QUARTERLY ACTIVITIES REPORT

Quarter ending 30 June 2017

ASX RELEASE 28 JULY 2017

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

Chief Executive Officer
Christopher Daws (CEO)

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HIGHLIGHTS

- **Follow-up rock chip sampling at Bravo Cluster and Charlie Pegmatites, Atomic Three Prospect has returned the highest-grade results thus far, up to 3.36% Li2O at surface**
- **Historic drill core recently relocated to the historic 132N nickel mine, approximately 1.5km south of Alpha Pegmatite relogged for lithium pathfinder minerals**
- **Systematic rock chip and soil sampling programs completed at Atomic Three**
- **POW approval granted for the drilling of high priority targets at Atomic Three and Inco Boundary**
- **Corporate activities continuing**

Estrella Resources Limited (ASX: ESR) **(Estrella** or **Company)** is pleased to provide its Activities Report for the quarter ended 30 June 2017.

ATOMIC THREE PROGRESS

Detailed mapping and rock chip sampling programs have resulted in the discovery of several closely related high grade lithium bearing pegmatite bodies, and the highest-grade results to date on the MELP. These have been named Bravo Cluster and Charlie Pegmatite. Follow-up drilling will be conducted as soon as practicable in the Bravo and Charlie areas to determine if the new interpretations of larger pegmatite bodies are correct, to determine if the pegmatites are related to each other, or are connected, and to generate a JORC2012 mineral resource estimate.

A soil sampling program was completed over the Atomic Three prospect area during the quarter, which included the Bravo Cluster and Charlie Pegmatite. 458 samples were collected on a 200m by 50m grid pattern. The aim of the soil sampling program was to determine if soil sampling could be an effective technique for identifying blind lithium bearing pegmatites with no visible surface expression, and if so, determine if there are any such pegmatites in the Atomic Three area. Samples from the program have been transported to Kalgoorlie and are in storage while the Company awaits the arrival of a new handheld XRF unit. When the XRF unit arrives, the soil samples will be analysed as soon as practicable.

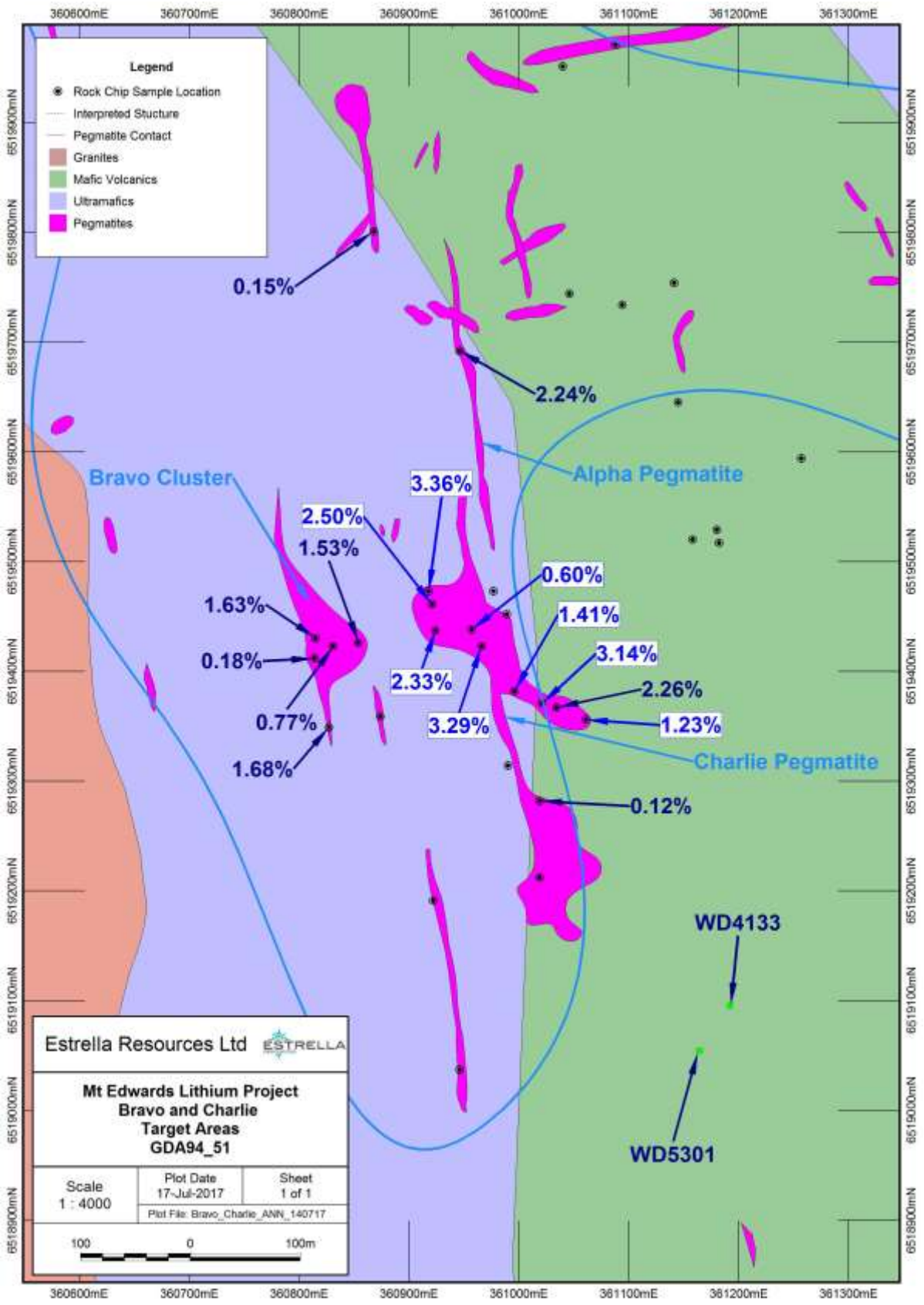

Figure 1. Map of the Atomic Three prospect showing all the rock chips sampled to date, labelled with % Li_2O for anomalous results above 0.1% Li_2O. The more recent follow-up sampling results are labelled in a white highlight. * †
*Refer to announcement "Mt Edwards Lithium Project Exploration Update", 23 June 2017
† Refer to announcement "Highest Grade Lithium to Date - Atomic Three", 18 July 2017

BRAVO CLUSTER

The Bravo Cluster is located approximately 600m NNW of the 132N nickel mine, or 250m SW of the Alpha Pegmatite targeted by the first phase of drilling on the MELP. Six rock chip samples were collected at Bravo Cluster during the quarter, half of which returned over 1.5% Li_2O, with a peak value of 1.68% Li_2O. *

Detailed mapping has now been completed on the prospect. This has shown that Bravo could be a single pegmatite, rather than a cluster of smaller bodies, and the pegmatite could be significantly larger than previously interpreted. The numerous small rubbly outcrops at the prospect are now interpreted to represent a single pegmatite body in a deeply weathered and poorly exposed environment.

CHARLIE PEGMATITE

The Charlie Pegmatite is located approximately 200m east of the Bravo Cluster. It is less than 200m from the broad historic pegmatite intersection in holes WD4133 and WD5301, which will be targeted by twin holes in an upcoming drill program, after historic diamond core was unable to be located within core storage locations.

Detailed mapping and two phases of rock chip sampling have been completed on the prospect. The size of the pegmatite is now interpreted to be larger than previously thought, and it may possibly be connected to or be of the same pegmatite as the Bravo Cluster.

The most recent phase of rock chip sampling at the Charlie Pegmatite included the following very high-grade lithium results.†

Sample ID	Zone	Easting	Northing	RL	Li2O %
AP00450	51J	360921	6519461	369	2.50
AP00451	51J	360918	6519473	368	3.36
AP00452	51J	360924	6519437	369	2.33
AP00454	51J	360966	6519423	371	3.29
AP00457	51J	360996	6519382	373	1.41
AP00458	51J	361021	6519371	375	3.14
AP00459	51J	361061	6519356	378	1.23

*Refer to announcement "Mt Edwards Lithium Project Exploration Update", 23 June 2017

† Refer to announcement "Highest Grade Lithium to Date - Atomic Three", 18 July 2017

INCO BOUNDARY

Earlier in the year, RC drilling identified a highly anomalous pegmatite body at Inco Boundary.

The highly anomalous near surface drill intercept in MERC0005 will be tested by step-out drilling. This will determine the grade distribution within the pegmatite and its geometry in 3D space. The current interpretation is that the pegmatite is flat dipping and at least 7m thick, which would be a favourable geometry for mining if economic concentrations of lithium were discovered. *

*Refer to announcement "Quarterly Activities and Cashflow Report", 27 April 2017

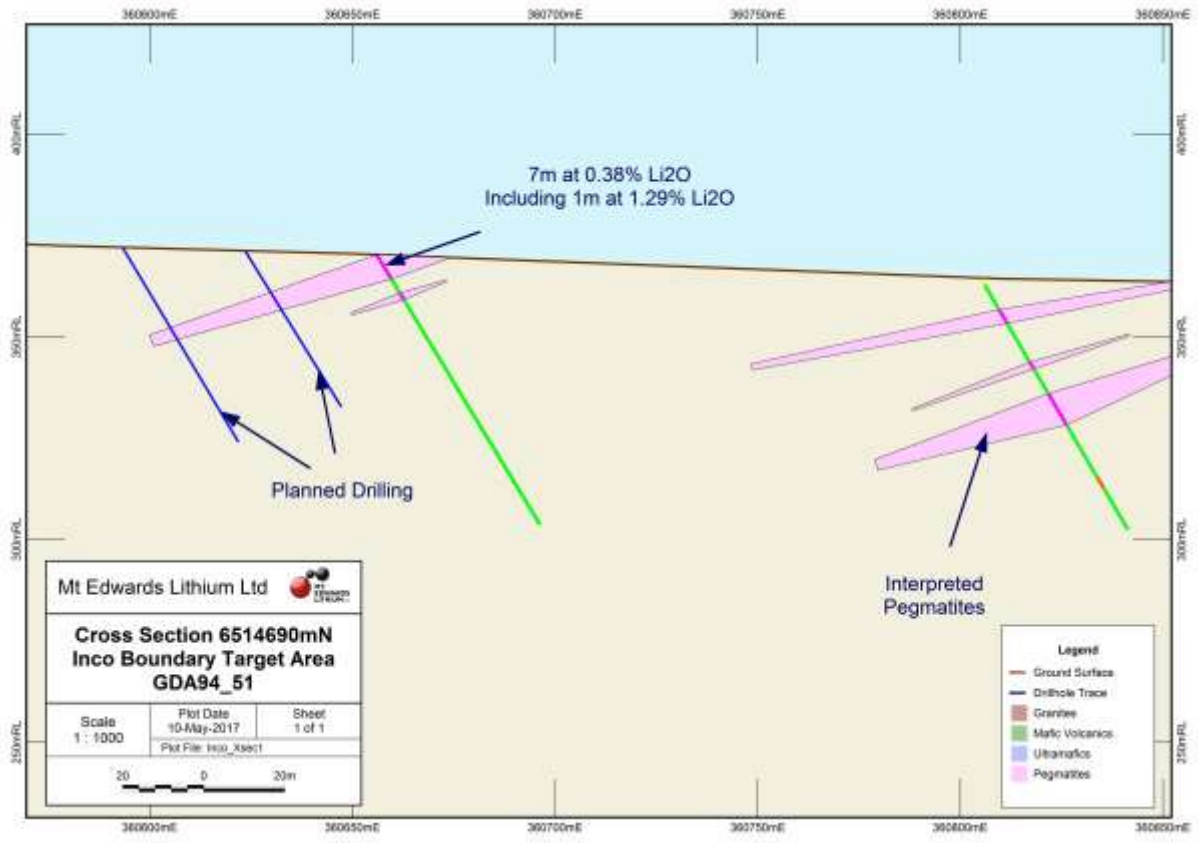

Figure 2. Cross section of Inco Boundary showing interpreted pegmatites, significant intercepts and planned drilling

OTHER WORK PROGRAMS

The Company identified several pegmatite intersections over 10m wide in historic drilling in the Atomic Three area during the last quarter. These include diamond holes WD4133, which intersected 78.8m of pegmatite from 56.7m downhole and WD5301, which intersected 37.7m of pegmatite from 132.6m downhole.* Both holes were drilled at the 132N nickel deposit targeting nickel, within 200m of Charlie Pegmatite. The core for these holes was unable to be to be located, therefore the Company intends to twin these intersections with new drillholes, to determine if the pegmatites are lithium bearing.

Numerous pegmatite intersections less than 10m wide were also identified in the area. Most of these are historic percussion holes. The Company systematically worked through these intersections during the quarter to determine if any core or drill cuttings from them has been preserved, and is able to be sampled. Only a small number of narrow barren pegmatite intersections could be sighted in drill core.

The Company may consider drilling twin holes of other pegmatite intersections over 10m in with if they are interpreted to be associated with high priority lithium zones during other work at Atomic Three.

Table 1. Location of pegmatite drillhole intersections over 10m thick in the Atomic Three area.*

Hole_ID	Hole_Type	mFrom	mTo	MGA_East	MGA_North	DTM_RL	Width
WD4133	DDH	56.7	135.5	361192	6519096	291	78.8
WD5301	DDH	132.6	170.3	361165	6519055	242	37.7
WID1364	RC	4.0	16.0	360633	6518985	350	12.0
WID1527	DDH	333.6	348.2	361088	6517994	59	14.6
WID1628	RC	15.0	25.5	360902	6520213	336	10.5
WID1629	RC	18.0	33.0	360894	6520213	332	15.0

*Refer to announcement "Quarterly Activities and Cashflow Report", 27 April 2017

CHILE COPPER PROJECT

There has been no activities undertaken on the Chilean mineral assets over the quarter.

CORPORATE

The Company continues to review mineral acquisitions that will complement the current exploration activities in the Kalgoorlie/Kambalda mining districts.

CAPITAL

The Company's cash balance as at 30 June 2017 was A$904,000. The Company issued 200,000 fully paid ordinary shares at A$0.05 per share during the quarter settling a consulting fee.

Fully Paid Ordinary Shares	361,283,292
Unlisted options exercisable	$0.024 on or before 31 March 2020 – 8,250,000
	$0.044 on or before 31 May 2018 – 5,000,000
	$0.40 on or before 13 November 2019 – 1,375,000
	$0.80 on or before 3 October 2018 – 118,750
	$1.40 on or before 21 November 2019 – 750,000

ABOUT ESTRELLA RESOURCES.

Estrella Resources is a metals exploration company based in Perth, Western Australia. The Company holds Lithium exploration and mining rights agreements with Apollo Phoenix Resources which cover 129km2 of mineral tenements in an emerging world Class LCT pegmatite province. The Company's major project, the Mt Edwards Lithium Project (MELP), is situated 40km south of the Mt Marion Lithium mine which is currently in production (Ganfeng, Mineral Resources and Neometals). The Company is actively looking to increase its asset base and activities.

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 Mt Edwards Lithium, 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

Christopher J. Daws

Chief Executive Officer

Estrella Resources Limited

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Appendix 1 – Estrella Resources Limited – Tenement Information as Required by Listing Rule 5.3.3.

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Australia	WA	Mt Edwards Lithium Project	M15/698	75	75
Australia	WA	Mt Edwards Lithium Project	M15/75	75	75
Australia	WA	Mt Edwards Lithium Project	M15/699	75	75
Australia	WA	Mt Edwards Lithium Project	M15/87	75	75
Australia	WA	Mt Edwards Lithium Project	M15/74	75	75
Australia	WA	Mt Edwards Lithium Project	M15/101	75	75
Australia	WA	Mt Edwards Lithium Project	M15/99	75	75
Australia	WA	Mt Edwards Lithium Project	M15/653	75	75
Australia	WA	Mt Edwards Lithium Project	M15/97	75	75
Australia	WA	Mt Edwards Lithium Project	M15/96	75	75
Australia	WA	Mt Edwards Lithium Project	M15/102	75	75
Australia	WA	Mt Edwards Lithium Project	M15/100	75	75
Australia	WA	Mt Edwards Lithium Project	M15/1271	75	75
Australia	WA	Mt Edwards Lithium Project	E15/1505	75	75
Australia	WA	Mt Edwards Lithium Project	E15/1507	N/A	Application
Australia	WA	Mt Edwards Lithium Project	E15/1562	N/A	Application
Chile		Mercurio		-	100
Chile		Saturno		-	100

Note – Estrella Resources Limited owns 75% in the lithium rights of the tenements noted Mt Edwards Lithium Project. All tenements are held by Apollo Phoenix Resources Pty Ltd and are in Western Australia.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Estrella Resources Limited

ABN	**Quarter ended ("current quarter")**
39 151 155 207	30 June 2017

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	(116)	(657)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(126)	(587)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(238)**	**(1,223)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Cash acquired on acquisition of subsidiary	-	2
2.6	**Net cash from / (used in) investing activities**	**-**	**2**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	760
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	402
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(39)
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)	-	-
3.10	**Net cash from / (used in) financing activities**	**(2)**	**1,123**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,144	1,002
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(238)	(1,223)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	2
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	1,123

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**904**	**904**

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	904	1,144
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)**	**904**	**1,144**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	70
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors including non-executive and executive director's fees and superannuation for the quarter.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(250)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	(150)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(400)**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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.



Sign here: ..... Date: .....28/07/2017.....
(Director/Company Secretary)

Print name: Stephen Brockhurst

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly 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 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.