



# Heemskirk Tin Project - Tasmania

MD: Peter Blight

Noosa Mining Conference

July 2014

ASX: SRZ

[www.stellarresources.com.au](http://www.stellarresources.com.au)

# Agenda

- ❑ Company Overview
- ❑ Tin Market Update
- ❑ Project Review
- ❑ Exploration Potential
- ❑ Targets for 2014

# Stellar is well funded

ASX Code	SRZ (listed April 2005)
Shares on Issue	300.2M
Options on Issue	25.0M
Share Price	4.4c (12 month range: 4-8c)
Market Capitalisation	\$13M
Cash	\$5.0M (31 Mar 2014)
Debt	\$0.0M

## Ownership Structure

Top 20	70.2%
Capetown SA	20.8%
Bunnenberg Family	14.9%
Resource Capital Fund	12.0%
Directors + Management	4.2%

# Strong board and management

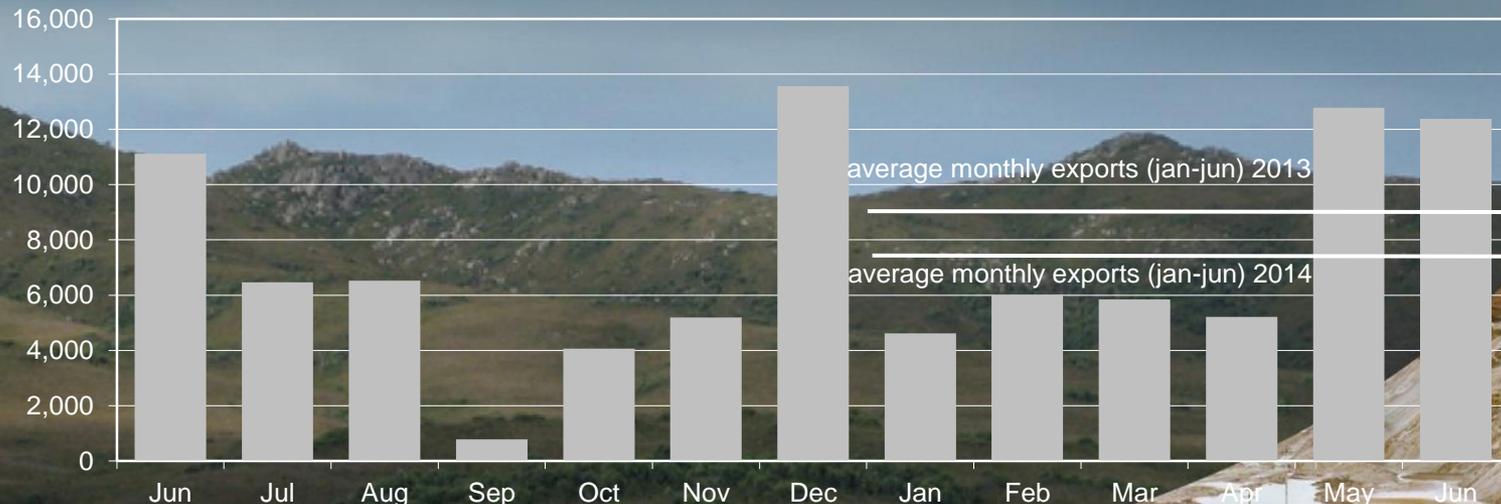
- ❑ **Phil Harman** (Non-Executive Chairman) geophysicist with 30 years experience in BHP Billiton minerals exploration. Past and present Director of several ASX listed companies.
- ❑ **Peter Blight** (Managing Director) geologist and mining analyst with 31 years experience in the exploration, mining and finance sectors. Previously worked for UBS, UC Rusal and Rio Tinto.
- ❑ **Thomas Whiting** (Non-executive Director) geophysicist and former manager of BHP Billiton exploration. Chairman of Deep Exploration Technologies Cooperative Research Centre.
- ❑ **Miguel Lopez de Letona** (Non-executive Director) is a former management consultant. He is based in Belgium and advises on investment in the mining and oil and gas sectors.
- ❑ **Dr Markus Elsasser** (Non-executive Director) financier and investor in the mineral resource sector based in Germany. Financial adviser to a number of European based investors.
- ❑ **Christina Kemp** (Company Secretary) over 20 years experience as an accountant and senior financial manager for companies in the resources, manufacturing, retail, travel and utility industries.

# Indonesia creates short-term tin price uncertainty

- Indonesian exports down 15% yoy
- High exports in May and June confusing the market
- Unreported stocks drawn into the market increasing LME stocks
- Underlying production rates should see LME stock decline resume later in 2014



**Indonesian Monthly Refined Tin Exports  
(tonnes, Jun'13 to Jun'14)**

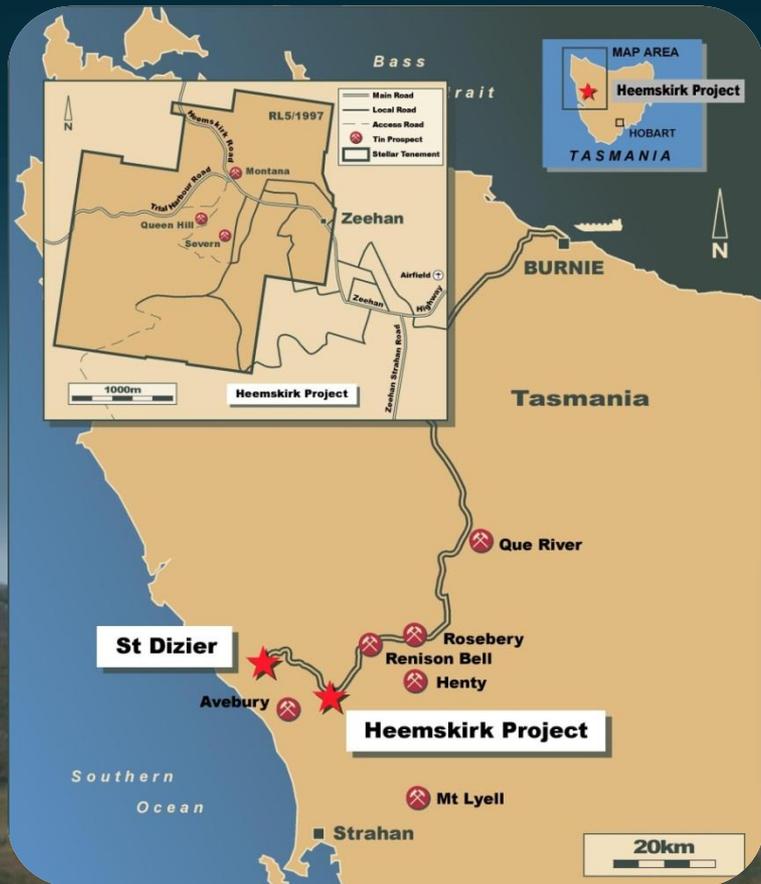


# Long-term market trends = high tin prices



- ❑ Demand growth emerging from a low base
- ❑ Exciting outlook for new uses
- ❑ Indonesian production reforms restraining supply
- ❑ Strategic supply of tin back on the radar
- ❑ New production delayed by weak equity markets
- ❑ ITRI forecasting market deficits
- ❑ Price forecasts for 2015 of US\$26,700/t from BNP and US\$25,000/t from ITRI

# Stellar's well located tin assets



- ✓ Tin assets 100% owned
- ✓ High grade Heemskirk + St Dizier
- ✓ Renison-style deposit well known
- ✓ Exploration potential high
- ✓ Significant mining district
- ✓ Infrastructure on door step
- ✓ Low political risk
- ✓ Low environmental risk

# Project History

- ❑ 1960s - Gippsland Ltd explored the outcropping Queen Hill tin deposit.
- ❑ 1970s – Aberfoyle Ltd earned a 60% interest.
- ❑ 1980s – Aberfoyle Ltd discovered Severn and Montana deposits.
- ❑ 1986 – Project suspended following the tin price collapse.
- ❑ 2008 – Stellar acquired 60% from Western Metals Ltd.
- ❑ 2012 – Stellar acquired remaining 40% from Gippsland Ltd.
- ❑ 2013 – PFS completed

# Excellent progress to date

- Maximised tin price leverage by moving to 100% ownership
- Increased resource by 49% to 71,500t contained tin - worth \$1.6bn
- Demonstrated presence of high grade tin – best result: 7m@4% tin
- Demonstrated recovery of 70% through bench scale met testing
- Established environmental baseline
- Completed a positive preliminary feasibility study
- Outcomes achieved on \$12 million of project spending to date

# High-grade Heemskirk resource



- 49% increase in contained tin to 71,500 tonnes (from 48,000 tonnes)
- Resource risk reduced through greater geological consistency

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
<b>Total</b>		<b>6.28</b>	<b>1.14</b>	<b>71,500</b>
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
<b>Total</b>		<b>6.28</b>	<b>1.14</b>	<b>71,500</b>

0.6% tin block cut-off grade

Tonnes rounded to reflect uncertainty of estimate

Estimates prepared by Resource and Exploration Geology

# St Dizier – adds low cost resource



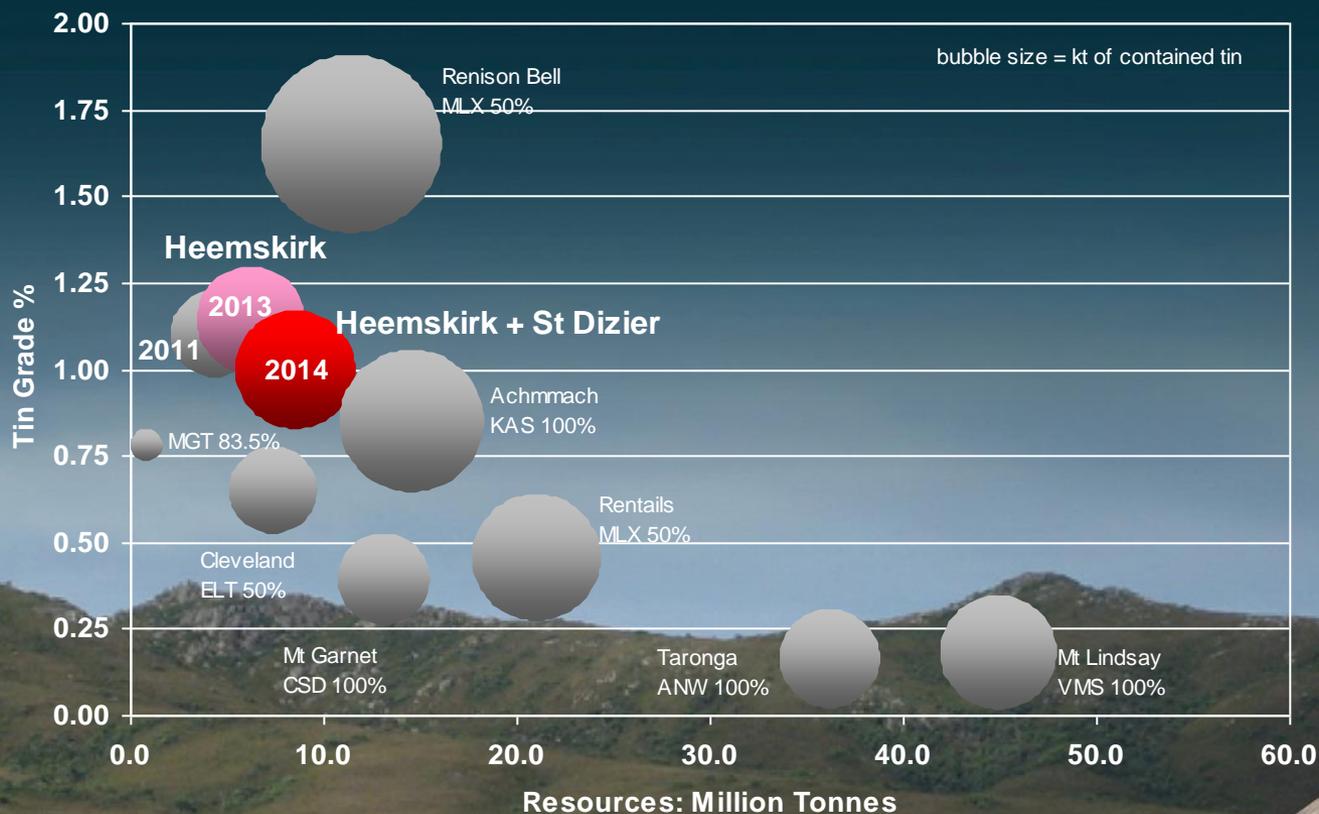
- Add-on resource for the Heemskirk Project
- Open pittable Indicated Resource
- Potential iron by-product credit

Classification	Millions Tonnes	Sn%	Sol Sn%	WO3 %	Fe %	S%
Indicated	1.20	0.69	0.09	0.04	23.70	2.64
Inferred	1.06	0.52	0.22	0.05	22.22	1.81
<b>Total Resource</b>	<b>2.26</b>	<b>0.61</b>	<b>0.15</b>	<b>0.04</b>	<b>23.00</b>	<b>2.25</b>

1. block cut-off grade of 0.3% Sn
2. tonnes rounded to reflect uncertainty of estimate
3. estimate prepared by Resource and Exploration Geology

# Heemskirk + St Dizier = 85kt tin

Heemskirk: highest grade undeveloped ASX listed tin resource



# PFS defines baseline for project



Description	Units	Value
Mining inventory	Mt	3.95
Mined ore tin grade	% tin	1.06
Average Mill Throughput	Mtpa	0.6
Initial mine life	Years	6.75
Tin recovery	%	70
Average concentrate grade	%	48
Average tin in concentrate production	tpa	4,327
Mine gate costs	US\$/t tin in concentrate	14,389
Pre-production capital expenditure	US\$M	114

Mining inventory includes indicated and inferred Mineral Resources that have had mining dilution, recovery and economic factors applied to mine design, creating an inventory of potential stope and development tonnes.

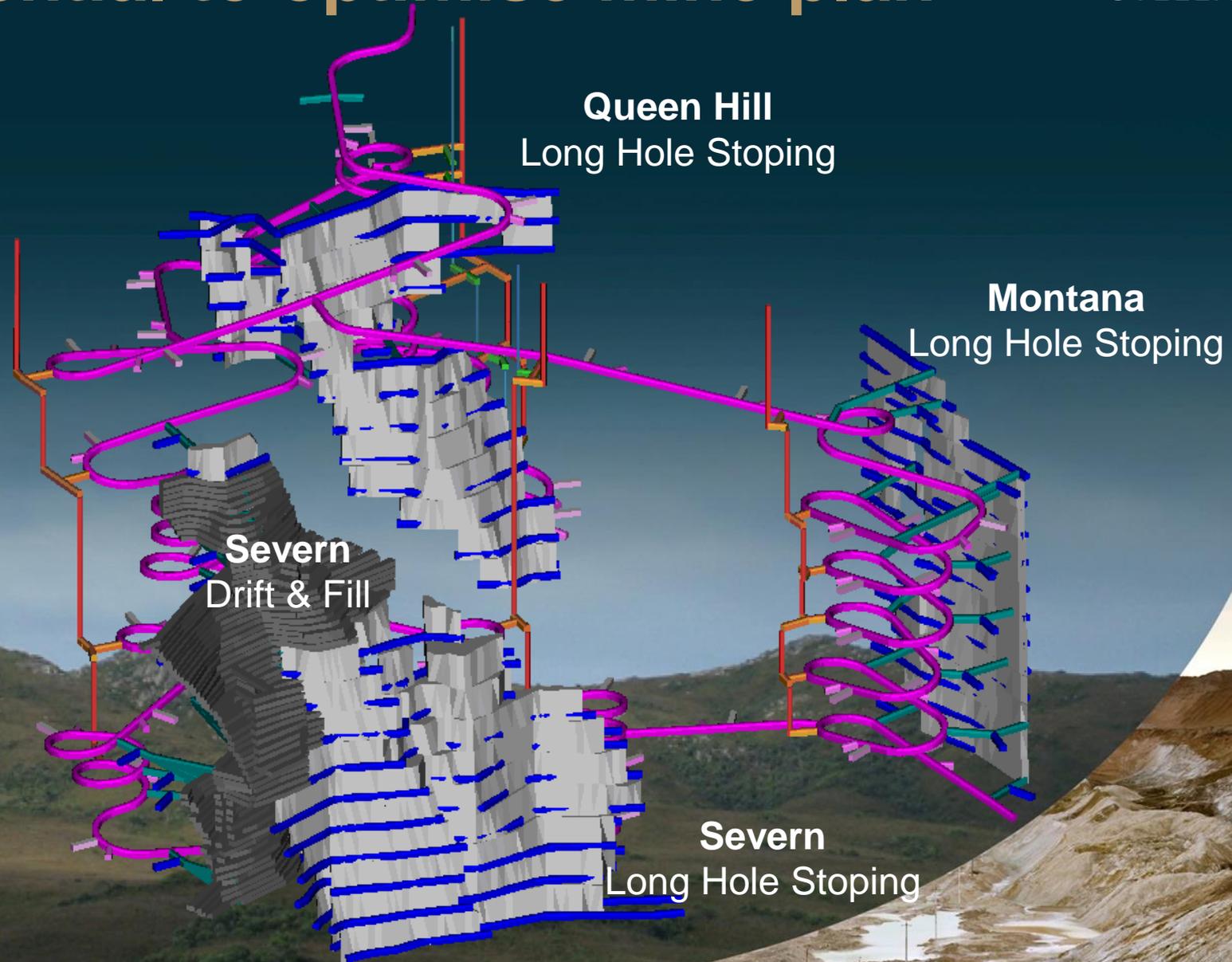
# Focus on enhancing economics



Description	Economic Outputs		
Tin price scenarios	-10%	Base Case	+10%
LME tin price US\$/t	22,950	25,500	28,050
NPV <sub>8%</sub> A\$M	11	61	103
IRR %	10	19	26
Payback years	4.7	3.7	3.1
Operating margin A\$/t ore treated	51	70	86
Total cash surplus A\$M	77	152	215

Base case LME tin price is the median of nine analyst estimates for 2016 and beyond. It is also the marginal cost of tin production according to International Tin Research Institute cost curve analysis.

# Potential to optimise mine plan



**Queen Hill**  
Long Hole Stopping

**Montana**  
Long Hole Stopping

**Severn**  
Drift & Fill

**Severn**  
Long Hole Stopping

# Optimisation will add value

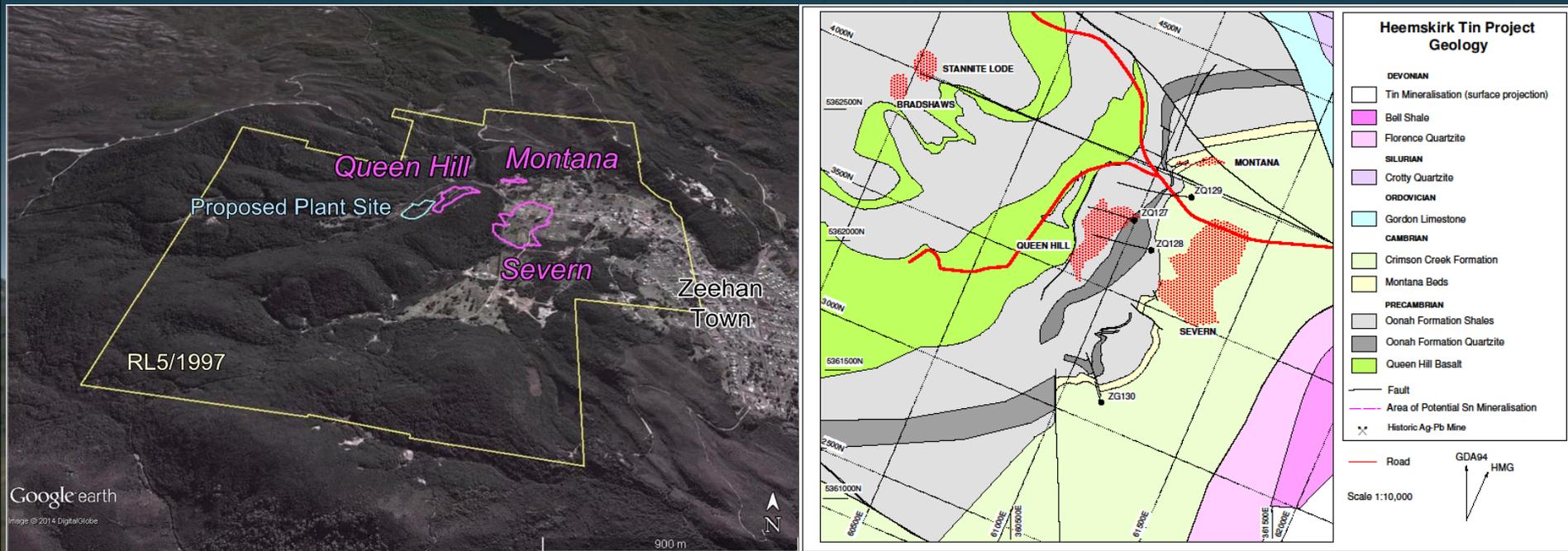
- Resource expansion:
  - ✓ Each additional year of life adds \$13 million or 22% to NPV
  - ✓ Deeper drilling at Queen Hill and Severn will add life
  - ✓ St Dizier could add 1 to 2 years to resource life
- Higher grade at Severn:
  - ✓ Increasing overall head grade by 1% adds \$4.4 million or 7% to NPV
- Improved metallurgical performance:
  - ✓ Increasing overall recovery by 1% adds \$4.9 million or 8% to NPV

# Excellent exploration potential

- Mineralisation emplaced along structures by explosive exhalations from a deep-seated tin granite
- Potential for additional deposits within large halo of low grade tin surrounding known tin deposits
- All deposits open at depth, poorly explored below 300 metres from surface and unexplored below 500 metres
- Source pluton at least 1000 metres below surface - forms part of a deep seated granite body extending to northeast below Rension Bell
- Historical mining of silver-lead-zinc veins extends for 2km in all directions from the Heemskirk deposits, mapping the full extent of the mineral field and the exploration opportunity for tin

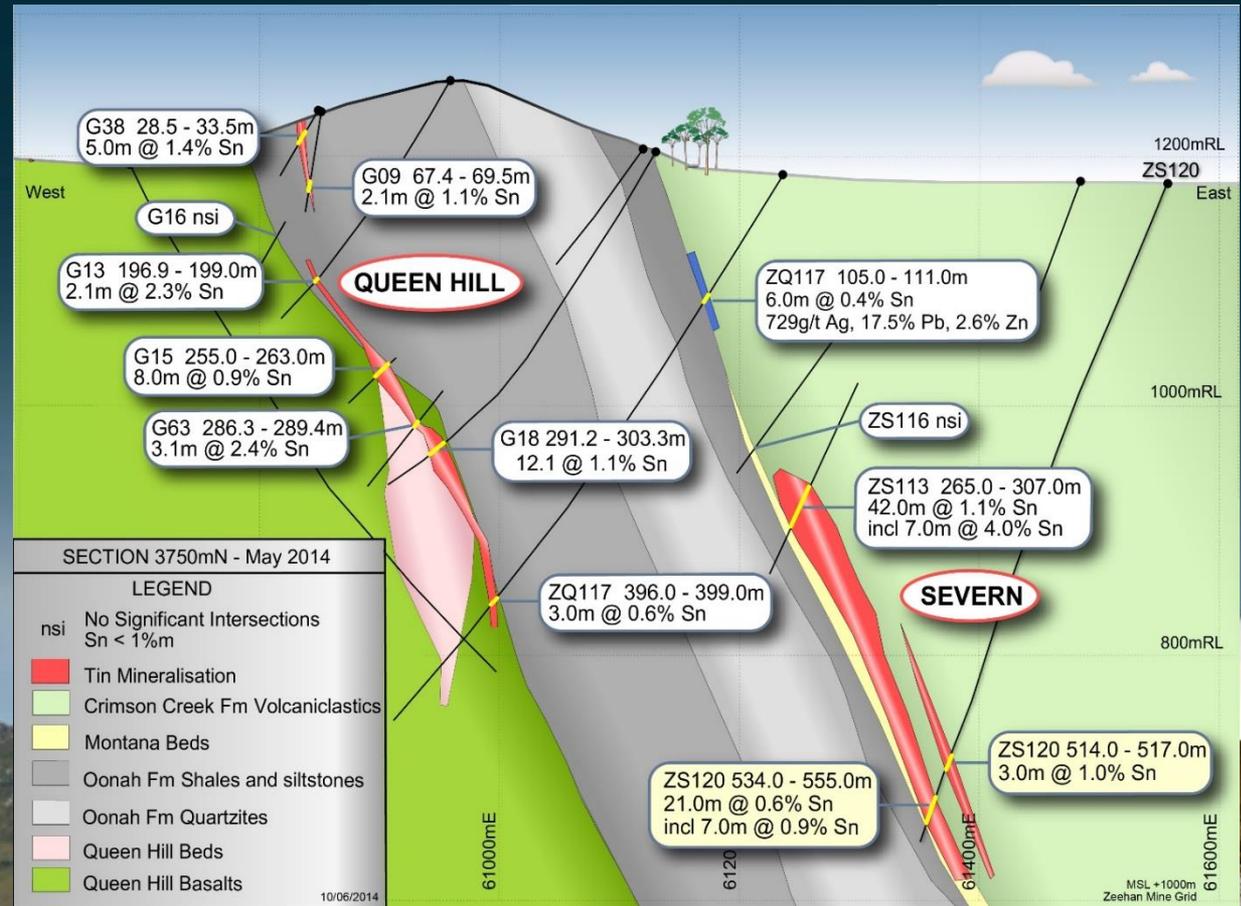
# Mineral zonation implies more tin

- Historical mining focused on silver-lead veins surrounding Queen Hill
- Queen Hill and Montana: silver-lead veining associated with tin
- Severn: low grade copper associated with tin



# Deposits open at depth

- ZQ117 and ZS120 show mineralisation is open at depth
- Thicker Queen Hill intersections where sediments faulted against black shales
- Carbonate – rich sediments at Severn increase potential for higher grade replacement mineralisation
- Very encouraged by higher grades and thicker intersections at top of Severn



# Potential for high grade hits



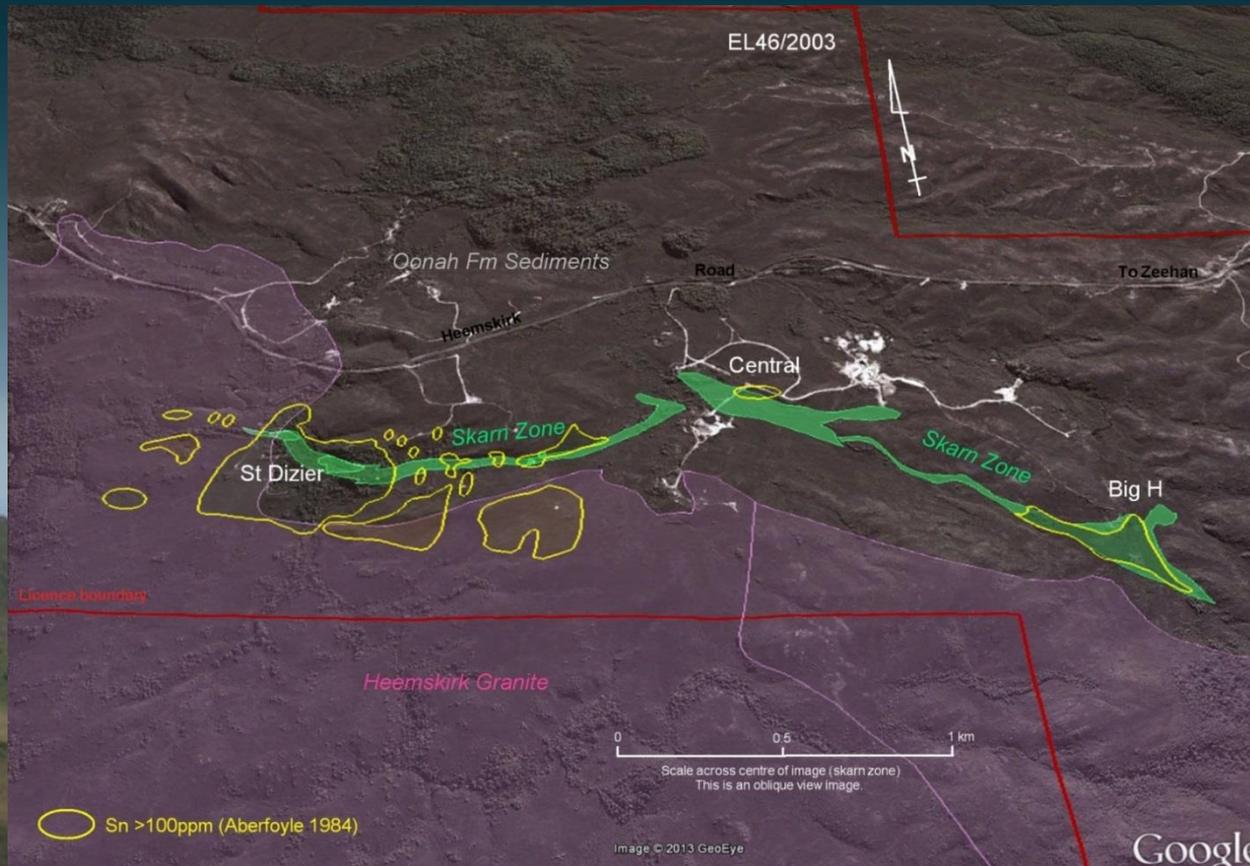
## Best Intersections:

- Queen Hill QH 125 - 32m @ 1.6% Sn
- Severn ZS113 – 7m @ 4.0% Sn
- Montana ZM67 – 8m @ 3.9% Sn



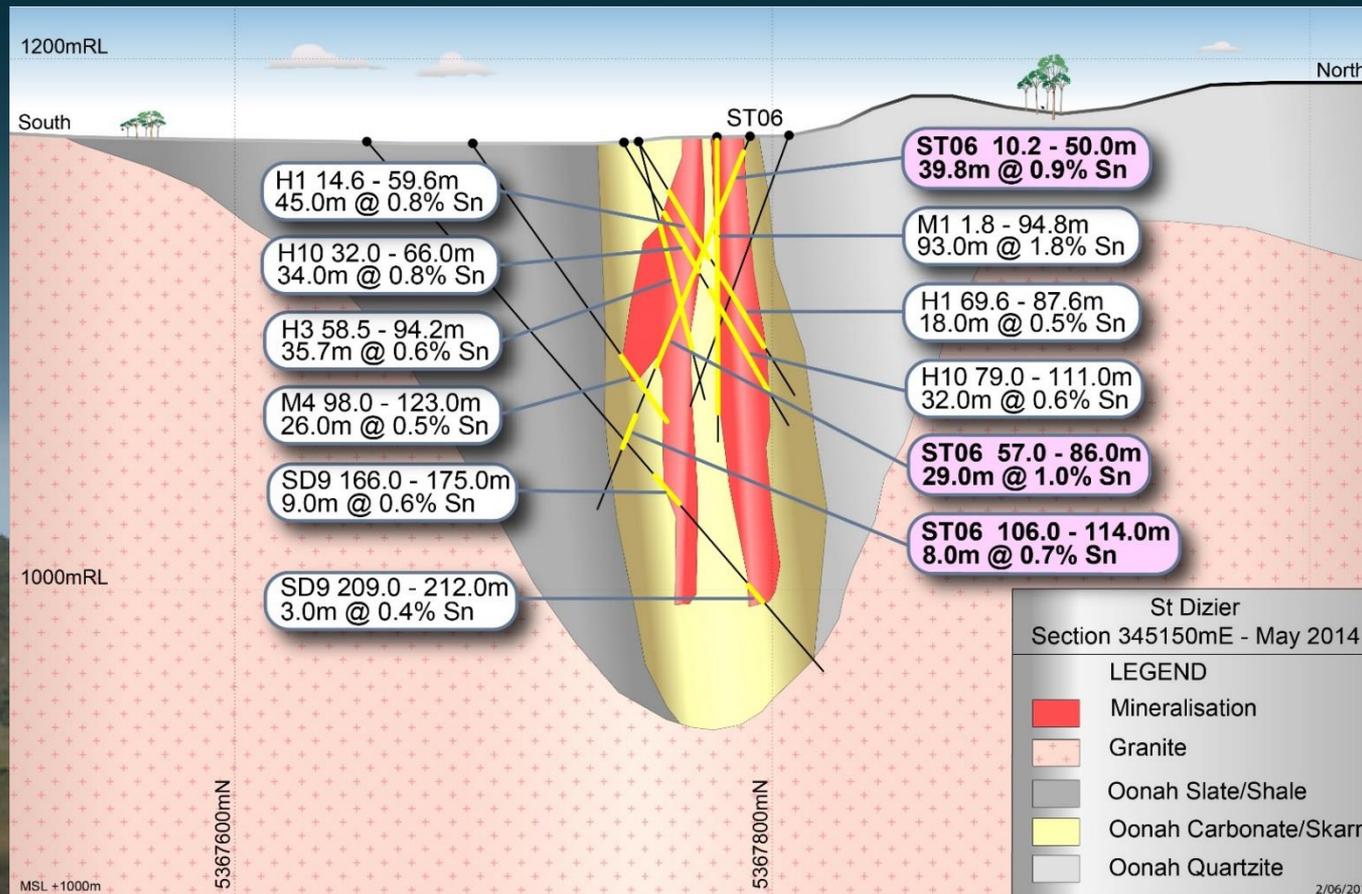
# St Dizier in close proximity

- 20 km from planned process plant via a sealed road
- Low development risk in an area previously mined for alluvial tin



# St Dizier – potential open pit

- Pipe-like tin-magnetite skarn in serpentinised carbonate
- Best grades within 70m of surface



# Targets for 2014

- ❑ Complete a scoping study on St Dizier
- ❑ Extend Queen Hill and Severn resources at depth
- ❑ Optimise metallurgical test results to improve recovery
- ❑ Lodge notice of intent - environmental permitting
- ❑ Upgrade preliminary feasibility study
- ❑ Commence in-fill drilling at Severn

# Disclaimer



## *Forward Looking Statement*

*This presentation was prepared by Stellar Resources Limited ( the “company”). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the company or as an offer or invitation with respect to those securities. It may contain a number of forward-looking statements. Known and unknown risks and uncertainties, and factors outside of Stellar’s control, may cause the actual results, performance and achievements of Stellar to differ materially from those expressed or implied in this presentation. To the maximum extent permitted by law and stock exchange listing rules, Stellar does not warrant the accuracy, currency or completeness of the information in this presentation, nor the future performance of Stellar, and will not be responsible for any loss or damage arising from the use of the information.*

## *Competent Persons Statement – Heemskirk and St Dizier Mineral Resources*

*The information in this report that relates to Heemskirk Tin Mineral Resources was last reported on 24<sup>th</sup> July 2013 in an ASX release titled “Pre-feasibility Study Advances Heemskirk Tin”. The information was prepared in accordance with the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ by Tim Callaghan of Resource and Exploration Geology. The information in this report that relates to the St Dizier Mineral Resource was announced on 12 March 2014 in an ASX release titled “Heemskirk Tin Project: New Open Pittable Resource at St Dizier”. The information 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. Tim Callaghan is a Member of The Australasian 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 in which it appears.*

## *Competent Persons Statement – Exploration*

*The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr R.K. Hazeldene who is a Member of the Australasian Institute of Mining and Metallurgy. 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Hazeldene consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.*

An aerial photograph of a small town nestled in a valley. The town features several buildings, including a prominent large wooden structure with a green roof. The surrounding landscape is lush with green trees and rolling hills. In the background, there are several mountain peaks under a clear blue sky with a few scattered clouds.

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