ESTRELLA RESOURCES

Chile's star in copper-gold

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ASX ANNOUNCEMENT

26 May 2014

Estrella commences drilling at Antucoya West

HIGHLIGHTS

- ✓ Estrella commences 38 hole Reverse Circulation drilling program at Antucoya West.
- ✓ Antucoya West:
  - Initial strong Copper Mineralisation presence demonstrated at surface.
  - Strong Copper Mineralisation relationship at surface with regional faults and geophysical anomalies.
- ✓ Completion of Share Purchase Plan.

1. Introduction

Estrella Resources (**ASX: ESR**, **Estrella** or the **Company**) is pleased to advise that it has commenced drilling an initial 38 Reverse Circulation (**RC**) drill hole program at the Antucoya West Prospect. Estrella's Antucoya West Prospect lies immediately west of Antofagasta Minerals PLC's (LON:ANTO) and Marubeni's Antucoya mine development (**Figure 1**).

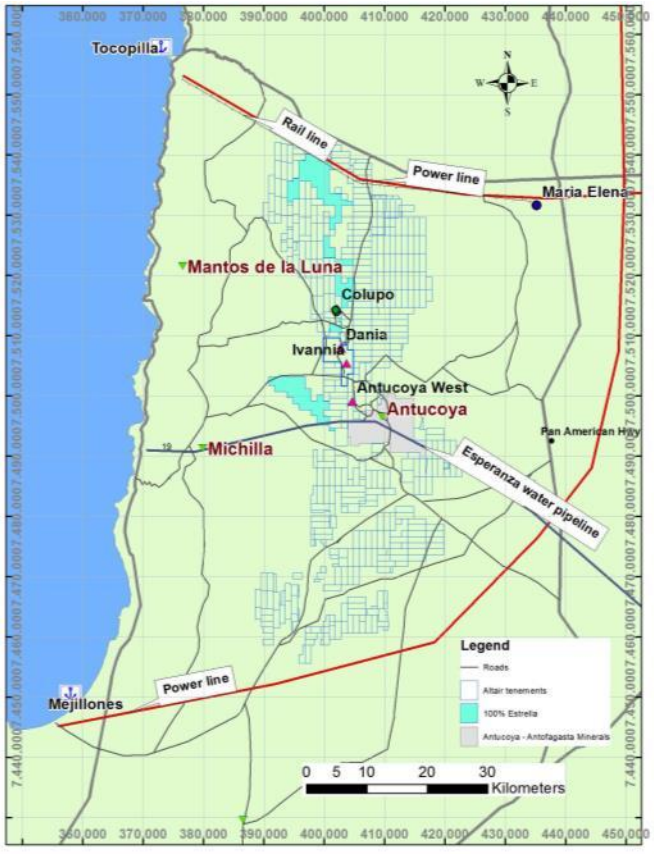


Figure 1: Antucoya West is part of Estrella's Altair Project in Region II northern Chile.

Antofagasta Minerals also owns both the Michilla mine (24 km west of Estrella's drilling at Antucoya West) and the Esperanza mine. Antofagasta's Michilla mine utilises the Copper-Oxide (Cu-Ox) suitable heap-leach and solvent-extraction electro-winning (SX-EW) technique to process their copper ore and is currently producing 8,000 to 9,000 tonnes of copper cathode per quarter (Refer: LON: ANTO; Quarterly Production Report released by Antofagasta Minerals PLC, Q1 2014). The same type of mineral processing, but at a much larger scale, is currently under construction at Antofagasta's Antucoya mine (**see Figure 2, Figure 3 and Figure 4**) (Refer: Antofagasta Minerals PLC Investor Presentation 2013 titled *"Antucoya Site Visit"*).

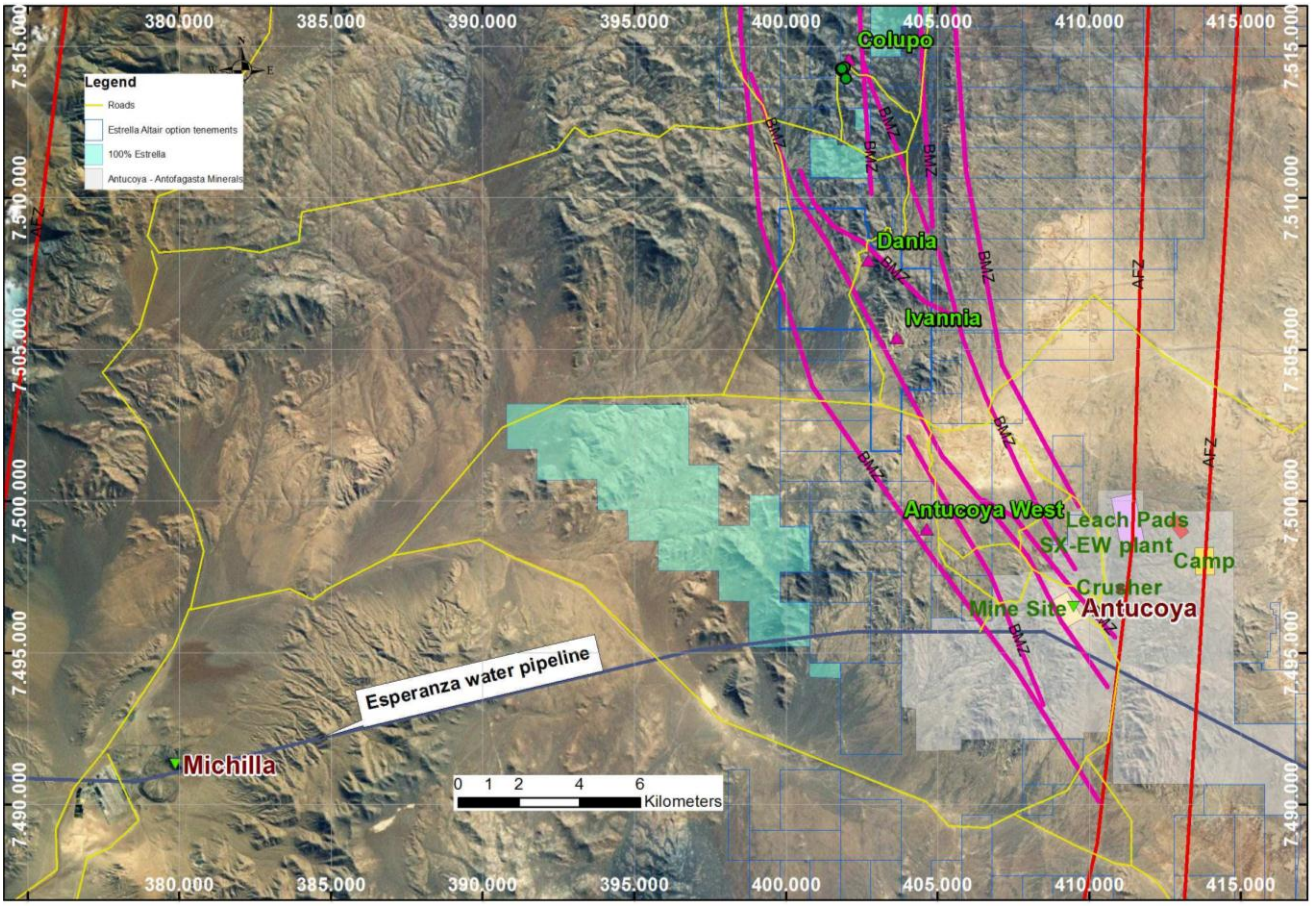


Figure 2: Antofagasta Minerals' Michilla and Antucoya mines locations in relation to Estrella's current drilling program at Antucoya West. Estrella is focussed on the mapped occurrences of copper mineralisation within the Buey Muerto Fault Zone (BMZ).



Figure 3: Photo taken by Estrella from Estrella's Antucoya West project looking towards Antofagasta Minerals' Antucoya mine development (not Estrella owned) (January 2014).



Figure 4: Photo taken by Estrella from Estrella's Antucoya West Prospect of Antofagasta Minerals' construction of heap-leach pads at their Antucoya mine development (January 2014).

2. Antucoya West RC Drilling program objectives

Estrella's drilling program will be multi-phased commencing with an initial 38 hole RC drilling program at Antucoya West. The majority of the drill holes will be shallow, with a maximum depth of 20 metres, to cover the vast surface area of the anomalous zones as quickly and cost-effectively as possible. In the event that a drill hole visually shows to be that it is in strong visual copper mineralisation, drilling will continue to greater depths. The initial phase is targeting the copper mineralisation that commences at or near to surface. Estrella's geologists have identified several zones of copper mineralisation at surface and other strong mineralisation indicators (quartz-tourmaline breccias, siliceous 'crackle' zones, favourable alteration and structural hosts) as well as a correlation with the strong electrical dipole anomalies (see **Figure 5**).

Estrella considers the most prospective zones to be where the mineralisation indicators at surface coincide with the dipole zones in the electrical resistivity image (refer Estrella's ASX announcement 24 January 2014). Figure 5 highlights the two highly prospective scenarios at Antucoya West. Firstly, the strong Cu-Ox zones proximal to the Buey Muerto fault Zone (**BMZ**) trend and secondly, the relationship with respect to the electrical resistivity image; Cu-Ox at surface lies in between the strong high (blue) and low(pink) anomaly values.

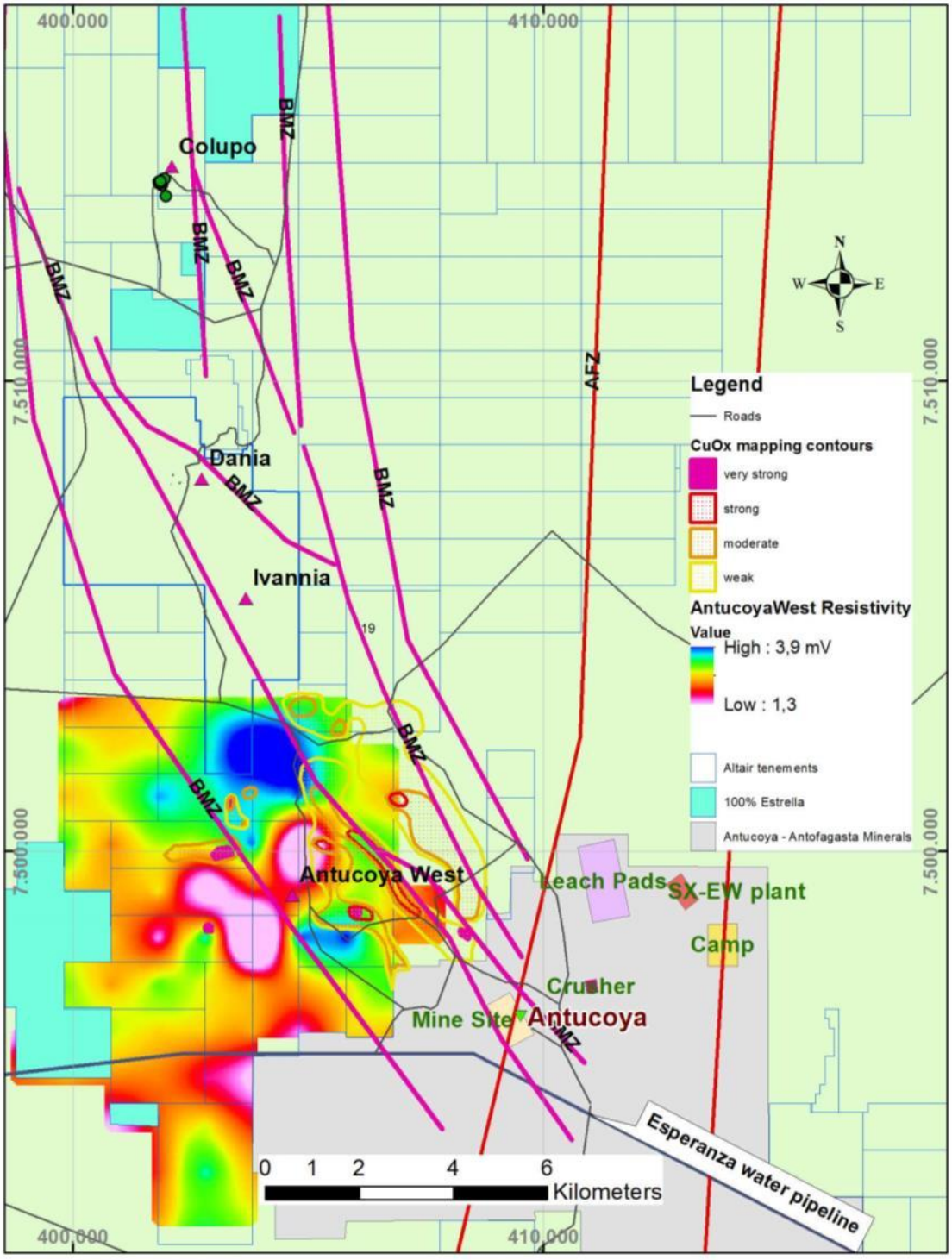


Figure 5: Antucoya West exploration map with contours highlighting prospective zones mapped by Estrella in relation to the anomalous electrical resistivity responses and the BMZ fault zone.



B. Silicified vein breccia with red haematite-chalcocite-atacamite matrix. Local float.(403310E 7500300N PSAD56 19S)

D. Porphyritic dacite with calcite and quartz cumulus and veinlets - red haematite-red haematite-oxidize sulphides and atacamite cummulus. Outcrop, (403080E 7487057N PSAD56 19S)

A. Argillic dacite breccia with caliche-red haematite matrix and quartz-partially leached sulphides-, atacamite (Cu-Ox) in veinlets and cummulus. Subcrop, (406187E 7499057N PSAD56 19S)

C. Brecciated vein beccia red haematite-chalcocite-atacamite matrix. Local float.(403280E 7500320N PSAD56 19S)

Figure 6: Examples of rock specimens from Estrella's recent mapping program at Antucoya West.



Figure 7: Estrella's geologists have mapped the extensive network of surface trenches and old nitrate mine workings at Antucoya West, which also reveal many occurrences of Cu-Ox and chalcocite mineralisation.

3. Resumption of drilling at Colupo

Estrella completed a 9 hole RC program at Colupo in November 2013 (ASX announcements 11 November 2013 and 3 December 2013) and a 3 hole diamond drill hole program in January 2014 (ASX announcements 28 January 2014 and 3 February 2014) all of which supported SQM's 15 hole RC program drilled in 2010 and 2011 that identified significant intercepts of high-grade copper within quartz-tourmaline breccias commencing from surface.

Estrella's exploration drilling confirmed the high-grade nature of the system, which has true widths from 3 to 21 metres. Since 3 February 2014, Estrella has not undertaken any additional work on the Colupo prospect. For further information regarding Estrella's historical drilling at Colupo and JORC 2012 table, please refer to the above mentioned ASX announcements.

Following the initial 38 hole RC drilling program at Antucoya West, Estrella will divert the RC drilling program to the Colupo prospect. Colupo is 20 km north of Antucoya West (Figure 2) both prospects are connected by easily accessible roads. The drilling hiatus at Antucoya West will enable Estrella to receive and analyse assay results from the today announced RC drilling program at Antucoya West from which follow up drilling can be planned. Also, the resumption of drilling at Colupo will focus on extending the current known limits of near-surface copper that lies beneath the shallow 'caliche' cover layer.

4. Completion of Share Purchase Plan

The Company advises that the Share Purchase Plan (**SPP**) announced to the market on 22 April 2014 closed on 20 May 2014. The SPP was designed to provide existing shareholders at the time with the opportunity to purchase shares in the Company at the same issue price as the institutional investors that participated in the placement announced on 22 April 2014 which raised A$1,215,000 to facilitate the Company's exploration program at Project Altair. Total funds raised under the SPP were A$60,000 and the SPP funds will also be used in the Company's exploration program at Project Altair. An Appendix 3B in relation to the SPP follows.

Disclaimer

This announcement contains information relating to mines and deposits owned by Antofagasta Mineral PLC and is obtained from publicly available information. Estrella makes no comparison between its projects and the Antofagasta's mines and deposits other than to demonstrate its locality. There is no guarantee that Estrella's projects will realise similar results.

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

Non-Executive Chairman:
-Gavin Solomon

Managing Director
-Dr. Jason Berton

Non-Executive Directors:
-Julian Bavin
-Robert Thomson

Company Secretary
-Justin Clyne

ESTRELLA RESOURCES LIMITED
ACN 151 155 207

ASX CODE: ESR

ORDINARY FULLY PAID SHARES:
108,278,728

UNLISTED OPTIONS:
12,380,000