

ASX Release: 28 April 2023

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

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Christopher Daws

Non-Executive Directors

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QUARTERLY ACTIVITIES REPORT

Quarter ending 31 March 2023

HIGHLIGHTS

- **2,413 WMT of Spargoville 5A Ore delivered to Glencore**
 - Bulk sample currently being processed without any issues
 - All deleterious elements within Glencore off-take agreement specifications
 - Final nickel grade and performance expected to be reported by Murrin Murrin Operations in the current quarter
- **5A Definitive Feasibility Study progressing**
 - Successful processing of trial bulk sample paving the way for nickel extraction and sale route
 - Underground mine design selected as preferred development pathway
 - Environmental submissions moving forward with MBS
- **\$1.015M Refund for R&D expenditure received**
 - R&D conducted at the Carr Boyd Nickel Project included additional seismic acquisition by Ultramag and Rock Solid Seismic
 - Collaboration with the CSIRO on the formation of the Carr Boyd complex and associated Ni-Cu-PGE mineralisation
 - Mineralogical studies on the Spargoville transitional sulphides
- **Carr Boyd exploration review underway**
 - Critical learnings from the CSIRO MRIWA project enable additional nickel potential within the igneous complex to be targeted by exploration
 - Collation of information to inform a full target ranking and budgeting process



Figure 1: BKay haulage truck exiting the Murrin Murrin Operations after delivery.

Estrella Resources Limited (ASX: ESR) ("Estrella" or "the Company") is pleased to provide its activities report for the quarter ended 31 March 2023, in which the Company made significant progress towards establishing mining operations at its Spargoville nickel project.

Commenting on recent activities, Estrella Resources Managing Director Chris Daws said:

“Through Spargoville there is a real opportunity to take advantage of elevated nickel prices and this quarter Estrella has made significant progress advancing the Project towards production.

In particular, the bulk sample extraction has bolstered our confidence that we have the right ore to feed the Murrin Murrin Operations.

Estrella has also made significant progress with its DFS for the 5A deposit. The selection of underground extraction for the remaining high grade nickel resource will see multiple benefits, most notably greater grade control during mining and better environmental outcomes.

Furthermore, a portal and decline development will allow the exploration of 5A at depth and provide potential access to the nearby Andrews Mine immediately west of the 5A development.

SPARGOVILLE NICKEL PROJECT

Spargoville 5A Bulk Sample and DFS Update

The total 5A bulk metallurgical sample which landed at Glencore’s Murrin Murrin Operations (MMO) was 2,413 wet metric tonnes (WMT), with an average moisture content of 3.34%. Assays received from the laboratory confirmed that the trial parcel was within all specifications stipulated by Glencore, and MMO has begun processing the sample. Verbal confirmation has been received from Glencore that the parcel is so-far performing as expected and without issues. Details on the performance of the unique 5A mineralisation through the HPAL process will be forthcoming in the current quarter.

A 50% provisional payment for 1,994 WMT of material delivered in January has been received from Glencore. Final payment is to be calculated, based upon the March LME nickel weighted average price (WAP). A similar arrangement occurred for the additional 418 WMT of material delivered in February where pricing will be the LME April nickel WAP.

The Company anticipates the successful outcome from the bulk sample trial at MMO will pave the way for the completion of the 5A Definitive Feasability Study (DFS) which is well underway. The basis of the DFS has evolved from initial open pit bulk extraction work and now envisages a simple underground mine to access the remaining high-grade, transitional massive nickel sulphide material, of which there is around 16,000t grading 7.8% nickel within the Measured Resource category (see Table 1). This will be blended with the matrix mineralisation, crushed and trucked for processing as was the bulk sample.

Table 1: October 2022 Mineral Resource Estimate - Mineralisation Type (0.5% Ni Cut-off)

Type	Total Mineral Resource						
	Tonnage kt	Ni%	Cu%	Co%	Ni T	Cu T	Co T
Disseminated	76	0.6	0.07	0.02	490	50	10
Matrix/Breccia	32	2.0	0.14	0.03	650	40	10
Massive	16	7.8	0.59	0.19	1,230	90	30
Total	124	1.9	0.15	0.04	2,370	190	50

Minecomp in Kalgoorlie has completed a conceptual underground mine design, with structural and geotechnical input to be undertaken in the current quarter. Minecomp is in the last stages of finalising the underground design and site lay-out plans required for statutory approvals. The ore and waste schedules are currently being generated which will be used to inform a more detailed financial model and revenue forecast.

MBS Environmental has been engaged to assist the Company with the statutory approvals process, waste management and the mine closure plan. Testing of the expected waste material to date has indicated all waste from the mine should be self-neutralising and will not pose any environmental risk. Any waste sulphide material can be safely managed by encapsulating it within the existing waste dump.

The 5A Measured Resource with the existing open pit and conceptual underground development is presented in Figure 2. The majority of the measured category is expected to be extracted, along with substantial portions of the matrix and breccia sulphides.

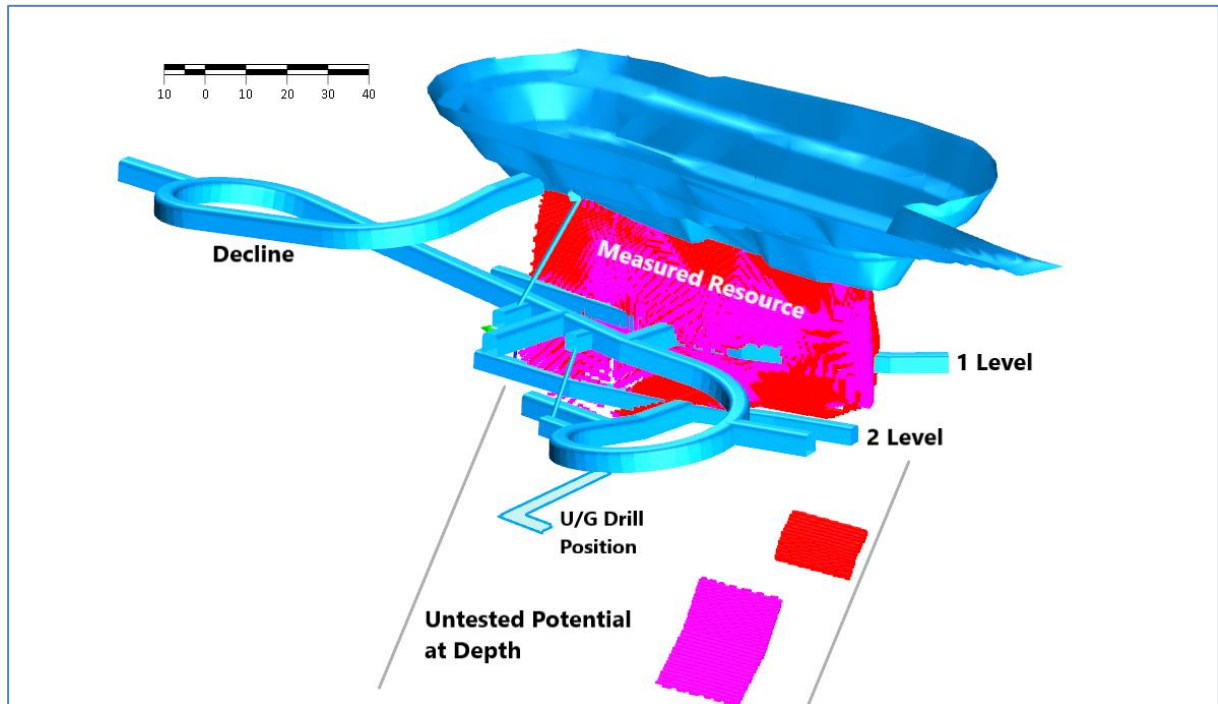


Figure 2: Spargoville 5A Resource with conceptual underground decline and level design and drill platform position.

Whilst the open pit cut-back was originally the preferred option, in the light of new knowledge gained from the bulk sample extraction on the stability of the hanging wall ultramafic, it was considered more beneficial for the project to extract the 5A high-grade from a simple underground mine. The mine design and mining methods chosen are modelled to be the best method of extraction for the 5A mineralisation without excessive dilution and with the lowest surface footprint. The selection of underground operations brings certainty to the 5A Resource DFS and also adds the additional benefit of providing a drill platform to test the 5A channel at depth, as well as the nearby Andrews deposit and the underexplored Central Komatiite (Figure 3).

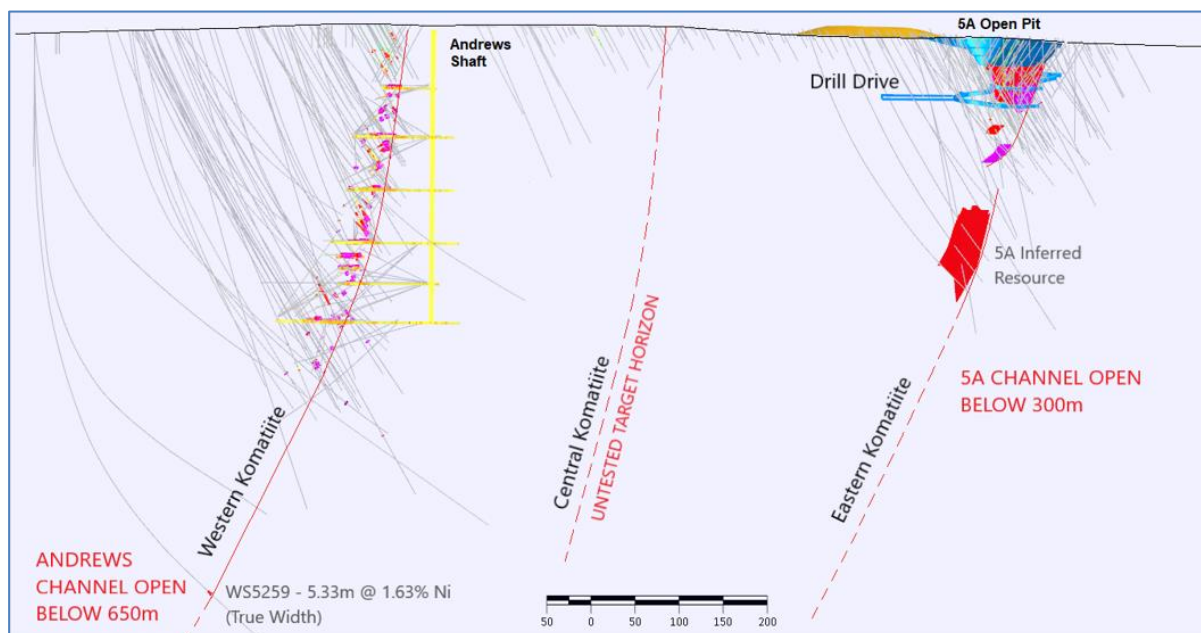


Figure 3: Section between Andrews Shaft and 5A Open Pit showing the drill drive position and the untested Central Komatiite

CARR BOYD NICKEL PROJECT

The Company has received \$1.015M as a refundable tax offset for eligible research and development (R&D) expenditure conducted at the Company's Carr Boyd Nickel Project during the 2021-22 financial year. The R&D activities were primarily focused on testing hypotheses relating to the formation and emplacement processes responsible for the Carr Boyd Igneous Complex. The Company engaged experts from the CSIRO in a co-funded collaboration as a part of the MRIWA project.

Estrella and CSIRO are currently collating and interpreting the information acquired during the MRIWA project. So far, the project has recognised several key factors that begin to reveal the timing and emplacement of mineralisation at the base of and within the complex. As a result, several new horizons of potential have been identified. A full target generation and ranking process has been initiated alongside the collation process to generate a work program and associated budget for ongoing exploration of the Carr Boyd Nickel Project.

Exploration at Carr Boyd was temporarily halted whilst the Company concentrated on the Spargoville 5A Definitive Feasibility Study and metallurgical trial parcel. The Carr Boyd camp continues to be utilised by third parties conducting exploration in the area which will enable Estrella to maintain the facilities in working order and keep them cash neutral.

Tenement E31/1124 was due for a compulsory partial surrender during the quarter. Eight blocks were surrendered by the Company as shown in Figure 3. The blocks do not overlie the Carr Boyd igneous complex and thus the surrender has no bearing on the Company's nickel exploration program.

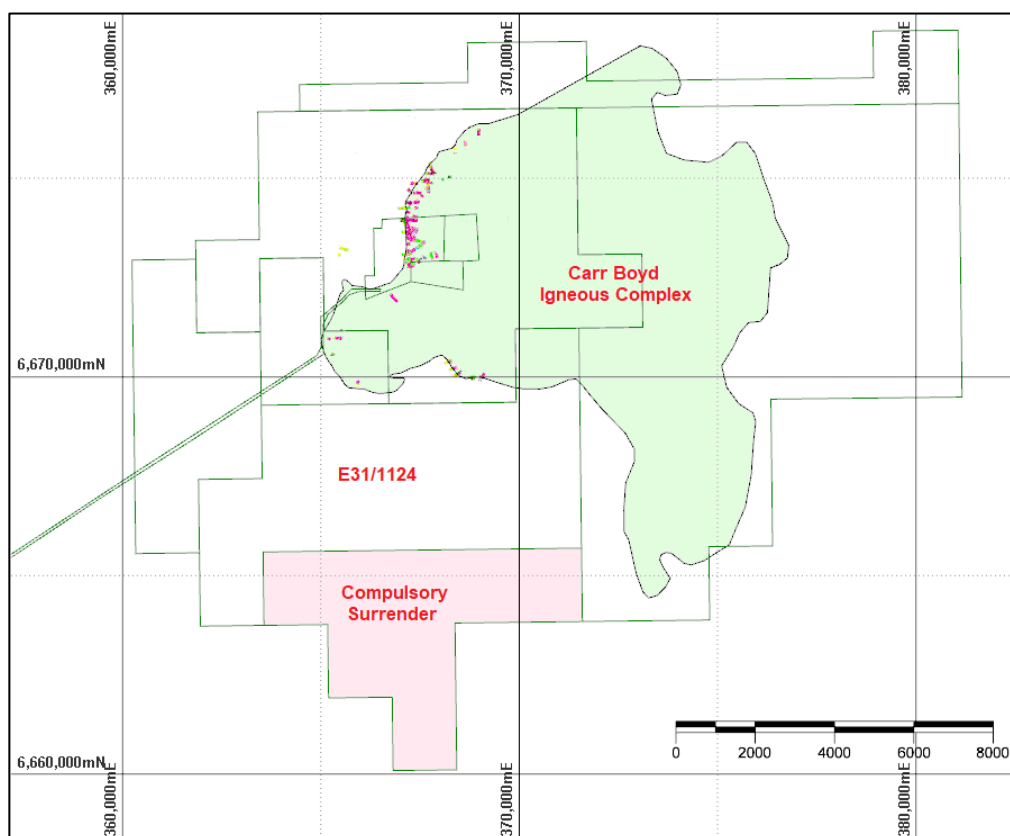


Figure 4: Compulsory Surrender area of E31/1124

CORPORATE

During the period, Estrella reviewed a number of offshore nickel and battery metal projects and continues to review projects that could add value to the Company's portfolio.

Estrella also completed its Baseline ESG Report during the quarter. ESG reporting is an ongoing commitment and the Company will continue to update the report as it evolves. For those wishing to see the report it is available on the Company website at: <https://www.estrellaresources.com.au/investor-centre/>.

The total amount paid to related parties of Estrella and their associates, as per item 6.1 of the Appendix 5B, was \$60k for Directors fees, salaries and superannuation and the total amount paid to related parties of Estrella and their associates, as per item 6.2 of the Appendix 5B, was \$33k for Director's salaries.

CAPITAL

The Company's cash balance as at 31 March 2023 was \$356k.

Table 3: Estrella Capital structure as at 31 March 2023

Fully Paid Ordinary Shares	1,483,571,869
Listed options exercisable	\$0.02 on or before the 31 July 2023 – 389,363,575
Unlisted options exercisable	\$0.04 on or before 30 October 2023 – 63,391,928
	\$0.20 on or before 17 November 2023 - 16,600,000
	\$0.06 on or before 21 January 2025 – 25,750,000
	\$0.06 on or before 13 April 2025 – 20,000,000
	\$0.03 on or before 1 December 2025 – 25,000,000

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 2023

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	250	250
1.2	Payments for		
	(a) exploration & evaluation	(286)	(510)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(78)	(284)
	(e) administration and corporate costs	(156)	(472)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	5
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	(268)	(1,011)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(9)
	(d) exploration & evaluation	(446)	(3,831)
	(e) investments	-	-
	(f) other non-current assets	-	-

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) R&D expenditure refund	1,034	1,034
2.6	Net cash from / (used in) investing activities	588	(2,806)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,826
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	8	(374)
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	8	3,452

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	28	721
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(268)	(1,011)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	588	(2,806)

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)	8	3,452
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	356	356

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	356	28
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)	356	28

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	60
6.2	Aggregate amount of payments to related parties and their associates included in item 2	33
<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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(268)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(446)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(714)
8.4	Cash and cash equivalents at quarter end (item 4.6)	356
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	356
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.5
<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: Yes, subsequent to the quarter end the Company received the final proceeds from the sale of bulk sample material at Spargoville of approximately \$130,000. The Company is also finalising loan application documents for early use of its 2023FY R&D return via a specialist bank industry fund.		

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 reasons 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: 28 April 2023

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.