

# ASX Release



## Tarcoola Iron Ore Project Update

Senior Management of the company visited China during the week commencing 18th February to further discuss with parties which had earlier expressed interest in investing in the company's 100% owned Tarcoola Iron Ore Project. The response to Stellar's proposal was overwhelmingly positive with further discussions planned over the next two months.

Potential investors were particularly interested in Stellar's sole ownership, the significant size of the magnetic anomaly, the high quality of the magnetite concentrate indicated from limited metallurgical testing and the potential to invest at the evaluation stage.

The announcement of a 65% increase in iron ore contract prices for 2008 during the week of the trip added to enthusiasm for the project by the parties visited.

Attached is a presentation given by Stellar to potential investors.

26 February 2008

*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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# Stellar Resources Limited

## Iron Ore Projects 2008



enhancing shareholder wealth, through mineral discovery.



# About Stellar Resources



- Stellar is a Melbourne based resources company listed on the Australian Stock Exchange (ASX Code SRZ)
- Stellar was formed in 2003 from Gravity Capital Ltd to continue work on a strong portfolio of exploration properties in South Australia – the properties are held through Stellar’s 100% owned subsidiary Hiltaba Gold Pty Ltd
- Tarcoola Iron ore is Stellar’s most advanced project – it has been held by the company’s predecessor since 1990
- Stellar is also exploring a number of properties for tin, nickel and base metals
- Stellar is focused on developing a production base and sees Tarcoola Iron ore as the first of its projects to achieve this goal

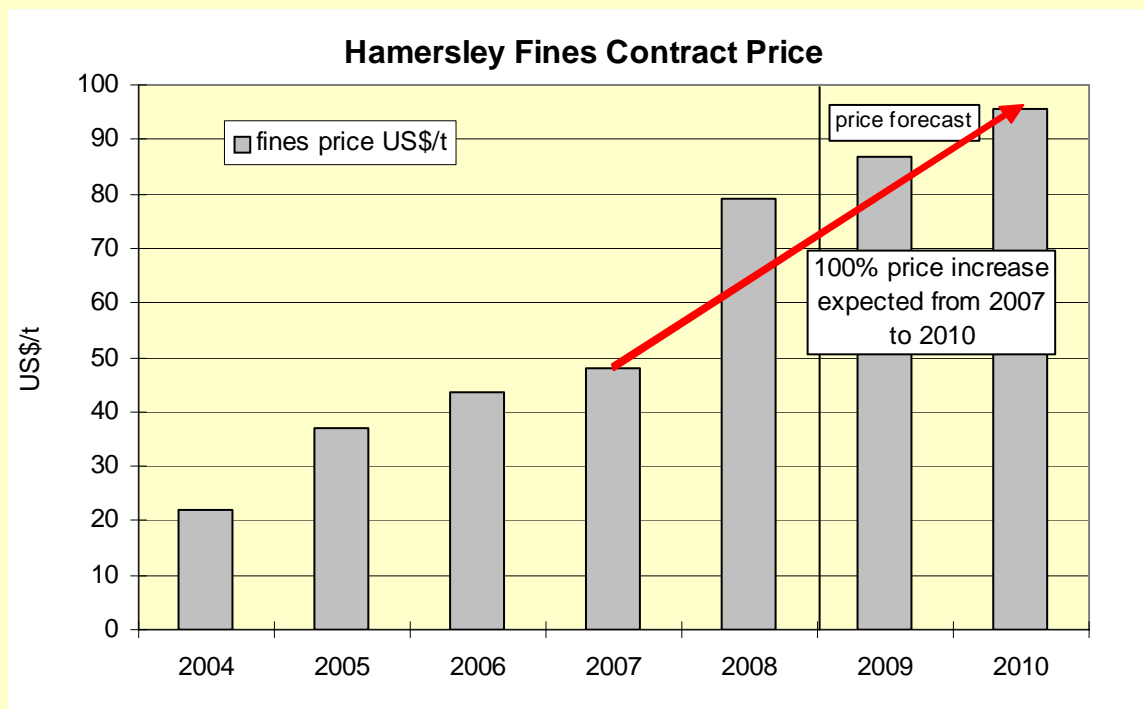
# Board and Management

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- Executive Chairman - Tom Burrowes
- Chief Executive Officer - Peter Blight
- Executive Directors
  - Chris Anderson
  - David Isles
- Non-exec Director - Barrie Laws
- Company Secretary - Mel Drummond

# China driving magnetite market

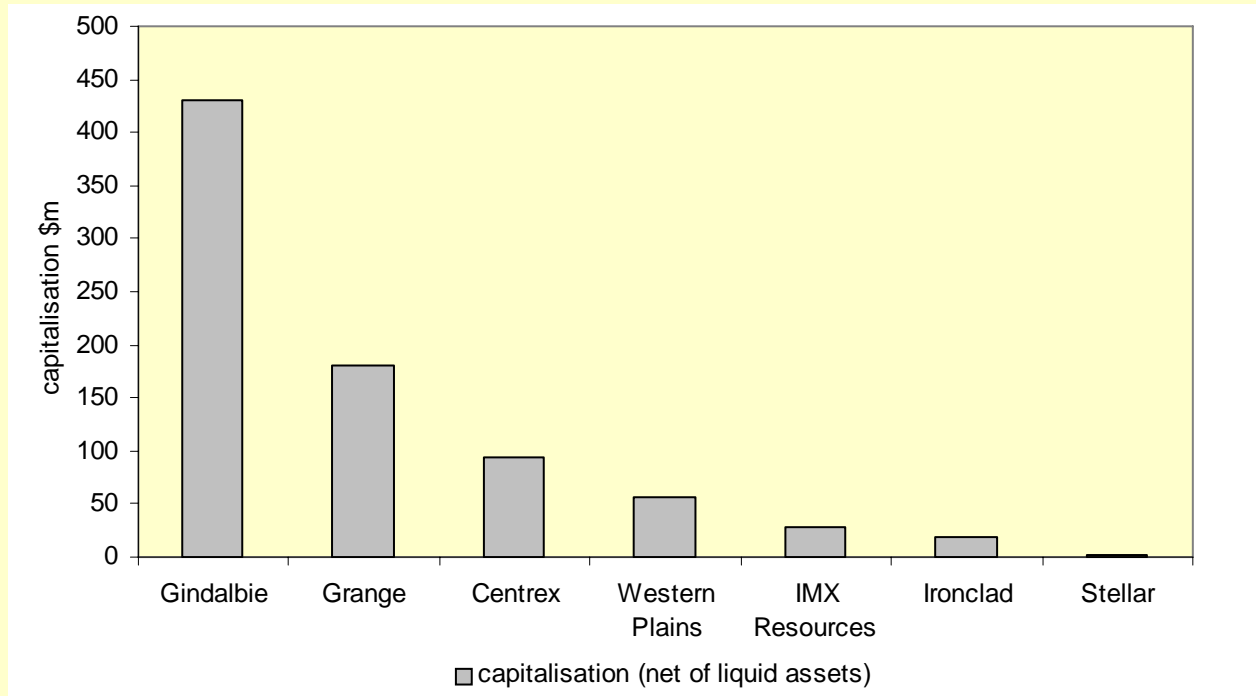


- shortage of hematite and magnetite iron ore in China
- impact of new supply likely to be later than expected
- BHPB's takeover offer for RIO adds to pricing tension
- spot prices for Indian fines 100% above contract prices
- contract price increase of 65% agreed for 2008

# Stellar offers the best value

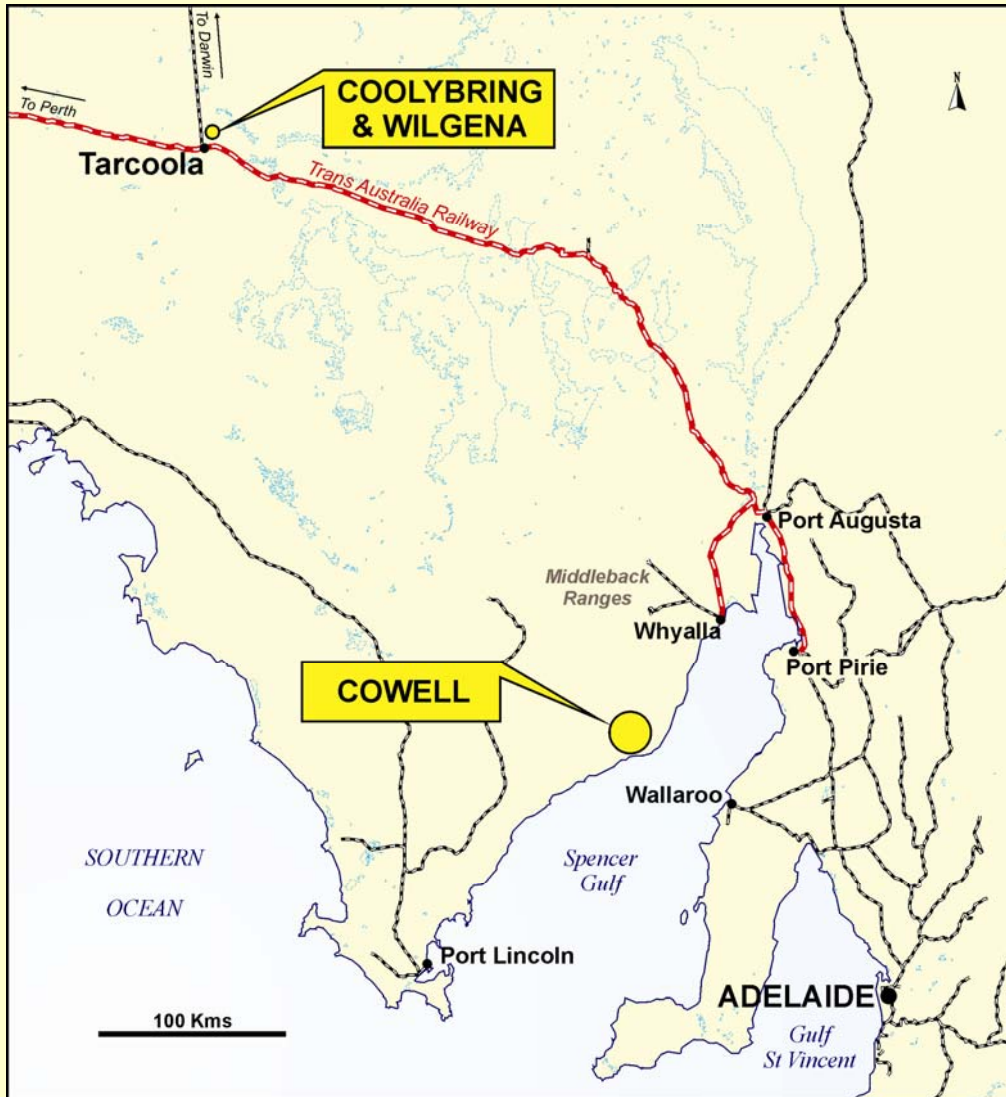


Selected Australian magnetite developers by market capitalisation of their iron ore assets



Stellar capitalisation does not capture the value of its Tarcoola iron ore assets – inexpensive entry to magnetite resources

# Tarcoola and Cowell Iron Ore



**TARCOOLA IRON PROJECTS**  
(Coolybring & Wilgena)  
-100% owned by Stellar

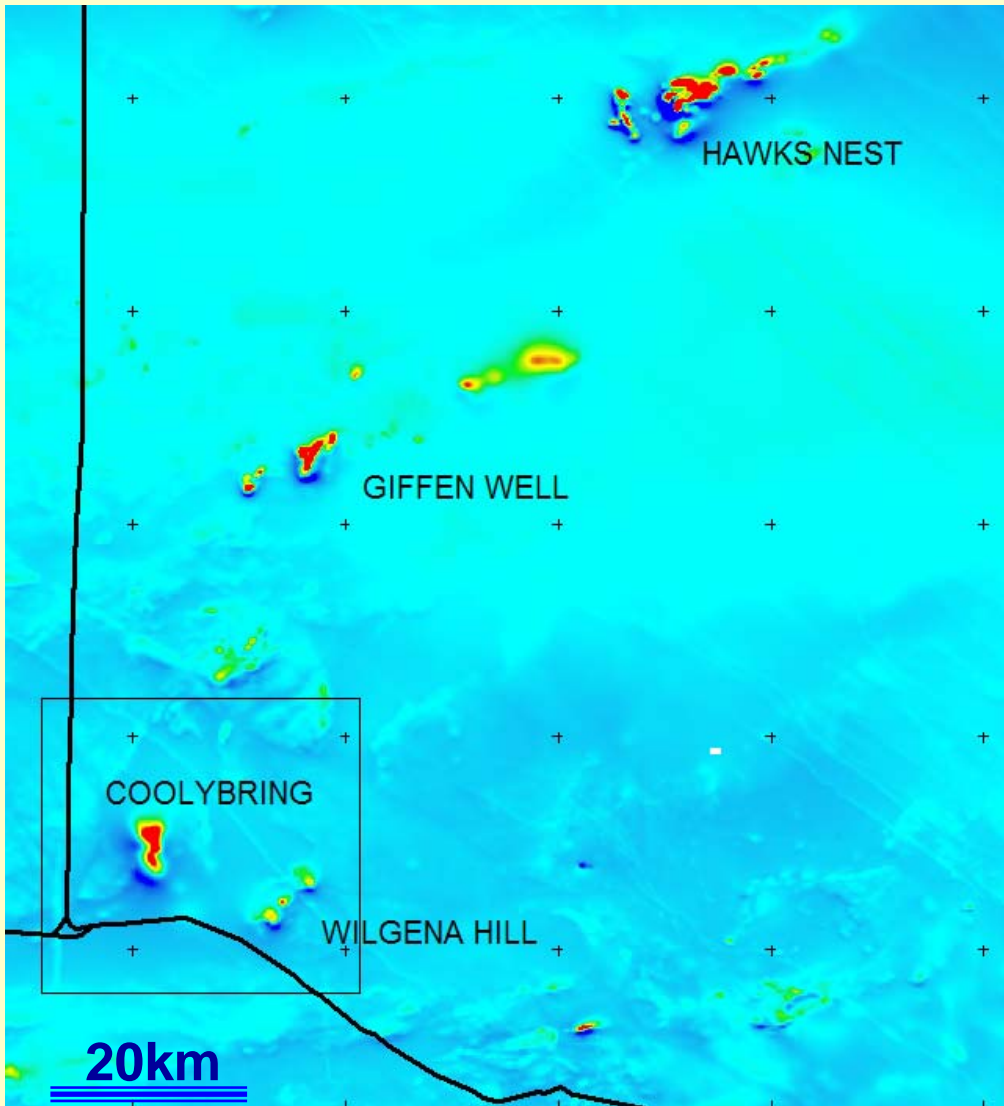
-limited drilling but large tonnage potential

-close to existing railway (15km)

-within 480km of Whyalla export port and infrastructure



# Tarcoola Regional Magnetics

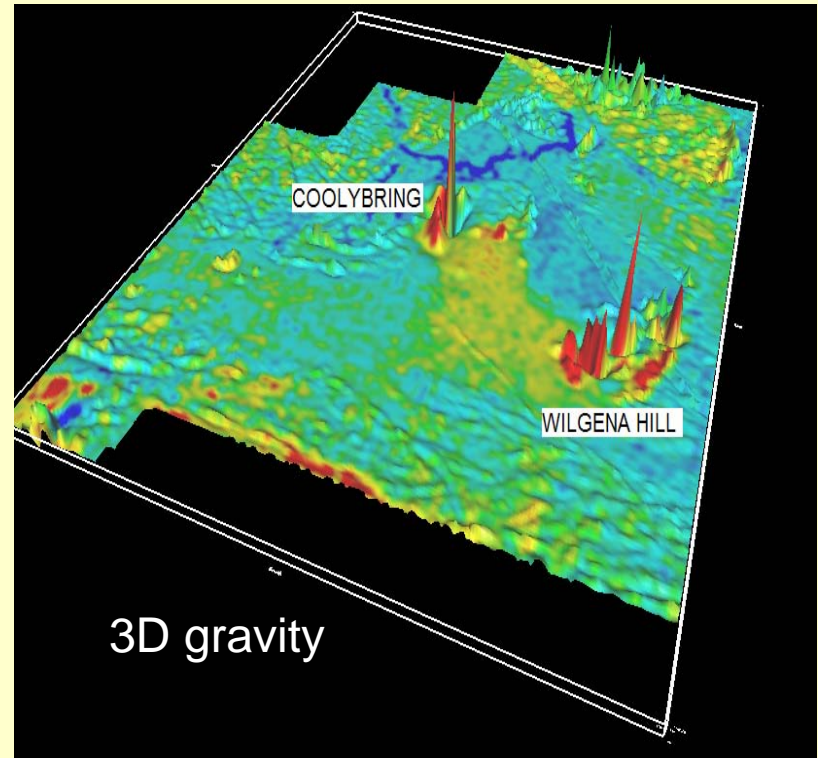


## Hawks Nest (source: Western Plains)

- Kestrel 220mt @ 35% Fe – magnetite
- Buzzard 13mt @ 62% Fe – hematite
- Other deposits 350mt @ 35% Fe?

## Giffen Well (source: PIRSA)

- 290mt @ 34% Fe - magnetite





# View southeast from Wilgena Hill



Close proximity to the Tarcoola – Whyalla railway

# Tarcoola Iron Ore Development Concept

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- Pre-strip Coolybring North using scrapers and truck and shovel to 70m depth within two years – further stripping to 100m after first 5 years of production
- Open pit strip mine using continuous miners producing 8 -10mtpa of ore grading >36% iron
- Grinding and magnetic separation at Tarcoola to produce 4-5mtpa of concentrate – plant expandable as a multi-user facility
- Rail concentrate from Tarcoola 480km to Whyalla for trans-shipping to 150,000dwt vessels in Spencer Gulf
- Ship concentrate to China for pelletising

# Advantages of the Tarcoola Project



- Rail infrastructure is already in place from Tarcoola to Whyalla – open access, spare capacity, standard guage. Stellar’s project is the closest of those in Central South Australia to the railway line
- Whyalla has a long history as an iron ore export port capable of servicing capesize vessels through trans-shipment
- Coolybring deposit geometry is well suited to open pit mining methods with an estimated thickness of 300m and a strike length of 1500m – the deposit is also open at depth
- Magnetite ore grade and quality is high with very low alumina and phosphorus content
- Mass recovery of magnetite is high compared with other deposits

# Coolybring quality compared



Owner	Deposits	Ore grade	Grind	Conc/Ore	Concentrate grades			
		Fe %	Size microns	Ratio %	Fe %	SiO <sub>2</sub> %	P %	Al <sub>2</sub> O <sub>3</sub> %
Stellar	Coolybring	38	<38	50	68	8	0.01	0.20
Gindalbie	Kagara	36	25	43	68	5	0.01	?
Centrex	Bungalow	38	75	40?	68	5	?	?
Ironclad	Wilcherry	40	75?	40	69	4	?	?
Grange	Southdown	37	45	35	69	4	?	?
Atlas Iron	Pardoo	37	35	35	69	4	?	?

Ore and concentrate grades taken from company presentations – concentrates in all cases have low phosphorus and alumina content

Coolybring has high ore grade, high mass recovery but also elevated silica and likely requires fine grinding

# Tarcoola Iron ore progress to date



- Detailed aeromagnetics & airborne gravity gradiometry(100m line spacing)
- RC drilling 12 holes totalling 1280m with routine assaying
- 2 diamond drill holes totalling around 400m with routine assaying
- Metallurgical testing on 11 x 2m samples from the diamond holes
- Metallurgical testing on 4 composited 2m samples, 2 from each diamond hole
- Surface geological mapping at Wilgena Hill (J A Anderson, 2005)
- Preliminary evaluation of the commercial potential by Iron industry specialist (C J Robinson, Hematite Consultants, June 2007)



# Drilling at Coolybring



22.04.2005



# COOLYBRING – cross section

Drill section through WILDD04  
(note that holes RC08 and 09 are projected  
200 north onto this section)

