

Stelar signs agreement to acquire Lithium Project in NSW

HIGHLIGHTS

- **Stelar has signed a binding agreement with Everest Metals Corporation Limited (ASX:EMC) to acquire a 90% interest in 4 large granted exploration licences with significant lithium, cobalt and copper potential in New South Wales.**
- **The Trident, Midas and Perseus Projects are located near world-class mine infrastructure at Broken Hill in NSW.**
- **Numerous pegmatite swarms are mapped along 15km of strike length at the Trident Lithium Project that have historically been worked for tin and tantalum with individual pegmatites up to 300m in length and 60m wide.**
- **Lithium minerals have been identified in the historic tin workings with significant lithium grades recorded in previous surface sampling.**
- **Stelar is now planning the first drilling program targeting lithium on the Trident Lithium Project.**

Critical minerals explorer Stelar Metals Limited (ASX:SLB) ("**Stelar**" or the "**Company**") has entered into a binding agreement with Everest Metals Corporation Limited (ASX:EMC) (**Everest**) to acquire 90% equity of their New South Wales exploration licences which includes the Trident, Midas and Perseus Projects (**NSW Projects** or **Projects**) located in the Broken Hill Block, NSW (Figure 1). These Projects are considered prospective for lithium, cobalt and copper. Everest's NSW Projects include four granted exploration licences covering 719km² in the Curnamona Province near Broken Hill.

Stelar Metals Chairman Stephen Biggins said: "*Stelar Metals is leading the charge to explore for lithium in New South Wales and with success aims to potentially develop NSW lithium production.*"

"Stelar Metals CEO Colin Skidmore and myself worked successfully together at Core Lithium to identify and establish the Finniss Lithium Project, which has recently become the first operating lithium mine in the NT. We are excited about this new project opportunity as we aim to repeat similar success for Stelar shareholders and stakeholders in NSW."

"These new lithium assets are a perfect fit for Stelar who, through its combined Board and management expertise with lithium and exploration experience at Broken Hill, are well positioned to advance these projects towards a potential future discovery."

Stelar Metals Chief Executive Officer Colin Skidmore said: "*Stelar is very pleased to announce the significant expansion of our portfolio with the acquisition deal for the new Trident Lithium Project.*"

“At this early stage, Stelar’s Trident Lithium Project seems to have similar attributes to the lithium rich pegmatites in the Bynoe Pegmatite Field in the NT. The Trident lithium rich pegmatite field has been worked historically for tin and tantalum, includes tens if not hundreds of pegmatite bodies of significant scale within a large pegmatite field tens of kilometres long and has not yet been drill targeted for lithium.”

“Stelar looks forward to getting on the ground in coming months and building the first round of lithium pegmatite drill targets.”

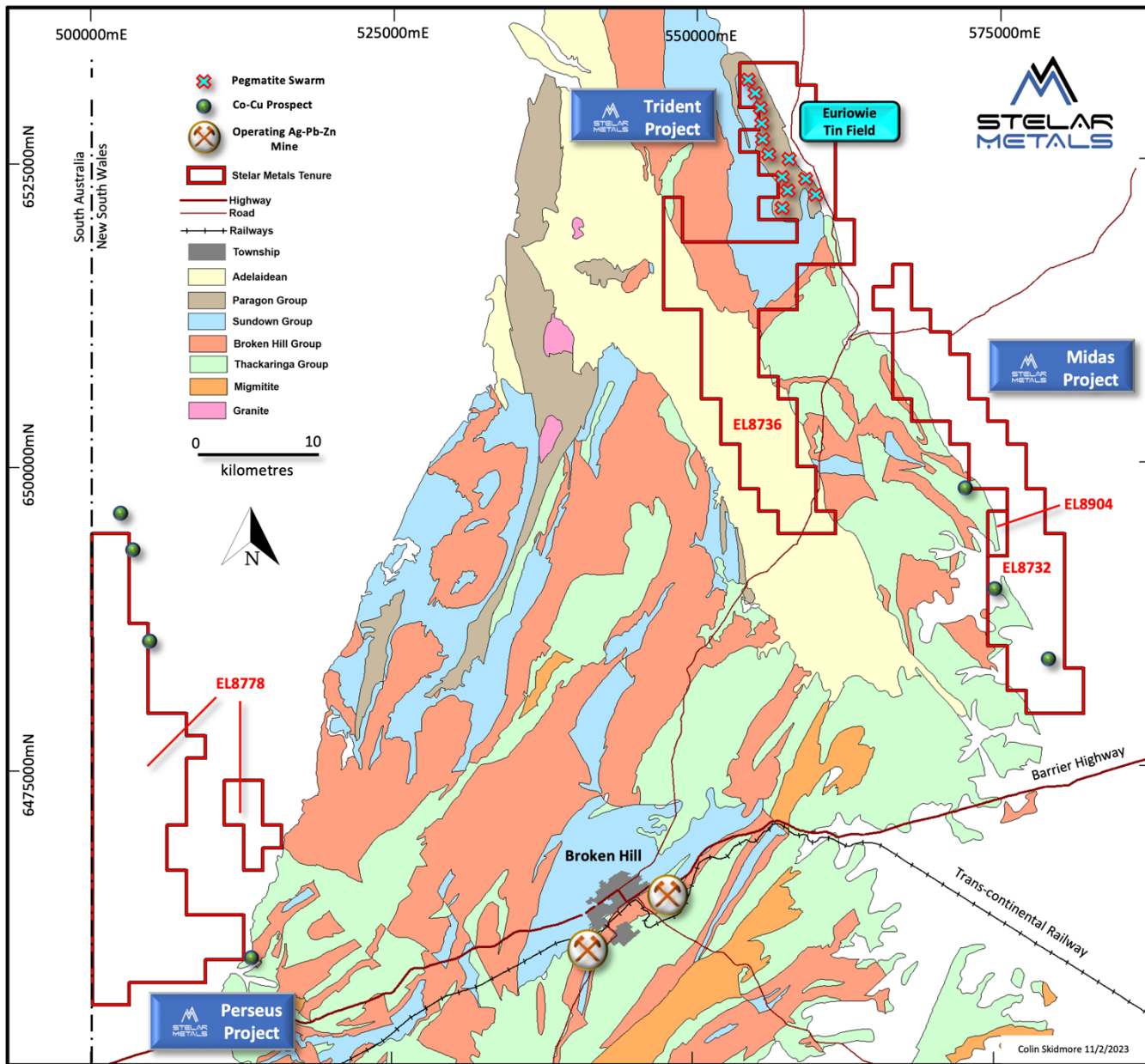


Figure 1: Location of Stelar’s new Projects in the Curnamona NSW on simplified geology

Summary of the NSW Projects

The Trident Lithium Project (EL 8736) is considered prospective for lithium mineralisation associated with abundant pegmatite swarms that were historically mined for tin-tantalum along a 15km corridor known as the Euriovie Tin Field.

Lithium minerals have been reported by previous explorers in the historic shallow pits that were historically exploited for tin. Stelar notes that these lithium bearing pegmatites have never been drilled according to open-file reports and that the potential for spodumene, the economic lithium mineral which generally is only present at depth as it oxidises and is leached near surface, has thus never been tested.

In addition, there are numerous anomalous cobalt and copper rock chip assay results reported by previous explorers in the northern part of the Trident Project that warrant further exploration work.

The Midas Project (EL's 8732 and 8904) is considered prospective for copper and cobalt and has NSW drilling approvals in place to test three prospect areas with up to 34 reverse circulation drill holes.

The Perseus Project (EL 8778), located on the Mundi Mundi Plain to the west of Broken Hill and is considered prospective for Mutooroo-style copper-cobalt and Bimba-style copper-gold mineralisation associated with iron oxide formations in structurally complex zones.

Stelar is intending to reallocate much of the remaining Evelyn Dam Project budget as outlined in the IPO Prospectus dated 25 January 2022 to fund the acquisition costs and initial exploration budget of the NSW Projects.

It is proposed that Stelar's existing cash will be applied over the 12 months following completion of the acquisition of the NSW Projects as follows:

Item	Amount (\$)	%
Existing cash reserves (as at 31 December 2022)	\$4,404,298	100%
TOTAL	\$4,404,298	100%
Exploration at Evelyn Dam Project	\$50,000	1.13%
Exploration on remaining SA Projects*	\$2,880,000	65.39%
Acquisition cost of the NSW Projects	\$250,000	5.68%
Exploration on NSW Projects	\$750,000	17.03%
Working capital and corporate administration	\$474,298	10.77%
TOTAL	\$4,404,298	100%

* Stelar will continue to advance its exploration programs for these Projects in line with its intentions stated in its IPO Prospectus.

The above table is a statement of current intentions as at the date of this announcement. Intervening events, including exploration success or failure may alter the way funds are ultimately applied by the Company.

Summary of Key Agreement Terms

The key terms of the agreement for Stelar to acquire a 90% interest in these three Projects includes:

1. Stelar will pay \$250,000 cash to Everest on the signing of the agreement.
2. Stelar will issue¹ 1,187,085 fully paid shares (**Stelar Shares**)² to Everest that are equal in value to \$250,000.
3. An additional milestone payment will be made to Everest within 24 months from the date of the agreement (**Milestone Payment**), once either;

- a. drilling commences at the Midas Project; or
 - b. drilling approvals are granted by the NSW regulators for drilling at the Trident Lithium Project.
4. The Milestone Payment will comprise, at Everest's sole election, either;
- a. Stelar issuing¹ 2,374,169 Stelar Shares² to the value of \$500,000 to Everest; or
 - b. a cash payment by Stelar to Everest of \$500,000.
5. Stelar will become the manager of the Projects and 90% legal title will be transferred to Stelar's subsidiary BR2 Pty Ltd. Everest will retain free-carry for their 10% equity until such time that Stelar presents a Feasibility Study and a Decision to Mine.
6. After the free-carry period Everest will either contribute 10% to all ongoing costs or default to a 1.5% Net Smelter Royalty.

¹ Note the issue of the Stelar Shares will be deferred until the legal transfer of title of the exploration licences to Stelar's subsidiary BR2 Pty Ltd has been completed.

² Calculated at a share price of \$0.2106 being the volume weighted average price of Stelar's fully paid shares as traded on the ASX over the 10 trading days immediately prior to the date of the agreement.

The issue of the first tranche of Stelar Shares equivalent to \$250,000 will result in a dilution effect of 2.3% to current shareholders. If the Milestone Payment of \$500,000 is made through the issue of a second tranche of Stelar Shares rather than cash, this will result in a dilution effect of 6.6% to current shareholders for the overall transaction.

All Stelar Shares issued under both tranches will be made under the Company's LR 7.1 issue capacity.

Evelyn Dam Project Update

Stelar has reviewed the geophysical modelling and the geochemical assay results from its deep diamond hole at Evelyn Dam. EVE002 was drilled to 1,578.9 metres depth and successfully tested the high-level apothecosis of the gravity anomaly. The hole encountered volcanic breccias with variable haematite-silica, sericite-chlorite and carbonate-fluorite alteration assemblages but the hole also intersected a large unmineralised mafic dyke which extended for over 100m thickness.

Stelar's review of the drilling programme has determined that the high-level apothecosis to the gravity anomaly can be adequately accounted for by the unmineralised mafic dyke. The assay results, which included low-tenor anomalous rare earth elements, are only consistent with more distal IOCG alteration and no copper-gold mineralisation was intersected.

It remains plausible that the main gravity anomaly, which is modelled at ~5 kilometres depth, is still prospective as an IOCG target. Stelar will continue to seek a JV partner for further potential exploratory activities as Stelar does not plan to sole fund significant additional expenditure itself on the project.

As noted above, Stelar intends to reallocate much of the remaining Evelyn Dam Project budget as outlined in the IPO Prospectus to fund the acquisition costs and initial exploration budget of the new NSW Projects. Stelar will continue working on its other four South Australian critical mineral projects which are 100% owned by Stelar.

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 existing 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.

COMPETENT PERSON'S STATEMENT

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 Limited. 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.