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Estrella Resources Limited and its controlled entity

ABN 39 151 155 207

Interim Financial Report

For the half year ended 31 December 2015

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DIRECTORS REPORT

The Directors present their report together with the financial report of Estrella Resources Limited ("the Company") for the half-year ended 31 December 2015 and the independent auditors' review report thereon.

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

Howard Digby	- Non-executive Director (appointed 31 July 2015)
Raymond Shorrocks	- Non-executive Director
Guy Robertson	- Non-executive Director
Jason Berton	- Executive Director (Resigned 31 July 2015)

Result and Review of Operations

Exploration

In previous years the Company has focussed on furthering exploration at its copper project in Chile.

The Company, through a wholly owned subsidiary, Estrella Resources Chile SpA, had an option to earn into the Dania-Ivannia and Antucoya West project tenements held by SQM (the **SQM Chilean Projects**).

During the quarter to 30 September 2015, the Company undertook a further review of the SQM Chilean Projects and determined, in the light of difficult market conditions for commodities, that it has no desire to continue to earn into the SQM interests and would not be making any further payments or spending any further funds on the SQM project.

Following this decision the Company engaged with a number of interested parties with a view to selling the projects. However, no sale agreement was entered into.

As a result of Estrella failing to provide any further funding towards the SQM Chilean Projects, SQM sent termination letters in respect of each of the earn in agreements.

The Company owns 100% of two additional tenements in Chile which are under further review.

Project	***Area Km²***	***Estrella Ownership***
Saturno	34.50	100%
Mecurio	74.17	100%

New Opportunities

On 12 November 2015 the Company announced the proposed acquisition of Data Laboratories Limited (UK) (Data Labs). The Completion Conditions were outlined in that announcement.

Given prevailing market conditions the Company determined, and with the agreement of the vendor, on 10 February 2016 not to proceed with the acquisition.

The Company had advanced $500,000 to Data Labs for the further development of the business. Of this amount $250,000 is convertible into Data Labs shares at the same price per share that Data Labs next raises funds and $250,000 has been provided as a loan which is repayable on completion of the next capital raising of Data Labs unless the parties otherwise agree.

The Company will continue to look for alternative new project opportunities.

EVENTS SUBSEQUENT TO REPORTING DATE

On 12 November 2015 the Company announced that the Company proposed to acquire Data Laboratories Limited (UK) (Data Labs).

Given prevailing market conditions the Company determined, and with the agreement of the vendor, on 10 February 2016 not to proceed with the acquisition.

The Company has advanced $500,000 to Data Labs for the further development of the business. Of this amount $250,000 is convertible into Data Labs shares at the same price per share that Data Labs next raises funds and $250,000 has been provided as a loan which is repayable on completion of the next capital raising of Data Labs unless the parties otherwise agree. As at the date of this report Data Labs has not raised further funds.

Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2015.

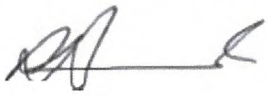
SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters covered above in this report, or as set out in the accounts and notes thereto, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the Directors



Raymond Shorrocks
Director
14 March 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

ESTRELLA RESOURCES LIMITED
AND ITS CONTROLLED ENTITY
ABN 39 151 155 207

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ESTRELLA RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Webb

GRAHAM WEBB
Partner

Date: 14 March 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 $	31 December 2014 $
Interest Income	10,285	5,091
Reduction in professional fees accrued	122,908	-
Personnel costs	(6,976)	(169,997)
Legal Fees	(43,083)	-
Exploration costs written off	(25,532)	-
Directors fees	(42,667)	(69,554)
Consulting fees	(52,450)	(68,295)
Share-based payments to employees	(6,291)	(95,498)
Depreciation	-	(8,229)
Other expenses	(131,473)	(195,098)
LOSS BEFORE INCOME TAX	(175,279)	(601,580)
Income tax benefit	-	-
LOSS FOR THE PERIOD	(175,279)	(601,580)
Other Comprehensive Loss		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	283,097
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(175,279)	(318,483)
Basic and diluted loss per share	(0.2) cents	(0.06) cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital $	Accumulated Losses $	Option Reserve $	Foreign Exchange Reserves $	Total Equity $
Balance at 1 July 2015	9,632,772	(10,317,714)	697,707	50,147	62,912
Comprehensive loss					
Loss for the period	-	(175,279)	-	-	(175,279)
Total comprehensive loss for the period	-	(175,279)	-	-	(175,279)
Transactions with owners, in their capacity as owners					
Shares issued	1,215,000	-	-	-	1,215,000
Share issue costs (see note 2)	(786,536)	-	720,801	-	(65,735)
Options issued	-	-	1,130	-	1,130
Share based payments	-	-	6,291	-	6,291
Foreign exchange reserve transferred to accumulated losses	-	50,147	-	(50,147)	-
Total transactions with owners, in their capacity as owners	428,464	50,147	728,222	(50,147)	1,156,686
Balance at 31 December 2015	10,061,236	(10,442,846)	1,425,929	-	1,044,319
Balance at 1 July 2014	8,774,691	(5,918,097)	606,470	(179,440)	3,283,624
Comprehensive income					
Loss for the period	-	(601,580)	-	-	(601,580)
Other comprehensive income for the period	-	-	-	283,097	283,097
Total comprehensive loss for the period	-	(601,580)	-	283,097	(318,483)
Transactions with owners, in their capacity as owners					
Shares issued	203,250	-	-	-	203,250
Share issue costs	(9,092)	-	-	-	(9,092)
Options expensed	-	-	95,498	-	95,498
Options lapsed	-	87,860	(87,860)	-	-
Balance at 31 December 2014	8,968,849	(6,431,817)	614,108	103,657	3,254,797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		31 December 2015 $	30 June 2015 $
Current Assets			
Cash and cash equivalents		659,749	399,278
Trade and other receivables		22,397	13,848
Other assets		500,000	6,020
Total Current Assets		1,182,146	419,146
Total Assets		1,182,146	419,146
Current Liabilities			
Trade and other payables		137,827	313,363
Provisions		-	42,871
Total Current Liabilities		137,827	356,234
Total Liabilities		137,827	356,234
Net Assets		1,044,319	62,912
Equity			
Share capital	2	10,061,236	9,632,772
Reserves	2	1,425,929	747,854
Accumulated losses		(10,442,846)	(10,317,714)
Total Equity		1,044,319	62,912

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 $	31 December 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(368,412)	(679,799)
Payments for exploration expenditure	(25,532)	-
Interest received	10,285	5,091
NET CASH USED IN OPERATING ACTIVITIES	(383,659)	(674,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	-	(464,184)
Loan provided to third party	(500,000)	-
Payments for property, plant and equipment	-	(4,065)
NET CASH USED IN INVESTING ACTIVITIES	(500,000)	(468,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,215,000	189,000
Proceeds from issue of options	1,130	-
Costs of issue of shares	(72,000)	(9,092)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,144,130	179,908
Net increase / (decrease) in cash held	260,471	(963,049)
Cash at the beginning of the financial period	399,278	1,107,203
Effects of exchange rate on cash and cash equivalents	-	205,244
CASH AT THE END OF THE FINANCIAL PERIOD	659,749	349,398

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2015. This report must also be read in conjunction with any public announcements made by Estrella Resources Limited and its controlled entities during the half-year.

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

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

These interim financial statements were authorised for issue on 14 March 2016.

(A) GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $175,279 and had net cash outflows from operating activities of $383,659 for the half year ended 31 December 2015. The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined further capital may be required if the company is to continue at the planned level of operations.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. The Company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required;
2. The consolidated entity has cash at bank at balance date of $659,749 and net working capital and net assets of $1,044,319;
3. The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash;
4. The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) USE OF ESTIMATES AND JUDGEMENTS

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

(C) ACCOUNTING POLICIES

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

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

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

2. SHARE CAPITAL & RESERVES

		31 December 2015 $	30 June 2015 $
Issued capital	(a)	10,061,236	9,632,772
Options reserve	(b)	1,425,929	697,707

(a) Reconciliation of movement during the period:

	Shares	$
Opening balance	217,999,713	9,632,772
13 July 2015 – Rights Issue	3,000,000	15,000
8 September 2015	12,000,000	36,000
22 September 2015 - Share placement	388,000,000	1,164,000
Costs of share issue	-	(786,536)
	620,999,713	10,061,236
Share consolidation on 1 for 4 basis	155,249,959	10,061,236

(b) Movement in option reserve	31 December 2015 $
Opening balance	697,707
Share based payments	6,291
Options issued	1,130
Grant of options	720,801
Closing Balance	1,425,929

(c) Outstanding Share Options

As at 31 December 2015 the company had the following share options outstanding:

Expiry Date and Price	Unlisted	Number
OPTIONS EXP 13/11/19 @ $0.40	Option	1,375,000
OPTIONS EXP 19/12/16 @ $0.80	Option	126,250
OPTIONS EXP 25/10/16 @ $0.80	Option	150,000
OPTIONS EXP 9/05/17 @ $0.80	Option	375,000
OPTIONS EXP 3/10/18 @ $0.80	Option	118,750
OPTIONS EXP 21/11/18 @ $1.40	Option	750,000
OPTIONS EXP 18/04/16 @$1.40	Option	112,500
OPTIONS EXP 7/03/17 @ $1.40	Option	187,500
OPTIONS EXP 18/12/16 @ $1.40	Option	125,000
OPTIONS EXP 31/03/20 @ $0.024	Option	31,250,000
OPTIONS EXP 31/05/18 @ $0.044	Option	5,000,000
		39,570,000

3. SEGMENT INFORMATION

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being mineral exploration in South America. All segment assets. Segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared.

The Company is currently reviewing other business opportunities.

4. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

5. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 November 2015 the Company announced that the Company proposed to acquire Data Laboratories Limited (UK) (Data Labs).

Given prevailing market conditions the Company determined, and with the agreement of the vendor, on 10 February 2016 not to proceed with the acquisition.

The Company has advanced $500,000 to Data Labs for the further development of the business. Of this amount $250,000 is convertible into Data Labs shares at the same price per share that Data Labs next raises funds and $250,000 has been provided as a loan which is repayable on completion of the next capital raising of Data Labs unless the parties otherwise agree. As at the date of this report Data Labs has not raised further funds.

Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2015.

DIRECTORS' DECLARATION

In the opinion of the Directors of Estrella Resources Limited:

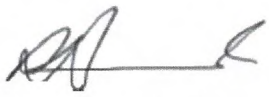
(a) the financial statements and notes, set out on pages 6 to 12:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001; and

(ii) give a true and fair view of the Consolidated entity's financial position as at 31 December 2015 and of the Consolidated entity's performance, for the half-year ended on that date.

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

Signed in accordance with a resolution of the Directors.



Raymond Shorrocks
Director
14 March 2016.

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

ESTRELLA RESOURCES LIMITED
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ABN 39 151 155 207

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

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Estrella Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity,in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Estrella Resources Limited 's financial position as at 31 December 2015 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Estrella Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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HALL CHADWICK (NSW)

ESTRELLA RESOURCES LIMITED
AND ITS CONTROLLED ENTITY
ABN 39 151 155 207

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

Conclusion

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

(i) giving a true and fair view of Estrella Resources Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Half-year Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss before tax of $175,279 and incurred net operating cash outflows of $383,659 during the half-year ended 31 December 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

GRAHAM WEBB
Partner
Dated: 14 March 2016

CORPORATE DIRECTORY

DIRECTORS
Howard Digby (Non-Executive Director)
Raymond Shorrocks (Non-Executive Director)
Guy Robertson (Non-Executive Director)

COMPANY SECRETARY
Guy Robertson

REGISTERED OFFICE
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