17 May 2017

ASX ANNOUNCEMENT

SHAREHOLDER UPDATE

HIGHLIGHTS

- **Historic drill core relocated to the historic 132N nickel mine, approximately 1.5km south of Atomic Three, to be tested by HXRF for lithium pathfinder elements**
- **Systematic rock chip and soil sampling programs underway at Atomic Three**
- **POW in progress for follow-up drilling in prospective lithium zones**
- **Corporate activities continuing**



Figure 1. Photo showing core handing operations at the new new diamond drill core archive at 132N

Estrella Resources Limited (ASX: ESR) (Estrella or the Company) is pleased to provide shareholders with an update on the follow-up exploration programs in progress at the MELP.

FOLLOW-UP WORK PROGRAMS

Atomic Three

Follow-up work is well underway, initially by systematic rock chip sampling and detailed mapping of the outcropping pegmatites over the Atomic Three target area. This will determine which pegmatites in the Atomic Three swarm are the most prospective for lithium mineralisation.

Following the rock chip sampling, soil sampling will be conducted along strike to the north and south of Atomic Three where there are less outcropping pegmatites. This will primarily aim to determine if there are concealed lithium bearing pegmatites in these areas. The soil sampling will be conducted over a relatively small area at first, as the other aim of the program will be to determine if soil sampling is an effective tool for locating blind LCT pegmatites.

132N

As part of the MELP acquisition, Estrella Resources assumed possession of a large archive of historic drill core. This drill core was in a very poor state, located at Beta Hunt mine in Kambalda. Estrella field staff and contractors have now restored and relocated the core to a secure laydown area at 132N. Over 400 drillholes are included in the archive. The drill core archive was cross referenced against the drillhole database to identify pegmatite intersections available for logging and sampling. The Company is now in the process of working systematically through the available drill core, collecting HXRF readings and re logging the pegmatites to assess their potential to host lithium.

Several pegmatite intersections over 10m wide were identified in the drillhole database, four of which are located along strike to the north and south of Alpha Pegmatite. 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, approximately 450m along strike to the south of Alpha Pegmatite. The core for these holes is not located in the archive, but the Company intends to drill twins of them to determine if the pegmatite intersections contain economic concentrations of lithium. *****

Numerous pegmatite intersections less than 10m wide also occur in the Atomic Three area. The Company is continuing to work through them in the core archives and at the dill sites in the field, testing any material that can be recovered and sampled. *****

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

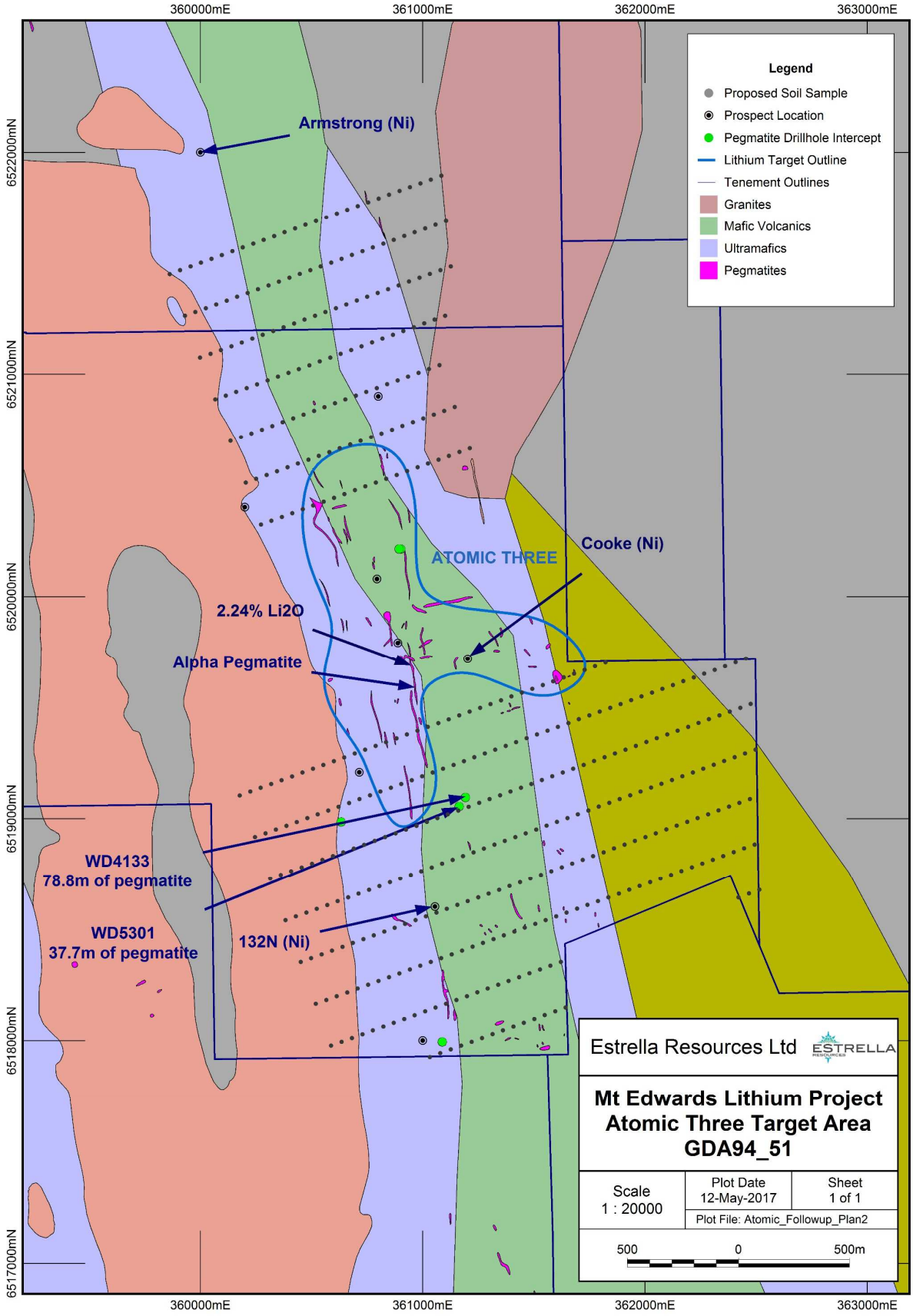


Figure 2. Map of the Atomic Three prospect showing the outcropping pegmatites to be rock chip sampled in pink, proposed soil sample locations as small grey dots, and significant pegmatite intersections in drilling as large green dots. Note the thick zones labelled in WD4133 and WD5301 which the Company intends to confirm with twinned holes *

Inco Boundary

The highly anomalous near surface drill intercept in MERC0005 will be followed up 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 relatively flat dipping and at least 7m think, which would be a favourable geometry for mining if economic concentrations of lithium were discovered.

Inco Boundary is located directly along strike to the south on the same pegmatite body as Mincor Resources' WID001 prospect, which returned up to 3.88% Li2O from surface rock chipping. Refer to Mincor's media release, Lithium Surface Sampling Results, 06 April 2017.

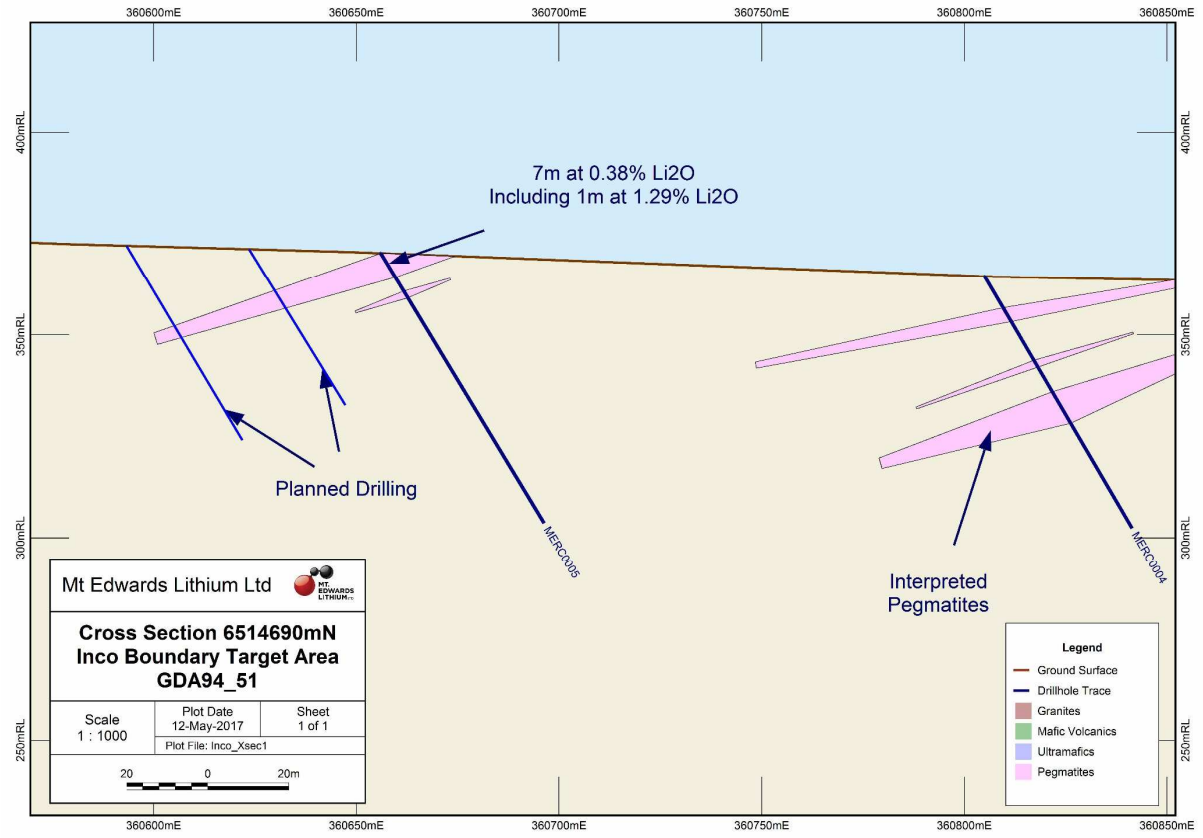


Figure 3. Cross section of Inco Boundary showing interpreted pegmatites, significant intercepts and planned drilling*

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

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's Pioneer Dome Lithium Project
- Immediately north of and contiguous with Mincor Resources' North Widgiemooltha Lithium Project

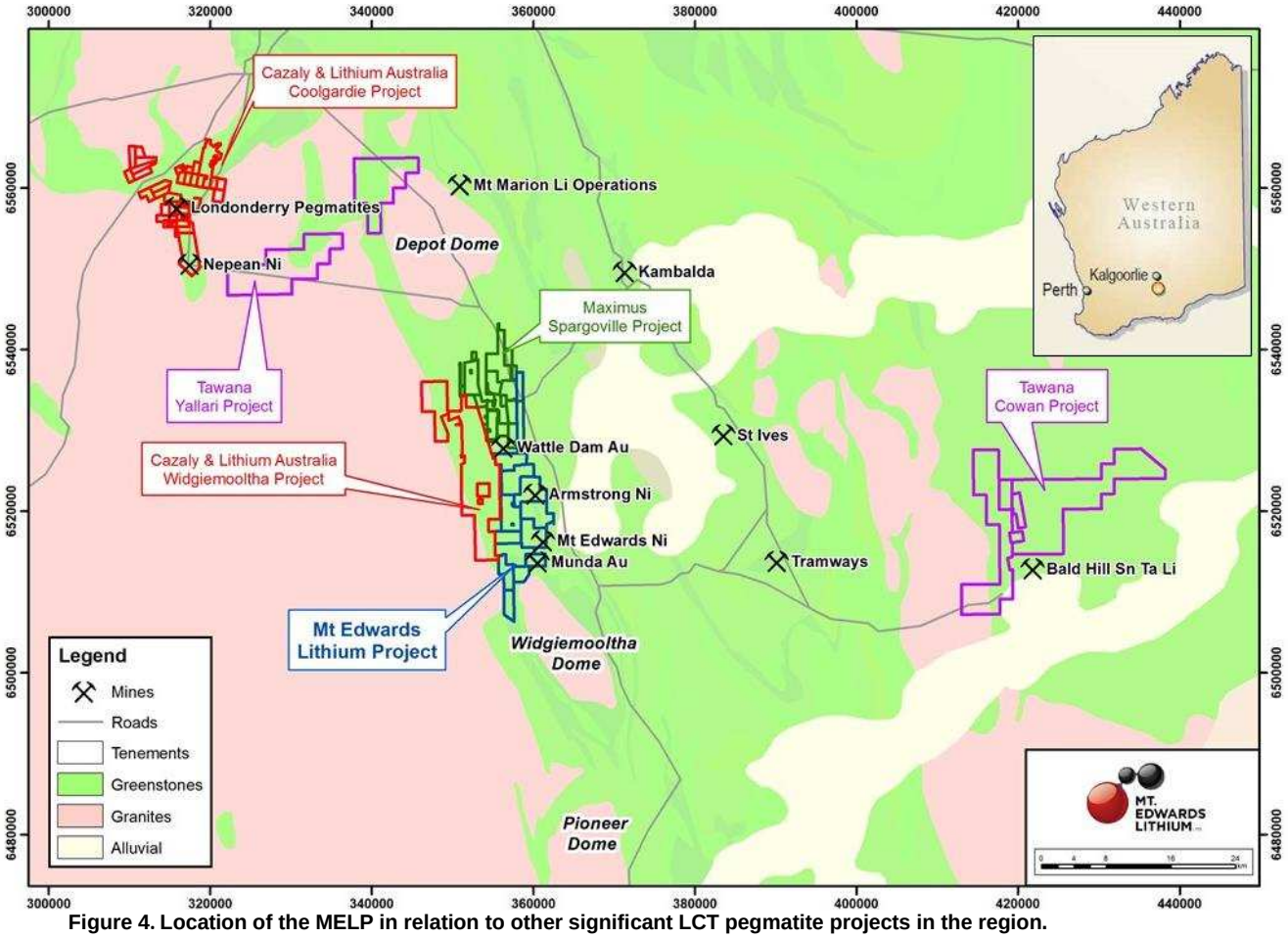


Figure 4. Location of the MELP in relation to other significant LCT pegmatite projects in the region.

Table 2. 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

Corporate Update

The interest in Estrella's MELP continues unabated with demand for Lithium still very strong, the Company continues to engage with interested parties in the MELP as well as evaluating other resource acquisition opportunities. The Company will update shareholders on any material developments in due course.

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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