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Nickel Joint Venture with MMG

Stellar Resources Limited (ASX: SRZ) is pleased to announce a joint venture agreement with MMG Exploration Pty Ltd (MMG), a wholly owned subsidiary of Minmetals Resources Limited (HKEX: 1208). MMG is farming into Stellar's Rayne exploration licence 49/2004 on the west coast of Tasmania (see Figure 1). In the northeast corner of this property, there is an intense magnetic anomaly that is prospective for nickel sulphide mineralisation. The magnetic anomaly extends into MMG's adjoining tenement to the east, which also contains nickel sulphide mineralisation at Cuni.

Under the terms of the agreement, Stellar is free carried through the following stages of exploration.

- Stage 1: MMG is required to spend \$150,000 and drill one hole within 12 months of registration of the agreement with no equity earned.
- Stage 2: MMG can earn a 60% interest after spending \$2.0 million (including Stage 1 spending) within 12 months of completing Stage 1.
- Stage 3: MMG can increase its equity to 80% after spending an additional \$12 million to complete a JORC inferred resource and a scoping study within 4 years of completing Stage 2.

Following the completion of Stage 3, Stellar has the option of maintaining its 20% equity interest by funding its *pro rata* share of expenditure or diluting down according to a standard formula. If Stellar's interest should fall to 10%, it can convert this interest to a 1.5% net smelter return royalty.

MMG has a significant presence on the west coast of Tasmania as the owner of the Rosebery polymetallic underground mine and Avebury nickel mine (currently on care and maintenance). Stellar's CEO, Peter Blight, said "*having a partner of the calibre of MMG will progress the Rayne prospect without drawing on Stellar's resources. This allows Stellar to remain focused on the development of its high grade Heemskirk Tin Project.*"

About Stellar:

Stellar Resources (SRZ) is focusing on the development of its tin and base metal projects in Tasmania. 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.

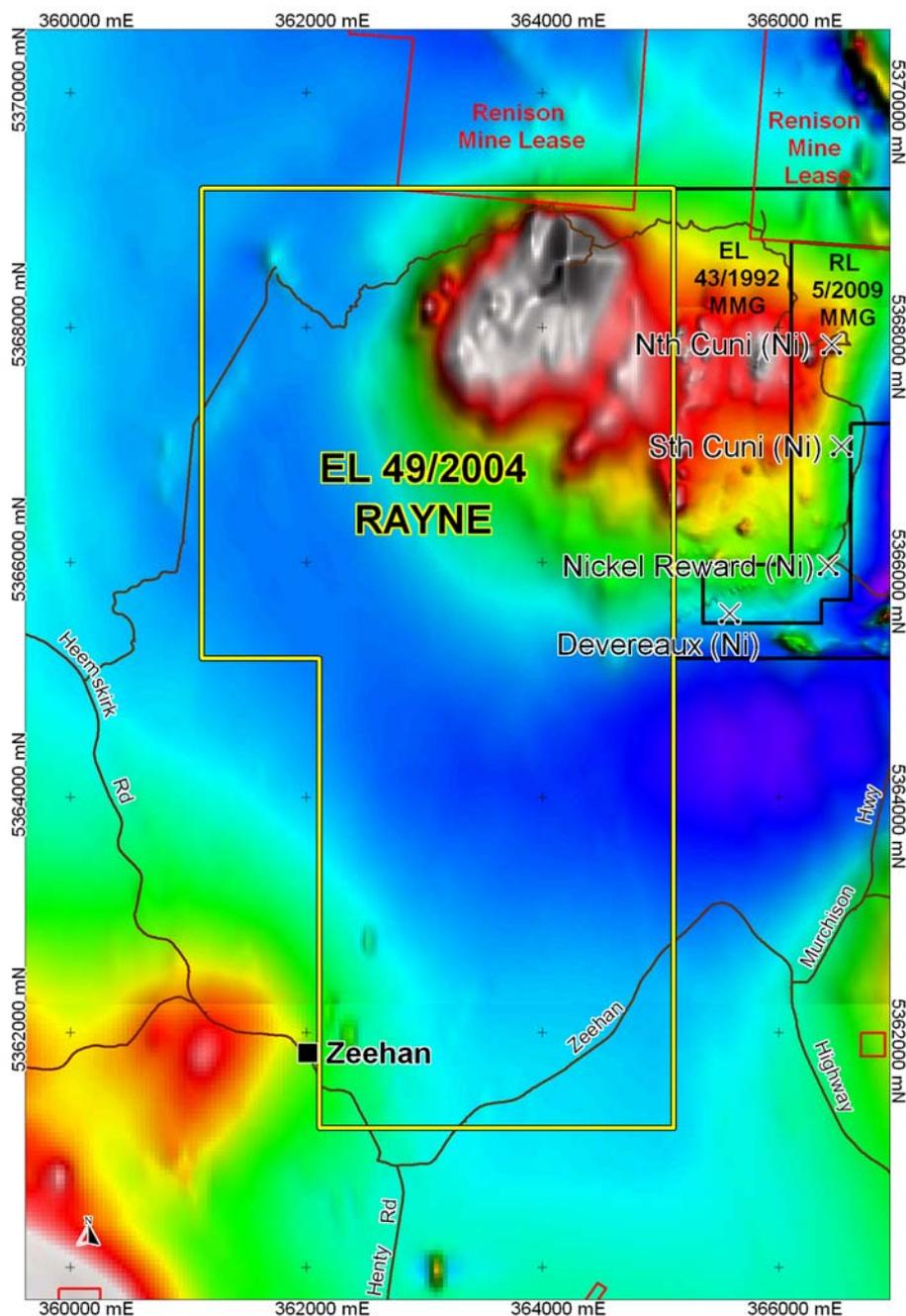


Figure 1 – Magnetic Image of Rayne EL 49/2004

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