

Chile's star in copper-gold

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ASX ANNOUNCEMENT

10 May 2013

Estrella exchanges Second Option Agreement with SQM extending Project Altair

HIGHLIGHTS

- ✓ Second Option Agreement exchanged with SQM to extend Project Altair through the addition of Colupo, Dania and Ivannia Prospects
- ✓ Exclusive right to explore and develop these additional brownfields Prospects which are surrounded by the existing Project Altair tenements
- ✓ Total area of Project Altair is increased to 2,655 km² (265,510 hectares)
- ✓ Estrella to immediately commence exploration activities on these 3 prospects

1. Introduction

Estrella Resources Limited (ASX:ESR) (Estrella or the Company) has today formally exchanged with Sociedad Quimica y Minera de Chile S.A (NYSE.SQM) (**SQM**) the Option Agreement (**Second Option Agreement**) which incorporates additional brownfields prospects now forming part of the enlarged Project Altair. Prior to the formal exchange, these areas were the subject of a Memorandum of Understanding between the Company and SQM (**MoU**) as announced to the ASX on 18 March 2013.

The commercial terms for the inclusion of the new prospects are substantially identical to the original Option Agreement for Project Altair as announced to the ASX on 18 February 2013. This includes Estrella's right to earn a 100% working interest in all metal discoveries within Project Altair (subject to SQM's 49% claw back rights or, alternatively, royalty payments to SQM).

A summary of the terms of the Second Option Agreement are contained within the Company's 18 March 2013 ASX announcement. The Colupo Prospect (**Colupo**) is now under a 5 year option period whilst the Dania (**Dania**) and Ivannia (**Ivannia**) prospects are under 4 year option periods.

Figure 1: Estrella’s Chilean General Manager signing the Option Agreement with senior representatives of SQM.

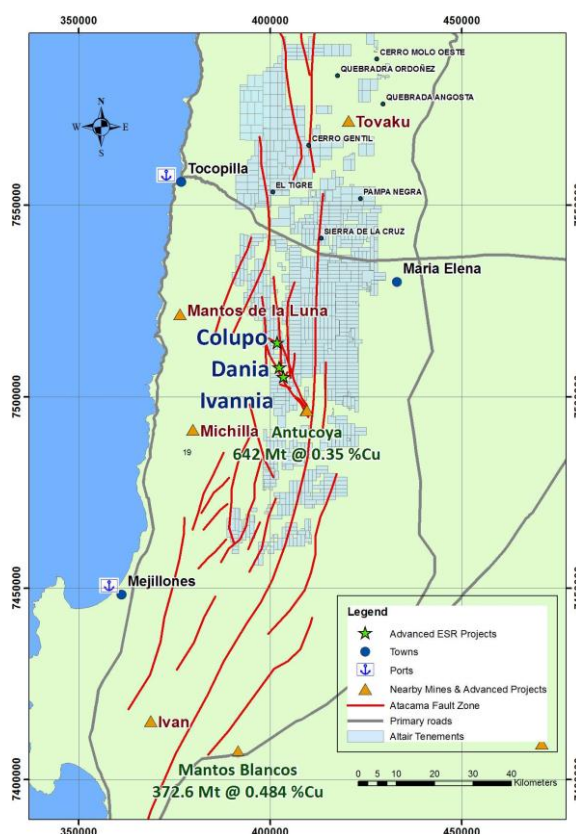


2. Project Altair (“Altair”)

Project Altair (including Colupo, Dania and Ivannia) is located 90 km NNE from Antofagasta and covers 2,655 km² (265,510 hectares) of tenement along the Atacama Fault Zone (See Figure 2). Following the formal exchange of the Second Option Agreement, exploration activities on Altair have commenced.

Since the signing of the MoU for these brownfields prospects, a significant amount of additional due diligence work has been undertaken on Altair with a number of initial exploration areas already identified.

Figure 2: Project Altair including Colupo, Dania and Ivannia



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3. Commentary

Commenting on this landmark Option Agreement, Estrella's Chairman, Gavin Solomon, said:

“Estrella is very pleased with the addition of the brownfield prospects of Colupo, Dania and Ivannia into the Altair Project.

The new prospects further consolidates Estrella's significant footprint within the premier northern Chile IOCG belt.

The process by which Estrella has been able secure these 3 highly prospective projects is a testament to the strength of the ongoing relationship between Estrella and SQM.

Estrella is well-funded and looks forward to continuing the initial exploration program at Altair with a view of delineating one or more IOCG deposits.”

Competent Person's Statement

Exploration information in this announcement is based upon work undertaken by Dr. Jason Berton, the Managing Director of Estrella Resources Limited whom is a Member of the Australasian Institute of Metallurgy and Mining (AusIMM). Dr Berton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Berton consents to the inclusion in this presentation of the statements based on his information and context in which they appear.

About Estrella Resources

Estrella Resources Limited is an ASX listed, Chilean focused copper-gold exploration company. Estrella has a number of exploration projects in Chile. With a highly experienced board, a strong operational and management team and a sole focus on Chilean copper and gold projects, the Company is well positioned to develop its projects and add value for shareholders.

Directors and Management

Dr. Jason Berton
Managing Director

Gavin Solomon
Non-Executive Chairman

Julian Bavin
Non-Executive Director

Simon Kidston
Non-Executive Director

Juan Pablo Vargas de la Vega
General Manager - Chile

Justin Clyne
Company Secretary

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ASX CODE: ESR

ORDINARY FULLY PAID SHARES:
87,101,000

UNLISTED OPTIONS:
7,655,000