QUARTERLY ACTIVITIES REPORT

Quarter ending 31 December 2013

ASX RELEASE 30 January 2014

HIGHLIGHTS

- **Diamond Drilling commences at the Colupo Prospect within Project Altair;**
- **Assay results for Reverse Circulation (RC) drilling at the Colupo Prospect confirms near surface high grade copper mineralisation and significantly extends previously known mineralisation including;**
    - **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***
- **Geophysical ground surveys completed at Antucoya West and Colupo within Project Altair;**
- **Multispectral processing of Landsat imagery at Project Altair completed.**

Estrella Resources Limited (ASX: ESR) **(Estrella** or **Company)** is pleased to provide its Exploration Activities and Cashflow Reports for the quarter ending 31 December 2013.

1. THE ALTAIR PROJECT

Estrella's exploration activity for the Quarter was focussed upon the Altair Project (Estrella's flagship project). The activities undertaken included; reverse circulation (**RC**) drilling, infill ground magnetics, trenching and 3D geological modelling at Colupo; induced polarisation (**IP**), resistivity and magnetotelluric (**MT**) surveys at Antucoya West.

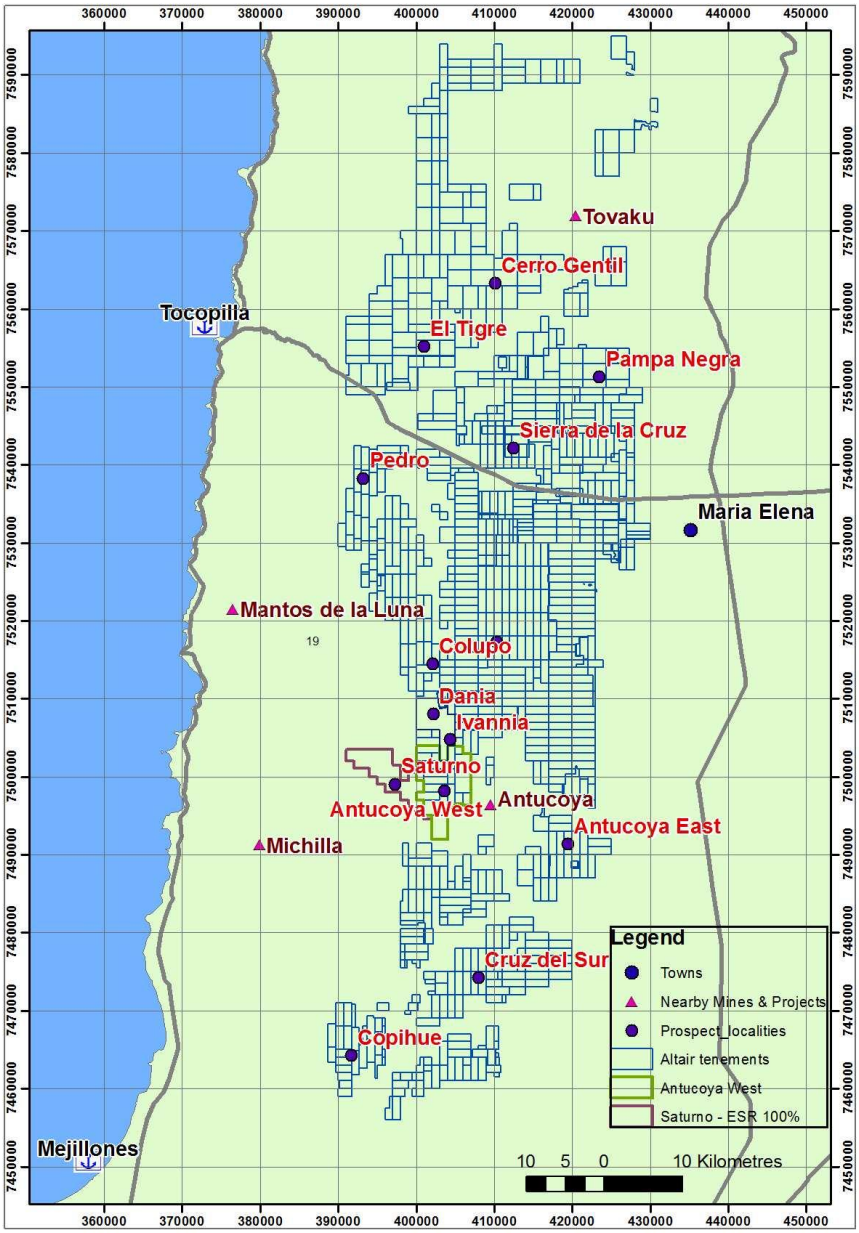


Figure 1: Prospects within the Altair Project (and other operating mines being Michilla and Mantos de la Luna and development projects; Antucoya and Tovaku – all not owned by Estrella).

Table 1: Nearby mines and project developments not owned by Estrella

Nearby Deposit	Mineral Resource	Mineralisation style	Proximity to Altair
Michilla	66.7 Mt @ 1.57% Cu	Manto & Breccias	17 km west of Saturno
Antucoya	642 Mt @ 0.35% Cu.	Porphyry	Surrounded by Altair
Tovaku	na	Porphyry	Boarders Altair north
Los Mantos Blancos	372.6 Mt @ 0.48% Cu	Manto	40 km south of Altair
Mantos de la Luna	40.5 Mt @ 1.39% Cu	Manto & Breccia	26 km east of Colupo

1.1. Colupo Drilling

On 28 September 2013, Estrella commenced a RC drilling program at Colupo Prospect within the Altair Project. All assays included 31 element ICP-MS and gold and silver fire assay results.

On 10 October 2013, 11 November 2013 and 3 December 2013 Estrella announced to the ASX geological observations and assay results for nine RC holes drilled at Colupo. Historical drilling by SQM identified mineralised breccias from the surface to a vertical depth of 70 metres.

Estrella's drilling program has extended the known depth of mineralisation to at least a vertical depth of 150 metres that remains open beneath and commencement of the hypogene sulphide zone remains unknown at this time.

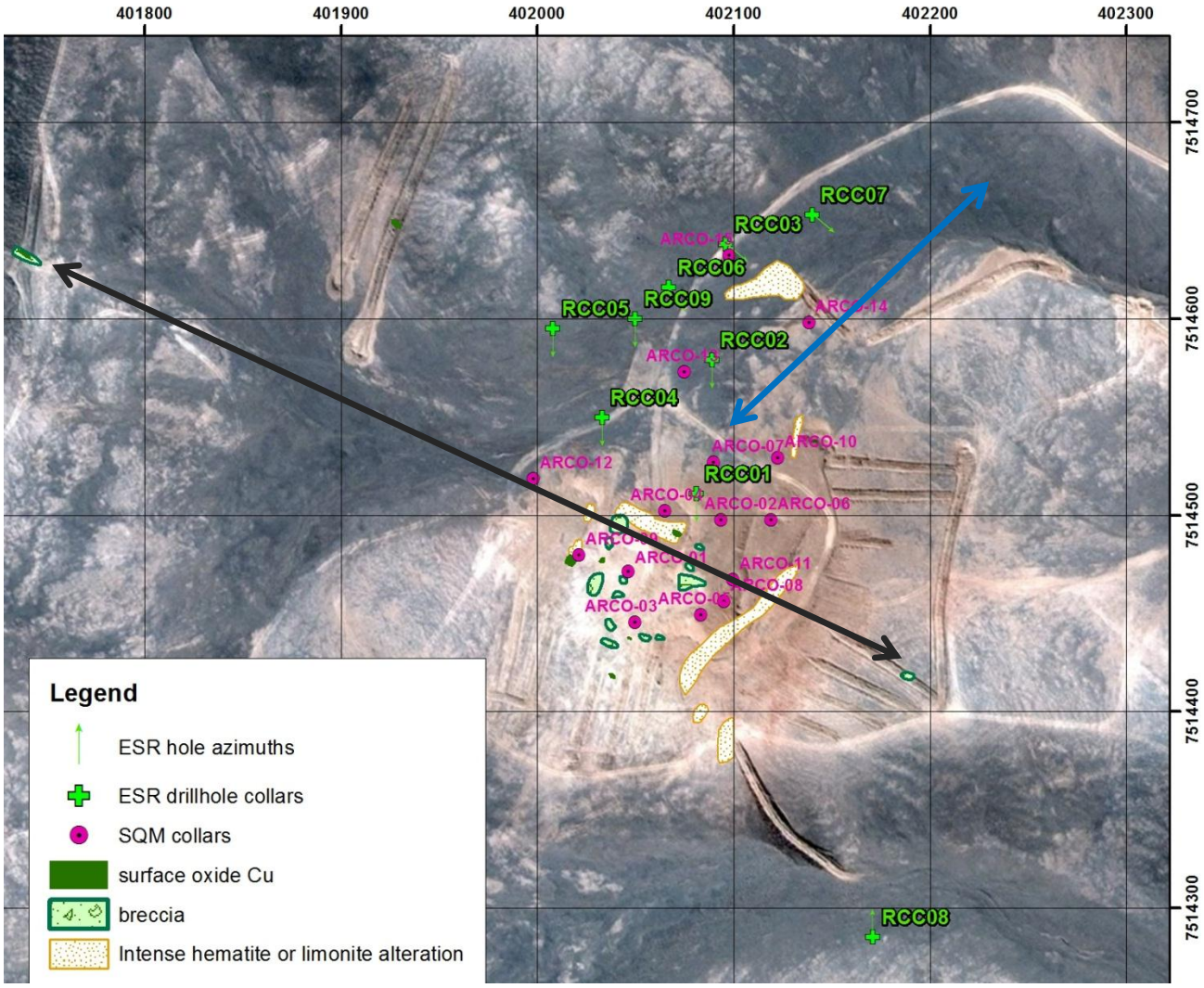


Figure 2: Colupo Prospect - drill hole locations (green) and mapped surface exposes of breccia, copper oxide and alteration. The black line denotes the extents of the northwest trending breccias and the blue line denotes the extents of the newly identified northeast trending breccias (Map Datum PSAD 1956 zone 19s, aerial image from Bing Aerial for ArcGIS).

The best mineralised breccia intersections from the RC drilling include:

- **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***
- **7 m @ 1.0% Cu from 87m (hole RCC03)**
- **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)**

A summary of the assay results from holes RCC01 to RCC09 at Colupo is set out below (using a cut-off of 0.3% Copper):

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		
RCC02	402089	7514579	1910	200	-70	180		7	10	3	0.5		
								118	122	4	0.4		
								144	158	**20**	**0.9**		
							Incl	*150*	*153*	*3*	*3.4*		
RCC03	402096	7514638	1910	200	-60	130		41	44	3	0.3		
								52	54	2	0.5		
								87	**94**	**7**	**1**		
RCC04	402033	7514550	1910	230	-60	180		**12**	**31**	**20**	**2.4**		
							Incl	***23***	***26***	***6***	***6.6***	***0.5***	***27.1***
								56	62	6	0.4		
								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**
RCC05	402008	7514595	1910	250	-60	180		91	96	5	0.3		
								197	199	2	0.4		
RCC06	402067	7514616	1910	200	-60	146		**102**	**108**	**6**	**0.8**		
							Incl	***104***	***107***	***3***	***1.2***		
								125	**133**	**8**	**1.1**		
							Incl	***127***	***130***	***3***	***2.5***	***0.15***	***20.3***
RCC07	402140	7514653	1910	199	-60	130		50	55	**5**	**0.7**		
								194	196	2	0.3		
RCC09	402050	7514600	1910	257	-60	180		83	89	6	0.4		
								101	103	2	0.5		
								184	186	2	0.3		
								195	199	5	0.5	0.2	

SRK Consulting (**SRK**) assisted Estrella with the interpretation of the drill hole data and construction of the 3-D geological model for Colupo (**Figure 3)**.

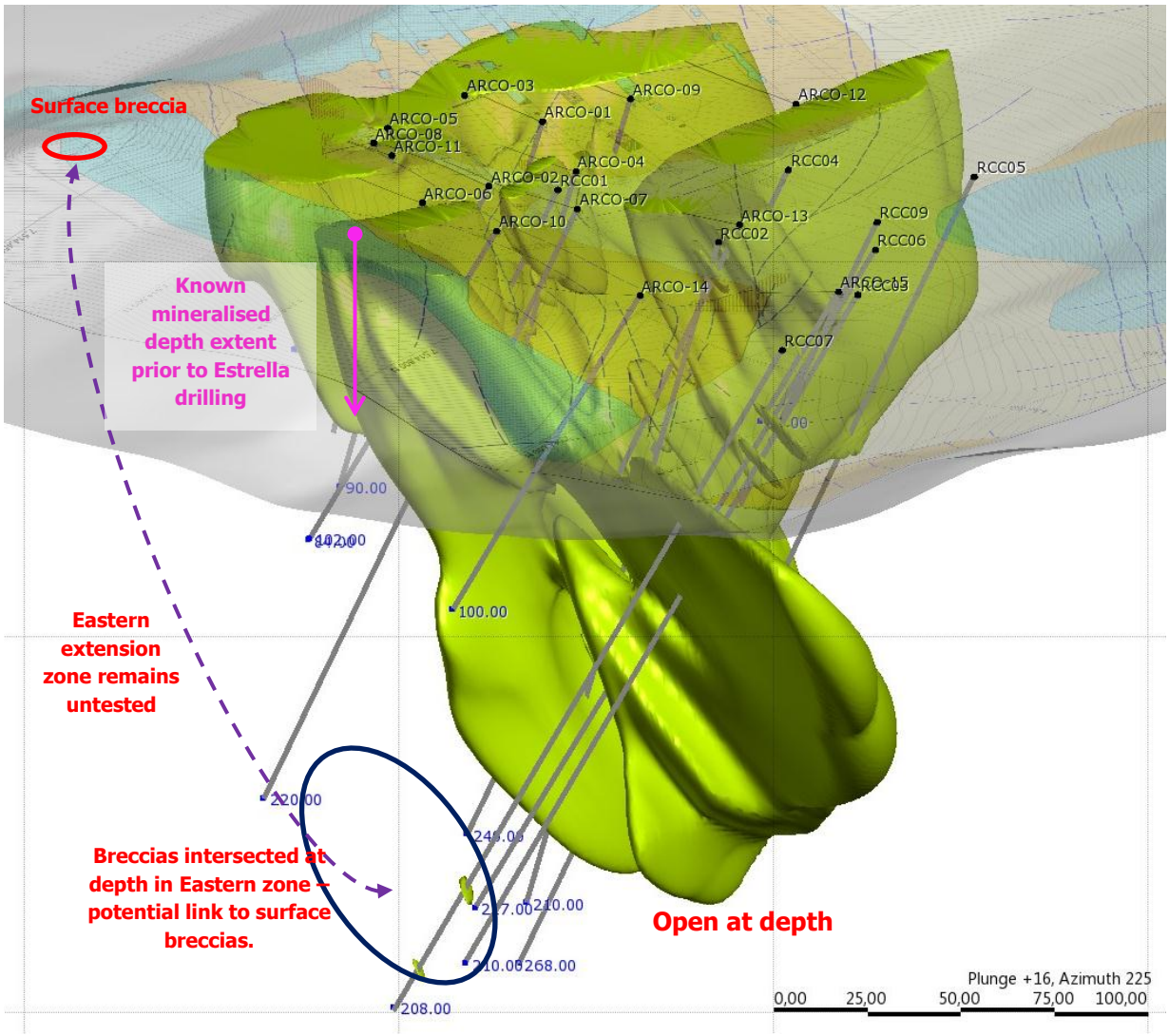


Figure 3 - ***The 3-dimensional ore shell model for Colupo using a 0.2% Cu cut-off grade. View is to the southwest. This figure illustrates the breccia system is open to the east and northeast with outcropping mineralised breccias potentially linking to intersected mineralised breccia and significantly increases in the depth extent of mineralisation.***

Estrella commenced a diamond drilling program on 23 December 2013 at Colupo to determine:

- Strike and dip of the structural contacts to assist validating the current geological model;
- Geometrical nature of the multiple breccia system and subsequent mineralisation;
- Deeper extensions of multiple mineralisation zones; and
- True width thicknesses of each mineralisation zone.

Drilling was shut down over the Christmas and New Year period, and resumed on 8 January 2014. See Estrella's diamond drilling program update announcement for 28 January 2014.

In addition to the 9 hole RC drilling program, a 50 metre line spacing ground magnetics survey has also been undertaken by SouthernRock Geophysics (**SRG**) to provide high definition magnetics cover over the Colupo Prospect. Geological observation of rock chips in the current RC program confirmed a distinct magnetic strength in the mineralised system from the adjacent unmineralised volcanic rocks. The ground magnetics has identified likely extension areas for mineralisation. Trenching in these areas has identified brecciated rocks further afield from the current drilling areas that will be tested with mechanical drilling.

1.2. Antucoya West

Estrella engaged SRG to perform ground IP, resistivity and MT surveys at Antucoya West Prospect within Project Altair with the aim of identifying porphyry mineralisation targets from the magnetic anomalies (**Figure 4**) previously identified by SRG (ASX announcement 22 August 2013). Two field data collection campaigns were undertaken and completed in late November 2013. The entire area of Antucoya West (**Figure 5**) was surveyed and results were reported to the ASX on 24 January 2014.

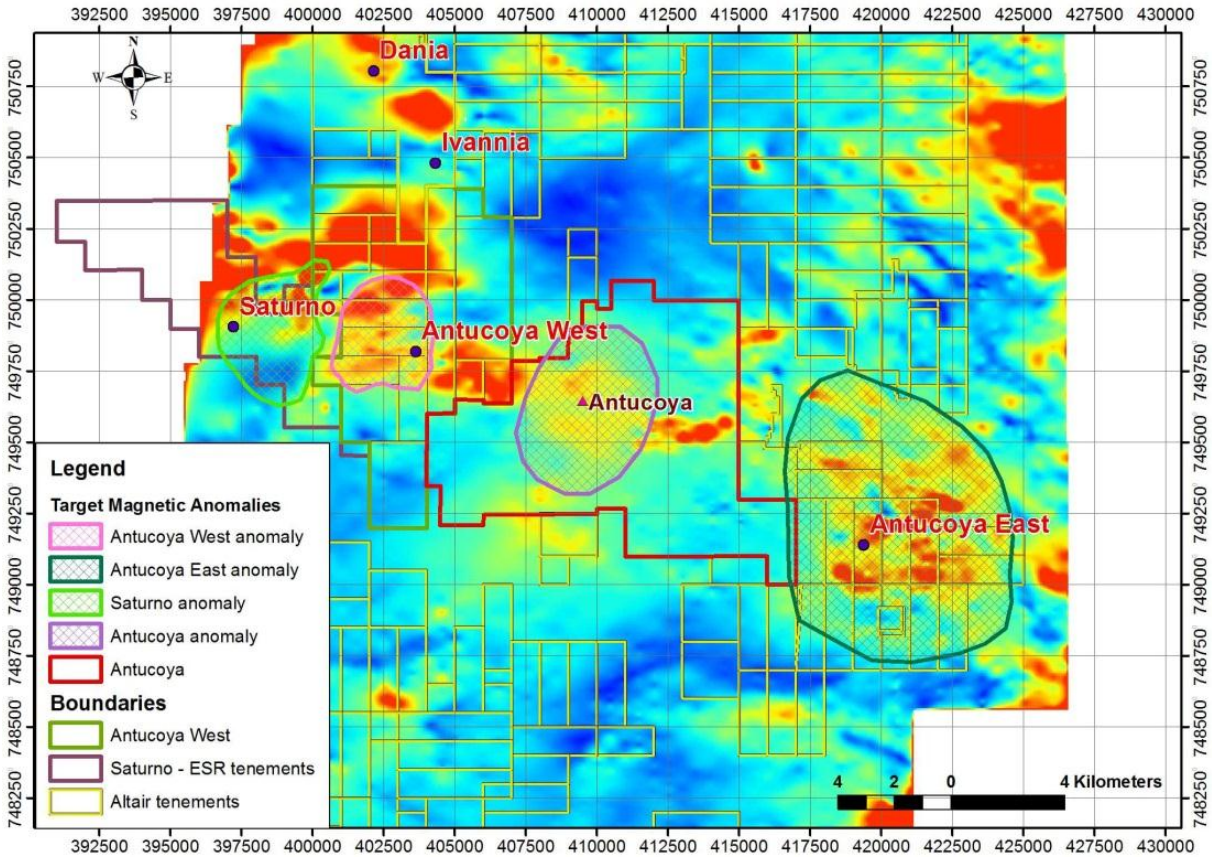


Figure 4: ASVI magnetic image over Antucoya (not owned by Estrella) and Estrella's adjacent Altair Project tenements with the most prospective follow-up magnetic anomalies (Map Datum PSAD 1956 zone 19s).

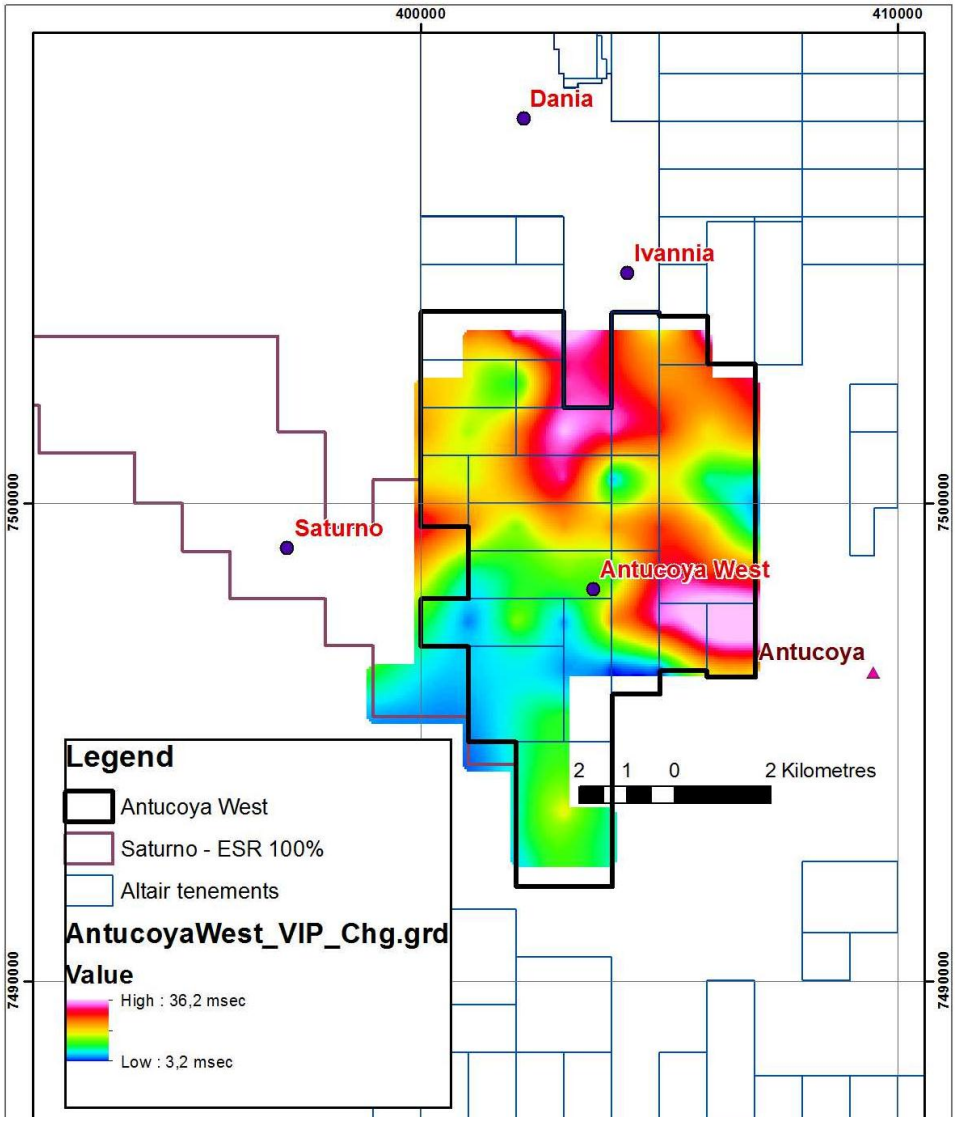


Figure 5: The survey area for the geophysics at Antucoya West can be seen from the surface IP map. The high chargeability anomaly west of Antucoya is considered prospective for porphyry copper mineralisation.

1.3. Altair multispectral image surveying and processing

Estrella engaged consulting services of Alejandro Caballero (ex-Rio Tinto GIS expert) to acquire and process Landsat imagery for the entire Altair Project which was field calibrated using a Portable Infrared Mineral Analyser (**PIMA**) device. Estrella is awaiting the final report. The images generated from this technique will be used in conjunction with the geophysical work to identify prospective exploration areas. The multispectral data processing assisted Estrella in identifying a new prospect within the Altair Project named Colupo Norte (ASX announcement 28 January 2014).

2. TENEMENT HOLDINGS

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

At the end of the quarter, the Company held the following projects and tenements

2.1 The Altair Project (100% ESR Owned – subject to Option Agreement with SQM providing SQM with a 49% clawback right)

The Altair Project located in Region II of northern Chile, 90 km north northeast of Antofagasta, covers an area of 2,688 km^2 at the end of the December 2013 Quarter. A summary of the exploration activities on Altair during the quarter is detailed above.

2.2 The Venus Project (100% ESR owned)

The Venus project is located in Region IV of northern Chile, 75 km NNW of La Serena and covers an area of 85 km^2 at the end of the December 2013 Quarter.

2.3 The Jupiter Project (100% ESR owned)

The Jupiter project is located in Region III of northern Chile, 50 km east of Copiapo and covers an area of 17.5 km^2 at the end of the December 2013 Quarter.

2.4 The Luna Project (100% ESR owned incorporating Luna 91.5% ESR owned)

The Luna project is located in Region IV of northern Chile, 320 km north of Santiago and covers an area of 262 km^2 at the end of the December 2013 Quarter.

There were no projects or tenements acquired or disposed of during the quarter or any change to the beneficial or other interest held in each.

There was no exploration activity on the Venus, Jupiter or Luna/Inca projects during the quarter.

3. CORPORATE

3.1 Capital Raising

During the quarter, Estrella undertook its first capital raising since listing on the ASX in May 2012. A placement of A$950,000 at A$0.10 each through the issue of 9,500,000 new shares in the Company were issued to institutional and professional shareholders. The placement was announced prior to the last quarter on 26 September 2013 and completed during the quarter on 3 October 2013.

3.2 2013 Annual General Meeting

During the course of the December 2013 quarter the Company held its third Annual General meeting in November 2013 with all ten resolutions put to the meeting being passed including the Company welcoming the re-election of Mr Julian Bavin to the Board pursuant to the ASX's policy and the Company's Constitutional requirements relating to the rotation of directors. Mr Bavin has been a director of the Company since 6 March 2012.

The remuneration report was also adopted by shareholders at the meeting with an overwhelming 100% of votes available to be cast in favour of the report.

4. FINANCIAL POSITION

The Company had A$1.9 million in cash at 31 December 2013.

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 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

Dr. Jason Berton
Managing Director

Gavin Solomon
Non-Executive Chairman

Julian Bavin
Non-Executive Director

Simon Kidston
Non-Executive Director

Justin Clyne
Company Secretary

ESTRELLA RESOURCES LIMITED
ACN 151 155 207

ASX CODE: ESR

ORDINARY FULLY PAID SHARES:
96,601,000

UNLISTED OPTIONS:
11,130,000

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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	31 December 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	(617)	(862)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(337)	(582)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		-	-
1.5	Interest and other costs of finance paid		13	30
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
Net operating cash flows			(941)	(1,414)
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)		(941)	(1,414)

1.15	Total operating and investing cash flows (brought forward)	(941)	(1,414)
	Cash flows related to financing activities		
1.16	Proceeds from issues of shares, options, etc.	950	950
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	(70)	(81)
	Net financing cash flows	880	(869)
Net increase (decrease) in cash held		(61)	(545)
1.22	Cash at beginning of quarter/year to date	1,995	2,487
1.23	Exchange rate adjustments to item 1.2	32	24
1.24	Cash at end of quarter	1,966	1,966

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	120
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: $120,000

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	-	-

Estimated cash outflows for next quarter		$A'000
4.1	Exploration and evaluation	690
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	940

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	753	833
5.2	Deposits at call	1,213	1,162
5.3	Commercial Bills	-	-
5.4	Other: Term Deposit	-	
Total: cash at end of quarter (item 1.22)		1,966	1,995

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	Nil	Nil	Nil
6.2	Interests in mining tenements acquired or increased	Nil	Nil	Nil	Nil

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**	96,601,000	60,662,500		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,500,000	9,500,000	10 cents	10 cents
7.5	**Convertible debt securities** (*description*)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options**			*Exercise price*	*Expiry date*
	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	475,000	-	20 cents	3-Oct-18
	Unlisted	450,000	-	35 cents	18-Apr-16
	Unlisted	3,000,000	-	35 cents	21-Nov-18
7.8	Issued during quarter	3,000,000	-	35 cents	21-Nov-18
		475,000	-	20 cents	3-Oct-18
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)*				

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 2014

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.