

9 March 2007



Dear fellow Shareholders,

This year is shaping up as another very busy one for Stellar Resources, as we continue to drill promising targets on a number of our priority projects. Currently, we are drilling at the Goldfinger zinc project, near Broken Hill, NSW and have two rigs active in Tasmania at the Alpine copper project.

We are also preparing a number of other projects for drill testing, including in the “South Australian copper belt”, where we see potential for large new discoveries. Initial drill testing of IOCGU targets on the Cowell JV area is expected to be underway this month.

It is important to remember that our Company has a very significant interest in uranium exploration through our “free carried” position with our two JV partners.

### **Uranium, Warrior Project**

In 2005, Stellar’s focus on uranium was increased with the acquisition of the Warrior uranium project. We were especially pleased with this purchase as it complemented our existing uranium ground around Tarcoola, in South Australia – regarded as the uranium friendly state.

In mid 2006, we entered into a JV deal with Toro Energy to assist us, whilst reducing risk, in assessing this known uranium deposit. Toro has been busy collating data – including the EM data that we acquired – and is now preparing to commence drilling. This exploration program is especially beneficial to Stellar as Toro Energy needs to spend in excess of \$3m over 4 years to earn its 70% interest.

### **Uranium, Tarcoola Region**

Stellar’s participation in the creation of UraniumSA (“USA”) was also very advantageous for our Company and we are the largest USA shareholder (holding over 10m shares). Stellar shareholders who bought shares in the float have enjoyed excellent price appreciation. USA is soon to start its field exploration programs, including work on our joint venture properties.

The outlook for the energy sector – particularly uranium, continues to be excellent and we look forward to positive outcomes which can generate real value for our shareholders.

### **Goldfinger Zinc Project, Broken Hill district**

Goldfinger continues to represent a priority project for Stellar. Three drillholes have intersected highly anomalous zinc in the eastern gravity zone and, while ore grades have yet to be encountered, the Goldfinger “discovery” demonstrates the technical importance and value of the FALCON® airborne gravity system in generating high quality targets, far quicker than by conventional means.

In November 2006, a deep penetrating “MIMDAS” IP survey revealed a likely strong development of sulphides at the previously untested *western end* of the Goldfinger gravity target. Work to date has focused on a relatively small portion of the target near its *eastern* limit. The IP anomaly, coincident with the western part of the gravity target, now presents as a high priority for drilling, which is currently in progress.

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Past drilling, which was mostly to shallow depths, tested only a relatively short length of the overall system. The western portion of the Goldfinger gravity anomaly is virtually untested by deeper holes. The eastern portion also holds targets which require further assessment.

### **Copper-Gold (IOCG), South Australia**

In SA, Stellar holds ground in the highly prospective eastern Gawler Craton area in which the Olympic Dam, Prominent Hill and Carrapateena (“IOCGU”) deposits are situated.

Reflecting Stellar’s ongoing aim of accessing good exploration acreage, in late 2006 we entered into a JV over IOCGU prospective ground at Cowell on the Eyre Peninsula. We look forward to some interesting exploration results.

### **Tasmania**

The Alpine copper project continues to be a high priority for us; with an active drilling program in this very exciting project on the west coast of Tasmania. Six drill holes in 2006 intersected copper and the last two holes demonstrated that the copper mineralisation is not just confined to the magnetic anomaly. A second rig is on site to expedite drilling around the existing copper hits – including those outside the magnetic anomaly.

Regionally, we are pursuing some interesting tin and nickel exploration targets, with promising drilling programs planned, including on our newly acquired Dundas licence.

The recent resurgence of interest in tin has led Stellar to reassess a number of Tasmanian tin targets for early drill assessment.

### **Conclusion**

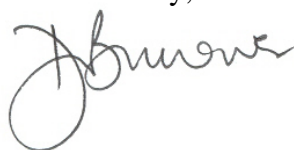
Stellar is a dynamic company and we are continually active in the search for prospective ground in which to explore and discover. The Pernatty, Cowell and Dundas acquisitions are all showing promising targets. Pernatty, for example, is favorably located near the 2005 Carrapateena copper discovery – and we are working to bring this to drill ready status.

Stellar shareholders are promised much activity, with drilling scheduled for many of our projects, despite continuing tightness in the availability of drill rigs. Our goal of enhancing shareholder wealth through mineral discovery has not changed.

As the market does not seem to be reflecting the value of some of Stellar’s assets, the Board is evaluating means of rectifying this situation. For example, the value of Stellar’s tin assets seems to be virtually unrecognised by the market, especially when viewed relative to recent successful tin company floats. We will examine scenarios to better realise value of the tin assets for Stellar shareholders.

On behalf of the Board, I again thank you for your ongoing interest and support.

Yours sincerely,



T J Burrowes  
Chairman