Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

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QUARTERLY ACTIVITIES REPORT

Quarter ending 30 June 2019

ASX RELEASE 31 July 2019

HIGHLIGHTS

- **Discovery of new Nickel sulphides at Carr Boyd Rocks**
- **Results confirm potential for Carr Boyd system to host multiple fertile positions**
- **Mineralisation extends over 400m strike - open north, south - developing at depth**
- **Most significant results to date outside of the known Carr Boyd Nickel Mine area**
- **Intersected sulphides located on a stratigraphic primary basal contact position**
- **DHTEM modelling confirms drilling has intersected the T5 MLEM conductor**
- **POW Approval received for Munda gold project drilling**
- **Letter of Intent executed with Blue Cap Mining Pty Ltd**
- **Metallurgical test work continuing on Spargoville 5A**



Figure 1. RC Drilling of the T5 HPEM anomaly during the March 2019 quarter.

Estrella Resources Limited (ASX: ESR) **(Estrella** or **the Company)** is pleased to provide its Activities Report for the quarter ended 30 June 2019.

WORK SUMMARY

The focus of fieldwork during the quarter was the Carr Boyd Layered Complex (CBLC) and the Munda Gold Project.

At Carr Boyd, a Programme of Work (POW) approval was received and drill testing of the T5 EM target was successfully completed.

At Munda, a POW approval was received to test a high-grade area of the Mineral Resource, and preparations for the diamond drilling commenced. Drilling has commenced quarter-end with results expected in the September 2019 quarter.

Metallurgical test work continued on nickel sulphide material from the 5A drilling program completed in the December 2018 Quarter.

CARR BOYD ROCKS Ni / Cu PROJECT

Nickel-Copper Sulphide Drilling Success

As previously announced[1], Estrella completed two RC drill holes in late May (Figures 2, 3 & 4) testing the T5 EM target which was previously identified by the Company during its earlier ground Moving Loop Electro-Magnetic (MLEM) program[2] (Figure 4). The T5 Target was located approximately 1,000-1,200m North North West of the Carr Boyd Nickel Mine and is a significant new zone of nickel-copper sulphides discovered away from the known historic mineralisation. Modelling of the geological and geophysical data is supportive of mineralisation extending to the north, south, and at depth.

Historic drilling[2] ~400m further to the south, intersected disseminated and matrix sulphides on the interpreted basal contact of the western ultramafic unit, returning 3.35m at 0.79% Ni & 0.35% Cu which included a higher-grade zone of 0.61m grading 2.12% Ni & 0.56% Cu from 100.89m in drill hole GD124. The MLEM survey identified the T5 Target zone to the north of this historic drilling within an area untested by deeper drilling.

Assay results have been returned after the June Quarter End from SGS Laboratories in Perth (Tables 1 and 4) confirming the presence and grade of the Ni-Cu sulphides intersected in the drilling. Both holes intersected the same basal contact as the historical drilling to the south.However the grades and widths of the mineralisation in the Estrella holes are better than the historic drilling which are the most significant results returned to date from outside of the known Carr Boyd Mine area.

Table 1: Significant Intersection Results above 0.4% Ni cut-off grade.

Hole ID	From	To	Width	Ni%	Cu%	Co ppm
CBP042	**129m**	**137m**	**8m**	**1.11%**	**0.36%**	**507ppm**
Incl	**133m**	**137m**	**4m**	**1.60%**	**0.31%**	**689ppm**
CBP043	**126m**	**127m**	**1m**	**0.61%**	**0.57%**	**346ppm**

1: ASX:ESR-28/05/2019 Nickel Discovery Carr Boyd Rocks
2: ASX:ESR-26/11/2018 EM Confirms Two High Priority Targets at Carr Boyd

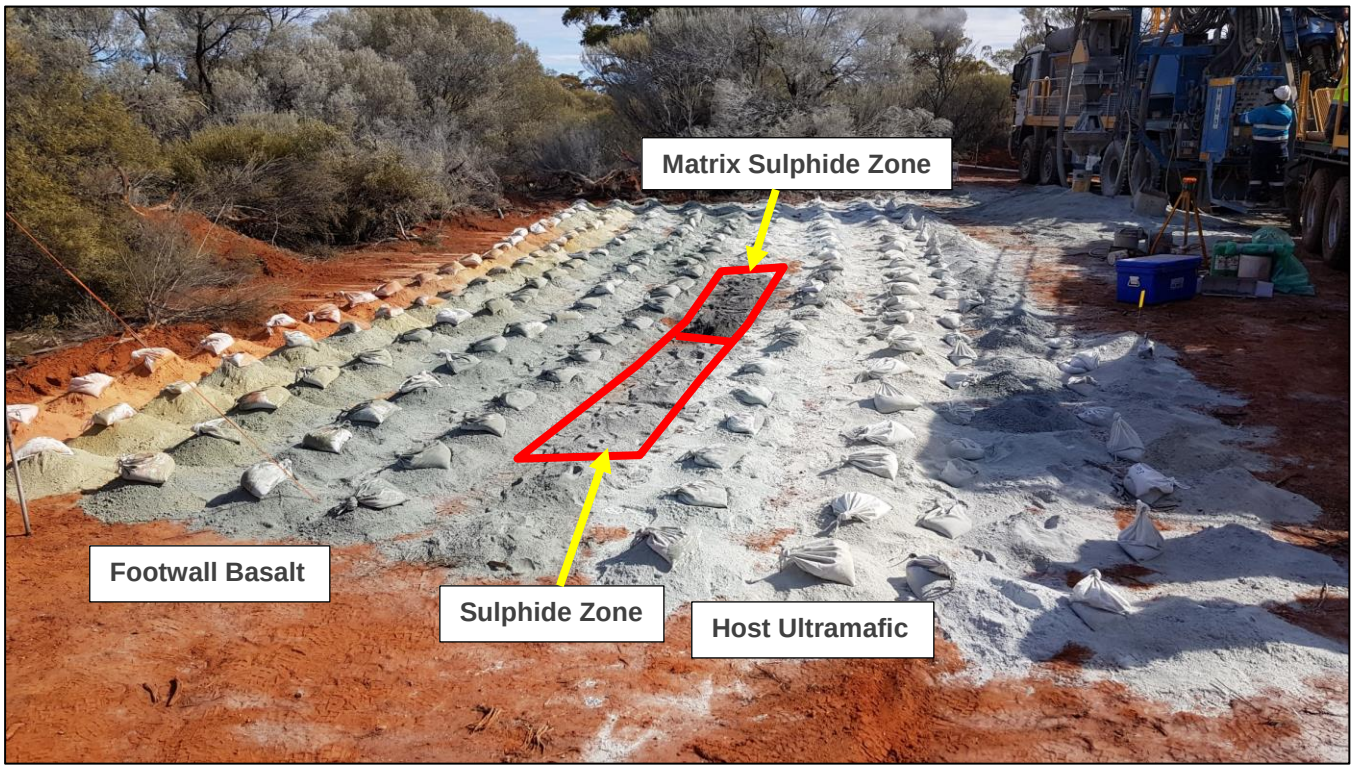


Figure 2. Sulphide mineralised samples within CBP042 at Carr Boyd. Black samples are the higher grade, sulphide rich matrix zone.

The host ultramafic sits against a primary basal contact (not sheared) and is underlain by a sequence of mafic basalts and felsic sediments to the west. The base of the ultramafic sequence comprises low-magnesium ultramafics which have a weakly to highly disseminated sulphide zone developing from the base upwards. This is overlain by a geochemically different, second pulse of ultramafic comprising the higher-grade matrix sulphides at the base of a thicker, magnesium-rich (20-25% MgO) host ultramafic which develops eastwards.

The DHTEM clearly defines that the recent drilling intersected the T5 MLTEM conductor. The modelling of the data is supportive of mineralisation continuing along the length of the basal contact to the north, as well as at depth below the drilling to the north & south. Deep diamond core drilling is currently being planned to target a zone 300m to the north and south of the current drilling and directly below T5 at a vertical target depth of 300-400m below surface. This planned drilling will be testing the basal contact over a greater strike length of ~700-800m providing critical geological and geochemical vectoring data. The drilling will also provide a platform for deep DHTEM geophysical testing for strengthening Ni-Cu sulphide mineralisation.

Table 2: Drill Hole Collar Details

Drill Hole Collar Details						
Hole ID	**Hole Type**	**Depth**	**Dip**	**Azimuth**	**East_MGA**	**North_MGA**
CBP042	RC	234m	-60	090	367069	6673940
CBP043	RC	180m	-60	095	367073	6673896

1: ASX:ESR-28/05/2019 Nickel Discovery Carr Boyd Rocks
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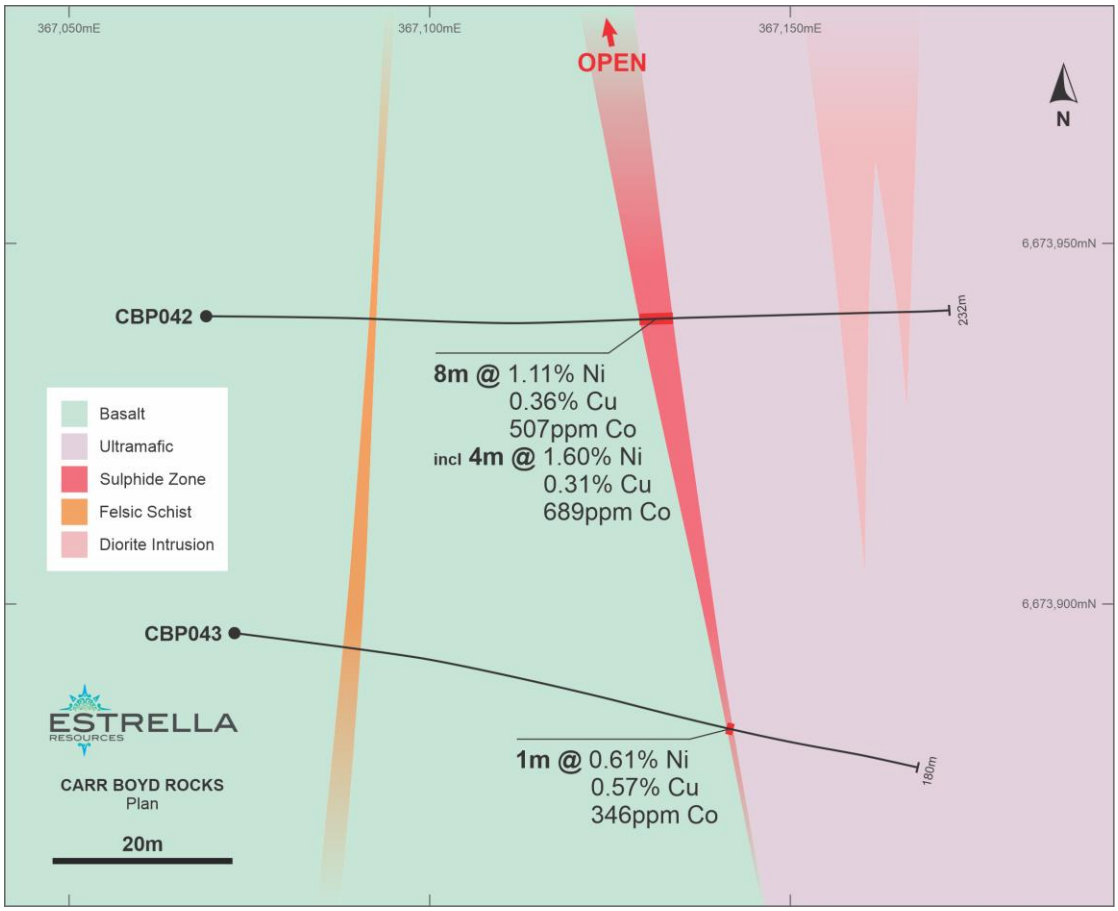


Figure 3: Plan showing drill hole locations and interpreted geology from the logging.

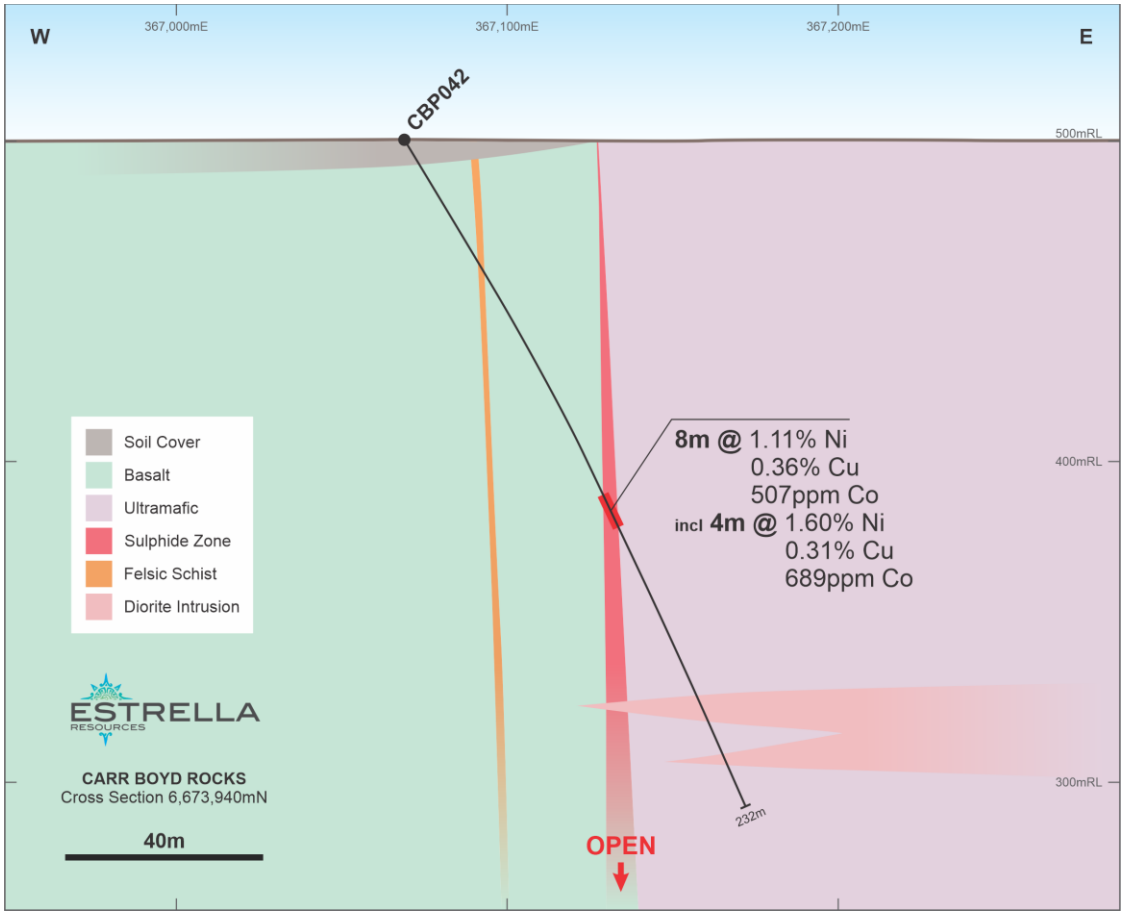


Figure 4: Cross-section with intersection results and interpreted geology in drill hole CBP042.

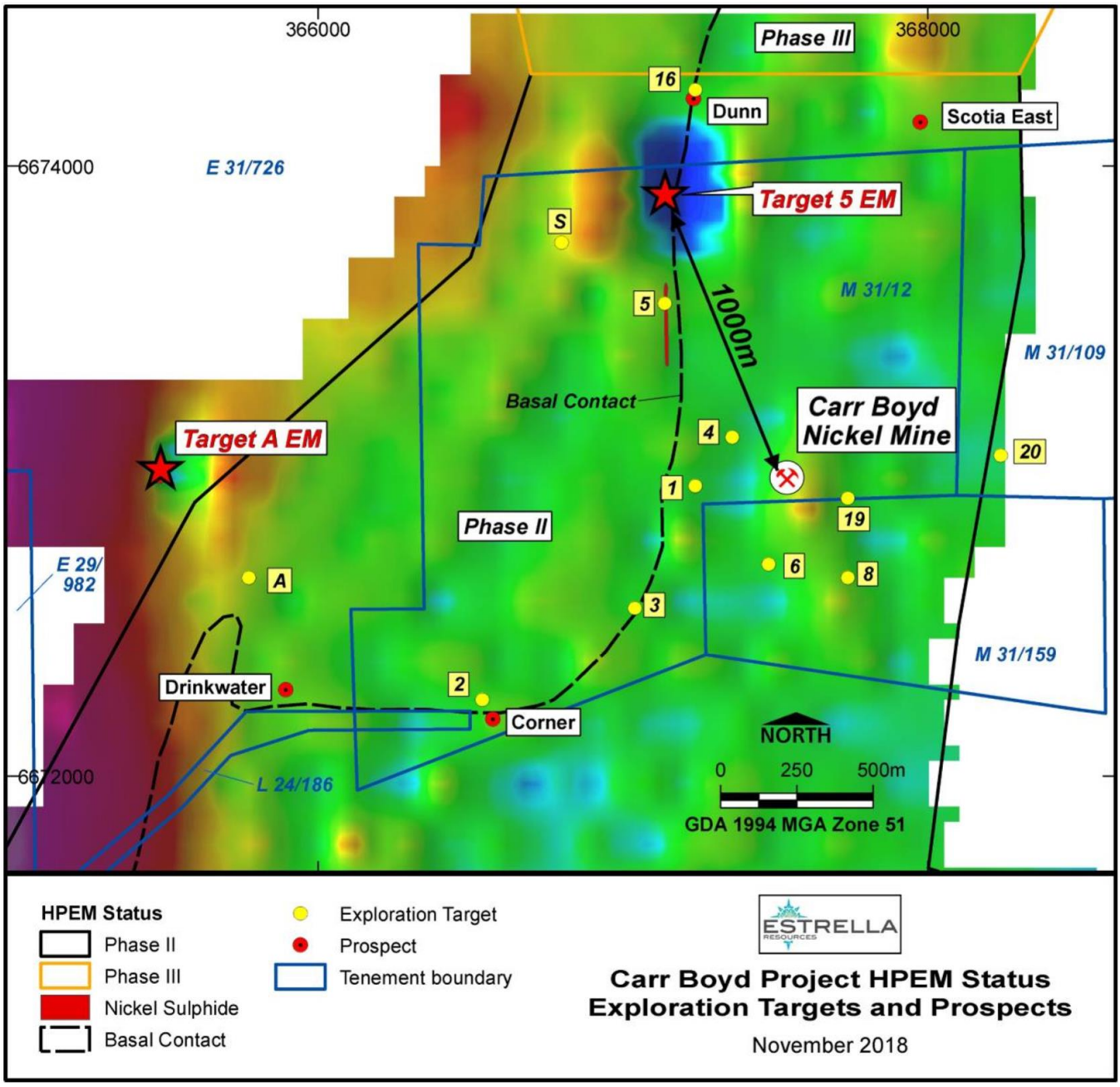


Figure 5: Location of T5 EM Target relative to the Carr Boyd Nickel Mine.

ABOUT THE PROJECT AND THE CBLC

The CBLC is a 75km^2 layered mafic igneous complex, which hosts several occurrences of nickel and copper sulphides. The most significant occurrence discovered to date is at the Carr Boyd Rocks mine, where massive sulphide nickel and copper mineralisation is hosted by bronzitite breccias (pyroxenites) emplaced within the gabbroic sequence of the Complex. The CBLC is in a Tier 1 jurisdiction approximately 80km north north-east of Kalgoorlie Western Australia and 35km north of the Black Swan nickel treatment facility. An all-weather haul road accessible by Apollo under a granted miscellaneous license connects the Project to the Goldfields Highway via Scotia.

A "Voisey Bay" style model has not been adequately explored within the CBLC. This represents a compelling exploration target opportunity which the Company will continue to aggressively pursue.

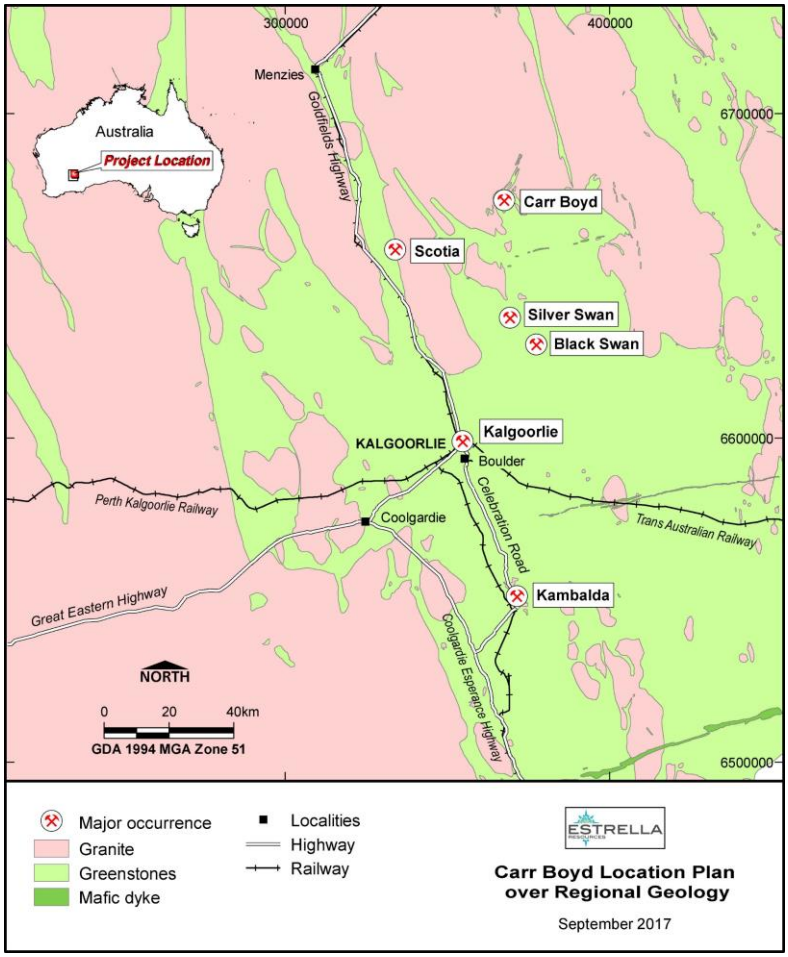


Figure 6. Location of Carr Boyd relation to commercial centres and other major Ni projects.

MUNDA GOLD PROJECT

The Company advanced the Munda Gold Project on several fronts during the June 2019 quarter.

Munda is a pre-existing open pit gold mine that was operated by Resolute Gold Mines in 1999 before gold prices fell causing its premature closure. Gold ore was processed conventionally at the nearby Higginsville CIL gold processing facility at the time. Resolute had planned to recover 18,000 ounces of gold from the Munda open cut mine to a depth of 60 metres below surface, the dramatic fall in the gold price saw the mine only reach a depth of approximately 15 metres below surface.

The Company and Blue Cap Mining (BCM) entered into a Letter of Intent (LOI) during the June quarter to pursue the development of the Munda Gold Project.

BCM is a private open pit mining contractor and project manager with the ability to fund the working capital needs of the Munda Gold Project during its early phase of operations. It has experience in developing small resources projects in WA and Queensland including the successful Red Dog and Penny's Find Gold Projects.

BCM has reviewed the Munda Gold Project, which is located approximately 34km south-west of Kambalda, Western Australia and believes it is worth pursuing on multiple key considerations including;

- it is close to numerous gold ore processing solutions and infrastructure,
- the Munda gold ore grade is sufficient to lower project sensitivities,
- additional drilling has the potential to increase ore reserves,
- high-grade mineralisation near surface potentially capable of generating early revenue,
- Munda is located within a granted mining lease with previous mining history.

The parties see benefit in an Alliance where the distinctive resources of both entities are combined to bring the Munda Gold Project towards production. It is envisaged that BCM would make available their existing model of a working capital facility and open-pit services to fund the early phase of the open-pit mining operation at Munda. The LOI is non-exclusive nor binding upon the parties until formal agreements are entered.

The Company received 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 June 2019 quarter. Drilling is designed to target postulated high-grade gold shoots that have been 3D modelled by the Company using historical drilling completed by WMC, Titan Resources, Consolidated Minerals and Eureka Mines. Partial mining of the open pit in 1999 by Resolute Gold Mines Limited occurred before mining ceased due to low gold prices. Evaluation of the historical RC drilling was inconclusive in determining the dominant structural direction required to confidently resource model the deposit for mining. However, 3D grade shell modelling of the gold data provides a structurally controlled ladder vein/shoot model that requires drill coring to collect orientated drill core for detailed structural and geological analysis. This data will be used to determine the grade, style and direction of the veins/shoots at Munda. This will greatly assist the Company in determining the orientation of the gold hosting vein system. This will lead to planning the next stage drilling at Munda. The Company's aim will be to update the current JORC compliant Mineral Resource estimate of 511Kt @ 2.82g/t (46,337 oz Au) through a drill-out of the unmined gold mineralisation remaining below and north of the Munda pit.

Drilling has commenced subsequent to the June quarter end with results expected in the current quarter.

With the continued strength in the gold price the Company is looking at all options to realise the value of the high-grade Mineral Resource.

Munda is conveniently located, approximately 4.3km west of the township of Widgiemooltha and 3km west of Mincor Resources' Widgiemooltha Gold Project. Numerous gold toll milling facilities exist within economic trucking distance of the Munda Gold Project.

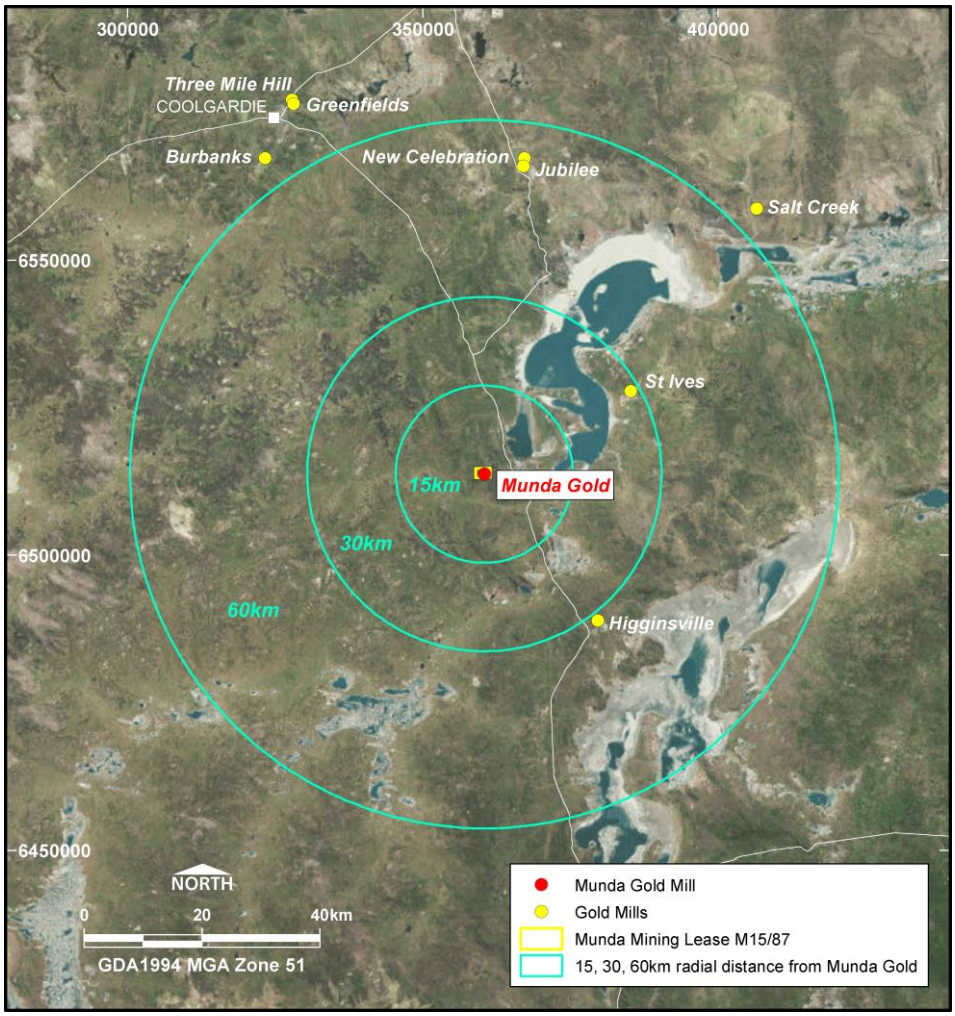


Figure 7. Munda Gold Project location showing nearby gold process plants in the Widgiemooltha/Kambalda/Coolgardie region.

Table 3. Munda Gold Mineral Resource Estimate*

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

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

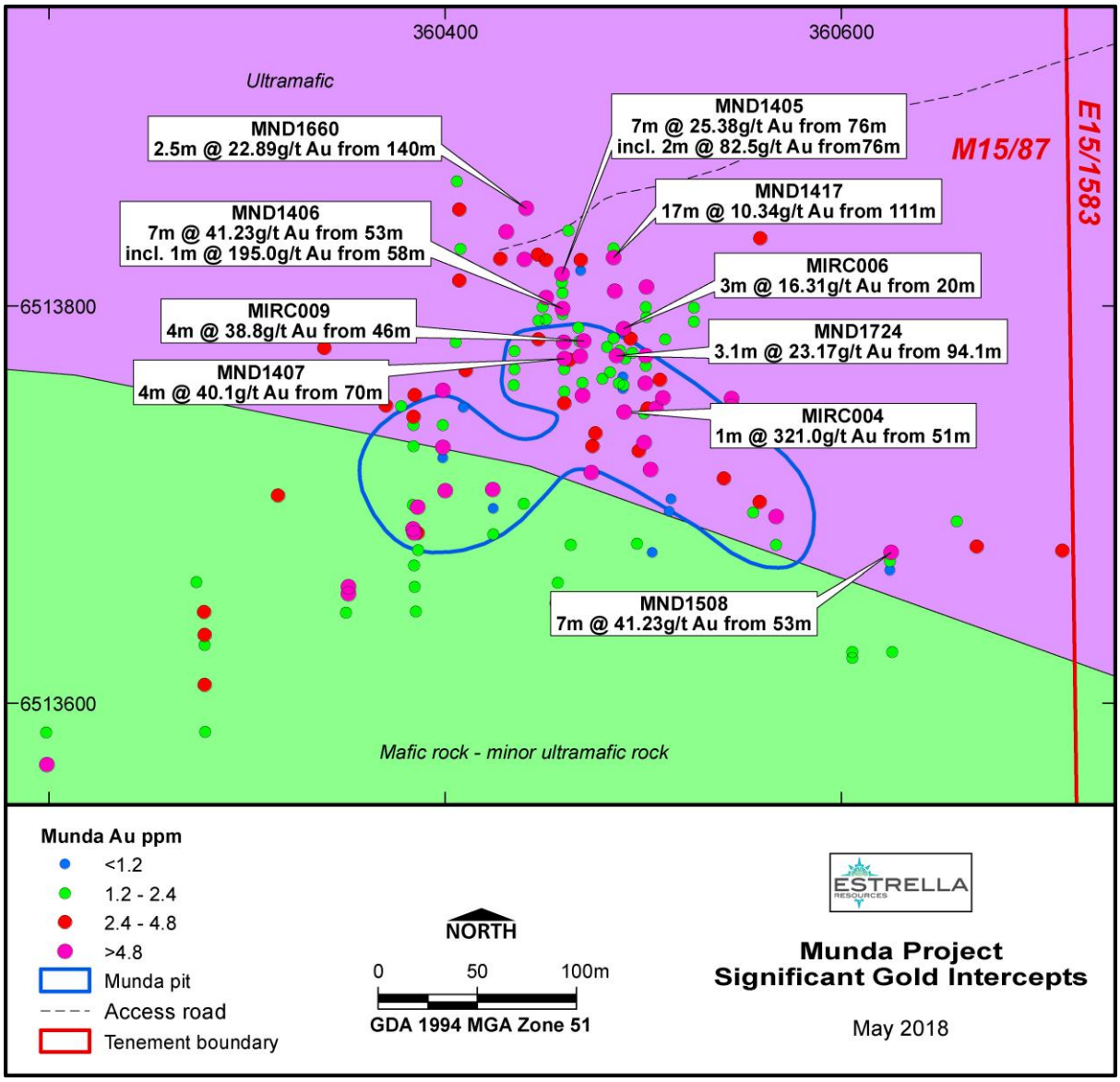


Figure 8. Plan showing previous high-grade gold intercepts*

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

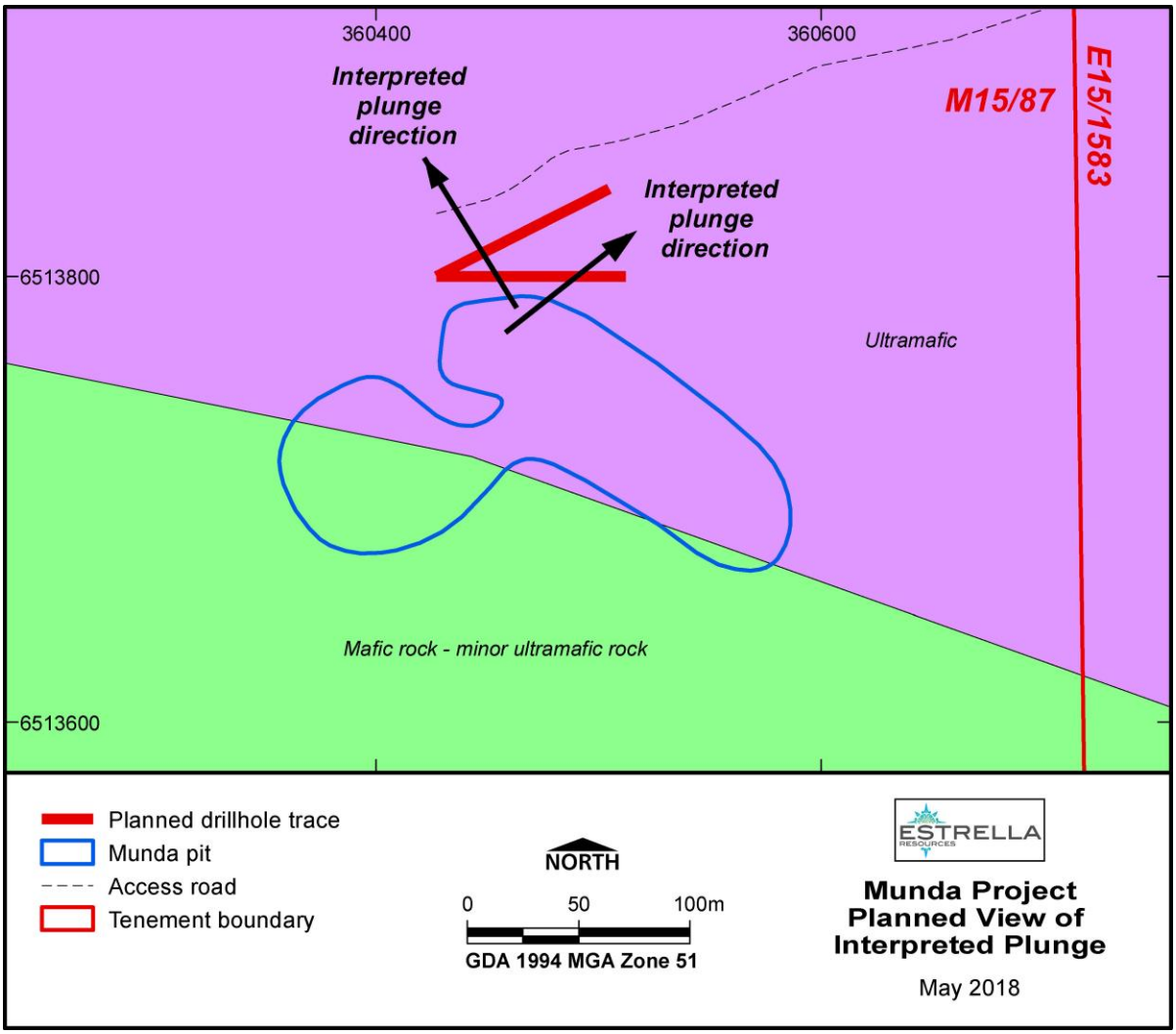


Figure 9. Map showing layout of proposed drilling at Munda and the interpreted plunging shoot directions

SPARGOVILLE NICKEL PROJECT

The Company drilled a number of exploration holes into the 5A nickel orebody at Spargoville with results exceeding expectations (see ASX release 6 December 2018), the Company in conjunction with independent third parties has been testing the bulk drill spoils of the drilling for the recovery of nickel and associated minerals with this work ongoing. The Company will provide further updates on the progress of this work as results come to hand.

CORPORATE

During the June 2019 quarter 42,600,000 ordinary fully paid shares and 17,000,000 options exercisable at $0.05 on or before 27 June 2021 were released from escrow.

The Company has been allocated $412,500 in exploration credits under the Junior Minerals Exploration Incentive (JMEI) for the 2019/20 FY, subject to meeting the criteria of the JMEI the Company will issue exploration credits to eligible investors over the course of the 2019/20 FY.

The Company focused during the June quarter on increasing working capital for exploration via non-core asset divestment opportunities to reduce dilution of current shareholders equity, this process will continue in the September quarter.

CAPITAL

The Company's cash balance as at 30 June 2019 was A$279,000.

Fully Paid Ordinary Shares	530,383,292
Listed options exercisable	$0.05 on or before the 27 June 2021 – 250,980,328
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
	$0.40 on or before 13 November 2019 – 1,375,000

Competent Person Statement

The information in this announcement relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Hutchison, who is a consultant to Estrella Resources and a member of The Australasian Institute of Geoscientists. Mr Hutchison 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 Hutchison 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.

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	E31/1162	-	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	L15/128	-	100*
Australia	WA	Spargoville Nickel Project	L15/255	-	100*

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

***Lithium rights held by third parties.*