

Stellar Resources

ASX Announcement



30 May 2017

First Hole Intersects 6m @ 0.84% Sn

- The first of a 9 hole diamond drilling program targeting Lower Queen Hill (LQH) intersected 6m @ 0.84% Sn from 209m to 215m.
- The intersection is an important infill hole and shows thickening of Tin mineralisation with depth adding confidence to the LQH resource model.
- Tin mineralisation is associated with brecciation and Py/Qz/Sd alteration along the faulted contact between Queen Hill Basalts and Oonah Black Shales confirming the geological model.
- The next hole, collared 70m to the northwest, is under way. It is currently 40% complete and has a target depth of 265m.
- A second drilling rig is now on site and well advanced on a hole targeting the Severn deposit.

Managing Director Peter Blight said “The first of the LQH holes has delivered a successful intersection validating the resource model. As the program progresses the potential to increase the LQH Indicated Resource and extend the resource boundary laterally will be tested.”

“Stellar has also engaged a second diamond drilling rig to test the Severn deposit. I am pleased to say that the rig is well advanced on the first of two holes that will test geological structure within the Severn Tin mineralisation. The results of these holes could assist in optimising the subsequent drill-out program for the upper part of Severn” he added.

Issued Capital

Shares: 379,713,489
Share Price: A\$0.022
Market Cap: A\$8.4million

Commodity

Tin Price: US\$20,558/t
Exchange Rate US\$ 0.74

Main Shareholders

European Investors 19.7%
Capetown SA 16.7%

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

Christina R Kemp

Company Secretary

ASX Code: SRZ

About Stellar:

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Australia

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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ZQ133 Drill Result

Stellar Resources Limited (ASX: SRZ, “Stellar” or the “Company”) is pleased to announce a significant drill intersection for ZQ133, the first of nine diamond drill holes targeting the LQH deposit.

ZQ133 intersected LQH at 209m down hole, close to the predicted position, with the intersection extending over 6m to 215m. The average assay for the interval was 0.84% total Sn, with a range of 0.28% Sn to 1.36% Sn. There is no internal dilution in the intersection.

Figure 1: ZQ133 HQ Drill Core Showing 6m Sn Intersection from 209.0m to 215.0m



Importantly, the hole confirmed significant tin mineralisation over a mineable width and infilled a position close to the northern boundary of the resource envelope improving confidence in the model. In addition, the intersection showed thickening of LQH down-plunge from the 4m intersection in historical drill hole ZQ24 which intersected LQH 40m above ZQ133.

The intersection is hosted by brecciated shales that lie immediately above the faulted contact between Queen Hill Basalt (footwall) and Oonah Black Shales (hanging wall). The fault, locally known as Clarkes, was active during the mineralising event and acted as a conduit for tin bearing fluids that also introduced pyrite, quartz and siderite as alteration products.

Elevated tin assays over 1m intervals within brecciated Oonah Black Shales at 40m (140m downhole) and 70m (94m downhole) above the LQH intersection are also fault related and reflect the extensive nature of the mineralising event.

ZQ133 was extended 26m beyond its target depth to 276.5m in order to obtain a larger sample of the footwall Queen Hill Basalt for geotechnical analysis. Any development of LQH would occur in this formation which has excellent geotechnical characteristics.

Drilling Update and Plan

The next hole at LQH, ZQ134, is collared 70m to the northwest of ZQ133 and will also test the northern edge of the resource envelope. The hole is currently 40% complete and drilling through Oonah Black Shales.

Stellar has engaged a second diamond drilling rig to target the Severn deposit. The rig is well advanced on the first of two holes designed to test the relationship between geological structure and tin grade. Once these holes are complete, a drill-out of the Upper Severn resource will commence.

Figure 2: Interpretative Geological Plan, ML2023P/M, Zeehan Area

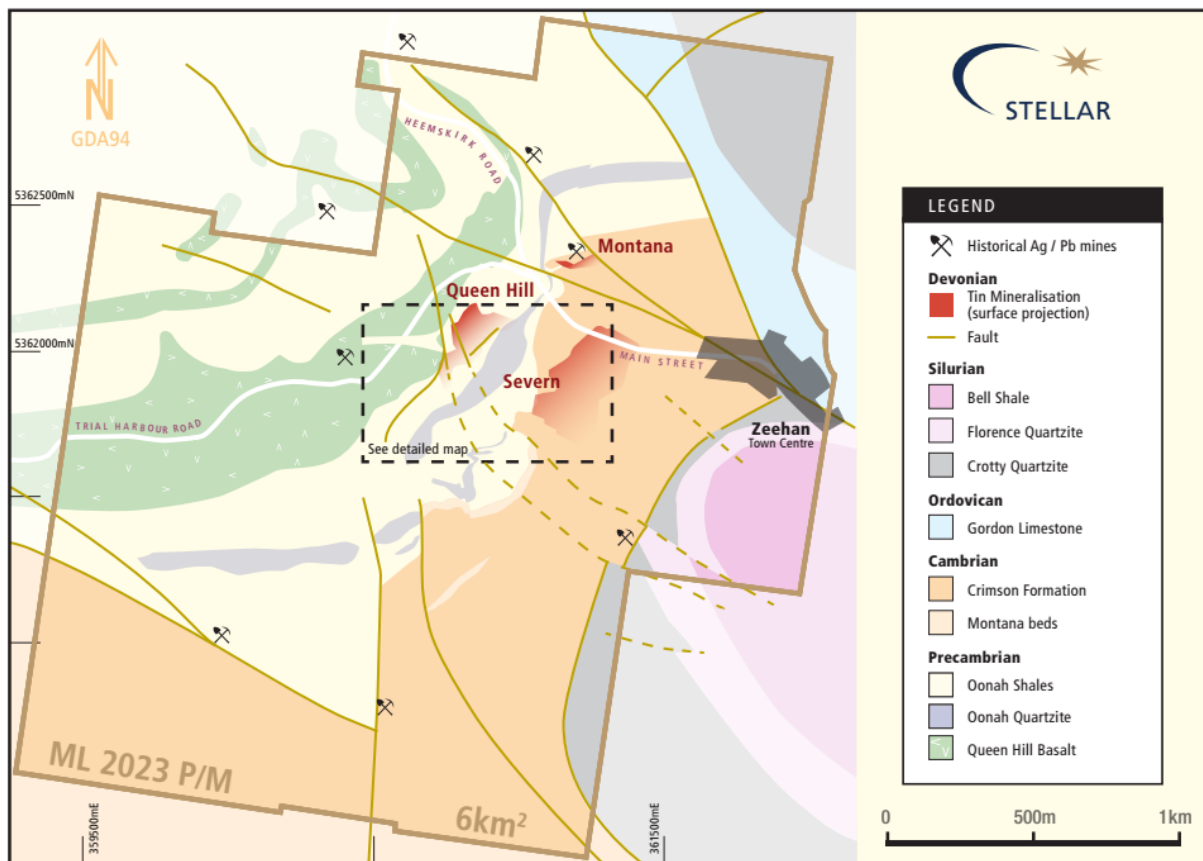


Figure 3: Detailed Interpretative Geological Plan over the Queen Hill Deposit

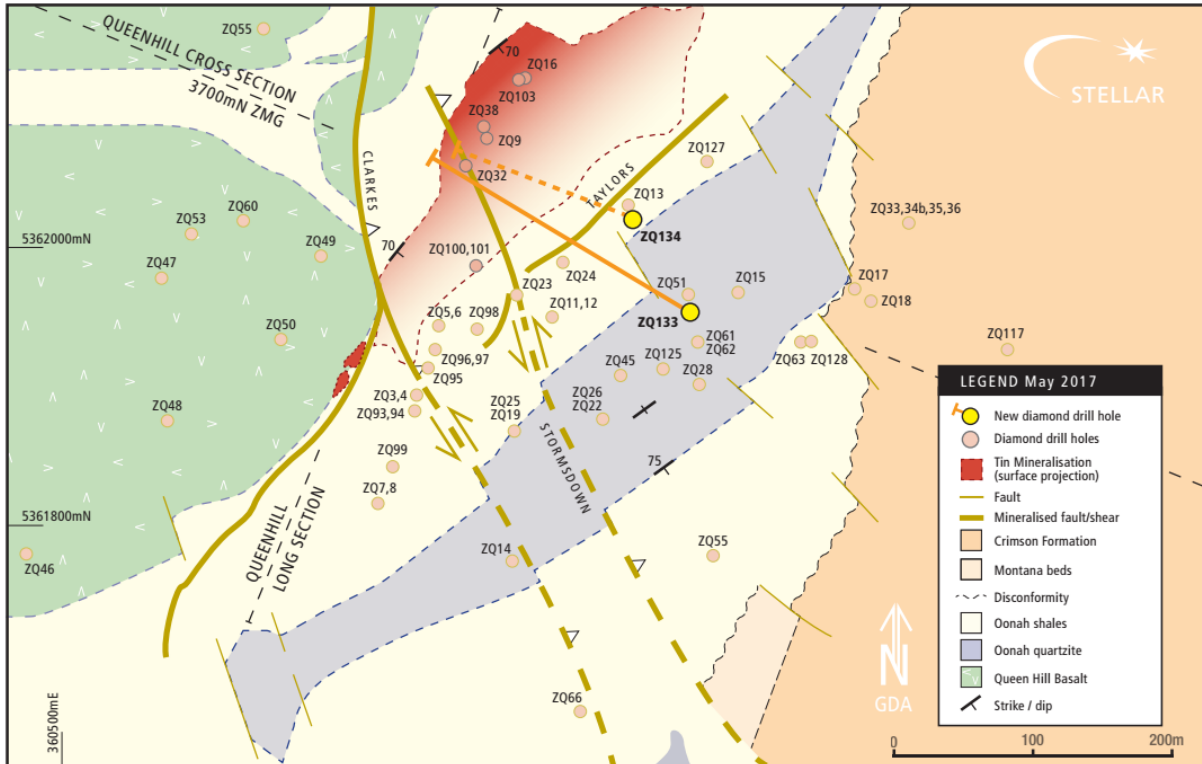


Figure 4: Interpretative Geological Cross-Section 3700mN Showing ZQ133 Intersection

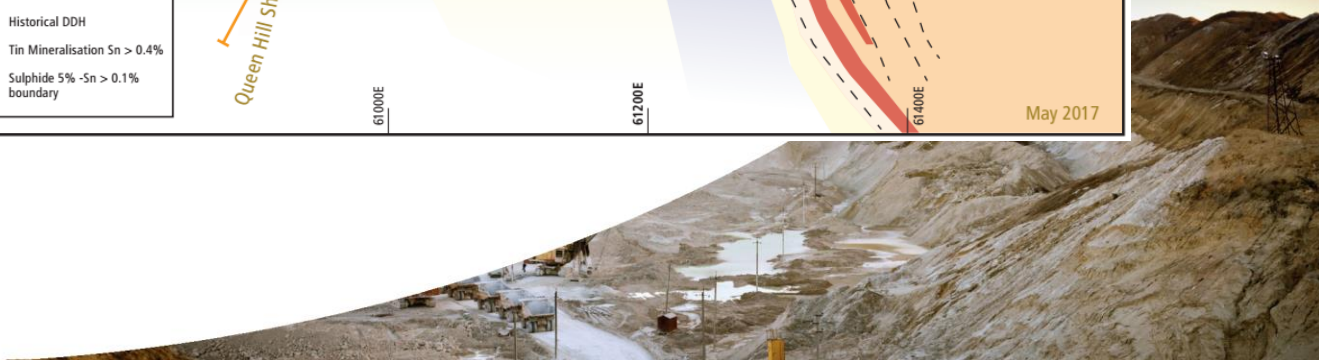
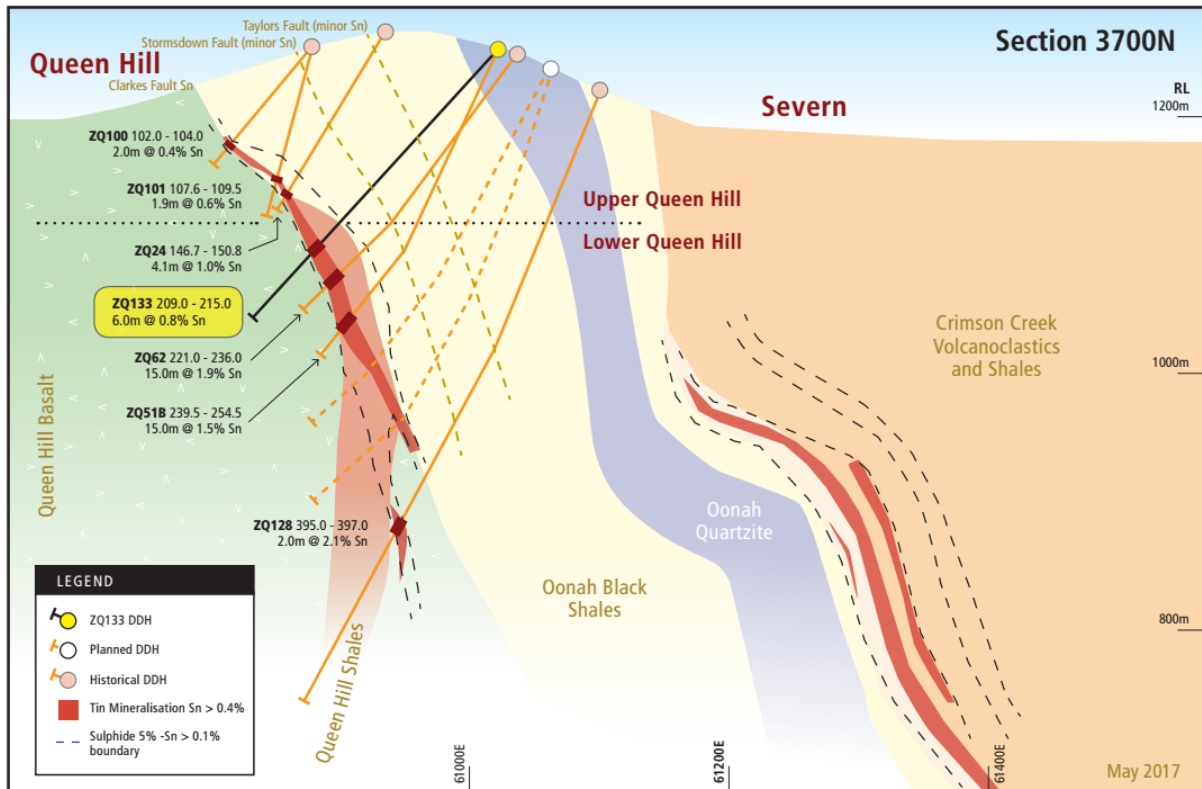
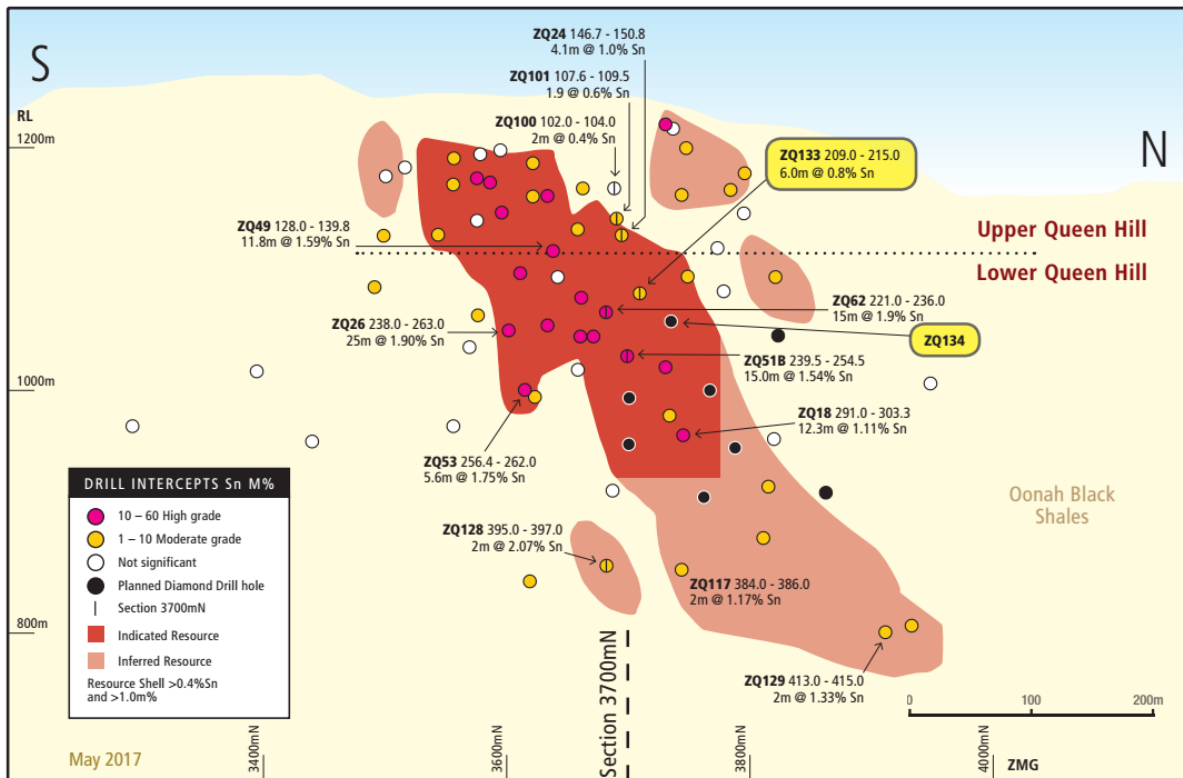


Figure 5: Queen Hill Long-Section Showing Significant Intersections



Heemskirk Tin Project

Stellar Resources Limited is a tin exploration and development company that is focused on developing its flagship Heemskirk Tin Project in western Tasmania.

The project has two significant competitive advantages. First, Heemskirk has a JORC 2012 compliant Mineral Resource of 6.4mt @ 1.13% Sn which makes it the highest grade undeveloped tin project of significance listed on the ASX. Second it has an excellent location within the historic west coast mining district of Tasmania.

Access to existing infrastructure including power, sealed roads and water is a significant advantage over more remote tin projects. In addition, the project is located next to the mining town of Zeehan which provides a supportive community, access to skilled miners and accommodation. The service industry, established to support existing long-term mines in the district, also provides an opportunity for access to competitive suppliers.



Figure 6: Stellar Tin Tenement Map – Western Tasmania



For further details please contact:

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or visit our Website at: <http://www.stellarresources.com.au>

Competent Persons Statement

The Information in this report that relates to Mineral Resources was prepared in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code), by Tim Callaghan, who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years' experience in the estimation, assessment and evaluation of Mineral Resources of this style and is a Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears.

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr R K Hazeldene (Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists) who is 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. It should be noted that the abovementioned exploration results are preliminary.

Forward Looking Statements

This report may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Stellar Resources Limited's planned activities and other statements that are not historical facts. When used in this report, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward-looking statements. Although Stellar Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Stellar Resources Limited securities.

APPENDIX 1: JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data (criteria in this section apply to all succeeding sections)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and Quality of sampling (e.g. cut channels, random chips or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> The Zeehan Tin deposit has been delineated entirely by diamond drilling. Numerous drilling campaigns were completed between 1970 and 1982 by Gippsland and Aberfoyle. Three holes were drilled by Aberfoyle in 1992. Post 2010 drilling was completed by Stellar under a number of drilling campaigns. The current campaign commenced in April 2017. Logged sulphide and siderite altered zones were selected for geochemical analysis. Approximately 1m samples of 2-3kg were taken from diamond saw cut drill core for assay whilst respecting geological boundaries. Diamond drill core was oriented for the measurement of geological structures using either wireline "spear", Comtech or Coretell core orientation systems.
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 (e.g. 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, etc) 	<ul style="list-style-type: none"> All drill sampling by standard wireline diamond drilling. Holes drilled in the current program surveyed by Global Tech Pathfinder Survey Systems. Core is oriented with a Coretell Gen 4 Ori Tool Diamond drilling undertaken using HQ3 (triple tube) technique.
Drill 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 due to preferential loss/gain of fine/coarse material 	<ul style="list-style-type: none"> Core reconstituted, marked up and recovery measured. Recoveries generally excellent (95-100%) No relationship between recovery and grade was observed



Criteria	JORC Code Explanation	Commentary
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Geological logging has been carried out on all holes by experienced geologists and technical staff. Holes logged qualitatively for lithology, weathering, alteration, structural orientations, RQD and mineralisation. Standard lithology codes used for all drill holes. All core photographed wet and dry before cutting. Logs loaded into excel spreadsheets and uploaded into access database. All diamond drill holes were geologically logged in full.
Sub-Sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core 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"> Half core split by diamond saw on 1.0m sample intervals with respect to geological contacts. Half core crushed, pulverized and split by an ALS Minerals Burnie, an accredited assay laboratory, to ensure representivity. Cutting and sampling is undertaken by a skilled employee following Stellar procedures and supervised by a site geologist. Drill core is sampled over the entire 1m interval to ensure representivity of the assay result. No duplicate samples are taken from drill core. Assay sample weights between 1 and 4kg are considered appropriate with respect to any coarse tin that may be present.
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 geophysical tools, spectrometers, handheld 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 (e.g. 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"> Total Sn, Fe and S analyses are conducted at ALS Minerals Burnie using a fused disc XRF technique (ME-XRF15d), which is the current industry standard for ore-grade tin. Fused disc XRF is considered a total technique, as it extracts and measures the whole of the element contained within the sample. Soluble Sn, Cu, Pb, Zn and Ag are analysed by acid leach followed by AAS using ALS Minerals Burnie ME-ICP41a - a partial assay technique. Assay samples are also submitted to rigorous Independent laboratory check sampling. No certified reference material, blanks or duplicate samples are employed in the assay data to date. Mineralised intercept samples are reassayed at the SGS Rension laboratory

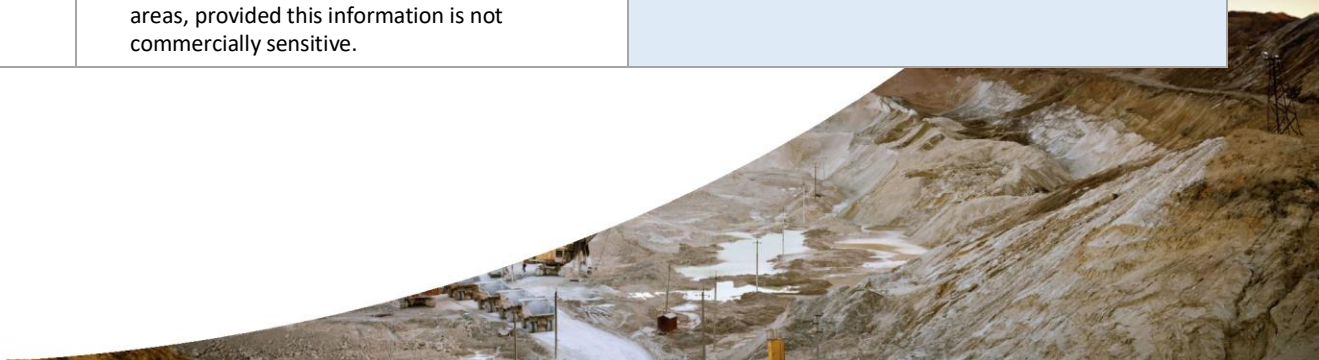


Criteria	JORC Code Explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Significant intersections reviewed and verified by two company geologists at the time of sampling. Half core is stored for subsequent review. Historically eight twinned holes have been drilled with six holes demonstrating moderate to high Sn grade variability between 20% and 50%. Data is collected by qualified geologists and experienced field assistants and entered into Excel spreadsheets. Data is imported from the spreadsheets into Microsoft Access. Checking of the database for entry errors is undertaken by a resource geologist. Data is regularly backed up and archival copies of the database stored in separate offices. No adjustments are made to the primary assay data imported into the database.
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"> Drill hole collars are surveyed by a licensed surveyor using differential GPS. Diamond drill line is established using a compass and back sight and foresight pegs. Inclination is checked using a clinometer on the drill stem at hole set-up. Downhole surveys at 30m intervals using Global Tech Pathfinder Survey System. All coordinates in Zeehan Mine Grid (ZMG) and GDA94. RL's as MSL +1000m The Digital Terrain Model was generated from Lands Department 10m contours and adjusted with surveyed drill collar and control points.
Data Spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting Exploration Results Whether data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied 	<ul style="list-style-type: none"> Drillhole intersection spacing is approximately 20m to 50m for this report. Drill spacing is considered to be appropriate for the estimation of Indicated Mineral resources for the Queen Hill deposit. No sample compositing is applied for this report.
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 the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The reported drill hole was oriented $-55^{\circ}/-297^{\circ}$ GDA which is sub-parallel to ZMG gridline 3700N and considered sub-perpendicular to the steeply east dipping mineralisation in the Queen Hill Deposit. 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"> Chain of custody is managed by Stellar from the drill site to ALS Minerals Burnie laboratory. Samples are kept in a secured site at all times. All samples ticketed, bagged in calico bags and delivered to the laboratory in labelled poly-weave bags by Stellar personnel. Sample pulps and coarse rejects are held by ALS Minerals Burnie until return to Stellar is requested.
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"> No audits or reviews of sampling data and techniques have been completed.

Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)

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"> The Heemskirk Tin Project lies within ML2023P/M which is located on the northwest side of Zeehan in Western Tasmania. Stellar Resources Limited owns 100% of the project. ML2023P/M was granted to Stellar in February 2017 with tenure for 12 years. A previous JV partner holds a variable rate royalty over production from ML2023P/M commencing at 1% of NSR (net smelter revenue) above A\$25,000/t of Sn and rising to a cap of 2% at an NSR of A\$30,000/t. Stellar has agreed a set of guidelines with the EPA for the preparation of an Environmental Impact Statement (DPEMP)
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"> Early mining activity commenced in the 1880's with the production of Ag-Pb sulphides from fissure loads. Modern exploration commenced by Placer in the mid 1960's with the Queen Hill deposit discovered by Gippsland in 1971. The Aberfoyle-Gippsland JV explored the tenements until 1992 with the delineation of the Queen Hill, Severn and Montana deposits.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralization. 	<ul style="list-style-type: none"> The Heemskirk Tin Deposits are granite related tin-sulphide-siderite vein and replacement style deposits hosted in the Oonah Formation and Crimson Creek Formation sediments and volcanics. Numerous Pb-Zn-Ag fissure lodes are associated with the periphery of the mineralizing system. Mineralisation is essentially stratabound controlled by northeast plunging fold structures associated with northwest trending faults. Tin is believed to be sourced from a granite intrusion located over 1km from surface below the deposit.
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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level - elevation above sea level in metres) 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"> This report refers to diamond drill hole ZQ133, a Lower Queen Hill infill hole, on ZMG section 3700N (see sections and plans included in this report). Collar: 360,956.22mE, 5,361,982.49mN GDA RL 1250.50m Dip/Azimuth is -55⁰/297⁰ GDA Mineralisation intercepted over 6m from 209m to 215m Hole length is 276.5m

Criteria	JORC Code Explanation	Commentary
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"> All 1m diamond drill assay results are reported in Section 2, Appendix 1 of Table 1 - JORC Code, 2012 Edition. A bottom cut-off grade of 0.4% Sn and no top cut grade was applied to the aggregated intercepts reported. Internal dilution (i.e. 1m grading <0.4% Sn) included provided the average grade of the intercept exceeds 0.4% Sn. No metal equivalents used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralization 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"> The relationship between drillhole angle and the geometry of mineralization can be observed from the relevant cross-section in this release. All drillholes are designed to intersect the mineralization at or close to perpendicular to the strike direction. Sn mineralization at Lower Queen Hill is associated with the sheared contact between Oonah Black Shales and Queen Hill Volcanics.
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.
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"> All 1m assayed intervals are reported in Appendix 1
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 result; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Bulk density measurements were determined for each 1m interval assayed
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"> Further resource infill drilling is planned for the Lower Queen Hill Sn deposit. Refer to maps and sections in this report.



Section 2, Appendix 1: Hole Orientation and Significant 1m Diamond Drill Intercepts

Easting (GDA 94)m	Northing (GDA 94)	RL m	Azimuth degrees	Dip degrees
360,956.22m	5,361,982.49m	1250.50	297	55
Hole No	Depth From m	Depth To m	Interval m	Total Sn %
ZQ133	95	96	1	2.20
	209	210	1	0.69
	210	211	1	0.64
	211	213	1	0.82
	212	214	1	1.36
	213	215	1	0.28
	214	216	1	1.24

