



**Estrella Resources Limited and its controlled entities**

**ABN 39 151 155 207**

**Interim Financial Report**

**For the half year ended 31 December 2022**

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## DIRECTORS' REPORT

The Directors present their report together with the financial report of Estrella Resources Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the consolidated entity") for the half-year ended 31 December 2022 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

Leslie Pereira	- Non-executive Chairman
Christopher Daws	- Managing Director
John Kingswood	- Non-executive Director

### PRINCIPAL ACTIVITIES

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

### REVIEW OF OPERATIONS

#### Work Summary

Estrella Resources continues to advance its Spargoville nickel project towards the production phase, and also continues to explore for high-grade mineralisation at its Carr Boyd nickel project.

#### **SPARGOVILLE NICKEL RIGHTS PROJECT, 100% WA**

During the half year period, a number of significant activities were completed at the 5A Deposit within the Spargoville nickel project, a high-grade historic asset located approximately 20km from the mining town of Kambalda.

The 5A nickel sulphide deposit is one of a number of significant nickel sulphide occurrences at Spargoville and following a sustained appreciation of the nickel price, Estrella has implemented its strategic plan to rapidly bring the project into production.

In October 2022, following a series of high-grade nickel assays from confirmatory drilling, the Company announced a sizable Mineral Resource Estimate (MRE) Upgrade. The majority of the Spargoville 5A Resource tonnages are now classified as Measured, grading 2.8% Ni.

The updated MRE is presented below in Table 1.

Table 1: 5A October 2022 Mineral Resource Estimate (0.5% Ni Cut-off Grade)

Type	Measured Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	4	1.6	0.17	0.04	70	10	2
Transition	53	3.0	0.22	0.07	1,570	120	40
<b>Total</b>	<b>60</b>	<b>2.8</b>	<b>0.22</b>	<b>0.06</b>	<b>1,640</b>	<b>130</b>	<b>40</b>
Type	Indicated Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	20	0.8	0.06	0.02	150	10	4
Transition	17	1.3	0.08	0.03	220	10	5
<b>Total</b>	<b>36</b>	<b>1.0</b>	<b>0.07</b>	<b>0.02</b>	<b>370</b>	<b>20</b>	<b>10</b>
Type	Inferred Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	4	0.7	0.12	0.02	30	10	1
Transition	6	0.7	0.25	0.02	40	10	1
Fresh	20	1.4	0.11	0.03	280	20	5
<b>Total</b>	<b>30</b>	<b>1.2</b>	<b>0.14</b>	<b>0.02</b>	<b>350</b>	<b>40</b>	<b>10</b>
Type	Total Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	28	0.9	0.09	0.02	250	20	6
Transition	76	2.4	0.19	0.05	1,840	150	40
Fresh	20	1.4	0.11	0.03	280	20	5
<b>Total</b>	<b>124</b>	<b>1.9</b>	<b>0.15</b>	<b>0.04</b>	<b>2,370</b>	<b>190</b>	<b>50</b>

Following the update to the MRE, Estrella was able to progress an ore processing and off-take agreement with Murrin Murrin Operations Pty Ltd, a wholly owned subsidiary of Glencore.

In December 2022, extraction of a sample of approximately 2,000 to 4,000 tonnes of high-grade nickel sulphide ore from the 5A nickel mine commenced.

The commercial terms with Glencore are confidential, though the company expects it will see a positive financial return from the extraction of the sample at current high nickel prices.

Results from the bulk metallurgical sample will provide the Company with a strong basis to advance a Definitive Feasibility Study (DFS) and fully develop the 5A nickel mine ore resource using simple pit cut back mining methods.

#### CARR BOYD NICKEL PROJECT, WA 100%

The Carr Boyd nickel project, located approximately 80km from Kalgoorlie in WA is Estrella Resources' flagship nickel exploration project and the Company has continued to make significant progress during the period.

The project boasts 16km of basal contact, containing the T5 massive sulphide discovery in addition to the historic Carr Boyd mine as well as a host of additional, highly prospective targets.

## DIRECTORS' REPORT

In September 2022, Estrella announced a sizable JORC Exploration target at Carr Boyd of 5Mt to 7Mt grading 0.7% to 1.5% nickel and 0.3% to 0.5% copper, containing between 35,000 to 105,000 tonnes of nickel and 15,000 to 35,000 tonnes of copper.

The Exploration Target is supported by a maiden Inferred Mineral Resource Estimate for the T5 prospect, which was also announced during the period. The MRE consisted of 0.86 Mt @ 0.66% nickel and 0.42% copper, containing an additional 12,000oz of platinum and palladium and ~55,000oz silver.

The T5 resource remains open at depth and continues to represent significant exploration upside.

Exploration at Carr Boyd has been temporarily suspended whilst company personnel concentrate on the Spargoville 5A Definitive Feasibility Study and metallurgical trial parcel.

The Carr Boyd exploration camp is being utilised by third parties conducting exploration in the area which will enable Estrella to maintain the facilities in working order and keep them cash neutral.

**Table 2: T5 September 2022 Inferred Mineral Resource Estimate (0.5% Ni + Cu Cut-off Grade)**

Type	Inferred Mineral Resource													
	Tns kt	Ni+Cu %	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Ag g/t	Ni t	Cu t	Co t	Pt oz	Pd oz	Ag oz
Transitional	10	0.70	0.45	0.24	0.04	0.02	0.08	1.10	30	10			10	210
Fresh	850	1.08	0.66	0.42	0.03	0.22	0.22	1.99	5,700	3,600	300	6,200	6,100	54,600
<b>Total</b>	<b>860</b>	<b>1.08</b>	<b>0.66</b>	<b>0.42</b>	<b>0.03</b>	<b>0.22</b>	<b>0.22</b>	<b>1.98</b>	<b>5,700</b>	<b>3,600</b>	<b>300</b>	<b>6,200</b>	<b>6,100</b>	<b>54,800</b>

**Note:** All Mineral Resources figures reported in the table above represent estimates as at September 2022. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

### Compliance Statement

With reference to previously reported Exploration Results and Mineral Resources, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## DIRECTORS' REPORT

## RESULTS

The loss for the half year ended 31 December 2022 attributable to the Group was \$807,986 (2021: loss \$1,129,406).

## CORPORATE

As at 31 December 2022 the Group had \$28,136 in cash and the Company had the following securities on issue:

- 1,483,571,869 fully paid ordinary shares;
- 389,363,575 listed options exercisable at \$0.02 on or before 31 July 2023;
- 16,600,000 unlisted options exercisable at \$0.20 on or before 17 November 2023;
- 25,750,000 unlisted options exercisable at \$0.06 on or before 21 January 2025;
- 20,000,000 unlisted options exercisable at \$0.06 on or before 13 April 2025;
- 20,000,000 unlisted options exercisable at \$0.03 on or before 1 December 2025;
- 63,391,928 unlisted options exercisable at \$0.04 on or before 30 October 2023.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 13 January 2023 the Group received \$1,014,996 as a refundable tax offset for eligible research and development (R&D) expenditure conducted at the Company's Carr Boyd Nickel Project during the 2022 financial year.

On 3 February 2023 the Group issued 5,000,000 unquoted options exercisable at \$0.03 and expiring 1 December 2025 pursuant to the Company's Employee Security Incentive Plan.

Other than as outlined above, there are no other events subsequent to the end of the period that would have had a material effect on the company's financial statements at 31 December 2022.

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration forms part of the directors' report for the half-year ended 31 December 2022.

Signed in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Christopher Daws  
**Managing Director**  
1 March 2023

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Estrella Resources Limited for the half-year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM**

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'A Whyte'.

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 1 March 2023

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	<b>31 December 2022 \$</b>	<b>31 December 2021 \$</b>
Interest Income	2,352	1,260
Personnel costs and director fees	(195,675)	(205,310)
Legal Fees	(13,070)	(19,517)
Exploration costs written off	(438)	(6,155)
Consulting fees	(174,156)	(303,507)
Share Based Payments	(170,978)	(359,802)
Depreciation	(139,448)	(60,611)
Finance costs	-	(23,114)
Other expenses	(116,573)	(152,650)
<b>LOSS BEFORE INCOME TAX</b>	(807,986)	(1,129,406)
Income tax expense	-	-
<b>LOSS FOR THE PERIOD</b>	(807,986)	(1,129,406)
<b>Other Comprehensive Loss</b>	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	(807,986)	(1,129,406)
Basic (loss) / earnings per share (cents)	(0.06)	(0.10)
Diluted (loss) / earnings per share (cents)	(0.06)	(0.10)

*The consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the attached notes to the financial statements.*



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	31 December 2022 \$	30 June 2022 \$
<b>Current Assets</b>			
Cash and cash equivalents		28,136	721,185
Trade and other receivables		234,342	333,518
Inventory		223,458	-
Financial assets at fair value through profit or loss		55,010	55,210
<b>Total Current Assets</b>		<b>540,946</b>	<b>1,109,913</b>
<b>Non-Current Assets</b>			
Plant & equipment		506,251	399,389
Exploration and evaluation expenditure	2	22,297,973	19,628,059
<b>Total Non-Current Assets</b>		<b>22,804,224</b>	<b>20,027,448</b>
<b>Total Assets</b>		<b>23,345,170</b>	<b>21,137,361</b>
<b>Current Liabilities</b>			
Trade and other payables		485,858	1,369,526
Provisions		79,972	95,191
<b>Total Current Liabilities</b>		<b>565,830</b>	<b>1,464,717</b>
<b>Total Liabilities</b>		<b>565,830</b>	<b>1,464,717</b>
<b>Net Assets</b>		<b>22,779,340</b>	<b>19,672,644</b>
<b>Equity</b>			
Share capital	3	38,188,924	34,595,220
Reserves	3	1,831,788	1,510,810
Accumulated losses		(17,241,372)	(16,433,386)
<b>Total Equity</b>		<b>22,779,340</b>	<b>19,672,644</b>

*The consolidated statement of financial position should be read in conjunction with the attached notes to the financial statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Issued Capital	Accumulated Losses	Option Reserve	Convertible Note Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	27,535,256	(14,544,723)	968,684	58,000	14,017,217
<b>Comprehensive loss</b>					
Profit for the period	-	(1,129,406)	-	-	(1,129,406)
<b>Total comprehensive loss for the period</b>	-	(1,129,406)	-	-	(1,129,406)
<b>Transactions with owners, in their capacity as owners</b>					
Shares issued	-	-	-	-	-
Options issued	7,650,204	-	-	-	7,650,204
Share based payment	-	-	359,802	-	359,802
Share issue costs	(825,051)	-	118,500	-	(706,551)
<b>Total transactions with owners, in their capacity as owners</b>	6,825,153	-	478,302	-	7,303,455
<b>Balance at 31 December 2021</b>	34,360,409	(15,674,129)	1,446,986	58,000	20,191,266
<b>Balance at 1 July 2022</b>	34,595,220	(16,433,386)	1,510,810	-	19,672,644
<b>Comprehensive loss</b>					
Loss for the period	-	(807,986)	-	-	(807,986)
<b>Total comprehensive loss for the period</b>	-	(807,986)	-	-	(807,986)
<b>Transactions with owners, in their capacity as owners</b>					
Shares issued	4,110,315	-	-	-	4,110,315
Options issued	-	-	7,500	-	7,500
Share based payment	-	-	313,478	-	313,478
Share issue costs	(516,611)	-	-	-	(516,611)
<b>Total transactions with owners, in their capacity as owners</b>	3,593,704	-	320,978	-	3,914,682
<b>Balance at 31 December 2022</b>	38,188,924	(17,241,372)	1,831,788	-	22,779,340

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 \$	31 December 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(745,547)	(746,825)
Interest received	2,352	1,260
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(743,195)</u>	<u>(745,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure	(3,384,979)	(4,066,294)
Payments for investments	-	(56,015)
Payments for plant and equipment	(9,038)	(133,048)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(3,394,017)</u>	<u>(4,255,357)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	3,818,718	7,341,219
Proceeds from issue of options	7,500	-
Costs of issue of shares	(382,055)	(786,251)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>3,444,163</u>	<u>6,554,968</u>
Net increase / (decrease) in cash held	(693,049)	1,554,046
Cash at the beginning of the financial period	<u>721,185</u>	<u>3,548,908</u>
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>28,136</u></u>	<u><u>5,102,954</u></u>

*The consolidated statement of cash flows should be read in conjunction with the attached notes to the financial statements.*

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2022. This report must also be read in conjunction with any public announcements made by Estrella Resources Limited and its controlled entities during the half-year.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

These interim financial statements were authorised for issue on 1 March 2023.

### (A) 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 discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$807,986 and had net cash outflows from operating and investing activities of \$743,195 and \$3,394,017 respectively for the half year ended 31 December 2022. As at that date, the consolidated entity had net current liabilities of \$24,884. The consolidated entity has prepared budgets and forecasts for the following 12 months and has determined further capital will be required if the consolidated entity is to continue at the planned level of operations.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity 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 Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. As disclosed in Note 8, on 13 January 2022 the Company received \$1,014,996 as a refundable tax offset for eligible research and development (R&D) expenditure conducted at the Company's Carr Boyd Nickel Project during the 2022 financial year;
2. In January 2023, the Company delivered 2,413 wet metric tonnes (WMT) of nickel concentrate from the bulk sampling exercise at Spargoville. Provisional payment of 50% for sale of nickel concentrate was received in February 2023 with final payment expected to be received in March and April 2023. Total receipts are subject to final assays and LME nickel price in March and April 2023;
3. The Company expect to raise additional capital to fund working capital requirements. The Company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required; and

4. The consolidated entity has the ability to defer or scale back certain parts of their activities so as to conserve cash.

Accordingly, the Directors believe that the consolidated entity 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 consolidated entity does not continue as a going concern.

#### **(B) USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### **(C) ACCOUNTING POLICIES**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, in addition to the following accounting policies:

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- (a) Nickel and other metals on hand is valued on an average total production cost method
- (b) Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
- (c) A proportion of related depreciation and amortisation charge is included in the cost of inventory

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(D) NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT HALF-YEAR THAT ARE RELEVANT TO THE CONSOLIDATED ENTITY**

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022 \$	30 June 2022 \$
<b>Exploration and evaluation assets</b>		
Balance at the beginning of period	19,628,059	11,152,025
Exploration costs capitalised	2,907,186	8,476,034
Reclassification to property, plant and equipment	(237,272)	-
Balance at the end of reporting period	<u>22,297,973</u>	<u>19,628,059</u>

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 on an annual basis when indicators of impairment are present at the reporting date.

## 3. SHARE CAPITAL &amp; RESERVES

	31 December 2022 \$	30 June 2022 \$
Issued capital	(a) 38,188,924	34,595,220
Option reserve	(b) <u>1,831,788</u>	<u>1,510,810</u>

## (a) Reconciliation of movement during the period:

	Shares	\$
Opening balance on 1 July 2022	1,200,681,540	34,595,220
Placement at \$0.0175 per share	126,783,853	2,218,717
Placement at \$0.012 per share	150,000,000	1,800,000
Issue of shares to suppliers in lieu of fees owing	6,106,476	91,598
Share issue costs	-	(516,611)
Closing balance on 31 December 2022	<u>1,483,571,869</u>	<u>38,188,924</u>

## (b) Movement in option reserve

	31 December 2022 \$
Opening balance on 1 July 2022	1,510,810
Share based payment during the period	313,478
Options issued	7,500
Closing Balance on 31 December 2022	<u>1,831,788</u>

## (c) Outstanding Share Options

As at 31 December 2022 the company had the following share options outstanding:

Expiry Date and Price	Type	Number
OPTIONS EXP 17/11/23 @ \$0.20	Unlisted Option	16,600,000
OPTIONS EXP 21/01/25 @ \$0.06	Unlisted Option	25,750,000
OPTIONS EXP 13/04/25 @ \$0.06	Unlisted Option	20,000,000
OPTIONS EXP 1/12/25 @ \$0.03	Unlisted Option	20,000,000
OPTIONS EXP 30/10/23 @ \$0.04	Unlisted Option	63,391,928
OPTIONS EXP 31/07/23 @ \$0.02	Listed Option	<u>389,363,575</u>
		<u>535,105,503</u>

#### 4. SHARE BASED PAYMENTS

The share based payment expense for the period is for options issued during the period and vesting of options issued in previous reporting periods

	31 December 2022	31 December 2021
	\$	\$
<b>Options</b>		
Options issued to directors, employees and consultants (a)	170,978	148,802
Options issued to brokers (b)	142,500	-
Options issued to corporate advisors	-	211,000
Options issued to underwriters	-	118,500

**a) Options issued to directors and consultants**

During the reporting period, 20,000,000 options were issued to Directors and Mining Corporate Pty Ltd (or nominees) as approved by shareholders at the AGM on 28 November 2022.

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted options issued as a non-cash remuneration benefit to Directors and Mining Corporate Pty Ltd	20,000,000	28/11/2022	0.0036	72,000

The options issued during the period were calculated using the Hoadley's ESO2 valuation model with the following inputs:

	Options granted
Expected volatility (%)	100%
Risk free interest rate (%)	3.2%
Weighted average expected life of options (years)	3
Expected dividends	-
Option exercise price (\$)	\$0.03
Share price at grant date (\$)	\$0.01

**b) Options issued to brokers**

During the reporting period 75,000,000 quoted options (ASX: ESROA) were issued to CPS Capital Pty Ltd (or nominees) for services provided as part of the Placement completed during the period. The options were valued with reference to the option price as at the grant date (date of shareholder approval) less the amount paid for the options (\$0.0001 per option).

## 5. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The consolidated entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the consolidated entity. The consolidated entity operates in Australia.

## 6. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there were no significant changes in contingent assets or liabilities during the period ended 31 December 2022.

## 7. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2022.

## 8. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 February 2023 the Group issued 5,000,000 unquoted options exercisable at \$0.03 and expiring 1 December 2025 pursuant to the Company's Employee Security Incentive Plan.

On 13 January 2022 the Group received \$1,014,996 as a refundable tax offset for eligible research and development (R&D) expenditure conducted at the Company's Carr Boyd Nickel Project during the 2022 financial year.

Other than as outlined above there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2022.

## 9. INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1:

Controlled entities	Country of incorporation	Percentage owned	Percentage owned
		31 December 2022	30 June 2022
WA Nickel Pty Ltd	Australia	100%	100%
Carr Boyd Nickel Pty Ltd	Australia	100%	100%
Estrella Resources (Chile) SpA	Chile	100%	100%



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**10. DIVIDENDS**

No dividend has been declared or paid during the half-year ended 31 December 2022. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2022.

**In the opinion of the Directors of Estrella Resources Limited:**

- (a) The attached financial statements and notes:
  - (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of the consolidated entity's performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Christopher Daws  
Managing Director  
1 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Members of Estrella Resources Limited

#### Report on the Half-Year Financial Report

##### *Conclusion*

We have reviewed the accompanying half-year financial report of Estrella Resources Limited which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Estrella Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

##### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$807,986 and had net cash outflows from operating and investing activities of \$743,195 and \$3,394,017 respectively for the half-year ended 31 December 2022. As at that date, the consolidated entity had net current liabilities of \$24,884. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Estrella Resources Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM Australia Partners



ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 1 March 2023

**DIRECTORS**

Christopher Daws (Managing Director)  
Leslie Pereira (Non-Executive Chairman)  
John Kingswood (Non-Executive Director)

**COMPANY SECRETARIES**

Stephen Brockhurst  
Benjamin Smith

**REGISTERED OFFICE**

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