

# Stellar Resources

## ASX Announcement



26 April 2019

## Report for the Quarter ended 31 March 2019

### Highlights

- Re-focus on progressing Heemskirk Fast Start in 2019 to rapidly advance the project towards production
- Heemskirk mineral resource update well underway targeting; (a) increased resource confidence at Severn and Queen Hill, (b) a maiden resource at Oonah
- Razorback Tailings sampling completed with results confirming 2018 sampling
- Razorback Tailings pilot scale metallurgical testing well underway
- Razorback Mine - review of historic exploration and operational data commenced looking at potential to define a mineral resource

### Corporate

- Cash balance of \$0.7m as at 31st March 2019 – expenditure for the quarter was \$0.2m
- The average LME tin price increased by 10% to US\$21,052/t in the March quarter 2019 compared with US\$19,125/t for the December quarter 2018.

### Targets for June Quarter 2019

- Completion of Mineral Resource update for the Heemskirk project deposits;
- Commence Heemskirk Fast Start Scoping Study focusing on development of Queen Hill and Severn and including consideration of St Dizier development;
- Complete Razorback tailings metallurgical testwork; and
- Commence Razorback Mine resource evaluation.

#### Capital Structure

Shares: 379,713,489  
Share Price (SRZ): A\$0.012  
Listed Options: 59,142,857  
Option Price (SRZO): A\$0.002  
Unlisted Options: 15,000,000

#### Commodity

Tin Price: US\$20,150/t  
Exchange Rate US\$ 0.71

#### Main Shareholders

European Investors 19.5%  
Capetown SA 16.4%

#### 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

##### Melanie J Leydin

Company Secretary

### ASX Code: SRZ

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Australia

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Facsimile +61 3 9077 9233

#### About Stellar:

Stellar Resources (SRZ) is an exploration and development company with assets in Tasmania. 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.



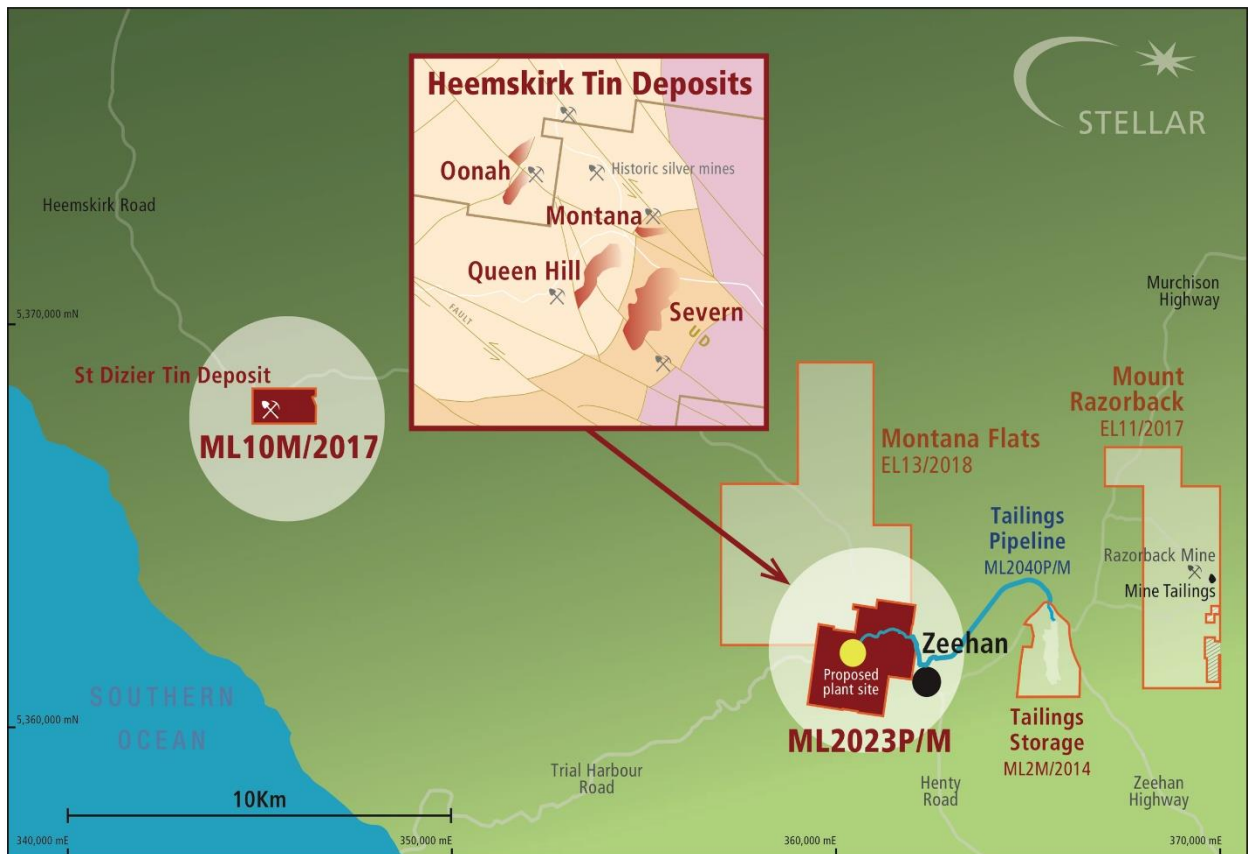
## HEEMSKIRK TIN PROJECT

### Introduction

Stellar has a strong tenement position covering its 100% owned tin properties near Zeehan, Tasmania including;

- **Heemskirk Tin** project - Queen Hill, Severn, Montana and Oonah deposits. Stellar is focused on rapidly progressing a fast start development of the Heemskirk project;
- **St Dizier Open Pit Tin** project – satellite deposit located 20km NW of Zeehan;
- **Razorback Tin** project – satellite project located 8km east of Zeehan including a previously operated open pit tin mine and tin tailings; and
- A **large exploration licence** package with multiple tin exploration targets and historical metal mines.

Stellar's projects have an enviable location within the well-established mining district on the West Coast of Tasmania with a competitive market for services, mining and processing inputs and labour, access to nearby water and power, and to the port of Burnie 150km to the north for export of concentrate.



Location of Stellar's Tin Tenements around Zeehan, Tasmania

## Heemskirk Project Resource Update

During the quarter, Stellar engaged technical consultant Resource and Exploration Geology to complete an update of the mineral resource estimates for the tin deposits within its Heemskirk project near Zeehan, which was last completed in November 2016.

Updated resource estimates for Stellar's Queen Hill and Severn tin deposits within ML2023P/M will incorporate results of drilling undertaken in 2017. The majority of the 2017 drilling was in the upper Severn deposit, locally reducing the drilling spacing and increasing confidence in the resource.

A maiden resource estimate is being completed for the Oonah tin deposit which lies immediately north of (<1km) the other Heemskirk deposits and within the recently acquired Montana Flats Exploration Licence (EL13/2018).

The updated mineral resource estimate for the Heemskirk Project tin deposits is now well underway and is expected to be completed in May 2019.

## Heemskirk Project, Fast Start Option Scoping Study

Following completion of the updated mineral resource estimates, Stellar plans to undertake a Scoping Study on a Fast Start development option for the Heemskirk Tin project based primarily on the Queen Hill and Severn mineral resources.

The recently completed St Dizier scoping study also provides the opportunity to consider incorporation of St Dizier development into the larger Heemskirk Tin project which will be included as part of the Scoping Study planned for the June quarter 2019.

## ST DIZIER OPEN PIT TIN PROJECT

### Mining Lease Granted and Scoping Study Completed <sup>1</sup>

The grant of a Mining lease and Scoping Study results for the St Dizier Open Pit Tin project were announced on 22 January 2019 and were covered in the previous quarterly report.

The updated St Dizier Scoping Study valuation resulted in a base case NPV 10%, at current tin prices (US\$20,000/t), determined to an accuracy of  $\pm 35\%$ , of approximately A\$10.4m, an IRR of approximately 166% and a payback period of approximately 8 months, assuming access to either the planned Heemskirk project processing plant or a third party processing plant. The project has a low capital investment estimated at A\$ 3.8m and can be brought into production within 3 months of receiving approvals, providing flexibility to ensure that it is developed in a supportive tin price environment.

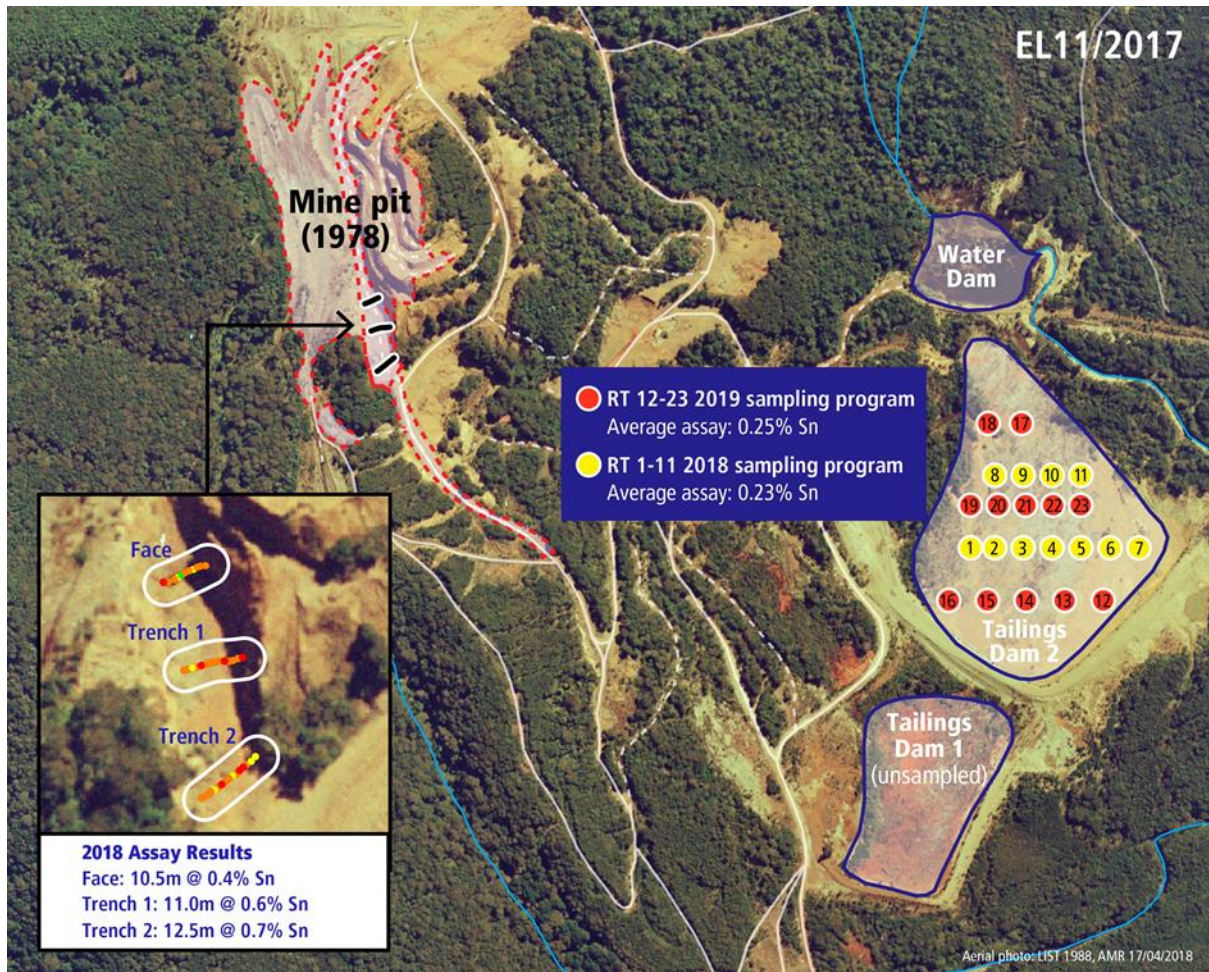
## RAZORBACK PROJECT

The objective at Razorback is to determine whether Stellar can commence early production of a saleable tin concentrate and generate early revenue from the Razorback tailings and mine located within Exploration Licence EL 11/2017 acquired by Stellar in 2018.

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<sup>1</sup> SRZ Announcement 23 January 2019 – St Dizier Tin Mining Lease Granted and Scoping Study Results





### Razorback Open Pit and Tailings Dam Sampling 2018

## Razorback Tailings

The initial focus is on re-processing the Razorback tailings on site. Following encouraging results from sampling and testwork completed in May 2018, 12 hand auger holes were drilled into the Razorback tailings dam in January 2019 (3 holes replicated holes from the 2018 program). The results of the 12 hand auger holes into the tailings dam averaged 0.23% Sn confirming the 2018 sampling results. A composited sample from the 12, 2019 hand auger holes was submitted to the ALS metallurgical laboratory in Burnie for pilot scale testing of cassiterite concentration using low-cost gravity spirals. The program is now well underway and is expected to be completed in May 2019.

## Razorback Mine

A review has commenced looking at the potential to define a mineral resource from the historical drilling and production data over the Razorback mine which operated between 1975 and 1978 producing approximately 158 tonnes of tin in concentrate. Encouraging results from trench and face samples recently undertaken by Stellar within the Razorback pit (see figure above) will also be incorporated in the Razorback Mine resource review.

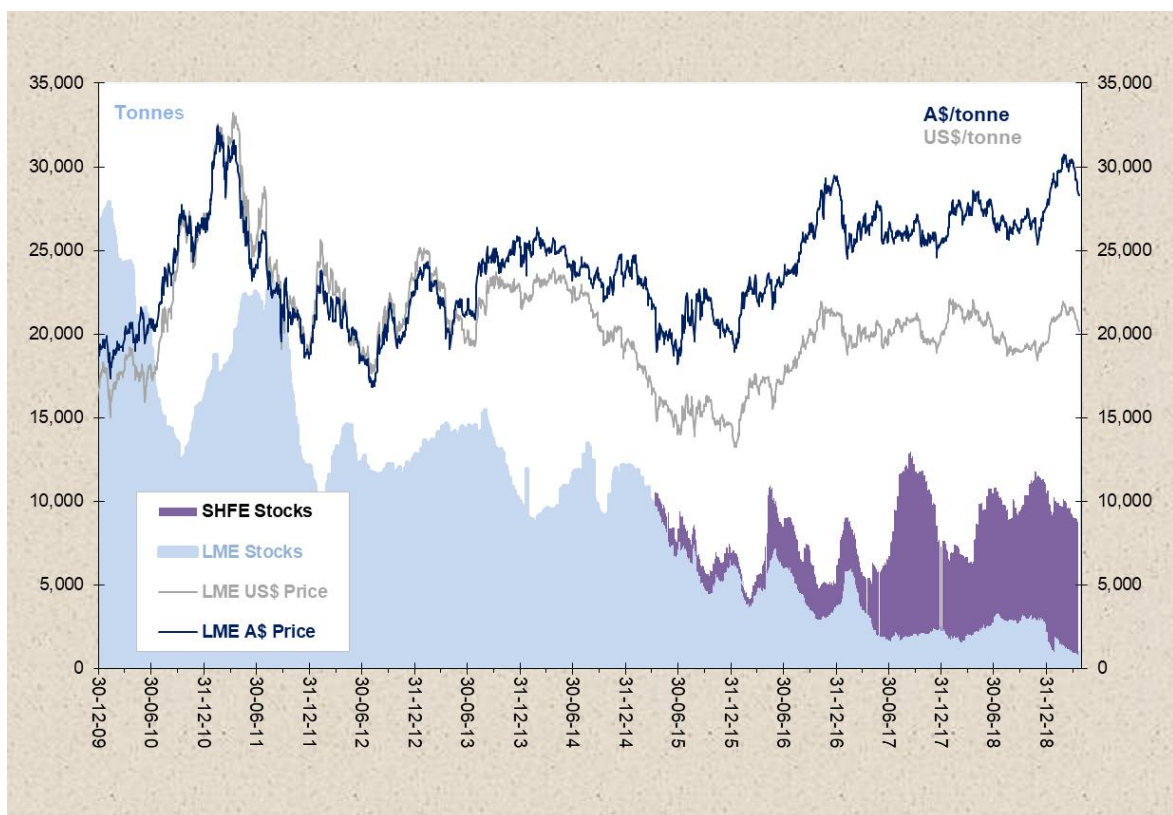
Subject to results of the Razorback mine resource review and the results of the Razorback tailings testwork underway, a metallurgical testwork program will also be considered for Razorback mine.

## CORPORATE

As at 31<sup>st</sup> March 2019, the Company held cash and term deposits of \$0.7m. Expenditure for the quarter was \$0.2m.

## TIN MARKET UPDATE

The London Metal Exchange tin price averaged US\$21,052/t over the March quarter 2019, a 10% increase over the December quarter 2018 average of US\$19,166/t. The LME cash price has remained in backwardation throughout the quarter implying a shortage of metal for immediate delivery. Exchange stock levels continued to decline. LME stocks fell by 54% to 1,000t and since the end of the quarter have fallen below 900t on some trading days. Shanghai stocks have declined 3% from a peak level of 8,467t at the end of December to 8,175t at the end of March 2019. In the first three weeks of April 2019, Shanghai stocks have declined a further 4% to 7,813t.

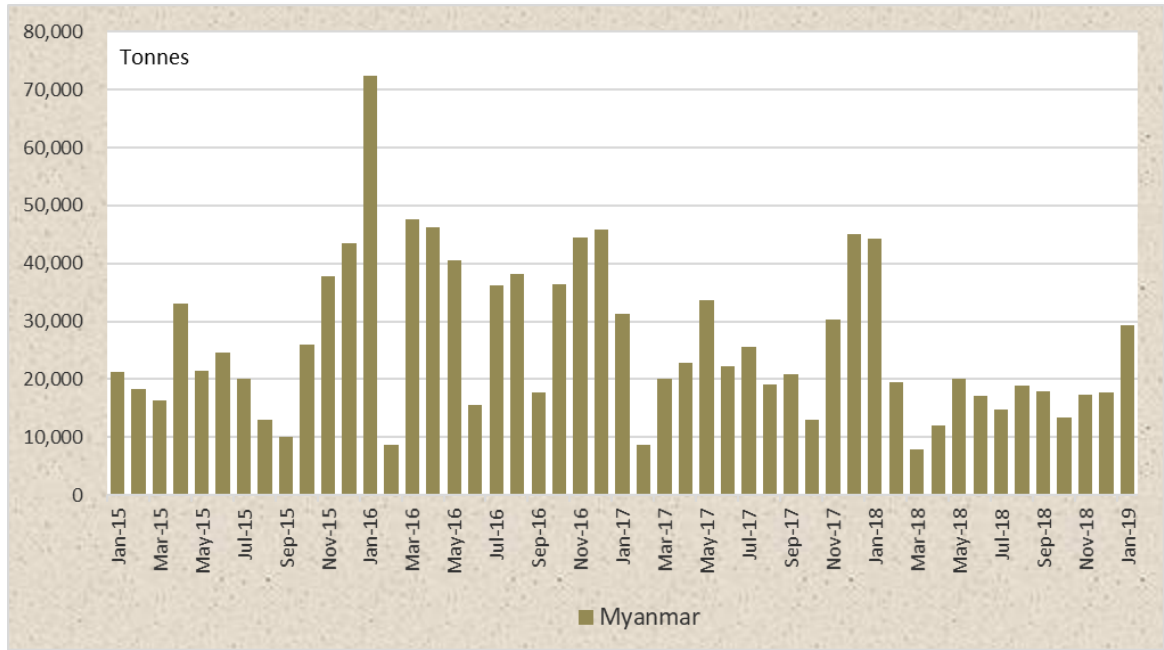


### London Metal Exchange tin spot price and LME + SHFE stocks

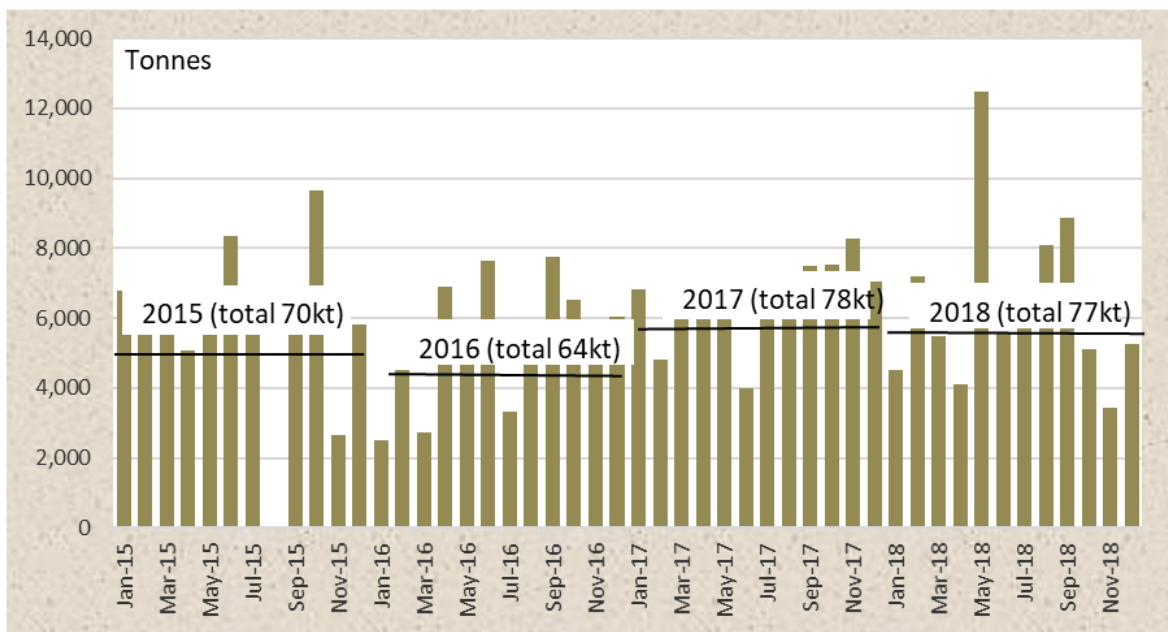
- In March 2019, the International Tin Association (ITA) reported that global tin demand in 2018 was stronger than expected. The 2.5% year on year growth was, for the first time in many years, driven by countries outside of China and by demand for solder by the electronics industries.
- The ITA and the Responsible Business Alliance (RBA), on behalf of its Responsible Minerals Initiative (RMI), have signed a new memorandum of understanding (MoU) to enhance cooperation across the entire tin value chain. The responsible tin sourcing framework established by the ITA and RBA will ensure ahead of time that the tin

supply chain is in the best possible position to benefit from strong demand growth from new tin-using technologies.

- According to the World Bureau of Metal Statistics (WBMS) the global tin market recorded a deficit of 8,300t in January-February 2019. The deficit was partly due to restricted exports from Indonesia and temporary plant closures over Chinese New Year. However, it also reflected a recovery in demand in China with apparent demand 3.2% higher than year ago levels.



**Exports of tin in concentrate from Myanmar to China (monthly)**



**Indonesian Refined Tin Exports (monthly)**



## TENEMENT REGISTER

Project	Licence Number	Tenement	Location	Interest held (%)
<b>Development</b>				
Heemskirk Tin	2023P/M <sup>1</sup>	Zeehan	Tasmania	100%
	RL5/1997			
	2M/2014	Tailings Dam	Tasmania	100%
	2040P/M	Tailings Pipeline	Tasmania	100%
St Dizier	ML10M/2017 <sup>2</sup>	St Dizier	Tasmania	100%
<b>Exploration</b>				
Tin	EL11/2017	Razorback	Tasmania	100%
	EL13/2018 <sup>3</sup>	Montana Flats	Tasmania	100%
Uranium	EL5426 <sup>5</sup>	Midgee	South Australia	100%

<sup>1</sup> ML2023P/M granted over Heemskirk tin deposits; RL5/1997 maintained over private land holdings within ML2023P/M

<sup>2</sup> ML10M/2017 was granted on 20<sup>th</sup> December 2018

<sup>3</sup> EL13/2018 was granted on 11<sup>th</sup> December 2018

<sup>4</sup> EL46/2003 Heemskirk relinquished during the quarter

<sup>5</sup> EL5426 JV with Sapphire Uranium Limited earning 73% on declaring a uranium resource

## MINERAL RESOURCE STATEMENTS – HEEMSKIRK TIN PROJECT

### Heemskirk Tin Deposits

Classification	Deposit	Tonnage		Total Sn		Contained Cassiterite <sup>1</sup>		Cu	Pb	Zn	S	SG
		mt	%	Sn t	% of total Sn	%	%					
Indicated	Upper Queen Hill	0.47	1.15	5,000	91	0.12	1.30	0.81	13.80	3.72		
	Lower Queen Hill	0.82	1.42	12,000	99	0.03	0.22	0.23	17.91	3.45		
Total Indicated		1.29	1.32	17,000	96	0.06	0.61	0.44	16.55	3.55		
Inferred	Lower Queen Hill	0.35	1.50	5000	98	0.04	0.14	0.09	16.9	3.31		
	Severn	4.03	0.97	39000	99	0.06	0.03	0.05	8.34	3.18		
	Montana	0.68	1.56	11000	96	0.07	0.72	1.18	17.8	3.68		
Total Inferred		5.06	1.09	55000	98	0.06	0.13	0.25	10.23	3.26		
<b>Total Indicated + Inferred</b>		<b>6.35</b>	<b>1.13</b>	<b>72,000</b>	<b>97</b>	<b>0.06</b>	<b>0.23</b>	<b>0.29</b>	<b>11.48</b>	<b>3.32</b>		

1. cassiterite = (total Sn% - soluble Sn%)/total Sn%

2. block cut-off grade of 0.6% tin

3. tonnes rounded to reflect uncertainty of estimate

4. estimates prepared by Resource and Exploration Geology under JORC 2012

### St Dizier Tin Deposits

Classification	Tonnage	Total Sn		Contained Soluble		Cassiterite <sup>1</sup>	WO <sub>3</sub>	Fe	S
		mt	%	Sn t	Sn %				
Indicated	1.20	0.69	8,280	0.09	87	0.04	23.70	2.64	
Inferred	1.06	0.52	5,512	0.22	58	0.05	22.22	1.81	
<b>Total Resource</b>	<b>2.26</b>	<b>0.61</b>	<b>13,786</b>	<b>0.15</b>	<b>75</b>	<b>0.04</b>	<b>23.00</b>	<b>2.25</b>	

1. cassiterite = (total Sn% - soluble Sn%)/total Sn%

2. block cut-off grade of 0.3% tin

3. tonnes rounded to reflect uncertainty of estimate

4. estimates prepared by Resource and Exploration Geology under JORC 2012

For further details please contact:

Peter Blight

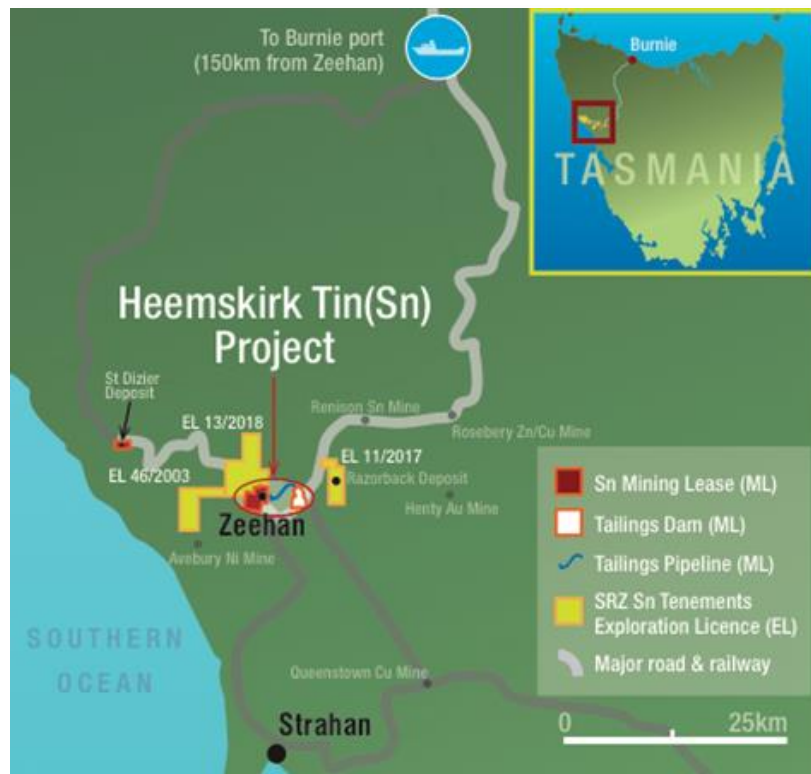
Managing Director

Stellar Resources Limited

Tel: 03 9692 7222

Email: [peter.blight@stellarresources.com.au](mailto:peter.blight@stellarresources.com.au)

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



**Tin Tenement Map – Western Tasmania**

### 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 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

STELLAR RESOURCES LIMITED

**ABN**

96 108 758 961

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(20)	(99)
(b) development	-	-
(c) production	-	-
(d) staff costs	(73)	(208)
(e) administration and corporate costs	(59)	(247)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	(4)	(12)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	83
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(152)</b>	<b>(467)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
(d) other non-current assets	-	-
<b>2.2 Proceeds from the disposal of:</b>		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (security deposits)</b>	-	(9)
<b>2.6 Net cash from / (used in) investing activities</b>	-	<b>(9)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	-

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	898	1,222
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(152)	(467)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>746</b>	<b>746</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>	
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	198	153
5.2	Call deposits	548	745
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>746</b>	<b>898</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
45
-

Directors' fees and remuneration for the March 2019 quarter.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Nil

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Nil

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	75
9.2 Development	-
9.3 Production	-
9.4 Staff costs	125
9.5 Administration and corporate costs	95
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>295</b>



## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL46/2003 Tasmania	Exploration Licence	100%	-%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
 (Company secretary)

Date: 26 April 2019

Print name: Melanie Leydin

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.