ASX ANNOUNCEMENT
29 April 2022

Quarterly Activities Report
31 March 2022

HIGHLIGHTS

- **Stelar Metals successfully listed on the ASX under the code "SLB" after successfully completing oversubscribed IPO which raised A$7M on 18 March 2022,**
- **Cornerstone investor Terra Capital took a substantial (>5%) position on the IPO,**
- **Exploration underway on Stelar's highly prospective portfolio of battery metal projects, located close to world-class producers and explorers such as BHP, Oz Minerals, IGO and FMG**
- **First drilling program planned to commence this quarter on Stelar's Tier 1 IOCG Target in Australia's leading copper producing region, South Australia's Gawler Craton,**
- **Stelar Metals has already started exploration on the Linda Zinc Project targeting high grade zinc mineralisation initially identified by BHP**
- **Funds raised from the IPO will progress an extensive battery metals exploration program that commenced at the start of Q2 June 2022.**

Critical minerals explorer Stelar Metals Limited (**ASX:SLB**) ("**Stelar Metals**" or the "**Company**") is pleased to provide its Quarterly Activities Report for the quarter ended 31st March 2022 (Quarter).

At the commencement of the June 2022 quarter, the Company announce the first drilling program scheduled to commence this current quarter at the Evelyn Dam project and that exploration has commenced on the Linda Zinc Project in South Australia. Both projects are 100% owned by Stelar Metals and are two of five highly prospective copper and zinc targets.

Evelyn Dam Drilling Program

Evelyn Dam is one of the largest untested IOCG gravity targets on the Gawler Craton. Reprocessing of the gravity and magnetic datasets indicate this could be a large Olympic Dam style IOCG (iron-oxide copper gold) target and is therefore worthy of deep drill testing.

Two-thirds of Australia's copper production is derived from the Eastern Gawler Craton in South Australia from mines operated by BHP and Oz Minerals. The Evelyn Dam Project was previously owned by BHP who relinquished the Project after completing only geophysical surveys and did not undertake any drilling. After BHP, Rio Tinto joint ventured into the Evelyn Dam Project prior to Stelar Metals purchasing 100% of the Project by as part of its recent IPO.

Evelyn Dam's huge 8 mGal gravity anomaly has recently been reprocessed and 3D-inversion modelled by one of Australia's leading geophysicists David McInnes of Montana Geoscience. The refined modelling, as illustrated in

Figure 1, defines a large, dense body that is ~5km in diameter at depth with a pronounced and much shallower peak rising up on its western site to within range of being viably drill tested.

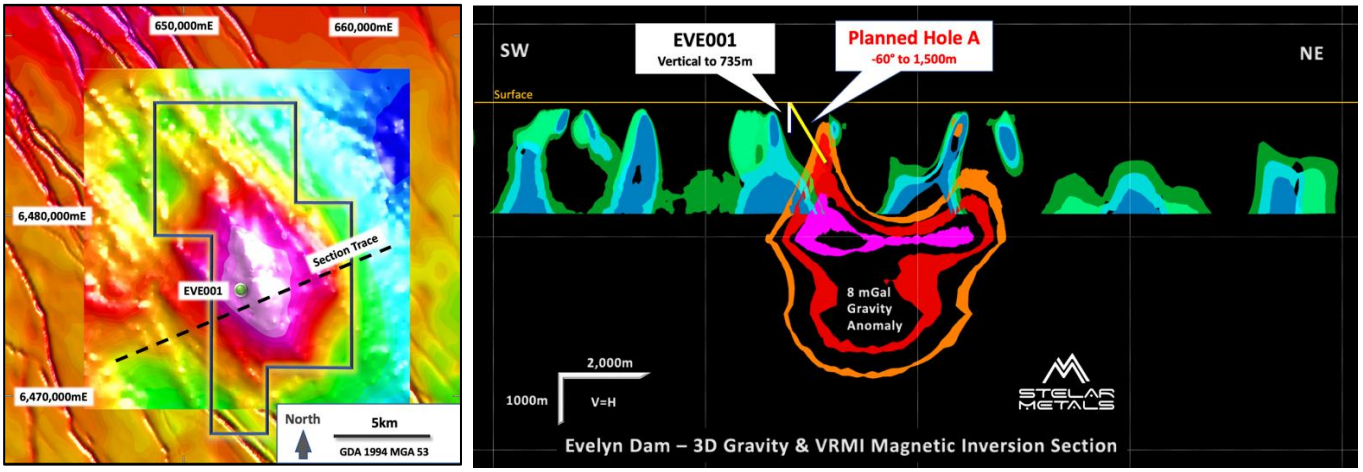

Figure 1: Plan and Cross-section view of the Evelyn Dam gravity anomaly showing the trace of EVE001 and Stelar's planned hole A

Resource Holdings No 1 Pty Ltd (now a subsidiary of Stelar Metals) in joint venture with Rio Tinto on the Project negotiated a Native Title Management Agreement with the Kokatha Traditional owners in 2017 and subsequently completed Heritage surveys allowing for multiple drill holes at several cleared drill sites. In 2018, Rio Tinto completed the only known drill hole on EL 5792 (EVE001) which was drilled vertically to 735.8 metres depth. This hole intersected Gawler Range Volcanic basement at 430 metres depth with traces visible native copper within the overlying haematised sandstone cover above the brecciated basement contact (Figure 2 left). Zones of sericite-chlorite-haematite alteration with pink-carbonate and fluorite being intensified toward the end-of-hole (Figure 2 right).

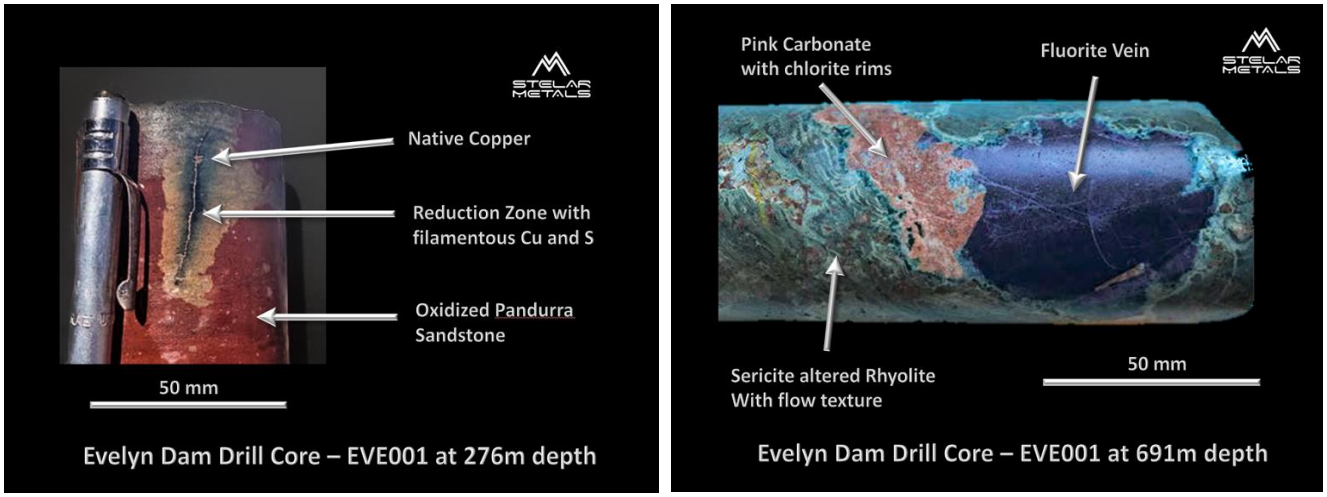

Figure 2: Examples of core from Rio Tinto's EVE001: Left - visible native copper was recognised in reduces zones within the Pandurra Formation cover; Right – towards the end of hole zones of sercite-chlorite-haematite alteration with coarse pink carbonate and fluorite veining.

It is evident that the previous single vertical hole failed to test the gravity anomaly and missed the high one of the other cleared drill sites located to the south of EVE001 and is designed as an angle hole to intersect the high-level gravity peak at 1,200-1,500m drilled depth.

Stelar Metals Chief Executive Officer, Colin Skidmore said "Having recently seen the core from EVE001 and visited the field to locate its collar location relative to the position of the modelled gravity peak, I am very encouraged by the evident near-miss IOCG alteration in EVE001 which would be consistent with distal alteration from a

mineralising system several kilometres away. I am excited to have the opportunity to test this significant gravity target that is located within South Australia's world-class copper mining district. The huge potential of this large scale IOCG target is reflected in the previous investment by both BHP and Rio to get the Project drill ready".

He continued to note: "Our indicators suggest the potential prize at Evelyn Dam may be company changing for Stelar Metals. We are very excited at what BHPs and RIO's previous results indicate on the Project and are looking forward starting the drill program as soon as possible."

Linda Zinc Exploration Program

Linda Zinc is one of five highly prospective copper and zinc projects the Company intends to explore, committing to an aggressive exploration program in this world class mining district.

Initial reconnaissance activity by Stelar Metals is underway at Linda Zinc as satellite imagery has been acquired and processed by CSA Global using principal component and cluster analysis to define spectral anomalies. Resulting in a number of target areas across the project highlighted for ground truthing in the field in coming weeks.

Mark Allen from CSA Global is a highly regarded expert in carbonate-hosted zinc mineralising systems and has been contracted to Stelar Metals for geological mapping, interpretation, and project planning at Linda Zinc. Mark will join Colin Skidmore for fieldwork and relogging of BHP's 1984 drill core, which is now underway.

A series of geological mapping, surface sampling and geochemical surveys are planned to commence shortly and continue over coming months in the lead up to the first drilling program by Stelar Metals on the Project later this year.

In preparation for upcoming field geological and geochemical surveys at Linda Zinc, Stelar Metals has also organised the acquisition of high resolution orthoimagery and LiDAR to support the planned range of exploration fieldwork.

Linda Zinc has a comparable geological setting to the high-grade copper-zinc mineralisation at Kipushi in the Central African Copper Belt and was previously explored by BHP in the 1980's following up anomalous stream-sediment anomalies (Figure 3). High-grade zinc and lead mineralisation at Linda is hosted within similar Cambrian limestone sequences as Perilya's Beltana Zinc Mine and the historic Third Plain zinc resource located only 10km along strike from Linda (Figure 4).

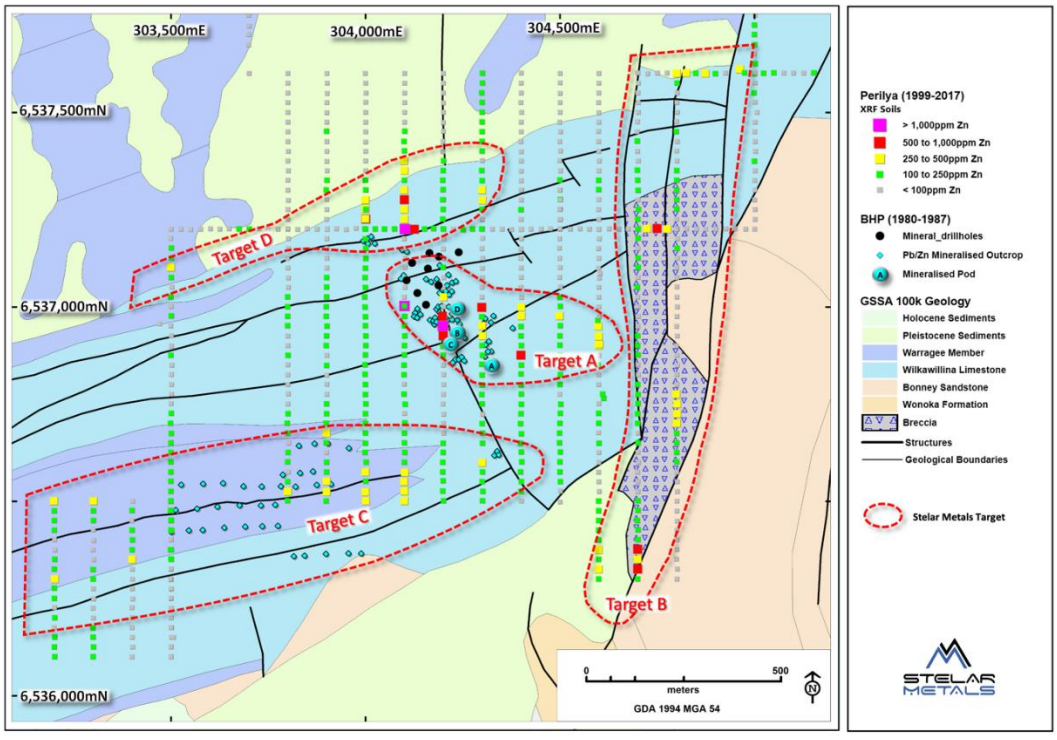

Figure 3: Prospect geology showing anomalous base-metals mapped by BHP, location of BHP's drilling (1983-1984) and Perilya's expanded soil sampling

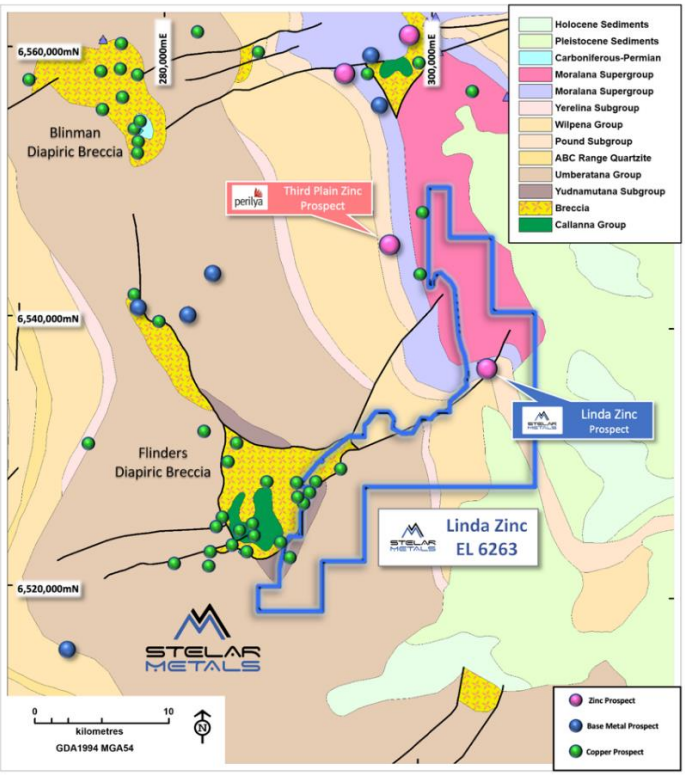

Figure 4: Linda Zinc geological setting

In the mid 1980's BHP undertook geological mapping of the Linda Zinc. Visible base-metal mineralisation was mapped within the carbonate stratigraphy at surface in several locations (Figure 2). BHP followed up with 20 shallow RC holes averaging approximate 25m depth. Two deeper diamond holes were both drilled which both intersected sphalerite mineralisation. Photographs of core in historic open-file reports clearly indicate the presence of zinc sulphide mineralisation in the form of sphalerite (Figure 5).

Importantly, Stelar has identified in the field that BHP's historic drill hole collars are some distance away and clearly did not test under the main targets.

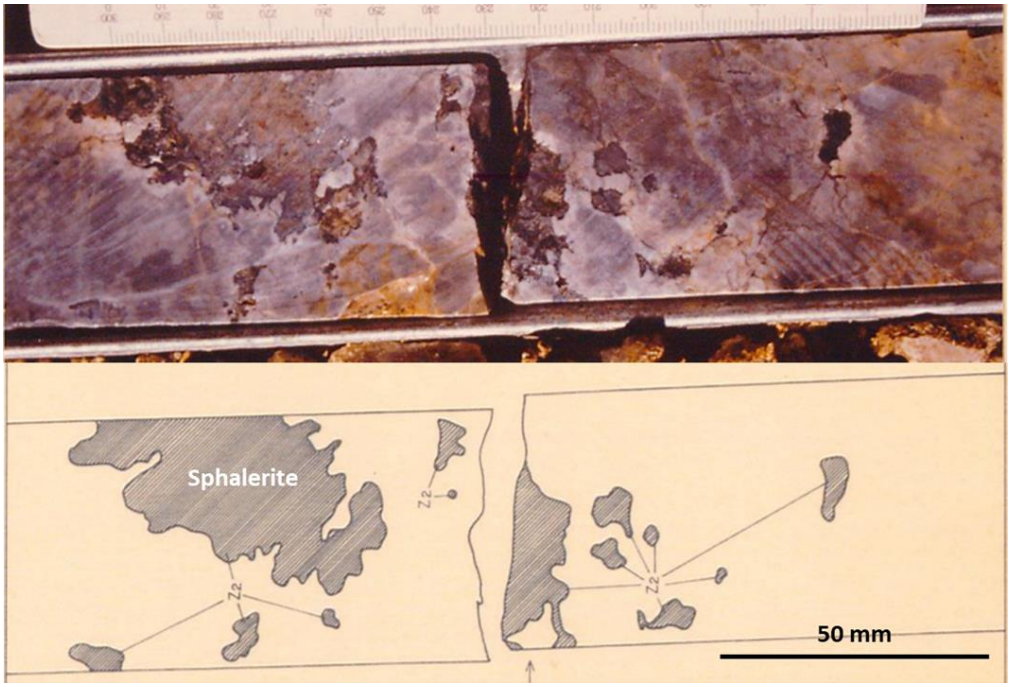

Figure 5: Example of Sphalerite (zinc sulphide mineralisation) in BHP's DLP-1 drill hole at 48m depth

Subsequent soil surveys and mapping over the broader region by Perilya have also extended the areas of zinc anomalism and to the east of the main prospect have mapped zinc anomalism associated with the margins of a diapiric breccia resulting in multiple targets for further testing (Figure 3).

Colin Skidmore, Chief Executive Officer of Stelar Metals said:

"The zinc price has doubled over the past year (Figure 6), in part driven by the need for battery and renewable energy storage. New battery technologies are being developed based on zinc and have some significant advantages over other battery chemistries We are confident that zinc will play a very important role in current and future battery technology."

"Stelar is excited to commence work on the Linda Zinc Project and is now well positioned to progress this very prospective project."

Figure 6: Twelve-month zinc commodity spot price (source www.kitco.com.au)

BUSINESS DEVELOPMENT

In addition to the planned exploration program, the Company will continue to assess opportunities of sites that have a strategic fit, with the intention of providing maximum value to Shareholders for their investment.

CORPORATE

Cash

At 31st March 2022 Stelar Metals had $6.34M in the bank.

ASX Additional Information

The Company provides the following information pursuant to ASX Listing Rule requirements:

1. **ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure spend during the quarter was $114,000

2. **ASX Listing Rule 5.3.2:**

   The Company confirms that there was no mine production and development activities for the quarter.

3. **ASX Listing Rule 5.3.4:**

   The Company provides the following comparison between its actual expenditure incurred during the quarter to that of the Statement of Capital Structure included within its Prospectus submitted on the ASX on 16 March 2022.

Use of Funds	Estimate of the first 2 years after ASX admission	Actual use in March 2022 Quarter	Balance Remaining
Exploration at Evelyn Dam Project	$ 2,050,000	$ 10,350	$ 2,039,650
Exploration at Torrens Project	$ 565,000	$ -	$ 565,000
Exploration at Linda Zinc Project	$ 1,740,000	$ 850	$ 1,739,150
Exploration at Baratta Project	$ 835,000	$ -	$ 835,000
Exploration at Gunson Project	$ 490,000	$ -	$ 490,000
General Administration and working capital	$ 1,002,216	$ 131,222	$ 870,994
Expenses of the Public Offer	$ 779,114	$ 569,374	$ 209,740

4. **ASX Listing Rule 5.3.5:** The company advises that there were no payments to related parties of the Company and their associates during the quarter.

Tenements

In accordance with Listing Rule 5.3.3, Stelar Metals provides the following Information concerning Its mining tenements.

No applications were made during the quarter by the Company to acquire or surrender its existing licenses.

The following table lists the Company's mining tenements held at the end of the quarter, and their location:

ENDS

Holder	Project	Lease	Lease Location	Least Status
RH1	Evelyn Dam	EL 5792	Gawler Craton	Granted
RH1	Linda	EL 6263	Adelaide Fold Belt	Granted
BR2	Gunson	ELA 2021/00073	Stuart Shelf	Application
RH1	Torrens	EL 6572 & EL 6264	Stuart Shelf	Granted
BR2	Baratta	ELA 2021/00037	Adelaide Fold Belt	Application

Note: Resource Holdings No1 Pty Ltd (RH1) and BR2 Pty Ltd (BR2) are wholly owned subsidiaries of Stelar Metals Limited

APPROVED BY THE BOARD OF STELAR METALS LIMITED

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ABOUT STELAR METALS

Stelar Metals is ready to discover highly prized minerals of copper and zinc needed to drive the move to decarbonise the world and experiencing unprecedented demand. All five projects are 100% owned by Stelar Metals and are located in South Australia's premier world class exploration and mining district. The Company has an experienced exploration team with a track record of discovery success exploring for commodities that are in increasing demand.

EXPLORATION RESULTS

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Colin Skidmore, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Skidmore is a full-time employee of Stelar Metals Ltd. Mr Skidmore has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)). Mr Skidmore consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

This announcement includes information that relates to Exploration Results prepared and first disclosed under the JORC Code (2012) and extracted from the Company's initial public offering prospectus which was released on the ASX on 16 March 2022. A copy of this prospectus is available from the ASX Announcements page of the Company's website: https://stelarmetals.com.au/.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement. Where the information relates to Exploration

Results, the Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

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