ASX Release: 30 July 2021

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

Managing Director
Christopher Daws

Non-Executive Directors
Les Pereira
John Kingswood
Stephen Brockhurst
Neil Hutchison

Company Secretary
Stephen Brockhurst

Address
Level 11, London House
216 St Georges Terrace Perth
WA 6000
PO Box 2517 Perth WA 6831

Telephone: +61 8 9481 0389
Facsimile: +61 8 9463 6103

info@estrellaresources.com.au
www.estrellaresources.com.au

QUARTERLY ACTIVITIES REPORT

Quarter ending 30 June 2021

HIGHLIGHTS

- **Phase 3 diamond drilling at Carr Boyd T5 Discovery highly successful in understanding mineralisation controls.**
- **CBDD054 returned 13.4m @ 1.3% Ni & 0.4% Cu**
  - **Including 6.26m @ 2.08% Ni & 0.63% Cu**
- **CBDD054A returned 26.3m @ 0.73% Ni & 0.44% Cu**
  - **Including 1.15m @ 1.47% Ni & 1.02% Cu**
  - **Including 2.71m @ 1.10% Ni & 0.65% Cu**
- **CBDD054B returned 25.32m @ 0.8% Ni & 0.6% Cu**
  - **Including 4.96m @ 1.15% Ni & 0.71% Cu**
  - **And a further 7.78m @ 1.14% Ni & 0.93% Cu**
- **Seismic and 3D geophysical interpretation received and integrated into explortion model.**
- **Well funded with $11.2M underwriting of the 27 June 2021 $0.05 exercise options**
- **Fully funded to undertake Phase 4 drilling campaign – predominantly RC – at and surrounding T5 Discovery**

Estrella Resources Limited (ASX: ESR) (“Estrella” or “the Company”) is pleased to provide its Activities Report for the quarter ended 30 June 2021.

The focus of work during the quarter was the Company’s exploration program at the Carr Boyd Igneous Complex (CBIC), specifically Phase 3 diamond drilling at the T5 nickel-copper-PGE discovery where diamond drilling has been utilised to identify the likely magma flow and sulphide deposition directions.

The R&D seismic data was received from Ultramag during the quarter. A full 3D interpretation of the prospective basal contact was conducted utilising the seismic data along with all other geophysical datasets that have been generated at Carr Boyd by Estrella and previous explorers. This information has now been incorporated into the exploration model.



Picture 1. Massive and globular nickel-copper-iron sulphide breccias in CBDD054B at 368m

Estrella Managing Director Chris Daws commented *"Our goal is to locate a world class, high quality, nickel sulphide ore body for our shareholders. We have come a long way since our initial discovery of massive nickel and copper sulphides late last year at T5. Our understanding of the geological setting is improving vastly with every drill hole as we explore the extensive sulphide occurrences within T5 and the surrounding T5 pyroxenite basal contact. Estrella have the team, have the knowledge, have on-ground assets deployed, have the financial resources, have been drilling 24/7 since August 2020, have the belief and commitment to deliver. I thank all those that are contributing to make our goal a reality."*

CARR BOYD NICKEL PROJECT (100%)

The Company is progressing Phase 3 drilling at the T5 discovery within the CBIC, the aim of which is to identify geological limits on mineralisation and to explore the plunge and northern extents of the T5 Pyroxenite. The early stages of Phase 3 - involving multiple wedges - was very successful, giving the Company the clearest picture yet of the magma flow direction and sulphide depositional controls on mineralisation at T5.

Examination of the core from the Phase 3 drilling has shown that there is the strong possibility the T5 Conductor is one of several south-plunging targets along the surface of the T5 Basal Contact. The flow of the host pyroxenite appears to have been sufficient to allow for the accumulation and redeposition of massive sulphides perpendicular to the flow direction. These "banks" of deposited sulphides appear to be connected within a halo of blebby to globular sulphides.

Just two of these "banks" have been drilled (the Upper and Lower T5 Conductors) in what appears to be quite a small area with respect to the prospective surface at T5 (Figure 1).

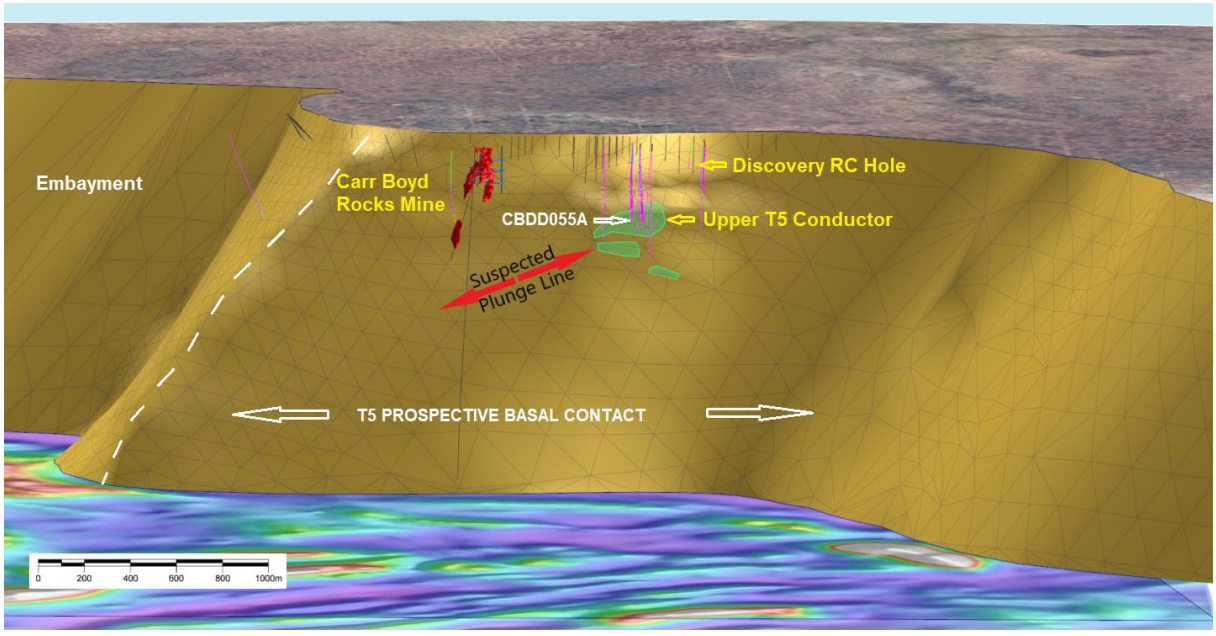


Figure 1: 3D rendering of the T5 Basal Contact showing CBDD055A in relation to the suspected south plunge line of massive sulphide mineralisation.

T5 Drilling Significant Intersections

Significant intercepts to date are presented in Table 1 and intercept locations in Figure 2. Drilling has revealed the T5 Prospect to be a feeder zone along which sulphides have travelled. The massive sulphide formation appears to be roughly perpendicular to the flow direction. This makes sense when one visualizes the comparison of the effect of waves causing ripples in the sand at the edge of a lake. The ripples are perpendicular to the direction of water movement. The mechanical movement of massive sulphides at T5 means that the immediate potential for further massive nickel-copper-iron sulphides should lie up plunge to the north and down plunge to the south (towards the Carr Boyd Rocks Mine, Figure 1).

Table 1: Phase 3 Significant Intersections for the June Quarter using 0.5% Nickel cut-off

Hole	m From	m To	Interval	True Width	Ni%	Cu%	Co%	2PGE **	Ag g/t
CBDD048	381.5	388.4	**6.9**	**3.3**	0.54	0.26	0.03	0.41	1.10
including	382.5	383.14	0.64	0.3	**1.52**	0.21	0.08	0.95	1.35
and	385.85	386.2	0.35	0.2	**1.32**	0.36	0.06	0.61	2.10
CBDD049A	386.67	393.58	**6.91**	**3.3**	0.75	0.54	0.04	0.48	2.39
including	388.49	390.36	1.87	0.9	**1.74**	0.54	0.08	0.90	2.60
CBDD049C	372.67	375.96	3.29	1.6	0.75	0.53	0.04	0.58	2.35
including	372.67	373.27	0.6	0.3	**1.19**	**1.07**	0.06	0.72	**5.23**
CBDD053	438.06	446.29	**8.23**	**4.0**	0.69	0.32	0.03	0.45	1.34
including	441.11	443	1.89	0.9	**1.40**	0.34	0.07	0.59	1.49
CBDD053A	426	428	2	1.0	0.46	**1.43**	0.02	0.52	**6.50**
CBDD053B	421.81	426.64	**4.83**	**2.3**	0.63	0.50	0.03	0.47	2.58
including	422.63	423.05	0.42	0.2	**1.14**	0.62	0.05	0.92	4.30
and	425.79	426.64	0.85	0.4	**1.14**	0.47	0.05	0.72	2.52
CBDD054	392.3	405.71	**13.41**	**6.4**	**1.31**	0.44	0.06	0.46	1.93
including	394.85	401.11	**6.26**	**3.0**	**2.08**	0.63	0.09	0.67	2.78
with	397.87	398.98	1.11	0.5	**3.92**	0.16	0.17	0.59	0.80
CBDD054B	357	382.32	**25.32**	**12.2**	0.79	0.58	0.04	0.58	1.92
including	358.6	363.56	**4.96**	**2.4**	**1.15**	0.71	0.06	**1.13**	2.45
and	368.33	376.11	**7.78**	**3.7**	**1.14**	0.93	0.05	0.72	3.14
with	368.33	368.63	0.3	0.1	**3.49**	0.08	0.15	0.89	<0.5

*** 2PGE refers to Pt + Pd in g/t*

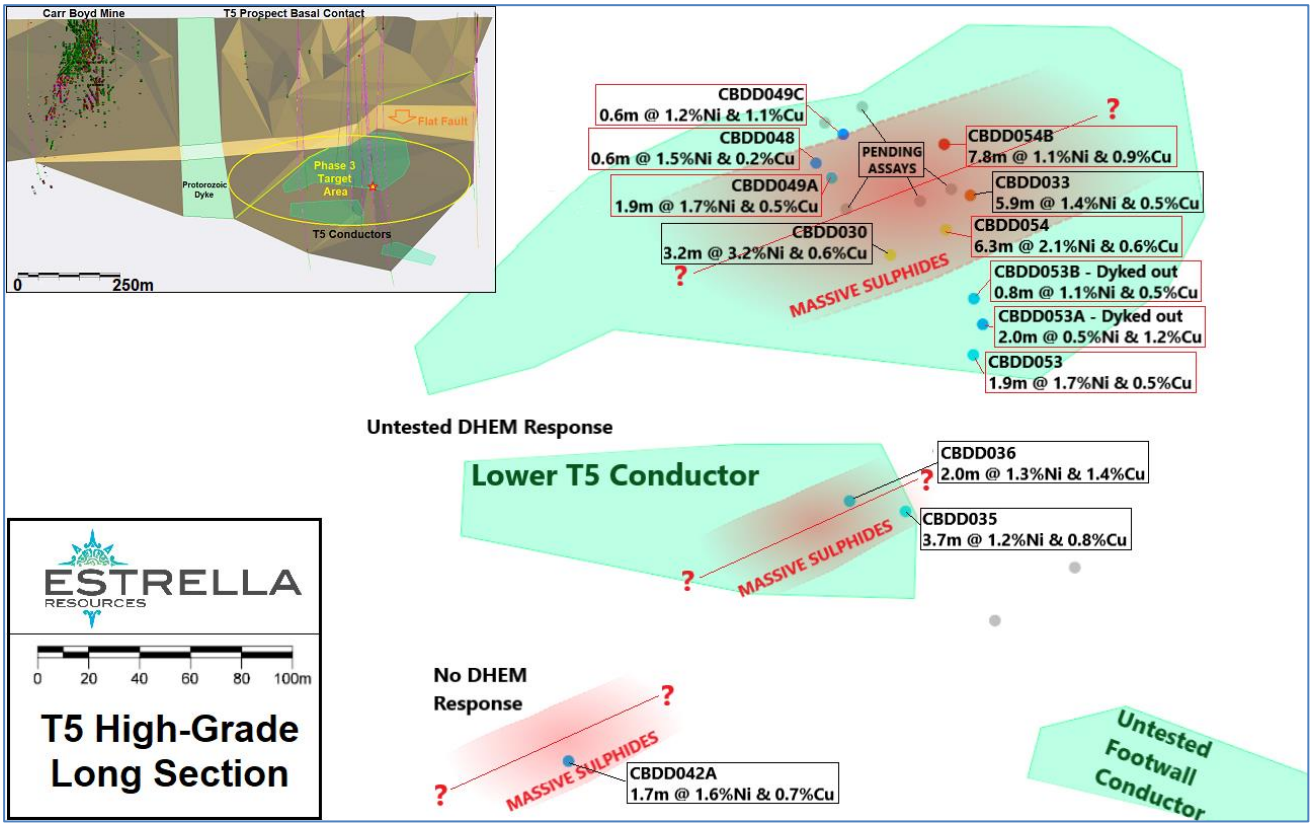


Figure 2: T5 Basal Contact Long Section showing significant intersections >0.5% nickel and a broadening zone of Downhole Electromagnetic conductors targeted by Phase 3 drilling.

Exploration Approach – Summary to Date

Phase 1 at T5 involved drilling 2 RC holes into a geochemically and geophysically prospective area. Both holes (CBP042 and CBP043) located significant sulphides (see ASX releases dated 28 May 2019 and 8 July 2019).

Phase 2 included discovery hole CBDD030 which intersected the first massive sulphides to be found at Carr Boyd in 50 years outside the immediate Carr Boyd mine area (see ASX release dated 8 October 2020). Phase 2 involved step-out drilling with downhole electromagnetics (DHEM) which showed mixed results, now understood to be due to a late-movement structural overprint complicated by the flow model described above. Ni-Cu-Fe sulphides have been intersected outside the DHEM conductors such as in CBDD042A.

Phase 3 was a geologically driven exploration push involving stratigraphic studies, seismic surveying and close spaced drilling to ascertain the exact nature of sulphide precipitation, flow dynamics and to get a good understanding of the structural overprint. The program used two diamond rigs, both drilling multiple wedge holes from diamond or RC platform holes.

Phase 3 confirmed the nature of sulphide transport and deposition on the T5 basal contact, shown in Figure 3. This cross-section shows the lifting of sulphides off the top of the T5 Conductor by turbulence within the flow. The lower intersections clearly show a thinning of massive sulphide with subsequent lifting of sulphides into higher positions within the melt (indicated by globular textures). The very lower edges of the T5 Zone show a scoured basal contact with very little sulphides left that have not been suspended just above the basal contact.

The sulphides are extremely dense when compared to the magma within the flow and will not stay suspended for long once any turbidity subsides. As such the down-dip (down-flow) location is an excellent massive sulphide exploration target. The precise location of “down stream” sulphide settling is currently the focus of the Company’s exploration efforts as very limited deep drilling has been undertaken within or along the T5 pyroxenite.

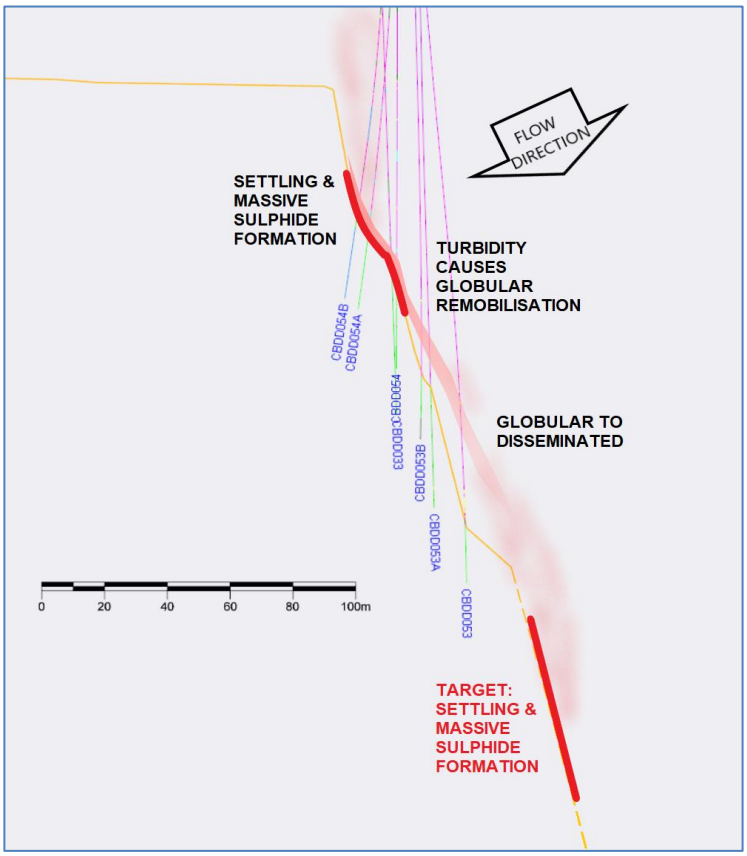


Figure 3: Sulphide remobilisation in the flow direction and subsequent settling "down stream". The precise location of this settling down-dip is currently the focus of the Company's exploration efforts and will be the focal point of further targeted drilling.

Moreover, sulphide assimilation mapped at Carr Boyd and study of the geological textures at T5, combined with mapping and 3D interpretation of the Carr Boyd Igneous Complex, leads the Company to believe that **the entire T5 Pyroxenite surface** is in the correct orientation to be a sulphide trap with respect to the flow direction and resulting flow dynamics as demonstrated by Figures 4 and 5.

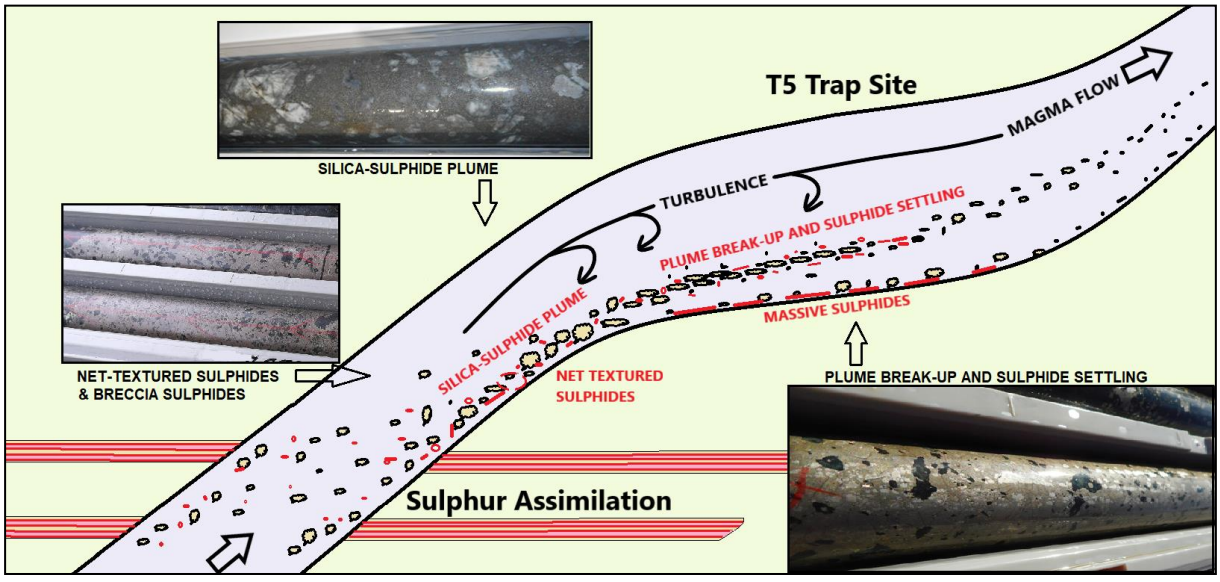


Figure 4: Carr Boyd sulphur assimilation, transport and deposition geological model at the T5 Trap Site

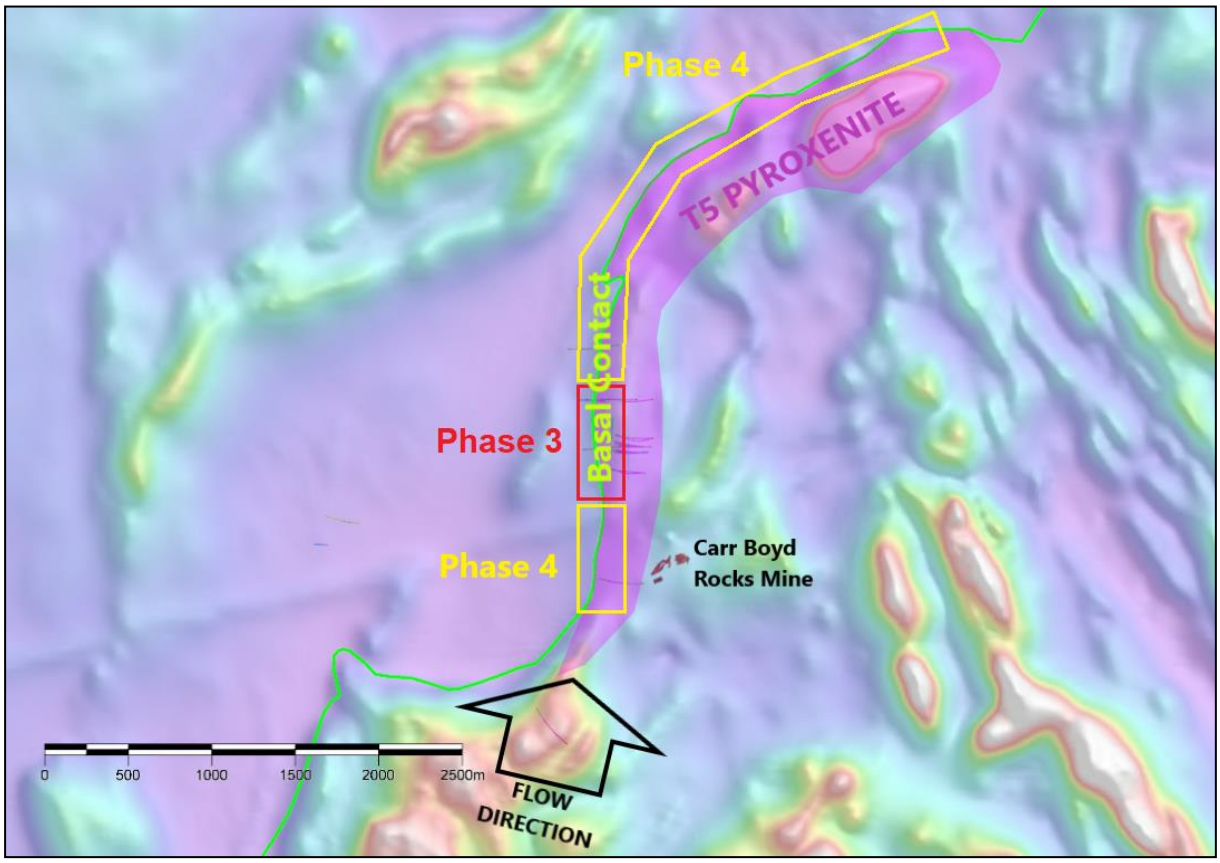


Figure 5: The T5 Basal Contact and the locations of Phase 3 and Phase 4 with respect to the size of the T5 Pyroxenite. The Company believes the entire T5 basal surface is prospective for massive nickel sulphides.

Phase 4

The drilling in Phase 4 will be predominantly RC, targeting the T5 Pyroxenite directly above the current mineralisation, south past the Carr Boyd Rocks Mine and more than 3.5km north along what the Company believes to be a highly prospective orientation of the T5 pyroxenite basal contact (Figure 5).As this phase will be mainly RC drilling, the Company hopes to quickly understand the prospectivity of this area and conduct deeper drilling upon additional mineralisation being located. It is estimated this will be completed before the end of the calendar year.

Any intersections will be followed up with diamond tails and DHTEM, utilising the detailed knowledge of the mineralisation model learned in Phase 3 to vector in on any additional massive sulphides the Company believes should be found on the T5 Contact.

Targeting during Phase 4 will also be supported by modelling of the basal contact resulting from the seismic survey with additional Fixed Loop Transient Electromagentics (FLTEM). The FLTEM should be more effective once the location of the contact is known and surface loops can be placed in optimal positions to test the contact.

SPARGOVILLE NICKEL PROJECT (100%)

The Company has over the June quarter continued to work up a development strategy for the high-grade nickel resource at the Spargoville 5A nickel project. The strategy involves the development of a small open cut mine at the 5A to access the high-grade nickel oxide and transitional nickel ore for transportation to a near-by treatment facility. The Company is currently planning to explore the metallurgical characteristics more closely by obtaining a 3,000-tonne exploration sample from within the 5A resource. Permitting is being sought so this work can commence upon a suitable contract being entered into for the removal and transportation of the exploration sample.

Table 4: Spargoville JORC Mineral Resource 5A Nickel Sulphide Deposit
October 2019 Mineral Resource Estimate - Min Type (0.5% Ni Cut-off)

Type	Total Mineral Resource				
	Tonnage	Ni	Cu	Ni	Cu
	kt	%	%	t	t
Disseminated	78	0.7	0.08	520	60
Matrix/Breccia	37	2.3	0.16	840	60
Semi-massive/Massive	13	8.0	0.61	1,000	80
Total	**127**	**1.9**	**0.15**	**2,370**	**190**

CORPORATE

The Company continues to hold exposure to future financial upside from the sale of the Mt Edwards Lithium Project to Neometals Limited (see ASX release dated 15 March 2018) via milestone payments of A$2,000,000 and a royalty on future lithium bearing ore processed.

The Company is pleased to report the direct impacts from COVID-19 continue to be minimal at this time. Our staff and contractors have implemented safe working protocols and are adhering to the Government directives.

Payments to related parties and their associates

The total amount paid to related parties of Estrella and their associates, as per item 6.1 of the Appendix 5B, was $106k. Included in this amount is $71k for Directors fees and $35k paid to Mining Corporate, an entity controlled by Stephen Brockhurst for bookkeeping, accounting and company secretarial fees.

The total amount paid to related parties of Estrella and their associates, as per item 6.2 of the Appendix 5B, was $313k. Included in this amount is $51k for Directors fees and $262k paid to Geolithic Pty Ltd, an entity controlled by Neil Hutchison for the provision of geological services including providing a contract geological team.

CAPITAL

The Company's cash balance as at 30 June 2021 was bolstered considerably to approximately $3.5M via options holders exercising their 27 June 2021 $0.05 options prior to expiry. Subsequent to the June Quarter end the Company has received $7.2M (before costs) via the shortfall underwriting of the 27 June 2021 $0.05 exercise options entered into with Henslow Pty Ltd (see ASX release dated 2 June 2021) bringing the total amount raised since entering into the Underwriting Agreement to $11.2M (before costs) leaving the Company well funded.

Table 3: Estrella Capital structure as at 30 July 2021

Fully Paid Ordinary Shares	1,162,043,740
Listed options exercisable	$0.02 on or before the 31 July 2023 – 254,363,575
Unlisted options exercisable	$0.03 on or before 20 November 2022 – 11,500,000
	$0.05 on or before 1 June 2022 – 5,000,000
	$0.10 on or before 30 June 2022 – 10,000,000
	$0.20 on or before 17 November 2023 - 16,600,000
Convertible Notes	Unlisted Convertible Notes (unsecured) with an aggregate face value of $190,000 and a maturity date of 2 years from the date of issue. Convertible into fully paid ordinary shares in the capital of the Company at a conversion price $0.01 per share. A maximum of 23,833,600 fully paid ordinary shares may be issued on conversion of the Convertible Notes on the terms announced to ASX on 31 January 2020.

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.

ENDS

The Board of Directors of Estrella Resources Limited authorised this announcement to be given to ASX.

FURTHER INFORMATION CONTACT

Christopher J. Daws
Managing Director
Estrella Resources Limited

info@estrellaresources.com.au
P: +61 (08) 9481 0389

Media Contact:

David Tasker
Chapter One Advisors
Email: dtasker@chapteroneadvisors.com.au
Tel: 0433 112 936

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	**Quarter ended ("current quarter")**
39 151 155 207	30 June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(85)	(305)
	(e) administration and corporate costs	(163)	(535)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	(3)
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**	**(248)**	**(842)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(440)
	(d) exploration & evaluation	(2,168)	(6,604)
	(e) investments	(40)	(91)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	1,894
	(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)		
	- Payment for termination of Munda royalty	-	(144)
2.6	**Net cash from / (used in) investing activities**	**(2,208)**	**(5,385)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,420
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	4,284	8,503
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(325)
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)		
	Repayment of convertible note	-	(50)
	Proceeds from equity securities not yet issued	192	192
3.10	**Net cash from / (used in) financing activities**	**4,468**	**9,740**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,537	36
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(248)	(842)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,208)	(5,385)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,468	9,740
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,549**	**3,549**

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	3,549	1,537
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)**	**3,549**	**1,537**

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	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	313

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.

7.	**Financing facilities** *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.*	**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)	(248)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,168)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,416)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,549
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,549
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.47

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.

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 end of the quarter the Company completed the settlement of the shortfall shares pursuant to the options exercise underwriting (refer ASX announcement 6 July 2021), raising $7.2M (before costs).

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 reason noted in 8.8.2 above.	
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: 30 July 2021

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.