STELLAR RESOURCES LIMITED

EL 50/2004 EWART CREEK

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

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SUBMITTED TO: Executive Chairman

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ABSTRACT

This first Annual Report for EL 50/2004 Ewart Creek covers the period from 3rd January 2005 to 2nd January 2006.

The Ewart Creek licence area contains historical occurrences of zinc, lead, PGM's and gold. Previous exploration in the area includes extensive stream sediment, soil and rock chip sampling, geological mapping, a range of geophysical surveys and a few drill holes, more so in the northern half. The licence is prospective for the discovery of nickel and PGM mineralisation especially within the 'Henty Fault Wedge', a Cambrian ophiolite complex. The licence covers a strike length of some 4km of the North Henty Fault, which is considered prospective for gold

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. In Melbourne work has included the compilation of an open file literature review and the partial collection of existing regional geological, geochemical and geophysical data.

In due course, geophysical targets will be 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 drill hole siting is expected to proceed on the most prospective targets in the following year.

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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 covers an area of strong magnetic anomalism situated within the 'Henty Fault Wedge', immediately to the south of Mt Dundas and 15km SE of Zeehan. This area is recognised to be underlain by an ophiolite complex. It is believed the magnetic anomalism is related to underlying ultramafic rocks. There are no nearby granite outcrops, however granite may occur at depth. There has been limited previous exploration. The area has steep topography, a veneer of fluvio-glacial cover and is thickly forested. As well as potential for nickel and PGM mineralisation within the ophiolite complex the licence covers a strike length of some 4km of the North Henty Fault, which is considered prospective for gold. The inferred intersection of the Rosebery Fault and the North Henty Fault represents an excellent target for gold.

1.2 LICENCE

Tenement number: 50/2004

Tenement name: Ewart Creek

Tenement location: Located equidistant between Zeehan to the north-west and Queenstown to the south-east, being 14km from each town. Main road access is from the Zeehan Highway which passes through the south-west of the licence (Figure 1). The licence covers 32km^2 from north of Howard's Road in the north, south to the Zeehan Highway/Anthony Road junction. All of the EL area is Crown Land, and in accordance with the West Coast Planning Scheme 1999 is covered by "Environmental Protection" (94%) and "Natural Resources" (6%). Most of the east and north-east of the licence has a steep topography, and is covered by nothofagus rainforest, wet and dry eucalyptus forest and wet heathland. Access is provided by the Zeehan Highway and three to seven old tracks. Much of the area is not well serviced by tracks and may at present 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

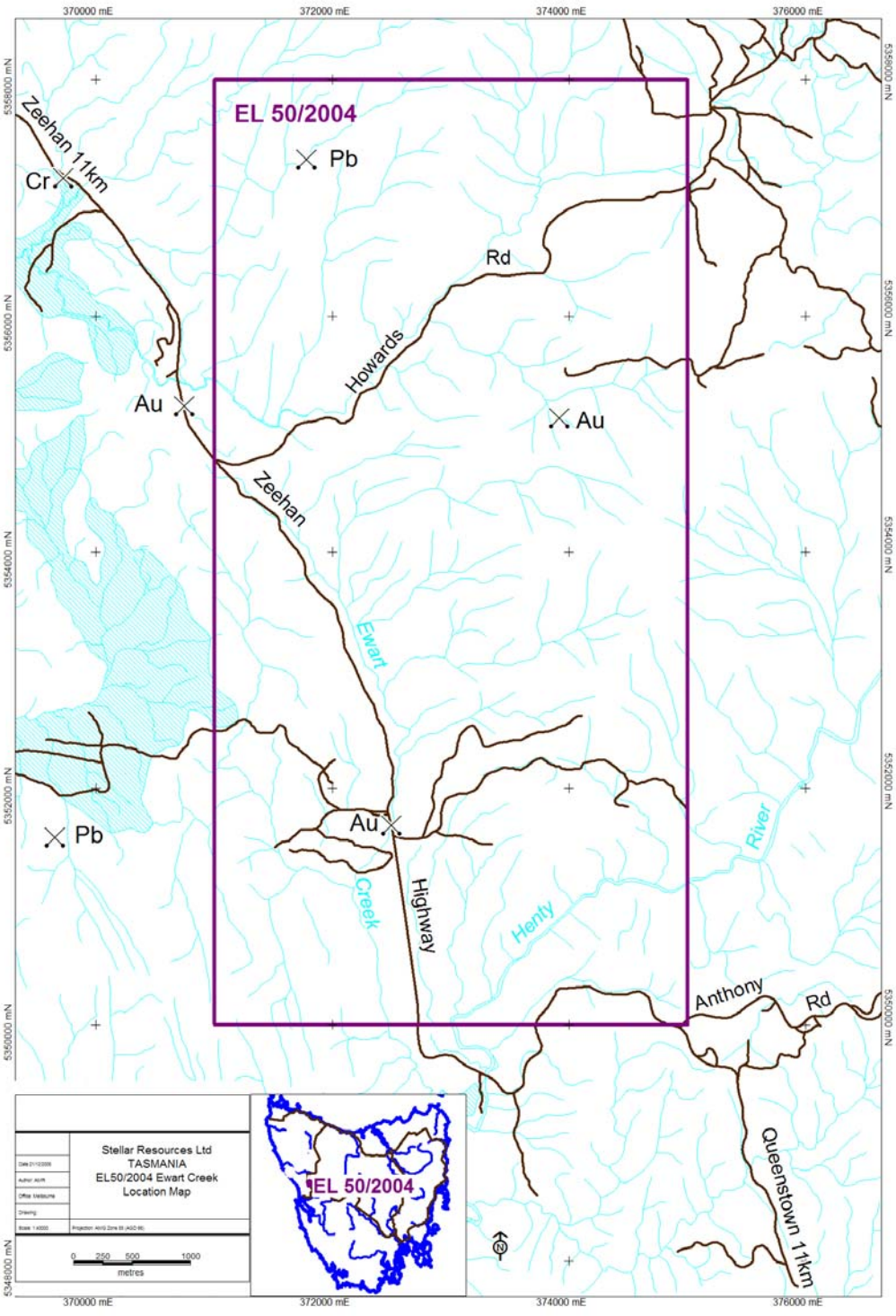

Figure 1
Ewart Creek EL50/2004
Location Map.
Data Courtesy: DPIWE.

1.4 LAND TENURE

SCHEDULE

LAND DISTRICT OF MONTAGU
VICINITYOF EWART CREEK (13km SE OF ZEEHAN)
MUNICIPALITY OF WEST COAST
EXPLORATIONLICENCE 50/2004 32km^2
RUBICON MIN TECH VENTURES PTY. LTD.

Commencing at the northwest corner of the area at grid coordinates 371 000 metres E 5 358 000 metres N thence grid east to 375 000 metres E grid south to 5 350 000 metres N grid west to 371 000 metres E aforesaid thence 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 50ha (more or less) which were applied for or in force prior to the date of application for this licence.

(c) Crown reservations or other land set apart or dedicated for any public purposes such as public reserves, municipal reserves or roadways unless such areas have been brought under the provisions of the *Mineral Resources Development Act* 1995.

(d) 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.

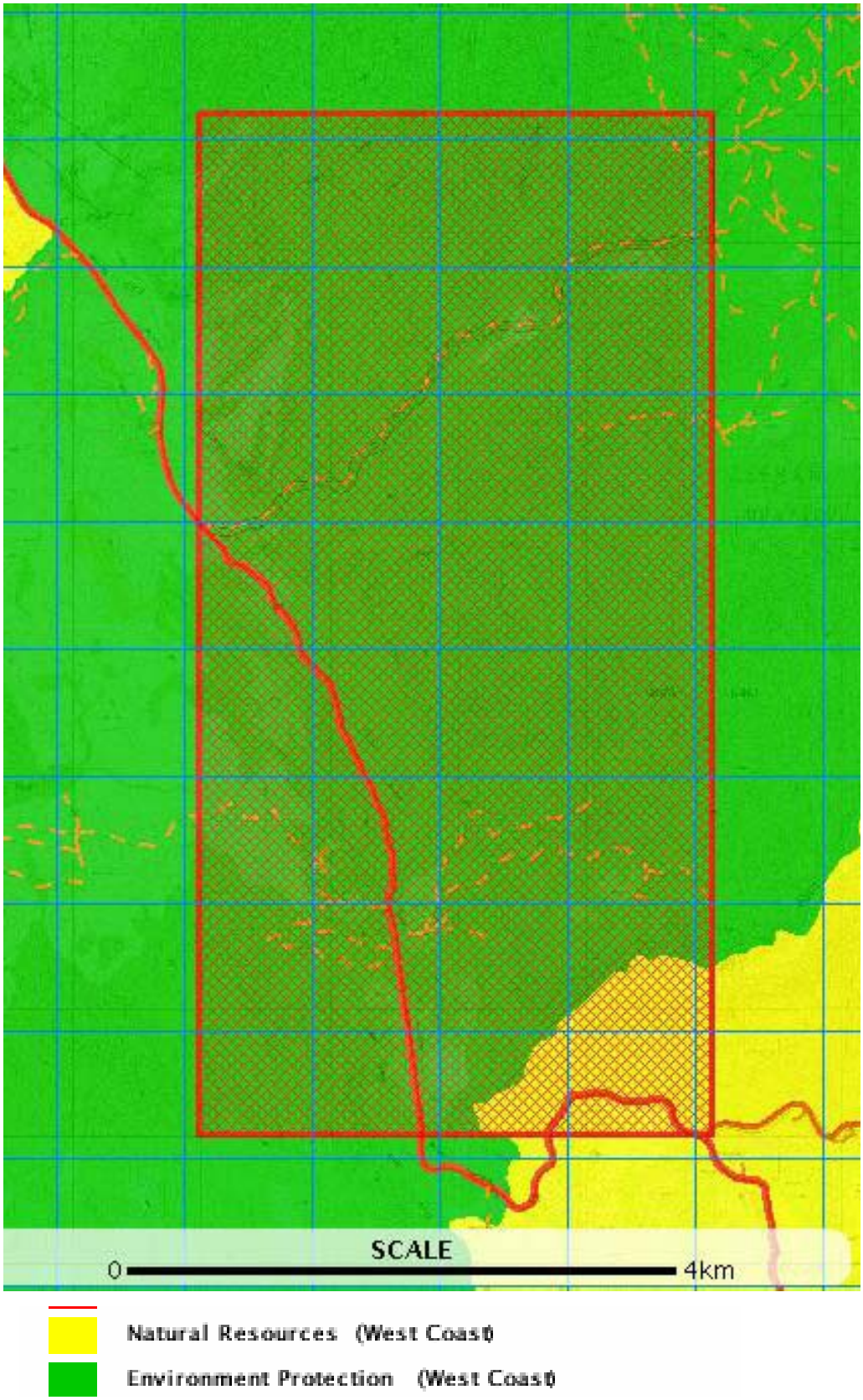

Figure 2
Ewart Creek EL50/2004
Land Tenure Map.
Courtesy: LIST.

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.

The general area has been held under mineral licence tenure for almost 45 years although little work seems to have been done in the ophiolite complex bounded by the North and South Henty Faults, the "Henty Fault Wedge". The first modern licence was Rio Tinto's EL 4/59. Rio Tinto undertook airborne electromagnetic and magnetic surveys and photogeological interpretation. Comstaff, for Costigan Mines (EL 5/63) completed an AFMAG survey.

McIntyre Mines (SPL460) undertook stream sediment sampling for Cu, Pb, Zn and Sn. A zone of Pb and Zn anomalies south of Mt Dundas was followed up by soil geochemistry and IP, SP and EM geophysics.

In their EL 7/68, Geophoto Resources for Texins Development commissioned Turair airborne EM, which resulted in a zone of EM anomalies near the South Comet workings. Follow-up comprised ground magnetics, VLF-EM and soil geochemistry for Cu, Pb, Zn and Ni. No significant mineralisation was encountered.

The Howards Road area near the North Henty Fault, was covered by CSR Limited's (CSR) EL 15/76 for a period of 8 years until relinquished in 1984. The section was excised from the licence to meet Mines Department regulations of 1982 for all ELs to be 125km^2 or less. Work undertaken by CSR included two trial lines of DIGHEM in the northern part of the Stellar area (no EM anomalies reported) and test lines of (Geoterrex) Barringer Input EM. Based on the Geoterrex EM work, CSR commented that a magnetic high in the Howards Road area "may represent serpentinites observed on tracks to the south". CSR also completed selective stream sediment and pan concentrate sampling and ground magnetics, VLF-EM, soil geochemistry and the excavation of some pits.

The relinquished area was taken up by Gold Fields Exploration Pty Limited (Goldfields/RGC) as EL 21/86 because of its perceived potential for Henty–style gold mineralisation along the possible extension of the Rosebery Fault and/or the western extension of the North Henty Fault. Stream sediment sampling was undertaken and a grid established perpendicular to the interpreted strike of the North Henty Fault. Geological mapping, rock chip sampling, IP and ground magnetic surveys were completed. The position of the fault was established by IP chargeability/resistivity anomalism. The area gridded by RGC lies mainly to the north of the Henty North Fault. By 1991 RGC concluded that gold anomalism encountered by CSR was produced by coarse gold shedding from fluvio-glacials. Grid based mapping and rock chip sampling had failed to locate any significant alteration or mineralisation. RGC confirmed there was "broad low-level" Zn anomaly associated with the North Henty Fault. "The magnetic anomalism is now known to be caused by non-outcropping ultramafics located adjacent to the fault".

During the period 1978-1987, Amoco and EZI Company A'Asia Limited (EZ), collected a large body of data over the Gordon Limestone as part of their exploration activity on EL4/78. Amoco-EZ focussed on an Irish-type exploration model, based on their success in delineating a lead-zinc deposit at Oceana, near Zeehan (4Mt @ 19.4% Pb, 4% Zn and 106 g/t Ag, Taylor and Mathinson, 1990). No economic

deposits were found although numerous drill holes intercepted patchy Zn-Pb mineralisation.

In 1983 Amoco (Cyprus Mines) joint ventured the SE part of CSR's 15/76 and undertook "Wacker" bedrock geochemical sampling of the Gordon Limestone terrain over their "Ewarts Creek" grid. This grid extended in a ENE direction from the Murchison Highway from just north of Howards Road to south of Ewarts Creek. Ground magnetics were flat over the limestones but "showed strong variation over the Cambrian rocks". CSR report difficulty in their Wacker sampling due to the presence of glacial deposits "on the eastern end of line 13 only large boulders and glacials were found". A magnetic component in the large boulders was also noted. CSR also examined core from the Mines Department drill hole "Howards Road No.1" and sampled the limestone section of the core. No significant base metals were reported.

In 1985 the Department of Mines completed a 502m drill hole in the Bradshaws Road area to investigate the nature of the South Henty Fault. The hole was collared in massive basalt on the south flank of a small hill projecting within glacial cover. It appears the hole successfully penetrated the fault zone which is noted to dip easterly (60-70 degrees). No significant mineralisation was noted.

CRAE explored a large area around Zeehan for Irish style Zn-Pb deposits (EL's 34/88 & 45/92). Their tenements included the SW part of the Stellar Ewart Creek EL where there is a block of Ordovician Gordon Limestone and Moina Sandstone. In this area CRAE completed additional work at the former CSR/Cyprus King Billy prospect. Aircore drilling achieved a best 2.64% Zn and 1.3% Pb over 3m in AC95ZK39. A detailed helimag survey was flown in 1995 and in 1996 two diamond drill holes were completed for Zn-Pb mineralisation within the Gordon Limestone. A maximum zinc value of 950ppm was intersected. The contact between the Moina Sandstone and the Gordon Limestone was marked by the presence of siderite alteration. The King Billy "magnetic anomaly" (immediately west of the Stellar licence) was followed up with reconnaissance stream sediment, rock chip and soil sampling. An "unrecognisable" mafic unit was identified with 2.4ppb Pt and 5.6ppb Pd. CRAE recognised potential for nickel mineralisation as segregations within ultramafic rocks and concluded "this style of mineralisation was incompletely explored".

The south-eastern part of the Ewart Creek area was explored by Pasminco Exploration (Pasminco) in their Yolande EL 11/85. Pasminco's expressed targets included VHMS in the Cambrian volcanics and clastics located in the eastern part of their tenement area and to the east of the Stellar area. Pasminco also noted the potential for gold in the South Henty Fault and for Irish style Zn/Pb mineralisation within the Ordovician Gordon Limestone. Pasminco completed geological mapping, geochemistry, UTEM and gravity surveys, mainly specific to their identified prospect areas at Newton Creek and White Spur, both out of the Stellar area. During 1993 Pasminco completed a single inclined drill hole (DDH YHV1) to a depth of 65.7m. The target was a geochemical anomaly associated with a gossan within andesitic rocks, noted by Pasminco to be similar in composition and possibly equivalent to those associated with the Henty Adits mineralisation. The hole, located at the SW corner of the Stellar area intersected a mixed sequence of shales sandstones and andestic lavas (distinctively plagioclase-phyric) showing peperitic textures. No significant mineralisation was intersected.

Aberfoyle Resources Limited/Western Metals Resources Ltd (Western Metals) explored in the late 1990's under EL 4/96. Most of their work was located to the east

of the Stellar area. Western Metals objective was to explore for stratabound Zn/Pb VHMS mineralisation within Tyndall Group correlates in the Henty Fault Wedge. Work carried out included Pb isotope determination on samples from the Henty Adits and soil sampling including partial leach and total digest analytical techniques. A Cambrian Pb isotope signature of the Henty Adits mineralisation confirmed the VHMS prospectivity of the Tyndall Group correlates within the Henty Fault Wedge. No significant geochemical sample values were returned and the licence relinquished. Western Metals mapping shows the presence of an ophiolite complex to the west of the Henty Adits and within the Stellar tenement.

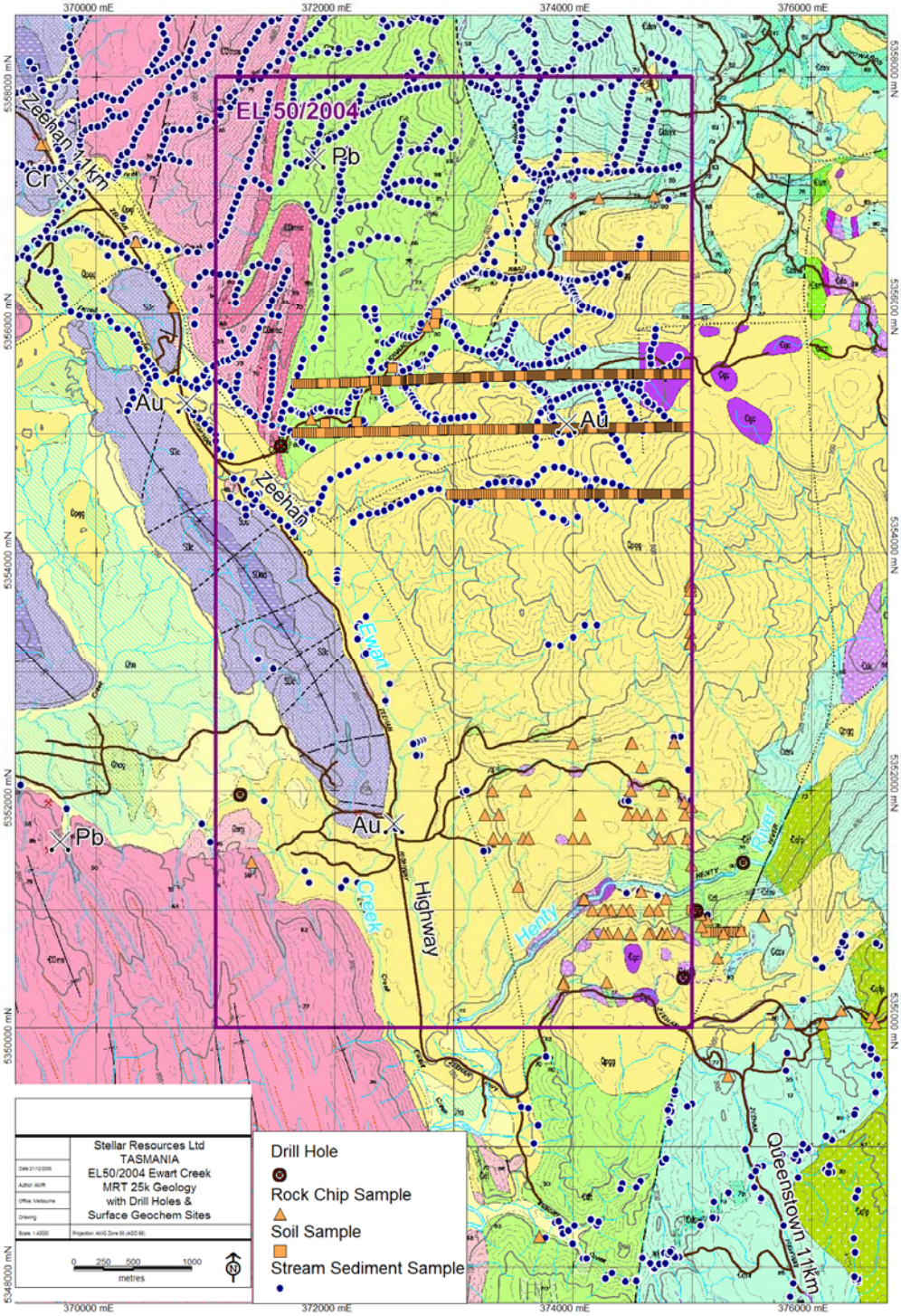

Figure 3
Ewart Creek EL50/2004
Geology,
with previous drill holes, and surface geochemical sampling sites.
Courtesy: Mineral Resources Tasmania.

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. Previous exploration data from McIntyre Mines, Geophoto Resources, CSR, Goldfields/RGC, Amoco (Cyprus Mines), CRAE and Pasminco has been digitised and captured from MRT open-file reports. MRT open-file geochemical and drilling data has been downloaded from the MRT website.

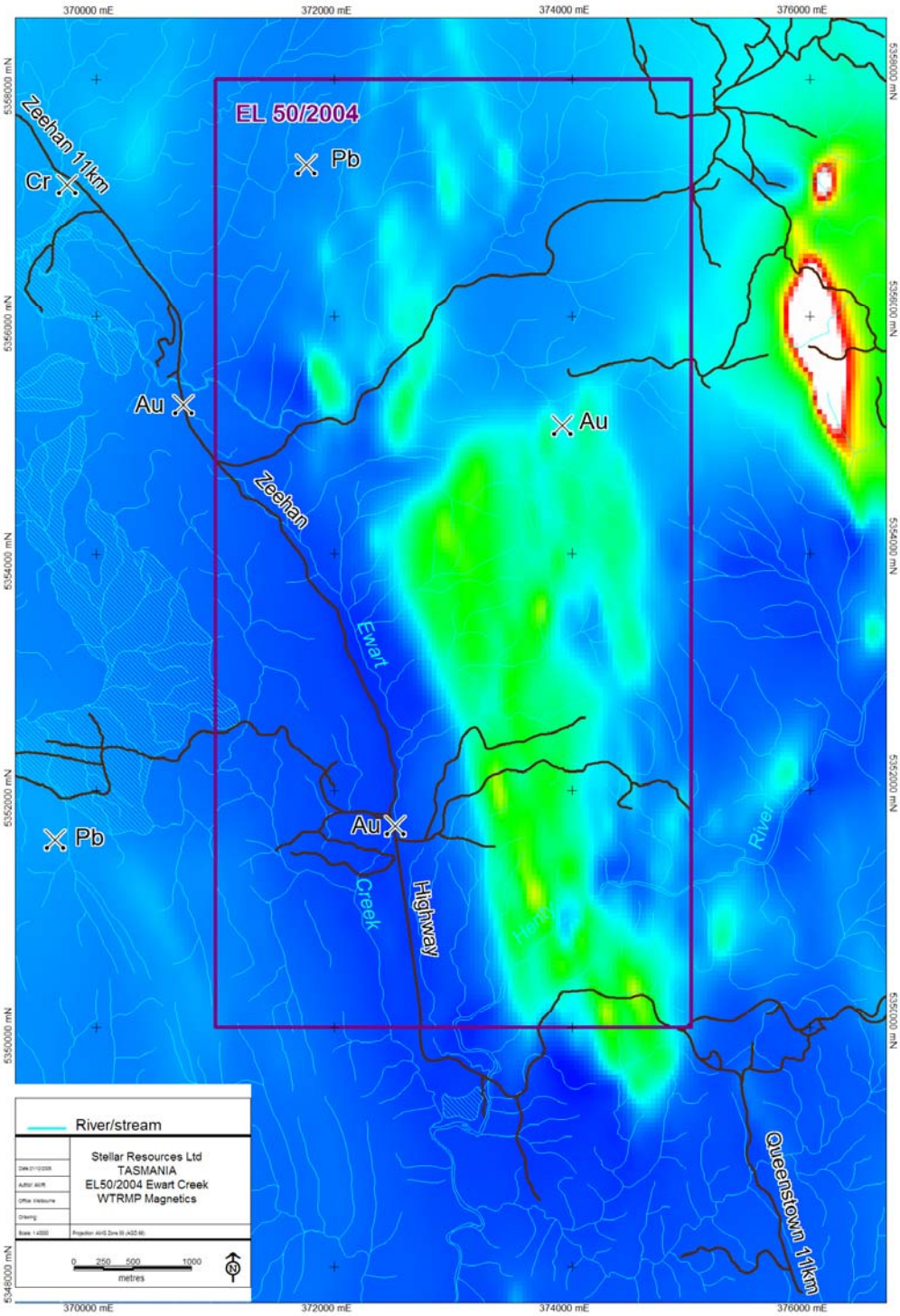

Figure 4
Ewart Creek EL50/2004
WTRMP Aeromagnetics.
Data Courtesy: Mineral Resources Tasmania.

GEOLOGICAL SETTING

The licence is centred on a zone of strong magnetic anomalism related to an ophiolite complex comprising basalt, gabbro and ultramafic rocks. These rocks comprise the western part of the "Henty Fault Wedge". The Henty Fault Wedge is divided by the north trending Howards Tramway Fault into two main parts; the western (ophiolite sequence) and the eastern sequence of Cambrian volcanics and volcaniclastics. The eastern rocks are assigned to Tyndal Group or Yolande River Sequence as seen in the Halls Rivulet track. The fault wedge is bounded to the north by the North Henty Fault and to the south by the South Henty Fault. The Henty Goldmine occurs some 8km to the NNE where the fault splays coalesce. The fault wedge appears to be bounded to the west by a possible southern extension of the Rosebery Fault.

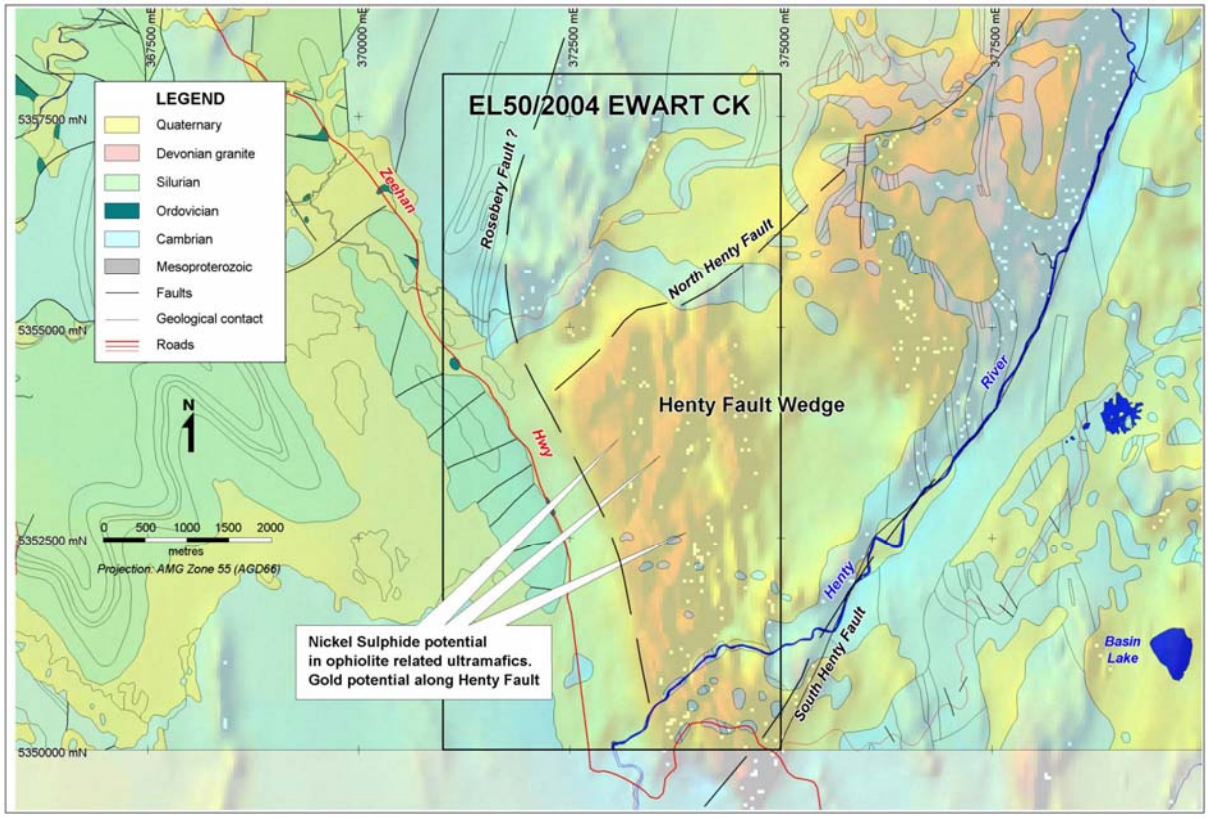

Figure 5
Ewart Creek EL50/2004
Geology draped over aeromagnetics.
Courtesy: Mineral Resources Tasmania.

The northern part of the licence area is dominated by Cambrian sediments and volcaniclastics of the White Spur Formation (Dundas Group) in faulted contact with the Cambrian ophiolite complex. The North Henty Fault forms the contact, which is often marked by the presence of ultramafic rocks. The southern part of the licence covers a major part of the Henty Fault Wedge. This area is covered by moderately extensive fluvio-glacials and combined with extensive forest cover, resulting in a poor understanding of the underlying geology and structure. The mafic-ultramafic ophiolite complex is thought to be similar to the basal Dundas Group located 10km to the NW in the Razorback to Serpentine Hill area. Ordovician Gordon Limestone, the eastern continuation from the Professor Range, occupies the SW segment of the

licence to the west of the ophiolites and overlies structurally complex segments of Moina Sandstone.

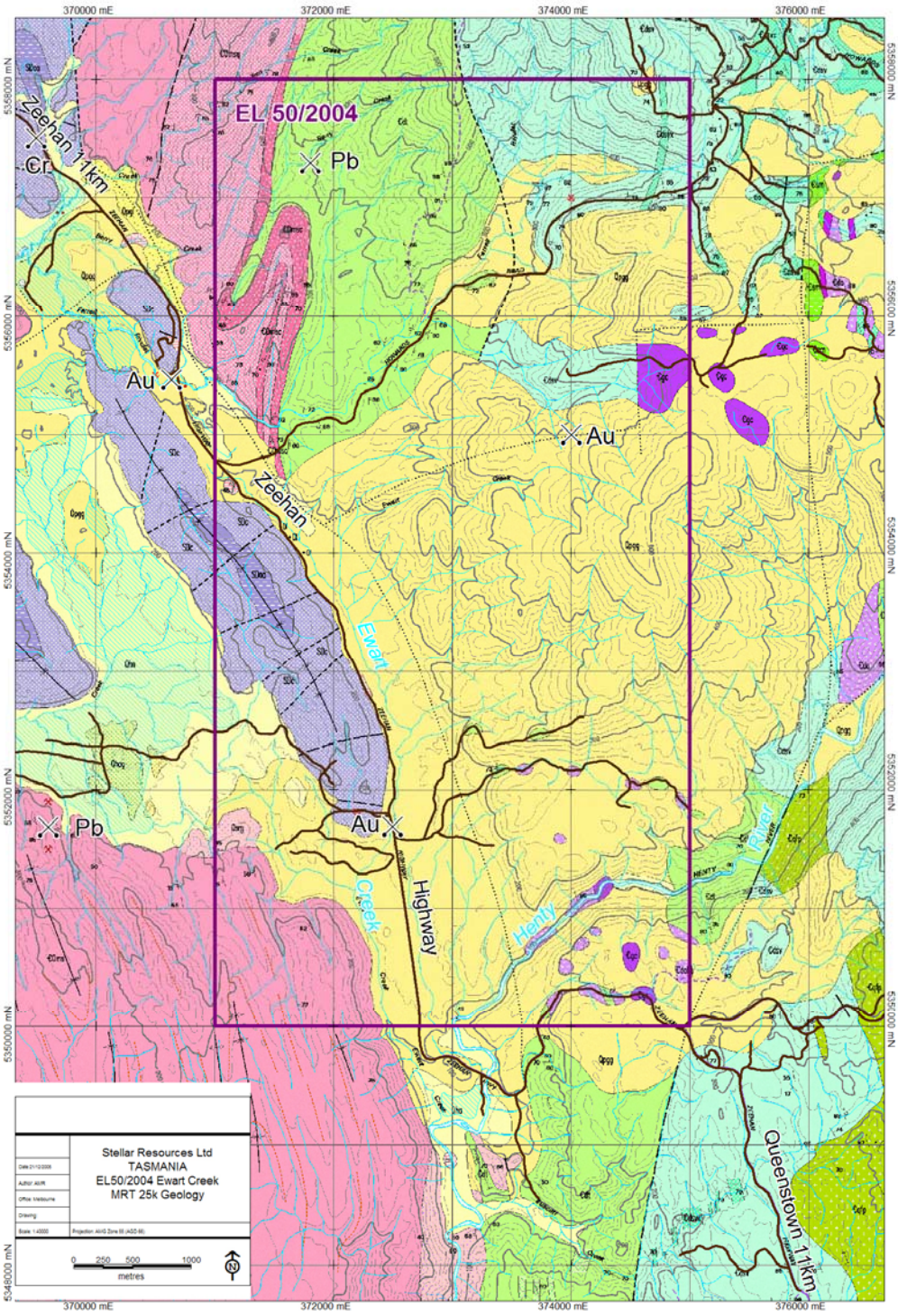

Figure 6
Ewart Creek EL50/2004
1:25000 Geology.
Courtesy: Mineral Resources Tasmania.

4 DISCUSSION OF RESULTS

There has been no active field work to discuss.

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 aeromagnetic and airborne electromagnetic survey data covering all or the greater part of the licence area (MRT Western Tasmanian Regional Minerals Program (WTRMP) WTMRP Westtas Area C mag & rad (2001, 200m fls). Detailed digital geological mapping at 1:25000 scale together with geochemical and drilling data (MRT) is also held by Stellar.

In due course, geophysical targets will be 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 drill hole siting is expected to proceed on the most prospective targets in the following year.

6 ENVIRONMENT

There has been no field activity in the licence to date, and therefore no environmental impact.

EXPENDITURE

JC - Expenditure Report

Rubicon Limited

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Dept Code / Job Code	Description	Project to 31/10/2005	Period Expenditure	Project to 30/11/2005	YTD Amount
D1	Rubicon				
6504	EL 50/2004 Ewart Creek	325.00	876.87	1,201.87	876.87
Dept Code Totals for D1		325.00	876.87	1,201.87	876.87
Report Totals		325.00	876.87	1,201.87	876.87

REPORT SUMMARY

Dept Range : <Start> to <End>
Job Range : 6504 to 6504
Report Grouping : By Job
Excluded Closed jobs prior to: 01/07/2005

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

JC - Expenditure Report

Rubicon Limited

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Dept Code / Phase Code	Description	Project to 31/10/2005	Period Expenditure	Project to 30/11/2005	YTD Amount
D1	Rubicon				
120	DATA ACQUISITION	325.00	876.87	1,201.87	876.87
Dept Code Totals for D1		325.00	876.87	1,201.87	876.87
Report Totals		325.00	876.87	1,201.87	876.87

REPORT SUMMARY

Dept Range : <Start> to <End>
Job Range : 6504 to 6504
Report Grouping : By Phase
Excluded Closed jobs prior to: 01/07/2005

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

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KEYWORDS

BASIC VOLCANICS, BRECCIA, GRANITE, CARBONATE, BASE METALS, TIN, GOLD, NICKEL, REPLACEMENT, STOCKWORKS, VEINS, SKARN, PRECAMBRIAN, CAMBRIAN, DEVONIAN, ORDOVICIAN, TERTIARY, GEOLOGY, GEOCHEMISTRY, ZEEHAN, HENTY RIVER, HENTY FAULT, EWART CK, AVEBURY.