shareholder approval which was received on 26 April 2018 and the Company completed the acquisition on 27 June 2018 through the issue of the ordinary shares and options. The total fair value of the acquisition was \$1,285,109. Refer to Note 21.

**ESTRELLA RESOURCES LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19. Segment information**

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being exploration for mineral resources. The Group operates in Australia. All segment assets, segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared. No segment information is provided for Chile in relation to assets, liabilities, revenue or profit and loss as these are immaterial.

**20. Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of the auditor for the Group for:</b>		
Audit or review of the financial report provided by Hall Chadwick	-	35,656
Audit or review of the financial report provided by RSM Australia Partners	27,500	-
<b>Non-audit services:</b>		
Taxation services provided by Hall Chadwick	11,500	9,330

On 6 December 2018 Hall Chadwick resigned as auditors of the Group and RSM Australia Partners were appointed.

**21. Acquisition of Controlled Entities**

There were no acquisition of controlled entities during the 2019 financial year.

**2018**

Acquisition of WA Nickel Pty Ltd

On 12 January 2018 the company completed the acquisition of WA Nickel Pty Ltd (WAN). WAN has a 100% interest in the Munda Nickel & Gold Project and Spargoville Nickel Project in Western Australia.

The purchase consideration is 34,000,000 shares in Estrella Resources Limited at a fair value of \$0.023 per share

\$  
782,000

The Company has determined the fair value of the assets and liabilities of WAN as at the date of the acquisition as follows:

Cash and cash equivalents	2,545
Receivables	10,464
Exploration and evaluation assets	915,205
Creditors	(110,000)
Loan payable	(36,214)
	<u>782,000</u>

If the acquisition had occurred on 1 July 2017 the impact on revenue would be \$Nil and the loss would increase by \$28,071.

**ESTRELLA RESOURCES LIMITED**  
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Acquisition of Carr Boyd Nickel Pty Ltd

On 27 June 2018 the company completed the acquisition of Carr Boyd Nickel Pty Ltd (CBN). CBN has a 100% interest in the Carr Boyd Nickel Project in Western Australia.

The purchase consideration for CBN comprises:	\$
Cash	176,000
42,600,000 shares in Estrella Resources Limited at a fair value of \$0.022 per share	937,200
17,000,000 unlisted options at a fair value of \$0.01011 per option	171,909
Total consideration	<u>1,285,109</u>

The Company has determined the fair value of the assets and liabilities of WAN as at the date of the acquisition as follows:

Exploration and evaluation assets	<u>1,285,109</u>
-----------------------------------	------------------

If the acquisition had occurred on 1 July 2017 the impact on revenue would be Nil and the loss would increase by \$1,090.

**22. Disposal of Controlled Entity**

There were no disposals of controlled entities during the 2019 financial year.

2018

On 26 April 2018, the company disposed of its 100% interest in Mt Edwards Lithium Pty Ltd (MELP) and 25% of its Lithium rights within M15/87 (held by wholly owned subsidiary WA Nickel Pty Ltd) to Neometals Limited.

Under the disposal, Neometals will pay the following consideration to Estrella:

- a. \$700,000 on completion (amount received on 26 April 2018);
- b. \$1,000,000 upon definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% of Li<sub>2</sub>O (uncut) on the tenements\*;
- c. \$1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li<sub>2</sub>O (uncut) from the tenements\*; and
- d. a royalty in the amount of \$0.50 per tonne of 75% of the amount of lithium bearing ore processed from the tenements (Royalty)\*.

	\$
Proceeds received on disposal*	<u>700,000</u>

Less:

Fair value of the assets and liabilities of MELP as at the date of the disposal:

Exploration assets	<u>(3,085,395)</u>
Loss on disposal of subsidiary	<u>(2,385,395)</u>

**ESTRELLA RESOURCES LIMITED**  
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\*In determining the consideration proceeds from the disposal of MELP the company has not included the consideration receivable on achievement of these performance milestones because as at the date of disposal they were not certain. These amounts have been disclosed as contingent assets, refer to Note 25.

**23. Parent company information**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of Financial Position</b>		
Current assets	302,017	472,138
Non-current assets	4,268,902	3,562,202
<b>Total Assets</b>	<b>4,570,919</b>	<b>4,034,340</b>
Current liabilities	202,366	158,813
<b>Total liabilities</b>	<b>202,366</b>	<b>158,813</b>
<b>Net Assets</b>	<b>4,368,553</b>	<b>3,875,527</b>
<b>Equity</b>		
Issued capital	17,863,248	17,032,787
Reserves	723,034	774,854
Accumulated losses	(14,217,729)	(13,932,114)
<b>Total Equity</b>	<b>4,368,553</b>	<b>3,875,527</b>
<b>Statement of Profit or Loss and other Comprehensive Income</b>		
Loss for the year	(562,934)	(3,055,626)
<b>Total Comprehensive Loss</b>	<b>(562,934)</b>	<b>(3,055,626)</b>

**24. Controlled entities**

	<b>Country of incorporation</b>	<b>Percentage owned</b>	<b>Percentage owned</b>
		<b>2019</b>	<b>2018</b>
WA Nickel Pty Ltd*	Australia	100%	100%
Carr Boyd Nickel Pty Ltd*	Australia	100%	100%
Estrella Resources (Chile) SpA**	Chile	100%	100%
Mt Edwards Lithium Pty Ltd***	Australia	-	-

\*The controlled entity was acquired during the 2018 financial year. Refer to Note 21.

\*\*The controlled entity was incorporated by Estrella Resources Limited, and is currently dormant.

\*\*\*The controlled entity was disposed of during the 2018 financial year. Refer to Note 22.

**Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**

The parent entity had no entered into any guarantees in relation to the debts of the subsidiaries as at 30 June 2019 and 30 June 2018.

**Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**25. Contingent assets and liabilities**

Contingent Assets

Under the terms for the disposal of Mt Edwards Lithium Pty Ltd during the year, the Company will receive the following milestone payments from the Mt Edwards Lithium Project tenements:

- \$1,000,000 on definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% Li<sub>2</sub>O (uncut);
- \$1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li<sub>2</sub>O (uncut) from the disposed tenements; and
- A royalty of \$0.50 per tonne of 75% of the amount of lithium bearing ore processed from the tenements.

There are no other contingent assets or liabilities as at 30 June 2019.

**26. Events after the reporting period**

On 16 August 2019 and 20 August 2019, the Company issued 3,464,505 and 800,000 ordinary shares respectively, to drilling suppliers in lieu of services provided. The shares were issued at a deemed issue price of \$0.01 per share for a total value of \$42,645.

On 30 August 2019, the Company's wholly owned subsidiary WA Nickel Pty Ltd entered into a Sale Agreement to dispose of its nickel rights in the Munda Project (M15/87) for cash consideration of \$250,000. The disposal is for the nickel rights only and the Group retains the gold rights in the Munda Project.

No other matters or circumstances since the end of the year have occurred that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Entity in subsequent financial years.

## **ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES**

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### **DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Estrella Resources Limited:
  - a) The consolidated financial statements and notes of Estrella Resources Limited are in accordance with the Corporations Act 2001, including
    - i) giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that Estrella Resources Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the CEO and Chief Financial Officer for the financial year ended 30 June 2019.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



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**Stephen Brockhurst**

Director

Dated this 23<sup>rd</sup> day of September 2019

**RSM Australia Partners**

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[www.rsm.com.au](http://www.rsm.com.au)**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ESTRELLA RESOURCES LIMITED****Opinion**

We have audited the financial report of Estrella Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2(x) in the financial report, which indicates that the Group incurred a loss of \$622,143 and had net cash outflows from operating activities of \$543,617 and from investing activities of \$679,538 for the year ended 30 June 2019. As at that date the Group had Cash and cash equivalents of \$279,170. As stated in Note 2(x), these events or conditions, along with other matters as set forth in Note 2(x), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<b><i>Carrying Value of Capitalised Exploration and Evaluation Expenditure</i></b> <b>Refer to Note 8 in the financial statements</b>	
<p>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of \$4,332,162 as at 30 June 2019.</p> <p>We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, including:</p> <ul style="list-style-type: none"> <li>• Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>• Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and</li> <li>• Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.</li> </ul>	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> <li>• Ensuring that the right to tenure of the area of interest was current;</li> <li>• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest;</li> <li>• Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest;</li> <li>• Assessing and evaluating management's assessment that no indicators of impairment existed; and</li> <li>• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf).

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.


In our opinion, the Remuneration Report of Estrella Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**RSM**  
RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 23 September 2019

  
ALASDAIR WHYTE  
Partner

## ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

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### SHAREHOLDER INFORMATION

Additional information, current as at 9 September 2019 required by the ASX is as follows:

#### 1. Voting Rights

*Shareholder voting rights are specified in clause 14 of the Company's Constitution lodged with the ASX on 8 May 2012. Option holders do not have the right to vote at a general meeting of shareholders until such time as the options have been converted into ordinary shares in the Company.*

#### 2. Substantial Shareholders

The names of substantial shareholders listed in the company's register as at 9 September 2019 are:

Substantial Shareholders	Percentage	
	Total Units	%
Apollo Phoenix Resources Pty Ltd	65,531,873	12.26

#### 3. Distribution of Equity Securities

##### Shareholders

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	33	8,819	0.00%
1,001-5,000	124	328,372	0.06%
5,001-10,000	47	359,834	0.07%
10,001-100,000	337	17,214,086	3.22%
100,001 and over	439	516,736,686	96.65%
<b>Total</b>	<b>980</b>	<b>534,647,797</b>	<b>100.00%</b>

The number of Shareholders with less than a marketable parcel of shares is 434

## ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

### Quoted Options

<b>Holdings Ranges</b>	<b>Holders</b>	<b>Total Units</b>	<b>Percentage %</b>
1-1,000	4	3,985	0.00%
1,001-5,000	17	47,152	0.02%
5,001-10,000	20	151,853	0.06%
10,001-100,000	129	5,643,776	2.25%
100,001 and over	158	245,133,562	97.67%
<b>Total</b>	<b>328</b>	<b>250,980,328</b>	<b>100.00%</b>

The number of Option holders with less than a marketable parcel of options is 237

## 4. Top 20

### 20 Largest Shareholders (fully paid ordinary shares)

	<b>Name</b>	<b>Number Held</b>	<b>Percentage %</b>
1.	APOLLO PHOENIX RESOURCES PTY LTD	42,600,000	7.97%
2.	MS GUIYUN WANG	24,554,306	4.59%
3.	APOLLO PHOENIX RESOURCES PTY LTD	22,931,873	4.29%
4.	MS KYLIE ANNE CAMPBELL	20,490,000	3.83%
5.	MR HANGXIN LU	15,043,500	2.81%
6.	DOUGLAS CHARLES DAWS	13,400,000	2.51%
7.	MARINER MINING PTY LTD	13,238,638	2.48%
8.	OCEANS FIVE INVESTMENTS PTY LTD	12,537,000	2.34%
9.	MR BRIAN THOMAS RYAN	8,504,324	1.59%
10.	MARINER MINING PTY LTD	7,500,000	1.40%
11.	TRIBECA NOMINEES PTY LTD	6,230,000	1.17%
12.	MR CHRISTOPHER DAWS	6,122,849	1.15%
13.	MR BARRY WILLIAM GREEN	6,000,000	1.12%
14.	NIMBUS MINES PTY LTD	5,700,000	1.07%
15.	MR JAMES DINO MAZZA	5,527,777	1.03%
16.	MRS OLIVIA LOUISE MARSHALL	5,500,000	1.03%
17.	RIMOYNE PTY LTD	5,125,381	0.96%
18.	PITT STREET ABSOLUTE RETURN FUND PTY LTD	5,000,000	0.94%
19.	MR FEI XIA	4,325,000	0.81%
20.	GTT GLOBAL OPPORTUNITIES PTY LTD	4,236,072	0.79%
		<b>234,566,720</b>	<b>43.87%</b>

## ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

20 Largest Optionholders (Quoted exercisable at \$0.05 on or before 27 June 2021)

	<b>Name</b>	<b>Number Held</b>	<b>Percentage %</b>
1.	MARINER MINING PTY LTD	36,677,464	14.61%
2.	APOLLO PHOENIX RESOURCES PTY LTD	17,000,000	6.77%
3.	MARINER MINING PTY LTD	10,000,000	3.98%
4.	GALLIN CONSULTING PTY LTD	7,225,000	2.88%
5.	GTT GLOBAL OPPORTUNITIES PTY LTD	7,168,467	2.86%
6.	MS KYLIE ANNE CAMPBELL	6,996,667	2.79%
7.	MR RYAN JAMES ROWE	5,000,000	1.99%
8.	MR THOMAS FRITZ ENSMANN	5,000,000	1.99%
9.	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	5,000,000	1.99%
10.	MR LUKE ANTHONY MARSHALL	5,000,000	1.99%
11.	AUSEPEN PTY LTD <DESKTOP A/C>	5,000,000	1.99%
12.	MS NICOLE JOAN GALLIN	5,000,000	1.99%
13.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	4,585,668	1.83%
14.	MR CHRISTOPHER DAWS	4,410,592	1.76%
15.	APOLLO PHOENIX RESOURCES PTY LTD	3,960,000	1.58%
16.	OCEANS FIVE INVESTMENTS PTY LTD	3,890,000	1.55%
17.	MR BRIAN THOMAS RYAN	3,634,775	1.45%
18.	TRIBECA NOMINEES PTY LTD	3,269,231	1.30%
19.	MR PO FUNG LAWRENCE CHAN	3,113,821	1.24%
20.	NIMBUS MINES PTY LTD	3,094,667	1.23%
		<b>145,026,352</b>	<b>57.78%</b>

**5.** The Name of the Company Secretary is Mr David McEntaggart.

**6.** The address of the registered office and principal place of business in Australia is Level 11, 216 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 0389.

**7.** Registers of securities are held at the following address:

Automatic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Telephone: (08) 9324 2099

**8. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares (ASX: ESR) and options (ASX:ESRO) of the company on the Australian Securities Exchange Limited.

**9. Restricted Securities**

The Company has no restricted securities as at the date of this report:

## **ESTRELLA RESOURCES LIMITED**

### **AND CONTROLLED ENTITIES**

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#### **10. Unquoted Securities**

The Company has the following unquoted securities on issue as at the date of this report

Terms	Number
Unlisted Options \$0.40 expiry 13 November 2019	1,375,000
Unlisted options \$0.024 expiry 31 March 2020	8,250,000
Unlisted options \$0.05 expiry 15 May 2021	5,500,000

## **ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES**

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### **CORPORATE DIRECTORY**

<b>Directors</b>	Mr Leslie Pereira Non-Executive Director  Mr John Kingswood Non-Executive Director  Mr Stephen Brockhurst Non-Executive Director
<b>Chief Executive Officer</b>	Mr Christopher Daws
<b>Company Secretary</b>	Mr David McEntaggart
<b>Registered Office &amp; Principal Place of Business</b>	Level 11, 216 St Georges Terrace Perth WA 6000
<b>Postal Address</b>	GPO Box 2517 Perth WA 6831
<b>Web Site</b>	<a href="http://www.estrellaresources.com.au">www.estrellaresources.com.au</a>
<b>Share Registry</b>	Automatic Registry Services Level 3, 50 Holt Street Sydney NSW 2000
<b>Auditors</b>	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
<b>Legal Advisors</b>	Steinepreis Paganin 16 Milligan Street Perth WA 6000
<b>Stock Exchange Listing</b>	ASX Code: ESR
<b>Country of Incorporation and Domicile</b>	Australia

**ESTRELLA RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

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**SCHEDULE OF EXPLORATION TENEMENTS**

Country	Location	Project	Tenement	Interest (%)
Australia	WA	Carr Boyd Nickel	E29/1012	100
Australia	WA	Carr Boyd Nickel	E29/0982	100
Australia	WA	Carr Boyd Nickel	L24/0186	100
Australia	WA	Carr Boyd Nickel	E31/0726	100
Australia	WA	Carr Boyd Nickel	E31/1124	100
Australia	WA	Carr Boyd Nickel	M31/0012	100
Australia	WA	Carr Boyd Nickel	M31/0109	100
Australia	WA	Carr Boyd Nickel	M31/0159	100
Australia	WA	Carr Boyd Nickel	E31/1162	100
Australia	WA	Munda	M15/87	100 <sup>2</sup>
Australia	WA	Spargoville	M15/395	100 <sup>1</sup>
Australia	WA	Spargoville	M15/703	100 <sup>1</sup>
Australia	WA	Spargoville	L15/255	100 <sup>1</sup>
Australia	WA	Spargoville	L15/128	100 <sup>1</sup>
Australia	WA	Spargoville	M15/1828	100 <sup>1</sup>

<sup>1</sup> Nickel rights only – underlying tenements held by third parties

<sup>2</sup> Excludes nickel and lithium rights