

2 March 2006

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Drilling Update and Planned Programs

Stellar Resources is pleased to report that the 2006 field season has accelerated, with drilling in three States, on the following key projects:

- Uno, SA – Gold
- Soyuz, SA – Gold
- Tasmania – Tin and Copper
- Goldfinger, NSW – Base Metals
- Tarcoola region, SA – Base Metals
- Palaeochannel Uranium, SA, including Warrior

Uno Gold Prospect, SA (Stellar option to acquire 100%)

Stellar has commenced aircore drilling to test three gold geochemical targets within the Uno prospect. A total of 65 holes for 4000 metres of drilling is planned to test these anomalies and should be completed in March, with assay results expected within 4 weeks of drilling completion.

The Uno prospect is focused on the Uno Fault – a major east-west oriented structure which forms the southern margin of the Gawler Range Volcanic province. Geochemical sampling of the licence area has delineated anomalous gold levels over a target zone of up to 3 kilometres strike length, within the Uno Fault Zone. A smaller base metal and coincident gold anomalous zone of 1 kilometre strike length has been defined at the eastern end of the target area. The geochemical signatures and geological setting are consistent with epithermal vein style mineralisation associated with the Gawler Range Volcanics, and focused within the Uno Fault.

Soyuz, SA (Stellar 100%)

Slim-line RC drilling is scheduled in March on a program of 100 to 120 metre deep drilling on the Soyuz gold prospect, located west of Tarcoola. Previously reported RAB drilling defined an area of approximately 1200 metres by 200 metres anomalous in gold. Drilling costs are being subsidised by the SA Government under its PACE funding program. The slim-line drilling rig is selected to enable optimum drill site location, as larger RC rigs are unable to negotiate the surface sand dunes in the area.

Tasmanian exploration drilling (Stellar 100%)

Drilling has commenced on base metal targets on the west coast of Tasmania. On the Heemskirk licence, a single hole to test a magnetic anomaly just north of a small open pit tin mine has intersected visible iron sulphides over considerable widths. Assay data to determine the presence of mineralisation is expected for reporting in the March 2006 Quarterly Report.

At the nearby Alpine copper prospect, previous work by CRA Exploration (CRAE) in the 1980's outlined anomalous copper mineralisation within a geophysical target zone of some 1 kilometre length. The planned three diamond drill holes are testing below and along strike of the copper mineralisation identified by CRAE drilling.

On the Ramsay licence, located between the old Mt Bischoff and Cleveland tin mines, geological mapping to identify or confirm the presence of ultramafic units has commenced, with the view to identifying drill targets. The Ramsay licence is interpreted to contain ultramafic rocks in close proximity to mineralising granites, with potential to host nickel deposits of the west coast Tasmania style.

Goldfinger Prospect, Broken Hill, NSW (Stellar earning 51%, option to 60%)

At Goldfinger, two diamond holes have just been completed. Assay results are expected to be available within the next month, which will greatly assist interpretation. Field observations are as follows:

GFDD005 was sited to test a local aeromagnetic anomaly and was completed at 234 metres depth. Magnetite bearing gneisses and pegmatites intersected over the interval 130 to 168 metres are interpreted to explain the magnetic signature. Within this zone, visible narrow bands of disseminated galena are evident over the interval from 148 to 154 metres, within a broader zone of pyrite and fluorite veining. This intersection increases the extent of the known base metal zone at Goldfinger, well to the south of previous drilling.

Hole **GFDD006** was sited approximately 300 metres west of hole GFDD002 along the axis of the main FALCON® gravity gradient anomaly trend. It was drilled to investigate the interpreted up-dip position of highly anomalous base metal values intersected in GFDD002. The hole was completed at 260.8 metres having intersected garnet altered metasediments and amphibolites from approximately 122 to 222 metres downhole.

Although no significant base metal sulphide mineralisation has been observed, the level of garnet development supports the interpretation that an extensive alteration envelope is present over at least 600 metres of strike.

In March, Stellar will review the data obtained from all of the exploration activity conducted thus far, prior to embarking on the next phase of the exploration program.

Other Tarcoola Region drilling (Stellar 100%)

On completion of drilling at Soyuz, the slim-line RC drilling rig is being considered for a number of initial geochemical reconnaissance traverses to test:

- (a) the base-metal geochemistry/lithology in the vicinity of the PACE "Tarcoola Basin" margin program (Refer December 2005 Quarterly Report for details);
- (b) the Mimi IOCG target;
- (c) the Partridge palaeochannel (prospective for uranium defined by gravity and EM); and
- (d) basement shear targets east of Tarcoola.

Warrior Uranium drilling (Stellar 100%)

The Company is in the process of obtaining Native Title clearances and PIRSA approvals for initial drill testing of the Warrior uranium bearing palaeochannel systems. Stellar is planning to commence drilling early in the next (June) quarter 2006, with an initial 10 traverses of aircore holes at 200 metre centres over parts of the palaeochannel system, where assessment of historical drilling results defines prospectivity for uranium mineralisation hosted within the porous host sand units.

The recently flown Hoistem airborne EM data has been instrumental in defining channel geometries and has delineated a previously undrilled palaeochannel in the north-eastern portion of the Warrior licence. This feature will be tested with reconnaissance aircore drilling traverses.

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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