

Stellar Resources

ASX Announcement



25 August 2014

Queen Hill Tin Mineralisation Extended by 150m

- Tin mineralisation potentially extended 150 metres down plunge from the Queen Hill existing mineral resource.
- Best intersections:
 - ZQ128: 2 metres @ 2.0% tin from 395 metres
 - ZQ129: 3 metres @ 1.0% tin from 412 metres
 - ZQ129W: 5 metres @ 0.5% tin from 411 metres
- Significant exploration potential opened-up as drilling at Queen Hill confirms:
 - deposit remains open down plunge,
 - high grade nature of mineralisation maintained,
 - footwall intersection adds potential for satellite mineralisation,
 - potential connection with Montana deposit.

Issued Capital

Shares: 300,227,775
Share Price: A\$0.041
Market Cap: A\$12.3million

Commodity

Tin Price: US\$22,078/t
Exchange Rate US\$ 0.93

Main Shareholders

JP Morgan Nominees 24.3%
Capetown SA 20.8%
Resource Capital Fund 12.1%

Board & Management

Phillip G Harman
Non-Executive Chairman
Peter G Blight
Managing Director
Miguel Lopez de Letona
Non-Executive Director
Thomas H Whiting
Non-Executive Director
Markus Elsasser
Non-Executive Director
Christina R Kemp
Company Secretary

Stellar's Managing Director Peter Blight said "Drilling around the Queen Hill deposit has demonstrated significant potential to expand the mineral resource. ZQ129 intersected ore grade tin 150 metres down plunge from the mineral resource envelope and within 150 metres of the Montana deposit. If these deposits are connected it opens up the potential for additional resources and a more efficient mine plan. We are currently studying the geology around and within tin intersections to refine our targeting ahead of a drilling program planned to commence in December quarter at the Severn deposit."

ASX Code: SRZ

About Stellar:

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Stellar Resources (SRZ) is an exploration and development company with assets in Tasmania and South Australia. The company is rapidly advancing its high-grade Heemskirk Tin Project, located near Zeehan in Tasmania, and plans to become Australia's second largest producer of tin.

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Table 1: Heemskirk Tin Mineral Resource

Classification	Deposit	Tonnes millions	Grade % tin	Contained Tin tonnes
Indicated	All	1.41	1.26	17,790
Inferred	All	4.87	1.10	53,710
Total		6.28	1.14	71,500
Indicated	Queen Hill	1.41	1.26	17,790
Inferred	Queen Hill	0.19	1.63	3,090
	Severn	4.17	0.98	40,900
	Montana	0.51	1.91	9,710
Total		6.28	1.14	71,500

1. block cut-off grade of 0.6% tin
2. tonnes rounded to reflect uncertainty of estimate
3. estimates prepared by Resource and Exploration Geology

Drilling Location

Three diamond drill holes ZQ127, ZQ128 and ZQ129 and wedge hole ZQ129W were recently completed at Queen Hill (see drill hole traces in Figure 1). ZQ127 tested the potential for a near surface extension of mineralisation to the north and above the main Queen Hill body. ZQ128 tested a zone to the south and below the north-plunging Queen Hill deposit. ZQ129 and ZQ129W targeted Queen Hill 150 metres down plunge from the existing mineral resource.

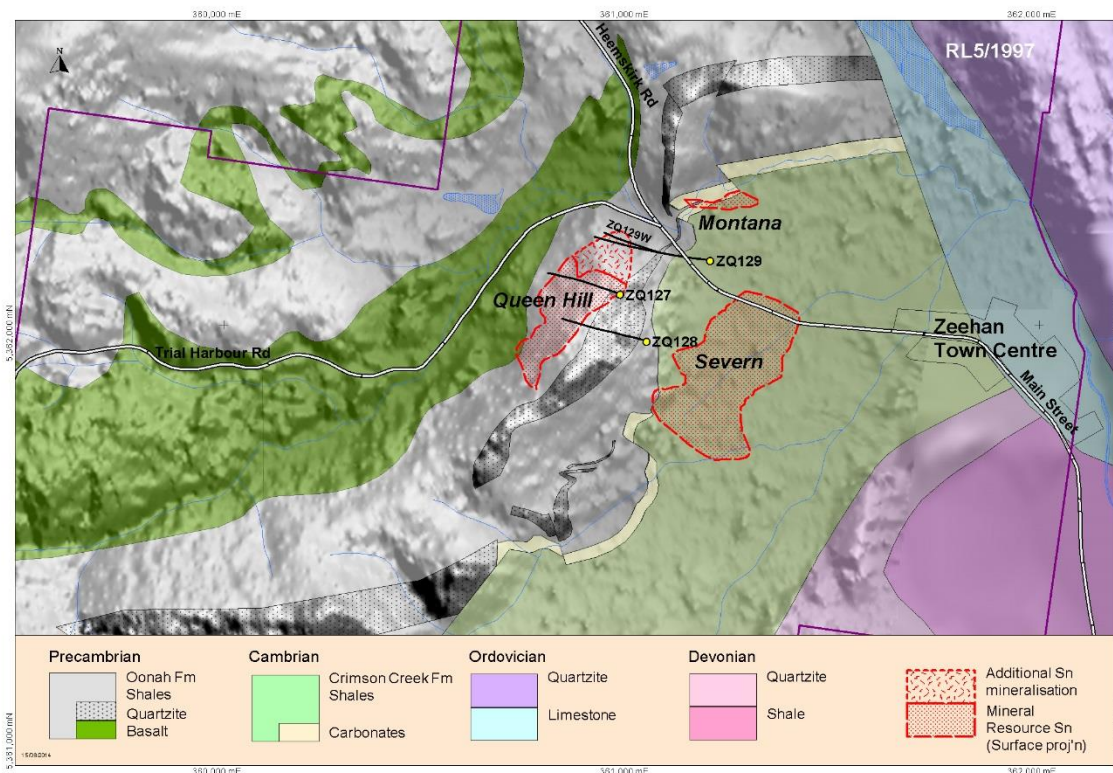


Figure 1: Simplified geology plan and recent drill traces, Heemskirk Tin Project



Significant Assay Results

Table 2: Significant Assay Results

Hole No	From	To	Interval	Tin	Sol Tin
Queen Hill	m	m	m	%	%
ZQ128	285.0	287.0	2.0	0.5	0.00
	395.0	397.0	2.0	2.1	0.03
ZQ129	412.0	415	3.0	1.0	0.02
ZQ129W	411.0	416.0	5.0	0.5	0.01

ZQ128 intersected two zones of tin mineralisation (see Table 2). The first intersection of 2 metres averaging 0.5% tin from 285 metres occurs in close proximity to the contact between Oonah Formation black shales and basalts. As Figure 2 shows, it may represent a down-dip extension of the 16.0 metre intersection grading 1.5% tin in historical diamond drill hole G51B.

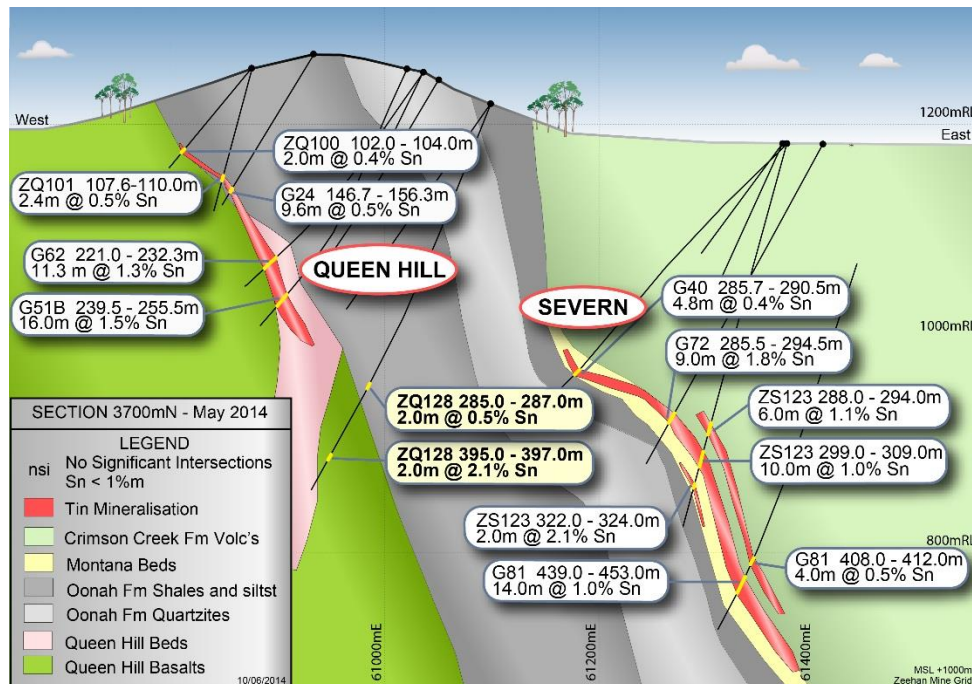


Figure 2: Schematic geological cross-section 3700N, showing tin intersections in ZQ128

The second intersection of 2 metres grading 2.1% tin occurs 110 metres down hole from the first intersection within footwall Queen Hill Basalts. Footwall and hanging wall intersections occur within the broad halo of tin mineralisation. This augers well for the location of satellite mineralisation adjacent to the main Queen Hill body with closer-spaced drilling. On the Severn side of Section 3700N (Figure 2) these satellite zones are well developed and common.

ZQ129 intersected 3 metres grading 1.0% tin from 412 metres – this is the first intersection of Queen Hill on Section 3900N, the most northerly intersection to date. This ore grade intersection is also the deepest recorded for Queen Hill and lies within 100 metres vertically of the deepest Severn intersection in diamond drill hole ZS107W (see Figures 3 and 4).

ZQ129W intersected 5 metres grading 0.5% tin, 10 metres above and 30 metres to the north of ZQ129 (for simplicity it is transposed from section 3950N to 3900N in Figure 3). This second intersection of tin mineralisation confirms that the main Queen Hill body continues at depth and remains open.

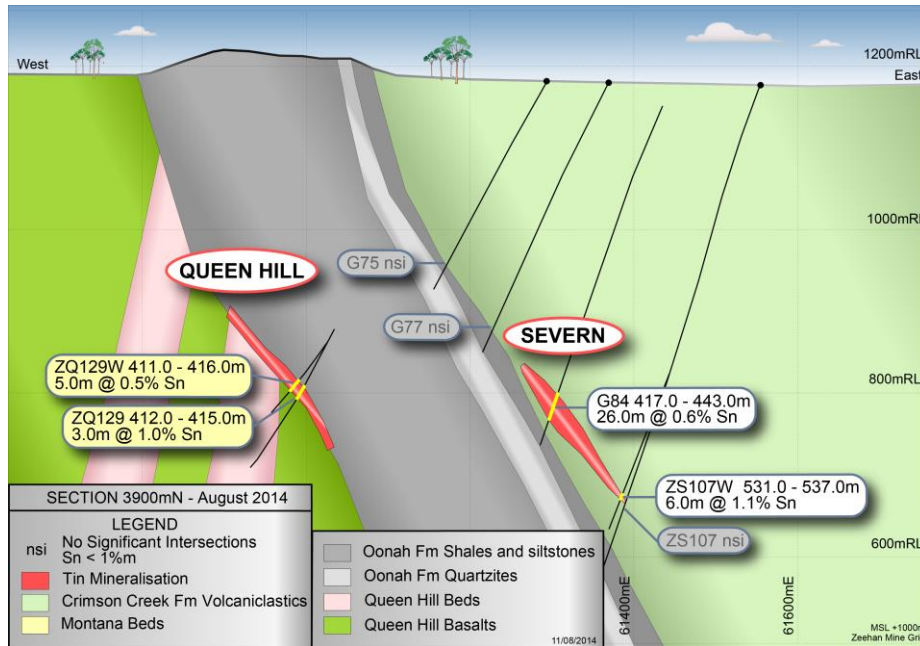


Figure 3: Schematic geological cross-section 3900N, showing ZQ129 and ZQ129W intersections

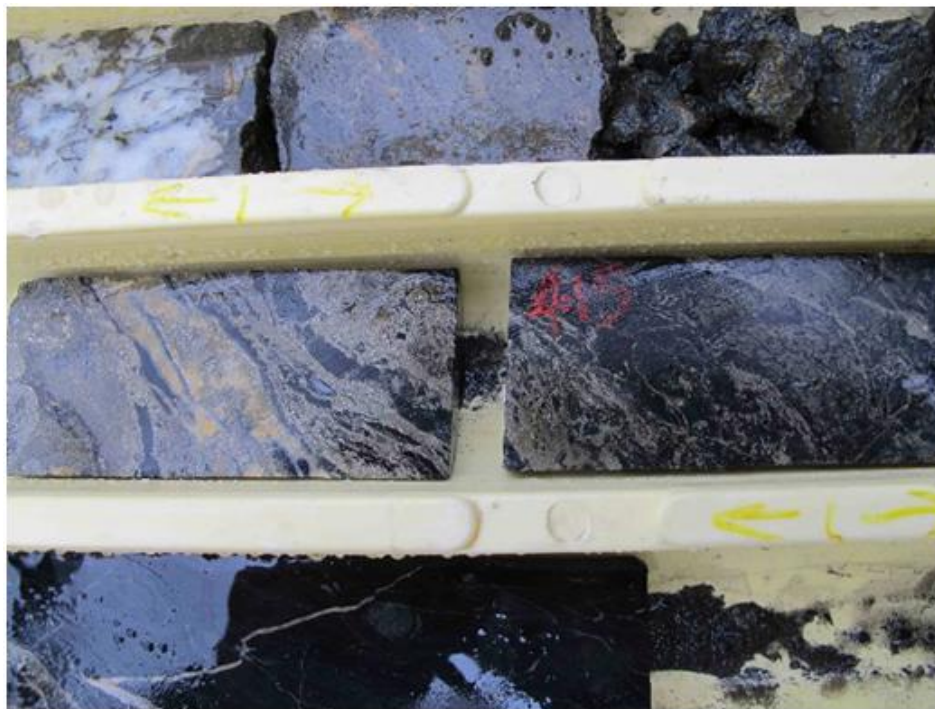


Figure 4: ZQ129 mineralisation – 1.3% tin 414m to 415m

Down-Plunge Extension of Queen Hill

The potential to expand the Queen Hill Mineral Resource down plunge with more closely spaced diamond drilling is clearly shown in Figure 5. The size of any resource upgrade will depend on the continuity of the mineralisation, the grade and the average width of intersection achieved by infill drilling. There may also be opportunities to identify footwall and hanging wall mineralisation.

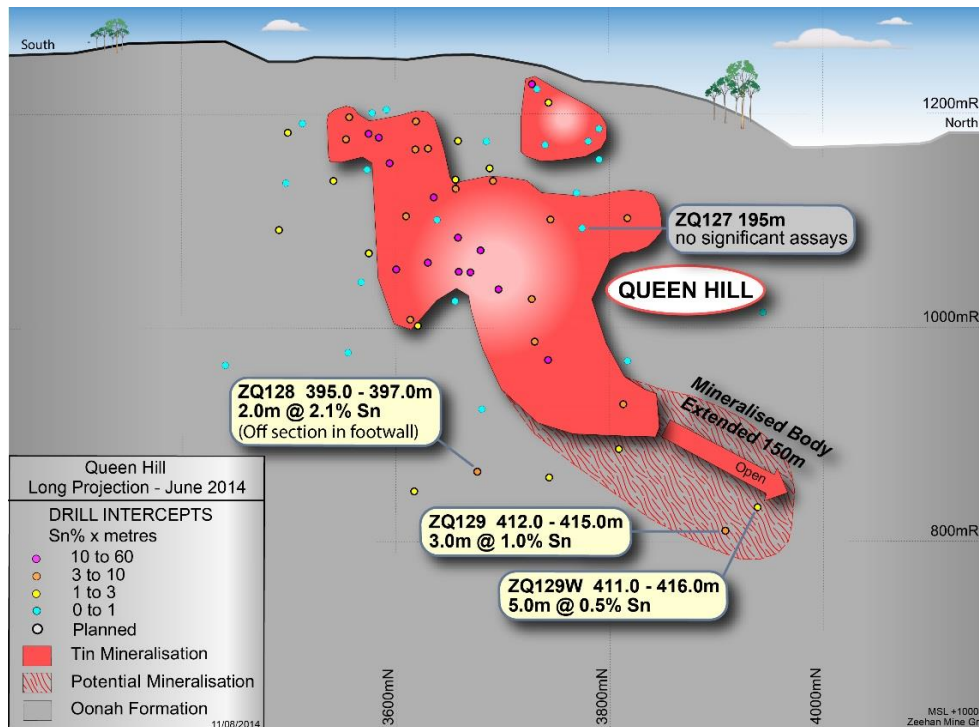


Figure 5: Geological Long-section Queen Hill deposit

If Queen Hill is extended further north beyond ZQ129W, the case for it joining to the Montana deposit becomes compelling. ZQ129W is only 150 metres away from the nearest Montana diamond drill hole, ZM126, which intersected 8.0 metres grading 0.7% tin. Both intersections lie near the 800m RL. In addition, the vertically dipping Montana deposit is trending at 45 degrees to the Queen Hill trend. This implies that continuation of Queen Hill to the north and Montana to the west, the direction in which both deposits are open, should inevitably result in an intersection.

The importance of such an outcome is not only the potential for a significant resource increase but also the possibility for more economic mine development if driving out to the Montana deposit can be supported by production from Queen Hill.

For further details please contact:

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Competent Person Statement

The information in this report that relates to Exploration Results is compiled by Mr R K Hazeldene who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and an employee of the Company. Mr Hazeldene has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr Hazeldene consents to the inclusion in the report of the matters based on his information in the form and context in which it appears in this report.

The information in this report that relates to Heemskirk Tin Mineral Resources was last reported on 24th July 2013 in an ASX release titled “Pre-feasibility Study Advances Heemskirk Tin”. The information was prepared in accordance with the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ by Tim Callaghan of Resource and Exploration Geology. Tim Callaghan is a Member of The Australasian Institute of Mining and Metallurgy (“AusIMM”), has a minimum of five years’ experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears.

Forward Looking Statements

This report contains a number of forward looking statements with respect to the company’s plans for mineral development. Known and unknown risks and uncertainties and factors outside of the company’s control may cause the actual results, performance and achievements of the company to differ materially from those expressed or implied in this report. To the maximum extent permitted by law and stock exchange rules, the company does not warrant the accuracy, currency or completeness of the information in this report, nor the future performance of the company and will not be responsible for any loss or damage arising from use of the information.



Appendix 1: Drill Hole Coordinates

Hole No	Northing Collar	Easting Collar	Relative Level m	Collar Dip/Azimuth	Depth m	Recovery %
ZQ127	5362076	360971	253	56/293	330	89
ZQ128	5361961	361036	217	66/290	520	90
ZQ129	5362165	361190	182	62/283	498	80
ZQ129W	5362165	361190	182	52/286	445	95

Located on sections 3800N, 3700N, 3900N and 3950N respectively, ZQ129W off ZQ129 @ 189m

Appendix 2: Assay Data

Hole No	From m	To m	Interval m	Tin %	Sol Tin ppm
ZQ128	123	124	1	0.38	60
	124	125	1	0.58	110
	125	126	1	0.13	110
	126	127	1	0.36	150
	285	286	1	0.57	60
	286	287	1	0.33	<50
	395	396	1	1.74	240
	396	397	1	2.40	280
ZQ129	412	413	1	0.31	280
	413	414	1	1.30	290
	414	415	1	1.35	60
ZQ129W	411	412	1	0.30	<50
	412	413	1	0.48	<50
	413	414	1	0.71	100
	414	415	1	0.41	310
	415	416	1	0.34	<50

Table 1. Section 1. Sampling Techniques and Data		
Criteria	JORC Code Explanation	Commentary
Sampling Techniques	<ul style="list-style-type: none"> • Nature and Quality of sampling (egg cut channels, random chips or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma scanners, or hand held XRF instruments etc). • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (egg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverized to produce 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or sampling types (egg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> • The Heemskirk Tin Project tin deposits have been sampled by several diamond drilling campaigns between 1971 and 2014 by three separate companies, Gippsland Oil & Minerals NL, Aberfoyle and Stellar Resources. • Approximately 1m samples for 2-3kg were taken from the bulk of the programs whilst respecting geological boundaries derived from diamond saw cut core for mineralised zones as per industry standard
Drilling Techniques	<ul style="list-style-type: none"> • Drill type (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (egg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, where core is oriented and if so by what method. 	<ul style="list-style-type: none"> • 3 x HQ3 / NQ3 & 1 x wedged BQ diamond core for 1,604m. • Stellar drill core triple tube HQ and NQ. Wedged holes BQ • Core oriented where possible by spear orientation device
Sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximize sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred. 	<ul style="list-style-type: none"> • Core reconstituted, marked up and measured in all drilling campaigns. • Generally excellent (95-100%) • No relationship between recovery and grade was observed
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of 	<ul style="list-style-type: none"> • Core geologically logged by experienced geologists over various campaigns.

	<p>detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc) photography. 	<ul style="list-style-type: none"> • Standard lithology codes derived from historic mine logs used for interpretation. • RQD and recoveries logged for all Stellar holes. • All Stellar core digitally photographed wet & dry. • Historic logs loaded into spreadsheets and loaded into access database.
Sub-Sample techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter or half taken. • If non core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. • Measures taken to ensure that the sampling is representative of the insitu material collected, including for instance results of field duplicate/second half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • All historic core remains on site. • All mineralized core cut by diamond saw. • No record of historic sample preparation • Half core split by diamond saw on 1m samples while respecting geological contacts. • Bagged core delivered to ALS - BRL by Stellar staff • Half core crushed and pulverized to 70 micron at Burnie ALS laboratories.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysics tools, spectrometers, hand held XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation etc. • Nature of quality control procedures adopted (egg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • Post 2008 drill holes - XRF fusion disc for multi element analysis by ALS - BRL Laboratories • Pre 2008 samples were reported to have been analysed by pressed powder XRF at a range of commercial and company laboratories including the Aberfoyle laboratory • Aberfoyle carried research into appropriate sample sizing, assay methods and repeatability of assays for project mineralisation. • All Stellar samples assayed at ALS-BRL lab. • All mineralized sample pulps re-assayed at SGS Renison lab.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel • The use of twinned holes 	<ul style="list-style-type: none"> • All mineralized sample pulps re-assayed at SGS Renison lab. • Aberfoyle completed no twinned holes but Stellar have twinned a number of holes via BQ wedges.

	<ul style="list-style-type: none"> • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols • Discuss any adjustment to assay data 	<ul style="list-style-type: none"> • Primary data was received electronically and stored by consultant geologist. • All electronic data uploaded to access database • Historic data loaded onto spreadsheets and uploaded to Access database. • Data validation with Surpac software, basic statistical analysis and comparison with historic plans and sections. • Negative results for below detection limit assay data has been entered as detection limit
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys) trenches, mine workings and other locations used in mineral resource estimation • Specification of grid system used • Quality and accuracy of topographic control. 	<ul style="list-style-type: none"> • All hole collar surveys by licensed surveyor. • All coordinates in GDA94 • RL's as MSL +1000m • Most down hole surveys by downhole camera or Tropari for Aberfoyle drill holes. Stellar drill holes surveyed by downhole camera • Topographic dtm created from lands department 10m contour maps adjusted for known survey points (eg. drill collars).
Data Spacing and distribution	<ul style="list-style-type: none"> • Data spacing for exploration results • Whether data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures and classifications applied. • Whether sample compositing has been applied 	<ul style="list-style-type: none"> • Drill spacing approximately 50 x 50m or less in the upper part of Queen Hill deposit. Approximately 100 x 100m in lower Queen Hill. • Drill spacing approximately 100 x 100m in the Severn and Montana deposits. • Drill spacing is considered to be appropriate for the estimation of Inferred to Indicated Mineral resources in the Queen Hill deposit and Inferred in the Severn and Montana Deposits. • Samples have been composited to 1m intervals for the resource estimation.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between drilling orientation and the orientation of key mineralised structures is considered to have introduced sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The majority of DDH have been drilled northwest or southeast, sub-perpendicular to ore body strike. • Drill hole orientation is not considered to have introduced any material sampling bias.

Sample Security	<ul style="list-style-type: none"> The measures taken to ensure sample security 	<ul style="list-style-type: none"> Details of sample security were not available for historic data. All data captured and stored in customised access database and validated and updated by REG 2013. All historic drill logs entered into excel spreadsheets prior to being downloaded into database. Lithology codes migrated to Stellar Resources codes. Data integrity validated with Surpac Software for EOH depth and sample overlaps. Manual check by reviewing cross sections with the historic drafted sections and plans. Basic statistical analysis reveals several database errors including data in the wrong fields or ppm recorded as %. All errors rectified.
Audits or Reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data 	<ul style="list-style-type: none"> Aberfoyle carried out an audit and review of sampling data and techniques in 1979 followed by another review in 1982 as part of their "Geologic Resource Assessment". The Aberfoyle study concluded that all tin assays should be carried out by XRF rather than AAS methods and that all resource holes should be drill NQ or larger

Table 1. Section 2. Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none">• Type reference, name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.• The security of tenure held at the time of reporting along with known impediments to obtaining a license to operate the area.	<ul style="list-style-type: none">• RL 5/1997 is located over the northern part of Zeehan Township on the West Coast of Tasmania.• The RL is 100% owned by Stellar Resources Ltd• The area is a historic lead/silver mining district• There are no known or experienced impediments to operating a license in this area
Exploration done by other parties	<ul style="list-style-type: none">• Acknowledgement and appraisal of exploration by other parties.	<ul style="list-style-type: none">• Gippsland Oil & Minerals NL mapped & sampled historic workings and drilled 10 diamond holes (G2 – G12) in 1971 & 1972.• Aberfoyle entered into a joint venture with Gippsland in 1972 and proceeded to drill 82 diamond drill holes (G11 – G92), carry out extensive geochemical and geophysical surveys, metallurgical test work and completed a pre-feasibility study on the project between 1972 and 1992.• In 1998 Aberfoyle was taken over by Western Metals Ltd.• Stellar Resources acquired Western Metals portion of the JV in 2008 and Gippsland's portion in 2012. Since 2008, Stellar has drilled 38 diamond drill holes (ZQ93 – ZG130), carried out metallurgical test work, mining studies, environmental studies and completed a pre-feasibility study on the project.
Geology	<ul style="list-style-type: none">• Deposit type, geological setting and style of mineralisation	<p>The Heemskirk Tin Project comprises three significant tin deposits each with different configuration, mineralogy and metallurgy:</p> <ul style="list-style-type: none">○ Queen Hill, an outcropping fault and carbonate replacement lode located in the Oonah formation on the contact between a black shale and a volcanic unit.○ Montana, a blind (190m deep), carbonate replacement lode located adjacent to the contact between the Oonah Formation and the overlying Crimson Creek Formation.○ Severn, a blind (140m deep), fault stockwork lode located adjacent to the contact between the Oonah Formation and the overlying Crimson Creek Formation.

Criteria	JORC Code Explanation	Commentary
Drill Hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes • easting and northing of the drill hole collar • elevation or RL of the drill hole collar • dip and azimuth of the hole • downhole length and interception depth • hole length • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • Not applicable. Drill collars co-ordinates, dips & azimuths, downhole lengths & intercepts and hole lengths are located in Appendix of this announcement.
Data aggregation methods	<ul style="list-style-type: none"> • In reporting of Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cutoff grades are usually material and should be stated. • Where aggregate intercepts include short lengths of high grade results and longer lengths of low grade results, the procedure used for aggregation should be stated and some examples of such aggregations should be shown in detail • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • Mineralised zones are reported as length weighted intercepts.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. down hole length, true width not known) 	<ul style="list-style-type: none"> • Intercept lengths have been reported as downhole lengths. • Most holes have been drilled to intercept the deposit at high angles to best represent true widths. • Refer to the sections included in the body of the announcement to view the relationship between downhole lengths and mineralisation orientations.

Criteria	JORC Code Explanation	Commentary
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulated intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • See body of the announcement for relevant plan and sectional views and tabulated intercepts.
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/ or widths should be practiced to avoid misleading reporting of Exploration Results 	<ul style="list-style-type: none"> • Not applicable
Other substantive exploration data	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to); geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment, metallurgical results, bulk density, groundwater, geochemical and rock characteristics, potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> • Not applicable
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large scale step out drilling) • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • Drilling to test for lateral and depth extensions of the mineralisation. • Infill drilling of the mineralisation. • Mining and metallurgical studies • Environmental surveys and studies