

ASX Release

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Placement and 1 for 6 Entitlement Offer to raise \$5.7 million to advance the Heemskirk Tin Project

Stellar Resources Limited (ASX:SRZ) is pleased to announce that it has placed 39.2 million fully paid ordinary shares with institutional and sophisticated private clients of Taylor Collison Limited at a price of \$0.08 per share to raise \$3.1 million.

Stellar is also providing the opportunity for all shareholders with registered addresses in Australia or New Zealand ("eligible shareholders") to participate in a fully underwritten 1 for 6 non-renounceable entitlement offer at \$0.08 per share to raise an additional \$2.6 million.

The placement and entitlement offer will raise a combined \$5.7 million before costs and increase the company's cash position to approximately \$6.5 million. All new shares will rank equally with the existing quoted ordinary shares of the Company.

Institutional Investment

Stellar announced on 25 January 2012 that shareholders had approved the issue of 43.5 million new shares to Gippsland Limited (ASX: GIP) as consideration for GIP's minority interest in the Heemskirk Tin Project. The acquisition removed considerable uncertainty related to the previous ownership structure and has removed a barrier to institutional investor's interest in Stellar. Stellar is now pleased to welcome Resource Capital Funds ("RCF") as a cornerstone investor in Stellar through its participation in the share placement and commitment to the entitlement issue.

RCF is a mining focused private equity firm that works closely with its investee companies to build strong, successful and sustainable mining businesses. RCF is currently investing the US\$1.02 billion raised in its fifth fund, Resource Capital Fund V LP.

Use of Proceeds

The net funds raised by the placement and entitlement offer will be used principally to advance the Heemskirk Tin Project toward the completion of a bankable feasibility study. Stellar is in the process of securing a drilling contractor to commence work in early March.

Drilling will initially focus on expanding the Severn deposit with a follow-up program to the excellent intersection reported in November 2011 for diamond drill hole (107A of 6m grading 1.1% tin). Drill testing potential extensions of Severn along strike and a number of discrete magnetic anomalies on the retention licence will follow, as will infill drilling to improve resource certainty.

Metallurgical test work, engineering studies and environmental monitoring will also be advanced during the program.

Stellar also plans to use some funds drill testing its high priority exploration targets and in particular the St Dizier tin mineralisation.

Entitlement Offer

The entitlement offer provides all eligible shareholders with the right to subscribe for 1 new share for every 6 fully paid ordinary shares held at 7.00pm on the Record Date of Tuesday 14 February 2012. The issue price is \$0.08 per share which represents a discount of 9.0% to the volume weighted average price over the last five trading days to and including 1 February 2012.

All shareholders are encouraged to take part in the entitlement offer. Directors and management are all participating. The offer is fully underwritten by Taylor Collison Limited.

Table 1 shows key dates for the Entitlement Offer. In particular, it should be noted that shares will be quoted on an "ex" basis on Wednesday 8 February and that acceptances close at 5.00pm on Wednesday 29 February 2012.

Table 1 Indicative Timetable for the Entitlement Offer

Event	Date
Announcement of Placement and Entitlement Offer, Appendix 3B and Cleansing Notice lodged with ASX	Monday 6 February 2012
Notice sent to shareholders with information required by Appendix 3B	Tuesday 7 February 2012
Shares quoted on an "Ex" Entitlement basis	Wednesday 8 February 2012
Record date for Entitlement Offer	Tuesday 14 February 2012
Mailing of Offer Booklet and Acceptance Forms to eligible shareholders	Wednesday 15 February 2012
Opening Date for the Entitlement Offer	Wednesday 15 February 2012
Closing Date for the Entitlement Offer	Wednesday 29 February 2012 (5.00pm)
Shares quoted on a deferred settlement basis	Thursday 1 March 2012
ASX notified of under-subscriptions	Monday 5 March 2012
New Entitlement Offer shares allotted and issued	Thursday 8 March 2012
Deferred settlement trading ceases	Thursday 8 March 2012
Despatch of Holding Statements	Thursday 8 March 2012
Normal trading of New Shares on ASX expected to commence	Friday 9 March 2012

Details of the Entitlement Offer will be contained in a letter to eligible shareholders to be mailed on 7 February 2012. Offer documentation is expected to be mailed to eligible shareholders on Wednesday 15 February 2012.

For further details please contact:

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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.