

Quarterly Activities Report 30 September 2022

HIGHLIGHTS

- New laboratory multi-element assays of rock chips from the Linda Prospect, SA, return high-grade zinc and lead
- Linda rock-chip assay results include 16.5% Zn & 1% Pb and 14.1% Zn & 8.5% Pb
- Petrological and XRD examination of the rock chips confirms surface zinc mineralisation in dolomitised limestone at Linda
- Stelar's first drill program completed at Evelyn Dam IOCG Project, SA, with core hole reaching targeted 1,578.9 metres depth
- Drilling at Evelyn Dam intersected bimodal volcanic breccias with variable iron oxide alteration assemblages through the gravity target zone
- First assays from Evelyn Dam expected in Q4 CY22
- SA Government grants Baratta and Gunson Copper Projects in the Adelaide Fold Belt
- Baratta is prospective for Zambian-style sediment-hosted copper deposits, MVT-style lead-zinc mineralisation and Rare Earth Minerals (REE)
- Gunson is prospective for Zambian-style sediment-hosted copper deposits and Olympic Dam-style IOCG mineralisation and adjacent to historical open-pit Mount Gunson copper mines
- Stelar applies to expand Baratta project over Baratta Copper Mine area, adjacent to recently granted EL 6803
- Stelar is well funded to continue SA exploration programs, with \$4.795M cash at bank at 30 September 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 September 2022 (Quarter). Stelar is ready to discover highly prized minerals of copper and zinc needed to drive the move to decarbonise the world and experiencing unprecedented demand. Stelar has five projects that are 100% owned by Stelar Metals and are located in South Australia’s premier world class exploration and mining district (Figure 1). The Company has an experienced exploration team with a track record of discovery success exploring for commodities that are in increasing demand.

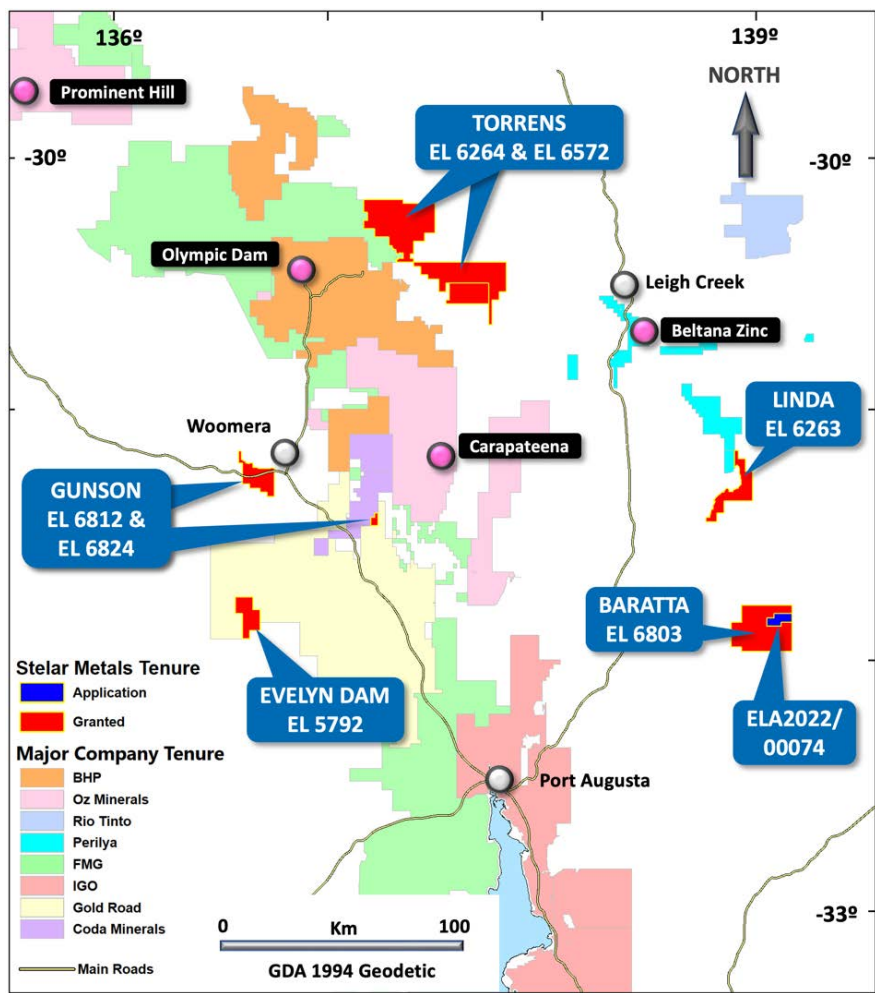


Figure 1: Stelar’s exploration projects in South Australia.

High-grade zinc assays - Linda Zinc Project, SA

Stelar Metals laboratory assays and a petrological report confirm high-grade zinc mineralisation on the surface at its 100% owned Linda Zinc Project in South Australia (Figure 2). 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.

High-grade rock-chip samples assaying 16.5% Zn & 1% Pb (sample L00166) and 14.1% Zn & 8.5% Pb (sample L00167) were collected by Stelar from outcrop at the Linda Prospect in May 2022 (Figure 3).

Stelar’s first soil geochemical survey in May also identified a large coherent zinc soil anomaly that extends 300m x 250m with values up to 0.7% zinc and up to 675ppm lead in soils which remains open to the south and north (Figure 4).

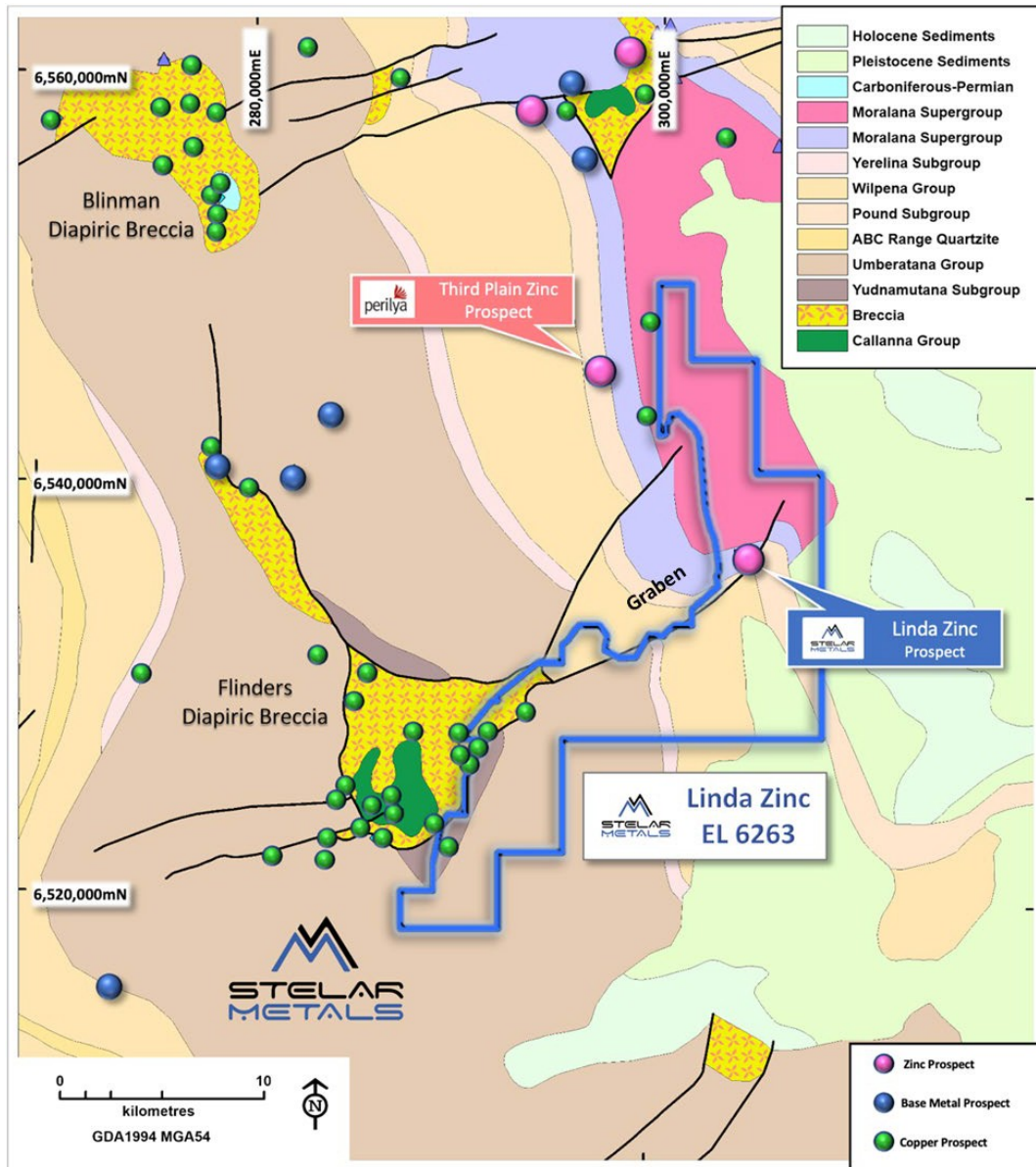


Figure 2: Regional geological setting of the Linda Project with major prospects

CSA Global's recent field work and report, commissioned by Stelar, confirmed that 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.

Field work to follow-up up these excellent early results is underway at Linda. Mapping, soil and rock ship sampling programs are being implemented to expand and define mineralisation at Linda and examine untested diapiric breccia and structural zones that are potentially important in controlling mineralisation. Land access process is being advanced with plans to commence drilling at Linda during 2023.

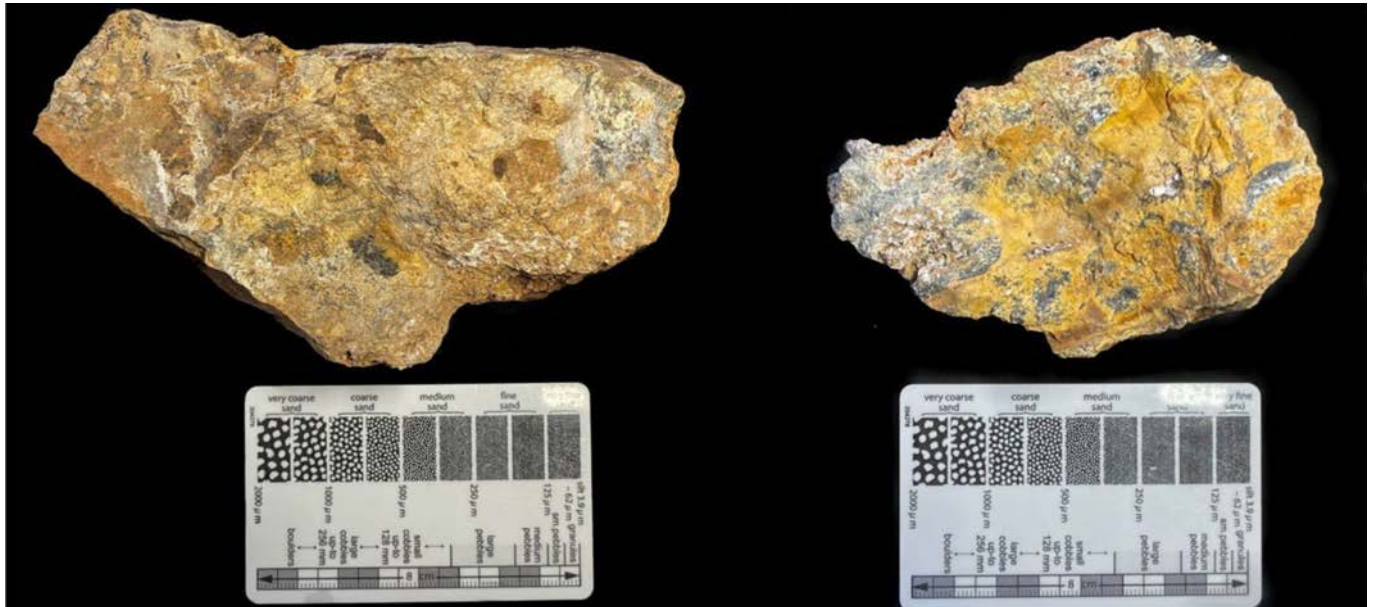


Figure 3: Left: Sample L00166 which reported 16.5% Zn and 1% Pb. Right: Sample L00167 which reported 14.1% Zn and 8.55% Pb

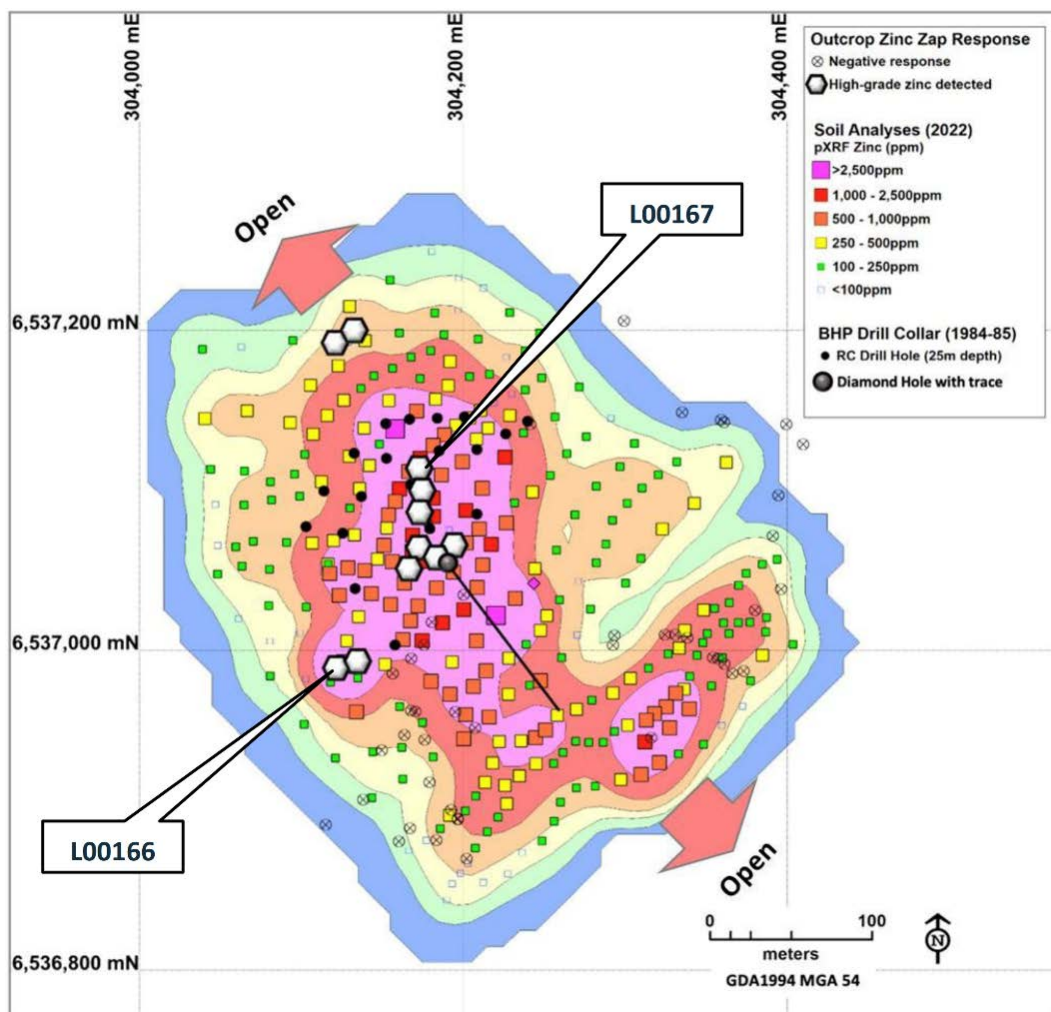


Figure 4: Stellar Metal's Zinc soil anomaly May 2022 showing thematic zinc soils, high grade mineralised outcrops located historic BHP drilling. Location of assay and petrology samples L00166 and L00167

Next Steps

Stelar recommenced additional soil sampling and mapping at Linda on 15 July 2022. The aims of the ongoing work program include:

- A. Extending the Linda Prospect soil coverage to the north and to the south as far as the main bounding fault of the regional graben structure to assist in determining structural controls on mineralisation.
- B. Mapping and soil sampling the Linda Diapir where in 2013 Perilya reported significant zinc anomalies. The diapir is thought to be an important part of the plumbing system for metalliferous brines from deep within the basin pile. There is also potential for rare-earth minerals to be discovered at the margins of these diapiric breccias.
- C. Mapping and soil sampling of the area to the west of Linda where BHP mapped visible base metal mineralisation in the 1980's

Subsequent field work over the coming months will continue to extend the surface sampling coverage and mapping to evaluate multiple areas on EL 6263 identified as prospective in satellite imagery and to define targets worthy of drill testing later in 2022. Stelar Metals continues 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.

Inaugural drilling completed at Evelyn Dam

Stelar completed its inaugural diamond hole (EVE002) to test a large gravity anomaly (Figure 5) at its 100%-owned Evelyn Dam Project in South Australia.

EVE002 was collared on 12 July 2022 and was terminated at 1,578.9 metres depth on 7th August 2022 (Figure 6). The hole successfully tested the target gravity anomaly as planned and encountered interesting geology, including volcanic breccias with variable haematite-silica, sericite-chlorite and carbonate-fluorite alteration assemblages through the target zone typical of IOCG alteration.

Core from the hole has been sent to Euro Exploration Services in Adelaide, SA for detailed logging and sampling for laboratory analysis. Results are anticipated in Q4 2022.

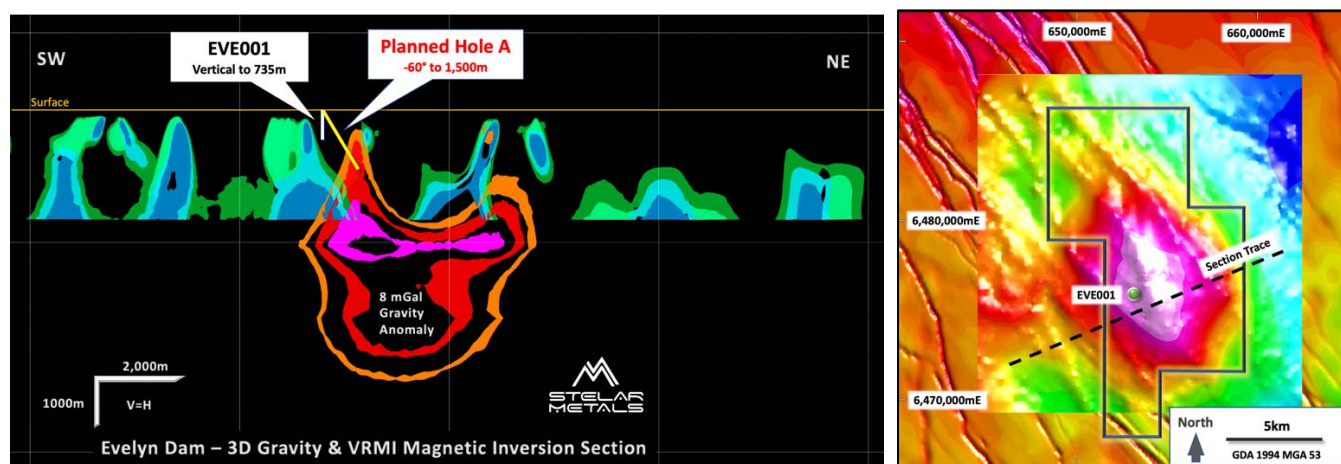


Figure 5: Section and plan view of Evelyn Dam 3D inverted geophysics (red - Gravity Model; blue-green - Magnetic) from 26 August announcement

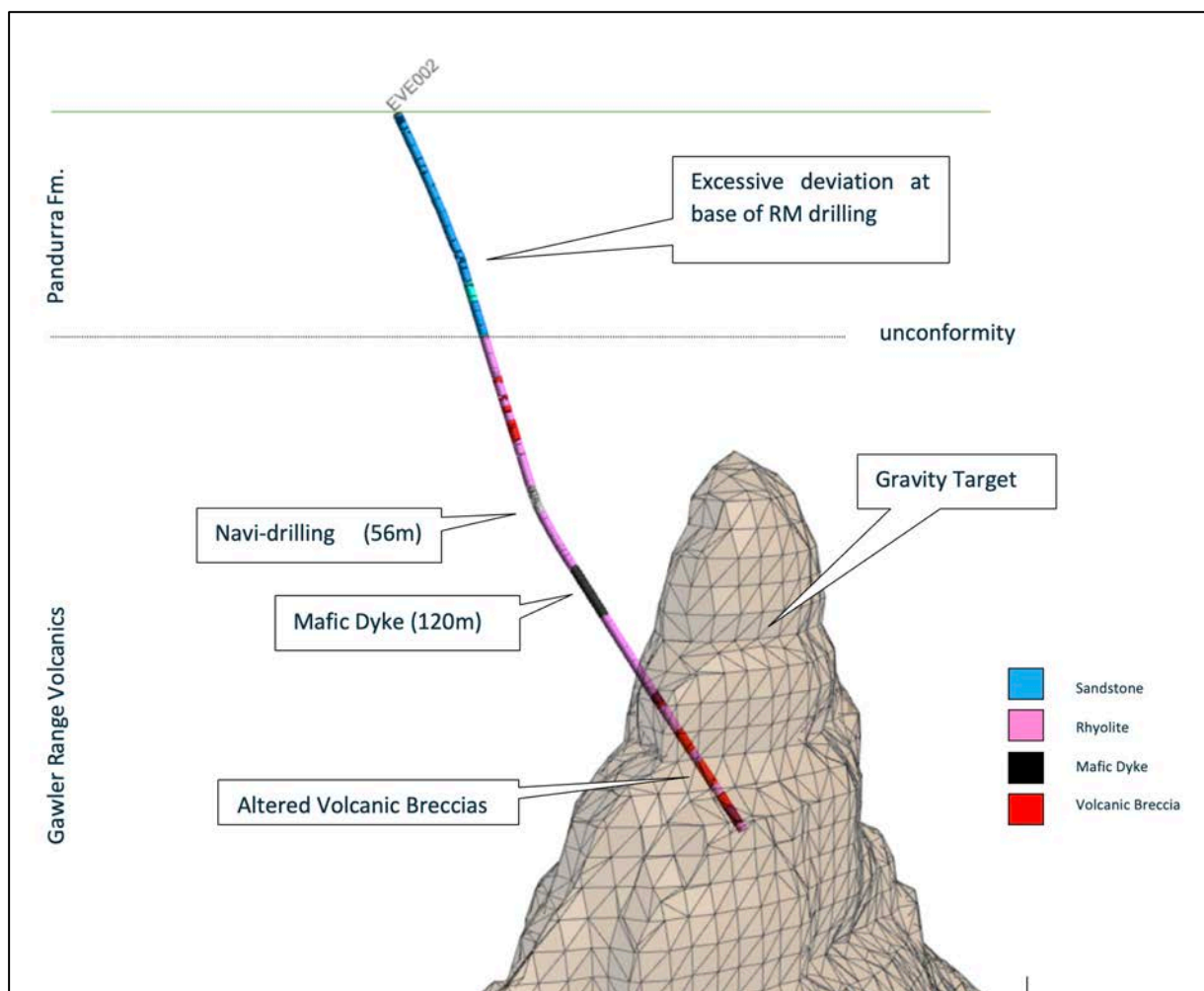


Figure 6 –Schematic 3D view of EVE002 trace (looking NW) showing geology relative to the target gravity anomaly

Exploration Licence granted for Baratta Copper Project

Stelar Metals was granted its Baratta Project Exploration application in South Australia in August 2022 as EL 6803 (Figure 7). The Baratta Copper Project is underlain by rocks of the Adelaide Fold Belt that share important geological characteristics with the Central African Copperbelt. Stelar recognises the potential for Zambian-style copper mineralisation (sediment-hosted copper deposit – SHCD) as well as diapir-hosted mineralisation (Beltana-Kipushi type), MVT-style base metals and ionic-absorption Rare Earth Elements (REE). This is also supported by the recent discoveries made by Taruga Minerals at a number of prospects, directly west along strike from Stelar’s tenure.

The historic Baratta Copper Mine, adjacent to Stelar’s tenure, produced copper ore between 1896 and 1904 from a zone of workings 7.5km long on the northern limb of the Bibliando Dome. The same structure that is interpreted to control copper mineralisation at the Baratta mine is exposed over a significant strike length in the eastern part of Stelar’s granted tenement and is considered prospective for copper, lead and zinc.

Several copper and base-metal occurrences are also recorded within the Baratta tenement in the SA Government mineral occurrences dataset, including the Valley Well base-metal prospect to the west of Baratta copper and the Baratta Springs copper-silver-manganese and multiple copper occurrences at Windowarta associated with the diapirs and breccias in the southern part of the tenement. The diapirs are also considered important conduits which might result in the concentration of REE in the surrounding geology.

Stelar plans to start mapping, and surface sampling at Baratta in Q4-2022 and is already reprocessing the available geophysical datasets.

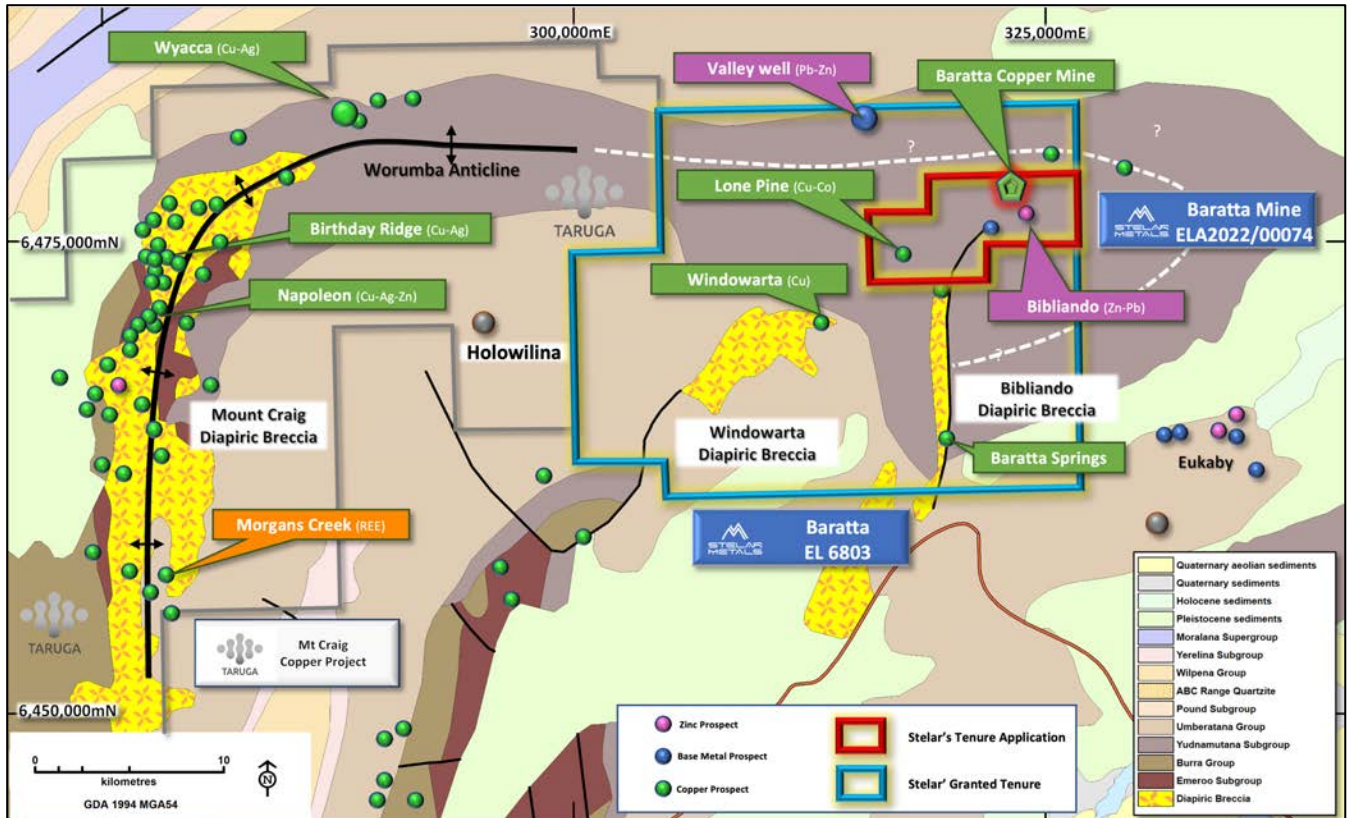


Figure 7: Regional geological setting of the Baratta Project showing major prospects

In addition, Stellar Metals has lodged a 47km² Exploration Licence Application (ELA 2022/00074) with the South Australian Government covering the historic Baratta Copper Mine area, immediately adjacent to its recently granted Baratta Project EL 6803.

Exploration licences granted for Gunson Copper Project

Stellar Metals was granted its Gunson Exploration application in northern South Australia as two separate exploration licences: EL 6812 and EL 6824 (Figure 8). Gunson is one of five highly prospective copper and zinc project and considered prospective for Zambian-style sediment-hosted copper (SHCD) as well as Olympic Dam-style IOCG mineralisation.

Eastern tenement EL 6812 is close to a series of historic open pit copper mines and deposits at Mount Gunson which were periodically mined from 1875 through to 2006. Additionally, the tenement is neighboured by Coda Minerals' advanced copper projects including Windabout and MG14 SHCD projects and Coda's Elaine IOCG project.

Stellar Metals' exploration strategy for the Gunson project areas is to explore for Zambian-style SHCD copper mineralisation within the Adelaidean sequences on the Pernatty Culmination and Olympic Dam-style IOCG mineralisation in the underlying Mesoproterozoic basement.

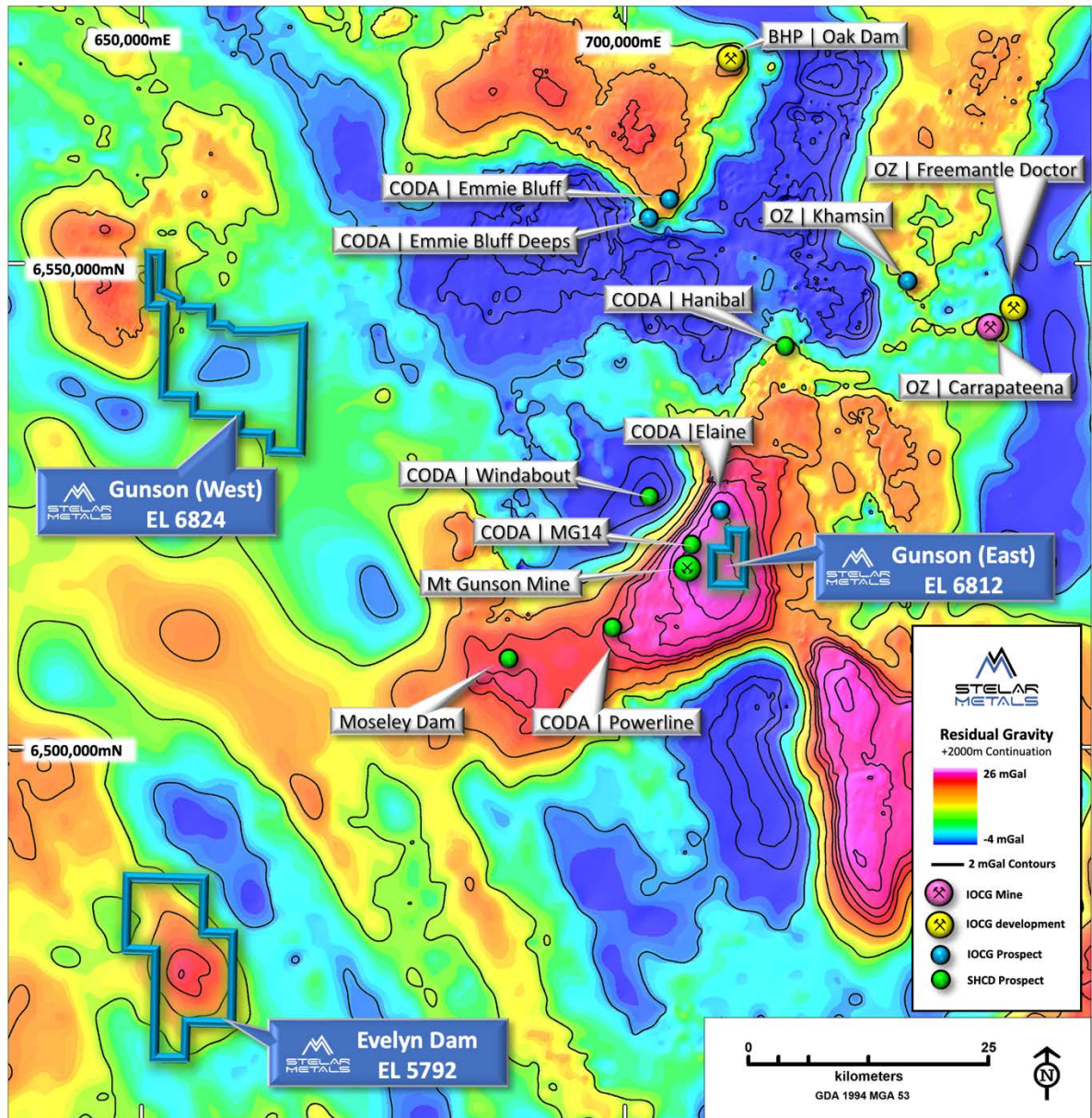


Figure 8: Regional residual gravity imagery showing the distribution of major advanced copper projects and the proximity of Carrapateena Mine to Stelar's Gunson Copper Project

CORPORATE

New Company Secretary

Mr. Nick Harding was appointed as Company Secretary and Mr. Jack Rosagro resigned as Company Secretary during the quarter.

Annual General Meeting

Stelar Metals will hold its Annual General Meeting on 29 November 2022. Further information will be provided in the AGM Notice of Meeting.

Cash

At 30 September 2022, Stelar Metals had \$4.795 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 during the quarter was \$582,097. Of this, \$466,140 relates to completion of the drilling program undertaken at Evelyn Dam during the quarter and \$85,707 incurred on field exploration activities at the Linda Project.

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 expenditure to June 2022 (\$)	Actual expenditure Sept Qtr 2022 (\$)	Balance Remaining (\$)
Exploration on Evelyn Dam Project	2,050,000	311,741	466,140	1,272,119
Exploration on Torrens Project	565,000	30,698	3,120	531,182
Exploration on Linda Zinc Project	1,740,000	93,211	85,707	1,561,082
Exploration on Baratta Project	835,000	7,643	8,543	818,814
Exploration on Gunson Project	490,000	7,853	3,000	479,147
Expenses of the Offer	779,114	626,915	-	152,199
Admin costs and working capital	1,002,216	199,788	203,072	599,356
Total	7,461,330	1,277,849	769,582	5,413,899

4. ASX Listing Rule 5.3.5: Payment to related parties of the Company and their associates during the quarter was \$27,226 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	0
Geoffrey Webster	Ongoing Director fees	13,613
Will Dix	Ongoing Director fees	13,613
	Total	27,226

Tenements

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

One application (ELA2022/0074) was lodged over the Baratta Mine area in September 2022.

ELA2021/0037 was granted to Stelar as EL 6803

The original ELA 2021/00073 was granted as two separate exploration licenses ELs 6812 and 6824.

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
Stelar Metals	Evelyn Dam	EL 5792	Eastern Gawler Craton	Granted
Stelar Metals	Linda	EL 6263	Adelaide Fold Belt	Granted
Stelar Metals	Baratta	EL 6803	Adelaide Fold Belt	Granted
Stelar Metals	Gunson	EL 6812 & EL 6824	Eastern Gawler Craton	Granted
Stelar Metals	Torrens	EL 6572 & EL 6264	Sturt Shelf	Reduced Area
Stelar Metals	Baratta Mine	ELA21022/0074	Adelaide Fold Belt	Application

APPROVED BY THE BOARD OF STELAR METALS LIMITED

FOR MORE INFORMATION:

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+61 (08) 8372 7881

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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Appendix 5B

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

Name of entity

STELAR METALS LIMITED

ABN

43 651 636 065

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs*	(59)	(59)
(e) administration and corporate costs	(115)	(115)
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	(174)	(174)

* net salaries after recharge to exploration and inclusive of director fees paid

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements (see note 6)	-	-
(c) property, plant and equipment	(31)	(31)
(d) exploration & evaluation (if capitalised)	(938)	(938)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	7	7
	(d) (investments)/divestments of shares	-	-
	(e) other non-current assets	-	-
2.3	Cash flows-406- from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(962)	(962)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,931	5,931
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(174)	(174)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(962)	(962)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,795	4,795

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,795	5,931
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,795	5,931

6. Payments to related parties of the entity and their associates

- 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

Current quarter \$A'000
27
-

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

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	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)	(174)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(938)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,112)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	4,795
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	4,795
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.31

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

- 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: 27 October 2022

Authorised by: The Board of Stellar 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.