

ASX Release

27 April 2009

ASX Code: SRZ

ABN 96 108 758 961
Level 7 Exchange Tower
530 Little Collins Street
Melbourne Victoria 3000
Australia

Telephone +61 3 9909 7618
Facsimile +61 3 9909 7621

www.stellarresources.com.au
srzinfo@stellarresources.com.au



Quarterly Report for period ended 31 March 2009

Highlights

Corporate

- Strategy review recommendations included a focus on the Sunshine Gold prospect and the Tarcoola Iron Ore Project over the next six months and adoption of a business sustainability plan.
- Good shareholder support allowed Stellar to raise \$391,500 through a share purchase plan with the funds to be applied to exploration at Sunshine and Tarcoola and working capital.

Iron Ore (SA)

- Based on enquiries received, China's steel mills are reinvigorating their interest in securing access to magnetite deposits in Australia.
- Pre-scoping study work on the Tarcoola magnetite project is underway and focused on key areas of mining, water, power, rail and port infrastructure.
- Hicks Hill, an outcrop of banded iron formation located 30 kilometres to the east of the Coolybring deposit and 10 kilometres north of the railway, is under EL application.

Tin (TAS)

- Evaluation of previous work on the Heemskirk Tin Project continues.

Exploration

- Carpentaria Exploration Limited (ASX: CAP) reported on soil assays at Panama Hat in NSW.

Activities Diary for June Quarter 2009

- Sunshine (Gold) SA– subject to clearances, drilling of geochemical targets is planned.
- Tarcoola (Iron Ore) SA – review of pre-scoping study work.
- UraniumSA Limited (ASX: USA) plan to continue palaeochannel uranium exploration on Cowell joint venture.

CORPORATE

Strategy Review

In January, the board reviewed the project portfolio and expenditure commitments over the next 18 months. Recommendations from the review included further drilling at the promising Sunshine gold prospect and a program of pre-scoping studies to consider the mining, water, rail and port requirements of the Tarcoola iron ore project. In addition, a business sustainability plan involving a 20% reduction in costs (in addition to a similar level of cost reduction in 2008) was adopted. The plan also calls for a reduction of less productive tenement positions and opportunistic acquisition of tenements that complement the exploration strategy.

Resignation of a Director

Mr B E Laws advised his resignation as a non-executive director of Stellar to facilitate the board's desire to reduce membership from 4 to 3 and reduce costs. Mr Laws' contribution since the IPO was highly valued by fellow directors and his resignation was accepted with regret.

Equity Raising

Stellar completed a Share Purchase Plan on 6 April, raising \$391,500 by issuing 9,787,500 ordinary shares to eligible shareholders at 4 cents per share. The capital raised is to be applied to the Sunshine gold prospect, the Tarcoola Iron Ore Project and be used for working capital.

Financial Position

As at the 31 March 2009, the company held cash and near term securities, including funds raised in the SPP, of \$2.04 million. Stellar also holds financial assets of 10.26 million shares in UraniumSA Limited (ASX: USA) currently valued at some \$0.5 million.

MARKETS

Iron Ore

According to Macquarie Research, the spot price for seaborne traded iron from India is US\$64/t CFR (cash and freight) landed in China – US\$10/t above the October 2008 low. After a rally in spot prices in January, China reduced imports in the following two months in order to run down stocks. However, China's steel production rates have not declined in the first quarter of 2009 suggesting that iron ore shipments and prices should rise by mid year in response to depleted stock levels.

Tin

The LME price of tin is currently US\$12,335/t or A\$17,373/t – similar to the level at the end of the previous quarter. Stabilisation of the price at more than twice its historic low reflects the impact of a 43% year on year production cut in the first two months of 2009 by China, the world's largest tin producer.

PROJECTS

Tarcoola Iron Ore Project (Stellar 100%)

Coolybring

Following the strategic review mentioned earlier, the board decided to delay further drilling at Coolybring until a partner could be identified to take the project further. The most suitable partner is likely to be a Chinese steel company with significant operating experience with magnetite ore sources and a need to

expand its off-shore resource base. The process to proactively identify a partner was launched with a visit to China in the March quarter.

China's steel industry is currently in the process of consolidating and reducing its cost structure to meet current steel price levels (US\$500/t down from an early 2008 peak of more than US\$1,000/t) and single figure demand growth after a decade of double digit growth. Despite this adjustment process, steel mills remain focused on the future and new sources of magnetite supply. Interest in the Tarcoola Project is strong, however, the process to secure a partner typically takes several months.

In the meantime, Stellar is proceeding with a pre-scoping work program to define the parameters for key infrastructure inputs. The main areas of interest include mine development, water availability and quality, processing alternatives, the provision of power, rail costs and port costs.

Hicks Hill

As previously announced, Stellar has applied for an exploration licence over Hicks Hill which lies 40 kilometres to the southeast of Coolybring and 10 kilometres to the north of the Trans-Australian railway. As Figure 1 shows, it is also located outside of the Woomera Prohibited Zone.

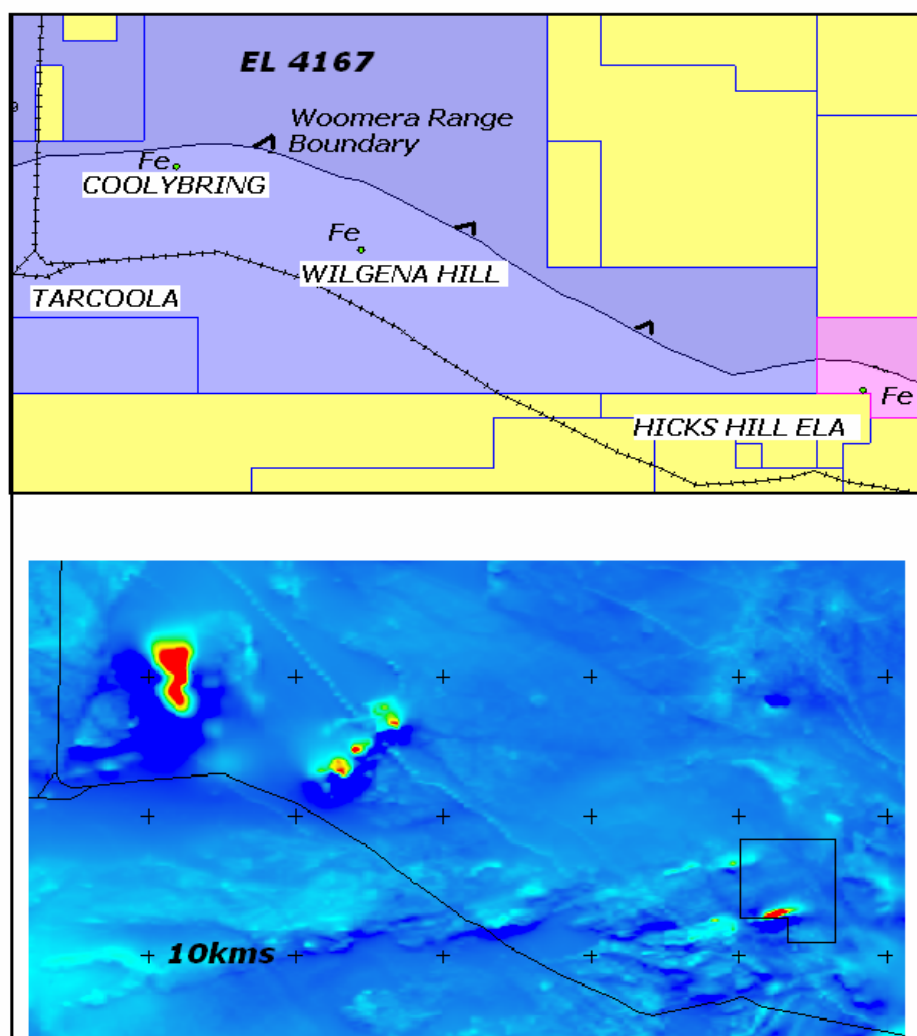


Figure 1 – Location and regional aeromagnetic image for the Hicks Hill area

PIRSA, in a 2000 report, described Hicks Hill as an east-west trending and steeply dipping outcrop of banded iron formation forming a ridge that is 400 metres in strike length, 60 to 120 metres in width and

rising 50 metres above the surrounding sand plain. One hole was drilled to the southeast of the hill in 2004 and reportedly intersected 50 metres of iron formation.

The magnetic image in Figure 1 shows that the Hicks Hill iron formation strikes below the surface over a total distance of two kilometres. It is similar in strike length to that part of Coolybring that lies closest to the surface and was the focus of recent drilling. However, the width and magnetic intensity of Hicks Hill are not as great, indicating that it is likely to be a smaller magnetite body.

If drilling confirms that ore quality and grade are similar to Coolybring, Hicks Hill could represent an important addition to the Tarcoola Project. Stellar is in the process of obtaining permits and planning for an initial drill hole.

TIN

Heemskirk Tin Project (Stellar 60%)

Tin remains a priority target for Stellar and an attractive metal market given the stability of prices despite weak demand conditions.

Stellar continues to evaluate the considerable previous work conducted on the Heemskirk Tin Project in order to develop a strategy for advancing the project.

EXPLORATION

COPPER/GOLD

Sunshine Gold (SA) (Stellar 100%)

Sunshine is located in a poorly explored terrain, 20 kilometres to the northwest of the township of Tarcoola and 100 kilometres to the southeast of the Challenger gold mine in central South Australia. The prospect was identified by gold in calcrete geochemistry in the late 1990s. However, limited subsequent drilling failed to identify the source of the gold anomalism.

The attraction of Sunshine is reflected in Stellar's view that it is analogous to Challenger, a high grade, low cost deposit with the same geological street address. The main similarities between Sunshine and the Challenger geological setting can be summarised as follows:

- Both are located in an Archaen, high-grade metamorphic terrain of calc-silicate gneisses in the western Gawler Craton.
- Structure is important at Challenger and the pan-cratonic Bulgunnia shear zone provides a similar regional structural setting for gold at Sunshine.
- Calcrete geochemistry was instrumental in the location of Challenger and has located gold anomalies of similar size and magnitude at Sunshine.

Exploration conducted at Sunshine to date has provided one significant intersection of 2 metres grading 6.7g/t over the Bulgunnia shear zone and only partly tested the calcrete anomalies along and to the south of the shear zone.

Stellar is in the process of obtaining permitting for drilling of the key geochemical targets over the next quarter.

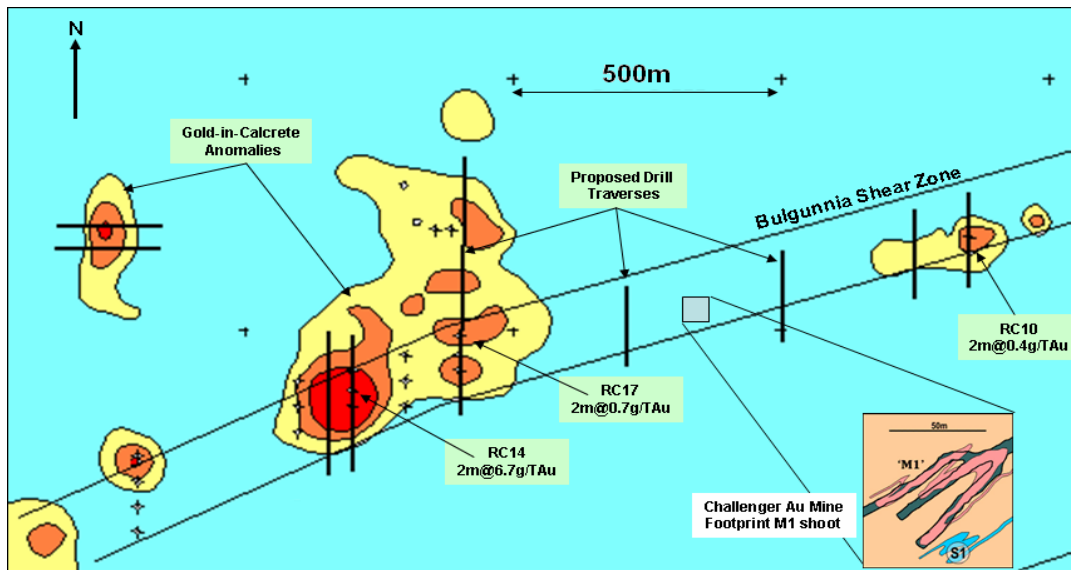


Figure 2 – Calcrete anomaly map for Sunshine with Challenger target superimposed

Panama Hat Gold (NSW) (Stellar 100%; Carpentaria Exploration earning 51%)

Geochemical analyses of 101 soil samples, collected at an average depth of 0.7 metres, to test the eastern strike extent of the highly gold-silver-bismuth anomalous Williams quartz lode were received. The results are plotted in Figure 3.

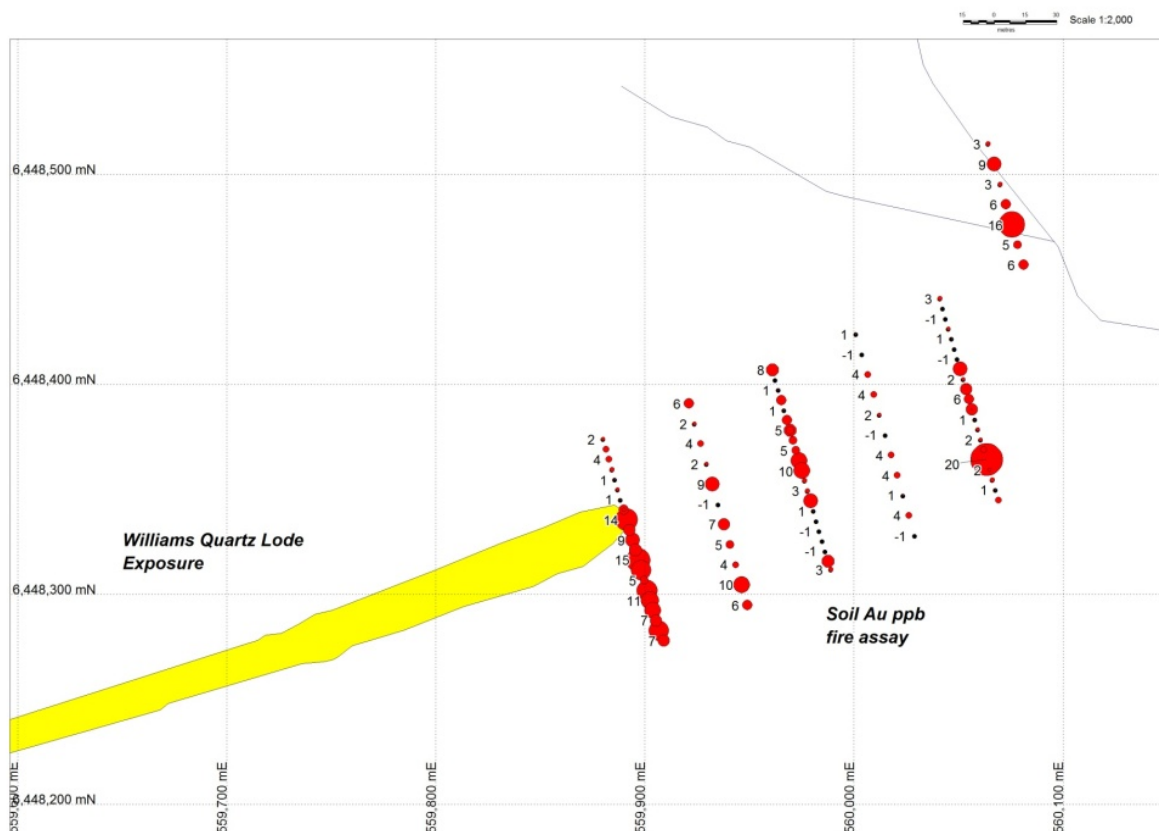


Figure 3 – Gold in soil assays showing extension of Williams zone mineralisation to the east

The spatial distribution of elevated Au concentrations is somewhat erratic in detail but in broad terms it suggests the presence of a simple strike extension of the mineralised Williams zone. The distribution of silver concentrations supports this interpretation but other base metal and trace element concentrations are low and distributions erratic.

Carpentaria Exploration continues to review the results and plans to advise on follow-up work in due course.

URANIUM

Cowell (SA) (Stellar 100% UraniumSA able to earn 70%)

UraniumSA has conducted an airborne electromagnetic survey over the joint venture ground but has yet to generate a follow-up program.

Warrior (SA) (Stellar 100%; Toro Energy able to earn 70%)

Toro originally proposed, subject to successful heritage clearance, three lines of aircore drillholes at 400 metres centres to evaluate the palaeochannel defined by airborne EM. To date, no agreement has been reached with the Native Title Claimant Group on the timing or cost of the heritage survey. Toro is continuing to assess its options for testing the potential southern extension of the Warrior palaeochannel.

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. C.G. Anderson (Fellow of the Australasian Institute of Mining and Metallurgy) who is a Director of the Company. Mr. Anderson has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. It should be noted that the abovementioned exploration results are preliminary.

For further details please contact:

Peter Blight

CEO

Tel: 03 9909 7618

Email: peter.blight@stellarresources.com.au

Chris Anderson

Director

Tel: 08 8363 1589

Email: chris.anderson@stellarresources.com.au

or visit our Website at: <http://www.stellarresources.com.au>

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

STELLAR RESOURCES LIMITED

ABN

96 108 758 961

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(352)	(1,247)
(b) development	-	-
(c) production	-	-
(d) administration	(120)	(528)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	45	115
1.5 Interest and other costs of finance paid	-	-
1.6 GST (paid)/recovered	33	146
1.7 Other -	-	-
Net Operating Cash Flows	(394)	(1,514)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other:	-	-
-	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(394)	(1,515)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(394)	(1,515)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	–	1,000
1.15	Proceeds from capital raising (Share Purchase Plan)	387	387
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Other – cost of issue	–	(2)
	Net financing cash flows	387	1,385
	Net increase (decrease) in cash held	(7)	(130)
1.20	Cash at beginning of quarter/year to date	2,052	2,175
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	Cash at end of quarter	2,045	2,045

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	79
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

Directors fees \$66k, rent/office support paid to Euro Svcs \$5k, rent/office support paid to Mineral Deposits Limited \$8k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

–

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

–

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	140
4.2 Development	–
Total	140

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	475	81
5.2 Deposits at call	1,570	1,971
5.3 Bank overdraft	–	–
5.4 Other	–	–
Total: cash at end of quarter (item 1.22)	2,045	2,052

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	See Attachment A		
6.2	Interests in mining tenements acquired or increased	See Attachment A		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

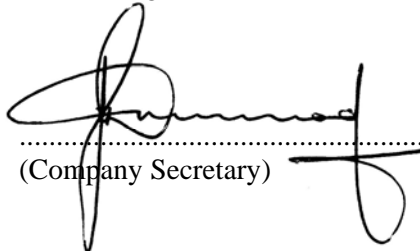
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	85,034,358	85,034,358		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			Exercise Price	Expiry Date
Directors	–	–	–	–
Employees	375,000	Nil	30 cents	SRZAM 19/08/2009
Exec & Employees	1,175,000	Nil	30 cents	SRZAO 30/11/2010
Exec & Employees	500,000	Nil	25 cents	SRZAA 31/01/2011
7.8 Issued during quarter	–	–	–	–
7.9 Exercised during quarter	–	–	–	–
7.10 Expired/cancelled during quarter	–	–	–	–
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



..... Date: 17 April 2009

(Company Secretary)

Print name: M J S Drummond

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

Appendix 5B
Mining exploration entity quarterly report

Attachment A

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL 46/2003 (TAS)	Exploration Licence Heemskirk, TAS, reduced area by 25%	100%	100%
		EL 1/2004 (TAS)	Exploration Licence Ramsay River, TAS, reduced area by 22%	100%	100%
		EL 49/2004 (TAS)	Exploration Licence Rayne, TAS, reduced area by 61%	100%	100%
		EL 50/2004 (TAS)	Exploration Licence Ewart Creek, TAS, relinquished	100%	Nil
		EL 3148 (SA)	Exploration Licence Midgee, SA, expired	100%	Nil
6.2	Interests in mining tenements acquired or increased	EL 4242 (previously EL 3148)	Exploration Licence Application Midgee, SA granted	-	-