

# Estrella Resources Limited (ASX: ESR)

**SPECULATIVE BUY**

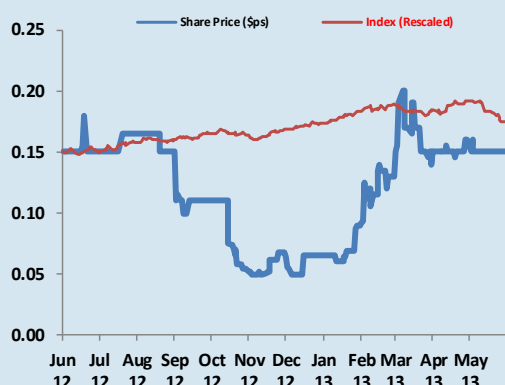
**VALUATION: A\$0.50**

**SHARE PRICE: A\$0.15**

## COMPANY DATA

Share Price (AUD/sh)	0.15
12m Target Price (AUD/sh)	0.50
Issued Capital (M)	87.1
Market Capitalisation (AUDm)	13.1
Year High - Low (AUD/sh)	0.22 - 0.05
Cash (AUDm)	3.1
Debt (AUDm)	0.0
Gearing ND/(ND+E)	0.0%
Average Monthly Turnover (AUDm)	0.0

## ESR vs ASX 200 INDEX



## PERFORMANCE

	1M	3M	12M
Absolute	-6.3%	-3.2%	0.0%
Relative to ASX 200	3.0%	4.0%	-14.0%

## MAJOR SHAREHOLDERS

	1M	3M	12M
Pancho (NSW) Pty Ltd			5.8%
Rocky Rises Pty Ltd			5.5%
KFT Capital Pty Ltd			5.5%
GJN Holdings Pty Ltd			5.5%
Morgan Stanley Aus Sec Pty Ltd			4.9%
HSBC Custody Noms			4.2%
J P Morgan Noms Aus Ltd			4.2%
Helmsec Global Capital Ltd			3.8%
Essen Consultancy Ltd			3.0%

## BOARD

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

## Airborne Geophysics Data review confirms prospectivity of existing targets as well as hinting at potential new giant

### SUMMARY OPINION

Estrella this morning announced the results of an initial interpretation of the Airborne Geophysics data recently acquired over 80% of the Altair project (excluding the north western corner). The airborne data is comprehensive and covers all the areas of Altair thought to be most prospective.

As previously noted, Estrella was able to secure this extensive data for minimal costs and saving over 12 months in exploration work and time. The data was part of a larger regional airborne survey previously undertaken by third parties. The data had since become open data and available for public licensing. Importantly, Estrella is the first company to simultaneously own the airborne data, the underlying tenements as well as the historical SQM exploration/drilling dataset.

An initial interpretation has been completed by Estrella with the assistance of independent expert consultants SouthernRock Geophysics. The results are highly encouraging. A number of large scale magnetic anomalies have been identified that warrants follow up. These anomalies are akin to magnetic characteristics displayed by some of the region's largest porphyry deposits.

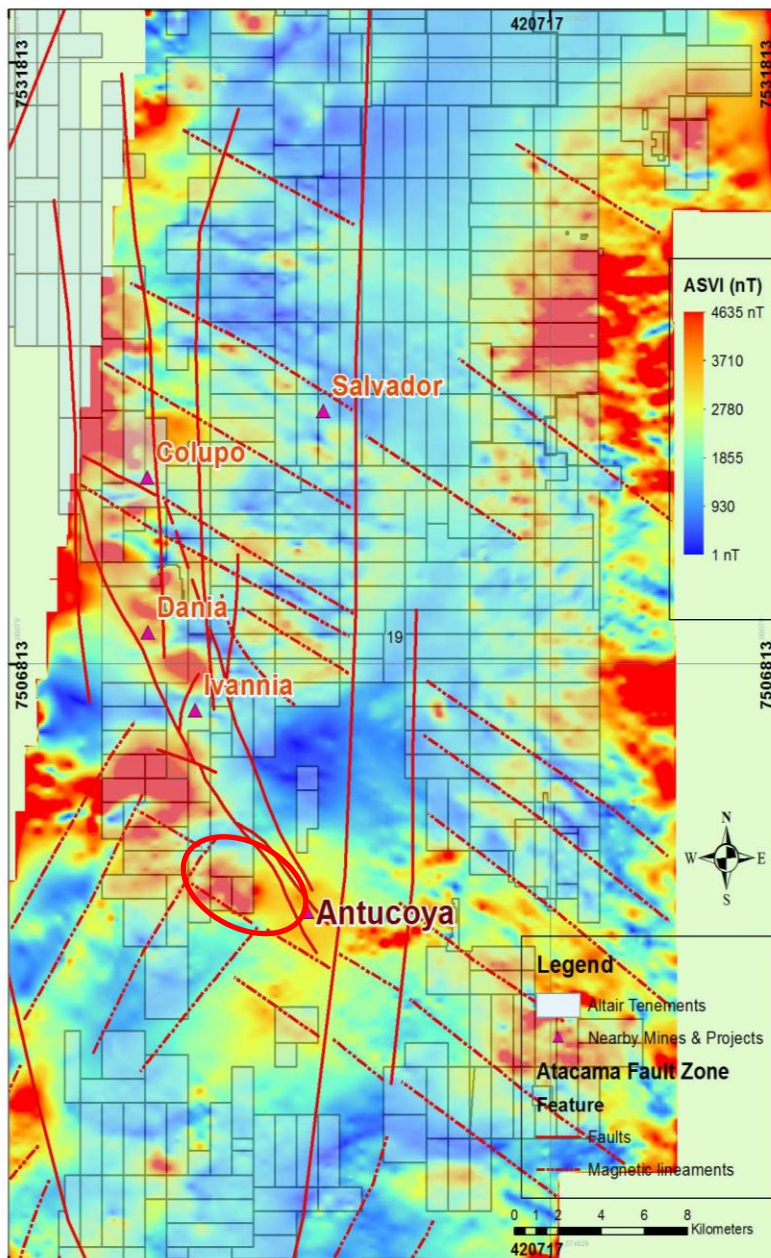
The recently acquired brownfield prospects Dania, Ivannia and Colupo also features strong magnetic anomalies. In particular, the linear anomaly at Colupo lines up with both the directional trending faults as well as historical drilling results. The anomaly however, continues for a further 14 km and highlights the potential to significantly extend the size of the known mineralisation at Colupo.

The next phase of exploration at Colupo will involve induced polarisation (IP) and resistivity surveys. This will assist with the targeting of the planned drilling program which will seek to extend on the strong results of the 2011 RC drilling program undertaken by SQM.

Finally, and perhaps most significantly, is identification of Estrella's new Antucoya West prospect, which abuts Antofagasta PLC's massive Antucoya project directly to the West. Antucoya hosts a mineral resource of 642Mt @ 0.35% Cu and is currently under construction. Figure 1 shows that a clear large magnetic anomaly can be observed at the Antucoya project. This anomaly is also shown to extend into Estrella's Antucoya West. This coincides with the base fault structures which also trend in a WNW direction towards Antucoya West. The revelation of Antucoya West makes it now one of the most promising prospects on the Altair project. A vector IP survey is expected to be undertaken in the near term which should both confirm and better define the geophysical anomaly. Drilling is expected to follow as Estrella seeks to locate the mineralised extensions of Antucoya.

We believe Estrella is now highly geared towards exploration success. Positive drilling results at either Colupo or Antucoya West should significantly re-rate the stock. We retain our recommendation of Speculative Buy at the current price level.

Figure 1: ASVI pseudocolour image for Altair



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