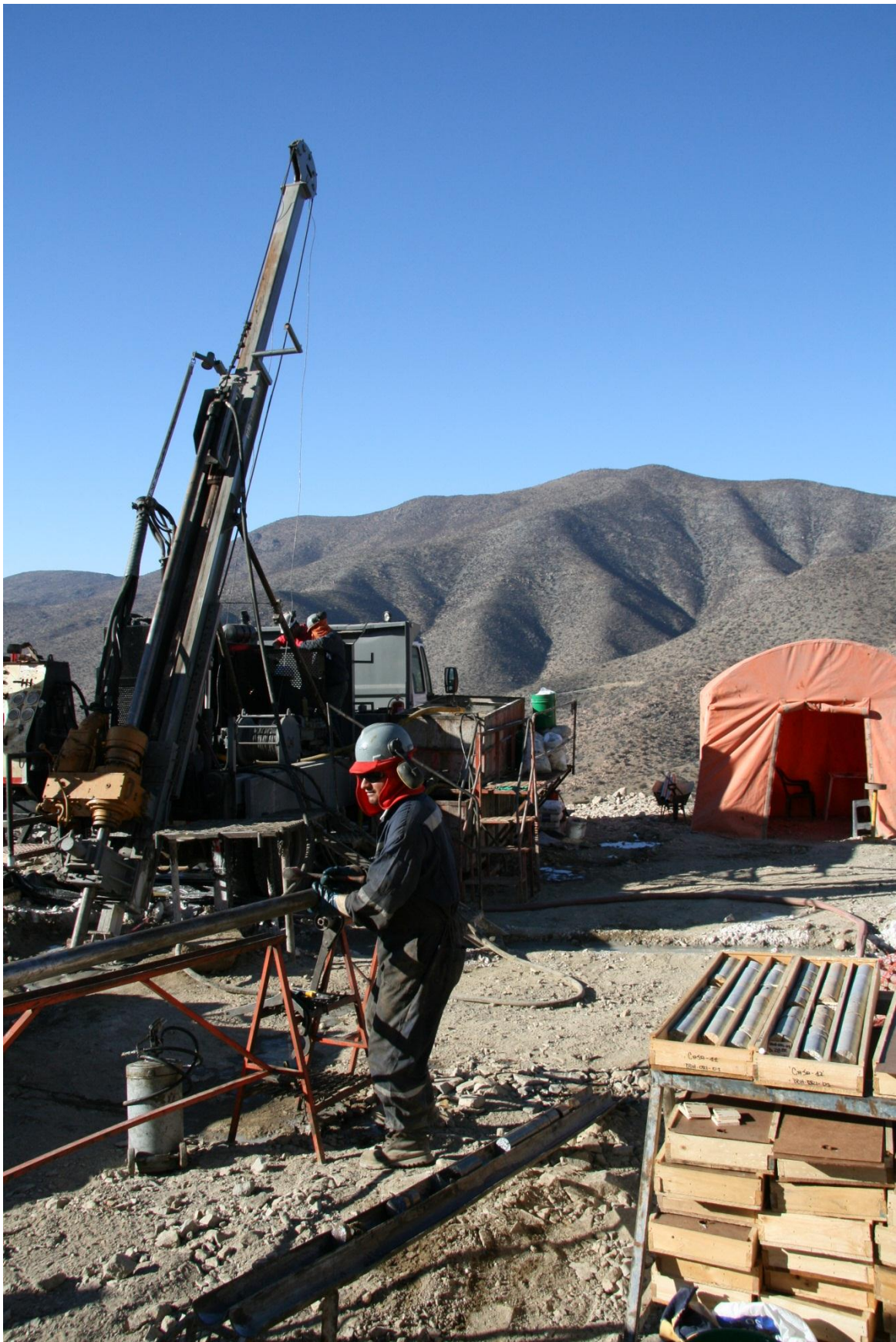




2012 ANNUAL REPORT



Drilling at Agustina Tenement May 2012

Annual Report 2012

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CHAIRMAN'S LETTER

Dear Estrella Shareholders,

On behalf of the Board of Directors and Management of Estrella Resources Limited, I take great pleasure in presenting our first annual report as an ASX listed company.

Estrella listed on the ASX on the 9th May 2012 after successfully raising A\$6,000,000.

Our listing was well received by institutional and retail investors both in Australia and internationally with the result that the IPO closed early due to the issue being significantly oversubscribed. To your Board, this early listing highlighted the confidence shown by investors both in our team and the prospectivity of our projects in Chile.

Your Board has been actively progressing our project portfolio whilst at the same time being targeted in our expenditure planning. Estrella is cognisant of the fluctuating market conditions that prevail at the current time and are likely to be the norm for the short to medium term.

Estrella remains well funded for an aggressive exploration program in Chile. Our short to medium term objectives are to create shareholder value through:

- Progressing existing opportunities and capitalising on new opportunities that are regularly being presented to Estrella where we can bring our "on ground" expertise and experience to facilitate entry at low cost;
- Delivering results from a methodical, well planned and prudent exploration program; and
- Assessing opportunities to fast track production to provide near term cash flow.

Estrella is supported by our strong and experienced Board and Management team both in Australia and Chile. Your Directors have expertise in geology, mining, financial management and corporate governance. Our "in-country" network and specialist geology skills allow Estrella to face the future with confidence and excitement.

Since listing, Estrella has completed approximately 950m of in an initial drilling program at our Orion Project located within the Agustina Tenement. The results received support our belief that the Orion Project is prospective for a large IOCG type deposit.

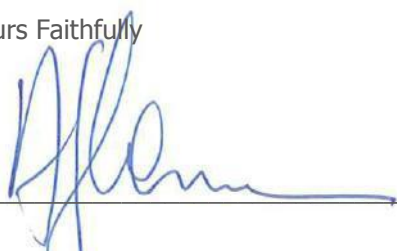
At our prospective Centauri Gold Project within the Agustina Tenement, Estrella has commenced trenching, sampling and general desk top work with promising early results. Preliminary activities have also been undertaken at our Venus Tenement with highly encouraging initial assay results already released to the market.

A reconnaissance grab sample and mapping program has been completed at the Luna and Inca Projects, with samples returning significant copper and gold grades within a regional fault system.

With the solid foundations of highly prospective tenements, on-ground expertise, experienced Board and Management and a strong shareholder base, your Board has considerable confidence in Estrella's ability to create value for all stakeholders.

I look forward to reporting to you on our progress during the next year of activity and your continued support.

Yours Faithfully



Gavin Solomon

Non-Executive Chairman

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Since incorporation, the Company has through its wholly owned subsidiary company, Estrella Resources Chile SpA ("Estrella Chile") acquired or applied for the exploration rights to four exploration projects in Chile. Based on historical exploration work, existing artisanal mining site and favourably local geology, Estrella believes these projects to be highly prospective for significant copper-gold mineralisation.

- The Agustina Project - The Group holds an option to acquire 100% of the mining and exploration tenements in the Agustina Project;
- The Venus Project - The Group owns 100% exploration interest in the Venus Project;
- The Luna Project - The Group owns 100% exploration interest in the Luna Project; and
- The Inca Project - The Company holds a 91.5% mining interest in the Inca Project. The Group has also entered into a 'Finder's Fee Agreement' in respect of the Inca Project. Upon the successful commencement of operation of production the Group is to pay the Finder 8.5% of the perceived economic benefits of the project (less costs) and a 1.5% Net Smelter Return royalty on products extracted from the Mining Concessions held.

Since listing, the Company has adopted an aggressive exploration strategy to increase its resource portfolio. To this end, Estrella commenced a rigorous exploration program on its flagship project Agustina and the neighbouring Venus tenement. Details of the preliminary exploration results are summarised below, these results have thus far been very encouraging and indicate the potential for a significant IOCG discovery within the area.

Estrella is also pursuing a rapid growth strategy to increase its regional footprint in Chile. The Company is in the process of applying for new ground which conforms to its strict selection criteria based on size, prospectivity and accessibility. At the same time, the current fragile market conditions have exposed a number of acquisition opportunities for Estrella. Estrella has been approached with numerous projects, which while prospective, has attracted little market interest due to the lack of funding. Estrella is uniquely placed to take advantage of these opportunities given its strong balance sheet. Nevertheless, prior to any potential acquisition, Estrella will undertake a thorough and rigorous due diligence process to ensure only the most attractive projects become part of the portfolio.

Following the IPO the Company has used the funds raised for the primary purposes of progressing the exploration and development work on its tenement portfolio in Chile. This expenditure is consistent with the Company's stated objectives particularised in its Replacement Prospectus lodged with ASIC on 11 April 2012.



Figure 1: Regional locality map of Estrella's projects in Region IV Northern Chile and proximity to significant deposits of the region.

AGUSTINA PROJECT OVERVIEW (100%- 3 year option agreement)

Orion Prospect and Centauri Prospect

Location:

Region IV in Northern Chile, 75km NNE of La Serena.

Area:

22.25km²

Project description:

Agustina is in the El Agua Grande mining district, which has had mining activity dating back to the late 19th century. The old mining camp of La Higuera is situated 10 km southwest of Agustina and the iron ore camp of El Tofo is 12 km west. Agustina is well positioned to infrastructure which potentially can provide significant cost advantages for project development.

Prospect localities within Agustina

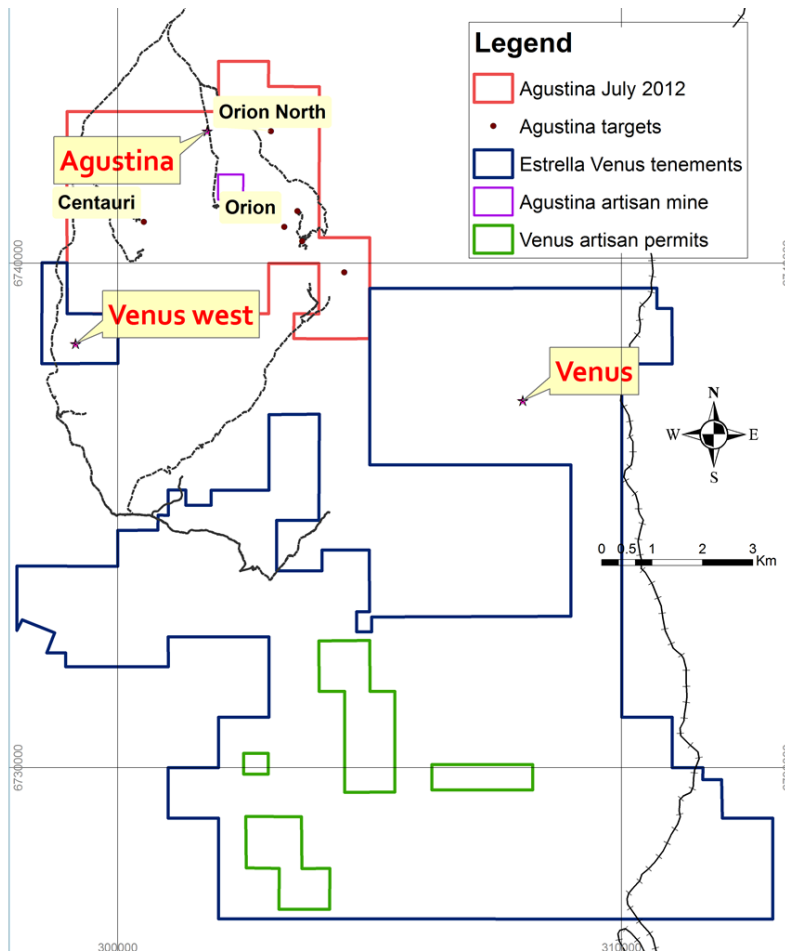


Figure 2: Current tenement boundaries for Agustina and Venus along with prospect localities for Centauri, Orion and Orion North within Agustina.

Orion Exploration:

Mineralisation Type: Copper hosted in IOCG's and cretaceous porphyry



Figure 3: Drilling program, May 2012

Drilling Results released 7 August 2012

A total of four diamond core holes have been drilled to test for mineralisation at two separate targets. The first being the large geophysical anomaly Induced Polarisation (IP) and the second

Hole ORI-03 was drilled (60° dip towards 055°) to test for mineralisation at the IP Anomaly Target located on the south east corner of Orion. Hole ORI-03 returned significant mineralisation grades (>0.1% Cu across an 18 metre down hole interval from 233m to 251m).

The observed alteration assemblages (k-feldspar and sericite) coupled with fine dissemination of two copper sulphide species (chalcopyrite and bornite) are very encouraging for the potential of the system hosting significant copper mineralisation within a large system.

Drill hole collars and IP anomaly plan view:

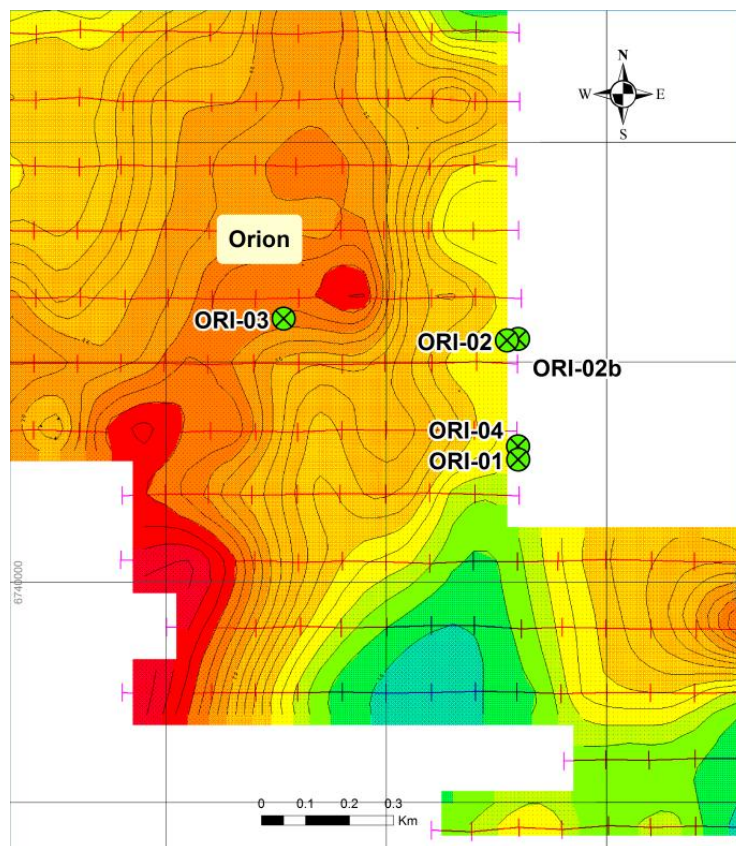


Figure 4: Drill hole locations from the exploration drilling program overlaid on the Induced Polarisation (IP) plan map.

Future Exploration Program:

Reprocess raw geophysical data to assist with planning follow up drill hole targets into the IP anomaly.

Centauri Exploration:

Mineralisation type: vein hosted gold systems

Recent exploration:

Metre interval sampling was performed along the entire underground access drive. A total of 57 samples were collected as part of this program. Significant gold results within two separate vein sets were found in a 6m interval which included gold values up to 19.28 g/t. Surface expression of the semi-recessive unit that hosts the vein sets continues for a further 10 metres beyond the underground workings. The potential for repeated vein sets expands for a 25 metre wide interval. Further sampling programs are planned to test for repeats of high grade gold veins beyond the limits of the underground working.

An extensive soil sampling program was also undertaken to test strike length of the gold anomaly. The samples were taken at 25m spacing across the host structure at 100 metre spacing's. Results of the sampling program are pending.

Future Exploration program: Compile and interpret soil results to assist further exploration planning for the Centauri project.



Figure 5: Dr. Jason Berton (left) and Gavin Solomon at the Agustina Project in May 2012

VENUS PROJECT OVERVIEW (100%)

Location:

Immediately south of Agustina within the Atacama fault Zone (AFZ)

Area:

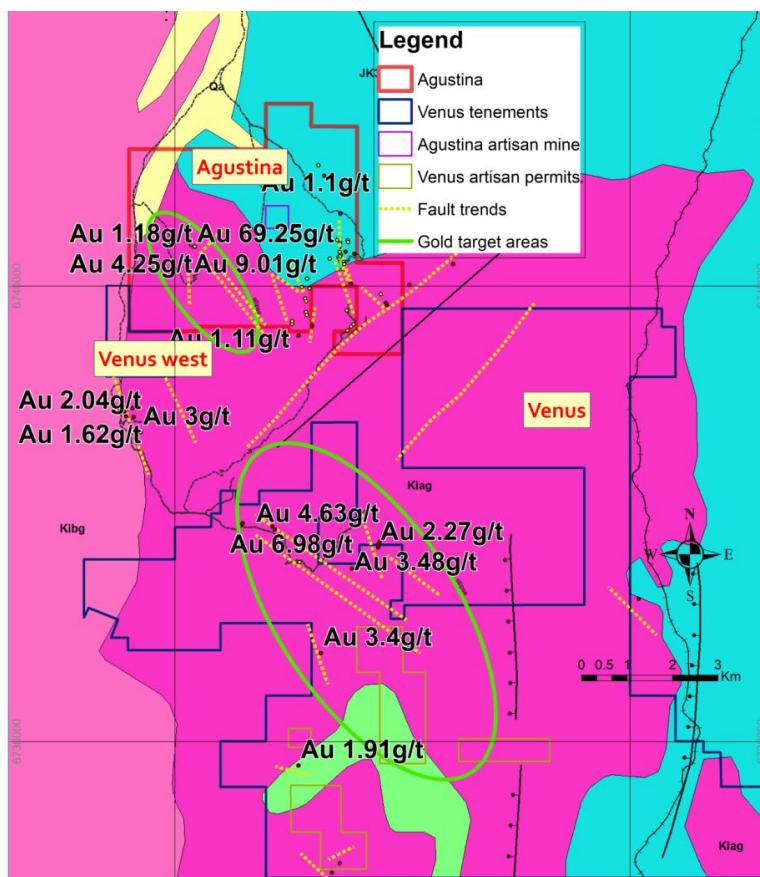
85 km²

Project description:

Venus is located in Region IV of Chile, covering a total area of 85 km². Venus is a gold exploration project featuring several mineralised regional fault splays of the AFZ that pass across the tenements. Venus hosts several artisan workings and is geologically similar to Agustina; faults and vein hosted within granodioritic rocks although the area appears to be better endowed with gold.

Mineralisation type: Vein and fault hosted gold systems

Exploration to date: reconnaissance mapping and sampling during July and August produced significant high grade gold values within vein and fault systems of similar orientation to those at Centauri.



Future Exploration program:

Follow up high grade gold samples with a series of mapping and sampling traverses across the target area illustrated by the green ellipse in Figure 6.

Figure 6: Significant gold results for Centauri and Venus (green ellipses) along with the fault and vein trends (yellow) that occur throughout the region over several kilometres.

LUNA (100%) & INCA (91.5%) PROJECT OVERVIEW

Location:

Region IV in Northern Chile, 320km north of Santiago.

Area:

260 km²

Project description:

Luna and Inca is a copper-gold exploration target located in the Region IV Northern Chile.

Beyond the Luna eastern boarder the Barrick/Codelco joint venture project is located; a well maintained road exists across the entire tenement. There is good road access either via Vicuna or Ovalle.

Although situated in the Principal Cordillera, altitudes in Luna are below 4,400 m with exploration prospects lying well beneath the peaks between 2,200 to 2,600m.

Mineralisation type: Structurally related epithermal breccia's that host copper, silver and gold. The copper is associated with both chalcopyrite and bornite.

Exploration to date:

A reconnaissance grab sample program completed during the quarter ending 30 June 2012. The grab results returned significant copper and gold grades and demonstrates the prospectivity of the area.

Future Exploration:

Mapping and sampling traverses across major fault corridor that hosts several artisan mine workings.

Luna Grab sample results:

Locality	Cu%	Ag g/t	Au g/t
8	2.86	60.1	0.36
11	3.88	106.9	12.8
12	3.63	112.9	0.03
13	1.09	95.0	0.71

Table 1: Tabulated selected high grade copper, silver and gold results from Luna/Inca in May 2012.



Figure 7: Grab sample results displayed on Luna/Inca tenement map. The results illustrate the high grade copper, gold and silver mineralisation is associated with the regional structural corridor.

DIRECTORS' REPORT

For year ended 30 June 2012

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Estrella Resources Limited (the "Company") and the entity it controlled at the end of, or during, the year ended 30 June 2012.

Directors

The following persons were Directors of Estrella Resources Limited during or since the end of the reporting period and up to the date of this report, unless otherwise stated:

Gavin Solomon	Non-Executive Chairman
Dr Jason Berton	Managing Director (appointed 25 October 2011)
Julian Bavin	Non-Executive Director (appointed 6 March 2012)
Simon Kidston	Non-Executive Director

Principal activities

The Company was incorporated on 27 May 2011. The principal activities of the Group during the financial period were to purchase exploration assets and applications for mines in Chile, and its longer term strategy is to develop these assets.

No significant change in the nature of these activities occurred during the year.

Operating results

The loss of the Group for the reporting period after providing for income tax amounted to \$823,115 (1 month period to 30 June 2011: \$nil).

Directors' Report

For the year ended 30 June 2012

Review of operations

Since incorporation, the Company has acquired or applied for through its wholly owned subsidiary company, Estrella Resources Chile SpA ("Estrella Chile") the exploration rights for four projects in Chile, South America that are prospective for copper-gold mineralisation. The tenements are:

- The Agustina Project - The Group holds an option to acquire 100% of the mining and exploration tenements in the Agustina Project;
- The Venus Project - The Group owns 100% exploration interest in the Venus Project;
- The Luna Project - The Group owns 100% exploration interest in the Luna Project; and
- The Inca Project - The Company holds a 91.5% mining interest in the Inca Project. The Group has also entered into a 'Finder's Fee Agreement' in respect of the Inca Project. Upon the successful commencement of operation of production the Group is to pay the Finder 8.5% of the perceived economic benefits of the project (less costs) and a 1.5% Net Smelter Return royalty on products extracted from the Mining Concessions held.

Changes in the state of affairs

During the year, the following changes occurred to the Group:

- During the year preparations for an Initial Public Offering ("IPO") were commenced, the Company, in September and December 2011, completed share placements raising seed capital after costs of \$1,461,399. Funds from these placements were principally used for the exploration program and the IPO including the commissioning of consultants to prepare independent tenement, geological and accounting reports for inclusion in the prospectus.
- The Company successfully completed the IPO raising \$6,000,000 and commenced trading on the Australian Securities Exchange on 9 May 2012.

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.

Events subsequent to balance date

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.

Directors' Report

For the year ended 30 June 2012

Likely future developments

Likely developments in the operations of the Group and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is 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 Chile, South America and future production activities. As at the date of this report the Group has not been notified of any breach.

Directors' Report

For the year ended 30 June 2012

Mr Gavin Solomon: Non-Executive Chairman



BCom/LLB, Member of the AICD, Notary Public

Date of appointment: 27 May 2011

Expertise and experience

Gavin has over 30 years' experience in equity and capital markets in Australia and overseas. Gavin is a Sydney based lawyer by background and has been a Director of a number of ASX listed companies as well as many unlisted public and private companies. Gavin is a non-executive director and co-founder of Endocoal Limited (EOC:ASX). Gavin has also held executive and non-executive positions with a range of companies in commercial fields such as mineral exploration, media, property and telecommunications both within Australia and overseas. Gavin holds a bachelor of Commerce/Law from the University of New South Wales, is a Notary Public and is a member of the Australian Institute of Company Directors. Gavin brings a wealth of expertise to Estrella Resources with his wide ranging business experience and knowledge. Gavin is also a Non-executive Director of the Bradman Foundation (including the International Cricket Hall of Fame).

Special Responsibilities

Gavin is Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and the Health, Safety, Environment and Community Committee.

Other current directorships

Gavin is currently Managing Director of Helmsec Global Capital Limited (unlisted) and Non-executive Director of Endocoal Limited (ASX:EOC).

Former directorships in the last 3 years

Nil

Interest in shares and options

5,007,960 fully paid ordinary shares and 258,850 unlisted options over ordinary shares in Estrella Resources Limited plus being a Director and shareholder of Helmsec Global Capital Limited as bare trustee for certain employees and consultants of Helmsec Global Capital Limited in relation to a further 3,326,000 fully paid ordinary shares and 511,900 unlisted options over ordinary shares.

Directors' Report

For the year ended 30 June 2012

Dr Jason Berton: Managing Director



PhD Structural Geology, B.Sc.(Hons), B.Ec, AusIMM, GSA

Date of appointment: 25 October 2011

Expertise and experience

Jason has over 12 years' mining and exploration experience including a number of years working for majors including Homestake, Barrick and BHP Billiton. Jason later moved into consulting and gained broader project experience covering a number of commodities with SRK Consulting. He worked for two years in private equity investment co-ordinating due diligence performing mineral asset valuations, developing strategic planning and generating acquisition targets. Jason holds two Bachelor Degrees, Bachelor of Economics and Bachelor of Science (Hons) and a PhD in Structural Geology, all from Macquarie University. Jason is a member of the AusIMM.

Special Responsibilities

Managing Director

Other current directorships

None

Former directorships in the last 3 years

Nil

Interest in shares and options

1,000,000 fully paid ordinary shares and 3,000,000 unlisted options over ordinary shares in Estrella Resources Limited.

Directors' Report

For the year ended 30 June 2012



Mr Julian Bavin: Non-Executive Director

B.Sc. Mining Geology (Hons), M.Sc Mineral Exploration, Member of IMM, Chartered Engineer, Fellow of Society of Economic Geologists

Date of appointment: 6 March 2012

Expertise and experience

Julian is an independent director who was educated at the University of Leicester, the Royal School of Mines, and London Business School. He has 30 years' of technical, operational and commercial experience in mineral exploration gained from work in a wide range of commodities, jurisdictions and cultures most of which was spent with the Rio Tinto Group in South America, Australia, Indonesia and Europe. From 2001 to 2009 he was responsible for the Rio Tinto exploration in South America and the teams which identified the potential in a range of projects now in various stages of feasibility including the PRC potash and Altar copper/gold projects in Argentina, the Mina Justa, Constancia and La Granja copper projects in Peru, and the Amargosa bauxite project in Brazil. Mr Bavin is also a Director of Exeter Resource Corporation and a Director and CEO of Pan Global Resources. Mr Bavin holds a Bachelor of Science and a Masters of Science and is a member of MIMM.

Special Responsibilities

Julian is Chairman of the Health, Safety, Environment and Community Committee and a member of the Remuneration Committee and the Audit and Risk Management Committee.

Other current directorships

Julian is currently a Non-executive Director of Exeter Resource Corporation and Prism Resources Inc. and Director and CEO of Pan Global Resources Inc.

Former directorships in the last 3 years

Nil

Interest in shares and options

500,000 fully paid ordinary shares and 1,000,000 unlisted options over ordinary shares in Estrella Resources Limited.

Directors' Report

For the year ended 30 June 2012



Mr Simon Kidston: Non-Executive Director

BCom, GradDipAppFin

Date of appointment: 27 May 2011

Expertise and experience

Simon has almost 20 years investment banking experience in Australia, UK and Asia. Simon has an equity capital markets and M&A background and has considerable experience assisting "small and mid-cap" companies raise capital. Simon is a Non-executive director and co-founder of Carabella Resources Limited (CLR:ASX). Simon holds a Bachelor of Commerce degree from Griffith University and has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. Simon Kidston is also a member of the Australian Institute of Company Directors.

Special Responsibilities

Simon is Chairman of the Remuneration Committee, a member of the Audit and Risk Management Committee as well as the Health, Safety, Environment and Community Committee.

Other current directorships

Simon is currently a Non-executive Director of Carabella Resources Limited (CLR:ASX) and Executive Director of Helmsec Global Capital Limited (unlisted).

Former directorships in the last 3 years

Endocoal Limited (ASX: EOC).

Interest in shares and options

4,825,000 fully paid ordinary shares and 258,850 unlisted options over ordinary shares in Estrella Resources Limited plus being a Director and shareholder of Helmsec Global Capital Limited as bare trustee for certain employees and consultants of Helmsec Global Capital Limited a further 3,326,000 fully paid ordinary shares and 511,900 options over ordinary shares.

Executives



Juan Pablo Vargas de la Vega: General Manager, Chile

Juan Pablo has extensive experience as a resource analyst and previous research experience at Foster Stockbroking. Prior to working with Foster, Juan Pablo worked in the resources industry with Santos and BHP Billiton as a senior analyst for business development and project valuation. Over the past 10 years Juan Pablo has had extensive exposure to both hard rock and oil and gas projects at a corporate level as well as site-based experience in Australia, South America and Africa. Juan Pablo has worked for a number of resources majors including Rio Tinto, Minara, Leighton and Petroleum Geoservices. Juan Pablo is a native Spanish speaker and holds an undergraduate degree in Economics from Gabriela Mistral University in Santiago, Chile. He is currently finishing a Masters in Science in Mineral Economics from Curtin University in Western Australia. Juan Pablo is located full-time in Chile.



Mr Justin Clyne: Company Secretary

LLM (UNSW), GradDipACG

The Company Secretary in office at the date of this report is Mr Justin Clyne. He was appointed as Company Secretary on 24 August 2011.

Justin was admitted as a Solicitor of the Supreme Court of New South Wales and the High Court of Australia in 1996 before gaining admission as a Barrister in 1998. Justin has 15 years of experience in the legal profession acting for a number of Australia's largest corporations, initially in the areas of corporate and construction law before developing an interest in mining investment and research.

Since 2006, Justin has dedicated himself full time to the resources sector and is a director and/or Company secretary of a number of listed and unlisted mining and oil and gas companies.

He has significant experience and knowledge of the Corporations Act, the ASX listing rules and general corporate regulatory requirements. Justin holds a Master of Laws in International Law from the University of New South Wales and is also a qualified Chartered Company Secretary.

Directors' Report

For the year ended 30 June 2012

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		AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G Solomon	7	7	-	-	-	-
J Berton	6	6	-	-	-	-
S Kidston	7	7	-	-	-	-
J Bavin	5	3	-	-	-	-

The Audit and Risk Management Committee and the Remuneration Committee were established on 8 March 2012 and no meetings were held during the reporting period as the Company was listed on 9 May 2012.

Unissued shares under option

At the date of this report, there are 7,205,000 unlisted unissued ordinary shares of Estrella Resources Limited under option. Details as follows:

Grant date of options	Number of shares under option	Class of shares	Exercise price	Expiry date of options
12 Sep 2011	3,600,000	Ordinary	\$0.25	12 Sep 2014
25 Oct 2011	1,000,000	Ordinary	\$0.25	25 Oct 2014
25 Oct 2011	600,000	Ordinary	\$0.20	25 Oct 2016
19 Dec 2011	505,000	Ordinary	\$0.20	19 Dec 2016
09 May 2012	1,500,000	Ordinary	\$0.20	09 May 2017
Total	7,205,000			

All options expire on the earlier of their expiry dates or if applicable termination of the employee's employment.

Directors' Report

For the year ended 30 June 2012

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

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

Indemnifying officers or auditor

During the reporting year, 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 an agreement with 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 Group

No person has applied for leave of Court 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.

Directors' Report

For the year ended 30 June 2012

Non-audit services

During the reporting period, the Company's auditor assisted the Company in the preparation of the Prospectus by preparing the Investigating Accountants Report.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact upon the impartiality and objectivity of the auditor; and

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 23 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 33 of this financial report and forms part of this Directors' report.

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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

Principles used to determine the nature and amount of remuneration

The following report determines the principle used to determine the nature and amount of remuneration. The Board established a Remuneration Committee on 8 March 2012. The Remuneration Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of Directors and Key Management Personnel. The role also includes responsibility for share options incentives, superannuation entitlements, retirement and termination entitlements, fringe benefits policies, liability insurance policies and other terms of employment.

The Remuneration Committee 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 Company'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.

Directors' Report

For the year ended 30 June 2012

Remuneration report-(Audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through share schemes; and
- 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.

Directors' Report

For the year ended 30 June 2012

Remuneration report-(Audited) (continued)**Details of remuneration**

Details of the nature and amount of each element of the emoluments of each of the Key Management Personnel of the Company for the year ended 30 June 2012 (no emoluments were paid to Key Management Personnel in the 1 month period to 30 June 2011) are set out in the following table:

Name	Short-term benefits		Post-employment benefits	Share-based Payments	Total
	Salary And Fees	Other	Superannuation	Options	
	\$	\$	\$	\$	\$
DIRECTORS					
G Solomon ¹	12,232	-	1,100	-	13,333
Dr J Berton ²	145,872	9,174	13,954	36,926	205,926
J Bavin ³	10,000	-	-	19,100	29,100
S Kidston ⁴	9,174	-	826	-	10,000
EXECUTIVES					
J Vargas de la Vega ⁵	83,685	-	-	4,456	88,141
J Clyne ⁶	36,332	-	-	1,910	38,242
Total	297,295	9,174	15,880	62,392	384,742

1. G Solomon: Total remuneration of \$13,333 reflects directors fees paid for the period from the 1 May 2012 to 30 June 2012.

2. Dr J Berton: Dr Berton was appointed on 25 October 2011. Total remuneration reflects the period 25 October 2011 to 30 June 2012. Other short term benefit represents a bonus paid of \$9,174 (4.46% of total remuneration). This bonus payment was made at the discretion of the Board and no part of the bonus was forfeited.

3. J Bavin: Total fees of \$10,000 reflects directors fees paid for the period from the 1 May 2012 to 30 June 2012.

4. S Kidston: Total remuneration of \$10,000 reflects directors fees paid for the period from the 1 May 2012 to 30 June 2012.

5. J Vargas de la Vega: Mr Vargas de la Vega was appointed on 1 November 2011. Total remuneration reflects the period 1 November 2011 to 30 June 2012.

6. J Clyne: Total fees of \$36,332 reflects consulting fees paid to Clyne Corporate Advisory during the period 24 August 2011 to 30 June 2012, a company in which Mr Clyne has an interest, for providing company secretarial services to the Company. This arrangement is based on normal commercial terms and conditions.

Directors' Report

For the year ended 30 June 2012

Remuneration report-(Audited) (continued)**Share based remuneration**

The Employee Share Option Plan (ESOP) was established on 8 March 2012. No options were issued to employees under the ESOP during the reporting period. Details of options over ordinary shares in the Company that were granted as remuneration to each key management personnel are set out below.

Share options

2012	Grant date	Number granted	Value per option at grant date	Number vested	Number lapsed	Exercise price	First exercise date	Last exercise date	Percentage of remuneration which is options
Directors									
G Solomon*	-	-	-	-	-	-	-	-	-
Dr J Berton**	12-Sep-11	3,000,000	0.0143	1,000,000	-	\$0.25	9-May-12	12-Sep-14	18%
J Bavin	25-Oct-11	1,000,000	0.0191	1,000,000	-	\$0.25	25-Oct-11	25-Oct-14	66%
S Kidston*	-	-	-	-	-	-	-	-	-
Executives									
J Vargas de la Vega**	12-Sep-11	500,000	0.0143	-	-	\$0.25	12-Mar-13	12-Sep-14	5%
J Clyne	12-Sep-11	100,000	0.0191	100,000	-	\$0.25	12-Sep-11	12-Sep-14	0.04%

*During the reporting period 2,605,000 options over ordinary shares were granted to Helmsec Global Capital Limited, a company in which Mr Gavin Solomon and Mr Simon Kidston have a beneficial interest as bare trustee for certain parties of which 1,834,250 options were transferred to these parties.

** Refer to Service Agreements below for the vesting terms of options granted to Dr J Berton and J Vargas de la Vega.

The options were provided at no cost to the recipients. Upon vesting, each option allows the holder to purchase one ordinary share at the exercise price determined at grant date.

Details of executive share options have been disclosed in note 19 to the financial statements.

Directors' Report

For the year ended 30 June 2012

Remuneration report-(Audited) (continued)

Service Agreements

Contracts for services of key management personnel in place during the reporting period between key management personnel and the Company are as follows:

Gavin Solomon: Non-Executive Chairman

Letter of Agreement with Gavin Solomon stipulates remuneration of \$80,000 per annum inclusive of superannuation.

Dr Jason Berton: Managing Director

By an agreement dated 15 August 2011 the Company engaged the services of Dr Berton to serve as Managing Director until terminated. The Board may terminate the consultancy agreement at any time by giving not less than one (1) month's notice in writing; or immediately in instances of misconduct. Dr Berton may terminate the agreement by giving not less than one (1) month's notice in writing.

Under the terms of the Agreement, the Company shall pay a Base Salary of A\$180,000 per annum (inclusive of 9% compulsory superannuation contribution and taxation). The Base Salary was amended to \$225,000 per annum (inclusive of 9% compulsory superannuation contribution and taxation) effective from 1 July 2012. In addition, Dr Berton has been granted 3,000,000 options over ordinary shares with an exercise price of \$0.25 each, exercisable on or before 12 September 2014. The options vest in three tranches of 1,000,000 options each, the first of which vested on the 9 May 2012, the date the Company officially listed on the ASX, the second tranche on 12 March 2013 and the final tranche on 12 September 2013. Bonus payments are at the discretion of the Board

Julian Bavin: Non-Executive Director

Letter of Agreement with Julian Bavin stipulates remuneration of \$60,000 per annum inclusive of superannuation.

Simon Kidston: Non-Executive Director

Letter of Agreement with Simon Kidston stipulates remuneration of \$60,000 per annum inclusive of superannuation.

Directors' Report

For the year ended 30 June 2012

Remuneration report-(Audited) (continued)

Service Agreements (continued)

Juan Pablo Vargas de la Vega: General Manager, Chile

By an agreement dated 1 November 2011 the Company engaged the services of Mr Vargas de la Vega to serve as General Manager, Chile, until terminated. The Board may terminate the consultancy agreement at any time by giving not less than one (1) months notice in writing; or immediately in instances of misconduct. Mr Vargas de la Vega may terminate the agreement by giving not less than one (1) months notice in writing.

Under the terms of the Agreement, the Company shall pay a Base Salary of A\$145,000 per annum (inclusive of 9% compulsory superannuation contribution). In addition, Mr Vargas de la Vega has been granted 500,000 options over ordinary shares with an exercise price of \$0.25 each, exercisable on or before 12 September 2014. These options vest in two tranches: 250,000 options on 12 March 2013 and 250,000 options on 12 September 2013. Bonus payments are at the discretion of the Board.

Justin Clyne: Company Secretary

By a Letter of Engagement with Clyne Corporate Advisory the Company engaged the services of Mr Clyne to provide Company Secretarial Services commencing 18 January 2012.

Pursuant to the terms of the Engagement Letter, the Company will pay Clyne Corporate Advisory an amount of \$5,000 per month exclusive of GST.

The Agreement may be terminated by either party by providing one (1) months notice.

Directors' Report

For the year ended 30 June 2012

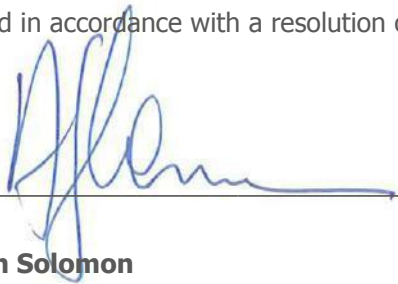
Remuneration report-(Audited) (continued)

Other information

Hedging of securities

In accordance with the Group's general share trading policy directors, officers and employees are prohibited from engaging in hedging arrangements over unvested securities issued as remuneration incentives or pursuant to any employee share option plan.

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



Gavin Solomon

Non-Executive Chairman

Dated this 26 day of September 2012

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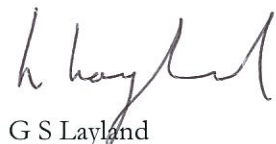
**Auditor's Independence Declaration
To the Directors of Estrella Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Estrella Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director - Audit & Assurance

Sydney, 26 September 2012

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory. However, the Company is required to provide a statement disclosing the extent to which the Company has followed the Recommendations.

BEST PRACTICE RECOMMENDATION		COMMENT
1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director. The Board Charter also specifically outlines the role of the Company's Directors. Each function and its responsibility are outlined in the Board Charter and this Corporate Governance Statement is available on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board Charter sets out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	This Corporate Governance Statement is available on the Company's website and contains a summary of the Board Charter. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director. The Board Charter also specifically outlines the role of the Company's Chairman, Individual Directors and Managing Director. No evaluation of senior executives has yet taken place noting that it has been less than one year since listing however a full evaluation will be carried out in future years.
2	Structure the board to add value	
2.1	A majority of the board should be independent directors.	Notwithstanding the fact that Mr Solomon and Mr Kidston each have a non-controlling interest in the Company's adviser, Helmsec, three of the four members of the current board (Mr Solomon, Mr Kidston and Mr Bavin) are considered to be independent directors and the remaining director, Dr Berton, is not due to his role as

		Managing Director. A majority of the board is comprised of independent directors (as above) and three of the four members of the current board are non-executive Directors except for the Managing Director, Dr Jason Berton. The Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. It is intended that, as considered appropriate, further non-executive Director appointments to the Board will be made in the future as required.
2.2	The chair should be an independent director.	The Chairman of the Board is Mr Gavin Solomon who is considered to be an independent non-executive director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not currently have a Chief Executive Officer however, the Company has a separate Chairman and a Managing Director who is responsible for the day to day operations and administration of the Company.
2.4	The board should establish a nomination committee.	The Board, as a whole, currently serves as the Company's nomination committee. Terms and conditions of employees are negotiated by the Managing Director for recommendation to the Board. As the Company grows in size it is planned that the Company will implement a separate nomination committee with its own separate nomination committee charter.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The performance of the Board and the various Board committees as and when established is to be evaluated by the Chairperson. The performance of each committee is measured against the scope and responsibilities detailed in their respective charters and the process for evaluating the performance of the Board, its committees and individual directors is to be disclosed by the Chairman. An evaluation of the Board of the Board has not yet occurred given the Company is just over one year old. The Board is responsible for the evaluation and review of the performance of the Chairman and the effectiveness and programme of board meetings. The position of Chairman will be reviewed by the Board at the first Board meeting following the Annual General Meeting each year. No evaluation of the Chairman and the effectiveness of board meetings have yet taken place but will be done in future years.

		The programme of board meetings has been reviewed and modified to ensure timely information is reviewed by the board. The Company's Corporate Governance Policies set out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	A description of the skills and experience of each of the directors is contained within this Annual Report. Three of the four members of the current board (Mr Solomon, Mr Kidston and Mr Bavin) are considered to be independent directors in accordance with the definition of an independent director as contained in the Company's Board Charter due to the fact that Mr Solomon and Mr Kidston each only have a non-controlling interest in the Company's adviser, Helmsec. The Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairperson. The Board, as a whole, will serve as the Company's nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents in accordance with the Company's constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company. The policy for the appointment of new directors is set out in the Company's Board Charter, a summary of which is contained within this Corporate Governance Statement. No evaluation of the Board or Committees has yet taken place as the Company is just over one year old. Mr Solomon and Mr Kidston were appointed as directors on 27 May, 2011, Dr Berton on 25 October, 2011 and Mr Bavin on 6 March, 2012.

3	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Plan includes the following policies and charters which provide a framework for decisions and actions in relation to ethical conduct in employment. • Board Charter • Audit & Risk Management Committee Charter • Code of Conduct - Obligations to Stakeholders • Code of Conduct - Directors and Key Officers • Continuous Disclosure • Health, Safety, Environment and Community Committee Charter • Remuneration Committee Charter • Securities Trading • Diversity A summary of the Company's Corporate Governance Policies are contained within this Corporate Governance Statement which is available on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy as part of its Corporate Governance Plan. The Policy details the Board's commitment to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experiences can bring to the Company. The Company has a commitment to gender diversity and female participation is sought in all areas. Decisions relating to promotion, leadership development and flexible work arrangements are all based on merit and reinforce the importance of equality in the workplace. Ongoing monitoring of company policies and culture will be undertaken to make sure they do not hold any group back in their professional development. The Board is responsible for the selection of new board members. In accordance with its Board Charter and the ASX Corporate Governance Principles and Recommendations (including 2010 amendments), the Board must ensure that the selection process is formal and transparent. High quality female candidates should be considered as part of any recruitment process. The Company will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so.

		The Board will, at least once per year, review the policy to determine its adequacy for current circumstances and make recommendations to the Board for amendment where required.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so and this will be included in the Annual Report each year.
3.4	Proportion of women employees, senior executive positions and on the Board.	The Company currently only has 2 employees who are both male. The Company does not have any women on the Board at present but this will be reviewed in accordance with the next review of the Board's skills and requirements in accordance with the Company's Diversity Policy.
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	This Corporate Governance Statement is available on the Company's website and contains a summary of the Diversity Policy. The Company's Annual Report each year will contain an update on the Company's compliance with the ASX's recommendations and the Company's Diversity Policy.
4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	The Company has established an Audit and Risk Management Committee and a copy of the policy titled " <i>Charter of the Audit and Risk Management Committee</i> " was summarised in the Company's Prospectus lodged with the ASX and like all of the Company's policies is available from the Company on request.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	The Audit and Risk Management Committee currently has three members who are all independent non-executive directors. The committee is chaired by Mr Solomon who is also Chair of the Board however, the position of Chair of the Audit and Risk Management Committee will be reviewed in line with the first Board review after the Company's next Annual General Meeting. Mr Kidston and Mr Bavin are the other members of the Committee and are also considered independent.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes a formal charter for the Audit and Risk Management Committee.

4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Committee will meet twice a year and at least once each year with the Company's Auditors. The Committee has powers under the Company's Audit & Risk Management Charter including unrestricted access to the Company's internal and external auditors and all Company records for the purposes of carrying out its responsibilities under the Charter. The Committee will recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners. The members of the Committee are Mr Solomon, Mr Kidston and Mr Bavin whose experience are all detailed in this Annual Report. The Committee has met on two occasions so far.
5	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program/policy in place designed to ensure compliance with the ASX Listing Rule on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The continuous disclosure policy of the Company was summarised in the Company's Prospectus lodged with the ASX and like all of the Company's policies is available from the Company on request.
6	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. This is contained within the Company's policies titled " <i>Code of Conduct – Obligations to Stakeholders</i> " and " <i>Corporate Governance Policy – Continuous Disclosure</i> ".
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The shareholder communication policy of the Company is set out in the Company's policies titled " <i>Code of Conduct – Obligations to Stakeholders</i> " and " <i>Corporate Governance Policy – Continuous Disclosure</i> " which was summarised in the Company's Prospectus and like all of the Company's policies are available from the Company on request.
7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board in conjunction with the Audit and Risk Management Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company has established policies for the oversight and management of material business risks. The Audit and Risk Management Charter of the Company was set out in the

		Company's Prospectus lodged with the ASX.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Board in conjunction with the Audit and Risk Committee. The Board and Audit and Risk Management Committee are required to assess risk management and associated internal compliance and control procedures and will be responsible for ensuring the process for managing risks is integrated within business planning and management activities. Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee at the first Board meeting subsequent to each Committee meeting.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee. The Board received the relevant assurance from the Managing Director and CFO.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee. The Board received the report under Recommendation 7.2 and will continue to ensure that the management or the executive director(s) provide the assurance under Recommendation 7.3 at the relevant time.
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	The Board has established a separate Remuneration Committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	The members of the remuneration committee are Simon Kidston (Chair), Julian Bavin and Gavin Solomon who are all independent directors. The Committee Chair is separate from the Board Chair.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Committee distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporations Act also provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting.

		The Board is responsible for determining the remuneration of the executive directors (without the participation of the affected director).
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i>.	The Remuneration Committee will meet twice a year. A copy of the Remuneration Committee Charter was summarised in the Company's Prospectus lodged with the ASX. The members of the Remuneration Committee are currently Mr Simon Kidston (Chair), Mr Gavin Solomon and Mr Julian Bavin. A summary of the Company's policy on prohibiting transactions in associated products which operate to limit the risk of participating in unvested entitlements under any equity based remuneration scheme is contained within the Remuneration Committee Charter.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	Year ended 30 June 2012	1 month period ended 30 June 2011
		\$	\$
Revenue from continuing operations	4	52,460	-
Expenses from continuing operations	5	(875,575)	-
Loss before income tax		(823,115)	-
Income tax expense	6	-	-
Loss for the year		(823,115)	-
Other comprehensive income			
Other comprehensive income for the year, net of tax:			
Foreign currency translation reserve movement		(32,261)	-
Total comprehensive loss for the year attributable to members of Estrella Resources Limited		(855,376)	-
Loss per share:			
Basic loss per share (cents per share)	15	(1.5)	-
Diluted loss per share (cents per share)	15	(1.5)	-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	30 June 2012 \$	30 June 2011 \$
Current assets			
Cash and cash equivalents	17	5,106,367	40,000
Trade and other receivables	7	53,827	-
Other current assets	8	32,247	-
Total current assets		5,192,441	40,000
Non-current assets			
Exploration and evaluation assets	9	1,167,008	-
Property, plant and equipment	10	46,220	-
Total non-current assets		1,213,228	-
Total assets		6,405,669	40,000
Current liabilities			
Trade and other payables	11	276,689	4,999
Provisions	12	4,680	-
Total current liabilities		281,369	4,999
Non-current liabilities			
Provisions	12	647	-
Total non-current liabilities		647	-
Total liabilities		282,016	4,999
Net assets		6,123,653	35,001
Equity			
Share capital	13	6,697,675	35,001
Reserves	14	249,093	-
Accumulated losses		(823,115)	-
Total equity		6,123,653	35,001

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Issued capital \$	Accumulated losses \$	Option reserve \$	Foreign exchange reserve \$	Total \$
Balance at incorporation	1	-	-	-	1
Contributions of equity, net of costs	35,000	-	-	-	35,000
Balance at 30 June 2011	35,001	-	-	-	35,001
Total comprehensive loss for the year	-	(823,115)	-	-	(823,115)
Foreign exchange translation reserve	-	-	-	(32,261)	(32,261)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs	6,662,675	-	-	-	6,662,675
Options issued during the period	-	-	281,354	-	281,354
Balance at 30 June 2012	6,697,675	(823,115)	281,354	(32,261)	6,123,653

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	30 June 2012	1 month period to 30 June 2011
		\$	\$
Cash flows from operating activities			
Cash payments in the course of operations		(593,273)	-
Cash receipts from consulting fees		9,750	-
Interest received		42,710	-
Net cash used in operating activities	17	(540,813)	-
Cash flows from investing activities			
Exploration and evaluation costs		(1,019,550)	-
Payment for property, plant and equipment		(46,669)	-
Net cash used in investing activities		(1,066,219)	-
Cash flows from financing activities			
Proceeds from issue of shares		7,630,000	40,000
Payments for share issue costs		(956,601)	-
Net cash provided by financing activities		6,673,399	40,000
Net change in cash and cash equivalents held		5,066,367	40,000
Cash and cash equivalents at beginning of financial period		40,000	-
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of financial period	17	5,106,367	40,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

1. Nature of Operations

The consolidated entity (the Group) consists of Estrella Resources Limited (the "Company") and the entity it controlled at the end of, or during, the year ended 30 June 2012. The Group's principal activities include gold and copper exploration in Chile.

2. General Information

Estrella Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was incorporated on 27 May 2011. The financial report also incorporates the Company's fully owned subsidiary Estrella Resources (Chile) SpA.

The registered and principal place of business is Level 17, 15 Castlereagh Street, Sydney NSW 2000. Estrella Resources' shares are listed on the ASX.

3. Statement of significant accounting policies

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 2012 (including comparatives) were approved and authorised for issue by the board of Directors on 26 September 2012.

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.

3. Statement of significant accounting policies (continued)

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 (for further details refer to note 3 t).

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by Directors' assessment as to the cost of the last equity based transaction made. Refer to note 19 for detail. 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.

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.

3. Statement of significant accounting policies (continued)

c) 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 statement of comprehensive income.

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

d) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation.

Depreciation is calculated on the diminishing balance method as follows:

Computer equipment	60%
Motor Vehicles	19%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

3. Statement of significant accounting policies (continued)

e) 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 statement of financial position are shown inclusive of GST. Cash flows are presented in the 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.

f) 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.

g) Trade and Other Receivables

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

h) 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.

3. Statement of significant accounting policies (continued)

i) Revenue

Interest revenue is recognised using the effective interest method

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

j) Operating expenses

Operating expenses are recognised in profit and loss upon utilisation of the service or at date of their origin.

k) Segment reporting

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

3. Statement of significant accounting policies (continued)

1) Foreign currency translation reserve

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

3. Statement of significant accounting policies (continued)

m) Provisions, contingent liabilities and contingent assets

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

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

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

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

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

n) 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:

- Foreign currency translation reserve - comprises foreign currency translation difference arising on the translation of financial statements of the Group's foreign entity in Australian dollars (refer to note 3 l).
- Option reserve – The fair value of options granted to directors, officers and consultants is recognised as an expense with a corresponding increase in equity.

3. Statement of significant accounting policies (continued)

o) Comparative figures

The Company was incorporated on 27 May 2011. The financial results are for the year ended 30 June 2012. Comparative figures presented in the Statement of Comprehensive Income and Statement of Changes in Equity and notes relate to income and expenses for the 1 month period ended 30 June 2011.

p) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Estrella Resources Limited at the end of the reporting period. A controlled entity is any entity over which Estrella Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 25 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

3. Statement of significant accounting policies (continued)

q) 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, 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.

3. Statement of significant accounting policies (continued)

r) 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.

s) New accounting standards and interpretations

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Company has not yet decided when to adopt AASB 9.

3. Statement of significant accounting policies (continued)

s) New accounting standards and interpretations (continued)

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

- **AASB 10 Consolidated Financial Statements (AASB 10)**
AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.
- **AASB 11 Joint Arrangements (AASB 11)**
AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.
- **AASB 12 Disclosure of Interests in Other Entities (AASB 12)**
AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.
- **Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)**
AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.
- **AASB 13 Fair Value Measurement (AASB 13)**
AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

3. Statement of significant accounting policies (continued)

s) New accounting standards and interpretations (continued)

- AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

- Amendments to AASB 119 Employee Benefits (AASB 119 Amendments)

The AASB 119 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

- eliminate the 'corridor method', requiring entities to recognise all gains and losses arising in the reporting period in other comprehensive income
- streamline the presentation of changes in plan assets and liabilities
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of AASB 119 is effective for financial years beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this revised standard on the Group's consolidated financial statements.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)
- AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. As the Company is required under 300A of the Corporations Act 2001 and Corporations Regulations 2M.3.03 to report individual remuneration information in the Directors' Report, this standard will not have any affect.

3. Statement of significant accounting policies (continued)

s) New accounting standards and interpretations (continued)

- Amendments to AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities. Qualitative and quantitative disclosures have been added to IFRS 7 relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are applicable for annual periods beginning on or after 1 January 2014. The Group's management have yet to assess the impact of these amendments.

- AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 112 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The interpretation is applicable for annual periods beginning on or after 1 January 2013. The interpretation will have no impact on the Group until such time as it progresses from exploration activities to commence mining operations.

t) Critical judgements in applying the entity's accounting policies

The following are the critical judgements including those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Share-based payments

The Company is required to use assumptions in respect of the fair value model, and the variable element in the model, used in determining the share based payments.

3. Statement of significant accounting policies (continued)**u) Critical judgements in applying the entity's accounting policies (continued)***ii) Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

Given the stage of exploration of the Company, it is not possible to reliably estimate future cash flows. The carrying value of mineral properties is reviewed and assessed with reference to comparative transactions, the status of existing joint venture arrangements, market volatility and the significant changes in valuations for all mineral assets as a result of the recent significant discounting of equity markets. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

4. Revenue

	30 June 2012	1 month period to 30 June 2011
	\$	\$
Interest income	42,710	-
Consulting revenue	9,750	-
	52,460	-

5. Result for the period

Loss before income tax includes the following specific expenses:

	30 June 2012	1 month period to 30 June 2011
	\$	\$
Administrative and corporate costs	635,021	-
Initial Public Offering costs expensed	166,155	-
Depreciation of non-current assets	475	-
Share based payments:		
– Consultants	21,010	-
Employee benefit expenses:		
Post employment benefits		
– Superannuation	11,532	-
Share based payments:		
– Employee share based payments	41,382	-
	875,575	-

6. Income tax expense

	30 June 2012	1 month period to 30 June 2011
	\$	\$
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(823,115)	-
Prima facie tax payable on profit before income tax at 30%	(246,934)	-
Tax effect of tax loss and temporary differences not recognised	246,934	-
Income tax expense	-	-

7. Trade and other receivables

	30 June 2012	30 June 2011
	\$	\$
GST receivable	53,827	9,796

8. Other current assets

Prepayments	32,247	-
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9. Exploration and evaluation assets

	30 June 2012	30 June 2011
	\$	\$
Mineral Properties		
Balance at the beginning of the year	-	-
Additions - at cost	895,772	-
Balance at the end of the year	895,772	-
Other exploration assets*		
Balance at the beginning of the year	-	-
Additions - at cost	271,236	-
Balance at the end of the year	271,236	-
Total exploration and evaluation assets	1,167,008	-

*Other exploration assets represent Option Fees incurred on the acquisition of tenements.

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 shall conduct impairment testing on an annual basis unless indicators of impairment are present at the reporting date.

10. Property, plant and equipment

	Computer Hardware	Motor Vehicles	Total
	\$	\$	\$
Gross Carrying Amount			
Balance at 1 July 2011	-	-	-
Additions	2,308	44,391	46,699
Balance at 30 June 2012	2,308	44,391	46,699
Depreciation and impairment			
Balance at 1 July 2011	-	-	-
Depreciation expense	228	251	479
Balance at 30 June 2012	228	251	479
Carrying amount			
30-Jun-11	-	-	-
30-Jun-12	2,080	44,140	46,220

Aggregate depreciation allocated, whether recognised as an expense, or capitalised as part of the carrying amount of other assets during the year.

	30 June 2012	30 June 2011
	\$	\$
Plant and equipment	479	-

11. Trade and other payables

	30 June 2012	30 June 2011
	\$	\$
Current		
Trade payables	247,189	4,999
Accruals	29,500	-
Total	276,689	4,999

12. Provisions

	30 June 2012	30 June 2011
	\$	\$
Current		
Employee benefits	4,680	-
Non-Current		
Employee benefits	647	-

13. Issued capital

	30 June 2012	30 June 2011
	\$	\$
87,101,000 fully paid ordinary shares (2011:35,001,000)	7,665,001	35,001
Share issue costs	(967,326)	-
	6,697,675	35,001

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.

	30 June 2012 Number	30 June 2012 \$	30 June 2011 Number	30 June 2011 \$
Fully paid ordinary shares				
Balance as at the beginning of the reporting period	35,001,000	35,001	1,000	1
Shares issued during the period and fully paid	52,100,000	7,630,000	35,000,000	35,000
Share issue costs		(967,326)		-
	87,101,000	6,697,675	35,001,000	35,001

a) The following equity securities were issued during the reporting period:

- i. On 13 September 2011, the Company allotted 11,200,000 fully paid ordinary shares at an issue price of \$0.05 per share raising \$560,000.
- ii. On 19 October 2011, the Company allotted 400,000 fully paid ordinary shares at an issue price of \$0.05 per share raising \$20,000.
- iii. On 7 December 2011, the Company allotted 9,450,000 fully paid ordinary shares at an issue price of \$0.10 per share raising \$945,000.
- iv. On 8 December 2011, the Company allotted 1,050,000 fully paid ordinary shares at an issue price of \$0.10 per share raising \$105,000.
- v. On 30 April 2012, the Company allotted 30,000,000 fully paid ordinary shares at an issue price of \$0.20 per the IPO share raising of \$6,000,000.

13. Issued Capital (continued)**b) Options**

The total number of unlisted options on issue at the end of the reporting period were 7,205,000. For details of unlisted options issued as part of share based payments refer Note 19 and options issued to Key Management Personnel ("KMP") refer to Note 21.

c) Capital Management

Management 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.

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

14. Reserves

	30 June 2012	30 June 2011
		\$
Summary		
Option reserve	239,972	-
Employee equity-settled reserve	41,382	-
Total option reserve	281,354	-
Foreign currency translation	(32,261)	-
	249,093	-

14. Reserves (continued)**Option reserve**

Balance at beginning of year	-	-
Options allotted*	239,972	-
Balance at end of year	239,972	-

*Refer to notes below.

	30 June 2012	30 June 2011
	\$	\$
Employee equity settled reserve*		
Balance at beginning of year	-	-
Share based payment	41,382	-
Balance at end of year	41,382	-

Foreign currency translation reserve

Balance at beginning of year	-	-
Deficit on translation of overseas controlled entity	32,261	-
Balance at end of year	32,261	-

*Further information about share-based payments to employees is made in note 19 and note 21 to the financial statement.

Notes

- i. On 12 September 2011, the Company granted 100,000 unlisted options over ordinary shares with an exercise price of \$0.25 each, exercisable on or before 12 September 2014, to Mr Justin Clyne who provides company secretarial services to the Company. These unlisted options have been valued at \$1,910 using the Black - Scholes methodology
- ii. On 25 October 2011, the Company granted 1,000,000 unlisted options over ordinary shares with an exercise price of \$0.25 each, exercisable on or before 25 October 2014, to Mr Julian Bavin, non-executive Director. These unlisted options have been valued at \$19,100 using the Black - Scholes methodology.
- iii. On 25 October 2011, the Company granted 600,000 unlisted options over ordinary shares with an exercise price of \$0.20 each, exercisable on or before 25 October 2016, to Helmsec Global Capital Limited (or its nominees) to partly satisfy costs associated with the capital raising of \$580,000. These unlisted options have been valued at \$14,640 using the Black - Scholes methodology.
- iv. On 19 December 2011, the Company granted 505,000 unlisted options over ordinary shares with an exercise price of \$0.20 each, exercisable on or before 19 December 2016, to Helmsec Global Capital Limited (or its nominees) to partly satisfy costs associated with the capital raising of \$1,050,000. These options have been valued at \$12,322 using the Black - Scholes methodology.
- v. On 9 May 2012, the Company granted 1,500,000 options with an exercise price of \$0.20 to Helmsec Global Capital Limited (or its nominees), as the lead Manager for IPO and advisory services each exercisable on or before 9 May 2017. These options have been valued at \$192,000 using the Black - Scholes methodology.

15. Earnings per share

	Cents per share
Basic earnings/(loss) per share	(1.5)
Diluted earnings/(loss) per share	(1.5)

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

Earnings reconciliation

Net loss for the period	\$(823,115)
Earnings used in calculating basic and diluted earnings per share	\$(823,115)

Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive earnings per share	55,091,574
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The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares in the calculation of diluted earnings per share:

	30 June 2012 Number
\$0.25 Unlisted Options, granted 12 Sep 2011	3,600,000
\$0.25 Unlisted Options, granted 25 Oct 2011	1,000,000
\$0.20 Unlisted Options, granted 25 Oct 2011	600,000
\$0.20 Unlisted Options, granted 19 Dec 2011	505,000
\$0.20 Unlisted Options, granted 9 May 2012	1,500,000
Total	7,205,000

16. Expenditure commitments**Mining Concessions**

The Group has entered into an agreement for the acquisition of certain Mining Concessions in Chile, South America (Agustina Agreement). Under the terms of the agreement periodic payments are payable on a quarterly basis. During the term of the agreements the Group has complete and unfettered exclusive rights to conduct any and all exploration activities on the Mining Concessions.

a) Expenditure Commitments	Agustina Tenements	Luna Tenements	Total
Payable:			
- not later than 12 months	319,832	196,820	516,652
- between 12 months and five years	565,858	142,615	708,473
	885,690	339,435	1,225,125

At any time during the Agustina agreement the Group can exercise its right to purchase 100% of the legal and beneficial ownership of the tenements from the Vendor. Should the Group choose to acquire 100% of the tenements a payment of US\$3,000,000 less all monies previously paid by the Group to the Vendor pursuant to the agreement will be made.

The Group is to pay all fees/commitments in respect of maintaining the tenement concessions during the agreement. As the fees and commitments are not quantifiable at present no value has been included in the table above.

The Group has also entered into a 'Finder's Fee Agreement' in respect of the Inca Project in Chile, South America. Upon the successful operation of a mine the Group is to pay the Finder 8.5% of the perceived economic benefits of the project (less costs) and a 1.5% Net Smelter Return royalty on products to be extracted from the Mining Concessions held. As these payments are unknown at this stage no value has been included in the table above.

The Group has the right to terminate both the Agustina Agreement and the Finder's Fee Agreement provided that the Group is not in default with no further liabilities/payments will be required.

b) Equity raising mandate agreement

In accordance with the Mandate Letter with Helmsec Global Capital Limited dated 22 August 2011 for corporate advice, equity capital raising and corporate advisory (all at industry standard commercial rates) for the IPO of the Group, the Company is required to pay \$8,000 per month for 2 years following the listing of the Company on the ASX. Future equity raising fee payments to Helmsec Global Capital Limited have not been included in the Expenditure Commitments table above given the uncertainty of their timing.

17. Notes to the statement of cash flow**a) Reconciliation of cash and cash equivalents**

For the purpose of presentation in the 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 six 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2012	30 June 2011
	\$	\$
Cash at bank and in hand	5,106,367	40,000

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

	30 June 2012	30 June 2011
	\$	\$
Loss for the period	(823,115)	-
Depreciation of non-current assets	479	-
Equity settled share based payments	62,392	-
IPO costs expensed*	166,837	-
(Increase)/decrease in assets:		
Current receivables	(12,428)	-
Prepayments	(32,247)	-
Increase/(decrease) in liabilities:		
Current payables	91,942	-
Current and non-current provisions	5,327	-
Net cash from operating activities	(540,813)	-

*IPO costs expensed are expenses incurred in connection with the Initial Public Offering and included in capital raising costs in the Statement of Cash flow.

a) Non-cash financing and investing activities

During the reporting period, the Group paid for consulting services by way of equity instruments of the Company. As disclosed, in note 13 a total of 2,605,000 options were issued to Helmsec Global Capital Limited (or its nominees) for services rendered at an aggregate deemed value of \$218,962. This expense is not reflected in the cash flow statement.

18. 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
- Foreign exchange rate 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

18. Financial instrument risk management (continued)

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

	Weighted average effective interest rate	FIXED MATURITY DATES					Total
		Variable interest rate	Less than 1 year	1-2 years	2-3 years	Non interest bearing	
2012	%	\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	3.85	5,106,367	-	-	-	-	5,106,367
Trade and other receivables		-	-	-	-	53,827	53,827
		5,106,367	-	-	-	53,827	5,160,194
Financial liabilities							
Trade and other payables		-	-	-	-	276,688	276,688
		-	-	-	-	276,688	276,688

Fair value estimation

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

18. Financial instrument risk management (continued)

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 Managing Director has been delegated the authority for designing and implementing processes which follow the objectives and policies.

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

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

Market risk

Cash flow interest rate sensitivity

At 30 June 2012 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 2012, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 1% increase in the interest rate results in a decrease in loss by \$8,231 and an increase in equity by \$8,231. These changes are considered to be reasonably possible based on observation of current market conditions.

Other price risk

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

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 balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet 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 does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

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

18. Financial instrument risk management (continued)

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 period date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Sovereign risk

The Company's operations in Chile are subject to the risks associated with operating in a foreign country. Whilst Chile is considered one of South America's most politically stable nations, the Company cannot guarantee that the legal and regulatory requirements in Chile will not change which may affect the Company's operations.

These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control of mineral properties, or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit, repatriation, royalties, land access, labour relations and mining and exploration activities may affect the operation of the Company.

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.

18. Financial instrument risk management (continued)

Commodity price volatility risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities such as copper and gold, changes in global copper and gold mining capacity, forward selling by producers and production cost levels in major metal – producing regions.

Moreover, commodity prices are also affected by macro-economic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Foreign exchange rate risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Group's measurement currency.

19. Share based payments***Employee share option plan***

The Employee Share Option Plan (ESOP) was established on 8 March 2012. No options were issued to employees under the ESOP during the reporting period.

Other share based payment options on issue

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

	30 June 2012
	Number of options
Balance at beginning of the reporting period	-
Granted during the financial year	7,205,000
Expired during the financial year	-
Balance at end of the reporting period	7,205,000

The following share-based payment arrangements were in existence during the reporting period:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value of options granted/vested date**
12 Sep 2011*	3,500,000	12 Sep 2011	12 Sep 2014	\$0.25	\$41,382
12 Sep 2011	100,000	12 Sep 2011	12 Sep 2014	\$0.25	\$ 1,910
25 Oct 2011	1,000,000	25 Oct 2011	25 Oct 2014	\$0.25	\$19,100
25 Oct 2011	600,000	25 Oct 2011	25 Oct 2016	\$0.20	\$12,322
19 Dec 2011	505,000	19 Dec 2011	19 Dec 2016	\$0.20	\$14,640
09 May 2012	1,500,000	09 May 2012	09 May 2017	\$0.20	\$192,000
Total	7,205,000				

*Options granted to employees prior to the establishment of the ESOP.

**The fair value at grant date/vested date has been calculated using the Black - Scholes methodology. Volatility has been calculated with reference to comparable entities.

19. Share based payments (continued)

Inputs into the model	Option series	Option series	Option series	Option series
Grant date	12 Sep 11	25 Oct 11	19 Dec 11	09 May 12
Exercise price	\$0.25	\$0.25	\$0.20	\$0.20
Expected volatility	109%	109%	95%	76%
Option life	3 years	3 years	5 years	5 years
Risk-free interest rate	4.75%	4.75%	4.75%	3.47%

20. Key Management Personnel Compensation

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

a) Key Management Personnel

Directors	Position
G Solomon	Non-Executive Chairman (appointed 27 May 2011)
Dr J Berton	Managing Director (appointed 25 October 2011)
J Bavin	Non-Executive Director (appointed 6 March 2012)
S Kidston	Non-Executive Director (appointed 27 May 2011)
Executives	
J Vargas de la Vega	General Manager, Chile (appointed 1 November 2011)
J Clyne	Company Secretary (24 August 2011)

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:

	30 June 2012
	\$
Short-term key management personnel benefits	306,469
Post-employment benefits	15,880
Share-based payment	62,392
Total	384,742

21. Related party disclosures

a) Equity interests in related parties

Nil.

b) Transactions with key management personnel

During the reporting period, fees were paid to Helmsec Global Capital Limited ("Helmsec"), a company in which Mr Gavin Solomon and Mr Simon Kidston are Directors and have a beneficial interest in Helmsec. Helmsec provides corporate advisory services, co-ordinating and managing the pre-IPO capital raisings and, in accordance with the Mandate Letter dated 22 August 2011 ("Mandate Letter"), acting as the lead manager to the IPO of the Company. Details as follows:

- In accordance with the Mandate Letter, an equity raising fee equal to 6% (plus GST) of all equity raised during the term of the Mandate letter was paid during the reporting period totalling \$503,580 (inclusive of GST), a retainer fee of \$20,000 (plus GST) per month was paid up to 9 May 2012 being the date of listing the Company on the ASX totalling \$180,000 (exclusive of GST) and a corporate advisory fee of \$8,000 per month was paid since IPO totalling \$8,000.
- On 25 October 2011, the Company granted 600,000 options to Helmsec (or its nominees) over ordinary shares with an exercise price of 20 cents each, exercisable on or before 25 October 2016. These options have been valued at \$14,640 using the Black - Scholes methodology.
- On 19 December 2011, the Company granted 505,000 options to Helmsec (or its nominees) over ordinary shares with an exercise price of \$0.20 each, exercisable on or before 19 December 2016. These options have been valued at \$12,322 using the Black - Scholes methodology.
- On 9 May 2012, the Company granted 1,500,000 options to Helmsec (or its nominees) with an exercise price of \$0.20 exercisable on or before 9 May 2017. These options have been valued at \$192,000 using the Black - Scholes methodology.

21. Related party disclosures (continued)**c) Key management personnel shareholdings****Fully Paid Ordinary Shares**

2012	Balance 01 July 2011	Purchases /(Sales)	Net other Change	Balance 30 June 2012	Balance held nominally
Directors					
G Solomon*	8,151,000	182,960	-	8,333,960	3,326,000
Dr J Berton	-	1,000,000	-	1,000,000	-
S Kidston*	8,151,000	-	-	8,151,000	3,326,000
J Bavin	-	500,000	-	500,000	-
Executives					
J Clyne	-	600,000	-	600,000	-
J Vargas de la Vega	-	-	-	-	-

*Includes 3,326,000 shares held by Helmsec Global Capital Limited, a company in which Mr. Gavin Solomon and Mr. Simon Kidston are Directors and have a beneficial interest as bare trustee for the benefit of certain Helmsec employees and consultants.

Share Options

2012	Balance 1 July 2011	Options Granted	Options Acquired/ Transferred	Options Exercised	Balance 30 June 2012	Balance Held Nominally	Total Vested 30 June 2012	Total Un- Exercisable 30 June 2012
Directors								
G Solomon*	-	2,605,000	(1,834,250)	-	770,750	511,900	770,750	-
Dr J Berton	-	3,000,000	-	-	3,000,000	-	1,000,000	2,000,000
S Kidston*	-	2,605,000	(1,834,250)	-	770,750	511,900	770,750	-
J Bavin	-	1,000,000	-	-	1,000,000	-	1,000,000	-
Executives								
J Clyne	-	100,000	40,000	-	140,000	-	140,000	-
J Vargas de la Vega	-	500,000	-	-	500,000	-	-	500,000

* During the reporting period 2,605,000 options over ordinary shares were granted to Helmsec Global Capital Limited (or its nominees), a company in which Mr Gavin Solomon and Mr Simon Kidston are Directors and have a beneficial interest as bare trustee for certain employees and consultants of Helmsec of which 1,834,250 options were transferred to these parties.

Details of executive share options have been disclosed in note 19.

22. 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 mineral exploration in South America. All segment assets, segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared.

23. Auditor's remuneration

30 June 2012

\$

Remuneration of the auditor for the Group for:

Audit or review of the financial report for the year ended 30 June 2012 and the half year ended 31 December 2011

43,815

Remuneration of the auditor for the Group for:

Preparation of the Investigating Accountants Report for the IPO

36,692

Remuneration of the previous auditor for the group for:

Audit or review of the financial report for the year ended 30 June 2011

3,500

Total

84,007

The auditor of the Group is Grant Thornton Audit Pty Ltd. The auditor of the Group for the year ended 30 June 2011 was Grech Smith Bridle.

24. Parent company information

30 June 2012

\$

Statement of Financial Position

Current Assets	5,073,697
Non-current assets	858,499
Total Assets	5,932,196
Current Liabilities	101,620
Non-current liabilities	647
Total liabilities	102,267
Net Assets	5,829,929
Equity	
Issued capital	6,697,675
Option reserves	239,972
Employee equity-settled reserve	41,382
Accumulated losses	(1,149,100)
Total Equity	5,829,929
Statement of Comprehensive Income	
Loss for the year	(1,149,100)
Total Comprehensive Loss	(1,149,100)

25. Controlled entities

Controlled entities	Country of incorporation	Percentage owned
Estrella Resources (Chile) SpA	Chile	100%

The controlled entity listed above was incorporated by Estrella Resources Limited, and as such was not acquired for any consideration.

26. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Estrella Resources Limited:
 - a) the 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 2012 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 Managing Director and Chief Financial Officer for the financial year ended 30 June 2012.
3. The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Gavin Solomon

Non-executive Chairman

Dated this 26 day of September 2012

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Independent Auditor's Report To the Members of Estrella Resources Limited

Report on the financial report

We have audited the accompanying financial report of Estrella Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Estrella Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 26 to 32 of the directors' report for the year ended 30 June 2012. 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.



Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Estrella Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G S Layland
Director - Audit & Assurance

Sydney, 26 September 2012

SHAREHOLDER INFORMATION

Additional information, current as 17 September 2012 required by the ASX is as follows:

Voting Rights

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

Total number of Shareholders	457
Total number of Optionholders	17
Total number of Escrowed Shares	41,188,500

	Total Units	Percentage %
Substantial Shareholders		
Citicorp Nominees Pty Limited	5,288,000	6.071
GJN Holdings Pty Limited <Patterson Business A/C>	4,835,000	5.551
Rocky Rises Pty Limited	4,825,000	5.540
KFT Capital Pty Limited <Gundimaine A/C>	4,825,000	5.540
Pancho (Nsw) Pty Ltd <Gavsol Super Fund A/C>	4,825,000	5.540
	24,598,000	28.241
Total Shares on Issue	87,101,000	100.00

The number of Shareholders with less than a marketable parcel of shares 2

Holdings Ranges

	Holders	Total Units	Percentage %
Unmarketable (1-4,545)*	2	6,500	0.007
Marketable (> 4,546)	455	87,094,500	99.993
Total	457	87,101,000	100.000

*based on the 17/9/12 closing price of \$0.110 per share and unmarketable parcel is one of 4,545 or fewer shares

Distribution of Shareholders

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.000
1,001-5,000	6	26,500	0.030
5,001-10,000	209	2,071,057	2.378
10,001-100,000	140	6,147,179	7.058
100,001 and over	102	78,856,264	90.534
Total	457	87,101,000	100.000

Distribution of Optionholders

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	4	220,650	3.062
100,001 and over	13	6,984,350	96.938
Total	17	7,205,000	100.000

Top Option Holders

	Total Units	Percentage %
Mr Jason Berton	3,000,000	41.638
	3,000,000	41.638
Total	7,205,000	100.00

Top 20 Shareholders	Total Units	Percentage
		%
Citicorp Nominees Pty Limited	5,288,000	6.071
GJN Holdings Pty Limited <Patterson Business A/C>	4,835,000	5.551
Rocky Rises Pty Limited	4,825,000	5.540
KFT Capital Pty Limited <Gundimaine A/C>	4,825,000	5.540
Pancho (Nsw) Pty Ltd <Gavsol Super Fund A/C>	4,825,000	5.540
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1	4,267,949	4.900
HSBC Custody Nominees	3,700,000	4.248
J P Morgan Nominees Australia Limited	3,667,949	4.211
Helmsec Global Capital Limited	3,326,000	3.819
Essen Consultancy Limited	2,650,000	3.042
HSBC Custody Nominees (Australia) Limited - A/C 3	2,142,680	2.460
HSBC Custody Nominees (Australia) Limited	1,985,000	2.279
Fulcrum Resources Limited	1,461,900	1.678
Clare Louise Offer	1,418,750	1.629
Mr Richard George Michael Offer	1,418,750	1.629
Fulcrum Resources Limited	1,325,000	1.521
HSBC Custody Nominees (Australia) Limited - A/C 2	1,130,000	1.297
UBS Wealth Management Australia Nominees Pty Ltd	1,050,000	1.205
Orogen Investments Pty Limited	1,000,000	1.148
Mr Peter Stephen Curtis	1,000,000	1.148
Top 20 Shareholders	56,141,978	64.456
Total Issued Capital	87,101,000	100.00

CORPORATE DIRECTORY

Directors

Gavin Solomon	Non-Executive Chairman
Dr. Jason Berton	Managing Director
Simon Kidston	Non-Executive Director
Julian Bavin	Non-Executive Director

Executives

Juan Pablo Vargas de la Vega	General Manager, Chile
Justin Clyne	Company Secretary

ABN: 39 151 155 207

Principal Place of Business

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Share Register

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T: 1300 737 760 F: 1300 653 459

Auditor

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Solicitors

Middletons Lawyers

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Chilean Solicitors

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Bankers

ANZ Banking Corporation

Citi Bank Chile

Banco de Chile

Stock Exchange Listing

Estrella Resources Limited shares are listed on the Australian Securities Exchange (ASX Code: ESR).