

Gawler Craton Uranium – New Joint Venture to Explore Kingoonya Palaeochannel, Tarcoola

Stellar Resources Limited (Stellar) advises that it has entered into a Joint Venture (JV) with **UraniumSA Ltd**, an unlisted public company, for uranium exploration on six of Stellar’s exploration licences in the Tarcoola region of the central Gawler Craton. The JV arrangements are subject to and conditional on UraniumSA completing a successful initial public offering (IPO) by the end of this year.

The JV with UraniumSA applies to Stellar’s exploration tenure over the Kingoonya Palaeochannel System in the Tarcoola region (Figure 1). The tenements covered by the JV are Exploration Licences 2898, 3089, 3205, 3253 and 3500 and the easternmost block of Exploration Licence 3369. UraniumSA has the sole right to explore for and develop uranium deposits within the JV tenements, other than certain current projects areas of Stellar which have been excluded from the JV and continue to be held by Stellar for its sole benefit. Under the terms of the JV, UraniumSA has a 70% equity and Stellar a 30% equity in a JORC compliant Mineral Resource of uranium, or mainly uranium, discovered by either party and Stellar is free carried by UraniumSA to the establishment of a JORC compliant Ore Reserve. Stellar will have a 70% equity and UraniumSA a 30% equity in a JORC compliant Mineral Resource which contains no uranium, or mainly minerals other than uranium, discovered by UraniumSA and UraniumSA is free carried by Stellar to the establishment of a JORC compliant Ore Reserve. Stellar retains an unencumbered 100% equity in gold and base metal mineralisation discovered by Stellar and will continue its exploration of the tenements for these commodities.

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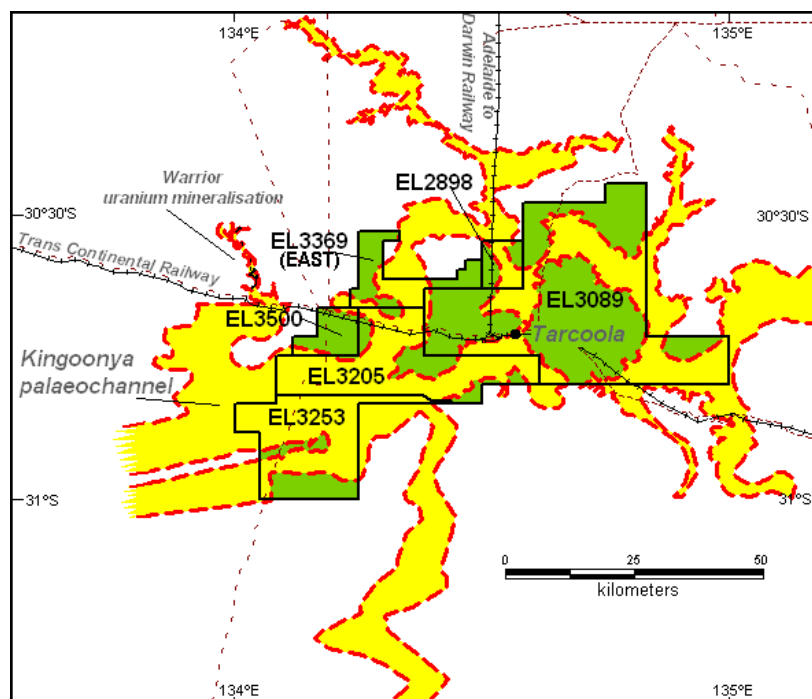


Figure 1 – Stellar’s Tarcoola Tenements and Kingoonya Palaeochannel

UraniumSA has also negotiated uranium exploration rights over extensive tracts of the eastern Kingoonya Palaeochannel held by ASX listed Marathon Resources Limited, and also has tenement applications in place for uranium exploration in the eastern Eyre Peninsula region (Figure 2). Through its retained joint venture interest in the Tarcoola licence areas, and through its anticipated share holding in UraniumSA (see further immediately below), Stellar will have exposure to uranium exploration over an extended portion of the Kingoonya Palaeochannel system and basement style uranium mineralisation within the southern Gawler Craton.

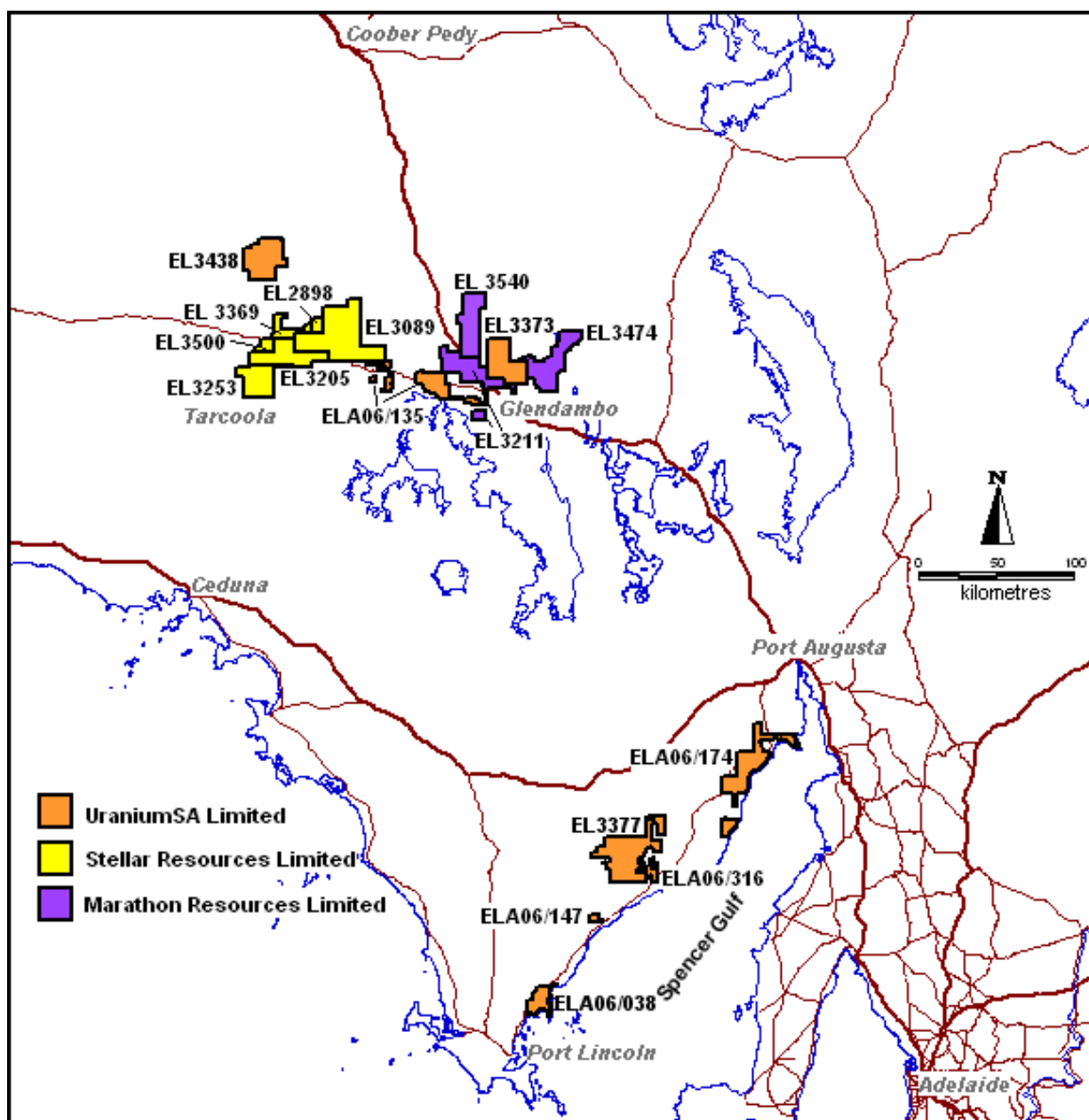


Figure 2 – UraniumSA’s Gawler Craton Tenement Package

Subject to satisfaction of all the conditions precedent, including ASX listing of UraniumSA before the end of this year, Stellar will receive an agreed number of UraniumSA shares at IPO.

A prospectus for the offer of UraniumSA shares will be made available when the shares are offered. Any person wishing to acquire shares in UraniumSA, including Stellar shareholders will need to complete the application form that will be in or will accompany the prospectus. It is expected that Stellar shareholders

will be given prior rights to apply. Details will be provided in the UraniumSA Prospectus when it has been finalised and becomes publicly available.

Subject to satisfaction of the conditions precedent to the JV, the benefits of the JV and collaboration with UraniumSA are:

- equity participation in a significantly enhanced coverage of the **Kingoonya Palaeochannel System** well in excess of Stellar's existing Tarcoola landholding.
- having a JV partner focussed on exploration of the **Kingoonya Palaeochannel System**.
- an opportunity for Stellar shareholders to participate in a uranium-focused company with a high-quality exploration property portfolio.

UraniumSA is a newly formed company whose mission is to become a long term participant in the Australian and International uranium industry. Focussed on the Gawler Craton Uranium Province, the company has collaborated with Stellar and Marathon to build a portfolio of high quality exploration tenure.

UraniumSA's board comprises **Mr Tom Phillips** (Chairman), formerly Chief Executive Officer of Mitsubishi Motors Australia Limited, **Mr Russel Bluck** (Executive Director), an exploration geologist with a broad range of geotechnical and corporate consulting experience that includes several years in uranium exploration and evaluation and **Ms Alice McCleary** (Director), Deputy Chancellor of the University of South Australia and a director of a number of companies.

UraniumSA is in the process of obtaining regulatory approvals for the transfer of tenements and registration of interests in tenements and authoring its prospectus. No date has been set for the completion of the prospectus nor the meeting of all regulatory requirements by the company.

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. C.G. Anderson (Fellow of the Australasian Institute of Mining and Metallurgy) who is a Director of the Company with more than twenty years experience in the field of activity being reported. Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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