

Stellar Resources

ASX Announcement



30 October 2020

Report for the Quarter ended 30 September 2020

Highlights

- 10 first-in-time Exploration Licence Applications registered on 9 September 2020 covering an area of 2,295 km² in North East Tasmania which is highly prospective for Victorian-style and IRGS style gold exploration and contains ~76 recorded historic gold occurrences.
- In anticipation of the Exploration Licences over the North East Tasmania Gold Project being granted early in 2021, Stellar recently commenced work on capture and review of historic data including; geophysical surveys, drilling, soil, rock chip and stream sediment results and records on gold occurrences.
- Stellar's tin projects are being maintained in good standing until tin prices improve sufficiently to fund and continue to advance the Heemskirk Tin Project and the Company's other tin projects on the West Coast of Tasmania.
- The Company maintains a positive medium-term outlook on tin demand and prices improving tin prices strengthening from ~US\$16,000/t to over US\$18,000/t over the September quarter being encouraging.
- \$2.18 million capital raised via a Placement raising \$0.3 million completed on 15 September and a fully underwritten, Non-Renounceable Entitlement Offer raising \$1.88 million completed post quarter end on 13 October.
- Cash balance of \$2.3m as at 27 October 2020, placing the Company in a strong financial position.
- Gold exploration on the North East Tasmania Gold Project is expected to be the Companies principal focus over the next year.
- No material impacts from the COVID-19 outbreak on the Company's ongoing operations to date.
- The role and services of Mr Gary Fietz, Non-Executive Director, has been extended in the light of proposed increase in the activities of the Company.

Capital Structure

Shares:	657,981,968
Share Price (SRZ):	1.6 c
Unlisted Options:	37,000,000
Share Rights	5,161,190

Commodity

Tin Price:	US\$18,686/t
Gold Price:	US\$1,900/Oz
Exchange Rate US\$	0.71

Board & Management

Simon O'Loughlin

Non-Executive Chairman

Simon Taylor

Non-Executive Director

Thomas Whiting

Non-Executive Director

Gary Fietz

Non-Executive Director

Melanie Leydin

Company Secretary

ASX Code: SRZ

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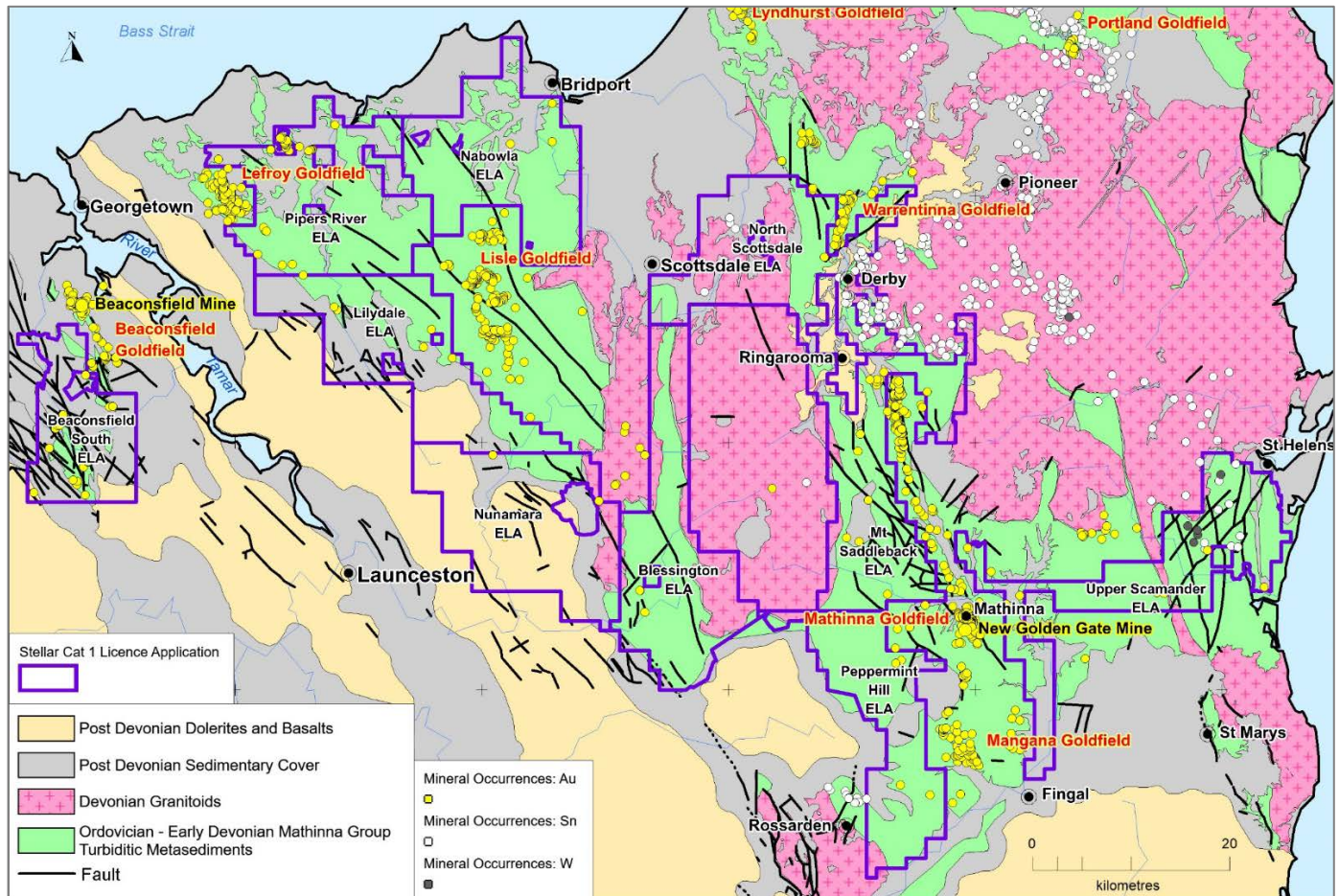
www.stellarresources.com.au



NORTH EAST TASMANIA GOLD EXPLOTATION

Exploration Licence Applications

10 first-in-time Exploration Licence Applications (ELA's) in North East Tasmania by Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd were registered by Mineral Resources Tasmania (MRT) on 9 September 2020.



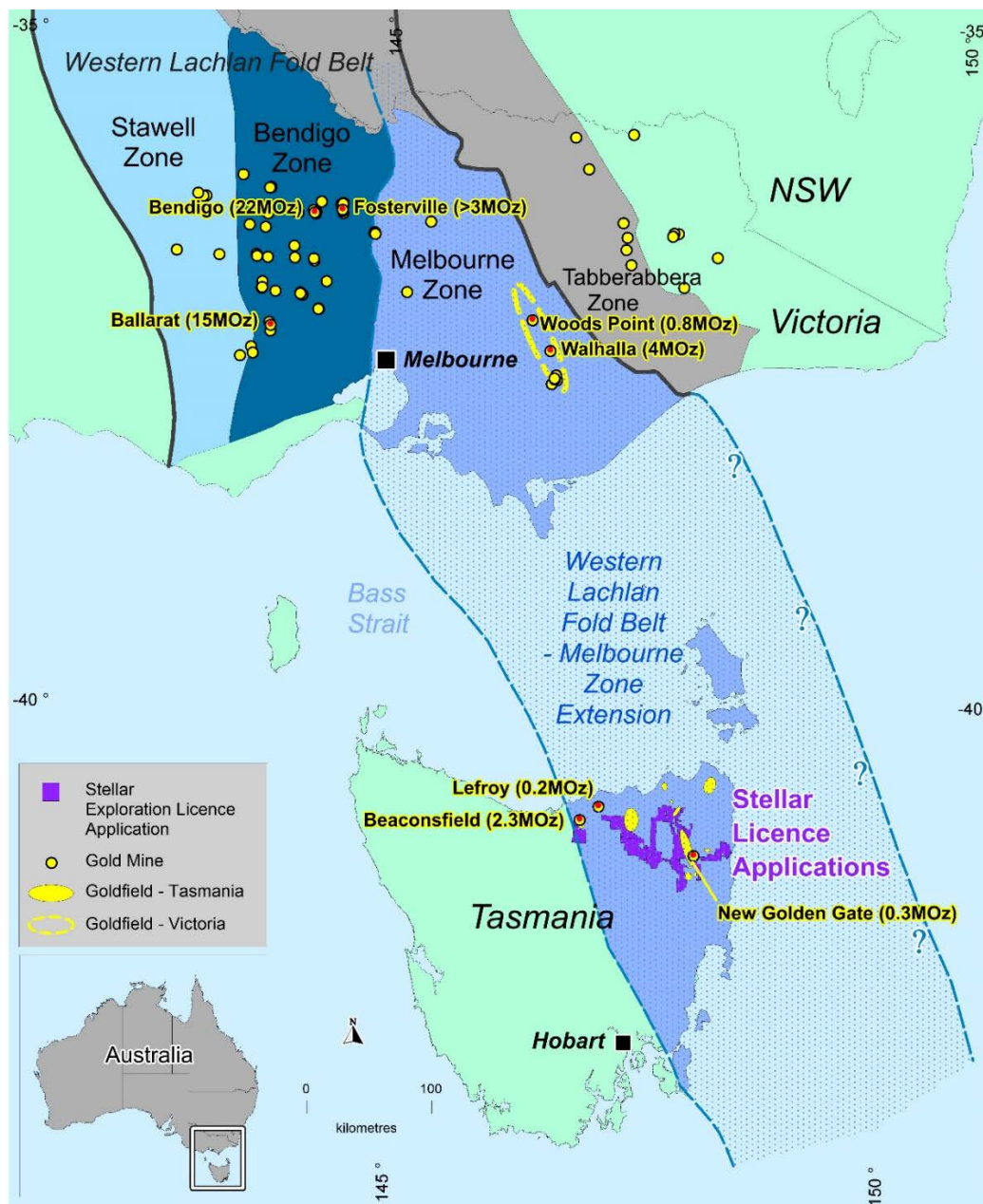
NE Tasmania Geology, Mineral Occurrences and Stellar's ELA's

The 10 ELA's cover a large combined area (2,295 km²) in NE Tasmania which is highly prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS) with ~76 historic gold occurrences recorded within the ELA areas.

NE Tasmania – A continuation of the Victorian Western Lachlan Fold Belt

Gold deposits in North East Tasmania lie within a continuation of the Western Lachlan Fold Belt in Victoria – one of the world's largest orogenic gold provinces. The Western Lachlan Fold Belt in Victoria hosts the >3 MOz Fosterville Mine, other Tier 1 goldfields including Bendigo, Ballarat, Stawell, Walhalla and Woods Point and has produced >80 MOz gold. Victoria has 13 goldfields that have each produced over 1 MOz gold with Bendigo (22 MOz) being the largest of these. In Victoria, the Western Lachlan Fold Belt is divided into the Stawell, Bendigo and Melbourne structural zones. The eastern most Melbourne Zone extends southwards across Bass Strait into NE Tasmania. More specifically, the gold rich Walhalla-Woods Point belt in the eastern part of the Melbourne Zone, aligns well with NE Tasmania and Stellar's ELA areas.

NE Tasmania hosts the Beaconsfield Mine (2.3 MOz), New Golden Gate Mine (0.3 MOz) and the Lefroy Goldfield (0.2MOz), along with hundreds of smaller historic gold mines and occurrences. Just like their equivalent Victorian gold deposits, gold deposits in NE Tasmania are orogenic gold deposits formed in similar aged Ordovician to Devonian turbiditic sediments, known as the Mathinna Super-Group in NE Tasmania. The Mathinna Super-Group sediments in NE Tasmania were deformed and metamorphosed during the Lachlan Orogen with gold mineralization being associated with late stage regional deformation and being commonly associated with proximal granitoid intrusions, as is also the case with their equivalent Victorian gold deposits. Most gold in NE Tasmania is formed within quartz veins which occupy dilational zones along large-scale faults related to folding and deformation occurring during the Lachlan Orogen. The location and geometry of gold lodes in North East Tasmania, as is the case in Victoria, is influenced by the presence of regional structures and by rheological contrasts between sedimentary rock units. NE Tasmania also contains deposits where gold occurs as veins and in stockworks in faults and Intrusive Related Gold Style (IRGS) deposits.



**Continuation of Western Lachlan Fold Belt from Victoria into NE Tasmania
(after Geological Survey of Victoria (2000))**

Gold Exploration Targets

Numerous gold exploration targets have been identified within Stellar's ELA areas based on the following targeting criteria:

- ✓ Ordovician turbiditic meta-sediments (Mathinna Super-Group)
- ✓ Ordovician to Devonian deformation and metamorphism (Western Lachlan Orogen)
- ✓ Devonian granitoid intrusives nearby
- ✓ Predominantly NW Regional scale structural trends/lineaments identified in aeromagnetic and gravity surveys and corresponding mapped faults. Intersecting NE trends/faults also identified in some of the ELA's
- ✓ Intrusive Related Gold Style (IRSG) targets identified within the Blessington and other ELA's from aeromagnetic surveys
- ✓ Location of recorded gold occurrences (and tin/tungsten occurrences for Upper Scamander ELA)
- ✓ Ground open for application

Summary of Stellar NE Tasmania ELA Gold Targets

No.	Application Name	Ordovician Mathinna Group	Regional Structures (Magnetic Lineaments & Mapped Faults)	Granitoid Intrusions nearby	Gold Occurrences	Tin/ Tungsten Occurrences
1	Beaconsfield South	✓	NW	✓	18	
2	Nabowla	✓	NW	✓	3	
3	Pipers River	✓	NW		15	
4	Lilydale	✓	NW	✓	6	
5	Nunamara	✓	NW & NE	✓	3	
6	North Scottsdale	✓	NW & N	✓	3	
7	Blessington	✓	NW, N & NE & IRGS target	✓	2	21
8	Mt Saddleback	✓	NW & NE	✓	13	1
9	Peppermint Hill	✓	NW	✓	6	
10	Upper Scamander	✓	N & NE	✓	7	1

Proposed Gold Exploration Program

Processing of Stellar's ELA's by Mineral Resources Tasmania (MRT) is expected to take 3 to 6 months from registration of applications (9 September 2020) before the Exploration Licences are expected to be granted.

Subject to grant of the Exploration Licences, Stellar expects to commence exploration in early 2021. An exploration program for the first 2 years has been outlined with Year 1 focusing on historical data capture and review, reprocessing of geophysical data, mapping, soil, rock chip and stream sampling programs to generate drill targets which will be drilled during year 2. In anticipation of this, Stellar has now commenced work on capture and review of historic data.

Please refer to 10 September 2020 announcement "NE Tasmania Gold Exploration Licence Applications" for further information.

TIN PROJECTS (West Coast of Tasmania)

Overview

Stellar's 100% owned tin projects have an enviable location within the well-established mining district on the West Coast of Tasmania with a competitive market for services, mining and processing inputs and labor, access to nearby water and power, and to the port of Burnie 150km to the north for export of concentrate. Stellar's flagship Heemskirk Tin Project is just 18km to the southwest of the Renison tin mine, the largest and most productive tin mine in Australia. In addition to the Heemskirk Tin Project, Stellar owns a portfolio of nearby satellite tin projects and exploration licences including the St Dizier deposit, the Mount Razorback historic mine and the Montana Flats and Mount Razorback Exploration licences which contain a number of historic silver-lead-zinc deposits with associated tin mineralization.



Location of Stellar's Tin Projects – West Coast of Tasmania

Tin Resources

Heemskirk includes 4 nearby deposits; Severn, Queen Hill, Montana and Oonah which together have a Total Mineral Resource of 6.6 Mt @ 1.1% Sn, of which 2.12 Mt is in the Indicated Mineral Resource Category and 4.48Mt is in the Inferred Mineral Resource Category. Heemskirk is the second highest grade undeveloped tin deposit globally and is in the top 3 tin projects in the global development queue.

In addition, the St Dizier Tin deposit has a Total Mineral Resource of 2.26Mt @ 0.61% Sn of which 1.20 Mt in the Indicated Mineral Resource Category and 1.06 Mt is in the Inferred Mineral Resource Category.

Heemskirk Tin Project Scoping Study

In October 2019, Stellar announced the results of its Heemskirk Tin Project Scoping Study based on development of an underground mine, processing plant, tailings storage facility and surface infrastructure to mine ~ 350ktpa ore at a LOM head grade of ~ 0.95% tin from the Queen Hill and Severn tin deposits (2 of the 4 Heemskirk deposits) over a 10 year mine-life. The project also includes open-pit mining of the St Dizier satellite tin deposit and trucking of ore to the Heemskirk processing plant during year 11 of the mine plan. The processing plant is expected to produce ~ 4,500 tpa of concentrate containing ~ 2,200tpa of tin. As in the case of the neighbouring Renison tin mine, the plan calls for trucking of concentrate 150km to the north via a sealed road to the Port of Burnie for export to smelters in Asia.

The Scoping Study confirmed the Heemskirk Tin Project has attractive economics - with a low pre-production capital base of A\$57m, the Heemskirk Tin Project generates a pre-tax NPV10% of approximately A\$83m (post-tax NPV10% of approximately A\$71m), at a tin price of US\$20,000/t, to an accuracy of ±35%. The pre-tax internal rate of return of the project is approximately 45%.

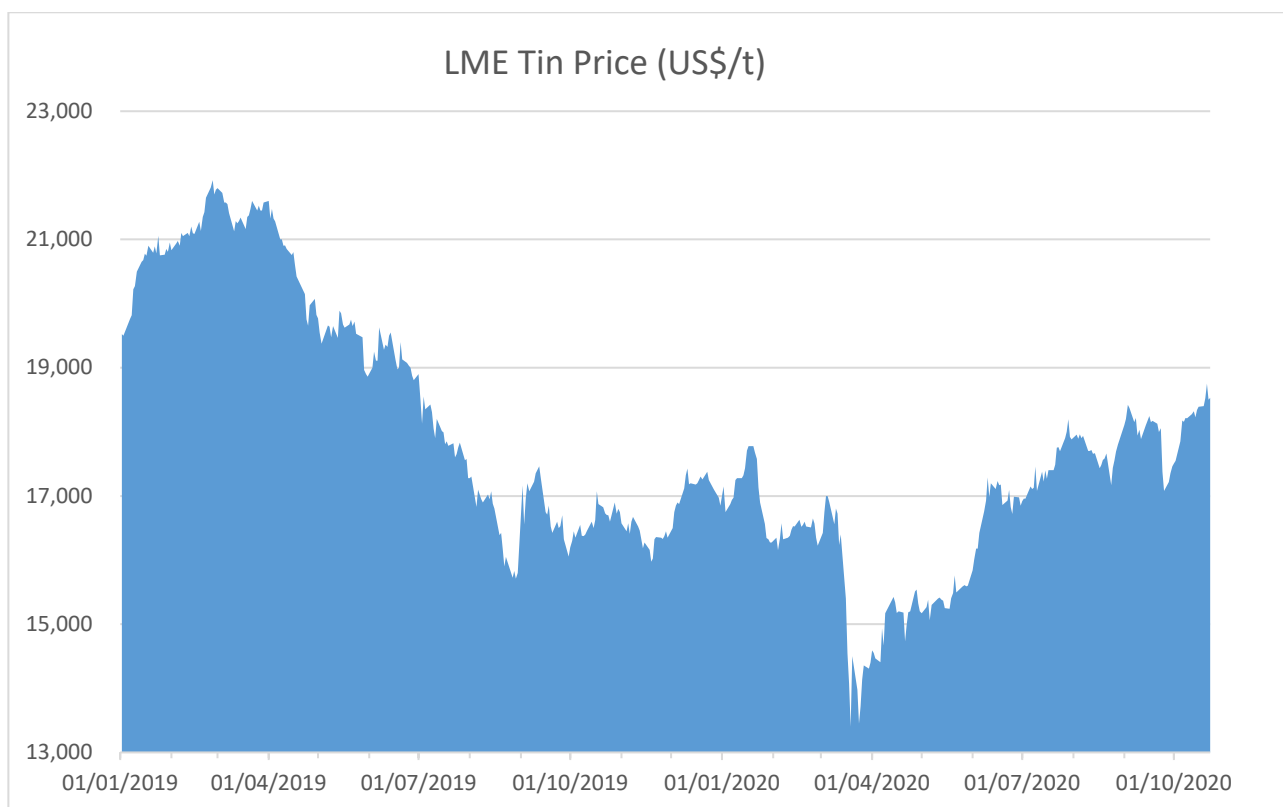
The Heemskirk Tin Project Scoping Study has been undertaken for the purpose of ascertaining whether a business case can be made to proceed to more definitive studies on the viability of the Heemskirk Tin Project. It is a preliminary technical and economic study of potential project viability based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Stellar will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

Please refer to 1 October 2019 announcement "Heemskirk Tin Scoping Study Confirms Attractive Economics" for further information on the Scoping Study and Tin Project Mineral Resource Statements.

Tin Market Outlook

Demand for refined tin in China has recovered significantly from the start of 2020. Since the downturn in tin demand early in 2020 due to coronavirus and associated Chinese smelter maintenance closures and production reductions, the Chinese economy is moving once again and promises of significant investment in network infrastructure are rising the demand for tin. Some Chinese solder producers are indicating significant year-on-year growth in recent months.

Strengthening tin prices from ~US\$16,000/t to over US\$18,000/t during the September quarter have been encouraging.



LME Tin Prices (1 Jan 2019 to 26 October 2020)

Stellar maintains a positive short to medium term outlook on tin demand and prices improving further for the following reasons:

- There has been limited investment in new tin mines or exploration
- Traditional uses for tin (solder, tin plate and chemicals) will continue to grow in line with global economic growth
- Tin is an energy metal – new uses emerging in energy capture and storage expected to drive increased demand
- Tin stocks remain at relatively low levels

Stellar's tin projects are being maintained in good standing until tin prices improve sufficiently to fund and continue to advance the Heemskirk Tin Project.

The Company has engaged in ongoing discussions with several large corporates during the past year regarding investment in the Heemskirk Tin Project as an alternative pathway to advancing the project.

CORPORATE

\$300K Placement (September 2020)

On 15 September 2020, Stellar completed a Placement raising \$300,000 (before costs) via the issue of 27,272,727 new fully paid ordinary shares at an issue price of 1.1 cents per share. Shares were placed to sophisticated investors pursuant to Chapter 7 of ASX Listing Rules. The placement shares were issued within the Company's existing 15% placement capacity under ASX Listing Rule 7.1. The placement was led by Taylor Collison who were paid a fee of 6% of the total raised under the placement in cash.

\$1.88K Fully Underwritten Non-Renounceable Entitlement Offer (September 2020)

On 13 October 2020, Stellar completed a fully underwritten, non-renounceable Entitlement Offer at an issue price of 1.0 cent per share raising \$1,870,948 (before costs).

Eligible shareholders took up 46% of shares offered to them under the Entitlement offer (85,741,194 shares), raising \$857,412. The Board would like to thank shareholders who participated in the Entitlement Offer for their ongoing support.

The Entitlement Offer was fully underwritten by Taylor Collison who took up the remaining 54% of the Entitlement Offer shares that were not taken up by shareholders (102,253,606 shares) raising \$1,022,536. All of the underwritten shares were then distributed by Taylor Collison to its sub-underwriters. Taylor Collison were paid a fee of 6% of the total underwritten amount in cash. The Board would also like to thank Taylor Collison and its sub-underwriters for their support.

Stellar's Directors all took up their entitlements in full under the Entitlement Offer and Mr Simon O'Loughlin, Mr Simon Taylor and Mr Thomas Whiting, were also sub-underwriters of the Entitlement Offer. As a result, Stellar's Directors have increased their shareholdings in the Company as follows:

Director	SRZ Shareholding (14 Sept 2020)	Entitlement Offer Shares Taken Up	Sub-Underwriter Shares Taken Up	Current SRZ Shareholding	%	Options held	Share Rights held
Simon O'Loughlin	2,700,000	1,080,000	2,719,592	6,499,592	0.99	1,350,000	1,755,137
Simon Taylor	4,000,000	1,600,000	2,719,592	8,319,592	1.26	2,000,000	1,229,685
Thomas Whiting	2,264,129	905,652	1,087,837	4,257,618	0.65	-	1,172,864
Gary Fietz	879,373	351,750	-	1,231,123	0.19	2,000,000	1,003,504

Payments to related parties and their associates during the quarter was \$0.06m. These payments related to Director fees and consulting fees as outlined in section 6 of the Appendix 5B.

Appointment of Technical Director

In October, Director Gary Fietz's title was changed to Technical Director who now has responsibility for technical and operational matters following the Company's increased activities.

The summary of the material terms under the consultancy agreement are as follows:

1. 12 month term
2. Average of 3 working days per week on a monthly basis
3. Remuneration of \$18,182 (plus GST) per month on the basis that 12 days service is provided for the month (if less than 12 days service for the month then remuneration will be calculated on a pro-rata basis)
4. Remuneration of up to a maximum of \$200,000 (plus GST) per annum under the agreement
5. Termination of the agreement by either party with 2 month's written notice

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.

For further details please contact:

Gary Fietz

Technical Director

Stellar Resources Limited

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This announcement is authorised for release to the market by the Board of Directors of Stellar Resources Limited.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STELLAR RESOURCES LIMITED

ABN

96 108 758 961

Quarter ended ("current quarter")

30 September 2020

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 (if expensed)	(51)	(51)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(20)	(20)
	(e) administration and corporate costs	(73)	(73)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(143)	(143)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(28)	(28)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	(28)	(28)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	300	300
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(18)	(18)
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 (Repayment of Lease liabilities)	(3)	(3)
3.10	Net cash from / (used in) financing activities	279	279

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	524	524
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(143)	(143)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	(28)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	279	279

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	632	632

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	482	224
5.2 Call deposits	150	300
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)	632	524

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

60

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

7.5 Unused financing facilities available at quarter end

-

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

Answer: N/A

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(143)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(28)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(171)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	632
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	632
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: 30 October 2020

Authorised by: By the Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.