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Estrella Resources Limited and its controlled entity

ABN 39 151 155 207

Interim Financial Report

For the half year ended 31 December 2017

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Contents	Page
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Directors' Report	3
Auditor's Independence Declaration	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	20
Independent Auditor's Review Report	21
Corporate Directory	23

DIRECTORS' REPORT

The Directors present their report together with the financial report of Estrella Resources Limited ("the Company") and its wholly owned subsidiary Mt Edwards Lithium Pty Ltd (together referred hereafter as "the Group") for the half-year ended 31 December 2017 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:

John Kingswood	- Non-executive Director
Raymond Shorrocks	- Non-executive Director
Stephen Brockhurst	- Non-executive Director

REVIEW OF OPERATIONS**Project Acquisitions**

On 15 October 2017, the Company entered into binding Heads of Agreement to acquire Carr Boyd Nickel Project ("CBNP") from Apollo Phoenix Resources ("Apollo"). The consideration for the acquisition involves the issue of 42.6 million fully paid ordinary shares in the Company at a deemed issue price of \$0.035 each, 17m unlisted options with an exercise price of \$0.05 expiring 3 years from the date of issue and an upfront payment of \$160,000 (plus GST) for the reimbursement of exploration expenditure costs incurred by Apollo. The CBNP is comprised of the Carr Boyd Layered Complex ("CBLC" or "the Complex").

The acquisition is subject to various conditions precedent, the material ones being;

- approval of the acquisition by ESR shareholders;
- the CBN shares (currently held by Apollo) are distributed in specie to the Apollo shareholders pro-rata to their Apollo shareholding;
- the CBNP tenements are transferred to CBN; [completed] and
- there is no breach of warranty.

The Company continued to finalise the acquisition of WA Nickel Pty Ltd ("WAN") over the December quarter with the transaction completed post half year end. Under the terms of the acquisition, WAN was acquired by ESR. WAN holds 100% interest in nickel rights at the Spargoville Project, 100% of the gold and nickel rights at the Munda Project (M15/87), and 25% lithium rights at the Munda Project. The transaction gives ESR 100% ownership of all metals on M15/87.

CARR BOYD NICKEL PROJECT

The focus of fieldwork during the half year was at the CBNP (Figure 1). Three diamond holes were completed in the Sir William Wallace and Tregurtha South areas and preparations were made to extend a moving loop High Power Electromagnetic (HPEM) survey further to the north over the prospective basal contact position of the CBLC.

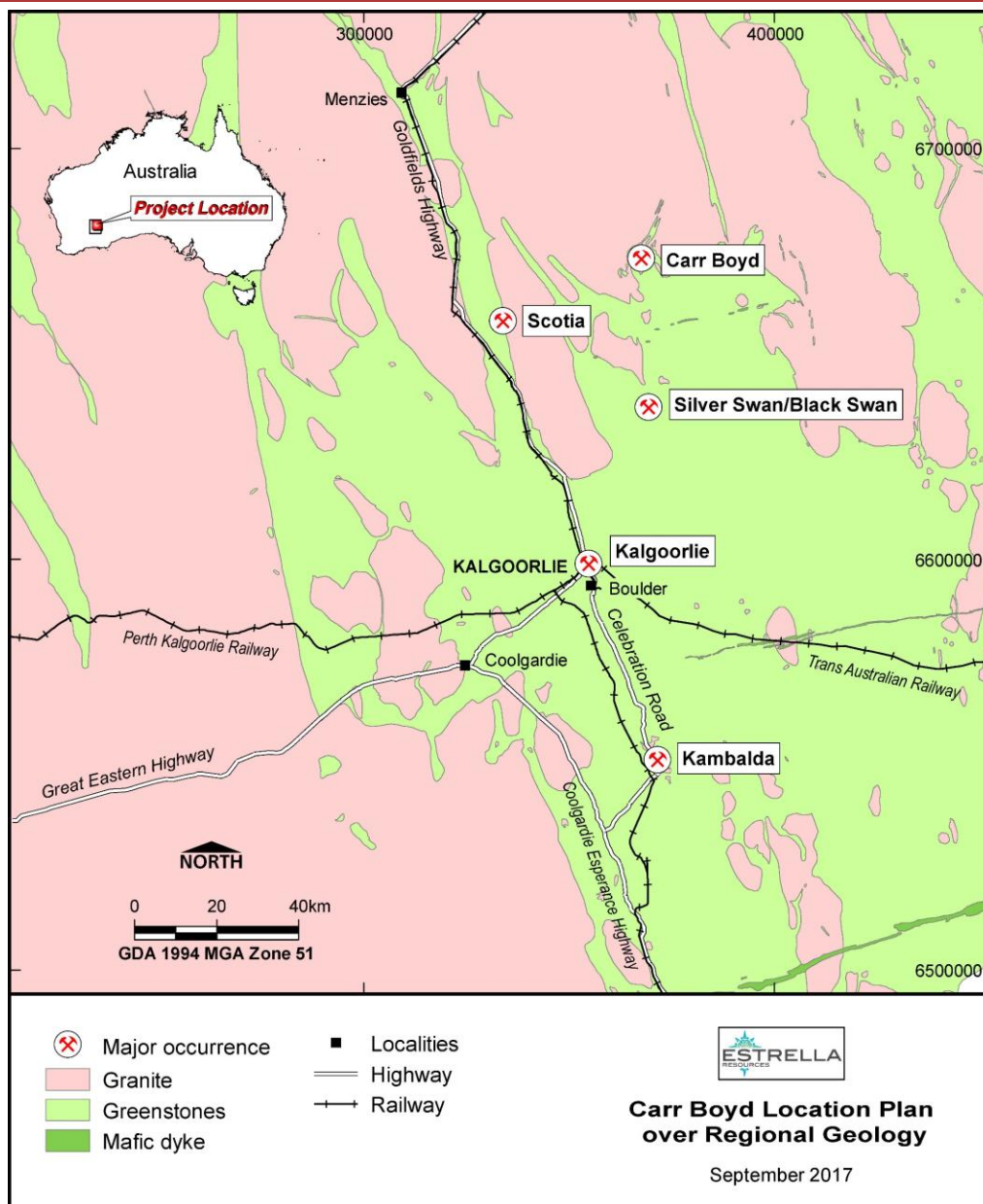


Figure 1. Location of Carr Boyd in relation to commercial centres and other major nickel projects

SIR WILLIAM WALLACE HPMLTEM TARGET

Sir William Wallace was targeted by drillhole NCB0001. The hole intersected the basal contact of the CBLC. Several zones of nickel and copper sulphides were also intersected which has provided further vindication of the target model being pursued at Sir William Wallace. Even though the EM conductor source was attributed to a sulphide black shale horizon located outside of the intrusion further downhole.

NCB0002 was drilled to a final depth of 146.6m (Figure 2). It was designed to test the basal contact position 40m up dip of the NCB0001 pierce point and to determine the basal contact orientation. This would assist with the positioning of the co-funded deep platform hole (NBC0003), which targeted a gravity-magnetic feature within the CLBC, NCB0002 intersected the basal contact zone at approximately 107m downhole, confirming the position and orientation of the basal contact, which was intersected within a few metres of the projected position based on structural interpretations of NCB0001.

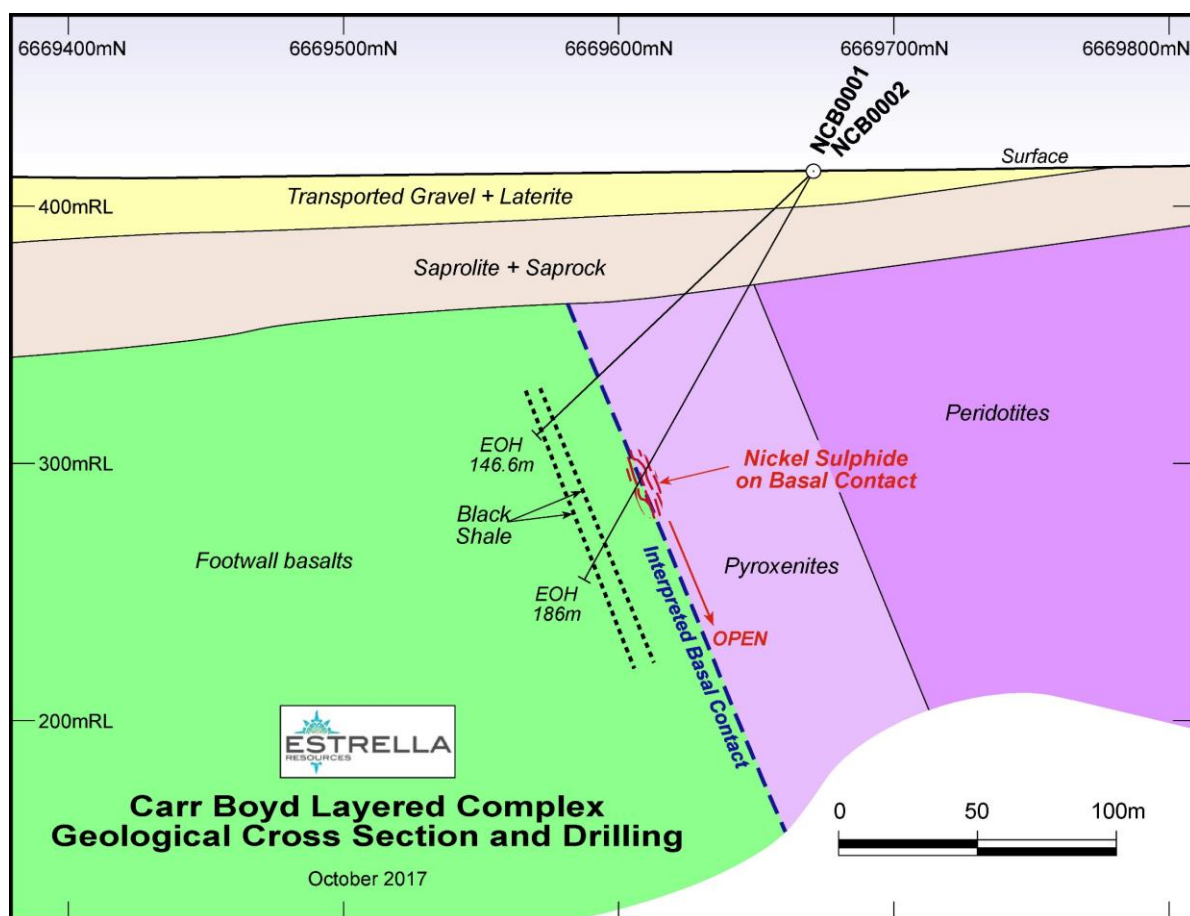


Figure 2. Cross section of NCB0001 and NCB0002, showing the current simplified geological interpretation and a stylised depiction of the nickel-copper sulphides in the basal contact zone

SOUTH TREGURTHA COFUNDED TARGET

A coincident gravity and aeromagnetic anomaly target was selected for drill testing by a single deep drillhole (NCB0003) at South Tregurtha with support from a co-funding grant of \$120,000. The hole was drilled to a depth of 827.4m (Figure 3), before being stopped in late December 2017 to allow enough time to complete the co-funding interim report before the December 31 deadline.

The hole was surveyed by HPDHTM (Figure 4), gyroscope, magnetic susceptibility and gamma density to ensure the maximum amount of data was generated. This aimed to de-risk potential follow-up drilling by providing “hard targets” based on physical properties. The Company is currently interrogating these new datasets.

DIRECTORS' REPORT

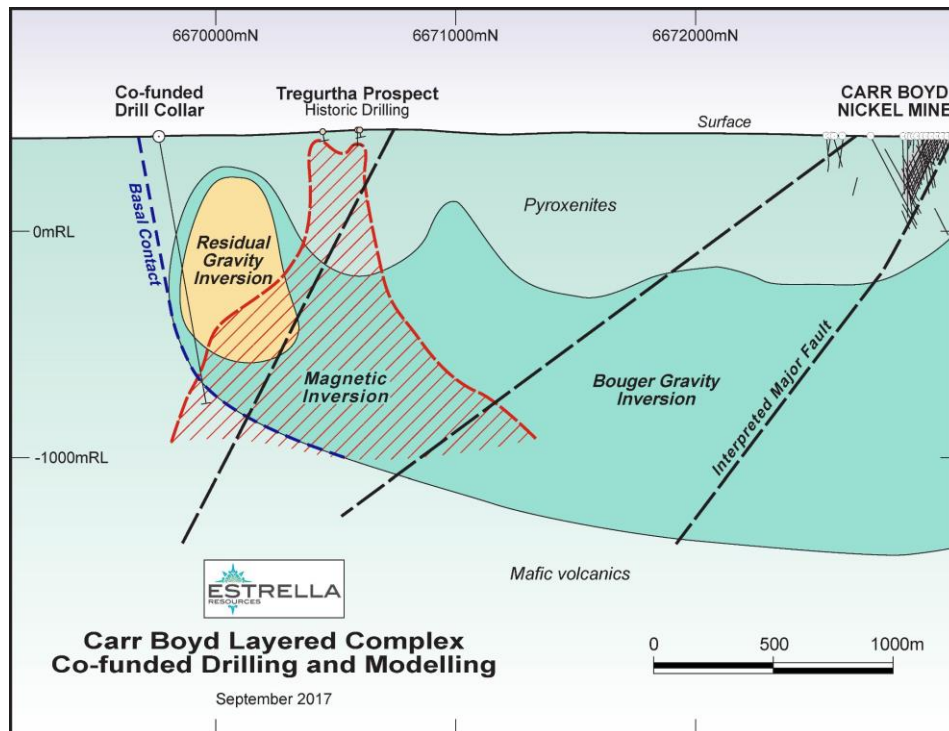


Figure 3. Cross section showing 3D inversion models, structural interpretations, interpreted basal contact position, and the location of the proposed co-funded drillhole

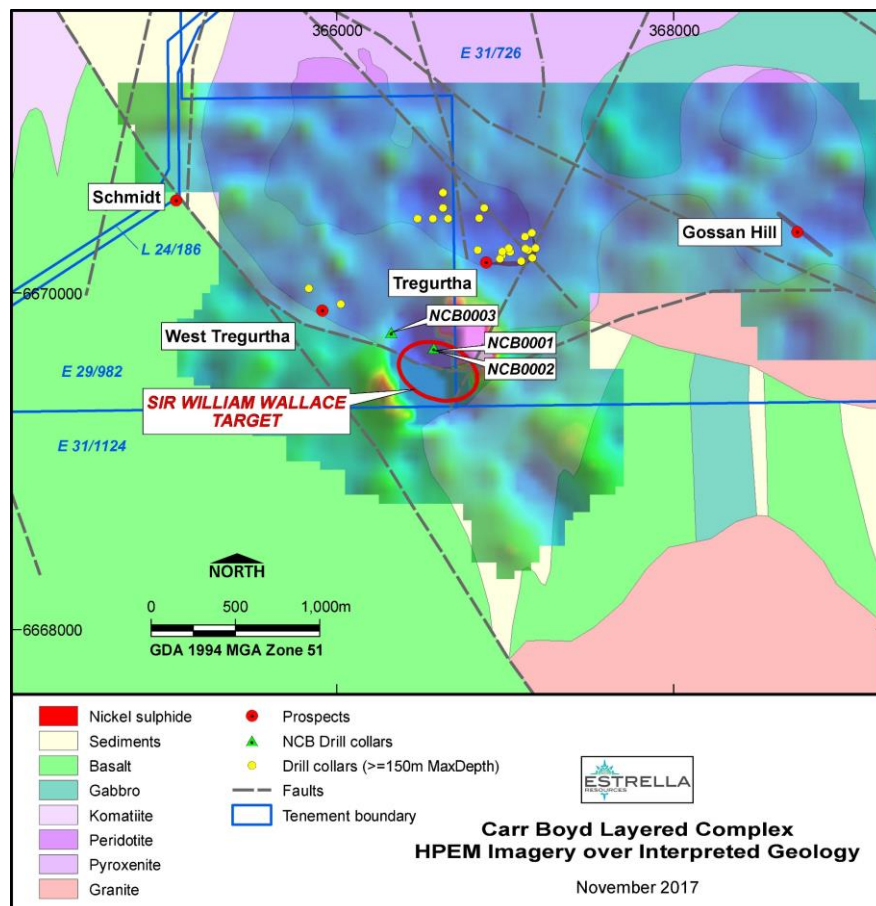


Figure 4. Map of the Phase I HPEM area, showing the location of the new drillholes and historic holes greater than 150m depth

EM SURVEYING

The current moving loop HPEM* (Phase I) survey extends approximately 1.5km north, 1.7km west and 3.3km east of Sir William Wallace (Figure 5). The basal ultramafic sequence is interpreted to extend northward along the western contact of the CBLC to at least 1.4km north of the Carr Boyd Rocks mine, but more likely to 3.6km north of the mine.

A Phase II moving loop HPEM survey is proposed to extend the coverage 3.3km further north from the current Phase I survey, screening the interpreted basal contact position and immediate footwall sequence to 1.4km north of the Carr Boyd Rocks Mine. There are several historic high priority exploration targets and prospects in this area based on surface geochemistry, downhole geochemistry, aeromagnetics, ground gravity and interpreted geology datasets. HPEM will determine if significant conductors indicative of the presence of well-developed sulphides are associated with any of the exploration targets.

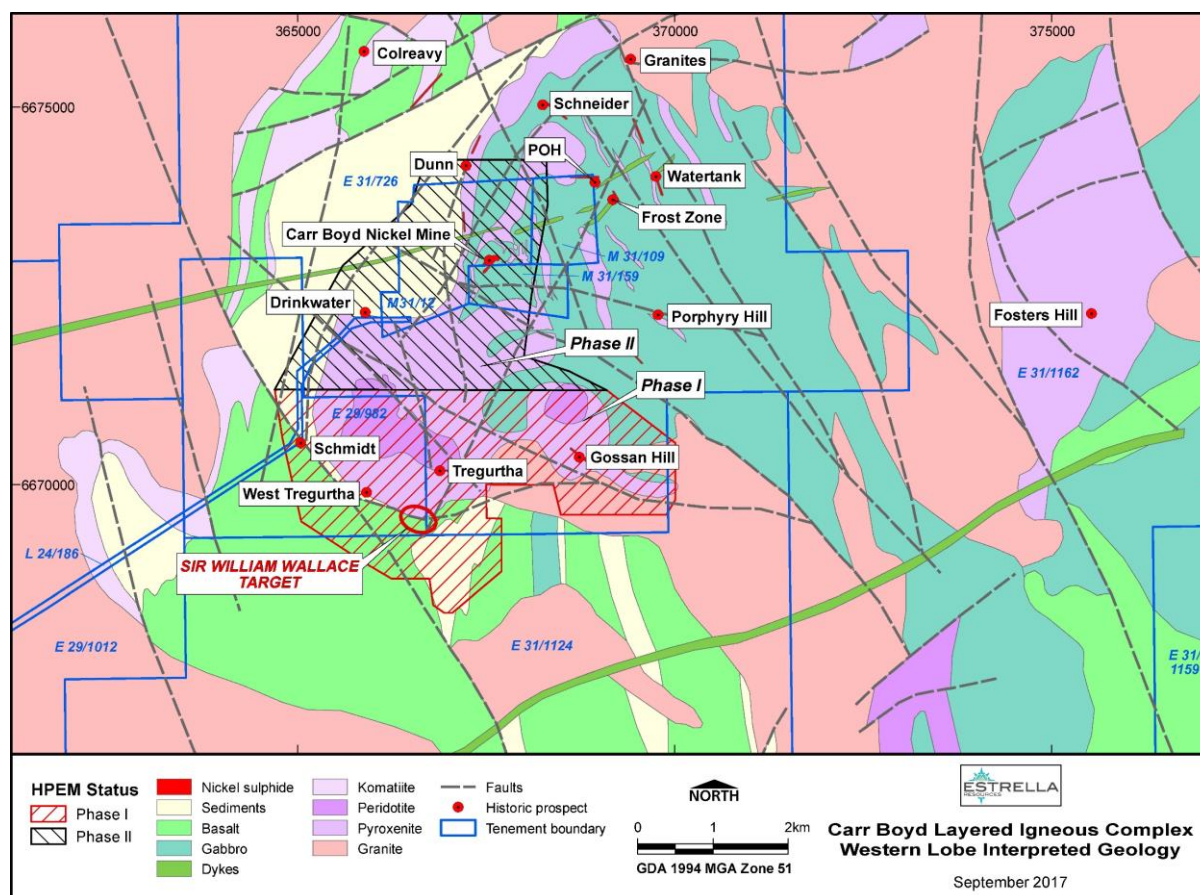


Figure 5. Geological map of the CBLC showing current Phase I HPEM coverage and the proposed Phase II survey

WIDGIEMOOLTHA ENERGY METALS PROJECT

The Company finalised the WA Nickel Pty Ltd (WAN) acquisition after the reporting period, with shareholder approval obtained at the Company's AGM in November 2017 and all relevant due payments settled post half year end. This gave ESR 100% interest in nickel rights at the Spargoville Project and 100% ownership of all metals on M15/87 (Munda).

DIRECTORS' REPORT

The new projects were added to the Mount Edwards Lithium Project (MELP), with the consolidated project now referred to as the Widgiemooltha Energy Metals Project (WEMP). The WEMP hosts several high priority nickel, gold and lithium targets, which the Company intends to further develop during the financial year. This includes gold and nickel opportunities at Munda, nickel opportunities at Spargoville, and lithium opportunities at Atomic Three and Inco Boundary.

MUNDA GOLD

The Munda project hosts a JORC Code 2012 reported Inferred gold Mineral Resource estimate of 511,000t at 2.82g/t Au (Table 1). Within this Mineral Resource several very high-grade zones occur, which are interpreted to be formed where sub vertical NNW trending structures intersect a sheared basal contact between an ultramafic hangingwall and metabasaltic footwall. This is interpreted to result in very high-grade plunging shoots within a lower grade envelope of gold mineralisation.

These high-grade shoots will be targeted by drilling and if the interpretation is confirmed, they will be evaluated beginning with a Scoping Study to determine if they can be economically extracted. A POW was submitted and approved for the drilling of two holes, targeting the high-grade gold zone intersected by MND1406. The Company intends to drill these holes as soon as possible.

Resources			Metal Grade	Contained Metal
Category	Cut off (Au g/t)	Tonnage (Kt)	Gold (g/t)	Gold (oz)
Inferred	1	511	2.82	46,337
Total	1	511	2.82	46,337

Table 1. Munda Gold Mineral Resource Estimate¹

MUNDA NICKEL

Closely associated with, but separated from the gold mineralisation at Munda, is a significant deposit of nickel sulphide. A JORC Code 2012 reported Inferred Mineral resource of 240,000t at 2.36% Ni has been estimated for the deposit (Table 2).

The nickel mineralisation is interpreted to be a "Kambalda Style" nickel sulphide occurrence, located at the basal contact between a high MgO komatiitic ultramafic unit and a footwall basalt. Mineralisation is concentrated in thermal and structural embayments in the basal contact and in "footwall carrots" in the basalt.

Resources			Metal Grade	Contained Metal
Category	Cut off (Ni%)	Tonnage (Kt)	Nickel (%)	Nickel (t)
Inferred	1	240	2.36	5676
Total	1	240	2.36	5676

Table 2. Munda Gold Mineral Resource Estimate¹

¹ Refer to Estrella Resources ASX announcement from 4 September 2017

DIRECTORS' REPORT

Significant potential exists for further nickel sulphide mineralisation down plunge of the Munda Mineral Resource. Several DHTEM conductors were identified down plunge to the nickel mineralisation by Titan Resources during exploration programs conducted up to 2007, but these are yet to be followed up by drilling. The project was abandoned at the time due to a fall in the nickel price.

There are also two greenfields EM conductor targets, M15/87-C1 and M1587-C4, located north west of Munda within M15/87. These conductors were identified by Consolidated Minerals during MLTEM surveys completed in 2010. During the half year, a follow-up soil sampling program was completed over this area.

SPARGOVILLE NICKEL

The Spargoville area hosts several nickel mines which have been exploited to varying degrees in the past, including 1A (nickel), 5A (nickel), 5B (nickel and gold), and 5D (nickel). With WAN transaction being finalised post reporting period, the Company can take possession of the historic drill cores and digital databases for Spargoville and progress 1A, 5A, 5B, and 5D to JORC 2012 reporting standard.

These existing mineralised occurrences are located on a significant landholding of exploration tenure, providing potential exploration upside to ESR, particularly given the recent advances in electrical geophysical technology and power levels since previous operators were active on the projects.

ESR has already identified four electromagnetic conductors in the historic data. One of which, M15/96-C1, straddles the boundary between ESRs existing tenement M15/96 and the newly acquired tenement M15/395. The conductor is located between 5A and 5D and appears to be located on the same basal contact. It has a conductance of 6000 siemens and has good support from aeromagnetic data. This target will be assessed against geological and geochemical datasets before a decision to drill.

LITHIUM PROGRAMS

A soil sampling program was completed over the Atomic Three prospect area during the 2017 financial year, which included Bravo Charlie. 458 samples were collected on a 200m by 50m grid pattern. The aim of the soil sampling program was to determine if soil sampling could be an effective technique for identifying blind lithium bearing pegmatites with no visible surface expression, and if so, determine if there are any such pegmatites in the Atomic Three area. At this stage it is unclear if soil sampling is an effective technique for identifying blind pegmatites².

Competent Person Statement

The information in this announcement relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Luke Marshall, who is a consultant to Apollo Phoenix Resources and Mt Edwards Lithium, and a member of The Australasian Institute of Geoscientists. Mr Marshall has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Marshall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

² Refer to Estrella Resources ASX announcement from 9 August 2017

DIRECTORS' REPORT

RESULTS

The loss for the half year ended 31 December 2017 attributable to equity holders of the parent was \$767,686 (2016: \$495,947).

CORPORATE

At the end of the period the Group had \$1,121,265 in cash and the Company had the following securities on issue:

- 395,283,292 fully paid ordinary shares;
- 5,000,000 options exercisable at \$0.044 on 31 May 2018;
- 118,752 options exercisable at \$0.80 on 3 October 2018;
- 750,000 options exercisable at \$1.40 on 21 November 2018;
- 1,375,000 options exercisable at \$0.40 on 13 November 2019; and
- 8,250,000 options exercisable at \$0.024 on 31 March 2020.

EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2018, the Company issued 34 million shares at a price of \$0.025 per shares (total value \$850,000) to the Vendors to finalise the acquisition of WA Nickel Pty Ltd.

On 15 March 2018, the Company entered into a conditional binding agreement for the sale of Company's wholly owned subsidiary, Mt Edwards Lithium Pty Ltd.

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 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors



John Kingswood

Director

15 March 2018

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

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 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 2800
F: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

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

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

GRAHAM WEBB
Partner

Date: 15 March 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
Interest Income	3,715	10,527
Personnel costs	(17,415)	-
Legal Fees	(13,217)	(52,679)
Exploration costs written off	(1,597)	(22,619)
Directors fees	(59,998)	(46,000)
Consulting fees	(73,548)	(306,667)
Depreciation	(27,209)	-
Acquisition costs	(489,611)	-
Other expenses	(88,806)	(78,509)
LOSS BEFORE INCOME TAX	(767,686)	(495,947)
Income tax benefit	-	-
LOSS FOR THE PERIOD	(767,686)	(495,947)
Other Comprehensive Loss		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(767,686)	(495,947)
Basic and diluted loss per share	(0.21) cents	(0.26) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		1,121,265	910,767
Trade and other receivables		62,517	37,824
Total Current Assets		1,183,782	948,591
Non-Current Assets			
Plant & equipment		29,488	826
Exploration expenditure and lithium rights	2	3,267,759	2,846,352
Total Non-Current Assets		3,297,247	2,847,178
Total Assets		4,481,029	3,795,769
Current Liabilities			
Trade and other payables		317,273	143,091
Total Current Liabilities		317,273	143,091
Non-Current Liabilities			
Provisions		14,731	12,329
Total Non-Current Liabilities		14,731	12,329
Total Liabilities		332,004	155,420
Net Assets		4,149,025	3,640,349
Equity			
Share capital	3	15,318,581	14,042,219
Reserves	3	606,419	606,419
Accumulated losses		(11,775,975)	(11,008,289)
Total Equity		4,149,025	3,640,349

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	14,042,219	(11,008,289)	606,419	-	3,640,349
Comprehensive loss					
Loss for the period	-	(767,686)	-	-	(767,686)
Total comprehensive loss for the period	-	(767,686)	-	-	(767,686)
Transactions with owners, in their capacity as owners					
Shares issued	1,360,000	-	-	-	1,360,000
Share issue costs (see note 3)	(83,638)	-	-	-	(83,638)
Options exercised and expired	-	-	-	-	-
Total transactions with owners, in their capacity as owners	1,276,362	-	-	-	1,276,362
Balance at 31 December 2017	<u>15,318,581</u>	<u>(11,775,975)</u>	<u>606,419</u>	<u>-</u>	<u>4,149,025</u>
Balance at 1 July 2016	10,587,734	(11,080,934)	1,412,429	-	919,229
Comprehensive loss					
Loss for the period	-	(495,947)	-	-	(495,947)
Total comprehensive loss for the period	-	(495,947)	-	-	(495,947)
Transactions with owners, in their capacity as owners					
Shares issued	3,146,667	-	-	-	3,146,667
Share issue costs	(37,515)	-	-	-	(37,515)
Options exercised and expired	-	187,485	(187,485)	-	-
Total transactions with owners, in their capacity as owners	3,109,152	187,485	(187,485)	-	3,109,152
Balance at 31 December 2016	<u>13,696,886</u>	<u>(11,389,396)</u>	<u>1,224,944</u>	<u>-</u>	<u>3,532,434</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(102,690)	(233,431)
Interest received	3,715	10,527
NET CASH USED IN OPERATING ACTIVITIES	<u>(98,975)</u>	<u>(222,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(245,407)	(22,619)
Payments for pre-acquisition exploration costs	(665,611)	-
Payment for plant and equipment	(55,871)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(966,889)</u>	<u>(22,619)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,360,000	760,000
Proceeds from issue of options	-	-
Costs of issue of shares	(83,638)	(37,515)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,276,362</u>	<u>722,485</u>
Net increase in cash held	210,498	478,672
Cash at the beginning of the financial period	910,767	1,001,874
Cash acquired on acquisition of subsidiary	-	1,710
CASH AT THE END OF THE FINANCIAL PERIOD	<u><u>1,121,265</u></u>	<u><u>1,480,546</u></u>

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2017. This report must also be read in conjunction with any public announcements made by Estrella Resources Limited and its controlled entities during the half-year.

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

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

These interim financial statements were authorised for issue on 15 March 2018.

(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 \$767,686 (2016: \$495,947) and had net cash outflows from operating activities of \$98,975 (2016: \$222,904) for the half year ended 31 December 2017. The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined further capital may be required if the company is to continue at the planned level of operations.

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

1. The Company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required;
2. The consolidated entity has cash at bank at balance date of \$1,121,265, net working capital of \$866,509 and net assets of \$4,149,025;
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 acquisition of the WA Nickel lithium rights and Carr Boyd Nickel Projects in the 2018 calendar year will make the Company more attractive to investors, but will also require exploration funds in the year ahead; and
5. The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) USE OF ESTIMATES AND JUDGEMENTS

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

(C) ACCOUNTING POLICIES

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

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

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

2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017 \$	30 June 2017 \$
Exploration and evaluation assets		
Balance at the beginning of year	2,846,352	-
Acquisition of Mt Edwards Lithium ¹	-	2,120,000
Lithium Rights	-	58,500
Exploration costs capitalised	245,407	667,852
Carr Boyd Project pre-acquisition exploration costs ²	176,000	
Balance at the end of reporting period	<u>3,267,759</u>	<u>2,846,352</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 Company conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

1. On 28 December 2016, the shareholders approved the acquisition of Mt Edwards Lithium Pty Ltd.

2. On 15 October 2017, the Company entered into binding HoA to acquire the Carr Boyd Nickel Project (refer to Review of Operations for details). One of the consideration conditions was the upfront payment of \$160,000 (plus GST) for the reimbursement of exploration expenditure costs incurred by the seller.

3. SHARE CAPITAL & RESERVES

	31 December 2017	30 June 2017
	\$	\$
Issued capital	(a) 15,318,581	14,042,219
Options reserve	(b) 606,419	606,419

(a) Reconciliation of movement during the period:

	Shares	\$
Opening balance	361,283,292	14,042,219
Share placement 24 October 2017	34,000,000	1,360,000
Costs of share issue	-	(83,638)
	395,283,292	15,318,581

(b) Movement in option reserve

	31 December 2017
	\$
Opening balance	606,419
Options exercised	-
Options expired	-
Closing Balance	606,419

(c) Outstanding Share Options

As at 31 December 2017 the company had the following share options outstanding:

Expiry Date and Price	Unlisted	Number
OPTIONS EXP 31/05/18 @ \$0.044	Option	5,000,000
OPTIONS EXP 3/10/18 @ \$0.80	Option	118,752
OPTIONS EXP 21/11/18 @ \$1.40	Option	750,000
OPTIONS EXP 13/11/19 @ \$0.40	Option	1,375,000
OPTIONS EXP 31/03/20 @ \$0.024	Option	8,250,000
		15,493,752

4. 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.

5. CONTINGENT ASSETS AND LIABILITIES

On 15 October 2017, the Company entered into the binding agreement to acquire Carry Boyd Nickel Project from Apollo Phoenix Resources. The consideration for the acquisition involves the issue of 42.6 million fully paid ordinary shares in the Company at a deemed issue price of \$0.035 each, 17m unlisted options with an exercise price of \$0.05 expiring 3 years from the date of issue and an upfront payment of \$160,000 (plus GST) for the reimbursement of exploration expenditure costs incurred by Apollo. The acquisition is pending shareholder approval.

In the opinion of the directors, there were no other contingent assets or liabilities as at 31 December 2017.

6. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2018, the Company issued 34 million shares at a price of \$0.025 per shares (total value \$850,000) to the Vendors to finalise the acquisition of WA Nickel Pty Ltd.

On 15 March 2018, the Company entered into a conditional binding agreement for the sale of Company's wholly owned subsidiary, Mt Edwards Lithium Pty Ltd.

Other than as outlined above there are events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2017.

7. INTEREST IN CONTROLLED ENTITIES

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

Controlled entities	Country of incorporation	Percentage owned	Percentage owned
		31 December 2017	30 June 2017
Mt Edwards Lithium Pty Ltd	Australia	100%	100%

In the opinion of the Directors of Estrella Resources Limited:

- (a) the financial statements and notes, set out on pages 12 to 19:
- (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001; and
 - (ii) give a true and fair view of the Consolidated entity's financial position as at 31 December 2017 and of the Consolidated entity's performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



John Kingswood
Director
15 March 2018

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

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

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

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Estrella Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Estrella Resources Limited's financial position as at 31 December 2017 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. As the auditor of Estrella Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Accounting Firms

 **PrimeGlobal**

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

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ESTRELLA RESOURCES LIMITED**

Conclusion

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

- (i) giving a true and fair view of Estrella Resources Limited's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Half-year Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report which indicates that the consolidated entity incurred a net loss of \$767,686 and incurred net operating cash outflows of \$98,975 during the half-year ended 31 December 2017. As stated in Note 1(a) these conditions, along with other matters as set forth in Note 1(a) indicate that a material uncertainty exists that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

H M Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

G Webb

GRAHAM WEBB

Partner

Dated: 15 March 2018

DIRECTORS

John Kingswood (Non-Executive Director)
Raymond Shorrocks (Non-Executive Director)
Stephen Brockhurst (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Christopher Daws

COMPANY SECRETARY

Stephen Brockhurst

REGISTERED OFFICE

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AUDITORS

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BANKERS

ANZ Bank

WEBSITE

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