STELLAR RESOURCES LIMITED

EL 46/2003 HEEMSKIRK

ANNUAL REPORT FOR THE PERIOD 3rd JANUARY 2005 – 2nd JANUARY 2006

Compiled by/Author: A M Rigg

DATE: January 2006

SUBMITTED TO: Executive Chairman

DISTRIBUTION:
Mineral Resources Tasmania, a Division of the Department of Infrastructure, Energy and Resources - Hobart
Stellar Resources - Melbourne

SUBMITTED BY:

ACCEPTED BY:

Stellar Resources Limited
(ACN 108 758 961)
Level 7, 530 Little Collins Street,
Melbourne,
Victoria, 3000.

ABSTRACT

This first Annual Report for EL 46/2003 Heemskirk covers the period from 3rd January 2005 to 2nd January 2006.

The Heemskirk licence area contains historical occurrences of copper, tin and gold. Previous exploration in the area includes extensive stream sediment sampling, especially in the central and southern areas, geological mapping, a range of geophysical surveys and several drill holes which have revealed numerous anomalies. As many of these remain untested or inadequately drilled, the licence area remains prospective for the discovery of significant base metal mineralisation.

Work on the licence for the period has been undertaken mainly in the Melbourne office, with a couple of site visits to check the field conditions and meet with contractors. In Melbourne work has included the compilation of an open file literature review and the collection of existing regional geological, geochemical and geophysical data.

Geophysical targets have been modelled and defined from electromagnetic and aeromagnetic datasets. With reference to the existing regional geological, geochemical and geophysical data, and with further detailed ground testing, target prioritisation and drilling is expected to proceed on the most prospective targets in the following year.

Work advanced sufficiently for Work Plans to be submitted to MRT over four locations at East Granville and also at St Dizier. Consents to drill were obtained. However, due to constraints in obtaining suitable drilling rigs, no drilling has yet been conducted. In addition, the closure of the Renison concentrator has affected confidence as to potential ore processing alternatives.

CONTENTS

LIST OF FIGURES

1 INTRODUCTION

1.1 EXPLORATION RATIONALE & GEOLOGICAL SETTING

Geological data compilation, analysis and commentary has been produced by Mr C H Young of Chris Young Consulting.

The licence is positioned to cover potential ultramafic hosted nickel skarn deposits of the Avebury style adjacent to the north-eastern and northern contacts of the Heemskirk Granite, to the immediate NW of Zeehan. Heemskirk adjoins Allegiance Mining's Averbury tenements near the SE corner of the Heemskirk Granite. At Avebury Allegiance has outlined a medium-sized nickel sulphide resource of 4.06 million tonnes grading 1.5% nickel for 61,500 tonnes of contained metal. The Avebury deposit is special in that the ore is almost wholly pentlandite and is expected to produce a high-grade concentrate running over 20% Ni. This is a new style of nickel deposit for Australia and is considered the product of the unique interaction of granite derived and structurally controlled hydrothermal fluids with primary nickel sulphide bearing oceanic mafic/ultramafic host rocks. The deposit is readily identified by aeromagnetic data and Heemskirk covers similar high intensity magnetic anomalies. At Heemskirk the presence of ultramafic rocks under cover is inferred from previous drilling by Pickands Mather and Rio Tinto.

1.2 LICENCE

Tenement number: 46/2003

Tenement name: Heemskirk

Tenement location: Located from approx 4km northwest of Zeehan, with main road access from the Heemskirk Road which passes generally through the central axis of the licence (Figure 1). The licence covers 196km^2 from the Trial Harbour Rd in the south, north-westerly for 30km to near the Reece Dam on the Pieman River. Much of the EL area is Crown Land with approx 8% being private agricultural land. The crown land is covered by areas of nothofagus and eucalyptus rainforest, dry eucalyptus forest, scrub, heathland and button grass plain. Access is provided by the Heemskirk Road from Zeehan, Trial Harbour Road, Granville Harbour Road, Corinna Road to Waratah in the north, and old bush tracks. Areas of the licence may only be accessible by foot.

Reporting period: 3rd January 2005 to 2nd January 2006.

Tenement holder: Rubicon Min Tech Ventures Pty Ltd., a wholly owned subsidiary of Stellar Resources Ltd.

1.3 LOCATION OF LICENCE

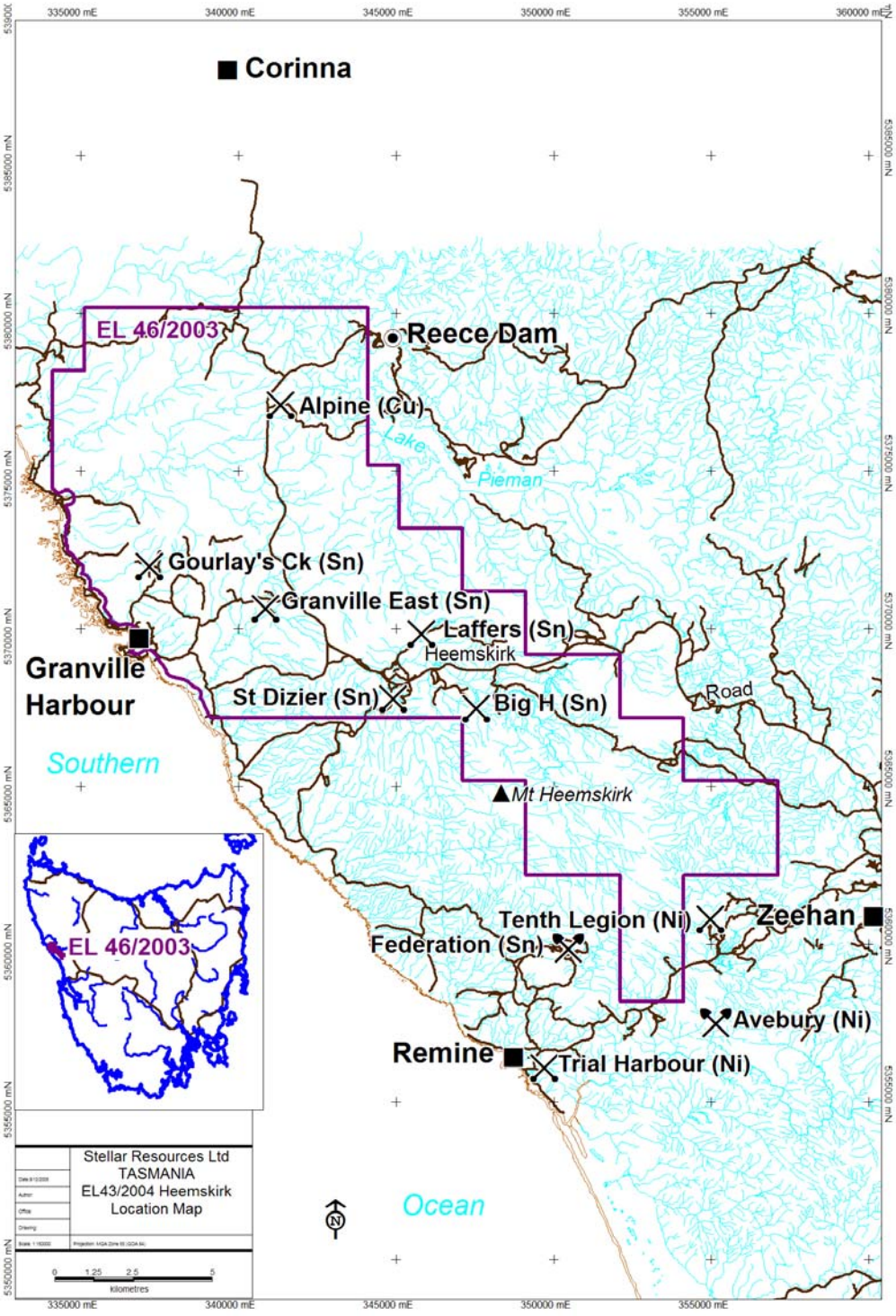

Figure 1
Heemskirk EL46/2003
Location Map.
Data Courtesy: DPIWE.

1.4 LAND TENURE

SCHEDULE

LAND DISTRICT OF MONTAGU
VICINITYOF HEEMSKIRK RIVER (13.5km NW of ZEEHAN)
MUNICIPALITY OF WEST COAST
EXPLORATION LICENCE 46/2003 193km^2
RUBICON MIN TECH VENTURES PTY. LTD.

Commencing at a northwest corner at grid coordinates 335 000 metres E 5 380 000 metres N thence grid east to 344 000 metres E grid south to 5 375 000 metres N again grid east to 345 000 metres E again grid south to 5 373 000 metres N again grid east to 347 000 metres E again grid south to 5 371 000 metres N again grid east to 349 000 metres E again grid south to 5 369 000 metres N again grid east to 352 000 metres E again grid south to 5 367 000 metres N again grid east to 354 000 metres E again grid south to 5 365 000 metres N again grid east to 357 000 metres E again grid south to 5 362 000 metres N grid west to 354 000 metres E aforesaid again grid south to 5 358 000 metres N again grid west to 352 000 metres E aforesaid grid north to 5 362 000 metres N aforesaid again grid west to 349 000 metres E aforesaid again grid north to 5 365 000 metres N aforesaid again grid west to 347 000 metres E aforesaid again grid north to 5 367 000 metres N aforesaid thence again grid west to a point 200 metres inland from the high water mark on the West Coast of Tasmania thence in a general north-westerly direction 200 metres inland from and parallel to that high water mark to 334 000 metres E again grid north to 5 378 000 metres N again grid east to 335 000 metres E aforesaid thence again grid north to the point of commencement.

Coordinate datum - AGD66, AMG Zone 55.

EXCLUSIONS

(a) Any land owned or leased by the Commonwealth of Australia.

(b) Mining Leases amounting to 79ha (more or less) which were applied for or in force prior to the date of application for this licence.

c) Areas of private land which either have been, or are in the process of being, purchased by the Crown under the Regional Forest Agreement - Private Forests Reserves Program and / or private land over which the landowners have agreed, or are in the process of agreeing, to place a covenant or management agreement for conservation purposes under the Regional Forest Agreement - Private Forests Reserves Program.

LAND TENURE

The area comprises: Private Property
Crown land
Multiple Use State Forest
Mount Heemskirk Regional Reserve
MDC Informal Reserves
HEC Land

The licence area contains areas which are listed (including listed on an interim basis) on the Register of the National Estate kept under the *Australian Heritage Commission Act 1975*.

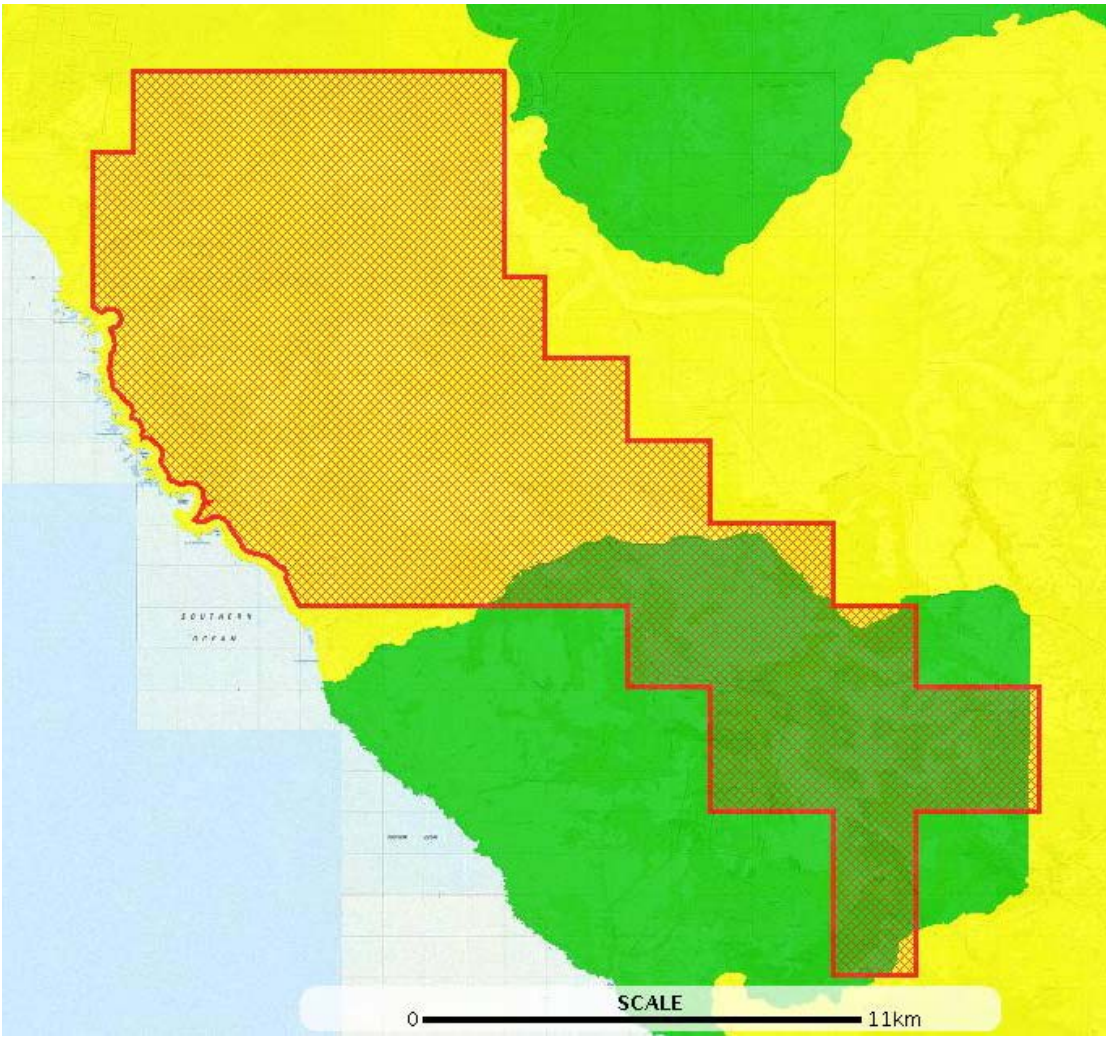

Figure 2
Heemskirk EL46/2003
Land Tenure Map.
Courtesy: LIST.

2 REVIEW OF PREVIOUS WORK

During the licence area consideration and selection process, historic mineral exploration data research, geological data compilation, analysis, commentary and advice was produced by Mr C H Young of Chris Young Consulting. This was done in conjunction with consideration and advice on appropriate geophysical characteristics of the area from Dr David Isles of tGT Consulting. No other previous work has been undertaken.

3 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

3.1 LITERATURE REVIEW

The following literature review has been produced by Mr C H Young of Chris Young Consulting.

In 1879 tin was discovered at Mount Heemskirk to the west of the present site of Zeehan. The West Cumberland Mining Company was founded in 1879 and started work on the west slopes of Cumberland Hill. This led to the so –called "Heemskirk boom", which saw more than 50 companies staking claims over an area of some 6,400 hectares of mostly granite terrain. There were even leases sold on the beaches along the coast. The tin boom was short lived, and by the late 1880's there were only a dozen mines working in the Heemskirk area.

Zeehan started as a mining town with Frank Long's discovery of rich silver-lead mineralisation in 1882 and by 1903 Zeehan had become the third largest town in Tasmania with a population of 10,000. Zeehan takes its name from Mount Zeehan which was part of the land that was first sighted by Abel Tasman in 1642 and was named by Matthew Flinders after one of the two ships in the Dutch explorers expedition.

Rio Tinto Australian Exploration Pty Limited (CRAE) and the Electrolytic Zinc Company of Australasia Limited (EZ) undertook the first modern exploration of the West Coast in the late 1950's when they conducted a helicopter electromagnetic/aeromagnetic survey over large areas. The survey covered only the far NE corner of Stellar's project area and the flight lines of this pioneering survey are now regarded as too widely spaced to be of any detailed use.

The majority of exploration work in the 1960's included reconnaissance mapping, geochemistry and geophysics with detailed follow-up of old prospects within and along the margin of the tin bearing Heemskirk granite.

Early modern tenure of the Heemskirk area includes two Special Prospecting Licences (SPL's 22 and 87) held by EZ and Tasmanian Minerals Development Pty Ltd.

The first regional aeromagnetic data of the Heemskirk area (NE part only) was acquired by the Aberfoyle Tin Development Partnership, subsequently Cominco Exploration Pty Ltd (Aberfoyle) by Aero Service Limited. The survey was undertaken in 1965 by fixed wing aircraft on EW lines at a spacing of approximately 400m and at an altitude that varied from 100m to in excess of 400m.

In the mid 1960's Placer Development Company (Placer) explored its leases 13M50, 16M62 and 17M72 at St Dizier within the northern aureole of the Heemskirk granite for tin mineralisation. The area was subsequently drilled by Minops and then Pickands Mather and Company International (Pickands Mather) who reported "Tin mineralisation (cassiterite) has to data been recognised as being associated with concentrations of magnetite within ultrabasic (serpentinite) host rocks". Ground magnetics were used to assist drill targeting at its Big "H" prospect that covers an EW trending magnetic zone some 2,000 metres in length eastwards from St Dizier. Pickands Mather describe magnetite, pyrrhotite and pyrite within "ultrabasic intrusive dykes" the most abundant minerals at Big "H" but also observed cassiterite, arsenopyrite, chalcopyrite, sphalerite, galena, tetrahedrite and marcasite. Pickands

Mather note that the environment within its EL 12/65 was prospective for base metal sulphides and quote an approximate 0.5m intersection by Placer of 8.7% Cu in DH-8. They also noted a nearby gossan, which assayed over 20% Zn. No assays for nickel are reported.

Under their so-called Pieman Joint Venture, Australian Consolidated Industries Limited (ACI) and the Consolidated Syndicate (Consolidated Goldfields Australia Limited, The Mt Lyell Mining and Railway Company and Renison Limited) explored EL's 48/70 and 49/70. An aeromagnetic survey was flown by Compagnie Generale de Geophysique in 1970-1971 and a number of aeromagnetic anomalies delineated. Follow-up geological mapping, stream, soil and rock geochemical sampling were completed between Granville Harbour and Sandy Cape. In 1972 the joint venture relinquished EL48/70, which covered the northern part of Stellar's project area. Most of this area was taken up by the Australian and New Zealand Exploration Company (Anzeco) as EL 10/75. Anzeco was exploring their adjoining EL 28/71 for tungsten and focussed on a strong magnetic anomaly striking north from the Heemskirk Granite contact near Gourlay's Creek in the south of their new licence. Heavy mineral pan-concentrate samples were assayed for tungsten, copper, lead, and zinc. The geological setting did not match their model and the areas were relinquished.

Field geology, stream sediment and rock chip geochemical sampling was undertaken by Geophoto Resources Consultants for Texins Development Pty Ltd (Geophoto) based on a 1:25,000 scale photogeological interpretation of their Heemskirk section of EL 7/68. No economic base metal deposits were indicated. To resolve a tenure dispute in 1972 Geophoto gave Minops Pty Ltd the St Dizier area in exchange for a similar sized area (2 square miles) at the Sylvester prospect. After this Geophoto's work focussed to the south of Stellar's project area.

In the 1970's the tempo of exploration across the northern aureole of the Heemskirk Granite increased with Aberfoyle the major landholder (EL's 22/73 and 13/76). These EL's were subsequently amalgamated with Gippsland Oil and Minerals NL's (Gippsland) Queen Hill EL 47/71. Renison Limited (Renison) was also active in the area but focussed its exploration more to the south in the Federation area. CRAE acquired large parts of western and north-western Tasmania under their Rocky Cape EL 1/77, the southern part of which reached south of Granville Harbour.

Aberfoyle completed geological mapping, soil geochemistry, some trenching and geophysics then drilled the St Dizier skarn for tin. Aberfoyle interpreted the serpentinite at St Dizier to be altered fosterite marble. Nickel assays on selected samples were all less than 25ppm. The average composition of the tin bearing skarn was reported as "pyrrhotite 20%, magnetite 30% and serpentinite 40%, other minerals; chlorite, carbonate and fluorite 10%. The so-called "Minops" tin resource at St Dizier was noted by Aberfoyle to have dimensions of 80m strike, 30m width and 80m depth at a grade close to 1.0% tin. The drilling also showed granite to underlie the skarn at a depth of 100-150m.

Aberfoyle's focus moved away from St Dizier to regional exploration. An aeromagnetic survey was completed in 1975 to trace the extent of the known skarns and explore for others. In March 1980 an airborne electromagnetic and magnetic survey was completed by DIGHEM Limited. Several EM and magnetic targets warranting follow up were located. These targets included St Dizier, Central Anomaly, North West Anomaly, Tasman River, Twelve Mile Creek and Junction.

Follow up of the DIGHEM anomalies included geological mapping, ground magnetics, and soil geochemistry. At Twelve Mile Creek SIROTEM geophysics, bedrock geochemistry and trenching suggested that carbonaceous slates were the source of the EM anomaly and a strong associated magnetic anomaly was not drill tested. A strong magnetic anomaly in the SE part of Stellar's project area was called by Aberfoyle "the Big One" and reported to be likely sourced by ultramafic rocks. At the time, this anomaly was in ground held by EZ and no work was done by Aberfoyle. Aberfoyle's main interest at this time was the Queen Hill-Montana tin deposits near Zeehan and although recommended, no drilling of the DIGHEM or magnetic anomalies was undertaken. The subsequent collapse of the tin market saw Aberfoyle relinquish the area in the late 1980's.

CRAE identified the Granville East and Granville West (Gourlays Creek) prospects as warranting more detailed investigation within its EL 1/77 and joint ventured this area to Geopeko Limited (Geopeko) in early 1979.

CRAE/Geopeko flew aeromagnetics in 1982 and completed a diamond drill hole (DDH 1) at Granville East. This hole intersected 4m @ 0.11% Sn and passed through at least 85m of "calcsilicate/carbonate rock". Petrology by Central Mineralogical Services noted within the so-called calcsilicate/carbonate rock there was material described as "dominantly a pyroxene rock with bands of serpentine". Four more diamond drill holes were completed but no significant tin mineralisation intersected. Ground work outlined two additional prospects Big Rocky Creek and "11000". The Big Rocky Creek magnetic was modelled as "a wide zone of magnetic material with a depth to top of between 194m and 355m". It is this type of magnetic anomaly that could indicate the presence of ultramafic rocks. At Gourlays Creek Geopeko completed three diamond drill holes and in DDH GC-3 intersected 15m described as "massive sulphides and banded sulphides, pyrite, pyrrhotite, chalcopyrite and magnetite". Although assayed for Cu, Pb, Zn, Ag, Fe, As, Sn and W no assays for Ni are reported.

Gippsland took over the western part of EL 47/71 following Aberfoyle's withdrawal. The area was granted as new EL 2/85 but the former expenditure conditions were maintained. Gippsland considered Aberfoyle had under performed and that there were "many major anomalous areas requiring further assessment". Gippsland withdrew the following year concluding none of the anomalies warranted detailed follow-up. New Holland Mining NL (New Holland) took up the Granville area in 1987 and undertook an independent detailed geophysical interpretation of aeromagnetic and gravity data (Leaman 1988). This work established the position of a northwards shelving part of the Heemskirk Granite and provided a better platform for interpreting the likely positions of replacement style tin skarns. Additional geophysical work, both gravity and magnetics were recommended to help define the sub surface granite profile. Two lines of gravity were completed in 1989 but no other work is recorded.

During 1984 CRAE undertook its own assessment of aeromagnetic anomalies on the southern margin of the Arthur Lineament within its EL 1/77. Geological mapping, soil geochemistry, ground magnetics and a Genie EM survey defined the Alpine prospect anomalies. Soil anomalies were recorded for Cu, Ni and Co. Three diamond drill holes were completed to test coincident geochemical, magnetic and Genie EM anomalies. Two of the Alpine drill holes are reported to have intersected quartz-carbonate-serpentinite skarn. Whilst drill hole AP2 intersected 27.4m @ 0.53%Cu the results were not sufficiently encouraging for CRAE and they abandoned the prospect. CRAE also report zinc mineralisation in a pyrrhotite-serpentinite skarn within Oonah Formation carbonates was discovered by RGC at the Sylvester

Prospect west of Zeehan in 1992. Resources are estimated to be 6Mt @ 5.5%Zn, 3.3% Pb and 40 g/t Ag.

In an appraisal of potential for ironstone hosted copper/gold mineralisation Outokumpu Exploration Australia Pty Limited (Outokumpu) acquired the area as EL 56/89. Outokumpu completed four loops of TEM ground geophysics and a detailed magnetic survey. Outokumpu noted that the major magnetic anomaly had only been partly tested by previous drill hole AP2. Samples from the previous CRAE drill holes were re-assayed and no significant gold or nickel values were found. Outukumpu (Herrmann) re-logged the core and commented that the "serpentine" at Alpine may be weathered sericite or albite. Whilst later recommending IP geophysics and additional drilling no additional work was undertaken at Alpine.

Goldstream Mining NL and Titan Resources NL jointly acquired the Alpine area as part of their assessment of the Arthur Lineament for Proterozoic iron formation hosted copper-gold deposits in 1994. A helicopter EM survey was flown in 2002 over a 5km x 3km area centred on the Alpine Prospect. Two separate conductors were identified but it was judged previous CRAE drill holes had adequately tested the main part of the conductor.

In the early 1990's Renison (EL 30/92) appraised the alluvial tin potential in the Tasman Mine area (Laffer and Griffiths). Renison completed 16 RC drill holes ranging from 4m to 70m depth and test pit sampling and concluded there was little potential for a large volume of tin bearing alluvials.

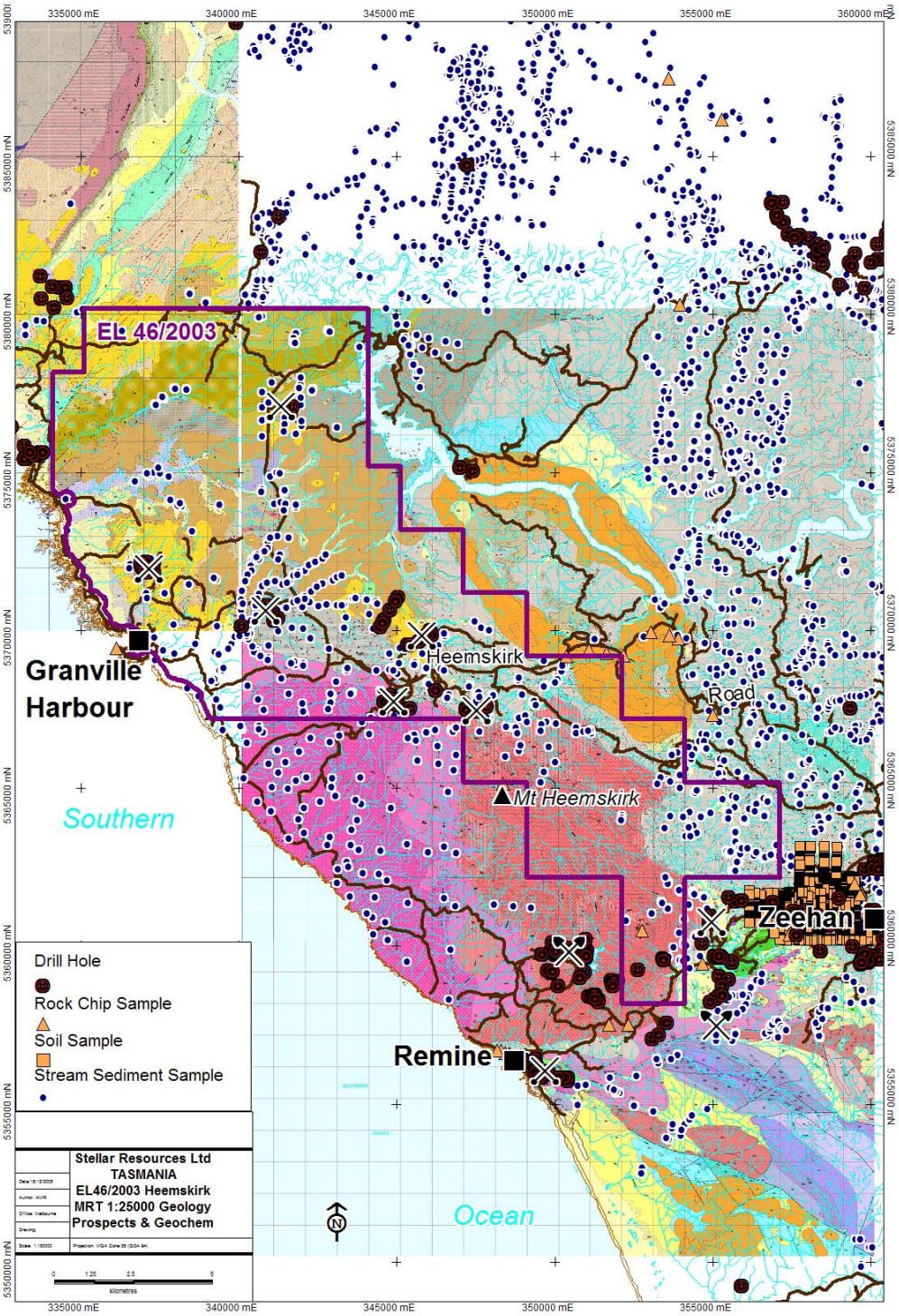

Figure 3
Heemskirk EL46/2003
Geology,
with previous drill holes, and surface geochemical sampling sites.
Courtesy: Mineral Resources Tasmania.

3.2 REGIONAL EXPLORATION ACTIVITIES

DATA ACQUISITION, MAPPING & ANALYSIS

MRT digital geology and geophysics datasets, as well as DPIWE topographic data have been purchased. These datasets have been imported into MapInfo, from which some preliminary maps have been produced. Selected previous exploration data from CRAE, Aberfoyle, Cominco, Placer, Minops, Pickands Mather, ACI, "Consolidated Syndicate", ANZECO, Geophoto Resources, Goldfields/RGC, Geopeko, New Holland Mining, Outokumpu, Goldstream Mining and Titan Resources has been digitised and captured from MRT open-file reports. MRT open-file geochemical and drilling data has been downloaded from the MRT website.

Dr Jovan Silic of Flagstaff Geoconsultants Pty Ltd has analysed Electromagnetic and Aeromagnetic data available for the licence area and has defined a number of targets (Figures 4 & 5). Analysis of 66 responses in the MRT WTRMP Mt Read 2001/2002 helicopter electromagnetic dataset over EL 46/2003 has identified 15 targets as potentially representing conductors that require further follow up. A number of these targets are at or close to the known mineralisation at St Dizier, Big H, Big Rock and Granville East magnetite, sulphide skarns. As such in some cases they may represent significant extensions to these magnetic, sulphide skarns. The conductivity and geometry of the identified targets is variable and in some cases complex. As a result accurate targeting of these conductors may require collection of ground EM data, depending on which part of the EM conductor is identified for targeting.

In the northern western part of the survey area, presence of tertiary basalts has prevented identification of any potential target. Analysis of the HEM system noise levels has also demonstrated that even in very clean EM backgrounds the maximum penetration of the system for 3D EM targets was between 50 – 75 metres.

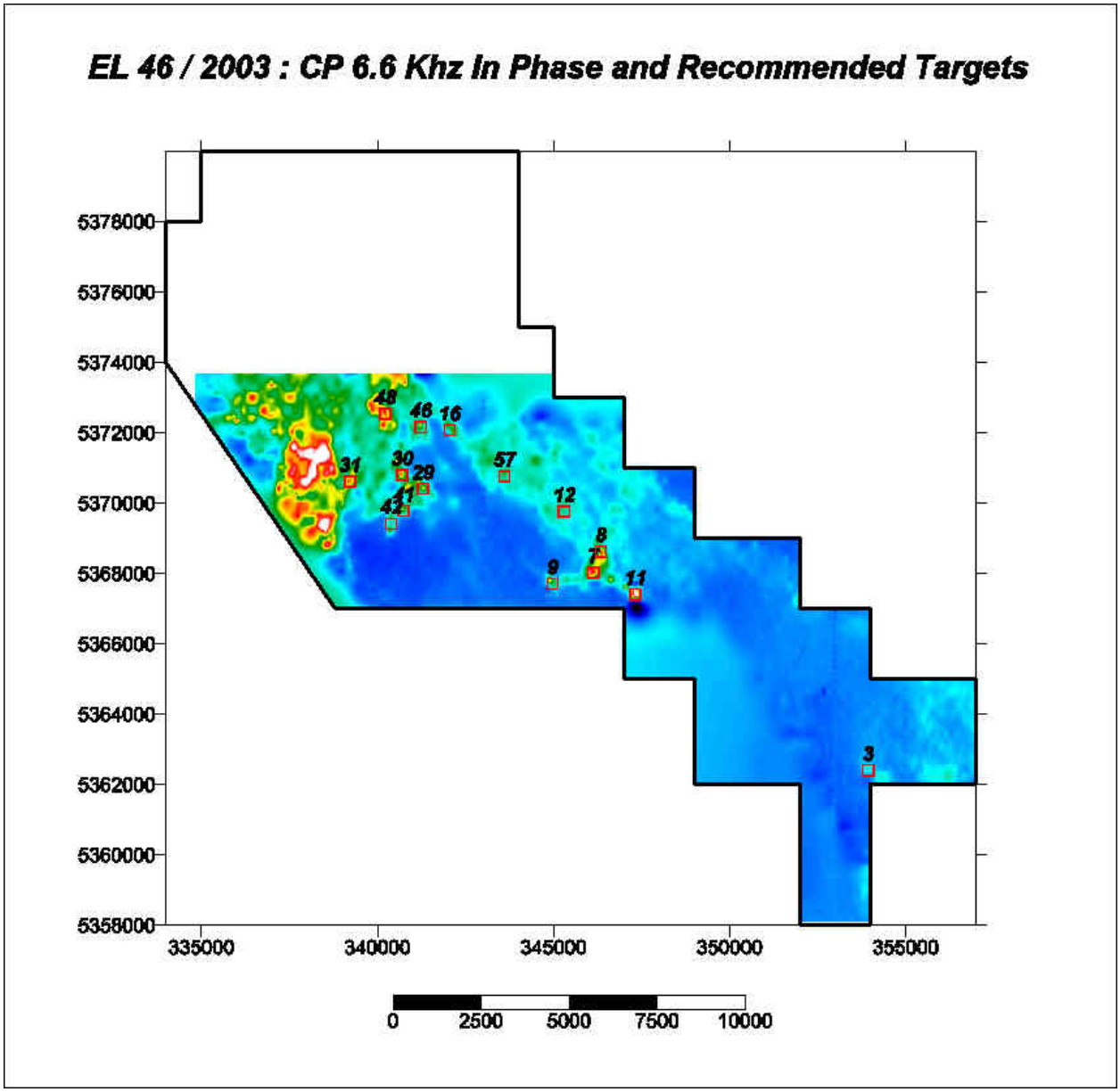

Figure 4
Heemskirk EL46/2003
HEM Electromagnetic Data with EM Targets.
Data Courtesy: Mineral Resources Tasmania.

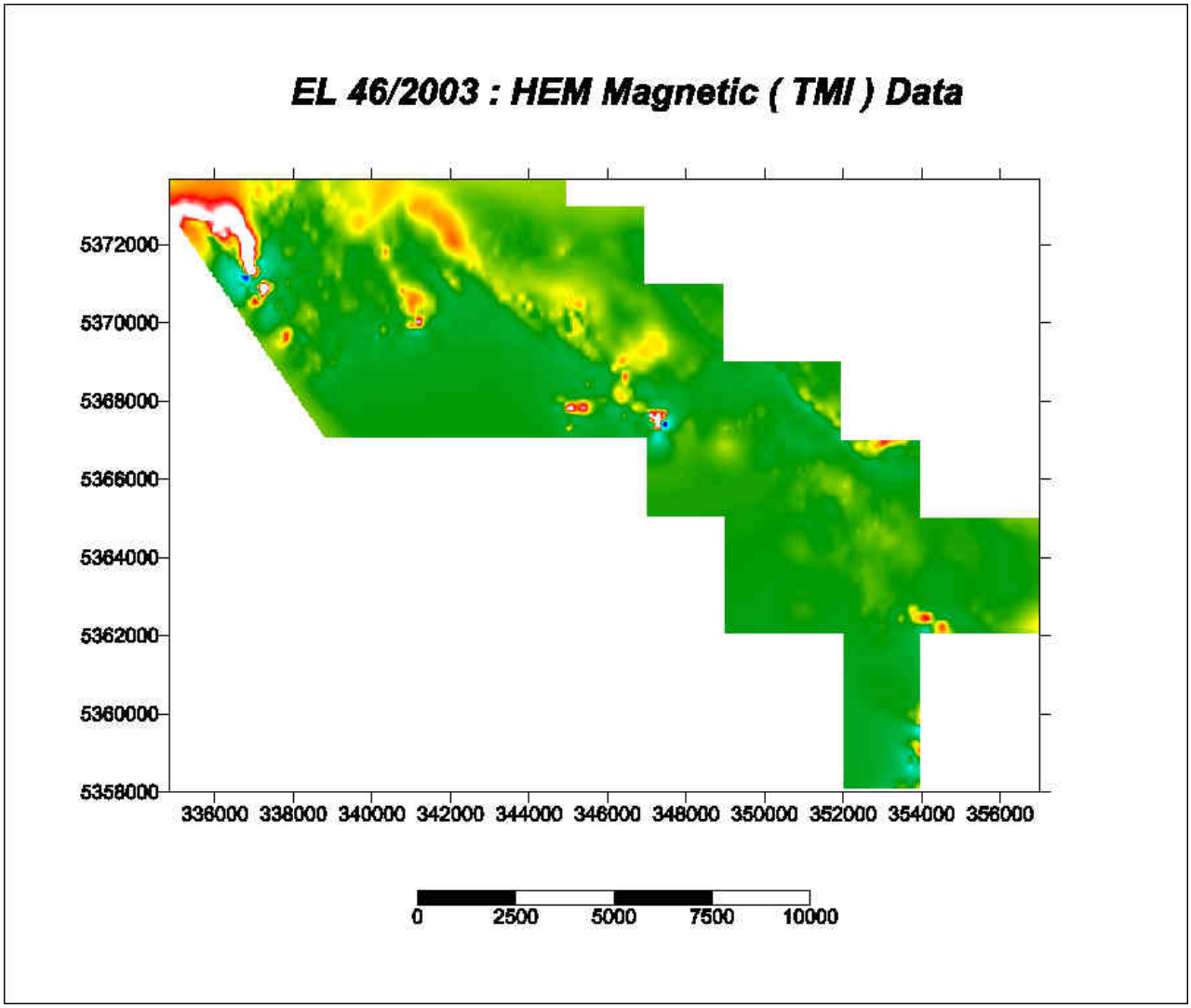

Figure 5
Heemskirk EL46/2003
HEM Magnetic TMI Data.
Data Courtesy: Mineral Resources Tasmania.

GEOLOGICAL SETTING

Heemskirk covers part of the Mesoproterozoic rocks of the Zeehan-Waratah belt (mainly Oonah and Crimson Creek Formations) including part of the Arthur Lineament Metamorphic Complex. Early Cambrian ultramafic-mafic complexes are known to be structurally emplaced within the Zeehan-Waratah belt. The above sequences are intruded by the mineralising Devonian age Heemskirk Granite. Whilst ultramafic rocks are not mapped at surface in the north Heemskirk area, their presence is inferred from sparse drilling results and on the basis of the magnetic data in an area largely obscured by thin Tertiary basalt and Cainozoic alluvials. A part of the project area is also obscured by Jurassic dolerite.

At the Granville East prospect diamond drilling in 1982-83 by Geopeko – a division of Peko-Wallsend Operations Limited (Geopeko) targeted a strong aeromagnetic anomaly and anomalous Sn, Cu, Zn and As soil geochemistry. Drill hole DDH1 intersected pyrite and pyrrhotite mineralisation with tremolite and serpentinite over two intervals of 35m and 38.3m respectively, associated with faulting. Geopeko describes the host rock as serpentinised fosterite marble.

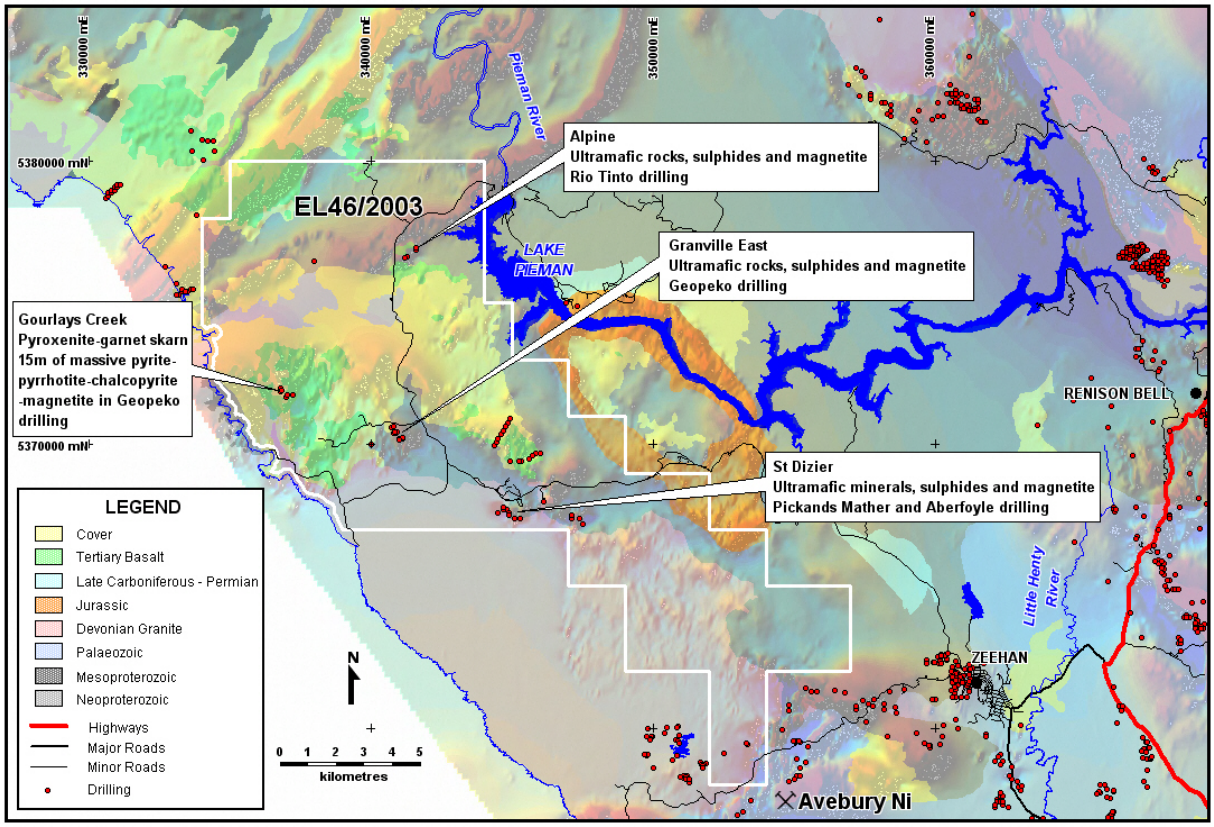

Figure 6
Heemskirk EL46/2003
Geology Draped Over Aeromagnetics.
Courtesy: Mineral Resources Tasmania.

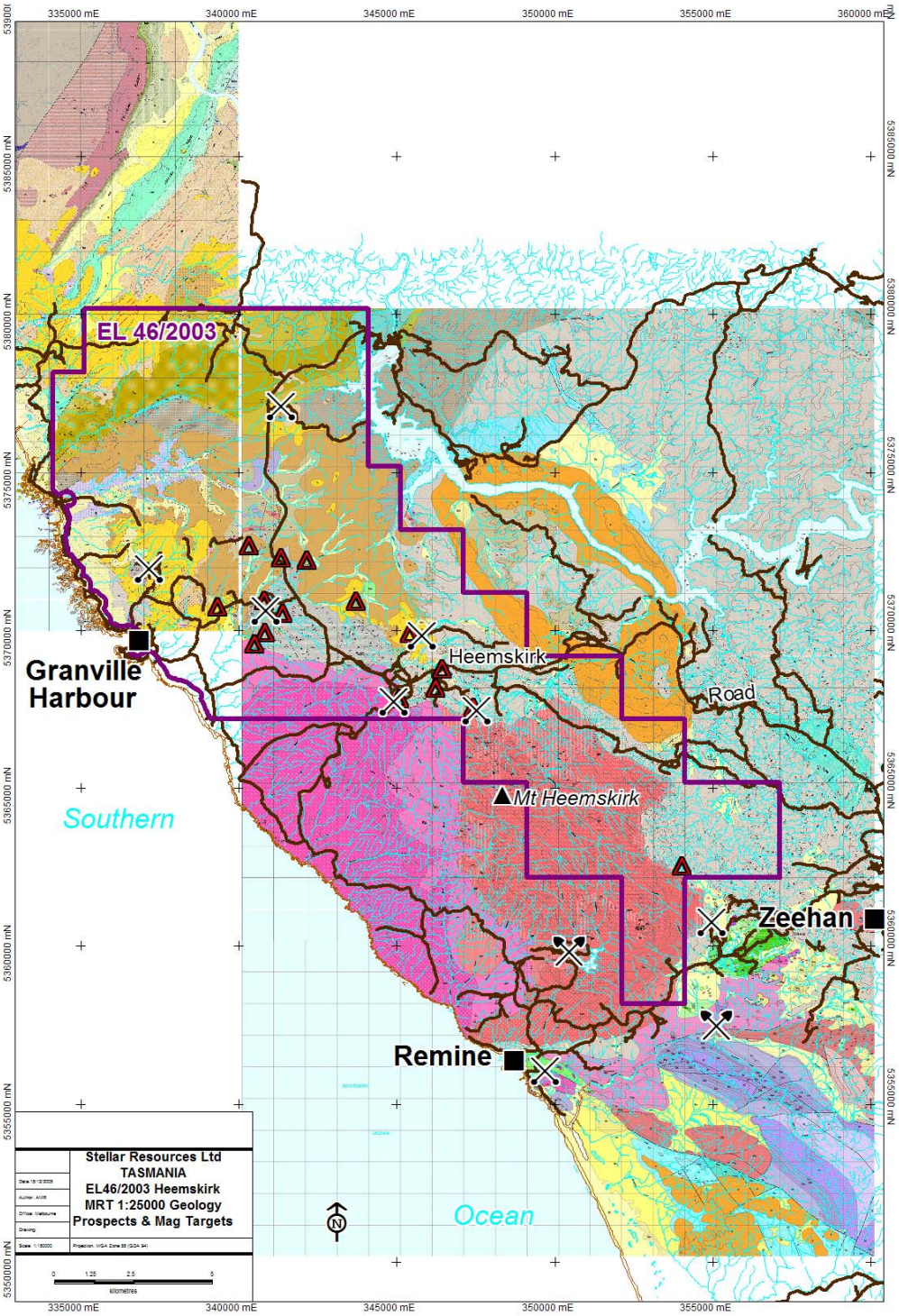

Figure 7
Heemskirk EL46/2003
1:25000 Geology with HEM Targets.
Courtesy: Mineral Resources Tasmania.

The sulphides intersected had low tin values (best interval 4m at 0.11%Sn from 37.5m) but no assays for nickel were undertaken. It is possible this drill hole has intersected a strongly altered serpentinised and carbonated ultramafic. DDH2 intersected bands of rock variously described as calc-silicate pyrrhotite rock with bands of serpentinite, tremolite and pyroxenite. The main intervals of serpentinised material were over 16.2m and 26.8m respectively. It is worth comment that Geopeko photographed a dark green coloured piece of drill core labelled "pyrrhotite serpentinite rock". DDH2 was not assayed for nickel but it is reported the core was strongly anomalous for zinc with values as high as 0.48%Zn. Zinc is regarded as anomalous in the Avebury nickel setting as the original focus at Avebury by Rio Tinto was for zinc. Drill hole DDH3 also intersected the skarn horizon over an interval of 40.45m. Pyrrhotite, serpentinite, talc and tremolite are reported as well as magnetite. This mineral assemblage is considered typical of a highly altered ultramafic rock.

Geopeko discuss the St Dizier magnetite-pyrrhotite tin skarn prospect located 7km south east of Granville East and held at the time by Aberfoyle Exploration Pty Ltd (Aberfoyle), "*At St Dizier the host rock is serpentinised fosterite marble. Tin occurs as cassiterite and within pyrrhotite and magnetite, in a host rock which is essentially serpentinite*". Another prospect, Gourlays Creek, is also mentioned by Geopeko with attributes similar to Granville East and St Dizier.

Gourlays Creek is located near the coast towards Granville Harbour where a remnant cover of Tertiary basalt obscures most of the prospective rocks. Gourlays Creek is a very intense magnetic anomaly but only small exposures as windows in the basalt occur. Geopeko completed three diamond drill holes. The dominant character of the magnetic anomaly may be explained by Drill Hole 3. In this hole Geopeko report 15m of "massive pyrite-pyrrhotite-chalcopyrite-magnetite from 291m, hosted by a pyroxene garnet skarn assemblage". No assays for nickel are reported from this prospect, which may have attributes of the Avebury style of mineralisation.

Subsequent to the work by Geopeko, New Holland Mining NL (New Holland) commissioned Dr D E Leaman (1988) to evaluate aeromagnetic and gravity data. Leaman paid particular attention to the "shelving", northern boundary of the Heemskirk Granite. His interpretation suggests one or more spines of granite shelving north under the Granville Harbour area at depths of less than 1.5km. A maximum thickness of 100m of Tertiary sediments and basalt is also indicated. Leaman's interpretation suggests a large body rich in magnetite and pyrrhotite at about 150m depth. This implies metamorphism and sulphide replacement by a relatively shallow granite body.

The Alpine Anomaly prospect in the northern part of the licence area was discovered by CRAE (Rio Tinto) by follow up of an aeromagnetic anomaly within their Exploration Licence 1/77 (Rocky Cape). Rio Tinto undertook C-horizon soil geochemistry, ground magnetics and Genie EM programs. Encouraging results including high copper values and coincident magnetic and EM anomalies resulted in drilling in 1985.

The two diamond drill holes at Alpine passed through quartz-mica schists and quartz-carbonate-serpentinite skarn. Hole PD85AP1 intersected two narrow zones (0.9m and 5.3m) of semi-massive pyrite-magnetite-haematite mineralisation. Minor chalcopyrite, bornite and sphalerite occur throughout the mineralised zones. Assays for Cu peaked at 0.5%.

Drill hole PD85AP2 was designed to test a strong EM conductor and a coincident magnetic peak on the flank of a larger anomaly together with moderate Cu, Co and Ni soil geochemical anomalies. The hole intersected minor quartz-carbonate-serpentinite skarn and lesser semi massive pyrite-magnetite-haematite mineralisation with minor to common bornite, sphalerite, chalcopyrite and arsenopyrite. The mineralised zone assayed 0.7%Cu over an 8m interval.

The geological setting of the Alpine prospect is difficult to ascertain. The prospect lies near the main linear trend of magnetic anomalism that signifies the Arthur Lineament, but is offset to the south east of the Lineament. It is possible the host lithologies are Crimson Creek Formation.

4 DISCUSSION OF RESULTS

Mr C H Young comments that “reconnaissance field rock samples and sampling of drill core samples from Granville East and Gourlays Creek indicates the north Heemskirk Province is unlikely to be prospective for nickel but is regarded as highly prospective for sulphide/magnetite skarn tin mineralisation”.

Office-based studies have confirmed the initial interpretation that southern areas of the licence area may be prospective for nickel of the Avebury style and more ‘traditional’ base metals.

The Alpine copper prospect has been reviewed and is considered to be potentially of the “Besshi” style. It is intended to lodge a Work Plan to seek consent to conduct follow up drilling (after CRAE’s two drill holes).

5 CONCLUSIONS

The West Coast of Tasmania is regarded as one of the most mineralised regions on Earth. Two distinct styles of mineralisation are recognised; VHMS deposits hosted by Cambrian age volcanics of the Mt Read Volcanics Belt and major skarn related deposits associated with Devonian age granitic plutons. Well-known deposits in the Mt Read Volcanics are Mt Lyell, a world-class copper-gold deposit, and Rosebery and Hellyer, both world-class base metal deposits containing zinc, lead, copper, silver and gold. Renison Bell and Mt Bischoff are also world-class tin deposits related to Devonian granites. Other styles of mineralisation include the Proterozoic age magnetite deposit at Savage River, which is hosted by sulphide rich mafic and ultramafic rocks.

In this highly mineralised region it is not unexpected for the discovery of a new class of mineral deposit - hydrothermal nickel sulphide, exemplified by the Avebury nickel skarn. Avebury is hosted by ultramafic rocks in the aureole of the mineralising Heemskirk Granite and is located some 12km southwest of the town of Zeehan. Allegiance Mining NL (Allegiance) has published a resource of 6.4 million tonnes @ 1.2% nickel, for a contained 75,000 tonnes of nickel metal. The principal nickel sulphide mineral is pentlandite and this allows for simple beneficiation and cost effective production of a high-grade (plus 20% nickel) concentrate. The host rocks are ultramafic and the nickel sulphides are associated with magnetite and not easily distinguished from the iron sulphide pyrrhotite. The magnetite association makes targeting on the basis of aeromagnetic data possible. Allegiance reports considerable scope for extensions at Avebury and other prospects in the area, including Burbank some 4kms to the southwest. Allegiance has constructed an exploration decline into the Viking deposit at Avebury and it is anticipated this will become a production decline at an early date.

With previous exploration dominated by majors who are no longer active in the region and a dominant focus on tin and the base metals zinc, lead and copper and gold, very little assaying for nickel was undertaken.

RECOMMENDATIONS

Stellar has acquired detailed airborne electromagnetic (EM) and aeromagnetic (mag) survey data covering all or the greater part of the licence area (MRT Western Tasmanian Regional Minerals Program (WTRMP)). WTRMP Mt Read EM and mag (2001/2, 200m fls). Detailed digital geological mapping at 1:25000 scale together with geochemical and drilling data (MRT) is also held by Stellar.

The WTRMP data has been modelled and interpreted to better define electromagnetic targets and identify potential skarn related metasomatic nickel sulphide deposits. Additional, geophysical data may be acquired and analysed if necessary. Stellar will consider each target further, to judge whether ground geophysics and geochemical sampling is required to further define targets. Following ground truthing, drilling of priority targets is proposed.

Mr C H Young has recommended drilling for tin resource definition and metallurgy at St Dizier and tin exploration at Gourlays Creek and Granville East. Lindsay Newnham of Newnham Exploration and Mining Services considers the Alpine copper prospect virtually ready for further drill testing.

6 ENVIRONMENT

Brief field visits within EL 46/2003 during the 2005 period have been restricted to vehicular travel on passable roads, forest tracks and old mineral exploration tracks. No environmental disturbance was associated with this activity and no rehabilitation was required.

EXPENDITURE

JC - Expenditure Report

Rubicon Limited

Printed at 22/12/2005 5:06:46 PM — **Period No : 5** — Page Number 1

Dept Code / Job Code	Description	Project to 31/10/2005	Period Expenditure	Project to 30/11/2005	YTD Amount
D1	Rubicon				
6501	EL 46/2003 Heemskirk	53,035.98	4,655.34	57,691.32	19,755.98
Dept Code Totals for D1		53,035.98	4,655.34	57,691.32	19,755.98
Report Totals		53,035.98	4,655.34	57,691.32	19,755.98

REPORT SUMMARY

Dept Range : <Start> to <End>
Job Range : 6501 to 6501
Report Grouping : By Job
Excluded Closed jobs prior to: 01/07/2005

*******End of Report*******

JC - Expenditure Report

Rubicon Limited

Printed at 22/12/2005 5:07:03 PM — **Period No : 5** — Page Number 1

Dept Code / Phase Code	Description	Project to 31/10/2005	Period Expenditure	Project to 30/11/2005	YTD Amount
D1	Rubicon				
105	STAFF COSTS	17,123.86	3,475.50	20,599.36	6,526.00
106	CONTRACT PERSONNEL	9,723.45	.00	9,723.45	(759.05)
107	CONSULTANT PERSONNEL	13,318.19	110.00	13,428.19	12,599.19
115	DRILLING	8,622.73	.00	8,622.73	.00
116	ASSAYS	605.28	.00	605.28	.00
120	DATA ACQUISITION	364.82	150.00	514.82	150.00
130	DATA PROCESSING	320.00	.00	320.00	320.00
155	TRAVEL	2,957.65	919.84	3,877.49	919.84
Dept Code Totals for D1		53,035.98	4,655.34	57,691.32	19,755.98
Report Totals		53,035.98	4,655.34	57,691.32	19,755.98

REPORT SUMMARY

Dept Range : <Start> to <End>
Job Range : 6501 to 6501
Report Grouping : By Phase
Excluded Closed jobs prior to: 01/07/2005

*******End of Report*******

REFERENCES

Bell, D.H. 1971-72. Annual Report, EL 48/70 and EL 49/70, North-Western Tasmania. Australian Consolidated Minerals Limited, Renison Limited. MRT Open File Report.

Caithness, S.J. 1985. Rocky Cape EL1/77. Report on Drilling for the Period 1st February 1985 to 30th November 1985. CRA Exploration Proprietary Limited. MRT Open File Report.

Callow, K.J. 1971. Report on Exploration Licence 28/71, Heemskirk, Tasmania. Australia and New Zealand Exploration Company. MRT Open File Report.

Coldham, J.C. 1949. Pieman Gold-Osmiridium Field. Tasmanian Mines NL. MRT Open File Report.

Cromer, W.C. 1988. EL 28/87 Granville Harbour, Tasmania, Annual Report Year 1. William C Cromer Pty Ltd, Consulting Geologists for New Holland Mining NL. MRT Open File Report.

Danyushevsky, L. 2000. Sulphide inclusions in olivine phenocrysts from primitive magmas, in Ore Solutions Issue 8, CODES.

Dickson, T.W. 1982. Heemskirk Falls EL 30/79 Geological Report for 12 Months to 15th October 1982. CRA Exploration Proprietary Limited. MRT Open File Report.

Dvorak, Z., Fraser, D.C. 1980. DIGHEM II Survey in Western Tasmania. Aberfoyle Exploration Proprietary Limited, Dighem Limited. MRT Open File Report.

Effler, M. 1982. Explanatory Report of the Geological Map of the Northern Mt Heemskirk Granite/Granville Harbour. CRA Exploration Proprietary Limited, Geopeko Limited. MRT Open File Report.

Gippsland Oil and Minerals NL. 1986. Exploration Licence 2/85 North Heemskirk, Tasmania. Report for Period August 11th, 1985 - May 10th, 1986 and Final Report. MRT Open File Report.

Heithersay, P.S. 1983. Progress Report EL 1/77, Tasmania. Granville East Prospect, “11000” Prospect, Big Rocky Creek Prospect. Geopeko Limited, a division of Peko-Wallsend Operations Limited, CRA Exploration Proprietary Limited. MRT Open File Report.

Heithersay, P.S., Sumpton, J.D.H. 1982. Progress Report EL 1/77, Granville East Prospect, Gourlays Creek Prospect. Geopeko Limited, a division of Peko-Wallsend Operations Limited, CRA Exploration Proprietary Limited. MRT Open File Report.

Herrmann, W. 1991. Annual Report to 6 April, 1991, EL 56/89 - Corinna South, Tasmania. Outokumpu Exploration Australia Proprietary Limited. MRT Open File Report.

Hyatt, M.A. 1986. First Report on EL 30/85 in the Vicinity of Granville Harbour. MRT Open File Report.

Kilpatrick, D.J. 1982. Federation and Trial Harbour Areas, EL 11/76 and S.P.L. 129, Annual Report 1981-82. Mt Lyell Mining and Railway Company Limited, Renison Limited. MRT Open File Report.

Leaman, D. E. 1988. EL 28/87 Granville Harbour - Regional Geophysical Review for New Holland Mining NL. MRT Open File Report.

Leaman, D. E., Richardson, R.G. 2003. A Geophysical Model of the Major Tasmanian Granitoids. MRT, Tasmanian Geological Survey Record 2003/11.

Legge, P.J. 1983. The Lead Zinc Potential of the Younger Rocks (Precambrian) of North West Tasmania. P. J. Legge and Associates for CRA Exploration Proprietary Limited. MRT Open File Report.

Lockhart, J.D. 1975. Final Report on Exploration Licence No. 10/75, Granville Harbour. Tasmania Australia and New Zealand Exploration Company. MRT Open File Report.

Luong, L. 2002. Relinquishment Report - EL43/1994 'Corinna' - 2 February 1995 to 31 August 2002. Goldstream Mining NL and Titan Resources NL. MRT Open File Report.

McCarthy, E. 1957. R.T.A.E. and E.Z. Exploration Programme Geophysical Surveys in N.W. Tasmania to 31st May 1957 - Project PRP/7/100, Matheson R S. Rio Tinto Australian Exploration Proprietary Limited. MRT Open File Report.

Mineral Resources Tasmania. 2003. Mineral exploration opportunities in Tasmania. A summary of opportunities for mineral exploration and mineral resource development in Tasmania. February 2003.

Morrison, K.C. 1994. Assessment of the Tasman River Alluvial Tin Exploration Target. Laffer, S. G., Griffiths, F. J., Morrison, K. C. Renison Limited. MRT Open File Report.

Munro, R. Report on Exploration Activity - Nth Heemskirk - EL`s 6/94 and 30/92. Laffer, S. G., Griffiths, F. J. Renison Limited. MRT Open File Report.

Newnham, L.A., Woodward, A.J. 1970-71 Annual Report, EL 48/70 and EL 49/70, North-Western Tasmania. ACI Limited, Renison Limited. MRT Open File Report.

Parkinson, R. G. 1993. Zeehan No.2. EL 34/88. Report on Exploration in Relinquished Areas for the Period 9/12/88 to 9/11 93. CRA Exploration Pty Limited. November 1993. MRT Open File Report.

Perring, R.J. 1984. EL 1/77 Rocky Cape - Gourlays Creek Prospect. Progress Report January 1 to June 30, 1983. Geopeko Limited, a division of Peko-Wallsend Operations Limited, CRA Exploration Proprietary Limited. MRT Open File Report.

Pickands Mather and Company International. 1965. Northwest Tasmania, Proposed Program of Exploration 1965. MRT Open File Report.

Poltock, R. 1994. Relinquishment and Annual Report to 10 May,1994. EL 14/89 Corinna, EL 56/89 Corinna South, and EL 2/93 Pieman River. Fodina Minerals Proprietary Limited, Outokumpu Exploration Australia Proprietary Limited. MRT Open File Report.

Porter, M.T. 1980. EL 1/77 Rocky Cape, North West Tasmania Progress Report January 1 to December 31, 1979, CRA Exploration Proprietary Limited. February 1980. MRT Open File Report.

Rattigan, J.H. 1968. Geochemical Drainage Survey of the Heemskirk Area, EL 7/68(Tas) to Dec. 31, 1968. Geophoto Resources Consultants, Texins Development Proprietary Limited. MRT Open File Report.

Roberts, P.A. 1984. Relinquishment Report on Northern Portion of EL 11/76, Gold Fields Exploration Pty Limited. June 1984. MRT Open File Report

Rombouts, M.J. 1983. Annual Report Exploration Licence 47/71, Queen Hill, Tasmania for 12 Months to December 21, 1983. Aberfoyle Exploration Proprietary Limited, Gippsland Oil and Minerals NL. MRT Open File Report.

Schmidt, R.C. 1967. Status of Big 'H' Prospect near Mt. Heemskirk, Tasmania. Pickands Mather and Company International. MRT Open File Report.

Simpson, D.C. 1974. Progress Report EL 22/73 (St Dizier), Tasmania. Cominco Exporation Pty Ltd. December 1974. MRT Open File Report.

Simpson, D.C. 1974. Six Monthly Report EL 22/73 (St Dizier), Tasmania. Cominco Exporation Pty Ltd. June 1974. MRT Open File Report.

Sise, J.R. 1986. Exploration Licence 47/71 Queen Hill Tasmania Final Report, Including Report on Exploration for the Period January 1985 to November, 1986. Aberfoyle Exploration Proprietary Limited, Gippsland Oil and Minerals NL. MRT Open File Report.

Sise, J.R. 1981. Progress Report Queen Hill Joint Venture, EL 47/71 Tasmania, Quarter to June 1, 1981. Aberfoyle Exploration Proprietary Limited, Gippsland Minerals NL. MRT Open File Report.

Stephenson, P.R. 1978. Long`s Iron Blow, North Heemskirk. Renison Limited. MRT Open File Report.

Taylor, B.L. 1954. Progress Report on the North Pieman Mineral Field. Electrolytic Zinc Company of Australasia Limited. MRT Open File Report.

Tear, S. J. 1995. Seventh Annual Report for the Period Ending 9/11/95. EL 34/88 Zeehan No.2, Tasmania. CRA Exploration Pty Limited. November 1995. MRT Open File Report.

Tear, S. J. 1995. Seventh Annual Report for the Period Ending 9/11/95. EL 28/88 Zeehan No.1, Tasmania. CRA Exploration Pty Limited. September 1995. MRT Open File Report. MRT Open File Report.

Webster, S. S. 2002. Quantitative Interpretation of Magnetic and Gravity Data for the Western Tasmanian Regional Minerals Program. Tasmanian Geological Survey Record 2002/15.

Weir, D.J. 1985. Rocky Cape EL 1/77. Progress Report on the Alpine Prospect for the Period 1st February 1984 to 31st January 1985. CRA Exploration Proprietary Limited. MRT Open File Report.

Weir, M. 2004. Avebury's potential shapes up. Resource Stocks pp70-71 February/March 2004. Published by Aspermont Ltd, Leederville, Western Australia.

Young, C.H. 1980. Progress Report Queen Hill Joint Venture EL 47/71 Tasmania November 17, 1980. Aberfoyle Exploration Proprietary Limited, Gippsland Minerals NL. MRT Open File Report.

Young, C.H. 1980. Progress Report, Queen Hill Joint Venture, EL 47/71, Tasmania, Quarter to 31 March, 1980. Aberfoyle Exploration Proprietary Limited, Gippsland Minerals NL. MRT Open File Report.

Zarzavatjian, P.A. 1965. Airborne Magnetometer Survey Over the Waratah - Zeehan Area Northwest Tasmania. Aberfoyle Tin Development Partnership, Aero Service Limited. MRT Open File Report.

KEYWORDS

BASIC VOLCANICS, BRECCIA, GRANITE, CARBONATE, BASE METALS, TIN, GOLD, NICKEL, COPPER, REPLACEMENT, STOCKWORKS, VEINS, SKARN, PRECAMBRIAN, CAMBRIAN, DEVONIAN, ORDOVICIAN, TERTIARY, GEOLOGY, GEOCHEMISTRY, ALPINE, GOURLAY'S CREEK, GRANVILLE EAST, LAFFERS, ST DIZIER, BIG H, TRIAL HARBOUR, AVEBURY.