

QUARTERLY ACTIVITIES REPORT

Quarter ending 30 September 2018

ASX RELEASE 26 October 2018

HIGHLIGHTS

- JORC 2012 Mineral Resource upgrades underway for Carr Boyd and Spargoville
- High Powered Electro-Magnetics (HPEM) recommenced Carr Boyd Rocks
- Phase 2 HPEM to cover the Carr Boyd Nickel Mine area
- Fosters Hill Prospect 8km East of the Carr Boyd mine also to be tested with modern HPEM
- Preparations underway for 2D seismic survey at Carr Boyd
- Targeting work identifies several potential satellite intrusions at Carr Boyd



Photograph 1. HPEM receiver in the field at Carr Boyd Rocks Ni Project

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

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WORK SUMMARY

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

At Carr Boyd, stage 2 ground HPEM surveying over the northern CBLC was re-established, with field crews mobilising towards the end of the quarter.

At Spargoville, preparations were finalised to test two high priority drill targets. One is sampling the high-grade mineralisation beneath the 5A open pit for metallurgical testwork and economic evaluations. The other is an EM target located between the 5A and 5B mines.

At Munda, preparations were finalised for two holes to be drilled as soon as possible, with the aim of upgrading the JORC 2012 reported Mineral Resource and re establish economic evaluations of this high-grade gold occurrence.

CARR BOYD

The Phase II moving loop HPEM survey proposed to extend 3.3km further north from the current Phase I survey is now underway at Carr Boyd Rocks, 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, aero-magnetics, 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.

A further area approximately 8km East at Fosters Hill will also be covered in the current exploration efforts. Fosters Hill is an area where previous historic exploration has uncovered favourable geology, elevated copper in soils and where a coherent GeoTEM target was identified.

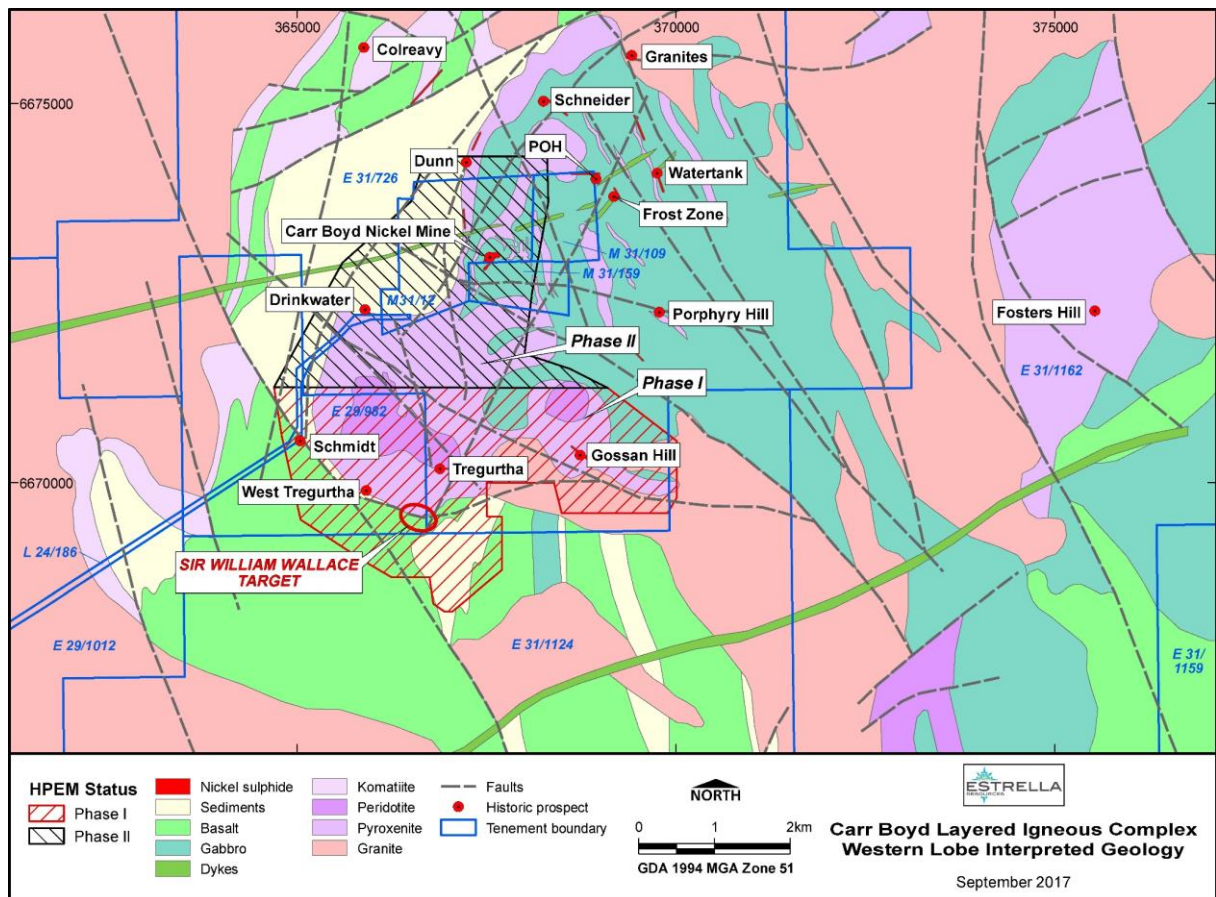


Figure 1. Geological map of the CBLC showing current Phase II HPEM coverage and previous Phase I

ABOUT THE PROJECT AND THE CBLC

The CBLC is a 75km² 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 Estrella 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.

SPARGOVILLE

The Spargoville project was acquired by Estrella via the purchase of WA Nickel Pty Ltd (see ASX release 4 September 2017). The Spargoville project area has been mined and explored by several companies since the first discovery of nickel in the area by Selcast Exploration in the late 1960s. Since then 1A, 5A, 5B, and 5D have been discovered and developed. All these mines have remnant mineralisation left behind. The mines and the surrounding areas provide the Company with many exploration targets to follow-up considering advances in modern geophysical exploration methods.

Estrella received a large database of drillhole, surface sampling and underground channel sampling with the Spargoville transaction. These datasets have been loaded into an industry standard digital database, validated, and interrogated. Several occurrences of high grade nickel, copper, and cobalt mineralisation have been identified in the datasets. Of primary interest is 5A, where a high-grade body of nickel, copper, and cobalt is located immediately below the floor of the open pit mine there, within 30m of the natural ground surface. Historic drill results at 5A include;

Table 1. Summary of selected significant nick intercepts from Spargoville 5A deposit. NA means Not Assayed +

Hole_ID	mFrom	mTo	Width (m)	Ni %	Cu %	Co ppm
5ARC021	15	33	18	6.65	0.84	NA
5ARC023	27	40	13	5.37	0.39	NA
P51	15	27	12	5.27	NA	NA
5ARC022	28	40	12	4.46	0.20	NA
WS5150	57.6	61.26	3.66	13.01	1.08	NA
5ARC024	5	18	13	3.51	0.26	NA
5ARC025	1	13	12	3.76	0.19	NA
5ARC026	10	22	12	3.61	0.35	NA
5ADD011	66.7	71.17	4.47	8.80	NA	2010
5ARC020	24	29	5	7.46	0.63	NA
5ARC019	0	13	13	2.56	0.17	NA
5ADD003	68	70.97	2.97	10.53	NA	2385

5A TARGET

This is a particularly compelling target, as the remnant mineralisation is thick, high grade and very close to surface. The nickel mineralisation here also contains high grades of cobalt and copper. Estrella intends to drill up to five confirmatory drillholes with the aim of generating a JORC 2012 reportable Mineral Resource. Material from the drill core will also be collected for metallurgical testwork to determine the best processing route for the high-grade mineralisation. The Company will undertake laboratory test-work on the nickel and copper mineralisation to see whether it is able to utilise a new technology developed by a third party to convert the oxide nickel and copper which will allow the minerals to be treated using standard flotation methods.

There have been significant advances in metallurgical technology since Amalg Resources conducted feasibility work on the project in 2009. This, and the firmer cobalt price have the potential to significantly enhance the economics of the project.

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

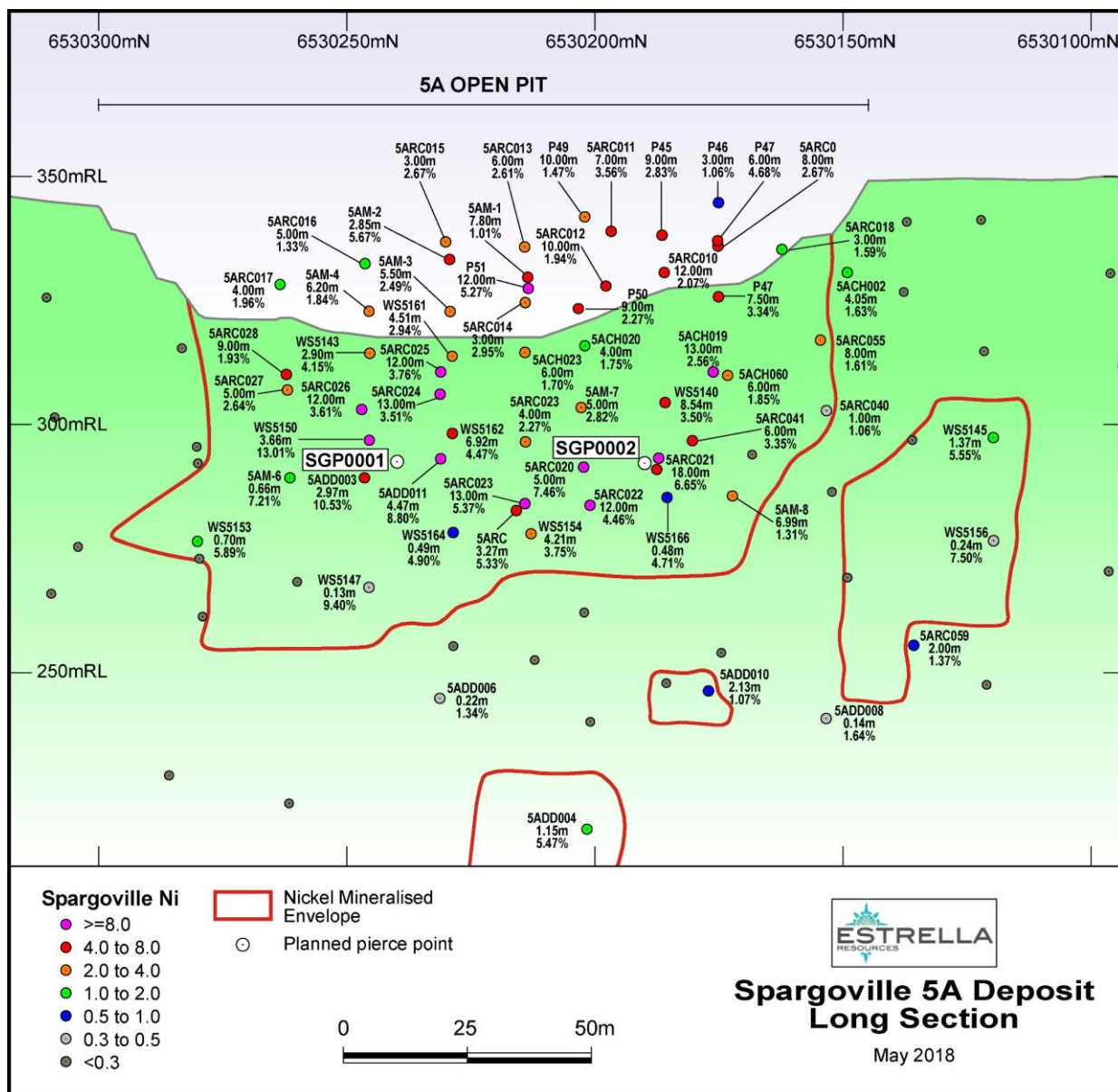


Figure 2. Long section of Spargoville 5A showing the pierce point locations of the two planned RC holes, SGP0001 and SGP0002*

* Refer to ESR announcement "POW Approval Spargoville" 26 June 2018

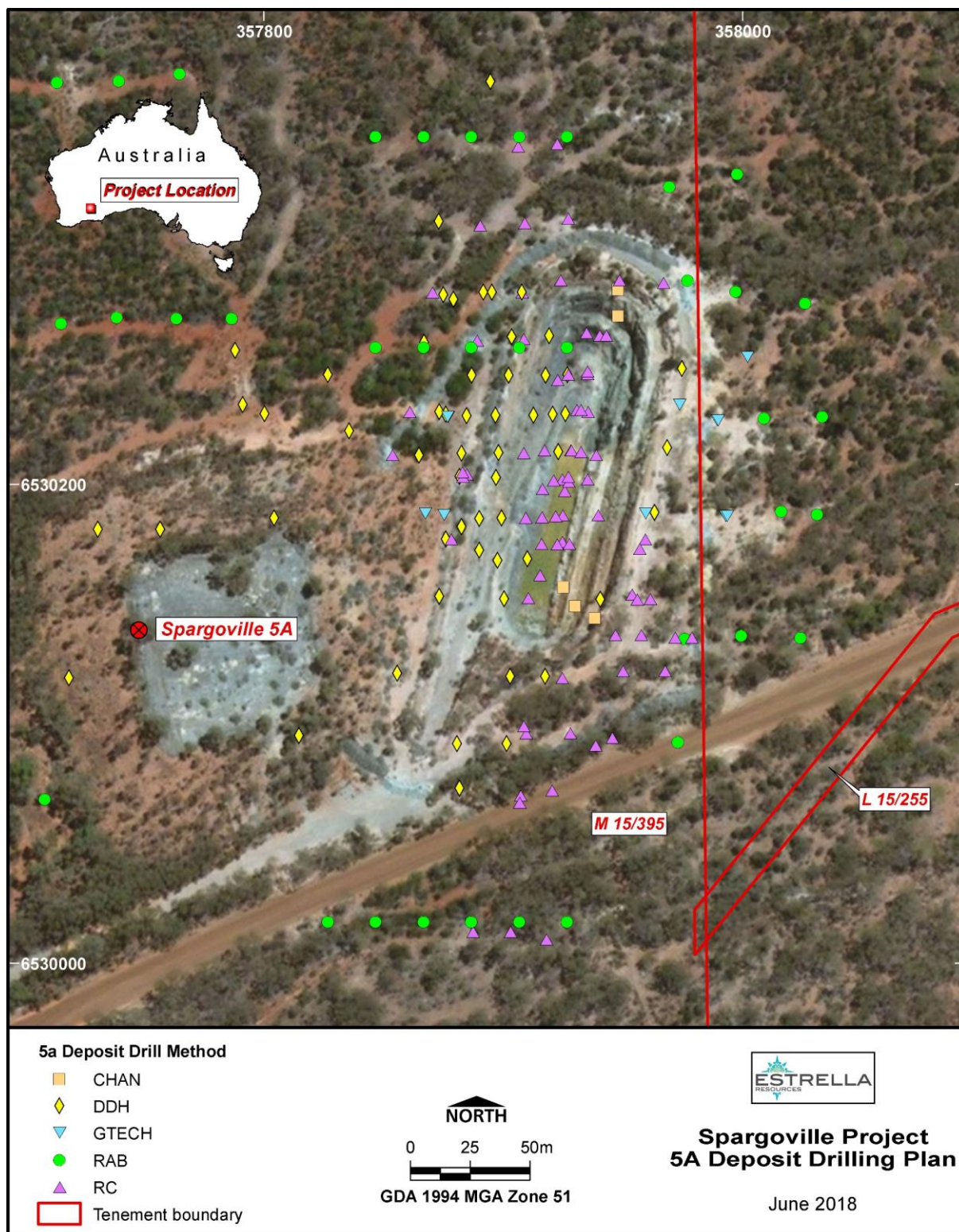


Figure 3. Map showing location of the 5A open pit, and the drill collars for the intercepts reported in this announcement

M15/96-C1 TARGET

An EM survey completed by Consolidated Minerals in 2010 on neighbouring tenement M15/96 identified this EM conductor, which is located close the eastern boundary of M15/395. Estrella Resources acquired the data and generated a 3D model of the conductive source.

The conductor is located between the 5A and 5B nickel deposits. Its geometry suggests it is located on or very close to the same basal contact position which hosts the nickel mineralisation at 5A and 5B. Estrella intends to drill a single hole through the centre of the conductor to determine if it is related to nickel sulphide mineralisation.

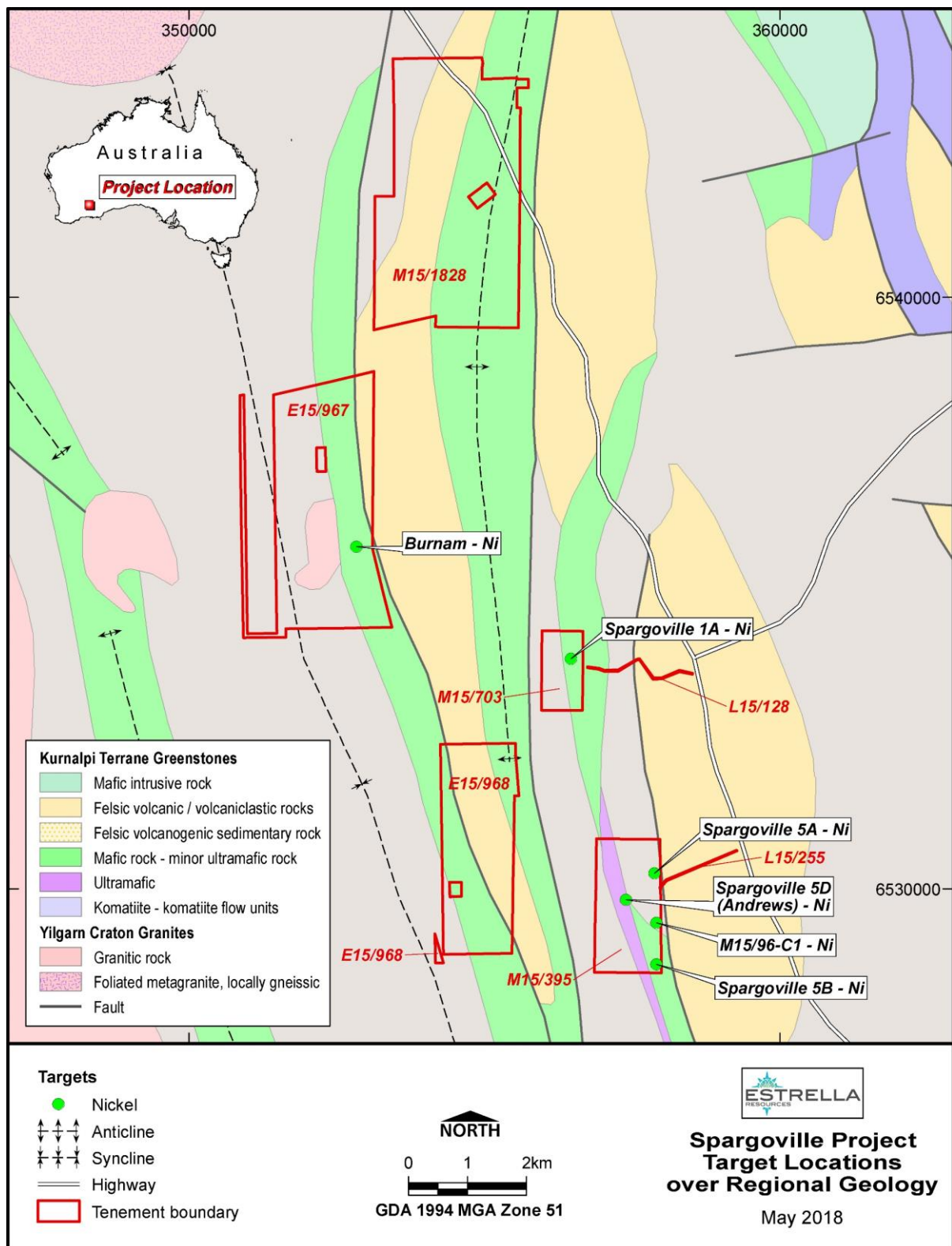


Figure 4. Plan showing the location of the 5A drill target and the M15/96-C1 EM target*

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

MUNDA PROJECT

The Company has finalised pegging and clearing required for the drilling of interpreted high grade gold structures located in and around the historic Munda open cut gold mine during the quarter. The Munda gold project was acquired by Estrella via the purchase of WA Nickel Pty Ltd (see ASX release 4 September 2017).

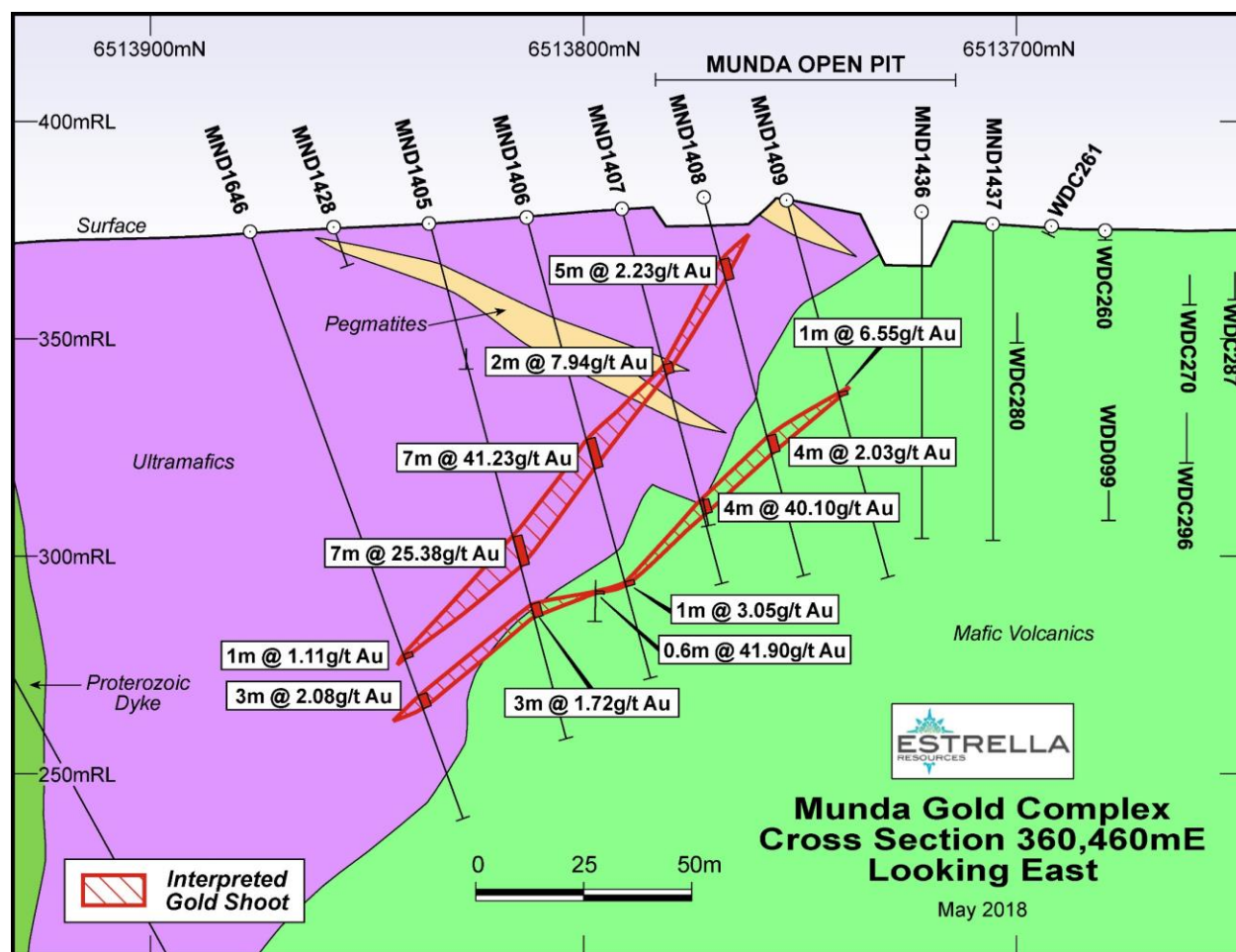


Figure 5. Cross section of Munda showing some of the thicker higher grade gold intercepts and interpreted gold shoots.*

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

The Company plans to test a new "plunging shoot" structural interpretation to the high-grade gold mineralisation. The additional drilling and assay information obtained from this work will be used to update the current JORC2012 Mineral Resource of 511,000t @ 2.82g/t Au for 46,337 ounces Au.*

Table 2. Munda Gold Mineral Resource Estimate*

Resources			Metal Grade	Contained Metal
Category	Cut off	Tonnage	Gold	Gold
	(Au g/t)	(Kt)	(g/t)	(oz)
Inferred	1	511	2.82	46,337
Total	1	511	2.82	46,337

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

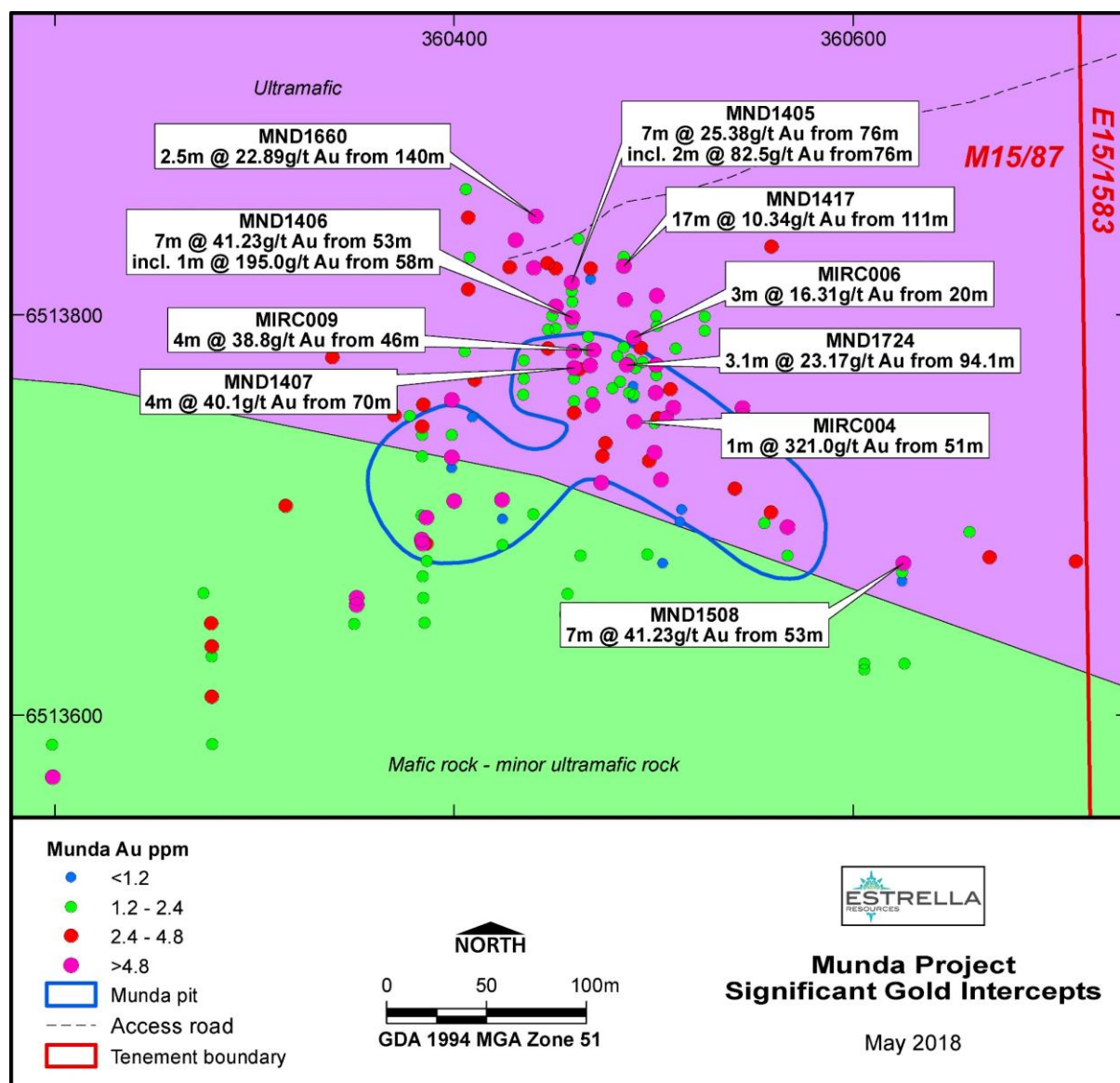


Figure 6. Plan showing previous high-grade gold intercepts*

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

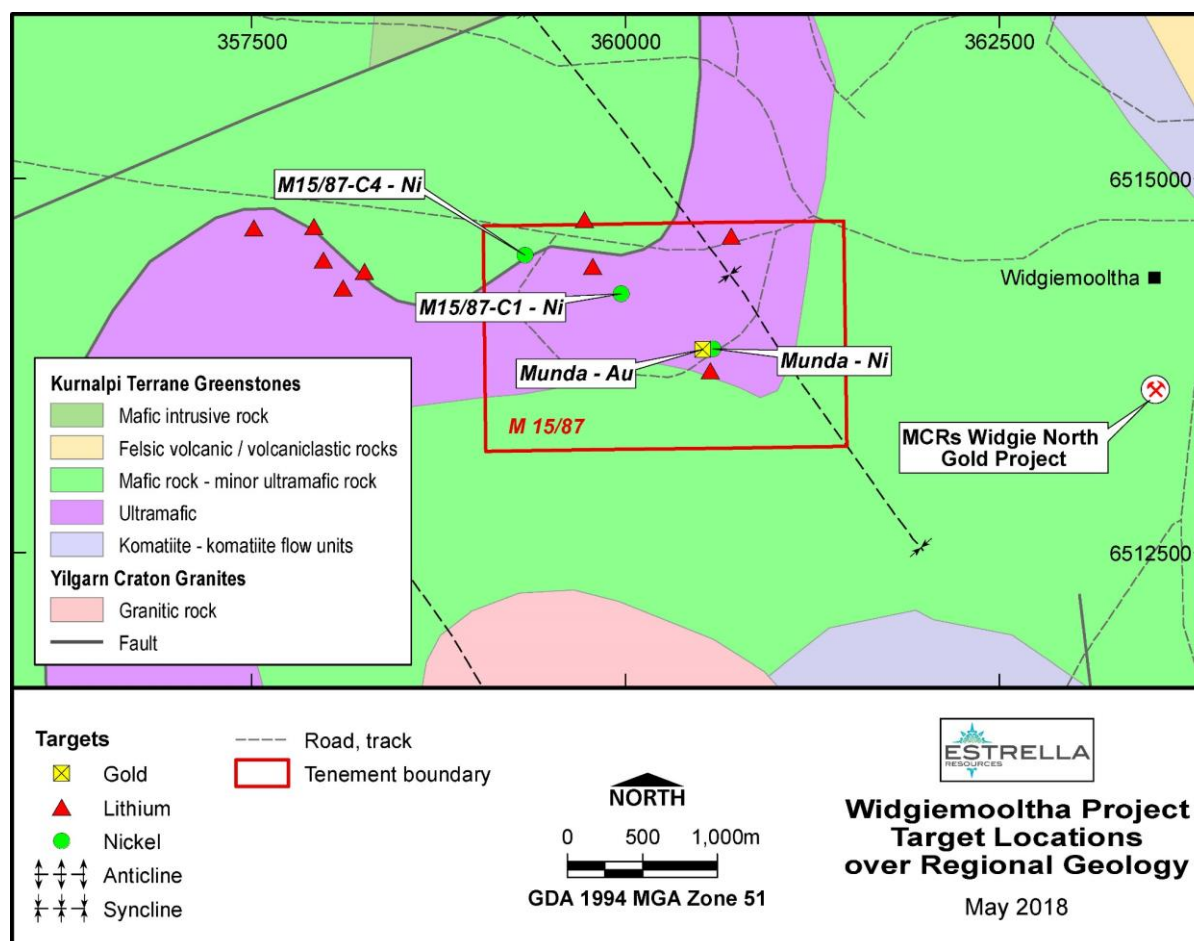


Figure 7. Geological map showing the location of the Munda project, exploration targets on M15/87, and other relevant nearby landmarks.

CORPORATE

CAPITAL

The Company's cash balance increased during the quarter and as at 30 September 2018 was A\$697,000. During the Quarter the Company raised \$572,784 (before costs) in working capital issuing 20,000,000 new shares with free attaching options via a share placement at \$0.025 (see ASX announcement dated 15 August 2018) and 72,783,633 options via an Entitlement Issue to eligible shareholders (see ASX announcement 23 August 2018), the result of which allowed for the quotation of the options upon the ASX.

Fully Paid Ordinary Shares	491,883,292
Listed options exercisable	\$0.05 on or before the 27 June 2021 – 92,783,633
Unlisted options exercisable	\$0.024 on or before 31 March 2020 - 8,250,000
	\$0.05 on or before 15 May 2021 – 5,500,000
	\$0.05 on or before 27 June 2021 - 17,000,000
	\$0.40 on or before 13 November 2019 – 1,375,000
	\$0.80 on or before 3 October 2018 – 118,752 (expired unexercised subsequent to the end of the quarter)
	\$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

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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	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	E31/1162	-	100
Australia	WA	Munda Nickel & Gold Project	M15/87	-	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	E15/967	-	100*
Australia	WA	Spargoville Nickel Project	E15/968	-	100*
Australia	WA	Spargoville Nickel Project	L15/128	-	100*
Australia	WA	Spargoville Nickel Project	L15/255	-	100*

**Nickel rights only - underlying tenements held by third parties.*