

ESTRELLA RESOURCES

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2013

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DIRECTORS' REPORT

For half-year ended 31 December 2013

Your Directors present their report on the consolidated entity (**Group**) consisting of Estrella Resources Limited (**Company** or **Estrella**) and the entity, Estrella Resources Chile SpA (**Estrella Chile**), which the Group controlled at all times during and since the end of the half-year period to 31 December 2013.

Directors

The following persons were Directors of Estrella Resources Limited at all times during and since the end of the reporting period and up to the date of this report:

Gavin Solomon	Non-Executive Chairman
Dr Jason Berton	Managing Director
Julian Bavin	Non-Executive Director
Simon Kidston	Non-Executive Director

Principal activities

The principal activities of the Group during the financial period were copper and gold exploration in Chile and its longer term strategy to develop these assets into producing mines.

No significant change in the nature of these activities occurred during the reporting period.

Operating results

The loss of the Group for the reporting period after providing for income tax amounted to $684,922 (31 December 2012: $1,943,242).

Review of operations

The Company's exploration activities for the second half of 2013 were focused on the Altair Project. The Altair Project is located in Region II of northern Chile, 90 km north northeast of Antofagasta and covers an area of 2,688 km^2 over the Atacama Fault Zone on the Iron Oxide Copper Gold (**IOCG**) belt (See **Figure 1**). Estrella has made significant progress in the first 12 months of the two Altair Project Option Agreements in determining the highest priority areas for exploration. The Company's main focus has been on the prospects to the south of the town of Maria Elena namely the Colupo, Dania, Ivannia and Antucoya West Prospects (See **Figure 2**).

Estrella continues to review and assess all of its projects and prospects to ensure the most prospective targets are identified and prioritised for follow up exploration accordingly. This process has resulted in **4 high priority prospects** already being identified within the Altair Project.

Review of operations (continued)



Figure 1: Location of Estrella's projects in Chile

Review of operations (continued)

The Altair Project

100% owned by Estrella of each discovery throughout Project Altair subject to SQM having either 49% 'back-in' rights or a royalty arrangement

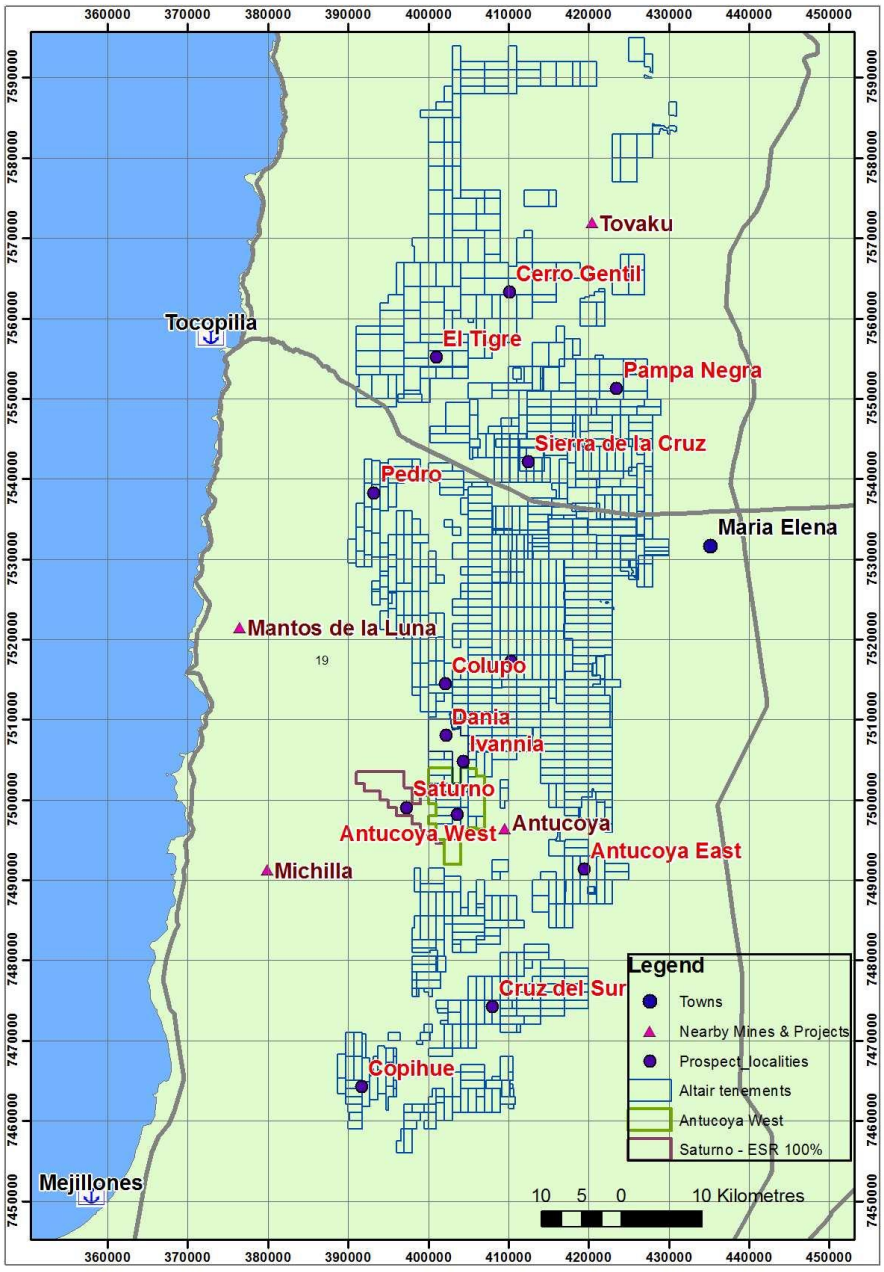


Figure 2: Estrella's key Prospects within the Altair Project (also showing other operating mines including Michilla and Mantos de la Luna and development projects Antucoya and Tovaku – all not owned by Estrella).

Review of operations (continued)

HIGH PRIORITY TARGET AREAS WITHIN THE ALTAIR PROJECT

Colupo Prospect (893 ha)

Exploration during the period:

After completion of Estrella's RC drilling program in Q4 2013 which supplemented the historic SQM drilling results and coupled the other geophysical and aeromagnetic data (refer below) Estrella commenced its Diamond Drilling at Colupo on the 23rd December 2013 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;
- True width thicknesses of each mineralisation zone; and
- Potential for the delineation an initial JORC resource at Colupo.

Estrella announced to the ASX on the 20th February 2014 that the initial round of diamond drilling at Colupo had been completed with the diamond core assay results expected in March 2014.

Prior to the diamond drilling program, the Company undertook a 9 hole Reverse Circulation (**RC**) drilling program which commenced late September 2013 and concluded in October 2013. The drilling results from the RC program were announced to the ASX on the 11th November 2013 and 3rd December 2013. The RC program allowed Estrella to extend the known depth of mineralisation to a vertical depth of at least 150 metres and which also remains open at depth. Historical drilling by SQM identified mineralised breccias from the surface to a vertical depth of 70 metres. The Estrella Board and Management is encouraged that the RC drilling program is yet to penetrate the oxide zone and into the hypogene sulphide zone. Results from the Q4 2013 RC program are set out in **Table 1** on page 7.

During the reporting period a 50 metre line spacing ground magnetics survey was also undertaken by SouthernRock Geophysics (**SRG**) to provide high definition magnetics cover over the Colupo Prospect. Geological observation of rock chips in the September/October 2013 RC program confirmed anomalous magnetism in mineralised rocks when compared to adjacent un-mineralised volcanic rocks. The Ground magnetics has potential extensions of mineralisation. Trenching in these areas has identified brecciated rocks further afield from the current drilling areas that will be tested with mechanical drilling.

Review of operations (continued)

Colupo Prospect (continued)

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	

Table 1: Holes RCC01 to RCC09 Assay Results at Colupo (Using a cut off of 0.3% Copper)

Prior to the RC drilling at Colupo, Estrella undertook ground Induced Polarisation (**IP**), electrical resistivity and magnetotelluric (**MT**) surveys in August 2013. The results of these geophysical surveys, coupled with the existing drill data from the SQM drilling program in 2010, proved useful in identifying areas with high chargeability correlating to sulphide copper mineralisation.

Colupo Norte

Copper mineralisation was observed outcropping at surface approximately 3.1 km north-northwest of Colupo. This occurrence is referred to as Colupo Norte and is currently under appraisal by Estrella's exploration team for is mineralisation potential.

Review of operations (continued)

Colupo Prospect (continued)

Future Exploration: Estrella will continue to test targets with further drilling plus ground geophysics programs where required.

Estrella is currently performing diamond drilling across the Colupo and Dania prospects. Estrella will continue to drill test the Colupo and Dania prospects in the foreseeable future.

All diamond drill holes from the Colupo program have now been logged, photographed, cut, sampled and dispatched for assay testing. The assay results are expected in March 2014 and follow up exploration activities is pending analysis of these assay results.

Review of operations (continued)

Antucoya West Prospect (5,864 ha)

Exploration during the period:

During the reporting period SRG performed a Vector Induced Polarisation (**VIP**) survey over the Antucoya West Prospect area (**Figure 3**) totalling 80 observation stations. The objective of the survey was to characterize the distribution of the chargeability and resistivity parameters to define potential response characteristic of disseminated porphyry style sulphide mineralisation.

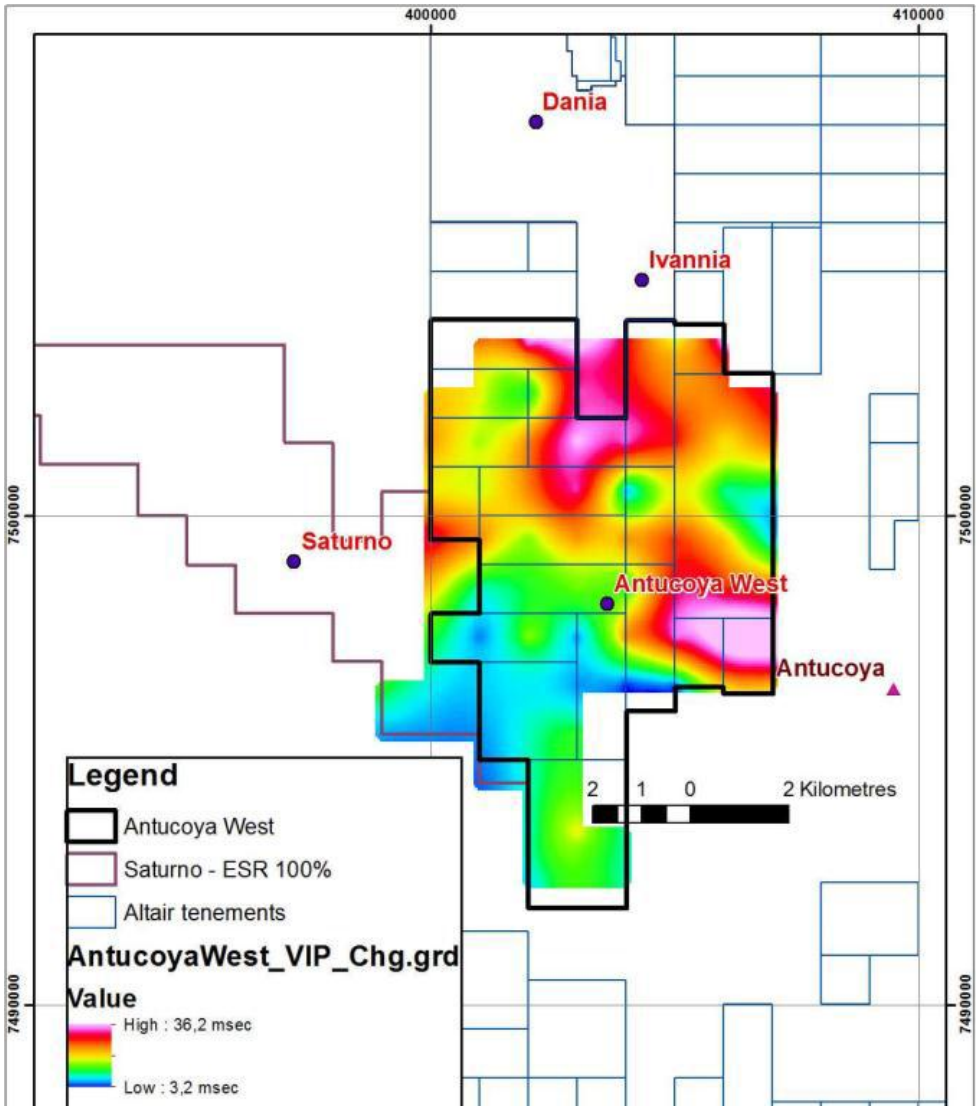


Figure 3: The VIP survey results show high chargeability responses in the southeast of Antucoya West Prospect being less than 2 km to the west of the Antucoya Deposit owned by Antofagasta Minerals PLC.

Review of operations (continued)

Antucoya West Prospect (continued)

In SRG's opinion, general responses over 25 msec are characteristic of sulphide mineralisation in volcanic and intrusive geological environments similar to elsewhere in the district.

There are high chargeability responses over 25 msec evident in the southeast of the survey area of the Antucoya West Prospect (**Figure 3**) trending towards the north and open beyond the boundaries of the survey coverage.

In **Figure 4** the VIP responses have been overlaid on the airborne magnetics for the Antucoya West Prospect to qualitatively assess correlations between the two datasets. The most noteworthy characteristic about the now identified anomaly shown in **Figure 4** is that it trends toward the west along the known magnetic anomaly that trends west-northwest to northwest and extends over Antofagasta Mineral's Antucoya porphyry Deposit (**Antucoya Deposit**), which is located less than 2 km to the east.

In summary, the surveys have identified a 7 km^2 high chargeability zone less than 2 km east of Antofagasta Minerals' Antucoya Deposit.

Future Exploration:

Estrella is currently incorporating hyperspectral data image processing and ground reconnaissance of identified geological alteration areas of interest to constrain the 7 km^2 of prospective surface area. Infill geophysics is also in planning to assist in further identifying fault structures and zones of high strain which are more likely to host mineralisation. Once these activities have been completed, Estrella expects to test the area for mineralisation with mechanical drilling.

Review of operations (continued)

Antucoya West Prospect (continued)

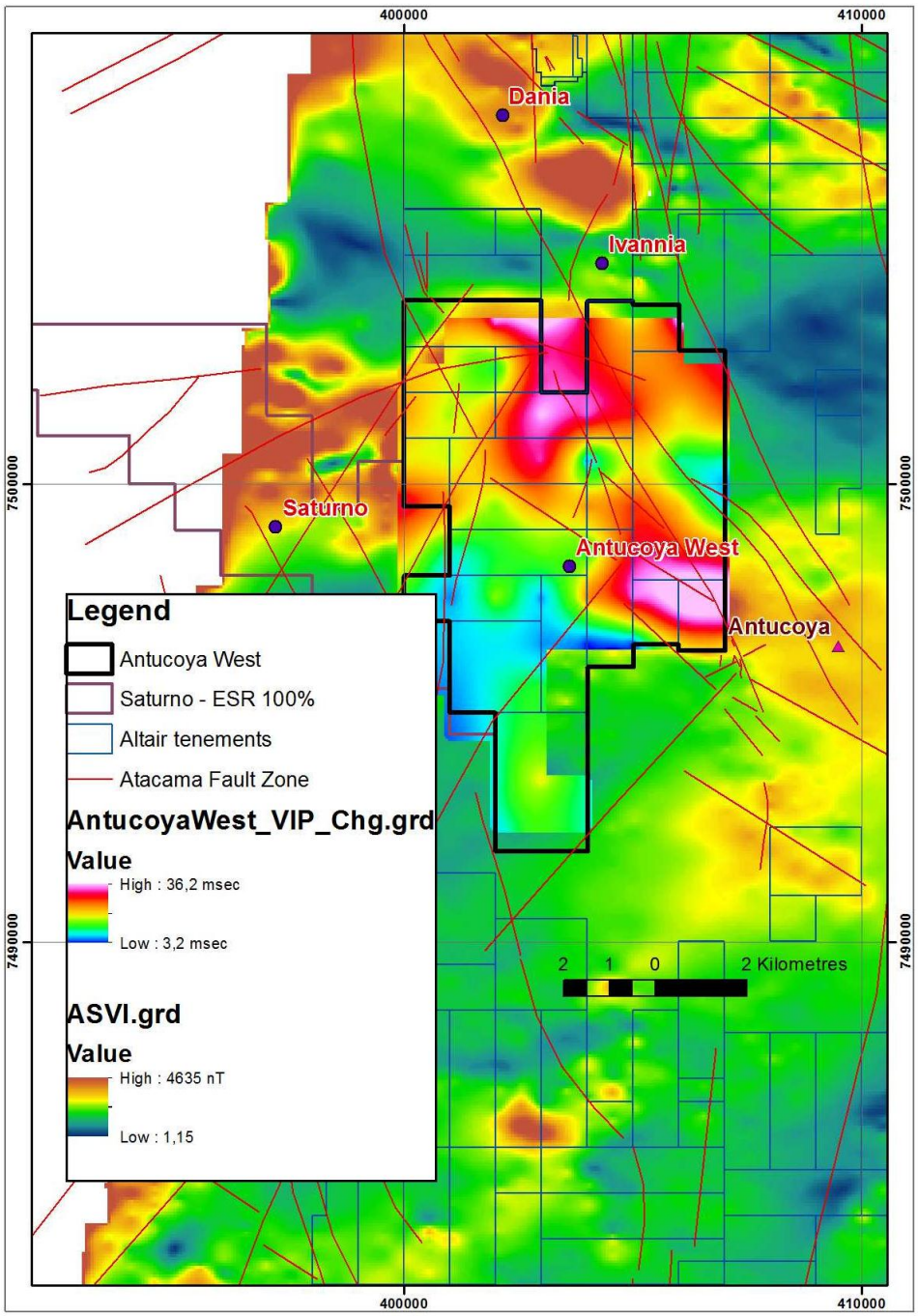


Figure 4: The VIP survey results for Antucoya West superimposed on the Analytic Signal of the first Vertical derivative (ASVI) total magnetic image for Altair Project. The high chargeability zone in the southwest of the VIP image displays a near 1:1 relationship with the west-northwest trending ASVI magnetic anomaly

Review of operations (continued)

Dania Prospect (1,476 ha) and Ivannia Prospect (1,000 ha):

Exploration subsequent to the 31st December 2013

As announced on the 20th February 2014 a diamond coring drill rig was deployed on site at the Dania Prospect. The results of this initial diamond drilling program are expected in March/April 2014.

The Colupo, Dania and Ivannia Prospects (all within Project Altair and all within close proximity to each other) are located along fault splays of the Atacama Fault System that also extends over Antofagasta Minerals' Antucoya Deposit (not owned by Estrella).

The Dania Prospect lies 9km north-west of the Antucoya Deposit (owned by Antofagasta Minerals) and is 7km south of the Colupo Prospect.

Having recently examined the chip samples from the historical SQM drilling at the Dania Prospect, Estrella discovered that some of the shallow SQM historic holes which had encountered significant porphyritic copper grades had also ended prematurely within mineralisation. The current Estrella diamond drilling will be aimed at testing the extent of this known mineralisation.

Drilling will be ongoing at the Dania Prospect whilst the assay results from Colupo Prospect are anticipated to be received in March 2014.

Future Exploration:

Estrella is currently performing diamond drilling at the Dania prospect. Additional to this, Estrella is mapping at Dania and reviewing historical drilling archives to redefine the surface and subsurface extents of likely mineralisation and identify drill hole targets for the extension of the current drilling program.

Estrella has recently completed the first drill hole at Dania (**DHD-01**) which has a total depth of 312 metres. The core for DHD-01 has been relocated to ALS laboratories in Antofagasta and is currently being logged, photographed, cut, sampled and prepared for assay testing. The assay results are expected in March/April 2014.

Review of operations (continued)

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 km2 at the end of the December 2013 half-year.

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 half-year.

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 half-year.

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

Other

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

Dividends

No dividends were paid or declared during the period by the Group and no recommendation is made as to dividends.

Events subsequent to reporting date

All events subsequent to the 31 December 2013 have been outlined in the review of operations and no other matters or circumstances since the end of the half-year have occurred that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years.

Review of operations (continued)

Likely future developments

Likely developments in the operations of the Group and the expected results of those operations in future financial periods will be reliant upon the activities of the Group and securing positive exploration results.

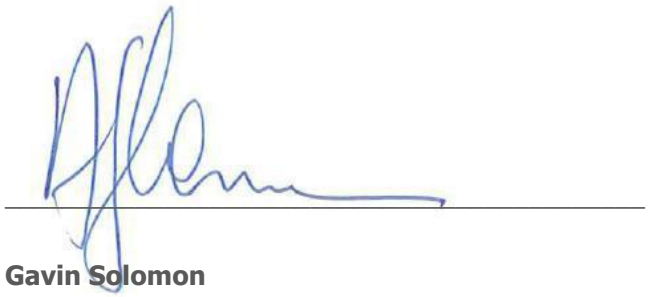
Environmental issues

The Group's operations are subject to the laws and regulations pertaining to mining exploration operations in Chile, South America and future production activities. As at the date of this report the Group has not been notified of any breach.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 15 of this financial report and forms part of this Directors' report.

Signed in accordance with a resolution of the Board of Directors:



Gavin Solomon

Non-executive Chairman

Dated this 12 day of March 2014

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Auditor's Independence Declaration
To The Directors of Estrella Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Estrella Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 12 March 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2013

	Note	31 December 2013 $	31 December 2012 $
Revenue from continuing operations	4	30,344	91,289
Expenses from continuing operations	5	(715,266)	(2,034,531)
Loss before income tax		(684,922)	(1,943,242)
Income tax expense		-	-
Loss for the period		(684,922)	(1,943,242)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(21,393)	22,731
Total comprehensive loss for the period attributable to members of Estrella Resources Limited		**(706,315)**	**(1,920,511)**
Loss per share:			
Basic loss per share (cents per share)		(0.7)	(2.4)
Diluted loss per share (cents per share)		(0.7)	(2.4)

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	31 December 2013 $	30 June 2013 $
Current assets			
Cash and cash equivalents		1,967,996	2,487,476
Trade and other receivables		20,045	15,314
Other current assets		41,532	31,789
Total current assets		**2,029,573**	**2,534,579**
Non-current assets			
Receivables		135,458	35,412
Exploration and evaluation assets	6	2,360,855	1,505,638
Property, plant and equipment		67,576	46,816
Total non-current assets		**2,563,889**	**1,587,866**
Total assets		**4,593,462**	**4,122,445**
Current liabilities			
Trade and other payables		186,175	139,162
Provisions		25,479	50,171
Total current liabilities		**211,654**	**189,333**
Non-current liabilities			
Provisions		1,514	1,329
Total non-current liabilities		**1,514**	**1,329**
Total liabilities		**213,168**	**190,662**
Net assets		**4,380,294**	**3,931,783**
Equity			
Share capital		7,563,614	6,697,675
Reserves		681,121	413,627
Accumulated losses		(3,864,441)	(3,179,519)
Total equity		**4,380,294**	**3,931,783**

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2013

	Issued capital	Accumulated losses	Option reserve	Foreign exchange reserve	Total
	$	$	$	$	$
Balance at 1 July 2013	**6,697,675**	**(3,179,519)**	**308,755**	**104,872**	**3,931,783**
Total comprehensive loss for the period	**-**	(684,922)	-	**-**	**(684,922)**
Foreign exchange translation reserve	**-**	**-**	**-**	(21,393)	**(21,393)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs	865,939	-	-	-	**865,939**
Options issued during the period	-	-	288,887	-	**288,887**
Balance at 31 December 2013	**7,563,614**	**(3,864,441)**	**597,642**	**83,479**	**4,380,294**
Balance at 1 July 2012	**6,697,675**	**(823,115)**	**281,354**	**(32,261)**	**6,123,653**
Total comprehensive loss for the period	**-**	**(1,943,242)**	**-**	**-**	**(1,943,242)**
Foreign exchange translation reserve	**-**	**-**	**-**	**22,731**	**22,731**
Transactions with owners in their capacity as owners:					
Options issued during the period	**-**	**-**	**14,041**	**-**	**14,041**
Balance at 31 December 2012	**6,697,675**	**(2,766,357)**	**295,395**	**(9,530)**	**4,217,183**

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2013

	31 December 2013 $	31 December 2012 $
Cash flows from operating activities		
Cash payments in the course of operations	(552,978)	(632,548)
Interest received	30,344	91,289
Net cash used in operating activities	(522,634)	(541,259)
Cash flows from investing activities		
Exploration and evaluation costs	(875,438)	(724,866)
Payment for property, plant and equipment	(33,192)	(9,574)
Net cash used in investing activities	(908,630)	(734,440)
Cash flows from financing activities		
Proceeds from issue of shares	950,000	-
Payments for share issue costs	(63,541)	-
Net cash provided by financing activities	886,459	-
Net change in cash and cash equivalents held	(544,805)	(1,275,699)
Cash and cash equivalents at beginning of financial period	2,487,476	5,106,367
Effects of exchange rate changes on cash and cash equivalents	25,325	21,478
Cash and cash equivalents at end of half year	**1,967,996**	**3,852,146**

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2013

1. Nature of Operations

The consolidated entity (**Group**) consists of Estrella Resources Limited (**Company** or **Estrella**) and the wholly owned entity Estrella Resources Chile SpA (**Estrella Chile**) that it controlled at the end of, or during, the half-year ended 31 December 2013. The Group's principal activities include gold and copper exploration in Chile.

2. General Information

Estrella Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The financial report also incorporates the Company's fully owned subsidiary Estrella Chile.

The Company is a for-profit entity.

The registered and principal place of business is Level 7, 15 Castlereagh Street, Sydney NSW 2000.

Estrella Resources' shares are listed on the Australian Stock Exchange (ASX.ESR).

3. Statement of significant accounting policies

a) Basis of preparation

Statement of compliance

The interim consolidated financial statements of the Group are for the six months ended 31 December 2013 and are presented in Australian dollars ($), which is the functional currency of the parent Company. These general purpose interim financial statements which are unaudited have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 7th March 2014.

3. Statement of significant accounting policies (continued)

b) Significant Accounting Policies

Historical Cost Convention

The half year financial report has been prepared on an accrual basis and is based on the historical costs modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 annual financial report for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 13 Fair Value Measurement; and
- AASB 119 Employee Benefits (September 2011)

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities.* AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Company's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees held during the period or comparative periods covered by these financial statements.

3. Statement of significant accounting policies (continued)

b) Significant Accounting Policies (continued)

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly Controlled Entities – Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

There is no impact on transactions and balances recognised in the financial statements because the Company has not entered into any joint arrangements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 134 requires particular AASB 13 disclosures in the interim financial statements. The application of AASB 13 did not have a material effect on the financial statements of the Company.

AASB 119 Employee Benefits (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- Eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- Changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- Enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

The application of AASB 119 did not have a material effect on the financial statements of the Company.

3. Statement of significant accounting policies (continued)

c) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2013.

4. Revenue

	31 December 2013 $	31 December 2012 $
Interest income	30,344	91,289
	30,344	**91,289**

5. Result for the period

Loss before income tax includes the following specific expenses:

	31 December 2013 $	31 December 2012 $
Administrative, corporate and employee costs	443,508	647,972
Impairment of exploration and evaluation assets	-	1,342,204
Depreciation of non-current assets	3,391	6,165
Share based payments:		
– Consultants	-	-
Employee benefit expenses: Post-employment benefits		
– Superannuation	-	24,149
Share based payments:		
– Employee share based payments	268,367	14,041
	715,266	**2,034,531**

6. Exploration and evaluation assets

	31 December 2013 $	31 December 2012 $
Exploration and Evaluation assets		
Balance at the beginning of the year	1,505,638	1,167,008
Additions - at cost	896,199	608,549
Impairment of exploration and evaluation assets	-	(1,342,204)
Foreign exchange translation	(40,982)	16,999
Total exploration and evaluation assets	**2,360,855**	**450,352**

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on maintaining tenure and successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company shall conduct impairment testing when indicators of impairment are present at the reporting date.

In the reporting period to 31 December 2012, the Board assessed the carrying value of the Agustina Project to $nil resulting in an impairment charge of $1,342,204.

7. Expenditure commitments

Altair Project Option Fees and Exploration Expenditure Contingent Commitments (maximum)	**Altair Project $**
Payable:	
- not later than 12 months	897,320*
- between 12 months and five years	43,084,000*

* The above amounts are a maximum contingent exposure if the Group retains the entire land package at Project Altair for the entire periods of the relevant Option Agreements. The Group has the unfettered right to reduce some/all of these option fees and exploration expenditure commitments at any time by the relinquishment of part or all of tenement areas within the Altair Project to such an extent that, if for example the Group in its absolute discretion determines, to relinquish all of Project Altair then all such future commitments would be extinguished in full. The Group is continuously reviewing its tenement package at the Altair Project. In addition, pursuant to the terms of the 1st Option Agreement with SQM the entire package must be reduced from 263,024 ha to a maximum of 32,000 ha by the end of year 5 (excluding Dania and Ivannia prospects). The Group may at any time during the period of the Option Agreements exercise its right to acquire parts of Project Altair upon each metal discovery with the then future commitment to option fees and exploration expenditure being extinguished in full. In addition, upon each metal discovery the "claw back "rights of SQM becomes a factor in also reducing the then ongoing future exploration commitment by the Group. In effect, the Company's expenditure commitment at Project Altair will be dependent on the size of the tenement holding at the time of payment. Any decision to reduce the size of the tenement holdings will be subject to exploration results.

8. Segment information

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being mineral exploration in South America. All segment assets, segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared.

9. Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the opinion of the directors of Estrella Resources Limited:

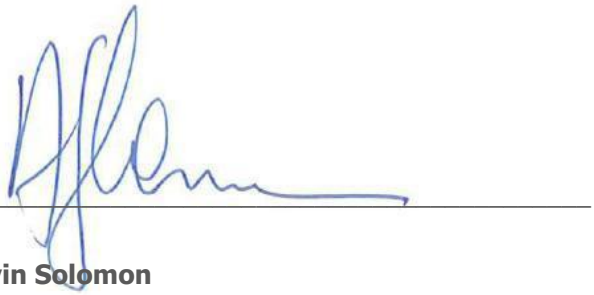
1. the consolidated financial statements and notes of Estrella Resources Limited are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of its financial position as at 31 December 2013 and of its performance for the half year ended on that date; and

   ii) complying with Australian Accounting Standards AASB134 Interim Financial Reporting; and

2. There are reasonable grounds to believe that Estrella Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Gavin Solomon

Non-executive Chairman

Dated this 12 day of March 2014

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Independent Auditor's Review Report
To the Members of Estrella Resources Limited

We have reviewed the accompanying half-year financial report of Estrella Resources Limited ("Company"), which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Estrella Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Estrella Resources Limited financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Estrella Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Estrella Resources Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 12 March 2014

CORPORATE DIRECTORY

Directors

Gavin Solomon	Non-Executive Chairman
Dr. Jason Berton	Managing Director
Julian Bavin	Non-Executive Director
Simon Kidston	Non-Executive Director

Executives

Justin Clyne	Company Secretary

ABN: 39 151 155 207

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F: + 56 02 2355605
E: contacto@spcc.cl

Share Register

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Securities Exchange Listing

Estrella Resources Limited shares are listed on the Australian Securities Exchange (ASX Code: ESR).

Auditor

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