6 December 2018

ASX ANNOUNCEMENT

MAIDEN DRILLING AT SPARGOVILLE DELIVERS SPECTACULAR NICKEL SULPHIDE INTERCEPTS

HIGHLIGHTS

- **Drilling beneath the 5A pit floor has returned spectacular high-grade nickel sulphide intercepts with accompanying polymetallic mineralisation**
- **Results include**
  - **15m at 10.45% Ni, 0.78% Cu, 0.20% Co, 0.87g/t Pb, and 1.15g/t Pt from 20m in KWC0004**
  - **5m at 11.32% Ni, 0.54% Cu, 0.21% Co, 0.42g/t Pd, and 0.22g/t Pt from 61m in KWC0001**
  - **3m at 12.90% Ni, 1.37% Cu, 0.29% Co, 1.86g/t Pd, and 0.67g/t Pt from 69m in KWC0002**
- **Material from the drilling will be used to conduct metallurgical test work**
- **The drilling results, which exceeded expectations, will be used in a Mineral Resource estimate to JORC 2012 reporting standards for the project**

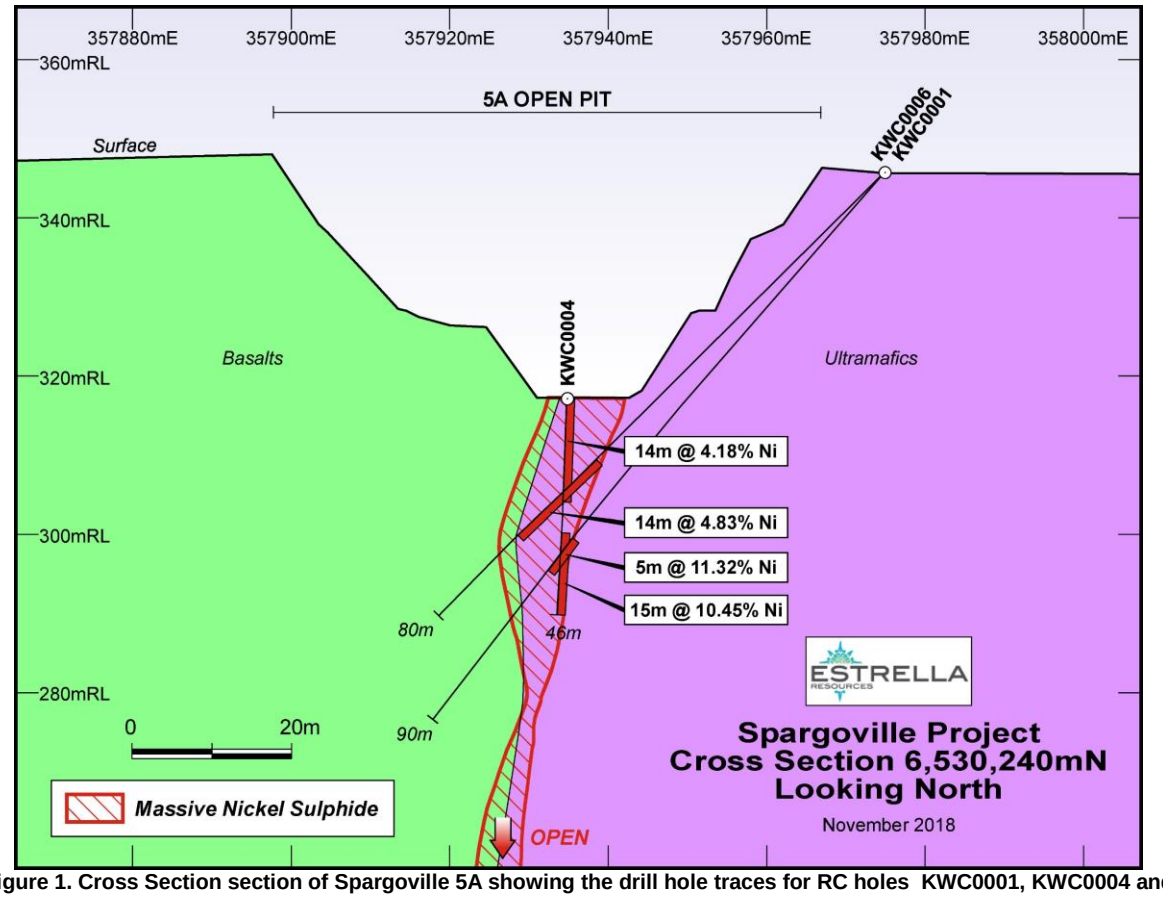

Figure 1. Cross Section section of Spargoville 5A showing the drill hole traces for RC holes KWC0001, KWC0004 and KWC0006 below the 5A pit floor. Note historic drilling has been left off the cross section for clarity.

Estrella Resources Limited (ASX: ESR) (Estrella or the Company) is pleased to provide shareholders with an update on exploration activities for the Spargoville nickel project located approximately 30 km south west of Kambalda, Western Australia.

The Company has completed its maiden drilling program at Spargoville, targeting high grade nickel mineralisation directly beneath the 5A open pit and an EM target, M15/96-C1, between the 5A and 5B mines.

The Spargoville project was acquired by Estrella via the purchase of WA Nickel Pty Ltd (se ASX release 4 September 2017). The Spargoville project area was first discovered by Selcast Exploration in the late 1960s. Since then 1A, 5A, 5B, and 5D deposits 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 and metallurgical processing methods. These will be aggressively pursued.

Estrella - Chief Executive Officer, Mr Daws said "***These nickel results are some of the best nickel sulphide intercepts that I have seen in my 14 years exploring nickel sulphide orebodies in Western Australia. The outlook for nickel is bullish with the forecast of large supply deficits and the need to provide quality nickel stocks to the EV / battery storage manufacturing industries. The current market soundings remind me a lot of the early stages of the nickel boom of 2007 and I certainly look forward to what the future has installed for our shareholders".***

5A TARGET

This drilling has exceeded the Company's expectations at 5A. Assay results returned from the Company's maiden drilling program have been consistently higher than historic drilling. The presence of elevated platinum group and cobalt mineralisation in the results is a very encouraging development for the project.

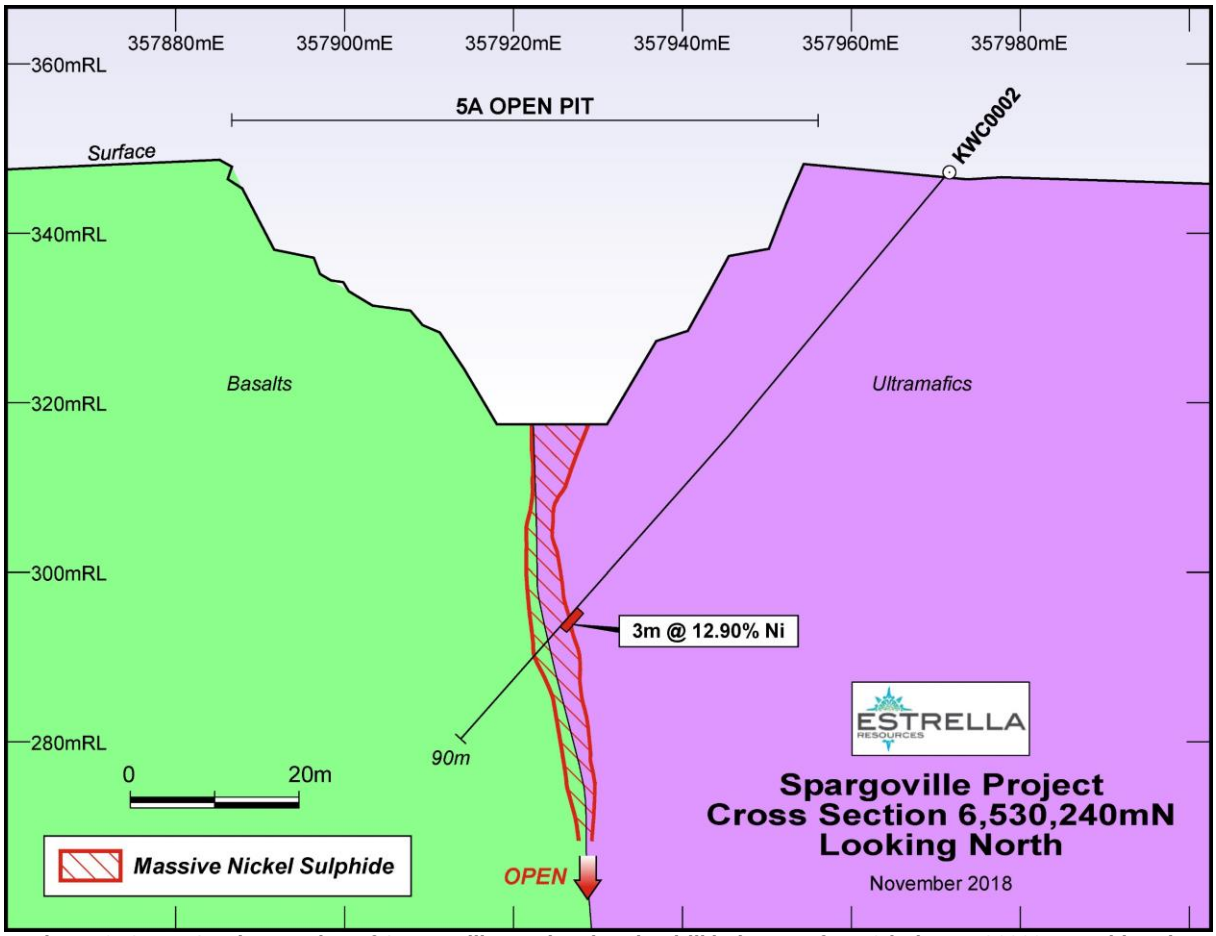

Figure 2. Cross Section section of Spargoville 5A showing the drill hole trace for RC hole KWC0002. Note historic drilling has been left off the cross section for clarity.

Bulk samples will be collected from the drill spoils to conduct metallurgical test work. There have been significant advances in metallurgical technology and the Company is excited by the significant platinum group element grades, and the 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. Recent interrogation of historic geophysical datasets has revealed the presence of several high priority EM targets, which will be targeted by future drilling. Updates on these geophysical targets will be provided once the interrogation process is completed.

Figure 3. RC drilling rig in operation at the 5A nickel project, Spargoville WA

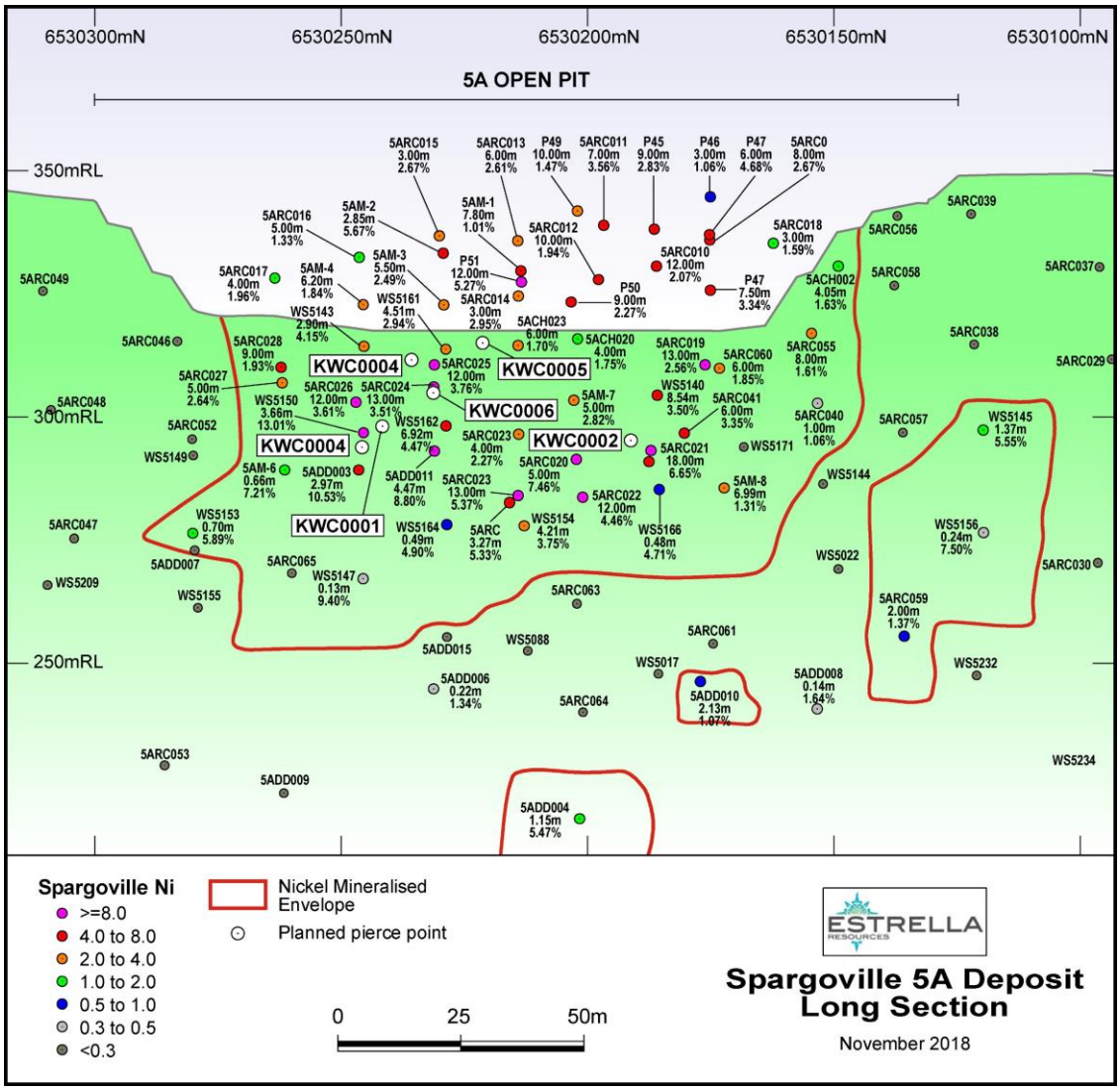

Figure 4. Long section of Spargoville 5A showing the pierce point locations of the new RC holes, KWC0001, KWC0002, KWC0003, and KWC0005

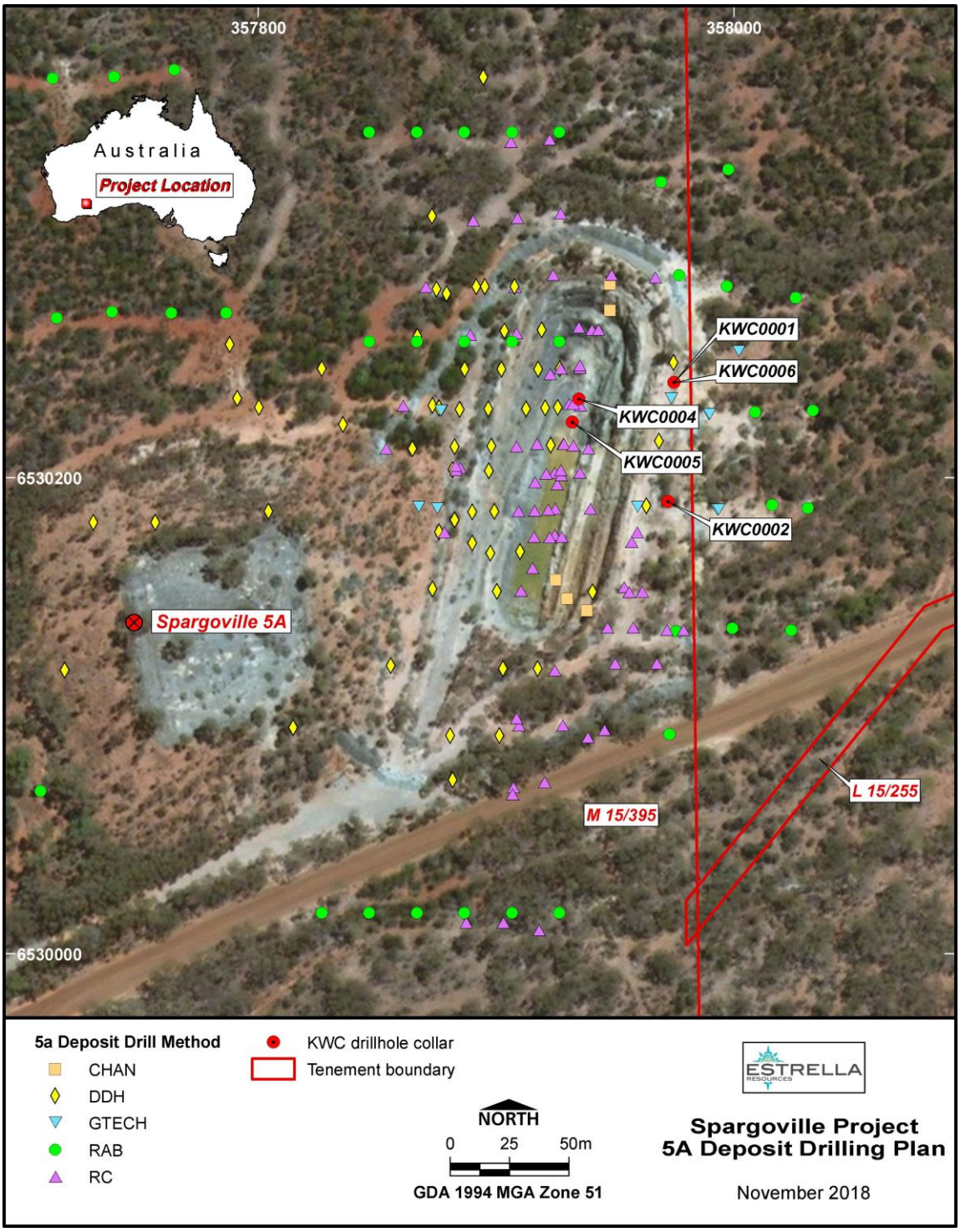

Figure 5. Map showing location of the 5A open pit, and the drill collars for the intercepts reported in this announcement

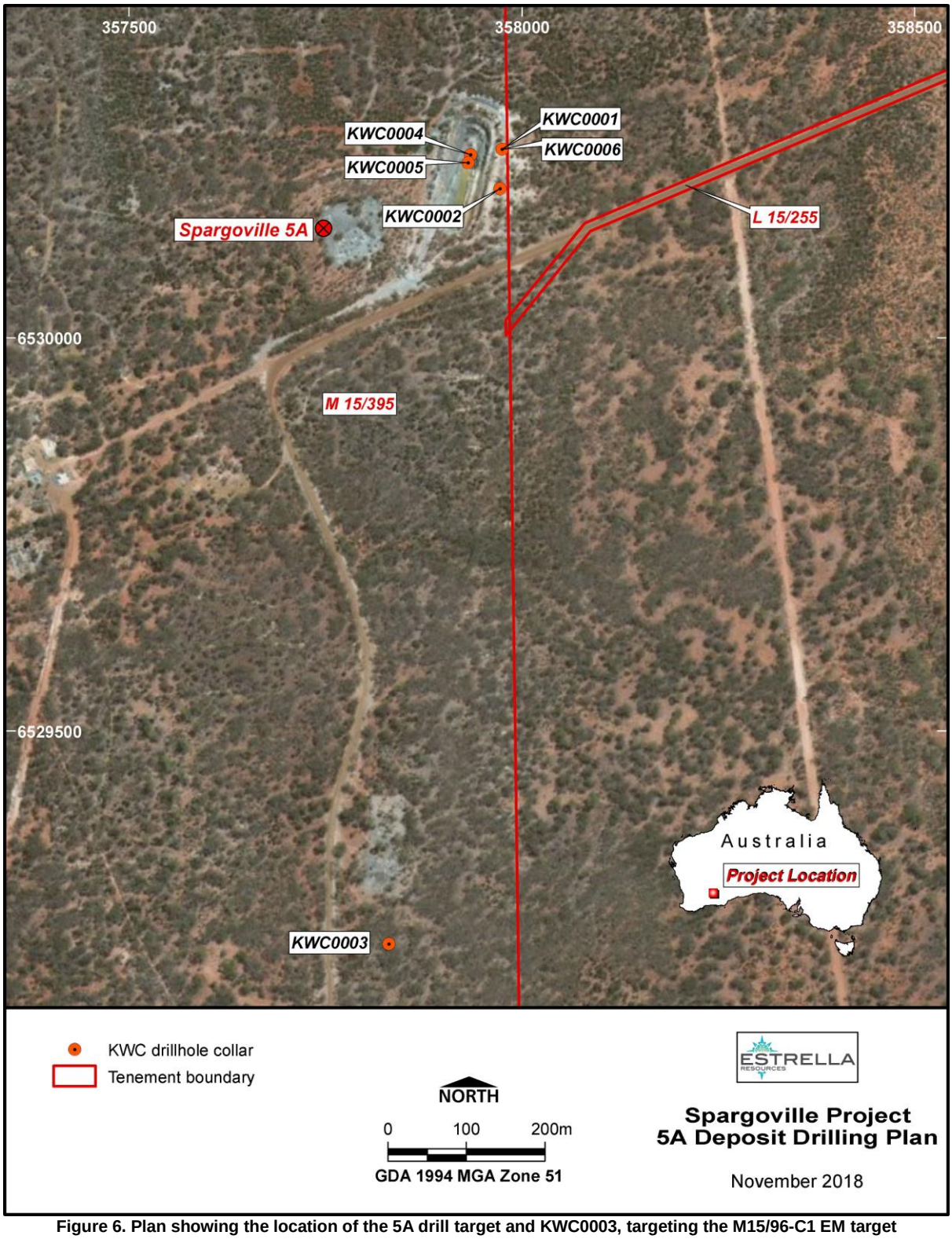

Figure 6. Plan showing the location of the 5A drill target and KWC0003, targeting the M15/96-C1 EM target

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. KWC0003 targeted this conductor, which was found to be caused by a sulphidic black shale horizon in ultramafics and no follow up work will be required.

There are several historic EM targets within the Spargoville Project tenure which the Company is currently interrogating and further updates will be provided once this is completed.

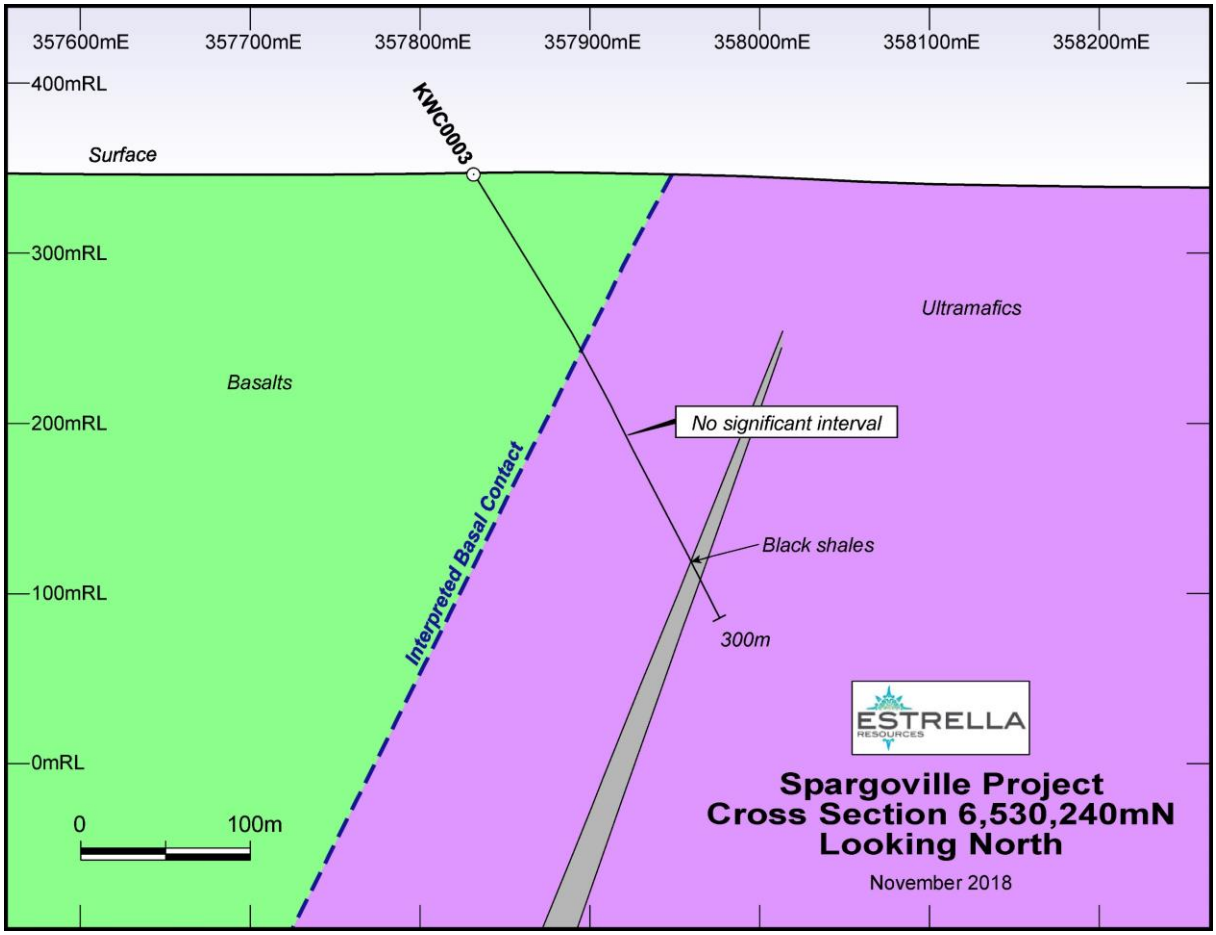

Figure 7. Cross section of the M15/96 C1 target, showing the position of the black shale holizon intersected by KWC0002.

Table 1. KWC Maiden drill holes and historic drill results Spargoville Nickel Project

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
KWC0001	**RC**	**357975**	**6530240**	**346**	**-60**	**270**	**90**	**61**	**66**	**5**	**11.32**	**5413**	**2054**	**423**	**217**
KWC0002	**RC**	**357972**	**6530190**	**348**	**-50**	**272**	**90**	**69**	**72**	**3**	**12.90**	**13667**	**2876**	**1856**	**672**
KWC0003	RC	357831	6529229	347	-60	90	300	NSI							
KWC0004	RC	357935	6530233	317	-60	355	46	0	14	14	4.18	6769	846	464	266
KWC0004	**RC**							**20**	**35**	**15**	**10.45**	**7840**	**1972**	**872**	**1149**
KWC0005	RC	357932	6530223	317	-60	195	31	0	5	5	1.90	1738	469	148	44
KWC0006	RC	357975	6530240	346	-45	258	80	39	40	1	1.50	234	136	21	21
KWC0006	RC							52	66	14	4.83	3002	785	286	139
5ADD003	DD	357975	6530248	345	-54	270	83.9	68	70.97	2.97	10.53	8225	2385	315	382
5ADD010	DD	357876	6530177	346	-61	90	131.8	110.1	112.23	2.13	1.07	765	207	181	131
5ADD011	DD	357974	6530233	346	-50	270	72.3	66.7	71.17	4.47	8.80	5902	2010	NA	NA
5AM-1	UKN	357923	6530213	349	-60	90	32	18.45	26.25	7.8	3.01	NA	NA	NA	NA
5AM-2	UKN	357926	6530229	348	-45	90	26	19.75	22.6	2.85	5.67	NA	NA	NA	NA
5AM-3	UKN	357921	6530229	348	-60	90	38	27	32.5	5.5	2.49	NA	NA	NA	NA
5AM-4	UKN	357927	6530246	347	-60	90	37	25	31.2	6.2	1.84	NA	NA	NA	NA
5AM-5	RC	357919	6530262	346	-60	90	60	42.2	47.6	5.4	2.73	NA	NA	NA	NA
5AM-7	UKN	357897	6530203	348	-60	90	63	49	54	5	2.82	NA	NA	NA	NA
5AM-8	UKN	357890	6530172	348	-60	90	83	68.55	75.54	6.99	1.31	NA	NA	NA	NA
5ARC009	RC	357916	6530175	349	-60	89	28	11	19	8	2.67	1538	NA	NA	NA
5ARC010	RC	357916	6530186	349	-60	90	40	15	27	12	2.07	3758	NA	NA	NA
5ARC011	RC	357926	6530197	349	-60	92	22	8	15	7	3.56	2400	NA	NA	NA
5ARC012	RC	357916	6530198	349	-60	91	34	19	29	10	1.94	1860	NA	NA	NA
5ARC013	RC	357928	6530214	349	-60	89	28	12	18	6	2.61	2383	NA	NA	NA
5ARC014	RC	357917	6530214	349	-60	90	40	27	30	3	2.95	3067	NA	NA	NA
5ARC015	RC	357936	6530230	348	-60	91	22	11	14	3	2.67	3267	NA	NA	NA

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
5ARC016	RC	357935	6530246	347	-60	88	28	14	19	5	1.33	1220	NA	NA	NA
5ARC017	RC	357935	6530263	346	-60	88	34	18	22	4	1.96	1175	NA	NA	NA
5ARC018	RC	357915	6530162	349	-60	89	28	14	17	3	1.59	4900	NA	NA	NA
5ARC019	RC	357925	6530176	317	-90	0	22	0	13	13	2.56	1746	NA	NA	NA
5ARC020	RC	357925	6530202	318	-90	0	34	0	4	4	1.75	3175	NA	NA	NA
5ARC020	RC				-90	0		24	29	5	7.46	6320	NA	NA	NA
5ARC021	RC	357925	6530187	317	-90	0	34	15	33	18	6.65	8361	NA	NA	NA
5ARC022	RC	357928	6530201	318	-90	0	40	28	40	12	4.46	1992	NA	NA	NA
5ARC023	RC	357929	6530214	317	-90	0	40	0	6	6	1.70	2733	NA	NA	NA
5ARC023	RC				-90	0		19	23	4	2.27	1500	NA	NA	NA
5ARC023	RC				-90	0		27	40	13	5.37	3900	NA	NA	NA
5ARC024	RC	357931	6530231	318	-90	0	22	5	18	13	3.51	2569	NA	NA	NA
5ARC025	RC	357933	6530231	318	-90	0	34	1	13	12	3.76	1883	NA	NA	NA
5ARC026	RC	357935	6530247	319	-90	0	22	10	22	12	3.61	3525	NA	NA	NA
5ARC027	RC	357940	6530262	321	-90	0	22	11	16	5	2.64	1700	NA	NA	NA
5ARC028	RC	357943	6530262	321	-90	0	28	6	15	9	1.93	1544	NA	NA	NA
5ARC041	RC	357959	6530177	349	-57	270	82	58	64	6	3.35	1773	750	NA	NA
5ARC055	RC	357954	6530154	349	-49	272	52	38	46	8	1.61	2294	499	379	86
5ARC059	RC	357979	6530136	348	-63	268	106	101	103	2	1.37	864	349	410	106
5ARC060	RC	357957	6530173	349	-52	271	64	47	53	6	1.85	1390	640	424	85
P45	RC	357922	6530187	349	-60	90	30	8	17	9	2.83	NA	NA	NA	NA
P46	RC	357928	6530175	349	-90	360	30	3	6	3	1.06	NA	NA	NA	NA
P47	RC	357923	6530175	349	-90	360	33	9	15	6	4.68	NA	0	NA	NA
P47	UKN				-90	360		19.5	27	7.5	3.34	NA	NA	NA	NA
P49	RC	357935	6530202	349	-90	360	22	2	12	10	1.47	NA	NA	NA	NA
P50	RC	357927	6530203	349	-90	360	33	21	30	9	2.27	NA	NA	NA	NA
P51	RC	357933	6530213	348	-90	360	30	15	27	12	5.27	NA	NA	NA	NA

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
WS5140	DD	357899	6530186	349	-60	90	137	46.93	55.47	8.54	3.50	5058	NA	NA	NA
WS5143	DD	357918	6530246	348	-60	90	102	37.79	40.69	2.9	4.15	5673	NA	NA	NA
WS5150	DD	357902	6530246	348	-60	90	128	57.6	61.26	3.66	13.01	10759	NA	NA	NA
WS5154	DD	357883	6530213	348	-60	90	156	82.2	86.41	4.21	3.75	905	NA	NA	NA
WS5161	DD	357913	6530229	349	-60	90	63	39.13	43.64	4.51	2.94	1773	NA	NA	NA
WS5162	DD	357897	6530229	349	-60	90	104	56.02	62.94	6.92	4.47	3436	NA	NA	NA
WS5145	DD	357918	6530120	350	-60	90	127	60.35	61.72	1.37	5.55	1409	NA	NA	NA
WS5156	DD	357903	6530120	349	-60	90	181	84.09	84.33	0.24	7.50	1800	NA	NA	NA
5ADD008	DD	357873	6530153	347	-62	91	132	118.69	118.83	0.14	1.64	272	271	3	6
5ARC040	RC	357962	6530152	349	-60	270	64	52	53	1	1.06	234	82	NA	NA
WS5166	DD	357890	6530186	348	-60	90	112	73.67	74.15	0.48	4.71	887	NA	NA	NA
WS5221	DD	357757	6530181	350	-65	90	306	248.22	248.56	0.34	3.44	3700	NA	NA	NA
WS5226	DD	357731	6530181	351	-65	90	336	279.19	280.11	0.92	1.02	535	NA	NA	NA
5ADD004	DD	357882	6530203	346	-68	93	153	132.66	133.81	1.15	5.47	1101	695	447	371
5ADD012	DD	357791	6530233	349	-61	88	306	266.35	267.28	0.93	2.23	2273	577	59	95
5ADD013	DD	357836	6530222	347	-59	87	204	195.7	196.08	0.38	1.24	964	515	NA	NA
5ADD006	DD	357873	6530230	345	-60	90	138	114.02	114.24	0.22	1.34	4566	268	137	87
WS5147	UKN	357887	6530246	347	-65	90	160	88.23	88.36	0.13	9.40	11500	NA	NA	NA
5AM-6	UKN	357904	6530261	346	-60	90	72	65.4	66	0.6	7.21	NA	NA	NA	NA
WS5153	UKN	357892	6530280	346	-60	90	117	83.3	84	0.7	5.89	686	NA	NA	NA
5ARC050	RC	357923	6530342	350	-60	90	40	NSI							
5ARC051	RC	357906	6530341	351	-60	90	64	NSI							
07BKWD0003	DD	357721	6530322	353	-59	89	399	NSI							
5ARC049	RC	357927	6530311	345	-60	90	40	NSI							
5ARC048	RC	357909	6530309	347	-60	90	67	NSI							
WS5209	DD	357873	6530310	349	-60	90	141	NSI							
5ARC047	RC	357891	6530308	348	-60	90	100	NSI							

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
5ARC046	RC	357967	6530284	344	-50	270	52	NSI							
5ARC052	RC	357908	6530280	341	-55	90	76	NSI							
WS5149	DD	357908	6530280	345	-60	90	99	NSI							
5ADD007	DD	357895	6530280	341	-60	90	102	NSI							
5ARC053	RC	357871	6530280	343	-60	88	142	NSI							
WS5155	DD	357875	6530279	347	-60	90	137	NSI							
5ARC065	RC	357889	6530260	342	-60	90	106	NSI							
5ADD009	DD	357867	6530259	342	-60	91	141	NSI							
WS5224	DD	357827	6530246	348	-60	90	214	NSI							
5ARC054	RC	357861	6530230	345	-60	90	178	NSI							
5ADD015	DD	357877	6530228	347	-55	90	117	NSI							
WS5164	DD	357885	6530229	348	-60	90	152	83.39	83.88	0.49	4.90	2665	NA	NA	NA
WS5088	DD	357865	6530212	347	-60	90	203	NSI							
5ARC063	RC	357883	6530203	346	-55	91	118	NSI							
5ARC064	RC	357883	6530205	346	-61	92	142	NSI							
07BKWD0004	DD	357800	6530229	348	-57	109	279	NSI							
WS5017	DD	357804	6530186	349	-45	90	217	NSI							
5ARC061	RC	357878	6530177	347	-57	91	130	NSI							
WS5171	DD	357898	6530168	349	-60	90	109	NSI							
WS5144	DD	357900	6530152	349	-60	90	151	NSI							
WS5022	DD	357881	6530092	351	-45	45	198	NSI							
5ARC057	RC	357972	6530136	349	-61	266	76	NSI							
5ARC058	RC	357958	6530137	349	-61	268	40	NSI							
5ARC056	RC	357947	6530137	349	-61	270	34	NSI							
5ARC038	RC	357968	6530122	350	-55	270	52	NSI							
5ARC039	RC	357950	6530122	350	-58	270	34	NSI							
WS5232	DD	357856	6530121	350	-60	90	191	NSI							

Hole_ID	Hole_Type	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Ni %	Cu ppm	Co ppm	Pd ppb	Pt ppb
WS5238	DD	357719	6530119	351	-70	90	361	NSI							
5ARC037	RC	357928	6530096	349	-60	90	40	NSI							
5ARC029	RC	357910	6530096	349	-60	90	72	NSI							
WS5176	DD	357901	6530092	350	-60	90	151	NSI							
5ARC030	RC	357909	6530099	349	-74	90	102	NSI							
WS5234	DD	357815	6530095	352	-65	90	249	NSI							
5ARC033	RC	357907	6530067	350	-74	90	100	NSI							
5ARC032	RC	357907	6530070	350	-60	90	58	NSI							
PH278	UKN	357916	6530034	350	-60	90	71	NSI							
5ARC035	RC	357903	6530013	350	-60	90	64	NSI							
5ARC036	RC	357918	6530010	350	-60	90	40	NSI							
5ARC042	RC	357887	6530013	351	-60	90	88	NSI							

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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APPENDIX 3 JORC TABLE 1 - JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.	• The Spargoville landholding has been drilled by Diamond (surface and underground, 504 holes), RC (204 holes), RAB and Percussion (1514 holes) and Aircore (33), drilling both for nickel and gold. Drilling data exists for 4742 drill holes for 169420 metres in the tenement area. A total of 1070 holes had one or more intercepts over 1% Ni. All the holes apart from KWC0001 to KWC0006 were drilled by previous operators prior to Estrella Resources taking over the prospect in 2018. • Diamond core and RC sampling techniques conducted prior to this drilling program are not known but are assumed to be industry standard at the time of collection. Pre-this program data was compared to historic data and the two datasets generally correlated well. • From KWC series holes reported in this announcement, RC drill holes were sampled by 1m cone split composites through mineralisation and 4m spear samples in unmineralised material. RC drilling was 5 ¼ inch in diameter.
	• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	• For this drill program RC sampling was cone split from 1m composite bulk samples, producing a nominal 3kg – 5kg representative sample.
	• Aspects of the determination of mineralisation that	• RC samples ranged from 4m in waste material and 1m in or near mineralisation.

	are material to the Public Report.	
	• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information	• Nickel mineralisation consists of contact massive sulphides (violarite, pyrite, pyrrhotite, pentlandite, chalcopyrite) typically 1.5m to 4m thick, overlain by matrix sulphides and disseminated sulphides. At 5A the sulphides have been weathered to produce supergene sulphides of pyrite and violarite and secondary oxide material. • Most of the drilling, sampling and assaying was completed by Selcast Exploration and Amalg Resources. It is unknown how samples were collected, but it is assumed to be industry standard at the time. The data from this drilling program compared well with drilling conducted by previous explorers. For this drilling program, representative samples from RC drilling were collected and sent to Intertek laboratory in Kalgoorlie for analysis. Intertek crushed and pulverised the samples in entirety and took a 50g pulp for analysis. • For this drilling program, nickel and multielement analysis was performed by 4 acid digest and a combination of ICP-MS and ICP-OES analysis techniques. Gold and PGEs were determined by a 25g fire assay fusion, followed by aqua regia digest and ICP-MS finish. • Minor copper, cobalt, and significant arsenic occur in the nickel mineralisation.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• The database is comprised of Diamond drilling samples (7823), RC drilling samples (10766), RAB/AC drilling samples (5241) and unspecified samples (25665). Diamond drilling included NQ, HQ and BQ diameter core. • Some of the sampling in the drillhole database appears to be underground face sampling from the 5D (Andrews) mine, which will be confirmed as soon as possible

Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• RC samples recoveries were inferred from sample weights reported by the laboratory for this program. No sample weight information is available for historic drilling. • No relationship has been established between sample recovery and reported grade.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Detailed drill hole logs are available for 97.4% of the historic drilling and 100% of the new drilling reported in this announcement. • Prior to the current program it is unknown whether duplicates, standards and blanks taken for QA/QC purposes were taken. Hard copy sample logging sheets were kept. This includes samples numbers for duplicates, standards and blanks taken for QA/QC purposes. All data are available for the work conducted from the current program. • The logging is of a detailed nature and of sufficient detail to support the current reporting of exploration results.
Sub-sampling techniques	• If core, whether cut or sawn and whether quarter, half or all core taken.	• Core sampling techniques are unconfirmed for historic drilling, and no core sampling results are being reported for the current program.

and sample preparation	• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• For the recently completed drilling by Estrella Resources, samples were collected by a rig mounted cyclone and cone splitter. This is unknown for previous drilling. • From the current program sample condition field to record moisture and sample recovery is included in the sampling log sheet and populates the assay table of the database. Unfortunately, only a very small percentage of the logs have captured this information, so no determination can be made about the quality of the RC samples. • From the current program sample preparation is appropriate for RC drilling as per industry standard practices for managing RC samples and diamond core. • Prior to the current program it is unknown whether quality control procedures have been used. From the current program Quality control procedures included the inclusion of field duplicates, standard samples and blank samples into the sampling stream for laboratory analysis. Standards were placed every 30 samples with a combination of blank, low-grade and high-grade standards. Dependent on the geology a suitable was standard selected. Blank standards (OREAS22C) were generally placed after a mineralised zone and routinely every 25 samples. Duplicate sampling was undertaken for the RC drilling every 20 samples. • Host rock for nickel mineralisation is mainly a serpentinite lens at the base of an ultramafic sequence. It is assumed that prior to the current program sampling would have been appropriate for the style of mineralisation and from the current program it is appropriate.

Quality of assay data and laboratory tests	• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ice lack of bias) and precision have been established.	• From the current program, quality control procedures included the inclusion of field duplicates, standard samples and blank samples into the sampling stream for laboratory analysis. One standard, blank and field duplicate were inserted into the sample stream every 30 and 20 samples respectively. These were offset through the sampling stream and placed in areas of interest i.e. high-grade standards and blanks in the mineralised zone where possible. The QAQC results have been assessed and are acceptable. • No umpire assaying has been documented. • No geophysical methods or hand-held XRF units have been used for determination of grades in the Announcement.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel.	• Multiple intersections reported have been checked back to original logs and assay data.
	• The use of twinned holes.	• No twin holes have been drilled.
	• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	• Drill hole data were sourced from digital sources and original hard-copy sampling and assay records and imported into a central electronic database. Datashed software was used to validate and manage the data.
	• Discuss any adjustment to assay data.	• No adjustments have been made to the assay data.
	• Accuracy and quality of surveys used to locate drill holes (collar and	• Surface topography is derived from drill hole collars and the historical

Location of data points	down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	survey control of the Spargoville open pit. The new holes were set out and picked up by Cardno Surveys and downhole surveyed by ABIMS Solutions. • Prior to the current program it is assumed that the majority of the drillholes were downhole surveyed by a single shot tool and by collar measurement with a clinometer and compass. This is rarely recorded in the database. From the current program of holes were down hole surveyed by a gyro.
	• Specification of the grid system used.	• Prior to the current program original surveying was undertaken in Kambalda Nickel Operations Grid (KNO) and from the current program in GDA94 grid.
	• Quality and adequacy of topographic control.	• Topographic control is considered more than adequate for the current announcement
Data spacing and distribution	• Data spacing for reporting of Exploration Results.	• The 5A area has been drilled on a regular pattern and spacing by various previous operators. The average spacing is estimated to be approximately 20m by 20m within the 5A mine area.
	• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	• The drill data spacing and sampling is adequate to establish the geological and grade continuity required for the current announcement.
	• Whether sample compositing has been applied	• No sample compositing has been applied other than length weighted intervals for reporting purposes.

Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The drill line and drill hole orientation is oriented as close as practicable to perpendicular to the orientation of the general mineralised orientation. • Most of the drilling intersects the mineralisation at close to 90 degrees ensuring intersections are representative of true widths. KWC0004 and KWC0005 are the exception; these holes were purposefully drilled at a low angle to mineralisation for the purpose of collecting bulk sample for metallurgical test work.
Sample security	• The measures taken to ensure sample security.	• Sample security measures are unknown for previous drilling. From the current program, sample security measures adopted include the daily movement of samples to the Kalgoorlie laboratory, where samples were securely stored before processing. • From the current program RC split samples were transported from site daily and delivered to the accredited laboratory depot in Kalgoorlie for preparation and analysis. • Industry standard sample security standards were followed for current drilling. Reports and original log files indicate that a thorough process of logging, recording, sample storage and dispatch to labs was followed at the time of drilling.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• From the current program, sample data reviews have included an inspection and investigation of all available paper and digital geological logs to ensure correct entry into the drill hole database

	• Visualisation of drilling data was completed in three-dimensional software (Micromine and Surpac), and QA/QC sampling review using Maxwell Geoservices QAQCR Software was undertaken. Although these reviews are not definitive, they provide confidence in the general reliability of the data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• ESR has entered into agreements to hold a 100% interest in all base metal rights to the project. • There are no known impediments to operate in the area. • The area is held under M15/395.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Between 1966 and 1971 Australian Selection Pty Limited (later Selcast Exploration) conducted regional exploration throughout the Spargoville area ("WS5" series holes). During this period, numerous prospective targets were identified including the 5A, 5B and 5D deposits. During 1974, Selcast commenced underground mining at the 5D deposit which was renamed Andrews. Prior to the cessation

of mining at Andrews in 1979, a decline was developed into the footwall of the 5B ore body, however elevated arsenic levels in the ore and falling nickel prices prevented production from the mine at this time. Despite substantial deep diamond drilling at 5A the tonnage of the nickel sulphide ore body defined did not warrant mining at the time.

- In the early 1980s, BP Minerals Australia acquired Selcast and continued exploration in the Spargoville area, to determine the potential for economic gold mineralization. BP Minerals re-assayed existing holes drilled by Selcast that reported gold intersections. BP completed a series of percussion holes across the lease.
- BP failed to identify a significant gold resource and in 1990 and sold the lease to Spargoville Nickel Pty Ltd. Spargoville Nickel Pty. Ltd. drilled three metallurgical holes at the 5B deposit and nine near-surface, RC drill holes at the 5A deposit ("P" series holes).
- In 1993 the lease was vendored to Amalg Resources NL ("Amalg'). Amalg commenced open pit mining of the 5B deposit in 1995, targeting a small oxide gold resource previously identified by BP. A total of 9,700 tonnes of ore was mined from the 35m deep pit at a sampled grade of 2.77g/t Au.
- Amalg also completed 15 underground diamond holes from the 5B decline during 1997 and re estimated a mineral resource for this

deposit of.

- Amalg also completed eight diamond (5AM-1 to 5AM-8) and 10 RC (5ARC09 to 5ARC18) holes at the 5A deposit between 1993 and 1997 aimed at defining an oxide nickel resource.
- Between July and October 1997 Amalg mined a 30m deep pit at the 5A deposit. A total of 34,560 tonnes of oxide nickel ore was mined and stockpiled at a sampled grade of 2.36% Ni.
- In December 1999 Amalg conducted a 10 hole vertical RC drilling program (298m) at the 5A pit (5ARC19 to 5ARC28) to generate sufficient quantities of nickel sulphide mineralization for metallurgical work on the transitional ore. From this work a new Mineral Resource Ni was estimated.
- In 2001 regional multi-client Norseman-Wiluna 400m line spaced aeromagnetic data and digital aerial images covering tenement M15/395 were purchased to identify regional lithological and structural trends to assist with targeting and planning of exploration programs.
- A 200m x 100m moving loop survey was completed across the tenement to test for massive nickel sulphide mineralization along unexplored areas of the basal contacts. The surface TEM program consisted of moving loop, in-loop and slingram surveys. Fixed loop surveys were used over selected moving loop TEM targets and the

		known nickel deposits (5A, 5B, and 5D). This work indicated the surface EM failed to give any significant anomaly over the known deposits. • Accurate surveys were completed of the 5A and 5B pits and mullock dumps and 5B decline that could be converted to AMG coordinates. • Approximately 20,000t of stockpiled nickel gossan from the 5A open cut grading approximately 2.6% Ni was sold to OMG Cawse for treatment through the acid pressure leach ("PAL") plant at Cawse. • The existing nickel resources at 5A, 5B and Andrews were reassessed. Resource reverse circulation (RC) and Diamond drilling were completed at 5A and 5B and metallurgical geotechnical and mine design studies completed on the 5A deposit. In addition heritage, flora and fauna studies were completed for feasibility study to open cut mine the 5A deposit to remove the transitional and sulphide mineralisation to a depth an approximately 70 m below surface. The feasibility study showed that the transitional ores at 5A or 5B were not suitable for either PAL or conventional leach circuits and that the Activox process was the most likely process option.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Spargoville project is located on the north end of the Widgiemooltha Dome within a sequence of intercalated mafic and ultramafic rocks.

- Nickel mineralisation is located along the contact of basalt and ultramafic rocks. High grade nickel mineralisation is in the form of poddy contact shoots, with a broad disseminated component. The basalt-ultramafic contact dips sub vertically, striking north-south. The contact itself is quite disturbed as the area has been extensively deformed, with numerous footwall thrusts of thin packages of mineralised ultramafic. The hanging wall ultramafic unit varies from talc, tremolite, and serpentinised altered ultramafics. Disseminated nickel mineralisation is generally in serpentinised ultramafic.
- The stratigraphy at a deposit scale consists of the Archaean Mt Edwards basalt overlain by the Widgiemooltha Komatiite. The ultramafic succession consists of a series of flows with intercalated sediments. It is approximately 250m thick and displays carbonate alteration and serpentinisation. The mineral assemblages are talc-antigorite-chlorite-magnetite and talc-magnesite-amphibolite-magnetite.
- Nickel mineralisation at Spargoville consists of contact massive sulphides (pyrite, pyrrhotite, pentlandite, chalcopyrite) typically less than 1m thick overlain by matrix sulphides and disseminated sulphides. The strike of the nickel mineralisation varies from 10m to 50m.
- Depth of complete oxidation ranges from 15 to 30m..

Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
	  ○ easting and northing of the drill hole collar
	  ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
	  ○ dip and azimuth of the hole
	  ○ down hole length and interception depth
	  ○ hole length.
	• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.
		• See Table- Drilling Information.
		• No information is excluded.

Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	• Drill hole summary results are included in this release. The results reported include all intersections included in the estimation of the Results. • A nominal cut off of 1.0% Ni was used to define the drill intersections composites.
	• The assumptions used for any reporting of metal equivalent values	• No metal equivalents are used in this announcement.

	should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• The drill line and drill hole orientation is oriented as close to 90 degrees to the orientation of the anticipated mineralised orientation as practicable. • The majority of the drilling intersects the mineralisation between 70 to 80 degrees.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Appropriate maps and tables are included in the body of the Report.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All drill intercepts used in this announcement are listed in Table 1
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential	• Results were estimated from drill hole assay data, with geological logging used to aid interpretation of mineralised contact positions. • Geological observations are included in the report. • Multi-element assay suites have been analysed and arsenic has been identified as a potentially deleterious element.

	deleterious or contaminating substances.	• Bulk density measurements have been taken by previous explorers. For nickel mineralisation bulk density was assigned to the block model using the regression. Bulk Density (t/m3) = 167.0654/(57.6714-Ni%).
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Follow up drilling, metallurgical test work, and scoping studies are planned • There is potential for possible extensions in the down plunge position to the current mineralisation. • Drill spacing is currently considered adequate for the current level of interrogation of the project.