

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 31 March 2021

ASX RELEASE 29 April 2021

HIGHLIGHTS

- Phase 2 diamond drilling at Carr Boyd's T5 discovery completed and Phase 3 has now commenced.
- Drilling for Seismic Survey completed to understand velocity and density information away from T5 discovery
- Ultramag finished seismic data collection and Graeme Hird, Australia's most experienced hard-rock seismic geologist, has commenced interpretation work.
- Downhole Electromagnetic (DHEM) surveys utilising a low resistance loop at T5 highlighted additional anomalism.
- Mapping of the Carr Boyd Intrusive Complex continued with several new basal contact prospects identified.
- Combination Reverse Circulation / Diamond Drill Rig (RC/DD) has arrived on site to boost exploration.

Estrella Resources Limited (ASX: ESR) ("Estrella" or "the Company") is pleased to provide its Activities Report for the quarter ended 31 March 2021.

The focus of work during the quarter was our exploration program at the Carr Boyd Igneous Complex (CBIC), specifically diamond drilling, DHEM surveying and geological interpretation of the T5 nickel-copper-PGE discovery. A R&D Seismic Survey and associated drill program was also conducted and processing of the data continues.



Picture 1. Lower portion of CBDD0042A intersection (606.9m – 608.6m) showing nickel rich sulphides in feeder accumulation zone in the T5 Prospect.

CARR BOYD NICKEL PROJECT (100%)

The Company has completed Phase 2 drilling at the T5 discovery within the CBIC. To date, 15 holes have been completed for just over 7,659m.

Estrella Managing Director Chris Daws commented “Our team has been solidly pushing forward our exploration efforts over the March Quarter. We have learned a lot about the geology of CBIC in the last 12 months and will continue to strive to unlock the value we believe it holds. So far we have only explored 1.2km of strike at our T5 discovery along a 30 kilometre basal contact. Less than 3 kilometres of the basal contact has ever been explored below 30 metres depth. We believe we have a significant opportunity at Carr Boyd.”

T5 Drilling and Downhole Electromagnetics (DHEM)

Significant intercepts to date are presented in Table 1 and in Figures 2 and 3. Drilling has revealed the T5 Prospect to be a feeder zone along which sulphides have travelled. Due to the deep nature of drilling at T5, de-risking work has been undertaken to enhance drill success for Phase 3 drilling. This de-risking was based on further structural interpretation and advanced downhole electromagnetics using a newly purchased, aluminium core, low-resistance loop.

DHEM results recently received by the Company show the T5 Conductor Zone continuing to increase with depth (Figure 2). In particular DHEM and drill results to date appear to confirm a steep south plunge to the sulphides at this location.

The current Phase 3 round of drilling underway is testing the T5 contact to the immediate north and south of known mineralisation in order to expand this zone laterally as well as further definition below the discovery hole CBDD030. Deeper drilling will be planned once results of the Seismic Survey have been fully interpreted and late-stage faulting of the contact has been taken into account.

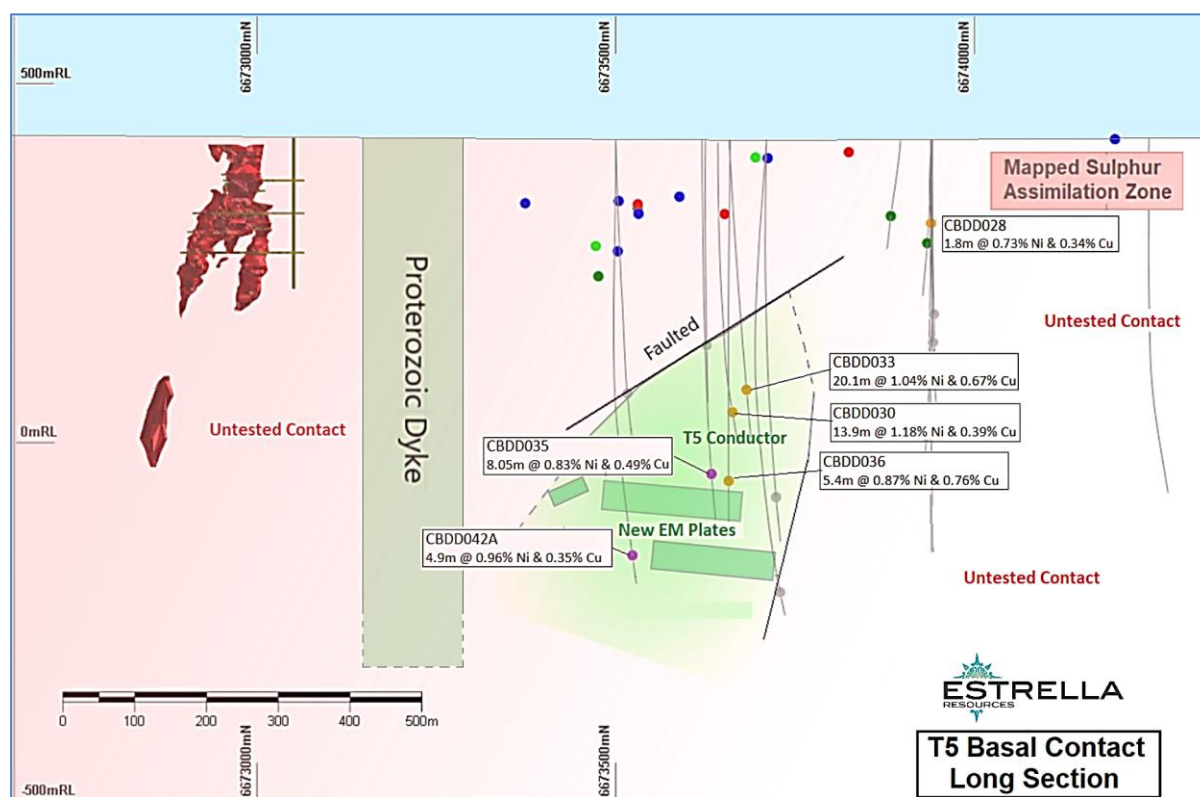


Figure 2: T5 Basal Contact Longsection showing significant intersections >0.5% nickel and a broadening zone of Downhole Electromagnetic conductors which are currently being targeted by Phase 3 drilling.

Table 1: Significant Intersection Summary, SG adjusted

Hole	m From	m To	Interval	Ni%	Cu%	Co%	2PGE*	Ag g/t
CBDD028	165.2	167	1.8	0.73	0.34	0.04	0.65	1.78
including	165.2	165.6	0.4	1.12	1.07	0.06	0.91	6.80
CBDD029	NSA - Hole did not test T5 contact							
CBDD030	431.6	445.5	13.9	1.18	0.39	0.05	0.45	1.61
including	436.3	439.5	3.2	3.19	0.64	0.14	0.71	2.56
CBDD031	NSA - Hole did not test T5 contact							
CBDD032	NSA - Fault blank, T5 contact not tested							
CBDD033	368.5	388.6	20.1	1.04	0.67	0.05	0.79	2.45
including	372.52	378.4	5.88	1.39	0.66	0.07	0.90	2.31
and	380.7	382.8	2.1	1.37	0.54	0.06	2.34	2.61
and	386.15	388.6	2.45	1.65	2.01	0.08	0.83	7.31
CBDD034	NSA - Fault blank, T5 contact not tested							
CBDD035	516.8	524.85	8.05	0.83	0.49	0.03	0.62	2.84
including	516.8	520.5	3.7	1.18	0.76	0.04	0.97	5.29
CBDD036	505.6	511	5.4	0.87	0.76	0.04	0.61	3.25
including	506.15	508.1	1.95	1.34	1.41	0.05	0.93	6.12
CBDD037	NSA - Fault blank, T5 contact not tested							
CBDD039	NSA - Faulted T5 contact							
CBDD041	NSA - Faulted T5 contact							
CBDD042A	603.7	608.6	4.9	0.96	0.35	0.04	0.29	1.35
including	606.89	608.6	1.71	1.63	0.66	0.07	0.43	3.12
CBDD043	Dyked + sheared T5 contact - Awaiting Assays							
CBDD044	NSA, Faulted T5 contact							

Note: Intervals quoted are downhole lengths, true widths are not known due to faulting

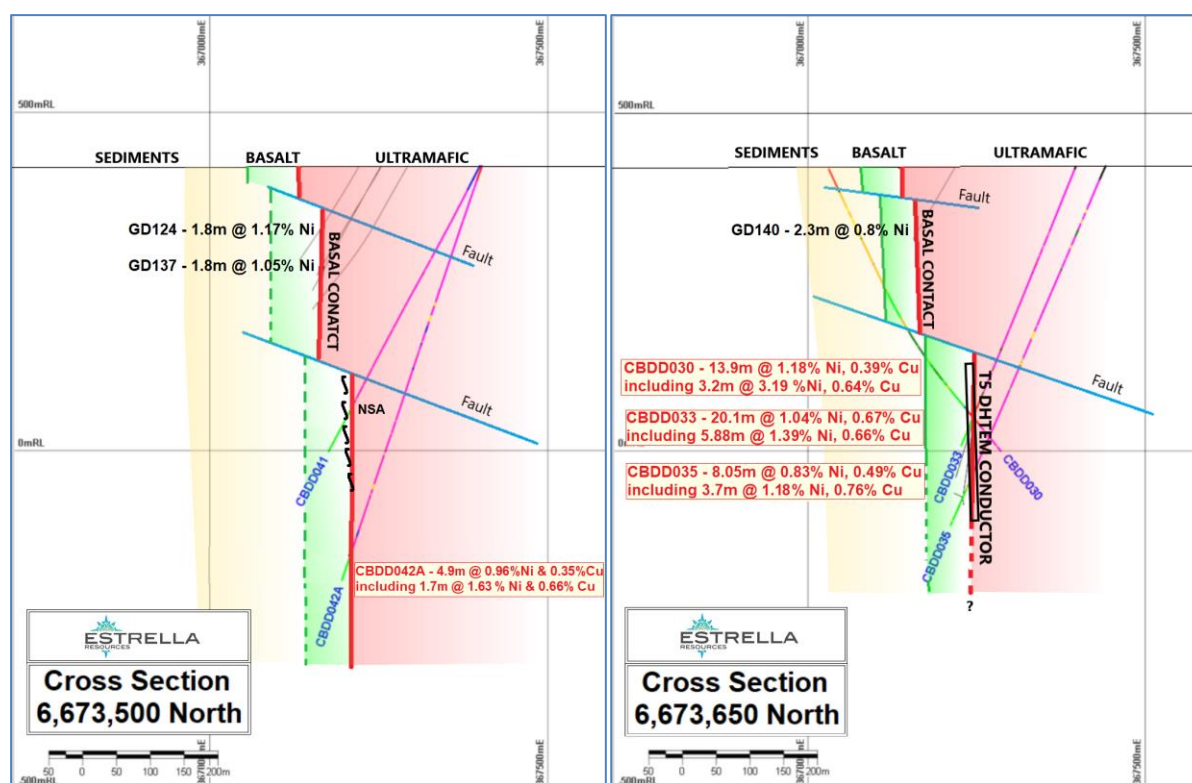


Figure 3: Cross-sections through the T5 Feeder Zone. The intersections to date have been complicated by a set of flat faults and sheared dyke intrusion along the basal contact. Further DHEM and seismic results will assist in Phase 3 targeting.

Recent Mapping Increases Potential

Mapping of the Carr Boyd Intrusive Complex has led the Company to an updated interpretation of the local geology with respect to nickel potential. Geological vectors known to be important for nickel accumulation are pointing south along the T5 Feeder Zone to an interpreted embayment at the base of the Intrusive Complex where pyroxenite intrusions have been mapped cross-cutting and assimilating sulphidic sediments. The resulting sulphides, once exposed and assimilated by the pyroxenites, become progressively enriched in nickel and settle onto the base of the embayment. Gossanous material with elevated nickel can be found at surface which represent this mineralised material on the basal contact (Figure 4).

The company believes that the T5 nickel mineralisation and the Carr Boyd Mine mineralisation may have a common source at depth within the embayment. A structural interpretation of the T5 Prospect and links to the embayment area, Carr Boyd Mine and the Tregurtha Prospect on the southern side of the embayment is underway.

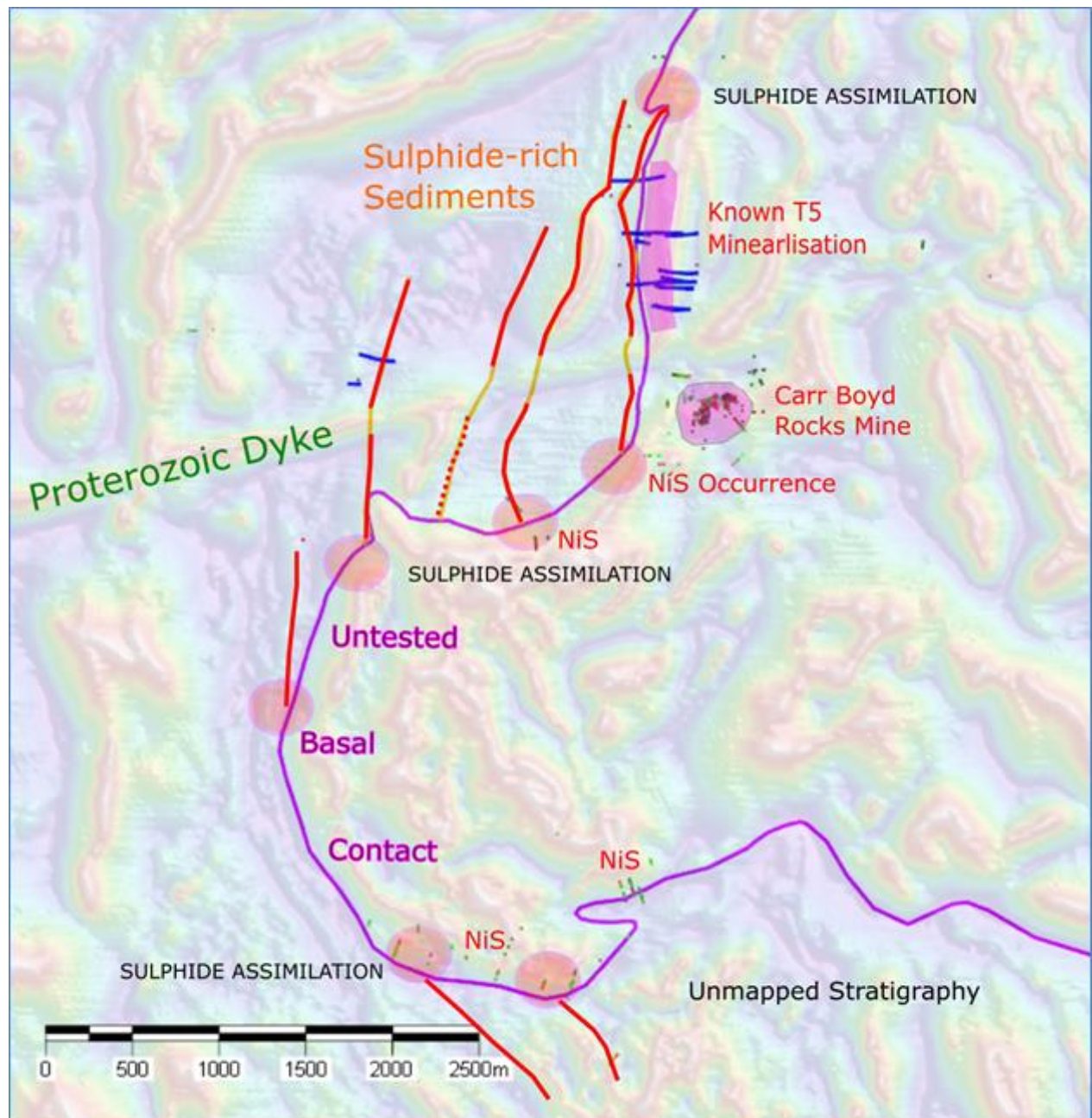


Figure 4: Mapped basal contact in relation to sulphidic sediments, assimilation zones where sulphides enter the intrusion and nickel sulphides at surface (NiS). Mapping reveals that the paleo-gravity direction is to the west (left) with younging to the east, confirming the mapped embayment as a significant geological feature.

Upon completion of Phase 3 the RC/DD rig will progressively test the basal contact north and south of the T5 discovery and the Carr Boyd Mine and also begin to test the embayment area.

Drilling for R&D Seismic Program

CBDD045 and CBDD046 were drilled to gather geological information to assist in seismic interpretation of the basal contact just south and west of the Carr Boyd Mine before the drill rig headed back to T5 to commence Phase 3. The information gathered from the 2 holes will enable geology, velocity and density to be determined for a suite of rocks ahead of data processing and interpretation as a part of the R&D Seismic Program.

The holes have intersected the basal contact in the vicinity of seismic lines and are not targeting sulphides directly (Figure 5). DHEM will be completed on the holes in case sulphides are located near-by.

The drillholes intersected rock-types that are indicative of rubble accumulations on the floor of the CBIC just east of the Drinkwater Prospect assimilation zones. This is significant as it begins to confirm the geological model that the Company has been developing for the Carr Boyd Intrusive Complex and the embayment area.

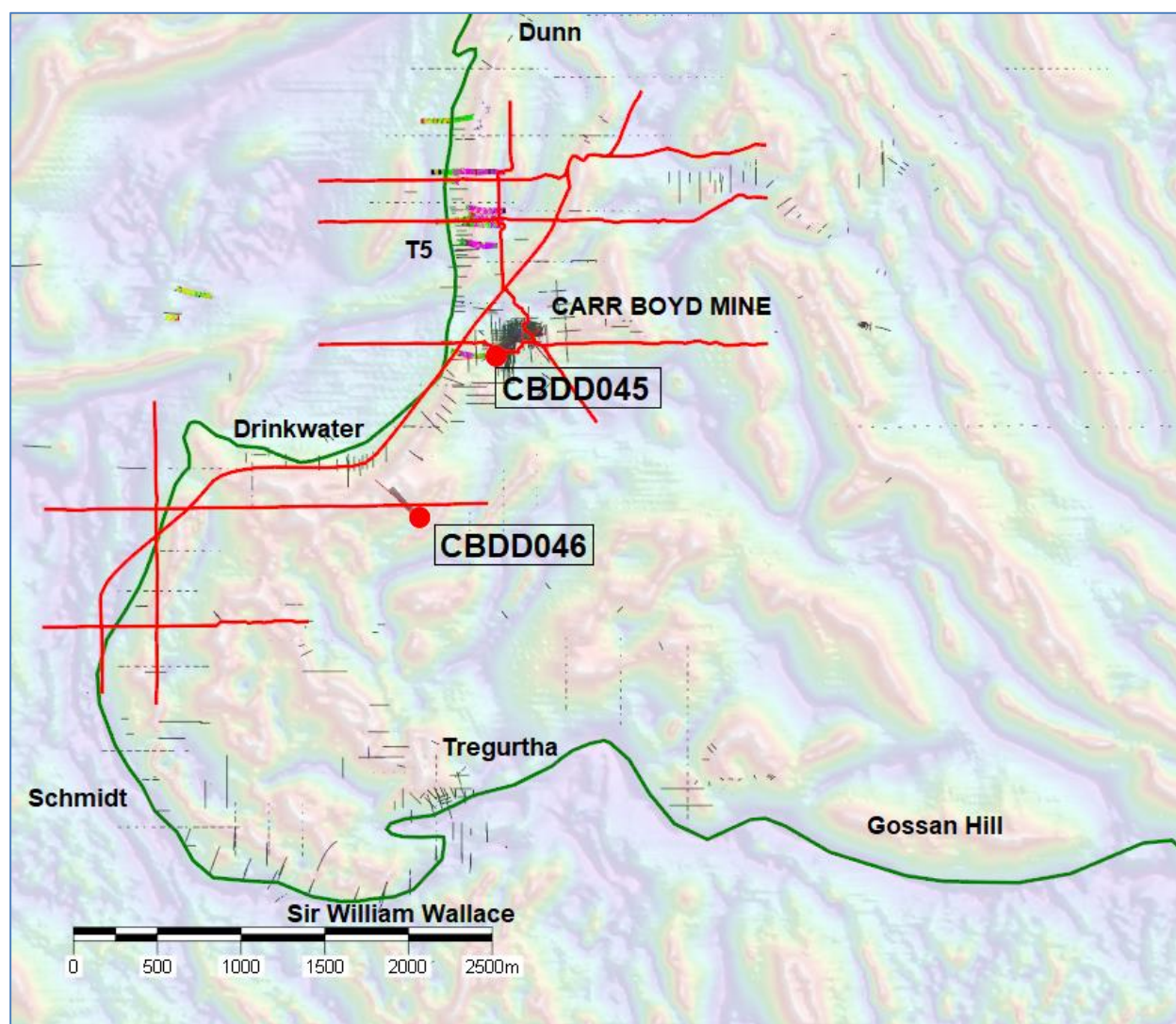


Figure 5: Locations of CBDD045 and CBDD046 with respect to the Seismic lines and T5 Mineralised Contact

Preparing for Further Regional Exploration

Topdrive Drillers Australia has supplied the Company with a track-mounted Combination Diamond / Reverse Circulation Drill Rig (RC/DD) capable of up to 400m RC and 1,800m NQ2 diamond holes. This rig (Figure 6) will enable the Company to drill low-cost pre-collars ahead of diamond tails which will

reduce the spend on deeper drilling, particularly at the T5 discovery. The RC/DD rig will also enable a cost-effective expansion of the regional exploration effort into the interpreted embayment in Figure 4.



Figure 6: Track-mounted Combination RC - Diamond Drill Rig from Topdrive Drillers to arrive in early April

Proposal of Works approvals have been received by the company to progress exploration north, south and east along the basal contact covering Dunn, Drinkwater, Schmidt, Sir William Wallace, Tregurtha and Gossan Hill Prospects (Figure 5). The company intends to use the RC capability of the rig to test the Seismic Interpretation of the basal contact ahead of deeper diamond drilling of targets generated.

R&D Hard-Rock Seismic Survey by Ultramag

The Seismic Program commissioned by Estrella Resources utilised a new type of impact vibrator called an e-Vibe (shown in Figure 7) which is operated by Ultramag. This is the first time this system combined with new seismic nodes from Schlumberger has been deployed in a hard-rock, Archean nickel environment. If successful, this electronically controlled seismic source allowed the Company to access areas previously inaccessible to conventional seismic machinery due to their cost, size and environmental restrictions.



Figure 7: R&D Seismic Survey conducted by Ultramag enabled very low environmental impact seismic surveying at Carr Boyd, allowing the company to image the prospective basal contact at depth ahead of drill planning. The e-Vibe system enable access into areas where traditional seismic systems would be too large and destructive to operate effectively.

The Carr Boyd basal contact has been difficult to intersect historically, due to its variable and faulted nature. The use of seismic will vastly improve the success rate of any targeted drilling at depth. Therefore, the company will await the seismic results before progressing with deeper regional drilling at Carr Boyd.

Ultramag have completed a 20 linear kilometre seismic acquisition process and data available to the company shows the system is performing at specification successfully. The data generated will require a further 6-8 weeks of data processing before the Company will have a 3D interpretation of T5 and the embayment area.

Estrella has acquired the services of Graeme Hird, founder of Rock Solid Seismic, to assist in the data processing and to conduct the seismic interpretation. Mr Hird has 30 years of exploration experience, over half of this time specialising in geological modelling. Until recently he had been the Principal Interpretation Geologist at HiSeis for nearly 7 years. His involvement in over 200 hard rock seismic projects perhaps qualifies him as the most experienced hard rock seismic interpreter in Australia.

Mr Hird will assist the Company to interpret the seismic results in combination with current mapping and a wealth of historical geophysical datasets. More information regarding this program will be released to the market once data interpretation is completed over the current quarter.

SPARGOVILLE NICKEL PROJECT (100%)

The Company has over the March 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 kt	Ni %	Cu %	Ni t	Cu 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.

Steve Warriner commenced as Exploration Manager significantly boosting the geological team.

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 \$107k. Included in this amount is \$70k for Directors fees and \$37k 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 \$318k. Included in this amount is \$49k for Directors fees and \$269k 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 31 March 2021 was approximately \$1.54M. During the quarter the Company received \$650k from milestone payments at the Munda Gold Project. As at 31 March 2021 the Company has potentially up to approximately \$17M worth of options in the money.

Table 3: Estrella Capital structure as at 31 March 2021

Fully Paid Ordinary Shares	908,089,741
Listed options exercisable	\$0.05 on or before the 27 June 2021 – 227,054,495
Listed options exercisable	\$0.02 on or before the 31 July 2023 – 255,067,725
Unlisted options exercisable	\$0.03 on or before 20 November 2022 – 11,500,000
	\$0.05 on or before 15 May 2021 – 4,500,000
	\$0.20 on or before 17 November 2023 - 4,850,000
Convertible Notes	Unlisted Convertible Notes (unsecured) with an aggregate face value of \$390,000 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 48,921,600 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

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

39 151 155 207

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(100)	(220)
	(e) administration and corporate costs	(119)	(372)
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	(219)	(594)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(85)	(440)
	(d) exploration & evaluation	(2,201)	(4,435)
	(e) investments	(1)	(51)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	650	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	(1,637)	(3,176)

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	173	4,219
3.4	Transaction costs related to issues of equity securities or convertible debt securities	20	(318)
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)
3.10	Net cash from / (used in) financing activities	193	5,271

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,200	36
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(219)	(594)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,637)	(3,176)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	193	5,271
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,537	1,537

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	1,537	3,200
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)	1,537	3,200

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	107
6.2	Aggregate amount of payments to related parties and their associates included in item 2	318

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.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	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)	(219)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,201)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,420)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,537
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,537
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.6
<i>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.</i>		
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: The Company has potentially up to approximately \$17M of options in the money as at 31 March 2021. The Company continues to receive offers of financing support from major shareholders in the form of option conversions to fund ongoing operations.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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 reasons noted in 8.8.2.

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: 29 April 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.