

ASX Release

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Quarterly Report for the period ended 30 June 2005

HIGHLIGHTS

- Drilling of the Coolybring magnetite prospect in the Tarcoola Iron District of South Australia demonstrates wide intersections of good quality magnetite. Importantly, the gravity interpretation indicates prospects for adjacent haematite mineralization, under cover.
- Review of uranium potential shows extensive palaeochannel network across Stellar's Tarcoola Region (Gawler Craton) licences. The FALCON® gravity gradiometer data accurately delineates these palaeochannels, considered to be prospective for "roll front" style uranium deposits.
- Deep penetrating Induced Polarisation surveys have greatly assisted in refining the major base metal target at Goldfinger, in the Broken Hill block, NSW. Assessment by diamond drilling will commence as soon as the nominated rig is released from a nearby program.
- Drilling at Padthaway, SA has indicated the likely presence of ultramafic rocks under cover however drilling conditions are difficult. Petrological descriptions of intersected lithologies are planned so as to confirm possible target models.
- Drilling has commenced on a bedrock geochemical program at Soyuz, central South Australia. This program is aimed at refining gold and copper-gold targets identified from earlier work.
- Gravity data acquisition is planned over new ground ("Robins Rise") acquired west of Coober Pedy considered prospective for iron oxide copper-gold.
- Drilling of the offshore Gilbert -1 well in the Gippsland Basin, where Stellar holds a 3% carried interest, is scheduled for September.

CORPORATE

- ASX listing was successfully achieved early in the quarter, with the IPO raising the planned \$2m. At 30 June, the cash backing is over \$5m.
- Stellar has recently instituted a program for smaller shareholders with unmarketable parcels to sell their shares, or retain should they so desire. This program has a planned completion date of 30 September.

EXPLORATION

IRON

Assays and preliminary beneficiation tests have been returned from the two vertical diamond drill holes on the Coolybring magnetic anomaly in the Tarcoola District. Holes DDH-WIL04 and DDH-WIL05 were completed (approx 750m apart) to test part of the aeromagnetic anomaly.

WIL04 intersected 114 m @ 39.2% Fe in a strongly magnetic jaspilite from 108 metres to 222 metres (EOH). **WIL05 intersected** a more variable sequence of ironstone and meta-sediments, with high magnetite content over **54m @ 35.0% Fe** from 108 m to 162 m (EOH). Preliminary beneficiation testwork of 11 samples showed the potential to upgrade the iron content to above 63%, however, the silica content remained high at some 12% in some samples.

These holes confirm the presence of the inferred large body of magnetite mineralisation under cover. The true width of the iron-mineralised zone has yet to be established, both holes ended in mineralisation and most of the intense magnetic anomaly area remains undrilled.

Importantly, there are indications of primary hematite dominant iron mineralisation, and this raises the exploration possibilities for a number of more weakly magnetic, but strongly positive gravity features in the district.

URANIUM

An in-house review of historical exploration data, and recent compilation work carried out by PIRSA, has highlighted the development of Tertiary palaeochannels across Stellar's tenement holdings in the Tarcoola region, SA. Significant channel-sand hosted uranium occurrences are noted at the "Warrior" and "Ealbara" prospects immediately to the north-west and west of the Stellar tenements respectively.

Gravity gradiometer data from the FALCON® survey coverage appears to provide an accurate guide to the distribution of channels, thereby allowing relatively cost effective exploration for "roll-front" uranium mineralisation within the channel system. The Board is currently reviewing options for rapidly assessing this potential.

BASE METALS

Goldfinger

The ongoing delay in obtaining a suitable drill rig has allowed further geophysical assessment. In particular, several rounds of Induced Polarisation (IP) data collection and interpretation have made the target more robust.

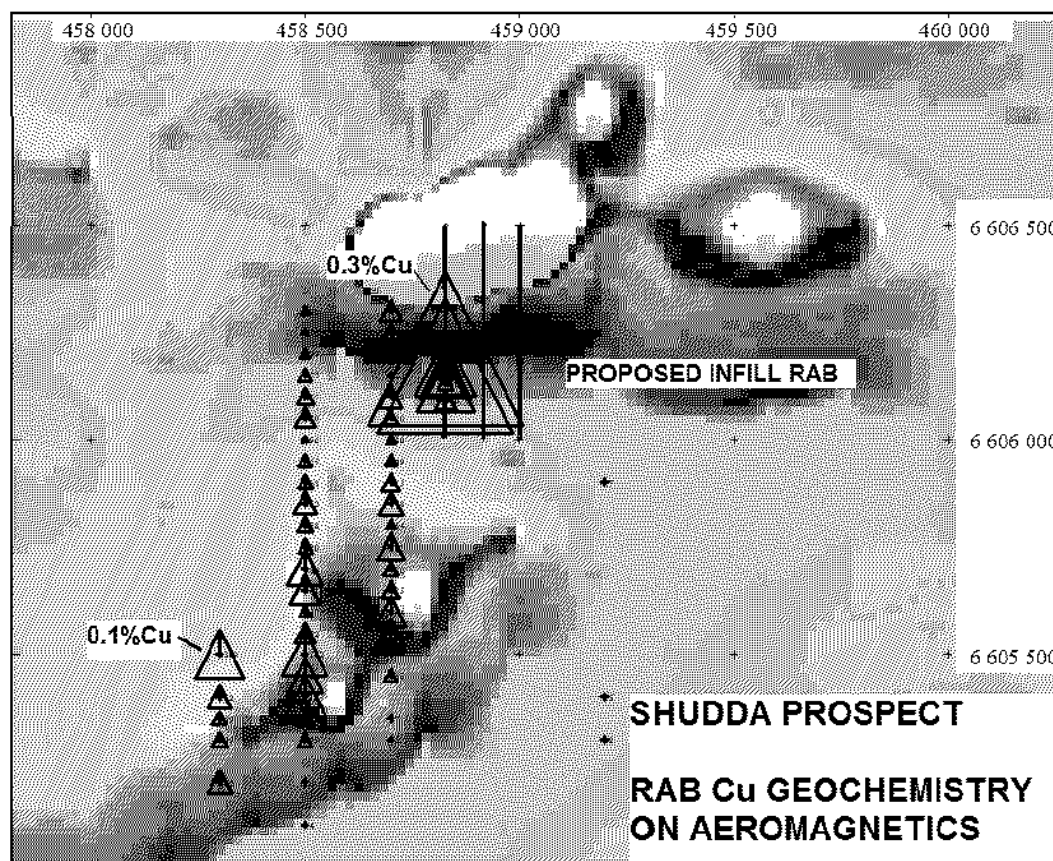
Drilling is planned on the interpreted centre of the gravity anomaly, with a possible second hole to test a target IP zone immediately south of the gravity source.

The rig is awaiting release from a drill program at Broken Hill and drilling is expected to commence this quarter.

COPPER – GOLD

Tarcoola Region Projects – Shudda

A program to extend and infill RAB geochemical coverage of the Shudda copper target is planned, to detail the zone of anomalous (0.1 to 0.3% Cu) end-of-hole RAB results achieved to date.



A zone of anomalous Cu over 1 kilometre in strike and 2-300 metres wide is open to the north-east, in an area of increased magnetic response.

Soyuz

A program of shallow RAB geochemical drilling has commenced at the Soyuz copper-gold gravity and magnetic targets, in preparation for the planned deeper PIRSA subsidized Reverse Circulation drill program.

Tarcoola Goldfield

A mining engineer was engaged to examine the mining potential of the higher grade Perseverance zone within the known Tarcoola Goldfield, where extensive drilling has outlined a modest gold resource. The indicative study indicates that the grade is attractive, however the present modest tonnage is assessed as being not yet sufficient to justify a stand alone development.

Cultana JV

Stellar has an option to earn up to a 55% interest in this project area, located near Whyalla, S.A.

Stellar has advised Eagle Bay Resources of its intention to withdraw from the Cultana Farmin Agreement, due, principally to difficulties in gaining access to the Commonwealth controlled land.

Padthaway

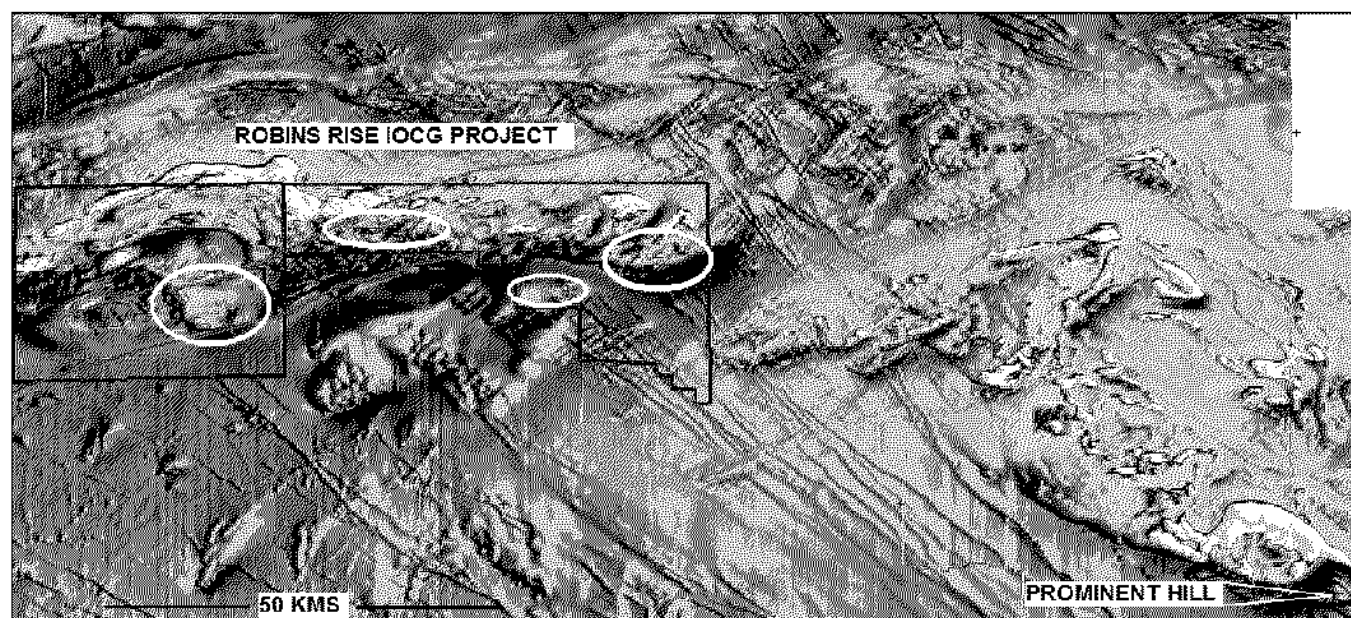
Stellar has an option to earn 100% in three ELs lying along the Padthaway Ridge, where intense magnetic anomalies are presently being drill tested.

Under a PIRSA drilling subsidy, Stellar has drilled two holes into targets under cover. Both holes have confirmed the presence of the interpreted mafic to ultra-mafic lithologies, with low levels of sulphide mineralisation and alteration. Further evaluation of the project will be subject to petrological confirmation of the lithologies, and appraisal of more cost effective drilling techniques to sample basement.

Coober Pedy Area – Iron Oxide Copper-Gold Targets

During the quarter two license areas were acquired in an area west of Coober Pedy, known as Robins Rise, considered to be prospective for iron oxide copper-gold deposits of the style of Prominent Hill.

It is planned to acquire detailed gravity data over selected target areas within these ELs, located in the northern Gawler Craton, to the north-west of the Prominent Hill prospect.



Map above shows location of Stellar's new IOCG prospects

North Bendigo JV (Stellar 50%)

A planned short round of drilling to test the suitability of a more powerful air core rig has been rescheduled for October.

The magnetic data from the FALCON® survey was de-cultured and a consolidation and integration of all geophysical data with previous drilling information is under way. The principal targets initially identified from the FALCON® survey remain undrilled.

Tasmania

Permits to drill at the St. Dizier and East Granville project areas, located on the Heemskirk licence, were obtained from the MRT during the quarter.

This paves the way for drilling to commence at the St Dizier tin project, which is located adjacent to a sealed road near Zeehan. St Dizier has potential for a modest sized open pit tin resource. The targets areas at East Granville have been generated from interpretation of an airborne EM and magnetic survey and lie along strike of a small open pit cassiterite mining operation.

Excellent and advanced targets for nickel, tin and copper have been generated from a literature review combined with geophysical assessment of the airborne EM and magnetic data supplied for the MRT 2002 regional aerial survey on the Ramsay licence, which adjoins the Meredith granite.

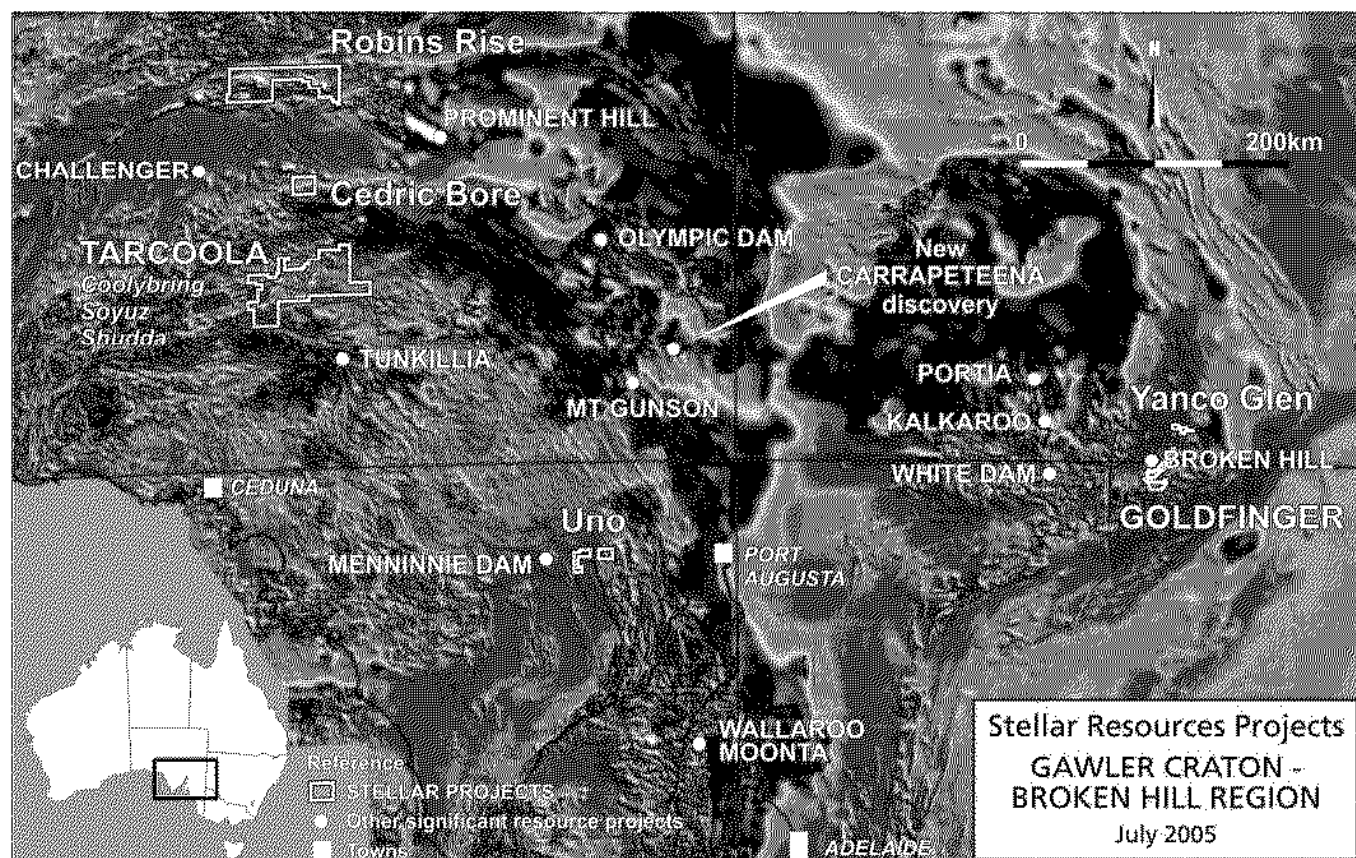
OIL AND GAS

Stellar holds a small carried interest in several onshore and offshore blocks in the Gippsland Basin. The operator advises that re-mapping of previous data is continuing along with re-evaluation of all well data using new technologies.

In VIC/P47, where Stellar holds a 3% free carry through the drilling of the well to casing point, the offshore Gilbert -1 well is scheduled for drill testing by the semi-submersible rig "Ocean Patriot", commencing in September.

FALCON® SURVEY AREAS AND THE BHP BILLITON "BUY-IN"

Details of the various farmin arrangements and projects flown by FALCON® subject to BHP Billiton's buy-in rights are contained in the Stellar Prospectus which can be accessed on the Company's website.



OUTLOOK

Stellar remains committed to aggressive drilling programs on a variety of commodity targets, many of which have been generated or enhanced by the FALCON® surveys.

In the coming quarter, drilling is scheduled for Goldfinger, Soyuz, and Shudda, as well as the oil and gas targets.

The drill results reported herein insofar as they relate to mineralisation are based on and accurately reflect information compiled by Mr C.G. Anderson (Fellow of the Australasian Institute of Mining and Metallurgy), a full-time consultant to the Company with more than 20 years' experience in the field of activity being reported. Mr Anderson is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and has consented 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 and do not imply that a mineral resource has or will be defined.

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