## ASX ANNOUNCEMENT 28 July 2022



## Quarterly Activities Report 30 June 2022

#### **HIGHLIGHTS**

- Stelar identifies high-grade zinc mineralisation at Linda Zinc Project, SA
- XRF sampling returned high-grade mineralisation 10-25% Zn in multiple outcropping locations at Linda
- CSA Global field work confirmed Linda's geological setting is highly prospective for economic carbonate-hosted zinc
- Stelar recommenced mapping, sampling and geochemical surveys at Linda and acquired high-res orthoimagery and LiDAR to follow up results
- Drilling commenced at Evelyn Dam IOCG Project, SA, focused on a large-scale IOCG geophysical target
- Drilling will test the nominal target depth of 1500m
- First assays from Evelyn Dam expected late third quarter
- Nick Harding appointed Stelar Metals Joint Company Secretary
- Stelar is well funded to continue SA exploration programs, with \$5.93M cash at bank at 30 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 30 June 2022 (Quarter).

#### High-grade zinc mineralisation detected at multiple locations - Linda Zinc Project, SA

Linda 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 (Figure 1).

During the quarter, Stelar confirmed high-grade zinc mineralisation at Linda by multiple analyses using a portable XRF and "zinc-zap" stain. XRF results included high-grade values between 10% and 25% in one outcrop that extended for several metres as well as additional high-grade readings were also returned for zinc and lead from several other locations. Simple "zinc-zap" chemical field tests also verified the presence of high-grade zinc mineralisation in outcrop (Figure 2).

Stelar's first soil geochemical survey identified a large coherent zinc soil anomaly which extends 300m x 250m with values up to 0.7% zinc and up to 675ppm lead in soils (Figure 3). This anomaly remains open to the southeast and

northwest. This survey was undertaken by over the Linda Project with 279 samples collected on nominal 10-20m centres and analysed using a portable XRF.

Stelar's work at Linda to date has identified the location of historical drill hole collars completed by BHP in the 1980s, which were only drilled to 25m depth, intersecting highly anomalous zinc. Due to their shallow depth and orientation, these holes did not adequately test the main target of Linda. Two deeper diamond holes by BHP in 1984 intersected coarse infill sphalerite mineralisation but did not adequately test the target.

Field work by CSA Global also confirmed the geological setting at Linda is considered highly prospective for economic carbonate-hosted zinc. CSA's study reports that the Linda Project has elements of Irish Type and MVT mineralisation styles and that the geological setting strongly supports the view that the area is prospective for Kipushi-Beltana Type mineralisation.

Carbonate hosted zinc-lead mineralisation is classified by CSA Global into three principal basin related styles. While these share major elements of the mineralisation model, the main contrasts occur in the mechanism of deposition of mineralisation. Elements of each style can occur in a single district, those identified at Linda include:

**Kipushi Type** – Pipe shaped; cross cutting mineralisation deposited in diapiric structures. Beltana in the Flinders Ranges is a local economic example of this style

Irish Type – Dominantly replacement mineralisation with good continuity and strong stratigraphic control.

**MVT** – Dominantly infill mineralisation, where mineralisation is precipitated into host rock porosity or karstic cavities.

At Linda, there are multiple parallel structures evident in the processed satellite imagery that relate to the Linda diapiric breccia to the east of the prospect and to the main bounding structure of the regional graben structure. These structures have potentially provided a metal-bearing fluid brine pathway from deep in the basin pile which has deposited in the chemically favourable environment of the Cambrian Limestones at Linda. There is thus great potential for additional zinc mineralisation across the broader region.

Stelar Metals submitted surface samples from Linda to laboratories for multi-element analysis and petrology. Stelar acquired high resolution orthoimagery and LiDAR to assist with ground mapping and logistics.

The Company has commenced extensive geological mapping of the prospective limestone stratigraphy on EL 6263 to discern favourable grainstone lithologies, map structures and define the character and extent of mineralized outcrops. Stelar is undertaking soil surveys extended over the entire region with closed-spaced infill over anomalous areas. This data collection will underpin the design of Stelar Metals' inaugural drilling program at Linda scheduled for late 2022.

Stelar Metals is currently negotiating a Native Title Management Agreement with the Traditional Owners and once agreed will commence Heritage Clearance Surveys and seek drilling approval from the South Australian regulators.

The Company has leased a permanent base at Wirrealpa Station and is in the process of employing dedicated exploration geologists to advance this Project.

#### Inaugural drilling commences at Evelyn Dam

In June, Stelar Metals commenced its augural diamond drilling program at the Evelyn Dam Iron Oxide Copper Gold (IOCG) Project in South Australia's highly prospective Gawler Craton.

Evelyn Dam is one of the largest untested gravity anomalies on the Gawler Craton. Stelar Metals planned a single deep diamond hole to a nominal depth of 1500m (Figure 4).

Stelar is processing the core on site and will ship the core to Euro Exploration's Adelaide facility for core-cutting and sampling once the hole has been completed. It is estimated that the hole will be completed in the next 4 weeks with results available in late Q3 2022.

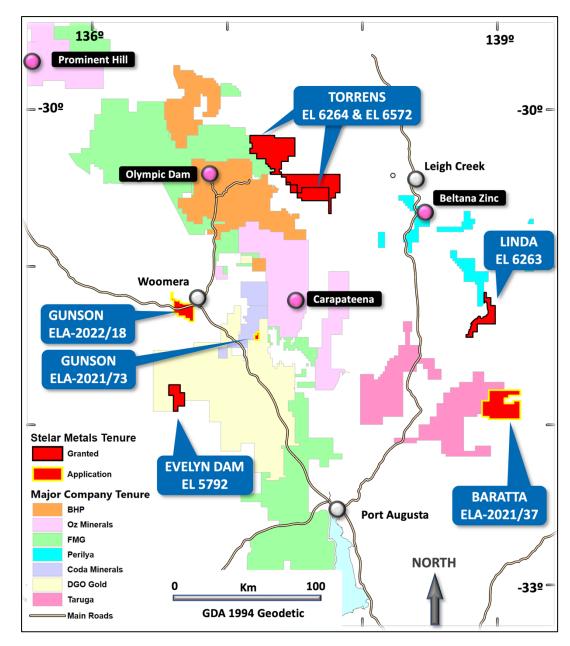


Figure 1: Location Map of Stelar Metal's Projects (updated from SLB's Prospectus).



Figure 2: Example of high-grade zinc outcrop stained with zinc-zap (red indicates the presence of high-grade zinc) from 3 June announcement.

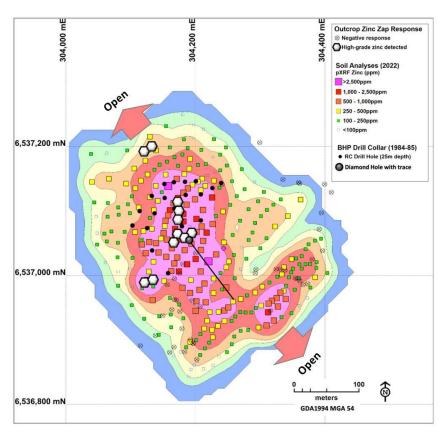


Figure 3: Stelar Metal's Zinc soil anomaly May 2022 showing thematic zinc soils, high grade mineralised outcrops located historic BHP drilling. Soil anomaly is open to the southeast and northwest from 3 June announcement.

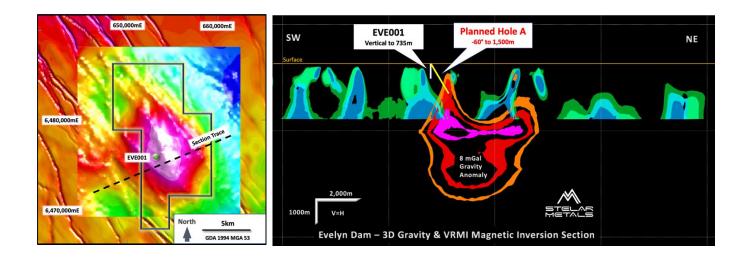


Figure 4 – Plan and cross-section of Evelyn Dam gravity anomaly and Stelar's planned hole A) from 6 June announcement

#### **CORPORATE**

#### **Joint Company Secretary appointment**

Stelar Metals appointed Mr. Nick Harding as Joint Company Secretary in June. Nick is a qualified accountant, company secretary and finance professional with over 30 years' experience working in the resources industry.

For the past 15 years, Nick has provided consulting finance and company secretarial services to ASX listed junior explorers and developers, the most recent being Andromeda Metals Limited (ASX:ADN). Previous senior finance experience included roles with WMC Resources, Normandy Mining and Newmont Australia.

Mr. Jack Rosagro will continue to act as Joint Company Secretary of the Company until September 2022.

#### Cash

At 30 June 2022, Stelar Metals had \$5.93M 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 \$118,134.

Full details of exploration activity during the June 2022 quarter are set out in this report.

Below is the breakdown of the expenditure incurred:

Property	Nature of expenses	\$
Evelyn Dam Project	<b>Exploration and Evaluation</b>	47,772
Torrens Project	Exploration and Evaluation	5,262
Linda Zinc Project	Exploration and Evaluation	56,048
Baratta Project	Exploration and Evaluation	6,366
Gunson Project	Exploration and Evaluation	2,686
	Total Exploration Costs	118,134

#### 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 (\$)	Actual use in June 2022 Quarter (\$)	Balance Remaining (\$)
Exploration at Evelyn Dam Project	2,050,000	10,350	53,327	1,986,323
Exploration at Torrens Project	565,000	-	4,783	560,217
Exploration at Linda Zinc Project	1,740,000	850	104,182	1,634,96
Exploration at Baratta Project	835,000	-	5,787	829,213
Exploration at Gunson Project	490,000	-	2,442	487,558
General Administration and working capital	1,002,216	131,222	141,927	729,067
Expenses of the Public Offer	779,114	569,374	57,541	152,199

**4. ASX Listing Rule 5.3.5:** Payment to related parties of the Company and their associates during the quarter was \$39,434 in cash.

The Company advises that this relates to remuneration of Directors only. Please see the Remuneration Report in the Company's Prospectus for further details on Directors' Remuneration. Set out below is the following additional information in relation to the cash flow statement:

Name of Director	Nature of Payment	\$
Stephen Biggins	Ongoing Director fees and super	17,186
<b>Geoffrey Webster</b>	Ongoing Director fees	11,124
Will Dix	Ongoing Director fees	11,124
	Total	39,434

#### **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 licences.

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

Holder	Project	Lease	Lease Location	Lease Status
RH1	Evelyn Dam	EL 5792	South Australia	Granted
RH1	Linda	EL 6263	South Australia	Granted
BR1	Gunson	ELA2021/73 & ELA2022/00018	South Australia	Under application
RH1	Torrens	EL 6572 & EL 6264	South Australia	Granted
BR1	Baratta	ESA2021/37	South Australia	Under application

RH1: Resource Holdings No 1 Pty Ltd (wholly owned subsidiary of Stelar Metals) BR1: BR1 Pty Ltd (to be transferred to Stelar Metals Subsidiary once granted)

#### APPROVED BY THE BOARD OF STELAR METALS LIMITED

#### FOR MORE INFORMATION:

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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: <a href="https://stelarmetals.com.au/">https://stelarmetals.com.au/</a>.

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.

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 the prospectus can be accessed from 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.

### Appendix 5B

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

#### Name of entity

Stelar Metals Limited	
ABN	Quarter ended ("current quarter")
43 651 636 065	30 June 2022

Cons	colidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(19)	(175)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(108)	(162)
	(e) administration and corporate costs	(112)	(566)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
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)	-	-
1.9	Net cash from / (used in) operating activities	(239)	(903)

2.	Cash flows from investing activities			
2.1	Payments to acquire:			
	(a)	entities	-	-
	(b)	tenements (see note 6)	-	-
	(c)	property, plant and equipment	(69)	(69)
	(d)	exploration & evaluation (if capitalised)	(99)	(99)
	(e)	investments	-	-
	(f)	other non-current assets	-	-

2.6	Net cash from / (used in) investing activities	(168)	(168)
2.5	Other (provide details if material)	-	-
2.4	Dividends received (see note 3)	-	-
2.3	Cash flows-406- from loans to other entities	-	-
	(e) other non-current assets	-	-
	(d) (investments)/divestments of shares	-	-
	(c) property, plant and equipment	-	-
	(b) tenements	-	-
	(a) entities	-	-
2.2	Proceeds from the disposal of:		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,501
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	-	(499)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	(7,002)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,338	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(239)	(903)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(168)	(168)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,002
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,931	5,931

5.	Reconciliation of cash and cash	Current quarter	Previous quarter
	equivalents	\$A'000	\$A'000

5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,931	6,338
5.4	Other (provide details)	-	-
5.3	Bank overdrafts	-	-
5.2	Call deposits	-	-
5.1	Bank balances	5,931	6,338
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (see note 6)	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
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			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(239)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(239)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	5,931
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	5,931
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	25.68

- 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
  - 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 - item 8.7 not less than 2 quarters

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 - item 8.7 not less than 2 quarters

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 – item 8.7 not less than 2 quarters

#### Compliance statement

- 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: 28 July 2022

Authorised by: The Board of Stelar Metals Limited

#### 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 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.