

# QUARTERLY ACTIVITIES REPORT

*Quarter ending 30 June 2018*

ASX RELEASE 24 July 2018

## HIGHLIGHTS

- POW approval received and planning underway to commence drilling at Munda
- JORC2012 resource 511,000t @ 2.82g/t Au for 46,337 ounces Au at Munda\*
- Historic high-grade gold results at Munda include
  - MIRC004 1m at 321g/t Au from 51m\*
  - MND1406 7m at 41.23g/t Au from 53m\*  
Including 1.0m at 195 g/t Au from 58m\*
  - MND1407 4m at 40.10g/t Au from 70m\*
  - MND1508 16m at 10.13g/t Au from 98m\*
  - MND1724 3.1m at 23.17 g/t Au from 94.1m\*
  - MND1405 7m at 25.38g/t Au from 76m\*  
Including 2m at 82.5g/t Au from 76m\*
- DMIRS approval received for Spargoville POW application
- Drilling to first target high grade nickel mineralisation at the 5A mine
- Drilling will also target a strong EM conductor, M15/96-C1 between 5A and 5B
- Historic drilling results in the 5A target include
  - 18m at 6.65% Ni and 0.84% Cu from 15m in 5ARC021+
  - 13m at 5.37% Ni and 0.39% Cu from 27m in 5ARC023+
  - 12m at 5.27% Ni from 15m in P51+
- POW approval received for Scotia East Program
- Drilling to target high grade cobalt mineralisation intersected by first pass drilling
- First pass results at Scotia East included
  - 7m at 0.21% Co from 7m downhole in NCB0024^  
Including 1m @ 0.42% Co from 8m downhole^
  - 11m @ 0.16% Co from 3m downhole in NCB0023^  
Including 2m @ 0.33% Co from 4m downhole^

\*Refer to ESR announcement "Programme of Work Approval Munda Gold Mine" 08 June 2018

\* Refer to ESR announcement "POW Approval Spargoville" 26 June 2018

^ Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018

*Estrella Resources Limited*

*ABN 39 151 155 207*

*ASX Code: ESR*

### *Board and Management*

*Chief Executive Officer  
Christopher Daws (CEO)*

*Non-Executive Directors  
John Kingswood  
Ray Shorrocks  
Stephen Brockhurst*

*Company Secretary  
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Estrella Resources Limited (ASX: ESR) (**Estrella or Company**) is pleased to provide its Activities Report for the quarter ended 30 June 2018.

## WORK SUMMARY

The focus of fieldwork during the quarter was the Carr Boyd Nickel Project (CBNP), the Munda Gold Project, the Scotia East cobalt project, and the Spargoville Nickel Project.

A cobalt targeting exercise was completed over the CBNP in the previous quarter, identifying a high priority drill target "Scotia East". Three RC holes were drilled at the new prospect, confirming high grade cobalt mineralisation.

Stage 2 ground HPEM surveying over the northern CBLC was put on hold for the quarter with the EM survey crews released to undertake work for other third parties. The program will be recommenced in the near-term.

At Munda, a detailed 3D interpretation resulted in a new understanding of the 3D geometry of the gold shoots. As a result, two diamond holes were planned to test this new structural interpretation. These holes will be drilled as soon as possible, with the aim of upgrading the JORC 2012 reported Mineral Resource and re establish economic evaluations of this high-grade gold occurrence.

At Spargoville, data compilation has identified two high priority drill targets for immediate follow-up. These will be drilled as soon as possible.

The Company has established that the oxide nickel and copper mineralisation at Spargoville could be amendable to a new treatment process, samples will be obtained for test work to be undertaken.

## FOLLOW-UP RC PROGRAM AT SCOTIA EAST

Three vertical 30m deep holes were previously drilled on an east-west cross section at Scotia East to test a high-grade cobalt occurrence identified in the Company's digital database. All three holes intersected strong cobalt mineralisation almost exactly as predicted.

Results (at a 0.1% Co cut-off) include;

- **NCB0024: 7m at 0.21% Co and 0.68% Ni from 7m<sup>^</sup>  
Including 1m at 0.42% Co and 0.75% Ni from 8m<sup>^</sup>**
- **NCB0023: 11m at 0.16% Co and 0.53% Ni from 3m<sup>^</sup>  
Including 2m at 0.33% Co and 0.58% Ni from 4m<sup>^</sup>**
- **NCB0022: 2m at 0.18% Co and 0.47% Ni from 4m<sup>^</sup>**

These complement the very encouraging results from historic drilling, which include:

- **CBR172: 8m at 0.22% Co and 0.69% Ni from 7m<sup>^</sup>  
Including 1m at 0.41% Co and 0.61% Ni from 7m<sup>^</sup>**
- **CBC019: 12m at 0.23% Co and 0.67% Ni from 8m (4m composites) <sup>^</sup>**

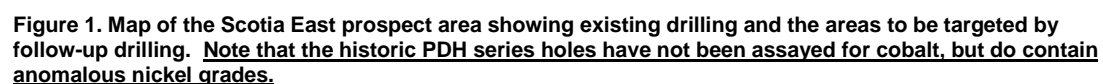
Follow-up drilling is now planned north and south of the currently drilled cross section (see figure 1). POW approval has been granted allowing for the testing of up to 1km of potential strike length of nickel cobalt mineralisation. The Company intends to undertake drilling as soon as possible.

## ABOUT THE COBALT MINERALISATION

Cobalt is hosted in a saprolitic clay horizon developed over an ultramafic package, similar in style to other projects in the region. However, **Scotia East may have key advantages due to its very shallow depth, starting at just 2m below surface, its high grade, up to 0.4% Co, and its consistently high cobalt to nickel ratio.**

Mineralisation is developed over a NNE striking ultramafic belt approximately 2.6 km in length, with a gabbro package to the east and a granite (or possibly leucogabbro) to the west.

<sup>^</sup>Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018



**Figure 1. Map of the Scotia East prospect area showing existing drilling and the areas to be targeted by follow-up drilling. Note that the historic PDH series holes have not been assayed for cobalt, but do contain anomalous nickel grades.**

**Table 1. All drilling results in the Scotia East prospect area. These are calculated using a 0.1% cobalt cut-off, or if cobalt is not assayed a 0.5% nickel cut-off is used. NA means Not Assayed, NSI means No Significant Intercept. ^**

Hole_ID	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Co ppm	Ni ppm	Sc ppm
NCB0022	367988	6674157	431	-90	0	30	4	6	2	1821	4713	18
NCB0023	367963	6674157	431	-90	0	30	3	14	11	1574	5311	16
NCB0024	367938	6674157	431	-90	0	30	7	14	7	2140	6753	21
CBC018	367913	6674157	431	-60	90	150	16	20	4	843	5750	NA
CBC019	367963	6674157	431	-60	90	120	8	16	8	2325	6665	NA
CBR169	368088	6674157	431	-60	90	26				NSI		
CBR170	368038	6674157	431	-60	90	56				NSI		
CBR171	367988	6674157	431	-60	90	28	5	6	1	1050	2820	NA
CBR172	367938	6674157	431	-60	90	40	6	13	7	2558	6845	NA
CBR173	367888	6674157	431	-60	90	49				NSI		
CBR174	367838	6674157	431	-60	90	37				NSI		
PDH060	367939	6674142	431	-60	311	66	9.14	12.19	3.05	NA	5174	NA
PDH061	367954	6674111	431	-60	301	69	7.62	16.76	9.14	NA	5490	NA
PDH062	368029	6674264	431	-60	301	49				NA	NSI	NA
PDH063	368060	6674234	431	-60	301	72				NA	NSI	NA

^Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018

## OTHER TARGETS

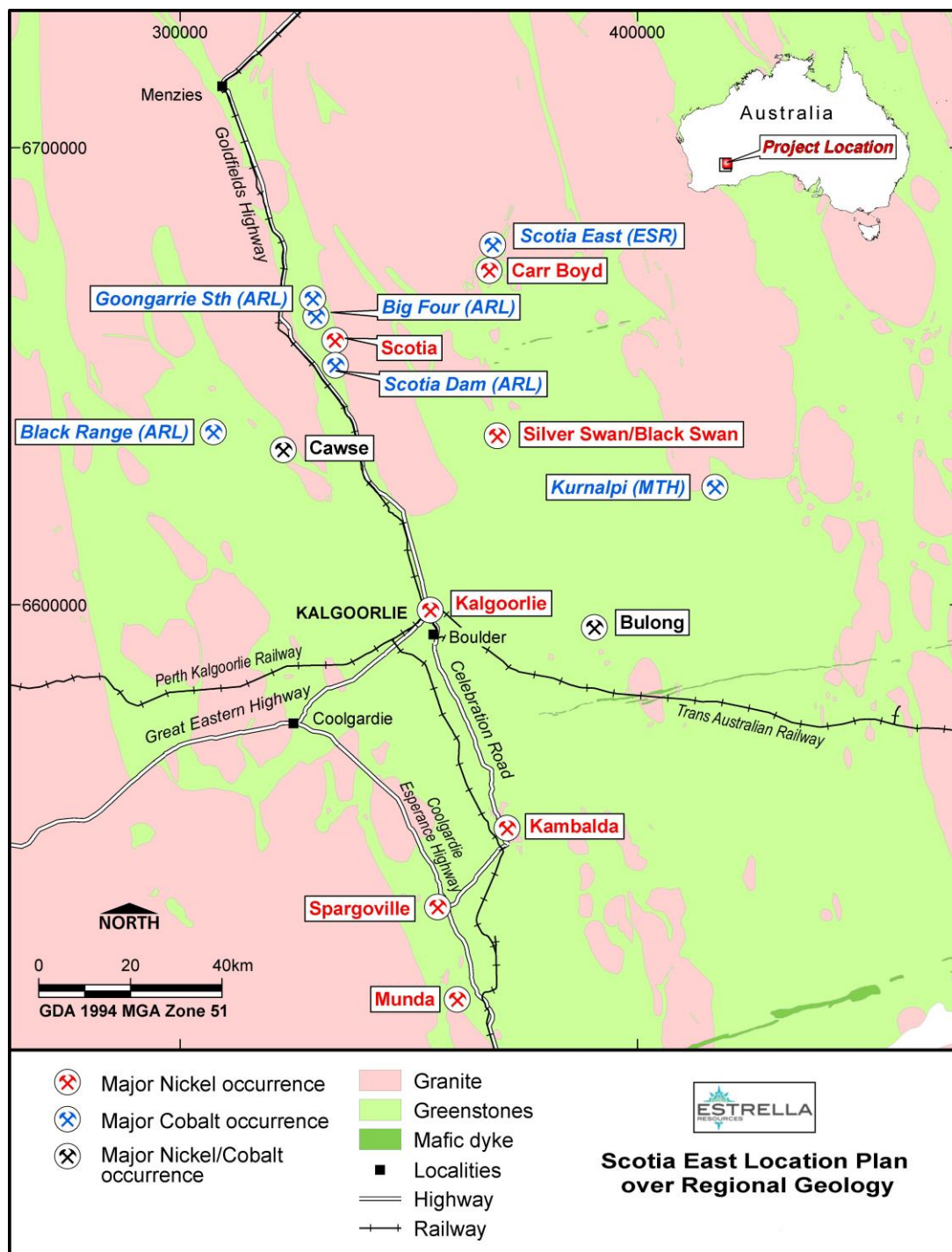
Interrogation of historic reports and digital datasets has identified several other high priority cobalt targets for follow-up work as outline in the announcement released March 27, 2018. Field investigation will begin on these after drilling is completed at Scotia East.

## COBALT MARKET

The cobalt market has remained strong. At the time of writing the price remained above AUD 90,000/t.

## ABOUT SCOTIA EAST

Scotia East is located within the Carr Boyd Layered Complex (CBLC) and the Colreavy Komatiite sequence located immediately west of the CBLC. The area is prospective for lateritic nickel and cobalt mineralisation over certain deeply weathered ultramafic areas of the stratigraphy. Scotia East is in a Tier 1 jurisdiction approximately 80km north north-east of Kalgoorlie Western Australia. An all-weather haul road accessible to ESR under a granted miscellaneous license connects the Project to the Goldfields Highway via Scotia, passing through Ardea Resources' Goongarrie Project area.



**Figure 2. Location of Scotia East high-grade cobalt discovery in relation to commercial centres and other major Co projects.**

## SPARGOVILLE

The Spargoville project was acquired by Estrella via the purchase of WA Nickel Pty Ltd (see ASX release 4 September 2017). The Spargoville project area has been mined and explored by several companies since the first discovery of nickel in the area by Selcast Exploration in the late 1960s. Since then 1A, 5A, 5B, and 5D have been discovered and developed. All these mines have remnant mineralisation left behind. The mines and the surrounding areas provide the Company with many exploration targets to follow-up considering advances in modern geophysical exploration methods.

The Company received a Programme of Work (POW) approval required for the confirmatory drilling of high nickel mineralisation directly beneath the 5A open pit and to drill an EM target, M15/96-C1 between the 5A and 5B mines during the quarter.

Estrella received a large database of drillhole, surface sampling and underground channel sampling with the Spargoville transaction. These datasets have been loaded into an industry standard digital database, validated, and interrogated. Several occurrences of high grade nickel, copper, and cobalt mineralisation have been identified in the datasets. Of primary interest is 5A, where a high-grade body of nickel, copper, and cobalt is located immediately below the floor of the open pit mine there, within 30m of the natural ground surface. Historic drill results at 5A include;

**Table 2. Summary of selected significant nick intercepts from Spargoville 5A deposit. NA means Not Assayed \***

Hole_ID	mFrom	mTo	Width (m)	Ni %	Cu %	Co ppm
5ARC021	15	33	18	6.65	0.84	NA
5ARC023	27	40	13	5.37	0.39	NA
P51	15	27	12	5.27	NA	NA
5ARC022	28	40	12	4.46	0.20	NA
WS5150	57.6	61.26	3.66	13.01	1.08	NA
5ARC024	5	18	13	3.51	0.26	NA
5ARC025	1	13	12	3.76	0.19	NA
5ARC026	10	22	12	3.61	0.35	NA
5ADD011	66.7	71.17	4.47	8.80	NA	2010
5ARC020	24	29	5	7.46	0.63	NA
5ARC019	0	13	13	2.56	0.17	NA
5ADD003	68	70.97	2.97	10.53	NA	2385

## 5A TARGET

This is a particularly compelling target, as the remnant mineralisation is thick, high grade and very close to surface. The nickel mineralisation here also contains high grades of cobalt and copper. Estrella intends to drill two confirmatory drillholes with the aim of generating a JORC 2012 reportable Mineral Resource. Material from the drill core will also be collected for metallurgical testwork to determine the best processing route for the high-grade mineralisation. The Company will undertake laboratory testwork on the nickel and copper mineralisation to see whether it is possible to utilise a new technology developed by a third party to convert the oxide nickel and copper which will allow the minerals to be treated using standard flotation methods.

There have been significant advances in metallurgical technology since Amalg Resources conducted feasibility work on the project in 2009. This, and the very high cobalt price have the potential to significantly enhance the economics of the project.

The high-grade nickel sulphide mineralisation appears to be open at depth. This represents significant exploration upside at the project.

\* Refer to ESR announcement "POW Approval Spargoville" 26 June 2018



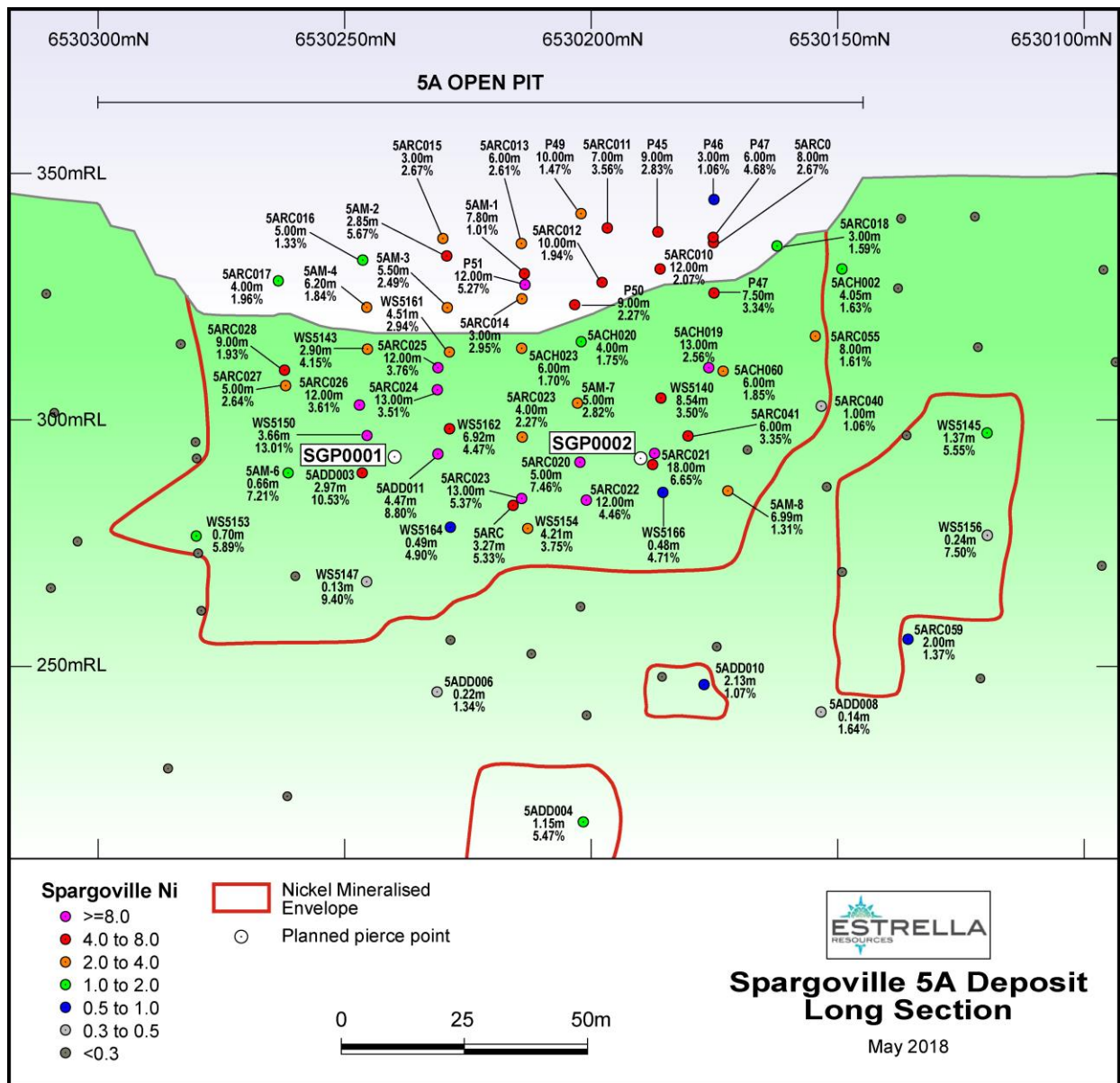


Figure 3. Long section of Spargoville 5A showing the pierce point locations of the two planned diamond holes, SGP0001 and SGP0002\*

\* Refer to ESR announcement "POW Approval Spargoville" 26 June 2018

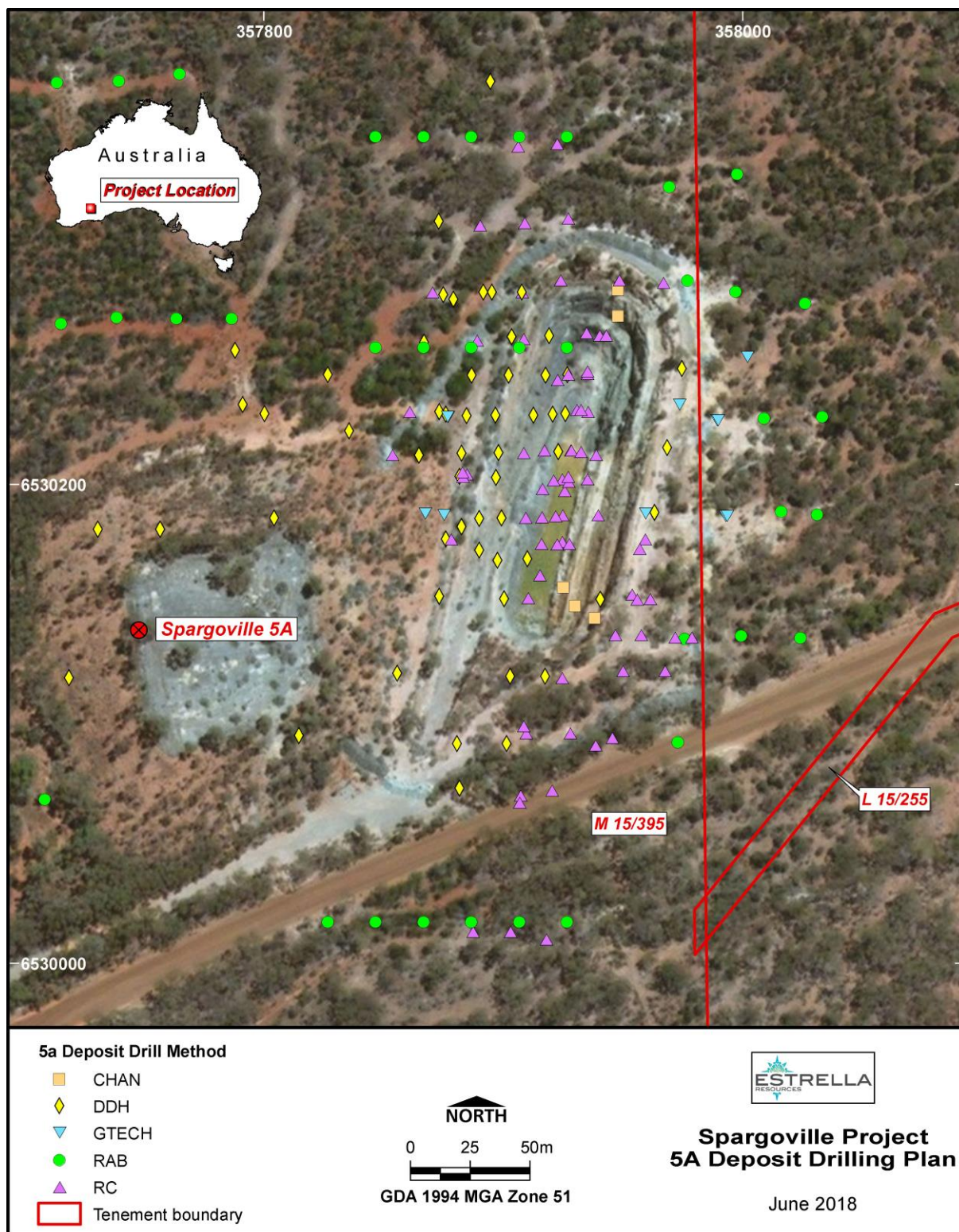


Figure 4. Map showing location of the 5A open pit, and the drill collars for the intercepts reported in this announcement

#### M15/96-C1 TARGET

An EM survey completed by Consolidated Minerals in 2010 on neighbouring tenement M15/96 identified this EM conductor, which is located close the eastern boundary of M15/395. Estrella Resources acquired the data and generated a 3D model of the conductive source.

The conductor is located between the 5A and 5B nickel deposits. Its geometry suggests it is located on or very close to the same basal contact position which hosts the nickel mineralisation at 5A and 5B. Estrella intends to drill a single hole through the centre of the conductor to determine if it is related to nickel sulphide mineralisation.



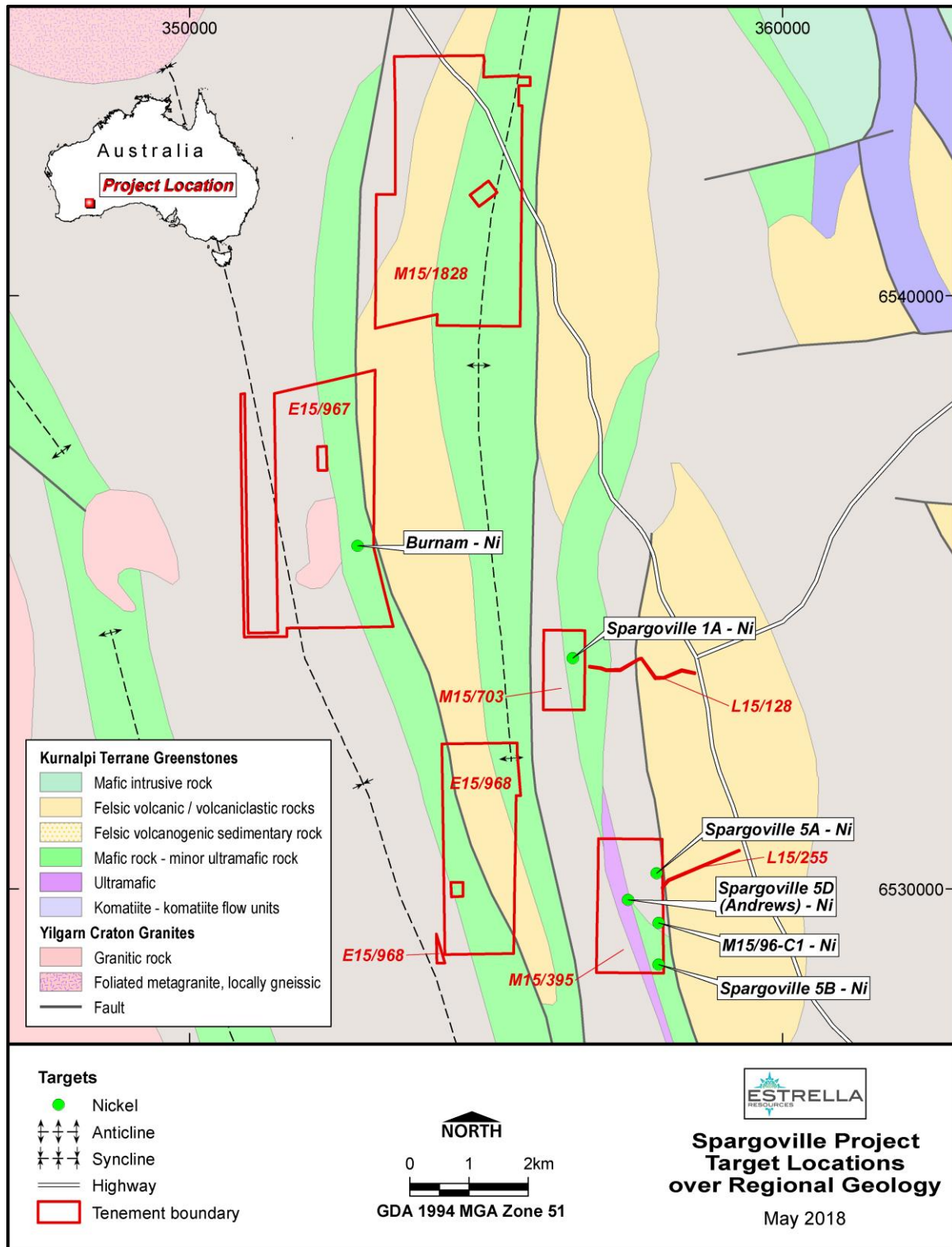


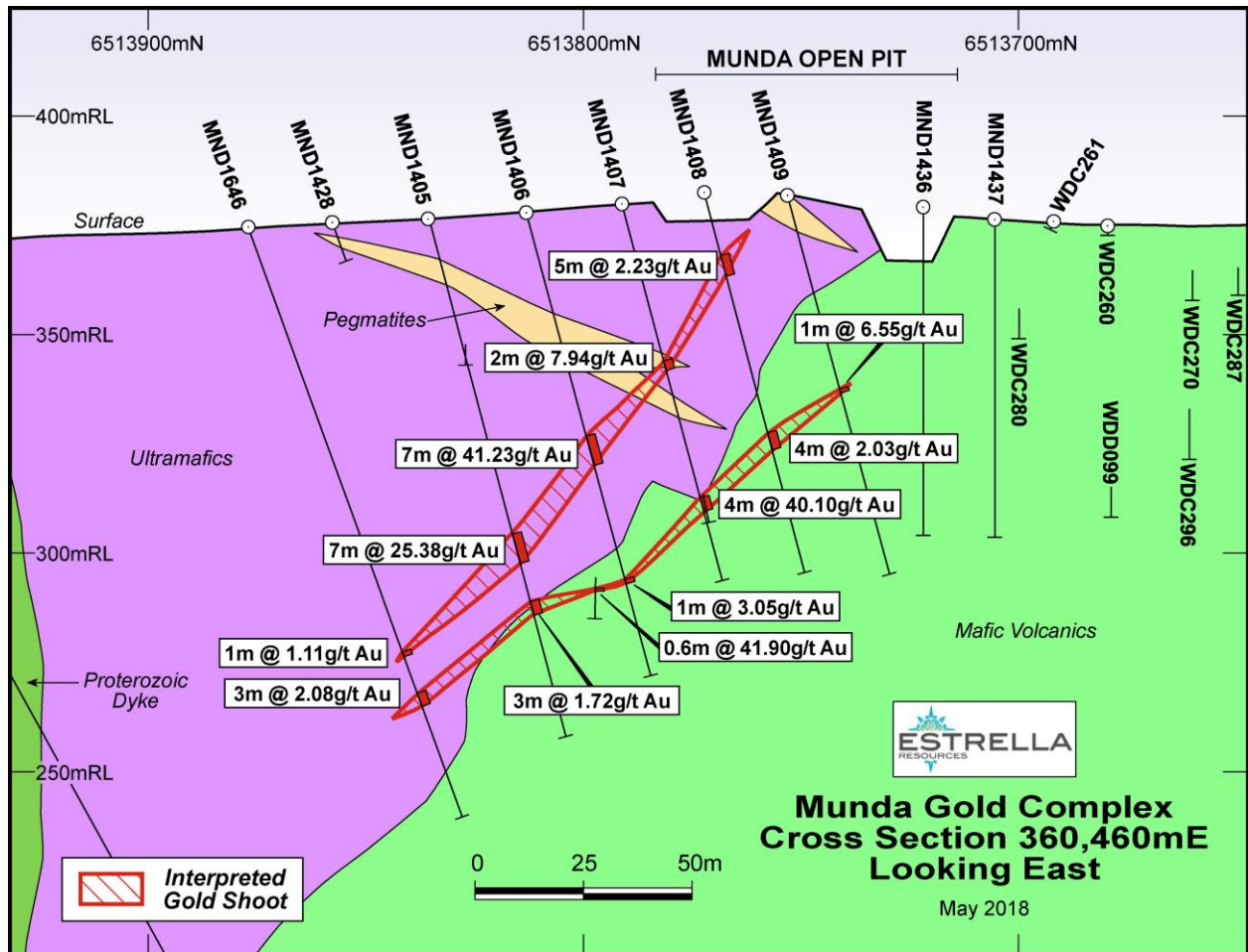
Figure 4. Plan showing the location of the 5A drill target and the M15/96-C1 EM target\*

\*Refer to ESR announcement "ESR to Acquire Munda Gold and Spargoville Nickel Projects" 04 September 2017

## MUNDA PROJECT

The Company has received a Programme of Work (POW) approval required for the drilling of interpreted high grade gold structures located in and around the historic Munda open cut gold mine during the quarter. The Munda gold project was acquired by Estrella via the purchase of WA Nickel Pty Ltd (see ASX release 4 September 2017).

The Company hopes to be able to drill the high-grade gold structures shortly upon securing a suitable diamond drill rig, the project being located near the regional mining centre of Kalgoorlie/Boulder is an asset with numerous options available.



**Figure 5. Cross section of Munda showing some of the thicker higher grade gold intercepts and interpreted gold shoots.**

\*Refer to ESR announcement “ESR to Acquire Munda Gold and Spargoville Nickel Projects” 04 September 2017

The Company plans to test a new “plunging shoot” structural interpretation to the high-grade gold mineralisation. The additional drilling and assay information obtained from this work will be used to update the current JORC2012 Mineral Resource of 511,000t @ 2.82g/t Au for 46,337 ounces Au.\*

Table 3. Munda Gold Mineral Resource Estimate\*

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

\*Refer to ESR announcement "ESR to Acquire Munda Gold and Spargoville Nickel Projects" 04 September 2017

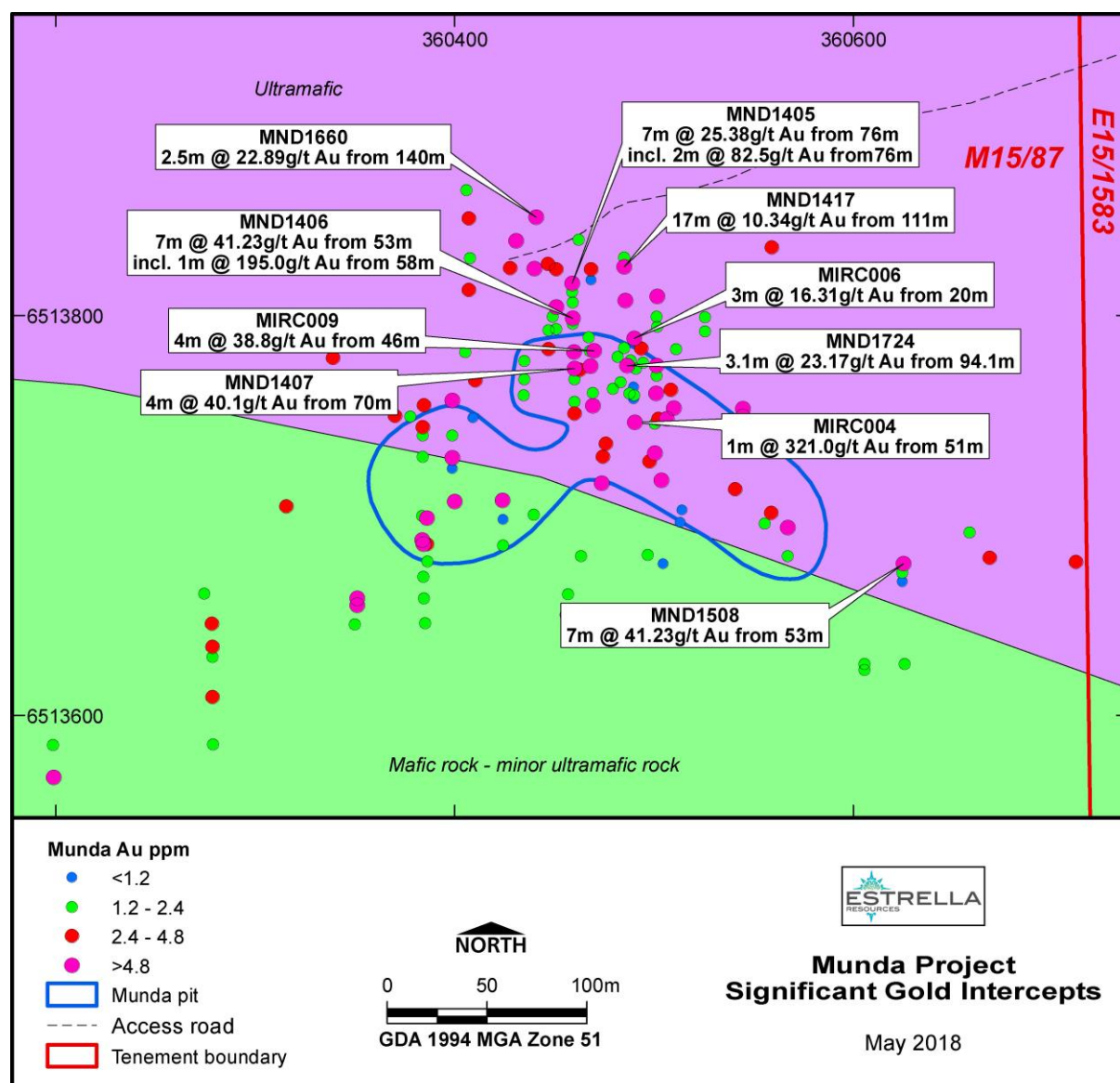


Figure 6. Plan showing previous high-grade gold intercepts\*

\*Refer to ESR announcement "ESR to Acquire Munda Gold and Spargoville Nickel Projects" 04 September 2017



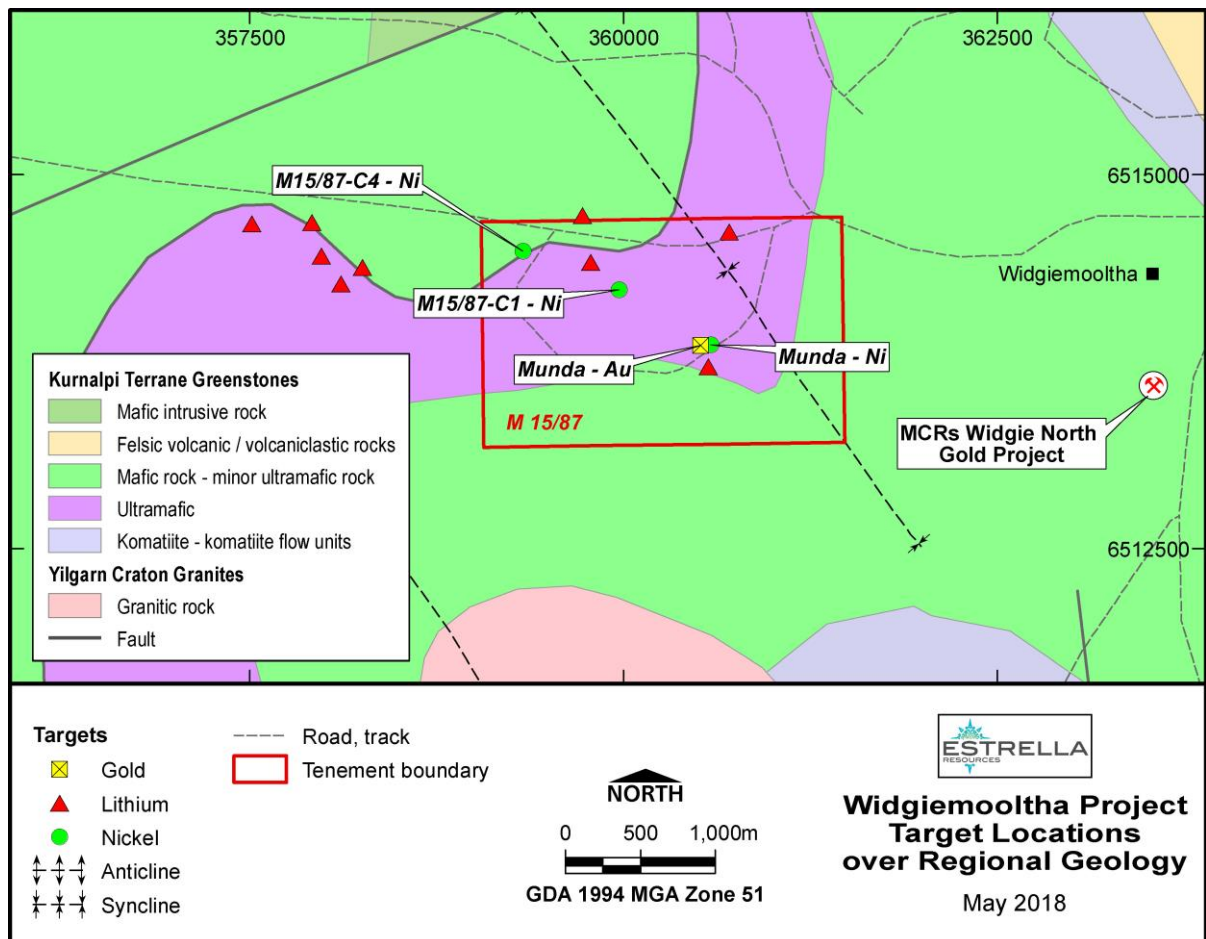


Figure 7. Geological map showing the location of the Munda project, exploration targets on M15/87, and other relevant nearby landmarks.

## GOLD MARKET

The price of gold has risen dramatically since the Munda gold mine was forced to close in the year 2000. At the time of mine closure the price of gold was less than A\$520 per ounce and today it exceeds A\$1,650 per ounce with price support coming from world instability and inflationary fears.



Figure 8. Chart of gold price 1998-2018 showing mine open and closure by Resolute Mining during a period of depressed gold prices



## CORPORATE

### CAPITAL

The Company's cash balance as at 30 June 2018 was A\$444,000. During the quarter the Company received \$700,000 cash for the sale of its interests in the Mt Edwards Lithium Project with a further \$2,000,000 of possible milestones payments and a royalty to be received in the future (see ASX announcement dated 15 March 2018).

The Company has been allocated \$550,000 in exploration credits under the Junior Minerals Exploration Incentive (JMEI) for the 2018/19 FY, the Company will issue exploration credits to eligible investors over the course of the 2018/19 FY.

During the Quarter 5,000,000 options exercisable at \$0.044 expired, unexercised. 5,500,000 options exercisable at \$0.05 on or before 15 May 2021 were issued to Directors and CEO as per shareholder approval received at the 26 April 2018 General Meeting. 42,600,000 shares and 17,000,000 options exercisable at \$0.05 on or before 27 June 2021 (restricted until 27 June 2019) were issued to Apollo Phoenix Resources Pty Ltd for the purchase of the Carr Boyd Rocks Nickel / Copper Project (see ASX release dated 27 June 2018).

Subsequent to the Quarter end the Company has notified shareholders of its intention to undertake a Loyalty Options Entitlement Issue (see ASX release 19 July 2018), with one Option issued for every three Shares held to eligible shareholders. Further details regarding this offer will be made shortly.

Fully Paid Ordinary Shares	471,883,292 (42,600,000 restricted)
Unlisted options exercisable	\$0.024 on or before 31 March 2020 - 8,250,000
	\$0.05 on or before 15 May 2021 – 5,500,000
	\$0.05 on or before 27 June 2021 - 17,000,000 (restricted)
	\$0.40 on or before 13 November 2019 – 1,375,000
	\$0.80 on or before 3 October 2018 – 118,752
	\$1.40 on or before 21 November 2019 – 750,000

### 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 Estrella Resources 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.

### FURTHER INFORMATION CONTACT

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**Chief Executive Officer**

**Estrella Resources Limited**

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**Appendix 1 – Tenement Information as Required by Listing Rule 5.3.3.**

<b>Country</b>	<b>Location</b>	<b>Project</b>	<b>Tenement</b>	<b>Change in Holding (%)</b>	<b>Current Interest (%)</b>
Australia	WA	Carr Boyd Nickel Project	E29/1012	100	100
Australia	WA	Carr Boyd Nickel Project	E29/0982	100	100
Australia	WA	Carr Boyd Nickel Project	L24/0186	100	100
Australia	WA	Carr Boyd Nickel Project	E31/0726	100	100
Australia	WA	Carr Boyd Nickel Project	E31/1124	100	100
Australia	WA	Carr Boyd Nickel Project	M31/0012	100	100
Australia	WA	Carr Boyd Nickel Project	M31/0109	100	100
Australia	WA	Carr Boyd Nickel Project	M31/0159	100	100
Australia	WA	Carr Boyd Nickel Project	E31/1162	100	100
Australia	WA	Munda Nickel & Gold Project	M15/87	-	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	E15/967	-	100*
Australia	WA	Spargoville Nickel Project	E15/968	-	100*
Australia	WA	Spargoville Nickel Project	L15/128	-	100*
Australia	WA	Spargoville Nickel Project	L15/255	-	100*
Australia	WA	Mt Edwards Lithium Project	M15/698	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/87	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/74	(75)	-

*\*Nickel rights only - underlying tenements held by third parties.*

<b>Country</b>	<b>Location</b>	<b>Project</b>	<b>Tenement</b>	<b>Change in Holding (%)</b>	<b>Current Interest (%)</b>
Australia	WA	Mt Edwards Lithium Project	M15/101	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/99	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/75	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/699	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/653	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/97	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/96	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/102	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/100	(75)	-
Australia	WA	Mt Edwards Lithium Project	M15/1271	(75)	-
Australia	WA	Mt Edwards Lithium Project	E15/1505	(75)	-
Australia	WA	Mt Edwards Lithium Project	E15/1507	Application	-
Australia	WA	Mt Edwards Lithium Project	E15/1562	Application	-