

ASX:ESR

16 February 2023

Spargoville 5A Bulk Sample and DFS Update

HIGHLIGHTS

- ➔ Spargoville 5A Bulk Sample successfully delivered to Glencore's Murrin Murrin Operations (MMO)
 - ➔ 2,413 tonnes of high-grade transitional material trucked late January to early February
 - ➔ All elements were within required metallurgical specifications and processing of the bulk sample by MMO to begin in February
 - ➔ Pricing and final payments to be determined over March and April
- ➔ Definitive Feasibility Study (DFS) progressing
 - ➔ Final optimised pit design, schedule and site layout completed by Minecomp in Kalgoorlie
 - ➔ MBS Environmental engaged to assist with permitting, waste management and Mine Closure Plan
 - ➔ Detailed financial modelling set to commence with receipt of the optimised mine schedule



Figure 1: BKay truck exiting the Murrin Murrin Operations after delivery of sample material

Estrella Resources Limited (ASX: ESR) (Estrella or the Company) is pleased to announce that the delivery of the bulk metallurgical sample from the Spargoville 5A Nickel Mine, located approximately 20km Southwest of Kambalda, to MMO's HPAL Plant was successfully concluded on the 3rd of February 2023.

Estrella Managing Director Chris Daws commented:

“With the successful delivery of the metallurgical sample to Glencore, Estrella has passed a very significant milestone on the way to getting the Spargoville Nickel Project into production. The backdrop of strong nickel prices is providing confidence that Estrella should be able to commence the 5A Nickel Mine open pit project this financial year subject to statutory approvals, positive DFS and financing.”

The total 5A bulk metallurgical sample landed at Glencore's 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. Details on the performance of the 5A mineralisation through the HPAL process will be determined during the current quarter and will inform the DFS.

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

The Company anticipates a successful outcome to the bulk sample trial at MMO which will pave the way for the completion of the 5A Definitive Feasibility Study (DFS) which is currently well underway. The basis of the DFS involves a simple open-pit cut-back to access the very high-grade transitional massive sulphide material of which there is around 16,000t grading 7.8% Ni within the Measured Resource category (see Table 1). This will be blended with the matrix mineralisation and trucked to a third party.

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 the open pit cutback design with structural and stability input from Green Geotechnical. Minecomp is in the last stages of finalising the site lay-out plans required for environmental and departmental approvals. The ore and waste schedules have been finalised which can now 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 that 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 waste dump.

A long-section through the 5A Measured Resource with the existing and optimised open pits is presented in Figure 2. The majority of the measured category is expected to be extracted, leaving behind the thinner fringe zones of mineralisation that would suffer too much dilution during mining to be economic.

The Company looks forward to updating shareholders further as the Spargoville Nickel Project progresses.

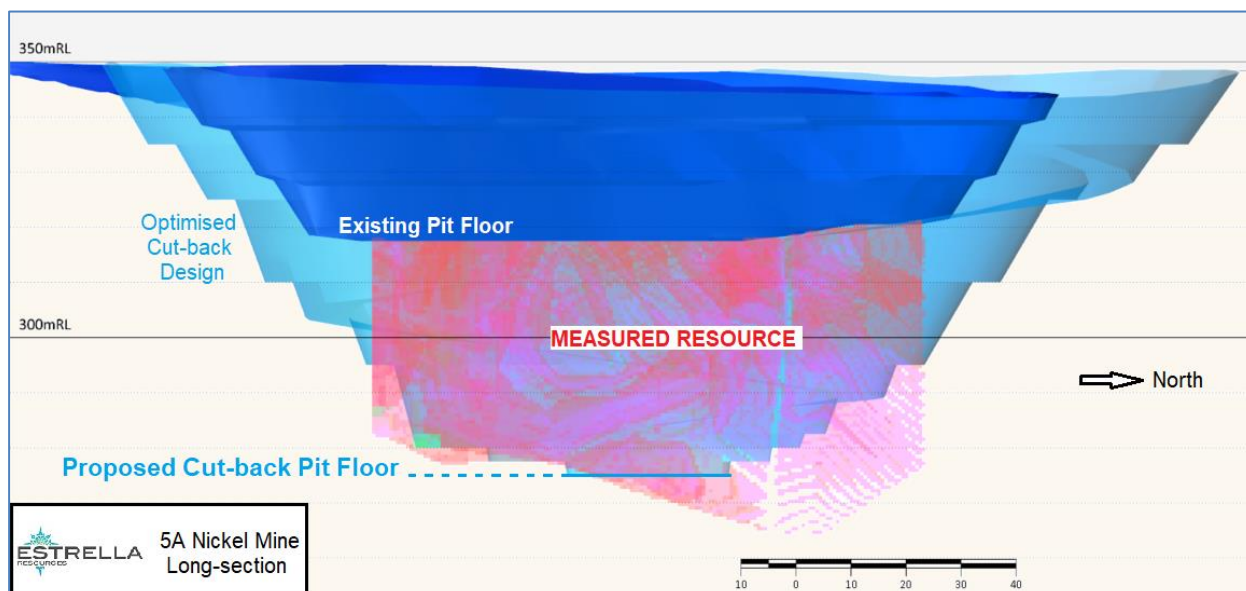


Figure 2: Longsection of Spargoville 5A Measured Resource with optimised pit cut-back w.r.t. existing open pit

The Board has authorised for this announcement to be released to the ASX.

FURTHER INFORMATION CONTACT

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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.

Forward Looking Statements

This announcement contains certain forward-looking statements which have not been based solely on historical facts but, rather, on ESR's current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies many of which are outside the control of ESR and its directors, officers and advisers.

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.