Stellar Resources
ASX Announcement

16 October 2012

Heemskirk Tin – Latest Drilling Upgrades Severn and Queen Hill

- ZS113W - 31 metres @ 1.05% tin from 266 metres including 7 metres @ 1.78% tin.
- ZS115 - 16 metres @ 0.62% tin, 100 metres down-plunge from ZS113.
- ZQ117 - 6 metres @ 0.42% tin, 728g/t silver, 17.49% lead and 2.59% zinc from 105 metres.
- ZQ117 - 3 metres @ 0.56% tin from 396 metres, a deeper extension of the Queen Hill lode.

On-going Drilling Program

- Remaining 53% of 10,000 metre diamond drilling program to be completed by April 2013.
- ZS119 is complete - assay results are pending.
- ZS120 in progress – targeting deep Severn mineralisation on Section 3800N. Results are expected in late November.
- ZS121 in progress - first of two drill targets to the south of Severn - on Section 2900N. The first diamond drill hole should be complete in mid November.

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About Stellar:

Stellar Resources (SRZ) is an exploration and development company with assets in Tasmania and South Australia. The company is rapidly advancing its high-grade Heemskirk Tin Project, located near Zeehan in Tasmania, and plans to become Australia's second largest producer of tin.

CEO Peter Blight commented "*These are pleasing results. ZS113W confirms the wide, high grade intersection in the parent hole ZS113 and hole ZS115 demonstrates that this wide zone continues at least 100 metres down plunge from ZS113 upgrading the tonnage potential for Severn. The intersection of ore-grade tin mineralisation at 396 metres in ZQ117 also confirms the untested potential of the Queen Hill deposit at depth. ZQ117 intersected high-grade silver and base metals up-dip from Severn and within 100 metres of the surface. Historical mining in the Zeehan district was directed at these vein deposits which are high grade but often discontinuous and narrow. Where they are within close proximity of ore grade tin mineralisation, as appears to be the case at Severn, they could be viable secondary mining targets.*"

Drilling Plan

Figure 1 shows the three cross-section lines, 3650N, 3750N and 3800N (Heemskirk Mine Grid) along which much of the drilling program was conducted over the last two months. The red stippled areas in Figure 1 show the surface projections of the tin mineralisation defined to date.

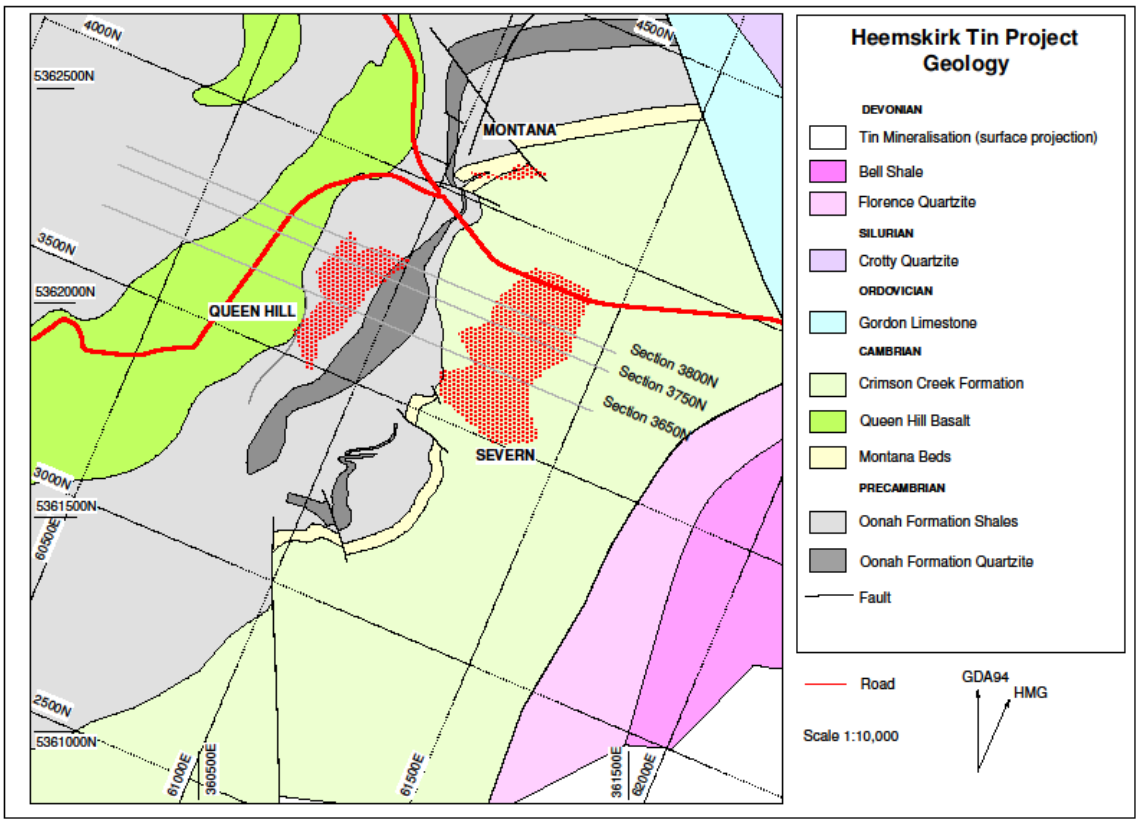


Figure 1: Simplified Geological Plan, Heemskirk Tin Project

Table 1: Significant Assay Results

Hole No Severn	From m	To m	Interval m	Tin %	Sol Tin %	Silver ppm	Lead %	Zinc %
ZS112	229.0	232.0	3.0	1.46	0.01			
	406.0	411.0	5.0	0.87	0.01			
ZS112W	339.0	344.0	5.0	0.814	0.01			
	355.0	357.0	2.0	1.41	0.01			
ZS113W	**266.0**	**297.0**	**31.0**	**1.05**	**0.01**			
including	**282.0**	**289.0**	**7.0**	**1.78**	**0.01**			
ZS115	**465.0**	**481.0**	**16.0**	**0.62**	**0.01**			
ZQ117	**105.0**	**111.0**	**6.0**	**0.43**	**0.02**	**728**	**17.49**	**2.59**
	396.0	399.0	3.0	0.56	0.01			

All intersections (including those in the silver lead zone in ZQ117) show negligible levels of acid soluble tin indicating that 98% or more of tin mineralisation is in the form of cassiterite, the most readily recoverable tin mineral.

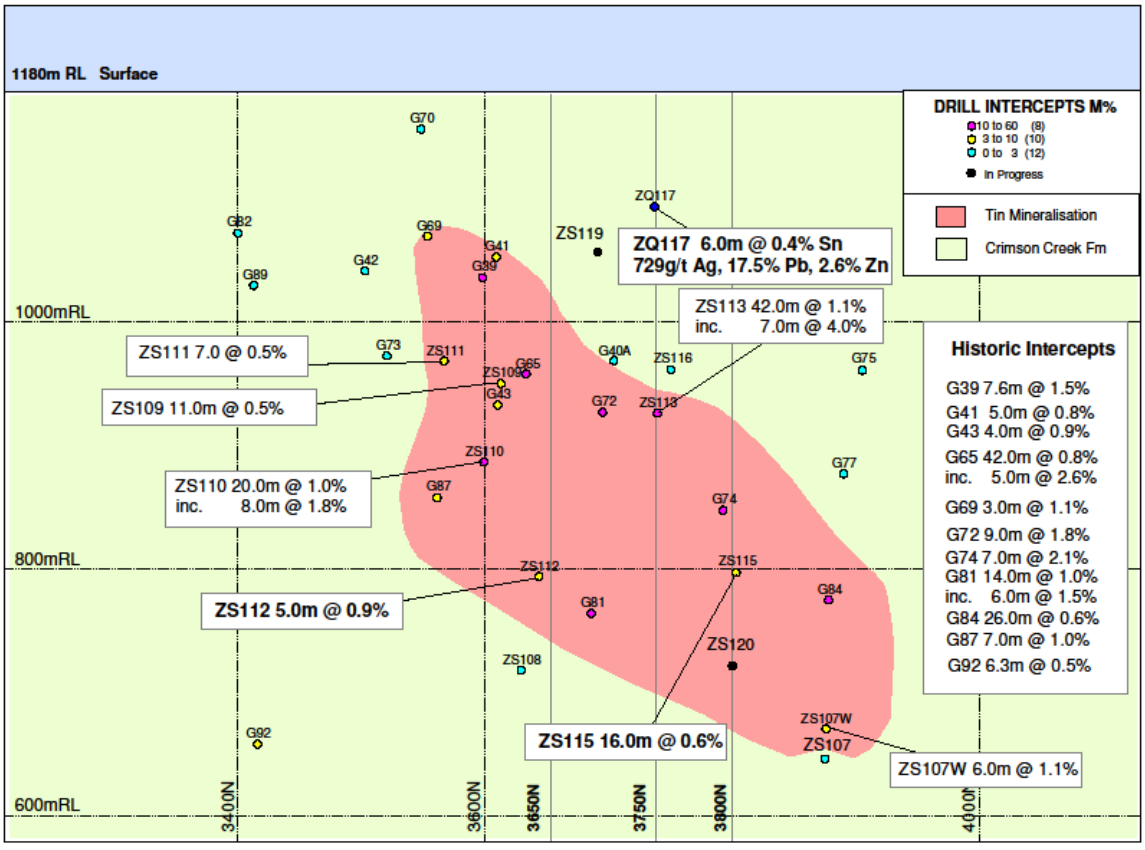


Figure 2: Severn Schematic Long-Section Showing Cross-section Positions

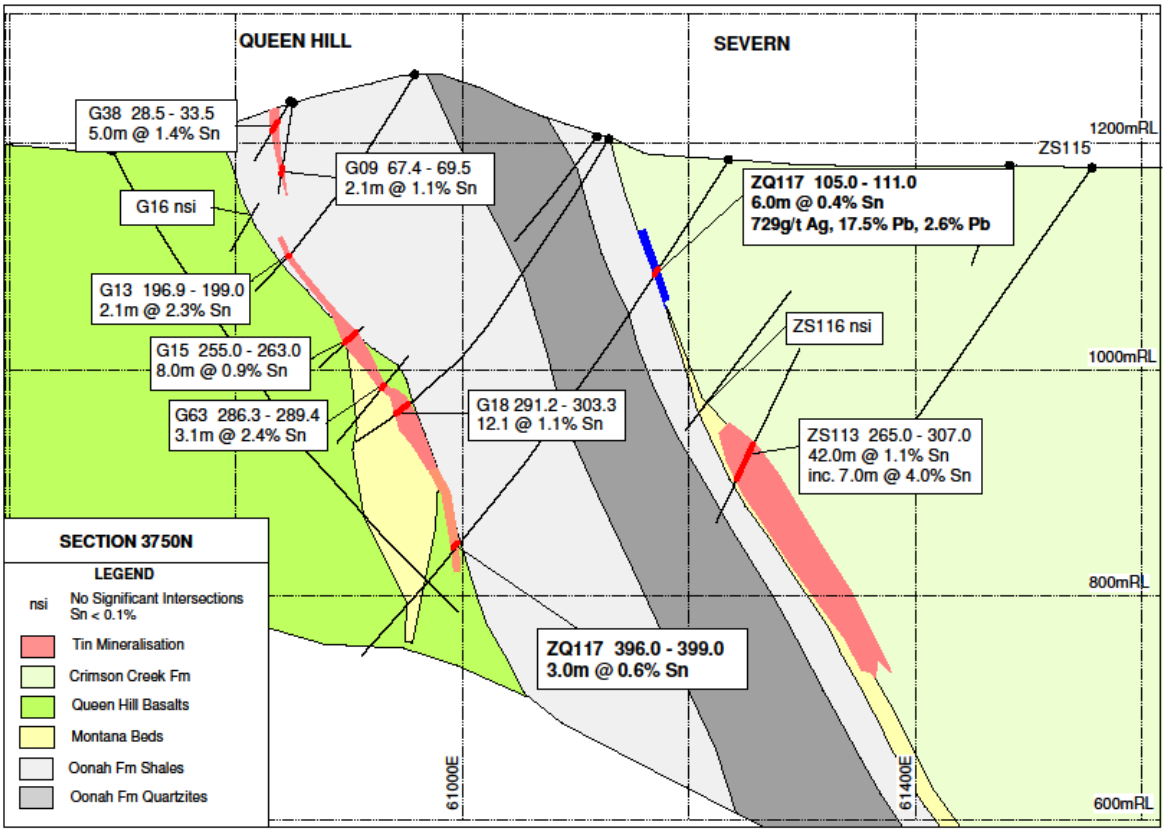
Section 3750N

ZS113W, drilled on Section 3750N and twinned from ZS113, confirmed the excellent intersection previously reported for the parent diamond drill hole. ZS113W intersected 31 metres grading 1.05% tin including a high grade zone of 7 metres grading 1.78% tin.

ZQ117 was a step-out hole that provided two significant intersections.

The first intersected near-surface tin, silver and base metals mineralisation in a position 150 metres up-dip from Severn (see Figure 2 and 3). The 6 metre intersection averaged 0.42% tin, 728g/t silver, 17.49% lead and 2.59% zinc. The presence of high grade silver and lead mineralisation was previously reported for Clarkes Lode which parallels the Queen Hill deposit 250 metres to the north. However, ZQ117 is the first significant intersection of this mineralisation above Severn. ZS119 was drilled to test for an extension of this mineralisation 50 metres to the southwest of ZQ117. Assays are pending.

The second intersection in ZQ117 of 3 metres at 0.56% tin from 396 metres achieved the main aim of this hole by showing a down-dip continuation of the Queen Hill deposit along the contact between Oonah formation and Montana Volcanics. This demonstrates the potential to upgrade the size of the Queen Hill deposit at depth and further testing of this potential is planned within the context of the overall project.



(NB: partial traces of drill holes reflect the fact that the hole has deviated off-section. For example ZS115 was collared on Section 3750N but intersected Severn on Section 3800N)

Figure 3: Queen Hill and Severn Cross-section at 3750N

Section 3800N

ZS115 is an important Severn infill diamond drill hole (see Figure 4). It intersected 16 metres grading 0.62% tin and demonstrated a thickening of the mineralised zone 50 metres down-dip from historical diamond drill hole G74 and 100 metres down plunge from ZS113.

ZS120 is in progress and will test Severn, 80 metres down dip of ZS115. Assuming that it intersects ore grade mineralisation, it has the potential to expand the resource envelope at depth.

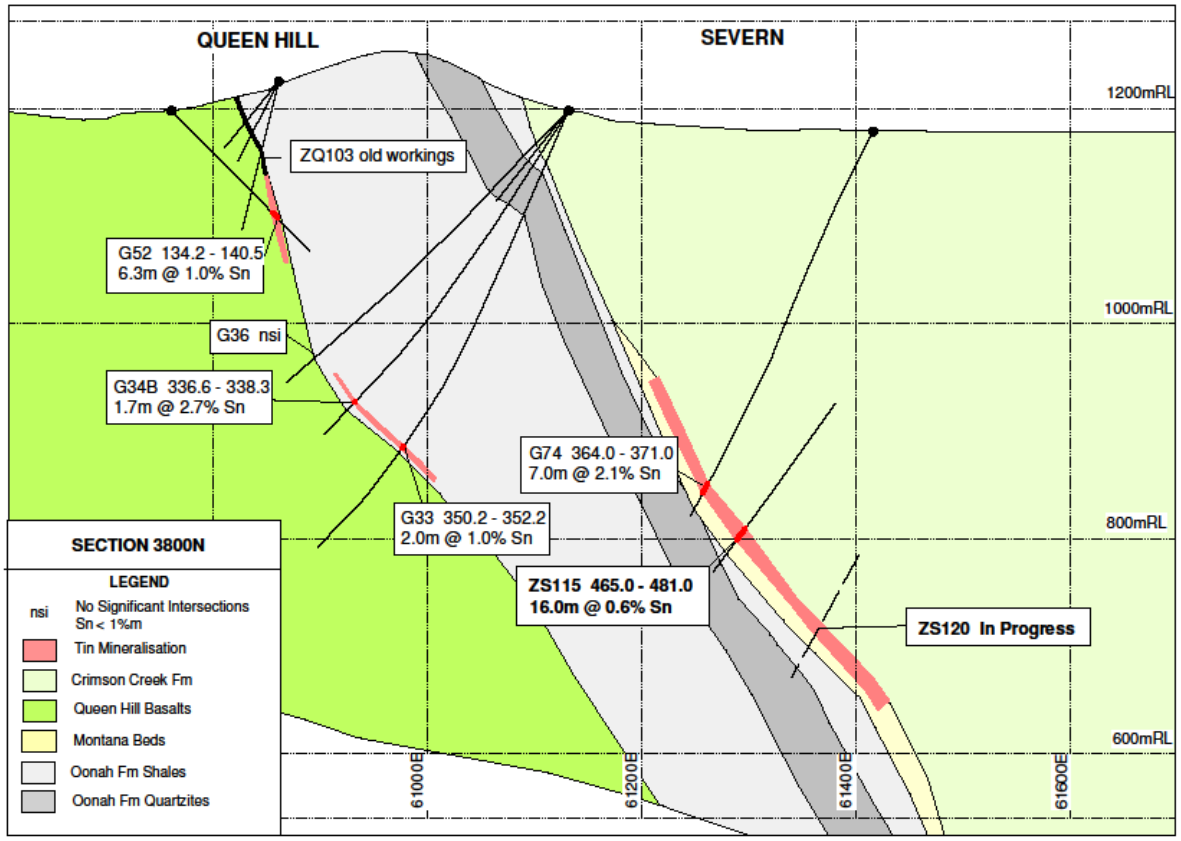


Figure 4: Queen Hill and Severn Cross-section at 3800N

Section 3650N

ZS112 and twin hole ZS112W intersected Severn 180 metres down dip of historical diamond drill hole G65. The ZS112 intersection shows that tin mineralisation is contained in several narrow lodes over an 80 metre interval with the main lode of 5 metres grading 0.87% tin occurring at the base of this zone from 406 metres. As the geology in Figure 5 shows, a flexure in the Montana Beds host horizon is interpreted to be the cause of tin mineralisation bifurcating into lodes at around the 850mRL. If the Montana Beds steepen again below the 700mRL, as indicated in Figure 5, an important deep drill target below ZS108 emerges. This concept will be tested to the south of Severn by ZS121.

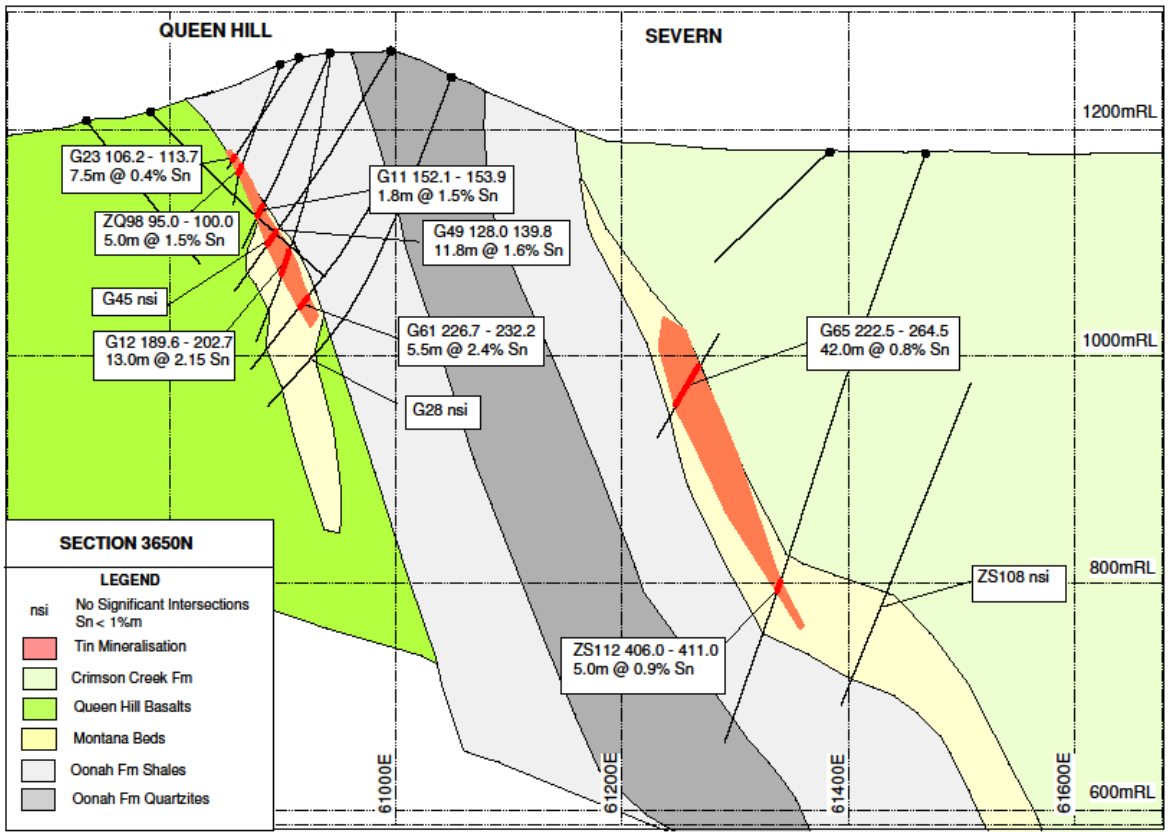


Figure 5: Queen Hill and Severn Cross-section at 3650N

South Severn Targets

ZS121 is in progress on Section 2900N, 650 metres to the south of Severn. The diamond drill hole has a planned depth of 300 metres and will test a magnetic target that is coincident with Montana Beds. G91, an historical diamond drill hole on the section, intersected 5.5 metres grading 0.50% tin in Montana Beds, 550 metres below surface and 200 metres below the magnetic target.

The Next 6 Months

In March 2012, a 10,000 metre drilling program was announced to infill and upgrade resource estimates for the Heemskirk Tin Project. In the six and half months since the announcement, 4,695 metres were completed or 47% of the total. 12 primary holes and three wedge holes were drilled with three of the 12 targeting Queen Hill and the rest Severn. Seven of the 12 holes intersected ore grade tin mineralisation with assay results for the last hole pending.

Over the next 6 months, the plan is to complete the drilling program with a further 12 diamond drill holes. The program is summarised as follows.

- South Severn Targets - 3 diamond drill holes for a total of 900 metres
- Severn infill/extension – 5 diamond drill holes for a total of 2,100 metres
- Queen Hill extension – 3 diamond drill holes for 1,700 metres
- Heazlewood exploration target (copper/gold) – 1 diamond drill hole of 300 metres

During this period, work will continue on design and costing of the processing plant and environmental baseline studies. The plant work is expected to be completed by the end of 2013.

An upgrade of the resource estimate is expected in the March quarter 2013 with an upgrade of the mine plan to follow soon after.

Mid 2013 is the target for completion of a preliminary feasibility study.

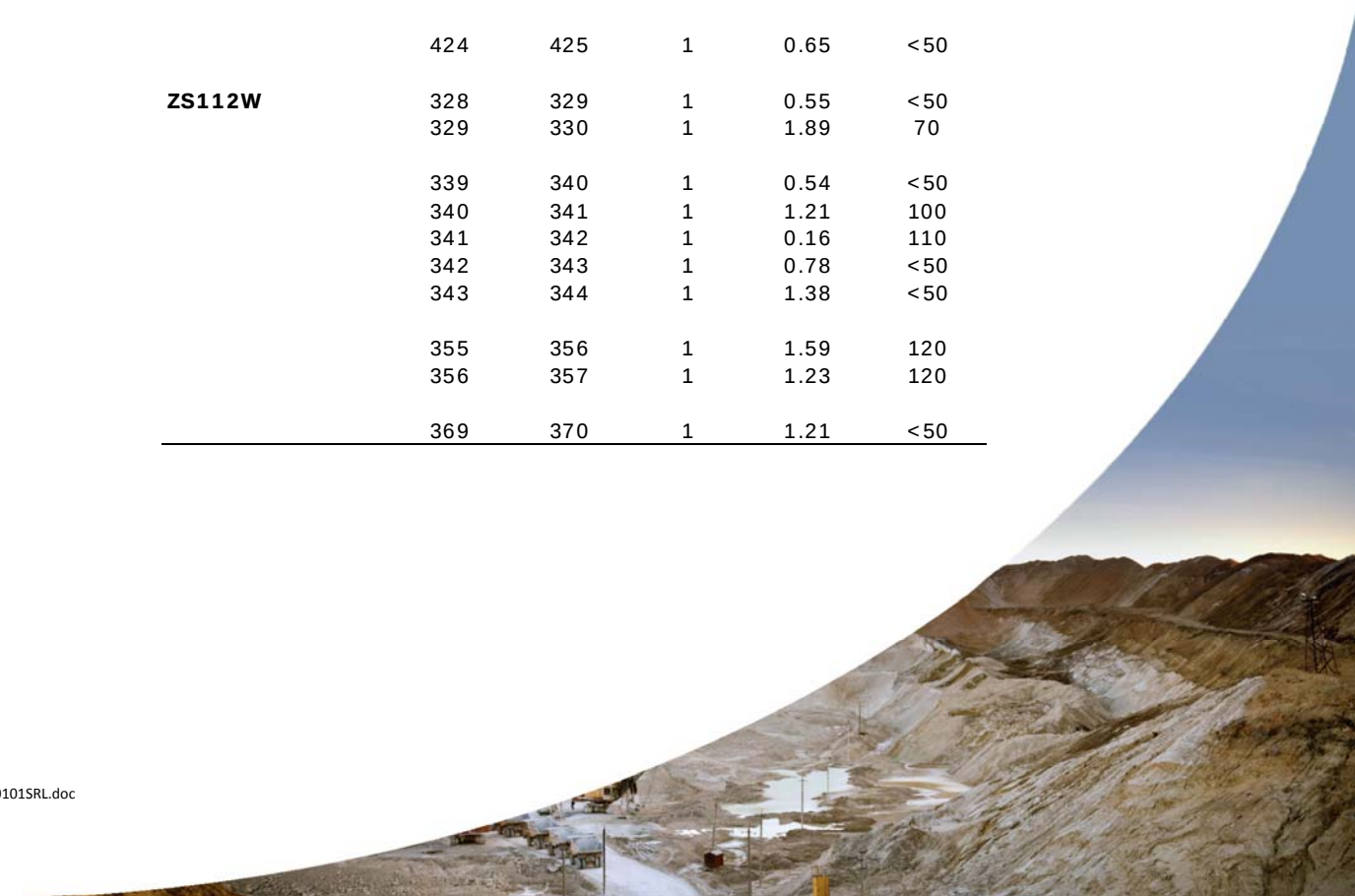
Appendix 1: Drill Hole Coordinates

Hole No	Northing Collar	Easting Collar	Relative Level m	Collar Dip/Azimuth	Depth m	Recovery %
ZS112	5361747	361345	181	70/300	552	96
ZS112W	5361747	361345	181	68/305	456	99
ZS113W	5361852	361284	181	61/320	322	100
ZS115	5361802	361464	178	55/300	509	99
ZQ117	5361939	361173	183	55/290	546	97

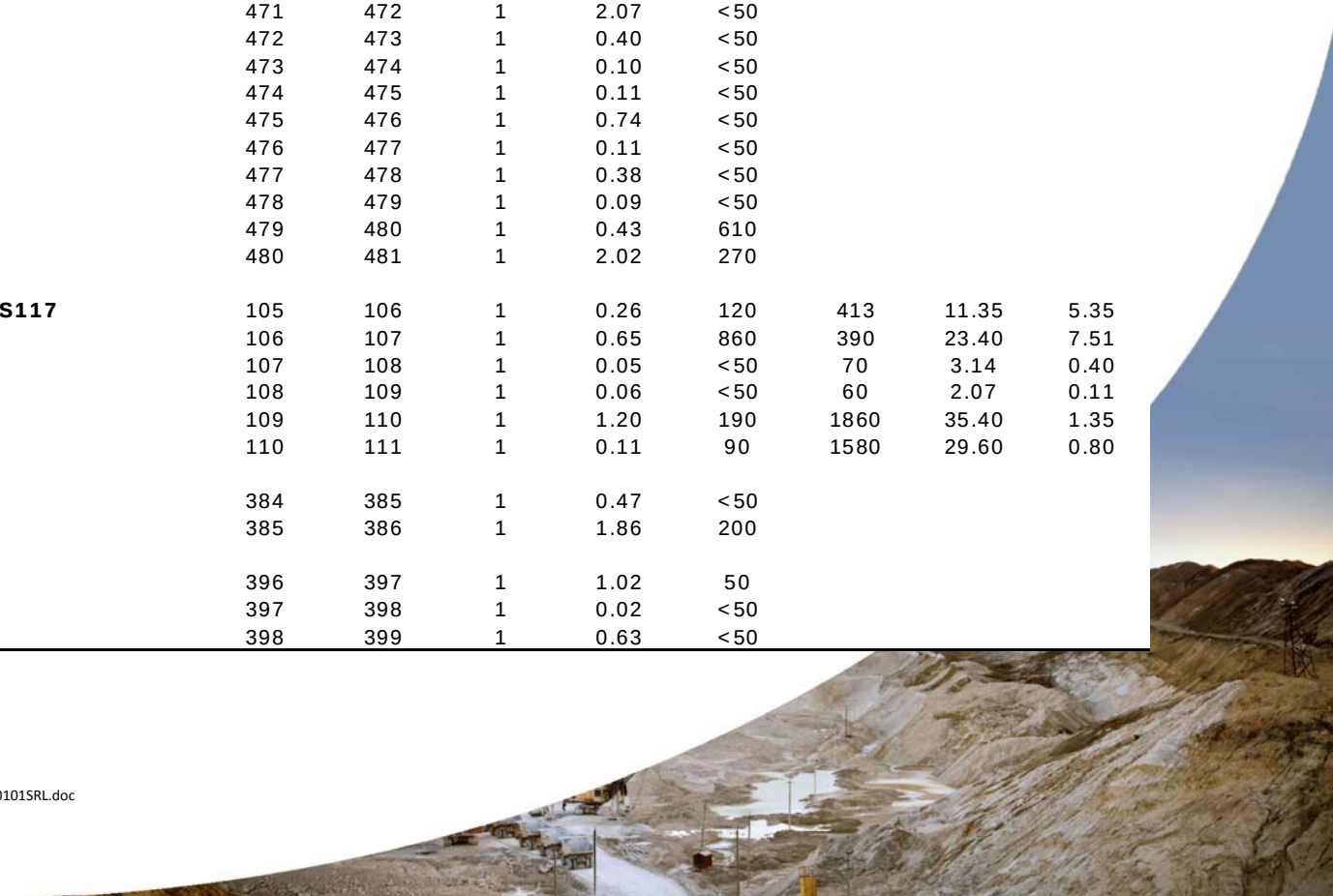
Collar coordinates and azimuth in GDA94. The Heemskirk Mine Grid is now in place which is rotated 23 degrees clockwise from GDA94

Appendix 2: Assay Data

Hole No	From m	To m	Interval m	Tin %	Sol Tin ppm
ZS112	329	330	1	3.22	<50
	330	331	1	0.09	<50
	331	332	1	1.07	<50
	344	345	1	1.95	<50
	355	356	1	1.15	<50
	356	357	1	0.32	<50
	362	363	1	2.45	<50
	386	387	1	1.01	<50
	387	388	1	1.53	60
	406	407	1	0.44	90
	407	408	1	2.88	80
	408	409	1	0.39	<50
	409	410	1	0.39	180
	410	411	1	0.24	50
	424	425	1	0.65	<50
ZS112W	328	329	1	0.55	<50
	329	330	1	1.89	70
	339	340	1	0.54	<50
	340	341	1	1.21	100
	341	342	1	0.16	110
	342	343	1	0.78	<50
	343	344	1	1.38	<50
	355	356	1	1.59	120
	356	357	1	1.23	120
	369	370	1	1.21	<50



Hole No	From m	To m	Interval m	Tin %	Sol Tin ppm	Silver ppm	Lead %	Zinc %
ZS113W	266	267	1	1.12	<50			
	267	268	1	0.06	<50			
	268	269	1	4.38	80			
	269	270	1	0.07	<50			
	270	271	1	0.13	<50			
	271	272	1	0.10	<50			
	272	273	1	0.77	<50			
	273	274	1	0.30	<50			
	274	275	1	0.94	<50			
	275	276	1	4.96	110			
	276	277	1	1.82	730			
	277	278	1	0.65	140			
	278	279	1	0.69	430			
	279	280	1	0.11	260			
	280	281	1	0.08	50			
	281	282	1	0.29	<50			
	282	283	1	3.45	140			
	283	284	1	0.80	50			
	284	285	1	0.63	<50			
	285	286	1	0.57	<50			
	286	287	1	0.22	80			
	287	288	1	4.85	420			
	288	289	1	1.92	380			
	289	290	1	0.24	50			
	290	291	1	0.02	<50			
	291	292	1	0.24	<50			
	292	293	1	0.17	<50			
	293	294	1	1.27	<50			
	294	295	1	0.68	270			
	295	296	1	0.31	100			
	296	297	1	0.64	<50			
ZS115	465	466	1	0.71	<50			
	466	467	1	1.29	50			
	467	468	1	0.04	<50			
	468	469	1	0.09	<50			
	469	470	1	0.42	<50			
	470	471	1	0.89	<50			
	471	472	1	2.07	<50			
	472	473	1	0.40	<50			
	473	474	1	0.10	<50			
	474	475	1	0.11	<50			
	475	476	1	0.74	<50			
	476	477	1	0.11	<50			
	477	478	1	0.38	<50			
	478	479	1	0.09	<50			
	479	480	1	0.43	610			
	480	481	1	2.02	270			
ZS117	105	106	1	0.26	120	413	11.35	5.35
	106	107	1	0.65	860	390	23.40	7.51
	107	108	1	0.05	<50	70	3.14	0.40
	108	109	1	0.06	<50	60	2.07	0.11
	109	110	1	1.20	190	1860	35.40	1.35
	110	111	1	0.11	90	1580	29.60	0.80
	384	385	1	0.47	<50			
	385	386	1	1.86	200			
	396	397	1	1.02	50			
	397	398	1	0.02	<50			
	398	399	1	0.63	<50			

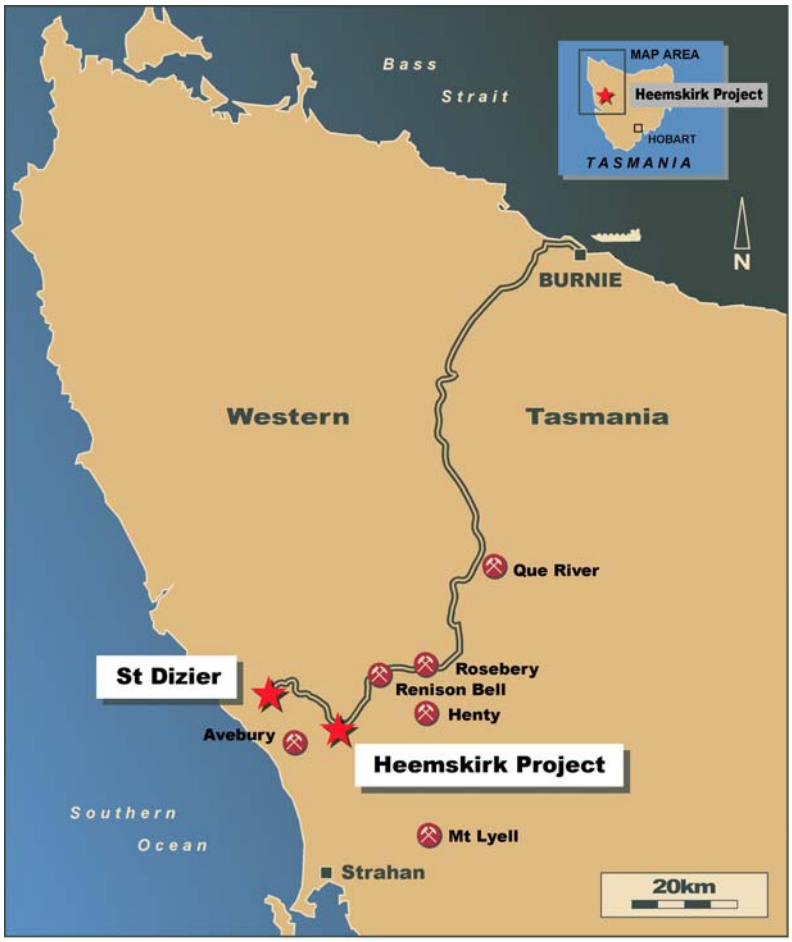


Competent Person Statement

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr R K Hazeldene (Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists) who is a Consultant of the Company. Mr Hazeldene 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 Hazeldene 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.

Background

The Heemskirk Tin Project is located near Zeehan on Tasmania's West Coast in an area well serviced by power, water, transport, mining and other infrastructure. Stellar holds 100% of the project and also owns 100% of the nearby St Dizier tin deposit.



Location of the Heemskirk Tin Project

Drilling by Gippsland Limited in the 1970s and subsequently Aberfoyle Limited during the 1980s identified three tin deposits; Queen Hill, Montana and Severn. In 2010, Stellar added to the substantial drilling database with 6 holes into the near surface Queen Hill deposit. The Stellar results confirmed the high grade nature of the mineralisation and provided fresh samples for metallurgical testing. The Mineral Resource estimate following is based on historical drilling and Stellar's more recent drill results.

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

Competent Person Statement – Heemskirk Mineral Resource

The information in this report that relates to Mineral Resources is based on information compiled by Michael McKeown who is a fellow of the Australiasian 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 "Australiasian 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.

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