

QUARTERLY ACTIVITIES REPORT

Quarter ending 30 June 2013

ASX RELEASE 29 JULY 2013

HIGHLIGHTS

- Exchange of Second Option Agreement with NYSE Listed SQM to extend the Altair Project to include the prospective Colupo, Dania and Ivannia "brownfields" prospects with the total project area now 2,655 km²;
- Airborne magnetic and radiometric dataset acquired for approximately 80% of the Altair Project;
- Initial review of the airborne geophysics data reveals numerous highly prospective targets within the Altair Project including the identification of at least four high priority prospects, namely; Colupo, Dania, Ivannia and Antucoya West;
- Gold and silver assays received from SQM historical drilling at the Colupo Prospect within the Altair Project positively correlated with Copper mineralisation; and
- On ground exploration program for the Altair Project being actively progressed.

For personal use only

Estrella Resources Limited (ASX: ESR) (**Estrella** or **Company**) is pleased to provide its Exploration Activities and Cashflow Reports for the quarter ending 30 June 2013.

1. THE ALTAIR PROJECT

1.1. Exchange of Second Option Agreement with SQM

On 10 May 2013, Estrella exchanged the Second Option Agreement with SQM for the Altair Project (**Second Option Agreement**) to include the brownfields prospects of Colupo, Dania and Ivannia, increasing the total project area to 2,655 km² (265,510 hectares). These additional areas were previously the subject of a Memorandum of Understanding (**MoU**) as announced to the ASX on 18 March 2013.

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

The Colupo Prospect is under a 5 year option period whilst Dania and Ivannia are under 4 year option periods.

Figure 1: Estrella's Chilean General Manager, J P Vargas de la Vega, exchanging the Second Option Agreement with senior representatives of SQM in Chile.



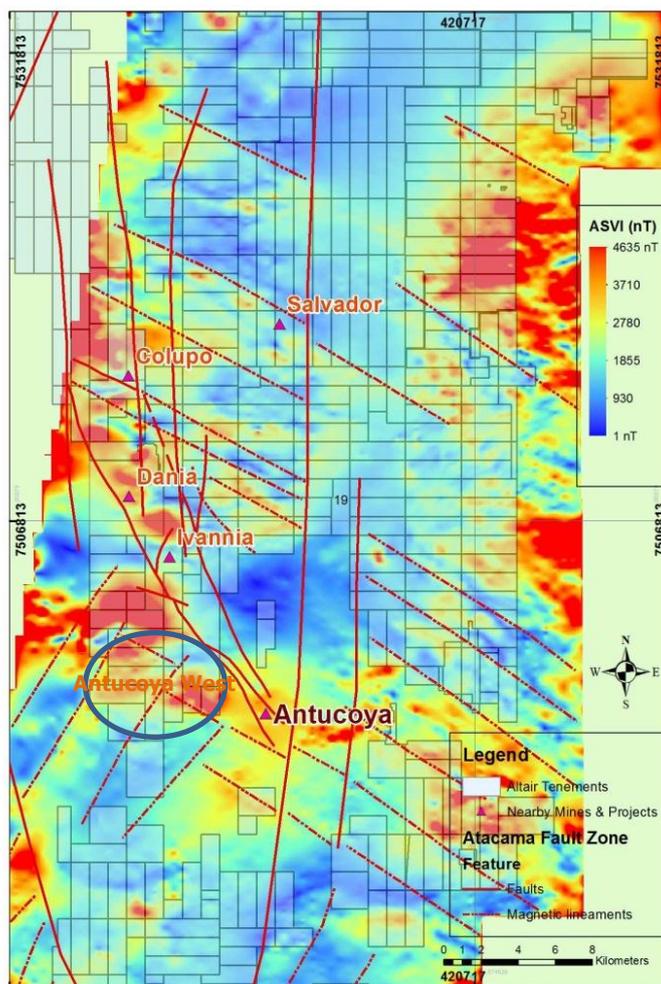
1.2. Acquisition and Initial Review of Airborne geophysics

On 7 May 2013, Estrella announced to the ASX the acquisition of the historical airborne geophysical magnetic and radiometric data for approximately 80% of the Altair Project (including over each of the Dania, Ivannia and Colupo Prospects). Given the size of the Altair Project, the generation of this data would have been a most expensive and time consuming process for Estrella. The licensing of this data, which was generated by an independent third party during a much large regional survey program, has had a significant impact in advancing Estrella's exploration efforts at Altair and has allowed a more rapid assessment of the identification of key target areas.

Estrella, in conjunction with Southern Rock Geophysics (**SRG**) and SRK Consulting (**SRK**), completed an initial review of the data during the second half of this quarter which resulted in the identification of four high priority prospects, Colupo, Dania, Ivannia and Antucoya West. These highly prospective target areas were the subject of an announcement to the ASX on 11 June 2013.

SRG has undertaken the reprocessing and reinterpretation of the airborne geophysical data. Figure 2 shows the pseudocolour image of the analytic signal of the first vertical derivative (**ASVI**) of the reduced to pole (**RTP**) magnetic data for the Altair Project and a vast magnetic high on which the Antucoya porphyry deposit sits which continues onto Altair. This zone of intense magnetic high directly adjacent to Antucoya is known as the Antucoya West Prospect and is currently the focus of a short follow up geophysical program by Estrella.

Figure 2: Airborne Magnetic over Altair



(Figure 2 also shows that Colupo, Dania, Ivannia and Antucoya West are all central and proximal to the Antucoya deposit owned by Antofagasta Minerals Limited)

As Estrella announced to the ASX on 11 June 2013, SRG's reprocessing and interpretation of the historical airborne magnetic data:

- *"Has defined preliminary magnetic anomalies characteristic of large magmatic centers akin to those recognized as hosting some of the region's most significant porphyry deposits.*
- *A large magnetic anomaly can be seen at the Antucoya porphyry deposit and it appears to coincide with basement fault structures that continue westward and eastward on to Altair.*
- *Strong magnetic anomalies can also be seen at Dania and Ivannia as well as a linear magnetic anomaly at Colupo that coincides with WNW to NW trending faults. The linear magnetic anomaly continues for 14 km and highlights the potential for mineralisation to continue beyond the current extents of drill hole information at Colupo".*

For personal use only

Based on the initial review, the next phase of Estrella's exploration program being infill induced polarisation (IP) and electrical resistivity surveys at the Colupo Prospect has now been completed and the results are expected in the short term. The purpose of the program was to pinpoint drilling targets for a follow-up drilling program at the Colupo Prospect.

A vector IP survey is anticipated to be carried out at Antucoyca West to test the potential for a mineralised porphyry system immediately west of Antucoya. This is an efficient broad scale technique for the direct detection of buried porphyry style disseminated sulphide mineralisation.

1.3. Gold and Silver assays at Colupo received

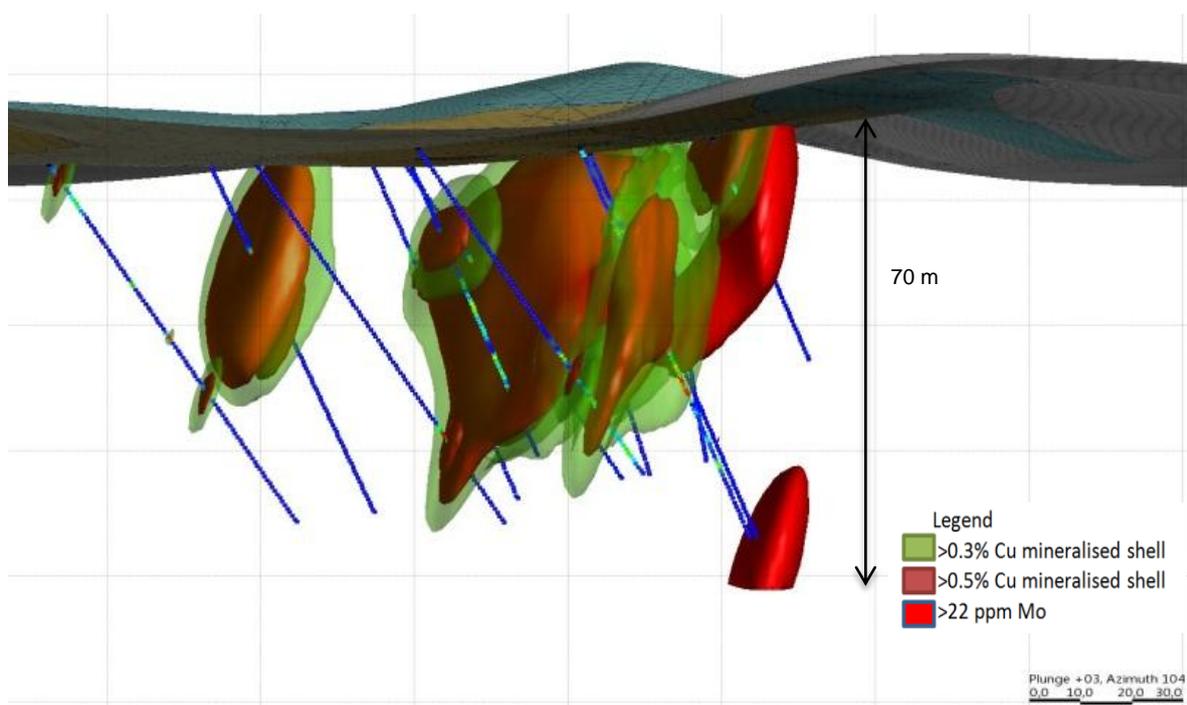
On 4 June 2013, Estrella announced to the ASX that it had received gold and silver assays from the testing of historical sample pulps from SQM's RC drilling program at the Colupo Prospect within Altair. Significant gold and silver grades have been recorded in a number of the drill holes ranging from 0.10 g/t to 0.71 g/t Au and up to 171 g/t Ag.

An analysis of the gold and silver data from the assay results by Estrella in conjunction with SRK concluded that:

- Both gold and silver grades are positively correlated with the copper mineralisation; and
- Higher gold and silver values appear to coincide within the defined copper mineralisation 'shells'.

Based on the results it is anticipated that both gold and silver credits will accompany any potential copper resource at the Colupo Prospect. SRK has constructed a 3-D mineralisation and geological model of Colupo as shown in Figure 3.

Figure 3: Copper and Molybdenum mineralisation model for Colupo. Note the gold and silver results coincide with the >0.5% Cu mineralised shells.



For personal use only

2. ADDITIONAL PROJECTS

2.1 The Venus Project (100% ESR owned)

Estrella still plans to commence a trenching and sampling program in the second half of the year as previously announced in the March 2013 quarterly report.

2.2 The Jupiter Project (100% ESR owned)

Estrella still plans to conduct the IP and electrical resistivity geophysical surveys during the second half of the year as previously announced in the March 2013 quarterly report.

2.3 The Luna Project (100% ESR owned)

Exploration remains ongoing at Luna with the focus being follow up work on the 2 km long high grade Cu-Ag-Au structural corridor with a drilling program planned for late 2013.

3. CORPORATE

There were no matters of a corporate nature during the quarter to report.

4. Financial Position

The Company had A\$2.5 million in cash at 30 June 2013.

The Company's cash position remains sufficient for its needs including the planned exploration program in 2013/14.

For personal use only

5. Commentary

Estrella's Managing Director, Dr. Jason Berton, said:

"The last quarter has seen Estrella move significantly closer to our long term goals of defining a JORC compliant Resource.

The acquisition and review of the airborne geophysical dataset over approximately 80% of the Altair project has enhanced our ability to identify, prioritise and target highly prospective areas for a follow up exploration.

Estrella is excited to continue in the next quarter its exploration review and program at the Altair Project in particular focusing on the Colupo and Antucoya West Prospects."

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

ESTRELLA RESOURCES LIMITED
ACN 151 155 207

ASX CODE: ESR

ORDINARY FULLY PAID SHARES:
87,101,000

UNLISTED OPTIONS:
7,655,000

Level 7, 15 Castlereagh Street, Sydney
2000

Phone: 02 9993 4478

APPENDIX 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity	
Estrella Resources Limited	
ABN	Quarter Ended ("Current Quarter")
39 151 155 207	30 June 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(537)	(1,843)
(b) development	-	-
(c) production	-	-
(d) administration	(254)	(1,070)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	149
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(766)	(2,764)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(10)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.1 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other- Project Option Fees	-	-
Net investing cash flows	-	(10)
1.15 Total operating and investing cash flows (carried forward)	(766)	(2,774)

For personal use only

1.15	Total operating and investing cash flows (brought forward)	(76)	(2,774)
Cash flows related to financing activities			
1.16	Proceeds from issues of shares, options, etc.	-	-
1.17	Proceeds from sale of forfeited shares	-	-
1.18	Proceeds from borrowings	-	-
1.19	Repayment of borrowings	-	-
1.20	Dividends paid	-	-
1.21	Other – Capital raising costs	-	-
Net financing cash flows			
Net increase (decrease) in cash held		(766)	(2,774)
1.22	Cash at beginning of quarter/year to date	3,110	5,106
1.23	Exchange rate adjustments to item 1.2	143	155
1.24	Cash at end of quarter	2,487	2,487

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.25	Aggregate amount of payments to the parties included in item 1.2	101
1.26	Aggregate amount of loans to the parties included in item 1.10	-
1.27	Explanation necessary for an understanding of the transactions	Directors fees /salary for the period: \$101,000

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A,000	Amount used \$A,000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

For personal use only

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	290
Total	590

Reconciliation of cash

	Current quarter \$A'000	Previous quarter \$A'000
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
5.1 Cash on hand and at bank	599	30
5.2 Deposits at call	1,878	3,070
5.3 Commercial Bills	-	-
5.4 Other: Term Deposit	10	10
Total: cash at end of quarter (item 1.22)	2,487	3,110

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	Altair	Second Option Agreement signed for 100% working interest in additional Altair Project areas.	0%	100%

For personal use only

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	87,101,000	51,162,500		
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted	3,600,000	-	25 cents	12-Sep-14
Unlisted	1,000,000	-	25 cents	25-Oct-14
Unlisted	505,000	-	20 cents	19-Dec-16
Unlisted	600,000	-	20 cents	25-Oct-16
Unlisted	1,500,000	-	20 cents	9-May-17
Unlisted	450,000	-	35 cents	18-Apr-16
Unlisted-*Subject to shareholder approval at AGM	3,000,000	-	35 cents	TBA
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.1 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Performance Rights <i>(totals only)</i>				
7.13 Unsecured notes <i>(totals only)</i>				

For personal use only

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 July 2013

Print name: Justin Clyne - Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.