

Stellar Resources

ASX Announcement



14 March 2019

Exploration Update

The Directors of Stellar Resources Limited (ASX: SRZ, “Stellar” or the “Company”) are pleased to provide an update on the Company’s activities on its tin properties located near Zeehan within the mining district of west coast Tasmania. In addition, the strong performance of tin price against that of other London Metal Exchange (LME) metals is also highlighted.

Capital Structure

Shares: 379,713,489
Share Price (SRZ): A\$0.013
Listed Options: 59,142,857
Option Price (SRZO): A\$0.002
Unlisted Options: 15,000,000

Commodity

Tin Price: US\$21,275/t
Exchange Rate US\$ 0.71

Main Shareholders

European Investors 19.5%
Capetown SA 16.4%

Board & Management

Phillip G Harman
Non-Executive Chairman
Peter G Blight
Managing Director
Miguel Lopez de Letona
Non-Executive Director
Thomas H Whiting
Non-Executive Director
Melanie J Leydin
Company Secretary

Heemskirk Project Resource Update

Stellar recently engaged technical consultant Resource and Exploration Geology to complete an update of the mineral resource estimates for the tin deposits within its Heemskirk project near Zeehan, which were last completed in November 2016.

Updated resource estimates for Stellar’s Queen Hill and Severn tin deposits within ML2023P/M will incorporate results of drilling undertaken in 2017. The majority of the 2017 drilling was in the upper Severn deposit, locally reducing the drilling spacing, and it may be possible to upgrade the mineral resource classification from an inferred to an indicated mineral resource for this part of the Severn tin deposit.

A maiden resource estimate will also be completed for the Oonah tin deposit which lies immediately north of (<1km) the other Heemskirk deposits and within the recently acquired Montana Flats Exploration Licence (EL13/2018).

An updated mineral resource estimate for the Heemskirk Project tin deposits is expected to be completed in June quarter 2019.

Heemskirk Project, Fast Start Option Scoping Study

Following completion of the updated mineral resource estimates, Stellar will undertake a Scoping Study on a Fast Start Option for the Heemskirk Tin project based primarily on the Queen Hill and Severn mineral resources.

ASX Code: SRZ

About Stellar:

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Stellar Resources (SRZ) is an exploration and development company with assets in Tasmania. The company is rapidly advancing its high-grade Heemskirk Tin Project, located near Zeehan in Tasmania, and plans to become Australia’s second largest producer of tin.

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The recently completed St Dizier scoping study has also provided an opportunity to consider incorporation of St Dizier into the larger Heemskirk Tin project which will be considered as part of the Heemskirk Fast Start Option Scoping Study expected to be completed in June quarter 2019.

Razorback Tailings and Mine

The objective at Razorback is to determine whether Stellar can commence early production of a saleable tin concentrate and generate early revenue from the Razorback tailings and mine located within Exploration Licence EL 11/2017 acquired by Stellar in 2018.

The initial focus is on re-processing the Razorback tailings on site. Following encouraging results from initial sampling and testwork completed in March 2018, hand auger holes were recently drilled into the Razorback tailings dam. These samples have now been submitted to ALS metallurgical laboratory in Burnie for pilot scale testing of cassiterite concentration using low-cost gravity spirals. The program is expected to be completed in the June quarter 2019.

A review has also commenced looking at the potential to define a mineral resource from the historical drilling and operational data over the Razorback mine which operated between 1975 and 1978 producing approximately 158 tonnes of tin in concentrate. Subject to results of the Razorback mine resource review and the results of the Razorback tailings testwork underway, a metallurgical testwork program will also be considered for Razorback mine.

Tin Market Update

The tin market has started 2019 strongly with the London Metal Exchange (LME) price rising from a low of US\$18,425/t in late November 2018 to US\$21,925/t in late February 2019. In that time, it has out-performed most LME base metals. Restricted supply from Indonesia and a reduction in supply from Myanmar are contributing factors to the strong price performance. However, strong demand outside of China appears to be having the greatest impact on price.

- In March 2019, the Indonesian Commodities and Derivative Exchange lifted an October 2018 ban on PT Surveyor Indonesia which certified 70% of supply from independent smelters. The ban restricted tin exports from Indonesia and contributed to tight market conditions. Following the ban, strict tin certification rules remain in place along with a new regime of bonded warehouses. Under the new structure, any increase in exports from Indonesia should be more controlled and more visible than in the past.
- China's trade statistics show that exports of refined tin increased to a record level of 1,198t in January 2019. The increase in exports is likely to have come from Yunnan Tin which has an exclusive export licence and reflects improved LME prices relative to domestic prices. Importantly, the export increase has not increased LME stocks which remain close to record lows at 1,160t.
- ITA estimates that shipments of tin in concentrate from Myanmar to China declined by 36% to 7,100t of contained tin in January 2019 on year ago levels. In 2019, ITA expects shipments of tin in concentrate from Myanmar to decline by 16% or 8,400t to 46,000t.

- China appears to be looking for additional sources of concentrate to reduce the impact of losses from Myanmar on its smelter output. Imports from Laos and Australia, a non-traditional source of concentrate supply, increased significantly in January to 1,091t.
- China's recently expanded Baiyinchagan mine, in Inner Mongolia, closed temporarily in February following a mine accident. According to the ITA, the mine produced 7,000t of tin in concentrate or 8% of domestic supply in 2018. An extended closure is likely to tighten the domestic concentrate market.
- ITA reported that tin use grew at a faster than expected 2.5% in 2018. All of the growth is estimated to have occurred outside of China with demand within China marginally softer than 2017. According to the ITA, growth in demand for electronics is responsible for the strong result.

Figure 1: LME Tin Price (US\$/t, A\$/t) Versus Exchange Stocks (t)

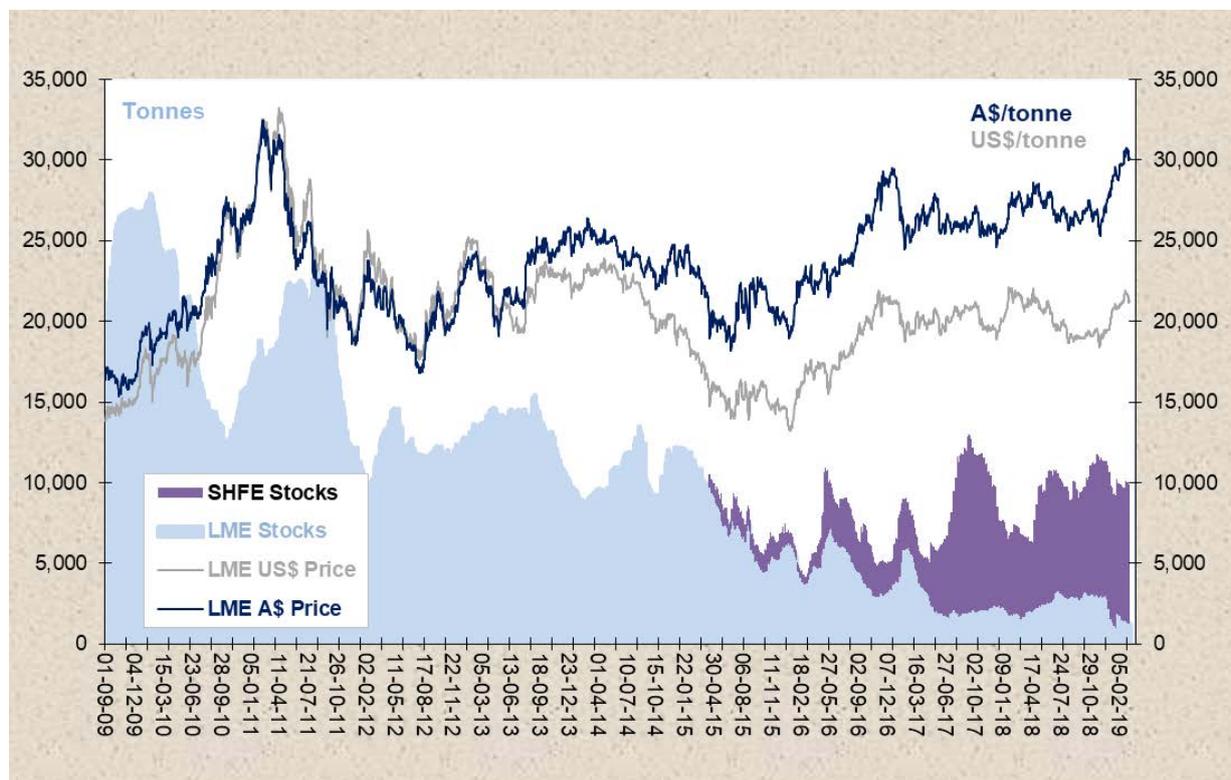
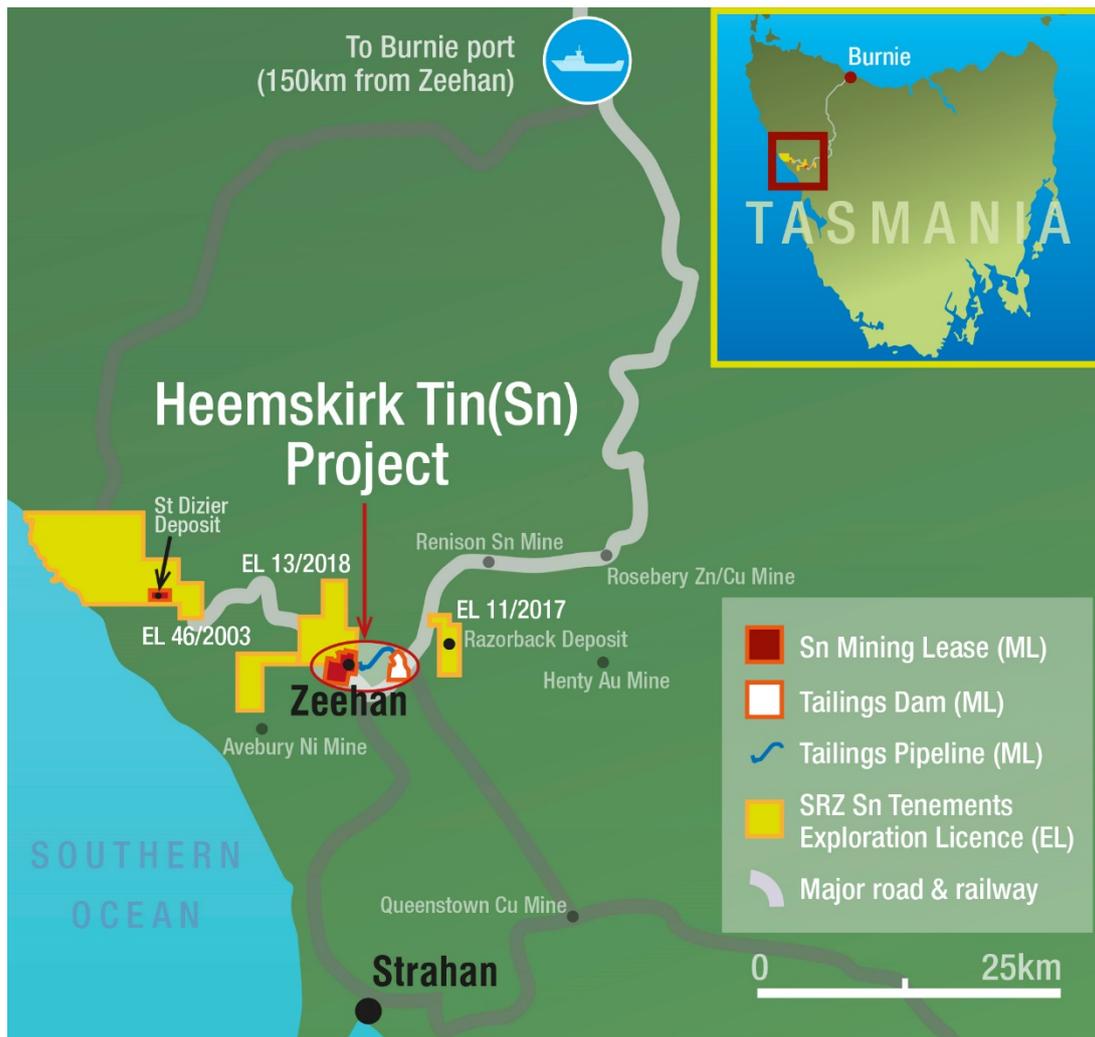


Figure 2: Stellar Resources Tenement Map, Western Tasmania



Heemskirk Tin Project

Stellar Resources Limited is a tin exploration and development company that is focused on developing its flagship Heemskirk Tin Project in western Tasmania.

The project has two significant competitive advantages. First, Heemskirk has a JORC 2012 compliant Mineral Resource of 6.4mt @ 1.13% Sn which makes it the highest grade undeveloped tin project of significance listed on the ASX. Second it has an excellent location within the historic west coast mining district of Tasmania (see Figure 2).

Access to existing infrastructure including power, sealed roads and water is a significant advantage over more remote tin projects. In addition, the project is located next to the mining town of Zeehan which provides a supportive community, access to skilled miners and accommodation. The service industry, established to support existing long-term mines in the district, also provides an opportunity for access to competitive suppliers.

For further details please contact:

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Competent Persons Statement

The Information in this report that relates to Mineral Resources was prepared in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code), by Tim Callaghan (Principal Resource and Exploration Geology), who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years' experience in the estimation, assessment and evaluation of Mineral Resources of this style and is a Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears.

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 an employee 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 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.

Forward Looking Statements

This report may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Stellar Resources Limited's planned activities and other statements that are not historical facts. When used in this report, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward-looking statements. Although Stellar Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Stellar Resources Limited securities.