

Chile's star in copper-gold

ESTRELLA RESOURCES LIMITED
ACN 151 155 207

AUSTRALIAN REGISTERED OFFICE:
Level 51 MLC Centre 19-29 Martin Place
Sydney NSW 2000 Australia

CONTACT DETAILS:
Email: jb@estrellaresources.com.au

CHILE OFFICE:
Santa Beatriz 294
Providencia, Santiago, Chile

ASX CODE: ESR

For further information please contact:

Dr. Jason Berton MAusIMM
Managing Director
+61 402 199 166
Email: jb@estrellaresources.com.au

ASX ANNOUNCEMENT

20 January 2015

Estrella signs Antucoya West 4 year Option Agreement with SQM to remove the 49% claw back from the Antucoya West prospect.

HIGHLIGHTS

- ✓ 4 year Option Agreement contract signed with SQM to remove 49% claw back for the Antucoya West prospect.
- ✓ Estrella now holds 100% rights to explore Antucoya West for base and precious metals.
- ✓ A total of **5,200** hectares will be signed up under a new 4 year Option Agreement for Antucoya West, which is immediately adjacent to Antofagasta Minerals' (LON:ANTO) USD\$1.9B, Antucoya mine development.
- ✓ Estrella has commenced discussions with several potential third party investors.

1. Introduction

Estrella Resources Limited (**ASX:ESR**) (**Estrella** or **the Company**) is pleased to announce that it has signed a 4 year Option Agreement with SQM de Chile S.A (**SQM**) to acquire 100% interest in all metal discoveries in the Antucoya West Prospect (**Antucoya West** or **Project**) located in Region II of Chile (see Figure 1), immediately west of the Antucoya mine development (owned by Antofagasta Minerals LON:ANTO).

Antucoya West is a significant porphyry exploration prospect discovered by Estrella within the Altair Project since 15 February 2013, when the Altair Project was signed up under a 5 year Option Agreement with SQM (see ASX announcement 18 February 2013). All prospects within the Altair Project are subject to a 49% clawback by SQM, however this new Option Agreement results in removal of the 49% claw back for the Antucoya West Prospect.

2. Estrella's Projects in northern Chile



Figure 1: Estrella's projects in northern Chile are close to mining infrastructure, water pipeline, power supply and ports.



Figure 2: Estrella's projects are in northern Chile, close to Antofagasta in a major copper mining district.

Antucoya West lies immediately west of Antofagasta Minerals' (LON: ANTO) Antucoya mine development (USD 1.9B Capex) (not Estrella owned). Estrella will separate 5,200 hectares (see Figure 3).

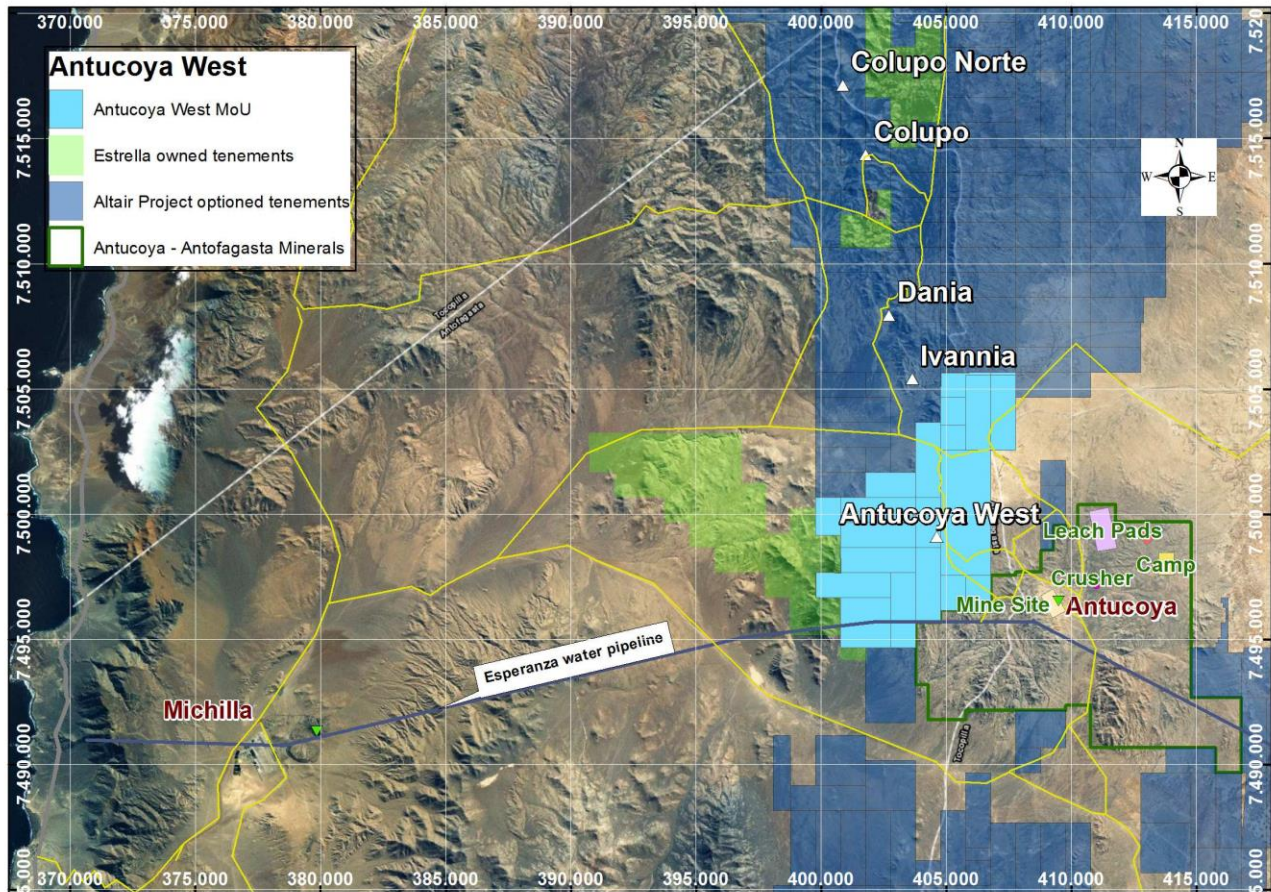


Figure 3: Estrella's Antucoya West prospect lies immediately adjacent to Antofagasta Minerals' Antucoya mine development and 30 km from the Chilean coast.

3. Prospectivity of Antucoya West

Since entering the Altair Option Agreement (15 February 2013) Estrella has progressed exploration at Antucoya West from early greenfields stage to identification of multiple drill ready porphyry targets (see Figure 4). Estrella's exploration work that has led to this stage includes:

- Airborne magnetic data acquisition and processing.
- Ground Vector Induced Polarisation (VIP) and Electrical Resistivity surveys.
- Electrical Resistivity and Magnetotelluric (MT) inversion modelling.
- Ground mapping and surface geochemical assessment.
- 38 shallow depth (max 20 metres) reverse circulation (RC) drill holes to penetrate the 'caliche' gravel cover, which successfully detected anomalous copper mineralisation (up to 0.15% Cu). (See ASX announcement; 5 August 2014).

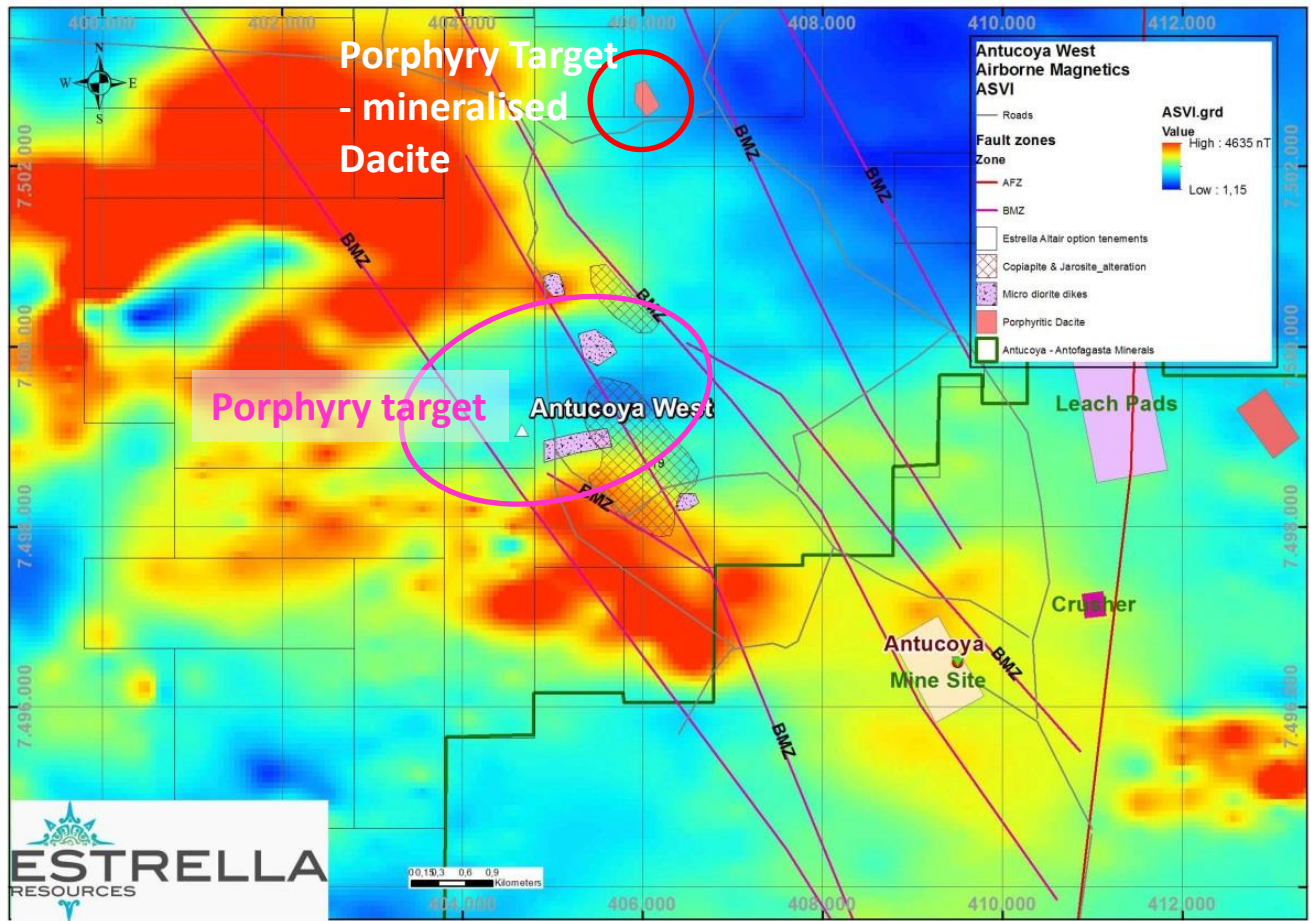


Figure 4: Antucoya West has multiple porphyry targets situated along the Buey Muerto Fault zone (BMZ) which also hosts the Antucoya Porphyry project (not Estrella owned).

4. Antucoya West Option Agreement Terms

Under the Option Agreement, Estrella will be required to pay SQM an option fee over a 4 year period. The option fee is based on the total hectares in annual instalments detailed in Table 1.

Table 1: Option Fee Rate

Milestone Date	Rate (USD per ha)
Signing of the Option Agreement	10
Month 12	25
Month 24	50
Month 36	100
Month 48	200

Subject to the terms of the Option Agreement, Estrella will have the right to earn 100% of any metals found within the Antucoya West prospect. SQM will be entitled to an annual royalty stream payable on revenue, based on a sliding scale

depending on the LME metal copper and gold prices. The copper and gold metal prices will be indexed to the annual United States (US) consumer price index (CPI) as published by the US Department of Labour Statistics. The royalty scale will remain unchanged from the Altair Option Agreement (and previously announced).

During the term of the Antucoya West Option Agreement, ESR is required to meet the minimum expenditure requirements for the area held under option. These expenditures include all exploration, mining study and development work to be undertaken on the Project. The minimum expenditure shall be based on a dollar per hectare rate for any area held at each milestone date. Table 2 details the required minimum expenditure payments.

Table 2: Minimum Expenditure

Milestone Date	Expenditure Rate (USD per ha)
Month 12	100
Month 24	200
Month 36	400
Month 48	600

Non-metallic minerals such as nitrates, iodine and lithium are not part of the transaction and SQM will maintain at all times a 100% interest in these non-metallic minerals.

SQM has been issued with a 4.9% shareholding in Estrella (as of Estrella's full ordinary share total on 31 November 2014 of 108,278,728) on entering the Antucoya West Option Agreement. These shares will be subject of a three months escrow. An Appendix 3B Notice is attached.

5. Comment

Estrella's Managing Director, Dr. Jason Berton, currently in Chile, said

"Estrella is talking with major mining groups about potential for investment into the Antucoya West project and the removal of the 49% claw back has generated strong interest in delving further into discussions. Estrella is not yet in a position to comment further. Estrella remains very positive with the exploration prospectivity of Antucoya West and the value further development of its assets will create for Estrella's shareholders and any new investors."

Estrella is also very pleased that SQM will now hold equity in Estrella because it signals the growing strength of our strategic relationship with SQM."

Competent Person's Statement

Exploration information in this announcement is based upon work undertaken by Dr. Jason Berton, the Managing Director and a full-time employee 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 2012 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

Independent Non-Executive
Chairman:

-Robert Thomson

Independent Non-Executive
Director:

-Julian Bavin

Managing Director

-Dr. Jason Berton

Company Secretary

-Heath Roberts

ESTRELLA RESOURCES LIMITED
ACN 151 155 207

ASX CODE: ESR

ORDINARY FULLY PAID SHARES:
119,391,527

UNLISTED OPTIONS:
17,151,427

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Estrella Resources Limited

ABN

39 151 155 207

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Quoted fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,305,658 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares ranking equally with quoted shares trading 'ESR' |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes. The newly issued quoted fully paid ordinary shares rank equally with quoted shares trading 'ESR'.</p>
5	Issue price or consideration	<p>Issued as part of transaction to terminate SQM buy-back rights over the Antucoya West Project. Refer ASX announcement and Notice of 2014 Annual General Meeting both released 14 October 2014.</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Refer 5 above.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>13 November 2014</p>

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	9,678,568 (being the quoted shares and unquoted options subject of the Appendix 3B released 30 December 2014)
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	5,305,658 (being the shares subject of this Appendix 3B Notice) – Approved at 2014 Annual General Meeting held on 13 November 2014.
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 7,359,090 Rule 7.1A – 11,358,438 Refer Annexure 1.
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	20 January 2015

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		119,391,527	Ordinary Shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		17,151,427	Unlisted options with various exercise prices, vesting dates, vesting criteria and expiry dates (nil subject to escrow).
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ Record date to determine entitlements	

⁺ See chapter 19 for defined terms.

- | | | |
|----|--|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities N/A

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b) N/A

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 20/01/15

(Company secretary)

Sgd

Print name: Heath Roberts

⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	87,101,000
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	545,457 25,937,929 Nil
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	113,584,386

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	17,037,658
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	9,678,568
“C”	9,678,568
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	17,037,658
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	9,678,568
Total [“A” x 0.15] – “C”	<p>7,359,090</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	113,584,386
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	11,358,438
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

⁺ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	11,358,438
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	11,358,438 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.