Stellar Resources
ASX Announcement

28 July 2017

Report for the quarter ended 30 June 2017

Highlights

- **Severn tin deposit provided an excellent high grade intersection of 14m @ 1.4% tin** in ZS132 with 1m highs of 4.99% and 3.90% tin
- **Lower Queen Hill tin deposit has delivered good consistent results** from first two diamond drill holes (DDH)
  - 6m @ 0.84% tin from 209m to 215m in ZQ133
  - 2m @ 1.32% tin from 219m to 221m in ZQ134
- Drilling at LQH now focused on potentially thicker zone of replacement tin
- ML application over tailings pipeline route submitted to the government
- **Processing options for Heemskirk Tin emerging in the Zeehan area**

Corporate

- **Cash balance of $2.9m as at 30 June 2017**
- Tin market fundamentals continue to support further improvement in the US$20,000/t LME tin price

Targets for September Quarter 2017

- **Reporting of LQH and Severn drilling results**
- Comminution testing of drill core samples
- Further ore sorting test-work
- Tailings pipeline ML update

Managing Director Peter Blight said "I am pleased with the progress made on the Heemskirk Tin Project over the quarter. Diamond drilling is delivering strong results and moving the project forward on the previously announced timeline. There was also an important advance in third party processing options in the area during the quarter following announcements by neighbouring projects. This is a good time to be investing in tin and Stellar is advancing the best tin project in Australia" he added.

Capital Structure

Shares:	*379,713,489*
Share Price (SRZ):	*A$0.015*
Listed Options:	*59,142,857*
Option Price (SRZO):	*A$0.004*
Unlisted Options:	*15,000,000*

Commodity

Tin Price:	*US$20,820/t*
Exchange Rate US$	*0.80*

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
Christina R Kemp
Company Secretary

About Stellar:

Stellar Resources (SRZ) is an exploration and development company with assets in Tasmania and South Australia. 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.

ASX Code: SRZ

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Drilling Results

Stellar has completed three diamond drill holes (DDH) and a wedge hole for a total of 1,086m. 643m were completed at the Lower Queen Hill (LQH) deposit and 443m at the Severn deposit. Another LQH hole is in progress with 250m completed to date.

All DDH's intersected ore grade tin mineralisation (see Table 1). In addition, all DDH's intersected the target in the expected position providing infill results for the resource model and demonstrating consistency with the geological model. Sample was also obtained for comminution testing.

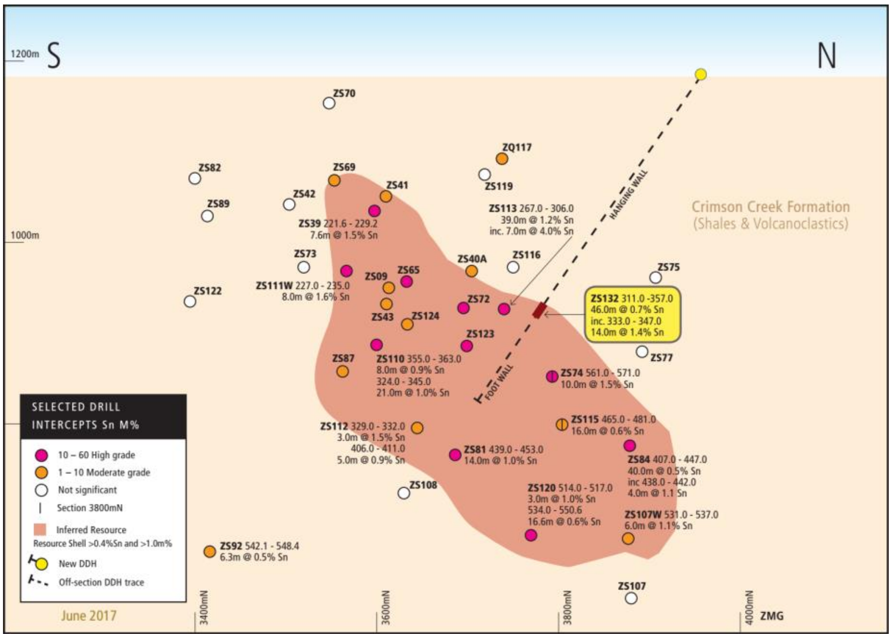
Table 1: Summary of Hole Depths and Mineralised Intersections Reported

Hole No	Depth	Tin Mineralisation			
	m	from (m)	to (m)	interval (m)	Total Sn (%)
ZS132	443	333	347	14	1.35
ZQ133	277	209	215	6	0.84
ZQ134	248	assays pending post comminution tests			
ZQ134W	118	219	226	7	0.61
Including		219	221	2	1.32
Total	1086				
DDH's in Progress and Target Depths					
ZQ136	315				

Discussion of Drill Results

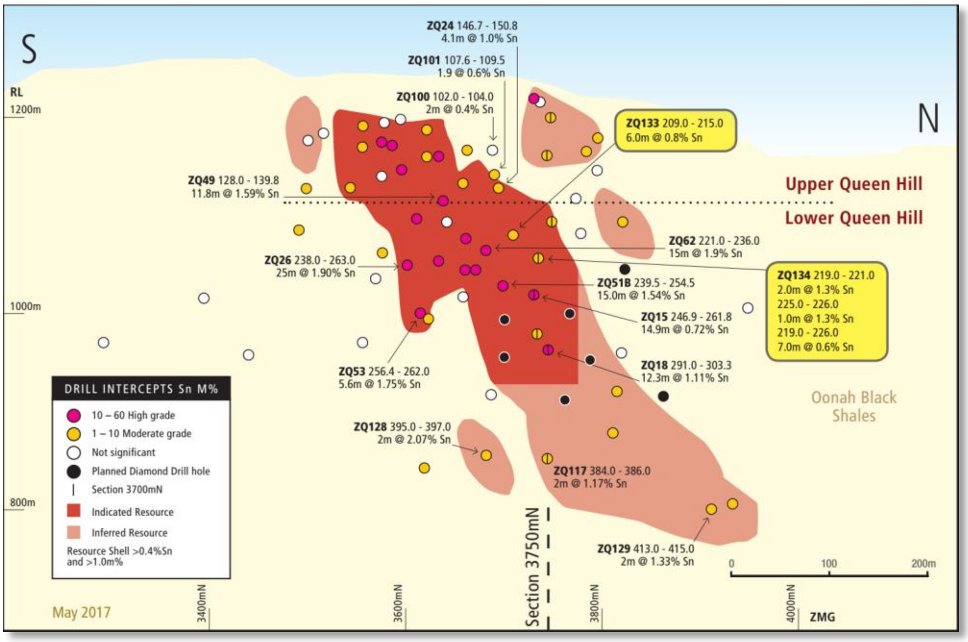
DDH ZS132 was designed to intersect Severn stockwork tin mineralisation at right angles to the historical drilling direction in order to develop a better understanding of the orientation of tin - bearing vein sets (see Figure 2). The intersection showed that a significant number of veins are semi-parallel to bedding and the general strike of the deposit. However, some veins are oriented in a range of directions from sub-parallel to right angles to the main vein direction. Cassiterite mineralisation occurs in all vein sets and further analysis is required to determine if a preferred orientation exists for high grade veins.

Figure 1: Severn Long-Section Showing Trace of ZS132 and Significant Intersections



DDH's ZQ133, ZQ134 and ZQ134W targeted the northern margin of LQH to infill an area of fault related tin mineralisation (see Figure 2). The intersections provided a consistent picture of geology, structure and mineralisation at tin grades comparable with historical data. Where cassiterite is observed it occurs as clusters in veins and dilation infill zones. It is commonly associated with deformed and brecciated quartz and sulphide veins or within areas of siderite/sericite alteration. Minor minerals tourmaline, topaz and fluorite are often present with cassiterite.

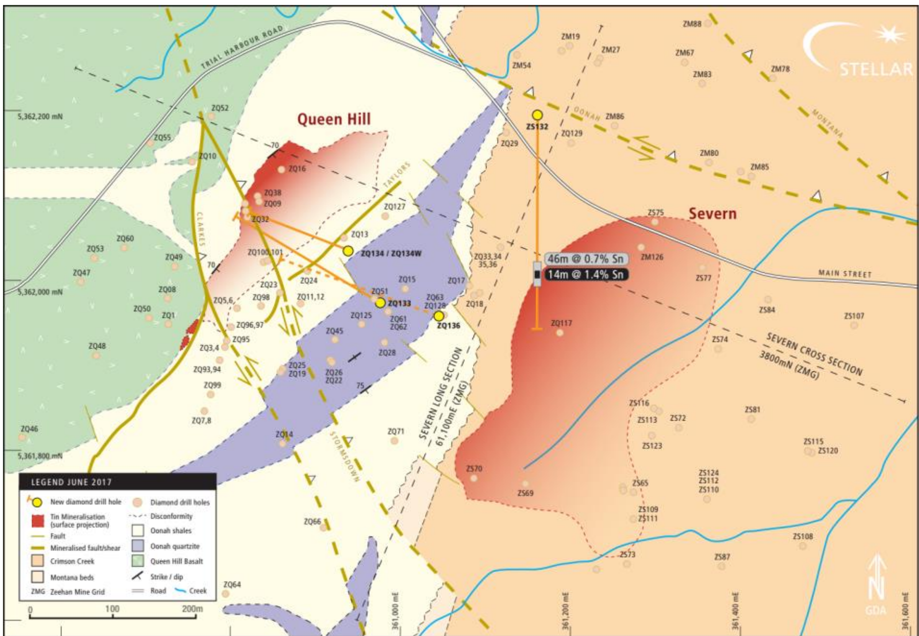
Figure 2: Queen Hill Long-Section Showing Significant Intersections



Drilling Plan

Stellar is drilling a fourth LQH hole (ZQ136) 120m down dip from ZQ133 on section 3700mN. The target is an area of potential replacement mineralisation that extends over 180m down-dip from ZQ51B, the nearest drill hole. The DDH is down 250m from the collar or just over 80% to the planned 315m depth.

Figure 3: Detailed Interpretative Geology Plan Showing Completed and Planned DDH



Mining Leases Secure Heemskirk Tin

Stellar has secured Mining Leases over the Heemskirk tin deposits (ML2023P/M) and the planned tailings dam site (ML2M/2014) (see Figure 4). The ML's provide Stellar with unencumbered title to these sites for the next 12 years. During the quarter, the Company also applied to the Tasmanian Government for an ML over the preferred tailings pipeline route to link the two exiting MLs. The pipeline route takes advantage of an existing railway easement across flat land between the mine site and the tailings dam site.

Figure 4: Heemskirk Tin, Mining Lease Plan

Processing Developments in the Zeehan Area

Two developments were announced during the quarter that are of interest to Stellar's Heemskirk Tin Project.

1) **Dundas Mining Pty Ltd announced that it had purchased the Avebury nickel assets from MMG Limited (7th July 2017)**. The Avebury processing plant (currently on care and maintenance) is located 6km from the proposed Heemskirk tin mine via a bitumen road. Stellar has studied the adaption required at the nickel processing facility to treat Heemskirk ore and believes that a lower capital cost option is available for the tin project compared to building a standalone processing facility.

2) **Metals X Limited announced the results of its Feasibility Study for a tin fuming facility at the Renison mine (4th July 2017)**. The Renison mine is located 18km from Heemskirk via a bitumen road. To date the economics of the fuming facility are based on treating a low grade concentrate (10% tin) produced from Renison tailings. However, Stellar believes that there are operating cost advantages at the fumer and recovery advantages at the Heemskirk mine if a 16% tin concentrate were produced by Stellar for treatment in the proposed Renison facility.

EXPLORATION

Tin

EL46/2003 Heemskirk (TAS) (Stellar 100%)

The St Dizier tin-skarn deposit is located within this EL. Stellar is reviewing previous work in order to prepare a Mining Lease application over St Dizier.

EL6/2014 Stonehenge (TAS) (Stellar 100%)

The Stonehenge EL lies immediately to the south of the Heemskirk deposits and contains similar geology and structure. A review of potential drill targets is scheduled for December quarter 2017.

EL1/2004 Ramsay (TAS) (Stellar 100%)

Soil sampling has closed off a 600m by 300m zone containing tin in soil assays in excess of 300ppm.
A review of a possible drilling target within the area of anomalous tin in soil assays will be undertaken in the December quarter 2017.

Uranium

EL 5426 Midgee (SA) (Stellar 100%)

Samphire Uranium Limited has the right to earn a 73% interest in 40% of the tenement by identifying a JORC compliant uranium resource. No exploration was undertaken during the quarter.

EL 5307 Cowell (SA) (Stellar 100%)

This tenement is prospective for sedimentary uranium, copper-gold and graphite. No exploration was conducted during the period. Stellar completed a review of previous work on the tenement during the quarter.

CORPORATE

Cash Position

As at 30 June 2017, Stellar Resources held cash and term deposits of A$2.9 million. Expenditure for the quarter was $0.6m with $0.5m spent on exploration and evaluation. The increased quarterly expenditure from $0.2m in March quarter reflects re-commencement of drilling.

TIN MARKET

The London Metal Exchange (LME) tin price has continued to trade in a narrow range around US$20,000/t or A$26,500/t over the June quarter (see Figure 5). Market fundamentals remain on an improving trajectory with low visible stock levels, on-going production reform from China, the world's largest producer, and steady growth in demand particularly from energy–related end uses.

- LME tin stocks declined to a low of 1,635t in early July and have since increased to 2,100t. As Figure 5 shows this is an extremely low level historically. Shanghai stocks are also relatively low at 7,300t. Together these stocks represent less than 10 days supply in an annual global market of 344,000t.

- Refined tin exports from Indonesia, the second largest producer in the world and the biggest exporter of tin, experienced a 42% month on month decline in June 2017 due to seasonal factors (see Figure 6). Exports in the 6 months to June 2017 are up by 19% or 5,500t on year ago levels reflecting recovery from a 4 year low in 2016.

- China which produces 160ktpa of refined tin or 46% of global supply is grappling with the issue of sustainable production. This includes closer monitoring of the environmental performance of mines and smelters and the treatment of a proportion of concentrate imports from Myanmar that could be considered conflict metal.

- Imports of tin ore and concentrate from Myanmar into China declined by 34% month on month in June and ended the six months to June 40% down on the same period in 2016 (see Figure 7). The International Tin Research Institute (ITRI) claims that the tin content of concentrate has increased in 2017 but concedes that the higher grade is not enough to off-set the decline in concentrate volume on the volume of metal produced (see Figure 6).

- The Chinese Government recently granted Yunnan Tin Group (YTG) a tax-free right to import concentrate (from Myanmar) provided the resulting refined metal is exported. This appears to be the first time that a Chinese state owned enterprise has gained the right to participate in the Myanmar tin trade. It should provide a level of discipline, particularly under the Government's sustainability initiative, that was absent from this trade over the last three years. In addition, YTG with annual tin sales of 76kt, is most likely to export tin in volumes that do not affect the market price. In the year to date, China was a net importer of 400t of refined tin with imports growing significantly faster than exports.

- Tin demand is expected to grow at 1.0% in 2017 driven by China and Latin America. Semi-conductor shipments, the best indicator of tin solder demand, are growing. However, the strongest growth is occurring in chemical end-uses according to recent statements from ITRI. Longer term, battery and other energy related uses are expected to drive demand.

Figure 5: London Metal Exchange tin spot price and stocks - daily

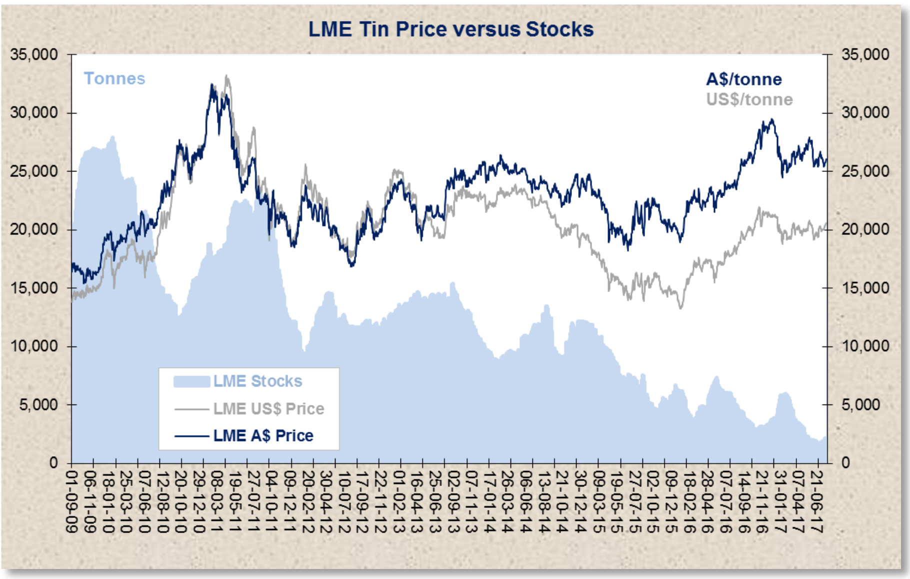
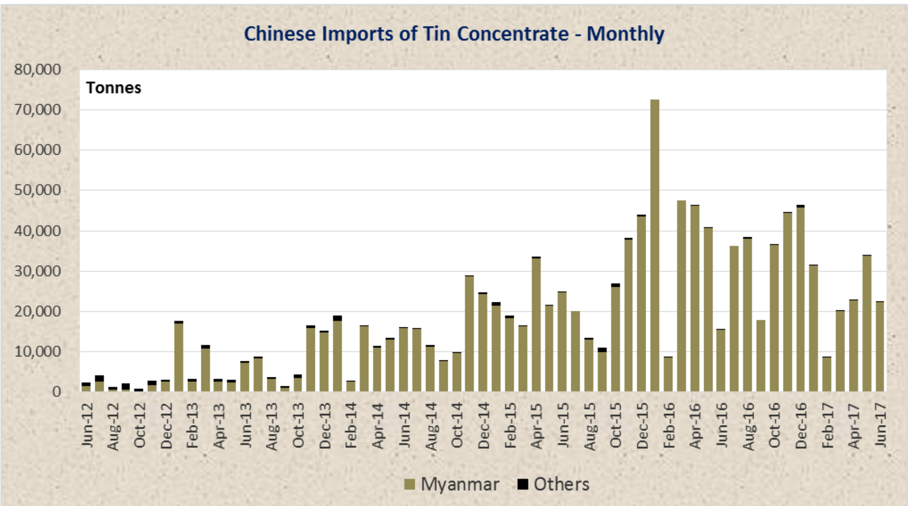


Figure 6: Indonesian refined tin exports – monthly

Figure 7: Chinese imports of tin ore and concentrates – monthly



TENEMENT REGISTER

Project	Licence Number	Tenement	Location	Interest held (%)
Development				
Heemskirk Tin	2023P/M[1]; RL5/1997	Zeehan	Tasmania	100%
	2M/2014	Tailings Dam	Tasmania	100%
	2040P/M[2]	Tailings Pipeline	Tasmania	-
St Dizier	EL46/2003	Heemskirk	Tasmania	100%
Exploration				
Tin	EL1/2004	Ramsay River	Tasmania	100%
	EL6/2014	Stonehenge	Tasmania	100%
	EL11/2017[3]	Razorback	Tasmania	-
Uranium	EL5307	Cowell	South Australia	100%
	EL5426[4]	Midgee	South Australia	100%

[1] Mining Lease 2023P/M granted over Heemskirk tin deposits; RL5/1997 maintained over private land holdings
[2] Under application
[3] Under application
[4] JV with Samphire Uranium Limited earning 73% in uranium interest

MINERAL RESOURCE STATEMENTS – HEEMSKIRK TIN PROJECT

Heemskirk Tin Deposits

Classification	Deposit	Tonnage mt	Total Sn %	Contained Sn t	Cassiterite[1] % of total Sn	Cu %	Pb %	Zn %	S %	SG mg/l
Indicated	Upper Queen Hill	0.47	1.15	5,000	91	0.12	1.30	0.81	13.80	3.72
	Lower Queen Hill	0.82	1.42	12,000	99	0.03	0.22	0.23	17.91	3.45
Total Indicated		1.29	1.32	17,000	96	0.06	0.61	0.44	16.55	3.55
Inferred	Lower Queen Hill	0.35	1.50	5000	98	0.04	0.14	0.09	16.9	3.31
	Severn	4.03	0.97	39000	99	0.06	0.03	0.05	8.34	3.18
	Montana	0.68	1.56	11000	96	0.07	0.72	1.18	17.8	3.68
Total Inferred		5.06	1.09	55000	98	0.06	0.13	0.25	10.23	3.26
Total Indicated + Inferred		**6.35**	**1.13**	**72,000**	**97**	**0.06**	**0.23**	**0.29**	**11.48**	**3.32**

1.cassiterite = (total Sn% - soluble Sn%)/total Sn%
2. block cut-off grade of 0.6% tin
3. tonnes rounded to reflect uncertainty of estimate
4. estimates prepared by Resource and Exploration Geology under JORC 2012

St Dizier Tin Deposit

Classification	Tonnage mt	Total Sn %	Contained Sn t	Soluble Sn %	Cassiterite[1] % of total Sn	WO_3 %	Fe %	S %
Indicated	1.20	0.69	8,280	0.09	87	0.04	23.70	2.64
Inferred	1.06	0.52	5,512	0.22	58	0.05	22.22	1.81
Total Resource	**2.26**	**0.61**	**13,786**	**0.15**	**75**	**0.04**	**23.00**	**2.25**

1.cassiterite = (total Sn% - soluble Sn%)/total Sn%
2. block cut-off grade of 0.3% tin
3. tonnes rounded to reflect uncertainty of estimate
4. estimates prepared by Resource and Exploration Geology under JORC 2012

For further details please contact:

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Managing Director
Stellar Resources Limited
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Email: peter.blight@stellarresources.com.au or visit our website at : http://www.stellarresources.com.au

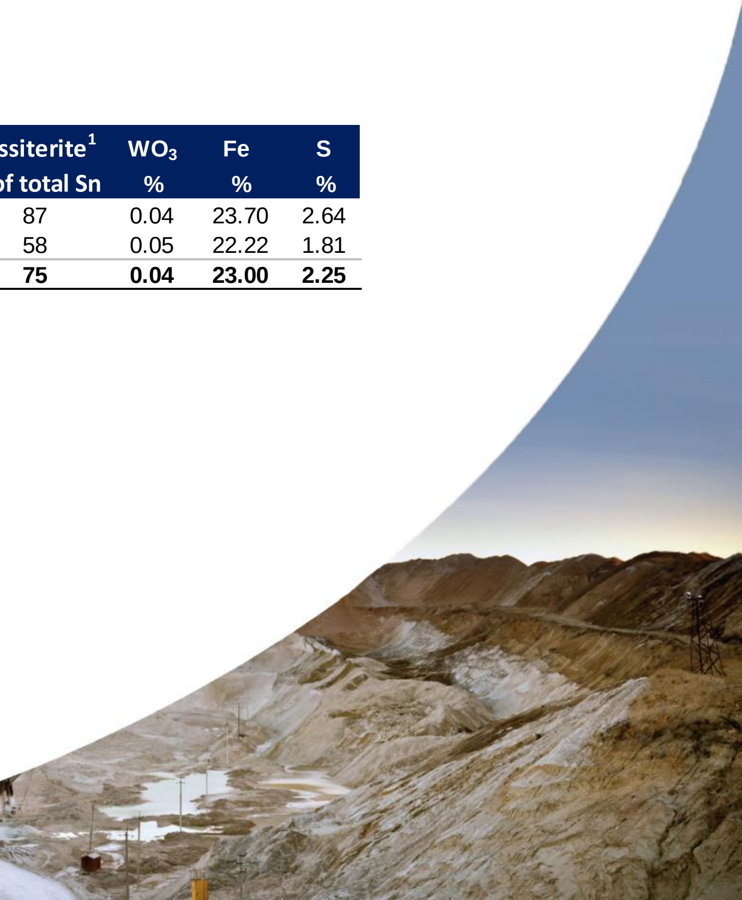

Figure 8: Tin Tenement Map – Western Tasmania

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, 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.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

STELLAR RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
96 108 758 961	30 June 2017

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	exploration & evaluation	(515)	(766)
	(b)	development	-	-
	(c)	production	-	-
	(d)	staff costs	-	-
	(e)	administration and corporate costs	(82)	(481)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		8	41
1.5	Interest and other costs of finance paid		(3)	(3)
1.6	Income taxes paid		-	-
1.7	Research and development refunds		-	-
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(592)**	**(1,209)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	-	-
	(b)	tenements (see item 10)	-	-
	(c)	investments	-	-

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (12 months) $A'000**
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – security deposits	-	(49)
2.6	**Net cash from / (used in) investing activities**	**-**	**(49)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	2,600
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	9	(17)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**9**	**2,583**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**	(583)	1,325
4.1	Cash and cash equivalents at beginning of period	3,485	1,577
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(592)	(1,209)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(49)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9	2,583
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,902**	**2,902**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	342	245
5.2	Call deposits	2,560	3,240
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,902**	**3,485**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	70
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees and remuneration.

		Current quarter $A'000
7.	**Payments to related entities of the entity and their associates**	
7.1	Aggregate amount of payments to these parties included in item 1.2	8
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Rent and outgoings, Melbourne, paid to Mineral Deposits Limited.

		Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	637
9.2	Development	-
9.3	Production	-
9.4	Staff costs	188
9.5	Administration and corporate costs	129
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**954**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

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

Sign here: Date: 19 July 2017
(Company secretary)

Print name: Christina R Kemp

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.