



STELLAR RESOURCES LIMITED
Rubicon MinTech Ventures Pty. Ltd.

EL 21/2006 HANGMAN'S CREEK

**ANNUAL REPORT FOR THE PERIOD
9 OCTOBER 2006 – 8 OCTOBER 2007**

Compiled by/Author: A M Rigg

DATE: August 2007

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:

**Rubicon MinTech Ventures Pty. Ltd.
Stellar Resources Limited
(ACN 108 758 961)
Level 7, 530 Little Collins Street,
Melbourne,
Victoria, 3000.**

ABSTRACT

This first annual report for EL 21/2006 Hangman's Creek covers the period 9 October 2006 to 8 October 2007.

The Hangman's Creek licence is centred six kilometres south of Corinna and is accessed via the Corinna Road which passes through the western side. It is positioned to cover approximately four kilometres of a 25km long aeromagnetic structure which extends north to within 6.5 kilometres of Savage River. The licence is contiguous in the north and west with Stellar's Corinna licence (EL44/2006) and to the south with Stellar's Heemskirk licence (EL46/2003). The geological unit of primary interest, the Lucy Formation, is part of the Arthur Lineament, and runs parallel to the Bowry Formation which hosts Stellar's Alpine copper project, located six kilometres to the south within the Heemskirk licence. On the magnetic image, the Lucy Formation within the Hangman's Creek licence, exhibits strong structural deformation, which may be a significant feature as the Alpine project is hosted within a zone of deformation on the Bowry Formation, which is of a similar magnetic tenor. The Frenchman's and Nancy Spur gold prospects lie on the Lucy Formation 6km to the north-east.

Fodina Minerals conducted a stream sediment survey in 1993 over the Lucy Formation. Between 1996 and 1999 a Goldstream/Titan joint venture flew a high resolution aeromagnetic survey over the area, conducted stream sediment, soil and rock chip sampling, and drilled two diamond holes into the Lucy Formation. One drill hole intersected two small zones of anomalous copper and gold. Surface geochemistry was considered to be, in the main, at normal background levels for the rock types sampled.

Work on the licence has included the compilation of an open file literature review and exploration chronology, the collection of existing regional geological, geochemical and geophysical data, a geophysical/geological interpretation, and subsequent map production.

CONTENTS

ABSTRACT	2
1 INTRODUCTION	5
1.1 EXPLORATION RATIONALE	5
1.2 LICENCE	6
1.3 LOCATION OF LICENCE	7
1.4 LAND TENURE	8
2 REVIEW OF PREVIOUS WORK	10
3 WORK COMPLETED DURING THE REPORTING PERIOD	11
3.1 LITERATURE REVIEW	11
3.2 DATA ACQUISITION, MAPPING & ANALYSIS	13
3.3 GEOLOGICAL SETTING	17
3.4 REGIONAL GEOLOGY	21
3.5 MINERALISATION	22
4 RECOMMENDATIONS AND FUTURE WORK	23
5 ENVIRONMENT	23
EXPENDITURE	24
REFERENCES	25
KEYWORDS	26

LIST OF FIGURES

1. Licence location map	7
2. Land tenure map	9
3. Topography with previous drill holes and geochemical sampling sites	12
4. Topography with previous drill holes and geochemical sampling, copper assays	14
5. Geology, MRT, with previous drill holes and geochemical sampling, copper assays	15
6. Aeromagnetics with previous drill holes and geochemical sampling, copper assays	16
7. Aeromagnetics	18
8. Geology, MRT	19
9. Geology, Dr D.J. Isles interpretation	20

1 INTRODUCTION

1.1 EXPLORATION RATIONALE

The licence area is positioned to cover a part of the Lucy Formation, which exhibits strong arcuate deformation. Structurally, the deformation may be a significant feature as the Alpine project is hosted within a zone of similar deformation and magnetic intensity in the Bowry Formation (Figure 9). The Frenchman's and Nancy Spur gold prospects lie on the Lucy Formation 6km to the north-east. The holding of three contiguous licences north of the Heemskirk granite, covering a similar geological terrane, enables a more regional perspective for Stellar's exploration programme.

1.2 LICENCE

Tenement number: 21/2006

Tenement name: Hangman's Creek

Tenement location: The Hangman's Creek licence is centred six kilometres south of Corinna, being 28km to the NW of Zeehan and 23km south of Savage River, and is accessed via the Corinna Road which passes through the western side (Figure 1). The licence covers 8km². The EL area is Crown Land, and in accordance with the West Coast Planning Scheme 1999 is covered by "Natural Resources", and is classified as State Forest (Figure 2). The topography within the licence ranges from low/undulating across the Lucy Formation in the north and west to generally steeper terrain in the east and south-east where drainage into the Pieman River incises the area. Vegetation coverage by proportion high to low, is nothofagus/phyllocladus rainforest, then large similarly sized areas of heathland/scrub in the north-central area and buttongrass moorland in the south-central area, with smaller areas of leptospermum scrub. Access is provided by the all-weather unsealed Corinna Road, from Savage River and Corinna in the north, and the Corinna Road and Heemskirk Road (from Zeehan) in the south. The north and west of the licence has good road and track access, while the south-east is not serviced by tracks and may at present only be accessible by foot.

Reporting period: 9 October 2006 to 8 October 2007.

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

1.3 LOCATION OF LICENCE

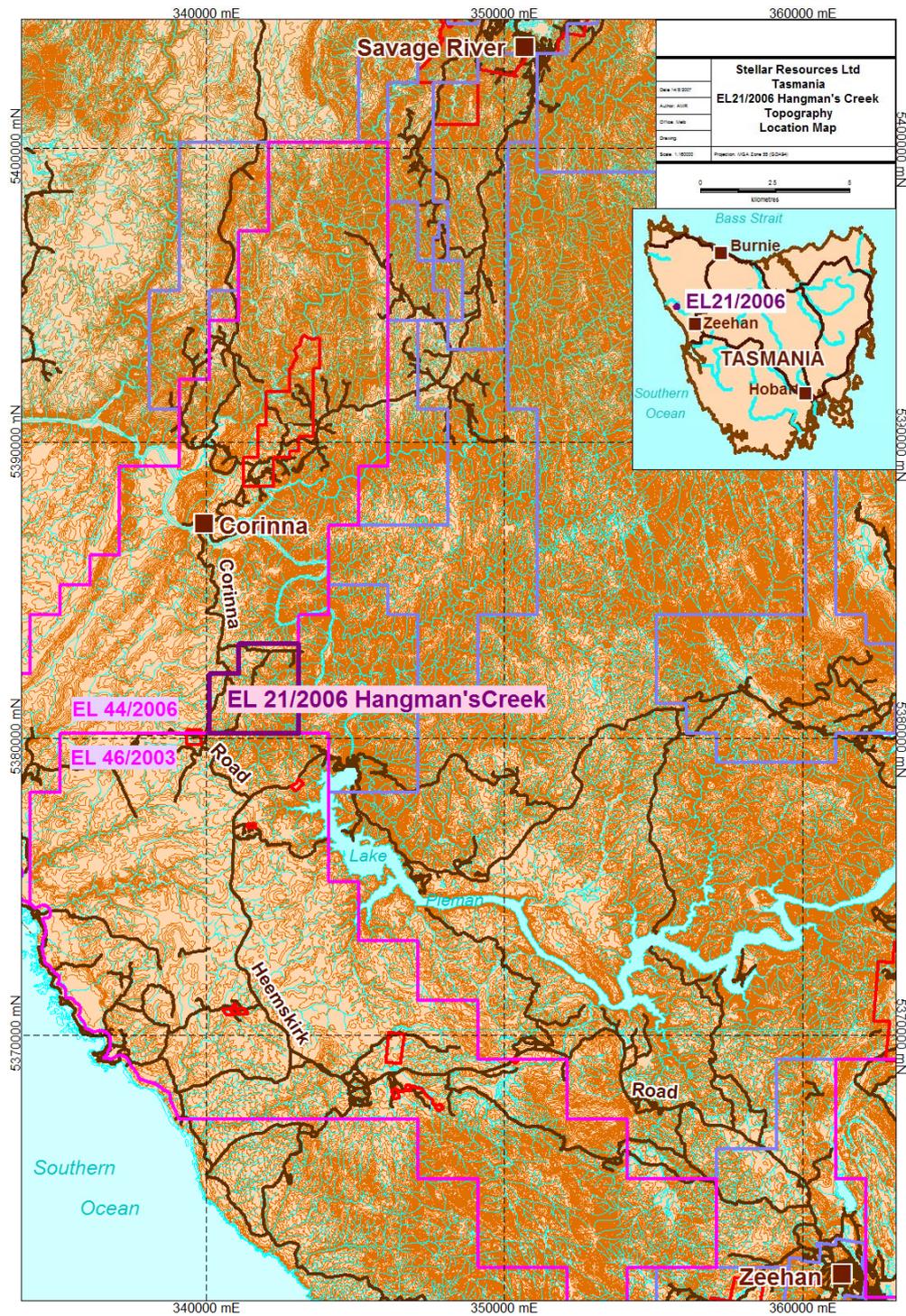


Figure 1
Hangman's Creek EL21/2006
Location Map.
Data Courtesy: DPIWE.

1.4 LAND TENURE

SCHEDULE

LAND DISTRICT OF MONTAGU
VICINITY OF HANGMANS CREEK (6 KM SE OF CORINNA)
MUNICIPALITY OF WEST COAST
EXPLORATION LICENCE 21/2006 - 8km²
RUBICON MIN TECH VENTURES PTY. LTD.

Commencing at the north-east corner at grid coordinates 343 000 mE 5 383 000 mN thence grid south to 5 380 000 mN grid west to 340 000 mE grid north to 5 382 000 mN grid east to 341 000 mE again grid north to 5 383 000 mN aforesaid thence again grid east to the point of commencement.

Coordinate datum - AGD66AMG, Zone 55.

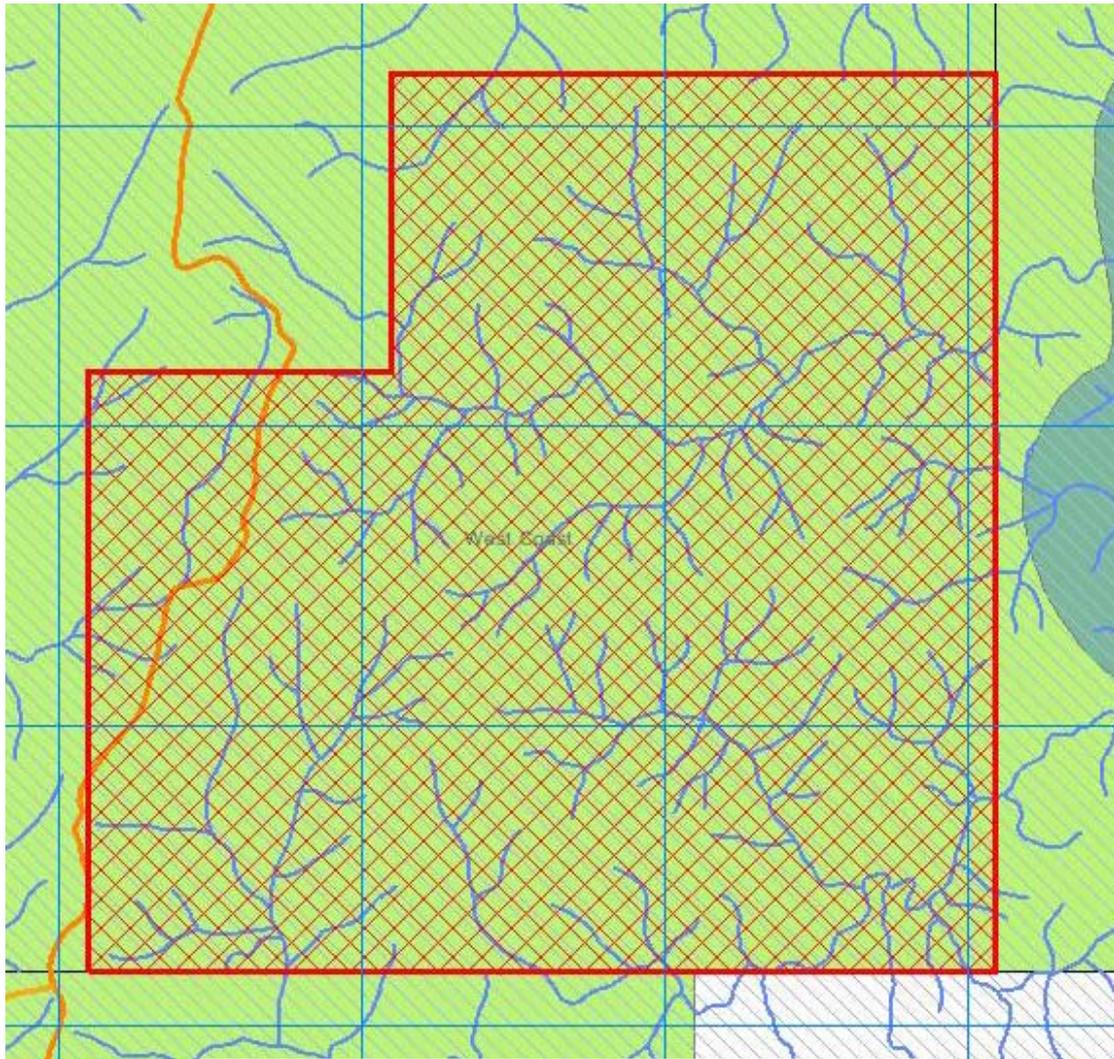
EXCLUSIONS

- (a) Any land owned or leased by the Commonwealth of Australia.
- (b) Mining Leases amounting to 20 ha (more or less) which were applied for or in force prior to the date of application for this licence: viz Renison Mine Lease.
- (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.

LAND TENURE

The area comprises:
State Forest
MDC Informal Reserve
Proposed Informal Reserve

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*.



Public Land Classification

-  State Reserves
-  State Forests

Figure 2
Hangman's Creek EL21/2006
Land Tenure Map.
Courtesy: LIST.

2 REVIEW OF PREVIOUS WORK

Prior to the application for the licence area, a general literature search of the Mineral Resources Tasmania database was undertaken. Historic mineral exploration data was reviewed in conjunction with the most current geological and geophysical data. Advice on the geophysical characteristics of the area was supplied by Dr David Isles of tGT Consulting.

3 WORK COMPLETED DURING THE REPORTING PERIOD

3.1 LITERATURE REVIEW

Esso held an 800 square mile licence (EL2/73) in north-east Tasmania for base metal exploration. They flew an EM (INPUT), magnetics and radiometrics survey in 1973, with two flight lines crossing the Lucy Formation, one within the licence and one just to the north. No EM conductivity was registered across the Lucy Fm or elsewhere in the licence.

The northern third and western side of the licence, following the Proterozoic Lucy Formation has been subject to two exploration programmes over the prior 14 years.

Fodina Minerals Pty Ltd exploration target was Cu/Au mineralisation based on a model similar to the Starra ironstones in the Mt Isa Inlier, western Queensland. Fodina conducted a regional stream sediment survey in 1993, which included the Lucy Formation in the north and west, but mainly in the west of the licence. Fodina's results in the southern part of the Lucy Formation suggested that there was a correlation with geology and that there may be gold enrichment. The survey included the Bowry Formation to the south-east where they concluded that Cu/Au is associated with an ironstone/magnetite bearing schist, and was at background levels only.

In 1995 a Goldstream Mining/Titan Resources joint venture was granted a licence covering the Lucy and Bowry Formations. Their exploration concept was "Homestake-style Proterozoic iron-formation hosted lode gold". The JV flew a high resolution helimag survey over the Lucy and Bowry Formations from the Alpine prospect in the south to the northern extent of the Lucy Formation, approximately 6.5km from Savage River. The UTS survey had a 50m flight line spacing, and was flown at a 40m flying height. The aeromagnetic data was analysed by Dr David Leaman in 1997. The aeromagnetic data enabled more accurate delineation of the regional boundaries of magnetic rock units such as the Lucy Formation and the Bowry Formation, particularly in the area south west of the Pieman River where thin Tertiary cover is extensive.

In 1997 Goldstream/Titan drilled holes LREDDH1 (200m) and LREDDH2 (203m) for copper/gold mineralisation, into the prospective Lucy Formation. Both drill holes penetrated similar lithologies of mainly chlorite schist and relatively massive metabasalt. Metabasalt with disseminated magnetite was reflected by higher magnetic susceptibility measurements and, in LREDDH1, by generally higher copper analyses. Gold was detected in 14 of the 200 assays from LREDDH1 with best values of 0.129 ppm with 2679 ppm copper at 153-154m and 0.155 ppm with 238 ppm copper at 77-78m. Magnetite bearing metabasalt was more abundant in LREDDH2, dominating the top 140m of the hole. Detectable gold was also more abundant in LREDDH2 with values being returned from 70 of the 203 assays for the drill hole. Some 20 analyses gave ~ 20 ppb gold, the best value being 0.167 ppm gold, with 77 ppm copper at 180-181m. Stream sediment sampling was undertaken over the north-eastern side of the licence for Ag, Cu, Pb, Zn, Ag, As, Sb, Mo, Bi, Sn, W. Best assays: Cu 24ppm, Pb 8.25ppm, Zn 46.3ppm. In 1998, 2.8km of soil (110) and rock chip (11) sampling was carried out in the north of the licence covering the Lucy Formation. The soil samples were over amphibolite, mafic schists & muscovite schists and showed a Au BCL range of 15-20ppb, with a Cu BCL range of 24-30ppm. Nick Turner, the consulting geologist considered the ranges normal for the rock types, and not really anomalous. Some mildly anomalous values of around 80ppb Au, 140ppm Cu were present. No further work was done in the area.

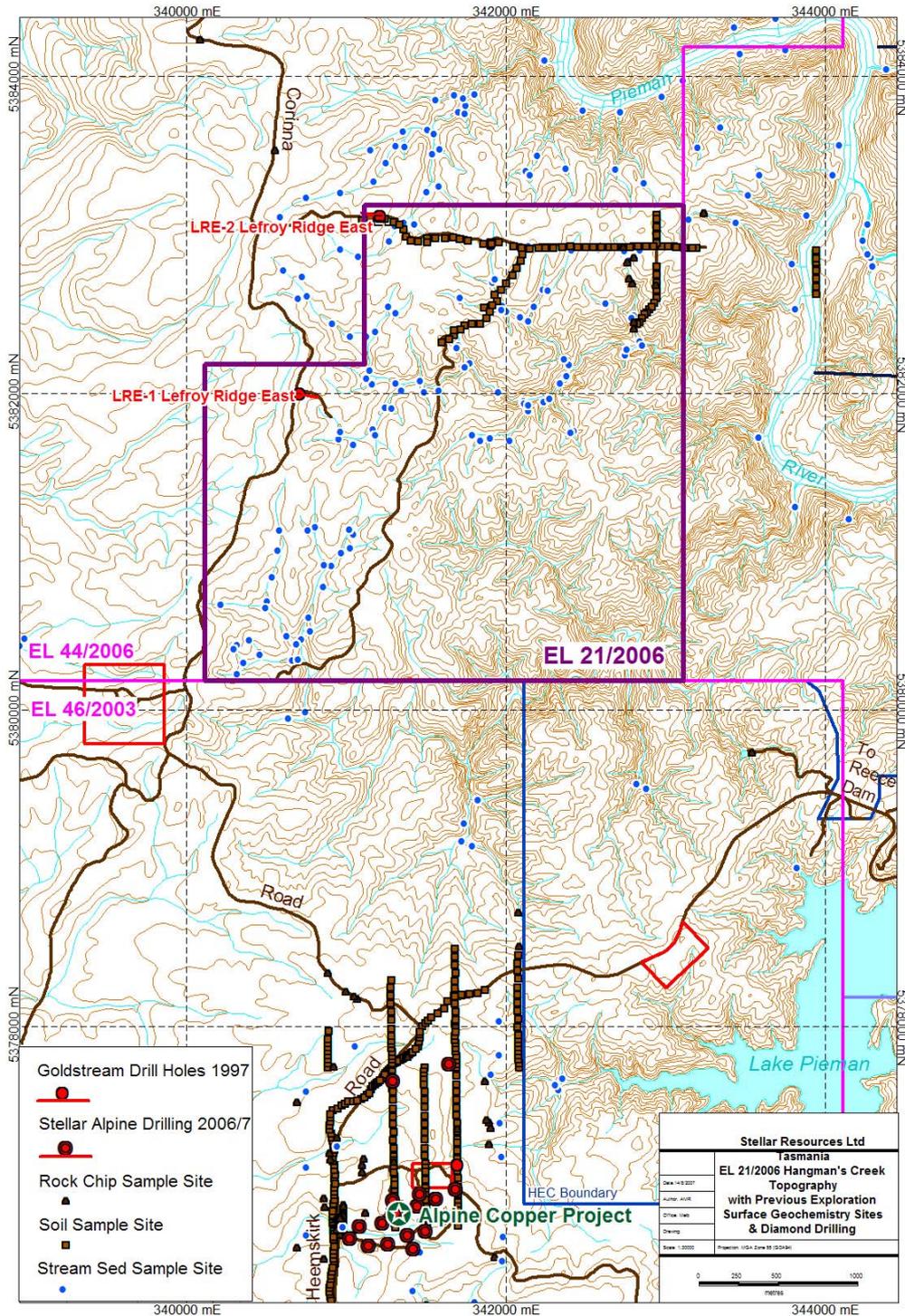


Figure 3
Hangman's Creek EL21/2006
Topography,
with previous drill holes,
and surface geochemical sampling sites.
 Courtesy: Mineral Resources Tasmania.

3.2 DATA ACQUISITION, MAPPING & ANALYSIS

MRT digital geology and geophysics datasets, as well as DPIWE topographic data have been purchased and imported into MapInfo, from which further maps have been produced. Selected previous exploration data from Esso, Fodina and Goldstream has been digitised and captured from MRT open-file reports. MRT open-file geochemical and drilling data has been downloaded from the MRT website.

Surface geochemistry has been modelled for copper and mapped with topography, mapped geology and aeromagnetics (Figures 4, 5 & 6).

A geological interpretation based upon Goldstream/Titan and MRT 25k geological mapping and Goldstream/Titan aeromagnetics has been produced by Dr David Isles. An underlying "ovoid" structure has been postulated between the Lucy and Bowry Formations to fit and explain the arcuate deformation of the Lucy Formation and a corresponding lesser deformation approximately 4km south-south-west on the Bowry Formation (Figure 9). An underlying granite body causing the evident deformation could be a primary mineralising agent associated with the Alpine copper occurrence on the Bowry Fm and for any anomalous mineralisation of the Lucy Fm within the vicinity of the licence.

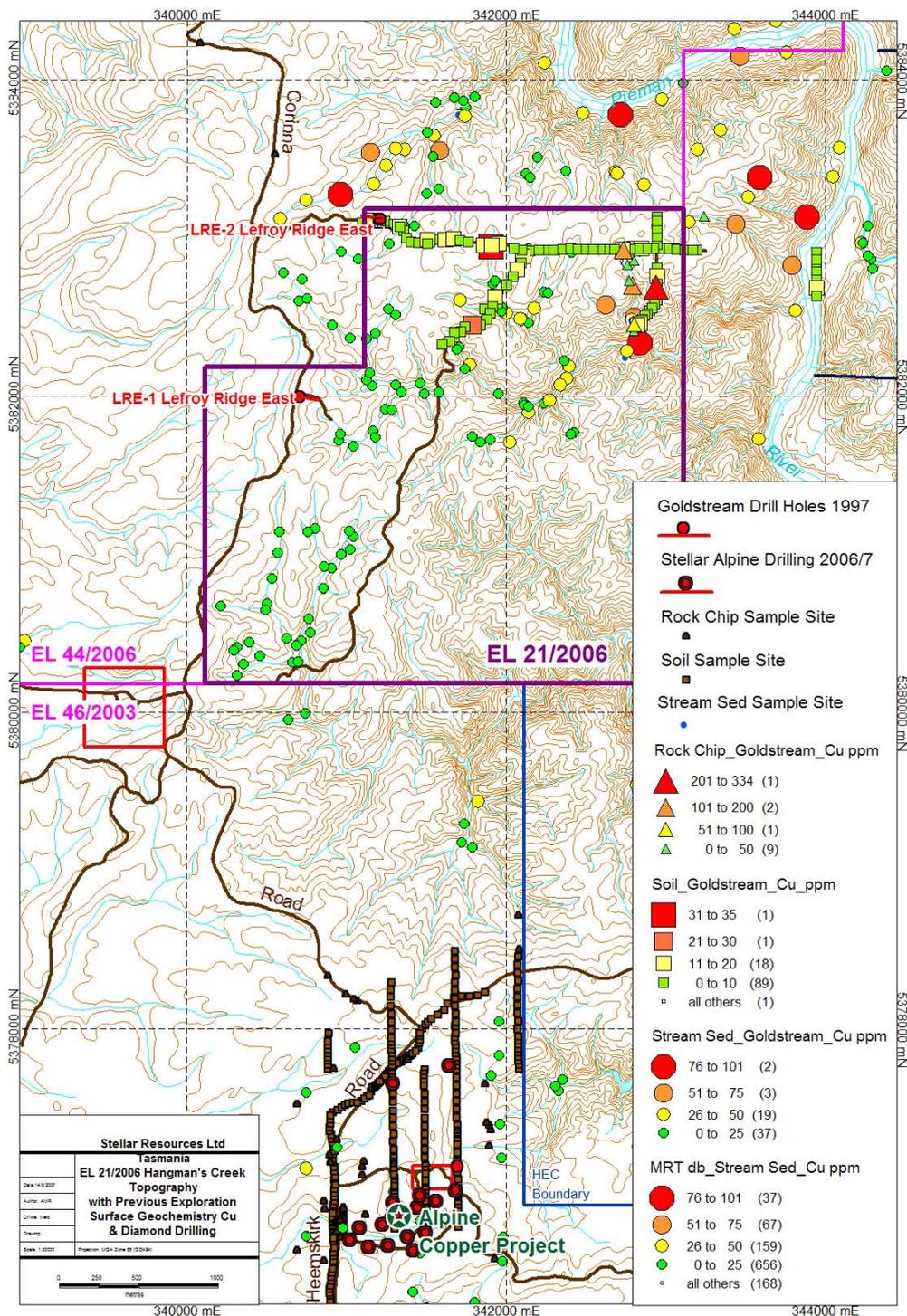


Figure 4
Hangman's Creek EL21/2006
Topography,
with previous drill holes,
and surface geochemical sampling sites
showing copper assays.
Courtesy: Mineral Resources Tasmania.

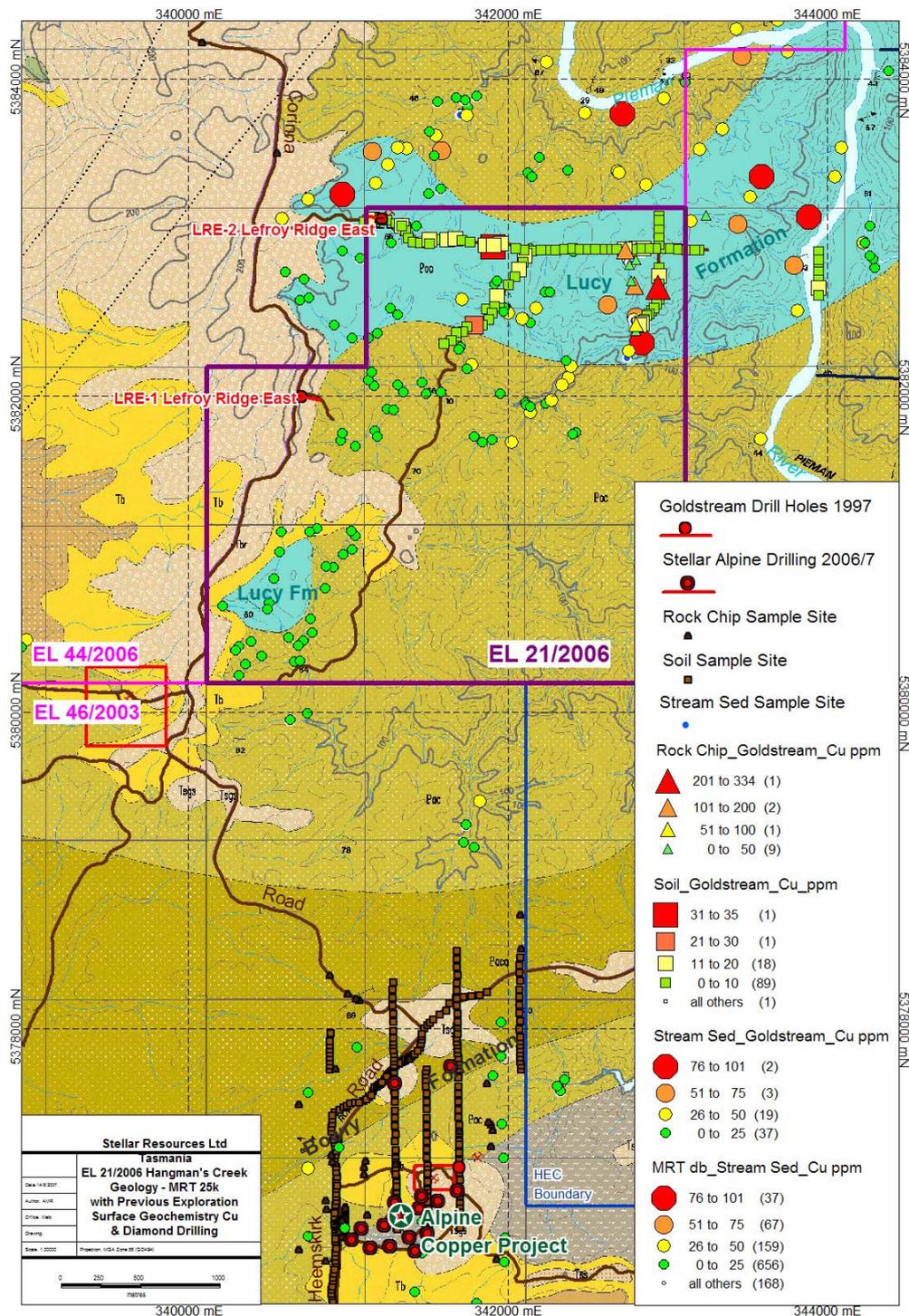


Figure 5
Hangman's Creek EL21/2006
Geology,
with previous drill holes,
and surface geochemical sampling sites
showing copper assays.
Courtesy: Mineral Resources Tasmania.

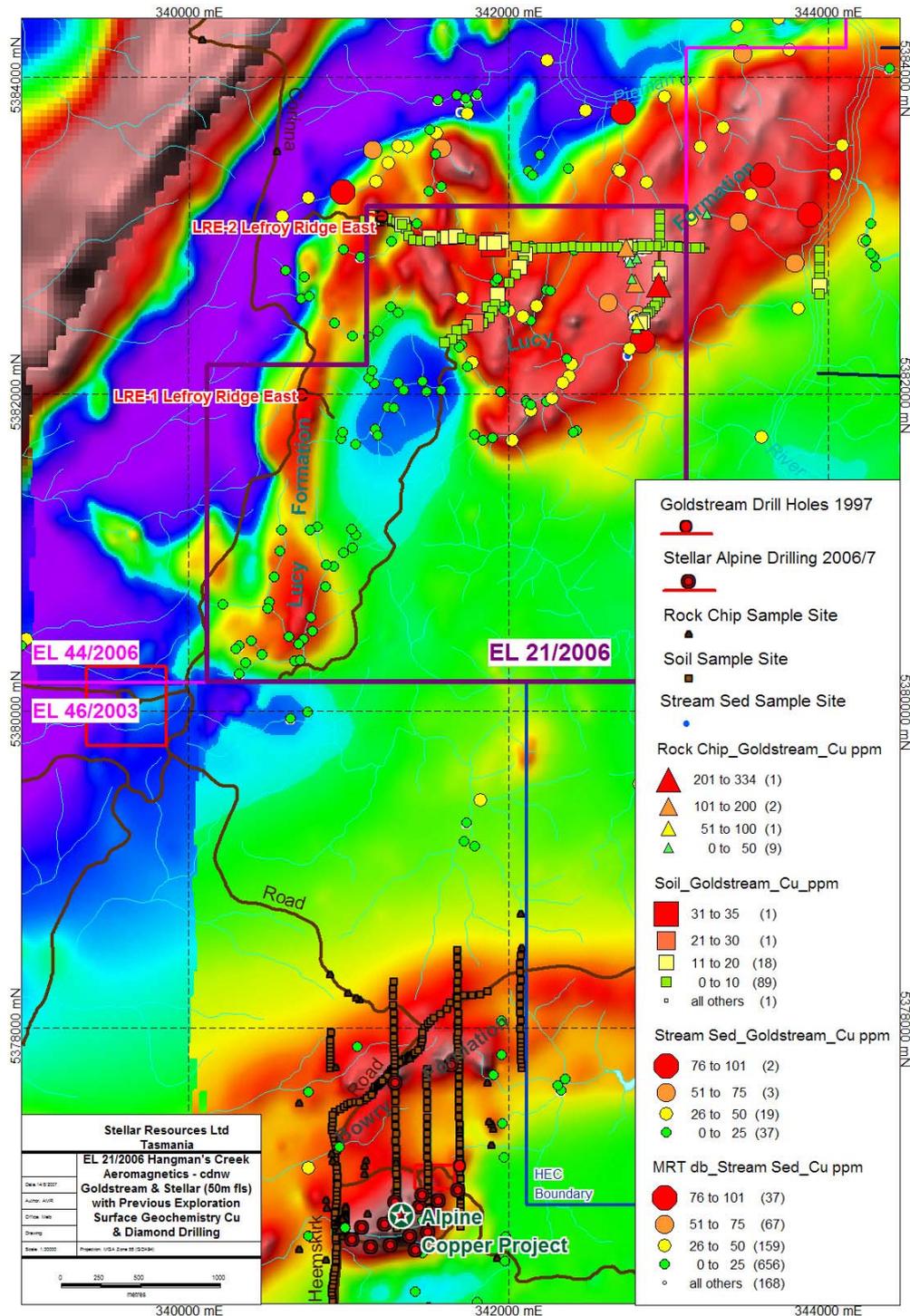


Figure 6
Hangman's Creek EL21/2006
Aeromagnetics,
with previous drill holes,
and surface geochemical sampling sites
showing copper assays.
 Courtesy: Mineral Resources Tasmania.

3.3 GEOLOGICAL SETTING

Within the licence, mafic rocks in the Lucy Formation include chlorite schist and relatively massive magnetite-bearing and pyrite-bearing metabasalt and metadolerite. The metamorphic rocks are very strongly deformed with a strong S1 foliation which commonly displays metamorphic segregation in schists. Quartz vein boudins containing carbonate and chlorite are present in S1. A later crenulation cleavage (S2) is evident in places and may be related to the regional fold closures that are evident in the Lucy Formation

To the south at the Alpine project in the Heemskirk licence, the geological setting is difficult to ascertain. The project lies near the main linear trend of magnetic anomalism that signifies the Arthur Lineament, but is offset to the south east of the lineament (Figure 7). It is possible that the host lithologies are Crimson Creek Formation. Diamond drill holes at Alpine have passed through quartz-mica schists and quartz-carbonate-serpentinite skarn and intersected zones of semi-massive pyrite-magnetite-haematite mineralisation. In earlier drilling, copper mineralisation was considered to have a close association with magnetite, and therefore defined by the aeromagnetic geophysical model. Four latter step-out holes by Stellar have continued to intersect copper mineralisation, including some anomalous gold values, at a similar tenor to the earlier holes, but in a more silica-rich lithological environment. The geological model remains very-much open to interpretation, and may represent a style of mineral deposit not previously recognised in Tasmania. Two holes drilled into the Alpine North aeromagnetic anomaly, 1.5km to the north, intersected magnetite rich zones, but with only weakly anomalous copper mineralisation in chloritic schist (Figures 8 & 9).

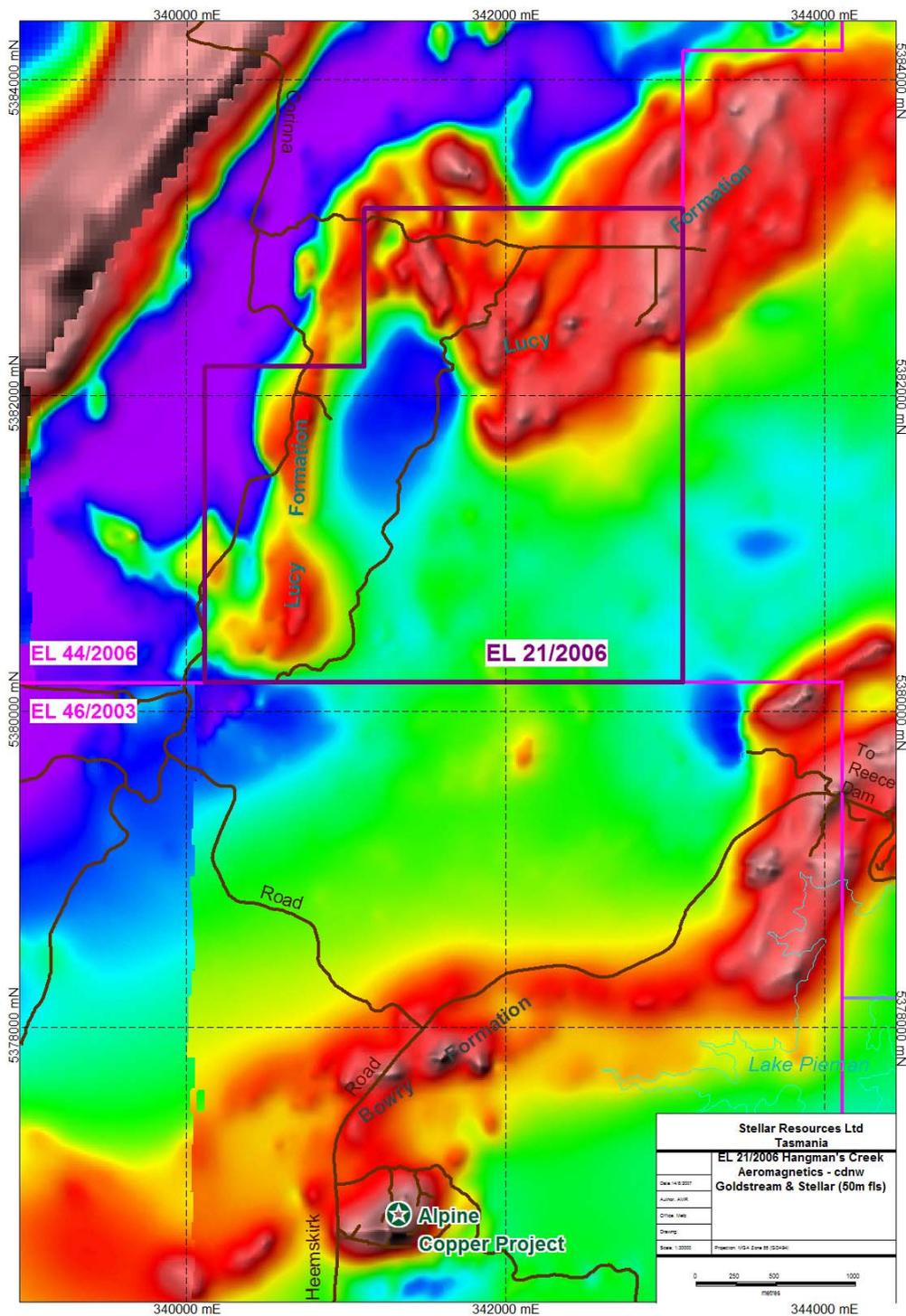


Figure 7
Hangman's Creek EL21/2006
Aeromagnetics (cdnw)
Goldstream/Titan Corinna survey 1996
Data Courtesy: Mineral Resources Tasmania.

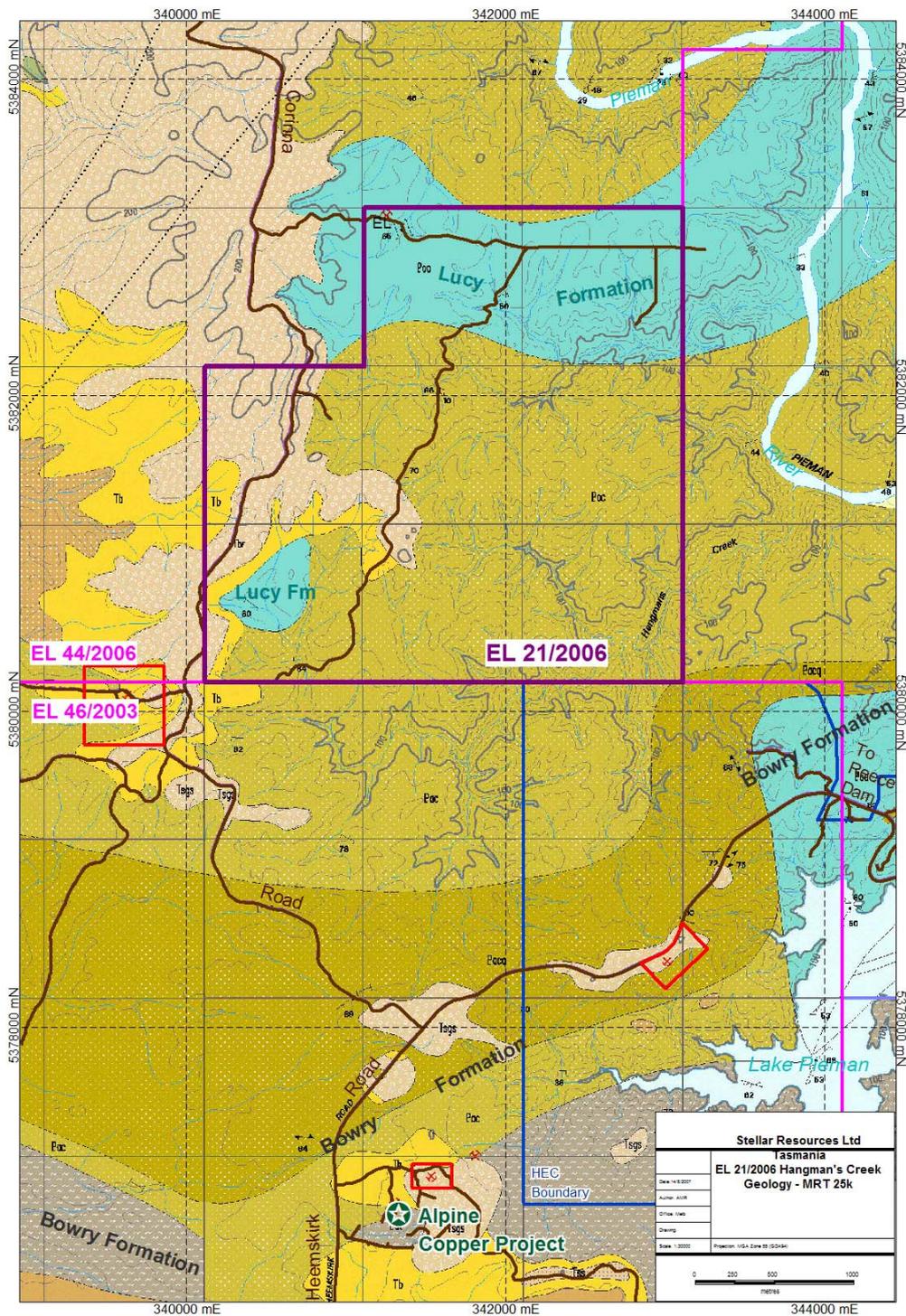


Figure 8
Hangman's Creek EL21/2006
1:25000 Geology.
Courtesy: Mineral Resources Tasmania.

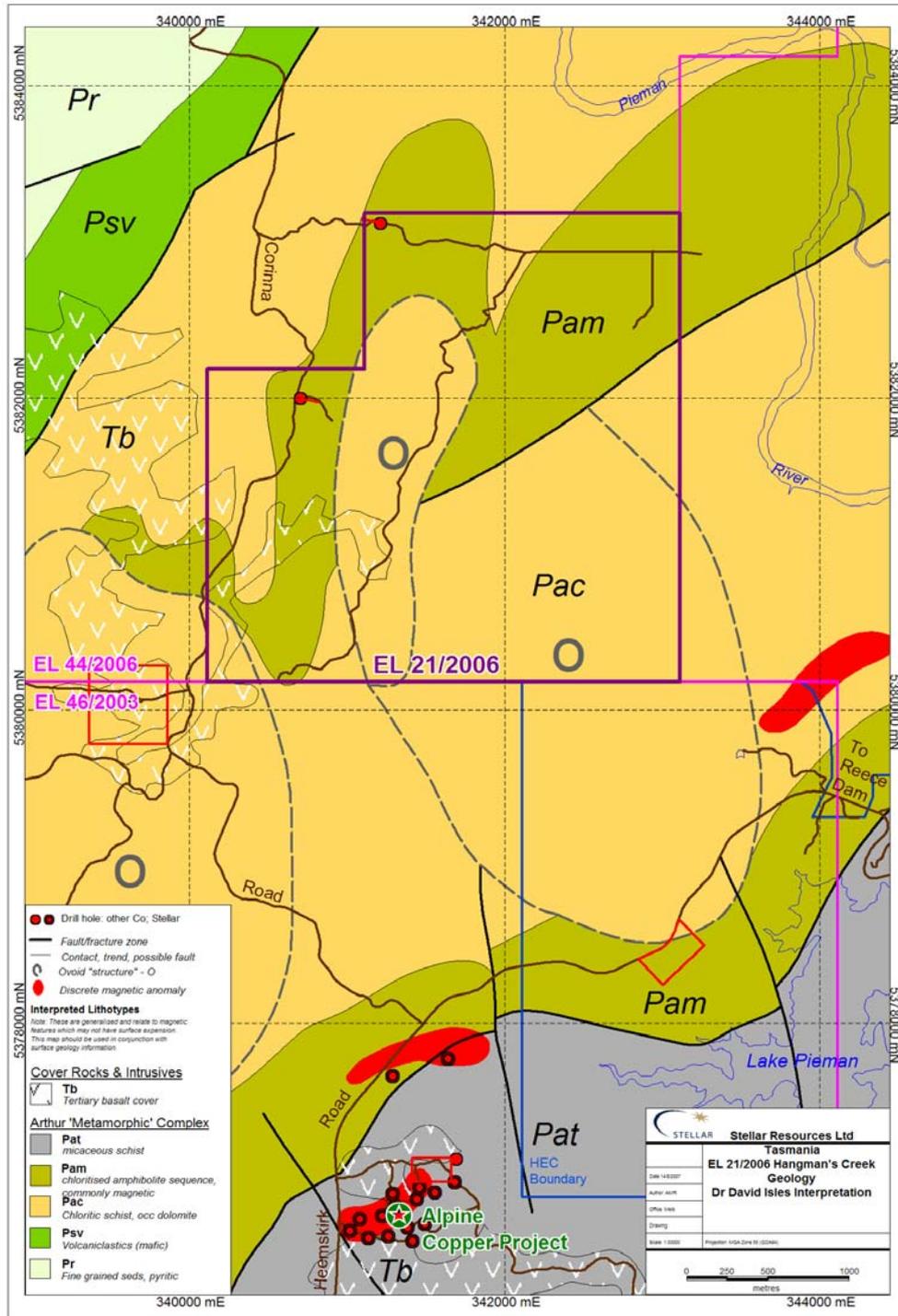


Figure 9
Hangman's Creek EL21/2006
Geological interpretation by Dr D. J. Isles,
with drilling.

3.4 REGIONAL GEOLOGY

The Arthur Lineament is a narrow linear zone of strongly deformed and regionally metamorphosed rocks with magnetic character trending NNE across NW Tasmania. It separates two relatively unmetamorphosed late Precambrian sequences: the Rocky Cape Group to the west representing a stable continental shelf facies and the Burnie/Oonah Formation to the east representing deeper water turbidites. The metamorphic rocks within the complex which range from green schist to blue schist facies (Turner et al 1992) are divided into two 'sequences':

-the western sequence. Timbs Group consists of quartz-chloritemica-albite-carbonate, schists, amphibolites and dolomite/magnesite marble. The rocks are believed to have compositional similarities especially the tholeiitic nature of the amphibolites, to the clastic-carbonate-mafic volcanic sequence of the Ahrberg Group which unconformably overlies the Rocky Cape Group west of the southern part of the Arthur Lineament.

-the eastern sequence consists mainly of psammo-pelitic schists and quartzite which are compositionally similar to the Burnie/Oonah Formations with which they appear to have a transitional eastern boundary.

On the basis of the Timbs-Ahrberg lithological correlation and the similarity of the Ahrberg Group to the eo-Cambrian sequences of the Smithton Trough and western Dundas Trough, it is hypothesised that the Arthur Metamorphic Complex (AMC) represents a similar eo-Cambrian rift assemblage which was deformed and metamorphosed after the mid Cambrian. Geochemical and geochronological support for the correlation of these basic rocks is discussed in Turner et al 1992, age dating indicating 725 - 600my range. However basic lithologies within the AMC Bowry Formation between the Reece Dam and Rocky River are interlayered with felsic volcanics and sodic granitoids. The occurrence of these felsic rocks which predate metamorphism have not been recognised in eo-Cambrian sequences of the Dundas and Smithton Trough. Turner (pers com 1993) suggests that on the basis of whole rock geochemistry and field relationships the felsic and basic lithologies may represent a bimodal volcanic/intrusive sequence. The felsic rocks are frequently spatially associated with ironstone bodies.

The AMC Bowry Formation hosts numerous stratiform magnetite pyrite bodies, the largest of which is currently being mined for iron ore at Savage River. Minor copper, zinc and gold mineralisation is associated with the ironstones. The geological setting has some similarities to the Starra deposit of the Mt Isa inlier and massive sulphide deposits of the Besshi style in Japan.

Devonian granites have intruded the western Tasmanian terrane and may underly at depth the tenement. Batholiths of the Meredith, Interview and Heemsklirk Granites are exposed to the west, south and east of the Arthur Lineament. Small (<10m wide) pyritic hydrothermal breccia dykes associated with felsic intrusives occur immediately east of the Bowry Formation between the Rocky and Paradise Rivers. These breccias are undeformed, cut graphitic schists and are probably of Devonian age. Devonian granites are associated with carbonate replacement tin mineralisation at Renison Bell and Pb Zn Ag vein deposits at Zeehan.

The tenement lies within an extensive coastal plain, the Henty Surface which has been dated as post Eocene (Baillie and Corbett, 1985) and predate Tertiary basalt lava flows. An understanding of pre basalt geomorphology may help explain the distribution and source of the tertiary gravels within the licence.

3.5 MINERALISATION

The West Coast of Tasmania is regarded as a significant mineralised region. 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. The recently discovered Avebury nickel skarn, on the south-east perimeter of the Heemskirk granite represents a new class of mineral deposit for the area.

4 RECOMMENDATIONS and FUTURE WORK

Stellar has acquired detailed aeromagnetic survey data covering all of the licence area (Goldstream/Titan 1996 helimag survey, 50m fls, 40m fh). Detailed digital geology at 1:25000 scale together with geochemical and drilling data (MRT) is also held by Stellar.

It is planned to conduct further modelling of the Goldstream/Titan 1996 aeromagnetic dataset in the coming year with a view to generating drilling targets. Existing regional geological, geochemical and geophysical data will be reviewed, and further detailed target identification and drill hole siting is expected to proceed on the most prospective targets.

5 ENVIRONMENT

There has been no field activity in the licence and therefore no environmental impact to report. No rehabilitation work has been required.

EXPENDITURE

Printed At: 03/09/2007 11:09:04 AM		Progress Report Rubicon Limited	
Code	Description	Actual 09/10/2006 to 31/08/2007	YTD Actual
Dept Code: D1	Rubicon		
Job Code: 6505	EL 21/2006 Hangman's Creek		
Phase Code: 105	STAFF COSTS		
1051	Administration Management	2,187.50	2,187.50
1053	Technical	1,065.33	1,065.33
Phase Totals for: 105		3,252.83	3,252.83
Phase Code: 106	CONTRACT PERSONNEL		
1061	Professional Technical	3,423.35	3,423.35
Phase Totals for: 106		3,423.35	3,423.35
Phase Code: 107	CONSULTANT PERSONNEL		
1072	Geoscientist	1,400.00	1,400.00
Phase Totals for: 107		1,400.00	1,400.00
Phase Code: 120	DATA ACQUISITION		
1202	Purchases of existing data	100.00	100.00
Phase Totals for: 120		100.00	100.00
Phase Code: 125	SUPPORT COSTS		
1252	Office Costs	68.18	68.18
Phase Totals for: 125		68.18	68.18
Phase Code: 150	TENEMENT COSTS		
1505	Rents/ Other Utilities	2,196.70	2,196.70
Phase Totals for: 150		2,196.70	2,196.70
Job Totals for: 6505		10,441.06	10,441.06
Group Totals for: D1		10,441.06	10,441.06

REFERENCES

Hermann, W. 1991. Annual Report to 6 April, 1991 EL56/89 - Corinna South, Tasmania. Outokumpu Exploration Australia Ltd. MRT Open File Report 91-3269.

Mathison, I.J. 1986. Exploration Licence No. 22/85 Savage River. Report on Exploration Activity, 20th November, 1985 to 20th November, 1986. MRT Open File Report 86-2614.

Morritt, R.F.C. 1995. Corinna EL 43/94 Annual Report for Period February 3, 1995 to February 2, 1996. MRT Open File Report, 96-3821

Neale, R.C. 1973. Pieman River. Exploration Licence 2/73 – Tasmania. Progress Report Report for the Period January 31 – July 31, 1973. Esso Australia Ltd. MRT Open File Report 73-0964.

Poltock, R. 1993. Annual Report to 26 May, 1993. EL 14/89 Corinna, and EL 56/89 Corinna South. Fodina Minerals Proprietary Limited. MRT Open File Report 93-3435.

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. MRT Open File Report 94-3566.

Rigg, A.M. 2007. EL46/2003 Heemskirk. Annual Report For The Period 3 January 2006 - 2 January 2007. Rubicon Min Tech Ventures Pty Ltd, a subsidiary of Stellar Resources Ltd.

Turner, N.J. 1992. Geology and Prospectivity of the Arthur Mobile Belt. Mineral Resources Tasmania. MRT Open File Report GSB70_227_223.

Turner, N.J. 1997. Exploration Licence No 43/94 Corinna, Western Tasmania Annual Report to 4/1/97. Goldstream Mining NL, Titan Resources NL. MRT Open File Report 97-4074.

Turner, N.J. 1997. Exploration Licence No 43/94 Corinna, Western Tasmania. Annual Report to 4/1/98. Goldstream Mining NL, Titan Resources NL. MRT Open File Report 97-4108.

Turner, N.J. 1998. Exploration Licence No 43/94 Corinna, Western Tasmania. Annual Report to 4/1/99. Goldstream Mining NL, Titan Resources NL. MRT Open File Report 99-4261.

KEYWORDS

BASIC VOLCANICS, BRECCIA, GRANITE, CARBONATE, BASE METALS, GOLD, COPPER, STOCKWORKS, VEINS, MAGNETITE SCHIST, AMPHIBOLITE, PROTEROZOIC, PRECAMBRIAN, CAMBRIAN, DEVONIAN, ORDOVICIAN, TERTIARY, GEOLOGY, ARTHUR LINEAMENT, BOWRY FM, LUCY FM, LEFROY RIDGE, GEOCHEMISTRY, GEOPHYSICS.