

# Stellar Resources

## ASX Announcement



18 August 2016

### Clarification and Replacement of Investor Presentation

Stellar Resources Limited (ASX: SRZ, “Stellar” or the “Company”) refers to ASX announcement “Investor Presentation” dated 11 August 2016. The Presentation also references “Pre-feasibility Study Advances Heemskirk Tin” dated 24 July 2013 and “Substantial Increase in Heemskirk Tin NPV” dated 24 September 2015.

The purpose of the studies referred to in the Investor Presentation is to assess at an early stage the potential viability of the Heemskirk Tin Project and the case for continuing to progress the project to a definitive feasibility study.

Investors are advised that subsequent to the release of the “Investor Presentation” on 11 August 2016, the ASX expressed concerns with some statements in the presentation and some of the assumptions in the previous announcements identified above. In particular, the high level of inferred resource upon which the studies are based means that the Company did not have reasonable grounds to state production targets and economic assumptions.

Following discussions with ASX, the Company retracts all statements regarding production targets and financial forecasts as the Company does not have a basis to make these statements. This includes announcements made on 24 July 2013, 24 September 2015 and 27 July 2016.

The Company does not currently have any financing in place for development of Heemskirk Tin. However, once a higher degree of geologic and economic certainty is established, the Company will be in a position to explore options and announce a preferred financing structure to the market.

The Company believes that the work completed to date on Heemskirk Tin justifies further drilling and assessment with the aim of significantly increasing the proportion of measured and indicated resources. On completion, the Company will be able to make better estimates of production targets and financial viability in support of a definitive feasibility study.

A replacement Investor Presentation for the one announced on 11 August 2016 is attached to this announcement.

#### Issued Capital

Shares: 300,227,775  
Share Price: A\$0.049  
Market Cap: A\$14.7million

#### Commodity

Tin Price: US\$18,393/t  
Exchange Rate US\$ 0.77

#### Main Shareholders

European Investors 24.8%  
Capetown SA 20.8%  
Resource Capital Fund 12.1%

#### 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

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# Heemskirk Tin Project

Highest grade undeveloped ASX-listed tin project

August 2016 Update

ASX: SRZ

[www.stellarresources.com.au](http://www.stellarresources.com.au)

# Agenda

- Improving tin and small cap resource equity markets
- Advantages and achievements at Heemskirk Tin
- Positive outcomes for processing and tailings
- Why consider a faster start?
- Five reasons to own Stellar



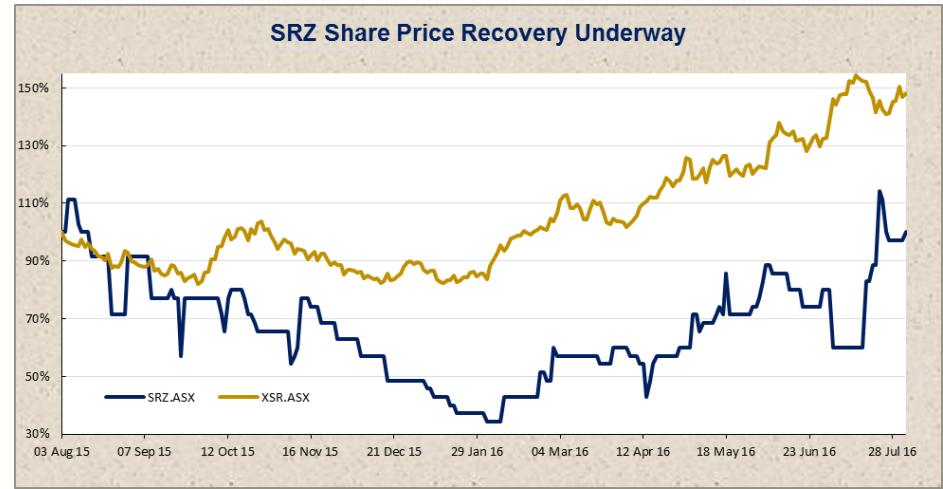
# Corporate overview



## Share price recovery yet to reflect solid achievements at Heemskirk Tin

### Company overview

- 100% owner of Heemskirk Tin Project, 150km south of Burnie, Tasmania
- Stand-out high grade resource (1.14% Sn) with vision to be a major Australian tin producer
- Metallurgical optimisation added to the project
- Fast start lowered capex and reduced time to first production



### Financial information

Share price (10-Aug-16)	A\$0.049
Number of shares	300.2m
<b>Market capitalisation</b>	<b>A\$14.3m</b>
Cash (30-Jun-16)	A\$1.6m
Debt (30-Jun-16)	No debt
<b>Enterprise value</b>	<b>A\$12.7m</b>
<i>42.5m unlisted options (exercise prices A\$0.06 to A\$0.12, expiring 26-Feb-17 to 20-Nov-19)</i>	

### Ownership reflects strong tin investor support

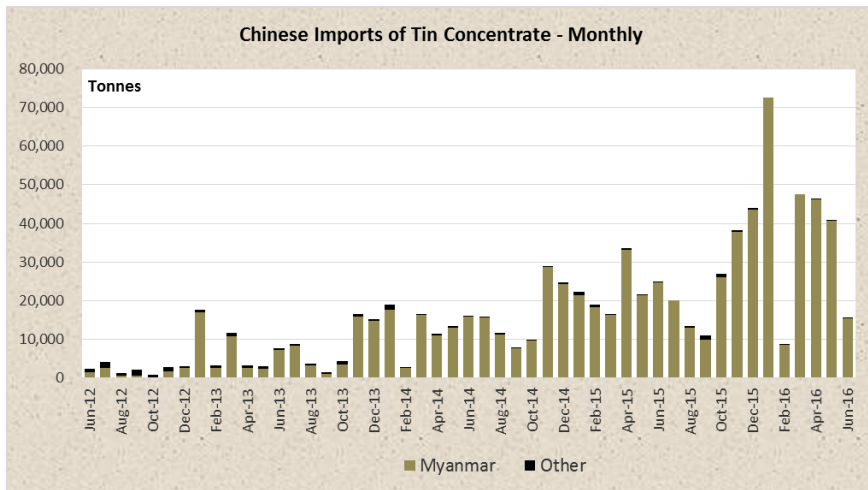
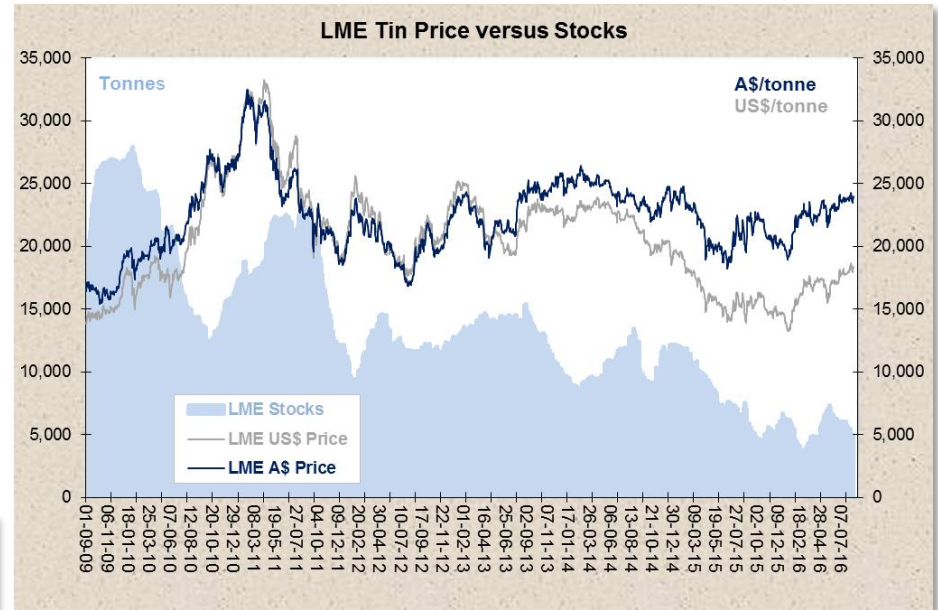
Capetown S.A.	20.8%
Bunnenberg Family	14.9%
Resource Capital Funds	12.0%
Directors & Management	4.2%
<b>Top 20 Shareholders</b>	<b>70.2%</b>

# Tin price has bottomed

**LME tin price is up 38% from its mid-January 2016 low**

## Supply rationalisation underpinning price

- China announced 17% reduction in tin smelter production in January 2016
- Indonesian tin exports down for the 4<sup>th</sup> consecutive year due to tighter licence conditions
- Myanmar exports down by 37% in June 2016 compared with June 2015 and 62% month on month
- No significant investment in new mine production



## New uses to drive demand growth

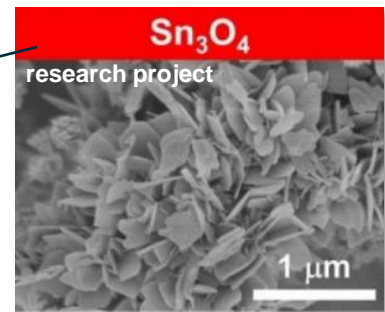
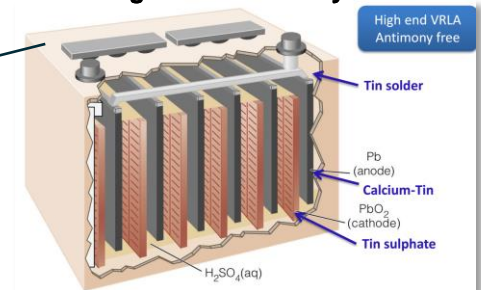
- Lead acid moped batteries a significant new use in China
- Chemical uses of tin growing above trend
- Solder thrifting has now diminished in largest end-use
- New energy capture and storage technologies the game changer for tin?

# Tin is an energy metal

**ITRI have identified numerous potential new uses for tin in the energy sector**

**0 to 4<sup>th</sup> largest end-use in 5 years**

<b>Storage</b>	
<b>Lead-acid</b>	Calcium tin grids, tin sulphate electrolyte
<b>Lithium ion</b>	Tin nanoneedles, Silicon + tin anodes, tin electrolyte
<b>Magnesium ion</b>	Antimony or bismuth tin alloy anodes
<b>Sodium ion</b>	Tin sulphide / carbon anodes
<b>Supercapacitors</b>	Manganese + iron tin oxide anodes
<b>Aluminium Air</b>	Tin alloy addition, tin stannate electrolyte
<b>Fuel Cells</b>	Tin phosphate membrane, molten tin, tin platinum catalyst, tinned copper mesh
<b>Generation</b>	
<b>Solar cells</b>	Copper Zinc Tin Sulphide (CZTS), Tin perovskite
<b>Solar storage</b>	Molten Tin
<b>Thermoelectric</b>	Tin Selenide, Magnesium Stannide
<b>Hydrogen</b>	
<b>Methane to hydrogen</b>	Molten tin
<b>Water splitting</b>	Tin oxide, tin sulphide photocatalysts
<b>Clean Fuel</b>	
<b>Biodiesel catalysts</b>	Iron Tin oxide
<b>Fuel catalysts</b>	Tin antimony alloys





# Best location for a new mine

## North-west Tasmania is a world-class tin jurisdiction

- ✓ Significant mining district
  - Many historical and current operating mines across various commodities
- ✓ Supportive local community and skilled workforce
  - Experienced workforce available with several mines in the region
- ✓ Established road and rail to port at Burnie, water readily available and power infrastructure in place
- ✓ Low political risk
  - Tasmanian government supportive of Heemskirk
- ✓ Low environmental risk
  - Project located outside of environmentally sensitive areas





# Solid record of achievement

## Operational achievements in 2015 continuing in 2016

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### February 2015

- **Environmental Protection Authority guidelines received**
- Exploration licence granted to the south of Heemskirk

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### March 2015

- Metallurgy optimisation upgrades Heemskirk Tin
  - **Severn tin recovery increased by 7.4% and average tin recovery increased by 4.5%**

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### July 2015

- Geological review flags new northwest trending structures and high grade tin infill zones presenting **un-tapped upside to the Heemskirk resource**
- **St Dizier scoping study completed** - potential for development as a source of blending ore
- **Tailings storage site secured** – low capital cost, life of mine facility

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### September 2015

- **Optimisation of Heemskirk Tin**

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### July 2016

- **Application to convert Retention Licence into a Mining Lease** – will increase tenure and add certainty to project

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### July 2016

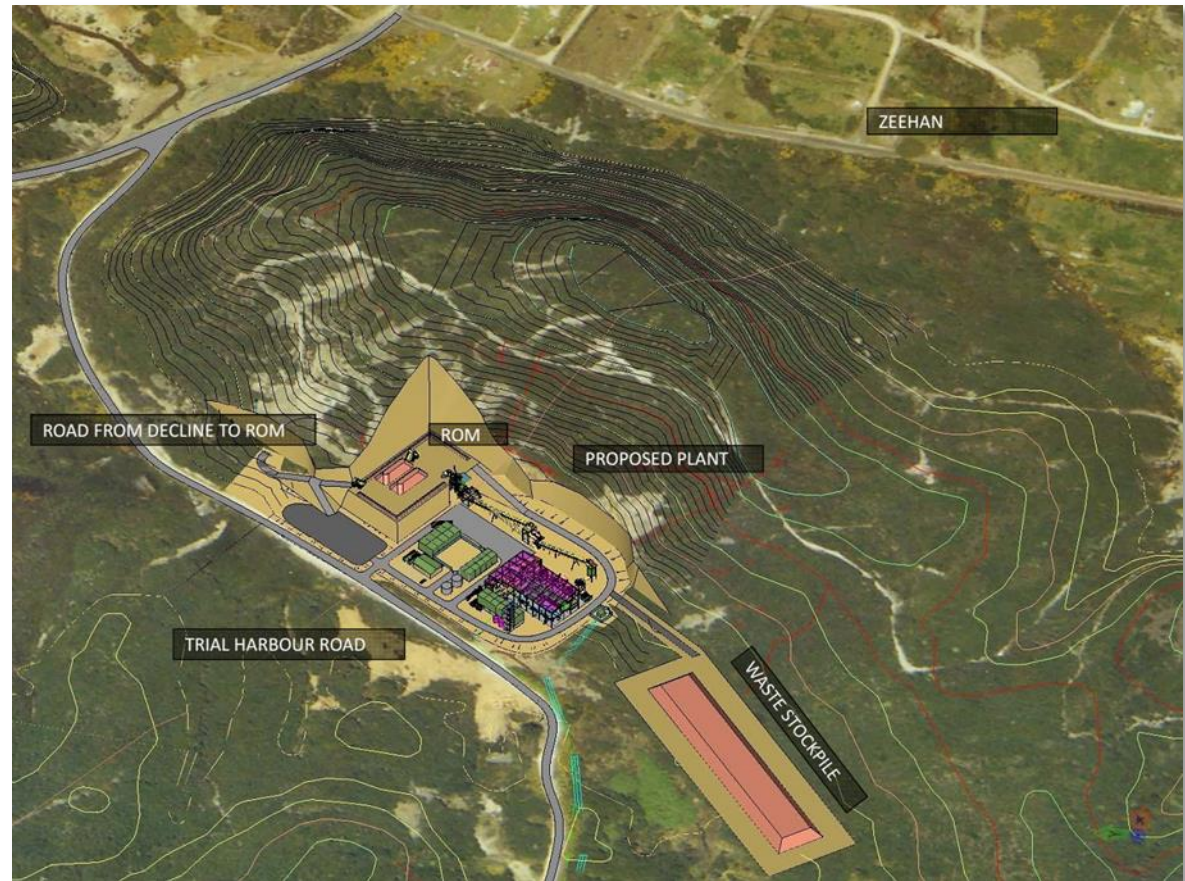
- **Fast start study** - shows path to quicker ore access at lower capital cost
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# Simplified plant design

**Metallurgical optimisation led to smaller primary grind and elimination of heavy media separation and silica float circuits saving capex**

- ✓ **Removed heavy media separation**
- ✓ **Coarser grind size**
  - Increased to 250 $\mu$  from 160 $\mu$
  - Improved recovery from gravity circuit
- ✓ **Optimised flotation circuits**
  - Reduced tin loss in sulphide float
  - Removed silica float
  - Increased slimes cut-off
  - Tin float conditions improved
  - Finishing circuit enhanced

- Process flow sheet developed by ALS and WorleyParsons
- Plant layout and imaging developed by GR Engineering and Mincore

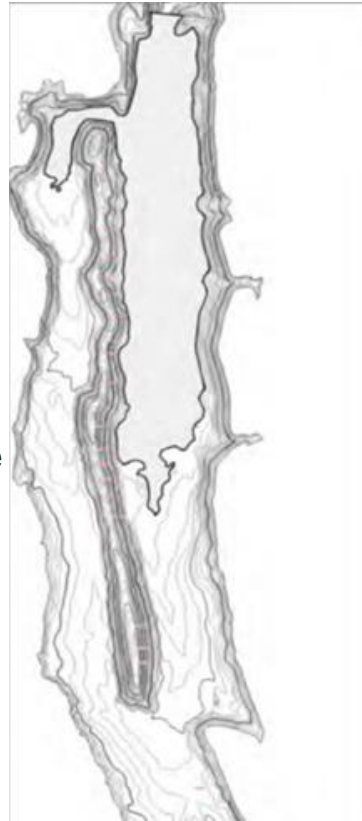




# Quality tailings dam site secured

## Tailings dam site in plan and oblique view

- ✓ Capacity 3x initial mine life
- ✓ Low cost containment
  - No observed geological flaws
- ✓ Concealed valley
  - Crown land
  - No competing land use
  - No observed flora or fauna values
- ✓ Site secured by a mining lease



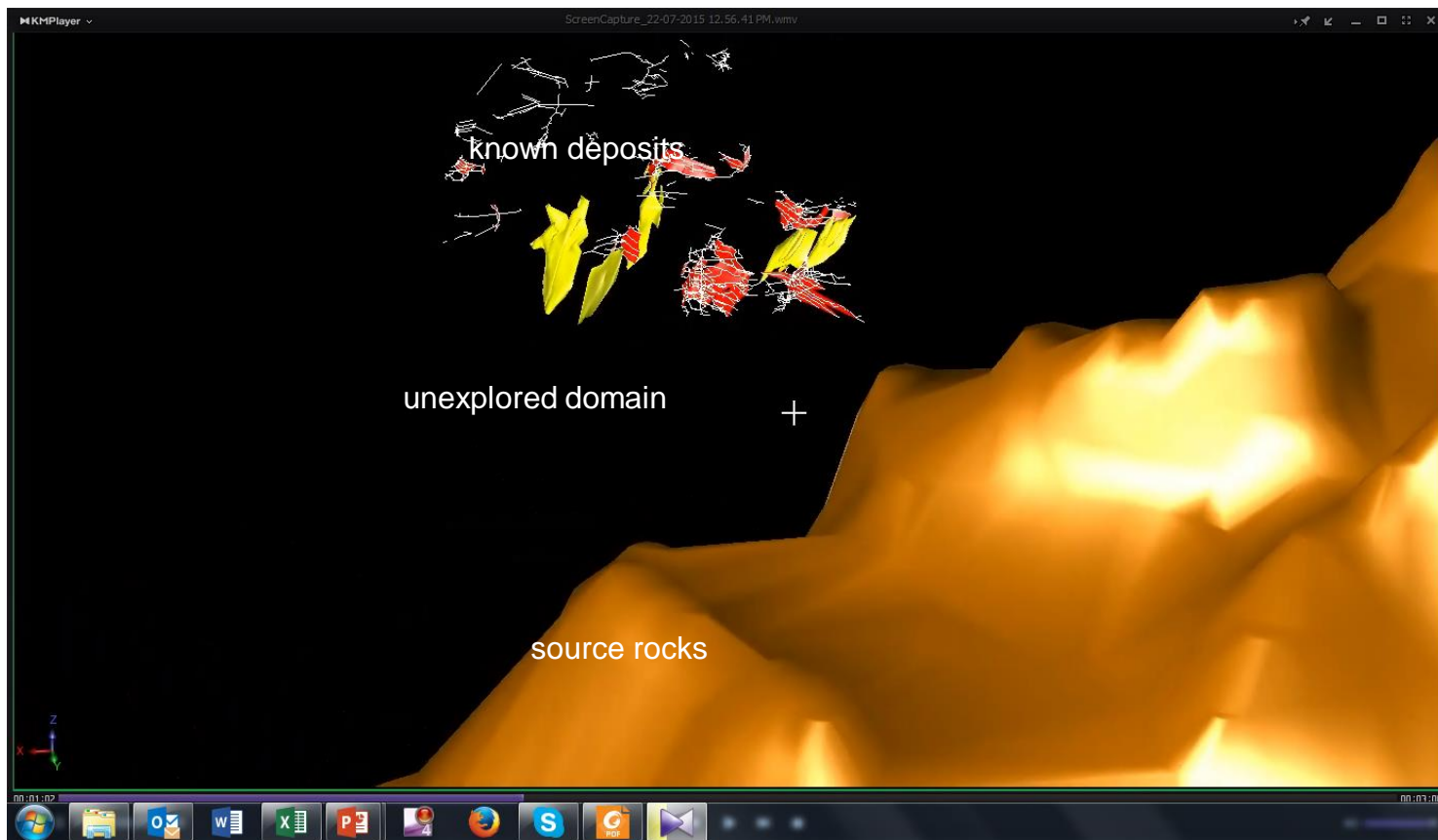


# Why consider a faster start?

- ✓ **Need to reduce the pre-production capital hurdle** – equity finance is difficult to secure and still too expensive
- ✓ **Faster access to ore required to meet the tin price upswing** – price recovery has already commenced
- ✓ **Modularisation allows for expansion** – once operation is generating positive cash flow
- ✓ **Opportunity to drill-up deposits from underground** – more efficient and accurate approach for Severn and Montana deposits
- ✓ **Significant reduction in risk** – less capital, best known deposit, reduced development time and lower execution risk

# Significant exploration potential

Underground development would provide an opportunity to better understand deposit geology and define deeper exploration targets below the known deposits

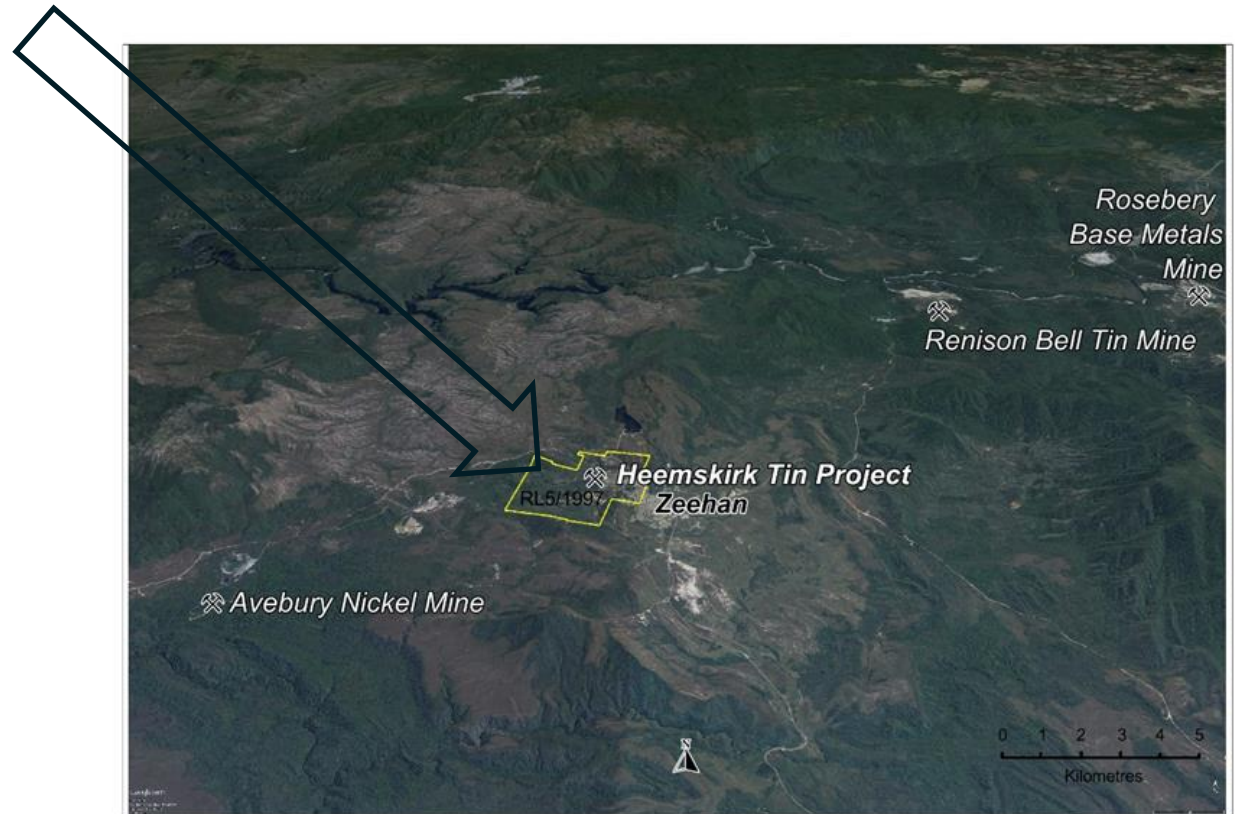


# ML application over tin deposits



## RL5/1997 to be replaced by a Mining Lease

- ✓ Exclusive right to extract economic minerals
- ✓ Increased duration of tenure over tin deposits
- ✓ More secure form of title
- ✓ Board commitment to the project



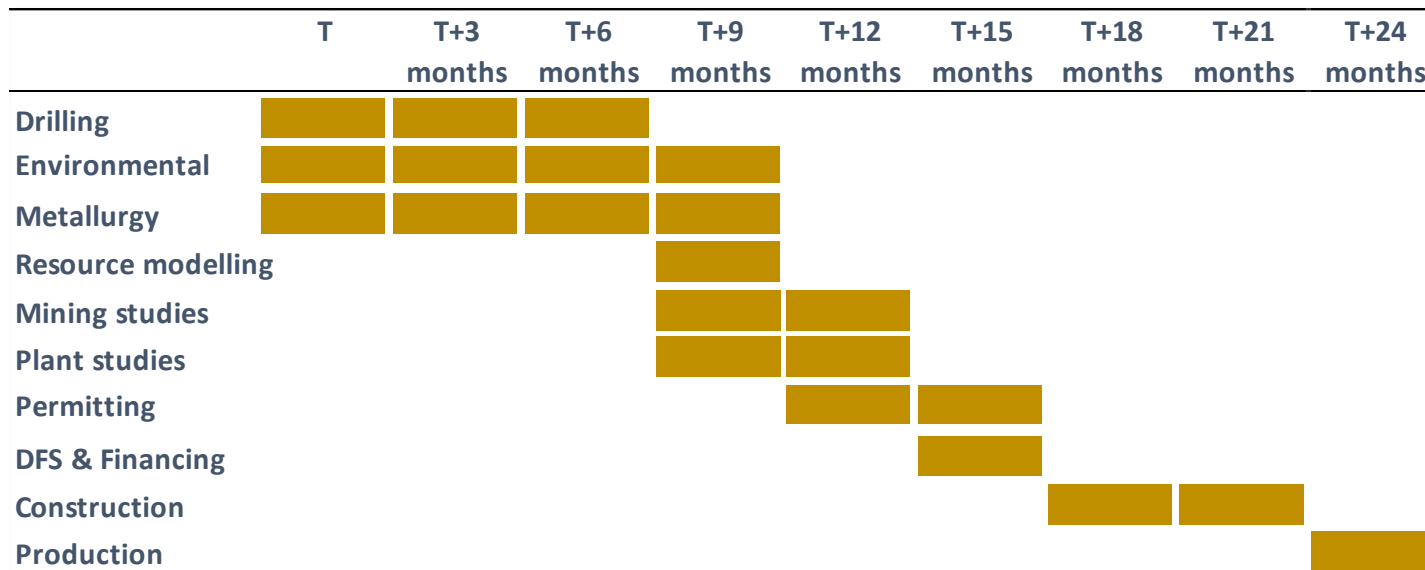


# Indicative Timeline

**Stellar is poised to embark on a DFS for the Heemskirk project based on a fast start approach**

- DFS to cost A\$5m over 12mths
- Environmental and metallurgy work programs in the planning stage
- Drilling LQH to upgrade resource to an ore reserve determines timing

## DFS timeline from commencement



# Five reasons to own Stellar

- ✓ **Tin price and share price have bottomed** – price recovery from an over-sold position
- ✓ **Strong record of achievement** - project momentum maintained despite difficult market conditions
- ✓ **Technical improvements demonstrated by metallurgical results** – increased recovery and reduced capital cost
- ✓ **Fast Start offers quicker, lower risk development** at higher grade and lower capital cost
- ✓ **ML application** – a key milestone in development timeline

# Disclaimer



## **Forward Looking Statement**

This presentation 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, words such as "could", "plan", "estimate", "expert", "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 report 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.

## **Competent Persons Statement – Heemskirk and St Dizier Mineral Resources**

The information in this report that relates to Heemskirk Tin Mineral Resources was last reported on 24<sup>th</sup> July 2013 in an ASX release titled "Pre-feasibility Study Advances Heemskirk Tin". The information was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by Tim Callaghan of Resource and Exploration Geology. The information in this report that relates to the St Dizier Mineral Resource was announced on 12 March 2014 in an ASX release titled "Heemskirk Tin Project: New Open Pittable Resource at St Dizier". The information 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 of Resource and Exploration Geology. Tim Callaghan is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears.

## **Competent Persons Statement – Exploration**

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr R.K. Hazeldene who is a Member of the Australasian Institute of Mining and Metallurgy. 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). Mr Hazeldene consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.



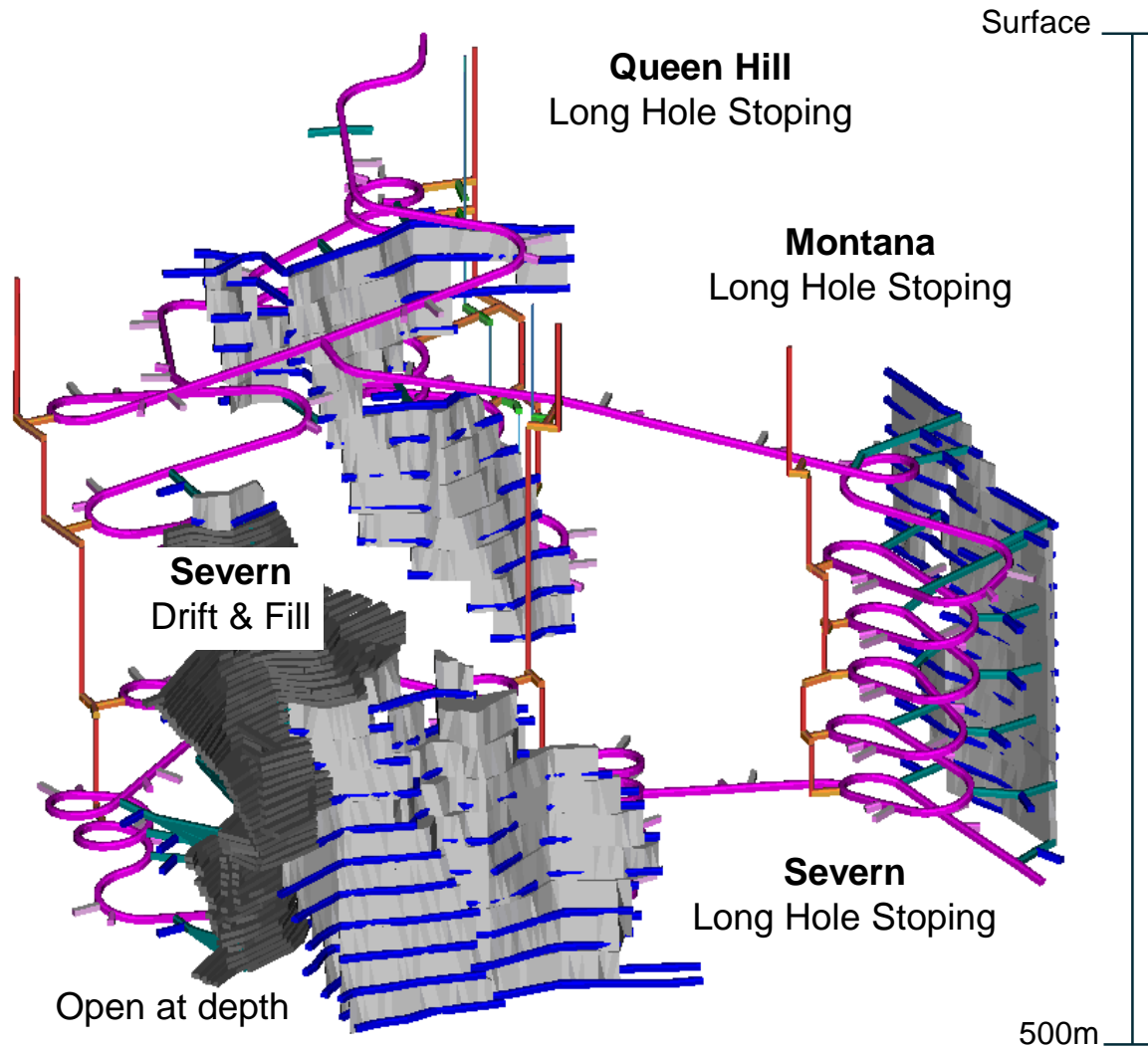
# Appendix

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Heemskirk PFS mine plan

Board of Directors

# Heemskirk mine plan



# Board of Directors



**Experienced and multi-disciplinary Board with strong global connections**



**Phil Harman**  
***Non-Executive Chairman***

**Geophysicist**

- Over 30 years experience in BHP Billiton minerals exploration
- Past and present Director of several ASX listed companies



**Thomas Whiting**  
***Non-Executive Director***

**Geophysicist**

- Former manager of BHP Billiton exploration
- Chairman of Deep Exploration Technologies Cooperative Research Centre



**Peter Blight**  
***Managing Director***

**Geologist**

- 30 years experience in exploration, mining and finance sectors
- Previously worked for UBS, UC Rusal and Rio Tinto



**Christina Kemp**  
***Company Secretary***

**Accountant**

- Over 30 years experience as an accountant and senior financial manager
- Has experience in the resources, manufacturing, retail and utility industries



**Miguel Lopez de Letona**  
***Non-Executive Director***

**Management Consultant**

- Experience as a management consultant and banker with leading financial institutions
- Based in Belgium and advises on investment in the mining and oil and gas sectors



An aerial photograph of a town nestled in a valley. The town features a mix of residential houses and larger commercial or industrial buildings. The surrounding landscape is lush with green trees and vegetation. In the background, a range of mountains stretches across the horizon under a clear blue sky with a few scattered clouds. The overall scene is bright and scenic.

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