6 January 2017

Company Announcements
ASX Limited

COMPLETION OF ACQUISITION OF MT EDWARDS LITHIUM

HIGHLIGHTS

- **Shareholders have approved the acquisition of Mt Edwards Lithium Pty Ltd**
- **Major W.A. Lithium producer joins ESR share register**
- **Mr John Kingswood has been appointed a Director of the Company**
- **Mr Christopher Daws has been appointed C.E.O of the Company**
- **Mr Stephen Brockhurst has been appointed Company Secretary**

Acquisition

Estrella Resources Limited (ASX:ESR) (Estrella or the Company), is pleased to announce the completion of the acquisition of Mt Edwards Lithium Pty Limited (MEL) following approval by shareholders at a meeting held on 28 December 2016. MEL holds 75% of the lithium rights to a group of tenements held by Apollo Phoenix Resources Limited (which holds the remaining 25%) containing the Mt Edwards Lithium Project (MELP). See ASX release 7 November 2016.

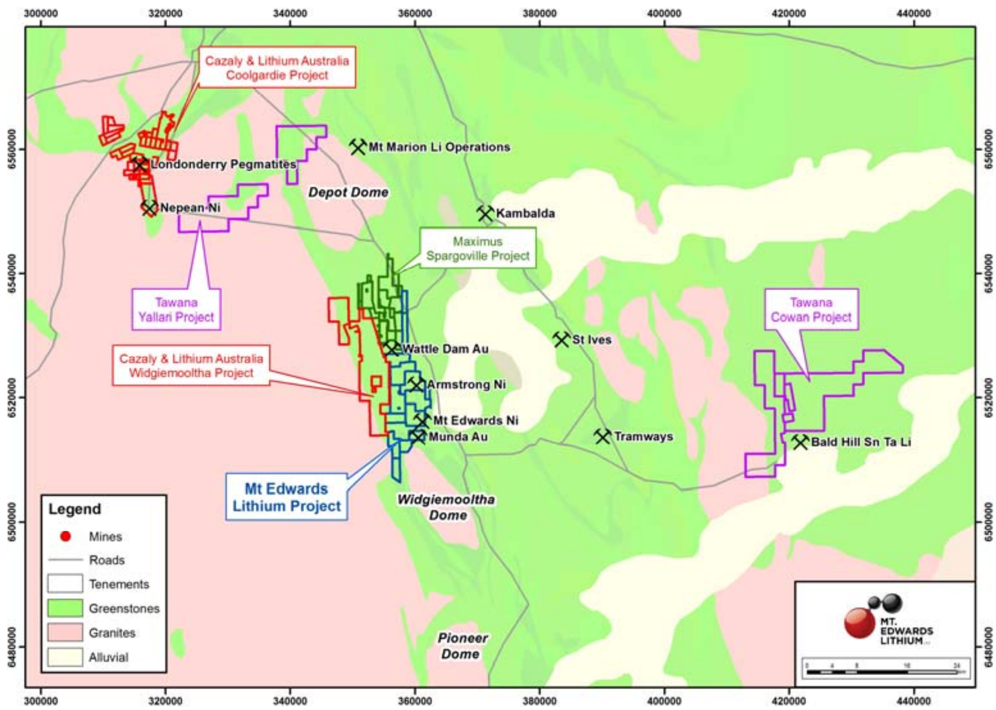

Figure 1. Location of the MELP in relation to other significant LCT pegmatite projects in the region

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Major WA based Lithium producer joins ESR Register

The Company is pleased to welcome Lithium producer Neometals Limited to its share register following completion of the Company's recent share placement. Neometals Limited has been active in Western Australian Lithium exploration and development over the past 9 years particularly in the Eastern Goldfields region of WA where it is currently in production at Mt Marion.

Appointment of Director

The Company is pleased to announce the appointment of Mr. John Kingswood as a Director. Mr. Kingswood has 20 years mining industry experience, with significant experience in mining and project management.

Mr. Kingswood has been involved with some of WA's largest projects from BHP RGP3, 5 and 6 and Rio Tinto Argyle Diamond underground operations. Mr. Kingswood has a strong track record of identifying potential projects and implementing effective strategies. Mr. Kingswood is currently a director of Apollo Phoenix Resources Pty Ltd (a private Western Australian based nickel and gold exploration and development company), Nimbus Mines Pty Ltd (a resource investment group) and MEL.

Appointment of Chief Executive Officer

Mr. Christopher Daws has joined the Company as Chief Executive Officer effective as at 2 January 2017. Mr. Daws has strong experience in running junior resource Company's having previously been involved with Niagara Mining (Poseidon), US Nickel and KMC Limited. Mr. Daws is a Director and founder of Apollo Resources Pty Ltd and a Director of Nimbus Mines Pty Ltd. Mr. Daws will be responsible for running the day-to-day operations of the group and will receive a salary of $240,000 exclusive of superannuation. A summary of Mr. Daws key appointment terms follow the body of this release.

Company Secretary

Mr Steve Brockhurst has been appointed Company Secretary with effect from 5 January 2017. Mr. Brockhurst is a Director of Mining Corporate Pty Ltd and has 15 years' experience in the finance and corporate advisory industry. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr. Brockhurst has served on the Board and acted as Company Secretary for numerous ASX listed and private companies.

Mr. Guy Robertson has resigned as a Director and Company Secretary of the Company with effect from 5 January 2017, the Company would like to thank Mr. Robertson for his services.

Company Equity Structure Post Transaction

344,333,292 Fully Paid Ordinary Shares

375,000 Unlisted options with exercise price 80 cents expiry 9 May 2017
5,000,000 Unlisted options with exercise price 4.4 cents expiry 31 May 2018
1,375,000 Unlisted options with exercise price 40 cents expiry 31 May 2018
187,500 Unlisted options with exercise price $1.40 expiry 7 March 2017
118,750 Unlisted options with exercise price 80 cents expiry 3 October 2018
750,000 Unlisted options with exercise price of $1.40 expiry 21 November 2018
25,000,000 Unlisted options with exercise price 2.4 cents and expiry 31 March 2020

The Company has AUD$1.48m cash in the bank and is well positioned to explore its mineral assets. Estrella is preparing a separate update on its exploration activities at the MELP project for release to the ASX ahead of the Company's December 2016 Quarterly Activities Report.

For and on behalf of Estrella Resources Limited:

Steve Brockhurst
Estrella Resources Limited – Company Secretary

About Estrella Resources.

Estrella Resources is a metals exploration company based in Perth, Western Australia. The Company holds Lithium exploration and mining rights agreements with Apollo Phoenix Resources which cover 129km2 of mineral tenements in an emerging world Class LCT pegmatite province. The Company's major project, the Mt Edwards Lithium Project (MELP), 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.

Summary of the key terms of the Executive Services Agreement appointing Mr. Christopher Daws as Chief Executive Officer of Estrella Resources Limited.

Term

The Employment will commence on the Commencement Date, being 2nd January 2017 and continue for three (3) years until the Agreement is validly terminated in accordance with its terms. The Company may terminate without notice in certain circumstances including serious misconduct or negligence in the performance of duties. Mr. Daws may terminate immediately in the case of fundamental change to his role (i.e. there is a substantial diminution of his responsibilities via a change of control).

Remuneration

The Company will pay the Executive for services rendered a salary of $240,000 per year, on a Total Employment Cost basis (**Salary**). Total Employment Cost means the cost to the Company of providing remuneration to the Executive and is inclusive of base salary (exclusive of superannuation), taxes and non cash benefits and any other benefit specifically provided.

The Executive's Salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries (**Review**).

In addition to the Executive's Salary the Company will, during the Employment, make employer contributions on behalf of the Executive to the superannuation fund of the Executive's choice (**Nominated Fund**) in accordance with all relevant legislation.

The Executive's entitlement to Salary accrues daily and is payable in equal fortnightly instalments in arrears or as otherwise agreed.

Performance based bonuses

In addition to the Review, the Company may at any time during the Term pay to the Executive a performance-based bonus over and above the Salary (**Performance Based Bonus**).

In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

Termination entitlements

Termination by the Company without reason

The Company may at its sole discretion terminate the Employment by giving three (3) months' written notice to the Executive and, at the end of that notice period, making a payment to the Executive equal to the Salary payable over a three (3) month period.

The Company may elect to pay the Executive the equivalent of the six (6) months' Salary and dispense with the notice period.

Resignation for Good Reason

If a Change of Control occurs and, at any time during the twelve (12) month period following such Change of Control the Executive resigns employment for Good Reason, the Executive shall be entitled to a payment equal to six (6) months.

Executive entitled to payment

On termination of the Employment, the Executive is entitled to payment in lieu of the annual leave to which the Executive has become entitled during the Employment but which the Executive has not taken.