



For personal use only



HALF YEAR FINANCIAL REPORT

31 DECEMBER 2014

ABN: 39 151 155 207

Half Year Financial Report 31 December 2014**CONTENTS**

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	16
INDEPENDENT AUDITOR'S REVIEW REPORT	17
CORPORATE DIRECTORY	19

For personal use only

DIRECTORS' REPORT

For half-year ended 31 December 2014

Your Directors present their report on the consolidated entity (**Group**) consisting of Estrella Resources Limited (**Company** or **Estrella**) and the entity, Estrella Resources Chile SpA (**Estrella Chile**), which the Group controlled at all times during and since the end of the half-year period to 31 December 2014.

Directors

The following persons were Directors of Estrella Resources Limited at all times during and since the end of the reporting period and up to the date of this report:

Rob Thomson	Independent Non-Executive Chairman
Dr Jason Berton	Managing Director
Julian Bavin	Non-Executive Director

Principal activities

The Company was incorporated on 27 May 2011.

The principal activities of the Group during the reporting period were copper and gold exploration in Chile and its longer term strategy to develop these assets into producing mines.

No significant change in the nature of these activities occurred during the reporting period.

Operating results

The Group incurred a loss after tax for the reporting period of \$601,580 (2013: \$684,922)

Review of operations

During the reporting period, the Company has, through its wholly owned subsidiary, Estrella Resources Chile SpA ("Estrella Chile"), maintained and undertaken active, ongoing exploration for copper and gold at its projects in Chile.

Exploration at the Antucoya West and Colupo projects early in the reporting period delivered promising exploration results and both project areas have considerable potential to host economic copper and/or gold mineralisation. This work underpinned two significant developments at Antucoya West and Colupo:

DIRECTORS' REPORT

For the half-year ended 31 December 2014

Review of operations (continued)

- In October 2014, the Company entered into a Memorandum of Understanding (MoU) with SQM de Chile S.A. (SQM) that had the effect of terminating certain 'claw back rights' to 49% of the Antucoya West Project held by SQM. This MoU was approved by Estrella shareholders on 13 November 2014 and the binding option agreement replacing the MoU was executed by Estrella and SQM after the end of the reporting period (20 January 2015). Removal of the 'claw back rights' is expected to provide greater flexibility to Estrella in attracting third party funding to exploration at Antucoya West.
- On 26 November 2014, Estrella released a maiden, JORC Exploration Target for the Colupo Project.

In December, Estrella undertook a modest capital raising by way of placement of shares and options to existing shareholders, to raise \$203,000. The capital raising was announced to the ASX on 15 December 2014 and completed on 30 December 2014. The capital raising was undertaken at a share issue price of \$0.035 per share. In addition, two \$0.05 exercise price, 31 December 2015 expiry options were issued (for no further consideration) for each three shares subscribed under the issue.

Heath Roberts replaced Justin Clyne as Company Secretary in October 2014.

Since the end of the reporting period:

- The Antucoya West Option Agreement (replacing the Antucoya West MoU referred to immediately above) was executed on 20 January 2015. As a condition of that agreement, SQM was issued 5,305,658 Estrella shares.
- On 17 February 2015 a shareholder meeting was called, for the primary purpose of ratifying previous share issues and, secondly, to authorise the payment of Non-Executive Directors fees in Estrella shares, rather than cash. The shareholder meeting is scheduled for 20 March 2015.

Other

There were no projects or tenements acquired or disposed of during the half-year or any change to the beneficial or other interest held in each, other than the MoU with SQM referred to immediately above.

Dividends

No dividends were paid or declared during the period by the Group and no recommendation is made as to dividends.

DIRECTORS' REPORT

For half-year ended 31 December 2014

Events subsequent to reporting date

All events subsequent to the 31 December 2014 have been outlined in the review of operations and no other matters or circumstances since the end of the half-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 Group in subsequent financial years.

Likely future developments

Likely developments in the operations of the Group and the expected results of those operations in future financial periods will be reliant upon the activities of the Group, securing positive exploration results, and raising working capital for operations.

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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 6 of this financial report and forms part of this Directors' report.

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



Robert Thomson

Independent Non-executive Chairman

Dated this 13 day of March 2015



Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To The Directors of Estrella Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Estrella Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G S Layland
Director - Audit & Assurance

Sydney, 13 March 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenue from continuing operations	4	5,091	30,344
Expenses from continuing operations	5	(606,671)	(715,266)
Loss before income tax		(601,580)	(684,922)
Income tax expense		-	-
Loss for the period		(601,580)	(684,922)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		283,097	(21,393)
Total comprehensive loss for the period attributable to members of Estrella Resources Limited		(318,483)	(706,315)
Loss per share:			
Basic loss per share (cents per share)		(0.6)	(0.7)
Diluted loss per share (cents per share)		(0.6)	(0.7)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2014**

	Note	31 December 2014 \$	30 June 2014 \$
Current assets			
Cash and cash equivalents		349,398	1,107,203
Trade and other receivables		32,038	20,861
Other current assets		46,452	14,370
Total current assets		427,888	1,142,434
Non-current assets			
Trade and other receivables		229,140	180,898
Exploration and evaluation assets	6	2,731,888	2,183,853
Property, plant and equipment		55,265	57,789
Total non-current assets		3,016,293	2,422,540
Total assets		3,444,181	3,564,974
Current liabilities			
Trade and other payables		149,766	242,525
Provisions		35,779	34,745
Total current liabilities		185,545	277,270
Non-current liabilities			
Provisions		3,839	4,080
Total non-current liabilities		3,839	4,080
Total liabilities		189,384	281,350
Net assets		3,254,797	3,283,624
Equity			
Share capital		8,968,849	8,774,691
Reserves		717,765	427,030
Accumulated losses		(6,431,817)	(5,918,097)
Total equity		3,254,797	3,283,624

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2014

	Issued capital \$	Accumulated losses \$	Option reserve \$	Foreign exchange reserve \$	Total \$
Balance at 1 July 2014	8,774,691	(5,918,097)	606,470	(179,440)	3,283,624
Total comprehensive loss for the period	-	(601,580)	-	-	(601,580)
Foreign exchange translation reserve	-	-	-	283,097	283,097
Transactions with owners in their capacity as owners:					
Shares issued during the period	203,250	-	-	-	203,250
Transaction costs on share issue	(9,092)	-	-	-	(9,092)
Options expensed during the period	-	-	95,498	-	95,498
Options lapsed during the period	-	87,860	(87,860)	-	-
Balance at 31 December 2014	8,968,849	(6,431,817)	614,108	103,657	3,254,797
Balance at 1 July 2013	6,697,675	(3,179,519)	308,755	104,872	3,931,783
Total comprehensive loss for the period	-	(684,922)	-	-	(684,922)
Foreign exchange translation reserve	-	-	-	(21,393)	(21,393)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs	865,939	-	-	-	865,939
Options issued during the period	-	-	288,887	-	288,887
Balance at 31 December 2013	7,563,614	(3,864,441)	597,642	83,479	4,380,294

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

CONSOLIDATED STATEMENT OF CASH FLOWS**For the half year ended 31 December 2014**

	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(679,799)	(552,978)
Interest received	5,091	30,344
Net cash used in operating activities	(674,708)	(522,634)
Cash flows from investing activities		
Exploration and evaluation costs	(464,184)	(875,438)
Payment for property, plant and equipment	(4,065)	(33,192)
Net cash used in investing activities	(468,249)	(908,630)
Cash flows from financing activities		
Proceeds from issue of shares	189,000	950,000
Payments for share issue costs	(9,092)	(63,541)
Net cash provided by financing activities	179,908	886,459
Net change in cash and cash equivalents held	(963,049)	(544,805)
Cash and cash equivalents at beginning of financial period	1,107,203	2,487,476
Effects of exchange rate changes on cash and cash equivalents	205,244	25,325
Cash and cash equivalents at end of half year	349,398	1,967,996

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

1. Corporate Information

The consolidated entity (**Group**) consists of Estrella Resources Limited (**Company** or **Estrella**) and the wholly owned entity Estrella Resources Chile SpA (**Estrella Chile**) that it controlled at the end of, or during, the half-year ended 31 December 2014. Estrella Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Estrella Resources' shares are listed on the Australian Stock Exchange (ASX.ESR).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. 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.

3. Statement of significant accounting policies

Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all of the information required in the annual financial report and should be read in conjunction with the consolidated financial report of the Group for the year ended 30 June 2014 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

3. Statement of significant accounting policies (continued)

Basis of preparation

The half-year consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 Annual Financial Report for the year ended 30 June 2014.

The half-year consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 March 2015.

Estimates

When preparing the half-year financial report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial report for the year ended 30 June 2014.

Going Concern

The financial report has 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. The consolidated entity incurred a loss of \$601,580 for the half-year period ended 31 December 2014 (2013: loss of \$684,922) and had net cash outflows from operating activities (including exploration) of \$1,138,892 (2013: \$1,398,072). These conditions give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

3. Statement of significant accounting policies (continued)

The ability of the consolidated entity to continue to pay its debts as and when they fall due is dependent upon the consolidated entity successfully raising additional share capital and ultimately developing its exploration assets. As directors are of the opinion that they will be in the position to do so in the coming months, they believe it is appropriate to prepare these accounts on a going concern basis.

As a result, the accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

4. Revenue

	31 December 2014	31 December 2013
	\$	\$
Interest income	5,091	30,344
	5,091	30,344

5. Result for the period

Loss before income tax includes the following specific expenses:

	31 December 2014	31 December 2013
	\$	\$
Administrative, corporate and employee costs	488,195	423,130
Impairment of exploration and evaluation assets	-	-
Depreciation of non-current assets	8,229	3,391
Share based payments:		
– Consultants	-	-
Employee benefit expenses:		
Post-employment benefits		
– Superannuation	14,749	20,378
Share based payments:		
– Employee share based payments	95,498	268,367
	606,671	715,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the half-year ended 31 December 2014****6. Exploration and evaluation assets**

	31 December 2014	30 June 2014
	\$	\$
Exploration and Evaluation assets		
Balance at the beginning of the year	2,183,853	1,505,638
Additions - at cost	464,184	1,425,145
Impairment of exploration and evaluation assets	-	(630,861)
Foreign exchange translation	83,851	(116,069)
Total exploration and evaluation assets	2,731,888	2,183,853

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

7. Expenditure commitments**Altair Project Option Fees and Exploration Expenditure Contingent Commitments (maximum)**

	Altair Project
	\$
Payable:	
- not later than 12 months	171,609*
- between 12 months and five years	9,223,995*

* The above amounts are a maximum contingent exposure if the Group retains the entire land package at Project Altair for the entire periods of the relevant Option Agreements. The Group has the unfettered right to reduce some/all of these option fees and exploration expenditure commitments at any time by the relinquishment of part or all of tenement areas within the Altair Project to such an extent that, if for example the Group in its absolute discretion determines, to relinquish all of Project Altair then all such future commitments would be extinguished in full. The Group is continuously reviewing its tenement package at the Altair Project. The Group has relinquished the Ivannia and Dania projects and at the date of this report has reduced the Altair and Antucoya West Projects to 7,000 ha. The Group may at any time during the period of the Option Agreements exercise its right to acquire parts of Project Altair upon each metal discovery with the then future commitment to option fees and exploration expenditure being extinguished in full. In addition, upon each metal discovery the "claw back" rights of SQM becomes a factor in also reducing the then ongoing future exploration commitment by the Group. In effect, the Company's expenditure commitment at Project Altair will be dependent on the size of the tenement holding at the time of payment. Any decision to reduce the size of the tenement holdings will be subject to exploration results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

8. Events after the reporting date

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.

For personal use only

DIRECTORS' DECLARATION

In the opinion of the directors of Estrella Resources Limited:

1. 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 31 December 2014 and of its performance for the half year ended on that date; and
 - ii) complying with Australian Accounting Standards AASB134 Interim Financial Reporting; and
2. 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.

Signed in accordance with a resolution of the directors:



Robert Thomson

Independent Non-executive Chairman

Dated this 13 day of March 2015

For personal use only



Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Independent Auditor's Review Report To the Members of Estrella Resources Limited

We have reviewed the accompanying half-year financial report of Estrella Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 controls 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

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Estrella Resources Limited consolidated entity's financial position as at 31 December 2014 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

For personal use only

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.

Independence

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

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:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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.

Emphasis of matter

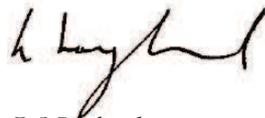
Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$601,580 for the half-year period ended 31 December 2014 and had net cash outflows from operating activities (including exploration) of \$1,138,892.

The ability of the consolidated entity to continue to pay its debts as and when they fall due is dependent upon the consolidated entity successfully raising additional share capital and ultimately developing its exploration assets.

These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director - Audit & Assurance

Sydney, 13 March 2015

CORPORATE DIRECTORY

Directors

Robert Thomson	Independent Non-Executive Chairman
Dr. Jason Berton	Managing Director
Julian Bavin	Non-Executive Director

Executives

Heath Roberts	Company Secretary
----------------------	-------------------

ABN: 39 151 155 207

Registered Office & Principal Place of Business

Level 11
22 Market Street
Sydney NSW 2000 Australia
T: +61 2 82631000
E: admin@estrellaresources.com.au

Chilean Place of Business

Serrano Pérez & Cia. Consultores (SPCC)
Santa Beatriz 294
Providencia - Santiago
T: + 56 02 2352206
F: + 56 02 2355605
E: contacto@spcc.cl

Share Register

Boardroom Pty Limited
Level 7, 207 Kent Street Sydney NSW 2000
T: 1300 737 760 F: 1300 653 459

Securities Exchange Listing

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

Auditor

Grant Thornton Audit Pty Ltd
Level 17 383 Kent Street Sydney NSW 2000
T: +61 2 8297 2400 F: +61 2 9299 4445

Website address

www.estrellaresources.com.au