

QUARTERLY ACTIVITIES REPORT

Quarter ending 31 December 2014

ASX RELEASE 29 January 2014

HIGHLIGHTS

- **Binding contract ensures Estrella 100% metallic rights to the Antucoya West Porphyry Exploration Project; SQM's 49% clawback is removed,**
- **Colupo Exploration Target calculated and released on 26 November 2014 ,**
- **Multiple Porphyry targets ready to drill at Antucoya West Project along Busy Muerto Fault Zone which also hosts the Antucoya Porphyry mine development (not Estrella owned),**
- **Successfully raised AUD\$203,000 via share placement offer in December 2014,**
- **Estrella in discussions with several key parties for potential investment into Antucoya West Project.**

Estrella Resources Limited (ASX: ESR) (**Estrella** or **Company**) is pleased to provide its Exploration Activities and Cashflow Reports for the quarter ending 31 December 2014.

1. INTRODUCTION

Estrella's exploration activity for the Quarter was focussed on progressing signing of the Antucoya West contract and encouraging potential investor interest in exploration of the Antucoya West Project (see **Figure 1** and **Figure 2**)



Figure 1: Estrella's Altair Project is ideally located close to ports, power, major mining infrastructure and mining projects in Region II northern Chile.



Figure 2: Estrella's tenement holdings in Chile- Antucoya West, Colupo, Colupo Norte, Dania and Ivannia projects (Altair project) (Map Datum PSAD56 Zn19).

Table 1: Mines and project developments nearby to Project Altair (None owned by Estrella)

Nearby Deposits * (All not owned by Estrella)	Ore Reserve	Mineral Resource	Mineralisation style	Proximity to Altair
Michilla	N/A	Measured: 26.7Mt @ 1.61%	Manto & Breccias	17 km west of Saturno
		Indicated: 24.7Mt @ 1.45%		
		Inferred: 15.8Mt @ 1.67%		
Antucoya	Proven: 215Mt @ 0.38%	Measured:278 Mt @ 0.34%	Porphyry	Surrounded by Altair; borders Antucoya West Project
	Probable: 427Mt @ 0.34%	Indicated:737 Mt @ 0.30%		
		Inferred:91 Mt @ 0.28%		
Mantos Blancos	Proven: 26.3 Mt @ 0.83%, 8.3 Mt @ 0.54%, 2.1Mt @ 0.18%	Measured:47.8 Mt @ 0.75%, 14.1Mt @ 0.47%	Rhyolite dome	40 km south of Altair
	Probable: 19.7 Mt @ 0.80%, 16.3 Mt @ 0.33%, 49.6Mt @ 0.23%	Indicated: 68.1 Mt @ 0.56%, 10.5 Mt @ 0.43%, 8.3 Mt @ 0.20%		
		Inferred: 30.5 Mt @ 0.55%, 5.2Mt @ 0.49%		

Disclaimer: This table and information contained therein relates to nearby deposits of Project Altair, none of which are owned by Estrella. The information is obtained from publicly available information. All deposits have been published in compliance with the 2004 JORC Code. Estrella makes no comparison between its projects and these named deposits other than to demonstrate their locality. There is no guarantee that Estrella's projects will realise similar results.

2. THE ALTAIR PROJECT

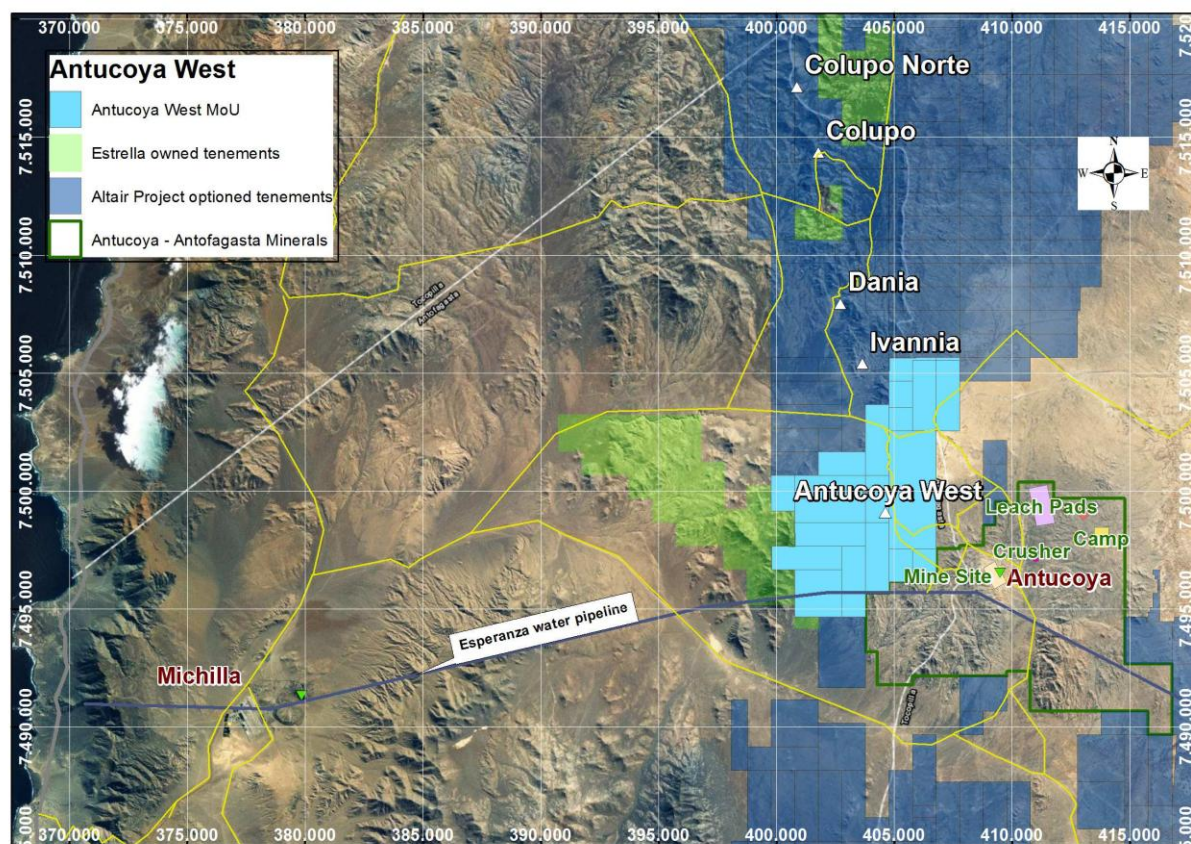


Figure 3: Estrella's Antucoya West Project (light blue) is immediately adjacent to the Antucoya mine development (not owned by Estrella) (Map Datum WGS84 Zn19S). Antucoya West is approximately 32 km from the coast.

2.1. Antucoya West

Estrella has converted the Memorandum of Understanding (MoU) for the Antucoya West Project into a legally binding Option Agreement contract that removes the 49% clawback condition that is part of the Altair Project Option Agreement (see **ASX Announcement 14 October 2014**). Upon signing the new Antucoya West Option Agreement, Estrella has extracted 5,200 ha from the existing Altair Option Agreement area. The new Antucoya West Option Agreement is for 4 years and ensures Estrella the rights to 100% of all metallic discoveries within the Antucoya West Project. Estrella considers this a significant advancement in the 'commerciality' of the Antucoya West Project as it increases the range of investment opportunities for any potential Third Party investors. Since signing the Option Agreement Estrella has entered into Confidentiality Agreements with three interested parties and discussions are on-going with two other parties. The interested parties include major mining companies and investment funds.

(see **Figure 4** and **Figure 5**).

The Estrella's exploration at Antucoya West has been focussed on the Buey Muerto Fault Zone (**BMZ**) as it hosts the Antucoya porphyry mine development (owned by Antofagasta Minerals PLC) and the Ivannia, Dania, Colupo and Colupo Norte prospects.

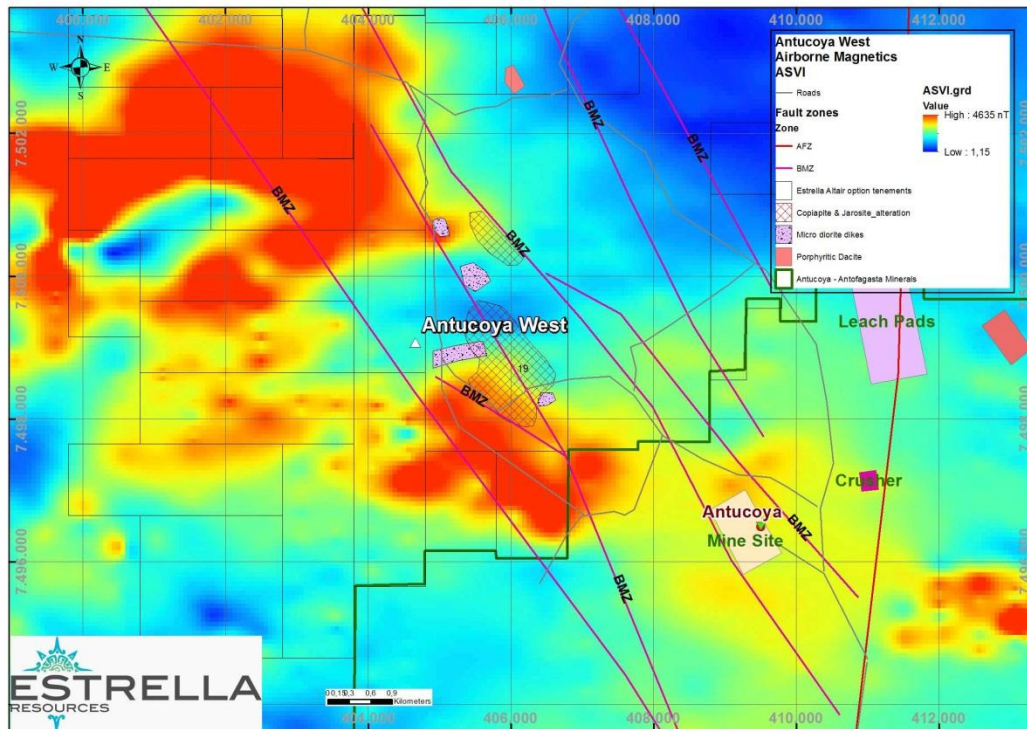


Figure 4: Antucoya West subsurface geology map constructed from shallow drilling beneath the 'caliche' gravel cover (Map Datum WGS84 Zn19S).

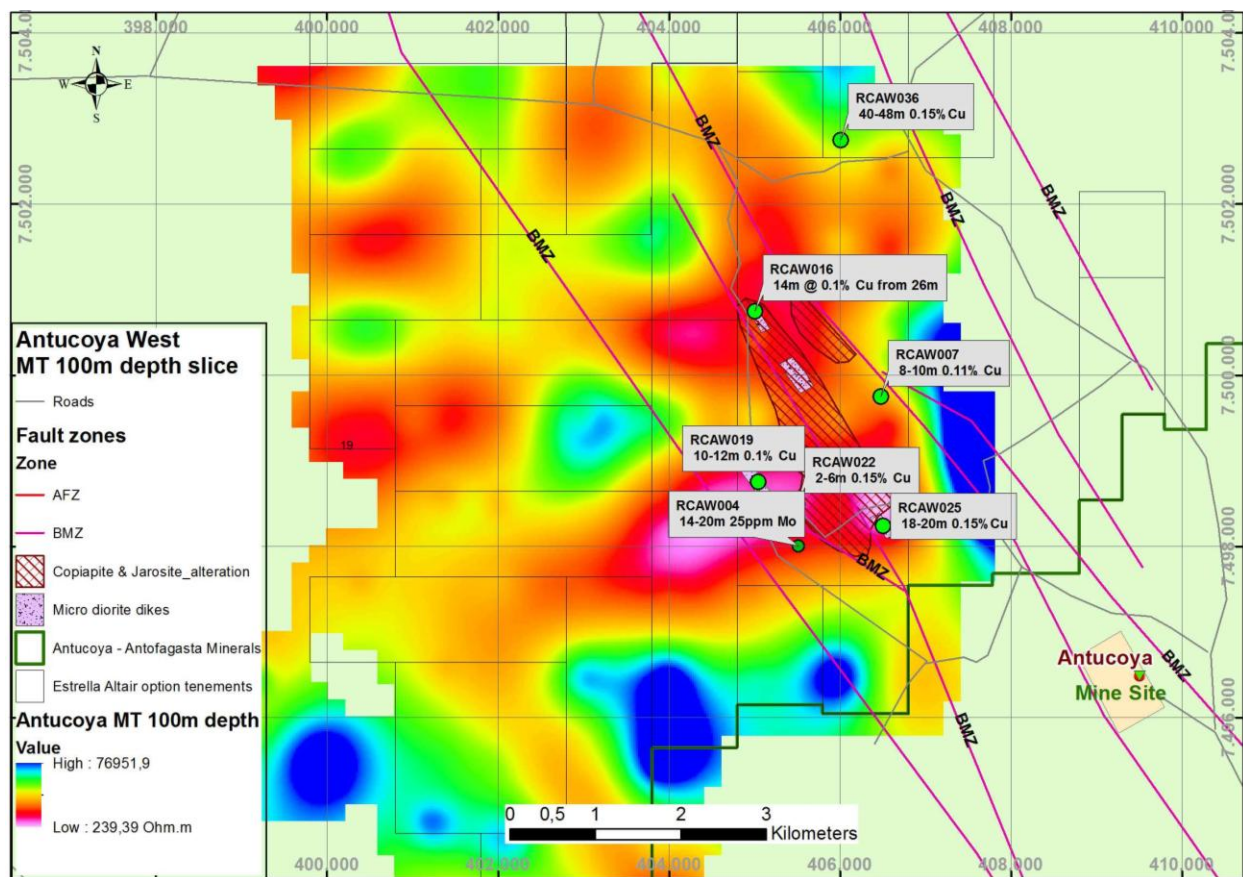


Figure 5: Antucoya West geology overlaid on the 100m MT depth slice image highlights the spatial correlation between copper mineralisation from the shallow RC drill holes and the strong chargeability beneath (Map Datum WGS84 Zn19S).

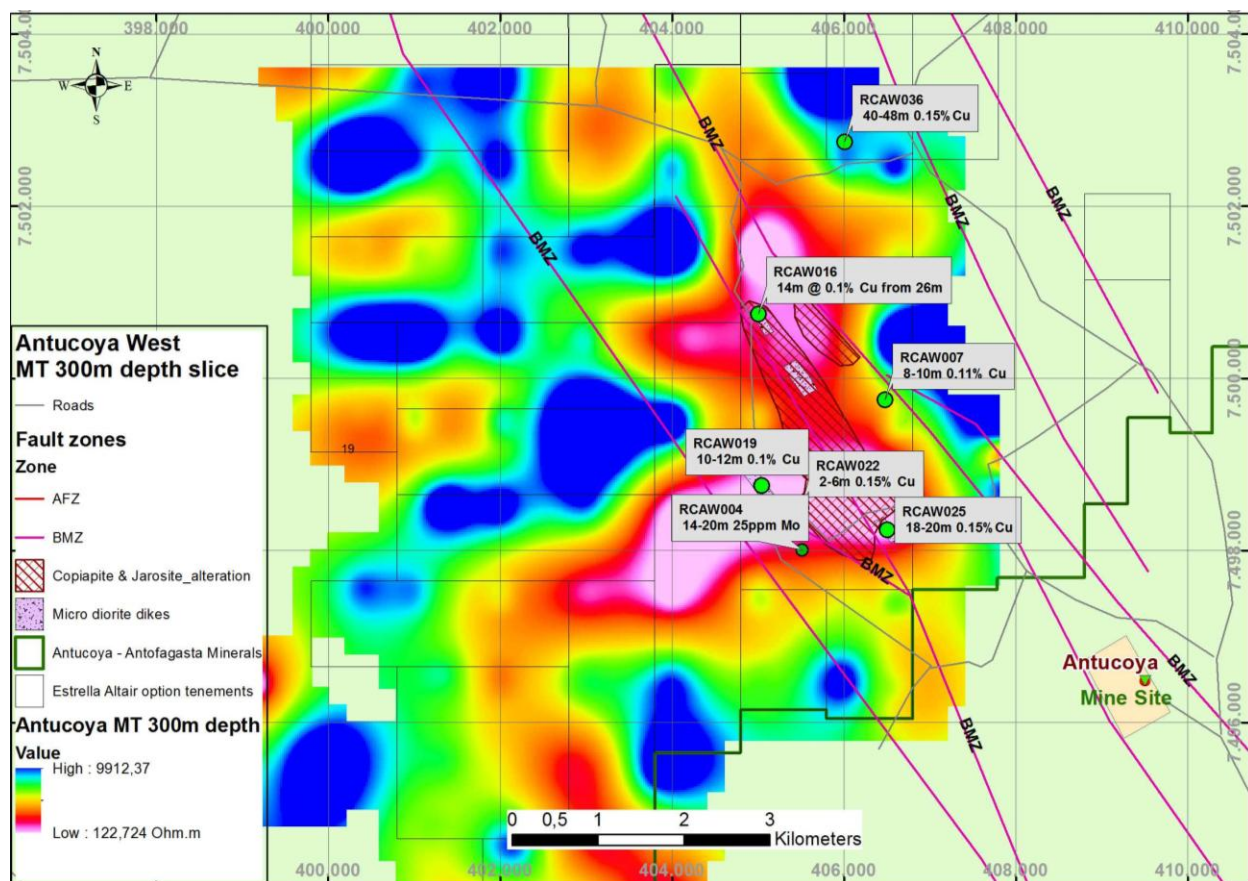


Figure 6: Antucoya West 300m MT inversion model depth slice; the spatial correlation between the near-surface copper mineralisation and the strong chargeability continues at depth.

Once a third party investor is secured, Estrella's exploration program at Antucoya West is to embark on a deeper drilling program to test the mineralised porphyry potential.

2.2. Colupo and Colupo Norte

Colupo is 20 km north of Antucoya West (see Figure 3).

Estrella announced an Exploration Target for Colupo of 4.5 to 6.0 million tonnes with a grade range of 0.7 to 1.0% copper (see ASX release 26 November 2014). The Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

The Exploration Target is based upon 19 drill holes from drilling campaigns by Estrella and SQM. Estrella drilled two campaigns at Colupo in the last 12 months, consisting of RC and Diamond core drilling. The best results are summarised below (refer ASX announcements of 11 November and 3 December 2013):

- **20m @ 2.4% Cu from 12 m (hole RCC04) including;**
 - **6m @ 6.6% Cu, 0.5 g/t Au & 27.1 g/t Ag**
- **16m @ 1.5% Cu from 131m (hole RCC04) including;**
 - **6m @ 1.6% Cu, 0.2 g/t Au & 7.5 g/t Ag**
 - **6m @ 2.2%Cu, 0.2 g/t Au & 11.8 g/t Ag**
- **20m @0.9% Cu from 144m (hole RCC02) including;**
 - **3m @ 3.4% Cu**

- 8 m @ 1.1% Cu from 126 m (hole RCC06) including:
 - 3 m @ 2.5% Cu, 0.15 g/t Au & 20.3 g/t Ag
- 6 m @ 0.8% Cu from 102m (hole RCC06) including:
 - 3 m @ 1.2% Cu
- 5 m @ 0.7% Cu from 55m (hole RCC07)

All previously reported drilling results from Estrella's RC campaign are shown in Table 2 and results from the diamond drilling campaign in Table 3.

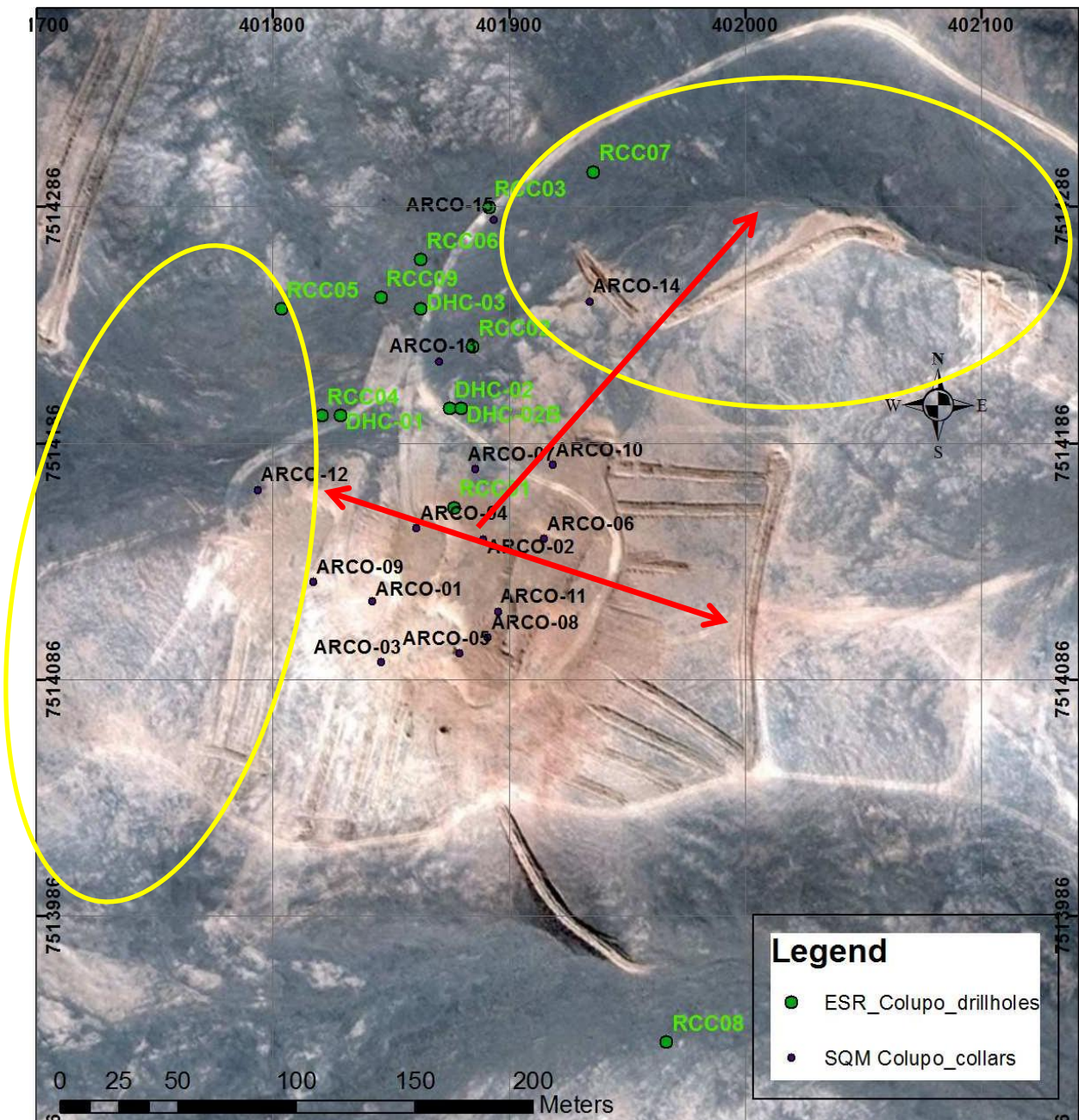


Figure 7: Colupo drill plan layout for all historical Estrella's and SQM's drill holes. The red arrows indicate the mineralisation trends and the yellow ellipses highlight the areas drilled in the shallow RC program (Map Datum PSAD56 Zn19).

Table 2: Colupo, summary of the assay results from holes RCC01 to RCC09 set out below (using a cut-off of 0.3% copper) as previously announced to the ASX on 11 November and 3 December 2013.

Hole_ID	Coordinates (PSAD56)		RL	EOH	Dip	Azimuth		From	To	Interval	Copper	Gold	Silver
	East	North						(m)	(m)	(m)	%Cu	g/t Au	g/t Ag
RCC01	402081	7514511	1910	210	-60	180		10	16	6	0.7		
							Incl	12	15	3	1.1		
								34	37	3	0.5		
								43	56	13	0.4		
							Incl	47	51	4	0.6		
								53	55	2	0.5		
								7	10	3	0.5		
								118	122	4	0.4		
RCC02	402089	7514579	1910	200	-70	180		144	158	20	0.9		
							Incl	150	153	3	3.4		
								41	44	3	0.3		
								52	54	2	0.5		
RCC03	402096	7514638	1910	200	-60	130		87	94	7	1		
								12	31	20	2.4		
							Incl	23	26	6	6.6	0.5	27.1
								56	62	6	0.4		
RCC04	402033	7514550	1910	230	-60	180		102	108	6	0.4		
								115	122	7	0.5		
							Incl	116	119	3	0.7		
								131	147	16	1.5		
							Incl	131	137	6	1.6	0.2	7.5
							Incl	141	147	6	2.2	0.2	11.8
								91	96	5	0.3		
								197	199	2	0.4		
RCC05	402008	7514595	1910	250	-60	180		102	108	6	0.8		
								104	107	3	1.2		
							Incl	125	133	8	1.1		
							Incl	127	130	3	2.5	0.15	20.3
RCC06	402067	7514616	1910	200	-60	146		50	55	5	0.7		
								194	196	2	0.3		
RCC07	402140	7514653	1910	199	-60	130		83	89	6	0.4		
								101	103	2	0.5		
								184	186	2	0.3		
								195	199	5	0.5	0.2	
RCC09	402050	7514600	1910	257	-60	180							

Table 3: Colupo diamond hole Assay results reported to the ASX on 18 March 2014.

Hole_ID	Coordinates (PSAD56)		RL	EOH	Dip	Azimuth	From	To	Interval	Copper	Gold	Silver	Core loss	True width
	East	North					(m)	(m)	(m)	%Cu	g/t Au	g/t Ag	%	m
DHC-01	402033	7514550	1920	215	-70	180	34	51	17	0.3			15	11
						including	38	41	3	0.14			26	
							44	51	7	0.6			12	
							45	48			0.1			
							58	64	6	0.2			40	
							71	74	3	0.4			23	
							119	130	11	0.5			56	7
						including	122	128	6		0.1			
							127	128	1	2.8				
							178	200	22	0.6			52	14
						including	178	189	11	0.7				
							183	195	13		0.2			
							194	196	2	1.7				
DHC-02	402079	7514553	1920	128	-70	180	53	58	5	0.6			8	3
						including	57	58	1	1.5				
							56	58	2		0.1	10		
							96	128	32	0.5			8	21
						including	96	108	12	0.8				
							97	108	11			8		
							98	101	3		0.2			
						including	118	128	10		0.1			
DHC-02B	402084	7514553	1920	188	-70	180	132	135	3	0.7			0	
DHC-03	402067	7514595	1920	160	-70	145	71	95	24	0.6			7	15
						including	78	83	5	1.3	0.1			
							80	87	7			16		
							78	94	16		0.1			

Colupo Norte

Estrella reported (see ASX Announcement 28 August 2014) high grade copper intercepts from its shallow RC drill hole program at Colupo Norte.

- Two mineralised tourmaline breccias intersected near surface; and
- 125 m strike length identified and remains open along strike and depth.
- Shallow RC drilling program intercepts at Colupo Norte include:
 - **4 m @ 1.1% Cu from 1m (RCCN-02), including;**
 - **1m at 2.6% Cu from 3m; and**
 - **2 m @ 1.1% Cu from 8m (RCCN-02), including;**
 - **1m at 1.5% Cu from 9m.**

Table 4: Colupo Norte assay summary using 0.2% Cu cut-off. Note, all mineralisation is host within Tourmaline Breccias.

Hole ID	Easting	Northing	RL	EOH	Azimuth	Dip	From (m)	To (m)	Interval	Cu%
RCCN-01	400,988	7,517,317	2075	24	230	-70	2	8	6	0.4
							9	10	1	0.4
RCCN-02	400,981	7,517,410	2075	26	230	-70	1	5	4	1.1
							incl 3	4	1	2.6
							8	10	2	1.1
							incl 9	10	1	1.5
RCCN-03	400,983	7,517,383	2075	20	230	-70	1	4	3	0.4

(Coordinates in PSAD56, zone19s)



Figure 8: Trenches at Colupo Norte, dug historically by SQM, exposed copper oxide within breccia (view NE).

Estrella is greatly encouraged by the results from the shallow RC drill holes because holes RCCN-01, 02 and 03 each intersected two mineralised tourmaline breccias (where previously only one was thought to occur) along a 125 metre strike length. The system remains open along strike and at depth.



Figure 9: Copper Oxide in brecciated rock sample from Colupo Norte trench.

2.3. Dania Prospect

No exploration activity was undertaken at Dania during the December 2014 Quarter. Estrella is currently assessing the next steps to advance exploration activities at Dania.

2.4. Ivannia Prospect

No exploration activity was undertaken at Ivannia during the December 2014 Quarter.

3. TENEMENT HOLDINGS

Pursuant to ASX Listing Rule 5.3.3, the Company provides the following information:

3.1 The Altair Project-100% ESR Owned- subject to Option Agreements with SQM (providing SQM with either a 49% clawback right or royalty payments per discovery)

The Altair Project located in Region II of northern Chile, 90 km north northeast of Antofagasta now covers an area of 1,232.33 km² (inclusive of both the “Mercurio and Saturno” Prospects which are located outside Altair and comprise a total of 108 km² of 100% Estrella owned tenement) at the end of the June 2014 Quarter.

3.2 Estrella’s Tenement holdings in Chile

Description	Tenement Size (hectares)	Tenement Size (km ²)
Option Agreements held with SQM – with clawback or Royalty		
Option Agreement One	104,690	1,046.90
Option Agreement Two (Ivannia and Dania)	2,476	24.76
Option Agreements held with SQM – without clawback or royalty		
Option Agreement Three (Antucoya West)	5,200	52
100% Owned by Estrella Resources Limited		
Mercurio (100% owned by Estrella)	7,417	74.17
Saturno (100% owned by Estrella)	3,450	34.5
Total tenement holdings in Chile	123,233	1,232.33

4. CORPORATE

4.1 Antucoya West Clawback Removal

Estrella and SQM signed the binding option agreement removing SQM’s clawback rights over the Antucoya West Project after the end of the Quarter. As part of that transaction, SQM was issued shares in Estrella representing 4.9% of Estrella’s shares on issue at the time the two companies signed the Memorandum of Understanding related to the transaction. Details of the share issue to SQM were released on 20 January 2015.

4.2 Half Yearly Reporting

The Half Yearly Report for the period 1 July 2014 to 31 December 2014 is in preparation.

4.3 Cost Cutting Initiative

Management has embarked on a review of all corporate costs in order to minimise the Company’s overall expenditure levels. Cost savings are anticipated, particularly in the area of salaries, rent and office expenses. A change of Registered Office is expected to be announced shortly.

5. FINANCIAL POSITION

The Company had A\$0.342 million in cash at 30 December 2014.

Disclaimer: References are made in this quarterly report to historical drilling results by SQM and to drilling results from Estrella's own drilling, all of which have previously been released to the ASX. The Company is not aware of any new information or data that materially affects either of the drilling results from SQM or Estrella.

Competent Person's Statement:

Exploration information in this announcement is based upon and fairly represents, information, supporting documentation and 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

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, 01/05/2013

Name of entity	
Estrella Resources Limited	
ABN	Quarter Ended ("Current Quarter")
39 151 155 207	31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(65)	(347)
(b) development	-	-
(c) production	-	-
(d) administration	(294)	(593)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	1	5
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(359)	(935)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.15 Total operating and investing cash flows (carried forward)	(359)	(935)

Cash flows related to financing activities			
1.16	Proceeds from issues of shares, options, etc.	180	180
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		(179)	(755)
1.22	Cash at beginning of quarter/year to date	528	1,128
1.23	Exchange rate adjustments to item 1.2	(7)	(31)
1.24	Cash at end of quarter	342	342

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	67
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 (including Managing Directors fees/salary for the period): \$66,725	

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	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	95
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	215

Reconciliation of cash

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.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	89	308
5.2 Deposits at call	254	220
5.3 Commercial Bills		-
5.4 Other: Term Deposit		
Total: cash at end of quarter (item 1.22)	342	528

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	Nil			
6.2 Interests in mining tenements acquired or increased	Antucoya West Project	Removal of SQM Clawback Entitlements	100% metallics	100% metallics

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.

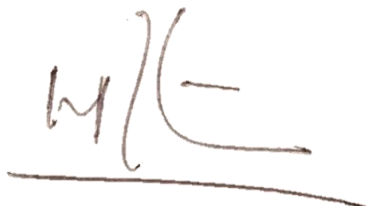
	Total Number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference + securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	114,085,869*	114,085,869*		
7.4 Changes during quarter				
(a) Increases through issues	5,807,141	5,807,141	\$0.035	\$0.035
(b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities (description)				
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	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	475,000	-	20 cents	3-Oct-18
Unlisted	450,000	-	35 cents	18-Apr-16
Unlisted	3,000,000	-	35 cents	21-Nov-18
Unlisted	500,000	-	35 cents	18-Dec-16
Unlisted	750,000	-	35 cents	7-Mar-17
Unlisted	5,500,000	-	10 cents	13-Nov-19
Unlisted	3,871,428	-	5 cents	31-Dec-15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.1 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Performance Rights (totals only)				
7.13 Unsecured notes (totals only)				

***Additional shares issued since end of quarter: 5,305,658 – shares on issue at 28 January 2015 – 119,391,527**

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: 30 January 2015

Print name: Heath Roberts - 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 and petroleum 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 or petroleum 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.