



**Estrella Resources Limited and its controlled entities**

**ABN 39 151 155 207**

**Interim Financial Report**

**For the half year ended 31 December 2020**

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## DIRECTORS' REPORT

The Directors present their report together with the financial report of Estrella Resources Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the consolidated entity") for the half-year ended 31 December 2020 and the independent auditors' review report thereon.

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

|                    |                                                       |
|--------------------|-------------------------------------------------------|
| Leslie Pereira     | - Non-executive Chairman                              |
| Christopher Daws   | - Managing Director (appointed 18 November 2020)      |
| John Kingswood     | - Non-executive Director                              |
| Stephen Brockhurst | - Non-executive Director                              |
| Neil Hutchison     | - Non-executive Director (appointed 18 November 2020) |

## PRINCIPAL ACTIVITIES

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

## REVIEW OF OPERATIONS

### Work Summary

The focus of fieldwork and studies during the half-year were the Carr Boyd Nickel Project and Spargoville Nickel Projects after the successful divestment of the Munda Gold Project.

### CARR BOYD NICKEL PROJECT, WA 100%

The Company considerably strengthened its exploration efforts at the Carr Boyd Nickel Project over the half-year after successfully intersecting significant massive nickel and copper sulphides at depth within the T5 prospect area.

A significant drill intersection of massive Ni-Cu ( $\pm$  PGE) bearing sulphides was returned from diamond core hole CBDD030 which was drilled 300m south of the original T5 discovery zone at the Company's flagship Carr Boyd Project. The T5 Prospect is located 1.1km NE of the historic Carr Boyd mine and was identified in 2019 following RC drilling of a HP FLTEM anomaly<sup>1</sup>.

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<sup>1</sup> Assay Results Confirm New Sulphide Nickel Discovery Zone at Carr Boyd Rocks - 8 July 2019



Figure 1. Ni-Cu bearing massive sulphide zone in diamond drill hole CBDD030 drilled 300m south of the T5 Ni-Cu discovery zone (436.7m-437.6m shown).

Diamond core hole CBDD030 was collared 300m south of the T5 zone, testing the Carr Boyd Layered Intrusions contact at depth, below and south of the previously identified mineralisation. The hole successfully intersected the basal contact of the layered mafic/ultramafic intrusion, returning a significant ~15m wide zone of sulphide mineralisation starting from 430.55m downhole, and contains a 2.9m thick core zone of massive Ni-Cu sulphide mineralisation from 435.9m depth (Figures 1 & 2). CBDD030 intersected the intrusion contact at a depth of 368m, was completely blind and is open in all directions. This provides massive opportunity to drill out and expand this zone of mineralisation. The sulphide zone forms unique magmatic nickel sulphide textures comprising pyrrhotite, pentlandite and chalcopyrite (Figure 2), with assays confirming the high-grade nature of the Ni-Cu sulphides<sup>1</sup>.



Figure 2. Unique magmatic sulphide textures showing breccia rip up clasts within the massive sulphide, interstitial sulphide/crystal intergrowth at the margin, and chalcopyrite segregation within the crystallised host gabbro. Coarse blebs of matrix sulphide are observed between the crystallising host rock (436.7m-441.1m shown).

## DIRECTORS' REPORT

The Company has completed 12 diamond holes (Table 1) for a total of 5,810m at the end of the December half year.

Table 1: Drill hole collar and survey details as at the end of the December 2020

| Hole ID  | Final Depth | Easting | Northing | Dip | Azimuth | Status    |
|----------|-------------|---------|----------|-----|---------|-----------|
| CBDD0028 | 251.0m      | 367045  | 6673940  | -60 | 090     | Completed |
| CBDD0029 | 603.8m      | 367000  | 6673940  | -70 | 090     | Completed |
| CBDD0030 | 495.7m      | 367025  | 6673640  | -65 | 090     | Completed |
| CBDD0031 | 591.8m      | 366925  | 6674240  | -65 | 090     | Completed |
| CBDD032  | 335.6m      | 367279  | 6673941  | -65 | 270     | Completed |
| CBDD033  | 450.0m      | 367397  | 6673658  | -65 | 270     | Completed |
| CBDD034  | 412.0m      | 367361  | 6673941  | -65 | 270     | Completed |
| CBDD035  | 581.7m      | 367442  | 6673659  | -65 | 270     | Completed |
| CBDD036  | 576.8m      | 367420  | 6673620  | -65 | 270     | Completed |
| CBDD037  | 420.8m      | 367419  | 6673620  | -60 | 270     | Completed |
| CBDD039  | 609.7m      | 367450  | 6673710  | -65 | 270     | Completed |
| CBDD041  | 480.7m      | 367400  | 6673500  | -60 | 270     | Completed |

This is a significant breakthrough in the development of the T5 Prospect that was initially investigated in mid-2019 through drill testing of a High-Powered Fixed Loop TEM survey target located to the north of the historical intersections around GD124. Our current work is now beginning to unlock the real potential of the Carr Boyd Project.

Work was completed to rapidly expand the exploration program at Carr Boyd following this significant development and included significantly upgrading support infrastructure, personnel and support so that we can quickly determine the extent of this discovery. Environmental works were also conducted to clean up from decades of past exploration and mining by other companies.

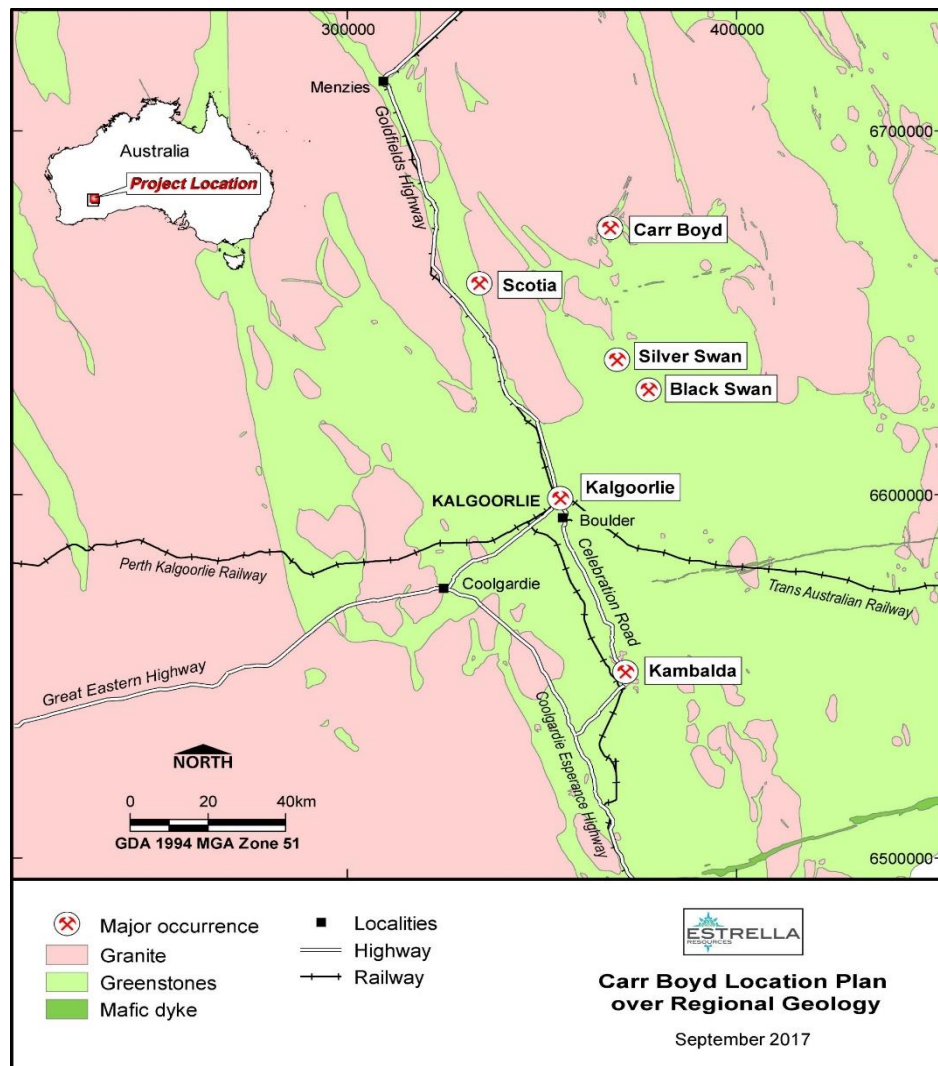


Figure 4. Location of Carr Boyd relation to commercial centres and other major Ni projects.

#### MUNDA GOLD PROJECT, WA

The Company undertook a successful sales process of the Munda Gold Project with numerous offers being made. Auric Mining Limited was the strongest bidder and the Company entered into a Tenement Sale Agreement. Shareholders approved the divestment on the 25 September 2020 and completion of the sale took place during the half-year with an upfront cash consideration received of \$1,247,000 (ex GST) from Auric Mining Limited. Following settlement Auric updated the Munda resource to greater than 100,000oz triggering the deferred consideration milestone payment of \$650,000 (ex GST) which was received subsequent to the half year end and bringing the total consideration received from the sale of Munda to \$1,897,000 (ex GST).

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

The Company has been progressing the potential development of the high grade 5A nickel sulphide deposit during the half-year with Permit of Work application and Exploration Notification being finalised for the extraction of a bulk sample of the 5A ore for metallurgical testing. In light of the recent strength in the nickel market and the positive outlook, the Company has undertaken steps towards commercialisation of the 5A nickel sulphide Mineral Resource with discussions ongoing regarding the treatment of potential high grade nickel sulphide ore recovered from shallow open pit mining.

## DIRECTORS' REPORT

Due to tight constraints of the current land tenure with the proposed mining area the Company has been in discussions with adjacent landholders for the use of their land to allow the full extraction of the identified 5A ore. Previous drilling has highlighted high grade nickel mineralisation very close to surface and a simple pit cut back of the historic 5A mine has strong merit in light of the current nickel market.

The 5A nickel sulphide deposit is one of a number of significant nickel sulphide occurrences that make up the Company's 100% owned Spargoville Nickel Rights Project which was purchased at a time when nickel projects were not in favour and nickel prices were much lower.

## 5A Nickel Sulphide Deposit

## October 2019 Mineral Resource Estimate - Min Type (0.5% Ni Cut-off)

| Type                 | Indicated Mineral Resource |            |             |              |            |
|----------------------|----------------------------|------------|-------------|--------------|------------|
|                      | Tonnage                    | Ni         | Cu          | Ni           | Cu         |
|                      | kt                         | %          | %           | t            | t          |
| Disseminated         | 37                         | 0.7        | 0.05        | 250          | 20         |
| Matrix/Breccia       | 20                         | 2.1        | 0.17        | 430          | 30         |
| Semi-massive/Massive | 12                         | 8.1        | 0.63        | 950          | 70         |
| <b>Total</b>         | <b>69</b>                  | <b>2.4</b> | <b>0.19</b> | <b>1,630</b> | <b>130</b> |

| Type                 | Inferred Mineral Resource |            |             |            |           |
|----------------------|---------------------------|------------|-------------|------------|-----------|
|                      | Tonnage                   | Ni         | Cu          | Ni         | Cu        |
|                      | kt                        | %          | %           | t          | t         |
| Disseminated         | 41                        | 0.7        | 0.10        | 270        | 40        |
| Matrix/Breccia       | 17                        | 2.5        | 0.13        | 410        | 20        |
| Semi-massive/Massive | 1                         | 7.6        | 0.35        | 60         |           |
| <b>Total</b>         | <b>58</b>                 | <b>1.3</b> | <b>0.11</b> | <b>730</b> | <b>70</b> |

| Type                 | Total Mineral Resource |            |             |              |            |
|----------------------|------------------------|------------|-------------|--------------|------------|
|                      | Tonnage                | Ni         | Cu          | Ni           | Cu         |
|                      | kt                     | %          | %           | t            | t          |
| Disseminated         | 78                     | 0.7        | 0.08        | 520          | 60         |
| Matrix/Breccia       | 37                     | 2.3        | 0.16        | 840          | 60         |
| Semi-massive/Massive | 13                     | 8.0        | 0.61        | 1,000        | 80         |
| <b>Total</b>         | <b>127</b>             | <b>1.9</b> | <b>0.15</b> | <b>2,370</b> | <b>190</b> |

## DIRECTORS' REPORT

**Competent Person Statement**

*The information in this announcement relating to Exploration Results for the Carr Boyd Layered Complex (CLBC) is based on information compiled by Mr. Neil Hutchison, who is a director of Estrella Resources, and a member of The Australasian Institute of Geoscientists.*

*The information in this announcement relating to the Spargoville 5A Mineral Resources is based on information compiled under supervision by Mr Shaun Searle of Ashmore Advisory Pty Ltd, who is a consultant to Estrella Resources, and a member of The Australasian Institute of Geoscientists.*

*Mr Hutchison and Mr Searle both have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves".*

*Both Mr. Hutchison and Mr. Searle consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

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**RESULTS**

The profit for the half year ended 31 December 2020 attributable to the Group was \$828,404 (2019: loss \$345,886).

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**CORPORATE**

As at 31 December 2020 the Group had \$3,200,631 in cash and the Company had the following securities on issue:

- 899,512,241 fully paid ordinary shares;
- 263,589,058 listed options exercisable at \$0.02 on or before 27 June 2031 July 2023;
- 227,110,662 listed options exercisable at \$0.05 on or before 27 June 2021;
- 4,500,000 unlisted options exercisable at \$0.05 on or before 15 May 2021;
- 11,500,000 unlisted options exercisable at \$0.03 on or before 20 November 2022; and
- 4,850,000 unlisted options exercisable at \$0.20 on or before 17 November 2023.

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#### EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the half-year the Company issued 8,549,500 ordinary shares on exercise of 8,500,000 options exercisable at \$0.02 (ESROA) and 49,500 options exercisable at \$0.05 (ESRO).

On 29 January 2021 the Company issued 11,750,000 unquoted options exercisable at \$0.20 expiring 17 November 2023, following shareholder approval at the Company's shareholder meeting on 28 January 2021. Included in this option issue were 10,750,000 options issued to Directors.

Other than as outlined above, there are no other events subsequent to the end of the period that would have had a material effect on the company's financial statements at 31 December 2020.

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#### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration forms part of the directors' report for the half-year ended 31 December 2020.

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



Christopher Daws  
**Managing Director**  
10 March 2021



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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Estrella Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM**

RSM AUSTRALIA PARTNERS

**AL Whyte**

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 10 March 2021

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

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

|                                                               | <b>31 December<br/>2020<br/>\$</b> | <b>31 December<br/>2019<br/>\$</b> |
|---------------------------------------------------------------|------------------------------------|------------------------------------|
| Interest Income                                               | 1,076                              | 575                                |
| Gain on disposal of tenements                                 | 1,411,511                          | -                                  |
| Other income                                                  | -                                  | -                                  |
| Personnel costs and director fees                             | (125,992)                          | (143,835)                          |
| Legal Fees                                                    | (9,188)                            | (9,834)                            |
| Exploration costs written off                                 | -                                  | -                                  |
| Consulting fees                                               | (106,767)                          | (48,960)                           |
| Share Based Payments                                          | (156,411)                          | (63,970)                           |
| Depreciation                                                  | (13,362)                           | (3,597)                            |
| Finance costs                                                 | (43,816)                           | -                                  |
| Other expenses                                                | (128,647)                          | (76,266)                           |
| <b>PROFIT / (LOSS) BEFORE INCOME TAX</b>                      | 828,404                            | (345,886)                          |
| Income tax benefit                                            | -                                  | -                                  |
| <b>PROFIT / (LOSS) FOR THE PERIOD</b>                         | 828,404                            | (345,886)                          |
| <b>Other Comprehensive Loss</b>                               | -                                  | -                                  |
| <b>TOTAL COMPREHENSIVE INCOME / (LOSS)<br/>FOR THE PERIOD</b> | 828,404                            | (345,886)                          |
| Basic earnings / (loss) per share (cents)                     | 0.11                               | (0.07)                             |
| Diluted earnings / (loss) per share (cents)                   | 0.08                               | (0.07)                             |

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|                                        | Note | 31 December 2020  | 30 June 2020     |
|----------------------------------------|------|-------------------|------------------|
|                                        |      | \$                | \$               |
| <b>Current Assets</b>                  |      |                   |                  |
| Cash and cash equivalents              |      | 3,200,631         | 36,479           |
| Trade and other receivables            |      | 978,602           | 17,124           |
| <b>Total Current Assets</b>            |      | <b>4,179,233</b>  | <b>53,603</b>    |
| <b>Non-Current Assets</b>              |      |                   |                  |
| Plant & equipment                      |      | 360,212           | 13,923           |
| Financial assets                       |      | 50,000            | -                |
| Exploration and evaluation expenditure | 2    | 6,986,873         | 4,586,994        |
| <b>Total Non-Current Assets</b>        |      | <b>7,397,085</b>  | <b>4,600,917</b> |
| <b>Total Assets</b>                    |      | <b>11,576,318</b> | <b>4,654,520</b> |
| <b>Current Liabilities</b>             |      |                   |                  |
| Trade and other payables               |      | 1,013,692         | 206,230          |
| Provisions                             |      | 49,142            | 40,150           |
| Borrowings                             |      | 359,402           | 400,474          |
| <b>Total Current Liabilities</b>       |      | <b>1,422,236</b>  | <b>646,854</b>   |
| <b>Total Liabilities</b>               |      | <b>1,422,236</b>  | <b>646,854</b>   |
| <b>Net Assets</b>                      |      | <b>10,154,082</b> | <b>4,007,666</b> |
| <b>Equity</b>                          |      |                   |                  |
| Share capital                          | 3    | 23,047,494        | 17,905,893       |
| Reserves                               | 3    | 770,291           | 593,880          |
| Accumulated losses                     |      | (13,663,703)      | (14,492,107)     |
| <b>Total Equity</b>                    |      | <b>10,154,082</b> | <b>4,007,666</b> |

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

|                                                                    | Issued<br>Capital | Accumulated<br>Losses | Option<br>Reserve | Convertible<br>Note<br>Reserve | Total<br>Equity |
|--------------------------------------------------------------------|-------------------|-----------------------|-------------------|--------------------------------|-----------------|
|                                                                    | \$                | \$                    | \$                | \$                             | \$              |
| <b>Balance at 1 July 2019</b>                                      | 17,863,248        | (14,133,555)          | 723,034           | -                              | 4,452,727       |
| <b>Comprehensive loss</b>                                          |                   |                       |                   |                                |                 |
| Loss for the period                                                | -                 | (345,886)             | -                 | -                              | (345,886)       |
| <b>Total comprehensive loss for the period</b>                     | -                 | (14,479,441)          | -                 | -                              | -               |
| <b>Transactions with owners, in their capacity as owners</b>       |                   |                       |                   |                                |                 |
| Shares issued                                                      | 42,645            | -                     | -                 | -                              | 42,645          |
| Share based payment                                                | -                 | -                     | 63,970            | -                              | 63,970          |
| Options expired                                                    | -                 | 84,700                | (84,700)          | -                              | -               |
| <b>Total transactions with owners, in their capacity as owners</b> | 42,645            | -                     | (20,731)          | -                              | -               |
| <b>Balance at 31 December 2019</b>                                 | 17,905,893        | (14,394,741)          | 702,304           | -                              | 4,213,456       |
| <b>Balance at 1 July 2020</b>                                      | 17,905,893        | (14,492,107)          | 535,880           | 58,000                         | 4,007,666       |
| <b>Comprehensive loss</b>                                          |                   |                       |                   |                                |                 |
| Profit for the period                                              | -                 | 828,404               | -                 | -                              | 828,404         |
| <b>Total comprehensive loss for the period</b>                     | -                 | 828,404               | -                 | -                              | 828,404         |
| <b>Transactions with owners, in their capacity as owners</b>       |                   |                       |                   |                                |                 |
| Shares issued                                                      | 5,457,541         | -                     | -                 | -                              | 5,457,541       |
| Options issued                                                     | -                 | -                     | 20,000            | -                              | 20,000          |
| Share based payment                                                | -                 | -                     | 156,411           | -                              | 156,411         |
| Share issue costs                                                  | (315,940)         | -                     | -                 | -                              | (315,940)       |
| Option Expired                                                     | -                 | -                     | -                 | -                              | -               |
| <b>Total transactions with owners, in their capacity as owners</b> | 5,141,601         | -                     | 176,411           | -                              | 5,318,012       |
| <b>Balance at 31 December 2020</b>                                 | 23,047,494        | (13,663,703)          | 712,291           | 58,000                         | 10,154,082      |

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

|                                                  | 31 December<br>2020<br>\$ | 31 December<br>2019<br>\$ |
|--------------------------------------------------|---------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      |                           |                           |
| Payments to suppliers and employees              | (371,516)                 | (244,216)                 |
| Interest received                                | 1,076                     | 575                       |
|                                                  | (3,000)                   | -                         |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>     | (373,440)                 | (243,641)                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                           |                           |
| Payments for exploration expenditure             | (2,378,492)               | (306,473)                 |
| Receipts for investments                         | (50,000)                  | -                         |
| Payment for plant and equipment                  | (354,871)                 | -                         |
| Proceeds from sale of exploration rights         | 1,243,906                 | 250,000                   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>     | (1,539,457)               | (56,473)                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                           |                           |
| Proceeds from issue of shares                    | 5,446,702                 | -                         |
| Proceeds from issue of options                   | 20,000                    | -                         |
| Repayment of borrowings                          | (50,000)                  | -                         |
| Proceeds from borrowings                         | -                         | 23,958                    |
| Costs of issue of shares                         | (339,653)                 | -                         |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b> | 5,077,049                 | 23,958                    |
| Net increase / (decrease) in cash held           | 3,164,152                 | (276,156)                 |
| Cash at the beginning of the financial period    | 36,479                    | 279,170                   |
| <b>CASH AT THE END OF THE FINANCIAL PERIOD</b>   | 3,200,631                 | 3,014                     |

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

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

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2020. This report must also be read in conjunction with any public announcements made by Estrella Resources Limited and its controlled entities during the half-year.

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

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

These interim financial statements were authorised for issue on 10 March 2021.

### (B) USE OF ESTIMATES AND JUDGEMENTS

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

### (C) ACCOUNTING POLICIES

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

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

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

## 2. EXPLORATION AND EVALUATION EXPENDITURE

|                                          | 31 December<br>2020<br>\$ | 30 June<br>2020<br>\$ |
|------------------------------------------|---------------------------|-----------------------|
| <b>Exploration and evaluation assets</b> |                           |                       |
| Balance at the beginning of period       | 4,586,994                 | 4,332,162             |
| Exploration costs capitalised            | 2,669,526                 | 504,832               |
| Disposal of tenements                    | (269,647)                 | (250,000)             |
| Impairment of exploration expenditure    | -                         | -                     |
| Balance at the end of reporting period   | <u>6,986,873</u>          | <u>4,586,994</u>      |

During the period the Group disposed of the Munda Gold Project to Auric Mining Limited for upfront cash consideration of \$1,247,000 (ex GST) (which included reimbursement for termination of existing royalty of \$147,000), plus deferred consideration of \$650,000 (ex GST) on the Munda Gold Project meeting a total combined gold mined and unmined inferred resource of 100,000oz post the date of settlement. Following settlement Auric advised the Group that the milestone inferred resource of 100,000oz had been achieved. As at 31 December 2020, the \$650,000 deferred consideration has been recognised within trade and other receivable.

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

## 3. SHARE CAPITAL &amp; RESERVES

|                          | 31 December<br>2020<br>\$ | 30 June<br>2020<br>\$ |
|--------------------------|---------------------------|-----------------------|
| Issued capital           | (a) 23,047,494            | 17,905,893            |
| Option reserve           | (b) 712,291               | 535,880               |
| Convertible note reserve | <u>58,000</u>             | <u>58,000</u>         |

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

|                                                  | Shares             | \$                |
|--------------------------------------------------|--------------------|-------------------|
| Opening balance on 1 July 2020                   | 534,647,797        | 17,905,893        |
| Placement – 7 August 2020                        | 75,000,000         | 525,000           |
| Placement – 30 September 2020                    | 125,000,000        | 875,000           |
| Conversion of convertible note – 6 November 2020 | 1,083,836          | 10,838            |
| Option conversions during the period             | 163,780,608        | 4,046,703         |
| Share issue costs                                | -                  | (315,940)         |
| Closing balance on 31 December 2020              | <u>899,512,241</u> | <u>23,047,494</u> |

## (b) Movement in option reserve

|                                     | 31 December<br>2019<br>\$ |
|-------------------------------------|---------------------------|
| Opening balance on 1 July 2020      | 535,880                   |
| Options placement                   | 20,000                    |
| Share based payment                 | <u>156,411</u>            |
| Closing Balance on 31 December 2020 | <u>712,291</u>            |

**(c) Outstanding Share Options**

As at 31 December 2020 the company had the following share options outstanding:

| Expiry Date and Price         | Type            | Number             |
|-------------------------------|-----------------|--------------------|
| OPTIONS EXP 15/05/21 @ \$0.05 | Unlisted Option | 4,500,000          |
| OPTIONS EXP 20/11/22 @ \$0.03 | Unlisted Option | 11,500,000         |
| OPTIONS EXP 17/11/23 @0.20    | Unlisted Option | 4,850,000          |
| OPTIONS EXP 31/07/23 @ \$0.02 | Listed Option   | 263,589,058        |
| OPTIONS EXP 27/06/21 @ \$0.05 | Listed Option   | 227,110,662        |
|                               |                 | <u>511,549,720</u> |

**4. SHARE BASED PAYMENTS**

There were the following share based payments during the period:

|                                                                                                        | 31 December<br>2020 | 31 December<br>2019 |
|--------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                        | \$                  | \$                  |
| <b>Options</b>                                                                                         |                     |                     |
| Options issued to employees and consultants pursuant to the ESOP (a)                                   | 156,411             | -                   |
| Options issued to KMP and employees pursuant to the ESOP                                               | -                   | 63,970              |
| <b>Ordinary Shares</b>                                                                                 |                     |                     |
| 4,264,505 Ordinary shares at a deemed issue price of \$0.01 per share to suppliers in lieu of services | -                   | 42,645              |

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

**a) Employee share option plan**

The Employee Share Option Plan (**ESOP**) was approved by shareholder on 25 September 2020. During the reporting period, 4,850,000 options were issued under the ESOP (2019: 14,000,000).

| Grant Date/entitlement                                                                                   | Number of<br>Instruments | Grant Date | Fair value per<br>instrument \$ | Value \$ |
|----------------------------------------------------------------------------------------------------------|--------------------------|------------|---------------------------------|----------|
| Unlisted options issued to employees and consultants exercisable at \$0.20 on or before 17 November 2023 | 4,850,000                | 18/11/2020 | 0.0619                          | 300,264  |

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

|                                                   | <b>Options granted</b> |
|---------------------------------------------------|------------------------|
| Expected volatility (%)                           | 100%                   |
| Risk free interest rate (%)                       | 0.8%                   |
| Weighted average expected life of options (years) | 3                      |
| Expected dividends                                | -                      |
| Option exercise price (\$)                        | \$0.20                 |
| Share price at grant date (\$)                    | \$0.12                 |
| Fair value of option (\$)                         | \$300,264              |
| Number of options                                 | 4,850,000              |
| Expiry date                                       | 17/11/2023             |

2,600,000 options vest 12 months from the date of issue and 2,250,000 vest immediately.

## 5. SEGMENT INFORMATION

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

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

## 6. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there were no significant changes in contingent assets or liabilities during the period ended 31 December 2020.

## 7. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2020.

## 8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the half-year the Company issued 8,549,500 ordinary shares on exercise of 8,500,000 options exercisable at \$0.02 (ESROA) and 49,500 options exercisable at \$0.05 (ESRO).

On 29 January 2021 the Company issued 11,750,000 unquoted options exercisable at \$0.20 expiring 17 November 2023, following shareholder approval at the Company's shareholder meeting on 28 January 2021. Included in this option issue were 10,750,000 options issued to Directors.

Other than as outlined above there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2020.

## 9. INTEREST IN CONTROLLED ENTITIES

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

| Controlled entities            | Country of<br>incorporation | Percentage<br>owned | Percentage<br>owned |
|--------------------------------|-----------------------------|---------------------|---------------------|
|                                |                             | 31 December<br>2020 | 30 June<br>2020     |
| WA Nickel Pty Ltd              | Australia                   | 100%                | 100%                |
| Carr Boyd Nickel Pty Ltd       | Australia                   | 100%                | 100%                |
| Estrella Resources (Chile) SpA | Chile                       | 100%                | 100%                |

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

(a) The attached financial statements and notes:

- (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of the consolidated entity's performance, for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Christopher Daws  
Managing Director  
10 March 2021

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ESTRELLA RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Estrella Resources Limited which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Estrella Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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*Independence*

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

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

Al Whyte

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 10 March 2021

**DIRECTORS**

Christopher Daws (Managing Director)  
Leslie Pereira (Non-Executive Director)  
John Kingswood (Non-Executive Director)  
Stephen Brockhurst (Non-Executive Director)  
Neil Hutchison (Non-Executive Director)

**COMPANY SECRETARY**

Stephen Brockhurst

**REGISTERED OFFICE**

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**BANKERS**

ANZ Bank

**WEBSITE**

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