QUARTERLY ACTIVITIES REPORT

Quarter ending 31 December 2016

ASX RELEASE 30 January 2017

Estrella Resources Limited

ABN 39 151 155 207

ASX Code: ESR

Board and Management

Chief Executive Officer
Christopher Daws (CEO)

Non-Executive Directors
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Howard Digby

Company Secretary
Stephen Brockhurst

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HIGHLIGHTS

- **Acquisition of Mt Edwards Lithium Project, Western Australia**
- **Second phase of rock chip sampling completed with discovery of high grade lithium at surface**
- **Significant pegmatite core located and submitted for assay**
- **POW submitted and drill contractor engaged for maiden drill programme**
- **Board and management changes**

Estrella Resources Limited (ASX: ESR) **(Estrella** or **Company)** is pleased to provide its Activities Report for the quarter ended 31 December 2016.

PROJECT ACQUISITION

On 7 November 2016 the Company announced the acquisition of Mt Edwards Lithium Pty Limited (MELP) which holds 75% of the lithium rights over 129km² landholding in an emerging world class LCT pegmatite province.

The tenements are held by Apollo Phoenix Resources Pty Ltd which holds the remaining 25% of the lithium rights. The project consists of 16 tenements covering over 129km^2 on and around the highly prospective Widgiemooltha Dome.

The MELP 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 Dome Lithium project
- Directly west of Mincor Resources lithium exploration activities

The consideration for the acquisition was 106,000,000 Estrella shares which were issued to the vendors of MELP with a further 13,333,333 shares being issued to the facilitator of the transaction.

ROCK CHIP SAMPLING REVEALS HIGH GRADE LITHIUM AT SURFACE

During the quarter MELP completed a second phase of rock chip sampling on the project.

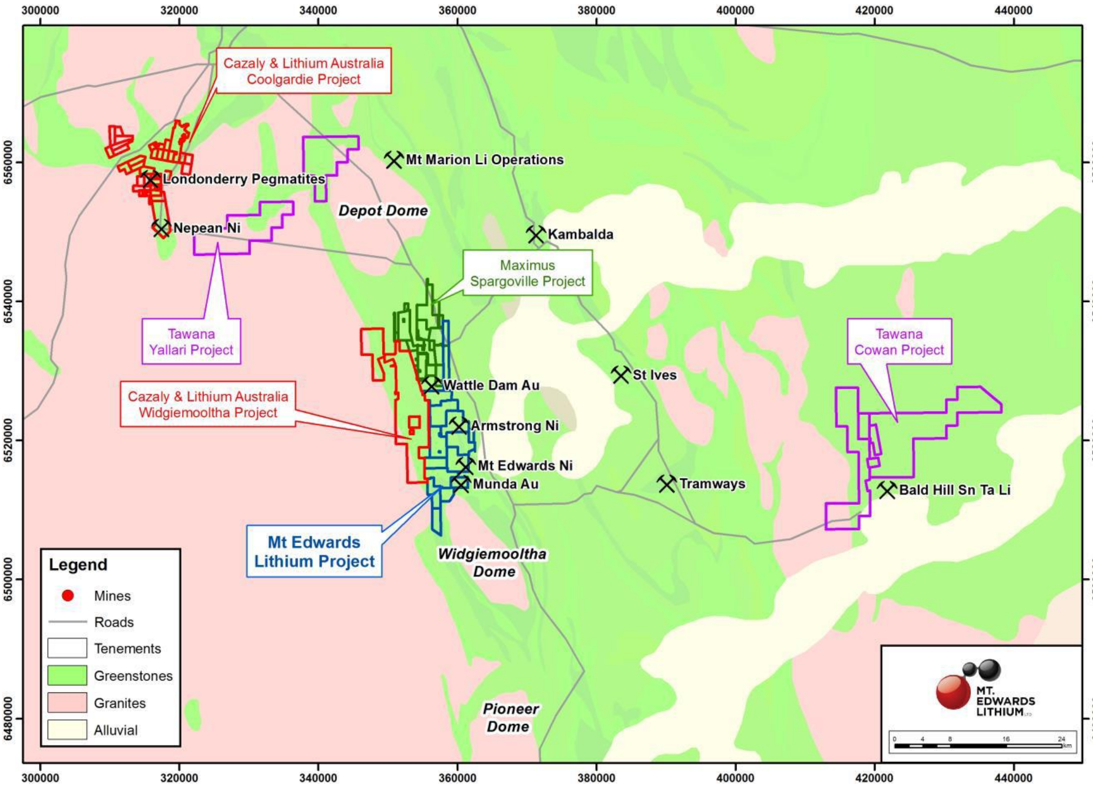

Figure 1: Location of the MELP in relation to other significant LCT pegmatite projects in the region

The assay results from the Phase II rock chip sampling program were highly encouraging. Nine samples returned over 200ppm Li2O, representing new high priority drill targets. Another three samples returned over 100ppm Li2O, representing second order targets for follow-up sampling. One stand-out result from the newly named Atomic Three prospect returned 2.24% Li2O.

This new high priority Atomic Three prospect is an area of about 1km2 where there is a particularly high density of pegmatite bodies. There are over 40 pegmatite occurrences in the area and only three of them sampled so far. All three samples were anomalous and one, MEL0024, returned a highly anomalous result from a surface sample of 2.24% Li2O (see Figure 2 and Photo 1 over page).

This is a good example of the high prospectivity of the MELP and shows how much work is required to fully assess its potential. Mt Edwards Lithium is working methodically through the most highly ranked targets in preparation for drill testing in the 1st Quarter of the 2017 Calendar Year.

An estimated 40% of the known outcropping pegmatite occurrences on the MELP remain untested for lithium. The remaining pegmatites will be systematically sampled during future fieldwork programs.

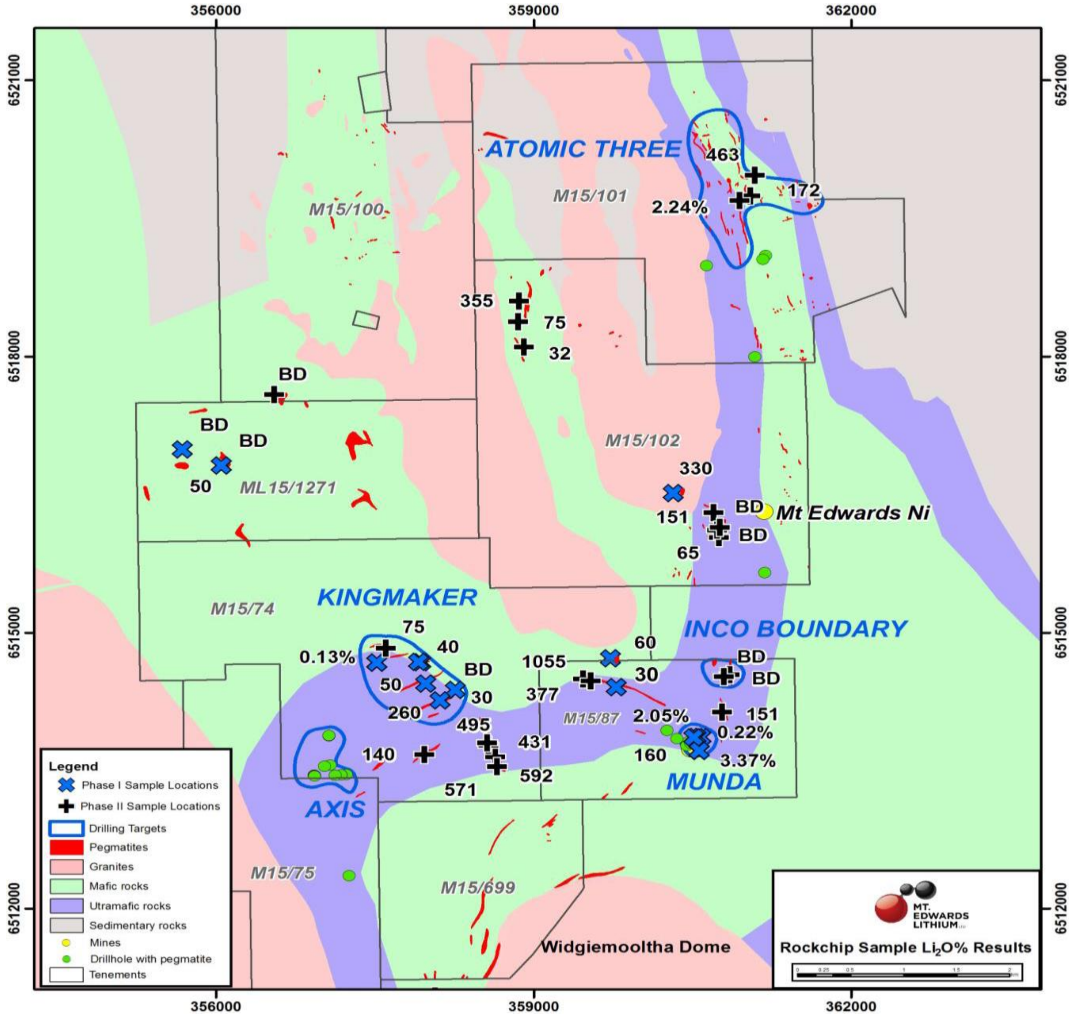

Figure 2: Map showing sample locations and results from Phase I and Phase II sampling. Results are in ppm unless stated otherwise. BD means Below Detection.

Photo 1: Hand specimen from the Atomic Three prospect, which assayed 2.24% Li2O

DRILL CORE LOCATED AND SUBMITTED FOR ASSAY

Mt Edwards Lithium Pty Ltd located several pegmatite drill core intersections, some in excess of 60m thick which have been identified and logged in the St Ives core yard, Kambalda WA. It is estimated that 58,000m of historic drilling has occurred on the project area which will provide a platform for analysis. The drill core identified was from historic diamond drilling in areas where no obvious pegmatite outcrops are present and could potentially represent blind “feeder” pegmatite occurrences.

Diamond drill core from holes MND1213 and MND1214 (obtained from the historic WMC drill core farm now operated by Goldfields Limited at Kambalda, WA) have been submitted for analysis for lithium and an accompanying suite of LCT pegmatite elements. The holes were originally drilled to target nickel at the Axis Prospect, which is located approximately 3.4km west of recently discovered lithium mineralisation at the Munda Project. The drill core contains significant widths of pegmatite.

Photo 2: Historic Core from MND1213 being handled in preparation for assaying at SGS Oretest

PROGRAMME OF WORKS (POW) SUBMITTED AND DRILL CONTRACTED ENGAGED

A POW has been submitted to the Western Australia Department of Mines (DMP) for drilling programmes over the highest priority lithium pegmatite targets. The drill targets have been identified and ranked based on historic detailed surface mapping compiled by WMC's Kambalda Nickel Operations, initial surface sampling by Apollo Phoenix Resources Pty Ltd and the rock chip sampling undertaken by Mt Edwards Lithium Pty Ltd (now 100% owned by Estrella Resources Limited).

The Company has engaged an experienced local Kalgoorlie drilling company to carry out a maiden RC drilling programme of approximately 4,000 metres as soon as the POW is approved.

CHILE COPPER PROJECT

The Company currently retains the following tenements in Chile;

100% Owned by Estrella Resources Limited		
Description	**Tenement Size (hectares)**	**Tenement Size (km^2)**
Mercurio (100% owned by Estrella)	2,700	27.00
Saturno (100% owned by Estrella)	3,450	34.5
Total tenement holdings in Chile	**15,596**	**155.96**

There has been no activities undertaken on the Chilean mineral assets over the quarter.

CORPORATE

BOARD AND MANAGEMENT CHANGES SUBSEQUENT TO QUARTER END

Director appointment

The Company announced the appointment of Mr. John Kingswood as a Director on 6 January 2017. 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 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.

Company Secretary

Mr Steve Brockhurst was 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. Mr. Brockhurst's 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 thanks Guy for his diligent efforts during his time in office.

CAPITAL

The Company's cash balance as at 31 December 2016 was A$1.46M after raising $760,000 through the issue of 30,500,000 shares via a placement at $0.02 per share and the exercise of 6,250,000 options exercisable at $0.024.

Fully Paid Ordinary Shares	344,333,292
Unlisted options exercisable $0.024 on or before 31 March 2020	25,000,000
Unlisted options exercisable $0.044 on or before 31 May 2018	5,000,000
Unlisted options exercisable $0.40 on or before 13 November 2019	1,375,000
Unlisted options exercisable $0.80 on or before 9 May 2017	375,000
Unlisted options exercisable $0.80 on or before 3 October 2018	118,750
Unlisted options exercisable $1.40 on or before 7 March 2017	187,500
Unlisted options exercisable $1.40 on or before 21 November 2019	750,000

ABOUT ESTRELLA RESOURCES.

Estrella Resources is a minerals 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 a rapidly 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.

FURTHER INFORMATION CONTACT

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Chief Executive Officer

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Appendix 1 – Estrella Resources Limited – 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	75
Australia	WA	Mt Edwards Lithium Project	M15/75	75	75
Australia	WA	Mt Edwards Lithium Project	M15/699	75	75
Australia	WA	Mt Edwards Lithium Project	M15/87	75	75
Australia	WA	Mt Edwards Lithium Project	M15/74	75	75
Australia	WA	Mt Edwards Lithium Project	M15/101	75	75
Australia	WA	Mt Edwards Lithium Project	M15/99	75	75
Australia	WA	Mt Edwards Lithium Project	M15/653	75	75
Australia	WA	Mt Edwards Lithium Project	M15/97	75	75
Australia	WA	Mt Edwards Lithium Project	M15/96	75	75
Australia	WA	Mt Edwards Lithium Project	M15/102	75	75
Australia	WA	Mt Edwards Lithium Project	M15/100	75	75
Australia	WA	Mt Edwards Lithium Project	M15/1271	75	75
Australia	WA	Mt Edwards Lithium Project	E15/1505	75	75
Australia	WA	Mt Edwards Lithium Project	E15/1507	N/A	Application
Australia	WA	Mt Edwards Lithium Project	E15/1562	N/A	Application
Chile		Mercurio		-	100
Chile		Saturno		-	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.