*Rules 4.7.3 and 4.10.3*[1]

# Appendix 4G

## Key to Disclosures
## Corporate Governance Council Principles and Recommendations

Name of entity:

Estrella Resources Limited

ABN / ARBN:

39 115 922 275

Financial year ended:

30 June 2016

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ These pages of our annual report:

☒ This URL on our website: http://www.estrellaresources.com.au/investor-centre/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 29 September 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 September 2016

Name of Director or Secretary authorising lodgement: Guy Robertson, Company Secretary

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2 | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| 1.5 | A listed entity should:<br>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;<br>(b) disclose that policy or a summary of it; and<br>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:<br>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or<br>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | … the fact that we have a diversity policy that complies with paragraph (a):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and a copy of our diversity policy or a summary of it:<br>☐ at [*insert location*]<br>… and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and the information referred to in paragraphs (c)(1) or (2):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☒ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | … the evaluation process referred to in paragraph (a):<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and the information referred to in paragraph (b):<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.7 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | … the evaluation process referred to in paragraph (a):<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and the information referred to in paragraph (b):<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE | | | |
| 2.1 | The board of a listed entity should:<br>(a) have a nomination committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | [If the entity complies with paragraph (a):]<br>… the fact that we have a nomination committee that complies with paragraphs (1) and (2):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and a copy of the charter of the committee:<br>☐ at [*insert location*]<br>… and the information referred to in paragraphs (4) and (5):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>[If the entity complies with paragraph (b):]<br>… the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | … our board skills matrix:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
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| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | … the names of the directors considered by the board to be independent directors:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and, where applicable, the information referred to in paragraph (b):<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and the length of service of each director:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| 2.4 | A majority of the board of a listed entity should be independent directors. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it. | … our code of conduct or a summary of it:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | | |
| 4.1 | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of the members of the committee; and<br>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | [If the entity complies with paragraph (a):]<br>… the fact that we have an audit committee that complies with paragraphs (1) and (2):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and a copy of the charter of the committee:<br>☐ at [*insert location*]<br>… and the information referred to in paragraphs (4) and (5):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>[If the entity complies with paragraph (b):]<br>… the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| 4.3 | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable |
| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | … our continuous disclosure compliance policy or a summary of it:<br>☐ in our Corporate Governance Statement OR<br>☒ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | … information about us and our governance on our website:<br>☒ at http://www.estrellaresources.com.au/investor-centre/corporate-governance | ☐ an explanation why that is so in our Corporate Governance Statement |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | … our policies and processes for facilitating and encouraging participation at meetings of security holders:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |
| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | … the fact that we follow this recommendation:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | [If the entity complies with paragraph (a):]<br>… the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and a copy of the charter of the committee:<br>☐ at [*insert location*]<br>… and the information referred to in paragraphs (4) and (5):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>[If the entity complies with paragraph (b):]<br>… the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| 7.2 | The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | … the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and that such a review has taken place in the reporting period covered by this Appendix 4G:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| 7.3 | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | [If the entity complies with paragraph (a):]<br>… how our internal audit function is structured and what role it performs:<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>[If the entity complies with paragraph (b):]<br>… the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | … whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 8.1 | The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | [If the entity complies with paragraph (a):]<br>… the fact that we have a remuneration committee that complies with paragraphs (1) and (2):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>… and a copy of the charter of the committee:<br>☐ at [*insert location*]<br>… and the information referred to in paragraphs (4) and (5):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*]<br>[If the entity complies with paragraph (b):]<br>… the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | … separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:<br>☐ in our Corporate Governance Statement OR<br>☒ in our Annual Report at pages 9-15 | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. | … our policy on this issue or a summary of it:<br>☒ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement OR<br>☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed … | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4] |
|---|---|---|---|
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES | | | |
| - | *Alternative to Recommendation 1.1 for externally managed listed entities:*<br>The responsible entity of an externally managed listed entity should disclose:<br>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;<br>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. | … the information referred to in paragraphs (a) and (b):<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |
| - | *Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:*<br>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager. | … the terms governing our remuneration as manager of the entity:<br>☐ in our Corporate Governance Statement OR<br>☐ at [*insert location*] | ☐ an explanation why that is so in our Corporate Governance Statement |

# CORPORATE GOVERNANCE STATEMENT

The Estrella Resources Limited group ("Estrella"), through its board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Estrella. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

**ASX Corporate Governance Principles and Recommendations**

Estrella is a listed company with a small market capitalisation and where its processes do not fit the model of the ASX Corporate Governance Principles and Recommendations, the board believes that there are good reasons for the different approach being adopted. Reporting against the 8 Principles, we advise as follows:

| Principle 1: Lay solid foundations for management and oversight |
|---|

*1.1 A listed entity should disclose:*

*(a) The respective roles and responsibilities of the board and management*

*(b) those matters expressly reserved to the board and those delegated to management.*

The primary responsibilities of Estrella's board include:

(i) the establishment of long term goals of the company and strategic plans to achieve those goals;

(ii) the review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;

(iii) the appointment of the Chief Executive Officer/General Manager, where appropriate;

(iv) ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and

(v) the approval of the annual and half-yearly statutory accounts and reports.

The board meets on a regular basis to review the performance of the company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meeting, each board member is provided with a formal board package containing appropriate management and financial reports.

Presently the Company does not have a Chief Executive Officer or General Manager. These responsibilities are currently undertaken by the Board. Where other executive roles are filled from time to time a letter of appointment containing a job description is given to the appointee and these are updated at least annually or as required.

The primary responsibilities of senior management are:

(i) Achieve Estrella's objectives as established by the Board from time to time;

(ii) Operate the business within the cost budget set by the Board;

(iii) Assess new business opportunities of potential benefit to the Company;

(iv) Ensure appropriate risk management practices and policies are in place;

(v) Ensure that Estrella's appointees work with an appropriate Code of Conduct and Ethics; and

(vi) Ensure that Estrella appointees are supported, developed and rewarded to the appropriate professional standards.

*1.2 A listed entity should:*

*a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and*
*b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The board of Estrella undertakes appropriate checks prior to appointing a person, or putting a person forward to shareholders as a candidate for election as a director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Information about a candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate. This information may include:

- biographical details, including relevant qualifications, experience and skills;
- details of other material directorships;
- a statement regarding whether the director qualifies as independent;
- any material adverse information or potential conflicts of interest, position or association;
- the term of office currently served (for directors standing for re-election); and
- a statement whether the board supports the election or re-election of the candidate.

*1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

All directors and senior executives of Estrella have a written agreement with the Company setting out the terms of their appointment.

*1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Company Secretary of Estrella is accountable to the board on all governance matters and reports directly to the Chairman or Chairman elect as the representative of the board.

The Company Secretary is appointed and dismissed by the board.

The Company Secretary's advice and services are available to all directors.

*1.5 A listed entity should:*

*a) have a diversity policy which includes requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
*b) disclose that policy or a summary of it; and*
*c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:*
    *1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purpose); or*
    *2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.*

The Company has, as yet, no established policy in relation to gender diversity. The company has a board of three and no full time employees and as a consequence the opportunity for creating a meaningful gender diversity policy is limited.

The Company will disclose at the end of each reporting period the respective proportions of men and women on the board and in senior executive positions. Currently Company personnel comprise the board which has three members none of which are women.

*1.6 A listed entity should:*

*a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
*b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board undertakes an annual performance evaluation of itself that:

- compares the performance of the Board with the requirements of its Charter; and
- effects any improvements to the Board Charter deemed necessary or desirable.

The Estrella board has three board members, who are in regular contact with each other as they deal with matters relating to Estrella's business. The board uses a personal evaluation process to review the performance of directors, and at appropriate times the acting Chairman takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment. The acting Chairman also welcomes advice from Directors relating to his own personal performance. The Remuneration Committee determines whether any external advice or training is required. The Board believes that this approach is appropriate for a company of the size of Estrella which has a small market capitalisation.

*1.7 A listed entity should:*

*a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
*b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the Chief Executive Officer (where one is appointed) is reviewed by the acting Chairman on an annual basis, and the performance of other senior executives is reviewed by the Chief Executive Officer, in conjunction with the board's Remuneration and Nominations Committee. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Estrella.

The Estrella Corporate Governance Charter is available on the Estrella web site, and includes sections that provide a board charter. The Estrella board reviews its charter when it considers changes are required.

## Principle 2: Structure the Board to add value

*2.1 The board of a listed entity should:*

*(a) have a nomination committee which;*

*(1) has at least three members, a majority of whom are independent directors; and*
*(2) is chaired by an independent director;*

*and disclose*

*(3) the charter of the committee*
*(4) the members of the committee; and*
*(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or*

*(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

Given that the Board only has three members the Board has determined that the Board will act as the nomination committee.

There is no current board charter for nominations.

New directors are selected after consultation of all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

The number of times the committee meets is disclosed in the annual report.

*2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its memberships.*

During the 2016 financial year, the Estrella board conducted a governance skills review regarding the skills, knowledge and experience of the current board. The skills matrix is set out in the table below.

| | | | |
|---|---|---|---|
| | Non-executive Director | Non-executive Director | Non-executive Director |
| Skills and Experience | Corporate Advisory, structuring equity capital raisings, mergers and acquisitions | Exploration project management, financial management, capital raising, financial reporting and control | Corporate governance, due diligence on acquisition, strategy development and application |

The Estrella board has determined that any addition to board membership must be independent of shareholders and management.

*2.3 A listed entity should disclose:*

*(a) the names of the directors considered by the board to be independent directors;*

*(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*

*(c) the length of service of each director.*

The acting Chairman, Mr Ray Shorrocks, is independent. Mr Shorrocks has served as a director since 24 June 2015.

Mr Howard Digby, non-executive director is considered to be independent and has served as a director since 31 July 2015.

Mr Guy Robertson, non-executive director, is not independent, as he is currently also the company secretary and his company is providing accounting services to Estrella. He has served as a director since 31 March 2015.

*2.4 A majority of the board of a listed entity should be independent directors.*

Two of the directors are considered to be independent directors.

*2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

Mr Raymond Shorrocks, the acting non-executive chairman is independent and is not the CEO.

2.6 *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

Estrella Resources Limited has a program for induction of new directors. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. Such activities are reported as part of the board's governance skills review, which also assists in identifying areas requiring further development.

## Principle 3: Act ethically and responsibly

3.1 *A listed entity should:*

*(a) have a code of conduct for its directors, senior executives and employees; and*
*(b) disclose that code or a summary of it.*

Estrella's policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards. The code of conduct is contained in the Estrella Corporate Governance Charter, see www.estrellaresources.com.au.

## Principle 4: Safeguard integrity in financial reporting

*4.1 The board of a listed entity should:*

*(a) have an audit committee which*

*(1) has at least three members, all of who are non-executive directors and a majority of whom are independent directors; and*
*(2) is chaired by an independent director, who is not a chair of the board,*

*and disclose:*

*(3) the charter of the committee;*
*(4) the relevant qualifications of the members of the committee; and*
*(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

Given that Estrella is a company with a small market capitalisation, the Audit committee is comprised of two directors Mr Howard Digby (Audit Committee Chairman) and Mr Raymond Shorrocks, both non-executive independent directors.

The company has adopted an Audit Committee charter. It is publicly available on the Estrella website.

The Audit Committee met twice during the course of the year.

The Audit Committee provides a forum for the effective communication between the board and external auditors. The committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

The Audit Committee also reviews the Estrella Corporate Governance and Risk Management processes to ensure that they are effective for a listed public company that currently has a small market capitalisation.

*4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Declarations regarding the financial statements are received from Mr Guy Robertson, a director who has been closely reviewed the financial aspects of the business. The board received such declarations for the half year and annual reports for 2016.

*4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

Estrella's auditor attends the Company's AGM in person and is available to answer questions from security holders relevant to the audit.

## Principle 5: Make timely and balanced disclosure

*5.1 a listed entity should:*

*(a) have a written policy for complying with is continuous disclosure obligations under the Listing Rules; and*

*(b) disclose that policy or a summary of it.*

Estrella recognises that timely and balanced disclosure of all material information concerning the Company must be made on a continuous basis so as to ensure that the market is informed of all material events and developments as they arise. Estrella's Continuous Disclosure Policy is available on the Governance page of the Company's website: www.estrellaresources.com.au.

## Principle 6: Respect the rights of security holders

*6.1 A listed entity should provide information about itself and its governance to investors via its website.*

Estrella's website includes a Governance page, which includes a copy of this Corporate Governance Statement and various governance policies.

*6.2 A listed entity should design and implement and investor relations program to facilitate effective two-way communication with investors.*

The Company's Shareholder Communication Policy, which is available on the Governance page of its website, summarises the Company's communication program, including regular reporting, email alerts, active participation at the Company's AGM and encouragement of shareholder communications.

*6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of the Annual General Meeting, together with accompanying information such as the explanatory memorandum, are sent to shareholders, either by mail or email, depending on the shareholder's election, and are also placed on the Company's website. Shareholders are encouraged to attend the Annual General Meeting and to ask questions.

*6.4 A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.*

The Company provides an email alert service. Shareholders are encouraged to register for this service through the Company's website and once registered will receive information by email, including ASX releases, annual and other reports, company presentations and notices of general meetings.

Shareholders may also elect to receive communications from the Company's share Registrar, Boardroom Registry, by email.

## Principle 7: Recognise and manage risk

*7.1 The board of a listed entity should:*
*(a) have a risk committee to oversee risk which:*

*(1) has at least three members, a majority of who are independent directors; and*
*(2) is chaired by an independent director;*

*and disclose*

*(3) the charter of the committee;*
*(4) the members of the committee; and*
*(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;*

*or*

*(b) if it does not have a risk committee, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The board has determined that while it is comprised of only three members the board as a whole will perform the tasks and functions generally assumed by a risk committee.

The Company has established policies for the oversight and management of material business risks. The Company's Risk Management Policy is available on the Governance page of its website: www.estrellaresources.com.au. This document sets out the Company's policy and processes for risk management and the roles and responsibilities of the board, executives and employees.

Estrella has incorporated risk management into its decision making and business planning processes so that risks are identified, analysed, ranked and appropriate risk controls and risk management plans are put into place to manage and reduce the identified risks, with all identified risks entered into a Risk Register.

The risk identification and management system, including the Risk Register, is reviewed annually by senior management and the board and policies and practices upgraded where issues are identified that require attention. Reviews of specific items are undertaken by senior management where issues are identified and immediate action is required.

Risk is a standing item on the agenda of board meetings, for reporting against identified material business risks.

*7.2 The board or a committee of the board should:*

*(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*

*(b) disclose in relation to each reporting period, whether such a review has taken place.*

Estrella's risk policy and risk register is reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Report. A review was undertaken in the financial year ending 30 June 2016.

*7.3 A listed entity should disclose:*

*(a) If it has an internal audit function, how the function is structured and what role it performs; or*

*(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The board has determined that, consistent with the size of the Company and its activities, an internal audit function is not currently appropriate. As noted regarding recommendations 7.1 and 7.2 above and regarding Principle 4 above, the board has adopted a Risk Management Policy and processes appropriate to the size of Estrella to manage the company's material business risks and to ensure regular reporting to the board on whether those risks are being managed effectively in accordance with the controls that are in place.

*7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.*

The board has reviewed the Company's exposure to economic, environmental and social sustainability risks and determined that, given the nature of its activities and the fact that the Company is reliant on raising funds for continued activities from shareholders or other investors, this represents a material economic risk. The Company's financial position is monitored on a regular basis and processes put into

place to ensure that fund raising activities will be conducted in a timely manner to ensure the Company has sufficient funds to conduct its activities.

## Principle 8: Remunerate fairly and responsibly

*8.1 The board of a listed entity should:*

*(a) have a remuneration committee which:*

*(1) has at least three members, a majority of whom are independent directors; and*
*(2) is chaired by an independent director,*

*and disclose*

*(3) the charter of the committee*
*(4) The members of the committee; and*
*(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or*

*; or*

*(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Estrella has determined that given the size of the company that all members of the Board will serve on the remuneration committee. The Committee did not meet during the year as Director compensation emained unchanged and no employees were engaged.

The Remuneration Committee is chaired by the independent director, Mr Howard Digby.

Given the limited number of personnel the Company does not have a charter and determines on a case by case basis, the terms and conditions of employment of company executives and consultants, including remuneration. Senior executives remuneration packages are reviewed by reference to Estrella's performance, the executive director's or senior executive's performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

*8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The remuneration details of non-executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

*8.3 A listed entity which has an equity-based remuneration scheme should:*

*8.3.1 have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*

*8.3.2 disclose that policy or a summary or it.*

The Company's Security Trading Policy, a copy of which is available on the Governance page of the Company's website www.estrellaresources.com.au, sets out restrictions on participation by staff in hedging arrangements over the Company's securities issued pursuant to any share scheme, performance right's plan or option plan. In particular:

- Staff are prohibited from in hedging arrangements over unvested securities; and
- Vested securities may only be hedged once they are exercised into shareholdings and only under the following conditions:
    - the details of the hedge are fully disclosed to the acting Chairman and the Company Secretary (and to ASX and in the Annual Report, as appropriate);
    - the hedge transaction is treated as a dealing in securities and the restrictions and requirements of the Securities Trading Policy are satisfied; and
    - all holding locks have been removed from the relevant securities.