Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

Chief Executive Officer
Christopher Daws

Non-Executive Directors
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QUARTERLY ACTIVITIES REPORT

Quarter ended 30 September 2017

ASX RELEASE 27 October 2017

HIGHLIGHTS

- **New gold and nickel sulphide project acquisition at Munda, Spargos Reward, and Spargoville**
- **Lithium rights ownership over M15/87 now 100%**
- **Detailed mapping at Bravo Cluster and Charlie Pegmatite (Bravo Charlie) identified a zone of large spodumene crystals in outcrop and further refined the geological map of the area**
- **Rock chip samples returned high grade Li_2O, confirming the Bravo Charlie spodumene occurrence and providing an indication of grade potential**
- **Soil sample collection phase was successfully completed on a 200m by 50m grid pattern and HXRF analyses undertaken at Atomic Three**
- **Corporate activities continuing**

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

ACQUISITIONS

The most significant development during the quarter was the acquisition of WA Nickel Pty Ltd (WAN).

Under the terms of the acquisition, WAN was acquired by ESR. WAN held a 100% interest in nickel rights at the Spargoville Project, 100% of the gold and nickel rights at the Munda Project (M15/87), and 25% of the lithium rights at the Munda Project. The transaction gave ESR 100% ownership of all metals on M15/87.

As well as diversifying the portfolio with the addition of gold assets, this transaction strengthens ESR's position in the emerging electric vehicle (EV) sector, as nickel forms a key role in the production of lithium ion batteries; in fact, more nickel than lithium is used in these batteries.

The new projects were added to the Mount Edwards Lithium Project (MELP), with the consolidated project now referred to as the Widgiemooltha Energy Metals Project (WEMP).

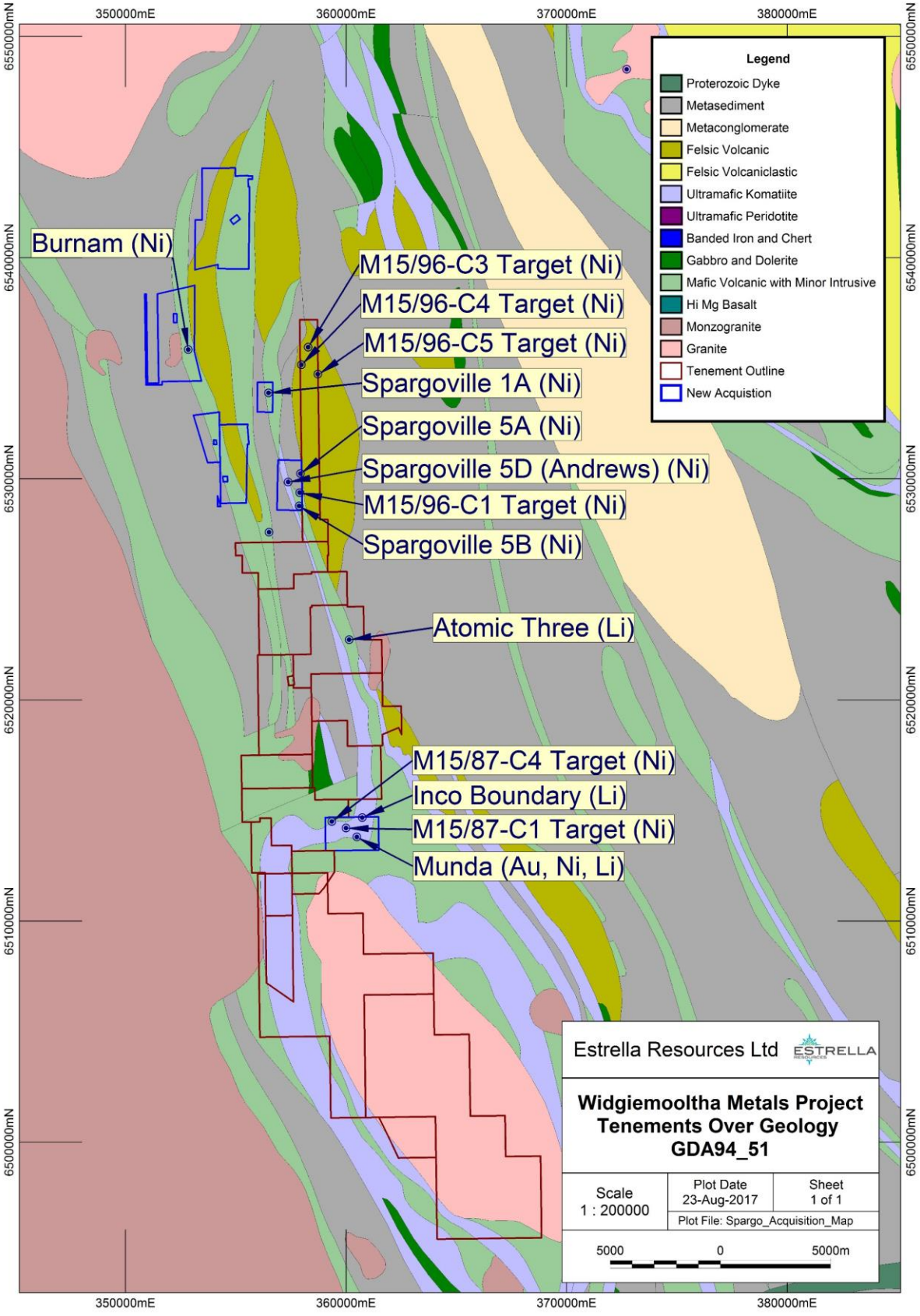


Figure 1. Map of ESR's landholding in the Widgiemootha area outlined in dark red and the tenements subject to the new acquisition outlined in blue. Call out labels show major nickel, lithium, and gold prospects, and new drill ready nickel targets.

MUNDA GOLD

The Munda project hosts a JORC Code 2012 reported Inferred gold Mineral Resource estimate of 511,000t at 2.82g/t Au (Table 2)*. Within this Mineral Resource, several very high-grade zones occur, which are interpreted to be formed where sub vertical NNW trending structures intersect a sheared basal contact between an ultramafic hangingwall and metabasaltic footwall.

This is interpreted to result in very high-grade plunging shoots within a lower grade envelope of gold mineralisation. These high-grade shoots will be targeted by drilling, and if the interpretation is confirmed, they will be evaluated, beginning with a Scoping Study to determine if they can be economically extracted.

An open pit mining operation was commenced in 1999 by Resolute Mining Limited, but was shut in 2000 due to a dramatic fall in the gold price at the time to sub A$400/oz. With gold now holding above A$1,500/oz, there is considerable scope to complete the mining of the remaining Mineral Resource.

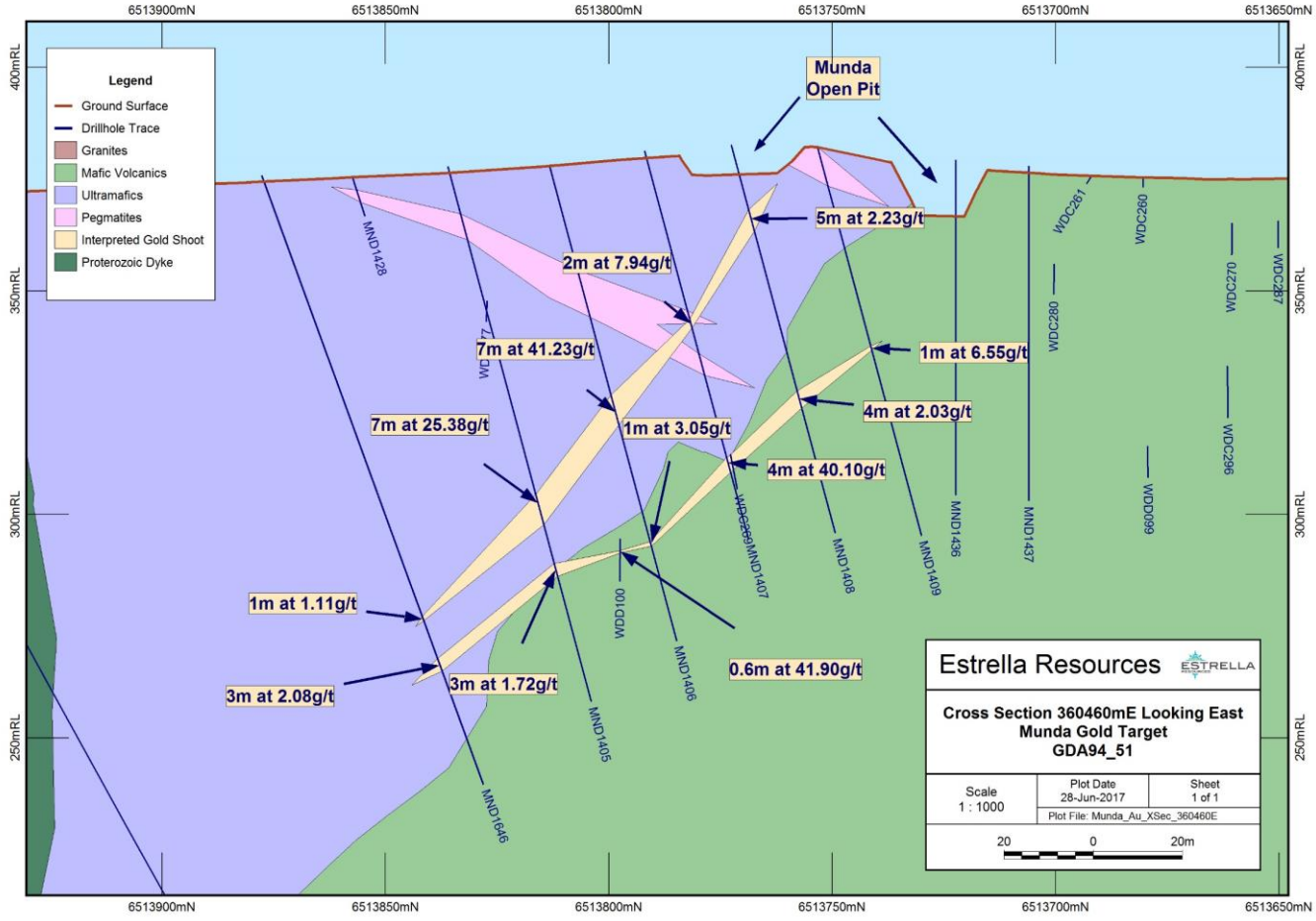


Figure 2. Munda gold cross section at 360460mE, looking east.

A POW was submitted and approved for the drilling of two holes targeting the high-grade gold zone intersected by MND1406. The Company intends to drill these holes as soon as possible.

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

Table 1. 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**

Table 2. Summary of the significant gold intercepts immediately north and beneath the Munda open pit. These will be targeted by drilling and economic evaluations starting with confirmatory drillholes around MND1406 and MND1407.*

Hole_ID	mFrom	mTo	Width (m)	Au_g/t
MND1406	53.0	60.0	7.0	41.23
Including	58.0	59.0	1.0	195.00
MND1407	70.0	74.0	4.0	40.10
MND1508	98.0	114.0	16.0	10.13
MND1724	94.1	97.1	3.1	23.17
MND1405	76.0	83.0	7.0	25.38
Including	76.0	78.0	2	82.5
MND1660	140.0	142.5	2.5	22.89
MND1417	111.0	128.0	17	10.34
MIRC009	46.0	50.0	4.0	38.80
MIRC006	20.0	23.0	3.0	16.31

(Note: the full tabulation of intersections is provided in Table 5)

MUNDA NICKEL

Closely associated with, but separated from the gold mineralisation at Munda, is a significant deposit of nickel sulphide. A JORC Code 2012 reported Inferred Mineral resource of 240,000t at 2.36% Ni has been estimated for the deposit.*

The nickel mineralisation is interpreted to be a “Kambalda Style” nickel sulphide occurrence, located at the basal contact between a high MgO komatiitic ultramafic unit and a footwall basalt. Mineralisation is concentrated in thermal and structural embayment’s in the basal contact, and in “footwall carrots” in the basalt.

Table 3. Munda Nickel Mineral Resource Estimate*

Resources			Metal Grade	Contained Metal
Category	*Cut off (Ni%)*	*Tonnage (Kt)*	*Nickel (%)*	*Nickel (t)*
Inferred	1	240	2.36	5676
Total	**1**	**240**	**2.36**	**5676**

Significant potential exists for further nickel sulphide mineralisation down plunge of the Munda Mineral Resource. Several DHTEM conductors were identified down plunge to the nickel mineralisation by Titan Resources during exploration programs conducted up to 2007, but these are yet to be followed up by drilling. The project was abandoned at the time due to a fall in the nickel price.

There are also two greenfields EM conductor targets, M15/87-C1 and M1587-C4, located north west of Munda within M15/87 (refer to Figure 1). These conductors were identified by Consolidated Minerals during MLTEM surveys completed in 2010. During the quarter, a follow-up soil sampling program was completed over this area.

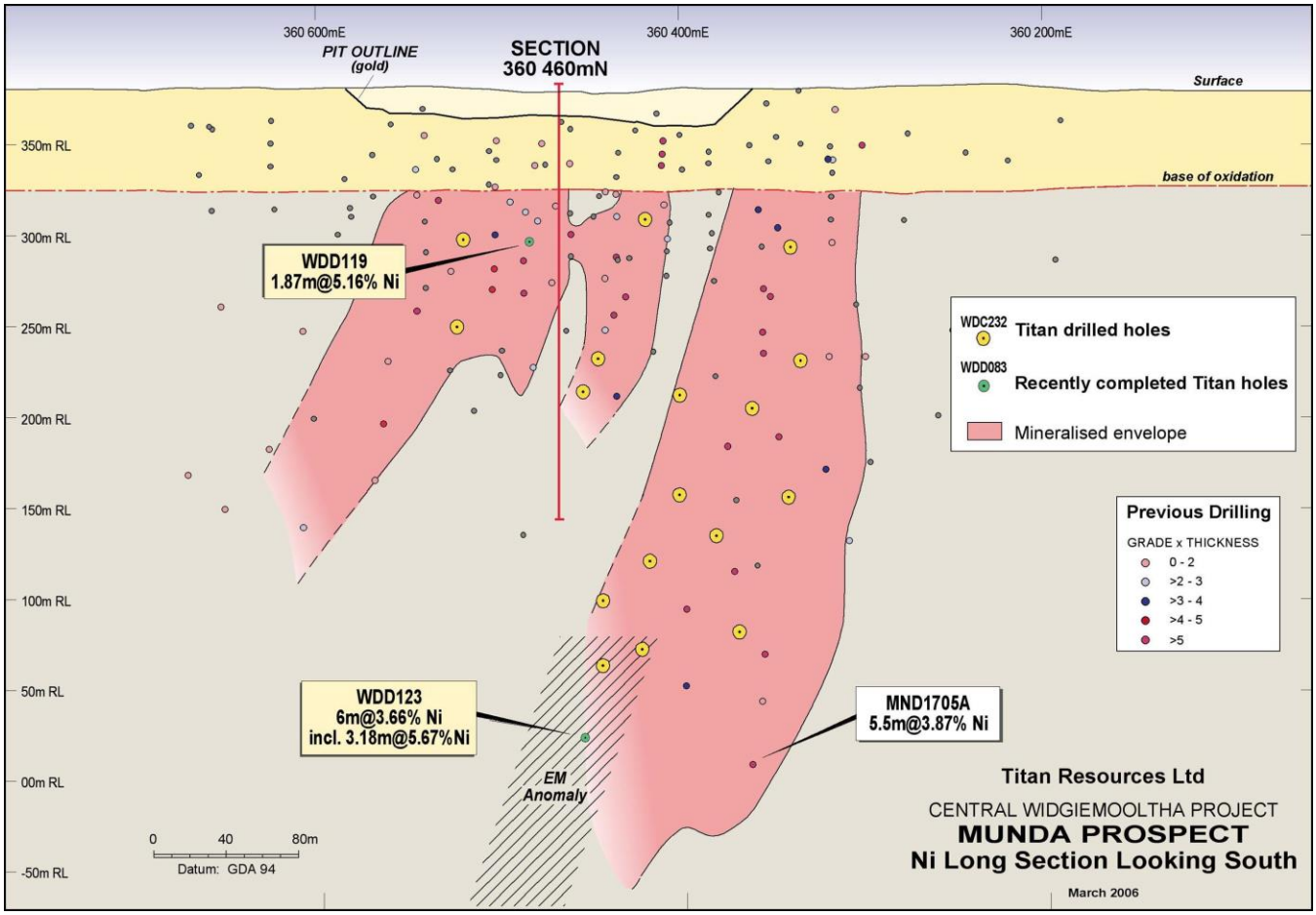


Figure 3. Long section of the Munda nickel mineralisation, outlined by Titan Resources, showing the EM anomaly down plunge and the location of the high-grade gold cross section.

SPARGOVILLE NICKEL

The Spargoville area hosts several nickel mines which have been exploited to varying degrees in the past, including 1A (nickel), 5A (nickel), 5B (nickel and gold), and 5D (nickel). Global and remnant Mineral Resources have been published by previous operators for each of these occurrences, but they are not up-dated to JORC Code 2012 reporting compliance so cannot be quoted at this stage. It is envisaged that only a small amount of new data will need to be collected, if any, to advance these projects to JORC Code 2012 reporting standard. The Company intends to add them to the Mineral Resource inventory, and conduct economic evaluations.

1A

The 1A project was mined by between 1990 and 1992. It produced 112,800t @ 3.8% Ni (4,286t Ni metal) before its closure in 1992. Three 25m spaced underground levels were mined to a vertical depth of 175m below surface.

Breakaway Resources (BRW) conducted drilling programs through 2007 and 2008, confirming depth continuation of high grade nickel sulphide mineralisation, including intercepts of 5.60m at 4.27% Ni, 7.29m at 6.94% Ni, 8.35m at 3.49% Ni, 1.84m at 4.95% Ni.* This extended the mineralisation up to 200 metres down-plunge of the mine workings on three separate surfaces.

Optiro completed a fully depleted Inferred Mineral Resource estimate on the project in 2009. This Mineral Resource estimate was completed to JORC 2004 reporting standard, and terminating at 280m below surface. There is significant potential to upgrade this to JORC Code 2012 Mineral Resource reporting standard and to extend it further down plunge.

Down plunge extensions could be achieved using targeted drilling programs guided by modern high power DHTEM surveying. The DHTEM technology available today was not available to previous operators.

* Refer to ESR announcement “ESR to Acquire Munda Gold and Spargoville Nickel Projects”, 04 September 2017

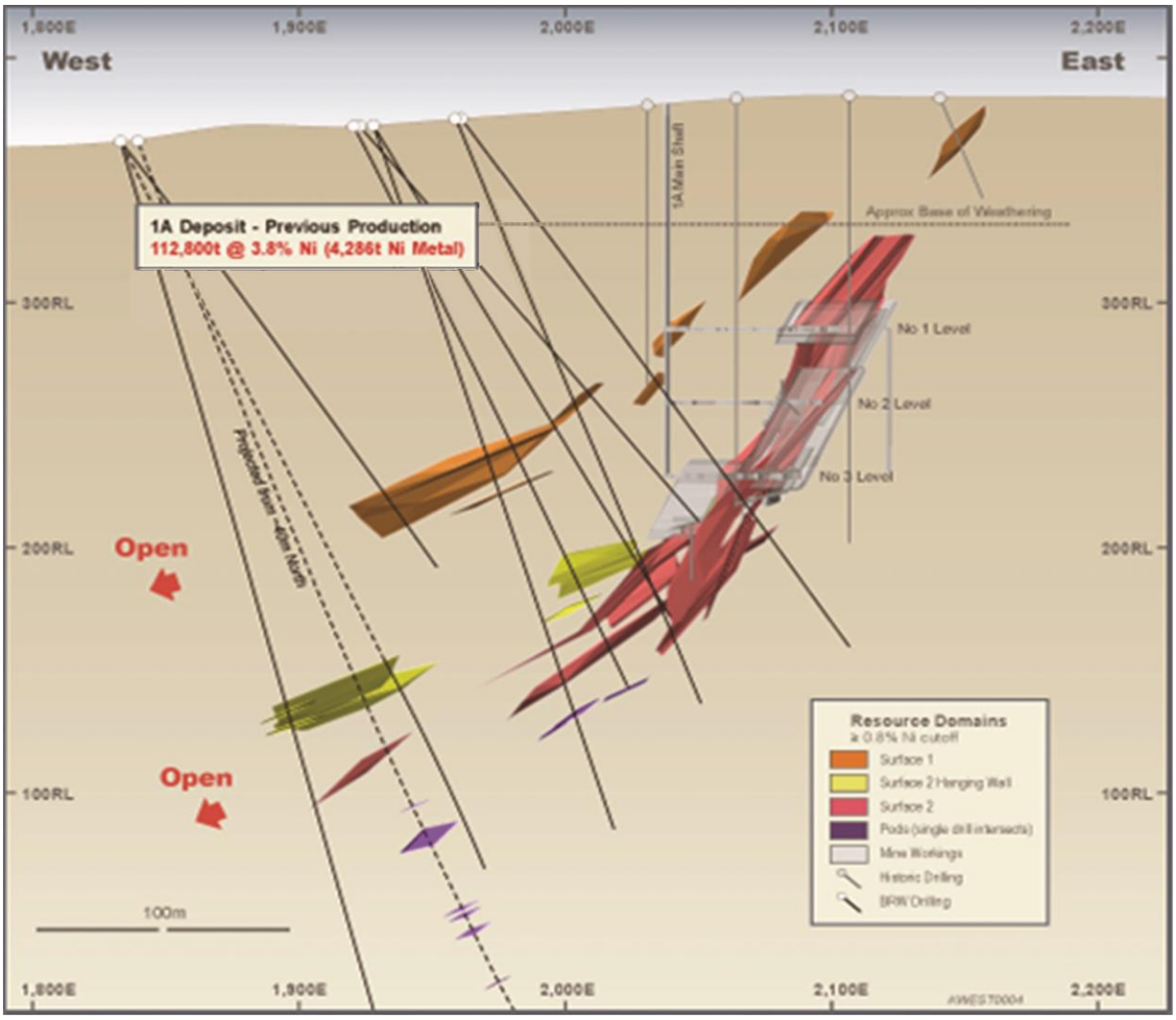


Figure 4. Cross section of the 1A project care of Minotaur Exploration showing mineralisation domains, mine workings and interpreted down plunge potential. *

5A

Thick high-grade nickel intercepts have been returned from drilling by previous operators beneath an historic oxide gold open pit at 5A. These intercepts represent a compelling target for generating a JORC Code 2012 Mineral Resource estimation and economic evaluations.

The high-grade nickel mineralisation appears to be open at depth. This represents significant exploration upside at the project.

Scoping Studies completed by previous operators have determined that high metallurgical recoveries are achievable on the mineralisation. This would be advantageous should an economic mining operation be possible on the project.

A strong downhole EM conductor has been identified within and below currently defined mineralisation. This conductor represents a compelling drill target for ESR.

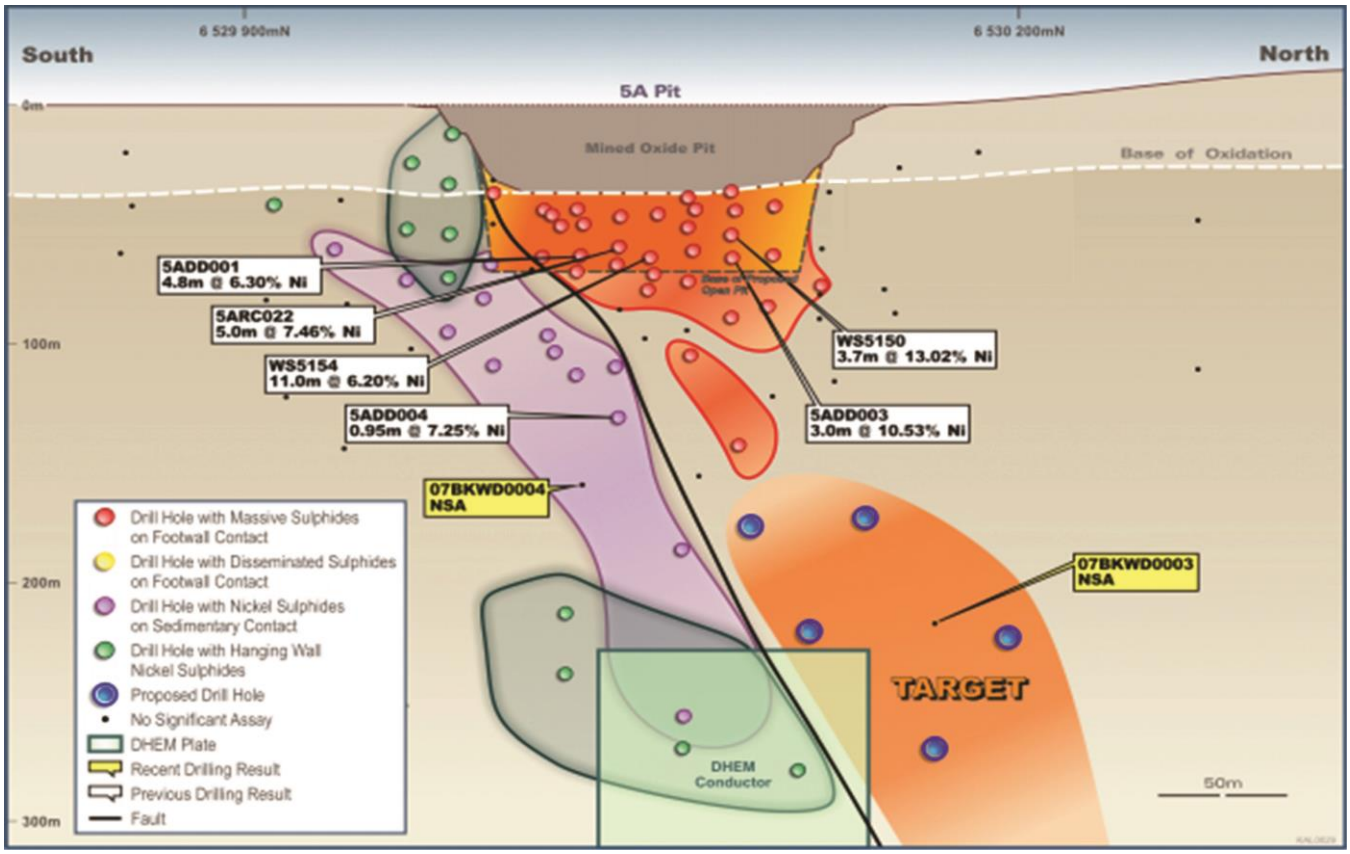


Figure 5. Long section of the 5A project care of Minotaur Exploration showing mineralisation domains, a selection of significant drill intercepts, drill targets, and the strong DHTEM conductor at depth. *

5D (Andrews)

The 5D project was mined via the Andrews Shaft. The mine was active between 1975 and 1979 when it was developed to 250m below surface. There are no production figures available on open file for the project.

A fully depleted remnant Mineral Resource was estimated by Geostat in 2004 to JORC Code 1999 reporting standard. This Mineral Resource estimate only included material between levels 2 and 11 of the mine, excluding lateral and depth extensions. Drilling completed by BRW in 2007 and 2008 confirmed the mineralisation extends at depth beyond the 11 level, with DHTEM modelling indicating that the mineralisation extends further to the north.

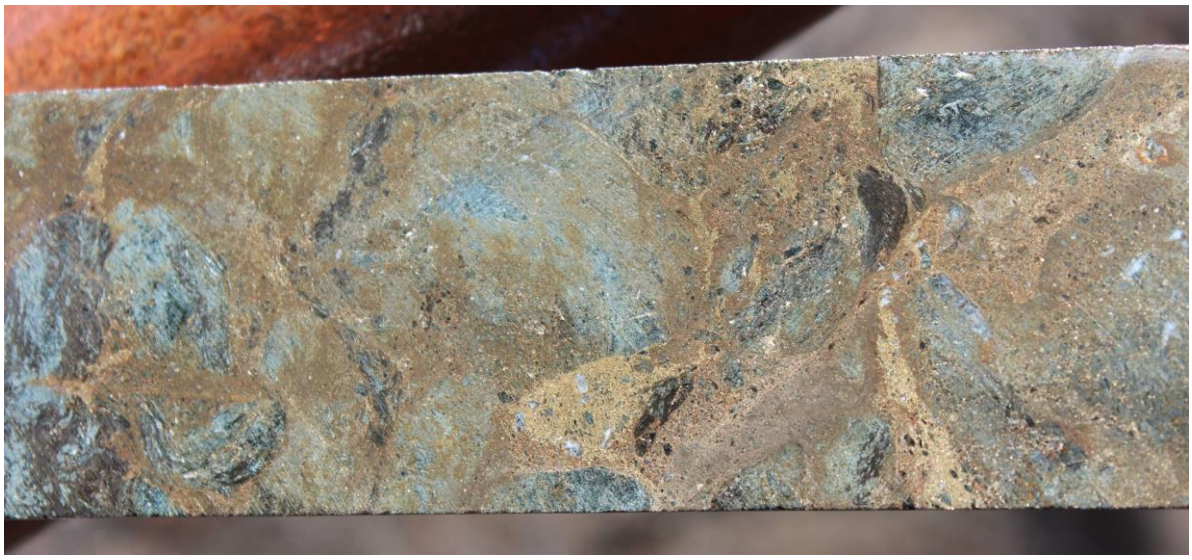


Figure 6. Nickel sulphides in drill core from Spargoville.

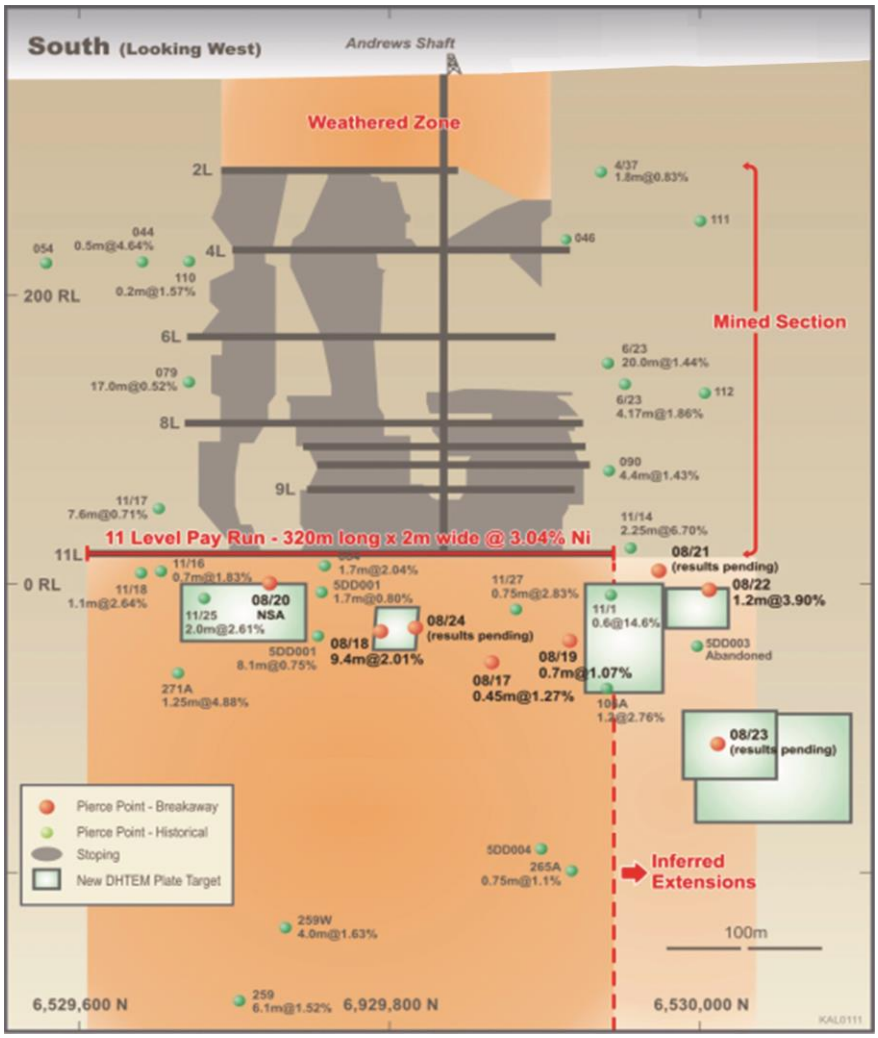


Figure 7. Long section of the 5D (Andrews) project from Minotaur Exploration showing the mine workings, drill intercepts and DHTEM conductor models. *

5B

The 5B project was mined between 1975 and 1982 and again between 1992 and 1993 via an open pit. Approximately 14,000t of nickel was produced between the two mining campaigns.

A decline was established post mining to allow drilling of the nickel and gold mineralisation from underground. The details of this operation are not available on open file.

A drilling program completed by Minotaur in 2014 drill confirmed historic nickel intercepts. Results included:

- 15m @ 1.41% Ni in hole SPRC001*
- 16m @ 0.98% Ni in hole SPRC002*
- 16m @ 1.82% Ni (including 6m @ 3.60% Ni) in hole SPRC003*
- 24m @ 1.53% Ni (including 6m @ 3.08% Ni) in hole SPRC005*

Mineral Resource estimates were completed on 5B by previous operators, but they were not completed to JORC Code 2012 reporting standards and therefore cannot be stated. ESR believes there is strong potential to upgrade the project to a JORC Code 2012 Mineral Resource and extend mineralisation with further drilling down plunge.

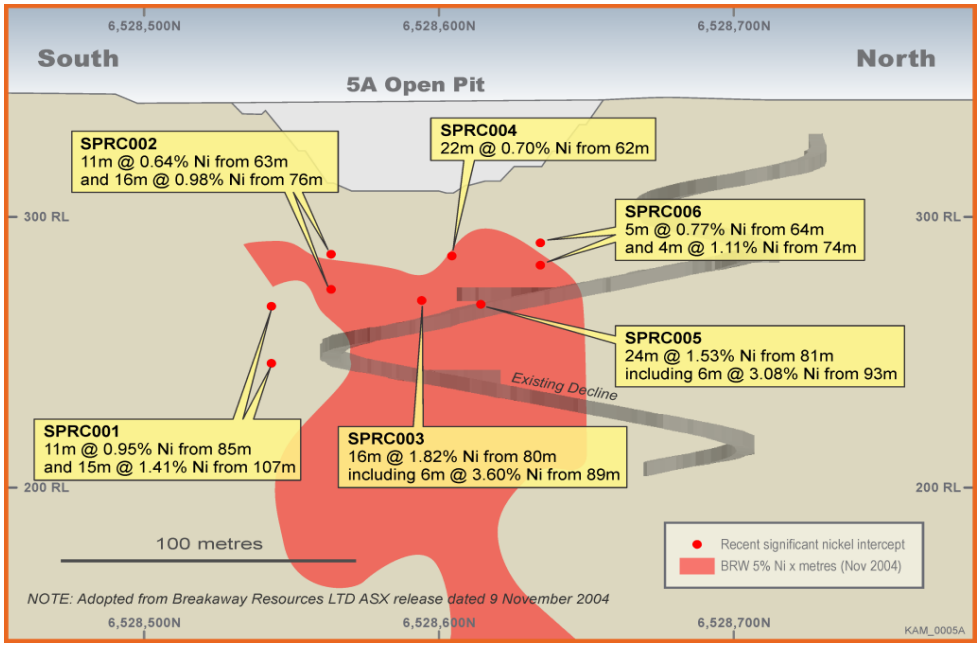


Figure 8. Long section of the 5A project from Minotaur Exploration, modified from BRW, showing the 5 %Ni x m nickel envelope, significant drill intercepts, and mine workings.

These existing mineralised occurrences are located on a significant landholding of exploration tenure, providing potential exploration upside to ESR, particularly given the recent advances in electrical geophysical technology and power levels since previous operators were active on the projects.

ESR has already identified four electromagnetic conductors in the historic data. One of which, M15/96-C1 straddles the boundary between ESRs existing tenement M15/96 and the newly acquired tenement M15/395. The conductor is located between 5A and 5D and appears to be located on the same basal contact as them. It has a conductance of 6000 siemens and has good support from aeromagnetic data. This target will be assessed against geological and geochemical datasets before a decision to drill.

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

LITHIUM PROGRAMS

Several programs of rock chip sampling and detailed mapping were completed at Bravo Cluster and Charlie Pegmatite (Bravo Charlie), in the Atomic Three prospect area during the quarter. The mapping expanded on the highly prospective pegmatite occurrences and identified the largest spodumene crystals seen to date. This upgraded and further refined the drill targets in the area.

24 rock chip samples have been collected from Bravo Charlie. All but 6 samples returned over 0.2% Li_2O, and seven returned over 2% Li_2O. The anomalous area now extends over at least 200m of strike. However, Bravo Charlie is now interpreted to be the strike continuation of Alpha Pegmatite, meaning the overall strike length exceeds 600m. The pegmatites appear to be at their thickest and highest grade at Bravo Charlie, but drilling is required to better determine this. [†]



Figure 9. Photo of the AP00461 sample site, which returned 3.40% Li_2O. The orange brown tarnished crystals above the hammer are spodumene.[†]

Follow-up drilling will be conducted to determine if the new interpretations are correct, to determine if the pegmatites are related to each other, or are connected by a common feeder, and to generate a JORC2012 mineral resource estimate.

Approximately 12 – 15 holes are proposed, with planned depths between 60m and 72m. Holes will be drilled at -60 towards 80 in a "top to tail" formation, roughly perpendicular to the stratigraphy. This will ensure the entire stratigraphic width of the pegmatites is sampled. Drilling will target directly beneath the highest-grade rock chip results, and the where pegmatites have the widest surface expressions.

POW approvals remain in place for the follow-up drilling programs at Atomic Three and Inco Boundary. Although these programs were not executed during the quarter as initially intended, the Company intends to complete them in the first half of 2018.

[†] Refer to ESR announcement "Mt Edwards Lithium Project Exploration Update", 09 August 2017



Figure 10. Photo of the AP00460 sample site, which returned 1.89% Li2O. The greenish hewed material on the right hand 80% of this sample contains abundant spodumene. This specimen was taken from an historic costean. ‡

A soil sampling program was completed over the Atomic Three prospect area during the quarter, which includes Bravo Charlie. 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 analysed by HXRF and the results are currently being processed and interpreted.

‡ Refer to ESR announcement "Mt Edwards Lithium Project Exploration Update", 09 August 2017

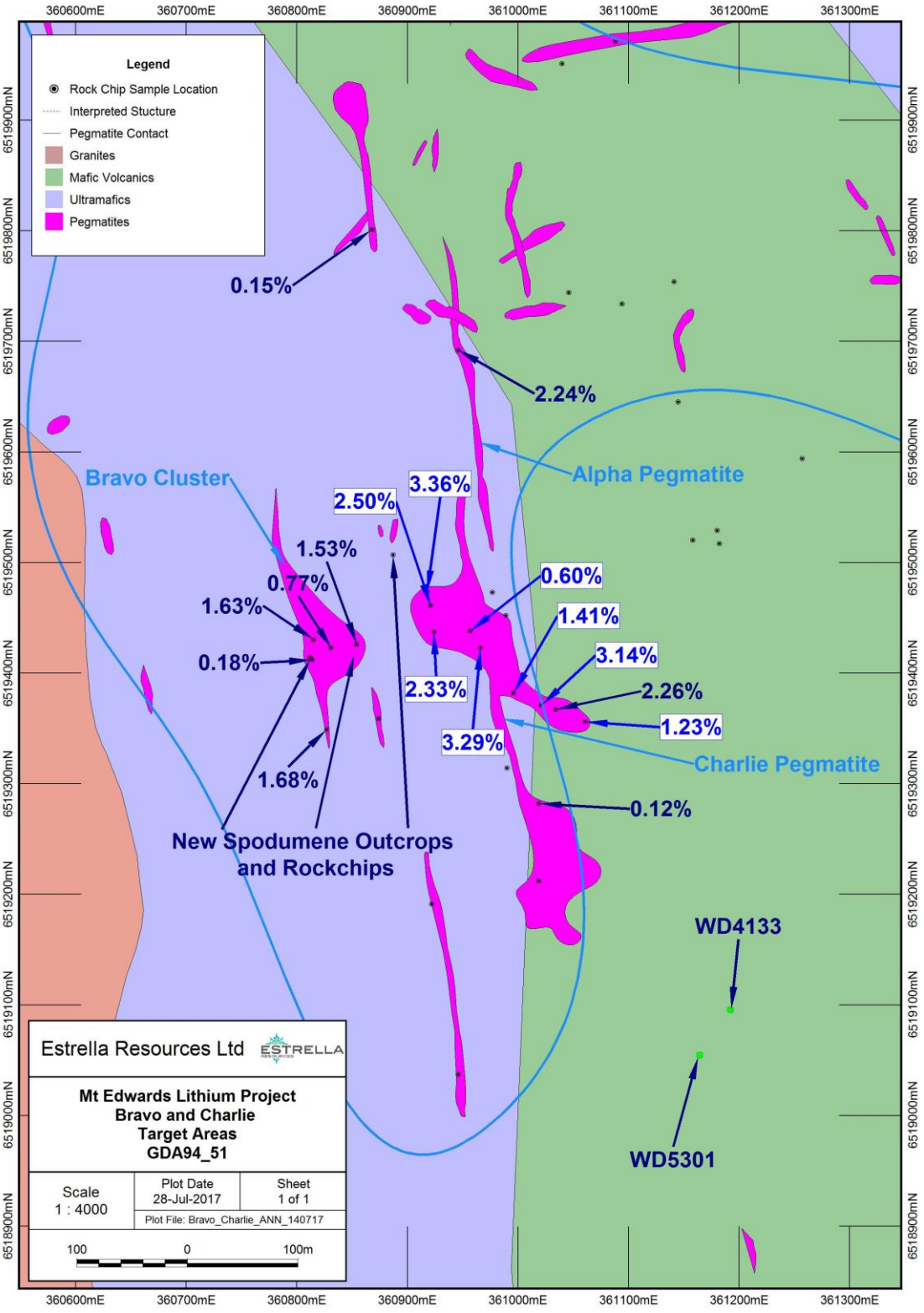


Figure 11. Map of Bravo Charlie prospect showing all the rock chips sampled to date, labelled with % Li_2O for anomalous results above 0.1% Li_2O. The better of the more recent sampling results are labelled in a white highlight.[§]

[§] Refer to ESR announcement "Mt Edwards Lithium Project Exploration Update", 09 August 2017

CHILE COPPER PROJECT

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

CORPORATE

CAPITAL

The Company's cash balance as at 31 September 2017 was A$606,961, with A$1,360,000 raised (before fees) post quarter end through the issue of 34,000,000 fully paid ordinary shares to sophisticated investors.

Capital Structure

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

ABOUT ESTRELLA RESOURCES

Estrella Resources is a metals exploration company based in Perth, Western Australia. The Company holds a combination of lithium, nickel, and gold rights over exploration and mining tenements which cover over 127km^2 of an emerging world class LCT pegmatite province. The Company's major project, the Widgiemooltha Energy Metals Project (WEMP), 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 in energy metals.

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

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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	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 September 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(174)	(174)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(125)	(125)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
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**	**(297)**	**(297)**

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 (3 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	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	904	904
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	(297)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**607**	**607**

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	607	904
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)**	**607**	**904**

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	80
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, executive director's fees, chief executive officer'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	(280)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	(180)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(460)**

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: .....27/09/2017.....
(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.