QUARTERLY ACTIVITIES REPORT

Quarter ending 31 March 2018

ASX RELEASE 30 April 2018

HIGHLIGHTS

- **Reconnaissance RC drilling intersected high grade near surface cobalt mineralisation at Scotia East**
- **RC drilling program started, testing 2.5km of strike of southern basal contact of the Carr Boyd Layered Complex (CBLC)**
- **Second deep diamond hole completed at Tregurtha South**
- **HPEM survey continuing**
- **Igneous petrology and geochemical prospectivity analysis initiated**
- **Structural geology consultant engaged**
- **Conditional binding agreement signed with Neometals for the Sale of Estrella's wholly owned subsidiary, Mt Edwards Lithium Pty Ltd**
- **Sale consideration valued at up to $2.7M (subject to satisfaction of certain milestones) plus a royalty over future lithium mining**
- **Estrella to apply funds towards aggressive Nickel, Cobalt and Gold exploration at Carr Boyd Rocks, Spargoville and Munda**

Estrella Resources Limited (ASX: ESR) **(Estrella** or **Company)** is pleased to provide its Activities Report for the quarter ended 31 March 2018.

The focus of fieldwork during the quarter was the Carr Boyd Nickel Project (CBNP).

A cobalt targeting exercise was completed over the CBNP, identifying a high priority drill target "Scotia East". Three RC holes were drilled at the new prospect, confirming high grade cobalt mineralisation.

Co funded hole NCB0003 was successfully completed.

A fourth diamond drillhole, NCB0020 was collared immediately south of Tregurtha, aiming to intersect the basal contact of the Carr Boyd Layered Complex (CBLC) at depth.

An RC drilling program was initiated to test the basal contact geometry and prospectivity between Tregurtha South and Schmidt. This section of basal contact was left virtually unexplored by previous operators.

HPEM surveying was extended further north to approximately 150m south of the Carr Boyd mine. This work is ongoing.

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

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COBALT RC PROGRAM

Three vertical 30m deep holes were 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) included;

- **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 complemented 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)***

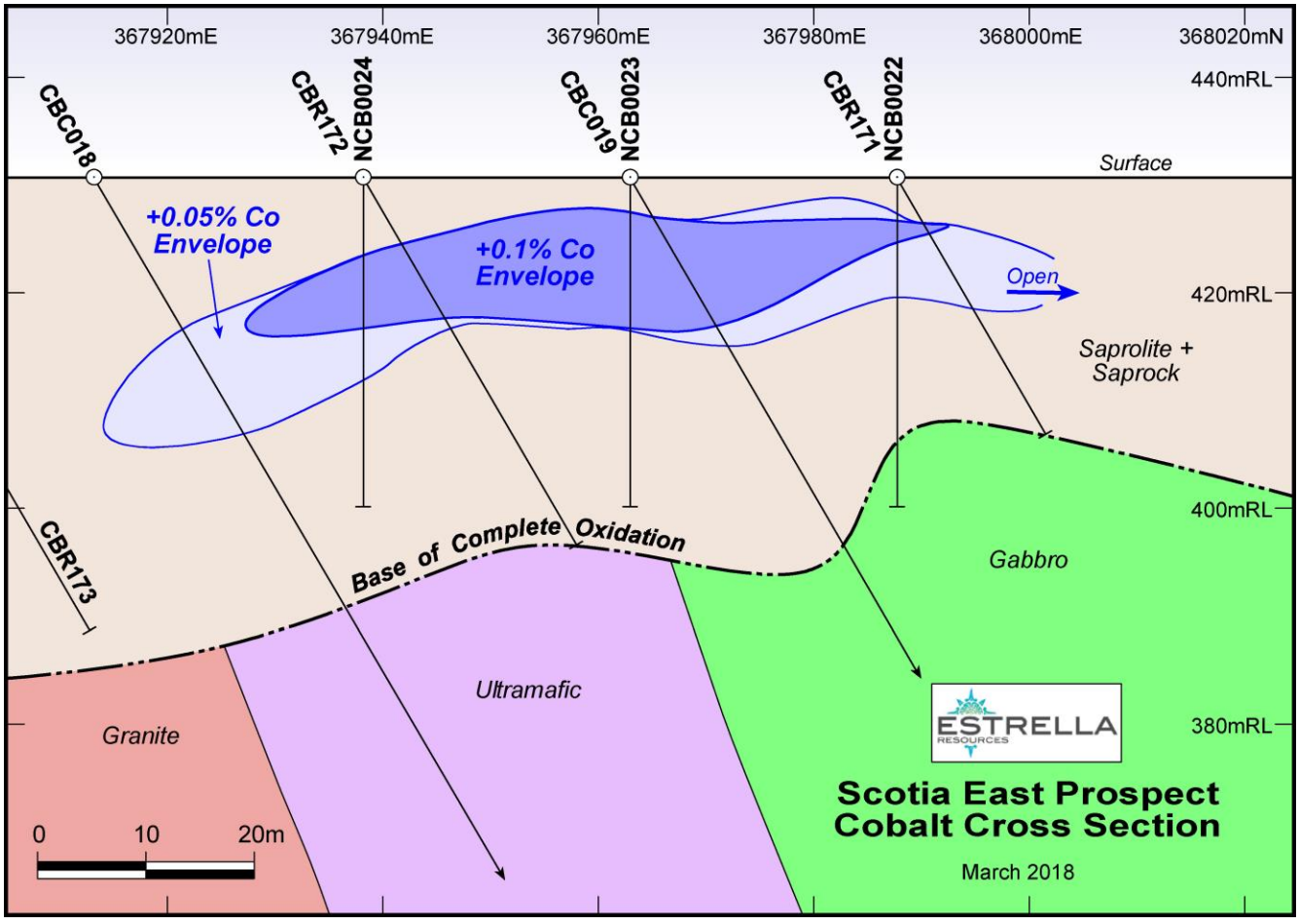

Figure 1. Cross section of Scotia East drilling.

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

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. This represents a large target area for follow-up drilling, which will be completed as soon as possible.

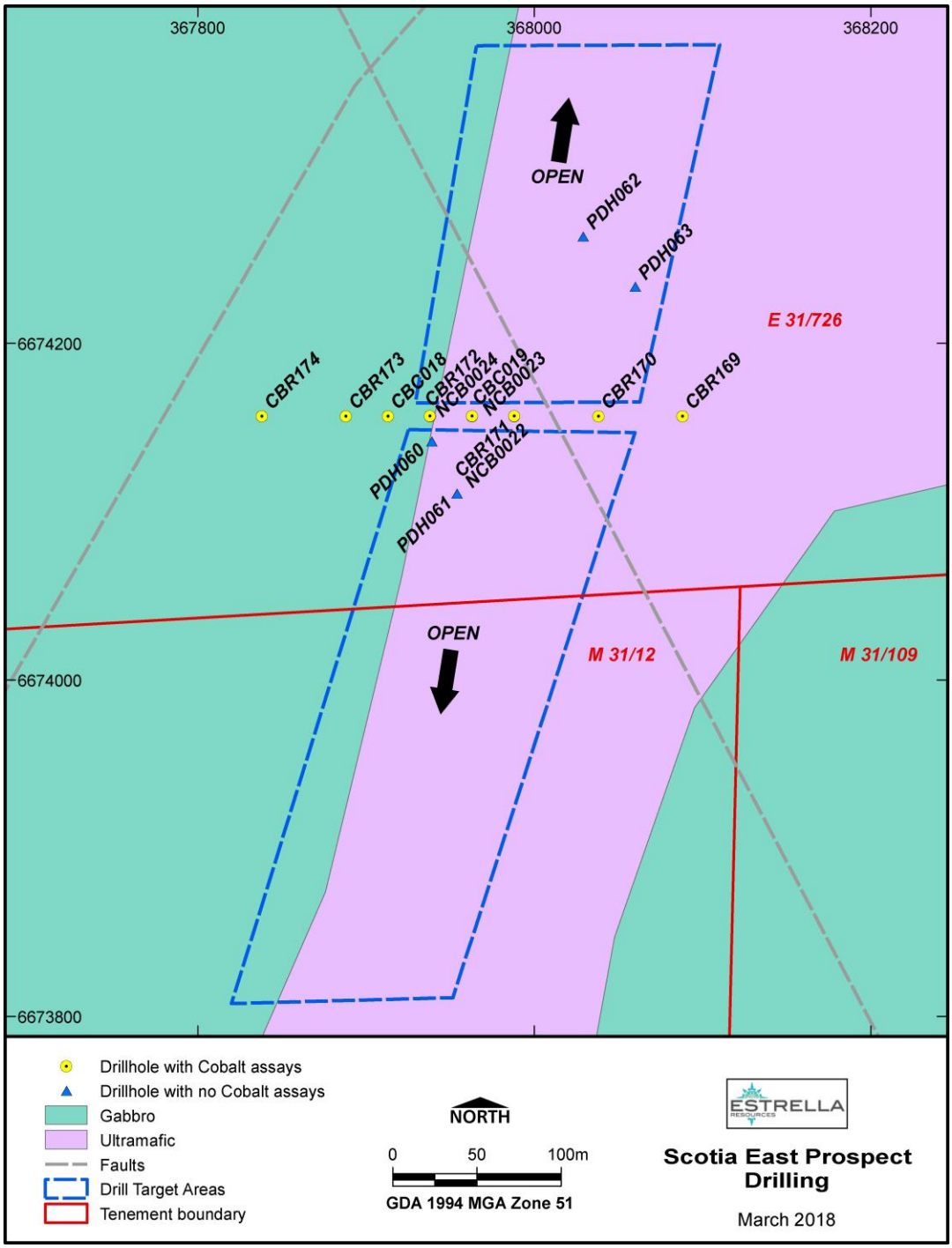

Figure 2. Map of the Scotia East prospect area showing existing drilling and the areas to be targeted by follow-up drilling. Note that the historic PDH series holes have not been assayed for cobalt, but do contain anomalous nickel grades.

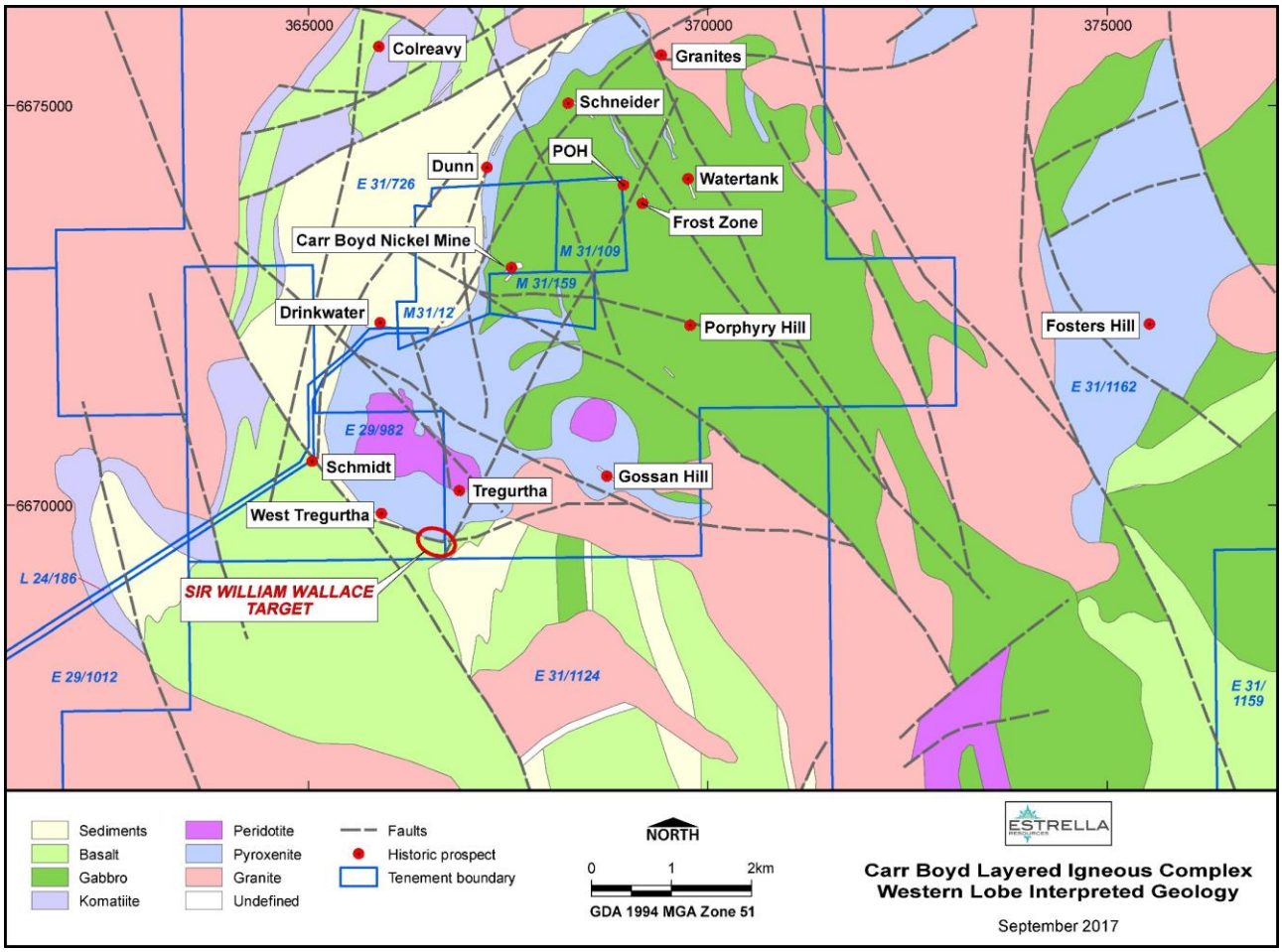

Figure 3. Map showing Carr Boyd exploration targets and prospects over interpreted bedrock geology.

RECONAISSANCE RC PROGRAM

Following the cobalt drilling at Scotia East, the RC rig was moved to the southern contact of the CBLC, which was the target area of recent deep diamond drilling activity. The RC drilling was designed to gain a better understanding of the position and geometry of the basal contact (or contact) of the CBLC, as the co funded diamond hole NCB0003, and follow-up diamond hole NCB0020 had not located the contact at depth.

RC drilling of the contact position on roughly 200m spaced cross sections with at least two holes intersecting the contact per cross section would significantly improve the understanding of the position and geometry of the contact. The drilling would essentially act as a 3D mapping tool, so that future deep diamond holes would have a much better chance of intersecting the contact at depth.

The holes would also be assayed on 10m intervals by multielement analysis with Loss On Ignition (LOI) analysis. This would help determine the younging direction of the CBLC and provide important data on its fertility or prospectivity.

Twenty-five RC holes were drilled for a total of 3613m. Hole depths ranged between 30m and 275m, depending on the depth at which the basal contact was intersected. Several holes were pushed significantly deeper than planned as the basal contact was up to 50m further south and often steeper dipping than previously modelled. The basal contact also appears to be overturning and dipping to the south at depth and laterally.

The RC drilling successfully provided firm control of the basal contact to approximately 200m vertical depth over a strike length of 2.5km between Tregurtha South and Tregurtha west. This is the area with the strongest geochemical, geophysical, and geological support for being a true basal contact position presenting at a shallow enough level to target for large “Voisey Bay Style” accumulations of massive nickel and copper sulphides.

The holes were yet to be sampled and assayed at the end of the quarter.

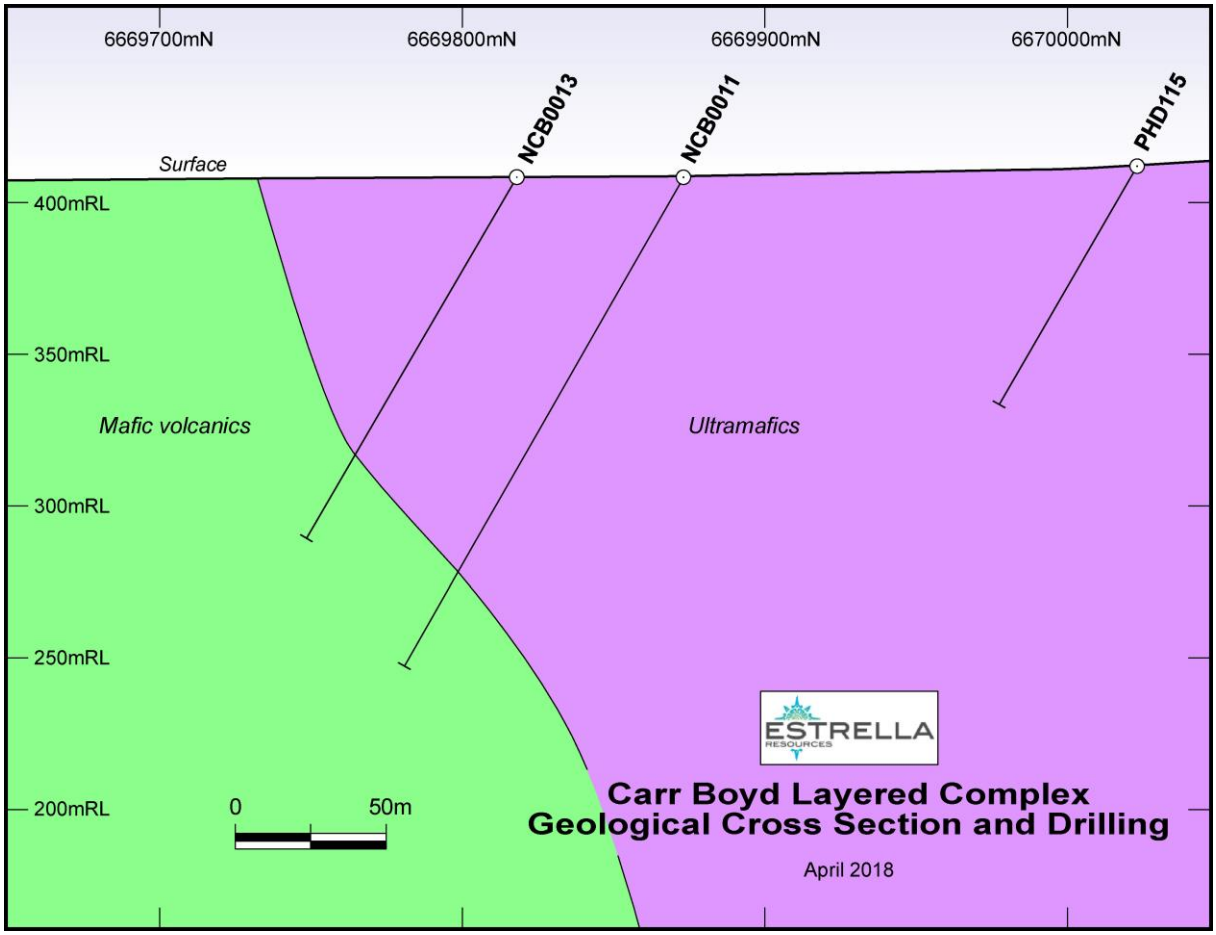

Figure 4. Example cross section of RC drilling mapping the basal contact position and testing the fertility of the CBLC.

SOUTH TREGURTHA COFUNDED AND DEEP TARGETING

NCB0003 was completed to a final depth of 1073.4m in mid-February. A wedge was set in the hole at 798m late-December to divert the hole around the drill bit and reamer left in the bottom of the hole mid-December, at 827.4m. The wedge (NCB0003W1) successfully diverted the hole downwards, towards the interpreted basal contact position.

At 1073.4m depth, the hole had not intersected the basal contact. The hole was stopped at this depth to conduct DHTEM surveying and igneous petrology, geochemical, and structural geology analyses. This would determine if there were any off-hole conductors to target for follow-up and provide information on the younging direction and architecture of the CBLC.

DHTEM did not detect any significant off-hole conductors and the other analyses were ongoing at the end of the quarter.

Drilling commenced on a second hole, NCB0020 in mid-February. This hole was drilled at -80 towards 200 azimuth, collared approximately 430m east of NCB0003. Drilling from north to south in this position would give the hole a much better chance of interesting the basal contact at the target depth and provide and ideal platform for DHTEM, overlapping with the DHTEM survey of NCB0003, effectively screening another 600m strike extend of the contact to a depth of +700m below surface.

NCB0020 had not intersected the basal contact at 840.3m depth, even though the hole was successfully lifted from a dip of -80 to -72 by the end of hole. The hole was stopped to conduct DHTEM surveys and geochemical, igneous petrology and structural analyses.

The results of NCB0003 and NCB0020 suggest the basal contact of the CBLC is overturned at depth, dipping back to the south. Any future drilling in this area will be collared on the footwall side of the contact, drilling northwards through the contact.

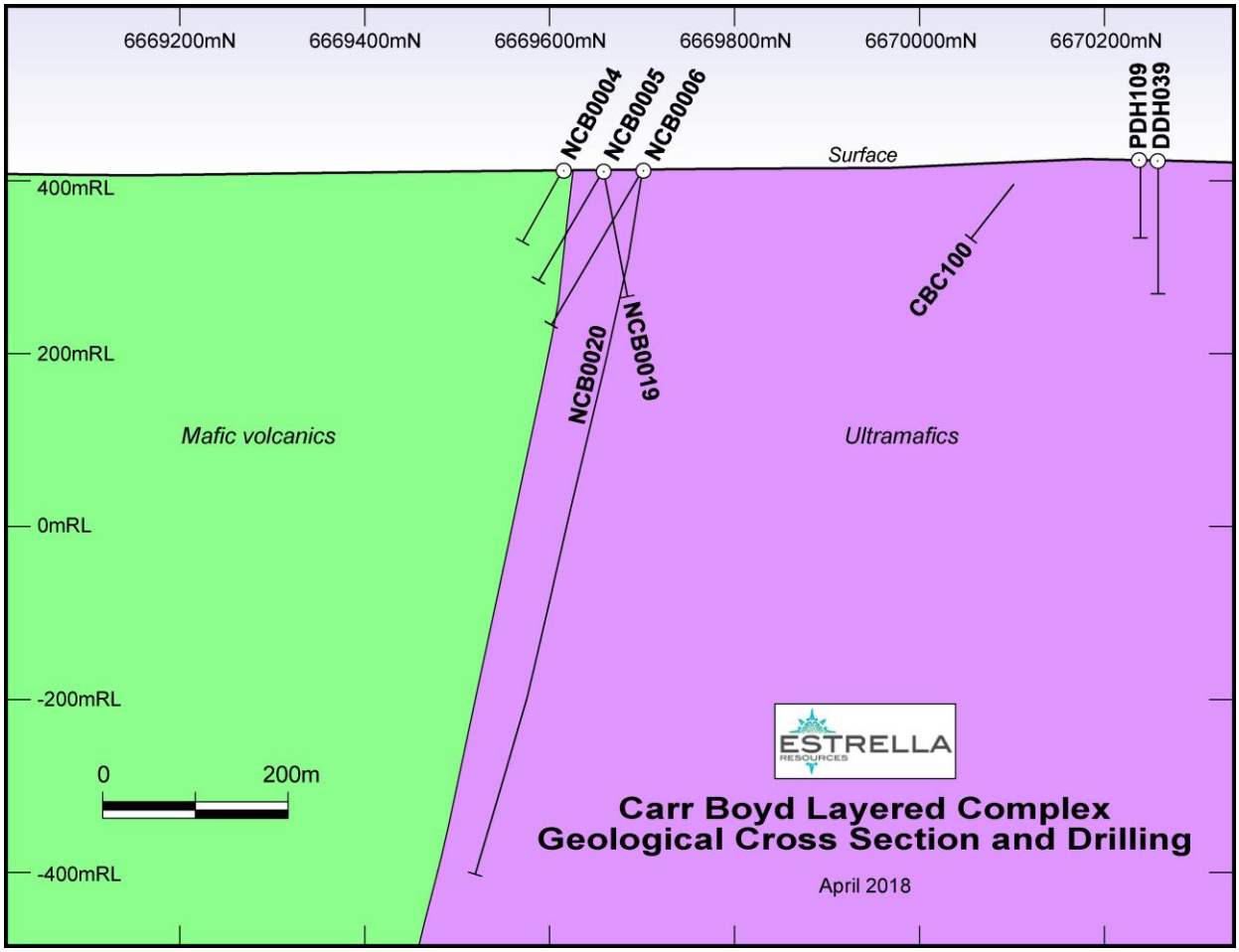

Figure 5. Cross section showing RC holes NCB0004, NCB0005, and NCB0006 which successfully intersected the basal contact, and NCB0020 which did not intersect the basal contact.

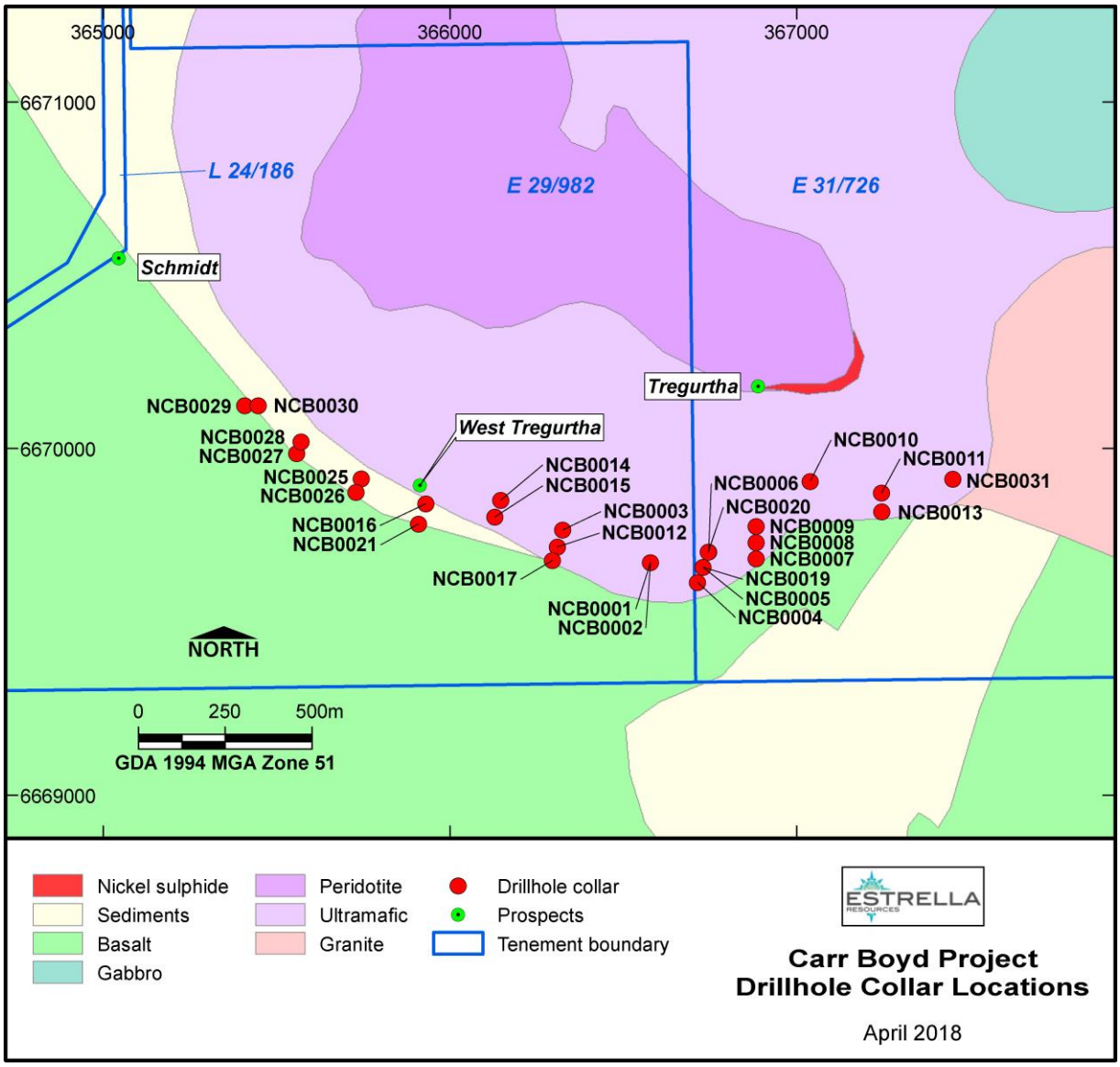

Figure 6. Map showing drill collar positions of the recent drilling activity on the CBLC.

EM SURVEYING

The current moving loop HPEM* (Phase I) survey has now been completed and Phase II has been initiated. The basal ultramafic sequence is interpreted to extend northward along the western contact of the CBLC to at least 1.4km north of the Carr Boyd Rocks mine, but more likely to 3.6km north of the mine.

A Phase II moving loop HPEM survey is underway to extend the coverage 3.3km further north from the current Phase I survey, screening the interpreted basal contact position and immediate footwall sequence to 1.4km north of the Carr Boyd Rocks Mine. There are several historic high priority exploration targets and prospects in this area based on surface geochemistry, downhole geochemistry, aeromagnetics, ground gravity and interpreted geology datasets. HPEM will determine if significant conductor's indicative of the presence of well-developed sulphides are associated with any of the exploration targets.

Phase II had reached approximately 150m south of the Carr Boyd mine at the end of the quarter. The survey was on a brief hiatus at the end of the quarter while the crew was released for another client. The survey is scheduled to recommence late April.

HPEM surveying will also be conducted over Fosters Hill with Phase II. A strong copper surface sampling anomaly located close to an historic GeoTEM conductor occur near Fosters Hill, which is host

to pyroxenites and gabbros, interpreted to be the Eastern Lobe of the CBLC. This area has seen very little historic exploration other than surface geochemistry and costeaning.

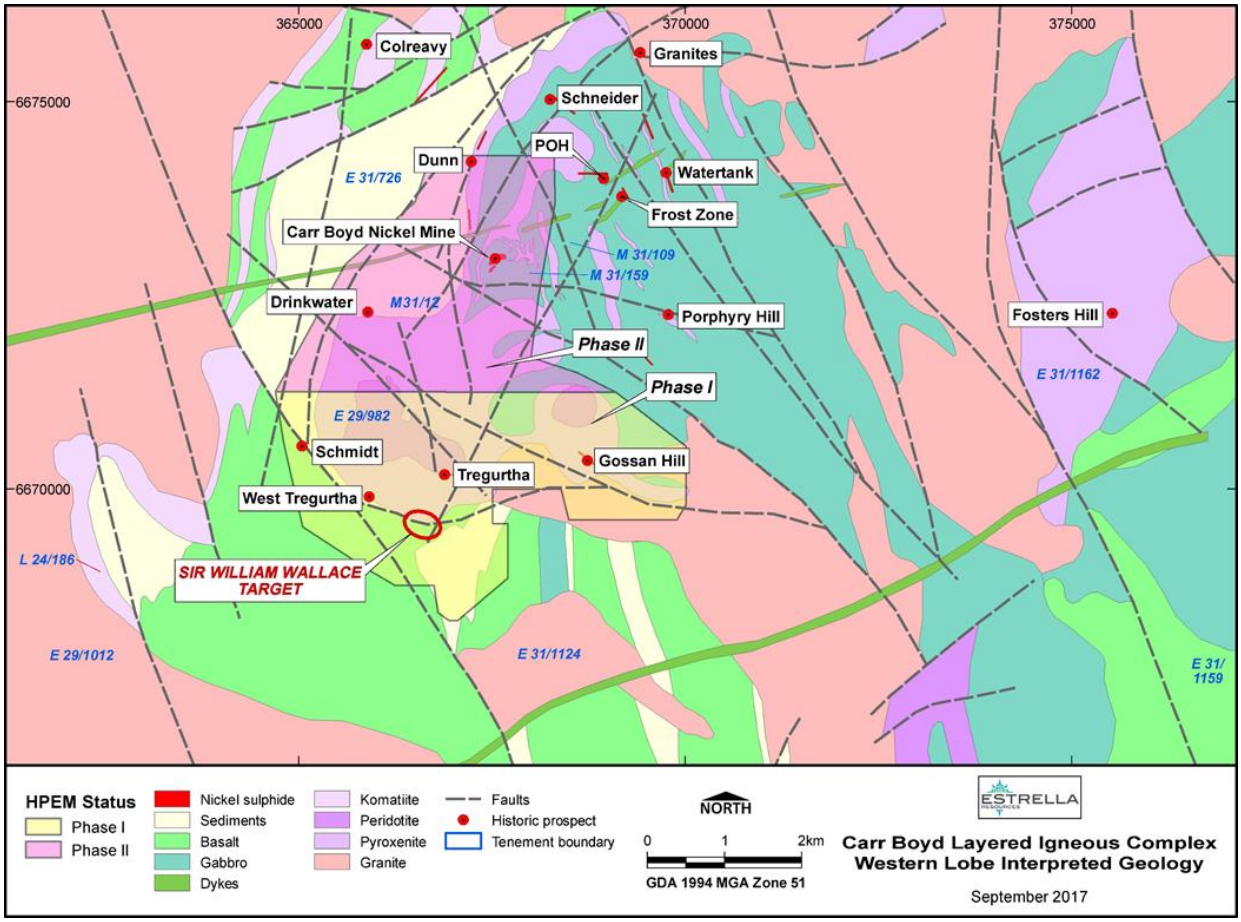

Figure 7. Geological map of the CBLC showing current Phase I HPEM coverage and the proposed Phase II survey. Note the location of Fosters Hill, which will be targeted by HPEM as part of Phase II.

PETROLOGY AND GEOCHEMICAL ANALYSIS

To help with the understanding of the younging direction, structure, and fertility of the CBLC, the Company is currently undertaking systematic petrographic and geochemical analysis of the diamond drill core from NCB0003 and NCB0020 and all the RC holes. This has involved collecting a sample every 10m down each hole for multielement geochemical analysis and loss on ignition (LOI) analysis.

An igneous petrologist was engaged to log the drill core from NCB0003 and NCB0020, select samples for petrographic analysis, and select sample locations for the multielement and LOI analysis. This will mean that the datasets generated can be analysed in parallel, hopefully providing valuable information regarding the younging direction of the CBLC and its potential to host significant deposits of nickel and copper sulphides.

STUCTURAL ANALYSIS

The Company has engaged a structural geology consultant to log several key diamond holes within the CBLC and conduct detailed outcrop traverse mapping, with focus on structural geology, looking for evidence of folding and major faulting. The results of this work will then be interrogated against other datasets to refine the 3D model of the CBLC.

This work was initiated because diamond drilling has proven the existing 3D model to be too simplistic. This has meant that the basal contact has not been intersected by NCB0003 or NCB0020. It is hoped that post this analysis the refined 3D model based on hard structural data and interpretation will result in success in intersecting the basal contact in future deep drilling programs.

ABOUT THE PROJECT AND THE CBLC

The CBLC is a 75km^2 layered mafic igneous complex, which hosts several occurrences of nickel and copper sulphides. The most significant occurrence discovered to date is at the Carr Boyd Rocks mine, where mineralisation is hosted by bronzitite breccias (pyroxenites) emplaced within the gabbroic sequence of the Complex. The CBLC is in a Tier 1 jurisdiction approximately 80km north north-east of Kalgoorlie Western Australia. An all-weather haul road accessible by Apollo under a granted miscellaneous license connects the Project to the Goldfields Highway via Scotia.

A "Voisey Bay" style model has not been adequately explored within the CBLC. This represents a compelling exploration target opportunity which the Company will continue to aggressively pursue.

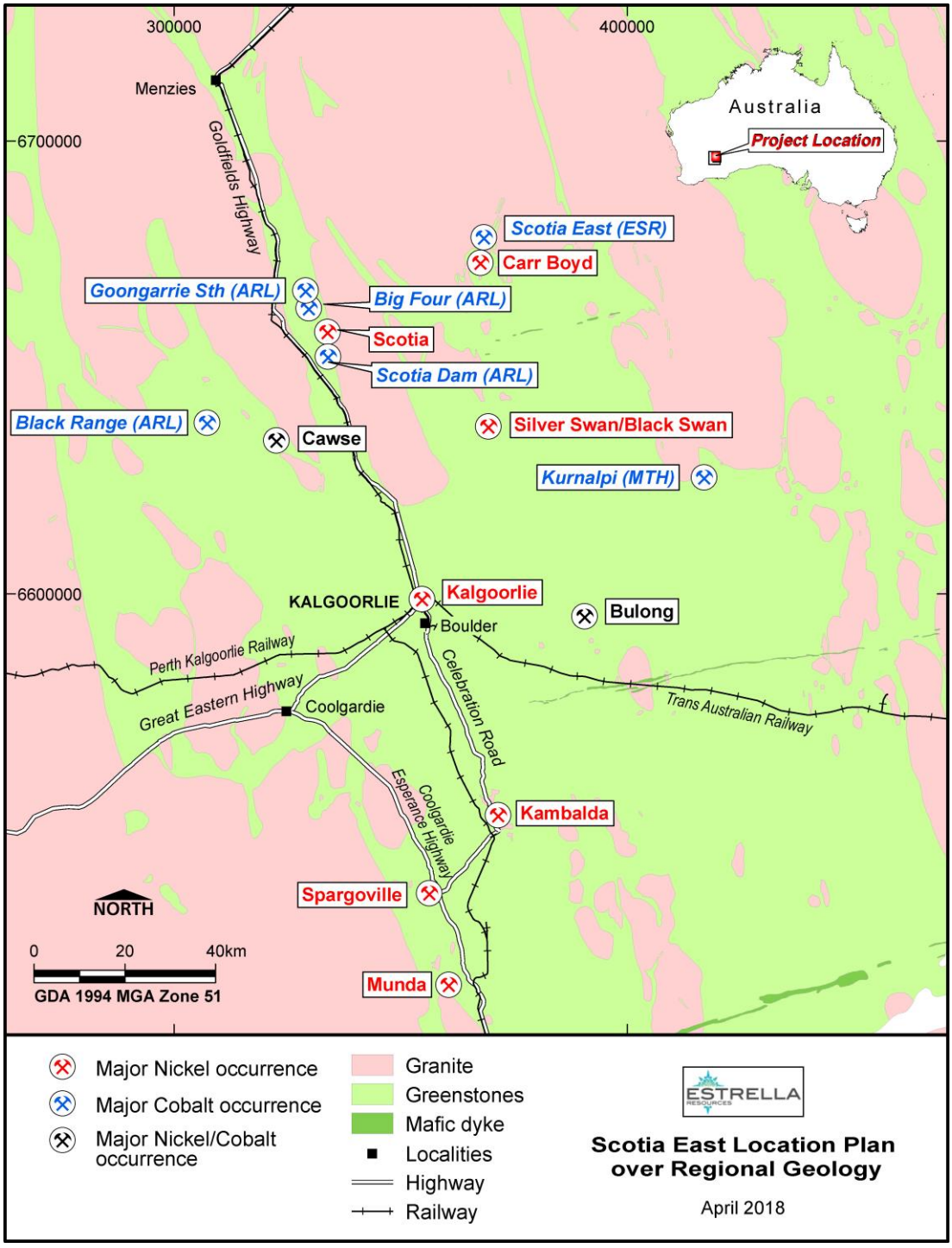

Figure 8. Location of Carr Boyd in relation to commercial centres and other major nickel projects

WIDGIEMOOLTHA ENERGY METALS PROJECT

During the quarter, drilling was planned for Spargoville, targeting an EM conductor located between the 5A and 5B mines and targeting high grade Ni-Cu-Co mineralisation beneath the 5A open pit.

This includes gold and nickel opportunities at Munda, nickel and cobalt opportunities at Spargoville.

LITHIUM PROJECTS

During the quarter ESR entered a binding agreement to sell Mt Edwards Lithium Pty Ltd (MEL), which holds 75% interest the lithium right interests at Mt Edwards, to Neometals Limited (Neometals) for an aggregate purchase price of up to $2.7M (subject to satisfaction of certain milestones) plus an ongoing royalty over future lithium mining.

The Company believes that Neometals is best placed to explore and develop the Mt Edwards Lithium Project area with its extensive history and expertise in lithium exploration and development in the goldfields region of Western Australia. Neometals has a strong understanding of the deposition of lithium in the region and if successful in unlocking a mineable deposit at Mt Edwards the Company will benefit via an ongoing royalty.

Material terms of the disposal;

Under the disposal, Neometals will pay the following consideration to Estrella for the acquisition of Estrella's wholly owned subsidiary, MEL:

a. $700,000 on completion;

b. $1,000,000 upon definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% of Li2O (uncut) on the tenements;

c. $1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li2O (uncut) from the tenements; and

d. a royalty in the amount of $0.50 per tonne of 75% of the amount of lithium bearing ore processed from the tenements (Royalty).

Completion of the sale remains conditional upon:

a. completion of the sale of the underlying tenements to Neometals which is intended to occur simultaneously with this transaction, including receipt of any necessary Ministerial consents to the transfer of the tenements (Tenement Sale);

b. MEL entering into an agreement with the Company's recently acquired subsidiary WA Nickel Pty Ltd under which MEL is to be granted the 25% lithium rights on tenement M15/87; and

c. the Company and Neometals entering into a Royalty Deed for the Royalty.

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

CORPORATE

CAPITAL

The Company's cash balance as at 31 March 2018 was A$242,000. The cash balance was strengthened post March Quarter end after receipt of A$700,000 from Neometals Limited for the sale of Mt Edwards Lithium Pty Ltd (*see ASX release 15 March 2018*). The Company issued 34,000,000 fully paid shares to acquire WA Nickel Pty Ltd during the March Quarter.

Fully Paid Ordinary Shares	429,283,292
Unlisted options exercisable	$0.024 on or before 31 March 2020 - 25,000,000
	$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

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 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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Chief Executive Officer

Estrella Resources Limited

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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
Australia	WA	Mt Edwards Lithium Project	M15/75	-	75
Australia	WA	Mt Edwards Lithium Project	M15/699	-	75
Australia	WA	Mt Edwards Lithium Project	M15/87	-	75
Australia	WA	Mt Edwards Lithium Project	M15/74	-	75
Australia	WA	Mt Edwards Lithium Project	M15/101	-	75
Australia	WA	Mt Edwards Lithium Project	M15/99	-	75
Australia	WA	Mt Edwards Lithium Project	M15/653	-	75
Australia	WA	Mt Edwards Lithium Project	M15/97	-	75
Australia	WA	Mt Edwards Lithium Project	M15/96	-	75
Australia	WA	Mt Edwards Lithium Project	M15/102	-	75
Australia	WA	Mt Edwards Lithium Project	M15/100	-	75
Australia	WA	Mt Edwards Lithium Project	M15/1271	-	75
Australia	WA	Mt Edwards Lithium Project	E15/1505	-	75
Australia	WA	Mt Edwards Lithium Project	E15/1507	N/A	Application
Australia	WA	Mt Edwards Lithium Project	E15/1562	N/A	Application
Australia	WA	Munda Nickel & Gold Project	M15/87	100	100
Australia	WA	Spargoville Nickel Project	M15/395	100	100*
Australia	WA	Spargoville Nickel Project	M15/703	100	100*
Australia	WA	Spargoville Nickel Project	M15/1828	100	100*
Australia	WA	Spargoville Nickel Project	E15/967	100	100*
Australia	WA	Spargoville Nickel Project	E15/968	100	100*
Australia	WA	Spargoville Nickel Project	L15/128	100	100
Australia	WA	Spargoville Nickel Project	L15/255	100	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. *Nickel rights only - underlying tenements held by third parties.*