



and its controlled entities

2021 ANNUAL REPORT

ABN: 39 151 155 207

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Annual Report 2021

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

DIRECTORS' REPORT

Your directors present the following report on Estrella Resources Limited ("the Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group") for the financial year ended to 30 June 2021.

Directors

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

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

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

Principal activities

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

Review of Operations

Estrella Resources Limited (ASX: ESR) (Estrella or Company) is pleased to provide its Review of Operations for the full year ended 30 June 2021.

Work Summary

The focus of fieldwork and studies during the full-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 Carr Boyd Nickel Project is located some 80km NNW of the city of Kalgoorlie-Boulder in Western Australia's Goldfields Region (Figure 1). The Project comprises three Mining Leases and six Exploration Licenses and can be accessed by the recently upgraded Scotia-Carr Boyd haul-road.

The Company considerably strengthened its exploration efforts at the Carr Boyd Nickel Project after successfully intersecting significant massive nickel and copper sulphides at depth within the T5 Prospect area in August 2020. Considerable work was undertaken on the geological front as well as on infrastructure investment to boost our exploration effort.

Over the year, 26 diamond drill holes were collared and 11 more wedged daughter holes were completed for a total of 14,675m of core across the project. Several geological programs were

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implemented to broaden the Company's understanding of the geology and nickel potential across the Carr Boyd Complex.

Additional to this was the installation of an office, coreyard, 16-man camp, laundry, kitchen and dining facilities along with associated power and water infrastructure.

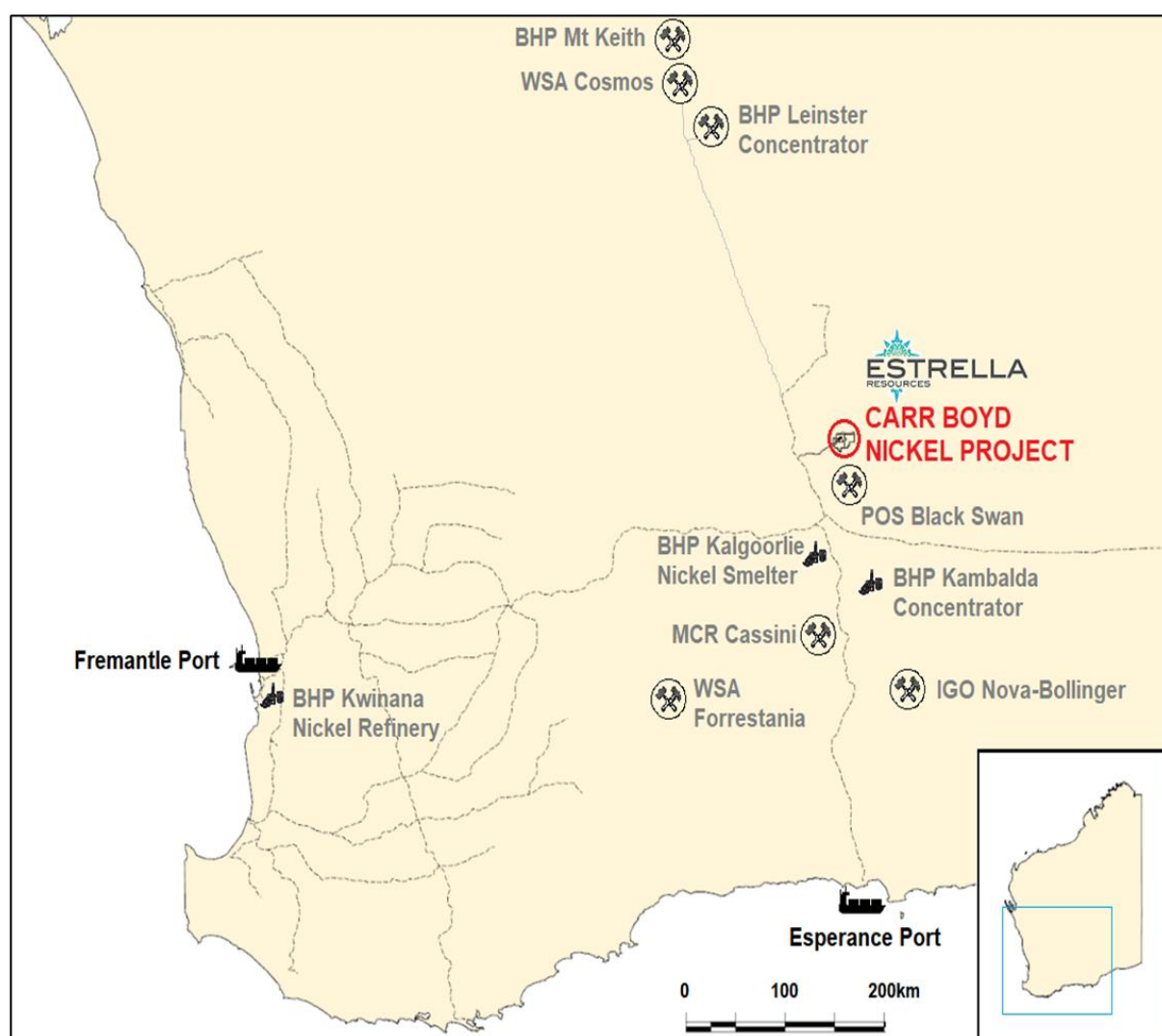


Figure 1: Carr Boyd Nickel Project located 80km NNE of Kalgoorlie-Boulder in WA's Goldfields Region.

The T5 Prospect is located 1.1km NNE of the historic Carr Boyd Rocks Mine (Figure 2) and was identified in 2019 following RC drilling of a HP FLTEM anomaly¹. A diamond drill hole into the T5 prospect, CBDD030 intersected 3.2m of massive sulphides grading 3.2% Ni, 0.6% Cu, 0.7g/t Pt+Pd and 2.5g/t Au from 436.3m down hole. This hole was drilled 300m south of the original T5 discovery zone.

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

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The massive sulphide core (Figure 3) lies within a broad 13.9m zone of mineralisation situated on the T5 Pyroxenite basal contact.

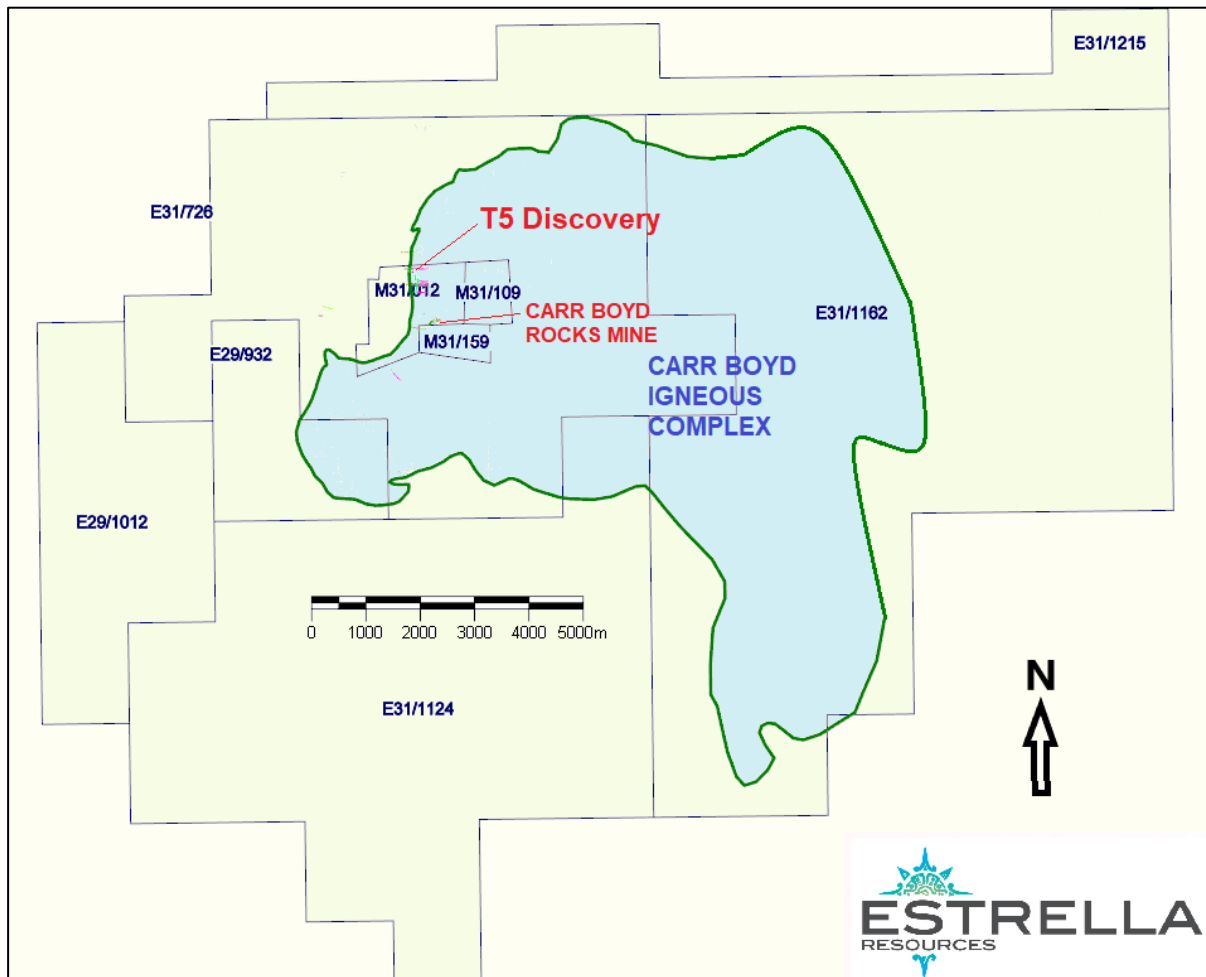


Figure 2: Estrella Resources Tenure over the Carr Boyd Igneous Complex

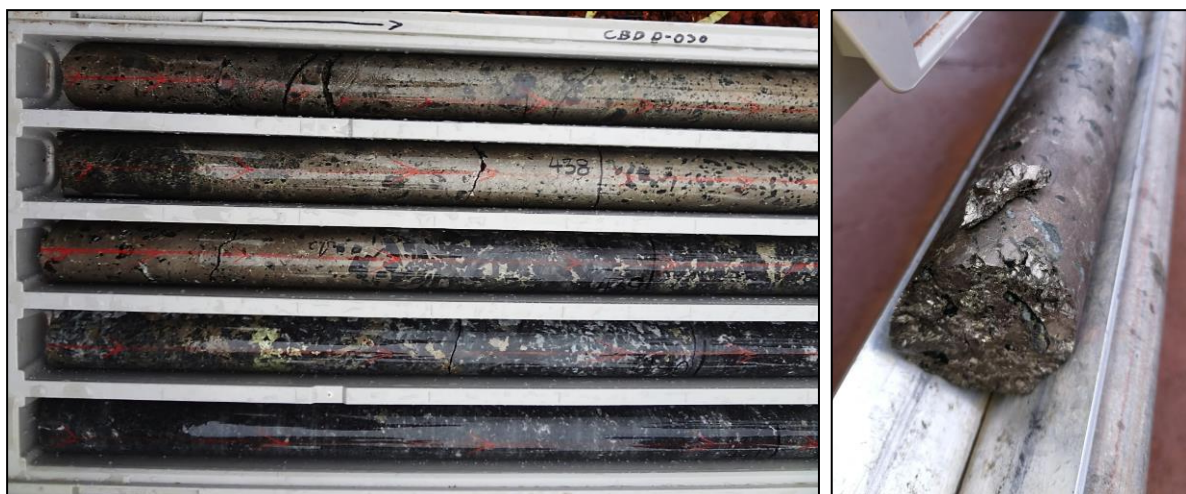


Figure 3: Ni-Cu bearing massive sulphide zone in diamond drill hole CBDD030 drilled 300m south of the T5 Ni-Cu discovery zone.

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Economic Significance of the Basal Contact

CBDD030 and subsequent drilling highlighted to the Company that the mineralisation recently discovered was significantly different to that located at the Carr Boyd Rocks Mine some 1,100m to the SSE. The mine is located within a mafic sequence of rocks some 400m from the basal contact.

When studying other intrusive-style nickel deposits world-wide, it is clear that in almost all situations where multiple intrusion complexes similar to Carr Boyd host mineralisation, the economically significant deposits form in the earliest magmas of these complexes, and almost always on or within a short distance from the basal contact. The basal contact is the lower-most point of an intrusion where gravity assists the accumulation of sulphides (nickel, copper and or PGEs). Therefore when exploring these complexes, exploration should focus on the basal positions of the earliest rock-types first.

The Carr Boyd Complex Basal Contact

Given the geological significance of the T5 Discovery and the age of the Carr Boyd Intrusive Complex, the Company invested exploration funds into mapping and understanding the Carr Boyd internal stratigraphy and that of the surrounding Morelands Formation. This enabled the company to understand the direction that gravity, at the time of nickel-copper sulphide formation, was assisting to form sulphide accumulations on the basal contact.

The company has mapped some 30km of basal contact, most of which is prospective for nickel mineralisation, however historically, has received the least attention from previous explorers, with only 3km of basal contact being drilled below a depth of 30m.

Figure 4 below shows the mapped basal contact immediately surrounding the T5 Discovery and the Carr Boyd Rocks Mine area. As can be seen, almost all historical nickel sulphide exploration hits have been located very close to the basal contact, save for the Carr Boyd Rocks Mine itself.

The Company has subsequently developed a working geological model for the Carr Boyd Igneous Complex, the T5 Discovery mineralisation and the off-contact Carr Boyd Pipes mineralisation. The Company will continue to refine the model based on continuing exploration and collaborations with external parties such as the CSIRO.

Seismic Research and Development Project

The Company saw developing the geological model as a priority in order to drive and enhance its exploration activities at Carr Boyd. In order to use the model to test the basal contact at depth, it was decided to conduct a hard-rock seismic survey which could be combined with several historical geophysical datasets so that a 3D image of the basal contact could be constructed.

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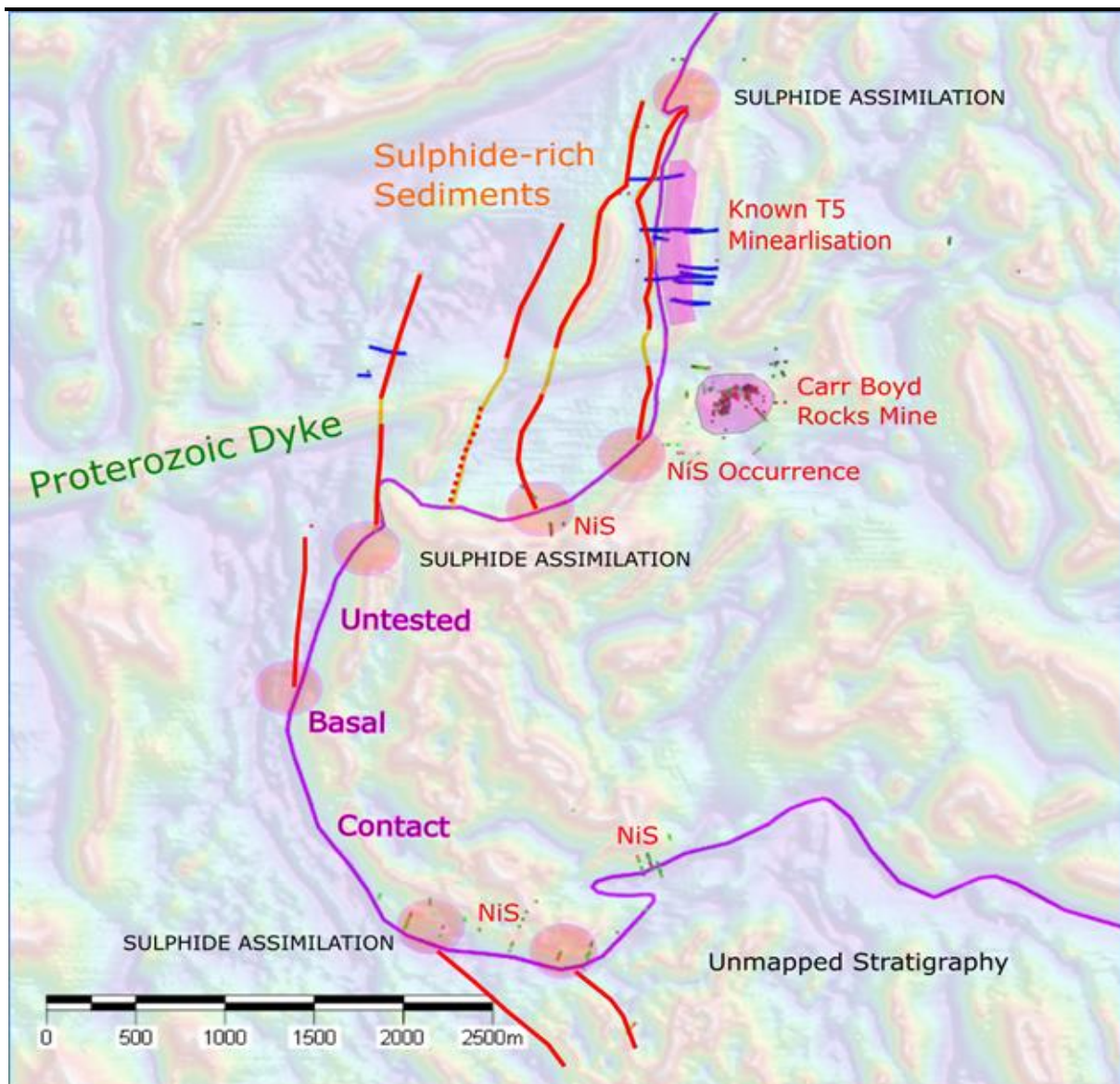


Figure 4: Mapped basal contact in relation to sulphidic sediments, assimilation zones where sulphides enter the intrusion and nickel sulphides located at surface (NiS). Mapping reveals that the paleo-gravity direction is to the west (left) with younging to the east.

The Carr Boyd basal contact is the most prospective horizon within the Intrusive Complex. Historically it been difficult to intersect in drilling due to its variable dip and in places, faulted nature. The imaging of this contact should vastly improve the success rate of any targeted drilling at depth.

The company commissioned Graeme Hird from Rock Solid Seismic to assist with the interpretation. Mr Hird is Australia's most experienced hard-rock seismic interpreter. The seismic survey was conducted by Eastern States company Ultramag in March of this year, utilising state-of-the-art equipment such as the e-Vibe and Bluetooth nodes from Schlumberger.

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The e-Vibe system enabled access into areas where traditional seismic systems were too large and destructive to operate effectively at Carr Boyd (Figure 5). In addition the system enabled precise frequency control over the seismic source to enhance survey outcomes.



Figure 5: R&D Seismic Survey conducted by Ultramag enabled very low environmental impact seismic surveying at Carr Boyd, allowing the company to image the prospective basal contact at depth ahead of drill planning.

Working Geological Exploration Model for T5 and Carr Boyd Pipes

During the year the Company reconstructed a mineralisation model that would explain the relationship between the Carr Boyd Pipes mineralisation and the T5 Discovery. Whilst other geological possibilities exist that would have the T5 Discovery and the Carr Boyd Pipes as separate mineralisation events, the proximity of the lodes to each other and similarity of the nickel-copper sulphides caused the Company to look for a common source to explain both. Work on proving the model will continue.

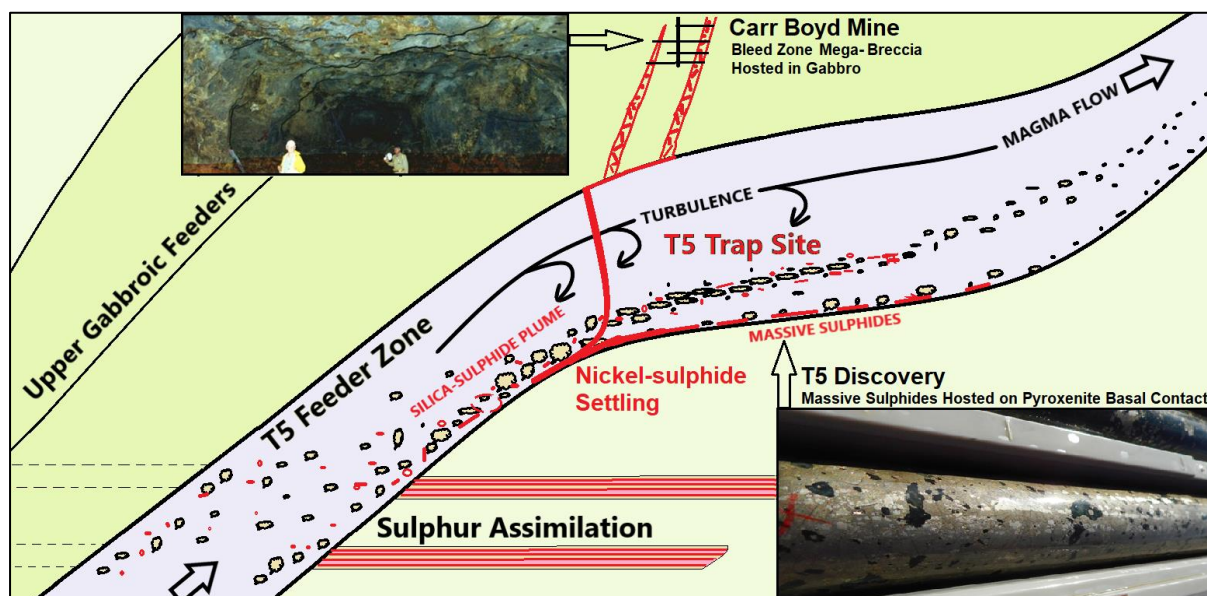


Figure 6: Working hypothesis of the links between the T5 Discovery and the Carr Boyd Pipes mineralisation.

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In essence, Carr Boyd pyroxenite feeder zones (intrusions) assimilated sulphides as they rose to surface approx. 2.65 M.y.a. These assimilation zones were depicted in plan view in Figure 4 and diagrammatically in Figure 6. This assimilation results in nickel sulphides forming, which accumulate through gravity, settling onto the Western basal contact in "Trap Sites" such as at T5. Mineralisation at T5 exhibits textures in core that show the sulphides have accumulated within their host pyroxenite on and near the basal contact. Sulphide abundance increases toward the basal contact.

The Carr Boyd Mine resulted from a sulphur bleed off the basal contact into higher, less prospective rocks (Figure 6), with mineralisation occurring as a sulphide mega-breccia. This bleed occurs because massive sulphide liquids tend to remain molten long after the host intrusion has solidified. Pressure differentials within the cooling intrusion can then cause the remobilisation of these still-molten sulphides, forming pipe-like breccias as seen in the photograph at the top of Figure 6.

Combining the Working Model with the Seismic and other Geophysical Datasets

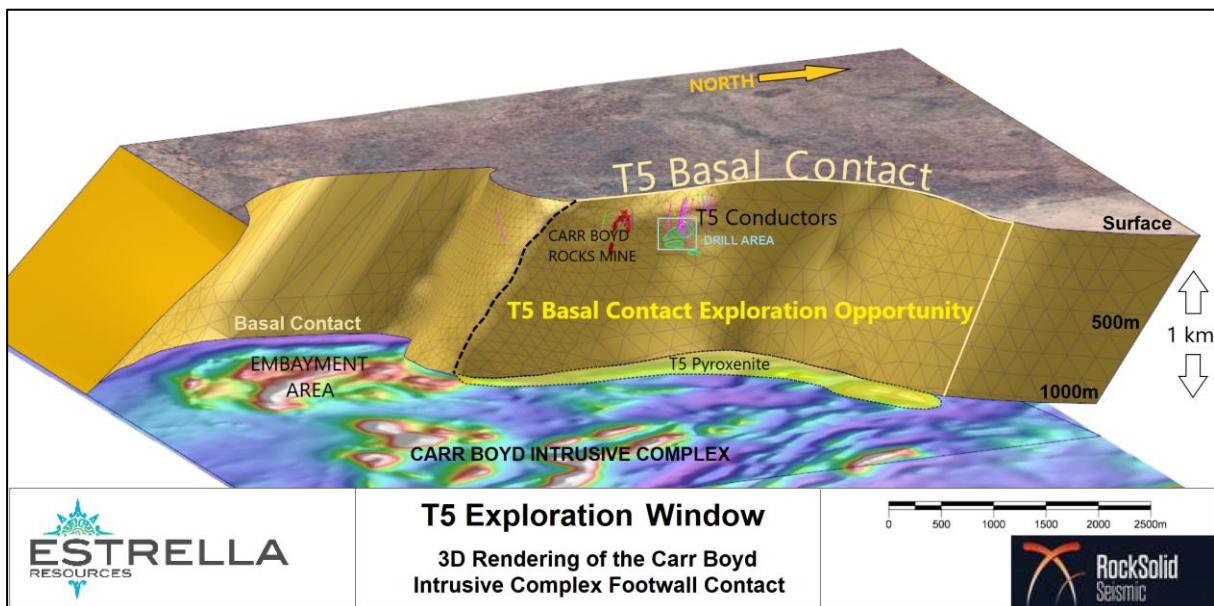


Figure 7: 3D rendering of the local basal contact around the T5 Discovery and Carr Boyd Rocks area.

The image above (Figure 7) is a combination of the working geological model and the 3D rendering of the seismic survey combined with other geophysical datasets received from Rock Solid Seismic in late June.

The resulting surface gives the Company the ability to target the T5 basal contact at depth without the uncertainty that results from not understanding the orientations involved and hence drill hole depths and angles required.

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T5 Drilling

Over the last year, 26 diamond drill holes were collared and 11 more wedged daughter holes were completed for a total of 14,675m of core across the Carr Boyd Project. The majority of drilling was located at the T5 Discovery where close spaced wedge drilling was combined with geological and textural studies to ascertain the flow direction of the T5 Pyroxenite.

As at the end of the period, significant high-grade intersections can be seen in Figure 8. These intersections are located within a broad mineralised halo of globular and disseminated sulphides. Significant composite assays are reported in Table 1.

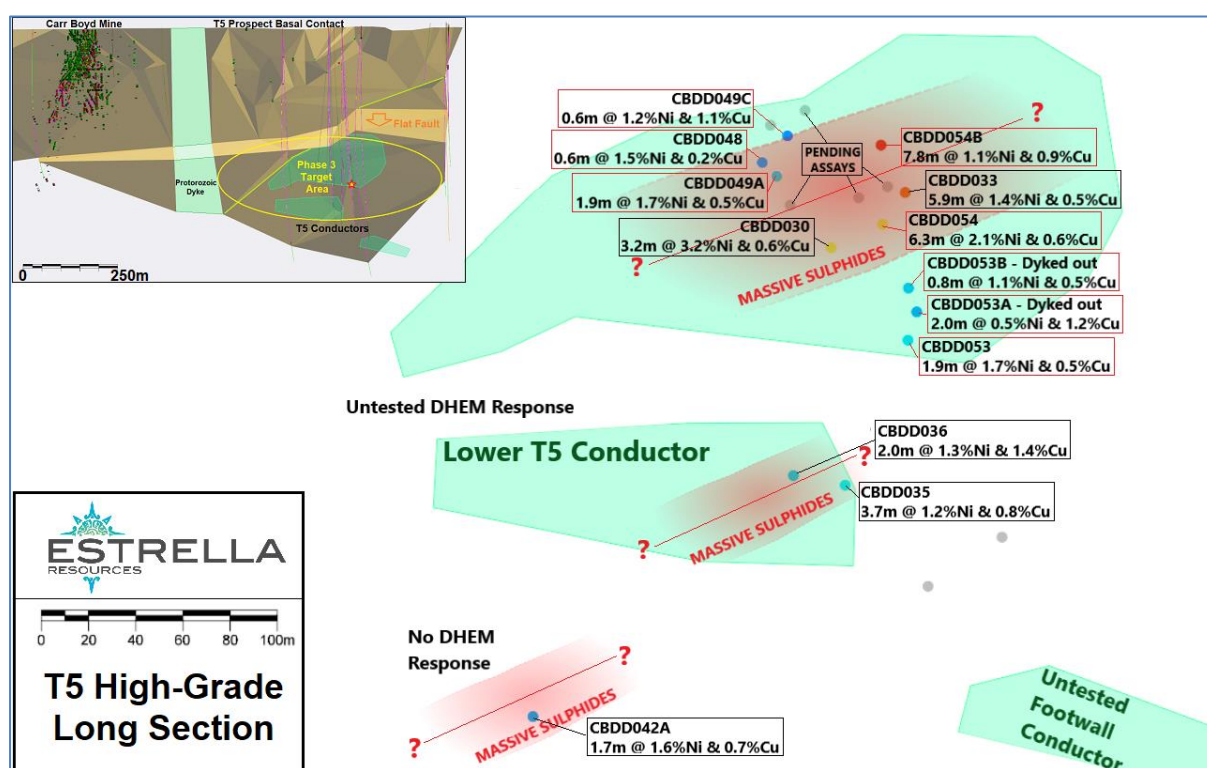


Figure 8: Massive sulphide intersections within a broad, mineralised halo of globular and disseminated sulphides at T5.

Collar and survey details for the drill holes can be found in Table 2.

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Table 1: T5 Significant Intersections

	Hole	m From	m To	Interval	True Width	Ni%	Cu%	Co%	2PGE **	Ag g/t
Phase 2	CBDD028	165.2	167	1.8	0.9	0.73	0.34	0.04	0.65	1.78
	including	165.2	165.6	0.4		1.12	1.07	0.06	0.91	6.80
	CBDD029 NSA - Hole did not test T5 contact									
	CBDD030	431.6	445.5	13.9	6.7	1.18	0.39	0.05	0.45	1.61
	including	436.3	439.5	3.2	1.5	3.19	0.64	0.14	0.71	2.56
	CBDD031 NSA - Hole did not test T5 contact									
	CBDD032 NSA - Fault blank, T5 contact not tested									
	CBDD033	368.5	388.6	20.1	9.6	1.04	0.67	0.05	0.79	2.45
	including	372.52	378.4	5.88	2.8	1.39	0.66	0.07	0.90	2.31
	and	380.7	382.8	2.1	1.0	1.37	0.54	0.06	2.34	2.61
	and	386.15	388.6	2.45	1.2	1.65	2.01	0.08	0.83	7.31
	CBDD034 NSA - Fault blank, T5 contact not tested									
	CBDD035	516.8	524.85	8.05	3.9	0.83	0.43	0.03	0.62	2.84
	including	516.8	520.5	3.7	1.8	1.18	0.61	0.04	0.97	5.29
	CBDD036	505.6	511	5.4	2.6	0.87	0.76	0.04	0.61	3.25
	including	506.15	508.1	1.95		1.34	1.41	0.05	0.93	6.12
	CBDD037 NSA - Fault blank, T5 contact not tested									
	CBDD038 Drinkwater Prospect, regional stratigraphic hole									
	CBDD039 NSA - Sheared T5 contact, low tenor sulphides									
	CBDD040 Drinkwater Prospect, regional stratigraphic hole									
	CBDD041 NSA - Sheared T5 contact, low tenor sulphides									
Phase 3	CBDD042A	603.7	608.6	4.9	2.4	0.96	0.35	0.04	0.29	1.35
	including	606.89	608.6	1.71		1.63	0.66	0.07	0.43	3.12
	CBDD048	381.5	388.4	6.9	3.3	0.54	0.26	0.03	0.41	1.10
		including	382.5	383.14	0.64	1.52	0.21	0.08	0.95	1.35
		and	385.85	386.2	0.35	1.32	0.36	0.06	0.61	2.10
	CBDD049A	386.67	393.58	6.91	3.3	0.75	0.54	0.04	0.48	2.39
		including	388.49	390.36	1.87	1.74	0.54	0.08	0.90	2.60
	CBDD049C	372.67	375.96	3.29	1.6	0.75	0.53	0.04	0.58	2.35
		including	372.67	373.27	0.6	1.19	1.07	0.06	0.72	5.23
	CBDD053	438.06	446.29	8.23	4.0	0.69	0.32	0.03	0.45	1.34
		including	441.11	443	1.89	1.40	0.34	0.07	0.59	1.49
	CBDD053A	426	428	2	1.0	0.46	1.43	0.02	0.52	6.50
	CBDD053B	421.81	426.64	4.83	2.3	0.63	0.50	0.03	0.47	2.58
		including	422.63	423.05	0.42	1.14	0.62	0.05	0.92	4.30
		including	425.79	426.64	0.85	1.14	0.47	0.05	0.72	2.52
	CBDD054	392.3	405.71	13.41	6.4	1.31	0.44	0.06	0.46	1.93
		including	394.85	401.11	6.26	3.0	2.08	0.63	0.09	2.78
		including	397.87	398.98	1.11	3.92	0.16	0.17	0.59	0.80
	CBDD054A	361.21	387.54	26.33	12.6	0.73	0.44	0.04	0.70	1.84
		including	361.21	362.27	1.06	1.03	0.55	0.06	0.47	2.00
		including	364.41	365.56	1.15	1.47	1.02	0.08	1.97	4.70
		including	376.34	379.05	2.71	1.10	0.65	0.06	1.03	3.16
	CBDD054B	357	382.32	25.32	12.2	0.79	0.58	0.04	0.58	1.92
		including	358.6	363.56	4.96	2.4	1.15	0.71	1.13	2.45
		including	368.33	376.11	7.78	3.7	1.14	0.93	0.72	3.14
		including	368.33	368.63	0.3	3.49	0.08	0.15	0.89	<0.5

** 2PGE refers to Pt + Pd in g/t

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Table 2: Drill hole collar and survey details as at the end of June 2021.

Hole ID	Final Depth	Easting	Northing	RL	Dip	Azimuth	Status
CBDD028	251	367043.44	6673937.98	437.72	-60	90	Completed
CBDD029	603.8	366998.82	6673936.74	438.35	-70	90	Completed
CBDD030	495.7	367024.56	6673640.27	434.1	-65	90	Completed
CBDD031	591.8	366936.17	6674240.78	442.69	-65	90	Completed
CBDD032	335.6	367273.97	6673938.89	434.37	-65	270	Completed
CBDD033	450	367392.58	6673655.88	429.67	-65	270	Completed
CBDD034	412	367356.7	6673939.2	432.63	-65	270	Completed
CBDD035	581.7	367438.42	6673657.55	429.5	-65	270	Completed
CBDD036	576.8	367420.13	6673620.88	429.24	-65	270	Completed
CBDD037	420.8	367418.35	6673621.16	429.39	-60	270	Completed
CBDD038	155.7	365502.12	6673071.37	432.32	-60	270	Completed
CBDD039	609.7	367450.74	6673708.36	429.78	-65	270	Completed
CBDD040	439.8	365698.74	6673200.04	434.72	-65	270	Completed
CBDD041	480.7	367405.46	6673500.16	428.8	-60	270	Completed
CBDD042A	654.7	367404.54	6673500.34	428.68	-70	270	Completed
CBDD043	495.3	367449.2	6673940.44	431.98	-65	270	Completed
CBDD044	699.8	367446.56	6673707.34	429.82	-70	256	Completed
CBDD045	480.98	367395	6672840	425.41	-60	265	Completed
CBDD046	563.1	366938	6671877	425	-60	310	Completed
CBDD047	562	367394.5	6673656	429.7	-70	270	Completed
CBDD047A	277.1	367394.5	6673656	429.7	-70	270	Completed
CBDD048	420.4	367423	6673626	429.2	-61	261	Completed
CBDD049	240.2	367422.5	6673626	429.2	-60	265	Completed
CBDD049A	414.6	367422.5	6673626	429.2	-60	265	Completed
CBDD049B	390.5	367422.5	6673626	429.2	-60	265	Completed
CBDD049C	415	367422.5	6673626	429.2	-60	265	Completed
CBDD050	411.4	367422	6673626	429.2	-59	267	Completed
CBDD050A	447.5	367422	6673626	429.2	-62	267	Completed
CBDD051	Planned						
CBDD052	Planned						
CBDD053	514	367393.5	6673656	429.7	-70	270	Completed
CBDD053A	484	367393.5	6673656	429.7	-70	270	Completed
CBDD053B	460.2	367393.5	6673656	429.7	-70	270	Completed
CBDD054	461.4	367393	6673656.5	429.7	-69	267	Completed
CBDD054A	415	367393	6673656.5	429.7	-69	267	Completed

The assays confirm the Company's geological interpretation of the settling, remobilisation and re-settling of massive sulphides along the T5 Pyroxenite Feeder basal contact. The intersections from diamond drillholes CBDD048, CBDD049A and CBDD049C show higher-grade massive and breccia sulphides on

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the basal contact with only a thin zone of lower-grade material stratigraphically above. The lower-grade material consists of disseminated sulphides that grade into globular sulphides just above the massive sulphide zones. This represents the active erosion of massive sulphides in this location at the time of solidification of the melt.

These sulphides are carried "down-stream" and are piled up above the massive sulphides intersected in CBDD054, CBDD054A and CBDD054B (Figure 9). In CBDD054B there are two massive sulphide zones, a lower basal contact breccia zone, and an upper semi-massive zone where remobilised globular sulphides from the eroded area mentioned above are beginning to coagulate and descend through the melt. Above this is a much broader zone of disseminated to blebby sulphides which remain suspended by flow turbulence.



Figure 9: Massive and globular nickel sulphides from CBDD054B. The globular sulphides sit atop the massive and represent active erosion of the massive sulphides by the crystallising melt.

Further down-stream, around holes CBDD053, CBDD053A and CBDD053B, a broad zone of globular, blebby and disseminated sulphides was intersected and is interpreted to be an area where higher turbulence prevented massive sulphide formation and in areas may even have scoured the contact of massive sulphides. This is expected to be a cyclic repetition of scouring and redeposition along the flow direction as evidenced by the intersection of massive sulphides further down the contact in holes CBDD035, CBDD036 and CBDD042A (Figure 10).

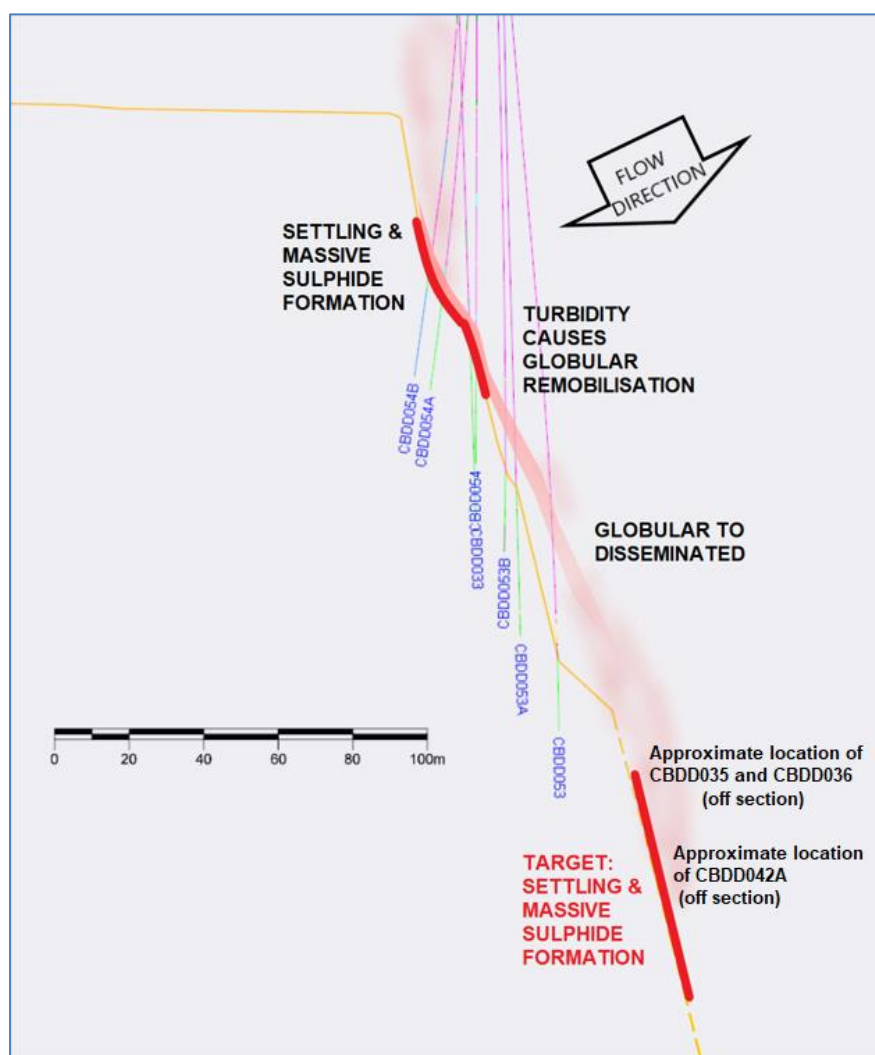


Figure 10: Sulphide remobilisation in the flow direction and subsequent settling "down stream".

Going Forward

Identification of the controls on flow direction and nickel sulphide deposition indicate to the Company that the T5 Pyroxenite is indeed one of the best prospects within the Carr Boyd Igneous Complex. As such exploration over the next 12 months will focus here however the Company has not lost sight of the fact that there is 30km of basal contact to be tested and that we are only just starting to scratch the surface.

Magnetic imaging of the Carr Boyd Intrusive Complex (Figure 11) combined with Estrella's mapping shows that the T5 Pyroxenite is only one of several basal pyroxenites containing known nickel sulphides and that there is a significant amount of exploration yet to occur in time.

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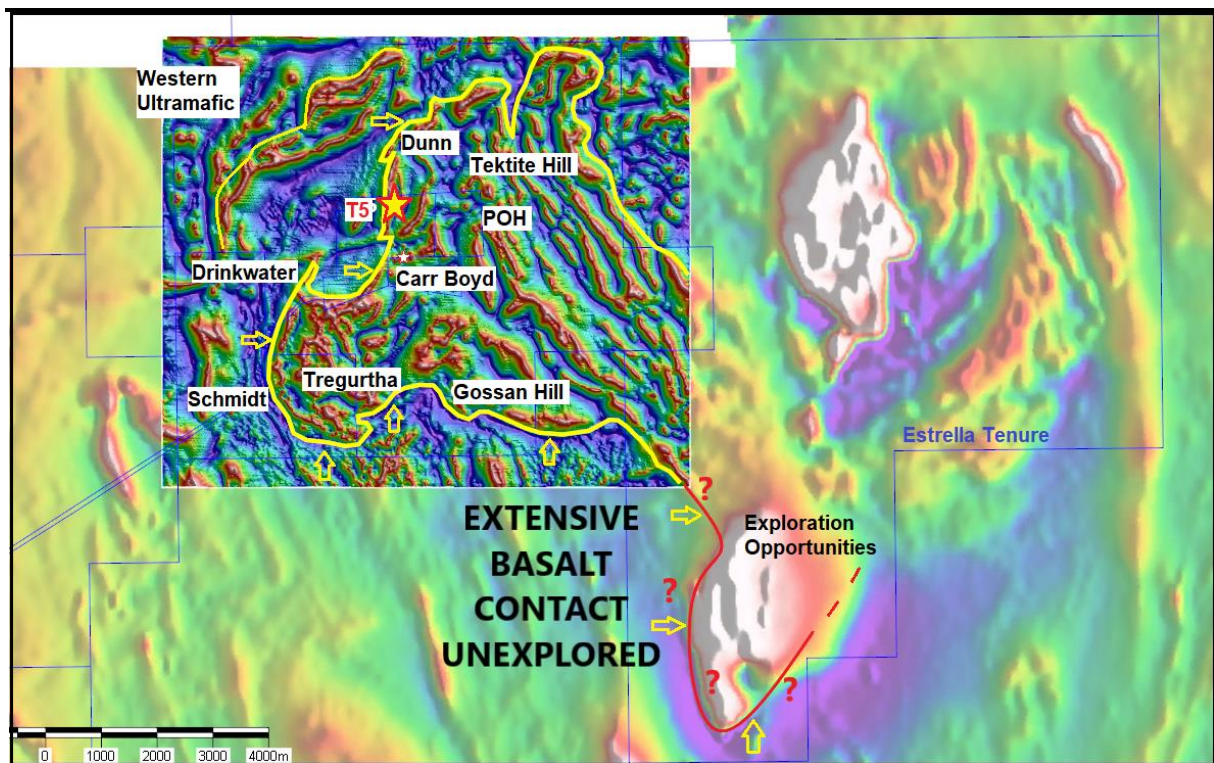


Figure 11: The T5 Pyroxenite is only one of several mineralised pyroxenite bodies discovered within the Carr Boyd Igneous Complex. Phase 5 will set about ranking these opportunities and discovering currently unknown opportunities that will exist within such a large and fertile system.

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) 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 full-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.

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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 kt	Ni %	Cu %	Ni t	Cu 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
Total	69	2.4	0.19	1,630	130

Type	Inferred Mineral Resource				
	Tonnage kt	Ni %	Cu %	Ni t	Cu 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	
Total	58	1.3	0.11	730	70

Type	Total Mineral Resource				
	Tonnage kt	Ni %	Cu %	Ni t	Cu 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
Total	127	1.9	0.15	2,370	190

Competent Person Statement

The information in this announcement relating to Exploration Results is based on information compiled by Mr Steve Warriner, who is the Exploration Manager 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 by Mr Shaun Searle of Ashmore Advisory Pty Ltd, who was a consultant to Estrella Resources, and a member of The Australasian Institute of Geoscientists, and Mr Neil Hutchison, who is a Director of Estrella Resources and a member of The Australasian Institute of Geoscientists.

Mr Searle's and Mr Hutchison's assessment of the Spargoville 5A Mineral Resource has been reviewed by Mr Warriner, who is the Exploration Manager of Estrella Resources and a member of The Australasian Institute of Geoscientists. Mr Warriner has accepted the findings of the Mineral Resource Statement to be true and accurate under the JORC2012 Code.

Mr Warriner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Warriner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Significant changes in the state of affairs

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

Dividends

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

Corporate Governance Statement

The Group has disclosed its corporate governance statement on the Company website at www.estrellaresources.com.au/investor-centre.

Events subsequent to the reporting period

On 1 July 2021 the Company issued 10,000,000 unquoted options exercisable at \$0.10 expiring 30 June 2022 to Henslow Pty Ltd for the provision of corporate advisory services.

On 5 July 2021 the Company issued 144,668,333 ordinary shares to Underwriters on the expiry of the listed options exercisable at \$0.05 expiring on 27 June 2021.

On 5 July 2021 the Company issued 11,678,685 ordinary shares on conversion of convertible notes with a face value of \$100,000 and associated interest of \$16,787 at a conversion price of \$0.01 per share.

On 6 July 2021 the Company issued 5,000,000 unquoted options exercisable at \$0.05 expiring 1 June 2022 to Henslow Pty Ltd for underwriting services provided.

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

Likely future developments and expected results

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

Environmental issues

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

ESTRELLA RESOURCES LIMITED

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Information on Directors

Mr Christopher Daws: Managing Director (previously CEO)

Date of appointment as Managing Director: 18 November 2020

Mr Daws is an experienced mining executive having previously been involved with Niagara Mining (Poseidon), US Nickel and KMC Limited. Mr Daws is a Director and founder of Apollo Phoenix Resources Pty Ltd and a Director of Nimbus Mines Pty Ltd. Mr Daws is responsible for running the day-to-day operations of the Group.

Mr Daws is not currently and has not been within the last three years a Director of any publicly listed Companies. Mr Daws currently holds 34,612,265 fully paid ordinary shares, 20,000,000 listed options and 4,500,000 unlisted options in Estrella Resources Limited.

Mr Leslie Pereira— Non-Executive Director

Date of appointment: 1 February 2019

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

Mr Pereira is not currently and has not been within the last three years a Director of any publicly listed Companies. Mr Pereira currently holds 6,015,769 fully paid ordinary shares, 3,550,000 listed options and 5,000,000 unlisted options in Estrella Resources Limited.

Mr John Kingswood – Non-Executive Director

Date of appointment: 6 January 2017

Mr Kingswood has over 25 years' mining experience with significant experience in mining and project management. Mr Kingswood has a track record of acquiring mineral projects and implementing effective strategies.

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

Mr Kingswood currently holds 3,380,000 fully paid ordinary shares, 20,000,000 listed options and 5,000,000 unlisted options in Estrella Resources Limited.

Mr Stephen Brockhurst – Non-Executive Director & Company Secretary

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

Date of appointment as Company Secretary: 29 October 2020

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

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed and private companies. He is currently a Director of Locksley Resources Limited and Nelson Resources Limited and was previously a Director of Kingwest Resources Limited (resigned 30 June 2021).

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Mr Brockhurst currently holds 2,500,001 fully paid ordinary shares and 5,750,000 unlisted options in Estrella Resources Limited.

Mr Neil Hutchison – Non-Executive Director

Date of appointment: 18 November 2020

Mr Hutchison is a geologist with over 30 years' experience in conducting regional and minesite exploration, target generation, resource drill out, project reviews and evaluations. Mr Hutchison has extensive nickel experience having been the General Manager for Geology at Poseidon Nickel for 11 years as well as the Exploration Superintendent at Jubilee Mines Cosmos Nickel Project for 5 years.

Mr Hutchison is currently a Non-Executive Director at Kairos Minerals Limited and has previously been a Director of Castillo Copper (resigned 27 March 2018).

Mr Hutchison currently holds 800,000 fully paid ordinary shares, 2,000,000 unlisted options and \$20,000 in convertible notes in Estrella Resources Limited.

Other Management

Mr Steve Warriner – Exploration Manager

Date of appointment: 4 January 2021

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

Mr Warriner previously held the position of Chief Geologist at Poseidon Nickel Limited for 14 years. He has held senior management and consulting positions in a number of ASX listed companies including Poseidon Nickel, Western Metals, Barrick Gold, WMC Resources and Fox Resources, where his experience and leadership has led to several new discoveries and successful mining operations, including the recent Golden Swan high-grade nickel discovery with Newexco Geological Consultants, and the Abi Rose and Cerberus discoveries with Neil Hutchison.

Mr David McEntaggart: Company Secretary

Date of appointment: 21 May 2018

Date of resignation: 29 October 2020

Mr McEntaggart is a Chartered Accountant and Chartered Secretary with over 15 years' experience in the resource industry and accounting profession in Australia and the UK. He provides services to a number of ASX listed companies specialising in financial accounting and corporate compliance.

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Meetings of the Board

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

Director	BOARD MEETINGS	
	Number eligible to attend	Number attended
L Pereira	4	3
C Daws	3	3
J Kingswood	4	4
S Brockhurst	4	4
N Hutchison	3	3

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

Number of shares under option	Class	Exercise price	Expiry date of options
5,000,000	Unquoted	\$0.05	1 June 2022
10,000,000	Unquoted	\$0.10	30 June 2022
11,500,000	Unquoted	\$0.03	20 Nov 2022
16,600,000	Unquoted	\$0.20	17 Nov 2023
254,363,575	Quoted	\$0.02	31 July 2023
Total			
297,463,575			

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

During the year 258,448,420 shares were issued on the exercise of options and 12,600,505 shares were issued on the conversion of convertible notes.

Since the end of the financial year 144,668,333 shares have been issued to underwriters on the expiry of listed options and 11,678,685 shares have been issued on the conversion of convertible notes.

Indemnifying officers or auditor

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

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

Proceedings on behalf of Company

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

Non-audit services

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

	2021	2020
	\$	\$
Non-audit services:		
Corporate Finance services - RSM	-	3,155

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

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

Auditor independence declaration

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

REMUNERATION REPORT (Audited)

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

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

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

Principles used to determine the nature and amount of remuneration

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

ESTRELLA RESOURCES LIMITED

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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

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

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

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

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

The executive pay and reward framework has three components:

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

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

Relationship between the Remuneration Policy and Company Performance

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$
Revenue	1,400,088	762	48,162	195,677	21,282
EBITDA	(394,980)	(574,921)	(618,491)	(2,831,286)	(754,502)
EBIT	(461,244)	(583,374)	(625,305)	(2,864,054)	(754,647)
Loss after income tax	(543,230)	(609,076)	(622,143)	(2,858,418)	(733,365)
Basic loss per share (cents)	(0.07)	(0.11)	(0.13)	(0.71)	(0.27)
Diluted loss per share (cents)	(0.07)	(0.11)	(0.13)	(0.71)	(0.27)
Share Price at financial year end	\$0.047	\$0.01	\$0.01	\$0.024	\$0.028

Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the Directors and Key Management Personnel of the Group for the year ended 30 June 2021 and 30 June 2020 are set out in the following tables:

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

2021	Short-term benefits		Post-employment benefits	Share-based Payments		
	Salary					
Name	And Fees	Bonus	Superannuation	Options	Total	Performance Related
	\$	\$	\$	\$	\$	%
DIRECTORS						
L. Pereira	40,000	-	-	105,120	145,120	72
C. Daws ¹	273,729	-	25,855	105,120	404,704	26
J. Kingswood	40,000	-	-	105,120	145,120	72
S. Brockhurst	40,000	-	-	144,540	184,540	78
N. Hutchison ²	24,889	-	2,364	56,064	83,317	67
Total	418,618	-	28,219	515,964	962,801	

¹ Mr Daws held the position of CEO until 18 November 2020 until his appointment as Managing Director

² Mr Hutchison was appointed Non-Executive Director on 18 November 2020

2020	Short-term benefits		Post-employment benefits	Share-based Payments		
	Salary					
Name	And Fees	Bonus	Superannuation	Options	Total	Performance Related
	\$	\$	\$	\$	\$	%
DIRECTORS						
L. Pereira	37,000	-	-	13,708	50,708	27%
J. Kingswood	37,000	-	-	13,708	50,708	27%
S. Brockhurst	37,000	-	-	13,708	50,708	27%
	111,000	-	-	41,124	152,124	
OTHER MANAGEMENT						
C. Daws	234,000	-	22,230	11,423	267,653	4%
Total	345,000	-	22,230	52,547	419,777	

Share based remuneration

During the year, 10,750,000 unlisted options exercisable at \$0.20 on or before 17 November 2023 were issued to Key Management Personnel. Refer to Note 18 – Share based payments.

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Transactions with key management personnel

During the year ended 30 June 2021, fees of \$143,518 (2020: \$93,024) were paid or due to be paid to Mining Corporate Pty Ltd, a company of which Mr Brockhurst is a director of, for company secretarial, accounting and bookkeeping services.

From the date of his appointment in November 2020, fees of \$637,493 were paid or due to be paid to Geolithic Pty Ltd, a company of which Mr Hutchison is a director of, for the provision of geological services including providing consultant geologists.

There were no other transactions with key management personnel in 2021 other than as outlined above.

Key management personnel shareholdings

Fully Paid Ordinary Shares

2021 Directors	Balance 01 July 2020	Purchases /(Sales)	On exercise of options	Net other Change	Balance 30 June 2021
L Pereira	300,000	720,000	4,995,769	-	6,015,769
C Daws ¹	27,832,265	5,380,000	1,400,000	-	34,612,265
J Kingswood	1,410,000	-	1,970,000	-	3,380,000
S Brockhurst	750,000	-	1,750,001	-	2,500,001
N Hutchison ²	-	-	-	800,000	800,000

¹ Mr Daws held the position of CEO until 18 November 2020 until his appointment as Managing Director

² Mr Hutchison was appointed Non-Executive Director on 18 November 2020

2020 Directors	Balance 01 July 2019	Purchases /(Sales)	On exercise of options	Net other Change	Balance 30 June 2020
L Pereira	300,000	-	-	-	300,000
J Kingswood	1,410,000	-	-	-	1,410,000
S Brockhurst	750,000	-	-	-	750,000
Other Management					
C Daws	17,624,335	10,207,930	-	-	27,832,265

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Share Options

2021	Balance 1 July 2020	Options Granted	Options Purchased	Options Exercised	Options expired	Balance 30 June 2021	Total Vested 30 June 2021
L. Pereira	7,995,769	2,000,000	3,550,000	(4,995,769)	-	8,550,000	8,550,000
C Daws ¹	31,571,532	2,000,000	22,500,000	(1,400,000)	(30,171,532)	24,500,000	24,500,000
J Kingswood	4,970,000	2,000,000	20,000,000	(1,970,000)	-	25,000,000	25,000,000
S Brockhurst	4,750,001	2,750,000	-	(1,750,001)	-	5,750,000	5,750,000
N Hutchison ²	-	2,000,000	-	-	-	2,000,000	-

¹ Mr Daws held the position of CEO until 18 November 2020 until his appointment as Managing Director

² Mr Hutchison was appointed Non-Executive Director on 18 November 2020

2020	Balance 1 July 2019	Options Granted	Options Purchased	Net other Change	Options Exercised	Balance 30 June 2020	Total Vested 30 June 2020
L. Pereira	4,000,000	3,000,000	995,769	-	-	7,995,769	7,995,769
J Kingswood	1,970,000	3,000,000	-	-	-	4,970,000	4,970,000
S Brockhurst	1,750,001	3,000,000	-	-	-	4,750,001	4,750,001

Other

Management

C Daws	12,394,088	2,500,000	16,677,444	-	-	31,571,532	31,571,532
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Service Agreements

Executive Director Remuneration

Mr Christopher Daws was appointed as Managing Director on 18 November 2020 for an initial term of three (3) years. His employment conditions are governed by an Executive Service Agreement. The terms of agreement can be terminated by providing three (3) months written notice in case of the Company and then by paying three (3) months salary. Mr Daws can terminate Agreement by providing three (3) months written notice. Mr Daws is entitled to receive \$290,000 per year (exclusive of statutory superannuation). Mr Daws is entitled to receive 2,000,000 unquoted options exercisable at \$0.20 with a 3 year expiry and these options were issued during the financial year following shareholder approval. The remuneration is not dependent on the satisfaction of any performance conditions. Up until Mr Daws appointment of Managing Director he held the position as CEO and was entitled to receive \$240,000 (exclusive of superannuation).

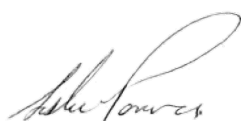
ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Non-Executive Directors Remuneration

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

END OF THE AUDITED REMUNERATION REPORT

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



Leslie Pereira
Chairman

Dated: 23 September 2021
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Estrella Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS

A Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2021

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

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

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

For the year ended 30 June 2021

	Note	30 June 2021	30 June 2020
		\$	\$
Interest income		1,456	762
Gain on disposal of tenements	7	1,379,011	-
Other income		19,621	-
Salaries & Directors' fees		(318,854)	(253,489)
Legal fees		(25,998)	(19,184)
Consulting fees		(262,040)	(103,679)
Share based payment expense	18	(903,419)	(63,970)
Depreciation		(66,264)	(8,453)
Borrowing costs	3	(83,442)	(27,064)
Other expenses		(283,301)	(134,599)
LOSS BEFORE INCOME TAX		(543,230)	(609,676)
Income tax expense	4	-	-
LOSS FOR THE PERIOD		(543,230)	(609,676)
Other Comprehensive Loss			
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(543,230)	(609,676)
Loss per share:			
Basic and diluted loss per share (cents per share)	14	(0.07)	(0.11)

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

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents	16	3,548,908	36,479
Trade and other receivables	5	261,338	17,124
Financial assets at fair value through profit or loss	8	65,662	-
Total current assets		3,875,908	53,603
Non-Current Assets			
Plant & equipment	6	392,477	13,923
Exploration and evaluation expenditure	7	11,152,025	4,586,994
Total Non-Current Assets		11,544,502	4,600,917
Total assets		15,420,410	4,654,520
Current liabilities			
Trade and other payables	9	1,058,171	206,230
Borrowings	10	275,326	400,474
Provisions	11	69,695	40,150
Total current liabilities		1,403,192	646,854
Total liabilities		1,403,192	646,854
Net assets		14,017,218	4,007,666
Equity			
Share capital	12	27,535,256	17,905,893
Reserves	13	1,026,685	593,880
Accumulated losses		(14,544,723)	(14,492,107)
Total equity		14,017,218	4,007,666

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

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Issued capital \$	Accumulated losses \$	Option reserve \$	Converti ble Note Reserve \$	Total \$
Balance at 30 June 2020	17,905,893	(14,492,107)	535,880	58,000	4,007,666
Loss for the year	-	(543,230)	-	-	(543,230)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	903,419	-	903,419
Option Premium Reserve	-	-	20,000	-	20,000
Options exercised & expired during the year	-	490,614	(490,614)	-	-
Shares issued upon options exercised during the year	8,503,328	-	-	-	8,503,328
Shares issued during the year	1,400,000	-	-	-	1,400,000
Convertible notes converted during the year	126,005	-	-	-	126,005
Transaction costs on share issue	(399,970)	-	-	-	(399,970)
Balance at 30 June 2021	27,535,256	(14,544,723)	968,685	58,000	14,017,218
Balance at 30 June 2019	17,863,248	(14,133,555)	723,034	-	4,452,727
Loss for the year	-	(609,676)	-	-	(609,676)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	63,970	-	63,970
Options expired during the year	-	251,124	(251,124)	-	-
Shares issued during the year	42,645	-	-	-	42,645
Convertible note issue	-	-	-	58,000	58,000
Balance at 30 June 2020	17,905,893	(14,492,107)	535,880	58,000	4,007,666

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

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(822,856)	(485,119)
Interest received		1,456	762
Interest paid		(3,012)	-
NET CASH USED IN OPERATING ACTIVITIES	16	(824,412)	(484,357)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(443,168)	-
Payments for exploration and evaluation expenditure		(6,760,413)	(458,334)
Proceeds from sale of exploration rights		1,893,906	250,000
Payments for purchase of equities		(91,159)	-
NET CASH USED IN INVESTING ACTIVITIES		(5,400,834)	(208,334)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,903,328	-
Proceeds from issue of options		20,000	-
Proceeds from borrowings		-	36,504
Repayment of borrowings		-	(36,504)
Proceeds from convertible notes		-	450,000
Repayment of convertible notes		(50,000)	-
Proceeds from shares not yet issued		192,197	-
Share issue costs		(327,850)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		9,737,675	450,000
Net increase / (decrease) in cash held		3,512,429	(242,691)
Cash at the beginning of the year		36,479	279,170
CASH AT THE END OF THE YEAR	16	3,548,908	36,479

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

1. Nature of Operations

The consolidated entity (the Group) consists of Estrella Resources Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

General Information

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

2. Statement of significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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 2021 (including comparatives) were approved and authorised for issue by the Board of Directors on 23 September 2021.

Historical Cost Convention

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

Critical accounting estimates and judgements

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

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

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by Directors' assessment as to the cost of the last equity based transaction made. Refer to note 18 for details. The accounting estimates and assumptions in relation to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

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Impairment of capitalised exploration and evaluation expenditure

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

b) Cash and cash equivalents

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

c) Current and non-current classification

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

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

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

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

d) Impairment of non-financial assets

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

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

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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.

e) Exploration and Evaluation Expenditure

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

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

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

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

f) Goods and Services Tax (GST)

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

g) Trade and Payables

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

h) Trade and Other Receivables

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

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

(i) Short-term obligations

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

(ii) Long service leave

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

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j) Revenue

The Group recognises revenue as follows:

Interest

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

Other revenue

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

k) Operating expenses

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

l) Segment reporting

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

m) Borrowings

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

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

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

n) Fair value measurement

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

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

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

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

o) Provisions, contingent liabilities and contingent assets

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

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

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

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

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

p) Equity, reserves and dividend payments

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

Other components of equity include the following:

- Option reserve – The fair value of options granted is recognised as an increase in equity.
- Convertible note reserve – the fair value of the equity residual component on the issue of convertible notes

q) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 22.

r) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Estrella Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting

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policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

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

s) Business Combinations

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

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

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

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

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

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

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

t) Income tax

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

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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.

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

u) Plant and Equipment

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

Depreciation

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

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

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

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

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

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

v) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share

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

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

w) New accounting standards for application in future period

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

x) Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

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3. Borrowing Costs

	30 June 2021	30 June 2020
	\$	\$
Interest expense	48,590	18,590
Unwinding of fair value discount	34,852	8,474
Total Borrowing costs	83,442	27,064

4. Income tax expense

	30 June 2021	30 June 2020
	\$	\$
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(543,230)	(609,676)
Prima facie tax payable on profit before income tax at 26% (2020: 27.5%)	(141,240)	(167,661)
Tax effect - permanent differences	235,022	17,678
Tax effect of tax losses and temporary differences not recognised	(93,782)	149,983
Income tax expense	-	-

The amount of tax losses carried forward as at 30 June 2021 amount to \$9,413,286 (2020: \$9,773,986).

5. Trade and other receivables

	30 June 2021	30 June 2020
	\$	\$
Prepayments	31,040	9,526
GST receivable	230,298	7,598
Loan to Data Laboratories Ltd ¹	500,000	500,000
Less impairment of loan to Data Laboratories Ltd ¹	(500,000)	(500,000)
Total trade and other receivables	261,338	17,124

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

Allowance for expected credit losses

There is no allowance for expected credit losses recognised for the year ended 30 June 2021.

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6. Plant & Equipment

	30 June 2021	30 June 2020
	\$	\$
Plant & equipment at cost	481,512	41,475
Plant & equipment – accumulated depreciation	(89,035)	(27,552)
	392,477	13,923

Plant & Equipment

Opening Balance	13,923	21,836
Additions	444,818	540
Depreciation	(66,264)	(8,453)
Closing balance of plant & equipment	392,477	13,923

7. Exploration and evaluation assets

	30 June 2021	30 June 2020
	\$	\$
Exploration and evaluation assets		
Balance at the beginning of the year	4,586,994	4,332,162
Exploration costs capitalised	6,843,764	504,832
Disposal of tenements	(278,733)	(250,000)
Impairment	-	-
Balance at the end of the year	11,152,025	4,586,994

During the year the Group disposed of the Munda Gold Project to Auric Mining Limited for upfront cash consideration of \$1,247,000 (ex GST), 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 and in February 2021 the Group received the \$650,000 (ex GST) deferred consideration. The Group recognised a profit on disposal of the Munda Project of \$1,379,011.

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

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8. Financial assets at fair value through profit or loss

	30 June 2021	30 June 2020
	\$	\$
Non-Current		
Investments in listed company	65,662	-
Total	65,662	-

9. Trade and other payables

	30 June 2021	30 June 2020
	\$	\$
Current		
Trade payables	367,226	17,060
Convertible note interest payable	48,163	18,590
Proceeds from equity securities not yet issued	192,197	-
Accruals	450,585	170,580
Total	1,058,171	206,230

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10. Borrowings

	30 June 2021	30 June 2020
	\$	\$
Current		
Convertible note	275,326	400,474
Opening balance	400,474	-
Proceeds from issue	-	450,000
Convertible notes redeemed	(160,000)	-
Equity component at inception	-	(58,000)
Interest expense – unwinding of fair value discount	34,852	8,474
Closing balance	275,326	400,474

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

During the 2020 financial year, the Company entered into a Loan Agreement with Mr Christopher Daw's, the Company's Chief Executive Officer at the time. Under this agreement Mr. Daws agreed to lend the Company up to \$50,000 as an unsecured interest free loan. The Company drew down \$36,504 during the year. As at 30 June 2020 the balance owing to Mr. Daws had been fully repaid.

The convertible notes are unsecured.

11. Provisions

	30 June 2021	30 June 2020
	\$	\$
Current		
Employee benefits	69,695	40,150

12. Issued capital

	30 June 2021	30 June 2020
	\$	\$
1,005,696,722 fully paid ordinary shares (2020: 534,647,797)	28,231,412	18,202,079
Share issue costs	(696,156)	(296,186)
	27,535,256	17,905,893

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

Movements in Share Capital

	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Number	\$	Number	\$
Fully paid ordinary shares				
Balance as at the beginning of the reporting period	534,647,797	17,905,893	530,383,292	17,863,248
Shares issued in lieu of services provided – August 2019	-	-	4,264,505	42,645
Placement – August 2020	75,000,000	525,000	-	-
Placement – September 2020	125,000,000	875,000	-	-
Conversion of convertible note – November 2020	1,083,836	10,838	-	-
Conversion of convertible note – May 2021	5,723,353	57,234	-	-
Conversion of convertible note – June 2021	5,793,316	57,933	-	-
Option conversions during the year	258,448,420	8,503,328	-	-
	1,005,696,722	27,935,226	534,647,797	17,905,893
Share issue costs	-	(399,970)	-	-
	1,005,696,722	27,535,256	534,647,797	17,905,893

Capital Management

The Board controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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13. Reserves

	30 June 2021	30 June 2020
Summary		
	\$	\$
Option and equity settled reserve ¹	968,685	535,880
Convertible note reserve ²	58,000	58,000
	1,026,685	593,880

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

²The convertible note reserve records the equity residual component of the convertible note on fair value adjustment at acquisition. Refer to note 10.

Option and equity settled reserve

Balance at beginning of year	535,880	723,034
Options issued	923,419	63,970
Options exercised and expired	(490,614)	(251,124)
Balance at end of year	968,685	535,880

	30 June 2021 Number	\$	30 June 2020 Number	\$
a) Options				
Options issued/options reserve				
Balance as at the beginning of the period	270,480,328	535,880	266,105,328	723,034
Unlisted Options issued 19/11/2019	-	-	9,000,000	41,130
Unlisted Options issued 21/11/2019	-	-	5,000,000	22,840
Unlisted Options expired 13/11/2019	-	-	(1,375,000)	(84,700)
Unlisted Options expired 31/03/2020	-	-	(8,250,000)	(166,424)
Listed Options issued 07/10/2020 ¹	200,000,000	-	-	-
Listed Options issued 07/10/2020 ²	200,000,000	20,000	-	-
Unlisted Options issued 18/11/2020 ³	4,850,000	334,895	-	-
Unlisted Options issued 29/01/2021 ³	11,750,000	568,524	-	-
Options exercised during the period ⁴	(403,116,753)	(470,296)	-	-
Unlisted Options expired 15/05/2021	(1,500,000)	(20,318)	-	-
	282,463,575	968,685	270,480,328	535,880

¹ Free attaching options issued pursuant to a capital raising;

² Options issued pursuant to a placement at an issue price \$0.0001 per option, total funds raised were \$20,000;

³ For details of options issued as part of share based payments, refer to Note 18;

⁴ Includes 144,668,333 listed options with expiry date of 27 June 2021 converted to shares issued to underwriters on 5 July 2021.

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

14. Earnings per share

	30 June 2021 Cents per share	30 June 2020 Cents per share
Basic loss per share	(0.07)	(0.11)
Diluted loss per share	(0.07)	(0.11)

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

Reconciliation

Net loss for the period	(543,230)	(609,676)
Loss used in calculating basic and diluted loss per share	(543,230)	(609,676)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive loss per share	820,164,804	534,112,544

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

15. Expenditure commitments

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

	30 June 2021	30 June 2020
	\$	\$
Less than 12 months	264,977	324,668
Between 12 months and 5 years	350,907	680,335
Total	615,884	1,005,003

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

16. Notes to the statement of cash flow

a) Reconciliation of cash and cash equivalents

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

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

	30 June 2021	30 June 2020
	\$	\$
Cash at bank and in hand	3,548,908	36,479

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

	30 June 2021	30 June 2020
	\$	\$
Loss for the year	(543,230)	(609,676)
Depreciation of plant and equipment	66,264	8,453
Gain on disposal of tenements	(1,379,011)	-
Other income	(19,621)	-
Unrealised movement in fair value of investment	25,497	-
Interest expense	80,430	27,064
Share based payments	903,419	63,970
Movements in assets and liabilities:		
Trade and other current receivables	(31,535)	4,542
Trade and other payables	43,830	2,518
Employee provisions	29,545	18,772
Net cash used in operating activities	(824,412)	(484,357)

c) Non-cash financing and investing activities

There were no non cash financing and investing activities during the 2021 financial year.

17. Financial instrument risk management

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

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

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

Specific risks

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

Financial instruments used

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

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

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

		Variable interest rate \$	Less than 1 year \$	1-2 years \$	2-3 years \$	Non interest bearing \$	Total \$
2021							
Financial assets							
Cash and cash equivalents	1%	3,548,908	-	-	-	-	3,548,908
Trade and other receivables		-	-	-	-	261,338	261,338
		3,548,908	-	-	-	261,338	3,810,246
Financial liabilities							
Trade and other payables		-	-	-	-	1,058,171	1,058,171
Borrowings	12%	-	275,326	-	-	-	275,326
		-	275,326	-	-	1,058,171	1,333,497
2020							
Financial assets							
Cash and cash equivalents	0.5%	36,479	-	-	-	-	36,479
Trade and other receivables		-	-	-	-	17,124	17,124
		36,479	-	-	-	17,124	53,603
Financial liabilities							
Trade and other payables		-	-	-	-	206,230	206,230
Borrowings	12%	-	400,474	-	-	-	400,474
		-	400,474	-	-	206,230	606,704

Fair value estimation

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

Objectives, policies and processes

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

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

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 2021 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 2021, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 0.5% increase in the interest rate results in a decrease in loss by \$17,745 and an increase in equity of the same amount. These changes are considered to be reasonably possible based on observation of current market conditions.

Other price risk

Market price risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The nature of the Group's financial assets and liabilities is such that it has limited exposure to these risks.

Credit risk analysis

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

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

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

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

Liquidity risk analysis

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

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

Contractual risks

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

18. Share based payments

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

	30 June 2021 \$	30 June 2020 \$
Options		
Options issued to KMP (a)	515,964	52,547
Options issued to employees and consultants (a)	387,455	11,423
	<u>903,419</u>	<u>63,970</u>
Ordinary Shares		
4,264,505 Ordinary shares issued to suppliers in lieu of services provided	-	42,645

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

a)

During the reporting period, 16,600,000 options (2020: 14,000,000) were issued to KMP, employees and consultants, as follows:

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted options issued to directors exercisable at \$0.20 on or before 17 November 2023	10,750,000	29/01/2021	0.0526	515,964
Unlisted options issued to consultants exercisable at \$0.20 on or before 17 November 2023	1,000,000	29/01/2021	0.0526	52,560
Unlisted options issued to employees and consultants exercisable at \$0.20 on or before 17 November 2023	4,850,000	18/11/2020	0.0691	334,895
Unlisted options issued to directors exercisable at \$0.03 on or before 20 November 2022	9,000,000	19/11/2019	0.00457	41,123
Unlisted options issued to key management personnel exercisable at \$0.03 on or before 20 November 2022	2,500,000	21/11/2019	0.00457	11,424
Unlisted options issued to employees exercisable at \$0.03 on or before 20 November 2022	2,500,000	21/11/2019	0.00457	11,423

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

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

	Options granted
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 (\$)	\$0.078 - \$0.120
Fair value of option (\$)	\$903,419
Number of options	16,600,000
Expiry date	17/11/2023

The options issued during the 2020 financial year were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted
Expected volatility (%)	100%
Risk free interest rate (%)	0.8%
Weighted average expected life of options (years)	3
Expected dividends	-
Option exercise price (\$)	\$0.03
Share price at grant date (\$)	\$0.011
Fair value of option (\$)	\$63,970
Number of options	14,000,000
Expiry date	20/11/2022

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

19. Related party disclosures

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

a) Key Management Personnel

Directors	Position
C Daws	Managing Director (previously CEO)
L Pereira	Non-Executive Director
J Kingswood	Non-Executive Director
S Brockhurst	Non-Executive Director
N Hutchison	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b) Key Management Personnel Compensation

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

	2021	2020
	\$	\$
Short-term key management personnel benefits	418,618	345,000
Post-employment benefits	28,219	22,230
Share-based payment expense	515,964	52,547
Total	962,801	419,777

c) Equity interests in related parties

Nil.

d) Related party transactions

During the year ended 30 June 2021, fees of \$143,518 (2020: \$93,024) were paid or due to be paid to Mining Corporate Pty Ltd, a company of which Mr Brockhurst is a director of, for company secretarial, accounting and bookkeeping services.

From the date of his appointment in November 2020, fees of \$637,493 were paid or due to be paid to Geolithic Pty Ltd, a company of which Mr Hutchison is a director of, for the provision of geological services including providing consultant geologists.

During the year ended 30 June 2020, the Company entered into a Loan Agreement with Mr Christopher Daw's, the Company's Chief Executive Officer. Under this agreement Mr. Daws agreed to lend the Company up to \$50,000 as an unsecured interest free loan. The Company drew down \$36,504 during the year. As at 30 June 2020 the balance owing to Mr. Daws has been fully repaid.

There were no other transactions with key management personnel during the financial year other than as outlined above.

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

20. Segment information

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

21. Auditor's remuneration

	2021 \$	2020 \$
Remuneration RSM Australia Partners for the Group for:		
Audit or review of the financial report	29,500	28,100
Corporate finance services	-	3,155

22. Parent company information

	2021 \$	2020 \$
Statement of Financial Position		
Current assets	3,810,196	53,603
Non-current assets	10,042,692	4,515,754
Total Assets	13,852,888	4,569,357
Current liabilities	1,403,192	645,288
Total liabilities	1,403,192	645,288
Net Assets	12,449,696	3,924,069
Equity		
Issued capital	27,535,256	17,905,893
Reserves	1,026,685	593,880
Accumulated losses	(16,112,245)	(14,575,704)
Total Equity	12,449,696	3,924,069
Statement of Profit or Loss and other Comprehensive Income		
Loss for the year	(2,027,155)	(609,097)
Total Comprehensive Loss	(2,027,155)	(609,097)

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

23. Controlled entities

	Country of incorporation	Percentage owned 2021	Percentage owned 2020
WA Nickel Pty Ltd	Australia	100%	100%
Carr Boyd Nickel Pty Ltd	Australia	100%	100%
Estrella Resources (Chile) SpA*	Chile	100%	100%

*Dormant entity.

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

The parent entity had no entered into any guarantees in relation to the debts of the subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

24. Contingent assets and liabilities

Contingent Assets

Under the terms for the disposal of Mt Edwards Lithium Pty Ltd during the 2018 financial year, the Company will receive the following milestone payments from the Mt Edwards Lithium Project tenements:

- \$1,000,000 on definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% Li₂O (uncut);
- \$1,000,000 upon the processing of 2,000,000 tonnes or ore at greater than 1% of Li₂O (uncut) from the disposed tenements; and
- A royalty of \$0.50 per tonne of 75% of the amount of lithium bearing ore processed from the tenements.

There are no other contingent assets or liabilities as at 30 June 2021.

25. Events after the reporting period

On 1 July 2021 the Company issued 10,000,000 unquoted options exercisable at \$0.10 expiring 30 June 2022 to Henslow Pty Ltd for the provision of corporate advisory services.

On 5 July 2021 the Company issued 144,668,333 ordinary shares to Underwriters on the expiry of the listed options exercisable at \$0.05 expiring on 27 June 2021.

On 5 July 2021 the Company issued 11,678,685 ordinary shares on conversion of convertible notes with a face value of \$100,000 and associated interest of \$16,787 at a conversion price of \$0.01 per share.

On 6 July 2021 the Company issued 5,000,000 unquoted options exercisable at \$0.05 expiring 1 June 2022 to Henslow Pty Ltd for underwriting services provided.

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

26. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Ordinary shares at fair value through profit or loss	65,662	-	-	65,662
	65,662	-	-	65,662

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

There were no transfers between levels during the financial year.

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

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

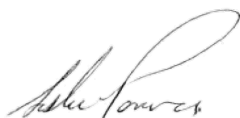
ESTRELLA RESOURCES LIMITED

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Estrella Resources Limited:
 - a) The consolidated financial statements and notes of Estrella Resources Limited are in accordance with the Corporations Act 2001, including
 - i) giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that Estrella Resources Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the CEO and Chief Financial Officer for the financial year ended 30 June 2021.
3. The consolidated financial statements comply with International Financial Reporting Standards.

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



Leslie Pereira

Director

Dated: 23 September 2021

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

Opinion

We have audited the financial report of Estrella Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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

RSM Australia Partners ABN 36 965 185 036

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Carrying Value of Capitalised Exploration and Evaluation Expenditure Refer to Note 7 in the financial statements	
<p>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of \$11,152,025.</p> <p>We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determining whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the right to tenure of the area of interests are valid; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed; and • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Estrella Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

RSM
RSM AUSTRALIA PARTNERS

AL Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2021

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

SHAREHOLDER INFORMATION

Additional information, current as at 13 September 2021 required by the ASX is as follows:

1. Voting Rights

Shareholder voting rights are specified in the Company's Constitution as adopted by Shareholders on 19 November 2019. Option holders do not have the right to vote at a general meeting of shareholders until such time as the options have been converted into ordinary shares in the Company.

2. Substantial Shareholders

The names of substantial shareholders to the Company are:

	Total Units	Percentage %
Substantial Shareholders		
Regal Funds Management	124,167,289	10.7
Douglas Charles Daws	66,852,231	5.7

3. Distribution of Equity Securities

Shareholders

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	70	12,530	0.00%
1,001-5,000	444	1,577,708	0.14%
5,001-10,000	581	4,701,851	0.40%
10,001-100,000	2,290	97,787,390	8.42%
100,001 and over	1,116	1,057,964,261	91.04%
Total	4,501	1,162,043,740	100.00%

The number of Shareholders with less than a marketable parcel of shares is 1,188.

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

Quoted Options (ESROA)

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	3	1,510	0.00%
1,001-5,000	2	7,466	0.00%
5,001-10,000	4	31,166	0.01%
10,001-100,000	81	4,951,148	1.95%
100,001 and over	98	249,372,285	98.04%
Total	188	254,363,575	100.00%

The number of Option holders with less than a marketable parcel of options is 18.

4. Top 20

20 Largest Shareholders (fully paid ordinary shares)

	Name	Number Held	Percentage %
1.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	129,059,569	11.11%
2.	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	43,250,000	3.72%
3.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	36,500,000	3.14%
4.	APOLLO PHOENIX RESOURCES PTY LTD	25,000,000	2.15%
5.	MS KYLIE ANNE CAMPBELL	24,000,000	2.07%
6.	MR CHRISTOPHER DAWS	15,508,995	1.33%
7.	APOLLO PHOENIX RESOURCES PTY LTD	14,131,873	1.22%
8.	DOUGLAS CHARLES DAWS	13,400,000	1.15%
9.	OCEANS FIVE INVESTMENTS PTY LTD	12,567,000	1.08%
10.	BEEMUH HOLDINGS PTY LTD <GH FAMILY A/C>	12,500,000	1.08%
11.	MOTIVATE PTY LTD	10,500,000	0.90%
12.	CITICORP NOMINEES PTY LIMITED	9,529,377	0.82%
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,532,528	0.73%
14.	MARINER MINING PTY LTD	7,794,885	0.67%
15.	MR BRIAN THOMAS RYAN	7,704,324	0.66%
16.	MR JOHN DAVID MORRIS	7,650,000	0.66%
17.	MR PO FUNG LAWRENCE CHAN	7,455,283	0.64%
18.	MR DOUGLAS CHARLES DAWS	7,000,000	0.60%
19.	BOND STREET CUSTODIANS LIMITED <RSALTE - D77816 A/C>	7,000,000	0.60%
20.	MIDATEC PTY LTD <THE MIDATEC A/C>	6,088,871	0.52%
		405,172,705	34.87%

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

20 Largest Optionholders (Quoted exercisable at \$0.02 on or before 31 July 2023)

	Name	Number Held	Percentage %
1.	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	46,180,000	18.16%
2.	BEEMUH HOLDINGS PTY LTD <GH FAMILY A/C>	30,000,000	11.79%
3.	MR JOHN TIMOTHY KINGSWOOD <KINGSWOOD FAMILY A/C>	20,000,000	7.86%
4.	MR CHRISTOPHER DAWS	20,000,000	7.86%
5.	MR JOHN DAVID MORRIS	17,350,000	6.82%
6.	MR DOUGLAS CHARLES DAWS	16,000,000	6.29%
7.	RIMOYNE PTY LTD	9,000,000	3.54%
8.	GAKS INVESTMENT HOLDINGS PTY LTD <GAKS INVESTMENT A/C>	5,137,000	2.02%
9.	MR ANDREW BLAIR PIRBIT	5,084,483	2.00%
10.	B T & K R RYAN PTY LTD <B T & K R RYAN P/L S/F A/C>	4,500,000	1.77%
11.	NANNOOK HOLDINGS PTY LTD	3,550,000	1.40%
12.	MS EMMA GONZALEZ	3,425,000	1.35%
13.	SOVEREIGN INVESTMENT GROUP PTY LTD <SOVEREIGN FAMILY A/C>	3,000,000	1.18%
14.	MALAHIDE MANAGEMENT PTY LTD	3,000,000	1.18%
15.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	2,850,326	1.12%
16.	MANDEVILLA PTY LTD <THE N J BASSETT SUPER A/C>	2,500,000	0.98%
17.	MR DAVID LEE PALUMBO	2,500,000	0.98%
18.	MR BRIAN THOMAS RYAN	2,184,077	0.86%
19.	RWH NOMINEES PTY LTD <RWH NOMINEES A/C>	2,100,000	0.83%
20.	MR MASON KING	2,000,000	0.79%
		200,360,886	78.77%

5. The Name of the Company Secretary is Mr Stephen Brockhurst.

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

7. Registers of securities are held at the following address:
Automatic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: (08) 9324 2099

8. Stock Exchange Listing

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

9. Restricted Securities

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

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

10. Unquoted Securities

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

Terms	Number
Unlisted options \$0.03 expiry 20 November 2022	11,500,000
Unlisted options \$0.20 expiry 17 November 2023	16,600,000
Unlisted options \$0.05 expiry 1 June 2022	5,000,000
Unlisted options \$0.10 expiry 30 June 2022	10,000,000

ESTRELLA RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors

Mr Christopher Daws
Managing Director

Mr Leslie Pereira
Non-Executive Director

Mr John Kingswood
Non-Executive Director

Mr Stephen Brockhurst
Non-Executive Director

Mr Neil Hutchison
Non-Executive Director

Company Secretary

Mr Stephen Brockhurst

Registered Office & Principal Place of Business

Level 11, 216 St Georges Terrace
Perth WA 6000

Postal Address

GPO Box 2517
Perth WA 6831

Web Site

www.estrellaresources.com.au

Share Registry

Automatic Registry Services
Level 3, 50 Holt Street
Sydney NSW 2000

Auditors

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

Stock Exchange Listing

ASX Code: ESR

Country of Incorporation and Domicile

Australia

ESTRELLA RESOURCES LIMITED
AND CONTROLLED ENTITIES

SCHEDULE OF EXPLORATION TENEMENTS

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

**Nickel rights only*