

12 July 2018

ASX ANNOUNCEMENT

PROGRAMME OF WORK APPROVAL SCOTIA EAST

HIGHLIGHTS

- DMIRS approval received for Scotia East Programme of Work (POW) application
- Drilling to target high grade cobalt mineralisation intersected by first pass drilling
- First pass results included
 - 7m at 0.21% Co from 7m downhole in NCB0024*
 - Including 1m @ 0.42% Co from 8m downhole*
 - 11m @ 0.16% Co from 3m downhole in NCB0023*
 - Including 2m @ 0.33% Co from 4m downhole*
- Further extensive areas of interest identified for follow-up work
- Cobalt market remains strong

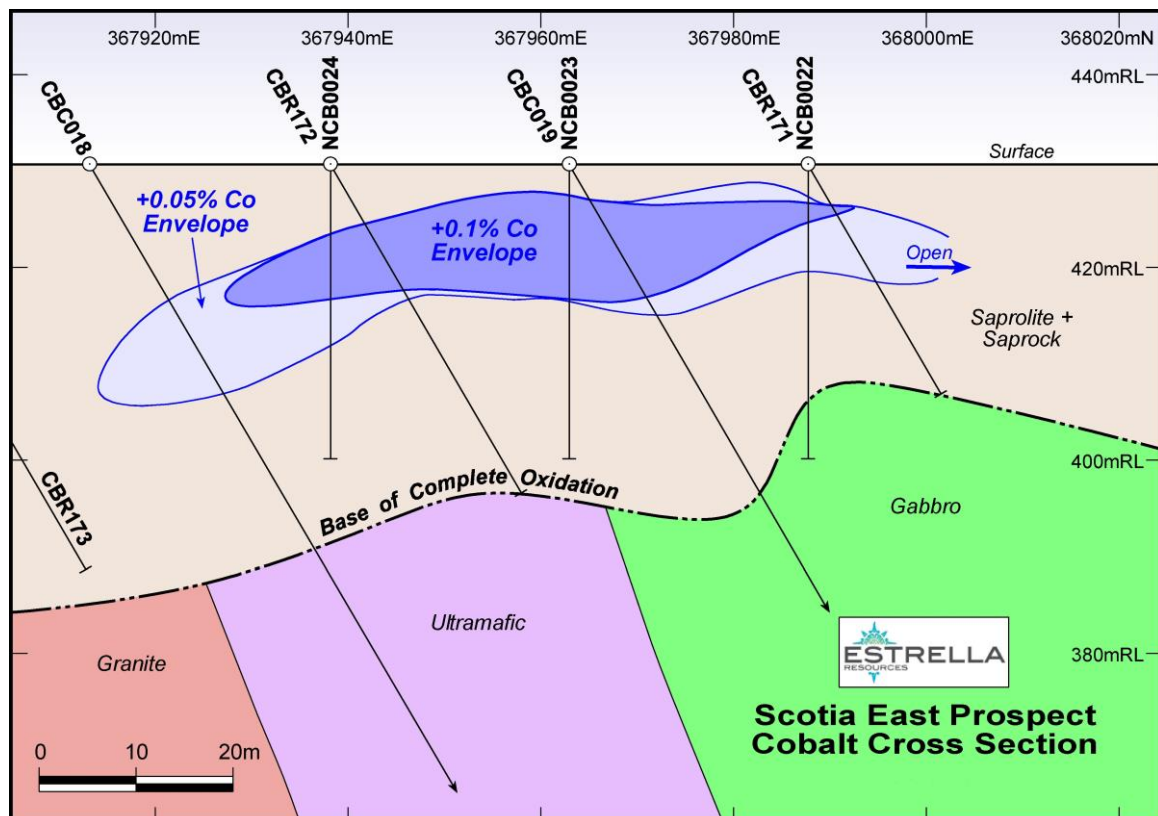


Figure 1. Cross section of previously reported Scotia East drilling.

*Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018

Estrella Resources Limited (ASX: ESR) (Estrella or the Company) is pleased to provide shareholders with an update on follow-up drilling planned at Scotia East, 40km east of Ardea Resources Limited (ASX:ARL) major Goongarrie Ni/Co/Sc Project north of Kalgoorlie, Western Australia.

FOLLOW-UP RC PROGRAM

Three vertical 30m deep holes were previously drilled on an east-west cross section at Scotia East to test a high-grade cobalt occurrence identified in the Company's digital database. All three holes intersected strong cobalt mineralisation almost exactly as predicted.

Results (at a 0.1% Co cut-off) include;

- **NCB0024: 7m at 0.21% Co and 0.68% Ni from 7m*
Including 1m at 0.42% Co and 0.75% Ni from 8m***
- **NCB0023: 11m at 0.16% Co and 0.53% Ni from 3m*
Including 2m at 0.33% Co and 0.58% Ni from 4m***
- **NCB0022: 2m at 0.18% Co and 0.47% Ni from 4m***

These complement the very encouraging results from historic drilling, which include:

- **CBR172: 8m at 0.22% Co and 0.69% Ni from 7m*
Including 1m at 0.41% Co and 0.61% Ni from 7m***
- **CBC019: 12m at 0.23% Co and 0.67% Ni from 8m (4m composites)***

A full listing of drill details and results can be found in Table 1.

Follow-up drilling is now planned north and south of the currently drilled cross section (see figure 2). POW approval has been granted allowing for the testing of up to 1km of potential strike length of nickel cobalt mineralisation. The Company intends to undertake drilling as soon as possible.

ABOUT THE COBALT MINERALISATION

Cobalt is hosted in a saprolitic clay horizon developed over an ultramafic package, similar in style to other projects in the region. However, **Scotia East may have key advantages due to its very shallow depth, starting at just 2m below surface, its high grade, up to 0.4% Co, and its consistently high cobalt to nickel ratio.**

Mineralisation is developed over a NNE striking ultramafic belt approximately 2.6 km in length, with a gabbro package to the east and a granite (or possibly leucogabbro) to the west.

*Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018

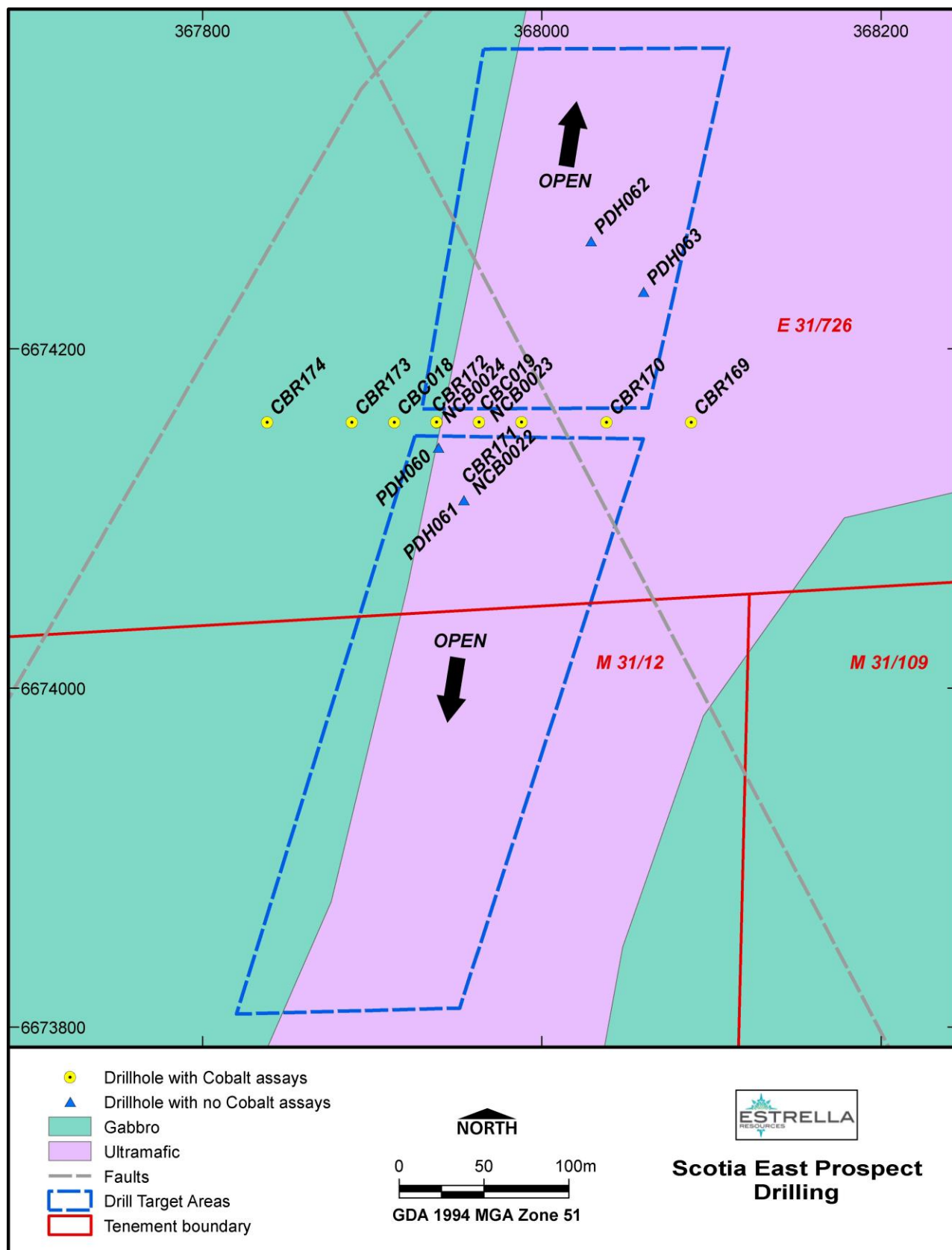


Figure 2. Map of the Scotia East prospect area showing existing drilling and the areas to be targeted by follow-up drilling. Note that the historic PDH series holes have not been assayed for cobalt, but do contain anomalous nickel grades.

Table 1. All drilling results in the Scotia East prospect area. These are calculated using a 0.1% cobalt cut-off, or if cobalt is not assayed a 0.5% nickel cut-off is used. NA means Not Assayed, NSI means No Significant Intercept.*

Hole ID	Easting	Northing	RL	Dip	Azimuth	EOH Depth	mFrom	mTo	Interval	Co ppm	Ni ppm	Sc ppm
NCB0022	367988	6674157	431	-90	0	30	4	6	2	1821	4713	18
NCB0023	367963	6674157	431	-90	0	30	3	14	11	1574	5311	16
NCB0024	367938	6674157	431	-90	0	30	7	14	7	2140	6753	21
CBC018	367913	6674157	431	-60	90	150	16	20	4	843	5750	NA
CBC019	367963	6674157	431	-60	90	120	8	16	8	2325	6665	NA
CBR169	368088	6674157	431	-60	90	26				NSI		
CBR170	368038	6674157	431	-60	90	56				NSI		
CBR171	367988	6674157	431	-60	90	28	5	6	1	1050	2820	NA
CBR172	367938	6674157	431	-60	90	40	6	13	7	2558	6845	NA
CBR173	367888	6674157	431	-60	90	49				NSI		
CBR174	367838	6674157	431	-60	90	37				NSI		
PDH060	367939	6674142	431	-60	311	66	9.14	12.1 9	3.05	NA	5174	NA
PDH061	367954	6674111	431	-60	301	69	7.62	16.7 6	9.14	NA	5490	NA
PDH062	368029	6674264	431	-60	301	49				NA	NSI	NA
PDH063	368060	6674234	431	-60	301	72				NA	NSI	NA

*Refer to ESR announcement "High Grade Cobalt Intersected in Drilling" 27 March 2018

OTHER TARGETS

Interrogation of historic reports and digital datasets has identified several other high priority cobalt targets for follow-up work. Field investigation will begin on these after drilling is completed at Scotia East.

Ravensgate

An internal report prepared by Ravensgate on behalf of Australian Nickel Mines commissioned in 2010 collated all the work completed at Carr Boyd pre-2010. This had included several phases of exploration targeting and planning by Defiance Mining, Titan Resources, Yilgarn Mining, and others. Several lateritic Ni/Co targets were identified in the report, including;

T9 (Gossan Hill)

Lateritic nickel mineralisation identified in historic drilling. **Cobalt not assayed.**

T14 (Colreavy)

Shallow drilling has identified grades above 1% Ni. Low Cu values suggest laterite style Ni mineralisation. **Cobalt not assayed.**

T15 (Colreavy East)

Anomalous Ni values in drilling of weathered ultramafic komatiite units. Nickel mineralisation appears to be laterite Ni style. **Cobalt not assayed.**

Colreavy is comprised of a variably weathered ultramafic belt with at least **20km of strike extent, which has never been explored for cobalt.**

Surface Geochemistry Dataset

Although a clear majority of the surface geochemistry samples collected in the region are not assayed for cobalt, several anomalies have been identified in the samples that have. The area south of Scotia East shows a clearly anomalous cobalt zone trending NNE/SSW (see Figure 4. Over page), confirming geological interpretations.

A second highly anomalous area occurs near the Tregurtha area trending towards Drinkwater, although the strong correlation with copper in this area suggest this is at least partly a primary signature rather than a lateritic enrichment.

The anomalies closer to Drinkwater and Corner prospects appear to be lateritic signatures and are worthy of follow-up.

Other lateritic style anomalies occur at Gossan Hill, Porphyry Hill, and the Schneider/Granites area.

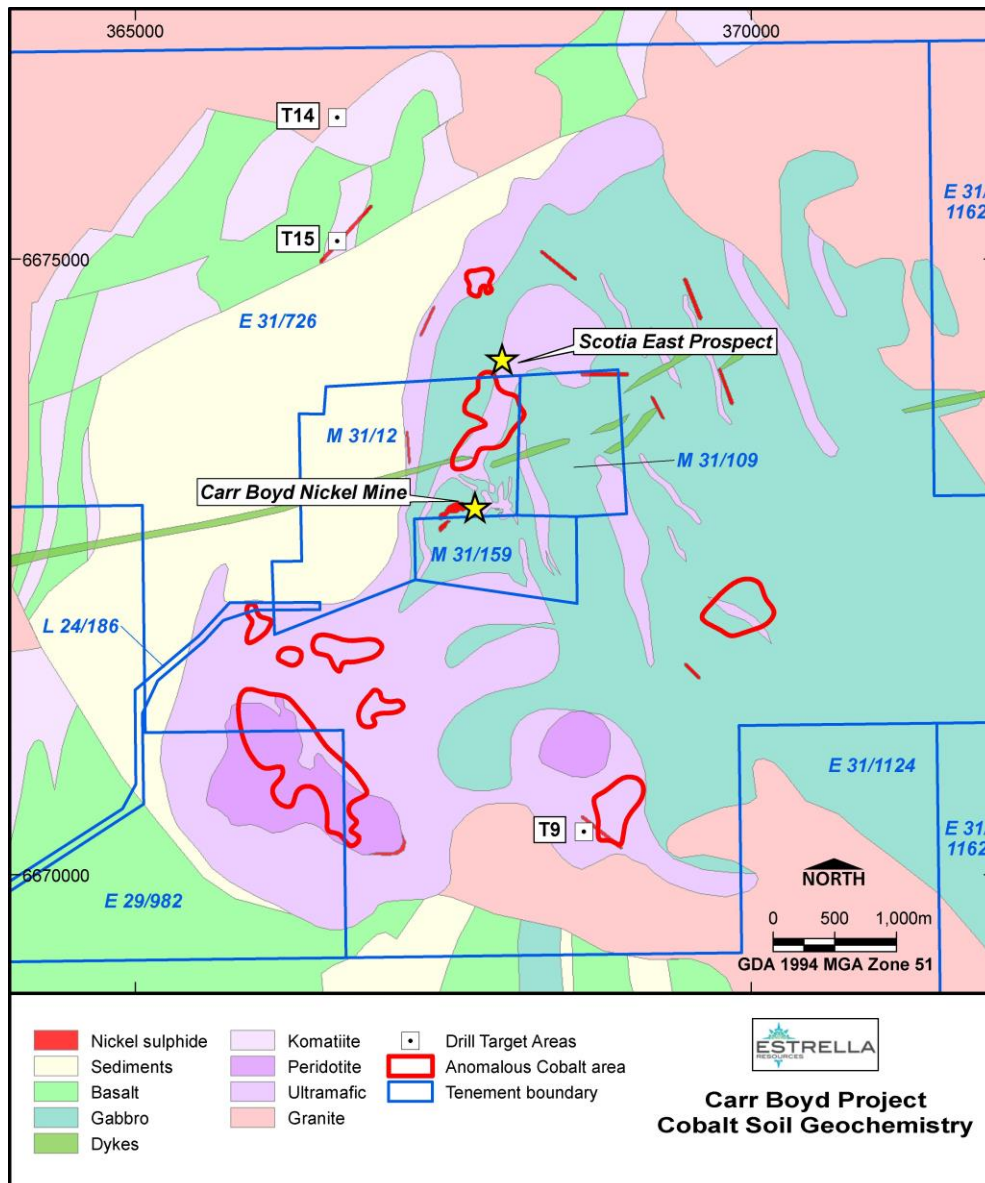


Figure 3. Map showing cobalt targets identified from the Ravesgate report and cobalt anomalies identified in soil sampling

COBALT MARKET

The cobalt market has remained strong. At the time of writing the price was still above AUD 90,000/t.

ABOUT THE PROJECT

Scotia East is located within the Carr Boyd Layered Complex (CBLC) and the Colreavy Komatiite sequence located immediately west of the CBLC. The area is prospective for lateritic nickel and cobalt mineralisation over certain deeply weathered ultramafic areas of the stratigraphy. Scotia East is in a Tier 1 jurisdiction approximately 80km north north-east of Kalgoorlie Western Australia. An all-weather haul road accessible to ESR under a granted miscellaneous license connects the Project to the Goldfields Highway via Scotia, passing through Ardea Resources' Goongarrie Project area.

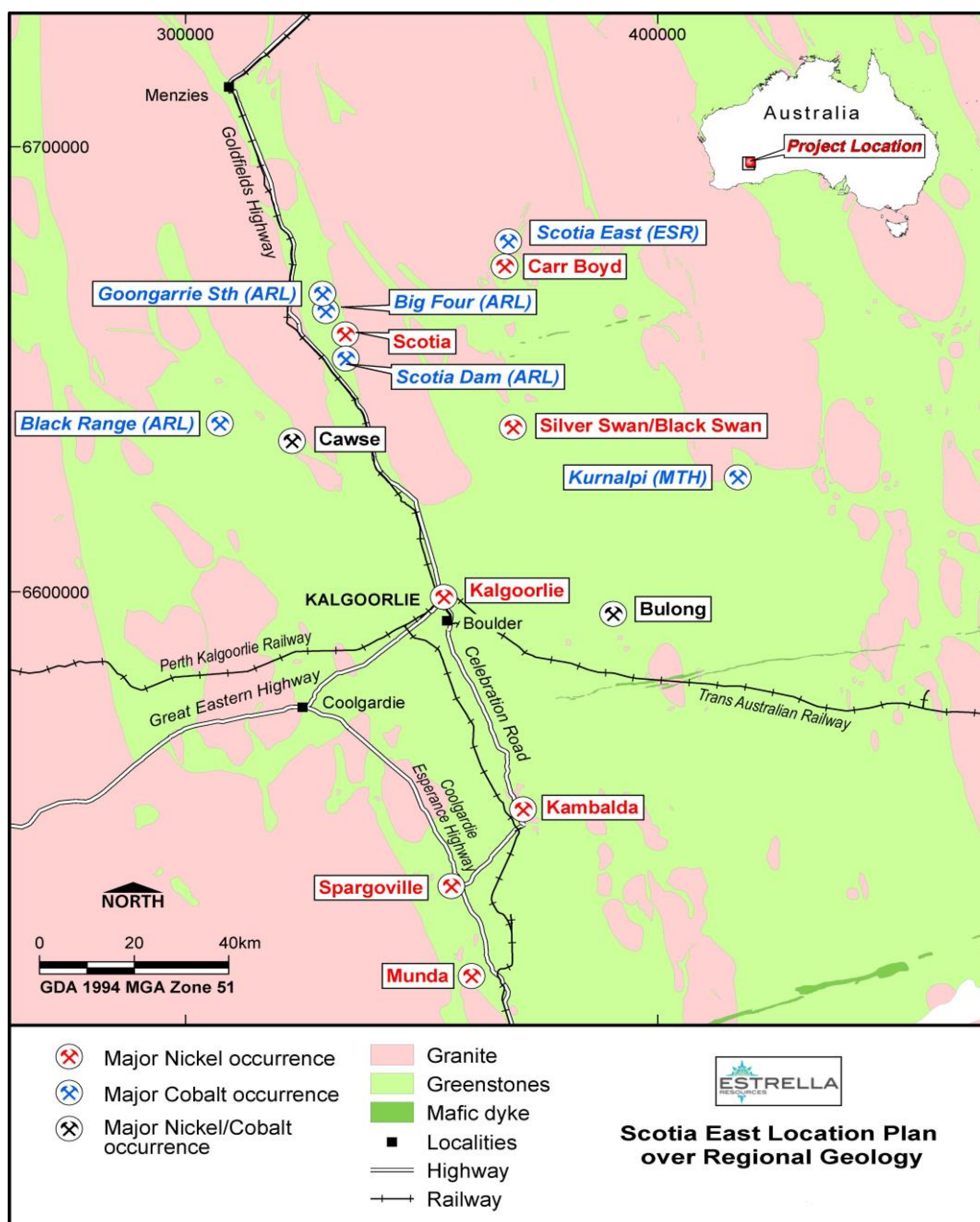


Figure 4. Location of Scotia East high grade cobalt discovery in relation to commercial centres and other major Co projects.

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 Apollo Phoenix Resources and 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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