



Exploration target of 275-700Mt iron ore at Coolybring

Highlights

- Independent assessment provided by iron ore resource experts Hellman and Schofield Pty Ltd (H&S) for Coolybring at the Tarcoola Iron Ore Project.
- Exploration Target of 275-700 million tonnes of magnetite.
- Upper end reflects the potential to increase the resource by drilling deeper.
- The exploration target excludes satellite magnetite mineralisation 35km to the southeast of Coolybring at Hicks Hill.
- Stellar's objective is to identify an inferred resource for Coolybring based on the report's recommendations for drilling.
- The drilling program will be proposed once finance is arranged.

The Tarcoola Iron Ore Project is located 8km from the town of Tarcoola in central South Australia and within 10 km of the Trans-Australian railway which links the project to the proposed bulk commodity export terminal at Port Bonython. Coolybring magnetite mineralisation is one of several exploration targets within the Tarcoola Iron Ore Project.

The objective of the H&S report was to identify the size of the exploration target defined by 15 drill holes and ground magnetic and gravity surveys at Coolybring (see Figure 1). Stellar also requested H&S recommend the additional drilling required for estimation of an inferred resource under the JORC code.

H&S identified an exploration target of 275 to 700 million tonnes. The estimate is based on mineralisation with density of 3.5 t/m³, strike length of 1.7km, width of 300 metres and a down dip extent ranging from 170 to 375 metres. The down dip range reflects possible pit depths in the first instance defined to 250 metres by current drilling and in the second defined to 425 metres by a conceptual mining study completed by MiningOne.

The report concludes that "A relatively modest infill drilling programme is recommended with the aim of generating sufficient data to allow for the estimation of an Inferred Resource."

Stellar has previously reported that scoping metallurgical testwork conducted by ProMet Engineers on samples from three drill holes has demonstrated that a standard blast furnace grade concentrate can be produced from Coolybring mineralisation.

A summary of the H&S report is attached.

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ASX Code: SRZ

ABN 96 108 758 961
Level 7 Exchange Tower
530 Little Collins Street
Melbourne Victoria 3000
Australia

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

www.stellarresources.com.au
srzinfo@stellarresources.com.au

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. Mr. Anderson 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). 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.

The data in this report that relates to Exploration Target for the Coolybring Project is based on information evaluated by Mr Simon Tear and Mr Arnold van der Heyden who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Tear and Mr van der Heyden are full-time employees of Hellman & Schofield Pty Ltd and they consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

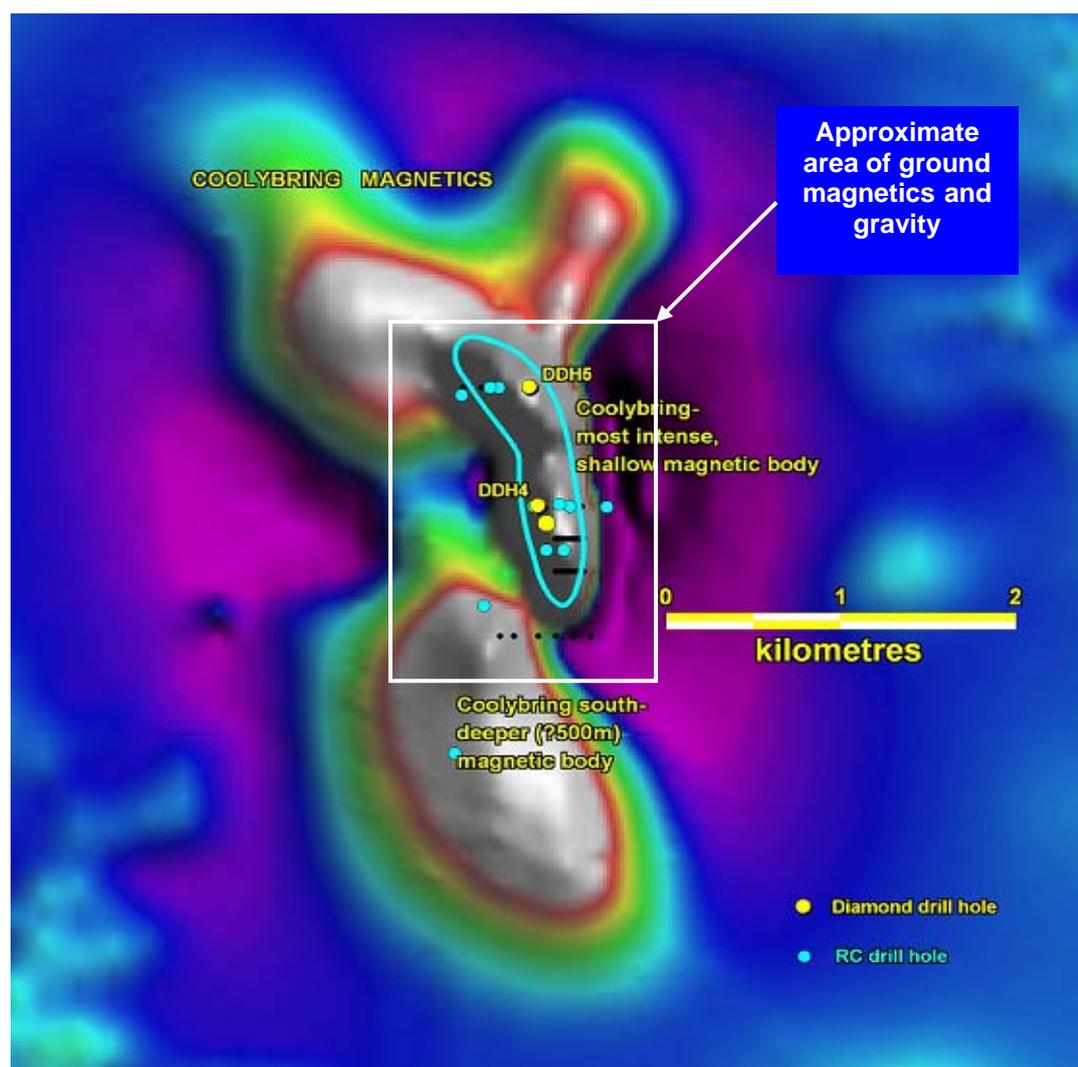


Figure 1. Magnetic image of the Coolybring magnetite mineralisation

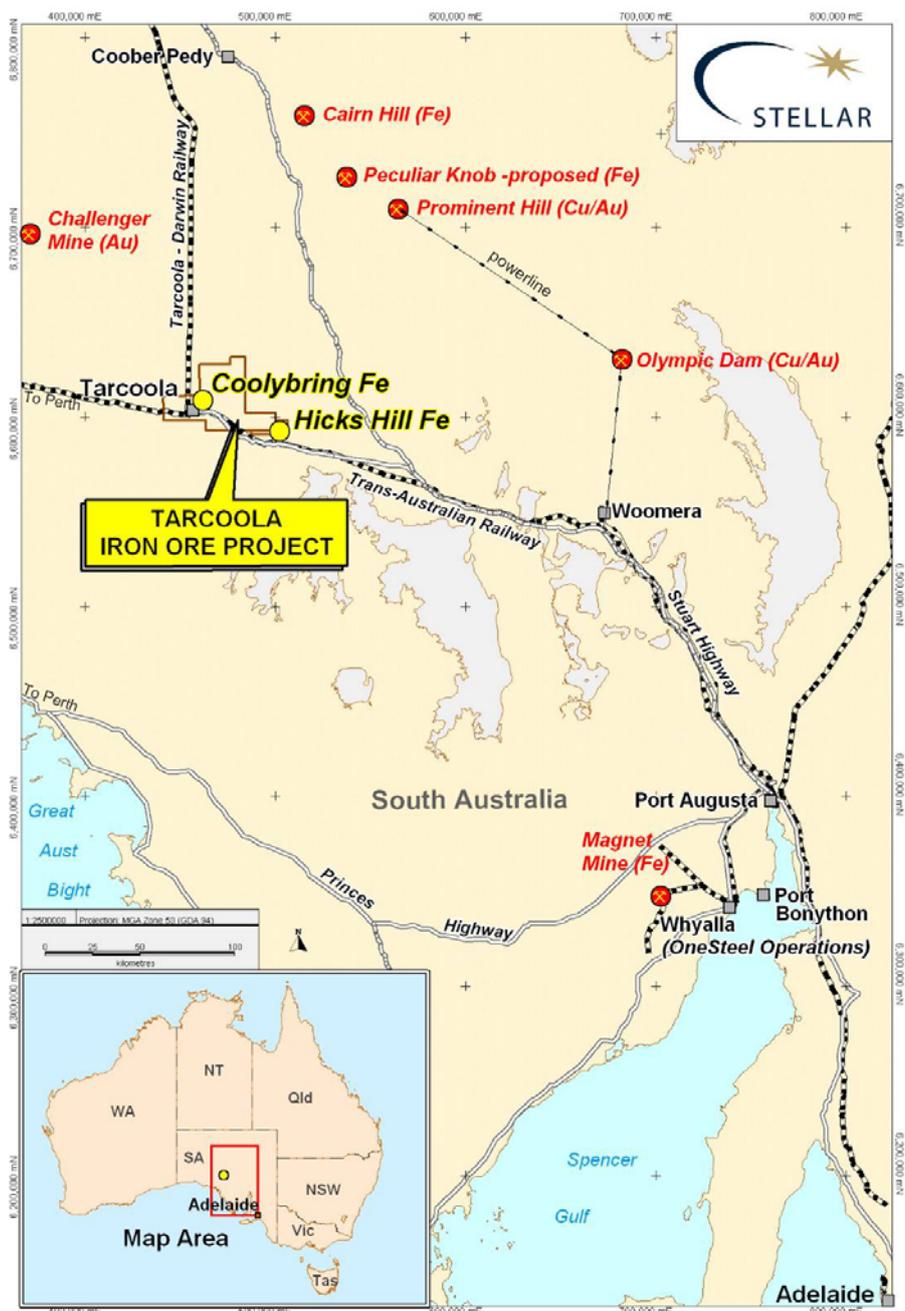


Figure 2. Location of the Tarcoola Iron Ore Project

For further details please contact:

Peter Blight

CEO

Tel: 03 9909 7618

Email: peter.blight@stellarresources.com.au

Chris Anderson

Director

Tel: 08 8363 1589

Email: chris.anderson@stellarresources.com.au

or visit our Website at: <http://www.stellarresources.com.au>

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Stellar Resources Limited
7th Floor, Exchange Tower
530 Little Collins St.
Melbourne VIC 3000

Exploration Target : Coolybring Iron Ore Project, SA

Hellman & Schofield ("H&S") was requested by Stellar Resources ("Stellar") to complete a brief assessment of the Coolybring Iron Ore Prospect located 8km north west of Tarcoola in the central part of South Australia. The project is 100% owned by Stellar and is covered by EL 4167 (formerly EL3089). The aim of the assessment is to evaluate the magnetite Exploration Target for the area.

The Coolybring Iron Ore Project ("CIOP") is targeting interpreted extensions of the Wilgena Hill Jaspilite beneath late Palaeoproterozoic to recent cover sediments, approximately 12km to the north west of Wilgena Hill, within the Gawler Craton. The Wilgena Hill Jaspilite has been tentatively correlated with the iron formations of the Middleback Ranges, with current drill results at Coolybring intersecting predominantly oxide facies iron formation. In addition geophysical modelling by Stellar has shown similar magnetic and gravity profiles to OneSteel's Iron Magnet Project in the Middleback Ranges which is located 400km from Coolybring within the Gawler Craton.

The CIOP comprises a strong, discrete N-S striking, 4km long airborne magnetic anomaly that has been partly drilled tested by Stellar. Fieldwork completed by Stellar includes surface geophysical surveys and drilling including some metallurgical testwork. A combination of RC and diamond drilling, 15 holes for 2923m, has intersected banded iron formation ("BIF") over 30% of the target anomaly. The iron mineralisation comprises fine grained layered assemblages of quartz, magnetite (dominant) and hematite overprinted by greenschist grade metamorphism. Analysis of drilling samples indicates iron grades for the oxide hosted material of 35% Fe with a mixed hematite/magnetite facies unit intersected at the north end of the anomaly containing 36% Fe.

Based on the initial Davis Tube Recovery ("DTR") test work, better results were obtained for finer grind size with respect to concentrate silica content. The DTR results suggest significant recovery of magnetite is possible via a magnetic beneficiation process. Average figures from the DTR work are included below for a 38um grind size, with a silica range of 6-15%.

Head Grade (%)			Mass	Concentrate Grade (%)						Fe
Fe	SiO ₂	Al ₂ O ₃	Recovery (%)	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI	Recovery (%)
34.5	46.0	0.7	39.7	64.9	8.1	0.1	0.01	0.8	-2.2	76.0

SYDNEY

6 / 3 Trelawney St... Eastwood, NSW, 2122
P.O. Box 599, Beecroft, NSW, 2119
Ph: (02) 9858 3863 Fax: (02) 9858 4057
Email: hellscho@hellscho.com.au

BRISBANE

Lvl 4, 46 Edward St, Brisbane, QLD, 4000
Po Box 16116, City East, QLD, 4002
Ph: (07) 3012 9393 Fax: (07) 3012 9373
Email: brisbane@hellscho.com.au

PERTH

102 Colin St., W.Perth, WA, 6005
P.O. Box 125, W.Perth, WA, 6872
Ph: (08) 9485 0403 Fax: (08) 9485 0406
Email: perth@hellscho.com.au

Preliminary testwork using a reverse flotation technique has been able to reduce the silica and sulphur contents of the concentrate.

The likely dimensions of the lozenged-shape exploration target are a down dip extent of between 170m and 375m at an average dip angle of 60°, noting 100m of overburden, and an estimated horizontal width of 300m giving a cross sectional area of between 50,000m² and 110,000m². Strike length is estimated at 1.7km to give a volume range of 85,000,000m³ to 195,000,000m³. With an assumed density of 3.5t/m³ the size of the likely Exploration Target for Coolybring is 275-700Mt. Other assumptions include a maximum mining depth of between 250m and 425m below surface and a zero magnetite recovery cut off grade. The 250m below surface figure marks the limit of the drilling information whilst the 425m figure represents the results of a conceptual mining study completed by Mining One.

A relatively modest infill drilling programme is recommended with the aim of generating sufficient data to allow for the estimation of an Inferred Resource.

The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource. The quoted magnetite grades may not be represented with any subsequent exploration including drilling and the depth of the weathered overburden may be variable.

The data in this report that relates to Exploration Results for the Coolybring Project is based on information evaluated by Mr Chris Anderson who is a member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Anderson is a full-time employee of Stellar Resources and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

The data in this report that relates to Exploration Target for the Coolybring Project is based on information evaluated by Mr Simon Tear and Mr Arnold van der Heyden who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear and Mr van der Heyden are full-time employees of Hellman & Schofield Pty Ltd and they consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.