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10 May 2011

## UPDATE - HEEMSKIRK TIN PROJECT

Gippsland Limited [ASX: 'GIP'; FRA: 'GIX'] is pleased to provide an abstract of Stellar Resources Ltd ("Stellar") [ASX: 'SRZ'] Quarterly Report for the period ended 31 March 2011 dated 29 April 2011 to the extent that that Report relates to Stellar's activities regarding the Heemskirk Tin Project in Tasmania. A full copy of the Report is attached.

### Gippsland's Interest in the JV

Gippsland and Columbus Metals Limited ("**Columbus**"), a subsidiary of Stellar Resources Ltd, are participants in an unincorporated joint venture ("**Heemskirk Joint Venture**") in relation to retention licence 5/1997 located in Tasmania ("**Licence**"). Gippsland is the beneficial owner of a 40% interest in the Heemskirk Joint Venture ("**JV Interest**") and under the terms of the Heemskirk Agreement Gippsland's JV Interest is free carried by Columbus until the completion of an Acceptable Feasibility Study (as defined in the Heemskirk Agreement).

Upon completion of an Acceptable Feasibility Study Gippsland's JV Interest will reduce to 30%. In addition, upon commencement of Commercial Mining Operations (as defined in the Heemskirk Agreement), Gippsland shall not be entitled to receive for its own benefit its share of the proceeds from mining operations until it has repaid to Columbus 75% of Expenditures contributed by Columbus on behalf of Gippsland, being 30% of all Expenditures incurred until the completion of the Acceptable Feasibility Study together with interest.

### Abstract from Stellar Resources Ltd Quarterly Report for period ended 31 March 2011

#### "HIGHLIGHTS

##### *Heemskirk Tin Project (TAS)*

- JORC Inferred Resource of 4.4 million tonnes at 1.1% tin.
- Extensional drilling adds lead and silver to the target.
- Positive metallurgical test work.
- Scoping study underway.

##### *Targets for June Quarter 2011*

- Heemskirk Tin Project
  - ✓ Completion of scoping study
  - ✓ Further metallurgical update
  - ✓ Exploration drilling update.

##### *Heemskirk Tin Project (TAS) (Stellar 60%)*

*The Heemskirk Tin Project is located near Zeehan on Tasmania's west coast in an area well serviced by power, water, transport, mining and other infrastructure. 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 by Gippsland Limited in the 1970's and subsequently Aberfoyle Limited during the 1980's identified three tin deposits: Queen Hill, Montana and Severn. In 2010, Stellar added to the substantial drilling data base with 6 holes into the near surface Queen Hill deposit. The Stellar results confirmed the high grade nature of the mineralisation and provided fresh samples for metallurgical testing. As previously reported, these tests indicated that tin is recoverable using a process similar to that used at the nearby Renison Bell tin mine.*

## Mineral Resource Statement

The Mineral Resource Statement was prepared by independent consultancy group, Mining One Pty Ltd which has recognised expertise in tin geology and mining.

Queen Hill, Montana and Severn are cassiterite tin deposits located in structural settings and as replacement deposits. The cassiterite mineralisation is associated with pyrite, pyrrhotite and minor base metal sulphides.

The Mineral Resource estimate of 4.4 million tonnes grading 1.1% tin shown in Table 1 is reported in accordance with the JORC Code 2004 edition. Queen Hill mineralisation was classified as Indicated and Montana and Severn as Inferred.

**Table 1 Mineral Resources**

| Deposit      | Indicated    |      | Inferred  |              |      |           | Total        |            |           |
|--------------|--------------|------|-----------|--------------|------|-----------|--------------|------------|-----------|
|              | kt           | % Sn | kt Sn     | kt           | % Sn | kt Sn     | kt           | % Sn       | kt Sn     |
| Queen Hill   | 1,600        | 1.2  | 19        |              |      |           | 1,600        | 1.2        | 19        |
| Montana      |              |      |           | 360          | 1.6  | 6         | 360          | 1.6        | 6         |
| Severn       |              |      |           | 2,400        | 1.0  | 24        | 2,400        | 1.0        | 24        |
| <b>Total</b> | <b>1,600</b> |      | <b>19</b> | <b>2,760</b> |      | <b>30</b> | <b>4,360</b> | <b>1.1</b> | <b>49</b> |

cut-off grade 0.6 % tin

estimated on 3 March 2011 by Mining One Pty Ltd

The mineralisation has the following dimensions with all deposits open down dip:

- Queen Hill outcrops, have a strike length of 300m, a width of 1 to 50m and a down dip extent of 300m at a dip of 60° to the east.
- Montana subcrops at a depth of 75m from surface and extends for a further 300m down dip at a dip of 55°. The mineralisation has a strike length of 100m and a width of 1 to 50m.
- Severn mineralisation subcrops at 120m from the surface and extends for a further 400m down dip at dips of 20° to 70°. The mineralisation has a strike length of 400m and a width of 1 to 50m.

The estimates of Mineral Resources were made using diamond drill hole assays within the interpreted mineralisation. All samples were composited to one metre lengths and no top-cuts were applied. Bulk densities were based on estimated sulphur grade, where this was available, or set at 3.3 tonnes per cubic metre for Queen Hill, 3.9 tonnes per cubic metre for Montana and 3.2 tonnes per cubic metre for Severn. The grade estimates of the mineral resources were made using an inverse distance squared algorithm and a cut-off grade of 0.6% tin.

## Drilling Update

Stellar has drilled four exploration holes at Queen Hill since early March to test the potential for near-surface lateral extensions of the mineralisation outside of the Mineral Resource envelope. Drill hole ZQ099 was located 40m south of the tin lode and ZQ100 and 101 were drilled on section 50m to the north.

So far, the near-surface tin mineralisation outside of the resource envelope has proven to be low level. However, as the assay results for ZQ100 and ZQ101 in Table 1 show, the hanging wall Clarkes Lode silver lead mineralisation is particularly rich on this section and has the potential to add considerable value to the project.

Drilling is continuing 130m to the north of ZQ100 to test for mineralisation down plunge from the Stormsdown pit. Surface sampling along the southern wall of the pit provided an assay of 1.5% tin over 4m.

**Table 2 Assay Results\***

| Hole No | From<br>m | To<br>m | Interval**<br>m | Sn<br>% | Acid Sol Sn<br>% | Pb<br>% | Zn<br>% | Ag<br>g/t | Comment                  |
|---------|-----------|---------|-----------------|---------|------------------|---------|---------|-----------|--------------------------|
| ZQ099   | 71.0      | 73.0    | 2.0             | 0.09    | 0.00             | 1.4     | 1.0     | 33        | South Queen Hill         |
| ZQ100   | 65.0      | 66.0    | 1.0             | 0.22    | 0.00             | 22.6    | 0.6     | 1000      | Clarkes Lode lead/Silver |
|         | 102.0     | 104.0   | 2.0             | 0.38    | 0.00             | 0.1     | 1.5     |           | Tin Lode                 |
| ZQ101   | 74.0      | 76.0    | 2.0             | 0.11    | 0.01             | 9.3     | 1.0     | 209       | Sulphide veins           |
|         | 107.6     | 109.5   | 1.9             | 0.54    | 0.04             | 35.7    | 3.0     | 1010      | Clarkes Lode lead/Silver |
|         | 131.0     | 133.0   | 2.0             | 0.00    | 0.00             | 4.8     | 3.4     | 114       | Sulphide veins           |

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

**Table 3 Drill Collar Orientation Data**

| Hole No | Northing<br>Collar | Easting<br>Collar | Relative Level<br>m | Collar<br>Dip/Azimuth | Depth<br>m | Recovery<br>% |
|---------|--------------------|-------------------|---------------------|-----------------------|------------|---------------|
| ZQ099   | 5361862            | 360767            | 225                 | 50/293                | 122.3      | 94            |
| ZQ100   | 5362023            | 360826            | 247                 | 50/293                | 122.2      | 92            |
| ZQ101   | 5362024            | 360829            | 248                 | 75/293                | 139.0      | 97            |

### Metallurgical Test Work

Preliminary metallurgical test work previously reported, provided encouraging results and demonstrated that a traditional high-sulphide tin processing circuit will work for Queen Hill tin mineralisation.

Recent test work focussed on reducing tin losses in the sulphide float circuit. Excellent results were achieved with a reduction in losses from 15% of tin in feed to 7%. Opportunities for further improvement are under investigation.

Work on the tin float circuit is on-going with no new information to report during the quarter.

### Scoping Study

A scoping study is currently underway and will determine the economics of a standalone mine and tin concentrate production facility. Mining One is undertaking the study which is planned for completion by 30 June 2011.

## MARKETS

### Tin

The London Metal Exchange tin price continued to rise strongly with a 16% increase to US\$32,600/t from US\$28,150/t at the time of the last quarterly report. The price premium on the LME relative to Shanghai has led to a slight increase in LME stocks to 20,300t. However, supply from Indonesia remains tight and de-stocking by Chinese consumers in the March quarter appears unsustainable. Accordingly, tin prices are expected to rise further during the course of 2011."

### Gippsland's Comment

The Company welcomes the commitment by Stellar to further exploration drilling at the Heemskirk Tin Project and is looking forward to the announcement of the results of metallurgical test work as it proceeds. A key aspect of the mineralisation in the Heemskirk Tin Project area is the fine-grained nature of the tin mineralisation with the cassiterite in the Queen Hill deposit being very fine with 70% being less than 20 microns. The cassiterite in the Severn and Montana deposits is slightly more coarse.

The Company is also looking forward to the announcement of the results of the scoping study which is planned for completion by 30 June 2011.

*The information in this report that relates to Mineral Resources is based on information contained in the Stellar Resources Ltd ("Stellar")[ASX: 'SRZ'] Quarterly Report for the period ended 31 March 2011 dated 29 April.*

*The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information contained in the Stellar Resources Ltd ("Stellar")[ASX: 'SRZ'] Quarterly Report for the period ended 31 March 2011 dated 29 April.*

*It should be noted that the abovementioned exploration results are preliminary.*

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**Director**

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# ASX Release

29 April 2011

ASX Code: SRZ

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## Quarterly Report For the period ended 31 March 2011

### Highlights

#### Heemskirk Tin Project (TAS)

- JORC Inferred Resource of 4.4 million tonnes at 1.1% tin.
- Extensional drilling adds lead and silver to the target.
- Positive metallurgical test work.
- Scoping study underway.

#### Exploration

- Encouraging copper and tin intersections at Gourlays.
- UraniumSA Plumbush Inferred Resource continues into Stellar JV ground.
- Renaissance Uranium commences drilling on Pirie Basin JV tenement.

#### Corporate

- Stellar held cash of \$3.0 million at 31 March 2011.
- Mr Phillip Harman was appointed Non-executive Chairman and Dr Tom Whiting joined the board as a Non-executive Director.

### Targets for June Quarter 2011

- Heemskirk Tin Project
  - ✓ Completion of scoping study
  - ✓ Further metallurgical update
  - ✓ Exploration drilling update.
- Uranium exploration results from joint venture partners.
- Identification of drilling targets by joint venture partner AngloGold Ashanti on South Australian gold copper properties.

### About Stellar:

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

## PROJECTS

### Heemskirk Tin Project (TAS) (Stellar 60%)

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Recent test work focussed on reducing tin losses in the sulphide float circuit. Excellent results were achieved with a reduction in losses from 15% of tin in feed to 7%. Opportunities for further improvement are under investigation.

Work on the tin float circuit is on-going with no new information to report during the quarter.

## Scoping Study

A scoping study is currently underway and will determine the economics of a standalone mine and tin concentrate production facility. Mining One is undertaking the study which is planned for completion by 30 June 2011.

## Tarcoola Iron Ore Project (SA) (Stellar 100%)

The Tarcoola Iron Ore Project is located 8 kilometres from the town of Tarcoola in central South Australia. It also lies within 10 kilometres of the Trans-Australian railway which links the project to the proposed bulk commodity export terminal at Port Bonython. The Coolybring magnetic anomaly with an exploration target of 700 million tonnes and the smaller Hicks Hill anomaly comprise the Tarcoola Project.

Stellar is currently involved in a process to locate an investor or JV partner to take the project forward.

## EXPLORATION

### Copper/Gold

#### AngloGold Ashanti Joint Venture

In October 2010, AngloGold Ashanti Australia Limited agreed to joint venture into four Stellar exploration licences (ELs 3752, 3753, 3655 and 4573) in the Gawler Craton of South Australia to explore for gold-copper mineralisation. Under the terms of the agreement, AngloGold Ashanti has to spend \$5 million within six years to earn a 75% interest in the tenements.

During the quarter, work continued on land access agreements and preparation for geophysical surveying. AngloGold Ashanti expects to complete a gravity survey over targets within ELs 3655 and 4573 during the June quarter.

#### Gourlays (TAS) (Stellar 100%)

Stellar completed two diamond drill holes (SGC01 and SGC02) to test high amplitude magnetic targets at Gourlays Creek. Both holes intersected significant widths of skarn alteration comprising magnetite, pyrite, pyrrhotite and quartz within hornfels and fully tested the magnetic anomalies. SGC02 also ended in granite the assumed source of the skarn mineralising fluids.

Both holes intersected significant copper and tin mineralisation associated with skarn alteration. The best results were provided by SGC01 with an intersection of 0.56% tin over 3.4m from 31.6m and 1.69% copper over 3m from 138m downhole. The results are sufficiently encouraging to warrant further exploration but not ahead of the work planned for the Heemskirk Tin Project.

**Table 4 Gourlays Assays**

| Hole No      | From<br>m | To<br>m | Interval**<br>m | Cu<br>% | Sn<br>% | Comment                        |
|--------------|-----------|---------|-----------------|---------|---------|--------------------------------|
| <b>SGC01</b> | 31.6      | 35.0    | 3.4             |         | 0.56    | Quartz veining in skarn        |
|              | 56.0      | 59.0    | 3.0             | 0.73    |         | Pyrite/quartz veining          |
|              | 85.0      | 92.0    | 7.0             | 0.41    |         | Pyrrhotite/pyrite skarn        |
|              | 138.0     | 141.0   | 3.0             | 1.69    |         | Hornfels-fine grained sulphide |
|              | 208.0     | 210.2   | 2.2             |         | 0.11    | Siderite boxwork               |
| EOH          |           | 405.0   |                 |         |         |                                |
| <b>SGC02</b> | 96.0      | 98.0    | 2.0             | 0.60    |         | Pyrite/magnetite skarn         |
|              | 133.0     | 134.0   | 1.0             |         | 0.21    | Pyrite/magnetite skarn         |
|              | 145.0     | 147.0   | 2.0             | 0.56    |         | Hornfels-fine grained sulphide |
| EOH          |           | 373.0   |                 |         |         | Granite from 316m              |

## EL 6556 Panama Hat (NSW) (Stellar 100%)

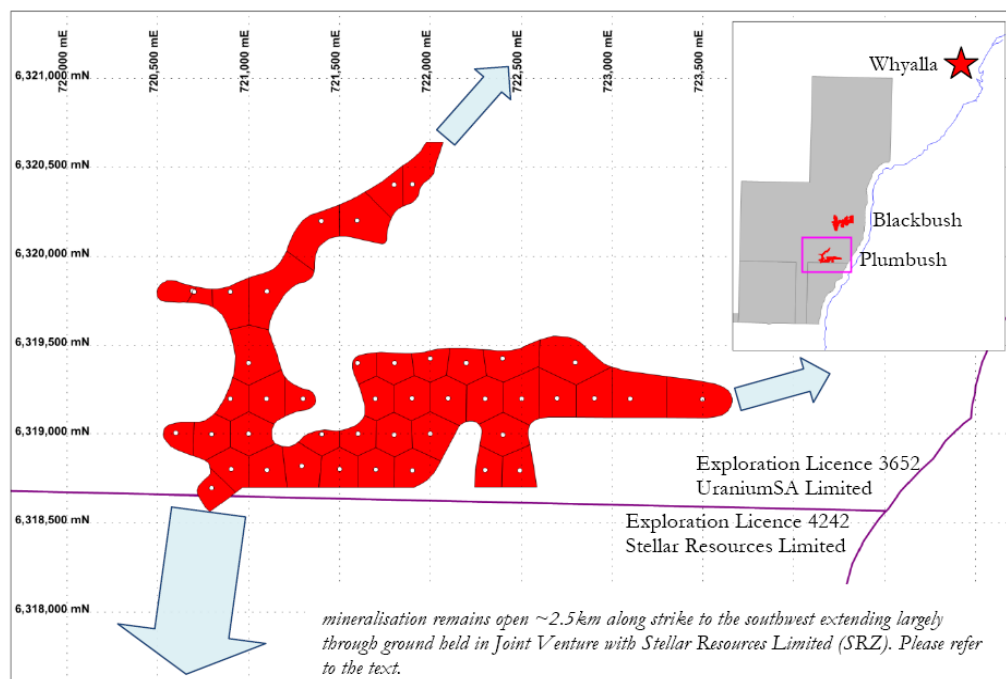
Joint Venture partner Carpentaria Exploration Limited has completed its gold exploration program and reported that drill chip assays were not sufficiently encouraging to warrant a second drilling program. Accordingly, the company has withdrawn from the joint venture and Stellar is considering its options.

## Uranium

### EL4242 Midgee (SA) (Stellar 100%)

Joint Venture partner UraniumSA Limited can earn a 73% interest in 40% of the tenement by identifying a JORC resource before September 2012.

UraniumSA has recently reported the completion of an in-fill drilling program at its Plumbush deposit immediately to the north of EL 4242 and identified an Inferred Resource of 6,300 tonnes of contained  $U_3O_8$  equivalent, at an average grade of 292 parts per million  $U_3O_8$ e. Figure 3 shows the position of the Voronoi polygons used in the resource estimate. Importantly, UraniumSA estimates from resource drilling and previous reconnaissance drilling that the mineralisation remains open over a strike length of 2.5 kilometres to the southwest into EL 4242.



**Figure 2 Voronoi Polygons used in the Inferred Mineral Resource estimate Plumbush Deposit (courtesy of UraniumSA)**

### EL 3978 Cowell (SA) (Stellar 100%)

Under the terms of a joint venture agreement, Renaissance Uranium Limited has agreed to sole fund \$3.5 million of expenditure over five and a half years to earn a 75% interest in the tenement.

Renaissance has completed a gravity survey over the tenement and identified a number of targets for its first pass drilling program. Reconnaissance drilling commenced at the northern end of the tenement in late March. The aim of the program is to identify the Eocene sands that host uranium mineralisation to the north at the Mullaquana deposit, locate oxidation/reduction boundaries within the sands and to define sedimentary basin architecture. The information from this program will be used to target uranium mineralisation in subsequent drilling programs.

### **EL 4570 Warrior (SA) (Stellar 100%)**

No work was conducted during the quarter.

### **Lead/Zinc**

### **Goldfinger (NSW) (Stellar 60%)**

Work continued on compilation of historical drilling and geophysical databases.

## **CORPORATE**

At 31 March 2011, the company held cash and term deposits of \$3.0 million. The company also holds 3.9 million UraniumSA shares that are currently valued in the market at \$1.1 million.

Mr Phillip Harman, currently a Non-executive Director, has assumed the position of Non-executive Chairman from Mr Tom Burrowes who remains a Non-executive board member. In addition, the board is delighted to advise that Dr Tom Whiting agreed to join Stellar as a Non-executive Director.

## **MARKETS**

### **Tin**

The London Metal Exchange tin price continued to rise strongly with a 16% increase to US\$32,600/t from US\$28,150/t at the time of the last quarterly report. The price premium on the LME relative to Shanghai has led to a slight increase in LME stocks to 20,300t. However, supply from Indonesia remains tight and de-stocking by Chinese consumers in the March quarter appears unsustainable. Accordingly, tin prices are expected to rise further during the course of 2011.

### **Iron Ore**

Spot prices for 62% iron ore delivered to China remain firm at US\$179/t compared to US\$174/t three months ago. The banning of iron ore exports from India's Karnataka state 12 months ago, along with more recent adverse weather effects in iron ore exporting regions, have contributed to the tight conditions in the spot market. However, spot prices may edge lower over the next quarter following the recent lifting of the export ban in India.

### **Uranium**

Spot uranium prices are US\$57.25/lb, down from a high of US\$73.50/lb in early February. The Fukushima nuclear reactor problems continue to have a negative impact on sentiment toward the uranium sector. Despite the negative impact of some stock liquidation on the spot price, the long-term price remains steady at US\$68/lb, implying that contract market fundamentals remains firm.

*The information in this report that relates to Mineral Resources is based on information compiled by Michael McKeown who is a fellow of the Australasian Institute of Mining and Metallurgy. Michael McKeown is employed by Mining One Pty Ltd and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Michael McKeown consents to the inclusion in this report of the matters based on his information 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 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.*

For further details please contact:

Peter Blight

CEO

Tel: 03 9909 7618

Email: [peter.blight@stellarresources.com.au](mailto:peter.blight@stellarresources.com.au)

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