



and its controlled entities

2023 ANNUAL REPORT

ABN: 39 151 155 207

Annual Report 2023

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ESTRELLA RESOURCES LIMITED

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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 2023.

Directors

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

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

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 projects in Western Australia.

Operating and Financial Review

The net loss of the Group for the financial year ended 30 June 2023 amounted to \$1,604,768 (2022: loss \$2,276,913). The current year loss was incurred from in the ordinary course of the business. The net assets of the Group for the financial year ended 30 June 2023 amount to \$22,031,111 (2022: net assets \$19,672,644).

Risk Management

The Group aims to identify material risks and manage these effectively. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, unpredictable and the extent to which the Board can effectively manage them is limited.

The following section is a non-exhaustive list of risks faced by the Group and investors, are not in order of importance or significance and actual events may differ from those described.

Exploration and development

The future value of the Group will depend on its ability to find and develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Group. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.

The Group is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.

Economic Conditions

Factors such as (but not limited to) political movements, stock market fluctuations, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, taxation changes and

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legislative or regulatory changes, may all have an adverse impact on operating costs, the value of the Group's projects, the profit margins from any potential development and the Company's share price.

Reliance on key personnel

The Group's success is to a large extent dependent upon the retention of key personnel and the competencies of its directors, senior management, and personnel. The loss of one or more of the directors or senior management could have an adverse effect on the Group's. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Group would need to replace them which may not be possible if suitable candidates are not available.

Future funding risk

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Group.

Unforeseen expenditure risk

Exploration and evaluation expenditures and development expenditures may increase significantly above existing projected costs. Although the Group is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Group and its proposed business plans.

Environmental, weather & climate change

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes. Mining and exploration activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources.

Tenure and Access risk

While the Group does not anticipate there to be any issues with the grant or renewals of its tenements, there can be no assurance that the application (or future applications) will be granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenure is subject to the discretion of the relevant authorities. Renewal conditions may include increased expenditure or obligations on the Group or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group.

The Groups tenements may overlap third party interests or private property that may limit the Group's ability to conduct exploration and mining activities. Where the Project overlaps private land, exploration and mining activity on the Project may require authorisation or consent from owners of the land. Restrictions or inability to access the Group's tenements adversely affect the operations, financial position and/or performance of the Group.

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Review of Operations

Estrella Resources Limited (ASX: ESR) (Estrella or Company) is pleased to provide its Review of Operations for the full year ended 30 June 2023.

Work Summary

Spargoville Nickel Project, WA (100%-Owned)

Throughout the year, Estrella Resources significantly advanced its understanding of the near-term development opportunity at the Spargoville nickel sulphide project.

Spargoville, which is a historic producing asset, consists of a series of open-cut mines located approximately 20km South-West of Kambalda and includes the 1A, 5A, 5B, and 5D deposits which were discovered and partially developed on two of three mining leases.

Estrella oversaw a significant drilling campaign conducted at the 5A deposit with final assays from drilling received in August 2022. Very high grades were returned, increasing confidence in the Project to host significant mineralisation beneath the open pit.

Highlights from the drilling campaign include:

- SPDD009 – 3.45m* @ 5.46% Ni from 69.85m, including 1.2m @ 10.85% Ni ¹
- SPDD018 – 6.80m* @ 4.40% Ni from 66.2m including 1.76m @ 10.21% Ni ²
- SPDD019 – 4.34m* @ 3.58% Ni from 71.46m including 1.40m @ 7.79% Ni ³

These exceptional results assisted in the definition of a Mineral Resource Upgrade which significantly improved upon a historical 2019 estimate.

The upgrade saw a shift of bulk tonnages, with the majority of the resource falling into the Measured category. Additionally, the area immediately below the open pit recorded an increase in the amount of Transitional material which had previously been classified as Fresh material. The two separate production streams for the Transitional and Fresh material will feed into the Definitive Feasibility Study.

A summary of the Mineral Resource Estimate for the 5A Deposit can be seen in Table 1⁴.

¹ See ASX Announcement dated 4 August 2022

² See ASX Announcement dated 23 August 2022

³ See ASX Announcement dated 30 August 2022

* Down hole widths quoted

⁴ See ASX Announcement dated 18 October 2022

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

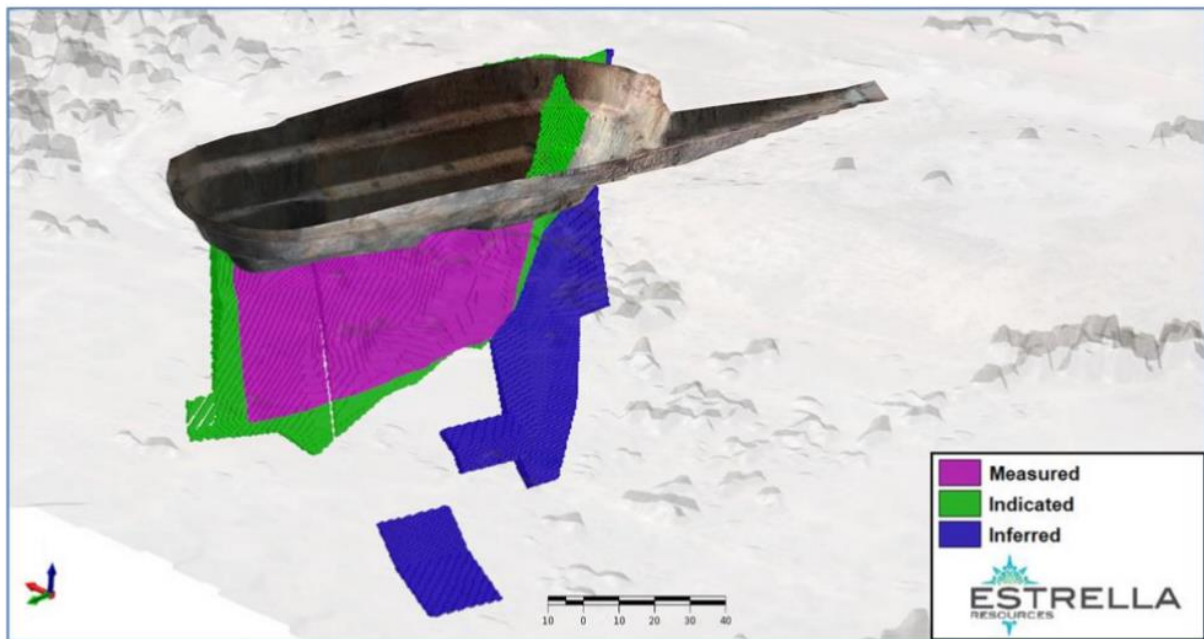
Type	Measured Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	4	1.6	0.17	0.04	70	10	2
Transition	53	3.0	0.22	0.07	1,570	120	40
Total	60	2.8	0.22	0.06	1,640	130	40
Type	Indicated Mineral Resource						
	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	20	0.8	0.06	0.02	150	10	4
Transition	17	1.3	0.08	0.03	220	10	5
Total	36	1.0	0.07	0.02	370	20	10
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
Total	30	1.2	0.14	0.02	350	40	10
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
Total	124	1.9	0.15	0.04	2,370	190	50

Estrella is particularly focussed on the 16kt of Massive grading 7.8% Ni which lies below the pit floor and is accessible via a pit cut-back. The relative volumes of material are shown in Table 2 and Figure 1.

Table 2: October 2022 Mineral Resource Estimate -Mineralisation Type (0.5% Ni Cut-off)

Type	Total Mineral Resource						
	Tonnage kt	Ni%	Cu%	Co%	Ni T	Cu T	Co T
Disseminated	76	0.6	0.07	0.02	490	50	10
Matrix/Breccia	32	2.0	0.14	0.03	650	40	10
Massive	16	7.8	0.59	0.19	1,230	90	30
Total	124	1.9	0.15	0.04	2,370	190	50

Figure 1: Spargoville 5A Open Pit digital model with recent diamond drilling



Following the updated Mineral Resource Estimate, Estrella Resources entered into an ore processing and off-take agreement with Murrin Murrin Operations Pty Ltd a wholly owned subsidiary of Glencore plc.

In February 2023, Estrella announced the successful delivery of a bulk metallurgical sample from the Spargoville 5A deposit, consisting of 2,413 wet metric tonnes (WMT) with an average moisture content of 3.34%⁵.

The sample performed as expected through Murrin Murrin HPAL Plant, with all deleterious elements falling within Glencore specifications. The performance of the bulk sample further improves confidence in the potential to develop and efficiently process material from the 5A deposit.

Results from the bulk sample have further informed development activities at Spargoville, with the Company progressing a Definitive Feasibility Study at the project. In April, Estrella announced the Company had selected an underground mining method⁶.

There are clear advantages to underground mining which assist project economics and grade of ore produced when compared to an open pit cut-back option. One example is that it enables the Company much more control over mining dilution, which in turn influences downstream crushing and blending of the ore to achieve a significantly higher-value product.

During the mining of the trial bulk sample, it was determined that excessive dilution of the high-grade ore could easily occur during open-pit blasting. The mining dilution comes from a competency difference between the weathered massive sulphides and relatively un-weathered ultramafic hanging wall and fresh basalt footwall. Dilution arising from these competency differences is more easily controlled with a targeted underground mining technique.

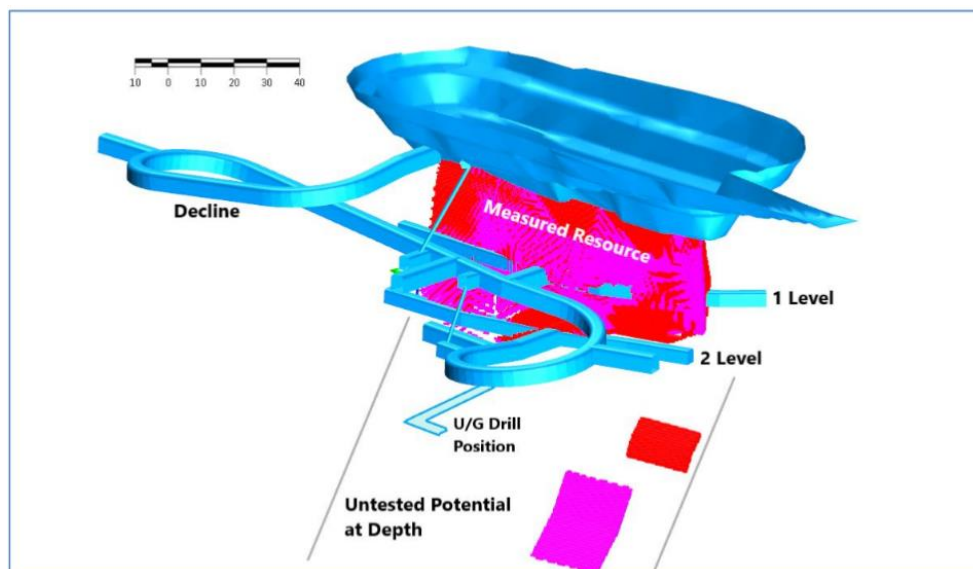
Other significant savings come from the reduced timeframe of the project as compared to the cut-back coupled with significantly lower environmental footprint.

The first-pass conceptual design, shown in Figure 2, was used for the evaluation and is being refined.

⁵ See ASX Announcement dated: 16 February 2023

⁶ See ASX Announcement dated: 26 April 2023

Figure 2: Conceptual 5A Decline Design with two levels and drill position shown.



Carr Boyd Nickel Project, WA (100%-Owned)

The Carr Boyd Nickel Project is located approximately 80km NNW of the city of Kalgoorlie-Boulder in Western Australia's Goldfields Region. The Project comprises three Mining Leases and six Exploration Licenses and is an emerging area of geological significance following the intersection of several deposits of massive nickel-copper sulphides.

Throughout the financial year, Estrella Resources has placed an emphasis on review and interpretation of results in order to better understand the geological scale and orientation of this highly prospective region.

In September, Estrella completed a review of its nickel exploration activities across both the T5 discovery and the Carr Boyd Igneous complex⁷. As a result of this work, a JORC Exploration Target has been determined for the Carr Boyd project of: 5Mt to 7Mt grading between 0.7% and 1.5% nickel and 0.3% to 0.5% Copper. This equates to 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 JORC 2012 Mineral Resource for the T5 Deposit.

The MRE is entirely north of the Proterozoic Dyke which Estrella has interpreted to split the T5 mineralisation. The JORC 2012 Mineral Resource Estimate was compiled by Ashmore Advisory Pty Ltd and is presented in Table 3.

Table 3: T5 September 2022 Inferred Mineral Resource Estimate (0.5% Ni + Cu Cut-off Grade)

Type	Inferred Mineral Resource														
	Tns	Ni+Cu	Ni	Cu	Co	Pt	Pd	Ag	Ni	Cu	Co	Pt	Pd	Ag	
	kt	%	%	%	%	g/t	g/t	g/t	t	t	t	oz	oz	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	
Total	860	1.08	0.66	0.42	0.03	0.22	0.22	1.98	5,700	3,600	300	6,200	6,100	54,800	

⁷ See ASX Announcement dated 20 September 2022

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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).

In addition to the nickel and copper, the T5 MRE contains over 12,000 ounces of platinum and palladium and almost 55,000 ounces of silver which are associated with the sulphide mineralisation. The nickel-copper-PGE sulphide resource is free of arsenic and is low in MgO.

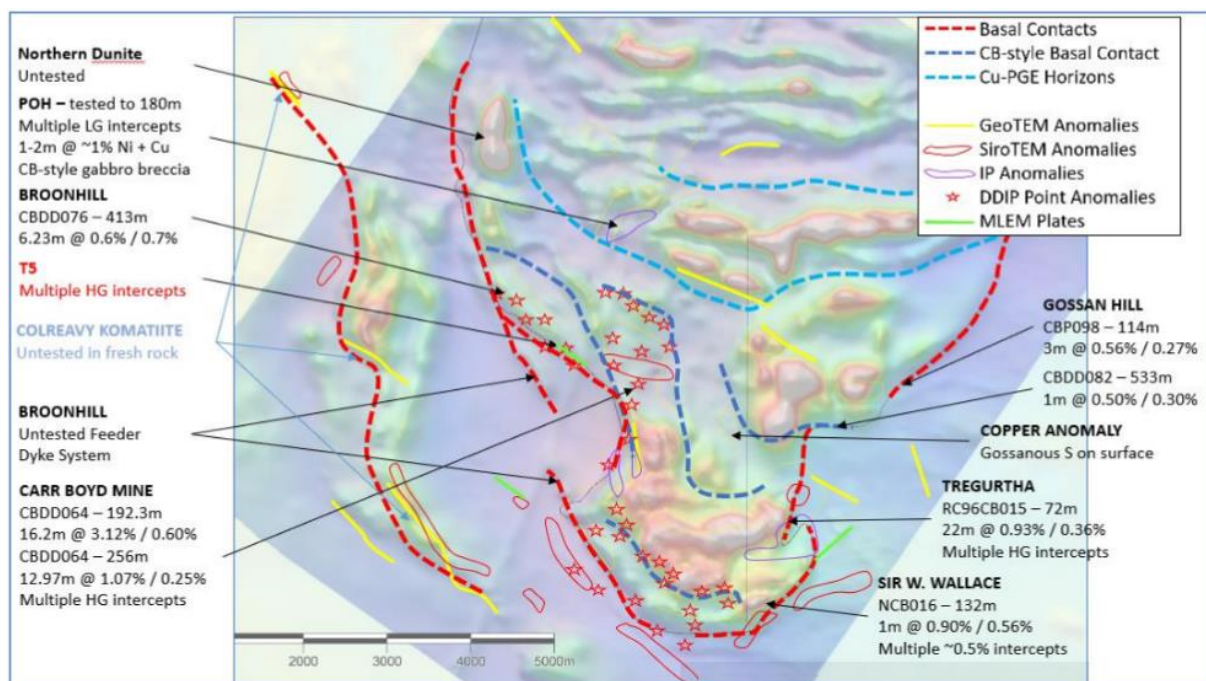
Estrella's understanding of the Carr Boyd project was further enhanced through the completion of an exploration review incorporating CSIRO study data as well as seismic results⁸.

The exploration review produced a series of findings, including determining the controls and ages of nickel mineralisation events, as well as the locations of many different magma pulses with potentially multiple sulphur-saturation events throughout the complex.

These findings have not only been critical in confirming the prospective nature of the Project, they have also assisted in identifying 30 highly prospective targets, located both along and internal to the basal contact. In addition, the highly prospective 16km Colreavy Komatiite is now considered a high-priority target (see Figure 3).

Estrella is currently investigating the potential for a joint venture agreement to expedite and fund a large long-term exploration effort to better understand these extensive nickel targets.

Figure 3: Northern section of the Carr Boyd Complex with regional intercepts Ni% / Cu%, also showing the actual basal contacts in red and internal basal contacts in blue.



⁸ See ASX Announcement dated 23 May 2023

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Following the development of the 30 targets for further follow-up, Estrella announced an agreement with Canadian-based geophysical firm Expert Geophysics to commence a world-first helicopter-borne electromagnetic survey (TargetEM).

The 253km² survey was designed to encompass all prospective horizons identified as part of the review, including the high priority Colreavy Komatiite target which has had no previous modern geophysics undertaken.

The TargetEM system contains many structural, electrical and software improvements over previous helicopter-borne EM systems that have greatly improved the sensitivity and depth of investigation.

Post period-end, Estrella announced the successful completion of the survey with the Company well underway in analysing and ranking the surveyed targets.

The Company has received POW approvals for areas of interest within the Carr Boyd Project tenement package and has commenced planning for the recommencement of drilling activities.

Compliance Statement

With reference to previously reported Exploration results and mineral resources included in this report, 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 or Ore Reserves 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.

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/corporate-governance/

Events subsequent to the reporting period

No 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.

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Information on Directors

Mr Christopher Daws: Managing Director

Date of appointment as Managing Director: 18 November 2020

Mr Daws is an experienced mining executive having previously been involved with Niagara Mining (Poseidon), US Nickel and KMC Limited. Mr Daws is a Director and founder of Apollo Phoenix 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 Daws is not currently and has not been within the last three years a Director of any publicly listed Companies. Mr Daws currently holds 36,562,265 fully paid ordinary shares and 10,000,000 unlisted options in Estrella Resources Limited.

Mr Leslie Pereira– Non-Executive Director, B.App.Sci.(Biology) B.App.Sci. (Chiropractic) C.C.S.P.

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 7,030,769 fully paid ordinary shares and 9,000,000 unlisted options in Estrella Resources Limited.

Mr John Kingswood – Non-Executive Director

Date of appointment: 6 January 2017

Mr Kingswood has over 25 years' mining experience with significant experience in mining and project management. Mr Kingswood has a track record of acquiring mineral 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 3,380,000 fully paid ordinary shares and 9,000,000 unlisted options in Estrella Resources Limited.

Other Management

Mr Steve Warriner – Exploration Manager

Date of appointment: 4 January 2021

Mr Warriner is a graduate of the West Australian School of Mines and is a member of the Australian Institute of Geoscientists (AIG). He has over 30 years' experience in the resource/mining industry in Western Australia and overseas with over 20 of these years exploring for and mining intrusive and extrusive nickel deposits around Western Australia. Mr Warriner brings a wealth of experience to Estrella in the exploration for and exploitation of nickel sulphide deposits.

Mr Warriner previously held the position of Chief Geologist at Poseidon Nickel Limited for 14 years. He has held senior management and consulting positions in a number of ASX listed companies including

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Poseidon Nickel, Western Metals, Barrick Gold, WMC Resources and Fox Resources, where his experience and leadership has led to several new discoveries and successful mining operations, including the recent Golden Swan high-grade nickel discovery with Newexco Geological Consultants, and the Abi Rose and Cerberus discoveries with Neil Hutchison.

Mr Stephen Brockhurst – Joint Company Secretary

Date of appointment as Company Secretary: 29 October 2020

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.

Mr Benjamin Smith – Joint Company Secretary

Date of appointment: 31 October 2022

Mr Smith is a Chartered Accountant and has over ten (10) years' experience in finance, accounting and corporate advisory. His experience includes three (3) years at BHP's Nickel West, and five (5) years auditing ASX listed companies prior to that. More recently he is serving as Company Secretary for ASX listed company Rubix Resources Limited and previously Torrens Mining Limited, prior to its acquisition.

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:

Director	BOARD MEETINGS	
	Number eligible to attend	Number attended
L Pereira	2	2
C Daws	2	2
J Kingswood	2	2

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

	Number of shares under option	Class	Exercise price	Expiry date of options
	25,750,000	Unquoted	\$0.06	21 Jan 2025
	20,000,000	Unquoted	\$0.06	13 Apr 2025
	16,600,000	Unquoted	\$0.20	17 Nov 2023
	25,000,000	Unquoted	\$0.03	1 Dec 2025
	63,391,928	Unquoted	\$0.04	30 Oct 2023
Total	150,741,928			

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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

Details of the amounts paid to the auditors of the Group, RSM Australia Partners for non-audit services provided during the year are as follows:

	2023	2022
	\$	\$
Non-audit services:		
Tax services - RSM	7,500	10,000

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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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 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.

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Relationship between the Remuneration Policy and Company Performance

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$
Revenue	412,039	3,822	1,400,088	762	48,162
EBITDA	(1,386,611)	(2,121,721)	(394,980)	(574,921)	(618,491)
EBIT	(1,592,975)	(2,248,765)	(461,244)	(583,374)	(625,305)
Loss after income tax	(1,604,768)	(2,276,913)	(543,230)	(609,076)	(622,143)
Basic loss per share (cents)	(0.11)	(0.19)	(0.07)	(0.11)	(0.13)
Diluted loss per share (cents)	(0.11)	(0.19)	(0.07)	(0.11)	(0.13)
Share Price at financial year end	\$0.007	\$0.02	\$0.047	\$0.01	\$0.01

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 2023 and 30 June 2022 are set out in the following tables:

2023	Short-term benefits		Post-employment benefits	Share-based Payments	Total	Performance Related
	Salary					
Name	And Fees	Bonus	Superannuation	Options		
	\$	\$	\$	\$	\$	%
DIRECTORS						
L. Pereira	41,662	-	4,375	35,530	81,567	44
C. Daws	296,186	-	31,036	44,295	371,517	12
J. Kingswood	41,662	-	-	35,530	77,192	46
Total	379,510	-	35,411	115,355	530,276	

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2022	Short-term benefits		Post-employment benefits	Share-based Payments		
	Salary					
Name	And Fees	Bonus	Superannuation	Options	Total	Performance Related
	\$	\$	\$	\$	\$	%
DIRECTORS						
L. Pereira	40,000	-	-	7,270	47,270	15
C. Daws	290,000	-	29,000	10,905	329,905	3
J. Kingswood	40,000	-	-	7,270	47,270	15
S. Brockhurst ¹	30,000	-	-	1,359	31,359	4
N. Hutchison ¹	30,000	-	3,000	50,415	83,415	60
Total	430,000	-	32,000	77,219	539,219	

¹ Mr Hutchison and Mr Brockhurst resigned as Directors on 4 April 2022

Share based remuneration

During the year, 15,000,000 unlisted options exercisable at \$0.03 on or before 1 December 2025 were issued to Key Management Personnel. Refer to Note 18 – Share based payments.

Transactions with key management personnel

There were no transactions with key management personnel in 2023 other than as outlined above.

Key management personnel shareholdings

Fully Paid Ordinary Shares

2023	Balance	Purchases	On exercise	Net other	Balance
Directors	01 July 2022	/ (Sales)	of options / convertible securities	Change	30 June 2023
L Pereira	6,595,769	235,000	-	-	6,830,769
C Daws	36,562,265	-	-	-	36,562,265
J Kingswood	3,380,000	-	-	-	3,380,000

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

2022	Balance	Purchases	On exercise	Net other	Balance
Directors	01 July 2021	/ (Sales)	of options /	Change	30 June 2022
			convertible		
			securities		
L Pereira	6,015,769	580,000	-	-	6,595,769
C Daws	34,612,265	1,950,000	-	-	36,562,265
J Kingswood	3,380,000	-	-	-	3,380,000
S Brockhurst ¹	2,500,001	-	-	(2,500,001)	-
N Hutchison ¹	800,000	-	2,488,200	(3,288,200)	-

¹ Mr Hutchison and Mr Brockhurst resigned as Directors on 4 April 2022

Share Options

2023	Balance	Options	Options	Net other	Options	Balance	Total
	1 July 2022	Granted	Purchased	Change	Exercised	30 June 2023	Vested 30 June 2023
L. Pereira	10,550,000	5,000,000	-	(3,000,000)	-	12,550,000	12,550,000
C Daws	27,500,000	5,000,000	-	(22,500,000)	-	10,000,000	10,000,000
J Kingswood	27,000,000	5,000,000	-	(23,000,000)	-	9,000,000	9,000,000

2022	Balance	Options	Options	Net other	Options	Balance	Total
	1 July 2021	Granted	Purchased	Change	Exercised	30 June 2022	Vested 30 June 2022
L. Pereira	8,550,000	2,000,000	-	-	-	10,550,000	8,550,000
C Daws	24,500,000	3,000,000	-	-	-	27,500,000	24,500,000
J Kingswood	25,000,000	2,000,000	-	-	-	27,000,000	25,000,000
S Brockhurst ¹	5,750,000	2,000,000	-	(7,750,000)	-	-	-
N Hutchison ¹	2,000,000	2,000,000	-	(4,000,000)	-	-	-

¹ Mr Hutchison and Mr Brockhurst resigned as Directors on 4 April 2022

Service Agreements

Executive Director Remuneration

Mr Christopher Daws was appointed as Managing Director on 18 November 2020 for an initial term of three (3) years. 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 and then by paying three (3) months salary. Mr Daws can terminate the Agreement by providing three (3) months written notice. The original terms of the Agreement were such that Mr Daws is entitled to receive \$290,000 per year (exclusive of statutory superannuation). The terms of the Agreement allow for an annual salary review. On 1 May 2023 Mr Daws salary was increased to \$326,250 (exclusive of

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

statutory superannuation). This was the only salary increase Mr Daws has received during his term as Executive Director. The remuneration is not dependent on the satisfaction of any performance conditions.

Non-Executive Directors Remuneration

Remuneration of Non-Executive Directors 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. On 1 May 2023 the Non-Executive Directors' remuneration was increased from \$40,000 per annum to \$50,000 per annum.

Voting and comments made at the Company's 2022 Annual General Meeting

The Company received 96% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF THE AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001:



Christopher Daws

Director

Dated: 22 September 2023

Perth

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 2023, 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 handwritten signature of 'RSM' in a bold, sans-serif font.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'A Whyte' in a cursive script.

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 22 September 2023

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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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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		\$	\$
Sales		405,521	-
Interest income		6,518	1,528
Other income		-	2,294
Exploration and evaluation expenditure		(547,569)	-
Salaries & Directors' fees		(384,371)	(435,773)
Legal fees		(42,988)	(35,601)
Consulting fees		(340,086)	(566,538)
Share based payment expense	18	(219,530)	(753,875)
Depreciation		(206,364)	(127,044)
Borrowing costs	3	(18,311)	(29,676)
Unrealised movement in fair value of investment		(20,754)	(66,467)
Other expenses		(236,834)	(265,761)
LOSS BEFORE INCOME TAX		(1,604,768)	(2,276,913)
Income tax expense	4	-	-
LOSS FOR THE PERIOD		(1,604,768)	(2,276,913)
Other Comprehensive Loss			
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,604,768)	(2,276,913)
Loss per share:			
Basic and diluted loss per share (cents per share)	14	(0.11)	(0.19)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	16	1,047,682	721,185
Trade and other receivables	5	53,031	333,518
Financial assets at fair value through profit or loss	8	34,456	55,210
Total current assets		1,135,169	1,109,913
Non-Current Assets			
Plant & equipment	6	439,335	399,389
Exploration and evaluation expenditure	7	21,753,100	19,628,059
Total Non-Current Assets		22,192,435	20,027,448
Total assets		23,327,604	21,137,361
Current liabilities			
Trade and other payables	9	151,432	1,369,526
Borrowings	10	1,044,311	-
Provisions	11	100,750	95,191
Total current liabilities		1,296,493	1,464,717
Total liabilities		1,296,493	1,464,717
Net assets		22,031,111	19,672,644
Equity			
Share capital	12	38,188,925	34,595,220
Reserves	13	1,827,785	1,510,810
Accumulated losses		(17,985,599)	(16,433,386)
Total equity		22,031,111	19,672,644

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued capital \$	Accumulated losses \$	Option reserve \$	Converti ble Note Reserve \$	Total \$
Balance at 30 June 2022	34,595,220	(16,433,386)	1,510,810	-	19,672,644
Loss for the year	-	(1,604,768)			(1,604,768)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	227,030	-	227,030
Options expired during the year	-	52,555	(52,555)	-	-
Shares issued	4,110,315	-	-	-	4,110,315
Transaction costs on share issue	(516,610)	-	142,500	-	(374,110)
Balance at 30 June 2023	38,188,925	(17,985,599)	1,827,785	-	22,031,111
Balance at 30 June 2021	27,535,256	(14,544,723)	968,685	58,000	14,017,218
Loss for the year	-	(2,276,913)	-	-	(2,276,913)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	753,875	-	753,875
Convertible notes and options exercised & expired during the year	-	388,250	(330,250)	(58,000)	-
Shares issued	7,886,582	-	-	-	7,886,582
Transaction costs on share issue	(826,618)	-	118,500	-	(708,118)
Balance at 30 June 2022	34,595,220	(16,433,386)	1,510,810	-	19,672,644

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		405,521	-
Payments to suppliers and employees		(1,545,872)	(1,263,959)
Interest received		6,518	1,528
Interest paid		-	-
NET CASH USED IN OPERATING ACTIVITIES	16	(1,133,833)	(1,262,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(9,040)	(133,956)
Payments for exploration and evaluation expenditure		(4,060,650)	(8,225,243)
Proceeds from R&D receipt		1,033,601	296,521
Payments for purchase of equities		-	(56,015)
NET CASH USED IN INVESTING ACTIVITIES		(3,036,089)	(8,118,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,818,718	7,341,219
Proceeds from issue of options		7,500	-
Proceeds from borrowings		1,044,311	-
Share issue costs		(374,110)	(787,818)
NET CASH PROVIDED BY FINANCING ACTIVITIES		4,496,419	6,553,401
Net increase / (decrease) in cash held		326,497	(2,827,723)
Cash at the beginning of the year		721,185	3,548,908
CASH AT THE END OF THE YEAR	16	1,047,682	721,185

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

ESTRELLA RESOURCES LIMITED

AND CONTROLLED ENTITIES

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 2023.

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 8, 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.

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 2023 (including comparatives) were approved and authorised for issue by the Board of Directors on 22 September 2023.

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. The financial statements are presented in Australian dollars, which is Estrella Resources Limited's functional and presentation currency.

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

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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 18 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.

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

ESTRELLA RESOURCES LIMITED
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asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 expected credit 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.

ESTRELLA RESOURCES LIMITED
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j) Revenue

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of nickel and other metals

Sale of nickel and other metals is recognised at the point of sales, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and discounts.

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) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

ESTRELLA RESOURCES LIMITED
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The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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.

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.

ESTRELLA RESOURCES LIMITED
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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.
- Convertible note reserve – the fair value of the equity residual component on the issue of convertible notes

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 22.

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 23.

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 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 Group 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.

ESTRELLA RESOURCES LIMITED
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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.

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,

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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:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10 - 50%

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.

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

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ended 30 June 2023. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

x) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

y) 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.

z) 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 \$1,604,768 and had net cash outflows from operating activities of \$1,133,833 and from investing activities of \$3,036,089 for the year ended 30 June 2023. As at that date the Group had net current liabilities of \$161,324. 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.

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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 Group expects to proceed with mining activities at Spargoville and generating positive cashflow from its operations;
- 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 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. Borrowing Costs

	30 June 2023	30 June 2022
	\$	\$
Interest expense	18,311	15,002
Unwinding of fair value discount	-	14,674
Total Borrowing costs	18,311	29,676

4. Income tax expense

	30 June 2023	30 June 2022
	\$	\$
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(1,604,768)	(2,276,913)
Prima facie tax payable on profit before income tax at 30% (2022: 30%)	(481,430)	(683,074)
Tax effect - permanent differences	65,859	226,374
Tax effect of tax losses and temporary differences not recognised	415,571	456,700
Income tax expense	-	-

The amount of tax losses carried forward as at 30 June 2023 amount to \$25,231,601 (2022: \$23,846,364).

5. Trade and other receivables

	30 June 2023	30 June 2022
	\$	\$
Prepayments	42,277	59,860
GST receivable	10,754	273,658
Loan to Data Laboratories Ltd ¹	500,000	500,000
Less impairment of loan to Data Laboratories Ltd ¹	(500,000)	(500,000)
Total trade and other receivables	53,031	333,518

¹In 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.

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Allowance for expected credit losses

There is no allowance for expected credit losses recognised for the year ended 30 June 2023.

6. Plant & Equipment

	30 June 2023	30 June 2022
	\$	\$
Plant & equipment at cost	861,778	615,468
Plant & equipment – accumulated depreciation	(422,443)	(216,079)
	439,335	399,389
Plant & Equipment		
Opening Balance	399,389	392,477
Additions	9,040	133,956
Transfer from exploration and evaluation assets	237,270	-
Depreciation	(206,364)	(127,044)
Closing balance of plant & equipment	439,335	399,389

7. Exploration and evaluation assets

	30 June 2023	30 June 2022
	\$	\$
Exploration and evaluation assets		
Balance at the beginning of the year	19,628,059	11,152,025
Exploration costs capitalised	3,395,912	8,772,555
R&D tax receipt	(1,033,601)	(296,521)
Transfer to plant and equipment	(237,270)	-
Disposal of tenements	-	-
Impairment	-	-
Balance at the end of the year	21,753,100	19,628,059

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.

8. Financial assets at fair value through profit or loss

	30 June 2023	30 June 2022
	\$	\$
Current		
Investments in listed company	34,456	55,210
Total	34,456	55,210

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9. Trade and other payables

	30 June 2023	30 June 2022
	\$	\$
Current		
Trade payables	54,861	774,278
Accruals	78,260	595,248
Interest payable	18,311	-
Total	151,432	1,369,526

10. Borrowings

	30 June 2023	30 June 2022
	\$	\$
Current		
Loan	1,044,311	-
Convertible note	-	-
Opening balance	-	275,326
Convertible notes redeemed	-	(290,000)
Loan disbursed	1,044,311	-
Interest expense – unwinding of fair value discount	-	14,674
Closing balance	1,044,311	-

During the financial year the Company entered into a secured loan agreement as an advance on Estrella's future research and development (R&D) expenditure for the 2023 financial year. The loan accrues interest at 16% per annum with a maturity date of 31 December 2023 and is secured against the future R&D refund to be received for the 2023 financial year.

On 25 February 2020 the Company issued \$450,000 in unsecured convertible notes with a repayment date of 24 months from the date of issue. The convertible notes accrued interest at 12% per annum and are convertible into ordinary shares at \$0.01 per share. The noteholder had the election to convert or be repaid in cash the convertible notes (and interest accrued) at any time commencing from 6 months from the issue date up to 7 business days prior to the repayment date. During the prior financial year the remaining noteholders elected to convert the convertible notes and interest accrued before the repayment date.

11. Provisions

	30 June 2023	30 June 2022
	\$	\$
Current		

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Employee benefits	100,750	95,191
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12. Issued capital

	30 June 2023	30 June 2022
	\$	\$
1,483,571,869 fully paid ordinary shares (2022: 1,200,681,540)	39,532,153	35,421,838
Share issue costs	(1,343,228)	(826,618)
	38,188,925	34,595,220

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

	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	Number	\$	Number	\$
Fully paid ordinary shares				
Balance as at the beginning of the reporting period	1,200,681,540	34,595,220	1,005,696,722	27,535,256
Placement – July 2022	126,783,853	2,218,718	-	-
Placement – September 2022	150,000,000	1,800,000	-	-
Issued to suppliers in lieu of cash payment	6,106,476	91,597		
Placement of ESRO underwritten options	-	-	144,668,333	7,233,417
Conversion of convertible notes during the year	-	-	35,316,485	353,165
Option conversions during the year	-	-	15,000,000	300,000
	1,483,571,869	38,705,535	1,200,681,540	35,421,838
Share issue costs	-	(516,610)	-	(826,618)
	1,483,571,869	38,188,925	1,200,681,540	34,595,220

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. There are no externally imposed capital requirements.

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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.

13. Reserves

	30 June 2023	30 June 2022
Summary	\$	\$
Option and equity settled reserve ¹	1,827,785	1,510,810
	1,827,785	1,510,810

¹The option and equity settled reserve records the fair value of options issued.

Option and equity settled reserve

Balance at beginning of year	1,510,810	968,685
Options expense	362,030	872,375
Consideration for options issued	7,500	-
Options exercised and expired	(52,555)	(330,250)
Balance at end of year	1,827,785	1,510,810

a) Options	30 June 2023		30 June 2022	
	Number	\$	Number	\$
Options issued/options reserve				
Balance as at the beginning of the period	313,213,575	1,510,810	282,463,575	968,685
Unlisted Options issued 1/07/2021 ¹	-	-	10,000,000	211,000
Unlisted Options issued 6/07/2021 ¹	-	-	5,000,000	118,500
Unlisted Options issued 21/01/2022 ¹	-	-	14,000,000	138,992
Unlisted Options issued 15/03/2022 ¹	-	-	11,750,000	42,313
Unlisted Options issued 8/4/22 ¹	-	-	20,000,000	208,000
Unlisted Options issued 5/12/22 ¹	20,000,000	72,000	-	-
Listed Options issued 5/12/22 ²	75,000,000	-	-	-
Listed Options issued 5/12/22 ³	75,000,000	150,000	-	-
Unlisted Options issued 5/12/22 ²	63,391,928	-	-	-
Unlisted Options issued 3/02/23 ¹	5,000,000	15,935	-	-
Expense of options issued in prior periods	-	131,595	-	153,570
Options exercised during the year	-	-	(15,000,000)	(750)
Unlisted Options expired during the year	(11,500,000)	(52,555)	(15,000,000)	(329,500)
	540,105,503	1,827,785	313,213,575	1,510,810

¹ For details of options issued as part of share based payments, refer to Note 18;

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² Free attaching options issued pursuant to a capital raising;

³ Options issued to Brokers as remuneration for services provided;

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14. Earnings per share

	30 June 2023 Cents per share	30 June 2022 Cents per share
Basic loss per share	(0.11)	(0.19)
Diluted loss per share	(0.11)	(0.19)

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	(1,604,768)	(2,276,913)
Loss used in calculating basic and diluted loss per share	(1,604,768)	(2,276,913)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive loss per share	1,437,642,986	1,179,307,246

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.

15. 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:

	30 June 2023	30 June 2022
	\$	\$
Less than 12 months	373,936	308,959
Between 12 months and 5 years	879,615	650,093
Total	1,253,551	959,052

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16. 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:

	30 June 2023	30 June 2022
	\$	\$
Cash at bank and in hand	1,047,682	721,185

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

	30 June 2023	30 June 2022
	\$	\$
Loss for the year	(1,604,768)	(2,276,913)
Depreciation	206,364	127,044
Other income	-	(2,294)
Unrealised movement in fair value of investment	20,754	66,467
Borrowing costs	18,311	29,676
Share based payments	219,530	753,875
Movements in assets and liabilities:		
Trade and other current receivables	26,950	(13,305)
Trade and other payables	(26,532)	27,522
Employee provisions	5,558	25,497
Net cash used in operating activities	(1,133,833)	(1,262,431)

c) Non-cash financing and investing activities

There were no non cash financing and investing activities during the 2023 financial year.

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17. 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
- Borrowings

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

		Variable interest rate \$	Less than 1 year \$	1-2 years \$	2-3 years \$	Non interest bearing \$	Total \$
2023							
Financial assets							
Cash and cash equivalents	1.6%	1,047,682	-	-	-	-	1,047,682
Trade and other receivables		-	-	-	-	53,031	53,031
		1,047,682	-	-	-	53,031	1,100,713
Financial liabilities							
Trade and other payables		-	-	-	-	151,432	151,432
Borrowings	16%	-	1,044,311	-	-	-	1,044,311
		-	1,044,311	-	-	151,432	1,195,743

		Variable interest rate \$	Less than 1 year \$	1-2 years \$	2-3 years \$	Non interest bearing \$	Total \$
2022							
Financial assets							
Cash and cash equivalents	0.20%	721,185	-	-	-	-	721,185
Trade and other receivables		-	-	-	-	333,518	333,518
		721,185	-	-	-	333,518	1,054,703
Financial liabilities							
Trade and other payables		-	-	-	-	1,369,526	1,369,526
		-	-	-	-	1,369,526	1,369,526

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.

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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 2023 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 2023, 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 0.5% increase in the interest rate results in a decrease in loss by \$5,238 and an increase in equity of the same amount. 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 it has limited exposure to these risks.

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.

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18. Share based payments

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

	30 June 2023 \$	30 June 2022 \$
Options		
Profit or Loss		
Options issued to KMP and related parties (a)	157,387	42,313
Options issued to employees and consultants (a)	62,143	292,562
Options issued to corporate advisors	-	419,000
	<u>219,530</u>	<u>753,875</u>
Equity		
Options issued to brokers (b)	142,500	-
Options issued to underwriters	-	118,500
	<u>142,500</u>	<u>118,500</u>

a)

During the reporting period, 25,000,000 options (2022: 25,750,000) were issued to KMP, employees and consultants, as follows:

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted options issued to directors and consultants exercisable at \$0.03 on or before 1 December 2025	20,000,000	28/11/2022	0.0036	72,000
Unlisted options issued to employees exercisable at \$0.03 on or before 1 December 2025	5,000,000	24/01/2023	0.0074	37,045

The options issued during the financial year were calculated using the Hoadley's Trinomial Barrier option pricing model with the following range of inputs:

	Options granted
Expected volatility (%)	100%
Risk free interest rate (%)	2.95%-3.2%
Weighted average expected life of options (years)	2.9 – 3.0
Expected dividends	-
Option exercise price (\$)	\$0.03
Share price at grant date (\$)	\$0.01 - \$0.017

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b)

During the reporting period, 75,000,000 quoted options exercisable at \$0.02 and expiring on 31 July 2023 were issued to CPS Capital Group Pty Ltd pursuant to a broker mandate. The fair value of the options issued was calculated with reference to the quoted price on the grant date less the issue price consideration received.

19. Related party disclosures

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

a) Key Management Personnel

Directors	Position
C Daws	Managing Director
L Pereira	Non-Executive Director
J Kingswood	Non-Executive Director

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:

	2023	2022
	\$	\$
Short-term key management personnel benefits	379,510	430,000
Post-employment benefits	35,411	32,000
Share-based payment expense	115,355	77,219
Total	530,276	539,219

c) Equity interests in related parties

Nil.

d) Related party transactions

There were no other transactions with key management personnel during the financial year.

During the period ended 30 June 2022 up until Mr Brockhurst's resignation as a Director, fees of \$111,690 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.

During the year ended 30 June 2022 up until Mr Hutchison's resignation as a Director, fees of \$109,131 were paid or due to be paid to Geolithic Pty Ltd, a company of which Mr Hutchison is a director of, for the provision of geological services including providing consultant geologists.

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

20. 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.

21. Auditor's remuneration

	2023	2022
	\$	\$
Remuneration RSM Australia Partners for the Group for:		
Audit or review of the financial report	35,750	32,500
Tax services	7,500	10,000
	43,250	42,500

22. Parent company information

	2023	2022
	\$	\$
Statement of Financial Position		
Current assets	1,100,714	1,109,913
Non-current assets	20,659,922	18,460,479
Total Assets	21,760,636	19,570,392
Current liabilities	1,296,495	1,464,718
Total liabilities	1,296,495	1,464,718
Net Assets	20,464,141	18,105,674
Equity		
Issued capital	38,188,925	34,595,220
Reserves	1,827,785	1,510,810
Accumulated losses	(19,552,569)	(18,000,356)
Total Equity	20,464,141	18,105,674
Statement of Profit or Loss and other Comprehensive Income		
Loss for the year	(1,604,768)	(2,276,361)
Total Comprehensive Loss	(1,604,768)	(2,276,361)

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

23. Controlled entities

	Country of incorporation	Percentage owned 2023	Percentage owned 2022
WA Nickel Pty Ltd	Australia	100%	100%
Carr Boyd Nickel Pty Ltd	Australia	100%	100%
Estrella Resources (Chile) SpA*	Chile	100%	100%

*Dormant entity.

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 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

24. Contingent assets and liabilities

Contingent Assets

Under the terms for the disposal of Mt Edwards Lithium Pty Ltd during the 2018 financial 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% Li₂O (uncut);
- \$1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li₂O (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 2023.

25. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
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2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Ordinary shares at fair value through profit or loss	34,456	-	-	34,456
	34,456	-	-	34,456

2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Ordinary shares at fair value through profit or loss	55,210	-	-	55,210
	55,210	-	-	55,210

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

26. Events after the reporting period

No 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

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 2023 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 2023.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001:



Christopher Daws

Director

Dated: 22 September 2023

RSM Australia Partners

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**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 2023, 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 2023 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.

THE POWER OF BEING UNDERSTOOD
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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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Material Uncertainty Related to Going Concern

We draw attention to Note 2(z) in the financial report, which indicates that the Group incurred a loss of \$1,604,768 and had net cash outflows from operating activities of \$1,133,833 and from investing activities of \$3,036,089 for the year ended 30 June 2023. As at that date the Group had net current liabilities of \$161,324. As stated in Note 2(z), these events or conditions, along with other matters as set forth in Note 2(z), 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.

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
Exploration and Evaluation Assets Refer to Note 7 in the financial statements	
<p>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of \$21,753,100.</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 <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determining whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the right to tenure of the area of interests are valid; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed; and • 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.

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 2023 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: https://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 in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Estrella Resources Limited, for the year ended 30 June 2023, 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



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 22 September 2023

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

SHAREHOLDER INFORMATION

Additional information, current as at 18 September 2023 required by the ASX is as follows:

1. Voting Rights

Shareholder voting rights are specified in the Company's Constitution as adopted by Shareholders on 19 November 2019. 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

There are no shareholders currently holding greater than 5% of issued capital in the Company.

3. Distribution of Equity Securities

Shareholders

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	86	15,355	0.00%
1,001-5,000	386	1,343,296	0.09%
5,001-10,000	427	3,438,035	0.23%
10,001-100,000	2,090	93,538,880	6.31%
100,001 and over	1,389	1,385,236,303	93.37%
Total	4,378	1,483,571,869	100.00%

The number of Shareholders with less than a marketable parcel of shares is 2,359.

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

4. Top 20

20 Largest Shareholders (fully paid ordinary shares)

	Name	Number Held	Percentage %
1.	MR POH SENG TAN	26,000,000	1.75%
2.	MR ZHIFENG ZHANG	25,888,453	1.75%
3.	APOLLO PHOENIX RESOURCES PTY LTD	25,000,000	1.69%
4.	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	25,000,000	1.69%
5.	MS KYLIE ANNE CAMPBELL	22,500,000	1.52%
6.	MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	22,000,000	1.48%
7.	MR IVOR WILLIAM VAN DER SLUYS	18,500,000	1.25%
8.	MR BRIAN THOMAS RYAN	17,869,762	1.20%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	17,794,413	1.20%
10.	CITYCASTLE PTY LTD	15,900,000	1.07%
11.	MR CHRISTOPHER DAWS	15,508,995	1.05%
12.	SKED PROPRIETARY LIMITED <SKED SUPERANNUATION FUND A/C>	15,000,000	1.01%
13.	APOLLO PHOENIX RESOURCES PTY LTD	14,131,873	0.95%
14.	FIRE FITOUT COMPANY PTY LTD	14,000,000	0.94%
15.	DOUGLAS CHARLES DAWS	13,400,000	0.90%
16.	CITICORP NOMINEES PTY LIMITED	12,357,761	0.83%
17.	MARINER MINING PTY LTD	11,087,377	0.75%
18.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,816,965	0.73%
19.	MOTIVATE PTY LTD	10,500,000	0.71%
20.	LADYMAN SUPER PTY LTD <LADYMANSUPERFUND A/C>	10,000,000	0.67%
		343,255,599	23.14%

5. The Name of the Company Secretaries are Mr Stephen Brockhurst and Mr Benjamin Smith.
6. The address of the registered office and principal place of business in Australia is Level 8, 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 5, 191 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) 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

10. Unquoted Securities

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

Terms	Number
Unlisted options \$0.20 expiry 17 November 2023	16,600,000
Unlisted options \$0.06 expiry 21 January 2025	25,750,000
Unlisted options \$0.06 expiry 13 April 2025	20,000,000
Unlisted options \$0.03 expiry 1 December 2025	25,000,000
Unlisted options \$0.04 expiry 30 October 2023	63,391,928

ESTRELLA RESOURCES LIMITED

AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors

Mr Christopher Daws
Managing Director

Mr Leslie Pereira
Non-Executive Chairman

Mr John Kingswood
Non-Executive Director

Company Secretaries

Mr Stephen Brockhurst
Mr Benjamin Smith

Registered Office & Principal Place of Business

Level 8, 216 St Georges Terrace
Perth WA 6000

Postal Address

GPO Box 2517
Perth WA 6831

Web Site

www.estrellaresources.com.au

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Stock Exchange Listing

ASX Code: ESR

Country of Incorporation and Domicile

Australia

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

SCHEDULE OF EXPLORATION TENEMENTS

Country	Location	Project	Tenement	Current Interest (%)
Australia	WA	Carr Boyd Nickel Project	E29/1012	100
Australia	WA	Carr Boyd Nickel Project	E29/0982	100
Australia	WA	Carr Boyd Nickel Project	L24/0186	100
Australia	WA	Carr Boyd Nickel Project	E31/0726	100
Australia	WA	Carr Boyd Nickel Project	E31/1124	100
Australia	WA	Carr Boyd Nickel Project	M31/0012	100
Australia	WA	Carr Boyd Nickel Project	M31/0109	100
Australia	WA	Carr Boyd Nickel Project	M31/0159	100
Australia	WA	Carr Boyd Nickel Project	E31/1215	100
Australia	WA	Carr Boyd Nickel Project	E31/1162	100
Australia	WA	Spargoville Nickel Project	M15/395	100*
Australia	WA	Spargoville Nickel Project	M15/703	100*
Australia	WA	Spargoville Nickel Project	M15/1828	100*
Australia	WA	Spargoville Nickel Project	L15/128	100*
Australia	WA	Spargoville Nickel Project	L15/255	100*

**Nickel rights only*

