

15 March 2018
 ASX ANNOUNCEMENT

SALE OF MT EDWARDS LITHIUM A\$2.7M

HIGHLIGHTS

- Conditional binding agreement signed with Neometals for the Sale of Estrella's wholly owned subsidiary, Mt Edwards Lithium Pty Ltd;
- Sale consideration valued at up to \$2.7M (subject to satisfaction of certain milestones) plus a royalty over future lithium mining;
- Estrella to apply funds towards aggressive Nickel, Cobalt and Gold exploration at Carr Boyd Rocks, Spargoville and Munda.

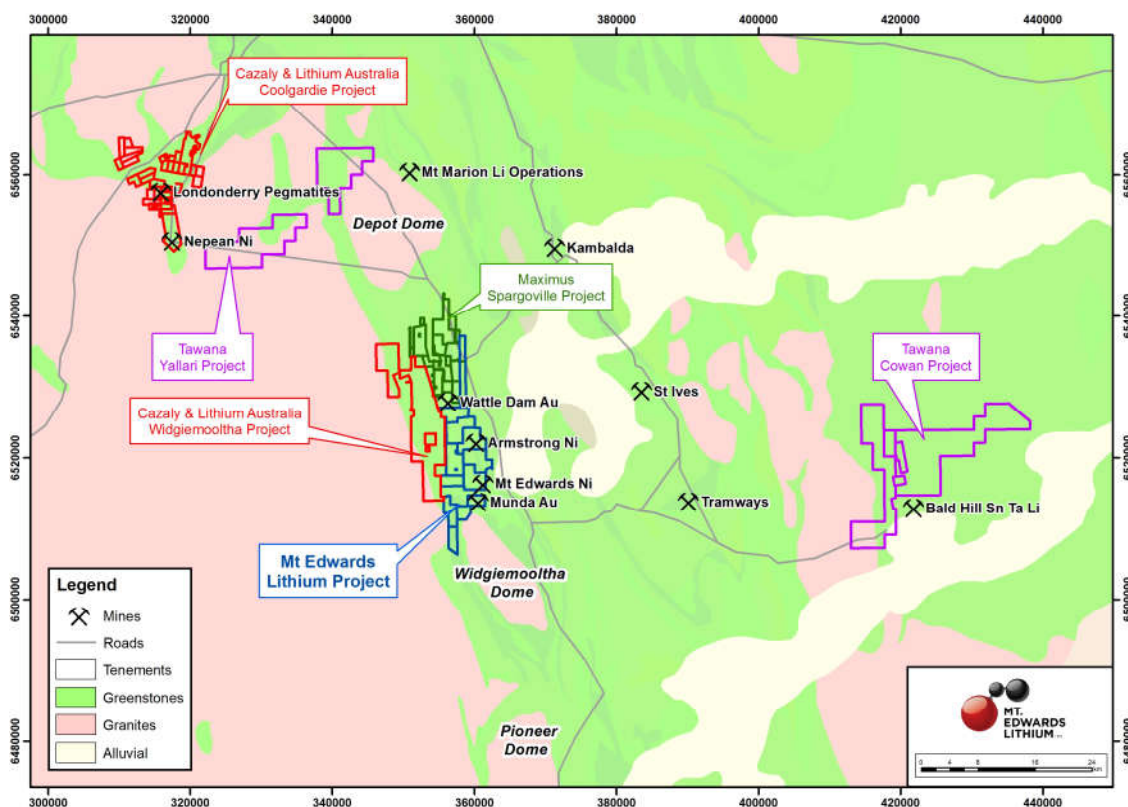


Figure 1. Location of Mt Edwards in relation to commercial centres and other lithium and nickel projects.

Estrella Resources Limited (ASX: ESR) (Estrella or the Company) is pleased to provide details to shareholders on the sale of its wholly owned subsidiary Mt Edwards Lithium Pty Ltd (MEL), which holds the lithium right interests at Mt Edwards, to Neometals Limited (Neometals) for an aggregate purchase price of up to \$2.7M (subject to satisfaction of certain milestones) plus an ongoing royalty over future lithium mining.

The Company believes that Neometals is best placed to explore and develop the Mt Edwards Lithium Project area with its extensive history and expertise in lithium exploration and development in the goldfields region of Western Australia. Neometals has a strong understanding of the deposition of lithium in the region and if successful in unlocking a mineable deposit at Mt Edwards the Company will benefit via an ongoing royalty.

Material terms of the acquisition

Under the acquisition, Neometals will pay the following consideration to Estrella for the acquisition of Estrella's wholly owned subsidiary, MEL:

- a. \$700,000 on completion;
- b. \$1,000,000 upon definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% of Li₂O (uncut) on the tenements;
- c. \$1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li₂O (uncut) from the tenements; and
- d. a royalty in the amount of \$0.50 per tonne of 75% of the amount of lithium bearing ore processed from the tenements (Royalty).

Completion of the sale remains conditional upon:

- a. completion of the sale of the underlying tenements to Neometals which is intended to occur simultaneously with this transaction, including receipt of any necessary Ministerial consents to the transfer of the tenements (Tenement Sale);
- b. MEL entering into an agreement with the Company's recently acquired subsidiary WA Nickel Pty Ltd under which MEL is to be granted the 25% lithium rights on tenement M15/87; and
- c. the Company and Neometals entering into a Royalty Deed for the Royalty.

Completion is anticipated to occur within 2 to 3 months. For further information on the Tenement Sale please see the Neometals announcement of 15 March 2018.

FURTHER INFORMATION CONTACT

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