



Assay Results Highlight High Quality of Tarcoola Iron Ore Deposit

Stellar Resources has now received assay and Davis Tube Recovery (DTR) results from its 1,444 metre RC drilling program at its 100% owned Coolybring iron ore deposit at Tarcoola in South Australia. Geological interpretation of the drilling results was released by the company on 3rd December 2008. At that time, Stellar reported that the deposit was wider than previously estimated (300 metre width) and displayed more massive iron mineralisation to the west.

XRF analysis of the iron mineralised chip samples and DTR concentrates show that:

1. **High grade concentrates averaging 63% to 67% iron and negligible alumina and phosphorus** can be generated from the deposit, drill sampled to date. These samples would be suitable for the production of blast furnace grade pellets.
2. **Head grades are typical of those from high quality magnetite deposits and range from 29% to 38% iron** with higher iron grades and higher mass recovery in the western section of the deposit.
3. **Overall iron recovery is high**, ranging from 65% where primary hematite is present to 86%. The average recovery of 74% across all holes indicates that iron is mostly in the form of primary magnetite.

Table 1 – Average* assay and recovery – five iron mineralised intersections

Interval m	Head Fe %	Mass Recovery %	Fe Recovery %	Concentrate				
				Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
439	34.3	39.2	74.2	64.9	8.1	0.1	0.0	-2.2

**Average across holes 7, 15, 17, 19 and 21*

DTR sample grind to greater than 97% passing 38 micron

CEO, Peter Blight, was very pleased with the DTR and assay results and observed that “these results provide the most comprehensive test of deposit metallurgy to date and show that Coolybring can produce a quality saleable product.”

Apart from reducing metallurgical risk, the assay results show that there are no barren zones in the area tested adding support to the 500 million tonne potential of the deposit.

More drill sections and greater depth of drilling is required to further test the resource potential and build on the positive metallurgical picture to date. The schematic geological cross-sections produced to date and presented in this report, suggest that the deposit is amenable to open pit mining with an overall waste to ore ratio of 1.5 to 1.0.

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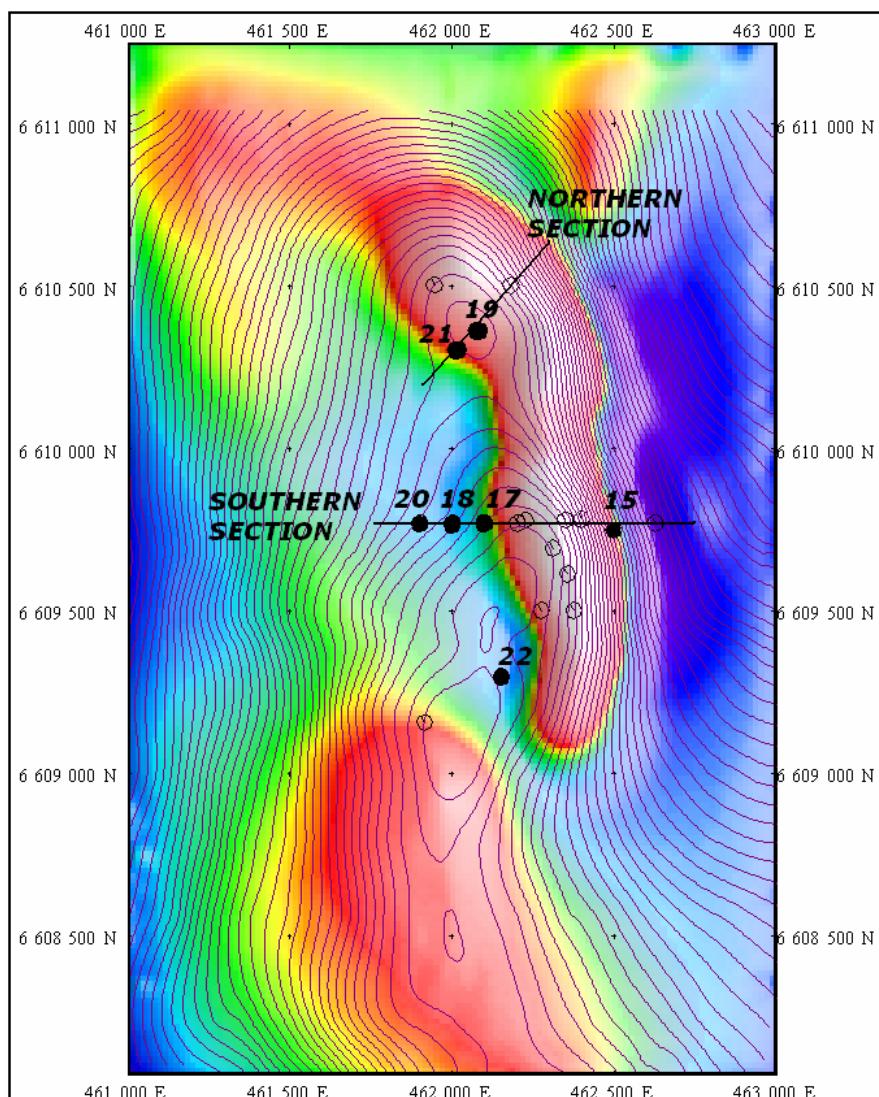


Figure 1 – Magnetic image of the Coolybring deposit with gravity contours and hole collars for the last round of drilling

The collar locations of the RC holes drilled in November 2008 are shown in Figure 1. Holes 18 and 19 were diamond tailed to provide an intersection between Tarcoola formation and the western edge of the iron formation. Hole 15 was collared in the previous drilling campaign and deepened in November to provide an intersection with the footwall quartzite. Collar coordinates and depths are shown in Table 2.

Table 2 – Collar coordinates and drilling depths

Hole Number	Angle degrees	Northing m	Easting m	EOH m	RC Depth m
WIL0015RC	60E	6609748	462498	150	150
WIL0017RC	60E	6609771	462100	248	248
WIL0018RD	60E	6609771	462000	250	166
WIL0019RC	60NE	6610365	462080	240	240
WIL0020RC	90	6609771	461900	216	216
WIL0021RC	60NE	6610306	462022	196	196
WIL0022RD	60E	6609299	462150	252	178

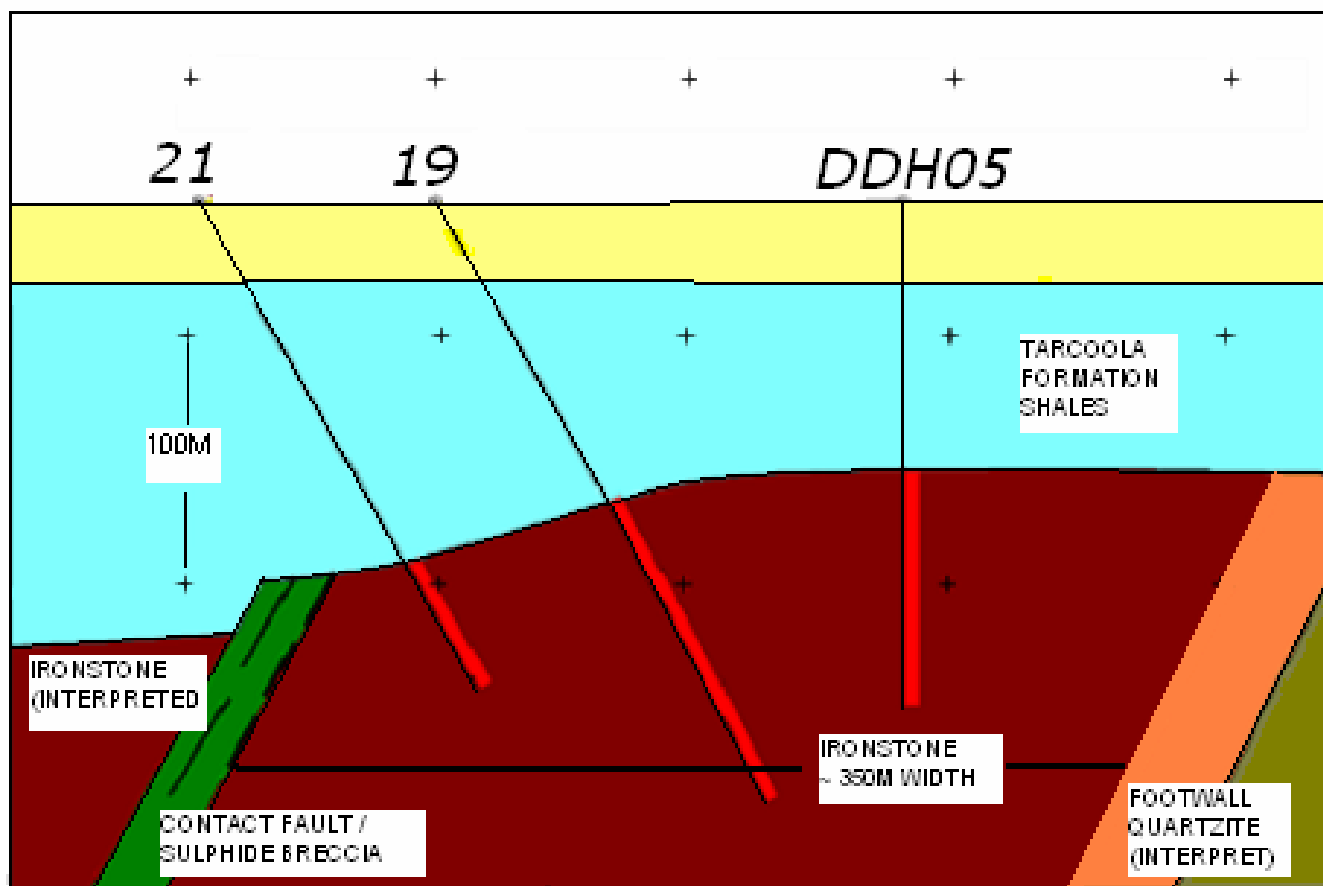


Figure 2 – Interpretative geological section, northern section, Coolybring Deposit

In Figure 2, the trace of RC drill holes 19 and 21 and previously diamond drilled hole 5 are shown on a schematic geological section. The assay results from the iron formation sampled by the two RC holes are presented in Table 3.

Average concentrate iron grades are high at 67% and 63% and the grades of deleterious elements alumina and phosphorus are low. Concentrate iron grades should be acceptable for blast furnace pellet production. In addition, given the high iron recoveries, iron grade could be improved by fine grinding and silica rejection during concentration. Further work testing the diminution of silica levels with finer grind sizes is planned.

Comparing the broader chemistry and iron recovery in the two holes suggest that there is more magnetite, silica and carbonate in hole 21 but possibly higher levels of hematite and lower silica in hole 19.

Table 3 – Iron Ore assay results from the northern section

Hole Number	From m	To m	Interval m	Head Fe %	Mass Recovery %	Fe Recovery %	Concentrate				
							Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
WIL019RC	122	239	117	35.7	34.7	64.9	66.8	6.5	0.1	0.0	-2.9
WIL021RC	146	196	50	32.0	43.9	86.0	62.7	8.5	0.1	0.0	-1.2

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Figure 3 shows the trace of RC holes 15, 17, 18 (diamond tail) and 20 plus previously drilled 1, 6 and diamond drill hole 4 on an interpretative geological section. RC hole 20 reached bit refusal at 216 metres in Tarcoola Formation. The depth to basement below hole 20 is interpreted from modelling gravity data.

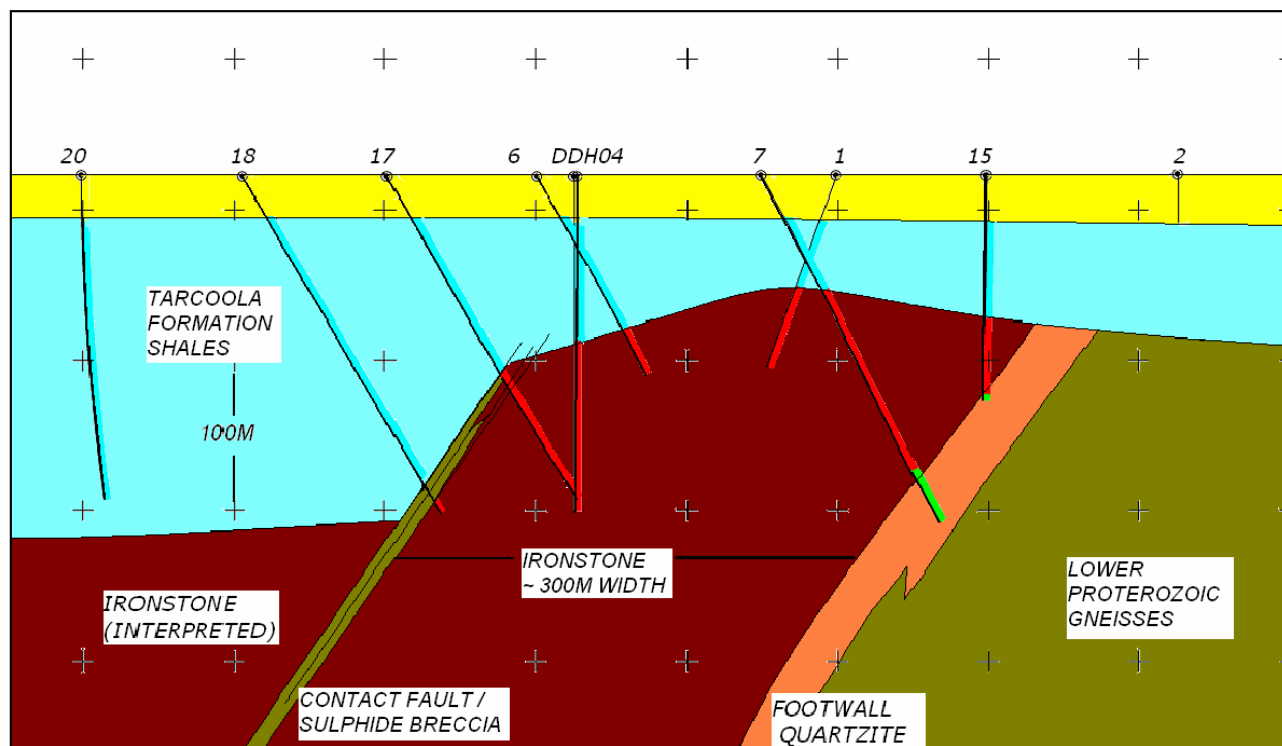


Figure 3 – Interpretative geological section, southern section, Coolybring Deposit

Again, concentrate iron grades are in the 63% to 65% range with low levels of alumina and phosphorus.

Table 4 – Iron Ore assay results from the southern section

Hole Number	From m	To m	Interval m	Head Fe %	Mass Recovery %	Fe Recovery %	Concentrate				
							Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
WIL015RC	100	144	44	28.7	36.6	79.6	62.5	11.1	0.2	0.0	-1.6
*WIL007RD	86	219	133	33.5	36.8	71.6	65.0	8.8	0.1	0.0	-2.3
WIL017RC	153	248	95	37.7	46.9	80.5	64.7	7.4	0.1	0.0	-2.1

* drilled in the previous campaign and average assays reported in June 2008

DTR sample grind to greater than 97% passing 38 micron

From east to west across the southern section, iron grade and mass recovery increase as silica content decreases. These trends suggest that most of the iron in the west is in the form of primary magnetite and that concentrate quality improves toward the west. Carbonate levels are relatively low in the southern section compared to those in the north.

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. It should be noted that the abovementioned exploration results are preliminary.

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