ASX Release

28 September 2010

High Grade Tin Confirmed by Heemskirk Drilling

Highlights

- Presence of a high grade zone within the near-surface Queen Hill mineralisation confirmed.
- Six hole drilling program to sample the near surface Queen Hill mineralization and in-fill the drilling database is now complete.
- The best results were:
  - 21.2 metres* grading 0.82% tin, including 3.0 metres grading 1.87% tin, from drill hole ZQ96 (as previously reported)
  - 5.0 metres* grading 1.56% tin from drill hole ZQ98.
- Tin mineralisation is open to the northeast and southwest.
- Tin price of $23,600/t continues to outperform the price of other LME metals, underpinned by strong fundamentals.

Next Steps

- Metallurgical test work will be conducted on Queen Hill Tin Lode mineralisation to determine process route options. This work should be completed by November.
- Review and upgrade of the historical resource estimate by December.

* all intersections are reported down hole.

About Stellar:

Stellar Resources (SRZ) is focusing on the development of its iron ore and tin projects and advancement of uranium and base metal exploration properties. The company holds a portfolio of tenements located in South Australia, Tasmania and New South Wales that have excellent development potential. Key projects include: Tarcoola Iron Ore located in central South Australia, Heemskirk Tin located near Zeehan in Tasmania, Pirie Basin Uranium located north of Cowell in South Australia and Warrior Uranium located west of Tarcoola in South Australia. The company aims to create shareholder value by identifying and developing mature exploration properties.

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Introduction

The Heemskirk Tin Project is located north of Zeehan on Tasmania's west coast. The location is ideal for mining given that the area is well serviced by power, water, transport, infrastructure and mining services. Stellar holds a 60% interest in the Heemskirk Tin Project with joint venture partner Gippsland Limited and can increase its holding to 70% by completing a feasibility study.

Drilling during the early 1980s identified three tin deposits, Queen Hill, Severn and Montana. Queen Hill is the focus of the current phase of exploration as it out-crops, has not been fully drilled-out close to the surface, nor has it been fully tested for metallurgical performance.

Tin Market Continues to Perform Strongly

The tin price continues to out-perform prices for all other LME metals and has more than doubled to US$23,600/t from its recent low of US$10,300/t in mid 2009. The strong price rally reflects reduced supply from Indonesia coupled with a recovery in demand, resulting in a dependence on LME stocks to meet the shortfall. As a result, LME stocks have halved to 13,600t since November 2009. Further stock reduction should sustain the LME price in the US$20,000/t to US$25,000/t range – a very healthy level for the Heemskirk Tin project.

Excellent result from ZQ98

Stellar has completed a six hole diamond drilling program which delivered excellent results. Holes ZQ93 to ZQ96 were reported to the ASX on 30 August 2010. The summary shown in Table 1 adds the results from ZQ97 and ZQ98 (shown in bold) to the previously reported information.

Table 1 Assay Results *

Hole No	From m	To m	Interval** m	Sn %	Acid Sol Sn %	Cu %	Pb %	Zn %	Ag g/t	Comment
ZQ093	75.7	80.0	4.3	0.92	0.00					Tin Lode
ZQ094	44.0	45.0	1.0	0.09	0.02	0.03	3.2	7.4		Clarkes Lode Lead/Silver
	64.0	70.0	6.0	1.30	0.02					Tin Lode
including	69.0	70.0	1.0	2.20	0.03					Tin Lode
ZQ095	62.0	62.7	0.7	0.60	0.00					Tin Lode
ZQ096	68.0	76.0	8.0	0.71	0.44	0.5	3.1	0.7	161	Clarkes Lode Lead/Silver
	85.8	107.0	21.2	0.82	0.01					Tin Lode
including	90.0	91.0	1.0	3.78	0.01					Tin Lode
ZQ097	**57.0**	**58.2**	**1.2**	**0.70**	**0.00**					**Tin Lode**
ZQ098	**95.0**	**100.0**	**5.0**	**1.56**	**0.02**					**Tin Lode**
including	**95.0**	**96.0**	**1.0**	**1.81**	**0.02**					**Tin Lode**

* XRF using fused beads; **reported interval is down hole.

Hole ZQ98 provided the best result with 5.0 metres averaging 1.56% tin from 95metres. Consistent with previous results, the Tin Lode mineralisation in ZQ98 contains negligible amounts of acid soluble tin suggesting that cassiterite rather than the more difficult to treat stannite is the tin mineral present.

In hole ZQ96, Clarkes Lode lead/silver mineralisation, a secondary target of the drilling program, was encountered just above the Tin Lode, as previously reported. However, a void in ZQ98 indicates that Clarkes Lode was previously mined in the vicinity of the drill hole. Similar voids were intersected in holes ZQ93, ZQ95 and ZQ97.

Long-Section Update

Figure 1 shows an updated schematic long section with pierce point assays added for ZQ97 and ZQ98.

ZQ98 confirms the continuation of high grade mineralisation at good thickness to the northeast of ZQ96. It also shows narrowing of the mineralisation near surface in the vicinity of holes ZQ95 and ZQ97.

Pyrite-silica fracture filling consistently hosts the Tin Lode mineralisation in all holes. In ZQ96 and ZQ98, pyrrhotite is common, however, pyrite remains the dominant iron sulphide mineral.

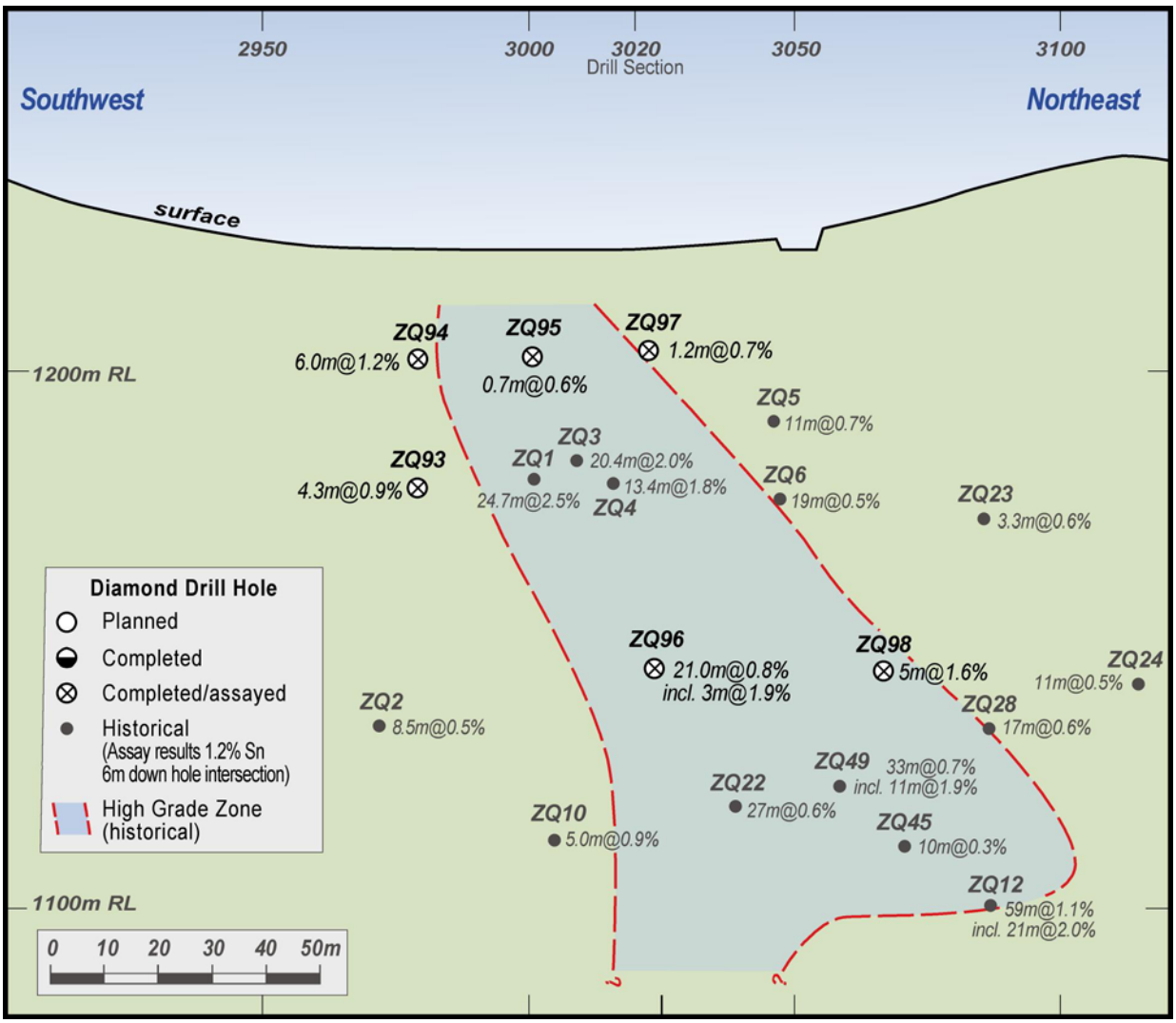

Figure 1. Schematic Long-Section Showing Mineralised Drill Hole Pierce Points and High Grade Zone

Table 2 Drill Collar Orientation Data

Hole No	Northing Collar	Easting Collar	Relative Level m	Collar Dip/Azimuth	Depth m	Recovery %
ZQ093	5361911	360771	248	70/279	94.8	97
ZQ094	5361911	360770	248	50/283	75.6	91
ZQ095	5361933	360780	248	50/283	78.9	92
ZQ096	5361947	360787	247	79/281	124.0	98
ZQ097	5361948	360785	247	50/277	80.3	88
ZQ098	5361972	360821	258	70/280	131.0	93

Collar Co-ordinates: MGA; Collar Azimuth: Magnetic

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.

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