ESTRELLA RESOURCES

# Chile's Star in Copper-Gold

## Investor Presentation

June 2012

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# Presentation Overview


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# 1. Executive Summary

ESTRELLA RESOURCES

## Estrella Resources (ASX.ESR)

- Australian based, Chilean focused copper-gold exploration company
- Exploring and developing 4 projects
- Pursuing acquisition of additional highly prospective assets in Chile
- Listed on the ASX in May 2012 (code: ASX.ESR)

## 4 Highly Prospective Projects

i. Agustina (100%): 21km² – Highly prospective for IOCG systems

ii. Venus 100%): 90km² – Prospective for gold exploration

iii. Luna (100%): 208km² – Prospective for epithermal style gold and copper

iv. Inca (91.5%): 54km² – Prospective for gold exploration

*Agustina Mine Adit*

## Key Milestones

| | |
|---|---|
| ☑ Acquisition of Projects | May to Dec 2011 |
| ☑ IP Survey, mapping & sampling at Agustina | Jan 2012 |
| ☑ Drilling commenced at Agustina | May 2012 |
| ☑ A$6 million IPO completed | May 2012 |
| ☑ Phase 2 exploration commenced | June 2012 |

*Copper Ore found at Agustina*

# 2. Company Overview

ESTRELLA RESOURCES

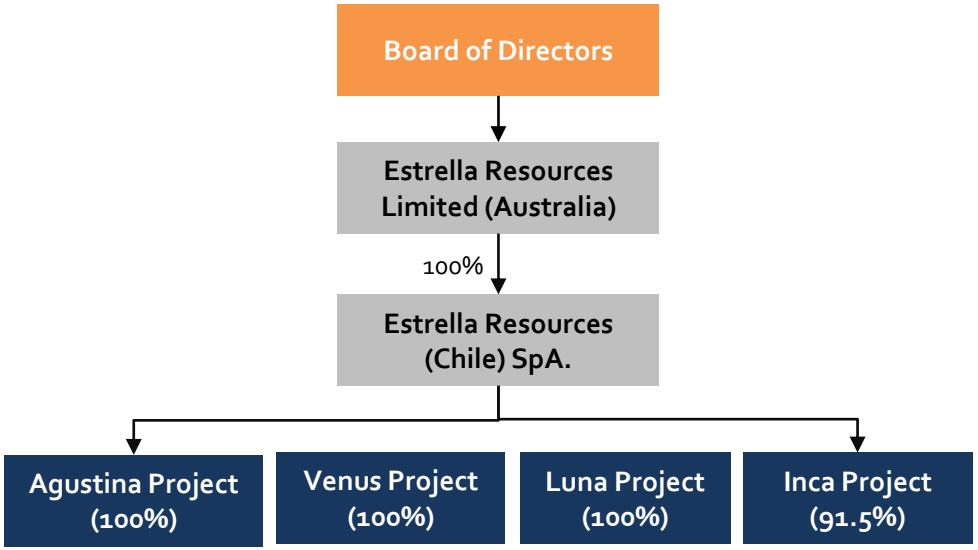
## Estrella's Chilean Strategy

- Ongoing acquisition of high quality assets
- Focus on Brownfields projects
- Low Capex & Opex advantages in Chile
- Access to existing mining infrastructure
- Untapped potential for large IOCG deposits
- Fast-track to production

| | |
|---|---|
| ASX Code | ASX.ESR |
| Share Price (as at 20 June 2012) | A$0.15 |
| Market Cap (as at 20 June 2012) | A$13.1M |
| No. Shares on issue | 87,101,000 |
| No. Options on issue | 7,205,000 |
| Cash at bank (May 2012) | A$6,000,000 |

## Corporate Structure

- 100% owned Chilean subsidiary that owns and manages all the Chilean assets
- Significant institutional presence on the share register




## Board

- **Dr. Jason Berton,** Managing Director
- **Gavin Solomon,** Non-executive Chairman
- **Julian Bavin,** Non-executive Director
- **Simon Kidston,** Non-executive Director
- **Justin Clyne,** Company Secretary

# 3. Why Chile?

## Why Chile?

- World's largest copper producer
  - *35% of global copper output for the last 30 years*
  - *~38% of global copper reserves*
  - *Mining investment pipeline estimated to be ~US$70B (2010-2015)*
- All major international miners active in Chile
  - *BHP Billiton, Anglo American, Rio Tinto, Xstrata, Teck Cominco, Kinross, Phelps Dodge, Barrick Gold and Newmont*
- Strategically positioned to service Asia and North America
  - *Export orientated country with good infrastructure*
- One of South America's most stable and prosperous nations
  - *Over 100 years of mining history*
  - *Experienced and professional mining and mining services workforce*

*Santiago*

## Network

- Substantial Chilean networks of Estrella's Board & Management

## Knowledgeable Workforce

- Ready access to high quality workforce from La Serena School of Mines

# 3. Why Chile? (Cont)

ESTRELLA RESOURCES

## Mining Regime

- Clear legislation and well-established procedures
- Favourable royalty regime
  - *Currently between 4% and 9% royalty on a sliding scale*
  - *A recent Bill raises this to 5% to 14% royalty starting in 2018*
- Clear foreign investment framework
  - *100% foreign ownership*
  - *Legal Protection of Mining Concessions*
  - *Concessions granted on a first come first serve basis*

*Chile's Parliament House, Santiago.*

## Taxation Regime

- Small mining companies are subject to income tax at a fixed rate
  - *Mid-sized mining companies are taxed on a presumptive basis*
- Corporate income tax of 18.5% in 2012 and 17% thereafter
  - *35% additional tax on profit remittances to foreign shareholders*

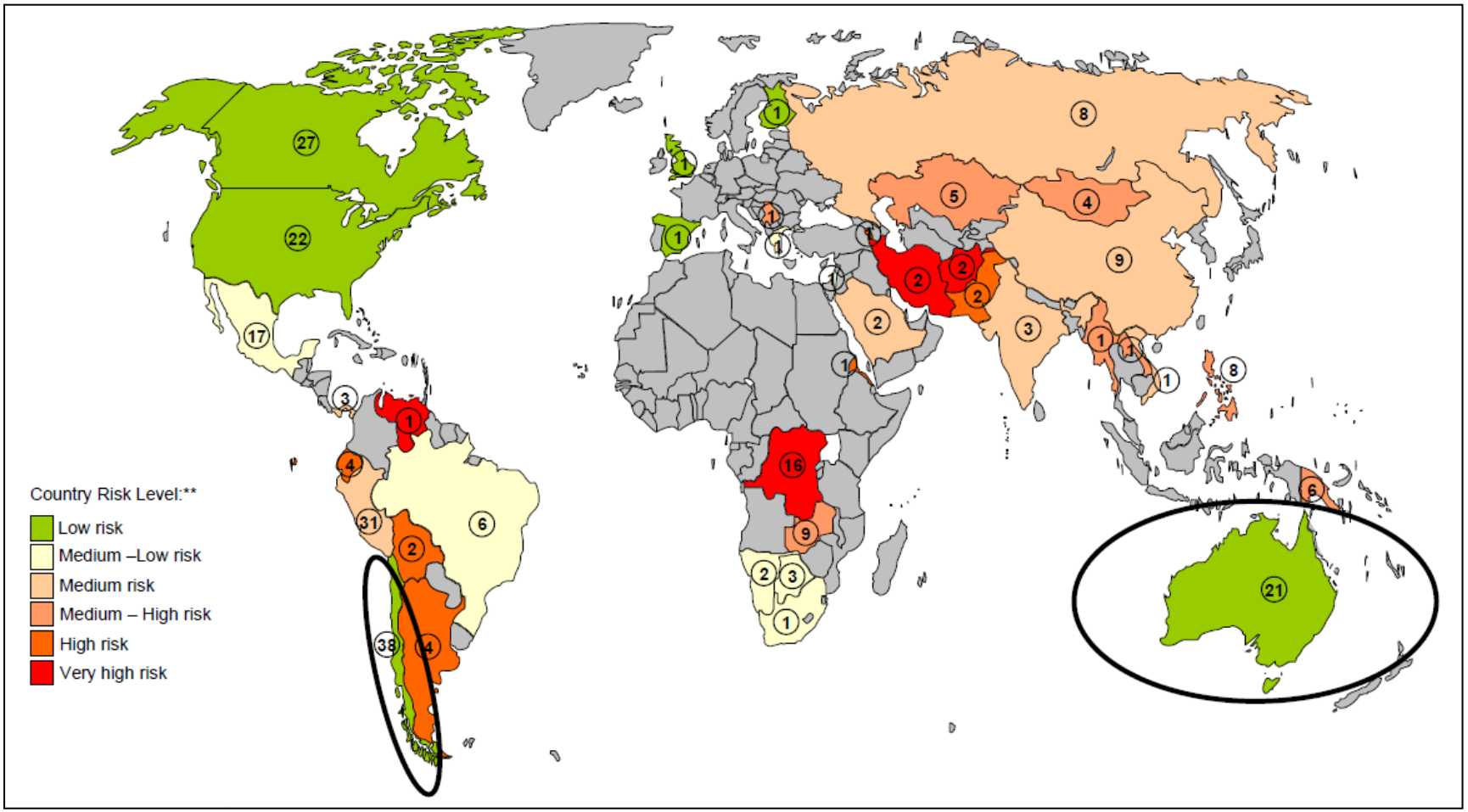
*Early production potential with nearby processing plant*

## International Treaties

- Chile is a member of the WTO
- Chile has signed a double taxation treaty with Australia
- Free trade agreements with US, China, Canada, Australia etc)

# 3. Why Chile? (Cont)

## Number of Copper Mining Projects by Country

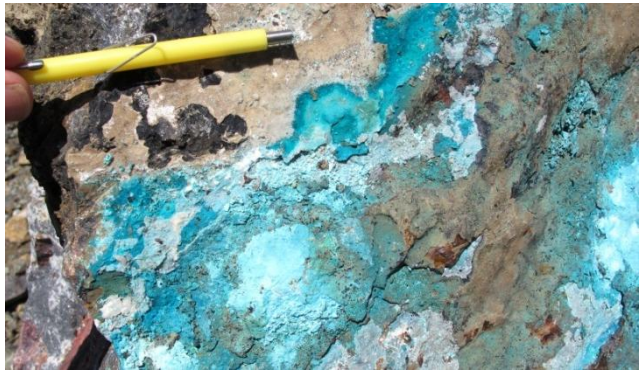



Sources: Brook Hunt, Codelco and AON Group (May 2011).

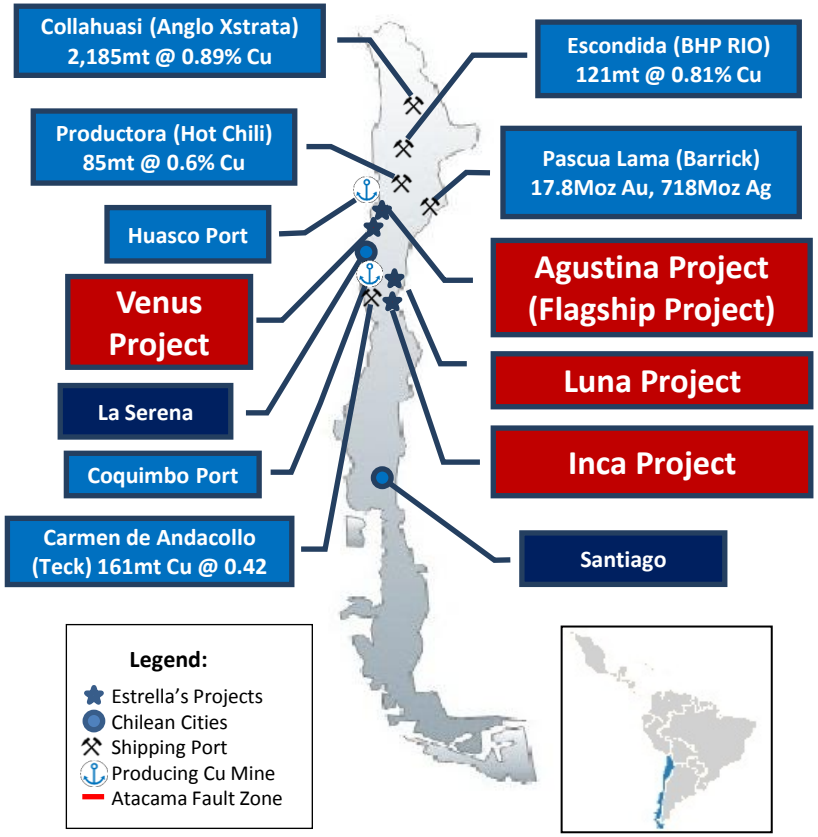
# 4. Projects

## Overview

- 4 Projects in central northern Chile
  - *i.* ***Agustina*** *– 450 km north-northwest of Santiago*
  - *ii.* ***Venus*** *– adjacent to Agustina*
  - *iii.* ***Luna*** *– 320 km north of Santiago*
  - *iv.* ***Inca*** *- adjacent to Luna*
- Acquisition of quality brownfields projects facilitated by Estrella's unique 'in-country' advantages
- All Projects located in established mining region



*Copper oxide mineralisation at Agustina.*




*Location of Projects - Central Chile.*

# 4. Projects - Agustina

## Overview

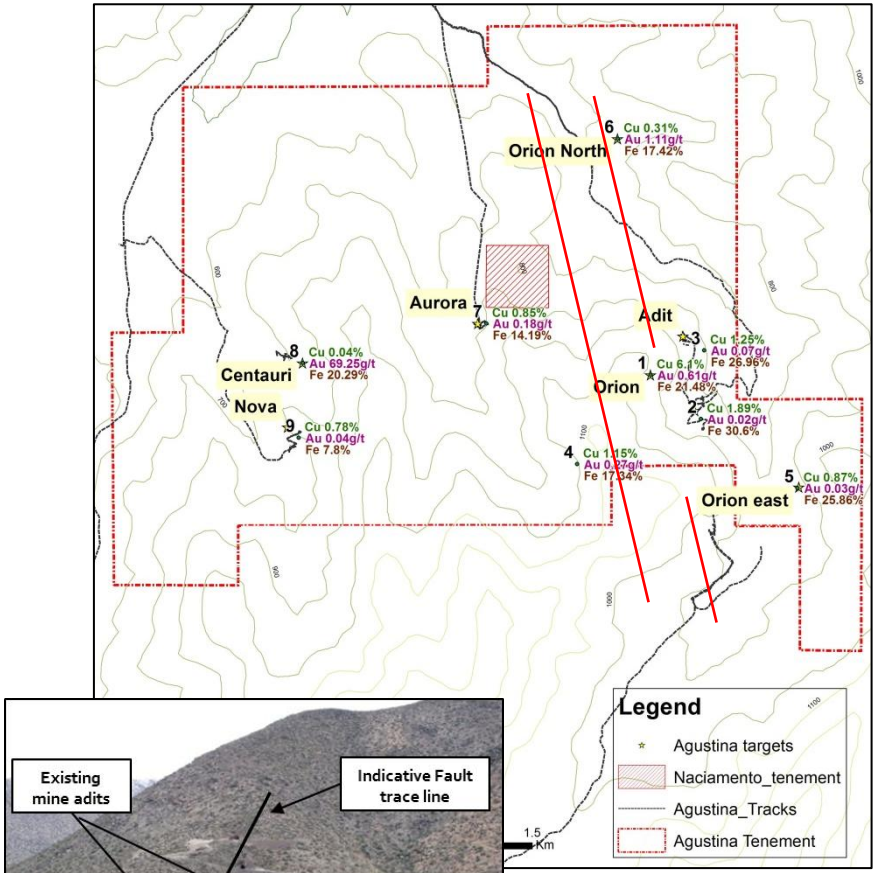
- Option to acquire 100% of Agustina concessions
- Covers 4 mining leases with total area of 21.0km²
- Numerous artisanal copper and gold mines

## Geology

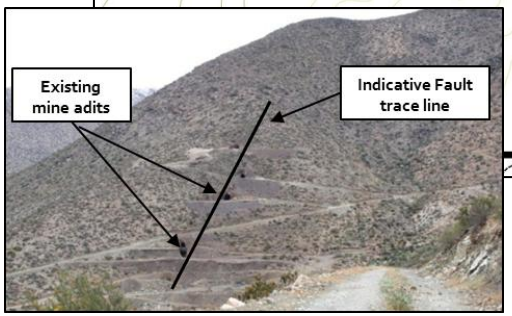
- "Brownfields project" highly prospective for IOCG
- Mineralisation hosted in numerous fault breccia structures
- Agustina hosts several copper, gold and iron ore prospects
  - *Some exploited historically on a small scale*
  - *Visible controls on mineralisation de-risks exploration*

## Prospects

- **Orion:** Multiple artisan mines, High grade Cu with Au credits, Continuous mineralisation in fault breccias
- **Centauri:** Au workings, grades of 69.25g/t in stockpiles
- **Nova:** Cu workings, similar faults to Orion, valid mining permit.
- **Aurora:** Along strike of Cu workings at Naciamento




*sample results and mapped structural trend (red line)*

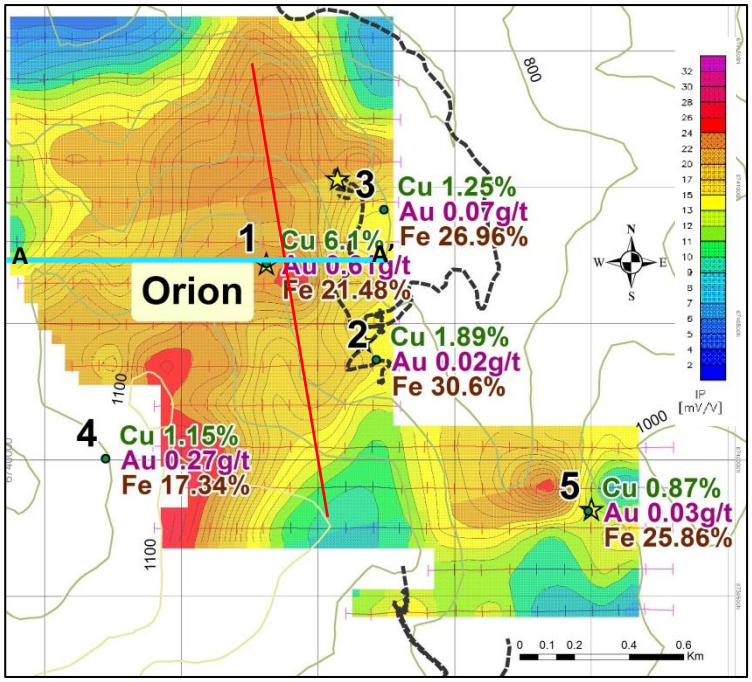



*Location of exploration targets*

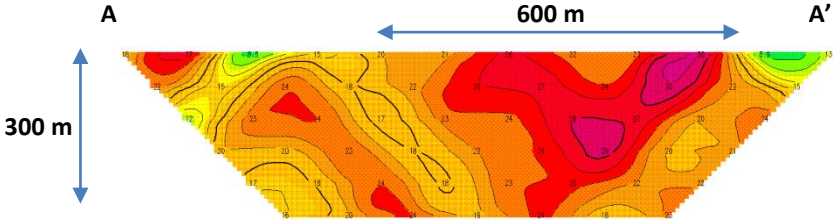
# 4. Projects - Agustina (Cont)

## Orion Exploration

- Maiden drilling currently underway
- High 'chargeability' IP anomalies identified
  - *Coincide with high Cu & Au sample results*
  - *>2km long, >600m wide from surface to >300m depth*
- 10 targets in mineralised parallel structures (Cu & Au) identified
  - *Widths up to 50m over a 4km strike length*
- Mineralised structures linking the parallel zones also observed
  - *Good bulk tonnage potential*
- Mineralisation from surface on all projects
  - *Significant potential to extend at depth (> 1 km)*




*IP survey with grab samples overlaid and structural trend (red line).*



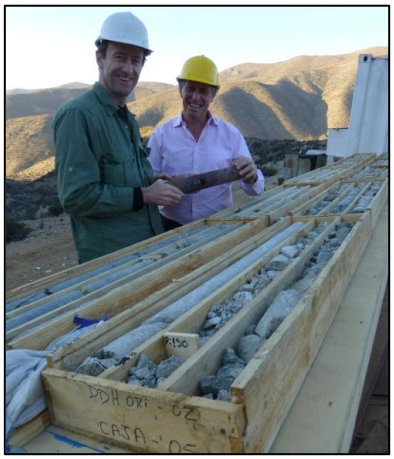

*Cross-section view shows highly anomalous response (ying beneath grab sample 1. Highly anomalous response cfrom surface to >300m depth*

*Inside mine adit at Agustina*

# 4. Projects - Agustina (Cont)

## Exploration Program

| | |
|---|---|
| ☑ Soil & rock chip sampling program | Nov- Dec 2011 |
| ☑ Mapping and sampling to identify mineralised structures | Nov- Dec 2011 |
| ☑ IP survey across known mineralised structures | Dec 2011-Jan 2012 |
| ☑ Maiden drilling campaign commenced at Orion | May 2012 |
| ○ *2,ooom diamond drilling program* | |
| ○ *Drilling to test artisanal mines and geophysical anomalies at Orion, Agustina* | |
| ❖ Assay Results from initial drilling | July/Aug 2012 |
| ○ *Numerous local labs are located in La Serena* | |



# 4. Projects - Agustina (Cont)

## Infrastructure

- **Road:** *6km from the Pan American Highway via good gravel road*
- **Rail**: *10km from a rail line to port of Coquimbo. Cape gauge and currently moves 7Mt per annum*
- **Power:** *Grid power available via construction of a 10km power line*
- **Ports:** *Coquimbo/La Serena (90km) and Huasco (160km)*
- **Processing:** *Concentrator facilities located within 10km of Agustina*
- **Water:** *Underground water available 13km NW of Agustina*

## Nearby Projects

- Andacollo (Teck Resources) – 484Mt @ 0.35% Cu (reserve)
- La Productora (Hot Chilli) – 85.1 Mt @ 0.6% Cu, 0.1 g/t Au (resource)

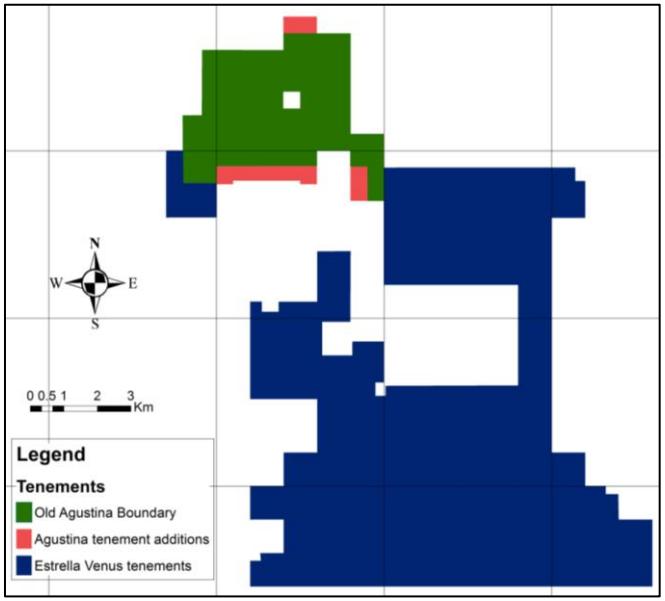
*Processing facility near Agustina.*

*Location map of Agustina Project.*

# 4. Projects - Venus

## Venus Overview

- 100% owned by Estrella
- Located 75 km NNW of La Serena
- Covers area totalling 90 km²
- Highly prospective region for high grade copper-gold
  - *Mineralised fault structures similar to Agustina*
- Southern extension of Agustina project
- Significant artisanal mining across entire tenement
- Significant nearby infrastructure including road access and rail line




*Agustina and Venus concessions including new tenure.*

*Rail bridge 12 km north of Venus.*

# 4. Projects – Luna/Inca

## Luna/Inca Overview

- Luna 100% and Inca 91.5% owned by Estrella
- Total area of 262km² of which Inca is a 54 km² subset
- Located ~90km SE of Coquimbo
- Highly prospective region for high grade copper-gold
- Surrounding concession holders include
  - *Barrick Gold, Codelco, BHP Billiton and Teck*
- Good road access across tenement via Barrick/ Codelco JV road
- **Initial sampling results include 5.2% and 5.4% Cu**

*Mapping and sampling at Alto del Valle located within Luna*

## Regional Area

- Projects lie in a well-known mineralised Cu-Au region close to
  - *Mines: (Andacollo – Teck/Enami; Veladero; El Indio – closed)*
  - *Pascua Lama Project (Barrick)*
  - *Los Mantos Project (Hot Chili)*
  - *El Milagro Project (Mitsubishi)*
  - *Mollacas & Vallecio Project (Metminco)*

# 4. Projects – Luna/Inca (Cont)

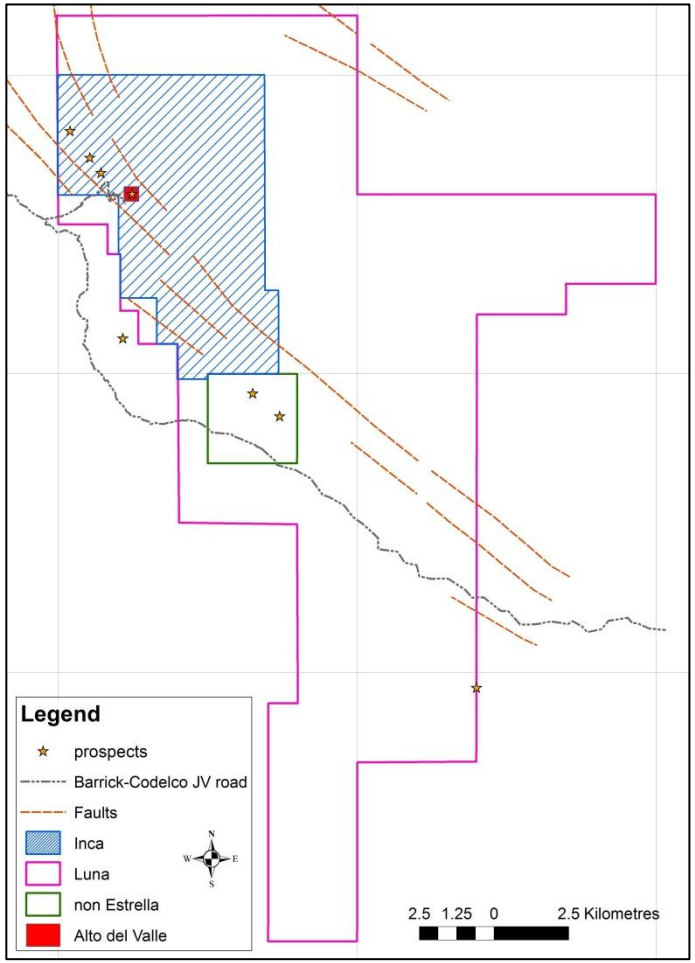
## Regional Geology

- NW to SE trending structural corridor: 15km strike length
- Inca hosts five small scale Cu, Au and Ag mines including
  - *Epithermal breccia's ranging 3-10m in width*

## Exploration Strategy

- Exploration focus: Structural Corridor with high grade bornite bearing epithermal Cu-Au-Ag systems
- Exploration program:
  - *Undertake stream sediment and rock chip sampling*
  - *Undertake detailed structural mapping.*
  - *Demonstrates Alto del Valle mineralisation continues onto Inca/Luna*
- Sampling confirm Inca/Luna prospective for high grade Au mineralisation

| Locality | Cu% | Ag g/t | Au g/t |
|---|---|---|---|
| 8 | 2.86 | 60.1 | 0.36 |
| 11 | 3.88 | 106.9 | 12.8 |
| 12 | 3.63 | 112.9 | 0.03 |
| 13 | 1.09 | 95.0 | 0.71 |




*Luna tenements and prospects.*

# 5. Board of Directors

**Dr. Jason Berton, Managing Director (full time)**

- Over 12 years mining and exploration industry experience at Barrick, Homestake and BHP Billiton.
- Also worked as a Senior Geology Consultant for SRK Consulting and as Chief Geologist co-ordinating due diligence for private equity investments.
- Specialist Structural Geologist with experience in gold, copper, uranium and iron ore.
- PhD in Structural Geology and B.Sc (Hons), B.Ec, member of AusIMM and GSA.

**Julian Bavin, Non-executive Director**

- Over 30 years experience in the mining industry, with over 20 years with Rio Tinto including 8 years as Exploration Director – South America.
- Current Exec. Director of Pan Global Resources Inc. & Non-Exec. Director of Exeter Resources Inc.
- BSc Mining Geology (Hons), MSc Mineral Exploration, Member of Institution of Mining & Metallurgy, Chartered Engineer & Fellow of Society of Economic Geologists.
- Based in Santiago de Chile and Spanish speaker.

**Gavin Solomon, Non-executive Chairman**

- Over 30 years experience in Australian and international equity and capital markets.
- Lawyer by background and experienced Director of ASX listed companies.
- Founding shareholder and continuing Non-executive Director of Endocoal Limited (ASX:EOC).

**Simon Kidston, Non-executive Director**

- 20 years investment banking & equity capital markets experience in Australia, UK and Asia.
- Former Director and co-founder of Endocoal Limited (ASX:EOC)
- Founding shareholder and continuing Non-executive Director of Carabella Resources Limited (ASX:CLR).

# 6. Development Plan

| Indicative Timing | Jun 12 | July 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|---|---|---|---|---|---|---|---|
| Maiden Drilling Program – Orion (Agustina) | | | | | | | |
| Trenching, Mapping & Sampling – Centauri (Agustina) | | | | | | | |
| Drilling at Centauri (Agustina) | | | | | | | |
| Reconnaissance Mapping & Sampling (Luna) | | | | | | | |
| IP & Magnetics Survey – Orion North/West | | | | | | | |

# 7. Comparable Companies

| Company | Share Price | Market Cap (Diluted) | EV ($m) | Cash ($m) | Resources | Location | Status |
|---|---|---|---|---|---|---|---|
| Mandalay (TSX) | $0.58 | $163.3 | $148.50 | $14.8 | N/a | Chile | Producer (Au, Ag, Sb) |
| Hot Chili | $0.42 | $89.9 | $79.10 | $10.8 | 85.1Mt @ 0.6% Cu and 0.1g/t Au | Chile | Exploration |
| Latin Resources | $0.26 | $47.0 | $43.60 | $3.4 | N/a | Chile | Exploration |
| Metminco | $0.12 | $201.1 | $157.10 | $44.0 | 943Mt @ 0.37% (3.5 Mt Cu). | Chile/Peru | Exploration |
| Alara Resources | $0.32 | $66.3 | $37.30 | $29.0 | N/a | Chile | Exploration |
| **Estrella Resources** | **$0.15** | **$13.1** | **$7.1** | **$6.0** | **N/a** | **Chile** | **Exploration** |

**Comparison between ASX and TSX listed Chilean focused Companies (as at 21 June 2012).**

# 8. Summary

- ☑ Highly prospective near surface targets identified at Agustina Project for IOCG structures.
- ☑ "Drilling has commenced" – targeted exploration program to fast track drilling at Agustina.
- ☑ On-ground presence and strong "in-country" skills within Board and Management team.
- ☑ Large IP anomaly measuring 1.5-2km long, 600m wide and 300m deep from surface already identified.
- ☑ South America is an attractive destination for a junior miner.
- ☑ Estrella concurrently pursuing numerous high quality acquisitions

*Centauri gold mine adit, Agustina Project, central Chile (Au sample 13.15 g/t).*

**Strong potential for near term exploration upside**