ASX Release

28 July2011

Quarterly Report
For the period ended 30 June 2011

Highlights

Heemskirk Tin Project (TAS)

- Positive scoping study progresses project to pre-feasibility.
- Drilling confirms high grade tin and base metals at Stormsdown and Montana.
- Further progress on metallurgical test work.

Exploration

- Joint venture partners are funding advancement of several projects in South Australia and Tasmania.
- Broad zones of sedimentary uranium anomalism identified by Pirie Basin joint venture partners for follow-up drilling.
- MMG is funding a nickel exploration joint venture with Stellar in Tasmania.

Corporate

- Stellar held cash of $2.3 million at 30 June 2011.

Targets for September Quarter 2011

- Heemskirk Tin Project
  - ✓ Deeper drilling at Severn.
  - ✓ On-going metallurgical testing.
  - ✓ Completion of environmental scoping.
- Pirie Basin uranium exploration results from joint venture partners.

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.

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PROJECTS

Positive Heemskirk Tin Scoping Study (TAS) (Stellar 60%)

Independent mining consultancy, Mining One, completed a detailed study of mine development, ore scheduling and processing at Heemskirk. The scoping study concluded that a 600,000 tpa operation producing 3,900 tpa of tin in concentrate provides an attractive return on investment of 21% at a long-term tin price and exchange rate of US$25,000/t and A$/US$1.00 respectively. The project is also well positioned on the industry cost curve with cash costs of US$12,780/t. This result underpins Stellar's confidence in the project and takes Heemskirk Tin forward into the pre-feasibility stage which is expected to take 9 months.

Over the next six months, the pre-feasibility study will focus on:

- continued drilling to upgrade and expand the resource estimate,
- exploration for a fourth deposit on the retention licence,
- assessment of the lead/zinc/silver potential,
- preliminary environmental assessment,
- continued metallurgical assessment of all three deposits.

Assumptions

The scoping study assumes pre-production capital expenditure of US$108m taking account of the benefit of excellent infrastructure within close proximity. It also includes underground mine development, a processing plant, tailings dam and ancillary infrastructure. All other assumptions are shown in Table 1.

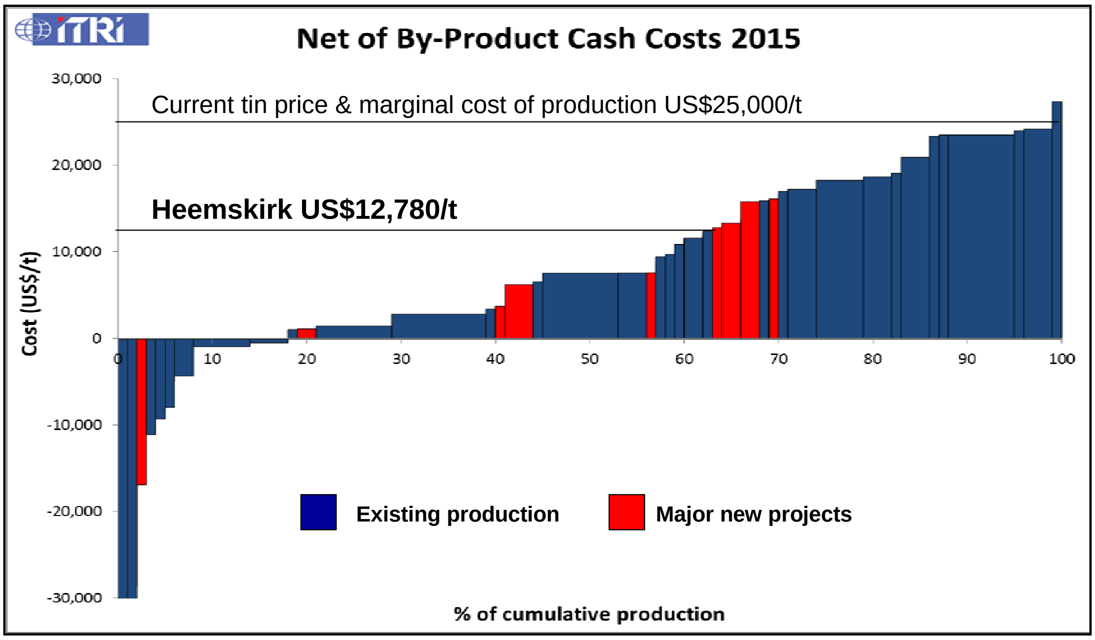
Table 1: Scoping Study Assumptions

Parameter	Units	Assumption	Comment
Mine life	years	7.6	minimum life
Mining dilution	%	15	typical for underground mines
ROM grade	%	0.93	average resource grade is 1.1%
Treatment rate	tpa	600,000	drawing from all three deposits
Recovery	%	70	target rate
Tin in concentrate	tpa	3,900	average annual production rate
Concentrate grade	%	50	typical grade
Tin price (net)	US$/t	22,500	net of 10% smelting charge
Exchange rate	US$	1.00	
Operating cash cost*	US$/t tin	12,780	43% operating margin
Operating cash cost	US$/t ore	83	ore milled
Capital cost*	US$m	108	pre-production capital

*Accuracy of cost estimates is +/- 30%

Competitive Cash Cost Position

At US$12,780/t, the project is competitively positioned on the International Tin Research Institute's (ITRI) industry cash cost curve shown in Figure 1. Importantly, cash costs are 49% below the US$25,000/t marginal cost of production.



Cost estimates are provisional and used with permission from a forthcoming ITRI report.

Figure 1: International Tin Research Institute Industry Cash Cost Curve

Drilling Update

Table 2 Assay results from Stormsdown and Montana drilling

Hole No	From	To	*Interval	Sn	Acid Sol Sn	Pb	Zn	Ag	WO_3	**Sn Equiv
Stormsdown	m	m	m	%	%	%	%	g/t	%	%
ZQ102	65.0	71.0	6.0	0.35	0.01	1.3	3.6	40		0.96
including	66.0	67.0	1.0	0.14	0.02	4.9	10.2	123		2.03
	68.0	69.0	1.0	1.28	0.01					1.28
ZQ103	93.0	95.0	2.0	0.43	0.02	0.0	6.6			1.00
including	94.0	95.0	1.0	0.73	0.00	0.1	1.0			0.83
Montana										
ZM104	31.0	32.0	1.0	0.37	0.01	0.1	7.2	48		1.21
ZM105	106.0	110.0	4.0	0.23	0.01	2.8	1.7	126		1.20
	150.5	152.5	2.0	1.57	0.02	2.3	9.0	62	0.17	3.06

* Down hole intervals

**Price assumptions: US$28,200/t Sn, US$2,678/t Pb, US$2,422/t Zn, US$38.94/oz Ag, US$37,232/t WO_3

Tin equivalent grade is used for illustrative purposes. It is based on the in-ground value of associated metals the recovery of which is yet to be determined.

Stormsdown Prospect

The Stormsdown prospect, where a 4m channel chip sample of surface mineralisation graded 1.61% tin, is located 110m north of the Queen Hill deposit (Area 2, Figure 2). Diamond holes ZQ102 and ZQ103 were drilled in a section across Area 2 (Figure 2) to test for the down plunge extension of surface mineralisation and to determine the potential for a mineralised zone parallel to the Queen Hill deposit.

The results in Table 2 show a zone of tin mineralisation with associated lead, zinc and silver that could greatly enhance its value. Significant assays in Table 2 are also compiled as a tin equivalent grade using current metal prices. The tonnage potential at Stormsdown is unknown and further drilling is required to determine its continuity and extent.

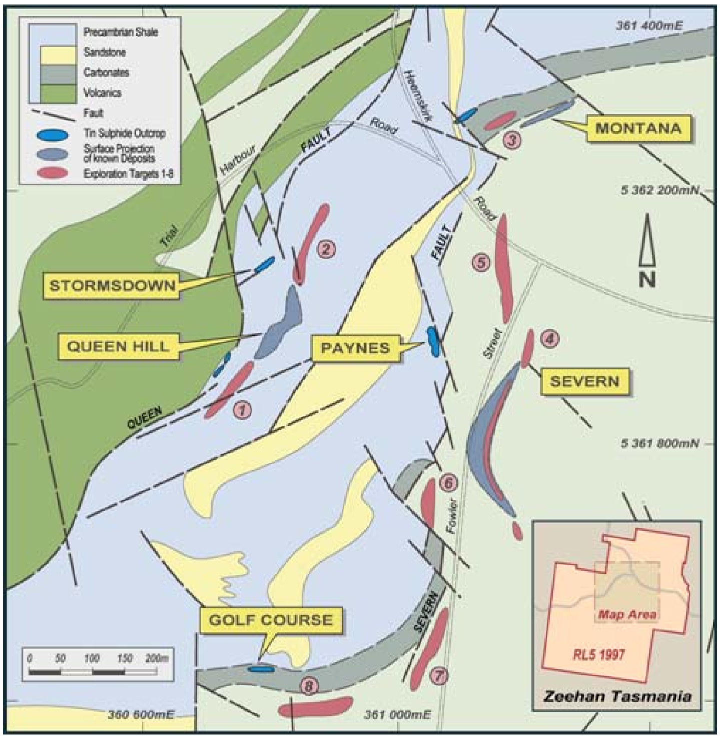


Figure 2: Schematic Geology Heemskirk Tin Project

Montana Prospect

ZM104 and ZM105 were drilled in section along the eastern edge of the Montana deposit (east of Area 3 in Figure 2) to sample the main tin lode and determine whether mineralisation extends to the surface. ZM106, was drilled a further 40m to the east of this section but was only weakly mineralised.

In ZM104, tin mineralisation extended closer to the surface than previously thought. Its relationship with the intersection in ZM105 is unclear and further drilling, particularly to the west, will be required to develop a greater understanding of its geological position.

In ZM105, a 2m intersection in the main tin lode was encountered grading 1.57% tin from 150.5m. As shown in Table 2, high silver, lead and zinc grades add potential value to the intersection. The identification of tungsten for the first time upgrades the potential to significantly enhance the value of the Montana deposit with further drilling.

Montana remains open to the west and at depth where some of the best historical intersections were achieved.

Metallurgy Update

Metallurgical test work continued to focus on upper Queen Hill mineralisation with the aim of using a gravity/flotation tin processing circuit to generate a 50% tin concentrate at 70% recovery.

During the quarter, the tin float circuit was tested under a wide range of chemical and physical conditions and using a range of reagents. The most recent tests have shown a significant improvement in tin recovery that augurs well for meeting grade and recovery targets.

Work will continue on the tin float circuit to build on the progress achieved to date.

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 project comprises Coolybring, with an exploration target of 700 million tonnes of magnetite banded iron, and Hicks Hill, a magnetite prospect.

Stellar is continuing to review potential joint venture partners for the project.

EXPLORATION

Copper/Gold

AngloGold Ashanti Joint Venture (SA)

In October 2010, AngloGold Ashanti Australia Ltd (AGAA) 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 world-class iron oxide copper gold mineralisation. Under the terms of the agreement, AGAA has to spend $5 million within six years to earn a 75% interest in the tenements.

During the quarter, AGAA completed a ground gravity survey over the Gairdner Project (ELs 3655 and 4573) and advanced land access negotiations over the Coronation Bore Project (ELs 3752 and 3753).

In the September Quarter, AGAA expects to complete an airborne magnetic survey over the Gairdner Project and should be in a position to identify drilling targets once survey interpretation is complete.

EL 36/2003 Whyte River (TAS) (Stellar earnings 75%)

Stellar has entered a joint venture with Bass Metals Limited on EL36/2003 Whyte River. Under the terms of the joint venture, Stellar can earn a 75% interest in all minerals apart from tin, tungsten and iron by sole funding the first $500,000 of exploration over the next three years. Bass is reportedly focussing its exploration efforts on the Mt Read volcanic terrain.

Initial reconnaissance sampling and a review of the historical data was completed during the quarter.

Gourlays (TAS) (Stellar 100%)

No work was conducted during the quarter.

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

Stellar is looking for a joint venture partner to further explore the historical Panama Hat goldfield which is located 30km south of Broken Hill.

Uranium

EL 4242 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.

During the quarter, three holes were drilled into the northwestern corner of the lease to infill previous wide-spaced drilling. One of the three holes intersected significant mineralisation. However, further drilling is required to better define the extent of this zone.

EL 3978 Cowell (SA) (Stellar 100%)

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

During the quarter, Renaissance completed 31 rotary mud drill holes as part of a broad-spaced reconnaissance program for sediment hosted uranium mineralisation. The program indentified thick sequences of Eocene sands, the host horizon for the Mullaquana and Plumbush uranium deposits to the north, with elevated uranium levels in some holes. Closer spaced follow-up drilling is planned over priority targets.

EL 4579 Warrior (SA) (Stellar 100%)

Stellar is looking for a uranium focused joint venture partner for this project.

Lead/Zinc

Goldfinger (NSW) (Stellar 60%)

Compilation and interpretation of historical drilling and geophysical data was completed during the quarter. Discussions are underway with joint venture partners to determine the best way forward for the project.

Nickel (TAS) (Stellar 100%)

MMG Exploration Pty Ltd, a wholly owned subsidiary of Minmetals Resources Limited (HKEX: 1208), is farming into Stellar’s Rayne exploration licence 49/2004 on the west coast of Tasmania. The Rayne tenement is considered prospective for Voiseys Bay style nickel sulphide mineralisation. It contains an intense circular magnetic anomaly that has similarities with the Voiseys Bay ovoid zone. Previous drilling failed to properly test this zone.

Penrhyn Coal Royalty

Stellar holds a royalty of $0.60/tonne of coal or iron ore mined from EL 4525 located south of Coober Pedy in South Australia. Southern Coal Holdings Pty Ltd is the holder of this tenement and recently released a total coal resource estimate of 352.4 million tonnes following a program of resource definition drilling. Southern Coal Holdings is considering the application of clean coal upgrading technology as part of a development strategy for the Penrhyn deposit.

CORPORATE

At the 30 June 2011, the company held cash and term deposits of $2.3 million. Stellar also has investments held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary); notably 3.88 million shares in UraniumSA Limited valued at $583,235; 0.75 million escrowed shares in Renaissance Uranium Limited valued at $54,750 and 0.75 million escrowed unlisted options in Renaissance Uranium Limited valued at $22,965.

MARKETS

Tin

The London Metal Exchange tin price bottomed in late June 2011 at US$25,000/t and has since risen 15% to US$28,800/t. During the same period, LME stocks declined by 8% to 20,275 tonnes (see Figure 3). An increase in net imports by China driven by a significant LME price discount to the Shanghai price and reduced export quotas in China are likely to be a factor driving the improvement. In addition, Indonesian tin exports are likely to have declined in July following a surge in shipments to clear stocks in June.

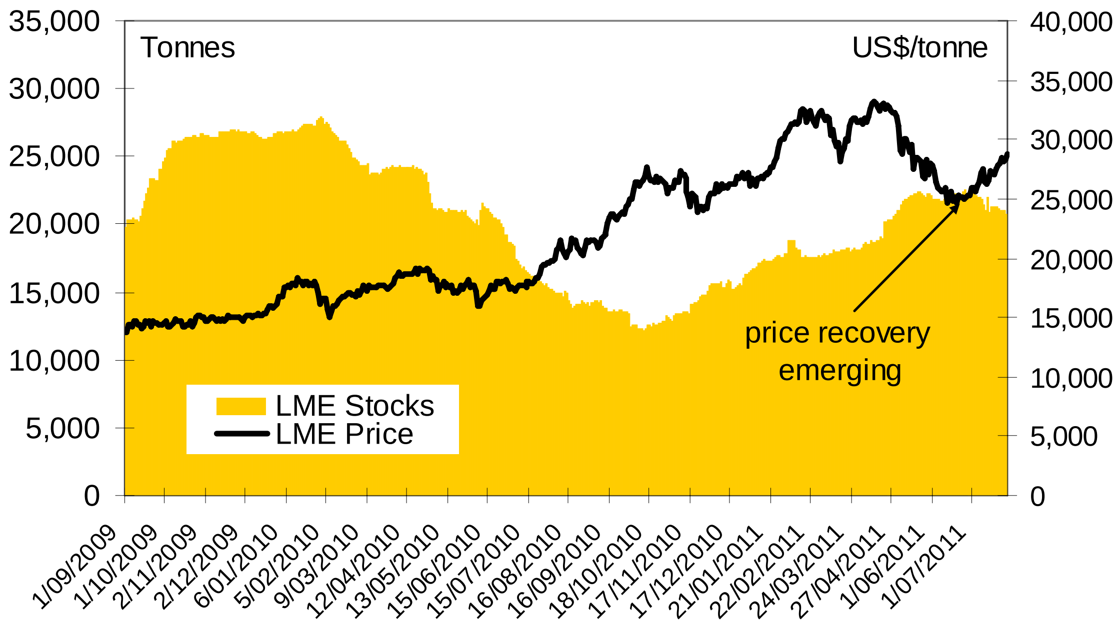


Figure 3 London Metal Exchange Tin Stocks Versus Price

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:

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or visit our Website at: http://www.stellarresources.com.au

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 1/6/2010.

Name of entity

STELLAR RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
96 108 758 961	**30 June 2011**

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		–	–
1.2	Payments for	(a) exploration and evaluation	(822)	(2,296)
		(b) development	–	–
		(c) production	–	–
		(d) administration	(80)	(263)
1.3	Dividends received		–	–
1.4	Interest and other items of a similar nature received		66	136
1.5	Interest and other costs of finance paid		–	–
1.6	Income taxes paid		–	–
1.7	Other – GST (paid)/recovered		97	196
	Net Operating Cash Flows		(739)	(2,227)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects	–	–
		(b) equity investments	–	(112)
		(c) other fixed assets	(6)	(8)
1.9	Proceeds from sale/deposit of:	(a) prospects	–	250
		(b) equity investments	–	416
		(c) other fixed assets	–	–
1.10	Loans to other entities		–	–
1.11	Loans repaid by other entities		–	–
1.12	Other: Payment security deposits on prospects		–	41
	Net investing cash flows		(6)	587
1.13	Total operating and investing cash flows (carried forward)		(745)	(1,640)

1.13	Total operating and investing cash flows (brought forward)	(745)	(1,640)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	–	2,100
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Other: Payment for share issue costs	–	(106)
	Net financing cash flows	–	1,994
	Net increase (decrease) in cash held	(745)	354
1.20	Cash at beginning of quarter/year to date	3,033	1,934
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	Cash at end of quarter	2,288	2,288

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

Directors fees and remuneration $41k; rent/office support, Melbourne, paid to Mineral Deposits Limited $9k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

–

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

–

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	–	–
3.2	Credit standby arrangements	–	–

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	–
4.3	Production	–
4.4	Administration	150
	Total	650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	218	63
5.2	Deposits at call	2,070	2,970
5.3	Bank overdraft	–	–
5.4	Other	–	–
	Total: cash at end of quarter (item 1.22)	2,288	3,033

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		See attachment A		
6.2	Interests in mining tenements acquired or increased		See attachment A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference $^{+}$securities *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	$^{+}$Ordinary securities	108,821,858	108,821,858		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	$^{+}$Convertible debt securities *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options			Exercise Price	Expiry Date
	Directors	3,000,000	Nil	20 cents	SRZAK 30/11/2013
	Exec & Employees	3,375,000	Nil	20 cents	SRZAI 26/11/2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired/cancelled during quarter				
7.11	Debentures *(totals only)*				
7.12	Unsecured notes *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 22 July 2011
(Company Secretary)

Print name: M J S Drummond

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Attachment A

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	ELA2009/00339	Exploration Licence Application Lake Woorong, SA, application pending	Nil	Nil
	EL40/2010	Exploration Licence Heazlewood Hill, TAS. Licence documents received.	100%	100%
	EL4707 (previously EL3369)	Exploration Licence Carnding, SA. Licence documents received.	100%	100%