

ASX Release: 19 April 2022

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

Managing Director
Christopher Daws

Non-Executive Directors
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John Kingswood

Company Secretary
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QUARTERLY ACTIVITIES REPORT

Quarter ending 31 March 2022

HIGHLIGHTS

- CBDD064 intersected Massive and Semi-Massive Nickel-Copper Sulphides beneath the Carr Boyd Nickel Mine
 - **Main Zone – 16.2m @ 3.12% Ni and 0.60% Cu**
 - **Mid Zone – 1.45m @ 1.57% Ni and 0.75% Cu**
 - **Lower Zone – 12.97m @ 1.07% Ni and 0.25% Cu**
 - Studies on Carr Boyd and T5 mineralisation by the Estrella and the CSIRO commenced
- Downhole Electromagnetic (DHEM) platform hole CBDD062 extended the potential of new zone below the T5 Discovery
 - **DHEM modelling indicates the mineralisation at depth is still open to the north and south**
 - **New EM plate situated between previous drilling**
- CBDD067 intersected basal contact nickel-copper sulphide mineralisation 700m below surface at T5
 - **Cumulative 17.5m of disseminated and blebby sulphides intersected**
- Phase 5 regional RC and diamond drilling has intersected nickel-copper sulphides at all three basal contact prospects
 - The RC phase at Broomhill and Gossan Hill has concluded with sulphides being discovered at both prospects, assays are pending
 - The diamond rig is currently concentrating on the Mossgiel Prospect where sulphides have also been discovered
 - Second diamond rig due on site soon to speed up the Phase 5 exploration program

Estrella Resources Limited (ASX: ESR) (“Estrella” or “the Company”) is pleased to provide its activities report for the quarter ended 31 March 2021.

Commenting on the quarter, Estrella Managing Director Chris Daws said:

“It has been a very busy quarter at Estrella Resources as we continue to make progress at the Carr Boyd nickel project, 80km north of Kalgoorlie.

During the period we not only identified further sulphides at T5 but also uncovered new nickel-copper sulphide potential at Broomhill 1.4km to the north, and plenty of “smoke” between indicating that the whole contact in that area is fertile.

“The results have increased our understanding of the broader Carr Boyd region and we have been able to identify additional opportunities at Mossgiel and Gossan Hill.”

High Grades Received for Carr Boyd Drilling

Assay results were received for CBDD064 which intersected two broad zones of massive and semi-massive nickel-copper sulphides below the Carr Boyd workings (Figure 1). The intersection confirms the continuation of nickel-copper sulphides into the unmined areas and coincides with a Downhole Electromagnetic (DHEM) response modelled from CBDD056A which was drilled by Estrella into the basal contact in October 2021 (Figure 1).

The diamond drillhole was targeted across the dip of mineralisation to assist the Company and CSIRO in understanding the relationship of the Carr Boyd mineralisation to the T5 Discovery on the Carr Boyd basal contact 1km away to the northwest.

If a link is proven then it would mean the Carr Boyd mineralisation was derived from a large pool of sulphides on the basal contact, possibly at depth. If, conversely, there is no link between the two, then the Carr Boyd position can be interpreted as a new, mineralised horizon which has received little exploration outside of the immediate mine area.

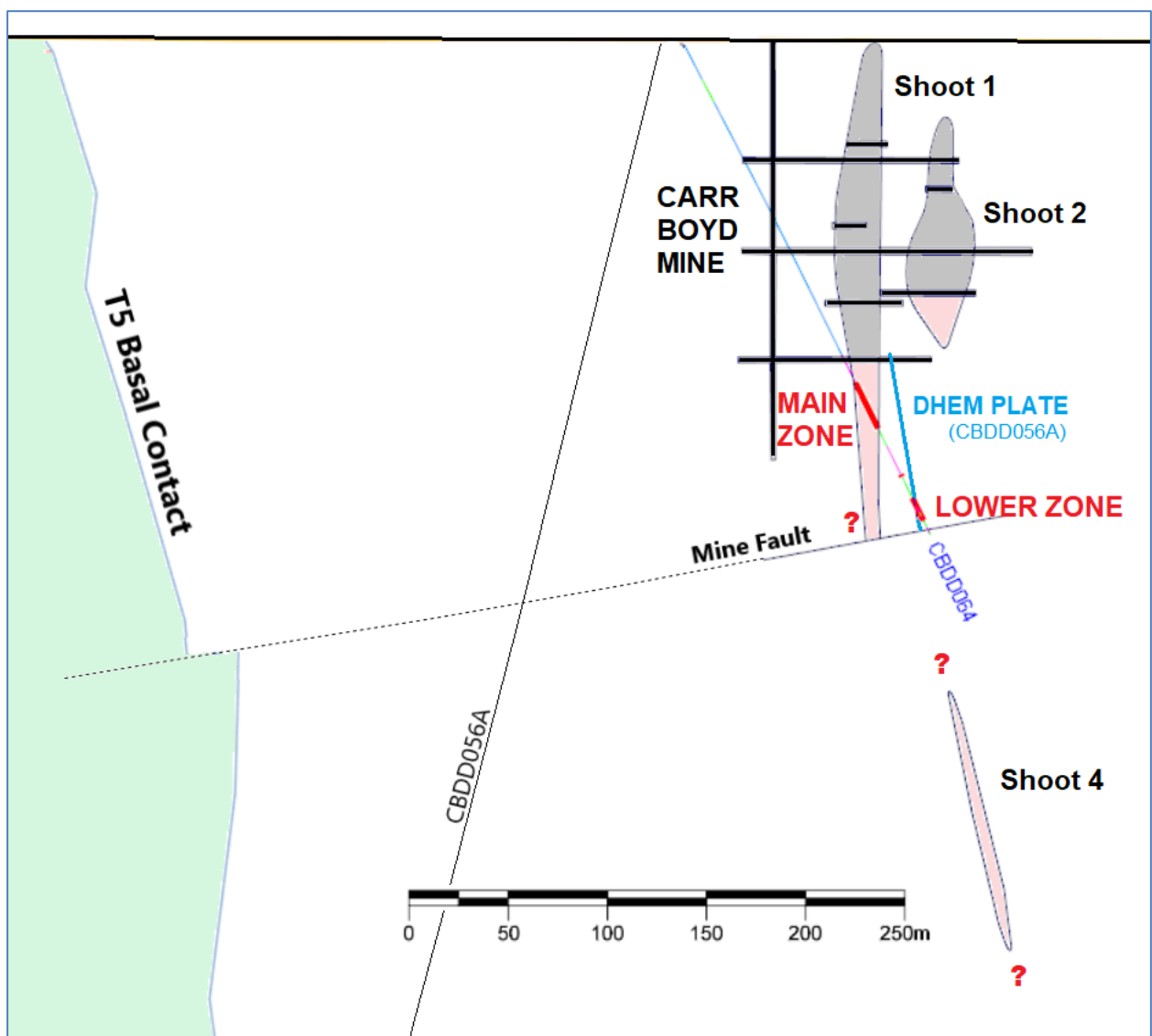


Figure 1: Location of CBDD064 mineralisation in relation to the historical workings and the Carr Boyd basal contact.

The remaining JORC2004 resource at Carr Boyd stands at 636,000t at 1.4% Ni and 0.5% Cu (8,800 NiT and 3,100 CuT). This resource was calculated in 2007 by Resource Evaluations Pty Ltd based upon historical mine mapping and additional drilling. Further confirmatory drilling will need to be conducted

by Estrella to produce a re-interpretation and JORC2012 compliant resource in light of the findings of the current scientific studies.

Downhole Electromagnetics Extends the T5 Zone

The Company received positive results from the DHEM surveying of CBDD060 and CBDD062 in defining a potential new zone of mineralisation discovered below T5 (Figure 3).

The DHEM result confirms the continuation of mineralisation potential to the north which escaped detection when holes CBDD044 and CBDD047 were DHEM surveyed. The currently modelled DHEM plates extend over a strike length of 165m, and it is a further 50m South to the massive sulphide breccia intersection in CBDD042A to the south. Work is underway to schedule several more step-out holes to the north and south of T5 to locate the continuation of mineralisation both up and down plunge.

The next northern step-out will explore a potential fault off-set that has dislocated the massive sulphides resulting in a DHEM response skewed towards the main T5 mineralisation, leaving additional areas blind to electromagnetics. Drilling will also test the new plates generated by CBDD060 and CBDD062.

The southern drilling will target the continuation of the T5 massive sulphide mineralisation towards the Proterozoic Dyke (Figure 3).

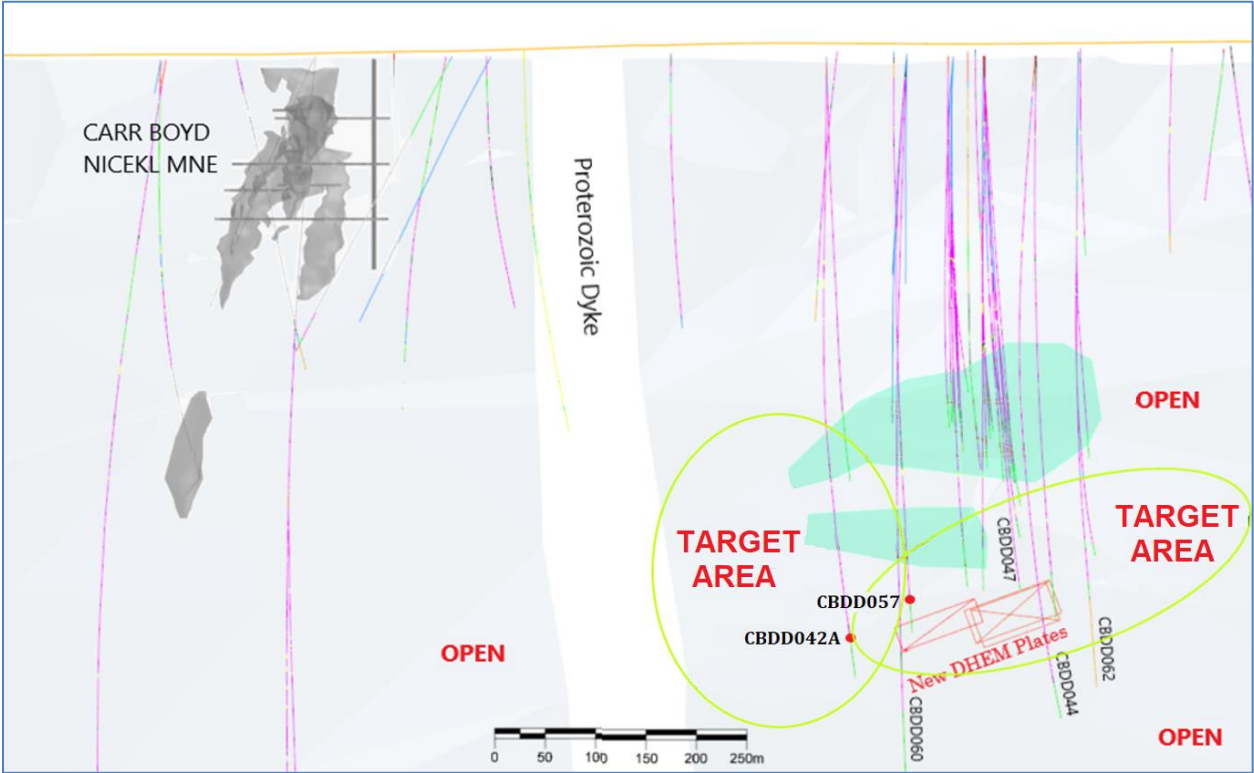


Figure 3: Emerging new mineralised zone below T5 highlighted by recent DHEM from holes CBDD060 and CBDD062

T5 Mineralisation Continuing at Depth

Diamond drillhole CBDD067 was drilled as a downhole electromagnetic (DHEM) platform hole to explore the T5 basal contact at depth. The diamond hole pierced a broad, ~24m wide zone containing a cumulative 17.5m wide Ni-Cu sulphide intersection with some interstitial dolerite dyke material, below the T5 nickel discovery (Figure 4).

The intersection occurred between ~782m-806m on the T5 Basal Contact, 80m south and 150m below the massive sulphide discovered in CBDD042A which until now has been the deepest intersection informing the known T5 mineralisation (Figure 5).

The drillhole was designed to intersect the basal contact underneath a set of flat faults that have been inferred from geological studies on previous drilling. DHEM will be used down this hole to explore a large vertical section of the basal contact for additional massive sulphides often seen associated with the silica-sulphide plume material identified in CBDD067. This method of establishing deep DHEM platform holes was used successfully by Estrella in 2020 to discovery the T5 mineralisation along the basal contact of the Carr Boyd Intrusion.



Figure 4: Diamond core with globular nickel-copper sulphides at 802m in CBDD067. Silica plume material is visible in the top row of core with globular nickel-copper sulphides.

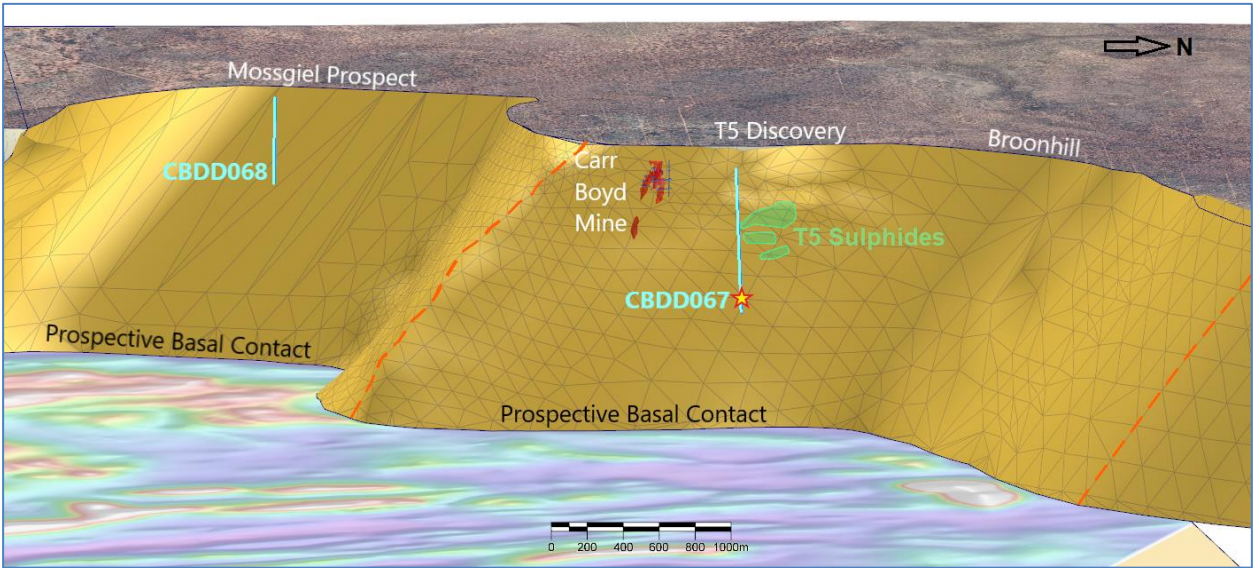


Figure 5: 3D rendering of the Carr Boyd Igneous Complex basal contact showing the location of CBDD067 with respect to the known T5 mineralisation.

Regional Exploration and Potential

The RC program was concluded, the aim of which was to confirm the fertility of the basal contact pyroxenites that were mapped in 2021. Assay results are yet to be received from the laboratory however pXRF results and geological logging has confirmed the high Prospectivity of these areas.

Some **12km of fertile basal contact** has been identified to date, comprising three main prospects; Mossgiel, T5-Broonhill and Gossan Hill (Figure 6). Mapping and scout RC drilling at all three prospects has proven that the rocks in these areas are fertile and contain accumulations of semi-massive to disseminated nickel-copper sulphides.

Phase 5 exploration will systematically cover a cross-section of the contact with diamond drilling and DHEM at each of these prospects so as to locate additional massive sulphides. A second diamond drill rig is expected on site shortly to assist in completing a series of exploration holes between T5 and Broomhill whilst the current diamond rig completes a program at Mossgiel.

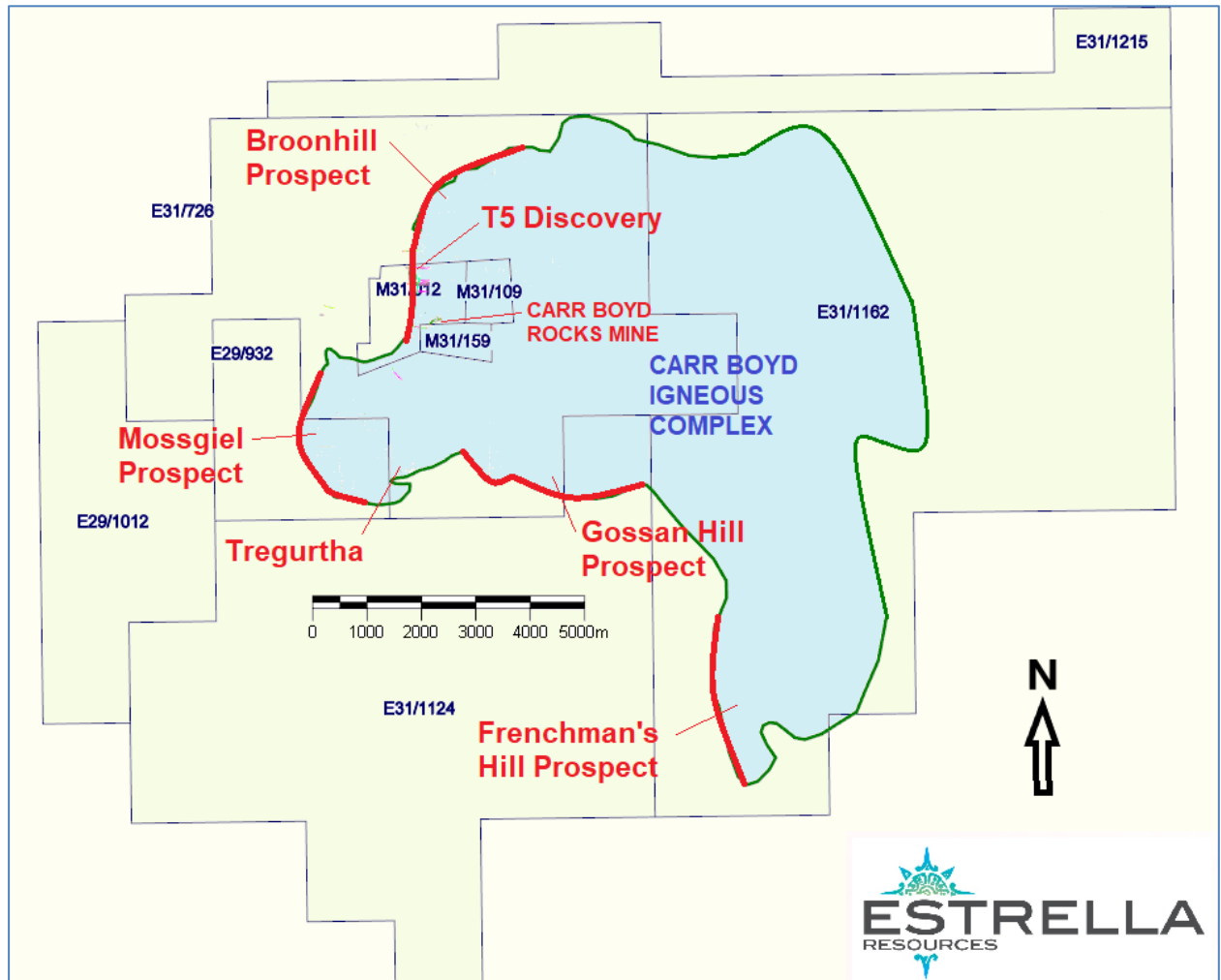


Figure 6: Image of the Carr Boyd Igneous Complex with the fertile basal pyroxenite contacts highlighted in red.

SPARGOVILLE NICKEL PROJECT (100%)

Over the March quarter, the Company has continued to work up a exploration and development strategy for the nickel resources within the greater Spargoville Nickel Rights project areas. The Company is currently planning targeted drilling to define extensions to the known nickel sulphide deposits at 1A, 5A, 5B and Andrews Mine. Statutory approvals to drill were received back from DMIRS and the Company expects to be able to commence drilling activities during the current quarter.

Table 3: Spargoville JORC Mineral Resource 5A Nickel Sulphide Deposit
October 2019 Mineral Resource Estimate - Min Type (0.5% Ni Cut-off)

Type	Total Mineral Resource				
	Tonnage kt	Ni %	Cu %	Ni t	Cu t
Disseminated	78	0.7	0.08	520	60
Matrix/Breccia	37	2.3	0.16	840	60
Semi-massive/Massive	13	8.0	0.61	1,000	80
Total	127	1.9	0.15	2,370	190

CORPORATE

During the March Quarter the Company investigated the potential sale of the Spargoville Nickel Rights (see ASX release 20 January 2022) via an open sale process that was run by Geolithic Pty Ltd after a number of unsolicited approaches were made regarding the Spargoville Nickel Rights. A number of indicative non-binding offers were submitted as part of the process. Post March Quarter end the Company has reviewed the bids, none can be accepted either due to poor value, high conditionality, poor counter party or combination thereof and in the backdrop of increasing value for nickel the Company has decided that Estrella is best placed to retain these assets for future development or sale.

Subsequent to the Quarter end two non-Executive board positions were vacated reducing the board to three Directors, Neil Hutchison and Stephen Brockhurst resigned which will save the Company A\$80,000 PA in Director fees.

Payments to related parties and their associates

The total amount paid to related parties of Estrella and their associates, as per item 6.1 of the Appendix 5B, was \$122k. Included in this amount is \$68k for Directors fees, \$39k paid to Mining Corporate, an entity controlled by Stephen Brockhurst for bookkeeping, accounting and company secretarial fees and \$15k paid to Geolithic Pty Ltd, an entity controlled by Neil Hutchison for consulting services related to the Spargoville sale process.

The total amount paid to related parties of Estrella and their associates, as per item 6.2 of the Appendix 5B, was \$35k for Director fees.

CAPITAL

The Company's cash balance as at 31 March 2022 was approximately \$3.2 Million.

Table 4: Estrella Capital structure as at 31 March 2022

Fully Paid Ordinary Shares	1,200,681,540
Listed options exercisable	\$0.02 on or before the 31 July 2023 – 239,363,575
Unlisted options exercisable	\$0.03 on or before 20 November 2022 – 11,500,000
	\$0.05 on or before 1 June 2022 – 5,000,000
	\$0.10 on or before 30 June 2022 – 10,000,000
	\$0.20 on or before 17 November 2023 - 16,600,000
	\$0.06 on or before 21 January 2025 – 25,750,000

Competent Person Statement

The information in this announcement relating to Exploration Results is based on information compiled by Steve Warriner, who is the Exploration Manager of Estrella Resources, and a member of The Australasian Institute of Geoscientists. Mr. Warriner 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. Warriner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

ENDS

The Board of Directors of Estrella Resources Limited authorised this announcement to be given to ASX.

FURTHER INFORMATION CONTACT

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Appendix 1 – Tenement Information as Required by Listing Rule 5.3.3

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Australia	WA	Carr Boyd Nickel Project	E29/1012	-	100
Australia	WA	Carr Boyd Nickel Project	E29/0982	-	100
Australia	WA	Carr Boyd Nickel Project	L24/0186	-	100
Australia	WA	Carr Boyd Nickel Project	E31/0726	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1124	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0012	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0109	-	100
Australia	WA	Carr Boyd Nickel Project	M31/0159	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1215	-	100
Australia	WA	Carr Boyd Nickel Project	E31/1162	-	100
Australia	WA	Spargoville Nickel Project	M15/395	-	100*
Australia	WA	Spargoville Nickel Project	M15/703	-	100*
Australia	WA	Spargoville Nickel Project	M15/1828	-	100*
Australia	WA	Spargoville Nickel Project	L15/128	-	100*
Australia	WA	Spargoville Nickel Project	L15/255	-	100*

**Nickel rights only*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Estrella Resources Limited

ABN

39 151 155 207

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(106)	(290)
(e) administration and corporate costs	(179)	(742)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(285)	(1,030)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(133)
(d) exploration & evaluation	(1,604)	(5,670)
(e) investments	-	(56)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- Payment for termination of Munda royalty	-	-
2.6	Net cash from / (used in) investing activities	(1,604)	(5,859)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,041
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	300
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(786)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	6,555

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,104	3,549
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(285)	(1,030)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,604)	(5,859)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	6,555
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,215	3,215

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,215	5,104
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,215	5,104

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	122
6.2	Aggregate amount of payments to related parties and their associates included in item 2	35
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(285)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,604)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,889)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,215
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,215
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The Company has potentially up to approximately \$4.7M of options in the money as at 31 March 2022, which if exercised would provide sufficient funding for the Company's operations.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - for the reason noted in 8.8.2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19 April 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.