

30 January 2013

### Heemskirk Tin – Strong Drilling Results for Severn

- ZS123 confirms continuity of tin mineralisation in three high-grade intersections within the centre of the Severn deposit.
- Best intersections:
  - 6 metres @ 1.05% tin from 288 metres (Upper Zone)
  - 10 metres @ 1.02% tin from 299 metres (Main Zone)
  - 2 metres @ 2.13% from 322 metres
- Tin occurs as cassiterite with visible tin in the lower intersection.
- Historical drill holes on the same section (3700N):
  - G72 – 9 metres @ 1.8% tin 50 metres up-dip from ZS123
  - G81 – 14 metres @ 1.0% tin 100 metres down-dip from ZS123
  - 4 metres @ 0.5% tin in the Upper Zone
- 8 diamond drill holes on 70 metre spacing with intercepts of 10 metre percent tin or higher define the central Main Zone.
- Good geological correlation between drill holes in the Main Zone.
- ZS124 is in progress at Severn.

Commenting on the result, CEO Peter Blight said “this is an excellent result for the Severn deposit showing continuity of good tin grade and thickness in an area poorly defined by previous drilling. It also increases confidence in the consistency of the geological model, an important factor in achieving our objective of increasing the resource.”

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*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.*

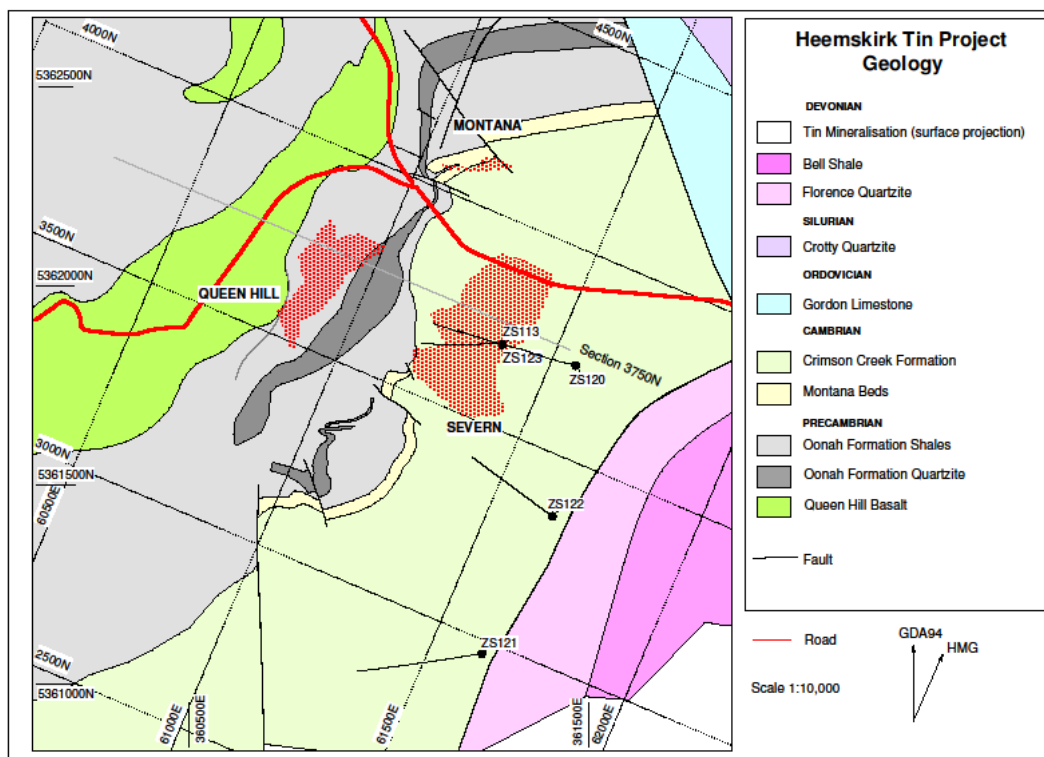
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## Drilling Location

ZS123 was collared as shown in Figure 1 and drilled at an angle of 75 degrees towards 288 degrees. The objective of the hole was to test Severn mineralisation on section 3700N, in an area of low drilling density.



**Figure 1: Simplified Geological Plan, Heemskirk Tin Project**

## Significant Assay Results

ZS123 intersected pyrite/pyrrhotite stock-work in Montana Beds shale and carbonate-rich volcanoclastic sediments from 288 metres to 375 metres. High grade tin mineralisation occurred in an upper zone at the top of the stock-work with 288 to 289 metres averaging 4.67% tin. However, a cavity from 289 metres to 290.7 metres followed by a 1.1 metre intersection averaging 1.6% tin from 290.7 metres suggests that the average grade could be much higher than the 1.05% tin shown in Table 1. The intervals of missing core were assigned a zero value in the calculation of the 1.05% average tin grade.

**Table 1: Significant Assay Results ZS123 Severn**

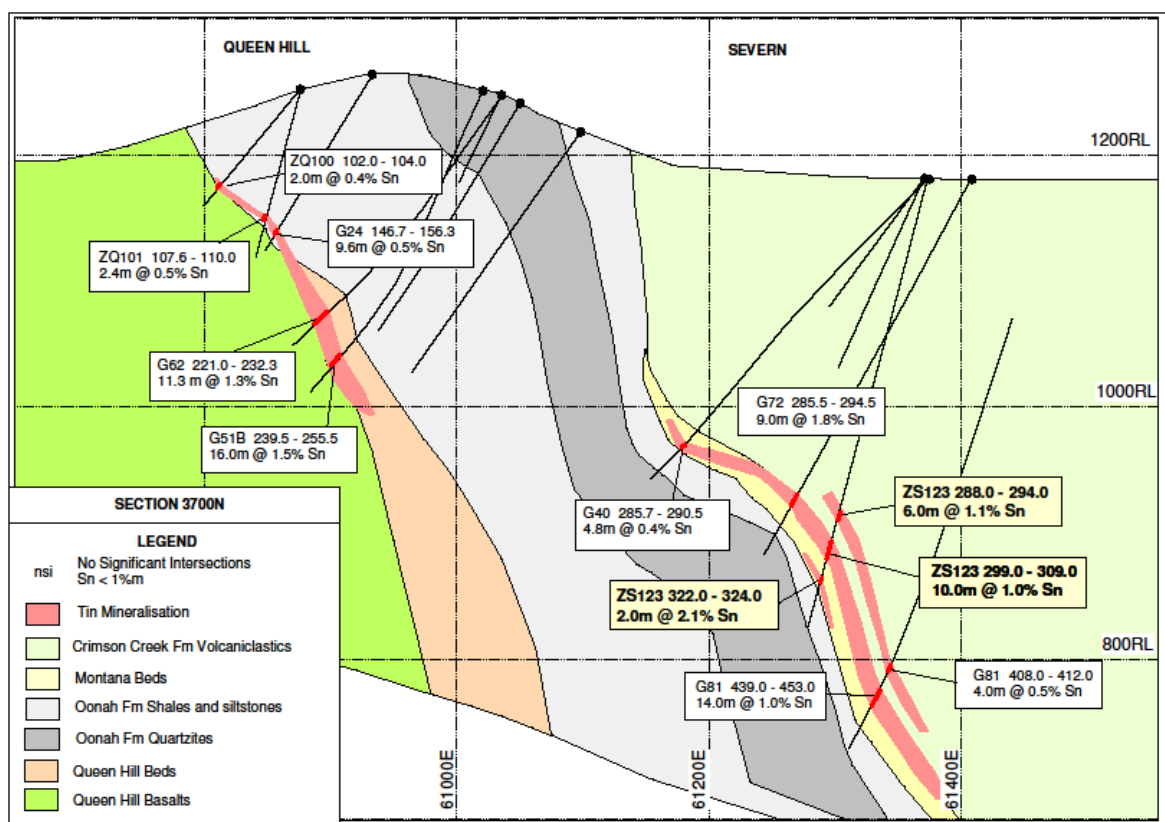
Hole No	From	To	Interval	Tin	Sol Tin
Severn	m	m	m	%	%
ZS123	288.0	293.7	5.7	1.05	0.01
	299.0	309.0	10	1.02	0.01
	322.0	324.0	2	2.13	0.01

The main zone averaged 1.02% tin over 10 metres from 299 metres with a high grade assay of 4.81% tin from 299 to 300 metres.

A third intersection of 2.13% tin over two metres from 322 metres was also recorded.

### Geological Interpretation

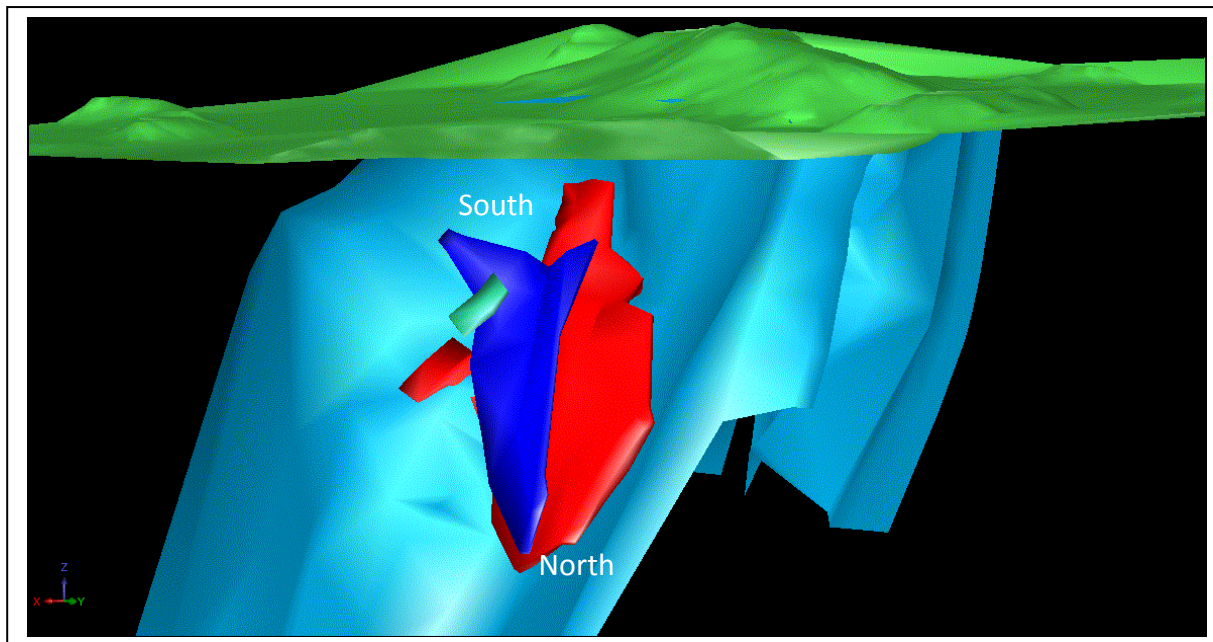
The tin mineralised pyrite/pyrrhotite stock-work shows a consistent position in Montana Beds sediments overlying footwall Oonah Formation shales and quartzite (see Figure 2). ZS123 shows steepening of the mineralised sediments below G72 (9 metres @ 1.8% tin) and an intersection of the main zone 100 metres down dip in historic drill hole G81 (14 metres at 1.0% tin). The upper zone in ZS123 (6 metres @ 1.1% tin) is also present in G81 (4 metres @ 0.5%).



**Figure 2: Severn Schematic Long-Section Showing Multiple Tin Zones**

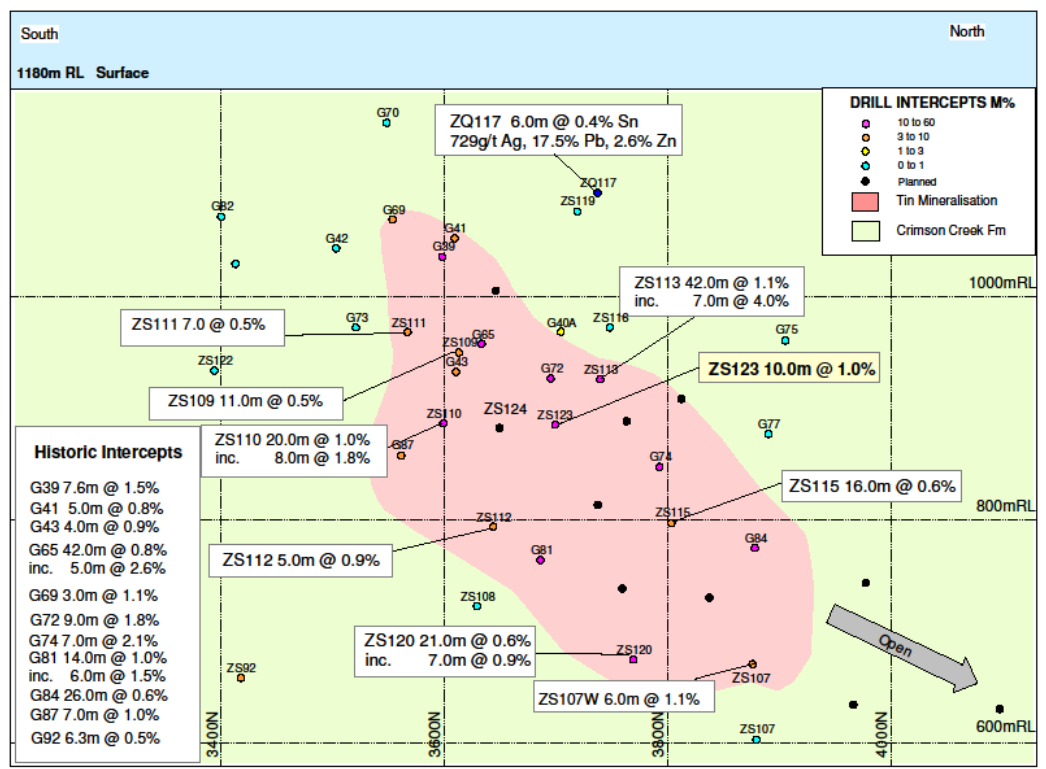
The two continuous zones of tin mineralisation at Severn shown in section 3700N (Figure 3) are more clearly demonstrated in three dimensions in Figure 3 with the Upper Zone shown in blue and the Main Zone in red.





**Figure 3: 3D Model of Severn Showing Two Zones of Tin Mineralisation**

The Severn schematic long section (see Figure 4) shows that there are now 19 diamond drill holes (9 of which are historic) defining the deposit shape. Ten of the drill holes have intersections in excess of 10 metre percent while the other 9 intersections exceed 3 metre percent. ZS123 lies near the centre of the 10 metre percent zone which is being targeted for closer spaced drilling in order to upgrade the resource category (from inferred to indicated) and the tonnage for this section of the deposit.



**Figure 4: Severn Schematic Long Section – Main Tin Zone**

## **South Severn Target**

ZS122 was drilled 100 metres to the south of Severn to test a magnetic target up dip from historic drill hole ZS92. While the drill hole intersected Crimson Creek Formation and Montana Beds sediments, there was only minor development of pyrite stock-work and trace tin mineralisation (best assay was 0.58% tin over 1.0 metre from 363 metres). Stellar plans geological and structural mapping of the sedimentary Montana Beds to the south in order to locate similar structural targets to that at Severn. Constrained inversion of the downhole magnetic susceptibility results from ZS121 and ZS122 is being undertaken to ensure that the original magnetic targets were adequately tested.

## **Drilling Outlook**

ZS124 is designed to intersect the Severn deposit on the same RL as ZS123 but 50 metres to the south on section 3650N. The objective of this hole is to reduce the drill spacing to 50 metres between ZS123 and ZS110.

Another 9 drill targets are identified on Figure 4 for prioritisation in the forward program.



### Appendix 1: Drill Hole Coordinates

Hole No	Northing Collar	Easting Collar	Relative Level m	Collar Dip/Azimuth	Depth m	Recovery %
ZS123	5361851	361284	181	75/288	393	95
Located on section 3700N						

### Appendix 2: Assay Data

Hole No	From m	To m	Interval m	Tin %	Sol Tin ppm
<b>ZS123</b>	288	289	1	4.67	400
	289	290.7	1.7	cavity	
	290.7	291.8	1.1	1.60	340
	291.8	293.7	1.9	core loss	
	293.7	294	0.3	0.01	<50
	294	295	1	0.21	<50
	299	300	1	4.81	<50
	300	301	1	0.41	<50
	301	302	1	0.02	<50
	302	303	1	0.14	<50
	303	304	1	0.05	<50
	304	305	1	1.32	<50
	305	306	1	0.91	<50
	306	307	1	0.02	<50
	307	308	1	0.66	<50
	308	309	1	1.86	<50
	322	323	1	1.18	<50
	323	324	1	3.08	60

### 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
<b>Total</b>	<b>1,600</b>	<b>1.2</b>	<b>19</b>	<b>2,760</b>	<b>1.0</b>	<b>29</b>	<b>4,360</b>	<b>1.1</b>	<b>48</b>

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 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.

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