10 February 2017

ASX ANNOUNCEMENT

RC DRILLING HAS COMMENCED ON THE MELP

HIGHLIGHTS

- **Drilling has commenced on the MELP, starting at the Atomic Three prospect**
- **Holes at Atomic Three prospect targeting a Spodumene bearing pegmatite which returned a 2.24% Li_2O surface rock chip sample***
- **Following Atomic Three the RC rig will work systematically through the other first pass drill programs at Inco Boundary, Munda North, Kingmaker, and Munda West**
- **Expanded drilling program proposed for Atomic Three**

Estrella Resources Limited (ASX:ESR) (Estrella or the Company) is pleased to announce the commencement of RC drilling on the Mt Edwards Lithium Project (MELP). Estrella holds 75% of the lithium rights to a group of tenements held by Apollo Phoenix Resources Limited (which holds the remaining 25% of the lithium rights).

DRILLING OPERATIONS



Figure 1. Estrella drilling crew, senior executives, and visitors with the RC drill rig operating in the background at Atomic Three.

***** Refer to announcement "High Grade Lithium Discovered at Surface Mt Edwards Lithium Project", 21 November 2016.

ATOMIC THREE PROSPECT

This new high priority prospect is an area of about 1km^2, where there is a particularly high density of pegmatite bodies. There are over 40 pegmatite occurrences in the area and only three of them have been sampled so far.

Atomic Three is located approximately 7km from the recently announced drill core results from Axis. This could represent at a more optimal distance from the parent granite than at Axis, particularly given the high-grade rock chip sampling results.



Figure 2. Hand specimen from the the MEL0024 sample site, Atomic Three prospect, which returned 2.24% Li_2O. The first holes of the drill program are targetting this position.

The known mineralised pegmatite at Atomic Three is approximately 280m long, strikes at 350 degrees' azimuth, and is between 2 and 10m wide in surface expression. Given recent positive field observations, the drill program will be expanded on this body to test its full strike extent and to test it at depth. The Company is in the process of requesting the relevant statutory and regulatory approvals for this extended program.



Figure 3.Testing a hand specimen with a black light at Atomic Three.

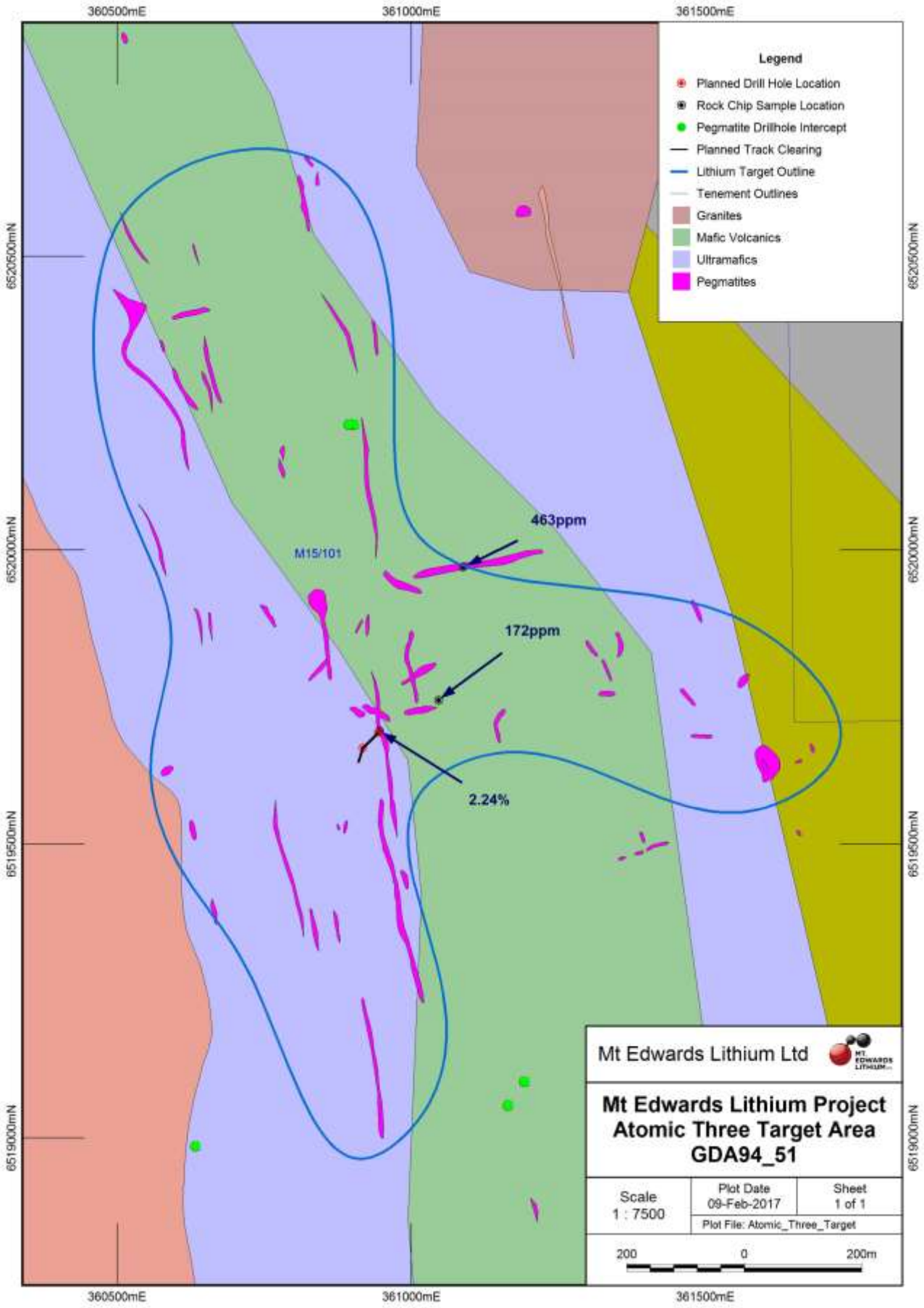


Figure 4. Map of the Atomic Three prospect showing the 2.24% Li_2O result to be targetted by the first drillholes and the dense cluster of unsampled pegmatites. Call out labels show Li_2O results.

OTHER DRILL TARGETS

After Atomic Three the rig will proceed systematically through programs at the other targets at Inco Boundary, Munda North, Kingmaker, and Munda West, where anomalous lithium results were obtained at surface.

It is envisaged that the drill metres that were proposed for Axis will now be directed towards the more promising targets such as Atomic Three.

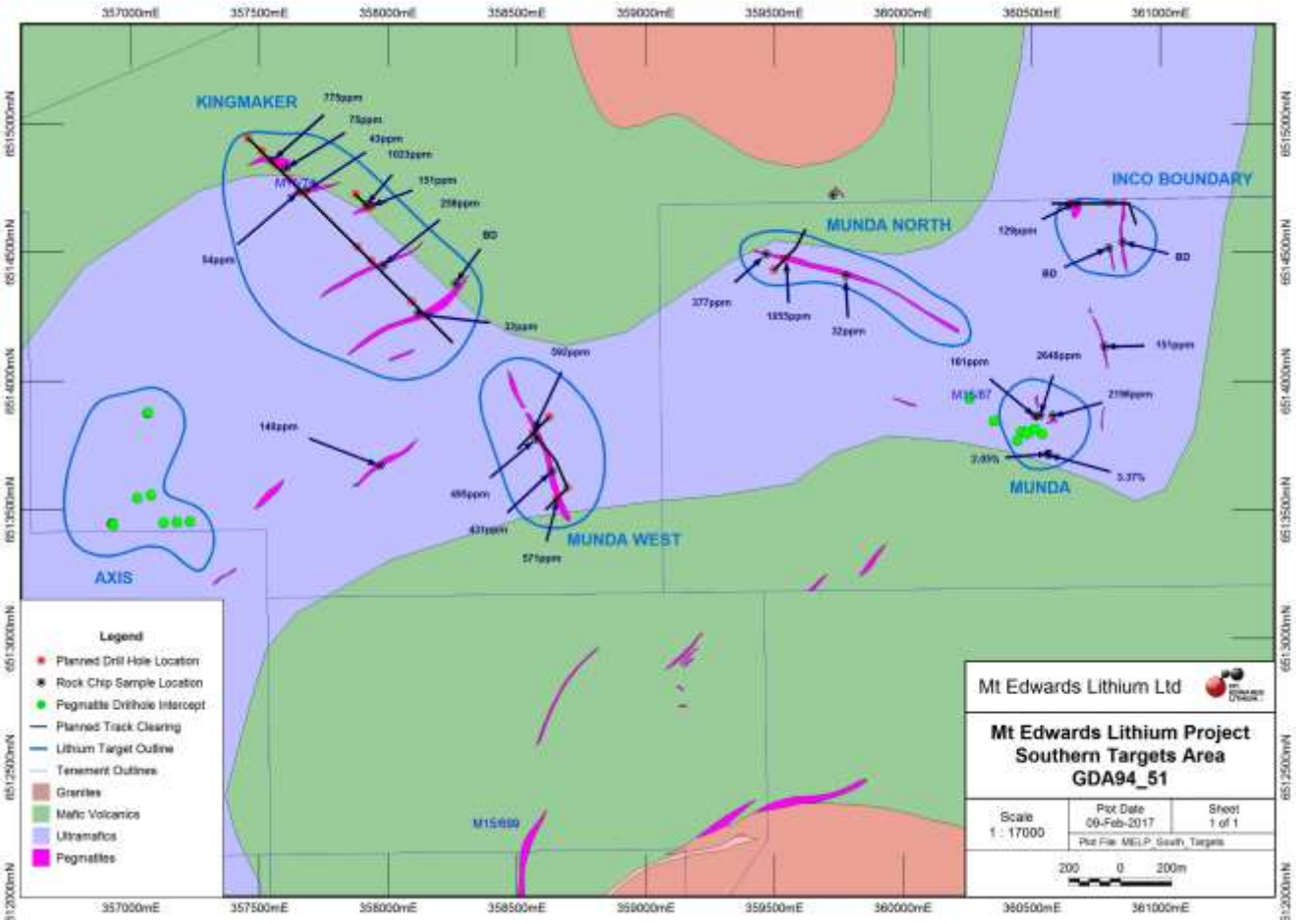


Figure 5. Map of the southern targets area showing planned drillholes and tracks. Call out labels show Li_2O results. BD means Below Detection.

ABOUT THE MELP

The MELP consists of 16 tenements covering over 127km^2 on the highly prospective Widgiemooltha Dome. It is located centrally within what is emerging as a highly endowed and globally significant lithium province.

The MELP location in relation to the other significant LCT pegmatite projects in the province is as follows:

- 2km east of the recent Goldfields Lithium Alliance (GLIA) Widgiemooltha project acquisition
- 2km south of Maximus Resources' recent "high grade lithium discovery" at Spargoville
- 40km south of the Mt Marion Lithium project
- 40km SSE of the Londonderry Pegmatites and Lithium Australia's Lithium Hill project
- 60km west of the Bald Hill Sn-Ta-Li project and Tawana Resources' Cowan project
- 30km north of Pioneer Resources Limited Pioneer Dome Lithium project

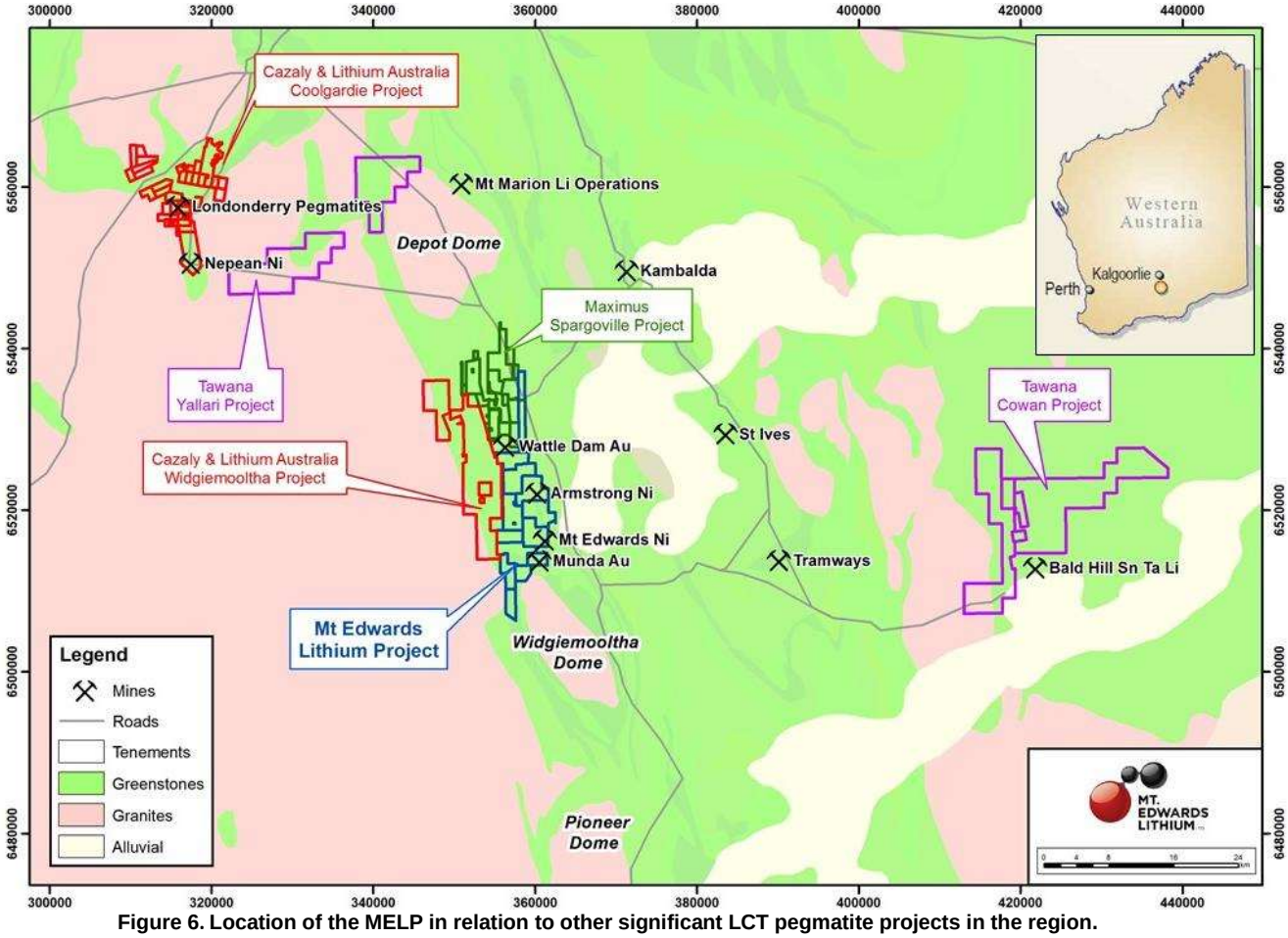


Figure 6. Location of the MELP in relation to other significant LCT pegmatite projects in the region.

Table 1. Tenement Schedule.

Schedule of Mining and Exploration Tenements						
Country	**State/Region**	**Project**	**Tenement ID**	**Area Km2**	**Grant Date**	**Interest %**
Australia	WA	Mt Edwards Lithium Project	M15/698	4.2	22/12/1994	75
Australia	WA	Mt Edwards Lithium Project	M15/75	5.7	10/11/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/699	3.4	23/12/1994	75
Australia	WA	Mt Edwards Lithium Project	M15/87	3.6	26/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/74	9.3	10/11/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/101	9.6	23/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/99	9.8	23/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/653	10	28/01/1993	75
Australia	WA	Mt Edwards Lithium Project	M15/97	6.8	23/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/96	8.4	23/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/102	9.3	4/01/1985	75
Australia	WA	Mt Edwards Lithium Project	M15/100	9.6	23/07/1984	75
Australia	WA	Mt Edwards Lithium Project	M15/1271	4.8	2/07/2007	75
Australia	WA	Mt Edwards Lithium Project	E15/1505	2	5/10/2016	75
Australia	WA	Mt Edwards Lithium Project	E15/1507	15	Application	75
Australia	WA	Mt Edwards Lithium Project	E15/1562	16	Application	75

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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