

# Report for the Quarter ended 31 December 2021

## Highlights

### Heemskirk Tin Project

- 9-hole Phase 1 diamond drilling program (~4,900m) targeting new areas of high-grade tin mineralisation commenced in June 2021, with 2 rigs on site including<sup>1,2</sup>:
  - **Severn** – 2 holes initially planned targeting depth extensions below the Severn tin resource which has now been increased to 4 holes based on the success of the first 2 holes.
  - **Depth Extensions of key historic silver-lead-zinc mines** – 7 holes initially planned targeting depth extensions below the historic silver-lead mines with typical grades mined ranging from 20 to 100 oz/t Ag<sup>1</sup>. Holes target depths where transition of silver-lead-zinc mineralisation into cassiterite mineralisation may occur. Two of these holes have now been re-allocated to further drilling at Severn.
  - A total of 6 holes completed at the end of the December Quarter, and 2 holes currently in progress, with a total of 3,283m drilled to 14 December 2021.

### Phase 1 Severn Drilling

- Assay results received during the quarter for Severn extension drillholes ZS140<sup>3</sup> and ZS143<sup>4</sup> confirmed wide zones of tin mineralisation well below the Severn Mineral Resource:
  - ZS140 results confirmed multiple wide zones of tin (Sn) mineralisation with over 40 m of cumulative tin mineralisation intersected, approximately 240m down dip of the Severn Mineral Resource and 750m below surface. Best significant intercepts included:
    - 5.0 m @ 0.76% Sn from 777.0 m
    - 3.0 m @ 0.87% Sn from 797.0 m (included within 10.0 m @ 0.43% Sn from 794.0 m)
    - 2.0m @ 0.62% Sn from 820.0m
    - 1.1 m @ 2.24% Sn from 855.4 m
  - ZS143 results confirmed wide zones of high-grade tin (Sn) mineralisation with 20m of cumulative tin mineralisation approximately 100m down dip of the Severn Inferred Resource and 620m below surface. Best significant intercepts included:
    - 6.0m @ 0.51% Sn from 586.0m
    - 5.0m @ 1.27% Sn from 601.0m
    - 9.0m @ 0.78% Sn from 629.0m
    - The 3 significant intercepts above between 586.0m and 638.0m have a cumulative length of 20.0m of tin mineralisation at 0.82% Sn.
- Results from ZS143 and ZS140 successfully demonstrate continuation of the tin system at depth confirming potential to significantly expand the Severn resource which remains open at depth and along strike.
- Daughter hole (ZS143W) commenced in December from a downhole depth of 247m in parent hole ZS143 and is designed to test in-between the Severn Inferred Resource and the ZS143 intercepts. Drilling of ZS143W is expected to be completed in late-January, with assay results expected in late-March.

- Two further drillholes at Severn added to the Phase 1 program in December targeting extension of the Indicated Mineral Resource. Expected to commence in late-January / early-February.

#### ***Phase 1 Drilling Targeting Depth Extensions of Key Historic Silver-Lead-Zinc Mines***

- Assay results received during the quarter for exploration drillholes ZM141A and ZO142 targeting depth extensions of key historic silver-lead-zinc mines<sup>5</sup>:
  - ZM141A, the first ever hole drilled beneath Zeehan's largest historic silver-lead mine, Montana No. 1, confirmed very high-grade silver-lead-zinc fissure vein intercepts approximately 90m below the deepest historic mine workings and 320m below surface. Best significant intercepts included<sup>5</sup>:
    - 1.2 m @ 31.8 Oz/t Ag, 23.9% Pb, 0.4% Zn and 0.1% Cu from 423.0 m
    - 0.4 m @ 15.4 Oz/t Ag, 12.2% Pb and 4.6% Zn from 411.0 m
    - 0.6 m @ 3.8 Oz/t Ag, 3.6% Pb and 0.4% Zn from 239.0 m
  - ZO142, the first Oonah drillhole (ZO142) in the 2021 Phase 1 program, included multiple zones of lower grade tin mineralisation and confirmed the continuation of tin mineralisation ~70m below the Oonah Inferred Resource<sup>5</sup>.
- ZO144, the second Oonah drillhole, and ZW145, the first drillhole targeting depth extensions of the Zeehan Western historic mine, were completed during the quarter with assay results pending<sup>4</sup>.
- ZQ146, the first drillhole targeting depth extensions of the Zeehan Queen No 4. historic mine commenced in December and is expected to be completed in early-February with assay results expected in early-April<sup>4</sup>.
- Magnetic and downhole electromagnetic (EM) inversion studies completed in November by Stellar's geophysical consultants have modelled a large magnetic and approximately coincident conductive target, below the depth of historic drilling at the southern extent of the Severn Mineral Resource ("South Severn Magnetic and Conductive Target")<sup>6</sup>. Stellar plans to drill this target as part of the Phase 2 drilling program.

#### ***Severn and Queen Hill Phase 2 Program and Heemskirk Tin Project Development***

- Planning well underway for the Phase 2 drilling program to commence at the end of Phase 1 in 2022. Focus of the Phase 2 drilling program will be on Severn and Queen Hill, the two largest Heemskirk Tin Project deposits with a combined total Mineral Resource of 5.33Mt @ 1.0% Sn, of which 40% is Indicated and 60% Inferred<sup>8</sup> and will include:
  - Severn resource extension drilling.
  - Infill drilling of the Severn and Queen Hill Inferred Resource.
  - A deep hole to test the South Severn magnetic and conductivity target<sup>6</sup>.
- Stellar is continuing review of other project work streams / studies required to advance the Heemskirk Tin Project to BFS completion.

#### ***Tin Market***

- **With the highest-grade undeveloped tin resource in Australia & 2nd highest globally<sup>8,9</sup>, a scoping study completed in 2019 confirming attractive economics<sup>10</sup> and drilling to extend and confirm the Severn mineral resource now well underway, the Heemskirk Tin Project is well positioned to take advantage the booming tin market.**
- Tin prices have continued to rise spectacularly with the LME spot tin price averaging ~US\$38,962/t over the December Quarter (up 12% from the previous quarter) and climbing post quarter end to US\$42,500/t on 18 January 2022<sup>7</sup>. The current spot tin price of US\$42,500/t, is over double the US\$20,000/t price assumed in the 2019 Scoping Study.

## North East Tasmania Gold Exploration Project

- 8 Exploration Licences (EL's) over a total area of 1,899 km<sup>2</sup> were granted in August 2021<sup>11</sup>.
- The granted EL's, and Stellar's remaining 4 EL applications in NE Tasmania (624 km<sup>2</sup>) are highly prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS).
- Dr Josh Phillips (JP Geoscience) was engaged by Stellar in September 2021 as a technical consultant to lead Stellar's NE Tasmania exploration program. Dr Phillips is based in Tasmania, has a PHD in geochemistry and has substantial experience working in gold exploration and with large base metal porphyry deposits.
- During the quarter, Dr Phillips has completed a review of Stellar's EL's / EL applications including analysis of further historic soil and rockchip geochemical data recently captured by Stellar, and a review of all orogenic and IRGS gold exploration targets identified by Stellar's technical team. Additional targets were identified during Dr Phillips's review and all targets are now prioritised for field exploration.
- During September and October, Dr Phillips undertook initial field reconnaissance visits of the Back Creek target on EL12/2020 and the Blessington target on EL14/2020. Land access agreements and MRT work program approvals for soil sampling programs over these areas were progressed during the quarter and trial soil sampling was undertaken in both areas.
- A significant soil sampling program over the Back Creek target is planned to be undertaken in February 2022.
- Further reconnaissance visits and follow up field exploration are also being planned over Stellar's NE Tasmania EL's.

## Corporate

- Cash balance at 31 December 2021 was \$4.178 million.

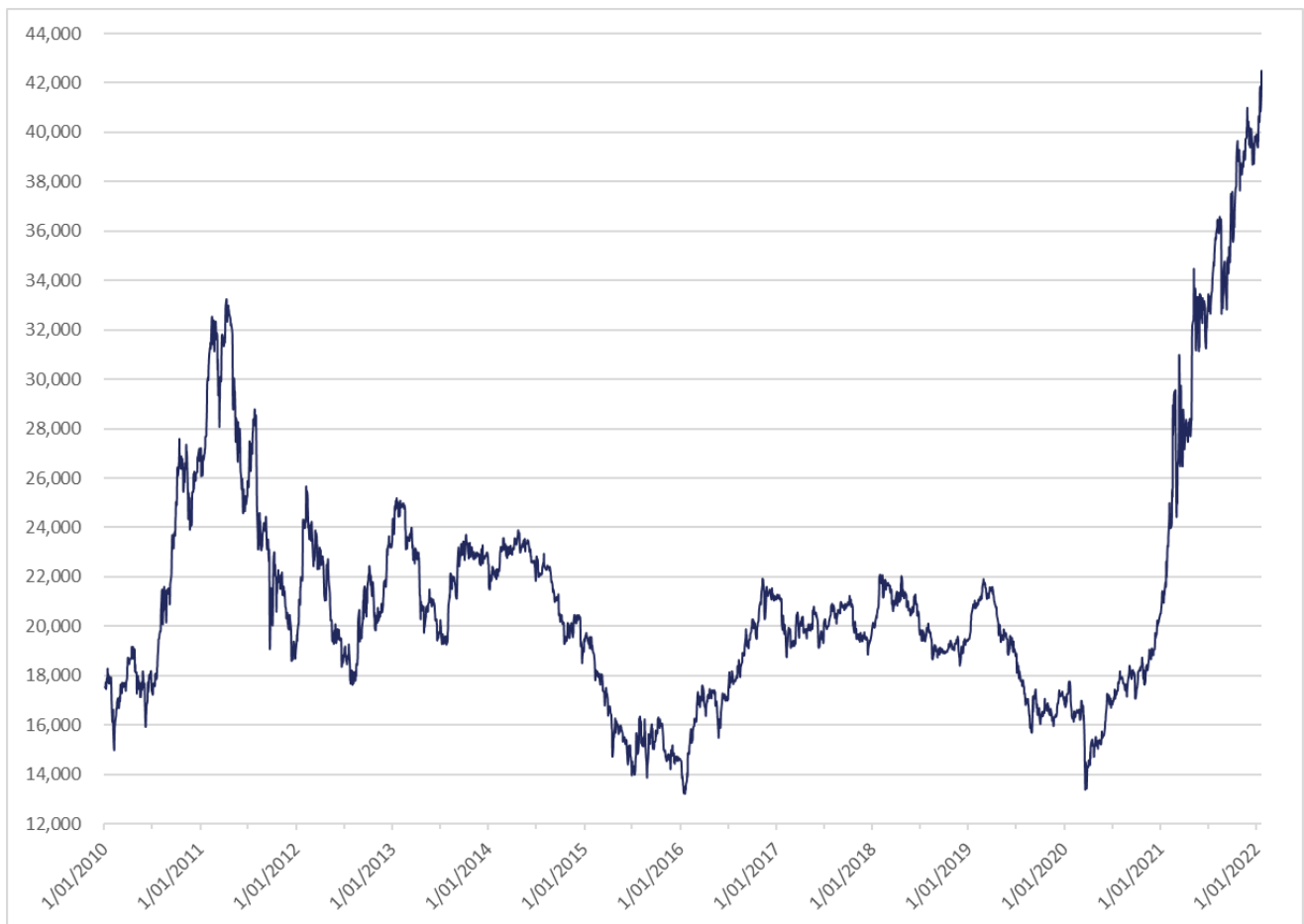
# Heemskirk Tin Project

## Tin Market Outlook

Tin prices have continued to rise spectacularly with the LME spot tin price averaging ~US\$38,962/t over the December Quarter (up 12% from the previous quarter) and climbing post quarter end to US\$42,500/t on 18 January 2022<sup>7</sup>.

Tin prices have more than doubled over the past 12 months to 18 Jan 2021 and now significantly exceed 10-year highs. The International Tin Association is now expecting tin prices to remain “stronger for longer”<sup>12</sup>.

This strong market for tin is due to strong physical global tin demand growth continuing to exceed global tin supply and is creating an extremely tight market for tin with LME tin stocks remaining at near record lows.



*LME Spot Tin Prices (1 Jan 2010 to 18 Jan 2022) <sup>6</sup>*

## Tin Demand

Physical tin demand is growing strongly as a result of:

- Covid and the rise of remote working: has boosted demand for computers and other home electronics devices. As tin solder is the ‘glue’ connecting everything electronic, this means increased demand for tin.
- Continued demand for tin in traditional uses (tinplate, chemicals, lead-acid batteries, alloys and other uses).
- Growing demand for use of tin in solar panels.

## Tin Supply

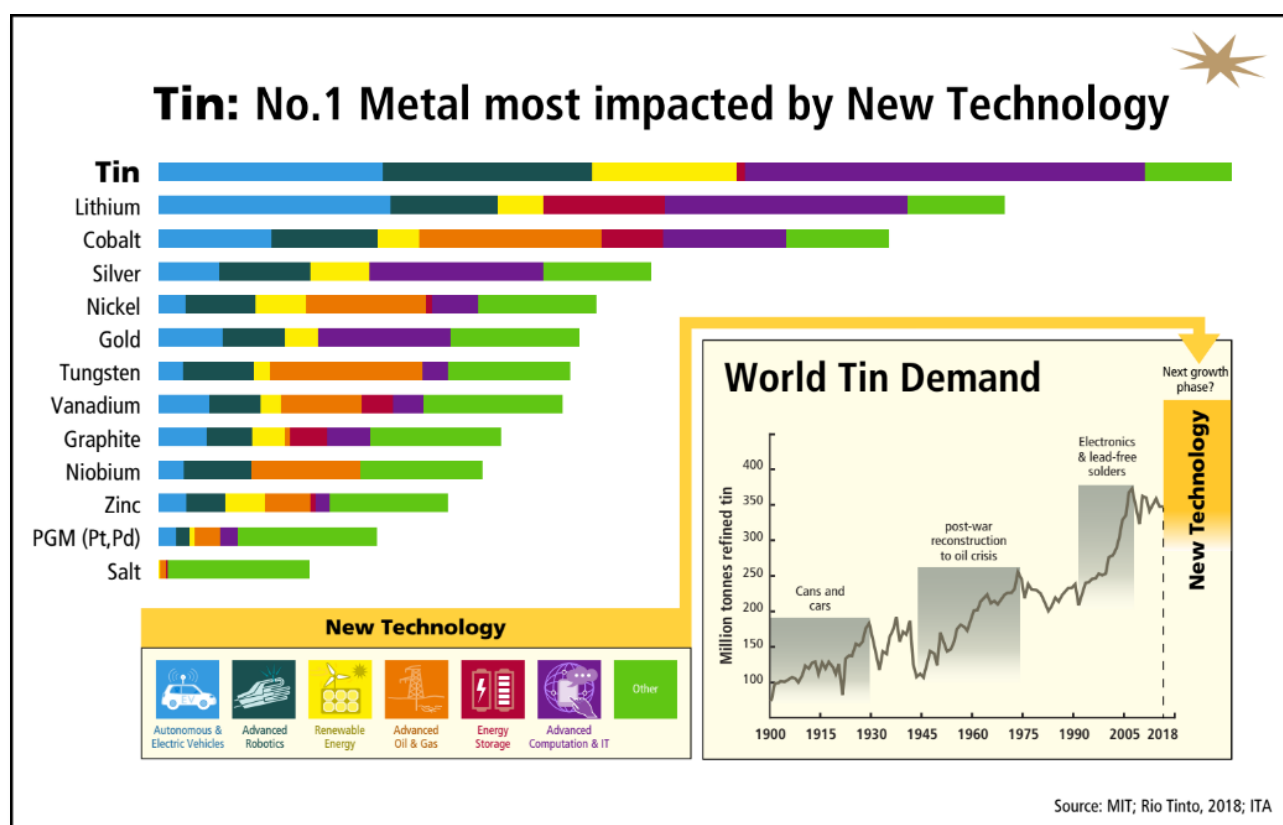
Global tin supply has fallen for each of the last 3 years to 2020 as a result of:

- Myanmar (world's 3rd largest producer) production continuing to fall throughout 2021 due to the military coup and largely unreliable artisanal and small-scale mining.
- Many existing tin mines globally now have lower grade and diminishing resources.
- Limited exploration or investment in new tin projects with many projects either in risky jurisdictions and/or low grade deposits.

Covid related tin supply disruptions experienced globally in 2020 have now largely recovered to pre-covid levels, other than in Myanmar, however, there continues to be a supply – demand shortfall due to strong demand growth.

## Tin – The Number 1 New Technology Metal

Tin ranked as the No. 1 metal best placed to benefit from new technology according to a survey undertaken by Boston's Massachusetts Institute of Technology (MIT) for Rio Tinto in 2018.



Approximately 50% of all tin is used as solder in electronics. Solder is the 'glue' that connects everything electronic together.

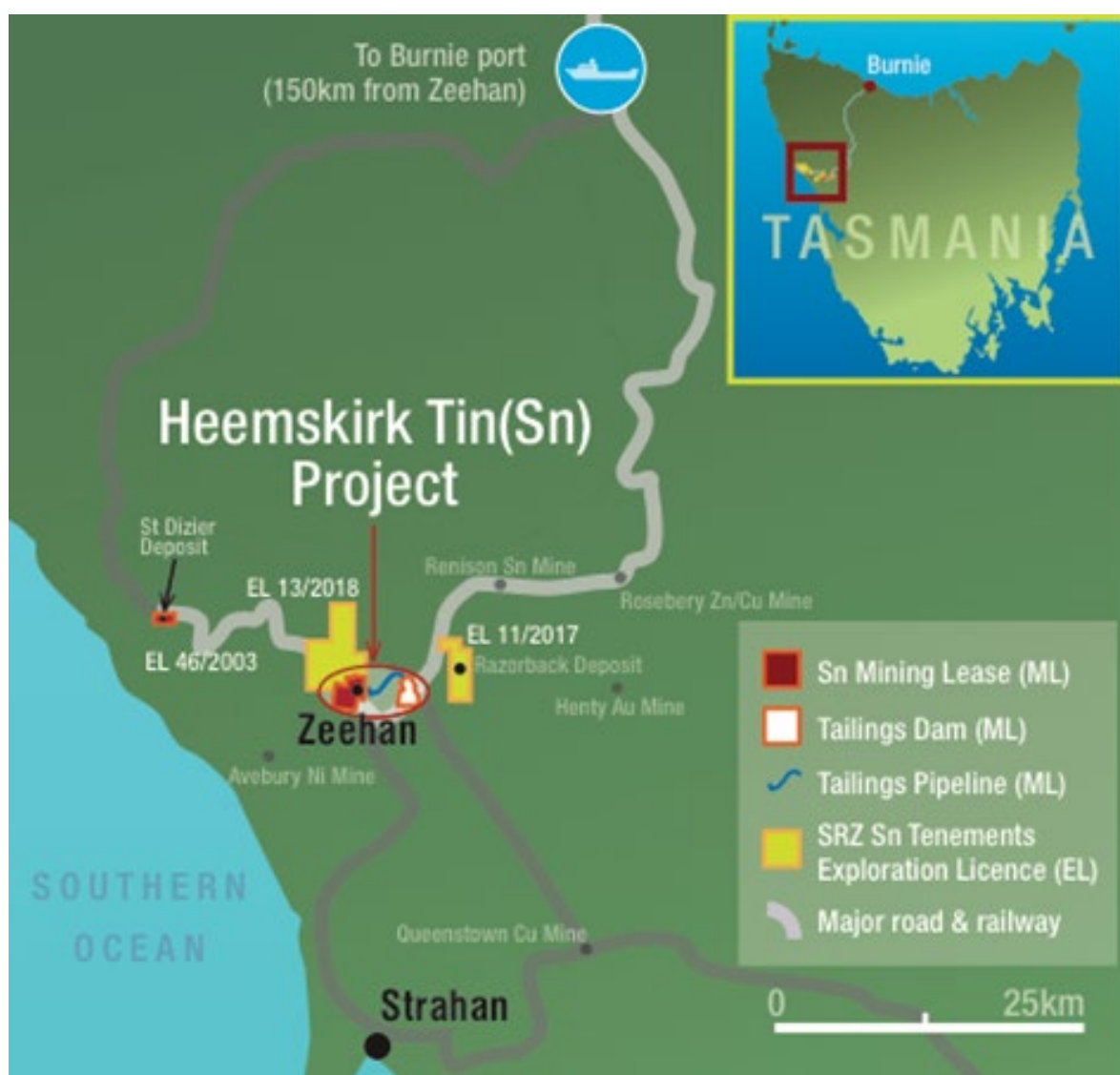
Our clean, new technology future is being driven by robotics, advanced computing, EV's, energy storage and renewables – these all require more electronics and semiconductors which all need more tin.

Growing research is also showing that tin may be a more effective anode material in Li-ion batteries.

## Overview of Stellar's Tin Projects

Stellar's 100% owned tin projects have an enviable location within the well-established mining district on the West Coast of Tasmania with access to established infrastructure including nearby water and renewable power, access to the port of Burnie 150km to the north via sealed highway for export of concentrate, and a competitive local market for services, mining and processing inputs and labour.

Stellar's flagship Heemskirk Tin Project is just 18km to the southwest of the Renison tin mine, the largest and most productive tin mine in Australia. Including Renison, there are 5 major underground metal mines, 3 of which are operating, within 30km of the Heemskirk Tin Project.

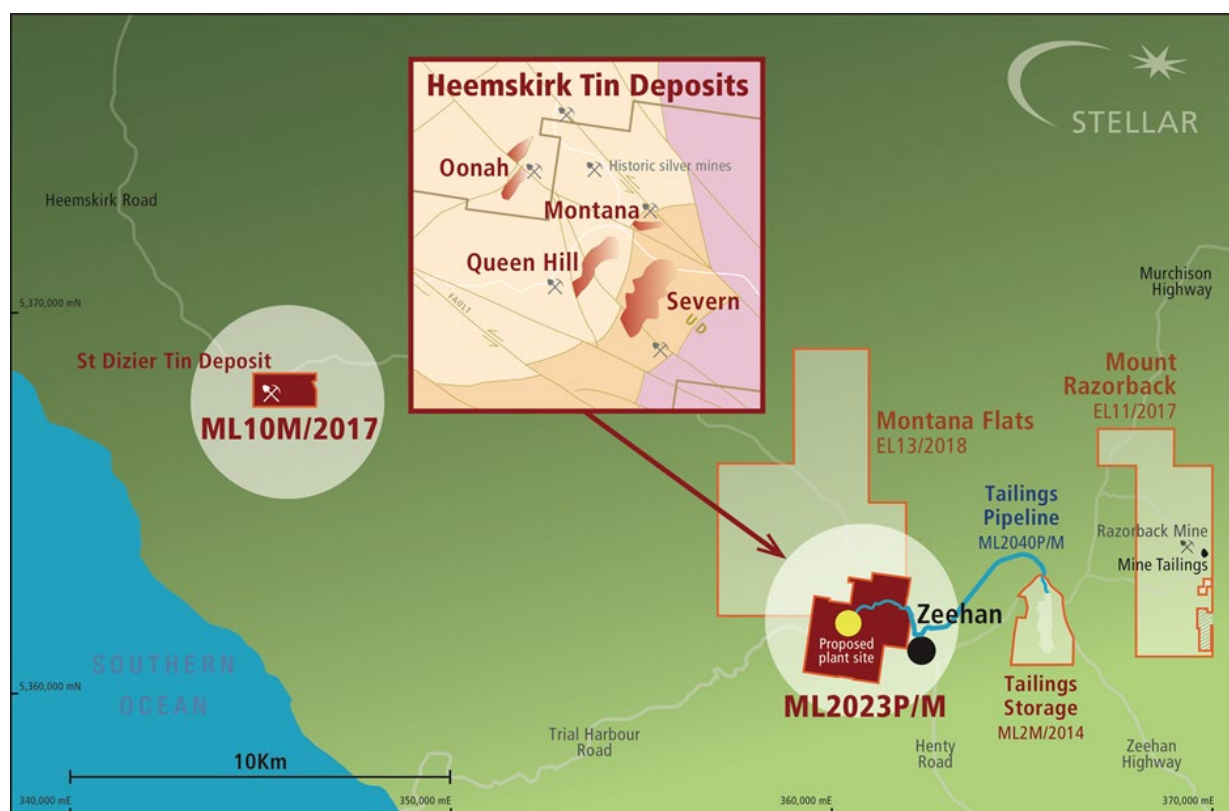


*Location of Stellar's Tin Projects – West Coast of Tasmania*

The Heemskirk Tin Project includes 4 nearby tin deposits: Severn, Queen Hill, Montana and Oonah. Stellar holds secure Mining Leases over the Heemskirk Tin Project including the tailings pipeline route and tailings storage site and also over the St Dizier satellite tin deposit.

In addition to the Heemskirk Tin Project, Stellar owns a portfolio of nearby Exploration Licences including the Montana Flats and Mount Razorback EL's which contain a number of historic silver-lead-zinc mines with associated tin mineralization, and the St Dizier and Mount Razorback satellite tin deposits.





*Heemskirk Tin Project Deposits (blow up), Secure Mining Leases and a Large EL Package*

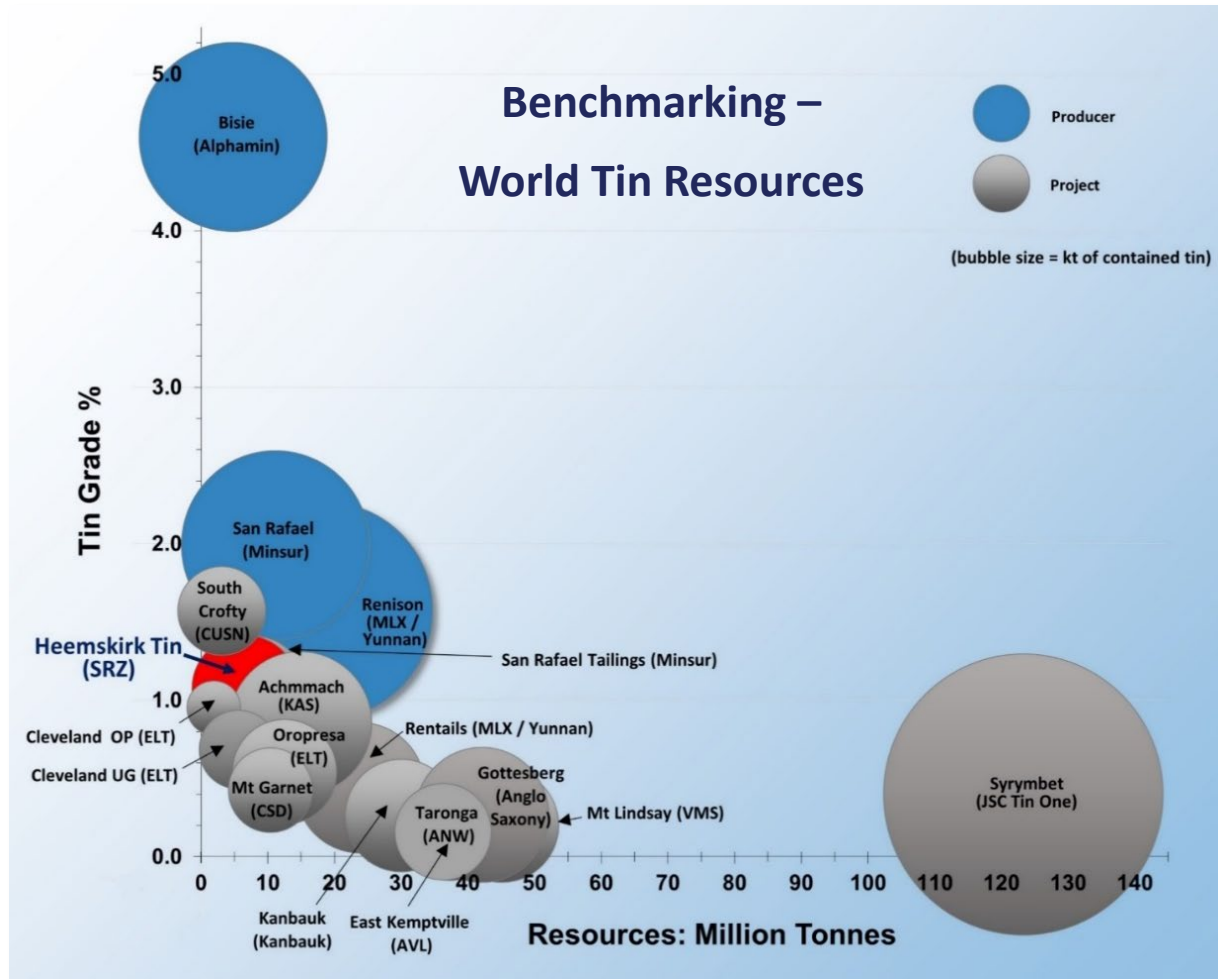
## Heemskirk Tin Resources

The Heemskirk Tin Project has a Total Mineral Resource of 6.6 Mt @ 1.1% Sn at a 0.6% Sn cut-off grade, of which 2.12 Mt is in the Indicated Mineral Resource Category and 4.48Mt is in the Inferred Mineral Resource Category. All deposits have higher grade zones and are amenable to mining at higher cut-off grades. All deposits open at depth<sup>8</sup>.

Classification	Deposit	Tonnes (mt)	Sn (%)	Contained Sn (t)	Cassiterite % of Total Sn (%)	Cu (%)	Pb (%)	Zn (%)
Indicated	Upper Queen Hill	0.32	1.0	3,230	87	0.2	2.1	1.0
	Lower Queen Hill	0.65	1.4	9,230	97	0.0	0.1	0.1
	Severn	1.15	1.0	11,500	99	0.1	0.0	0.1
	<b>Total Indicated</b>	<b>2.12</b>	<b>1.1</b>	<b>23,960</b>	<b>97</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>
Inferred	Upper Queen Hill	0.11	1.6	1,760	94	0.2	1.9	0.7
	Lower Queen Hill	0.36	1.4	5,040	97	0.0	0.2	0.0
	Severn	2.74	0.9	24,660	99	0.0	0.0	0.0
	Montana	0.68	1.5	10,200	96	0.1	0.7	1.4
	Oonah	0.59	0.9	5,310	36	0.8	0.1	0.1
<b>Total Inferred</b>		<b>4.48</b>	<b>1.0</b>	<b>46,970</b>	<b>90</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
<b>Total Indicated + Inferred</b>		<b>6.60</b>	<b>1.1</b>	<b>70,930</b>	<b>92</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>

In addition, the St Dizier Tin deposit has a Total Mineral Resource of 2.26Mt @ 0.61% Sn of which 1.20 Mt in the Indicated Mineral Resource Category and 1.06 Mt is in the Inferred Mineral Resource Category<sup>10</sup>.

Heemskirk is the highest grade undeveloped tin resource in Australia and the second highest grade tin resource globally<sup>9</sup>.



## 2021 Phase 1 Drilling Program

A 9-hole Phase 1 diamond drilling program (for ~4,900m) commenced in June 2021, targeting new areas of high-grade tin mineralisation with 2 rigs on site including<sup>1,2</sup>:

- **Severn** – 2 holes initially planned targeting depth extensions below the Severn tin resource which has now been increased to 4 holes based on the success of the first 2 holes. Severn is the largest of the 4 deposits comprising the Heemskirk Tin Project and remains open at depth and along strike.
- **Depth Extensions of key historic silver-lead-zinc mines** – 7 initially holes planned targeting depth extensions below the historic silver-lead mines with typical grades mined ranging from 20 to 100 oz/t Ag<sup>1</sup>. Hole target depths test where the interpreted transition of silver-lead-zinc mineralisation into cassiterite (tin) mineralisation may occur. Two of these holes have now been re-allocated to further drilling at Severn.

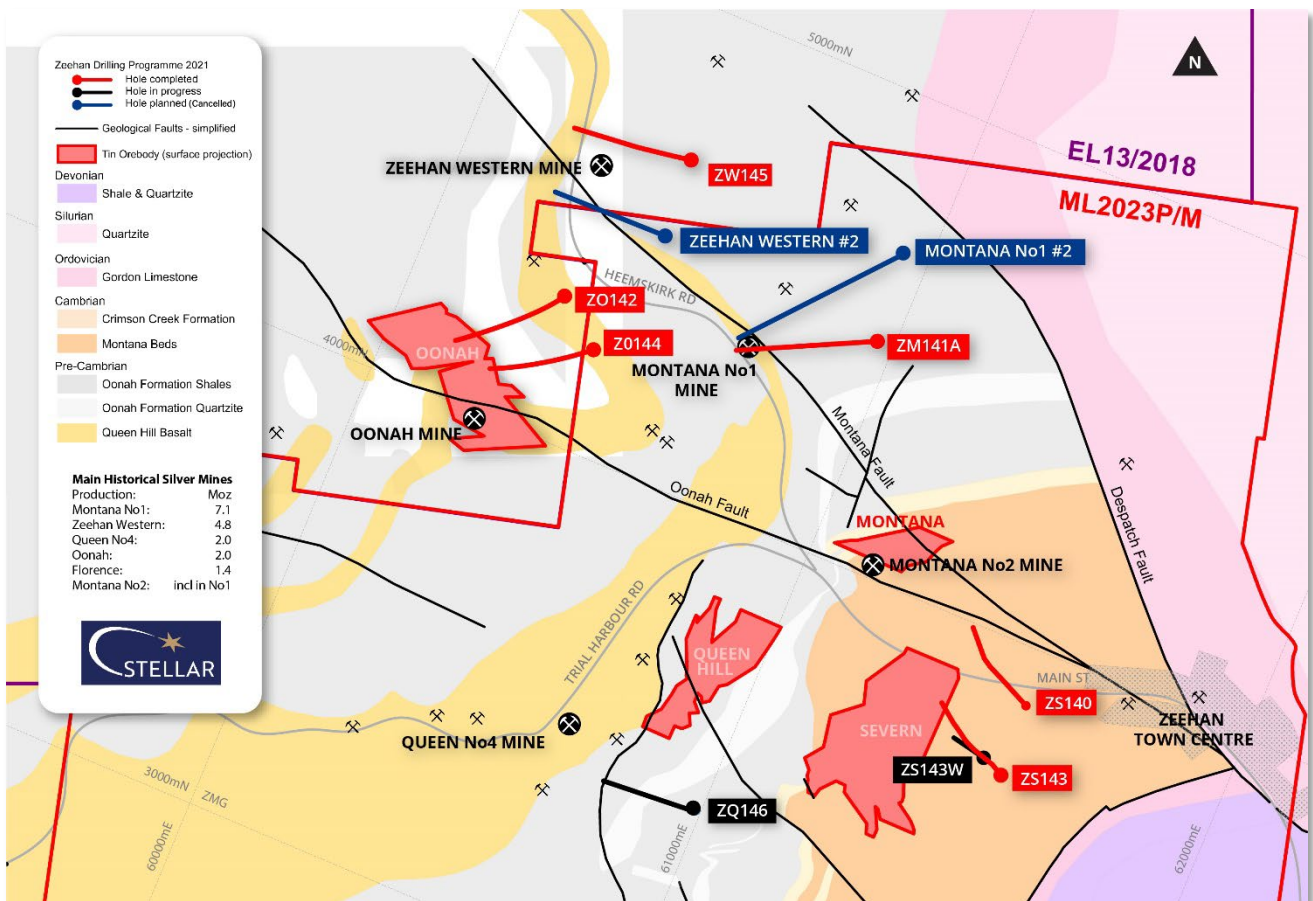
A total of 6 holes were completed at the end of the December Quarter, and 2 holes are currently in progress with a total of 3,283m drilled to 14 December 2021.

A summary of the Phase 1 drilling program is shown in table below and locations of the holes are shown in the figure below.



Summary of Phase 1 Drilling Status to 14 December 2021<sup>4</sup>

Hole (Deposit)	Planned Depth (m)	Drilled to 14.12.21 (m)	Status
<b>ZS140</b> (Severn)	700	889	<b>Completed</b> - Intersected wide zones of tin mineralisation ~240m down dip of the Severn resource.
<b>ZS140W</b> (Severn)	250	0	<b>Cancelled</b> - Planned wedge and daughter hole from ZS140 but was not possible due to broken ground in ZS140.
<b>ZM141A</b> (Montana No. 1)	460	534	<b>Completed</b> - Intersected very high-grade silver-lead-zinc fissure veins.
<b>ZO142</b> (Oonah)	400	494	<b>Completed</b> - Lower grade tin intercepts confirm continuation of tin mineralisation ~70m below the Oonah Inferred Resource.
<b>ZS143</b> (Severn)	700	859	<b>Completed</b> - Intersected wide high-grade zones of tin mineralisation ~100m down dip of the Severn resource
<b>ZO144</b> (Oonah)	400	401	<b>Completed</b> - mineralisation logged over several intervals with stannite (tin-copper sulphide) observed and presence of tin confirmed by anomalous handheld XRF results. Logging, core cutting and sampling completed. Assay results expected in February.
<b>ZW145</b> (Western Zeehan)	400	372	<b>Completed</b> - with only minor silver-lead-zinc fissure vein mineralisation observed over narrow intervals. Logging, core cutting and sampling completed. Assay results expected in February.
<b>ZS143W</b> (Severn)	250	91	<b>In Progress</b> - wedge and daughter hole from ZS143 commenced in late December. Planned length increased to 400m based on revised hole design targeting intersection mineralisation in ZS143 ~half-way between ZS143 significant intercepts and the base of the Severn Inferred Resource. Drilling completion expected in late-January with assay results expected in late-March.
<b>ZQ146</b> (Zeehan Queen No. 4)	300	15	<b>In Progress</b> - commenced 14 December. Drilling completion expected in early February with assay results expected in early-April.
<b>WZ Hole 2</b> (Western Zeehan)	400	0	<b>Cancelled</b> - Second planned hole cancelled due to only minor mineralisation being intersected in first Western Zeehan hole, ZS145.
<b>M1 Hole 2</b> (Montana No. 1)	640	0	<b>Cancelled</b> - Second planned hole cancelled due to focus of Phase 1 Program being on tin, not silver-lead-zinc.
<b>ZS147</b> (Severn)	500	0	<b>Planned</b> - Expected to Commence in late January. Targeting extension of the Severn Indicated Mineral Resource
<b>ZS148</b> (Severn)	450	0	<b>Planned</b> - Expected to Commence in early February. Targeting extension of the Severn Indicated Mineral Resource
<b>Total</b>	<b>4,810</b>	<b>3,283</b>	



*Zeehan Mineral Field Simplified Surface Geology, Tin Deposits, Historic Ag-Pb-Zn Mines and 2021 Phase 1 Drillholes*

## Phase 1 Severn Drilling

### Severn Drillhole ZS140 Results

In November, assay results received from the first Severn drillhole (ZS140) in the 2021 Phase 1 program confirmed multiple wide zones of tin (Sn) mineralisation with over 40 m of cumulative tin mineralisation intersected, approximately 240m down dip of the Severn Mineral Resource and 750m below surface, including the following significant intercepts<sup>3</sup>:

- 8.4m @ 0.23% Sn from 731.6m
- 14.2m @ 0.28% Sn from 747.0m
- **5.0 m @ 0.76% Sn from 777.0 m**
- 3.0 m @ 0.87% Sn from 797.0 m (included within 10.0 m @ 0.43% Sn from 794.0 m)
- 2.0m @ 0.62% Sn from 820.0m
- 1.1 m @ 2.24% Sn from 855.4 m

### Severn Drillhole ZS143 Results

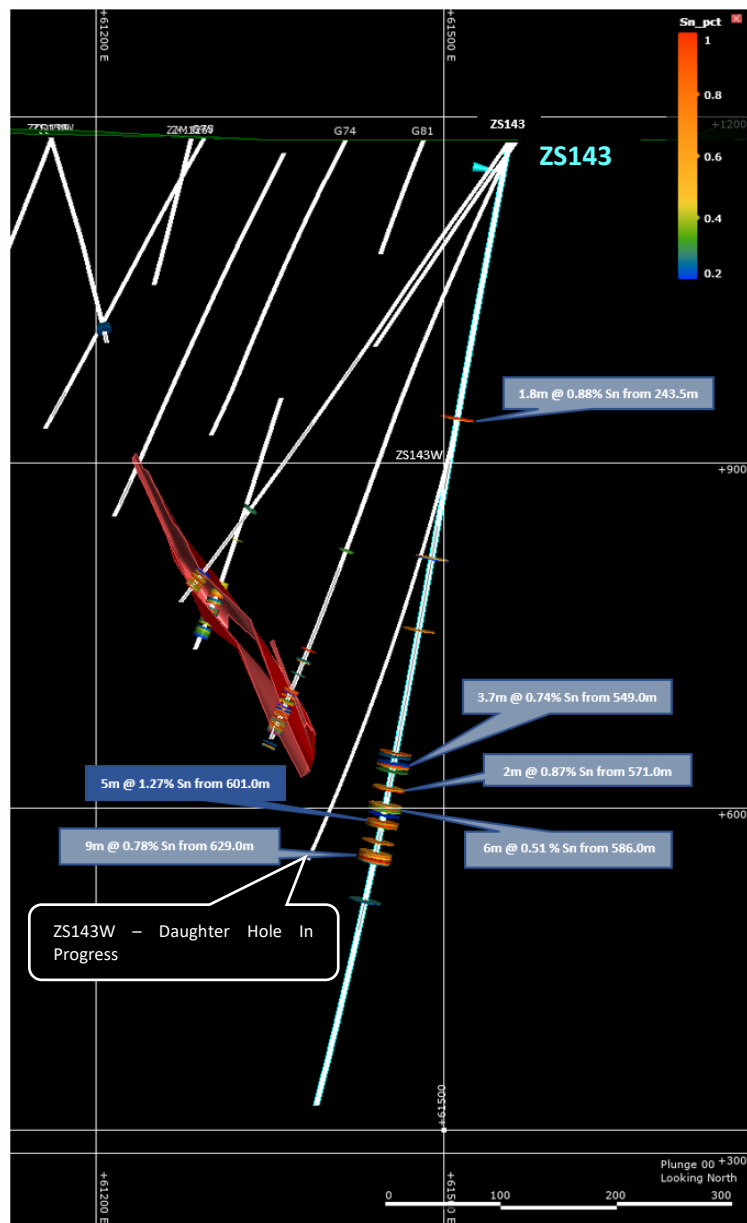
In December, assay results from the second Severn drillhole (ZS143) in the 2021 Phase 1 program confirmed wide zones of high-grade tin (Sn) mineralisation with 20m of cumulative tin mineralisation approximately 100m down dip of the Severn Inferred Resource<sup>1</sup> and 620m below surface, including the following key intercepts<sup>4</sup>:

- 6.0m @ 0.51% Sn from 586.0m
- **5.0m @ 1.27% Sn from 601.0m**
- 9.0m @ 0.78% Sn from 629.0m

The 3 significant intercepts between 586m and 638m in ZS143 have a cumulative length of 20m of tin mineralisation at an average grade of 0.82% Sn<sup>4</sup>.

Tin mineralisation at Severn generally occurs within zones of sulphide vein networks including pyrite and pyrrhotite, with cassiterite (tin oxide). The ZS143 significant intercepts contain increased amounts of visible pyrrhotite and cassiterite and have high magnetic susceptibility readings. Pyrrhotite is both magnetic and conductive and is commonly associated with increased levels of cassiterite mineralisation at Severn.

Results from both ZS143 and ZS140 successfully demonstrate continuation of the tin system at depth confirming potential to significantly expand the Severn resource which remains open at depth and along strike.



*Severn West-East Cross Section 3,725m North (ZMG) showing Hole ZS143 (aqua) with key significant intercepts, daughter hole ZS143W and historical drilling (white) and Severn 2019 Resource (red)<sup>4</sup>*

### **Severn Daughter Hole ZS143W Underway**

In December a wedge was set and a 400m long daughter hole (ZS143W) commenced from a downhole depth of 247m in parent hole ZS143. The ZS143W daughter hole is designed to test in-between the Severn Inferred Resource and the ZS143 intercepts<sup>4</sup>.

Drilling of ZS143W is expected to be completed at the end of January, with assay results expected in late-March.

### **Severn Planned Drillholes ZS147 and ZS148**

Two further drillholes at Severn were added to the Phase 1 program in December targeting extension of the Indicated Mineral Resource<sup>4</sup>. These holes (ZS147 for 500m and ZS148 for 450m) are expected to commence in late-January / early-February.

## **Phase 1 Drilling Targeting Depth Extensions of Key Historic Silver-Lead-Zinc Mines**

The highly mineralised Zeehan mineral field contains many historically significant high-grade silver-lead mines which have a total recorded production of 26 MOz Silver & 190,000 t Lead and resulted in the development of a major town and smelters at Zeehan in the late 1800's / early 1900's.

The Phase 1 drilling program is aimed at identifying new areas of high-grade tin mineralisation below 4 of the largest historic silver-lead mines in the Zeehan mineral field (Montana No.1, Zeehan Western, Oonah & Zeehan Queen No. 4) which are located on Stellar's licences and typically had<sup>1</sup>:

- Ore grades of 20 Oz/t Silver to 100 Oz/t Silver
- Mining widths up to 2.7m (fissure veins)
- Mining lengths up to 300m
- Mining depths of 70m to 300m

Silver-Lead lodes typically transition into tin (with pyrite) lodes at depth and the Phase 1 holes target depths where the interpreted transition of silver-lead-zinc mineralisation into cassiterite (tin) mineralisation may occur. There is also potential to intersect deeper high-grade silver-lead-zinc fissure lodes. No drilling ever done below these mines, other than at Oonah.

### **Montana No. 1 Drillhole ZM141A Results**

In November, assay results from hole ZM141A, the first ever hole drilled beneath Zeehan's largest historic silver-lead mine, Montana No. 1, confirmed very high-grade silver-lead-zinc fissure vein intercepts approximately 90m below the deepest historic mine workings and 320m below surface. Significant intercepts included<sup>5</sup>:

- 1.2 m @ 31.8 Oz/t Ag, 23.9% Pb, 0.4% Zn and 0.1% Cu from 423.0 m
- 0.4 m @ 15.4 Oz/t Ag, 12.2% Pb and 4.6% Zn from 411.0 m
- 0.6 m @ 3.8 Oz/t Ag, 3.6% Pb and 0.4% Zn from 239.0 m

As most of the mineralisation intersected in this hole is present as silver-lead-zinc fissure veins, it is interpreted that the transition into zones of tin mineralisation may still occur at greater depths below those intersected in hole ZM141A.

### **Oonah Drillholes ZO142 and ZO144**

Two drillholes (ZO142 and ZO144) were completed during the quarter targeting depth extensions of the silver-lead-zinc fissure lodes mined in the historically significant Oonah mine to a depth of ~120m from surface, and depth extensions of the Oonah Inferred Resource (0.59 Mt at 0.9% Sn, 0.8% Cu, 0.1% Pb, 0.1% Zn. Ag not included)<sup>1</sup> defined by previous drilling below the historic workings.

#### Oonah Drillhole ZO142

In November, assay results from the first Oonah drillhole (ZO142) in the 2021 Phase 1 program<sup>5</sup> included multiple zones of lower grade tin mineralisation and confirmed the continuation of tin mineralisation ~70m below the Oonah Inferred Resource<sup>5</sup>.

#### Oonah Drillhole ZO144

The second drillhole at Oonah (ZO144) was completed in late-October 2021 with mineralised zones logged over the following intervals<sup>4</sup>:

- 311.9m to 316.2m (4.3m length including 1.7m core loss) – mineralisation primarily consists of massive to semi-massive pyrite contained within a breccia zone with stannite (tin-copper sulphide) and cassiterite observed and presence of tin confirmed by anomalous handheld XRF results.
- 354.6m to 358.8m (4.2m length) – a poorly mineralised zone consisting of narrow veins of pyrite with some visible cassiterite on the margins.

Logging, core cutting and sampling were completed in December. Assay results are expected in February.

#### Zeehan Western Drillhole ZW145

The first drillhole targeting depth extensions of the Zeehan Western historic mine (ZW145) was completed in December with only minor silver-lead-zinc fissure vein mineralisation observed over narrow intervals<sup>4</sup>.

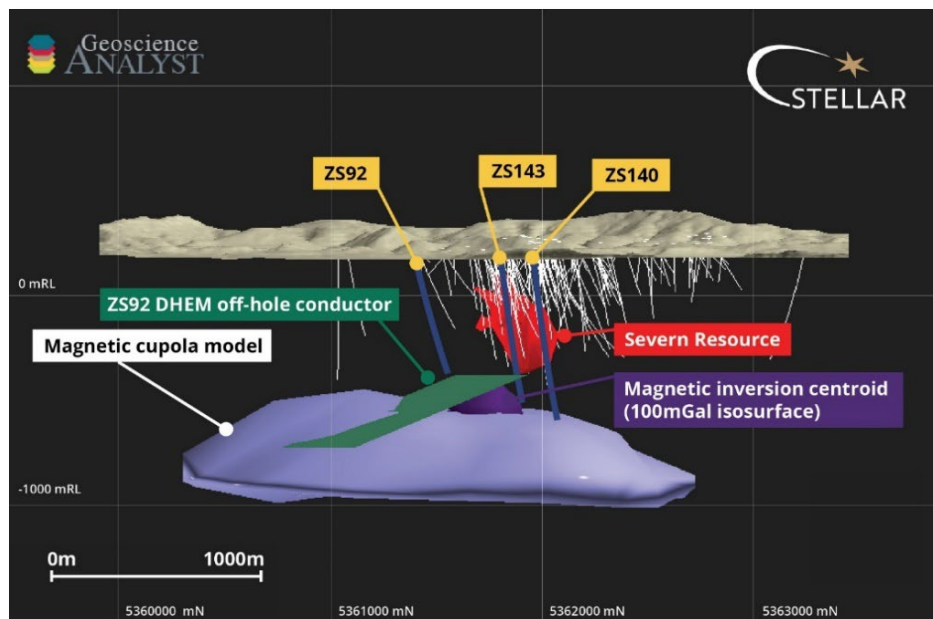
Logging, core cutting and sampling were completed in December. Assay results expected in February.

#### Zeehan Queen No. 4 Drillhole ZQ146

The first drillhole targeting depth extensions of the Zeehan Queen No 4. historic mine (ZQ146) commenced on 14 December and is expected to be completed in early February with assay results expected in early-April.

## Severn South Magnetic and Conductivity Target

Magnetic and downhole electromagnetic (EM) inversion studies completed in November by Stellar's geophysical consultants have modelled a large magnetic and approximately coincident conductive target, below the depth of historic drilling at the southern extent of the Severn Mineral Resource ("the South Severn Magnetic and Conductive Target")<sup>6</sup>. Stellar plans to drill this target as part of the Phase 2 drilling program.



*Severn South Magnetic and Conductive Target – View looking West*

## Severn and Queen Hill Phase 2 Drilling Program

Planning is well underway for a Phase 2 drilling program to commence at the end of Phase 1. The focus of the Phase 2 drilling program will be Severn and Queen Hill which are the two largest Heemskirk Tin Project deposits with a combined total Mineral Resource of 5.33Mt @ 1.0% Sn, of which 40% is Indicated and 60% Inferred.<sup>8</sup>

The Phase 2 program at Severn and Queen Hill is expected to include:

- Severn resource extension drilling.
- Infill drilling of the Severn and Queen Hill Inferred Resource.
- A deep hole to test the South Severn magnetic and conductivity target<sup>6</sup>.

## Heemskirk Tin Project Scoping Study

In October 2019, Stellar announced the results of its Heemskirk Tin Project Scoping Study<sup>10</sup> based on development of an underground mine, processing plant, tailings storage facility and surface infrastructure to mine ~ 350ktpa ore at a LOM head grade of ~ 0.95% tin from the Queen Hill and Severn tin deposits (2 of the 4 Heemskirk deposits) over a 10-year initial mine-life. The project also includes open-pit mining of the St Dizier satellite tin deposit and trucking of ore to the Heemskirk processing plant during year 11 of the mine plan.

The processing plant is expected to produce ~4,500tpa of concentrate containing ~2,200tpa of tin. Concentrate produced will be trucked 150km to the north via sealed road to the Port of Burnie for export to smelters in Asia.

The 2019 Scoping Study confirmed the Heemskirk Tin Project had attractive economics at a US\$20,000/t tin price<sup>10</sup>. The current spot tin price on 18 January 2022 was US\$42,500/t, over double the price assumed in the 2019 Scoping Study.

## Advancement of Heemskirk Tin Project to BFS Completion

Other project work streams and studies required to advance the Heemskirk Tin Project to BFS completion are also now under review by Stellar.

Many of the project work streams and studies have already been completed to a PFS level.

Work towards completion of the DPEMP is well progressed with environmental assessment program agreed and stage 1 surveys completed.

The project has secure Mining Leases granted over mine site, tailings pipeline route and tailings dam site.

**With the highest-grade undeveloped tin resource in Australia & 2nd highest globally<sup>8,9</sup>, a scoping study completed in 2019 confirming attractive economics<sup>10</sup>, and drilling to extend and confirm the Severn mineral resource now well underway, the Heemskirk Tin Project is well positioned to take advantage the booming tin market.**



# North East Tasmania Gold Exploration Project

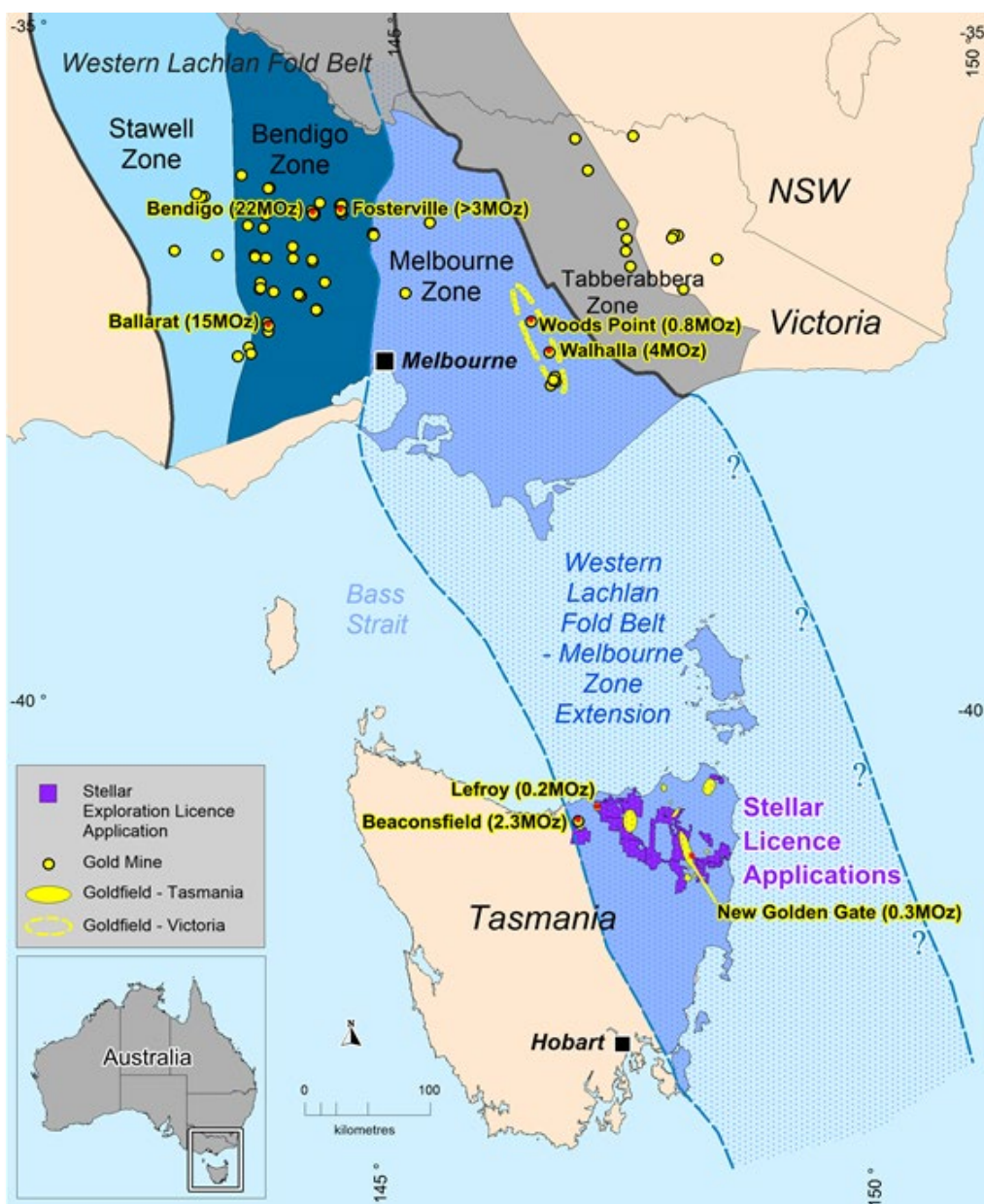
## NE Tas – A Continuation of Victorian Western Lachlan Fold Belt<sup>11</sup>

Gold deposits in North East Tasmania lie within a continuation of the Western Lachlan Fold Belt in Victoria – one of the world's largest orogenic gold provinces.

The Western Lachlan Fold Belt in Victoria hosts the >3 MOz Fosterville Mine, Bendigo and other Tier 1 goldfields and has produced >80 MOz gold.

NE Tasmania hosts the Beaconsfield Mine (2.3 MOz), New Golden Gate Mine (0.3 MOz) and Lefroy Goldfield (0.2MOz), along with hundreds of smaller historic gold mines and occurrences.

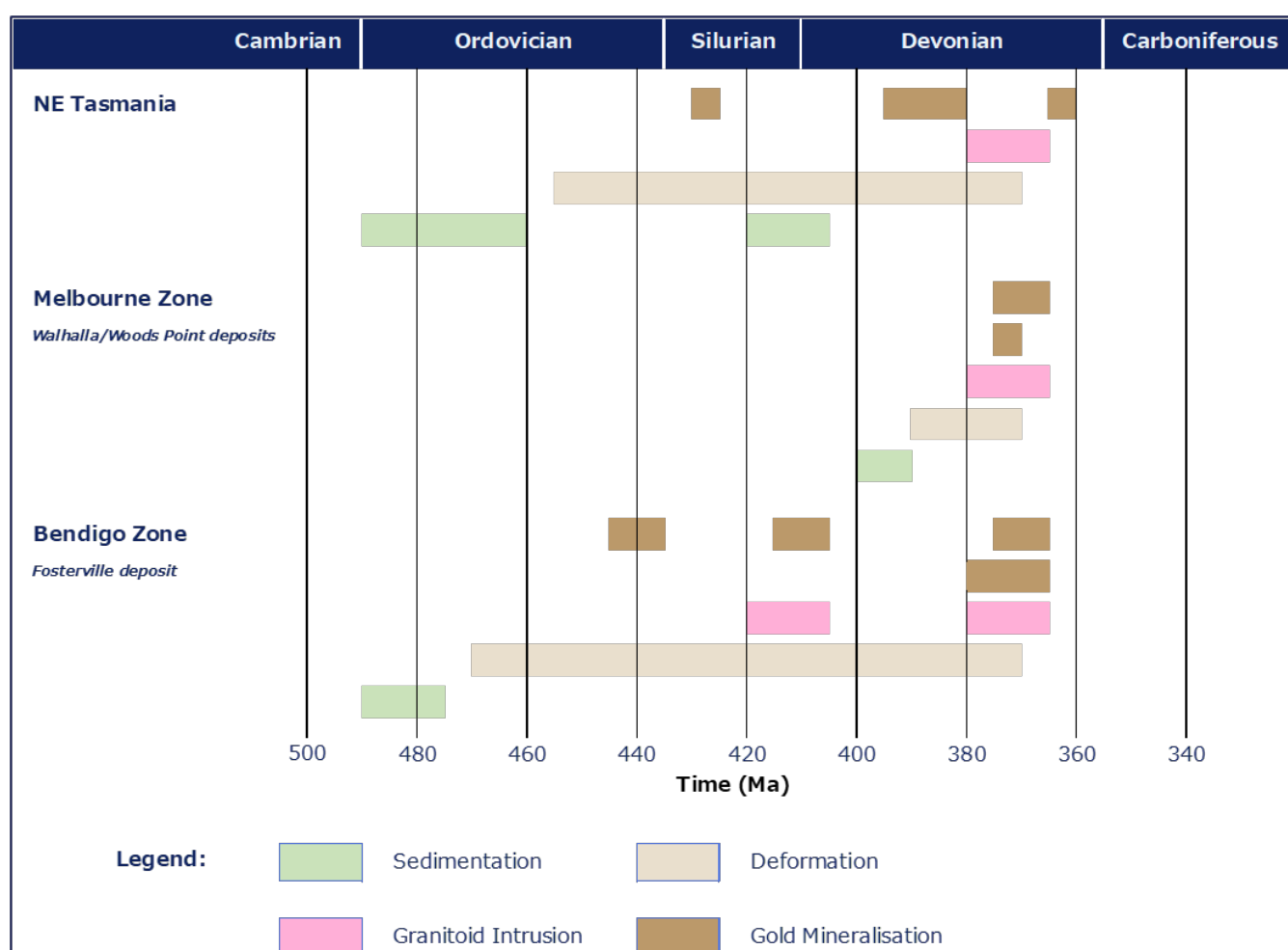
While Victoria is currently experiencing intense gold exploration activity, NE Tasmania has had very little modern gold exploration undertaken.



*Continuation of Western Lachlan Fold Belt from Victoria into NE Tasmania<sup>11</sup>*

Gold deposits in NE Tasmania share the same geological setting as their Victorian counterparts<sup>11</sup>:

- Ordovician turbiditic meta-sediments (Mathinna Super-Group).
- Ordovician to Devonian deformation and metamorphism (Western Lachlan Orogen).
- Associated with nearby Devonian granitoid intrusives.
- Gold commonly in quartz veins occupying dilational zones along large-scale faults related to folding and deformation during the Lachlan Orogen.
- Predominantly NW oriented lodes controlled by regional structures and rheological contrasts between sedimentary units.
- Intrusion Related Gold System (IRSG) deposits also occur in NE Tasmania.



*Timing of Geological Events in NE Tasmania vs Melbourne and Bendigo Zone of Western Lachlan Fold Belt in Victoria (after Bierlein et al, 2005)<sup>11</sup>*

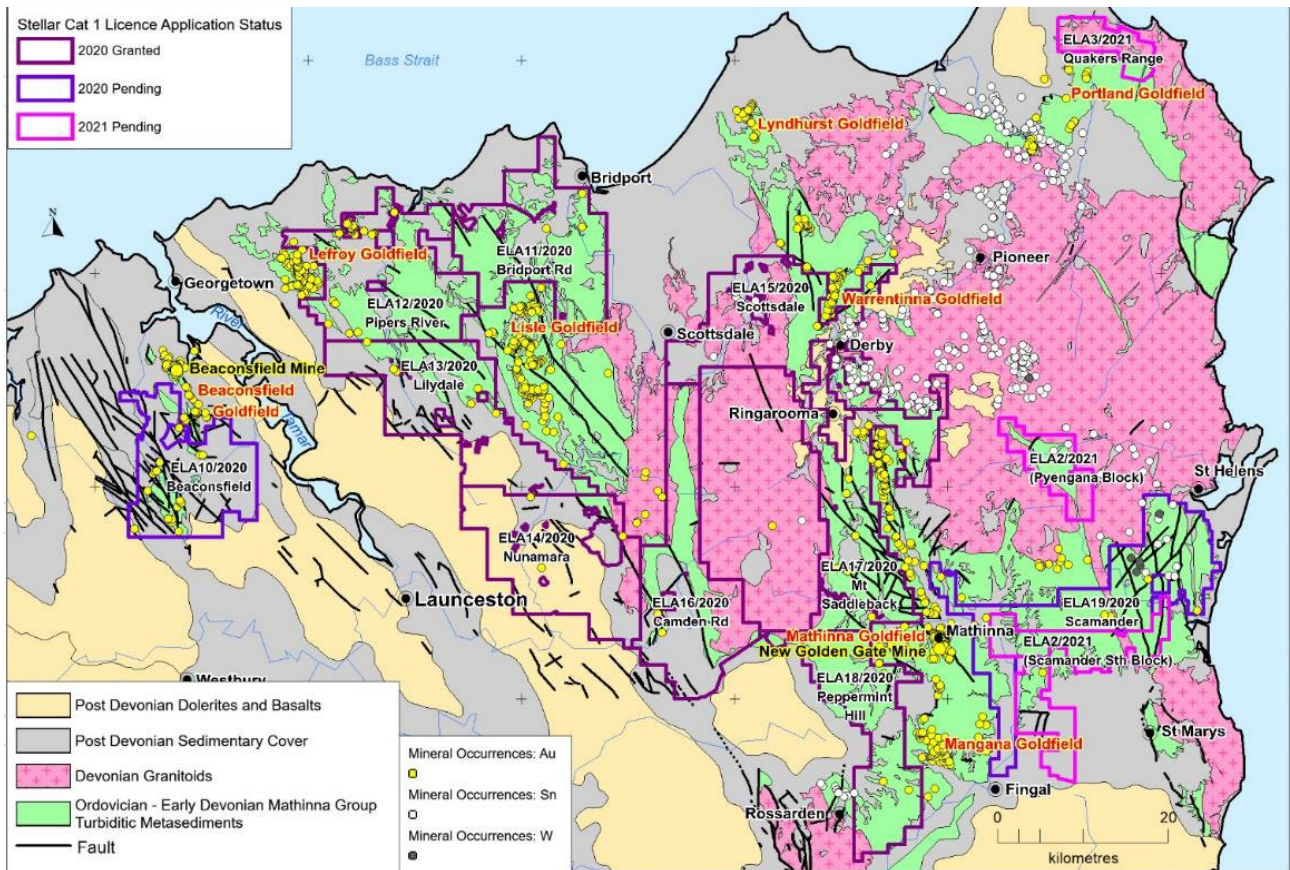
## Stellar NE Tasmania Exploration Licence Licences

8 Exploration Licences (EL's) over a total area of 1,899 km<sup>2</sup> in NE Tasmania were granted in August 2021 to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd<sup>11</sup>.

The 8 EL 's granted in August 2021 were part of the 10 EL applications lodged by Stellar in September 2020. The remaining two September 2020 EL applications over the Beaconsfield South and Scamander areas are still

being processed and the Company now expects these 2 licences covering a combined area of 384 km<sup>2</sup> to be granted by ~February 2022. A number of objections have been received from landowners with small to medium sized properties over the Beaconsfield South EL10/2020, and to a lesser extent over the Scamander EL19/2020 application area's which are yet to be granted. The Company has agreed to relinquish its application over these objection areas which is not expected to have a material effect on the gold targets identified over the Beaconsfield South and Scamander EL's.

Two further EL applications were lodged by Stellar in March 2021 covering a combined area of 240km<sup>2</sup> in the South Scamander, Pyengana and Quakers Ranges areas. The company expects these EL's to be granted by ~ end of March 2022.



### Stellar EL's, EL Applications, Geology and Mineral Occurrences<sup>11</sup>

Stellar's 8 granted EL's and remaining 4 EL applications in NE Tasmania are highly prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS). There are 51 recorded gold occurrences and 22 recorded tin occurrences on the 8 recently granted EL's and a further 26 recorded gold occurrences and 3 recorded tin occurrences on Stellar's remaining 4 EL applications in NE Tasmania.<sup>11</sup>

A number of desktop orogenic and IRGS gold exploration targets have been identified by Stellar's technical team using full GIS targeting capability including reprocessed aeromagnetic, radiometric and gravity data, geological mapping, recorded gold and tin occurrences, historic drilling and geochemical data. A number of tin targets have also been identified.<sup>11</sup>

*Summary of Stellar's EL's and EL Applications in NE Tasmania<sup>11</sup>*

Application Name	Application Number	Area (Km2)	Status	Ordovician Mathinna Group	Regional Structures (Magnetic Lineaments & Mapped Faults)	Granitoid Intrusions nearby	Gold Occurrences	Tin Occurrences
Beaconsfield	ELA 10/2020	142	Application	Y	NW	Y	18	
Bridport Rd	ELA 11/2020	238	Granted	Y	NW	Y	3	
Pipers River	ELA 12/2020	247	Granted	Y	NW	Y	15	
Lilydale	ELA 13/2020	244	Granted	Y	NW	Y	6	
Nunamara	ELA 14/2020	249	Granted	Y	NW & NE	Y	3	
Scottsdale	ELA 15/2020	249	Granted	Y	NW, N & NE & IRGS	Y	2	21
Camden Road	ELA 16/2020	248	Granted	Y	NW & N	Y	3	
Mt Saddleback	ELA 17/2020	242	Granted	Y	NW & NE	Y	13	1
Peppermint Hill	ELA 18/2020	195	Granted	Y	NW	Y	6	
Scamander	ELA 19/2020	242	Application	Y	N & NE	Y	7	1
South Scamander & Pyengana	ELA 2/2021	195	Application	Y	NW, N, NE	Y	1	2
Quakers Ranges	ELA 3/2021	45	Application	Y	NW	Y		
<b>Total</b>		<b>2,535</b>					<b>77</b>	<b>• 25</b>

## Work Program Update

Dr Josh Phillips (JP Geoscience) was engaged by Stellar in September 2021 for a minimum 10 days per month, with a minimum term of 6 months, to lead Stellar's NE Tasmania exploration program. Dr Phillips is based in Tasmania, has a PHD in geochemistry and has substantial experience working in gold exploration and with large base metal porphyry deposits.

During the quarter, Dr Phillips has completed a review of Stellar's NE Tasmania EL's / EL applications including analysis of further historic soil and rockchip geochemical data recently captured by Stellar, and a review of all desktop orogenic and IRGS gold exploration targets identified by Stellar's technical team. Additional desktop targets were identified during Dr Phillips's review and all targets have now been prioritised for field exploration.

During September and October, Dr Phillips undertook initial field reconnaissance visits of the Back Creek target on EL12/2020 and the Blessington target on EL14/2020. Land access agreements and MRT work program approvals for soil sampling programs over these areas were progressed during the quarter and trial soil sampling was undertaken in both areas.

A significant soil sampling program over the Back Creek target is planned to be undertaken in February 2022.

Further reconnaissance visits and follow up field exploration are also being planned over Stellar's NE Tasmania EL's.



## Corporate

Payments to related parties of the entity and their associates during the quarter were \$129k in the December Qtr comprising Director and consulting fees as outlined in the Appendix 5B.

The Company's major cashflow movements for the quarter included:

- Exploration & Evaluation expenditure - \$666k; and
- Employee, administration and corporate costs - \$295k.

## Tenements

Description	Tenement Number	Interest Owned (%)
Mining Lease - Zeehan, Tasmania	ML 2023P/M	100
Mining Lease - Tailing Dam, Zeehan, Tasmania	ML 2M/2014	100
Mining Lease - Pipeline Route, Zeehan, Tasmania	ML 2040P/M	100
Retention Licence - Zeehan, Tasmania	RL 5/1997	100
Mining Lease - St Dizier, Tasmania	ML 10M/2017	100
Exploration Licence - Mt Razorback	EL 11/2017	100
Exploration Licence - Montana Flats, Zeehan, Tasmania	EL 13/2018	100
Exploration Licence - Bridport Rd, NE Tasmania	EL11/2020	100
Exploration Licence - Pipers River, NE Tasmania	EL12/2020	100
Exploration Licence - Lilydale, NE Tasmania	EL13/2020	100
Exploration Licence - Nunamara, NE Tasmania	EL14/2020	100
Exploration Licence - Scottsdale, NE Tasmania	EL15/2020	100
Exploration Licence - Camden Rd, NE Tasmania	EL16/2020	100
Exploration Licence - Mt Saddleback, NE Tasmania	EL17/2020	100
Exploration Licence - Peppermint Hill, NE Tasmania	EL18/2020	100



## Footnotes / Live Links

<sup>1</sup> SRZ Announcement, 18 February 2021, “Restart of Tin Exploration Drilling”

<sup>2</sup> SRZ Announcement, 26 March 2021, “Expanded Tin Exploration Drilling Program at Heemskirk Tin”

<sup>3</sup> SRZ Announcement, 5 November 2021, “ZS140 Results and Heemskirk Drilling Update”

<sup>4</sup> SRZ Announcement, 20 December 2021, “High-Grade Tin Intersected in Second Severn Hole”

<sup>5</sup> SRZ Announcement, 22 November 2021, “Exceptional Silver-Lead Grades in First Montana No. 1 Hole”

<sup>6</sup> SRZ Announcement, 11 November 2021, “Large Magnetic and Conductive Target Modelled at South Severn”

<sup>7</sup> westmetall.com tin prices

<sup>8</sup> SRZ Announcement, 16 May 2019, “Updated Heemskirk Resource Increases Indicated Category and Confidence in the Project”

<sup>9</sup> SRZ Announcement, 12 April 2021, “Investor Presentation” – See page 11 Benchmarking Assumptions

<sup>10</sup> SRZ Announcement, 1 October 2019, “Heemskirk Tin Scoping Study Confirms Attractive Economics”

<sup>11</sup> SRZ Announcement, 23 August 2021, “NE Tasmania Exploration Licences Granted”

<sup>12</sup> Mining Network Interview with James Willoughby, International Tin Association, “2022 Tin Outlook”

## 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.*

**This announcement is authorised for release to the market by the Board of Directors of Stellar Resources Limited.**

## For further details please contact:

Gary Fietz

Executive Director

Stellar Resources Limited

Tel: 0408 489 957

Email: [gary@widerange.net.au](mailto:gary@widerange.net.au)

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STELLAR RESOURCES LIMITED

ABN

96 108 758 961

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(11)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(116)	(187)
	(e) administration and corporate costs	(178)	(327)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(292)</b>	<b>(521)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(13)
	(d) exploration & evaluation	(666)	(1,201)
	(e) investments	-	-
	(f) other non-current assets	-	(1)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	515
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(666)</b>	<b>(700)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	(6)	(10)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(6)</b>	<b>(10)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,142	5,409
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(292)	(521)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(666)	(700)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(10)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,178</b>	<b>4,178</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,028	1,642
5.2 Call deposits	3,150	3,500
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,178</b>	<b>5,142</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	109
6.2 Aggregate amount of payments to related parties and their associates included in item 2	20
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(292)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(666)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(959)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,178
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,178
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## 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.

Date: 25 January 2022

Authorised by: The Board.

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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*

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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

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*Flows* apply to this report. If this quarterly cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.