Stellar Resources
ASX Announcement

27 October 2017

Report for the quarter ended 30 September 2017

Highlights

- **Severn DDH ZS137 - significant intersections over multiple tin zones**
  - best intersection was 5m @ 0.6% tin from 447m to 452m
- ZS137 showed continuity of tin within a 146m alteration halo
- Initial Lower Queen Hill comminution testwork completed
- West Coast Council site visit provided positive support
- Water sampling progressed with 1st piezometer installed

Corporate

- Cash balance of $2.2m as at 30 September 2017
- Retirement of Company Secretary and appointment of Melanie Leydin
- **Asia Tin Week conference provided positive outlook for the tin market** - LME price trading in a range of US$19,700/t to US$21,000/t

Targets for December Quarter 2017

- **Reporting of drill results for the Severn deposit**
- Tailings pipeline ML application outcome
- Further ore sorting test work (delayed from previous quarter)

Managing Director Peter Blight said "I am pleased to report that drilling at Heemskirk Tin is now focused on the large Severn deposit with encouraging early results."

"The need for new tin projects like Heemskirk is clear from presentations by the world's largest tin producers at Asia Tin Week in September. All companies commented on the impact of declining grade, depleting resources and rising costs on their businesses" he added.

Capital Structure

Shares:	*374,513,489*
Share Price (SRZ):	*A$0.015*
Listed Options:	*59,142,857*
Option Price (SRZO):	*A$0.003*
Unlisted Options:	*15,000,000*

Commodity

Tin Price:	*US$20,200/t*
Exchange Rate US$	*0.77*

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
Melanie Leydin
Company Secretary

ASX Code: SRZ

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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.

HEEMSKIRK TIN PROJECT

Drilling Results

Infill drilling continued on the Lower Queen Hill (LQH) and Severn deposits during the September quarter. Stellar reported assay results for ZS137, the second of two holes at Severn (ZS132 at Severn and LQH holes, ZQ133, ZQ134, ZQ134W, were reported in the previous quarter).

ZS137 was an infill hole on cross section 3700N and intersected three tin zones with the most significant intersection averaging 0.6% tin over 5m from 447m (see Table 1 and Figures 1 and 2). The three tin intersections correlate with similar zones in historical drill holes - 50m up-dip in ZS123 and 70m down-dip in ZS81.

Table 1: ZQ137 Significant Tin Intersections

Hole No	From m	To m	Interval m	Total Sn %
ZS137	386	388	2	0.7
	434	437	3	0.5
	447	**452**	**5**	**0.6**

In addition to the zones summarised in Table 1, ZS137 intersected tin bearing alteration veins and replacement textures over 146m down-hole from 323m to 469m. This broad halo of mineralisation represents a major system characterised by multiple pulses of tin bearing fluids of varying chemistry and following a range of structural orientations. Drilling will continue to focus on improving the Company's understanding of the stock-work vein system that characterises the Severn deposit.

Figure 1: Interpretative Geological Cross-Section 3700N Showing ZS137 Intersections

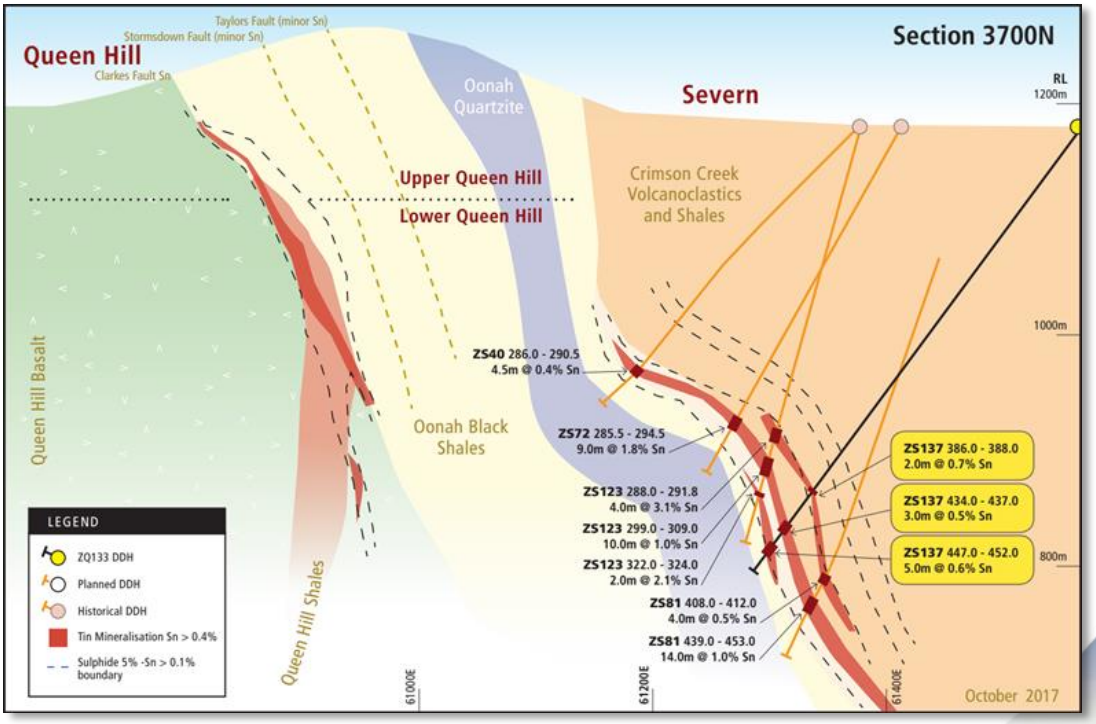
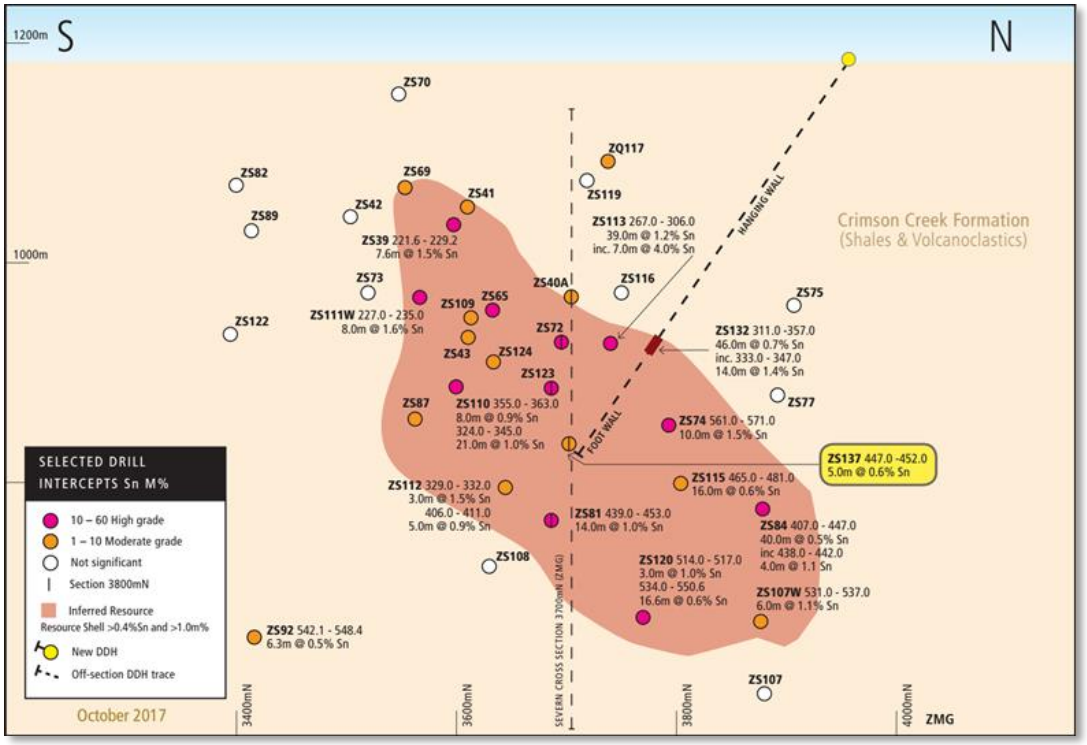


Figure 2: Severn Long-Section Showing ZS137 Significant Intersection



Drilling Plan

Four DDHs, including one wedge hole, were completed on LQH. ZQ136, the last LQH hole, deviated off-section to the south and failed to intersect significant tin mineralisation. On the completion of this hole, it was decided to defer further LQH drilling and focus on the larger and more important Severn deposit. Drilling will return to LQH once the program at Severn is more advanced and sample for metallurgical testing of LQH is required.

Metallurgy

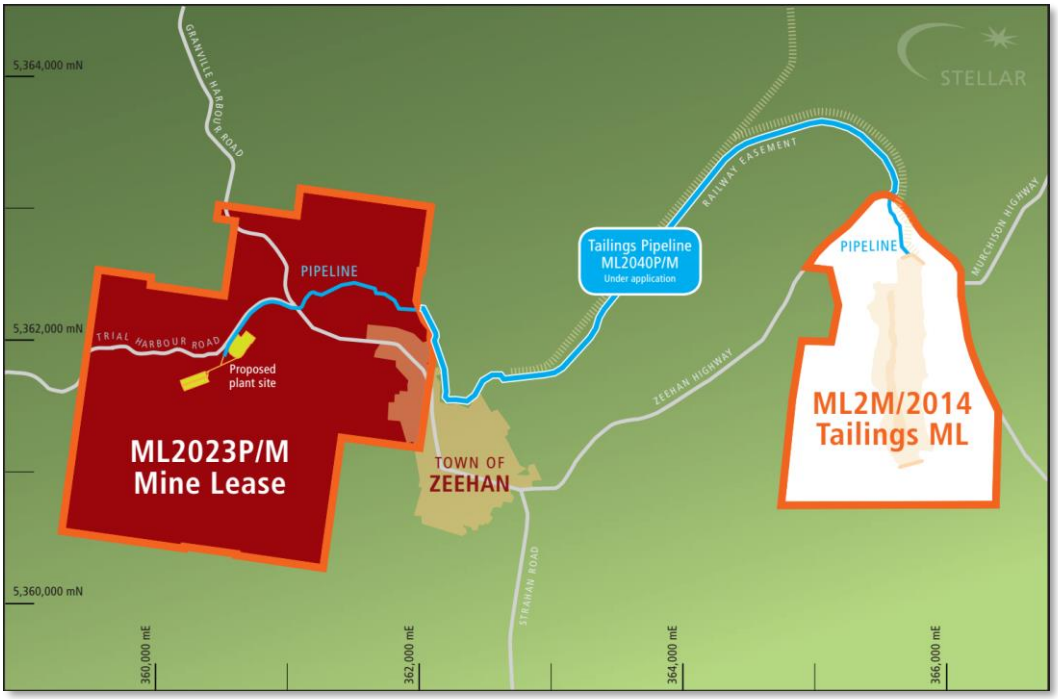
Initial comminution testing was conducted on a sample of mineralised diamond drill core from the LQH deposit (ZQ134). The results are comparable to those for the Severn deposit and showed the mineralisation to be relatively soft for crushing and medium-hard for ball/rod milling. Several more tests across the LQH deposit will be required to test comminution variability.

Mining Leases

Stellar has secured 12 year Mining Leases over the proposed mine site (ML 2023P/M) and the preferred tailings dam site (ML 2M/2014) located 6km to the east of Zeehan (see Figure 3). An ML application over the pipeline route connecting the proposed mine site and tailings dam site has been lodged with MRT. Processing of the application is well advanced with no significant objections raised to date.

Stellar has also lodged an ML application over the satellite St Dizier tin deposit located 20km to the west of Zeehan. St Dizier has a partly open pittable Indicated Resource of 1.2mt @ 0.7% tin (see Resource Statements appended to this report).

Figure 3: Heemskirk Tin, Mining Lease Plan



Community Relations

West Coast Councillors and members of the Council Executive visited site in late September for a briefing on the project. Managing Director Peter Blight provided a presentation on the tin market and an overview of the project. Visitors were then shown drill core processing operations followed by a tour of key project sites. All visitors were supportive of the project and Stellar's activity.

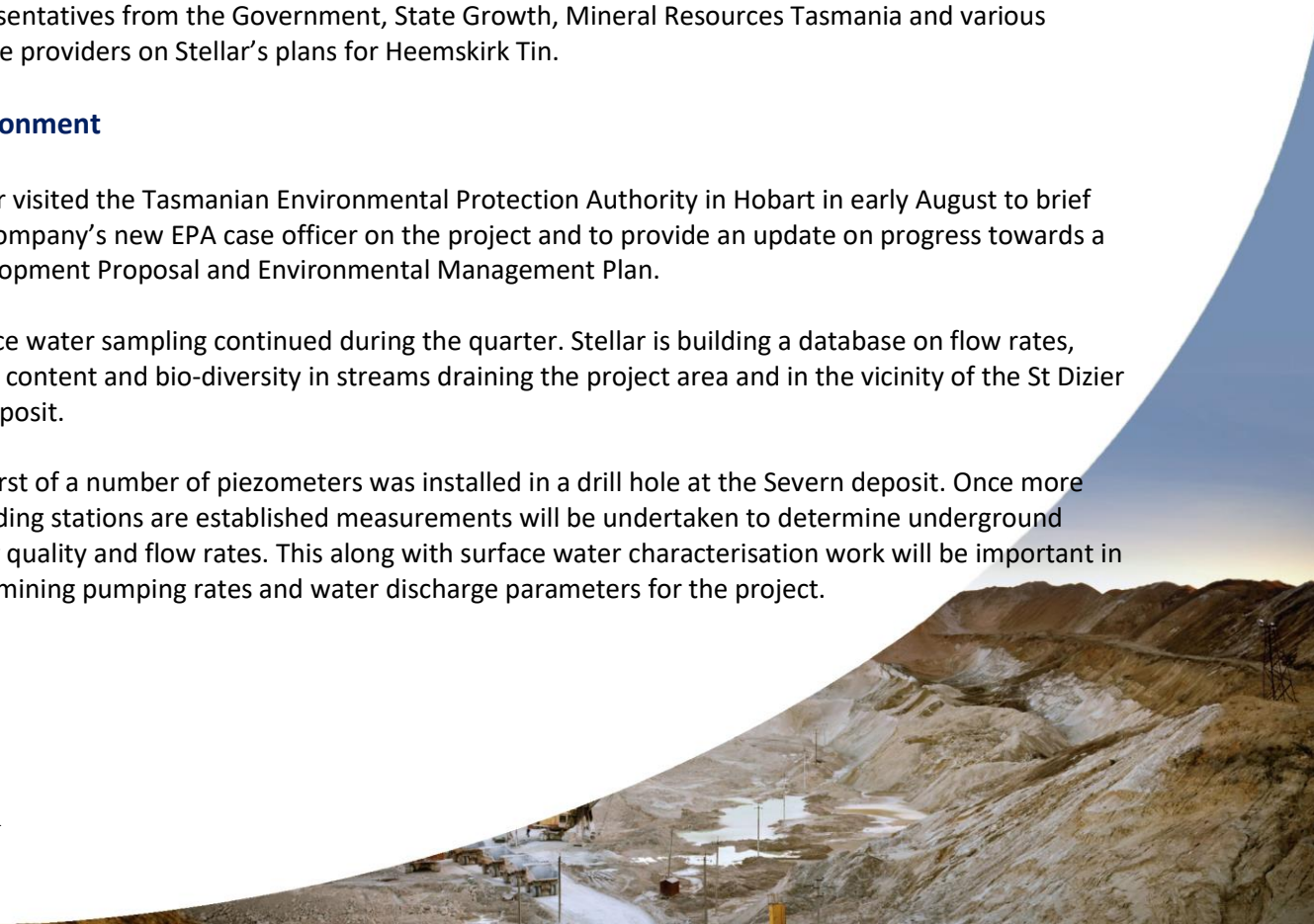
Stellar Resources participated in the Tasmanian Energy and Minerals Council conference that was held in Hobart on 4th August 2017. The conference provided an opportunity to up-date representatives from the Government, State Growth, Mineral Resources Tasmania and various service providers on Stellar's plans for Heemskirk Tin.

Environment

Stellar visited the Tasmanian Environmental Protection Authority in Hobart in early August to brief the Company's new EPA case officer on the project and to provide an update on progress towards a Development Proposal and Environmental Management Plan.

Surface water sampling continued during the quarter. Stellar is building a database on flow rates, metal content and bio-diversity in streams draining the project area and in the vicinity of the St Dizier tin deposit.

The first of a number of piezometers was installed in a drill hole at the Severn deposit. Once more recording stations are established measurements will be undertaken to determine underground water quality and flow rates. This along with surface water characterisation work will be important in determining pumping rates and water discharge parameters for the project.



CORPORATE

Cash Position

As at 30 September, the company held cash and term deposits of $2.2 million. Expenditure for the quarter was $0.7m with $0.5m spent on diamond drilling and related activities.

Retirement of Company Secretary

Christina Kemp, Company Secretary and Chief Financial Officer of the Company for the last 10 years, retired on 26th October 2017. Christina's significant contribution to all aspects of her role is greatly appreciated by the Board and management and her colleagues at Stellar wish her well in retirement. Melanie Leydin was appointed as the new Company Secretary and Chief Financial Officer.

TIN MARKET

The London Metal Exchange (LME) tin price averaged US$20,575/t or A$26,000/t over the September quarter 2017 (see Figure 4) with a price backwardation of US$100/t to US$300/t, indicating that the market outside of China was tight. Within China ITRI describe the market as balanced, with an 8,000t stock rise on the Shanghai Futures Exchange reflecting an increase in visibility rather than surplus production. Market comments following include insights gained from the Asia Tin Week conference held in Kunming in mid-September 2017.

- LME tin stocks remain at an historical low of 2,100t. Shanghai stocks peaked at 10,700t during the quarter and have since declined to 9,700t (see Figure 4).

- Indonesian refined tin exports (25% of global supply) rose to 6,900t in September, the third consecutive monthly rise since June 2017 (see Figure 5). Total exports in 2017 are estimated to be at least 72,000t or 20% up on the cyclical low of 65,000t in 2016. Production forecasts during Asia Tin Week show 2017 to be a recovery year with a return to flat or moderately declining mine production in subsequent years as a result of falling grade.

- China recently signalled a re-start of some smelter capacity in the December quarter of 2017 following shut-downs for environmental upgrades. According to a paper presented at Asia Tin Week, mine production is also expected to be up by 5% in 2017 to off-set a 5% decline in supply of concentrate from Myanmar and reduced availability of secondary tin. The net effect is expected to be modest with a 1.5% increase in China's refined tin production to 167,000t.

- Myanmar's exports of tin in concentrate are expected to decline by 5% to 50,000t in 2017 according to estimates tabled at Asia Tin Week (see Figure 6). ITRI expect a further reduction to 45,000t in 2018 as Chinese smelters reduce their dependence on imported concentrate which should peak at 35% in 2017.

- Global tin demand is expected to grow at 1.0% in 2017 driven by China. Solder and lead-acid battery uses are the expected drivers of growth, offsetting modest reductions in tin plate and chemical uses (the later due to environmental restrictions in China). Longer term, battery, lead-free and solar energy related uses are expected to drive demand with the main risk being the impact of miniaturisation on solder use.

- Tin industry commentators at Asia Tin Week expect the LME price to trade in a range from US$20,000/t to US$23,000/t over the next few months. Taking a longer- term view, ITRI see the price drifting up to US$25,000/t in the 2018 to 2020 period.

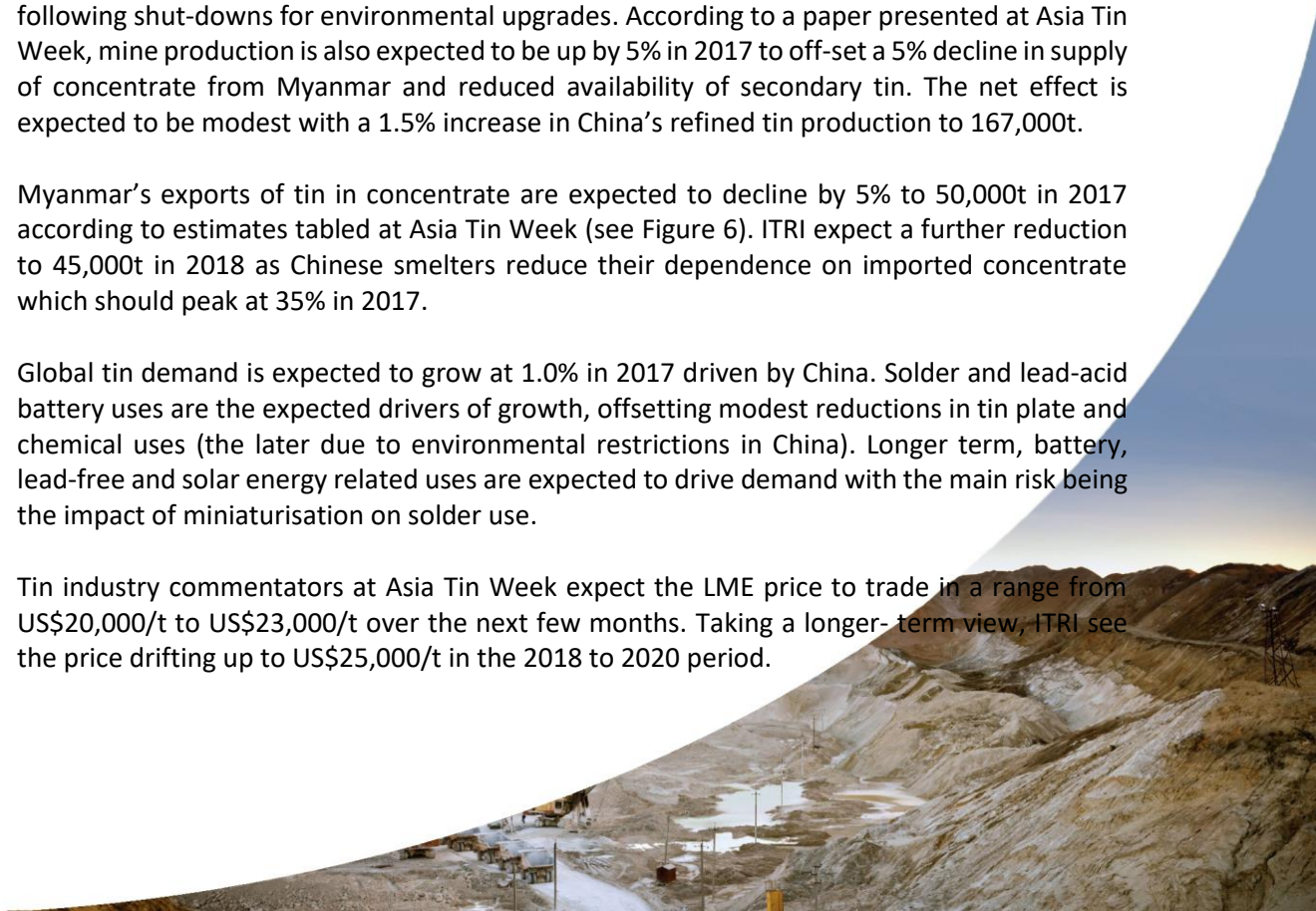


Figure 4: London Metal Exchange tin spot price and stocks - daily

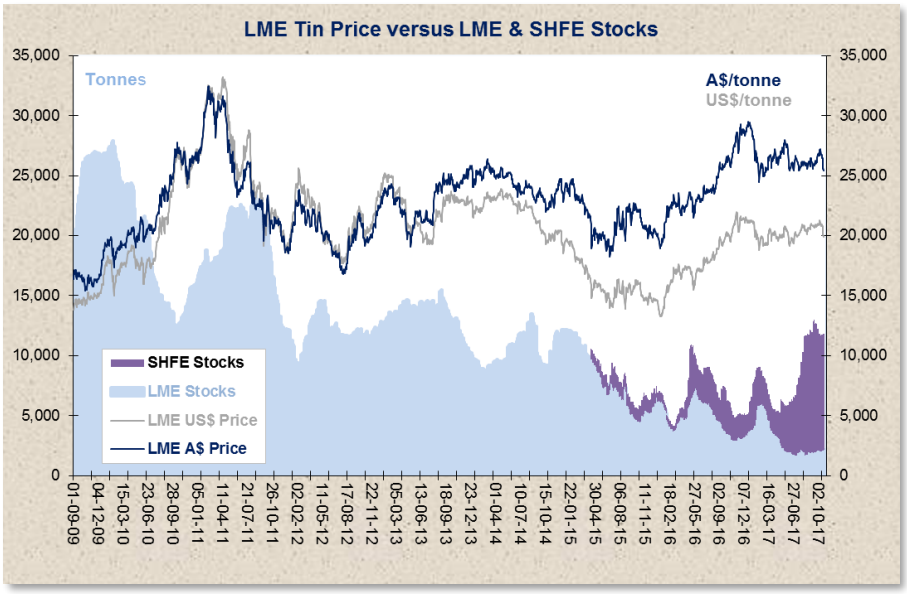
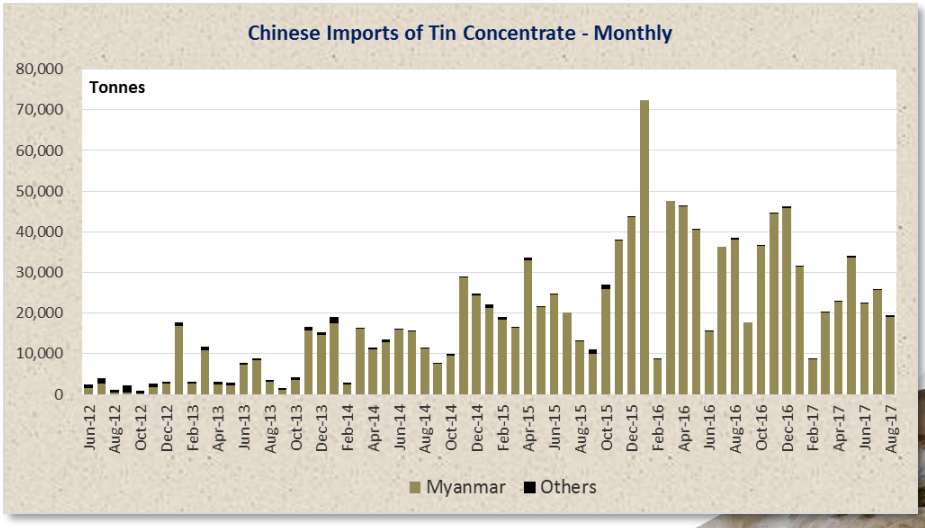


Figure 5: Indonesian refined tin exports – monthly

Figure 6: 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	Total Sn	Contained	Cassiterite[1]	Cu	Pb	Zn	S	SG
		mt	%	Sn t	% of total Sn	%	%	%	%	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	Total Sn	Contained	Soluble	Cassiterite[1]	WO_3	Fe	S
	mt	%	Sn t	Sn %	% of total Sn	%	%	%
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
Tel: 03 9618 2540
Email: peter.blight@stellarresources.com.au

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

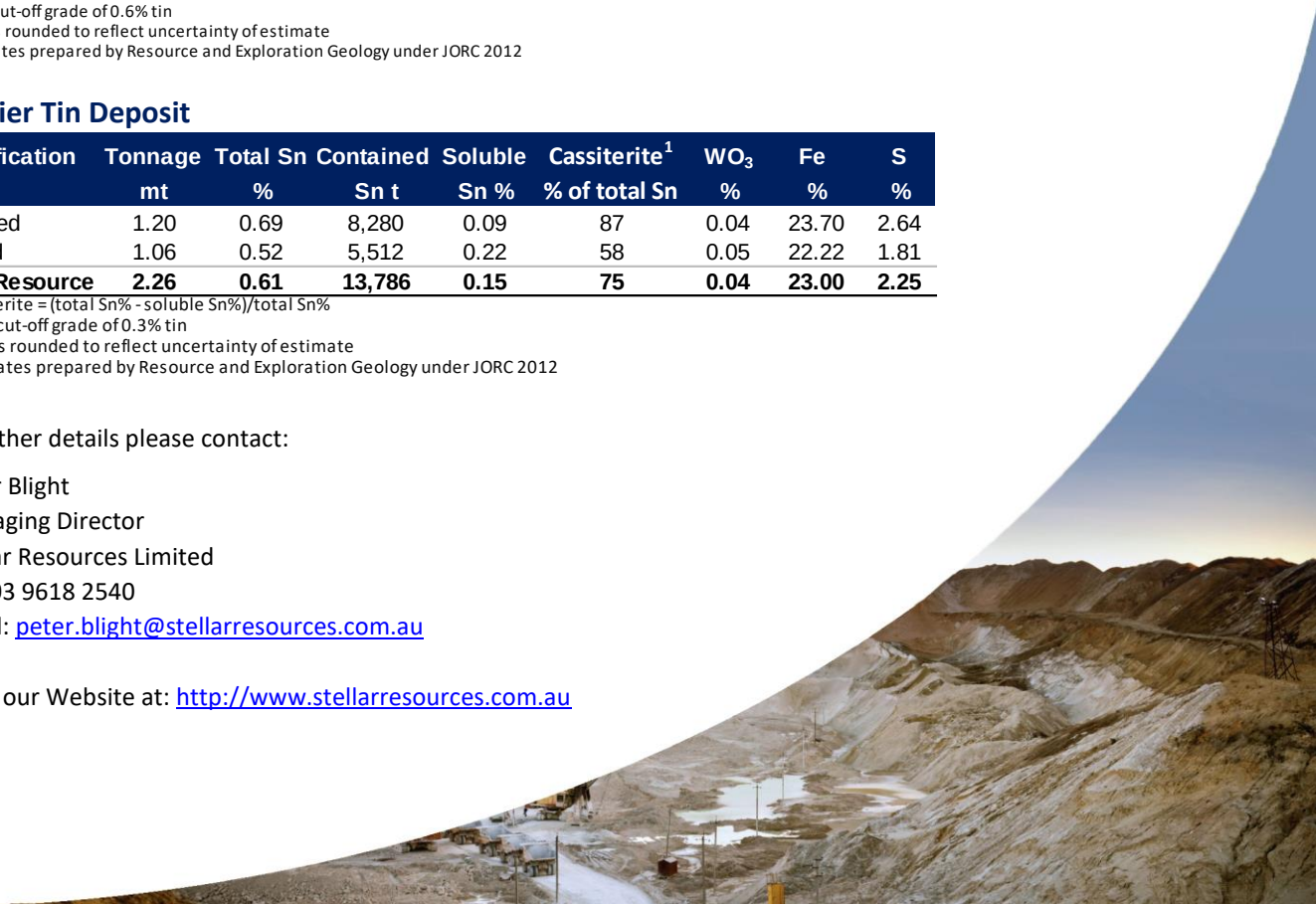
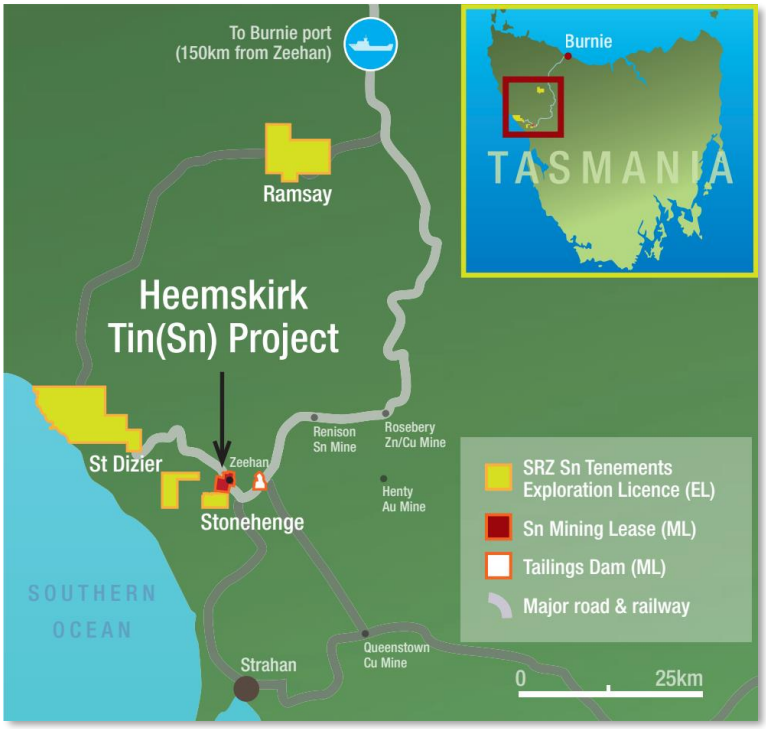


Figure 7: Tin Tenement Map – Western Tasmania



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 September 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(548)	(548)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(197)	(197)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	21	21
1.5	Interest and other costs of finance paid	(4)	(4)
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**	**(728)**	**(728)**

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 (3 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	(9)	(9)
2.6	**Net cash from / (used in) investing activities**	**(9)**	**(9)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
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	-	-
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,902	2,902
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(728)	(728)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,165**	**2,165**

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	205	342
5.2	Call deposits	1,960	2,560
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)**	**2,165**	**2,902**

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 for the September 2017 quarter.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	7
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.

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
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.

Nil

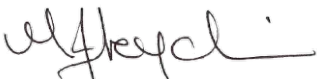
9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	493
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	252
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**745**

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: 27 October 2017

(Company secretary)

Print name: Melanie Leydin

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.