



**Estrella Resources Limited and its controlled entities**

**ABN 39 151 155 207**

**Interim Financial Report**

**For the half year ended 31 December 2023**

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## DIRECTORS' REPORT

The Directors present their report together with the financial report of Estrella Resources Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the consolidated entity") for the half-year ended 31 December 2023 and the independent auditors' review report thereon.

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

Leslie Pereira	- Non-executive Chairman
Christopher Daws	- Managing Director
John Kingswood	- Non-executive Director

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## PRINCIPAL ACTIVITIES

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

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## REVIEW OF OPERATIONS

### Work Summary

Estrella Resources is an innovative resource exploration company which is among a handful of organisations to be a first-mover in the virtually unexplored region of Timor-Leste. The Company is also developing its Western Australian-based projects, deploying world-first technology to make nickel-copper, PGE and lithium discoveries at its Carr Boyd project while retaining its Spargoville nickel development opportunity.

### **TIMOR-LESTE EXPLORATION OPPORTUNITY**

Throughout the half-year period, Estrella Resources has rapidly built a strategic footprint in the nation of Timor-Leste, where the Company is one of just four successful applicants in the nation's inaugural Minerals Tender process.

In October, the Company first announced it had pre-qualified for the minerals tender process and submitted bids for a number of concessions<sup>1</sup>.

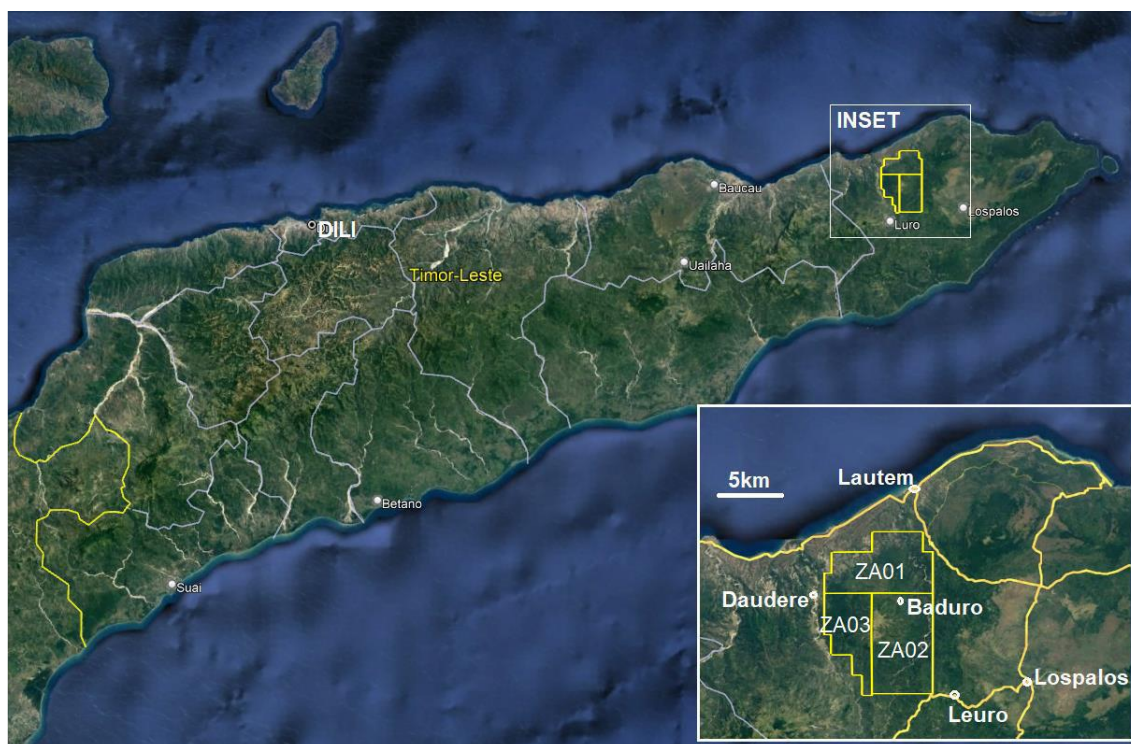
The commencement of the tender process was a watershed moment for the Republic, following the nation's stated aspiration to diversify its economy and the introduction of a modern mining code in 2021.

In November, Estrella was successfully awarded three Exploration and Evaluation Concessions covering 121.5 km<sup>2</sup> of tenure in the Lautém Municipality, located in the north-east region of Timor-Leste (Figure 1)<sup>2</sup>. Access to the concessions is 170km via sealed all-weather roads from the capital city of Dili and then a further 10km on all-weather unsealed roads south to the towns of Baduro or Daudere.

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<sup>1</sup> See ASX Announcement dated 10 October 2023

<sup>2</sup> See ASX Announcement dated 4 December 2023



**Figure 1: Location of exploration concessions ZA-01 to ZA-03 in Lautém Municipality, Timor-Leste**

The concessions lie over very accessible country consisting of rolling hills between 35m and 650m above sea level, hosting vegetation that varies between open grasslands to tropical savannah woods. Timor-Leste has a pronounced dry season which will greatly assist land access and exploration in more remote areas.

The awarding of the concessions represents a significant opportunity for the Company and also reflects the commitment of Estrella's Managing Director Chris Daws who since 2009 has been visiting Timor-Leste, cultivating relationships in anticipation of the eventual passing of critical mining legislation to enable foreign participation and investment into a new minerals sector.

Estrella and its geological team are exceptionally excited by the prospective nature of its exploration concessions as Timor-Leste covers some highly attractive geology with the potential to host multi-commodity discoveries. The nation is located on a formation known as the Outer Banda Arc which was formed through the geologically recent collision of the Australian continent with the Banda Island Arc (Asian microplate).

During this collision, the Timor Island was uplifted through a series of complex folds and thrusts, which has seen the geology of Timor-Leste dominated by more recent marine and terrestrial sediments overlying much older and highly prospective Australian continental greenstone crust. Recent, rapid weathering of the island has left structural windows of Australian crustal greenstones exposed alongside and beneath the younger marine sediments.

Occurrences of gold, silver, copper, manganese and chromite have been noted across the Republic<sup>3</sup> however no modern exploration has been done to find, map and quantify all of these occurrences.

<sup>3</sup> United Nations ESCAP-report 2003; Pacific Economic Cooperation Council Minerals Network

Field visits to the exploration concessions has continued to encounter a series of prospective mineralisation, See Figure 2.



**Figure 2: (R) Platy Pyrolusite forming >90% of a specimen found during field reconnaissance to the exploration concessions. (L) Sub-cropping manganese mineralisation in hillside scree of the Bobonaro Formation within Concession ZA-01**

Disclaimer: It should be noted that Estrella has not performed any independent assay analysis of samples prior to the granting of the exploration concessions and that visual observations contained in this announcement should not be considered a proxy or substitute for laboratory analysis which is required to confirm grade of any mineralisation identified during these preliminary exploration activities.

Coinciding with the awarding of exploration concessions, the Company registered Estrella Resources Limited Representacao Permanente (ESR-RP) in the Timor-Leste capital of Dili, assisting Estrella to effectively operate mineral exploration and development activities within the region<sup>4</sup>.

ESR-RP has entered a binding Memorandum of Understanding (MoU) with state-run Murak Rai Timor, E.P. (MRT) where MRT is free-carried 30% in a joint-venture partnership with ESR-RP up to the publication and approval of a Definitive Feasibility Study on a Mining Concession. The MoU called for, among other items, the creation of a formal joint-venture agreement between Estrella and MRT within 90 days of the successful award of tender bids to ESR-RP.

MRT was set up in September 2023 by the Timor-Leste Government as the Timor-Leste National Mining Company to be capable of participating in the mining of mineral resources on behalf of the Republic.

According to Decree-Law No. 64/2023, MRT is tasked to carry out mining activities, including reconnaissance, prospecting and exploration, evaluation, development, operation, processing, transportation and marketing of

<sup>4</sup> See ASX Announcement dated: 4 December 2023

minerals, as well as mine closure activities. MRT is also tasked to carry out auxiliary services to support mining activities.

MRT is a state-owned company incorporated to carry out commercial activities in the mining sector as a part of the Government's strategy to build institutions that stimulate the development of economic sectors and have great potential to contribute to economic diversification.

A joint-venture partnership between MRT and ESR-RP is regarded as the best way forward for any potential success from mineral exploration to flow through to both ESR shareholders and the Timor-Leste people. The opening of Estrella's branch Office in Dili will enable Estrella and the Government of Timor-Leste to participate at all levels in the discovery and potential mining that may follow. This will ensure environmental, economic and social benefits to the Republic and people in areas where the joint venture operates.

Mapping and sampling is planned to fully identify mineral occurrences on surface within the concessions and will be combined with further consultation with the local population as to the possible next stages of exploration.

Further exploration will consist of airborne geophysical surveys followed by ground geophysics and eventually drilling, if warranted. It is not possible at this stage to say how these additional work phases will unfold given the open nature of mineral potential in the area.

Estrella very much looks forward to working with the Timor-Leste Government, MRT, the Autoridade Nacional Minerais, local communities and with our Timor-Leste contacts to build a strong and successful minerals exploration and development sector.

#### **CARR BOYD PROJECT, WA 100%**

The Carr Boyd project is a highly prospective asset located just ~80km from the mining centre of Kalgoorlie and contains a series of geological anomalies offering the potential for multi-commodity discoveries.

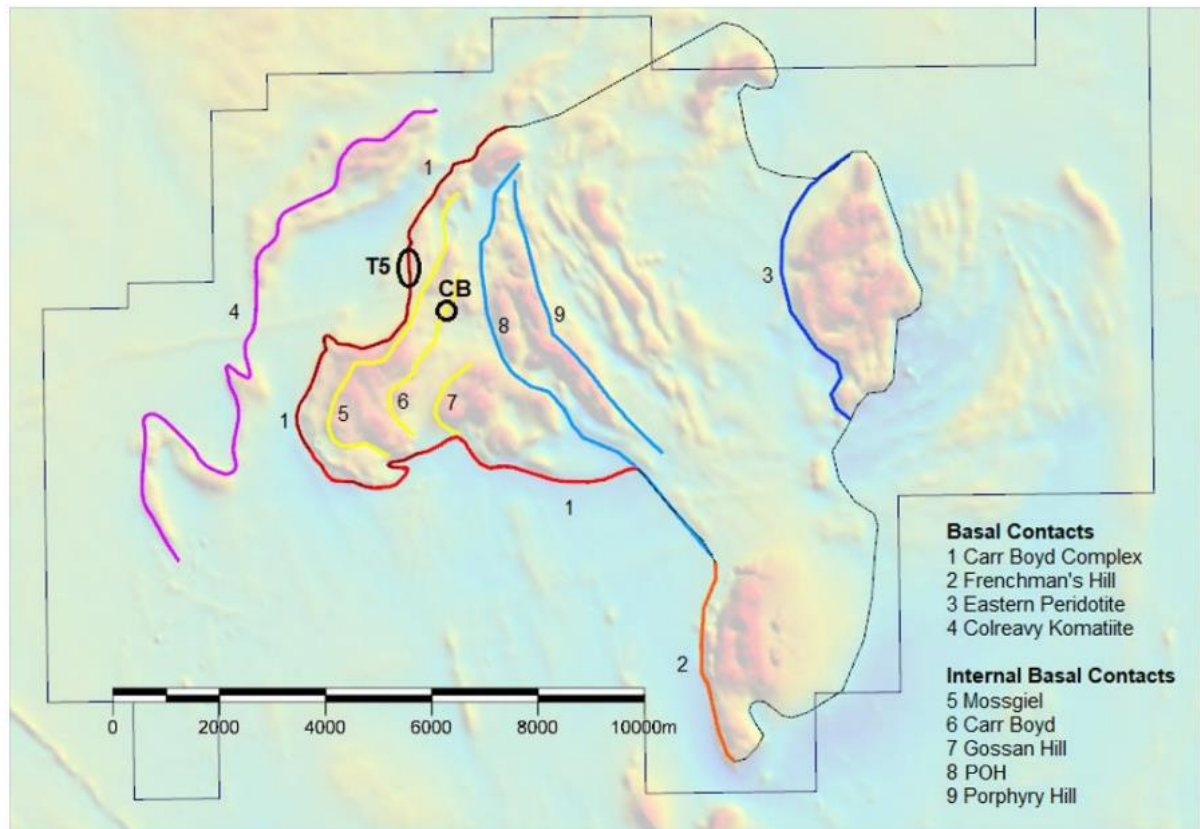
In August, Estrella Resources oversaw the commencement and completion of a world-first helicopter-borne TargetEM electromagnetic survey via Canadian-based geophysical firm Expert Geophysics with the aim of identifying sulphide material capable of hosting nickel, copper and platinum group elements (PGEs)<sup>5</sup>.

The 253km<sup>2</sup> survey targeted all of Estrella's tenure at Carr Boyd, as shown in Figure 3, encompassing all prospective horizons identified in the recent exploration review, including the high priority Colreavy Komatiite target which has had no previous modern geophysics undertaken.

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<sup>5</sup> See ASX Announcements dated: 9 & 21 August 2023





**Figure 3 Nine external and internal contacts identified at Carr Boyd**

The R&D personnel at Expert Geophysics were the developers behind the highly successful and award-winning VTEM, ZTEM and Air-MT systems. The TargetEM system contains many structural, electrical, and software improvements over previous helicopter-borne EM systems that have greatly improved the sensitivity and depth of investigation.

In addition to airborne time-domain low-noise electromagnetic data, the Company has acquired VLF, magnetics and high-frequency AFMAG data. AFMAG acquired on a time-domain system, has never been released commercially. The system and software have been in development and testing for several years; however, Expert Geophysics now wishes to exploit it more widely and is now making it available in Australia.

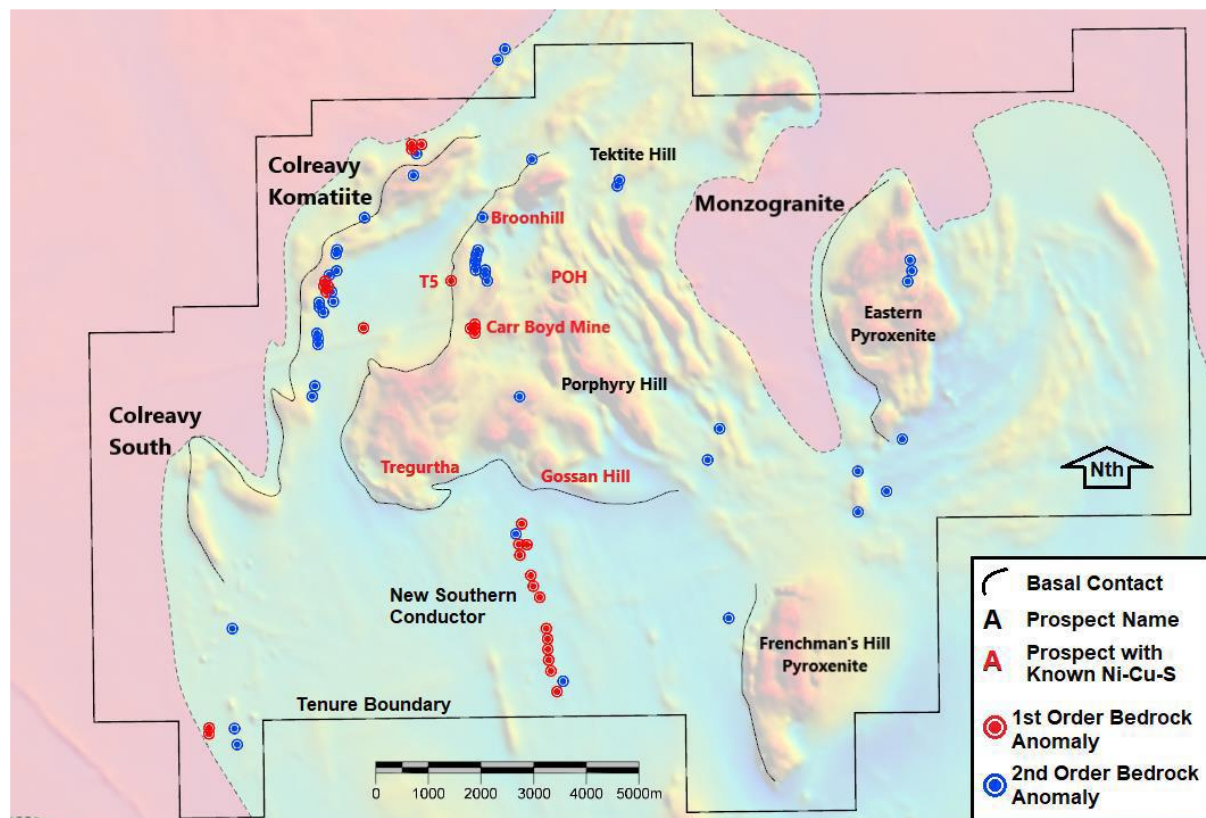
AFMAG technology utilises naturally occurring electromagnetic fields in the audio-frequency range, which are associated with global lightning discharges. Thunderstorms release energy converted to electromagnetic fields that propagate through the ionosphere-Earth interspace. The electromagnetic fields and currents induced by these fields in the subsurface are used in the combined system to understand differentiation in the electrical resistivity of the subsurface.

The advantages of the AFMAG data with respect to Estrella's Carr Boyd exploration program include:

1. The AFMAG complementary data will allow the system to measure across a broader range of resistivities than any other time-domain system on the market, revealing a more significant distinction of geology and structure at depth. The system can also resolve highly resistive targets. With the seismic data already collected, this will enable true 3-dimensional geological interpretation, which can be used to constrain internal exploration windows and model prospective horizons within the Carr Boyd igneous complex before drilling.

2. In the case of nickel-copper-PGE type targets, the system can detect "superconducting type massive sulphides", which are problematic for other time-domain systems, along with significant alteration zones followed by disseminated sulphides.
3. The new system's capability will also enable recognition of superparamagnetic (SPM) anomalies and compensate for induced polarization (IP) effects which is an issue for other airborne time-domain systems (especially prominent in Australia). These effects create pseudo anomalies and mask the useful inductive EM response. The most intensive IP effects exist in areas of volcanic-sedimentary rocks and surficial clay deposits covering parent rocks. This is common across the Goldfields and applies to the Carr Boyd basal contact and the Colreavy Komatiite.
4. AFMAG data measured at the lowest possible frequencies will allow the system to see deeper than any airborne time-domain system. This will be especially useful at Carr Boyd where the basal contacts dip steeply.

Preliminary results from a TargetEM survey were received in October, with the survey identifying multiple first and second order bedrock-conductor anomalies, including over a 5km strike length of the Colreavy Komatiite and a new 3km linear zone under cover to the south of the Carr Boyd Intrusion (See Figure 4)<sup>6</sup>.



**Figure 4: First and second order bedrock anomalism identified by the recent TargetEM survey at Carr Boyd**

The resulting bedrock anomalism identified by the system correctly located known nickel-copper-sulphide mineralisation at T5, Carr Boyd and Broonhill. There is no real difference between first and second order anomalies save for second order anomalies have surface effects which partially mask the anomaly.

<sup>6</sup> See ASX Announcement dated: 4 October 2023



The electromagnetic response from zones of known stringer sulphide such as at Tregurtha and POH can be seen in the data, however more processing is needed to isolate those true anomalies from other potential ground effects, enabling new but more subtle anomalies to be identified.

On-ground investigation of the anomalies reveal that many of them relate to areas of interest identified by the recent exploration review, which combined multiple data-sets with research conducted by the CSIRO in 2022 (Figure 3).

Further processing and refinement of the TargetEM AFMAG data will continue to enable more subtle anomalism to be drawn out of the data.

The Company has all of the regulatory approvals in place to commence drilling and has submitted additional approvals to explore outlying areas such as the Eastern Pyroxenite.

In addition to nickel-copper-PGE prospectivity, Estrella reported in November that the Company had discovered a significant field of stacked, fractionating pegmatites located in the eastern tenements of Carr Boyd<sup>7</sup>.

The identification of the pegmatite field followed a review of the project prompted by unsolicited approaches from third parties to evaluate the potential of Carr Boyd tenure to host hosting LCT-type pegmatites.

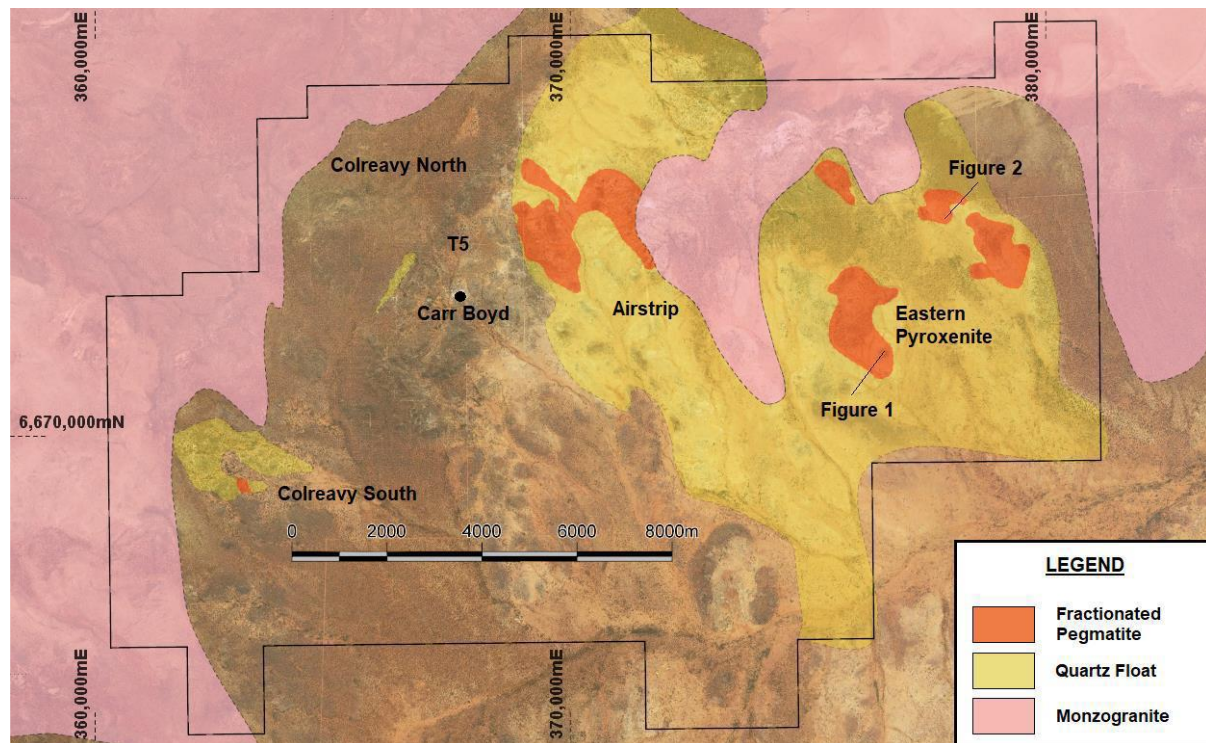
The pegmatites, which so far have been observed up to 16m in width (Figure 5), can be traced across the surface for a few hundred metres before being obscured by the alluvial sediments that cross the majority of the area. Locations of where the pegmatites can be seen outcropping on surface is shown in Figure 6.



**Figure 5 - Fractionated pegmatite from Carr Boyd East containing Albite (70%) + Quartz (25%) + Rb Muscovite (5%) and Zinnwaldite (trace %)<sup>8</sup>**

<sup>7</sup> See ASX Announcement dated: 10 November 2023

The Carr Boyd Rocks Monzogranite partially intrudes the northern section of the Carr Boyd layered mafic intrusion. Monzogranites are associated with other Western Australian lithium deposits and this precedence is an important factor in assessing the positive potential of Estrella's tenure to host LCT pegmatites.



**Figure 6: Location of outcropping fractionated and stacked pegmatite fields in relation to the Carr Boyd monzogranites, area of quartz sub-crop and float and site infrastructure.**

Associated with the monzogranite is a 14km long by 9km wide area of surficial quartz and pegmatite float material within alluvial and colluvial sediments. The northern section of the sedimentary plains consists of shallow cover through which numerous fractionated pegmatites can be seen outcropping.

The outcropping pegmatites can be traced for a few hundred metres before going beneath the cover again. Preliminary findings are that the fractionates are occurring in a late east-west fracture set developed off a main north-south corridor of more granitic material.

Estrella took a series of rock-chip samples and sent them to ALS Laboratories for sodium hydroxide fusion analysis. The assays have been returned and the company is analysing the results. Lithium was generally low from the surface rock samples with a peak assay of 169 ppm Li. Rubidium peaked at 0.7%, tantalum at 178 ppm and Caesium at 169 ppm. Further analysis of the trends clearly show fractionation away from the granites and follow-up work for areas under transported cover is being considered.

<sup>8</sup> It should be noted that this information simply shows fractionated pegmatites exist with potentially favourable geochemistry, however there is no information as to their prospectivity for LCT minerals at this stage and is not a proxy for laboratory assay.

**SPARGOVILLE NICKEL PROJECT, WA 100%**

The Spargoville project located approximately 20km from the nickel destination of Kambalda contains the high-grade 5A nickel deposit which represents a strategic opportunity to be fast-tracked into development, contingent on elevated nickel prices.

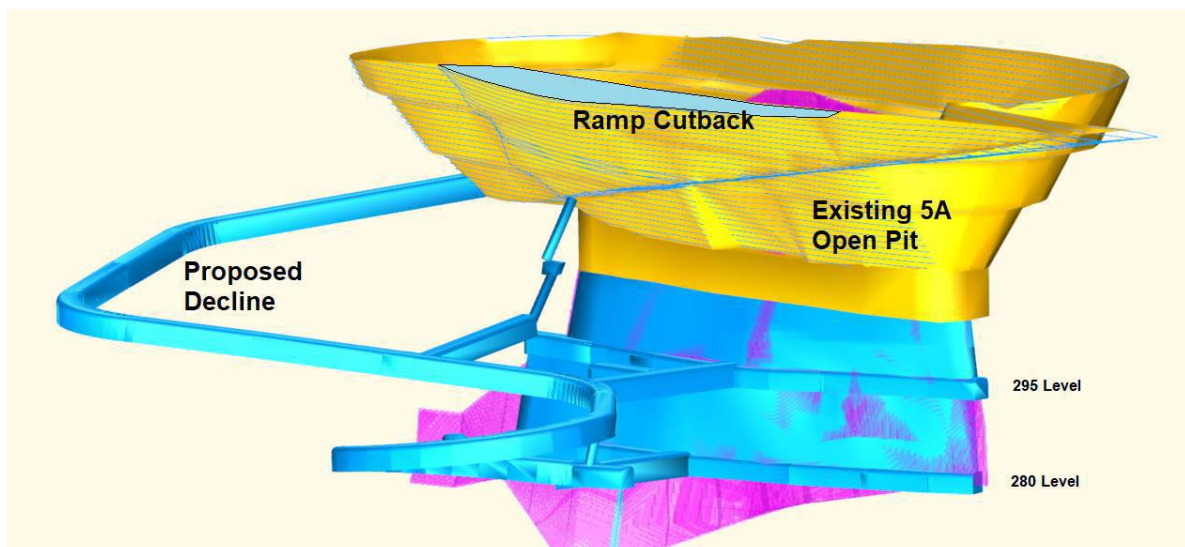
In October, the Company announced an Interim Prefeasibility Study for 5A which demonstrated the viability of an underground nickel mine<sup>9</sup>.

The report outlined the potential of a small-scale mining operation of a high-grade resource body. Key findings from the interim PFS included:

- Successful trial parcel to Glencore HPAL confirms maximum recovery processing pathway
- Simple decline and 2 level underground mine with long-hole stoping over 6-month time-frame
- Probable Reserve of 1043t Ni metal and 24t Co metal from 28kt of mined material<sup>10</sup>
- Ongoing discussions with respect to devising optimal operational scenarios
- Total estimated capital and operating cost AU\$11.0M, or US\$3.20/lb Ni for project life- costs estimates are within +/- 25% and study assumes a USD/AUD XR of 0.67
- Total project life of 10 months including crushing and haulage
- Underground decline and stope design undergoing final optimisation
- Short-list of preferred contractors selected
- Mining and Environmental approvals in progress assisted by MBS Environmental

Following the release of the interim PFS, Estrella notes there has been a significant deterioration in global nickel markets. In response, resources have been directed toward other projects both locally and offshore in Timor-Leste.

Estrella continues to possess the rights to develop Spargoville and the substantial planning activities completed ensures the project continues to represent a strategic option with a fast-tracked development schedule capable of rapidly capitalising on elevated commodity prices.



<sup>9</sup> See ASX Announcement dated: 16 October 2023

<sup>10</sup> See ASX Announcement dated: 16 October 2023

Figure 7: Modelled cutback, decline and stope design for the 5A Nickel Mine

**Compliance Statement**

*With reference to previously reported Exploration Results and Mineral Resources, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

**RESULTS**

The loss for the half year ended 31 December 2023 attributable to the Group was \$664,741 (2022: loss \$807,986).

**CORPORATE**

As at 31 December 2023 the Group had \$1,239,065 in cash and the Company had the following securities on issue:

- 1,759,071,869 fully paid ordinary shares;
- 6,000,000 Class A performance rights expiring on 5 December 2026;
- 12,000,000 Class B performance rights expiring on 5 December 2026;
- 18,000,000 Class C performance rights expiring on 5 December 2026;
- 25,750,000 unlisted options exercisable at \$0.06 on or before 21 January 2025;
- 20,000,000 unlisted options exercisable at \$0.06 on or before 13 April 2025;
- 25,000,000 unlisted options exercisable at \$0.03 on or before 1 December 2025;
- 325,300,000 listed options exercisable at \$0.018 on or before 13 December 2026.

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 February 2024 the Company lodged a Loyalty Options Prospectus for the pro-rata entitlement issue of 1 Loyalty Option for every 10 Shares held at an issue price of \$0.001 per Loyalty Option. The Options will be exercisable at \$0.018 and expire on 13 December 2026.

Other than as outlined above, there are no other events subsequent to the end of the period that would have had a material effect on the company's financial statements at 31 December 2023.



#### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration forms part of the directors' report for the half-year ended 31 December 2023.

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



Christopher Daws  
**Managing Director**  
8 March 2024



**RSM Australia Partners**

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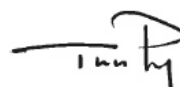
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Estrella Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 8 March 2024

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Interest Income	4,940	2,352
Unrealised movement in fair value of investments	68,312	-
Personnel costs and director fees	(254,816)	(195,675)
Legal fees	(33,882)	(13,070)
Exploration costs written off	(1,903)	(438)
Consulting fees	(123,270)	(174,156)
Share based payments	(22,467)	(170,978)
Depreciation	(85,067)	(139,448)
Finance costs	(83,690)	-
Other expenses	(132,898)	(116,573)
<b>LOSS BEFORE INCOME TAX</b>	(664,741)	(807,986)
Income tax expense	-	-
<b>LOSS FOR THE PERIOD</b>	(664,741)	(807,986)
<b>Other Comprehensive Loss</b>	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	(664,741)	(807,986)
Basic (loss) / earnings per share (cents)	(0.04)	(0.06)
Diluted (loss) / earnings per share (cents)	(0.04)	(0.06)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	31 December 2023 \$	30 June 2023 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,239,065	1,047,682
Trade and other receivables		184,129	53,031
Financial assets at fair value through profit or loss		102,768	34,456
<b>Total Current Assets</b>		<b>1,525,962</b>	<b>1,135,169</b>
<b>Non-Current Assets</b>			
Plant and equipment		364,600	439,335
Exploration and evaluation expenditure	2	21,435,787	21,753,100
<b>Total Non-Current Assets</b>		<b>21,800,387</b>	<b>22,192,435</b>
<b>Total Assets</b>		<b>23,326,349</b>	<b>23,327,604</b>
<b>Current Liabilities</b>			
Trade and other payables		270,726	151,432
Borrowings		-	1,044,311
Provisions		101,086	100,750
<b>Total Current Liabilities</b>		<b>371,812</b>	<b>1,296,493</b>
<b>Non-Current Liabilities</b>			
Provisions		42,251	-
		42,251	-
<b>Total Liabilities</b>		<b>414,063</b>	<b>1,296,493</b>
<b>Net Assets</b>		<b>22,912,286</b>	<b>22,031,111</b>
<b>Equity</b>			
Share capital	3	39,543,874	38,188,925
Reserves	3	961,762	1,827,785
Accumulated losses		(17,593,350)	(17,985,599)
<b>Total Equity</b>		<b>22,912,286</b>	<b>22,031,111</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Issued Capital	Accumulated Losses	Option Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	34,595,220	(16,433,386)	1,510,810	19,672,644
<b>Comprehensive loss</b>				
Profit for the period	-	(807,986)	-	(807,986)
<b>Total comprehensive loss for the period</b>	-	(807,986)	-	(807,986)
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued	4,110,315	-	-	4,110,315
Options issued	-	-	7,500	7,500
Share based payment	-	-	313,478	313,478
Share issue costs	(516,611)	-	-	(516,611)
<b>Total transactions with owners, in their capacity as owners</b>	3,593,704	-	320,978	3,914,682
<b>Balance at 31 December 2022</b>	38,188,924	(17,241,372)	1,831,788	22,779,340
<b>Balance at 1 July 2023</b>	38,188,925	(17,985,599)	1,827,785	22,031,111
<b>Comprehensive loss</b>				
Loss for the period	-	(664,741)	-	(664,741)
<b>Total comprehensive loss for the period</b>	-	(664,741)	-	(664,741)
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued	1,655,300	-	-	1,655,300
Share based payment	-	-	190,967	190,967
Options expired during the period	-	1,056,990	(1,056,990)	-
Share issue costs	(300,351)	-	-	(300,351)
<b>Total transactions with owners, in their capacity as owners</b>	1,354,949	1,056,990	(866,023)	1,545,916
<b>Balance at 31 December 2023</b>	39,543,874	(17,593,350)	961,762	22,912,286

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(522,132)	(745,547)
Interest received	4,940	2,352
Interest paid	(102,001)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(619,193)</b>	<b>(743,195)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure	(969,132)	(3,384,979)
Payments for plant and equipment	(10,331)	(9,038)
Proceeds from exploration research and development	1,327,265	-
<b>NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>	<b>347,802</b>	<b>(3,394,017)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	1,651,800	3,818,718
Proceeds from issue of options	-	7,500
Costs of issue of shares	(144,715)	(382,055)
Repayment of borrowings	(1,044,311)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>462,774</b>	<b>3,444,163</b>
Net increase / (decrease) in cash held	191,383	(693,049)
Cash at the beginning of the financial period	1,047,682	721,185
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<b>1,239,065</b>	<b>28,136</b>

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



## 1. MATERIAL ACCOUNTING POLICIES

### BASIS OF PREPARATION

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

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2023. This report must also be read in conjunction with any public announcements made by Estrella Resources Limited and its controlled entities during the half-year.

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

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

These half-year financial statements were authorised for issue on 8 March 2024.

### (A) GOING CONCERN

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$664,741 and had net cash outflows from operating activities of \$619,193 for the half year ended 31 December 2023. The consolidated entity has prepared budgets and forecasts for the following 12 months and has determined further capital will be required if the consolidated entity is to continue at the planned level of operations.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial 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 expect to raise additional capital to fund working capital requirements. The Company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required; and
2. The consolidated entity has the ability to defer or scale back certain parts of their activities so as to conserve cash.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**(B) USE OF ESTIMATES AND JUDGEMENTS**

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

**(C) ACCOUNTING POLICIES**

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

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

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

## 2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023 \$	30 June 2023 \$
<b>Exploration and evaluation assets</b>		
Balance at the beginning of period	21,753,100	19,628,059
Exploration costs capitalised	1,009,952	3,395,912
R&D tax refund	(1,327,265)	(1,033,601)
Reclassification to property, plant and equipment	-	(237,270)
Balance at the end of reporting period	<u>21,435,787</u>	<u>21,753,100</u>

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 consolidated entity conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

## 3. SHARE CAPITAL &amp; RESERVES

	31 December 2023 \$	30 June 2023 \$
Issued capital	(a) 39,543,874	38,188,924
Option reserve	(b) <u>961,762</u>	<u>1,827,785</u>

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

	Shares	\$
Opening balance on 1 July 2023	1,483,571,869	38,188,925
Placement at \$0.006 per share	275,300,000	1,651,800
Issue of shares to suppliers in lieu of fees owing	500,000	3,500
Share issue costs	-	(300,351)
Closing balance on 31 December 2023	<u>1,759,371,869</u>	<u>39,543,874</u>

## (b) Movement in option reserve

	31 December 2023 \$
Opening balance on 1 July 2023	1,827,785
Share based payment during the period	190,967
Options expired	(1,056,990)
Closing Balance on 31 December 2023	<u>961,762</u>

## (c) Outstanding Share Options

As at 31 December 2023 the company had the following share options outstanding:

Expiry Date and Price	Type	Number
OPTIONS EXP 13/12/26 @ \$0.018	Listed Option	325,300,000
OPTIONS EXP 21/01/25 @ \$0.06	Unlisted Option	25,750,000
OPTIONS EXP 13/04/25 @ \$0.06	Unlisted Option	20,000,000
OPTIONS EXP 1/12/25 @ \$0.03	Unlisted Option	25,000,000
		<u>396,050,000</u>

**(c) Outstanding Performance Rights**

As at 31 December 2023 the company had the following performance rights outstanding:

Type	Expiry Date	Number
Class A Performance Rights	5/12/2026	6,000,000
Class B Performance Rights	5/12/2026	12,000,000
Class C Performance Rights	5/12/2026	18,000,000
		<u>36,000,000</u>

**4. SHARE BASED PAYMENTS**

The share based payment expense for the period is for options issued during the period and vesting of options issued in previous reporting periods.

	31 December 2023	31 December 2022
	\$	\$
<b>Options</b>		
Options issued to directors, employees and consultants	18,573	170,978
Options issued to brokers (a)	168,500	142,500
<b>Performance Rights</b>		
Performance rights issued to directors (b)	3,894	-

**a) Options issued to Broker**

During the reporting period, 50,000,000 quoted options were issued to broker for services provided as part of the capital raising.

Grant Date/vesting condition	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Quoted options exercisable at \$0.018 expiring 13 December 2026	50,000,000	26/10/2023	0.00337	168,500

The fair value of the options issued during the period were calculated using the Hoadley's ESO2 valuation model with the following inputs:

	Performance rights granted
Expected volatility (%)	100%
Risk free interest rate (%)	3.94%
Early exercise multiple	2.5x
Weighted average expected life of options (years)	3
Expected dividends	-
Share price at grant date (\$)	\$0.008

**b) Performance rights issued to directors**

During the reporting period, 36,000,000 performance rights were issued to Directors as approved by shareholders at the AGM on 28 November 2023.

Grant Date/vesting condition	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Class A Performance Rights vesting on the Company achieving a market capitalisation of \$20,000,000	6,000,000	28/11/2023	0.0052	31,200
Class B Performance Rights vesting on the Company achieving a market capitalisation of \$50,000,000	12,000,000	28/11/2023	0.0038	45,600
Class C Performance Rights vesting on the Company achieving a market capitalisation of \$100,000,000	18,000,000	28/11/2023	0.0027	48,600

The fair value of the Performance Rights issued during the period were calculated using the Hoadley's Hybrid valuation model (a monte carlo simulation model) with the following inputs:

	Performance rights granted
Expected volatility (%)	100%
Risk free interest rate (%)	4.16%
Weighted average expected life of options (years)	3
Vesting period (years)	3
Expected dividends	-
Share price at grant date (\$)	\$0.006



## 5. SEGMENT INFORMATION

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

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

## 6. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there were no significant changes in contingent assets or liabilities during the period ended 31 December 2023.

## 7. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2023.

## 8. RELATED PARTY TRANSACTIONS

During the period and following shareholder approval at the Company's Annual General Meeting, the Directors were issued with the following performance rights (refer to Note 4):

Grant Date/vesting condition	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Class A Performance Rights vesting on the Company achieving a market capitalisation of \$20,000,000	6,000,000	28/11/2023	0.0052	31,200
Class B Performance Rights vesting on the Company achieving a market capitalisation of \$50,000,000	12,000,000	28/11/2023	0.0038	45,600
Class C Performance Rights vesting on the Company achieving a market capitalisation of \$100,000,000	18,000,000	28/11/2023	0.0027	48,600

## 9. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February 2024 the Company lodged a Loyalty Options Prospectus for the pro-rata entitlement issue of 1 Loyalty Option for every 10 Shares held at an issue price of \$0.001 per Loyalty Option. The Options will be exercisable at \$0.018 and expire on 13 December 2026.

Other than as outlined above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## 10. INTEREST IN CONTROLLED ENTITIES

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

Controlled entities	Country of incorporation	Percentage owned	Percentage owned
		31 December 2023	30 June 2023
WA Nickel Pty Ltd	Australia	100%	100%
Carr Boyd Nickel Pty Ltd	Australia	100%	100%
Estrella Resources (Chile) SpA	Chile	100%	100%

## 11. DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2023. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2023.

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

- (a) The attached financial statements and notes:
- (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of the consolidated entity's performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Christopher Daws  
Managing Director  
8 March 2024

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

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

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Estrella Resources Limited (the Company) which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$664,741 and had net cash outflows from operating activities of \$619,193 for the half-year ended 31 December 2023. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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

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

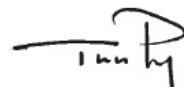
### *Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Perth, WA  
Dated: 8 March 2024

RSM  
RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG  
Partner



#### **DIRECTORS**

Christopher Daws (Managing Director)  
Leslie Pereira (Non-Executive Chairman)  
John Kingswood (Non-Executive Director)

#### **COMPANY SECRETARIES**

Stephen Brockhurst  
Benjamin Smith

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#### **AUDITORS**

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#### **BANKERS**

ANZ Bank

#### **WEBSITE**

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