

ASX Release

31 July 2007



Proposed Tin IPO – Columbus Metals Limited

Stellar Resources is pleased to announce that the Board has resolved to form a new tin exploration company to accelerate the exploration and development drive on the Company's excellent tin prospects located on its Heemskirk EL, on the west coast of Tasmania.

The decision to proceed down this route has been supported by the recently reported excellent tin assays intercepted over substantial widths from the first three diamond drill holes at the St Dizier tin project – one of a number proposed to be included in the new company, Columbus Metals Limited.

It is proposed that Columbus Metals applies for ASX listing. Stellar intends to retain a substantial equity stake with Stellar shareholders invited to participate in the IPO. The securities to be offered would be ordinary shares of Columbus. A prospectus for the offer will be made available when the securities are offered. Investors wishing to acquire the new securities would need to complete the application form that would be in or would accompany the prospectus. Directors will target the raising at a level sufficient to ensure that Columbus would be well resourced to implement an aggressive tin exploration and development strategy within the Heemskirk area.

Explanatory Brochure

An information brochure, giving additional information on the exploration assets of the new company together with a commentary on the market for tin and its applications, has today been lodged with the ASX.

Those wishing to obtain a copy of this brochure can visit the Company's website: www.stellarresources.com.au and follow the links, or may request a postal delivery from the Company.

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UNLOCKING TASMANIA'S TIN WEALTH

PROPOSED TIN IPO

Stellar Resources is creating a focused tin exploration company – Columbus Metals Limited – providing shareholders the opportunity to participate in advanced tin plays favourably located in a world class tin region – Tasmania's west coast.

For well over a century the west coast of Tasmania has been a very important tin producer. More than 208,600t of tin is estimated to have been produced from this area, up to the end of 1988. Almost all of this tin, valued at over \$3.4 billion in today's dollars, has come from cassiterite-sulphide carbonate-replacement deposits related to Devonian granite plutons such as the world class Renison Bell, Mt Bischoff and Cleveland deposits.

PROPOSED TIN IPO

It is proposed that Columbus become an ASX listed tin exploration and development company. Stellar itself would retain a substantial equity stake and its shareholders invited to participate in the IPO. The securities to be offered would be ordinary shares of Columbus. A prospectus for the offer would be made available when the securities are offered. Persons wanting to acquire the securities would need to complete the application form that would be in or would accompany the prospectus. Directors will target the raising at a level sufficient to ensure that Columbus would be well resourced to implement an aggressive tin exploration and development strategy within the Heemskirk licence area (Figure 3).

TIN OPPORTUNITY

Stellar's Heemskirk licence EL46/2003 is located on the mineral rich west coast of Tasmania, within easy reach of the town of Zeehan. The area is well serviced by a network of sealed and unsealed roads and power lines. Substantial existing mining and processing facilities are located within a 50 kms radius of the tenement, which will assist the Company in developing any economic discoveries.

Stellar's Heemskirk licence covers all of the northern contact zone between the Heemskirk Granite and Neoproterozoic sediments that include the key carbonate horizons that are essential for the formation of these potentially very profitable skarn and replacement style tin deposits (Figure 1).

Some of the more significant Devonian granite-related deposits are tabled below:

Deposit	Size (tonnes)	Grade
Renison	26,000,000	1.5% Sn
Mt Bischoff	10,500,000	1.1% Sn
Cleveland	12,400,000	0.6% Sn, 0.25% Cu
Avebury	16,000,000	1.0% Ni

The licence extends across the northern contact zone of the Heemskirk Granite and contains an established tin resource at St Dizier, plus other well established prospects including Big H, Granville East and Gourlays Creek. A number of geophysical targets remain to be investigated. The licence extends southwards towards the Avebury Nickel mine and includes a small part of the southern contact of the Heemskirk Granite.

The Avebury nickel deposit is also attributed to Devonian granite activity. Other tin prospects known in the southern part of the licence are not considered highly prospective at this stage but may be related to a larger zone of tin rich greisen at depth. These could provide additional targets to test in the future.

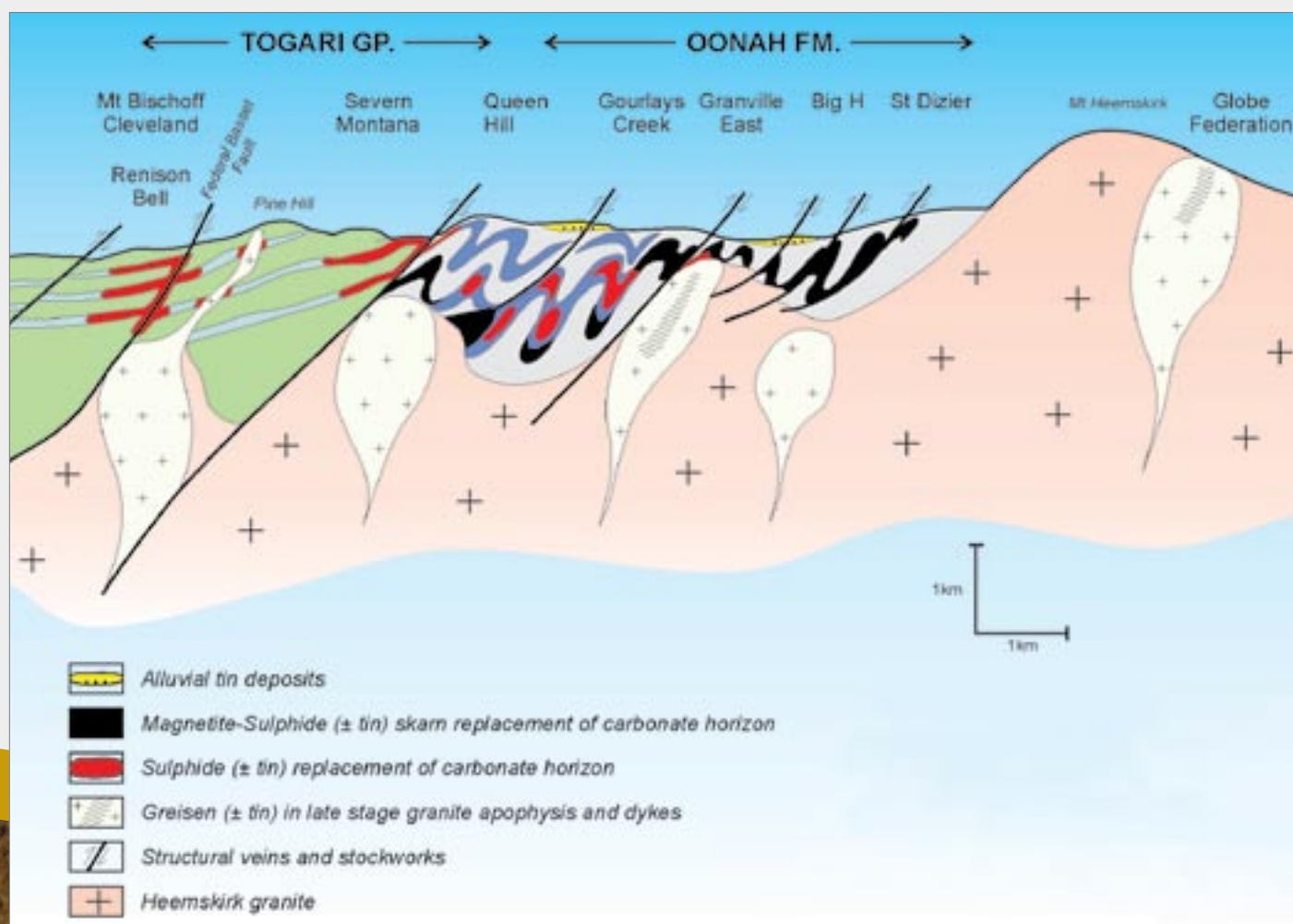


Figure 1 – Stylised Model showing Stellar's tin target types



Figure 2 – Geological interpretation of Stellar's Heemskirk Licence

Stellar considers there is potential for Heemskirk to become a significant tin field based on a cluster of tin rich pipes accessible by open pit.

TIN PROSPECTS

In March 2007, Stellar completed a detailed aeromagnetic and radiometric survey of the northern part of its Heemskirk licence with flight lines at 50m spacing. This work was undertaken to provide a more accurate geophysical database for structural and geological interpretation and drill targeting, augmenting the existing MRT 2002 aeromagnetic and electromagnetic data. In addition to the known tin mineralisation at St Dizier, Big H, Granville East and Gourlay's Creek, other anomalies have now been identified that also warrant follow-up exploration. These tin prospects are shown outlined in white in Figure 3.

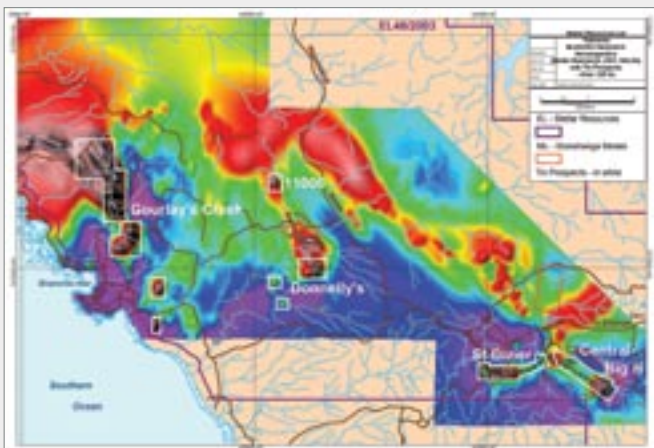


Figure 3 – Stellar's Heemskirk tin prospects on aeromagnetic imaging

ST DIZIER

At St Dizier, skarn style tin mineralisation was intersected by diamond core drilling carried out over twenty years ago. Previous estimates by Gold Fields Exploration Pty Limited (Renison Limited), suggests a mineralised zone with a nominated potential of 800,000 tonnes at 0.7% Sn in the Central Block (mostly cassiterite). Resource delineation drilling is required to upgrade this mineralisation to JORC status.

The skarn trend extends eastwards from St Dizier for approximately 3km, wrapping around part of the northern contact of the Heemskirk Granite. Identified prospects within this skarn horizon include the Central prospect and at its eastern end, the Big H deposit. No work has been conducted on any of these prospects for 20 years. In autumn 2007, Stellar completed three metallurgical drill holes into the St Dizier Central Zone.



St Dizier magnetite tin skarn extends over 3 kms

GRANVILLE EAST

At Granville East, approximately 5km NW of St Dizier, a northerly trending skarn zone estimated from aeromagnetic data as having a strike length in excess of 2km, includes a small open pit tin mine (McDermott's pit) within Stonehenge Metal's 21M/2003 and 9M/2006. The two excluded tenements held by Stonehenge cover only 200m strike of the overall 2km trend held by Stellar. Previous drilling along this trend intersected anomalous tin mineralisation. The tin mineralisation at McDermott's Pit is now recognized to have a pipe like distribution similar to the mineralisation at St Dizier. Three similar, significant aeromagnetic anomalies within the Granville East trend; 'Big Toe', 'Little Toe' (Donnelly's) and '11,000', have had almost negligible drill testing. These anomalies could well represent additional tin rich pipes, of a size comparable to St Dizier. Two other, though less intense aeromagnetic anomalies, also warrant exploration follow-up.

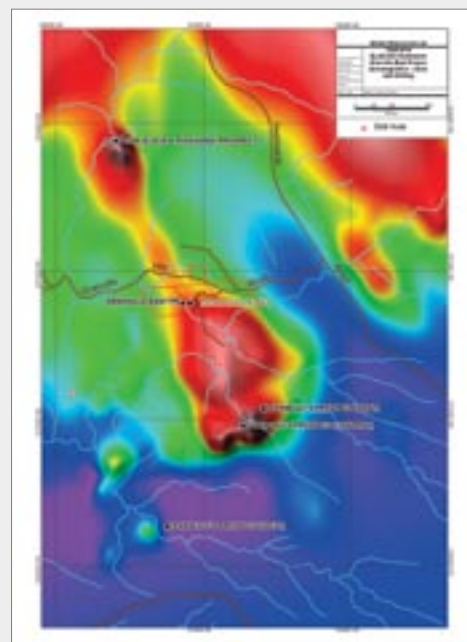


Figure 4 – Aeromagnetic image showing location of undrilled tin targets

GOURLAYS CREEK

At Goulays Creek, a further 4km to the west along well maintained farm tracks, the new aeromagnetic data has been processed, with a distinct anomaly being interpreted over a strike length in excess of 5km in an arcuate zone trending north then west (Figure 5). Geopeko drilled three diamond core holes in 1984 which only effectively tested one section of this zone and where anomalous tin and copper mineralisation was intersected in two sulphide rich horizons, over widths of 9 to 16 metres.

Stellar believes there is excellent scope to discover areas of tin enrichment based on a Renison Bell style pyrrhotite cassiterite replacement model. The Company has commenced this work with a scout program of RC drill holes on one section 400m north of the prior Geopeko drilling.

Closer to the Heemskirk Granite lie four other distinct aeromagnetic anomalies of the St Dizier – Granville East style which represent additional targets, also never drilled.

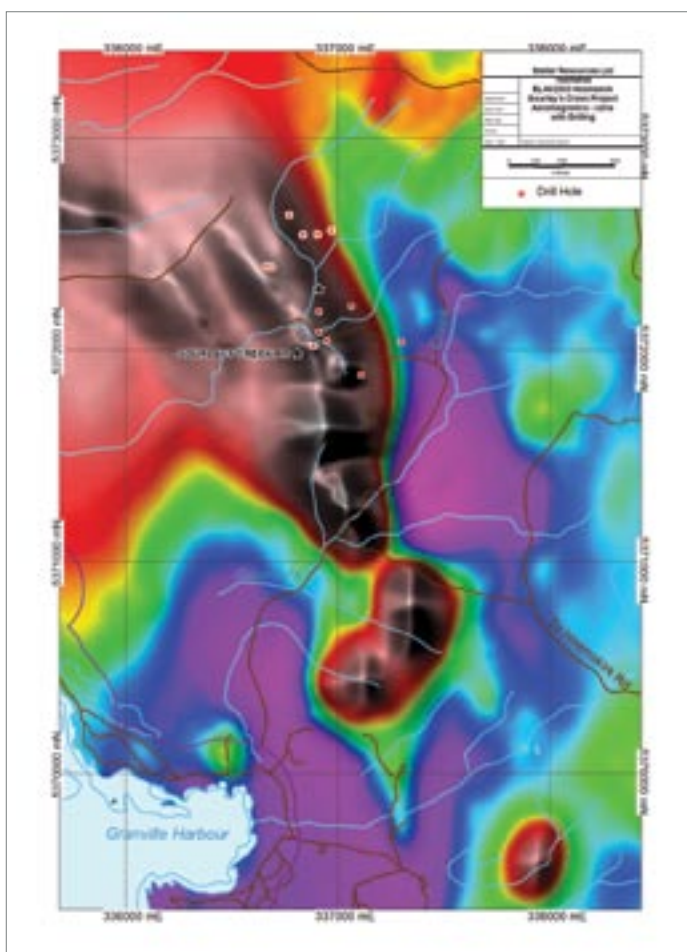


Figure 5 – Aeromagnetic image of Gourlays Creek showing location of undrilled tin targets



Stellar RC drilling at Gourlays Creek

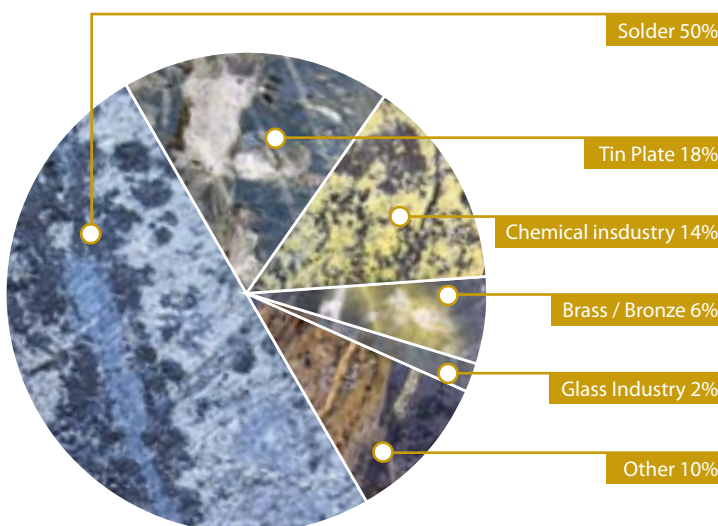
Discovery of a Renison Bell style zone of tin mineralisation at Gourlays Creek could place Heemskirk alongside Mt Bischoff, Cleveland and Renison Bell in importance.

TIN MARKET

World primary tin production in 2006 was some 220,000 tonnes of which less than 1,000 tonnes was produced from Australia – a far cry from Australia's heyday as an important producer. Tin continues to be produced in a number of countries but there is an increasing view that supply from traditional alluvial sources is becoming unreliable.

Tin is particularly useful for its fusion abilities in the making of alloys, notably bronze, and its non-toxic qualities – which is important looking ahead! Major uses of tin are in tin plating, the production of bronze, pewter and die-casting alloys, and in modern engineering to make tungsten more machineable. A universal shift by the electronics industry to lead-free solders has begun with latest estimates indicating a 60% uptake. Over a three year period, tin solders have moved from approximately 30% to 50% of total tin consumption. In the same period world tin consumption has grown at a rate of approximately 10% annually.

As more countries adopt this solder standard the outlook for tin should only improve.



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.

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