

2016 ANNUAL REPORT

ABN: 39 151 155 207

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OPERATIONS REPORT

Exploration

The Company relinquished its interest in the Chile joint venture prospects, Dania, Ivannia, Colupo and Antucoya West, during the year.

The Company has two remaining tenements, Saturno and Mecurio, in which it has a 100% interest.

New Opportunities

The Company has investigated a number of new opportunities during the year.

Subsequent to year end the Company announced it was investigating an opportunity (the Investigation) to collaborate with Deakin University and Unisono Pty Ltd, to launch Australia's first IoT (Internet Of Things) Centre of Excellence, to be located at the Burwood Campus of Deakin University (the Project).

Corporate

During the year the Company raised $1,776,000, before costs, through the issue of 133,750,000 new shares on a post consolidation (1 for 4) basis.

Dr Jason Berton resigned as a Director on 31 July 2015 and was replaced by Mr Howard Digby.

DIRECTORS' REPORT

For the year ended 30 June 2016

Your directors present their Report on the consolidated entity (referred to hereafter as the "**Group**") consisting of Estrella Resources Limited (the "**Company**") and the entity it controlled at the end of, or during, the year ended 30 June 2016.

Directors

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

Howard Digby	Appointed 31 July 2015
Raymond Shorrocks	
Guy Robertson	
Jason Berton	Resigned 31 July 2015

Principal activities

The principal activities of the Group during the reporting period were to maintain mining/mineral exploration rights/assets in Chile and to look for new opportunities.

Operating results

The Group incurred a loss after tax for the reporting period of $826,867 (2015: $4,487,477). The current year includes an impairment charge of $500,000 in relation to an amount advanced to Data Laboratories Ltd, a Company Registered in the United Kingdom. Recovery of this amount is dependent on a capital raising by Data Laboratories Ltd which is yet to be finalised. The prior year included an impairment charge of its capitalised exploration and evaluation expenditure of $3,178,720.

Review of operations

During the reporting period, the Company has, through its wholly owned subsidiary, Estrella Resources Chile SpA ("**Estrella Chile**"), maintained two prospecting licences in Chile.

In addition the Company has reviewed a number of potential projects, both resources and other, with a view to adding to shareholder wealth.

During the year the Company raised $1.7 million to strengthen the balance sheet and place it in a firm position to consider potential opportunities.

Changes in the state of affairs

Other than as outlined in the operations report, there were no significant changes in the state of affairs of the Company during the 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.

Events subsequent to the reporting period

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

Likely future developments and expected results

Estrella is an exploration company which has been focused on copper exploration in Chile. Given the depressed commodity markets and fall in the copper price the Company has reassessed its investment in the Chile copper project.

As a consequence the Company has determined that it is in the best interests of shareholders to look for opportunities over and above the existing project.

The Company continues to look at opportunities which may add to shareholder wealth.

Environmental issues

The Group's operations are subject to the laws and regulations pertaining to mining exploration operations in Chile, South America and future production activities. As at the date of this Report the Group has not been notified of any breach of any such laws or regulations.

Directors

Mr Howard Digby: Non-Executive Director

Date of appointment: 31 July 2015

Mr Howard Digby has held a number a management positions in Australia and the Asia Pacific region, mostly in the information technology and media. He started his career with IBM Perth and Sydney before joining Adobe (NSDQ: ADBE), Gartner (NYSE: IT) and then served as managing director for the Economist Group based in Hong Kong. Upon returning to Perth Mr Digby served as Executive Editor of (WA) Business News. Mr Digby is a former Executive Chairman and current Non-Executive Director of Sun Biomedical (ASX: SBN) and an advisor to geospatial imagery company Spookfish (ASX:SFI) and other early stage technology companies.

Mr Digby holds a Bachelor of Engineering (Hons) from The University of Western Australia.

Mr Digby is Chairman of the Remuneration Committee and the Audit and Risk Committee.

Mr Raymond Shorrocks – Non-executive Director

Date of appointment: 24 June 2015

Mr Shorrocks has over 20 years' experience in corporate finance and has advised a diverse range of mining companies during his career at Patersons Securities Limited, one of Australia's largest full service stockbroking and financial services firms.

Mr Shorrocks has been instrumental in managing and structuring equity capital raisings as well as having advised extensively in the areas of mergers and acquisitions.

Mr Shorrocks is a member of the Remuneration Committee and the Audit and Risk Committee.

Mr Shorrocks is a Director of Draig Resources Limited, Galilee Energy Limited and Pryme Energy Limited.

Mr Guy Robertson: Non-Executive Director

Date of appointment: 31 March 2015

Mr Robertson has over twenty five years' experience as a Director, Chief Financial Officer, and Company Secretary of both private and ASX listed companies in both Australia and Hong Kong. Mr Robertson has a Bachelor of Commerce (Hons.) and is a Chartered Accountant.

Mr Robertson is a director of Metal Bank Limited and Draig Resources Limited and was previously a director of Hastings Rare Metals Limited and Artemis Resources Limited.

Former Directors

Jason Berton Appointed 25 October 2011, resigned 31 July 2015

Company Secretary – Guy Robertson B.Com (Hons.) CA
Mr Robertson was appointed company secretary on 17 July 2015.

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:

	BOARD MEETINGS		AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R Shorrocks	6	6	2	2
G Robertson	6	6	-	-
H Digby	6	6	2	2
J Berton	1	-	-	-

There were no remuneration committee meetings held during the year.

The following options are on issue as at 30 June 2016 (restated after a 1 for 4 share consolidation).

Grant date of options	Number of shares under option	Class of shares	Exercise price	Expiry date of options
25 Oct 2011	150,000	Ordinary	$0.80	25 Oct 2016
19 Dec 2011	126,250	Ordinary	$0.80	19 Dec 2016
09 May 2012	375,000	Ordinary	$0.80	09 May 2017
03 Oct 2013	118,750	Ordinary	$0.80	03 Oct 2018
21 Nov 2013	750,000	Ordinary	$1.40	21 Nov 2018
18 Dec 2013	125,000	Ordinary	$1.40	18 Dec 2016
7 Mar 2014	187,500	Ordinary	$1.40	07 Mar 2017
13 Nov 2014	1,375,000	Ordinary	$0.40	13 Nov 2019
18 Sep 2015	5,000,000	Ordinary	$4.40	31 May 2018
18 Sep 2015	31,250,000	Ordinary	$2.40	31 Mar 2020
Total	39,457,500			

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

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

Indemnifying officers or auditor

During the reporting 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.

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 Group

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

Non-audit services

The auditor did not provide any non-audit services during the year. Details of the amounts paid to the auditors of the Group, Hall Chadwick, and its related practices for audit and non-audit services provided during the year are set out in Note 21 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 16 of this financial report and forms part of this Directors' report.

REMUNERATION REPORT (Audited)

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

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

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

The Remuneration Committee will review the arrangements having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages or fees paid to Key Management Personnel. No remuneration consultant was used during the year. Remuneration packages are set at levels intended to attract and retain Key Management Personnel capable of managing the 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.

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

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.

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 2016 are set out in the following table:

2016	Short-term benefits		Post-employment benefits	Share-based Payments	
Name	Salary And Fees $	Bonus $	Superannuation $	Options $	Total $
DIRECTORS					
R Shorrocks	40,000	-	-	-	40,000
G Robertson[1]	72,000	-	-	-	72,000
H.Digby	36,667	-	-	-	36,667
Dr J Berton[2]	6,976	-	1,627	6,291	14,894
	155,634	**-**	**1,627**	**6,291**	**163,561**

[1]Includes fees as company secretary of $60,000.

[2]Director resigned 31 July 2015

2015	Short-term benefits		Post-employment benefits	Share-based Payments	
Name	Salary And Fees $	Bonus $	Superannuation $	Options $	Total $
DIRECTORS					
R Shorrocks	-	-	-	-	-
G Robertson	10,000	-	-	-	10,000
R Thomson[1]	38,710	-	-	23,100	61,810
Dr J Berton[2]	205,480	-	19,520	61,200	286,200
J Bavin[3]	25,933	-	-	21,400	47,333
	280,123	**-**	**19,520**	**105,700**	**405,343**

[1]Director resigned 31 March 2015.

[2]Director resigned 31 July 2015. Of the share based payments $15,000, representing 5,000,000 options exercise price 1.1 cents per share exercisable before 31 May 2018, were approved by shareholders at a meeting held on 10 September 2015.

[3]Director resigned 29 June 2015. Of the share based payments $6,000, representing 2,000,000 options exercise price 1.1 cents per share exercisable before 31 May 2018, were approved by shareholders at a meeting held on 10 September 2015.

Remuneration report - (Audited) (continued)

Share based remuneration

No options were issued to Key Management Personnel during the period

During the previous reporting period, 5,500,000 Options were issued to Key Management Personnel as set out below.

Share options

2015	Grant date	Number granted	Value per option at grant date	Number vested	Exercise price	First exercise date	Last exercise date	Percentage of remuneration which is options
J Berton[1]	13 Nov 14	3,000,000	0.0154	3,000,000	$0.10	13 Nov 14	13 Nov 19	21%
R Thompson[2]	13 Nov 14	1,500,000	0.0154	1,500,000	$0.10	13 Nov 14	13 Nov 19	37%
J Bavin[3]	13 Nov 14	1,000,000	0.0154	1,000,000	$0.10	13 Nov 14	13 Nov 19	45%

1. J Berton resigned from the Board on 31 July 2015.
2. R Thompson resigned from the Board on 31 March 2015.
3. J Bavin resigned from the Board on 29 June 2015

Details of executive share options have been disclosed in note 20 to the financial statements.

Remuneration report - (Audited) (continued)

Transactions with key management personnel

During the year ended 30 June 2016, fees of $24,000 exclusive of GST were paid to Integrated CFO Solutions Pty Ltd, a company in which Guy Robertson has an interest, for accounting services.

There were no other transactions with key management personnel in 2016 other than as outlined above.

Related Party Disclosures

Fully Paid Ordinary Shares

Key management personnel shareholdings (after 1 for 4 consolidation on 21 September 2015)

2016	Balance 01 July 2015	Purchases /(Sales)	Net other Change	Balance 30 June 2016
Directors				
R Shorrocks	714,285	-	-	714,285
G Robertson	-	-	-	-
H Digby	-	833,334	-	833,334
J Berton[2]	277,273	-	(277,273)	-

2015	Balance 01 July 2014	Purchases /(Sales)	Net other Change	Balance 30 June 2015
Directors				
R Shorrocks	-	714,285	-	714,285
G Robertson	-	-	-	-
R Thomson[1]	-	-	-	-
J Berton[2]	252,273	25,000	-	277,273
J Bavin[3]	159,091	-	(159,091)	-
Executives				
J Clyne[4]	75,000	-	(75,000)	-

[1]R Thomson resigned on 31 March 2015

[2]Dr Berton resigned on 31 July 2015

[3]J Bavin resigned on 29 June 2015, balance is removed on resignation

[4]J Clyne resigned 1 October 2014

Remuneration report - (Audited) (continued)

Key management personnel shareholdings

Share Options (post consolidation of 1 for 4 on 21 September 2015)

2016	Balance 1 July 2015	Options Granted	Net other Change[4]	Options Exercised	Balance 30 June 2016	Balance Held Nominally	Total Vested 30 June 2016	Total Un-Exercisable 30 June 2016
Directors								
R Shorrocks	-	-	-	-	-	-	-	-
G Robertson	-	-	-	-	-	-	-	-
H Digby	-	-	-	-	-	-	-	-
J Berton[2]	1,750,000	-	(1,750,000)	-	-	-	-	-

2015	Balance 1 July 2014	Options Granted	Net other Change[4]	Options Exercised	Balance 30 June 2015	Balance Held Nominally	Total Vested 30 June 2015	Total Un-Exercisable 30 June 2015
Directors								
R Shorrocks	-	-	-	-	-	-	-	-
G Robertson	-	-	-	-	-	-	-	-
R Thomson[1]	-	375,000	(375,000)	-	-	-	-	-
Dr J Berton[2]	1,000,000	750,000	-	-	1,750,000	-	1,750,000	-
J Bavin[3]	400,000	250,000	(650,000)	-	-	-	-	-
Executives								
J Clyne	60,000	-	(60,000)	-	-	-	-	-

[1]R Thomson resigned 31 March 2015

[2]Dr Berton resigned on 31 July 2015.

[3]J Bavin resigned on 29 June 2015.

[4]Following resignation.

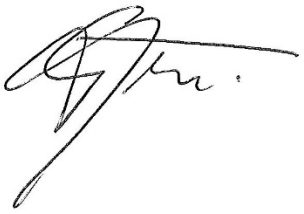
Remuneration report - (Audited) (continued)

Service Agreements

Current Directors have letters of appointment providing remuneration of $40,000 per annum.

END OF THE AUDITED REMUNERATION REPORT.

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



Guy Robertson

Director

Dated this 29 day of September 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Webb

GRAHAM WEBB
Partner
Dated: 29 September 2016

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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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	30 June 2016	30 June 2015
		$	$
Interest Income		21,213	6,584
Write back of professional fees accrued		122,908	-
Personnel costs		(6,976)	(289,923)
Legal Fees		(67,818)	(76,283)
Exploration costs written off		(25,532)	-
Directors fees		(88,667)	(103,643)
Consulting fees		(70,810)	(43,720)
Share-based payments to employees and consultants		(6,291)	(73,397)
Share based payments to directors		-	(105,700)
Depreciation		-	(43,390)
Impairment of exploration and evaluation assets		-	(3,158,561)
Impairment of property, plant and equipment		-	(20,159)
Impairment of loan		(500,000)	-
Other expenses		(204,827)	(579,285)
LOSS BEFORE INCOME TAX		(826,867)	(4,487,477)
Income tax benefit		-	-
LOSS FOR THE PERIOD		(826,867)	(4,487,477)
Other Comprehensive Loss			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		-	229,587
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(826,867)	(4,257,890)
Loss per share:			
Basic loss per share (cents per share)	14	(0.58)	(3.77)
Diluted loss per share (cents per share)	14	(0.58)	(3.77)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Current assets			
Cash and cash equivalents	16	1,001,874	399,278
Trade and other receivables	7	6,387	13,848
Other assets	8	-	6,020
Total current assets		**1,008,261**	**419,146**
Total assets		**1,008,261**	**419,146**
Current liabilities			
Trade and other payables	10	89,032	313,363
Provisions	11	-	42,871
Total current liabilities		**89,032**	**356,234**
Total liabilities		**89,032**	**356,234**
Net assets		**919,229**	**62,912**
Equity			
Share capital	12	10,587,734	9,632,772
Reserves	13	1,412,429	747,854
Accumulated losses		(11,080,934)	(10,317,714)
Total equity		**919,229**	**62,912**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Issued capital $	Accumulated losses $	Option reserve $	Foreign exchange reserve $	Total $
Balance at 30 June 2015	9,632,772	(10,317,714)	697,707	50,147	62,912
Loss for the year	-	(826,867)	-	-	(826,867)
Transfer from foreign exchange reserve	-	50,147	-	(50,147)	-
Other comprehensive income for the year	-	(776,720)	-	(50,147)	(826,867)
Transactions with owners in their capacity as owners:					
Options issued during the year	-	-	1,130	-	1,130
Share based payments	-	-	6,291	-	6,291
Options lapsed during the year	-	13,500	(13,500)	-	-
Shares issued during the year	1,776,000	-	-	-	1,776,000
Cost of shares issued during the year	(821,038)	-	720,801	-	(100,237)
Balance at 30 June 2016	10.587,734	(11,080,934)	1,412,429	-	919,229
Balance at 30 June 2014	8,774,691	(5,918,097)	606,470	(179,440)	3,283,624
Loss for the year	-	(4,487,477)	-	-	(4,487,477)
Other comprehensive income for the year	-	-	-	229,587	229,587
Transactions with owners in their capacity as owners:					
Options issued during the year	-	-	179,097	-	179,097
Options lapsed during the year	-	87,860	(87,860)	-	-
Shares issued during the year	892,594	-	-	-	892,594
Cost of shares issued during the year	(34,513)	-	-	-	(34,513)
Balance at 30 June 2015	9,632,772	(10,317,714)	697,707	50,147	62,912

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		**-**	-
Payments to suppliers and employees		**(504,323)**	(845,801)
Interest received		**21,231**	6,584
NET CASH USED IN OPERATING ACTIVITIES	**16**	**(483,092)**	(839,217)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**-**	(4,064)
Payments for exploration and evaluation		**(84,941)**	(563,057)
Loan provided to a third party		**(500,000)**	-
NET CASH USED IN INVESTING ACTIVITIES		**(584,941)**	(567,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		**1,777,000**	725,424
Proceeds from issue of options		**1,130**	-
Cost of raising capital		**(106,502)**	(34,513)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,420,628**	690,911
Increase/(Decrease) in cash held		**602,595**	(715,427)
Cash at the beginning of the year		**399,278**	1,107,203
Foreign exchange differences		**-**	7,502
CASH AT THE END OF THE YEAR	**16**	**1,001,874**	399,278

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. Nature of Operations

The consolidated entity (the Group) consists of Estrella Resources Limited (the "Company") and the entity it controlled at the end of, or during, the year ended 30 June 2016.

2. 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 financial report also incorporates the Company's fully owned subsidiary Estrella Resources (Chile) SpA (a Chilean company).

The registered office and principal place of business is level 15, 1 Alfred Street, Sydney, NSW, 2000. Estrella Resources' shares are listed on the ASX (ASX.ESR).

3. Statement of significant accounting policies

a) Basis of preparation

Statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Estrella Resources Limited is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements for the year ended 30 June 2016 (including comparatives) were approved and authorised for issue by the Board of Directors on 29 September 2016.

Historical Cost Convention

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

3. Statement of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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.

Impairment of capitalised exploration and evaluation expenditure

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

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

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

3. Statement of significant accounting policies (continued)

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) 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.

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

d) Exploration and Evaluation Expenditure

Pre-licence costs are recognised in the consolidated statement of profit or loss and other comprehensive Income as incurred.

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.

3. Statement of significant accounting policies (continued)

e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the 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.

f) Trade and Payables

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

g) Trade and Other Receivables

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

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

(i) Short-term obligations

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

(ii) Long service leave

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

3. Statement of significant accounting policies (continued)

i) Revenue

Interest revenue is recognised using the effective interest method.

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

j) Operating expenses

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

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (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.

l) Foreign currency translation reserve

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

3. Statement of significant accounting policies (continued)

Foreign operations

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

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

m) Provisions, contingent liabilities and contingent assets

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

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

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

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

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

3. Statement of significant accounting policies (continued)

n) Equity, reserves and dividend payments

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

Other components of equity include the following:

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

o) 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 23.

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 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.

3. Statement of significant accounting policies (continued)

p) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3. Statement of significant accounting policies (continued)

q) 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.

r) New accounting standards for application in future period

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16 Leases

  - Replaces AASB 117 Leases and some lease-related Interpretations
  - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
  - provides new guidance on the application of the definition of lease and on sale and lease back accounting
  - largely retains the existing lessor accounting requirements in AASB 117
  - requires new and different disclosures about leases

When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

s) 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 settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $826,867 for the year ended 30 June 2016 (2015: $4,487,477) and had net cash outflows from operating activities of $483,092 (2015: $839,217). The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined that at the current level of operations the Company has sufficient cash to trade for the twelve months following the date of this report.

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 had cash on hand at year-end of $1,001,874 and net assets of $919,229.
2. The Company raised $1,777,130 during the year and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required.
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 ongoing basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

4. Revenue

	30 June 2016	30 June 2015
	$	$
Interest income	21,231	6,584
Write back of professional fees over accrued	122,908	-

5. Result for the period

Loss before income tax includes the following specific expenses:

	30 June 2016	30 June 2015
	$	$
Share based payments:		
- Consultants	-	39,000
- Employees	6,291	34,397
- Directors	-	105,700
Employee benefit expenses:		
Post-employment benefits		
- Superannuation	1,627	25,153

6. Income tax expense

	30 June 2016	30 June 2015
	$	$
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(826,867)	(4,487,477)
Prima facie tax payable on profit before income tax at 30%	(248,060)	(1,346,243)
Tax effect - permanent differences	22,232	1,064,623
Tax effect of tax losses and temporary differences not recognised	225,828	281,620
Income tax expense	**-**	**-**

The amount of tax losses carried forward as at 30 June 2016 amount to $5,195,566 (2015: $4,778,068).

7. Trade and other receivables

Loan to Data Laboratories Ltd[1]	500,000	-
Less impairment of loan to Data Laboratories Ltd	(500,000)	-
GST receivable	6,387	13,848
	6,387	13,848

[1]In 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.

8. Other assets

Prepayments	-	6,020

9. Exploration and evaluation assets

	30 June 2016 $	30 June 2015 $
Exploration and evaluation assets		
Balance at the beginning of the year	-	2,183,853
Foreign exchange movement on opening balance	-	138,073
Acquisition of prospect	-	159,170
Exploration costs capitalised	-	677,465
Impairment of exploration and evaluation assets	-	(3,158,561)
Balance at the end of the year	**-**	**-**

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

Given the depressed commodity markets and fall in the copper price the Company has reassessed its investment in the Chile copper project. Following this review the Company has determined that it will not proceed with the project.

As a consequence, and given uncertainty as to its value, the Company has fully impaired the project as at 30 June 2015, and recorded an impairment charge of $3,158,561, writing the project down to no value.
In the year to 30 June 2016 the Company wrote off exploration costs in the amount of $25,532 direct to profit and loss.

10. Trade and other payables

	30 June 2016	30 June 2015
	$	$
Current		
Trade payables	21,032	151,032
Accruals	68,000	162,331
Total	**89,032**	**313,363**

11. Provisions

	30 June 2016	30 June 2015
	$	$
Current		
Employee benefits	-	42,871

12. Issued capital

	30 June 2016	30 June 2015
	$	$
188,249,959 (post 1 for 4 consolidation) fully paid ordinary shares (2015: 217,999,713)	12,568,145	10,792,145
Share issue costs[1]	(1,980,411)	(1,159,373)
	10,587,734	**9,632,772**

[1]The current year includes an amount of $720,801 being the Black Scholes valuation of options granted to advisors for capital raising purposes.

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 2016 Number	30 June 2016 $	30 June 2015 Number	30 June 2015 $
Fully paid ordinary shares				
Balance as at the beginning of the reporting period	217,999,713	9,632,772	108,278,728	8,774,691
Shares issued 10 July 2015 at $0.003 per share	3,000,000	15,000	-	-
Shares issued 8 September 2015 at $0.003 per share	12,000,000	36,000	-	-
Shares issued 18 September 2015 at $0.003 per share	388,000,000	1,164,000	-	-
	620,999,713	10,847,772	108,278,728	8,774,691
Share consolidation on 1 for 4 basis	(465,749,754)	-	-	-
Balance after consolidation	155,249,959	-	-	-
Shares issued 24 March 2016 at $0.017 per share	33,000,000	561,000	-	-
Shares issued 30 December 2014 at $0.035 per share	-	-	5,807,141	203,250
Shares issued 28 January 2015 at deemed price of $0.03 per share	-	-	5,305,658	159,170
Shares issued 1 April 2015 at $0.07 per share	-	-	17,900,000	125,300
Shares issued 24 June 2015 at $0.005 per share – rights issue	-	-	48,517,852	242,589
Share issue costs[1]	-	(821,038)	-	(34,513)
	188,249,959	**10,587,734**	**185,809,379**	**9,470,487**
Shares issued post year end[2]				
Shares issued 1 July 2015 $0.005 per share – rights issue	-	-	30,857,000	154,285
Shares issued 1 July 2015 at deemed price of $0.006 per share	-	-	1,333,334	8,000
	188,249,959	**10,587,734**	**217,999,713**	**9,632,772**

[1]Share issue costs include $720,801 being the Black Scholes valuation of options granted to advisors for capital raising services.

[2]Shares issued post year end on 1 July 2015 relate to the rights issue shortfall. Cash was received before year end. In addition 1,333,334 shares were issued to directors for services rendered prior to year-end.

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. The Group has no borrowings and it does not have a gearing ratio.

13. Reserves

Summary	30 June 2016	30 June 2015
	$	$
Option and equity settled reserve	1,412,429	697,707
Foreign currency translation	-	50,147
	1,412,429	**747,854**
Option reserve[1]		
Balance at beginning of year	697,707	606,470
Options expired	(13,500)	(87,860)
Options granted	728,222	179,097
Balance at end of year	**1,412,429**	**697,707**
Foreign currency translation reserve[2]		
Balance at beginning of year	50,147	(179,440)
Gain/(loss) on translation of overseas controlled entity	-	229,587
Transfer to accumulated losses	(50,147)	-
Balance at end of year	**-**	**50,147**
Total Reserves	**1,412,429**	**747,854**

[1]The option reserve records items recognised as expenses on valuation of director and employee options.

[2]The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

a) Options	2016 Number	2016 $	2015 Number	2015 $
Options issued/options reserve				
Balance as at the beginning of the period	37,151,427	697,707	12,380,000	606,470
Grant 18/9/2015, $0.006ps, expiry 31/3/2020	125,000,000	728,222	-	-
	162,151,427	1,425,929	12,380,000	606,470
Consolidation on 1 for 4 basis	40,537,857	-	-	-
Options expired 31/12/2015	(967,857)	-	-	-
Options expired 18/4/2016	(112,500)	(13,500)	-	-
Grant 18/12/2013, $0.35ps, expiry 18/12/2016	-	-	-	13,730
Grant 7/3/2014, $0.35ps, expiry 7/3/2017	-	-	-	20,667
Grant 30/12/2014, $0.05ps, expiry 31/12/2015	-	-	3,871,427	-
Options expired 12/9/2014	-	-	(3,600,000)	(68,760)
Options expired 25/10/2014	-	-	(1,000,000)	(19,100)
Grant 13/11/2014, $0.10ps, expiry 13/11/2019	-	-	5,500,000	84,700
	39,457,500	1,412,429	17,151,427	637,707
Options accrued, issued 10/9/15	-	-	20,000,000	60,000
	39,457,500	1,412,429	37,151,427	697,707

For details of unlisted options issued as part of share based payments, refer to Note 18.

14. Earnings per share

	30 June 2016 Cents per share	30 June 2015 Cents per share
Basic (loss) per share	(0.58)	(3.77)
Diluted (loss) per share	(0.58)	(3.77)

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	(826,867)	(4,487,477)
Loss used in calculating basic and diluted loss per share	(826,867)	(4,487,477)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive loss per share	142,394,449	118,861,076

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

There are no expenditure commitments that have not been accrued as at 30 June 2016.

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 2016 $	30 June 2015 $
Cash at bank and in hand	1,001,874	399,278

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

	30 June 2016 $	30 June 2015 $
Loss for the period	(826,867)	(4,487,477)
Impairment of loan	500,000	-
Depreciation of non-current assets	-	43,390
Impairment of exploration and evaluation assets	-	3,158,561
Impairment of property, plant and equipment	-	20,159
Write off of prior year VAT	-	180,898
Foreign currency translation	-	(212,997)
Conversion of payables to shares	-	8,000
Equity settled share based payments	6,291	179,097
(Increase)/decrease in assets:		
Current receivables	7,461	187,911
Prepayments	6,020	8,350
Increase/(decrease) in liabilities:		
Current payables	(133,126)	70,845
Current provisions	(42,871)	4,046
Net cash used in operating activities	**(483,092)**	**(839,217)**

c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the reporting period. (2015: Nil)

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
- Foreign exchange rate risk
- Commercialisation risks

Financial instruments used

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

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

17. Financial instrument risk management (continued)

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

FIXED MATURITY DATES

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-2 years	2-3 years	Non interest bearing	Total
2016	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets							
Cash and cash equivalents	2%	1,001,874	-	-	-	-	1,001,874
Trade and other receivables	**-**	-	-	-	-	6,387	6,387
		-	**-**	**-**	**-**	**6,387**	**1,008,261**
Financial liabilities							
Trade and other payables		-	-	-	-	89,032	89,032
		-	**-**	**-**	**-**	**89,032**	**89,032**

FIXED MATURITY DATES

2015	Weighted average effective interest rate %	Variable interest rate $	Less than 1 year $	1-2 years $	2-3 years $	Non interest bearing $	Total $
Financial assets							
Cash and cash equivalents	1%	399,278	-	-	-	-	399,278
Trade and other receivables		-	-	-	-	19,868	19,868
		399,278	**-**	**-**	**-**	**19,868**	**419,146**
Financial liabilities							
Trade and other payables		-	-	-	-	313,363	313,363
		-	**-**	**-**	**-**	**313,363**	**313,363**

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.

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 2016 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 2016, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 1% increase in the interest rate results in a decrease in loss by $10,000 and an increase in equity by 1% of cash. These changes are considered to be reasonably possible based on observation of current market conditions.

Other price risk

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

Credit risk analysis

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

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 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.

18. Share based payments

Employee share option plan

The Employee Share Option Plan (**ESOP**) was established on 8 March 2012. 5,500,000 options were issued under the ESOP during the reporting period.

Other share based payment options on issue

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

	2016	2015
	Number of Options	**Number of Options**
Balance at beginning of the reporting period	17,151,427	12,380,000
Granted during the financial year	145,000,000	9,371,427
	162,151,427	21,751,427
Share consolidation on 1 for 4 basis	40,537,757	-
Expired during the financial year	(1,080,357)	(4,600,000)
Balance at end of the reporting period	**39,457,400**	**17,151,427**

The following share-based payment arrangements were in existence during the current and previous reporting period (the options have been restated following a 1 for 4 share consolidation on 21 September 2015):

Options series	Number	Grant date	Expiry date	Exercise price	Fair value of options granted/vested date**
12 Sep 2011*	875,000	12 Sep 2011	12 Sep 2014	$1.00	$66,850
12 Sep 2011	25,000	12 Sep 2011	12 Sep 2014	$1.00	$ 1,910
25 Oct 2011	250,000	25 Oct 2011	25 Oct 2014	$1.00	$19,100
18 Apr 2013	112,500	18 Apr 2013	18 Apr 2016	$1.40	$13,500
Expired	1,150,000				$101,360
25 Oct 2011	150,000	25 Oct 2011	25 Oct 2016	$0.80	$12,322
19 Dec 2011	126,250	19 Dec 2011	19 Dec 2016	$0.80	$14,640
09 May 2012	375,000	09 May 2012	09 May 2017	$0.80	$192,000
03 Oct 2013	118,750	03 Oct 2013	03 Oct 2018	$0.80	$20,520
21 Nov 2013	750,000	21 Nov 2013	21 Nov 2018	$1.40	$256,800
18 Dec 2013	125,000	18 Dec 2013	18 Dec 2016	$1.40	$18,700
07 Mar 2014	187,500	07 Mar 2014	07 Mar 2017	$1.40	$24,525
13 Nov 2014	1,375,000	13 Nov 2014	13 Nov 2019	$1.40	$84,700
	4,375,500				$624,207
10 Sep 2015	5,000,000	10 Sep 2015	31 May 2018	$0.044	$77,975
18 Sep 2015	31,250,000	18 Sep 2015	31 Mar 2020	$0.024	710,247
Current	**39,457,500**				$1,412,429

*Options granted to employees prior to the establishment of the ESOP.
**The fair value at grant date/vested date has been calculated using the Black & Scholes methodology. Volatility has been calculated with reference to comparable entities.

Inputs into the model	Option series	Option series	Option series	Option series	Option series	Option series	Option series	Option series	Option series	Option series
Grant date	25 Oct 11	19 Dec 11	09 May 12	18 Sep 15	03 Oct 13	21 Nov 13	18 Dec 13	7 Mar 14	13 Nov 14	10 Sep 15
Exercise price	$0.80	$0.80	$0.80	$0.024	$0.80	$1.40	$1.40	$1.40	$0.40	$0.044
Expected volatility	76%	95%	76%	100%	69%	69%	69%	69%	61%	100%
Option life	5 years	5 years	5 years	4.5 years	5 years	5 years	3 years	3 years	5 years	3 years
Risk-free interest rate	3.47%	4.75%	3.47%	2.35%	2.5%	2.5%	2.5%	2.5%	2.5%	2.3%

19. Related party disclosures

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

a) Key Management Personnel

Directors	Position
H Digby	Non-executive Director
R Shorrocks	Non-executive Director
G Robertson	Non-executive Director
Dr J Berton	Managing Director (Resigned 31 July 2015)

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:

	2016	2015
	$	$
Short-term key management personnel benefits	155,643	280,123
Post-employment benefits	1,627	19,520
Share-based payment expense	6,291	105,700
Total	**163,561**	**405,343**

c) Equity interests in related parties

Nil.

d) Related party transactions

During the year ended 30 June 2016, fees of $24,000 exclusive of GST were paid to Integrated CFO Solutions Pty Ltd, a company in which Guy Robertson has an interest, for accounting services. There were no other related party transactions during the year.

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 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.

21. Auditor's remuneration

	2016 $	2015 $
Remuneration of the auditor for the Group for:		
Audit or review of the financial report	30,000	42,700
Total	**30,000**	**42,700**

The auditor of the Group is Hall Chadwick.

22. Parent company information

	2016 $	2015 $
Statement of Financial Position		
Current Assets	1,008,261	403,448
Non-current assets	-	-
Total Assets	**1,008,261**	**403,448**
Current Liabilities	89,032	217,629
Non-current liabilities	-	-
Total liabilities	**89,032**	**217,629**
Net Assets	**919,229**	**185,819**
Equity		
Issued capital	10,587,734	9,632,772
Reserves	1,412,429	697,707
Accumulated losses	(11,080,934)	(10,145,360)
Total Equity	**919,229**	**185,819**
Statement of Profit or Loss and other Comprehensive Income		
Loss for the year	(826,867)	(4,235,119)
Total Comprehensive Loss	**(826,867)**	**(4,235,119)**

23. Controlled entities

Controlled entities	Country of incorporation	Percentage owned 2016	Percentage owned 2015
Estrella Resources (Chile) SpA	Chile	100%	100%

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

24. Events after the reporting period

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

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Estrella Resources Limited:

   a) The 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 2016 and of its performance for the financial year ended on that date; and

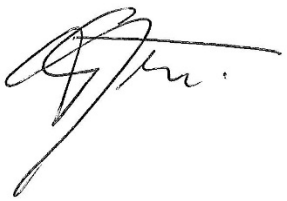
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that Estrella Resources Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2016.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Guy Robertson

Director

Dated this 29 day of September 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Financial Report

We have audited the accompanying financial report of Estrella Resources Limited which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view 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 is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

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

Auditor's Opinion

In our opinion:

a. the financial report of Estrella Resources Limited is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the Corporations Act 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3(s) in the financial report, which indicates that the company incurred a net loss of $826,867and incurred net cash outflows from operations of $483,092 during the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 3(s), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 15 of the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion

In our opinion the remuneration report of Estrella Resources Limited for the year ended 30 June 2016 complies with Section 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GRAHAM WEBB
Partner
Dated: 29 September 2016

SHAREHOLDER INFORMATION

Additional information, current as 16 September 2016 required by the ASX is as follows:

Voting Rights

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

Total number of Shareholders	**380**

Substantial Shareholders	**Total Units**	**Percentage %**
Tisia Nominees Pty Ltd <Henderson Family A/C>	15,133,333	8.04
Denlin Nominees Pty Ltd	15,000,000	7.97
A22 Pty Limited	11,750,000	6.24
JK Nominees Pty Ltd <The JK Fund A/C>	11,650,000	6.19
Black Swan Global Pty Ltd <Black Swan Investment Trust>	9,975,000	5.30

The number of Shareholders with less than a marketable parcel of shares: 209

Distribution of Shareholders

Holdings Ranges	**Holders**	**Total Units**	**Percentage %**
1-1,000	13	3,681	0.00
1,001-5,000	133	351,659	0.19
5,001-10,000	36	257,070	0.14
10,001-100,000	102	3,805,562	2.02
100,001 and over	96	183,831,987	97.65
Total	**380**	**188,249,959**	**100.000**

Top Twenty Holders Report as at 16 September 2016

Position	Holder Name	Holding	% IC
1	TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	15,133,333	8.04%
2	DENLIN NOMINEES PTY LTD	15,000,000	7.97%
3	A22 PTY LIMITED	11,750,000	6.24%
4	JK NOMINEES PTY LTD <THE JK FUND A/C>	11,650,000	6.19%
5	BLACK SWAN GLOBAL PTY LIMITED <BLACK SWAN INVESTMENT A/C>	9,975,000	5.30%
6	MR PINCHAS ALTHAUS	8,850,000	4.70%
7	AUSEPEN PTY LTD <DESKTOP A/C>	8,250,000	4.38%
8	KOBIA HOLDINGS PTY LTD	7,500,000	3.98%
9	MUNGALA INVESTMENTS PTY LTD	5,900,000	3.13%
10	BLU BONE PTY LTD	5,880,952	3.12%
11	NEWTON6 PTY LIMITED <THE NEWTON SUPER FUND A/C>	4,500,000	2.39%
12	THOR HOLDINGS PTY LTD	4,150,000	2.20%
13	1215 CAPITAL PTY LTD	3,552,582	1.89%
14	AUSTRALIAN ROYALTIES CORPORATION PTY LTD	3,287,500	1.75%
15	CELTIC CAPITAL PTY LTD <HANNAH E PETERSON A/C>	3,250,000	1.73%
15	CABLETIME PTY LTD <INGODWE A/C>	3,250,000	1.73%
16	AKASA ONE PTY LTD <JW FAMILY SUPERFUND A/C>	3,080,000	1.64%
17	HIXON PTY LTD	2,950,000	1.57%
18	LEDGER HOLDINGS PTY LTD <MOCHKIN FAMILY NO#2 A/C>	2,800,000	1.49%
19	MR DANIEL PAUL WISE <ARK INVESTMENTS A/C>	2,750,000	1.46%
20	TROCA ENTERPRISES PTY LTD <COULSON SUPER A/C>	2,500,000	1.33%
20	FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	2,500,000	1.33%
20	WXH HOLDINGS PTY LTD	2,500,000	1.33%
	Totals	**140,959,367**	**74.88%**
	Total Issued Capital	**188,249,959**	**100.00%**

Unlisted options on issue

Terms	Number
Unlisted Options $1.40 expiry 18 December 2016	125,000
Unlisted Options $0.80 expiry 19 December 2016	126,250
Unlisted Options $0.80 expiry 25 October 2016	150,000
Unlisted Options $0.80 expiry 9 May 2017	375,000
Unlisted Options $0.80 expiry 3 October 2018	118,750
Unlisted Options $1.40 exp 21 November 2018	750,000
Unlisted Options $0.40 exp 13 November 2019	1,375,000
Unlisted Options $1.40 expiry 7 March 2017	187,500
Unlisted options $0.044 exp 31 May 2018	5,000,000
Unlisted options $0.024 exp 31 March 2020	31,250,000

CORPORATE DIRECTORY

Directors

Howard Digby	Non-Executive Director
Raymond Shorrocks	Non-Executive Director
Guy Robertson	Non-Executive Director

Executives

Guy Robertson	Company Secretary

ABN: 39 151 155 207

Principal Place of Business

Lvl 15, 1 Alfred Street
Sydney NSW 2000
E: admin@estrellaresources.com.au

Share Register

Automic Limited
Level 3, 50 Holt Street
Sydney NSW 2000

Auditor

Hall Chadwick Pty Ltd
Lvl 40, 2 Park Street, Sydney NSW 2000

Stock Exchange Listing

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

Bankers

ANZ Banking Corporation

Website address

www.estrellaresources.com.au