

ASX Release



REPLACEMENT

HEEMSKIRK TIN PROJECT INTEREST – SALE AND PURCHASE AGREEMENT

Stellar Resources Limited (“Stellar”) [ASX: ‘SRZ’] is pleased to provide the following joint announcement by Stellar and Gippsland Limited (“Gippsland”) [ASX: ‘GIP’ ; FRA: ‘GIX’] regarding the signing of a sale and purchase agreement in relation to the 40% interest held by Gippsland in the Heemskirk Tin Project.

For further information, please contact:

Mr Peter Blight
CEO, Stellar Resources
Telephone: +61 3 9909 7618
Facsimile: +61 3 9909 7621
Email: peter.blight@stellarresources.com.au

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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

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**STELLAR TO MOVE TO 100% OWNERSHIP OF HEEMSKIRK TIN
GIPPSLAND TO TAKE SHARES IN STELLAR AND ROYALTY**

Stellar Resources Limited (“Stellar”) and Gippsland Limited (“Gippsland”) are pleased to announce that they have signed a sale and purchase agreement whereby, subject to Stellar and Gippsland shareholder approval, Stellar will acquire the 40% interest held in the Heemskirk Tin Project by Gippsland in return for 43.5 million Stellar shares and a royalty.

Under the terms of the sale agreement:

- Gippsland will sell its 40% free-carried interest in the Heemskirk Tin joint venture to Stellar’s wholly owned subsidiary Columbus Metals Limited. This interest was to reduce to 30% upon completion of a Bankable Feasibility study and decision to mine by Stellar and reimbursement by Gippsland to Stellar of Gippsland’s proportion of expenditure dating back to the 1970’s.
- Stellar will issue 43,528,743 new Stellar shares (“Consideration Shares”) to Gippsland.
- The issuance of the Consideration Shares will be subject to the approval of Stellar shareholders pursuant to Section 611 of the Corporations Act and the ASX Listing Rules. Stellar will engage an Independent Expert to report on the fairness and reasonableness of the transaction and will send this report to shareholders along with a Notice of Meeting in due course;
- Gippsland directors have determined to seek shareholder approval for disposal of its free-carried interest in the Heemskirk Tin Joint Venture.
- 50% of the Consideration Shares will be escrowed for 6 months from the date of issue and 50% are to be escrowed for a further 6 months, subject to listing rule requirements.
- In the event that Gippsland decides to distribute the Consideration Shares to its own shareholders any remaining escrow period will automatically expire, subject to listing rule requirements.
- Gippsland will retain a net smelter return (‘NSR’) royalty over any future tin production from the Heemskirk project. The royalty will be triggered when the tin price is A\$25,000, at a rate of 1.0%. The royalty will then rise linearly to a maximum rate of 2.0% at a tin price of \$A30,000 and above.

The Heemskirk Tin Project currently comprises the Queen Hill, Severn and Montana deposits which are located immediately northwest of Zeehan on the west coast of Tasmania. It has been estimated that the three deposits comprise an Indicated plus Inferred Mineral Resource of 4.4

million tonnes grading 1.1% tin making Heemskirk the highest grade undeveloped tin resource in Australia.

Preliminary studies have indicated that at the right tin price, an economic mining project could be developed. More importantly, from recent drilling around the known deposits and comparison with similar deposits elsewhere in the world, Stellar believes that there is considerable potential to add to the overall resource with further comprehensive exploration.

Stellar acquired an interest, originally owned by Aberfoyle Limited, in the Heemskirk Project, from Western Metals in early 2008. The joint venture agreement between Stellar and Gippsland dates back to the 1970's when Aberfoyle was the managing partner. The terms of this original agreement are such that it is difficult for Stellar as a junior company to fund the evaluation of the deposit and to potentially develop a mining project. Both Gippsland and Stellar believe this Agreement paves the way for Stellar to complete the exploration work required to further the project.

For Stellar, the Agreement clearly stakes the company as the explorer and developer of the Heemskirk tin project and a potential future tin producer and will make it easier for the company to attract the capital necessary to develop the project.

Gippsland has a portfolio of other prospective projects and the share of Heemskirk appears not to be reflected in its market capitalisation. This may be due in part to the project being locked up by the terms of the joint venture. This agreement will address these issues to the benefit of both companies.

Phil Harman, Chairman of Stellar said, "This Agreement is an exciting development for Stellar. It clearly stamps the future direction of the company as the explorer and developer of a world class tin resource. Given the positive outlook for the future of the global tin price, it places Stellar in a position to deliver great value to all of its shareholders."

Ian Gandel, Chairman of Gippsland said "The Heemskirk Tin Project has been disadvantaged for too long by the joint venture agreement signed in 1972. By committing to this deal, the parties will ensure that the project is given the best possible chance of becoming a mine and this can only benefit shareholders of both companies. Gippsland shareholders will benefit not only from their continued exposure to the Heemskirk asset and a royalty from that project, but also from exposure to Stellar's other exploration projects."

Background

The Heemskirk Tin Project is located near Zeehan on Tasmania's West Coast in an area of historical mining that is well serviced by power, water, transport, mining and other infrastructure.

Drilling by Gippsland Limited in the 1970s and subsequently Aberfoyle Limited during the 1980s identified three tin deposits; Queen Hill, Montana and Severn. In early 2008, Stellar acquired Aberfoyle's 60% interest in the joint venture with Gippsland. Since that time, Stellar has evaluated the historical data base, completed some confirmatory drilling and undertaken metallurgical studies. The Stellar results highlighted the high grade nature of the mineralisation and showed that tin is recoverable using a process similar to that employed at the nearby Renison Bell tin mine.

Heemskirk Mineral Resource

Deposit	Indicated			Inferred			Total		
	kt	% Sn	kt Sn	kt	% Sn	kt Sn	kt	% Sn	kt Sn
Queen Hill	1,600	1.2	19				1,600	1.2	19
Montana				360	1.6	6	360	1.6	6
Severn				2,400	0.9	23	2,400	0.9	23
Total	1,600	1.2	19	2,760	1.0	29	4,360	1.1	48

cut-off grade 0.6% tin estimated on 3 March 2011 by Mining One Pty Ltd

The information in this report that relates to Mineral Resources is based on information compiled by Michael McKeown who is a fellow of the Australasian Institute of Mining and Metallurgy. Michael McKeown is employed by Mining One Pty Ltd and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Michael McKeown consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further details please contact:

Peter Blight
 CEO, Stellar Resources

Telephone +61 3 9909 7618
 Facsimile +61 3 9909 7621
 Email: peter.blight@stellarresources.com.au
 Website: www.stellarresources.com.au

ABN 96 108 758 961
 ASX Code: **SRZ**

Level 7 Exchange Tower
 530 Little Collins Street
 Melbourne Victoria 3000
 Australia

Ian Gandel
 Chairman, Gippsland Limited

Telephone +61 8 9340 6000
 Facsimile +61 8 9340 6060
 Email: info@gippslandltd.com
 Website: www.gippslandltd.com

ABN 31 004 766 376
 ASX Code: **GIP**

Suite 4,
 207 Stirling Highway
 Claremont WA 6010
 Australia