

Quarterly Activities Report 30 June 2023

HIGHLIGHTS

- **Ownership of the Trident Lithium Project tenements in NSW has been successfully transferred to Stellar Metals**
- **Stellar is now able to commence and ramp up hard-rock lithium exploration in NSW ahead of first lithium drilling programs planned for later in 2023**
- **Stellar's Trident Lithium Project extends over the 15km-long Euriowie Pegmatite Field that is prospective for hard-rock lithium mineralisation**
- **Stellar Metals and SensOre agreed to collaborate on testing new lithium exploration techniques at Stellar's new Trident Lithium Project in NSW**
- **High-resolution airborne geophysical data was acquired over the Euriowie Pegmatite Field in May 2023**

Critical minerals explorer Stellar Metals Limited (**ASX:SLB**) ("**Stellar Metals**" or the "**Company**") is pleased to provide its Quarterly Activities Report for the quarter ended 30 June 2023 (Quarter). Stellar is ready to discover highly prized minerals of lithium and battery metals needed to drive the move to decarbonise the world that are experiencing unprecedented demand.

During the Quarter, the four NSW exploration licences that were acquired in joint venture with Everest Metals Corporation Limited (EMC), including the Trident Lithium Project, were transferred to Stellar Metals (Figure 1). In February 2023, Stellar Metals signed an agreement to acquire a 90% stake in the Trident Lithium Project near Broken Hill in New South Wales (ASX:SLB 15/02/2023).

In May 2023, the Company announced an agreement with SensOre Limited (ASX:S3N) "SensOre", who were awarded NSW Government funding as part of the NSW Critical Minerals and High-Tech Metals Activation Fund, to apply new geochemical and geophysical techniques to identify lithium bearing pegmatites (ASX:SLB 02/05 2023).

In late May, SensOre completed the acquisition of high-resolution airborne geophysics over the Euriowie Pegmatite Field (Figure 2) and have subsequently completed positive ground-truthing over the known lithium bearing pegmatites at Trident, Lady Don and Triumph.

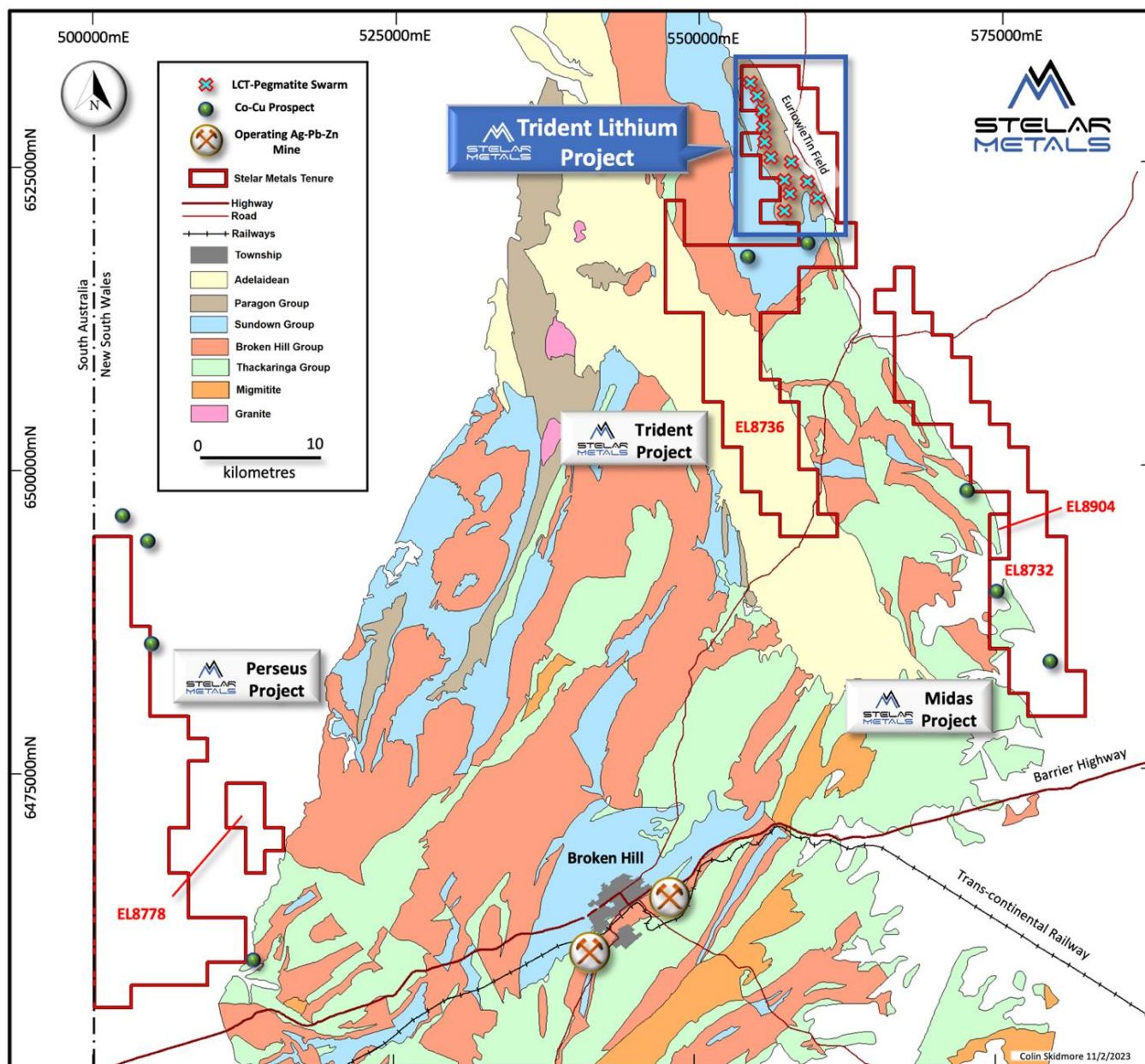


Figure 1: Location of Stelar’s tenements and Trident Lithium Project near Broken Hill in NSW on simplified geology.

Trident Lithium Project

Abundant pegmatite veins, dykes, sills, veins and plugs dominated by quartz-albite-muscovite, intrude the rocks of the folded Paragon and Sundown Groups within the Trident Project (Figure 2). Trident pegmatites can be tabular to podiform to highly irregular in shape and often show zonation, pinch-and-swell structure, boudinage and folding and vary in size but have been reported to be up to 100 metres wide and over 1 kilometre in length.

Stelar’s experienced lithium industry interpretation is consistent with previous explorers that the Euriowie pegmatites are LCT-Type due to the presence of lithium-bearing minerals and anomalous caesium and tantalum along with other accessory minerals that are commonly found in LCT pegmatites. The quantity and scale of the Euriowie pegmatites indicate the Trident Project has potential to host economic quantities of lithium.

Historic mining in the 1950's recovered amblygonite ore (as lithium phosphate mineral) from Trident and exploration in 2016 mapped visible lithium minerals in pegmatite outcrops and returned high-grade lithium assays from rock-chip samples confirming previous explorers' earlier LCT-Type pegmatite classification with highly anomalous Li-Cs-Ta-Sn-Rb assay results. The limited historical soil sampling provides indication to scale of the surface footprint anomalism where at Trident, the lithium anomaly was 160m wide (>100ppm Li) with an 80m wide core (>200ppm Li).

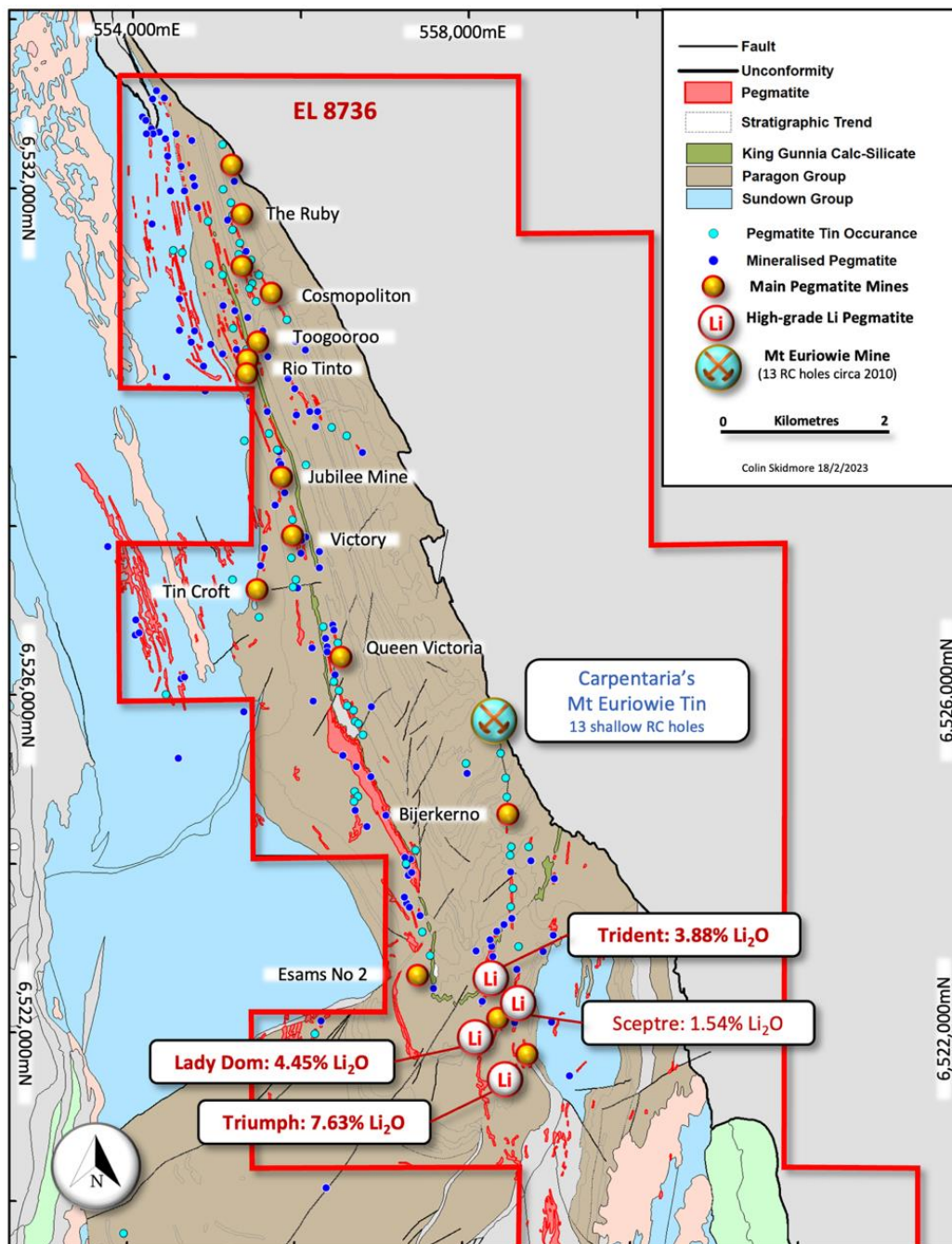


Figure 2: Trident Lithium Project showing distribution of pegmatites and known mineral occurrences.

The Next Steps

SensOre is currently processing the recently acquired high-resolution 256-channel radiometrics, over the Trident Area and integrating with the available geochemical datasets for Artificial Intelligence (AI)

Machine Learning. The Company's geophysical consultants are also advanced processing the new datasets to assist with geological mapping and the design of the upcoming drill program.

Stelar Metals has established a positive working relationship stakeholders and landholders and is planning to commence surface sampling and mapping in July 2023.

Stelar is also working through the approval process with an aim to commence an initial drilling program in late Q3-2023 to confirm pegmatite orientation and lithium fertility before embarking on a deeper more comprehensive drill program to evaluate lithium resource potential.

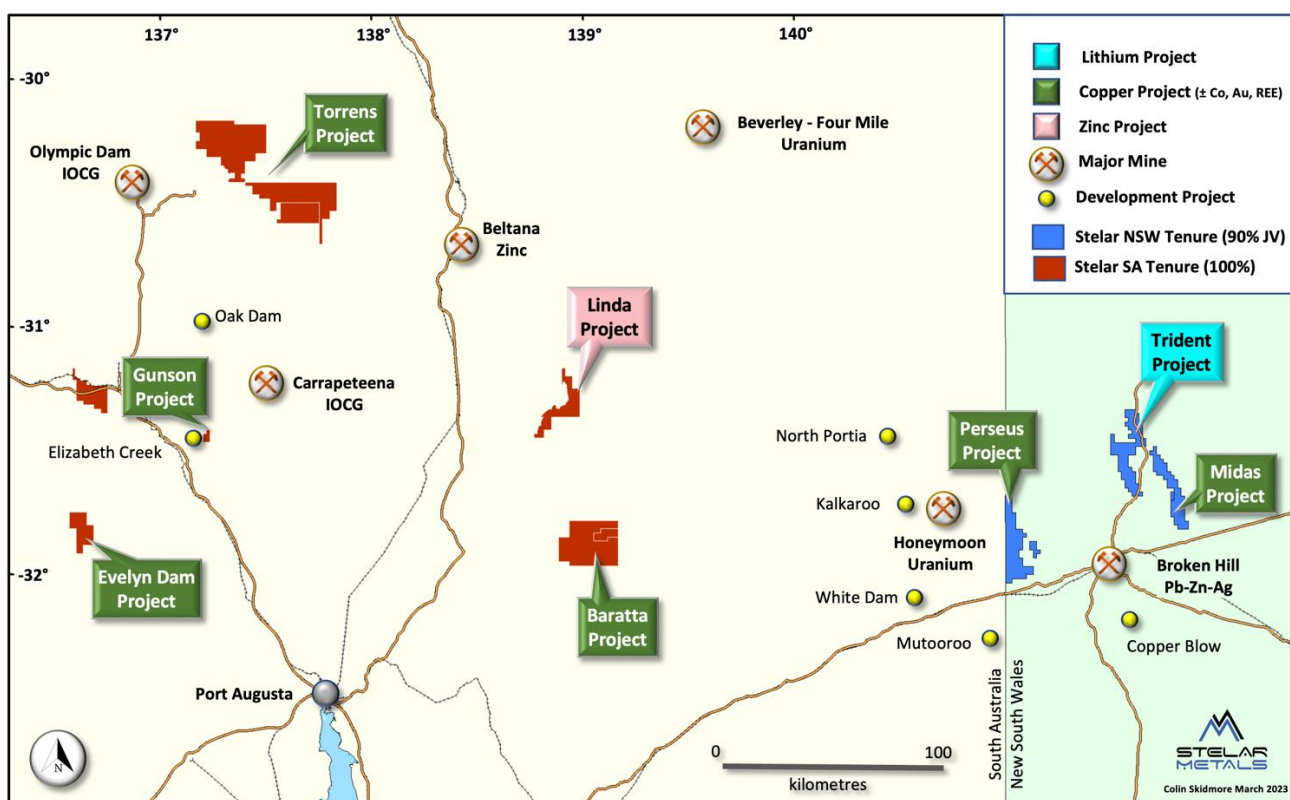


Figure 3: Stelar's exploration projects in South Australia and New South Wales.

CORPORATE

Cash

At 30 June 2023, Stelar Metals had a cash balance of \$3.433 million.

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 \$228,491. Of this, \$191,769 relates to costs associated with the recently acquired NSW Projects with the balance relating to rehabilitation of the Evelyn Dam drill site from the drilling undertaken in 2022, project generation and general exploration administration expenditures.

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 Mar 2023 (\$) | Actual expenditure Jun Qtr 2023 (\$) | Balance Remaining (\$) |
|-----------------------------------|--|-------------------------------------|--------------------------------------|------------------------|
| Exploration on Evelyn Dam Project | 2,050,000 | 809,884 | 9,958 | 1,230,158 |
| Exploration on Linda Zinc Project | 1,740,000 | 322,455 | 5,307 | 1,412,238 |
| Exploration on Torrens Project | 565,000 | 64,667 | 2,171 | 498,162 |
| Exploration on Baratta Project | 835,000 | 87,422 | 10,273 | 737,305 |
| Exploration on Gunson Project | 490,000 | 21,003 | 2,356 | 466,641 |
| Acquisition of NSW Projects | - | 250,000 | - | (250,000) |
| Exploration on NSW Projects | - | 110,158 | 191,769 | (301,927) |
| Expenses of the Offer | 779,114 | 626,915 | - | 152,199 |
| Admin costs and working capital | 1,002,216 | 968,719 | 223,516 | (190,019) |
| Total | 7,461,330 | 3,261,223 | 445,350 | 3,754,757 |

- 4. ASX Listing Rule 5.3.5:** Payment to related parties of the Company and their associates during the quarter was \$53,642 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.

Tenements

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

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 | Stuart Shelf | Granted |
| Stelar Metals | Baratta Mine | EL 6863 | Adelaide Fold Belt | Granted |
| SLB EMC JV | Trident | EL 8736 | Broken Hill Block | Granted |
| SLB EMC JV | Midas | EL 8732 & EL 8904 | Broken Hill Block | Granted |
| SLB EMC JV | Perseus | EL 8778 | Broken Hill Block | Granted |

APPROVED BY THE BOARD OF STELAR METALS LIMITED

FOR MORE INFORMATION:

Colin Skidmore
Chief Executive Officer, Stelar Metals Limited

info@stelarmetals.com.au
+61 (08) 8372 7881

ABOUT STELAR METALS

Stelar Metals is ready to discover highly prized critical minerals of lithium, copper, zinc and cobalt needed to drive the move to decarbonise the world and experiencing unprecedented demand. Stelar has five projects are 100% owned by Stelar Metals and are located in South Australia's premier world class exploration and mining district. In February 2023, Stelar acquired 90% interest in three New South Wales projects located in the Broken Hill Block which are in joint venture with Everest Metals Corporation Limited. 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.

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 2023 |
|----------------|--------------|

| Consolidated 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) | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs* | (82) | (314) |
| (e) administration and corporate costs | (97) | (479) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 19 | 36 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (ATO BAS refund May 22 – Apr 23) | 128 | 128 |
| 1.9 Net cash from / (used in) operating activities | (32) | (629) |

* 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 | - | (250) |
| (c) property, plant and equipment | (2) | (34) |
| (d) exploration & evaluation (if capitalised) | (197) | (1,592) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

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 (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | 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 | (199) | (1,869) |

| | | | |
|-------------|---|----------|----------|
| 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 | 3,664 | 5,931 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (32) | (629) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (199) | (1,869) |
| 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 (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 3,433 | 3,433 |

| 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 | 1,433 | 1,664 |
| 5.2 | Call deposits | 2,000 | 2,000 |
| 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) | 3,433 | 3,664 |

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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter \$A'000 |
|----------------------------|
| 54 |
| - |

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. 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) | (32) |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | (197) |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | (229) |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 3,433 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 3,433 |
| 8.7 | Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 14.99 |

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: 31 July 2023

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.