



ASX Release

12 May 2005

ASX Code: SRZ

ABN 96 108 758 961
Suite 713 Exchange Tower
530 Little Collins Street
Melbourne Victoria 3000
Australia

Telephone +61 3 9909 7618
Facsimile +61 3 9909 7621

www.stellarresources.com.au

Drilling commences in Tarcoola iron ore region

Stellar Resources is pleased to announce that a two-hole diamond-drilling program is in progress on a major magnetic feature located within the Tarcoola iron region.

The drilling is on the now renamed Coolybring anomaly, located within ten kilometres of the Tarcoola township, in central South Australia. Coolybring is the largest identified magnetic anomaly within the Tarcoola iron ore region.

Magnetic imaging from the regional aeromagnetic survey has identified a large, strong anomaly (see below).

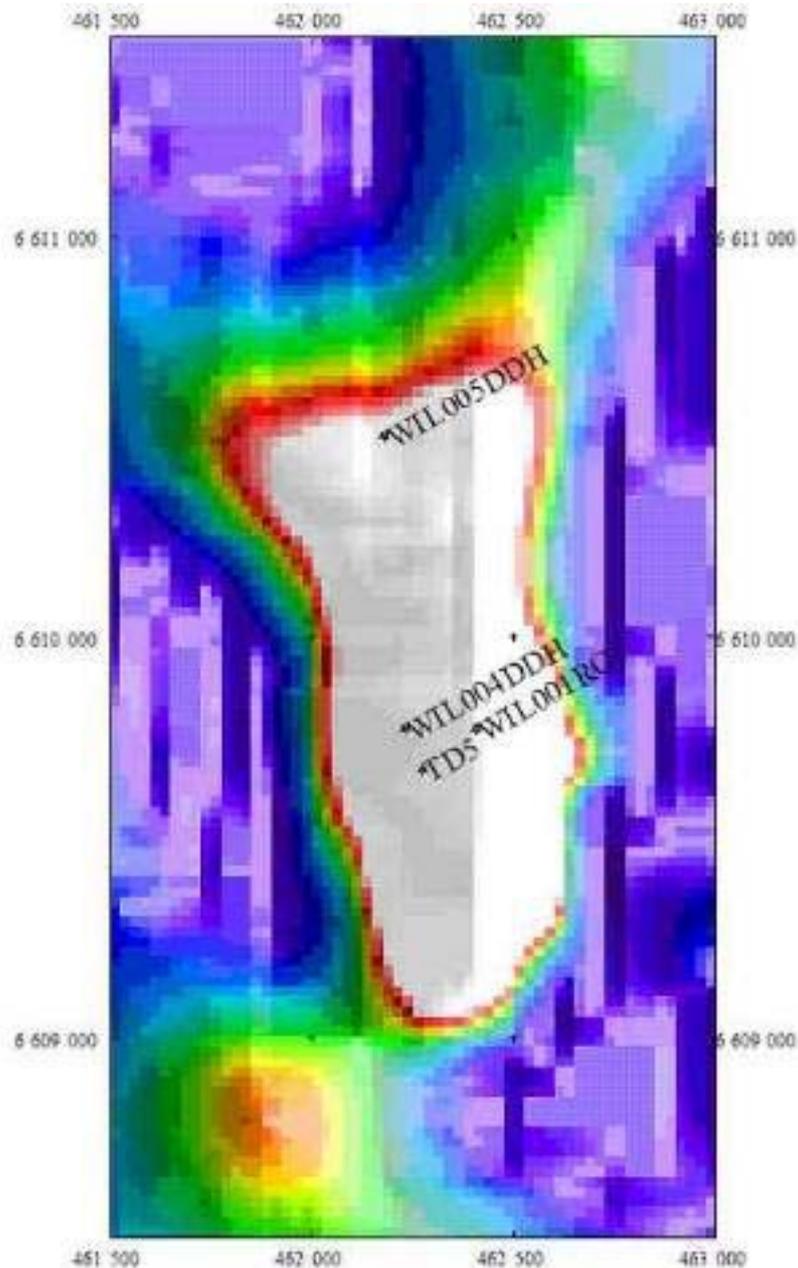
Two prior drill holes on this anomaly (TD5 and WIL001) both intersected magnetite rich jaspilite and breccia, under cover (of mostly clays and some shale). WIL001 intersected 57m @ 34.8% Fe from 77m to end of hole and terminated in magnetite mineralization.

The project area lies within ten kilometers of the Trans Australian standard gauge railway line, which allows for potential rail access to ports at Port Augusta and Whyalla.

Geological logging and magnetic susceptibility readings from the just completed drill hole WIL004 indicate that drilling has intersected over 110 metres of magnetite mineralization from a vertical depth of 108 metres to 224 metres (EOH). This length of mineralization, relative to the depth of cover, suggests that an economic stripping ratio could be achievable for a potential project.

The second diamond drill hole in this program – WIL005, has been collared some 800 metres north of WIL004. It has intersected similar magnetic material from 95metres depth and is presently coring ahead.

A further release will be made when WIL005 is completed and results are to hand.



Coolybring Magnetic Target Interpretation of Magnetite Distribution (Showing location of past and current drilling)

For further details please contact:

David Sasson

Investor Relations Manager

Tel: (03) 9909 7655

Mobile: 0411 468 966

E-mail: david.sasson@stellarresources.com.au

or visit our Website at: www.stellarresources.com.au

srzinfo@stellarresources.com.au