

Heemskirk Tin Project Update

Stellar is driving rapid progress on its Heemskirk Tin Project in Tasmania. It is pleased to provide an outline of current activities over the next three months that will allow it to commence scoping studies in the June quarter.

- Preparation of a JORC compliant resource estimate is well advanced and following validation of some of the historical data should be ready for release at the end of February.
- Preliminary metallurgical test work has shown that the traditional high-sulphide tin processing circuit will work for Heemskirk tin mineralisation. Stellar has committed to the next stage of metallurgical testing which will focus on the tin float circuit.
- Tin prices remain strong at US\$28,150/tonne with market tightness expected to maintain current or higher price levels throughout 2011.

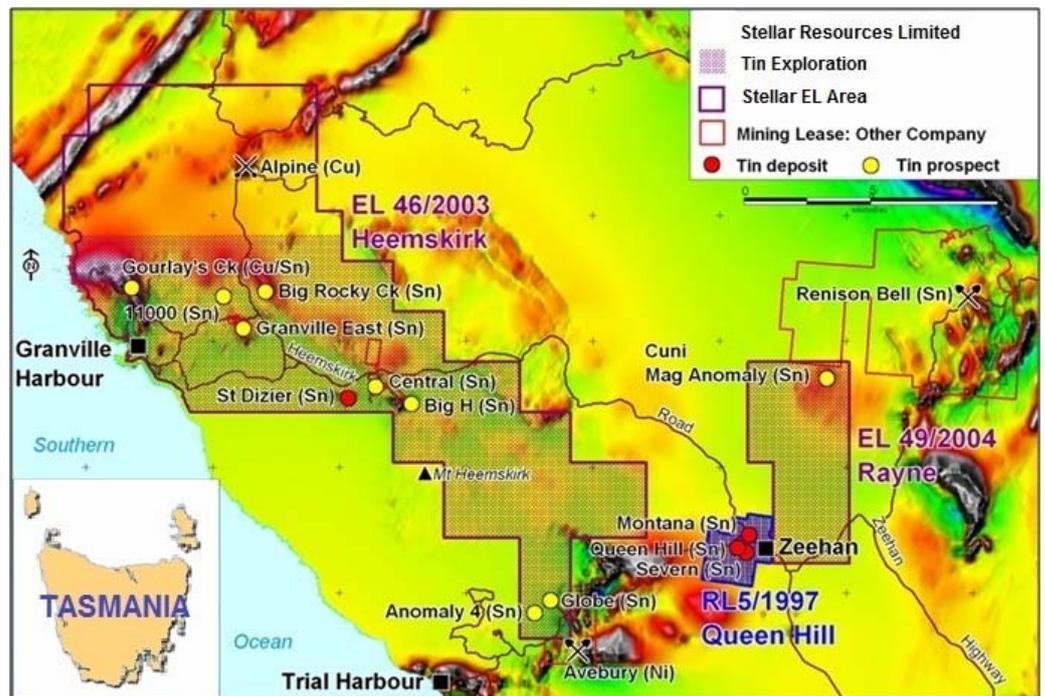


Figure 1 – Location of Heemskirk Tin Project (RL5/1997)

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About Stellar:

Stellar Resources (SRZ) is focusing on the development of its tin and iron projects and advancement of uranium and base metal exploration properties. The company holds a portfolio of tenements located in Tasmania, South Australia and New South Wales that have excellent development potential. Key projects include: Heemskirk Tin located near Zeehan in Tasmania and the Tarcoola Iron Ore Project in central South Australia. The company aims to create shareholder value by identifying and developing mature exploration properties.

Introduction

The Heemskirk Tin Project is located north of Zeehan on Tasmania’s west coast. The location is ideal for mining given that the area is well serviced by power, water, transport, other infrastructure and mining services. Stellar holds a 60% interest in the Heemskirk Tin Project with joint venture partner Gippsland Limited and can increase its holding to 70% by completing a feasibility study.

Drilling by Aberfoyle during the early 1980s identified three tin deposits; Queen Hill, Severn and Montana. All are located within 500m of each other. In 2010, Stellar drilled 6 holes into the near surface Queen Hill deposit. The results confirmed the high grade nature of mineralisation and indicated potential that the deposit remains open to the north and south. It also provided fresh samples on which metallurgical testing was conducted.

Resource Estimation

Stellar has appointed an independent geological consultancy with tin expertise to review the historical drilling data and prepare a JORC resource estimate. The final report is now due before the end of February 2011.

Metallurgical Test Work

As reported just prior to the Christmas holiday, Stellar is encouraged by the results of preliminary metallurgical test work. It showed that tin mineralisation is in the form of cassiterite in association with iron sulphides and iron oxides with no stannite present. Importantly, it demonstrated that a traditional high-sulphide tin processing circuit, as shown in Figure 2, will work for Queen Hill tin mineralisation.

The main conclusions from this test work are that:

- Pre-concentration through a heavy media circuit is able to reject 18% of input mass including 36% of silicate minerals with very low loss of tin.
- In the pyrite flotation stage, approximately 14% of cassiterite reports to the pyrite float. This potential loss is typical for a sulphide rich tin ore. However, because of good liberation characteristics much of this fine cassiterite is free and potentially recoverable.
- Gravity separation following pyrite flotation works well.

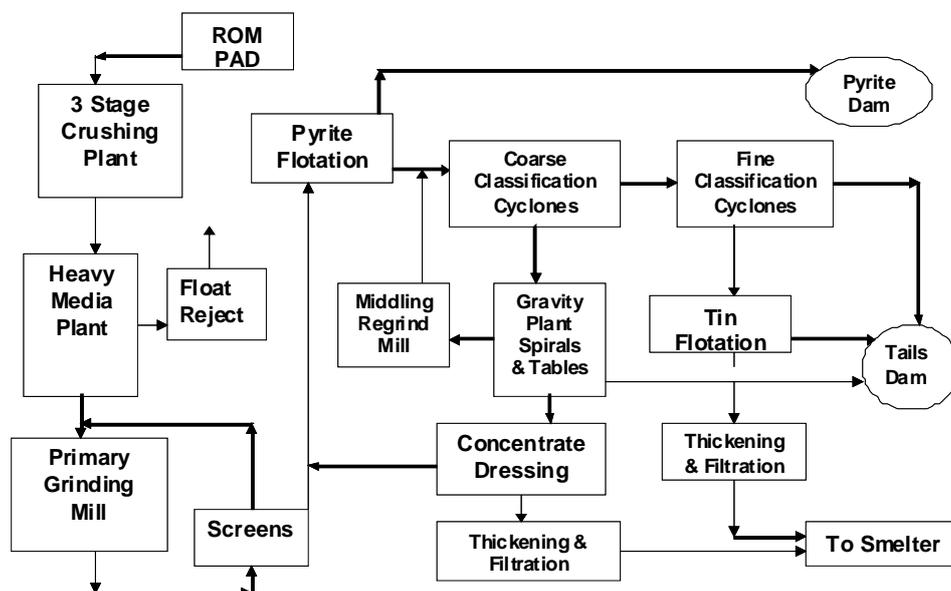


Figure 2 – Preliminary Process Flow Chart

Stellar will now carry out further test work on tin flotation. This is the final stage of the process in which fine grained tin is recovered.

Results of ore characterisation studies and mineralogical assessment of the various process streams have indicated a potential recovery of 70% in a 50% tin concentrate. These results are comparable with tin concentrates from other projects around the world.

Tin Market Update

The LME tin price remained strong over the last three months with an increase to US\$28,150/t from \$26,400/t in mid October 2010. Indonesian exports (accounting for 30% of the world market) declined by 9% in December because of disrupted production due to weather and increased government regulation of artisanal mining. In addition, China, the largest producer of tin in the world, has moved to protect its tin consuming industries by calling for a reduction in exports and an increase in imports. In 2010, for the first time China became a net importer, with imports increasing by 171% to 13,744 tonnes.

According to the International Tin Research Institute (ITRI), the tin market was short by 20,000 tonnes of metal in 2010 which resulted in a substantial drawdown of LME stocks and a 60% increase in the LME price. ITRI predicts modest growth in demand in 2011. However, it also expects little new supply to come into the market resulting in another deficit year and a further drawdown of LME stocks. Such a scenario should result in continued strong prices.

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr R K Hazeldene (Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists) who is a Consultant of the Company. Mr Hazeldene 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 Hazeldene 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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