

Stellar Resources

Quarterly Report



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.

As at 31 March 2013

Market cap: A\$11.17m (5.0c)
Cash (31 Mar): \$2.6 million
Shares: 223,447,547

Main Shareholders

Gippsland Limited 18.5%
Resource Capital Fund 16.2%
JP Morgan Nominees 10.1%

Board & Management

Phillip G Harman
Non-Executive Chairman
Thomas J Burrowes
Non-Executive Director
David J Isles
Non-Executive Director
Thomas H Whiting
Non-Executive Director
Peter G Blight
Chief Executive Officer
Christina R Kemp
Company Secretary

ASX Code: SRZ

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For the period ended 31 March 2013

Highlights

- 49% increase in Heemskirk tin resource to 71,500 tonnes of contained tin.
- Infill drilling at Queen Hill provides thicker than expected high grade tin intersections with hanging wall base metal lodes.
- Best intersections ZQ125 :
32 metres @ 1.58% tin from 226 metres – including:
10 metres @ 2.54% tin from 238 metres
5 metres @ 2.49% tin from 253 metres
7 metres @ 1.67% tin from 226 metres

Hanging wall lodes

- 10 metres @ 0.10% tin, 58g/t silver, 3.11% lead and 2.56% zinc
- 3 metres @ 0.19% tin, 135 g/t silver, 4.67% lead and 0.3% zinc

Corporate

- Stellar held cash reserves of \$2.6 million as at 31 March 2013.

Targets for June Quarter

- Completion of Montana diamond drill hole ZM126.
- Expansion drilling at Queen Hill to commence.
- Completion of PFS studies.



HEEMSKIRK TIN PROJECT (100% OWNED)

Overview

Stellar continued to focus on advancing the Heemskirk Tin Project towards development during the quarter.

A major milestone was achieved with a 49% increase in Mineral Resources. Importantly, the increase was driven by higher volumes and a higher average resource grade of 1.14% tin. As Figure 1 shows, the three Heemskirk deposits, Queen Hill, Severn and Montana are open down plunge and at depth.

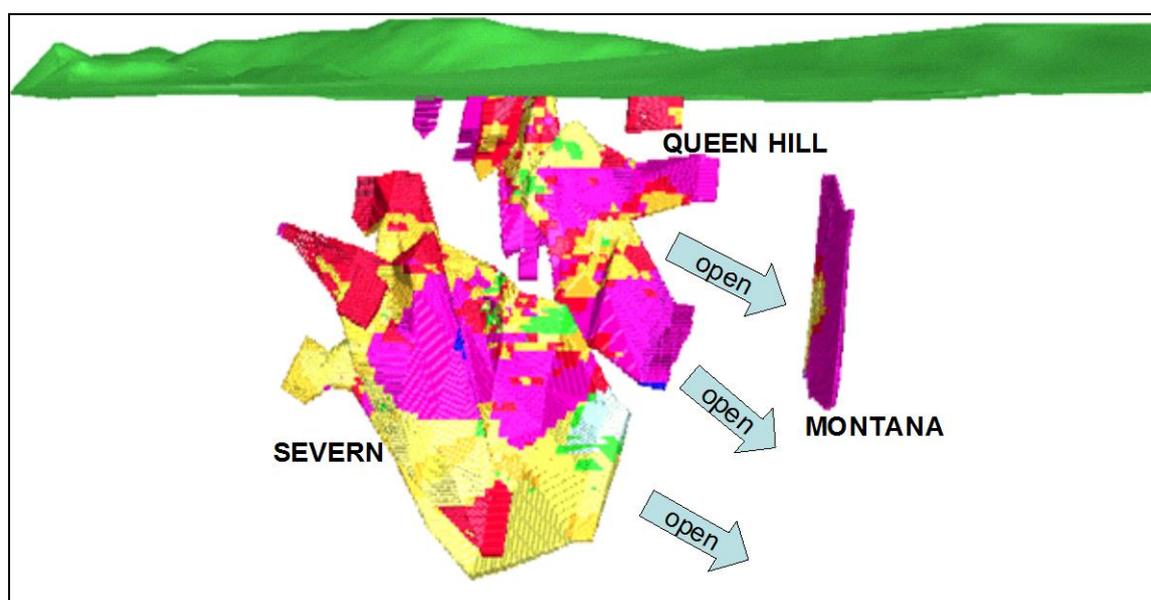


Figure 1: 3D Model of Heemskirk Mineral Resource Shapes

Diamond drilling continued to deliver outstanding results, particularly in the case of ZQ125 which sampled the Queen Hill deposit 200 metres below the surface. It showed thicker tin zones as well as a base metal hanging wall lode better developed than intersected by historical drilling.

The geological resource model advanced significantly during the quarter, with the addition of major silver, lead, zinc workings around the three tin deposits. Additional tin exploration targets are expected to emerge from this work.

Preliminary feasibility study work advanced and remains on target for late June 2013 completion.

Tin prices entered a more volatile stage towards the end of the quarter but continue to outperform other metals and remain supported by solid fundamentals.

Mineral Resource Upgrade

An upgrade of Mineral Resources during the quarter resulted in a 49% increase in estimated contained tin to 71,500 tonnes (see Table 1). This was achieved on just 18 diamond drill holes most of which targeted the Severn deposit. Accordingly, the Severn deposit accounted for 78% of the increase and now represents 57% of the total resource. Queen Hill now represents 29% and Montana 14%.

This substantial increase in Mineral Resources will potentially result in a longer mine life and thereby enhance project economics. Greater geological consistency and deposit widths have been demonstrated and should enhance mine planning.

Table 1: Mineral Resources, Heemskirk Tin Project

Classification	Deposit	Tonnes millions	Grade % tin	Contained Tin tonnes
Indicated	All	1.41	1.26	17,790
Inferred	All	4.87	1.10	53,710
Total		6.28	1.14	71,500
Indicated	Queen Hill	1.41	1.26	17,790
Inferred	Queen Hill	0.19	1.63	3,090
	Severn	4.17	0.98	40,900
	Montana	0.51	1.91	9,710
Total		6.28	1.14	71,500

0.6% tin block cut-off grade

Tonnes rounded to reflect uncertainty of estimate

Estimates prepared by Resource and Exploration Geology

The information in this report that relates to Mineral Resources was prepared in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the competent Person as defined in the JORC Code. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context it appears.

Heemskirk remains the highest grade undeveloped tin resource amongst the ASX listed tin explorers and developers (see Figure 2). The only resource that has a higher position is the producing Renison Bell mine which is located 18 kilometres from Heemskirk and has operated for 60 years. Geological comparison between the Heemskirk deposits and Renison Bell shows many similarities.



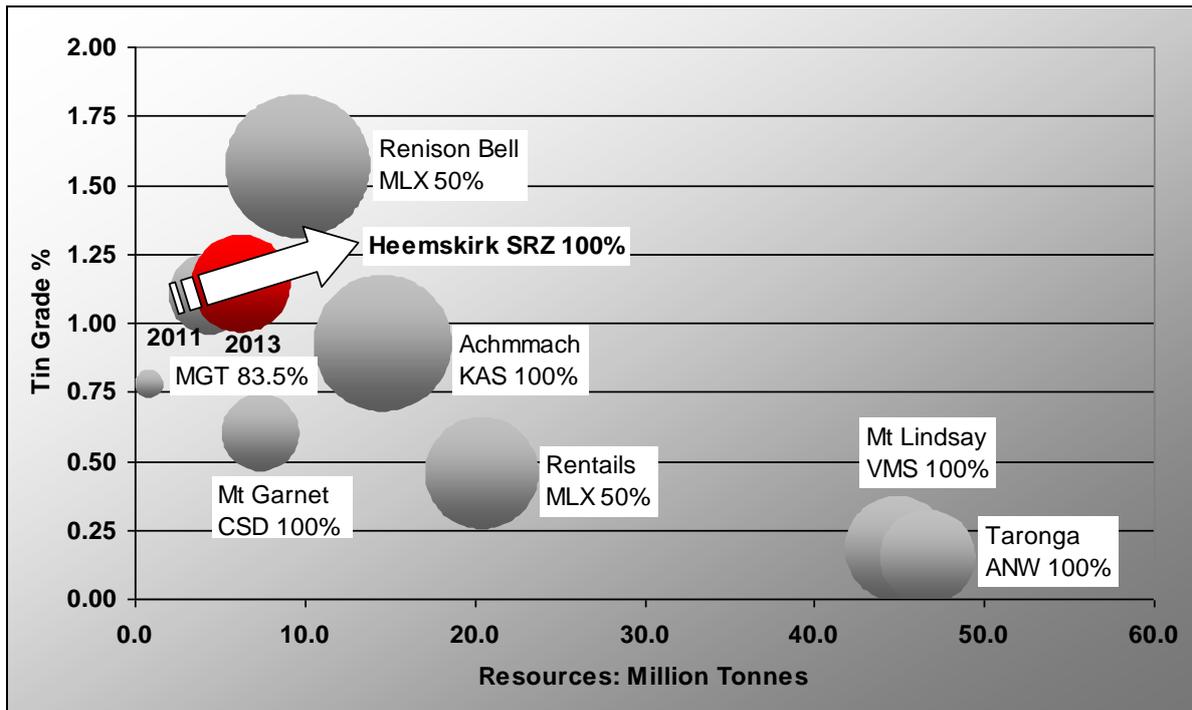


Figure 2: Grade Versus Tonnage Bubble Chart, ASX Listed Tin Resources

Diamond Drilling Results

Diamond drilling at Queen Hill provided the best results for the quarter with record tin grades over considerable thicknesses.

ZQ125 was the first hole drilled into the main Queen Hill deposit for 30 years. The purpose of the hole was to provide a metallurgical sample 200 metres below the surface. The metallurgical test results will be compared to earlier near surface work and the excellent results achieved for the nearby Severn deposit.

As Table 2 shows, ZQ125 intersected a hanging wall silver, lead, zinc lode over 20 metres from 201 metres followed by a 32 metre intersection grading 1.58% tin from 226 metres. The tin intersection comprised three lodes; 7 metres grading 1.67% tin with base metals, 10 metres grading 2.54% tin and 5 metres grading 2.49% tin with trace base metals.

Wedge hole ZQ125W (7 metres above ZQ125) provided a similar result to ZQ125 with a thicker hanging wall silver, lead, zinc lode and two significant tin lodes; 13 metres grading 2.27% tin, including 6 metres grading 4.12%, and 10 metres grading 0.79% tin.

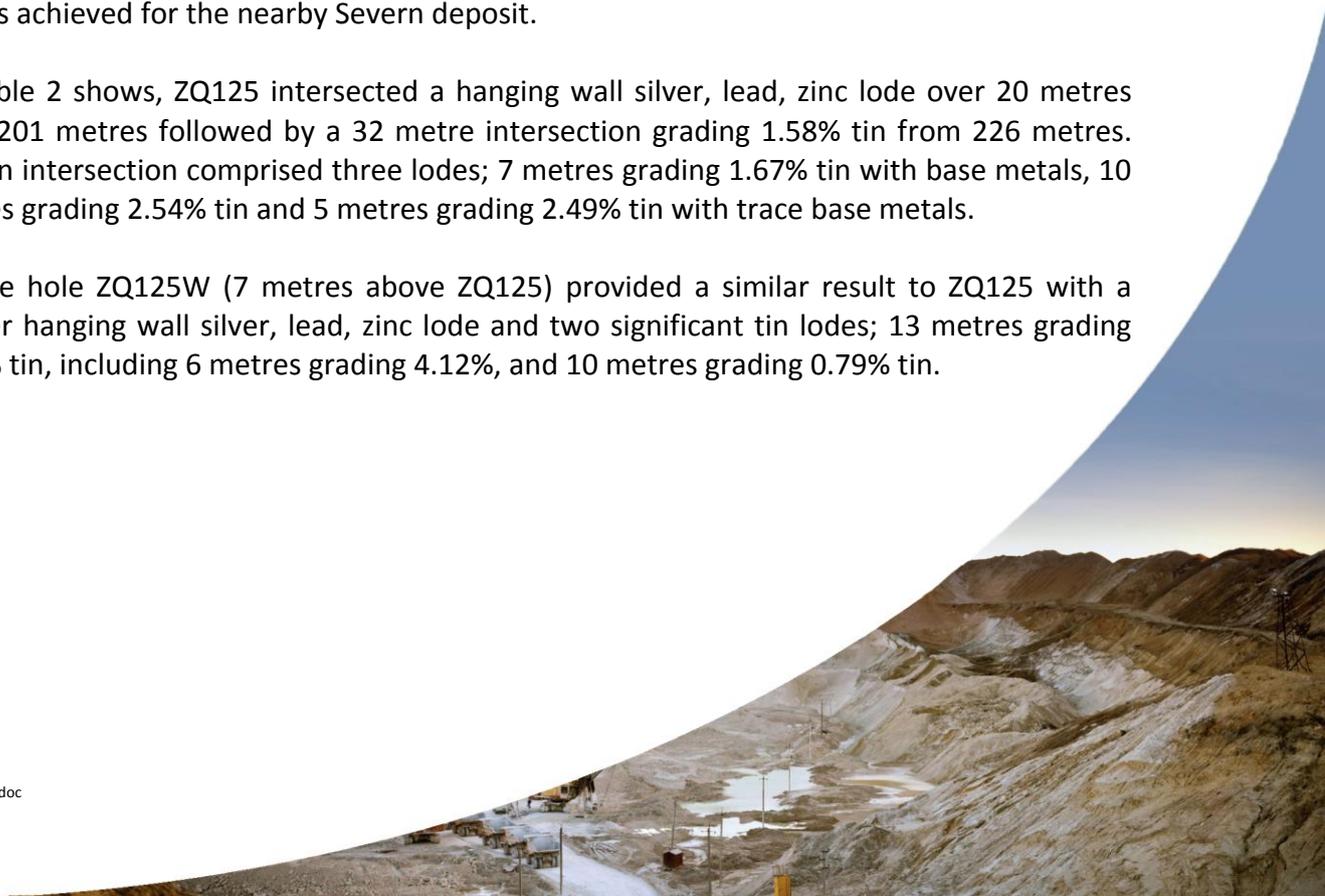


Table 2: Significant Assay Results

Hole No	From m	To m	Interval m	Tin %	Sol Tin %	Silver ppm	Lead %	Zinc %
Queen Hill								
ZQ125	201.0	204.0	3.0	0.19	0.03	135	4.67	0.30
	211.0	221.0	10.0	0.10	0.03	58	3.11	2.56
	226.0	258.0	32.0	1.58	0.02	25	0.65	1.70
including	226.0	233.0	7.0	1.67	0.05	67	2.60	7.37
	238.0	248.0	10.0	2.54	0.02			
	253.0	258.0	5.0	2.49	0.01			
ZQ125W	199.0	205.0	6.0	0.60	0.08	175	5.02	0.73
	212.0	230.0	18.0	0.24	0.03	28	1.13	2.91
	231.0	244.0	13.0	2.27	0.03			
including	236.0	242.0	6.0	4.12	0.03			
	252.0	262.0	10.0	0.79	0.03			
Severn								
ZS124	256.0	272.0	16.0	0.63	0.02			
including	256.0	262.0	6.0	0.76	0.02			
	268.0	272.0	4.0	1.20	0.02			
	302.0	313.0	11.0	0.24	0.01			

ZS124 was an infill diamond drill hole in the upper part of Severn. It intersected two zones of mineralisation with the best result in the upper zone; 16 metres averaging 0.63% tin from 256 metres and included 7 metres grading 0.76% tin. The lower zone also showed a significant thickness of 11 metres but at lower grade. The two mineralised zones steepen at or above ZS124 and correlate well with the two zones intersected 100 metres below by ZS112 (see Figure 3). Steepening of Severn mineralisation is likely to provide advantages in mine design.

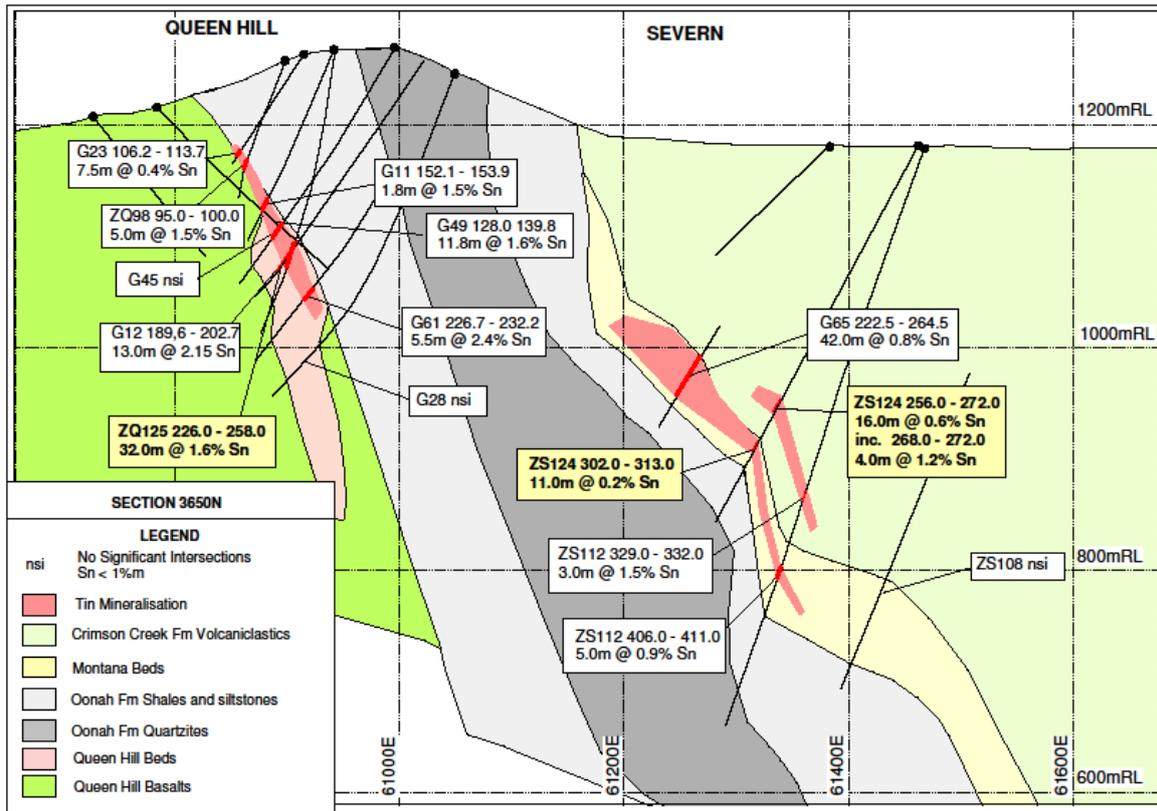


Figure 3: Severn and Queen Hill Cross-section – Mine Grid Line 3650N

Drilling Plan for 2013

Drilling has commenced on ZM126, a 600 metre diamond drill hole to test the Montana deposit at a depth of 500 metres from the surface. Montana has an average grade of 1.91% tin and can add significant value to the project if that grade can be shown to continue at depth. A follow-up wedge hole is planned to infill between ZM126 and G78 the nearest historic drill hole.

A secondary objective of ZM126 is to determine whether there is a geological structure connecting the Severn deposit to Montana. If one is identified it can be targeted with subsequent drilling into the “convergence zone” between the deposits.

Further expansion drilling is planned to the north of Queen Hill (as shown in Figure 4).



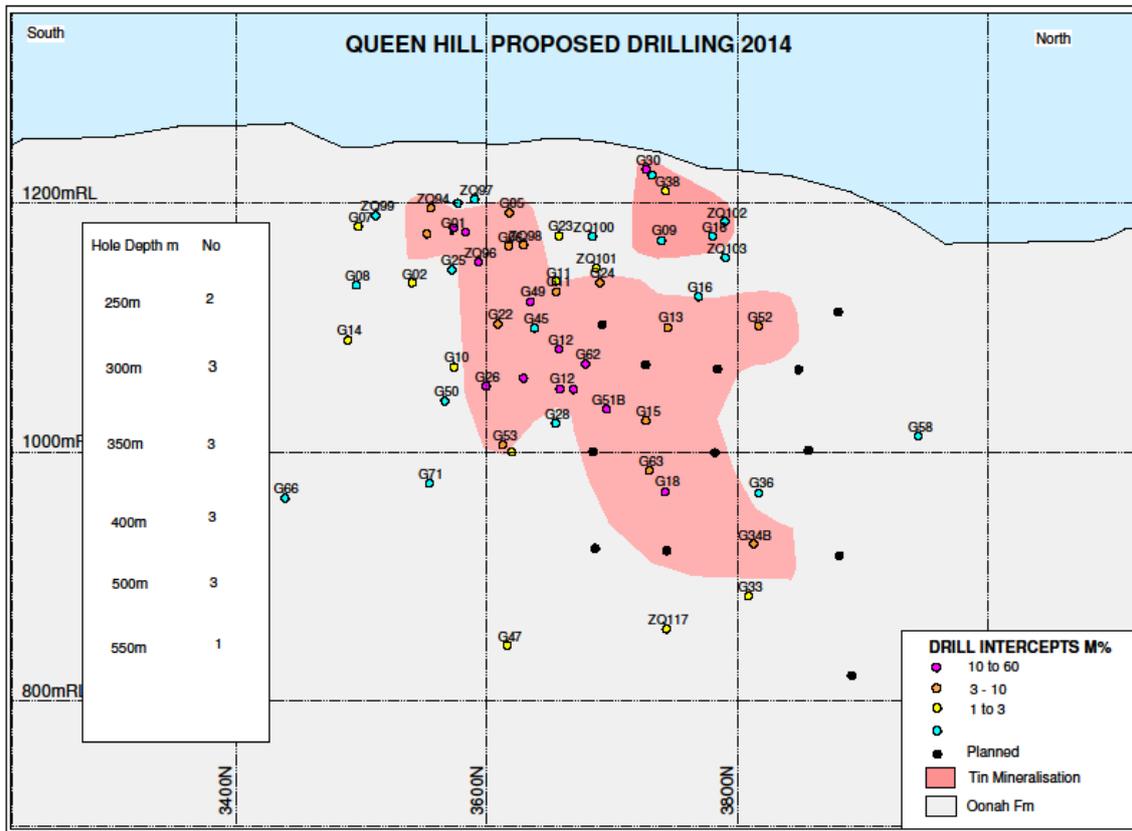


Figure 4: Queen Hill Schematic Long Section Showing Drill Hole Pierce Points

In addition, three dimensional modelling of the major silver, lead, zinc workings on the retention licence is expected to provide drill targets for tin mineralisation.

Metallurgical Update

Testing of the tin float circuit for Severn mineralisation using a de-slimes gravity tail provided excellent results. Laboratory scale testing of the entire Severn processing circuit is now complete with above bench-mark outcomes for grade and recovery. Work will now focus on applying the results achieved for Severn to central Queen Hill using diamond core samples from recently completed drill holes ZQ125 and ZQ125W.

Environmental Update

Baseline water sampling points were expanded during the quarter to include the preferred tailings dam site.

Preliminary Feasibility Study Update

Geotechnical modelling of the resource is well advanced ahead of hand over to the mine scheduling and costing team. Optimisation of portal and plant sites following field checking resulted in a redesign of the plant layout and associated infrastructure. Preliminary costing of the major capital items is also progressing according to schedule.



EXPLORATION

Tin

EL46/2003 Heemskirk (TAS) (Stellar 100%)

The St Dizier tin deposit is the priority target on this licence. The next round of field work will commence once three dimensional modelling of historical drilling results is complete. This is likely to be in the September quarter.

EL 1/2004 Ramsay (TAS) (Stellar 100%)

Assay results from a soil sampling program completed early in the quarter identified a 400 metre zone of anomalous tin mineralisation along the northern edge of the tin bearing Meredith Granite. Follow-up soil sampling is planned in December quarter.

Copper/Gold

EL 40/2010 Heazlewood Hill (TAS) (Stellar 100%)

Diamond drill hole SJ-01 was drilled to a total depth of 291 metres during the quarter. The geological target was Cyprus-style copper mineralisation in Cambrian volcanics. The target was supported by a zone of high copper and gold in soil and coincident high electromagnetic conductivity.

A highly altered Cambrian Volcanic was intersected over 181 metres from 69 to 250 metres down hole. Alteration was characterised by a pervasive hematite-epidote phase with sporadic Cyprus-style jasper alteration (intense hematite – silica) over intervals of 10 centimetres to 1 metre. Trace chalcopyrite and pyrite occur within the jasper alteration with the most mineralised zone returning an assay of 0.82% copper over 23 centimetres.

Below the volcanic unit the drill hole intersected 41 metres of un-mineralised and non-magnetic fine grained serpentinite. It is possible that the serpentinite, which is not evident at the surface, is responsible for the high electromagnetic conductivity.

Down hole electromagnetic surveying is planned to determine whether there are any off-hole conductors in the volcanic unit and to test whether the serpentinite is the source of the high electromagnetic conductivity identified in the aerial survey.

AngloGold Ashanti Joint Venture (SA)

AngloGold Ashanti Australia Limited (AGAA) completed its assessment of drilling results on the Coronation Bore licences (ELs 5125 and 5126) during the quarter.

Having completed the minimum expenditure under the joint venture agreement, AGAA determined that the results were not sufficiently encouraging to move to the next level of expenditure. Accordingly, AGAA has withdrawn from the joint venture.



EL36/2003 Whyte River (TAS)

Stellar withdrew from the Whyte River joint venture with Bass Metals Limited during the quarter. Funding commitments elsewhere, downgrading of exploration targets following reconnaissance sampling and the mature age of the licence contributed to the decision to withdraw.

Uranium

EL 4242 Midgee (SA) (Stellar 100%)

Joint Venture partner UraniumSA Limited can earn a 73% interest in 40% of the tenement by identifying a JORC resource.

Exploration was again delayed in the March quarter due to unresolved land access issues. UraniumSA is continuing to work towards resolution of these issues but is not in a position to predict when a settlement will be achieved.

EL 3978 Cowell (SA) (Stellar 100%)

Renaissance Uranium Limited has the right to earn a 75% interest in the tenement by sole funding exploration.

There was no activity on the licence during the quarter.

Nickel

EL49/2004 Rayne (TAS) (Stellar 100%)

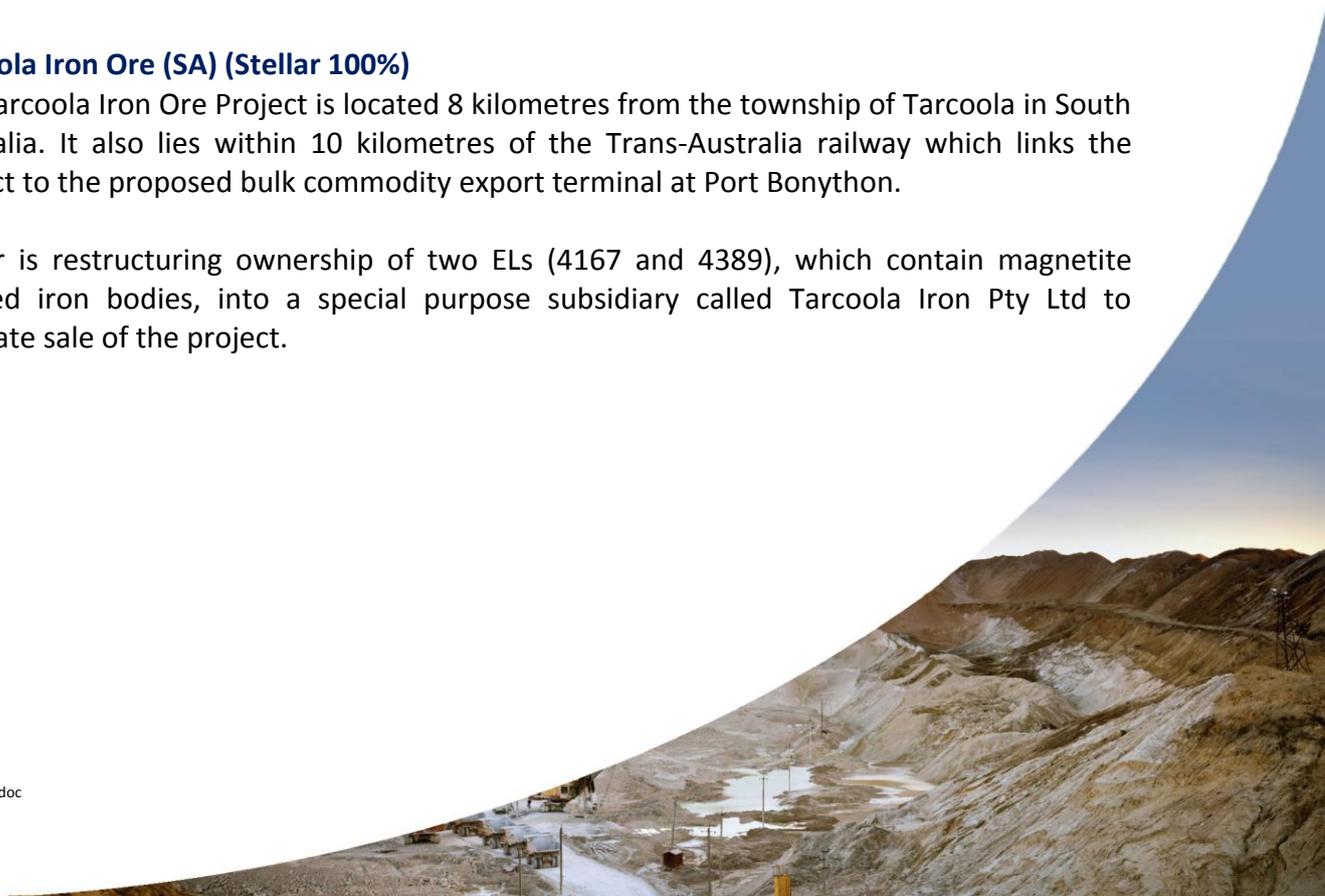
Plans were progressed for down-hole geophysical surveying of diamond drill hole RYN001. The next opportunity to complete the survey is likely to be in the December quarter.

Iron Ore

Tarcoola Iron Ore (SA) (Stellar 100%)

The Tarcoola Iron Ore Project is located 8 kilometres from the township of Tarcoola in South Australia. It also lies within 10 kilometres of the Trans-Australia railway which links the project to the proposed bulk commodity export terminal at Port Bonython.

Stellar is restructuring ownership of two ELs (4167 and 4389), which contain magnetite banded iron bodies, into a special purpose subsidiary called Tarcoola Iron Pty Ltd to facilitate sale of the project.



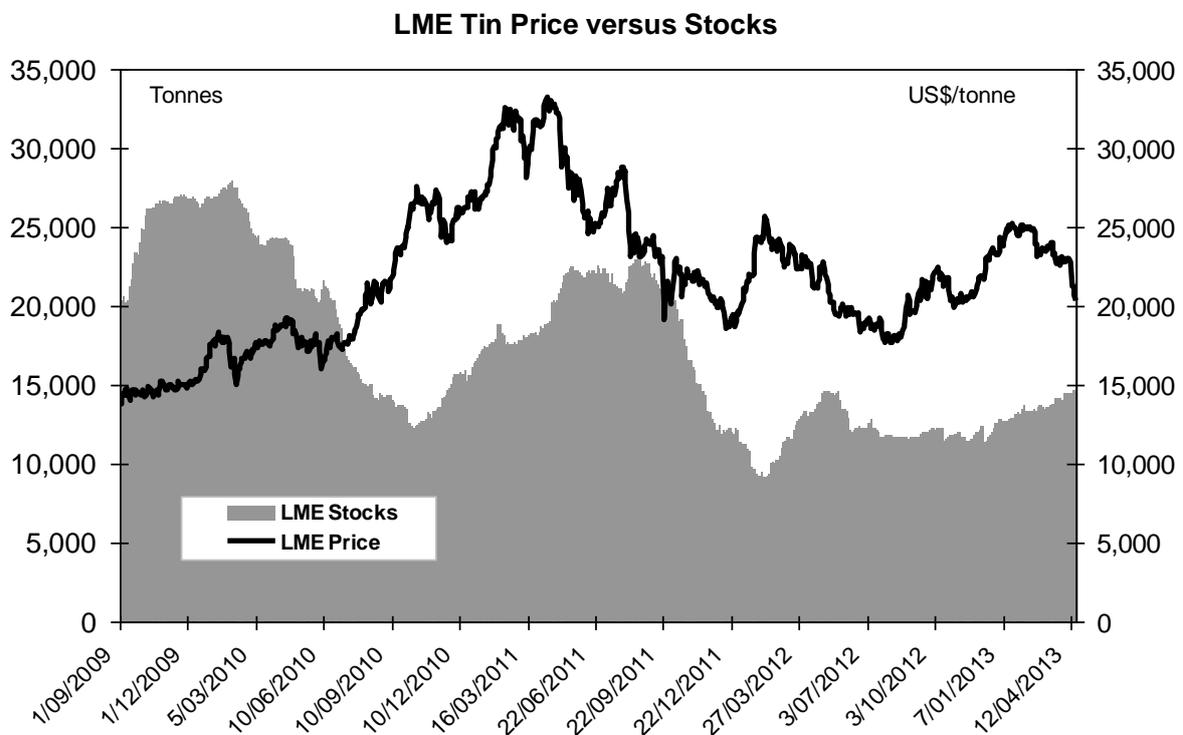
CORPORATE

At 31 March 2013, Stellar held cash and term deposits of \$2.6 million.

Gippsland Limited has reduced its shareholding in Stellar Resources from 19.5% to 18.5%.

TIN MARKET

The LME tin price has retraced some of the gains achieved in the previous quarter following the gold-led sell-off of all metals in recent weeks and is currently trading at US\$20,775/t. The lower price also reflects a modest 7% increase in LME stocks to 14,085 tonnes, in part explained by a downward revision to global economic growth estimates.



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.

For further details please contact:

Peter Blight

CEO

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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, 1/6/2010.

Name of entity

STELLAR RESOURCES LIMITED

ABN

96 108 758 961

Quarter ended ("current quarter")

31 March 2013

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	(861)	(2,890)
(b) development	-	-
(c) production	-	-
(d) administration	(68)	(240)
(e) goods & services tax	120	200
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	138
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R & D concessional tax refund	-	222
Net Operating Cash Flows	(787)	(2,570)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(3)
1.9 Proceeds from sale/deposit of: (a) prospects	-	350
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other: payment for security deposit on prospects	-	(15)
Net investing cash flows	(2)	332
1.13 Total operating and investing cash flows (carried forward)	(789)	(2,238)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(789)	(2,238)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	–	–
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Other: Payment for share issue costs	–	–
	Net financing cash flows	–	–
	Net increase (decrease) in cash held	(789)	(2,238)
1.20	Cash at beginning of quarter/year to date	3,430	4,879
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	Cash at end of quarter	2,641	2,641

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	59
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 and remuneration \$41k; rent/office support, Melbourne, paid to Mineral Deposits Limited \$18k

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	1,066
4.2 Development	–
4.3 Production	–
4.4 Administration	271
Total	1,337

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	101	340
5.2 Deposits at call	2,540	3,090
5.3 Bank overdraft	–	–
5.4 Other	–	–
Total: cash at end of quarter (item 1.22)	2,641	3,430

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	223,447,547	223,447,547		
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 Directors Exec & Employees	3,000,000 3,125,000	Nil Nil	Exercise Price 20 cents 20 cents	Expiry Date SRZAK 30/11/2013 SRZAI 26/11/2013
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 Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2013
(Company Secretary)

Print name: Christina Kemp

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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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	EL4167	See Note 1	See Note 1	
		EL4707	Exploration Licence Carnding, SA sold to Renaissance Uranium Limited. Transfer pending ministerial approval	100%	Nil
		EL4389	Exploration Licence Hicks Hill, SA. Area reduced from 41km ² to 30km ² .	100%	100%
		EL1/2004	Exploration Licence Ramsay River, TAS. Area reduced from 71km ² to 41.5km ² .	100%	100%
6.2	Interests in mining tenements acquired or increased				

Note 1 Perseverence Gold area sold to Tunkillia Gold Pty Ltd. Excision from EL4167 approval granted.