

3 June 2008

ASX Code: SRZ
 ABN 96 108 758 961
 Level 7 Exchange Tower
 530 Little Collins Street
 Melbourne Victoria 3000
 Australia

Telephone +61 3 9909 7618
 Facsimile +61 3 9909 7621

www.stellarresources.com.au
srzinfo@stellarresources.com.au



Tarcoola Iron Ore Project enhanced by drilling – hematite potential identified

Stellar Resources is very pleased to announce preliminary results from a recent short round of drilling on its 100% owned iron ore project at Tarcoola in central South Australia.

- Hole PD007 has **extended the width** of the main body of iron rich magnetite mineralisation by some 30% on Section 6609770N.
- Hole PD007 also intersected a **37m wide zone of hematite-magnetite-quartz** mineralisation within the magnetite zone. **The quality of the hematite zone is not yet confirmed and iron grade may not be sufficient to meet direct shipping ore requirements.** However, the presence of primary hematite raises the **potential** for high grade hematite within the 1,500m strike length of the prospect. A comparable development of direct shipping ore with primary hematite was recently reported by Western Plains Resources Ltd (ASX: WPG) at their Tui deposit, 100km to the northeast of Tarcoola.
- Additionally, geological observation of PD007 is supporting the company's view that the **Tarcoola sequence represents an analog of the Middleback Ranges iron formations near Whyalla where both hematite and magnetite are mined (Figure 2).**

Drilling is planned to resume next month.

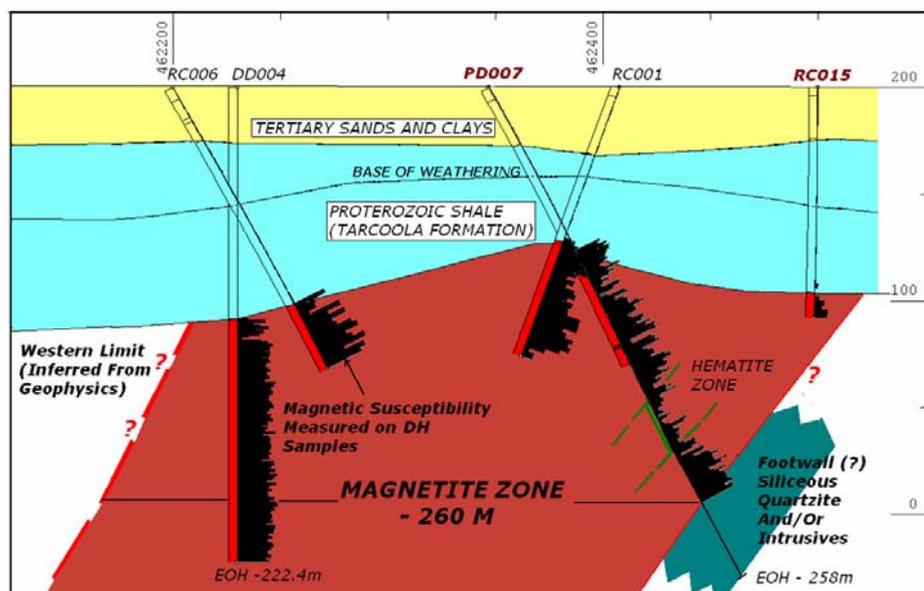


Figure 1 – Drill Section 6609770N (MGA94) – Tarcoola Iron Ore Project

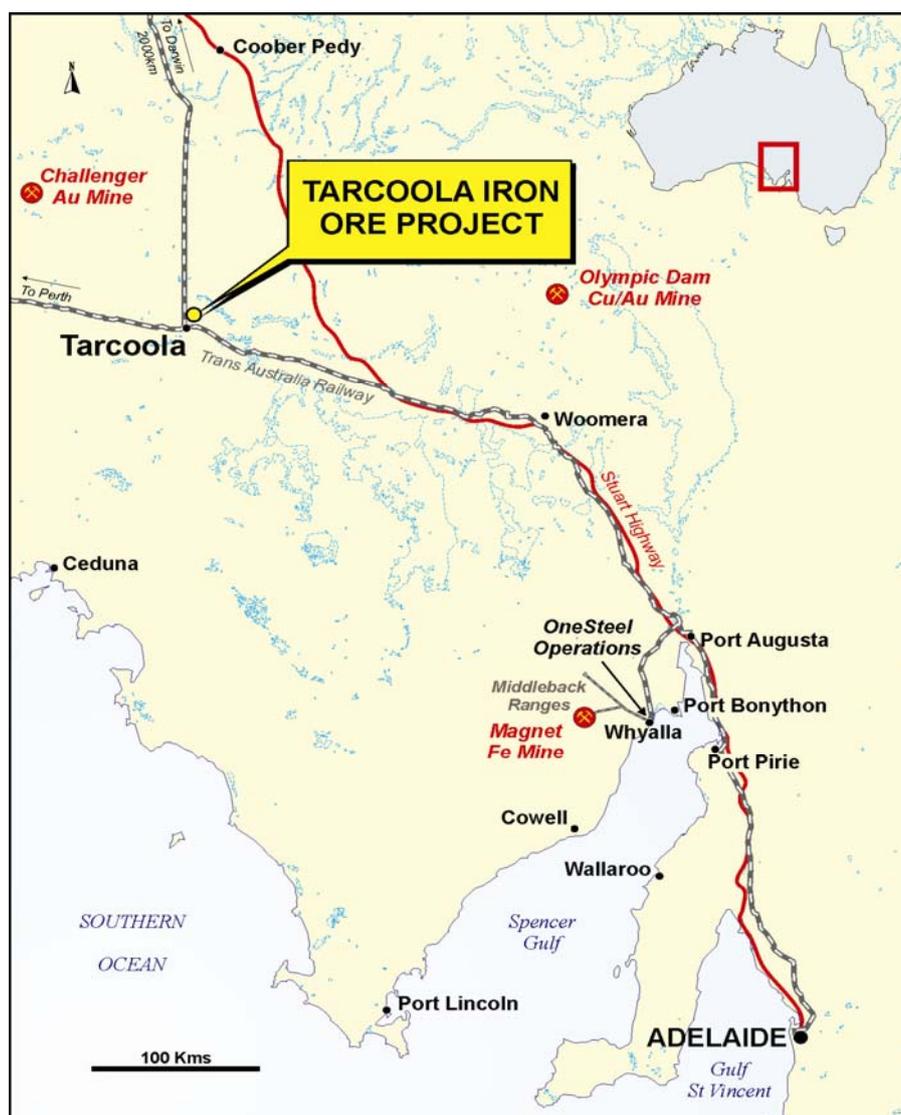


Figure 2 – Locality of Tarcoola Iron Ore Project

Stellar’s Tarcoola Iron Ore Project is located in central South Australia, 10km from the Trans-Australian railway line that connects Tarcoola with the iron ore export port of Whyalla.

Target Identification

Interpretation of a ground magnetic survey conducted in April 2008, identified an eastern zone of magnetic material running parallel to the main north-south trending zone and separated from this zone by a non-magnetic unit. Figure 3 shows the main magnetic zone. The May 2008, drilling program was designed to test the eastern edge of the main magnetic zone, the non-magnetic unit and the eastern magnetic zone by extending the previously drilled section 6609750N to the east.

Figure 3 also shows that a significant gravity anomaly lies along the western edge of the magnetic anomaly. The offset-nature of the gravity anomaly suggests that its source has a greater density than the magnetite zone to the east. The next round of drilling, among other things, will test the source of the gravity anomaly and the western edge of the magnetite zone.

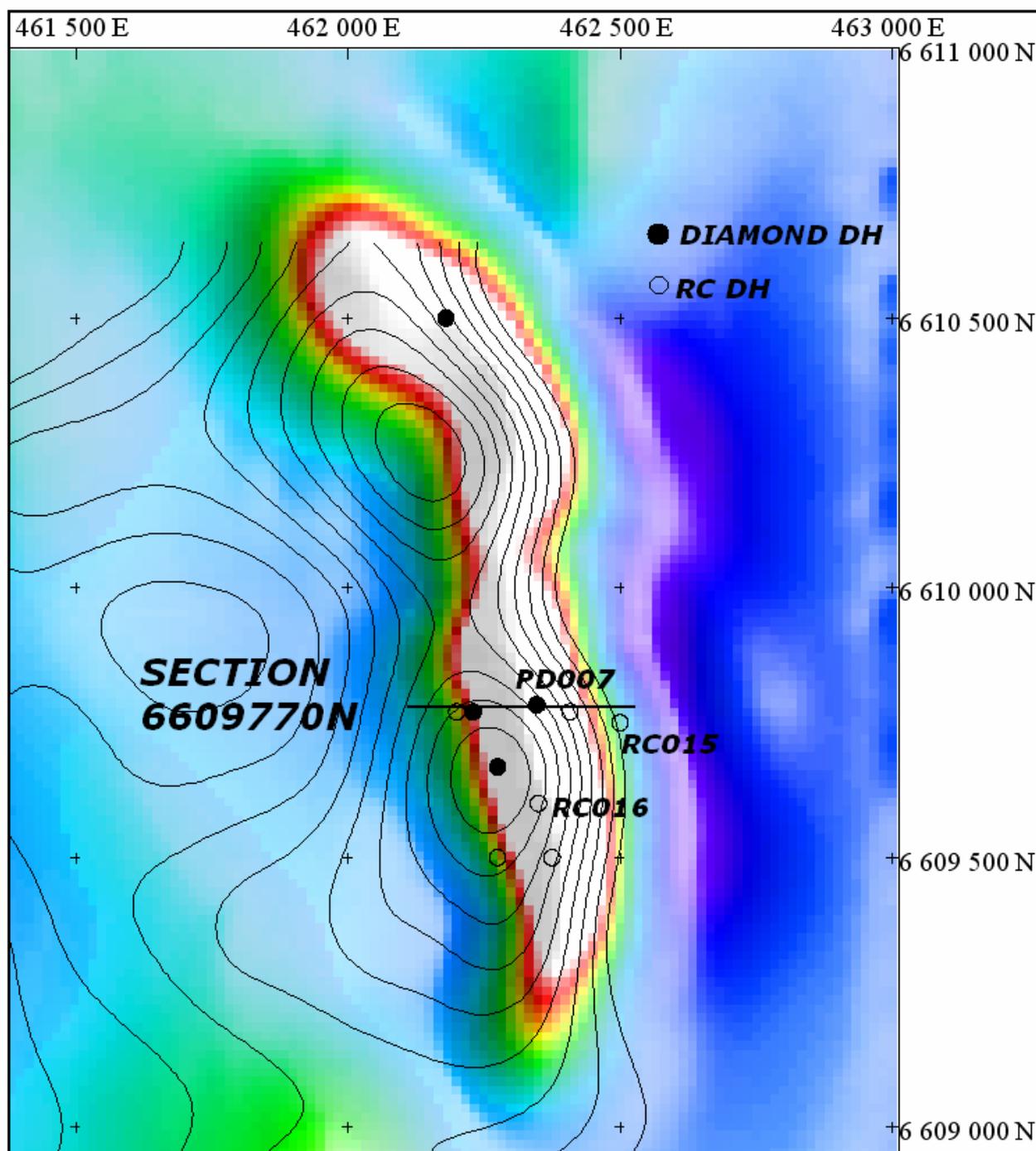


Figure 3 – Drill section and vertical gradient gravity contours, located on ground magnetic image

Drilling Results

Vertical hole RC015 drilled to 108m identified the eastern zone as magnetite mineralisation similar to that in the main zone. PD007, a 60° inclined diamond tail of a previous RC hole, provided core from 84m to 258m intersecting the eastern lithological sequence of interest. In addition, a third hole RC016, located 150m south of PD007 was drilled vertically to 78m to prove continuation of the magnetite mineralised ridge shown in the interpretative cross section (see Figure 1).

The geological log for PD007 shows that the hole drilled a zone of brecciated magnetite mineralisation with associated sulphides in matrix material from 95m to 112m within the main magnetite zone. At 157m the magnetite-quartz mineralisation graded into a hematite-magnetite-quartz zone containing narrow bands of massive (specular) hematite that continued to 194m down hole. A decline in magnetic susceptibility readings through this zone implies that it is the non-magnetic unit identified by ground magnetics. From 194m to 219m, the hole intersected magnetite-quartz mineralisation equivalent in appearance to the main magnetite zone and interpreted to be the eastern magnetic zone identified by ground geophysics. The footwall to the eastern magnetite zone is a barren siliceous quartzite or quartz dominant intrusive from 219m to the end of hole at 258m.

Middleback Ranges Equivalence

The Middleback Ranges in SA were Australia's pre-eminent iron ore producer for decades prior to the rise of the Pilbara region in WA. The Middleback Ranges continues to produce both hematite (now being exported by OneSteel at a rate of 2mtpa) and magnetite which supplies the Whyalla steel mill.

Preliminary geological interpretation is indicating that Stellar's Tarcoola iron ore deposits show some clear similarities to the iron deposits of the Middleback Ranges.

Further work

Core from PD007 is in the process of being cut and sampled for assay with results expected within four weeks. Davis Tube Recovery tests will take longer to complete.

Planning for a 4,000m RC drilling program to commence next month is currently underway. The program will test the potential for high grade hematite in the eastern non-magnetic zone and along gravity highs immediately to the west of the magnetite zone. In addition, the program will define the lateral extend of the main magnetite zone.

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.

For further details please contact:

Tom Burrowes	Tel: (03) 9909 7618	Email: tom.burrowes@stellarresources.com.au
Peter Blight	Tel: (03) 9909 7618	Email: peter.blight@stellarresources.com.au
Chris Anderson	Tel (08) 8363 1589	Email: chris.anderson@stellarresources.com.au

or visit our Website at: <http://www.stellarresources.com.au>