



STELLAR RESOURCES LIMITED
Rubicon MinTech Ventures Pty. Ltd.

EL 49/2004 RAYNE

**ANNUAL REPORT FOR THE PERIOD
3 JANUARY 2008 – 2 JANUARY 2009**

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DATE: January 2009

SUBMITTED TO: Executive Chairman

DISTRIBUTION:

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ABSTRACT

This Annual Report for EL 49-2004 Rayne covers the period 3 January 2008 to 2 January 2009.

The Rayne licence area is positioned to cover a large low order aeromagnetic anomaly (the Dunkley Magnetic Anomaly) located 8km to the NE of Zeehan. Allegiance Mining's Melba Flats/Cuni prospects are situated approximately 1.5km east of the northeast boundary of the Rayne licence, where massive sulphides of nickel and copper occur in thin lenses associated with gabbro dykes and amphibolites.

The source of the magnetic anomaly in the Rayne EL is conjectural but analysis indicates that it is due to hornfelsing associated with granite apophyses and potentially could host a Renison style sulphide/carbonate replacement tin deposit. Apart from one hole (S1200) drilled by Renison in 1985, the magnetic anomaly remains untested.

The EL 49/2004 also contains historical occurrences of base metals, especially in the vicinity of the town of Zeehan, which abuts the southwest corner of the EL. Previous exploration in the area includes light to very sparse stream sediment sampling, geological mapping, a range of geophysical surveys and a few drill holes, more so in the south-west near Zeehan and in the north-east. The central and northern areas of the licence appear under-explored.

Work on the licence for the period has been undertaken mainly in Stellar's Melbourne office, this has included continuing compilation of an open file literature review and the collection of existing regional geological, geochemical and geophysical data.

In the field, the collar of ddh S1200 has been located, as has the drill core, which is stored in the Renison Core Shed. The core has been inspected and the original logging and optical petrology was found to be accurate.

Expenditure on EL 49/2004 for 2008 totals \$29,985

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INTRODUCTION

1.1. EXPLORATION RATIONALE & GEOLOGICAL SETTING

The licence area is positioned to cover a large low order aeromagnetic anomaly (the Dunkley Magnetic Anomaly [DMA]) located 8km to the NE of Zeehan. The magnetic anomaly is situated immediately south of the Renison Bell Mining Lease and also immediately west of Allegiance Mining's Melba Flats prospects where massive sulphides of nickel and copper occur in thin lenses associated with gabbro dykes and amphibolites. Further eastwards there is a significant outcrop of ultramafic rocks at Serpentine Hill.

The source of the DMA is conjectural but analysis suggests it may be due to hornfelsing associated with a granite apophyses. Renison traced the Renison Mine Sequence to this area prior to the 1984 collapse of the tin price. They drilled one drill hole (S1200), which intersected only Crimson Creek Formation sediments and no significant mineralization. The magnetic anomaly remains untested.

1.1.1. Geological Setting

The majority of the Rayne licence (SW segment) is underlain by Ordovician Gordon Limestone (including quartz sandstone and minor siltstone) and Silurian Eldon Group sediments comprising sandstone, siltstone and mudstone. These rocks strike NNW and comprise the eastern limb of a gently folded syncline.

The Gordon Limestone is overthrust on its eastern contact by Cambrian Crimson Creek Formation rocks along the Boodecker Fault. The Crimson Creek Formation is a thick sequence of tuffaceous siltstones, greywackes and clastic sediments. The base of the Crimson Creek is marked by a mixture of haematitic agglomerates, cherts, tuffs, sandstones and thin carbonates known as the Red Rock Member. This averages 20m thickness and is overlain by a dolomite horizon 5-15m thick called the No.1 at Renison Bell where it hosts replacement style pyrrhotite cassiterite mineralisation. A small section of the Lower Cambrian Success Creek Group abuts the Crimson Creek along the SW trending Dunkleys Fault in the northern part of the licence area. The Success Creek Group comprises sandstones and polymict conglomerate, quartz sandstone and siltstone. The upper part of the Success Creek Group in this region includes two major dolomite-siderite carbonate horizons, 10-20m thick, which are the Nos 2 and 3 dolomites at Renison Bell.

Immediately to the east of the licence at the Cuni prospect area and within the Crimson Creek Formation are a series of north trending Cambrian pyroxenite and gabbro sill/dykes over a 2-3km strike length. Thin lenses (1m) of massive nickel and copper sulphides generally occur along the footwall contact of the dykes or within the underlying sediments.

1.2. LICENCE

TENEMENT NUMBER: 49/2004

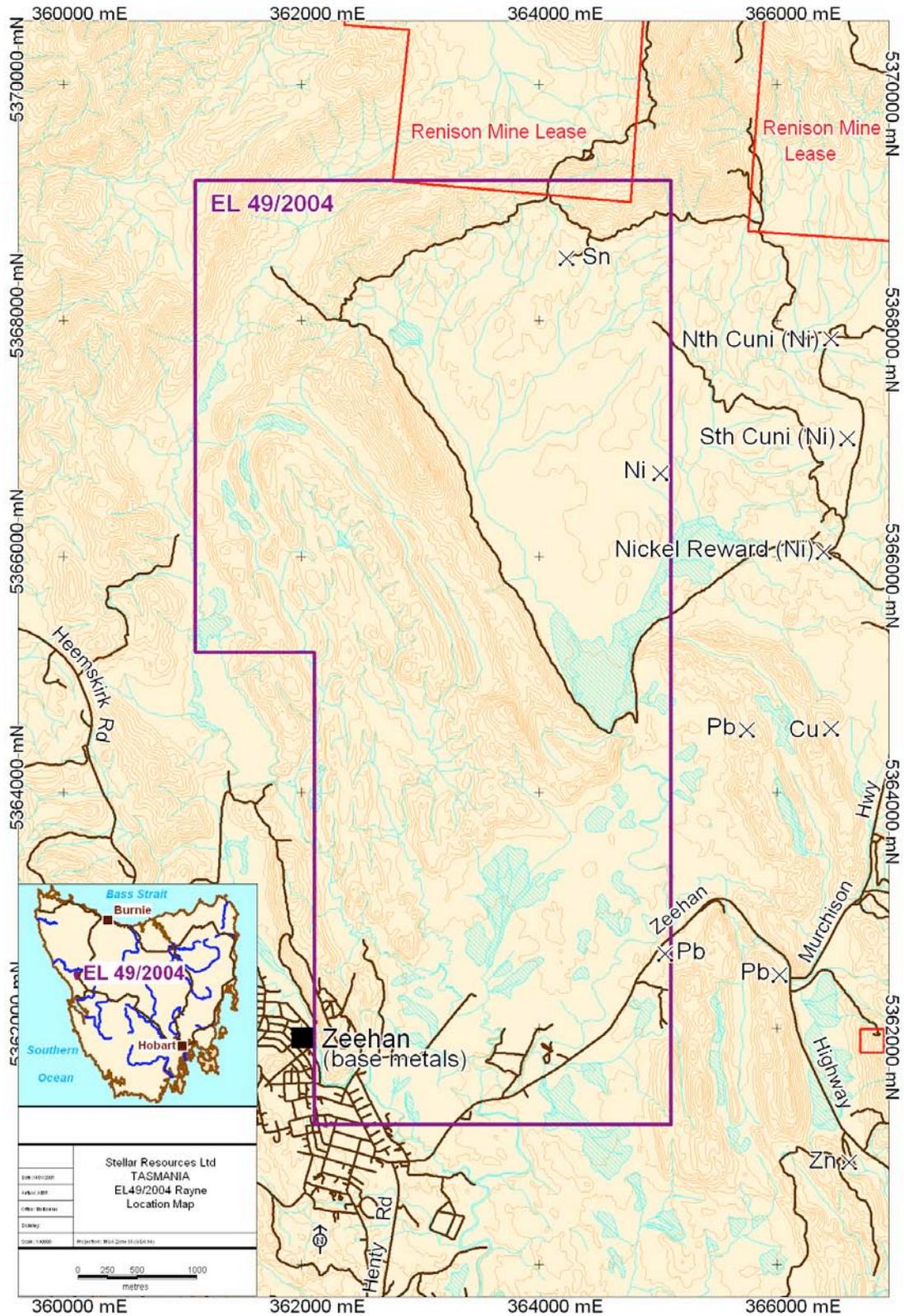
TENEMENT NAME: Rayne

TENEMENT LOCATION: Extends approximately 8km north of the town of Zeehan, which abuts the southwest corner of the licence. Main road access is from the Zeehan Highway, which passes through the southeast of the licence (Figure 1). The licence covers 28km² from 2km northwest of the Cuni nickel prospect, in the north, south to the town of Zeehan and the Zeehan Highway. Almost all of the EL area is Crown Land, and in accordance with the West Coast Planning Scheme 1999 is covered by "Natural Resources", private land is restricted to the Zeehan town site. The topography within the licence ranges from low/undulating to steep, being generally steeper in the west and northwest. Vegetation coverage by proportion high to low is buttongrass moorland, ti-tree/acacia forest, nothofagus rainforest, wet eucalyptus forest and wet scrub. Access is provided by the Zeehan Highway in the south, Cuni area mineral exploration tracks via the Murchison Highway to the northeast, the disused Dunkley's Tramway along Parting Creek in the north, and tracks running east of the Heemskirk Road in the west. Much of the area is not well serviced by tracks and may at present only be accessible by foot.

REPORTING PERIOD: 3 January 2008 to 2 January 2009

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

1.3. LOCATION OF LICENCE



• Figure 1. EL49/2004, Location Map.

1.4. LAND TENURE

SCHEDULE

LAND DISTRICT OF MONTAGU
VICINITY OF ZEEHAN
MUNICIPALITY OF WEST COAST
EXPLORATION LICENCE 49/2004 28km²
RUBICON MIN TECH VENTURES PTY. LTD.

Commencing at the northwest corner at grid coordinates 361 000 mE 5 369 000 mN thence grid east to 365 000 mE grid south to 5 361 000 mN grid west to 362 000 mE grid north to 5 365 000 mN again grid west to 361 000 mE aforesaid thence again grid north to the point of commencement.

Coordinate datum - AGD66AMG, Zone 55.

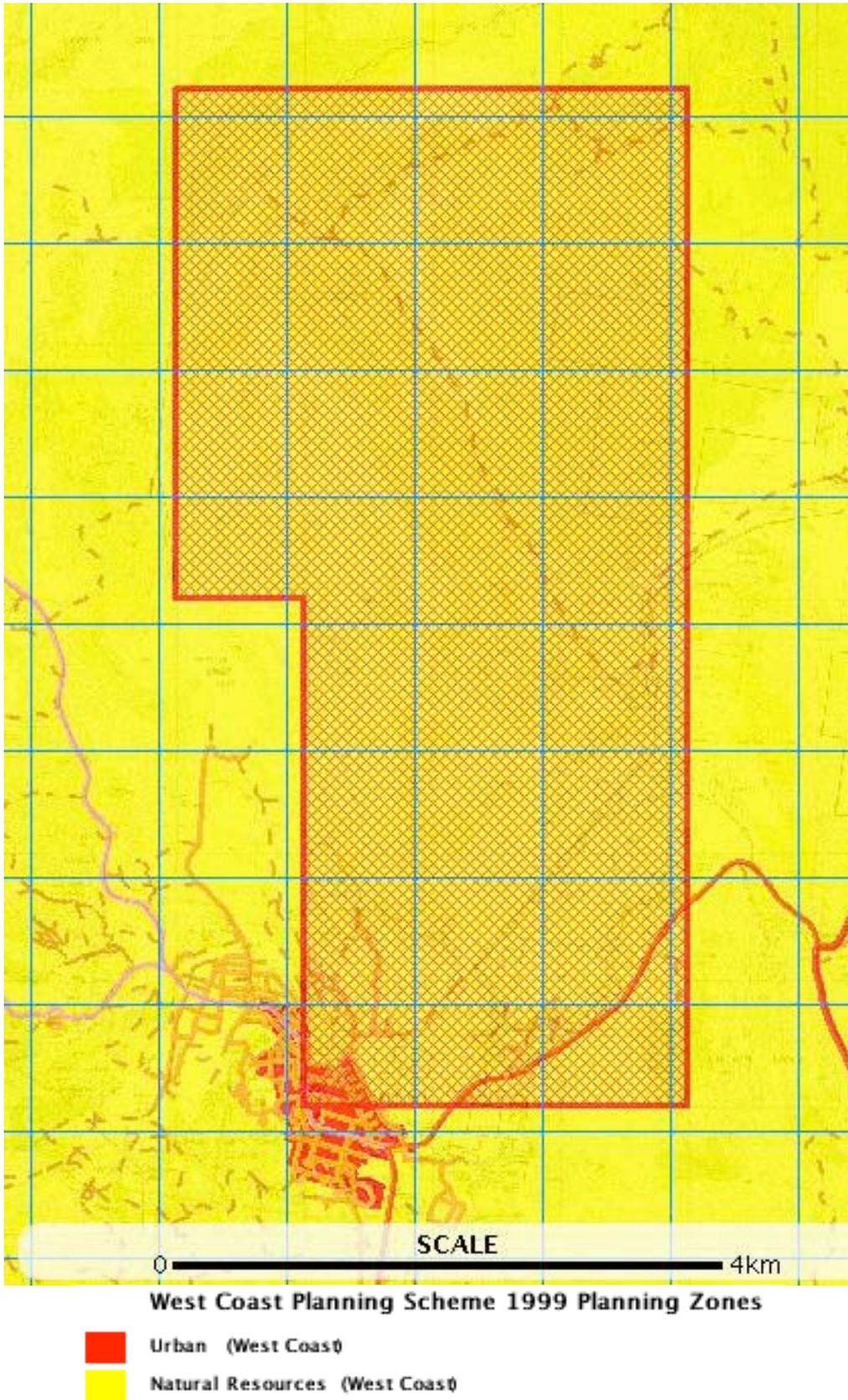
EXCLUSIONS

- (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 amounting to 19 ha (more or less) 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.

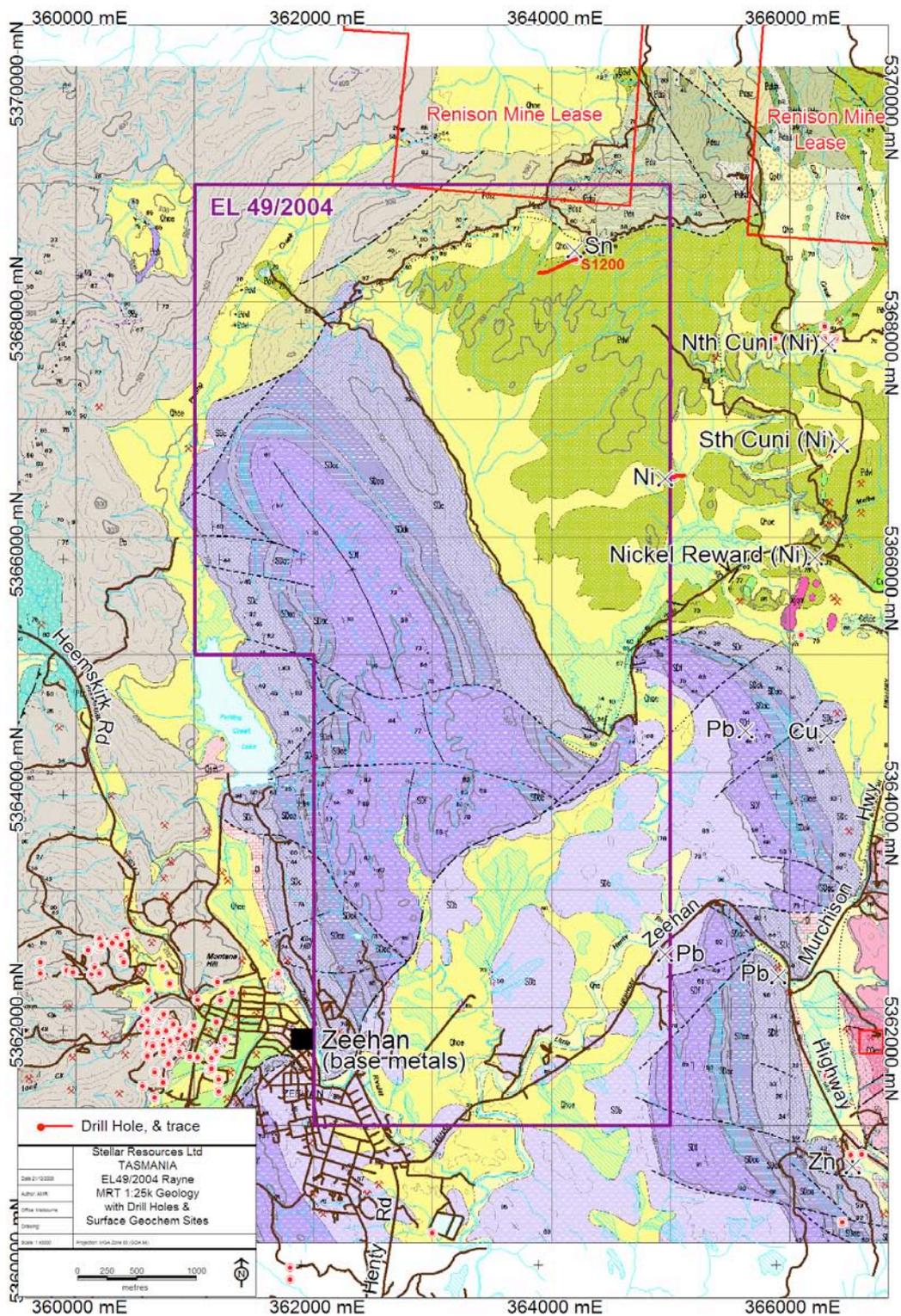
LAND TENURE

The area comprises:
Private Property
Crown Land
Crown Land (Subject to DPIWE approval)
Multiple Use State Forest
Parting Creek Regional Reserve

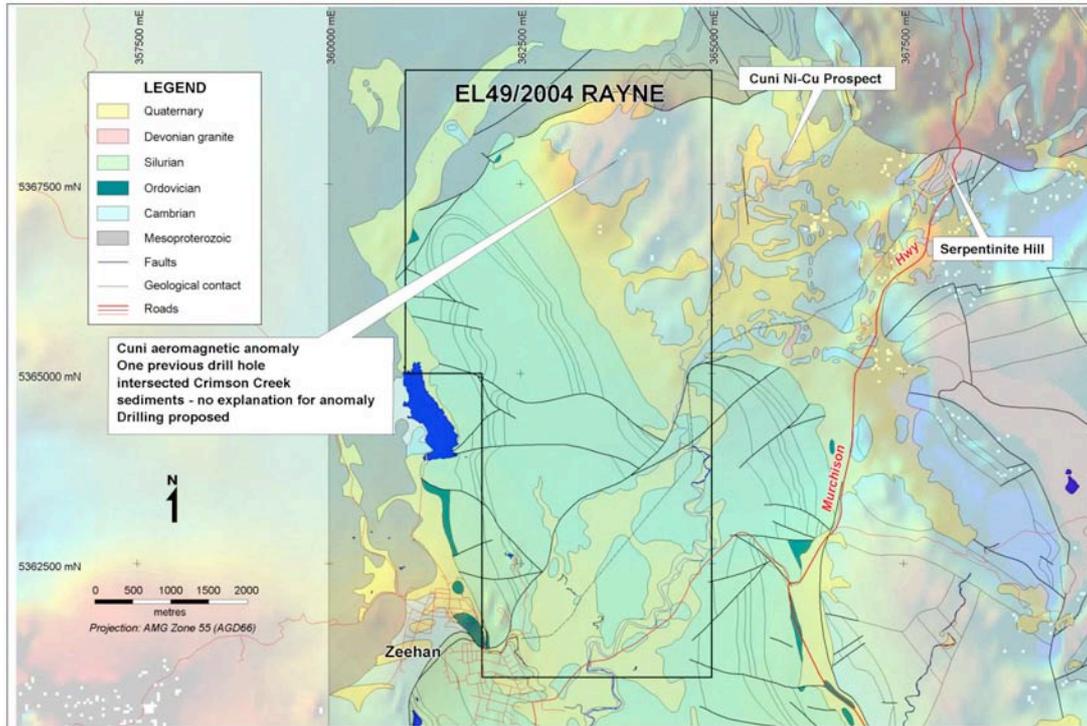
The licence area contains Forest Communities Managed by Prescription.



• Figure 2. EL49/2004, Land Tenure Map



• Figure 3. EL49/2004, MRT Geology Plan.



• Figure 4. EL49/2004, MRT Geology draped over aeromagnetics.

2. REVIEW OF PREVIOUS WORK

The Rayne licence is focussed on a deep-seated magnetic anomaly located to the west of the Cuni Ni deposits at Melba Flats and SW of the Renison Bell mining lease. Early ground based magnetic work by Rio Tinto defined the anomaly in 1960 and it was named the Cuni aeromagnetic anomaly. "*The gradual increase in magnetic values from over 2,000 feet from the anomaly, and the occurrence of the major part of the anomaly over a width of 1,100 feet indicated a source of considerable size and depth extent*". Geochemical work indicated "*a few low mineralised zinc zones. One of them is at the peak of the aeromagnetic anomaly*". Rio Tinto undertook no follow-up work.

Nickel-copper mineralisation was first discovered in the Cuni area in 1893 and a series of prospects and mines worked intermittently up to 1959. Prior to 1914 only 710 tons of ore had been shipped to Europe. One bulk sample in 1911, assayed 17% Ni and 6.45% Cu. Overall it is estimated that historical production from the 3km strike of prospects and workings totals 10,000 tonnes at 9.5% Ni and 3.5% Cu. The old workings were generally less than 50m from surface. The mineralisation forms two types: pentlandite–chalcopyrite in the area of the Genets Shaft to the Vaudeau Shaft and millerite–chalcopyrite-pyrite at Nickel Reward and Devereaux's Prospect.

The Tasmanian Mines Department investigated the area by drilling between 1939-1940. The Vaudeau workings were opened in 1938 by Australian Nickel NL and in 1948 by the Lead Nickel Mining Company. Geophysical surveys were undertaken by the Imperial Geophysical Experimental Survey in 1928 and the Bureau of Mineral Resources in 1952-53.

In 1952-53, Eagle Mines NL drilled four holes following the BMR geophysical surveys. Between 1955 and 1957, 18 holes were drilled by the Tasmanian Mines Department for the Montana Silver-Lead company NL.

Early modern exploration in the Cuni area was undertaken by EZ in their EL2/62 directed at Ni/Cu mineralisation associated with amphibolite and gabbro dykes. EZ completed geochemical sampling, geophysical surveys (ground magnetics and TURAM) and drilling of the Cuni lodes.

Within the SW part of its EL42/71 Renison Limited (Renison) identified the Cuni Aeromagnetic Anomaly (*The Dunkley Magnetic Anomaly*) as a potential target for Renison style tin mineralisation and in 1972 established the Dunkley Grid. Labour shortages are reported and Renison did not complete its proposed program of exploration. In 1983 a new grid (Dunkley Fault Grid) was established and Renison completed ground magnetics and bedrock geochemical sampling. The geochemical sampling had defined a linear trend parallelling the faulted contact (Boodecker Fault) between Crimson Creek Formation sediments and Eldon Group sediments (Gordon Limestone). The northern end of the trend included a modest Sn anomaly. A 598.6m drill hole (S1200) was completed to test the local peak of the magnetic anomaly. The hole intersected Crimson Creek Formation sediments throughout its whole length and failed to explain the anomaly. The presence of increasing calcite veining in the lower part of the hole is interpreted as an encouraging sign that the hole approached a zone of replacement mineralisation. Subsequent EM geophysics (UTEM) failed to delineate any significant anomalies.

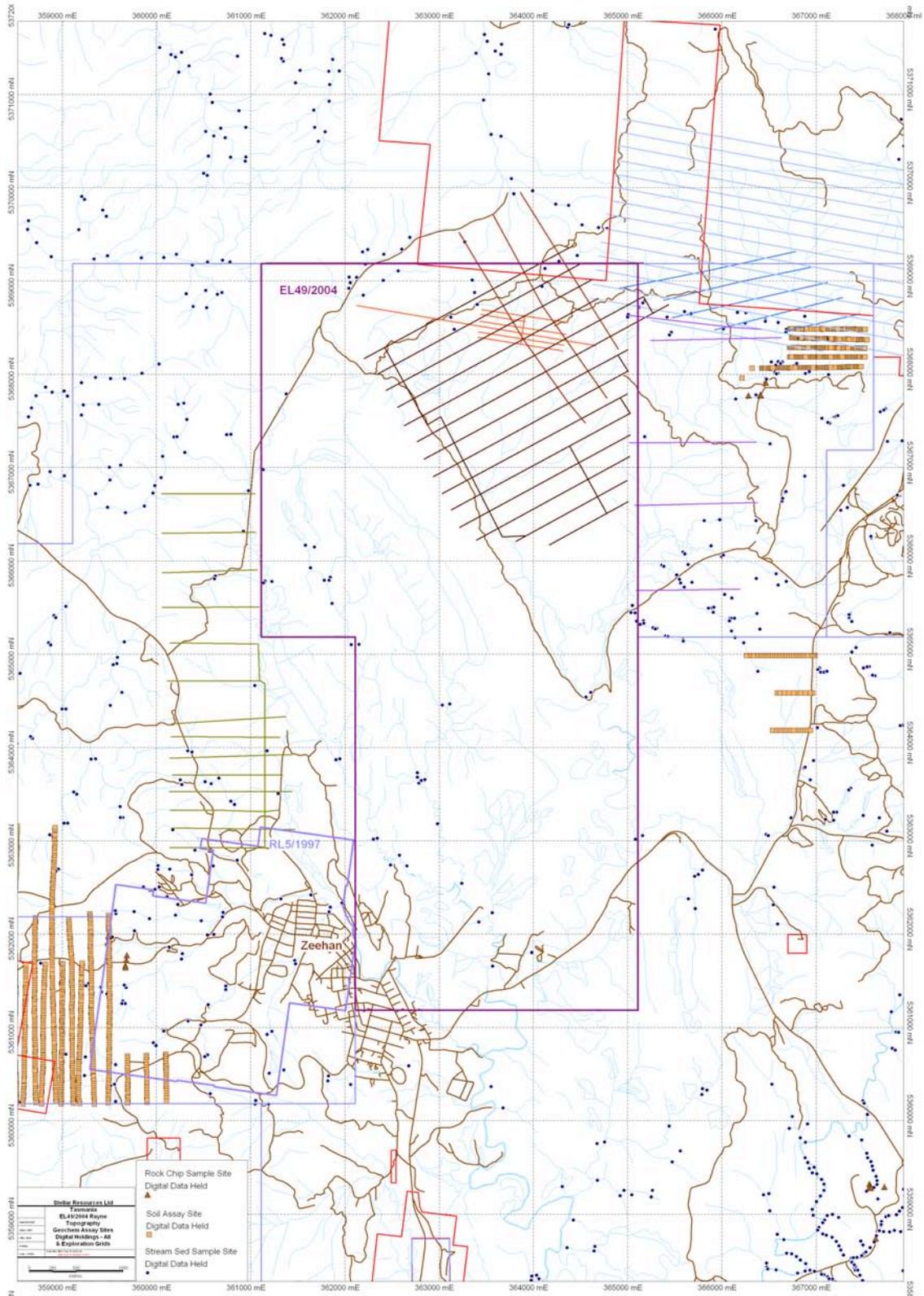
Renison concluded the large "circular" magnetic response extending from the Boodeker Fault east to the Cuni area (the Cuni Aeromagnetic Anomaly / *Dunkley Magnetic Anomaly*) is consistent with hornfelsing above a granite cupola. However they were unable to explain the "intense anomaly" as defined by ground magnetics.

Within its EL 15/76, CSR completed low-level aeromagnetics over the Cuni area adjacent to the Rayne tenement. Follow-up ground magnetics was undertaken in 1985. CSR interpreted a deep, magnetic, possibly granitic body (700-800m beneath surface). At the western boundary of its tenement, a 226.7m diamond drill hole (CG4) was completed in 1986 to test for the source of a magnetic anomaly. The hole intersected a series of lithic sandstones and tuffs with one zone of shale (116.3-164.9m) containing fine disseminated pyrite, minor pyrrhotite and traces of chalcopyrite and sphalerite. Magnetic susceptibility measurements at 0.2m intervals gave no magnetic readings. It is

reasonable to conclude that the source of the magnetic anomaly lies at greater depth than tested by the drill hole.

CRAE explored the area for Irish style Zn-Pb deposits during the 1990's. At their Gordon Limestone Sassafras prospect NE of Zeehan CRAE completed 130 'Wacker" geochemical holes for an average depth of 5.9m. Assay results for zinc peaked at 2,590ppm with lead values up to 441ppm. These anomalous values are associated with the basal contact of the Gordon Limestone. No follow up work was undertaken.

Parts of the licence have been subject to intensive exploration programmes over the prior 30 years – in the north-east and south-west especially. Stellar is working its way through the recorded data, checking and capturing data where relevant. There is only one recorded drill-hole (MRT database) within the licence. S1200 appears to be incorrectly sited in the MRT database, and has been moved approximately 1km south into Stellar's licence. This hole was drilled into a geochemical/geophysical anomaly. The rocks are largely unaltered CCF, with a basic dyke intersected at 390m. The geophysical target was not explained by the drilling and was not further tested.



• Figure 5. EL49/2004, Previous Exploration Grids.

3. EXPLORATION COMPLETED DURING THE REPORTING PERIOD

3.1. REGIONAL EXPLORATION ACTIVITIES

3.1.1. Data Acquisition, Mapping & Analysis

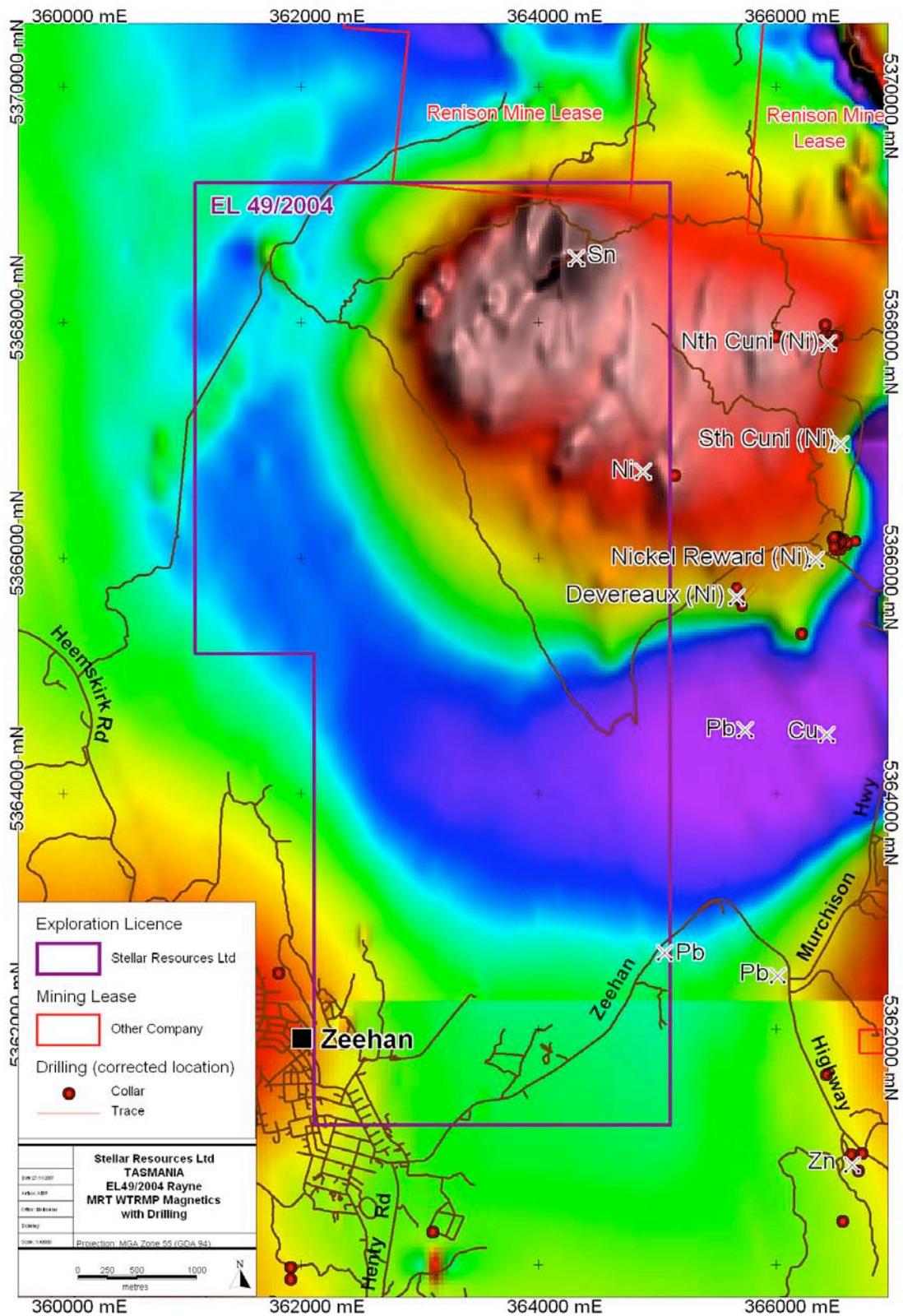
MRT digital geology and geophysics datasets, as well as DPIWE topographic data have been imported into MapInfo, from which further maps have been produced. Previous exploration data from EZ, Renison, CSR and CRAE has been digitised and captured from MRT open-file reports.

3.2. DUNKLEY MAGNETIC ANOMALY

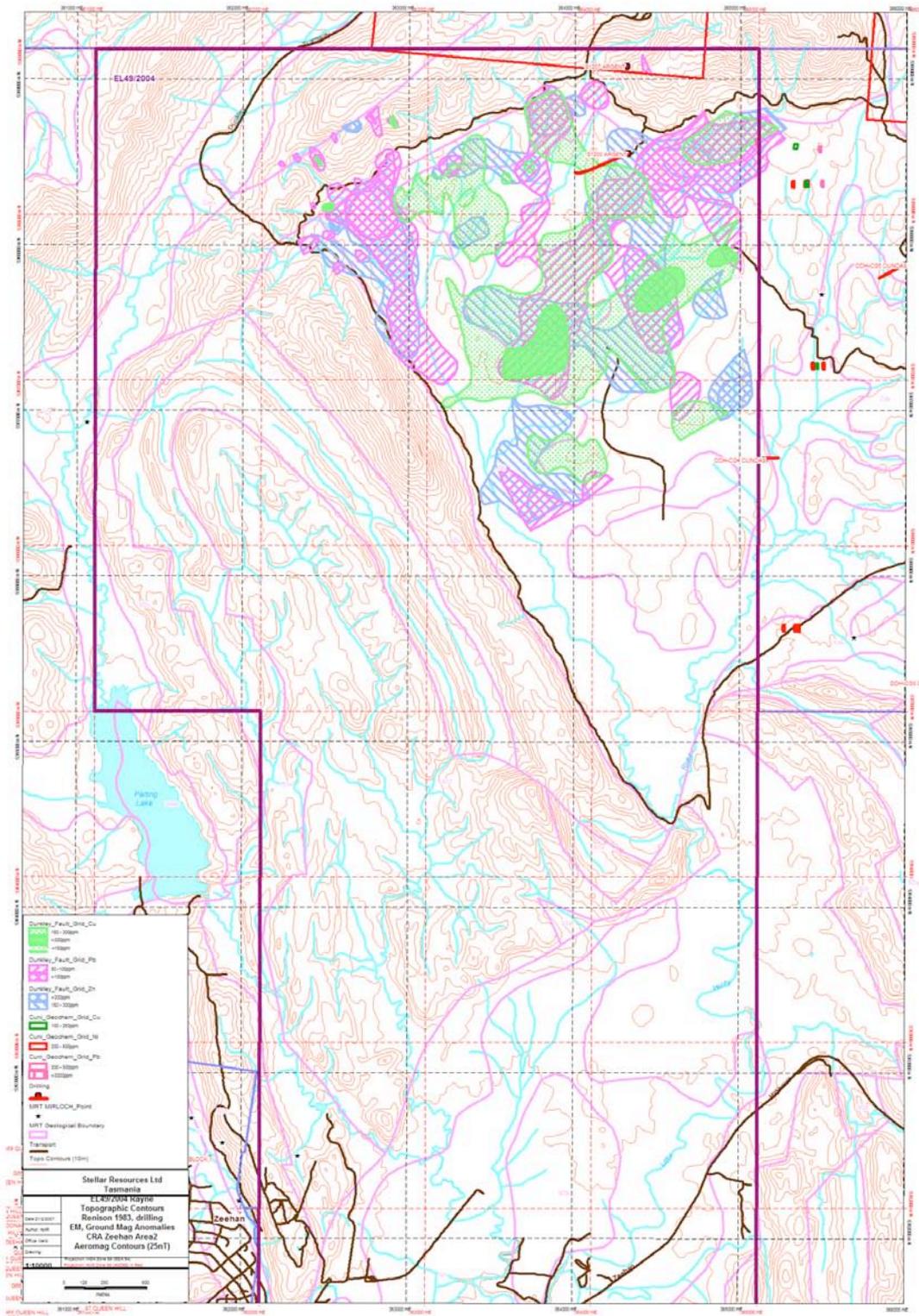
The Dunkley Magnetic Anomaly is a positive magnetic anomaly which covers an area of about 6km² in the northeast corner of EL 49/2004. The anomaly has a series of ridges running north-south which are coincident with historic geochemical anomalies. These may reflect deep-seated faulting and/or geological structures in the basement rocks. There is also a small "peak anomaly" within the DMA. An interpretation of the structural features of the DMA is based on these magnetic features, the geochemistry and the S1200 logging. This structural interpretation is presented as Figure 8.

Stellar staff located the collar of ddh S1200 at 364323mE, 5368556mN (GDA94).

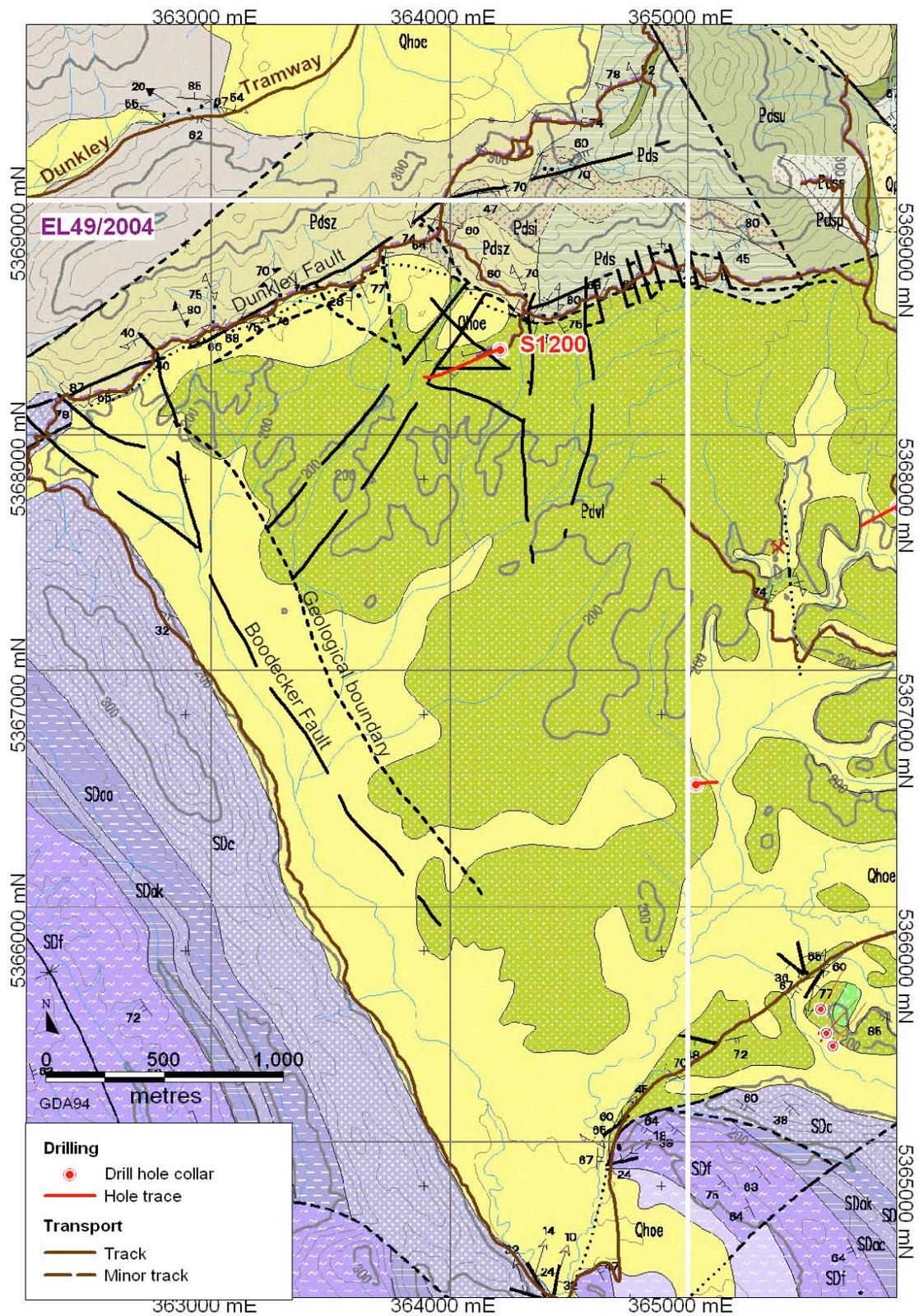
Core from ddh S1200 was located in the Renison Mine core shed. The core was inspected and some photographed. The rocks all appeared to be unaltered Crimson Creek Formation with no sign of increasing alteration downhole. The original logging and optical petrology was found to be accurate.



• Figure 6. EL49/2004, Aeromagnetics showing drill holes.



• Figure 7. EL49/2004, Geochemistry on Topography Plan



• Figure 8. EL49/2004, Structural Interpretation of the DMA area on MRT Geology.

4. DISCUSSION OF RESULTS

Renison's interpretation of the Dunkley Magnetic Anomaly and the geology was of a magnetic body at about 350 metres depth. Based on this they drilled diamond drill hole S1200 which did not explain the anomaly.

William's study (2008) suggested that the Precambrian basement is at depths of greater than 500 metres; that the source of the anomaly is a magnetic body within the basement which is about 2.5 km north-south x 2.9 km east-west and that it is probably an intrusive magnetic Devonian granitoid.

The "peak anomaly" has been modelled as a 100m x 100m x 100m magnetic body at a depth of about 300 – 400 metres but it could also be a flat body at a depth of 600 – 700 metres below surface. This deep body would correspond with the interpreted depth of the Renison Mine Sequence.

Based on this reinterpretation of the magnetic data it appears that historic drill hole S1200 did not test the target. It was too shallow but the lack of alteration and/or veining in the core from the deepest sections of the hole is difficult to explain. Considering the proximity of S1200 to the modelled magnetic and granitoids some alteration and/or veining would be expected.

The Dunkley Magnet Anomaly is a prime target for Renison style mineralisation.

5. CONCLUSIONS

Review of the historic exploration data suggests that the Dunkley Magnetic Anomaly is a very good Renison style sulphide / carbonate replacement tin target, which has not been effectively tested by past work.

Williams (2008) study supports the historical data interpretation and confirms the view that the EL could host a Renison style deposit at depth under the Dunkley Magnetic Anomaly in the northeast corner of EL 49/2004. Future work will concentrate initially on refining the target prior to commencing a deep (expensive) drilling program.

5.1. RECOMMENDATIONS

- conduct a large loop UTEM survey directly over the magnetic target,
- design a drilling program to test the Dunkley Magnetic Anomaly
- drill the target.

6. ENVIRONMENT

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

7. EXPENDITURE

Job No	Job Details	Department	
Tran. Date		Doc Ref - Description	Amount
Job Code: 6503	EL 49/2004 Rayne	D1	
	1051	Administration Management	AU\$312.50
	1053	Technical	AU\$3,964.75
Phase Total	105	STAFF COSTS	AU\$4,277.25
	1061	Professional Technical	AU\$5,241.00
Phase Total	106	CONTRACT PERSONNEL	AU\$5,241.00
	1072	Geoscientist	AU\$10,421.37
Phase Total	107	CONSULTANT PERSONNEL	AU\$10,421.37
	1204	Other	AU\$689.45
Phase Total	120	DATA ACQUISITION	AU\$689.45
	1251	Vehicle Costs All	AU\$576.43
Phase Total	125	SUPPORT COSTS	AU\$576.43
	1303	Computing	AU\$3,300.00
Phase Total	130	DATA PROCESSING	AU\$3,300.00
	1503	Pegging Application Forms	AU\$174.55
	1505	Rents/ Other Utilities	AU\$1,050.00
Phase Total	150	TENEMENT COSTS	AU\$1,224.55
	1551	Meals and Accommodation	AU\$119.49
	1554	General Expense	AU\$135.91
Phase Total	155	TRAVEL	AU\$255.40
Job Total: 6503	Class RUB		AU\$25,985.45

8. REFERENCES

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Keywords

Location: Zeehan, Cuni, Melba Flats
Mineralisation environment: Carbonate replacement, skarns,
Minerals: Cassiterite, Arsenopyrite, Magnetite
Exploration methods: Geochemistry, Aeromagnetics, UTEM, Drilling
Mine/prospect name: Dunkley Magnetic Anomaly
Stratigraphic name: Oonah Formation, Success Creek Group, Crimson Creek Formation,
Eldon Group
Lithology: quartzite, slate, dolomites, sandstone, conglomerate, siltstone,
greywacke, granite
Geological Province: Dundas Trough
Geological age: Precambrian, Cambrian, Ordovician, Devonian, Tertiary