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Scope of Works: 2010 Zeehan Tin Project Drilling Program

SUMMARY

This Work Plan targets the near surface (0 – 120m depth) portion of the Queen Hill tin deposit.

It aims to refine the geological model, provide samples for metallurgical testing and thus facilitate the estimation a JORC resource for the Queen Hill deposit.

The data thus generated will facilitate mine planning and mining feasibility studies.

Proposed work program:

- Stage 1: Model, permit, locate and construct drill tracks and pads
Schedule: 1 month (April 2010)
 - Stage 2: Drill 6 PQ/HQ diamond holes totalling 550m
Schedule: 1.5 months (May – June 2010)
 - Stage 3: Metallurgical test work, modelling & resource estimation
Schedule: 1 month (July 2010)
- Total Schedule: 3.5 months (April – July 2010)

WORK PLAN OBJECTIVES

- Refine the shallow (surface to 1100m RL) portion of Queen Hill deposit geological model
- Evaluate and augment the estimate of near surface (surface to 1100m RL) tin resources in the Queen Hill deposit via new drilling.
- Produce the maximum mineralised sample for metallurgical test work.
- Gather geotechnical data for mine planning.

1. Introduction

The Zeehan Tin Project is contained within Retention Licence RL5/1997, in the vicinity of Queen Hill, adjacent to Zeehan in western Tasmania. Refer to Figure 1. The licence covers 6 km² and includes part of the Zeehan town site and many of the old mines and prospects of the historic Zeehan silver-lead-zinc mining field.

The project comprises three significant tin deposits (Figures 2 & 3) each with different configuration, mineralogy and metallurgy:

- Queen Hill, an outcropping fault and carbonate replacement lode
- Montana, a blind (190m deep), carbonate replacement lode
- Severn, the largest, a blind (140m deep), fault stockwork lode

Aberfoyle's resource estimate, based on 23,000 metres of diamond drilling, outlined a substantial indicated and inferred tin resource for the three deposits estimated at 7.3 million tonnes grading 0.69% Sn and 10.9 g/t Ag, using a 0.1% tin cut off.

The **Queen Hill** mineralisation crops out on the north western side of Queen Hill, approximately 600m west of Zeehan, and is hosted by a sequence of dolomitised siltstones, iron-rich evaporites, cherts and pyritic shales, informally known as the 'Queen Hill Beds'. The deposit comprises a 3 to 8 metre thick upper lens consisting of high grade, sulphide replacement-type mineralisation in volcanoclastics sediments and dolomite. The hanging wall of this lens is adjacent to a fault zone coincident with the Clarke Pb-Zn-Ag lode. The lower lens of the deposit is a 3 to 25 metres thick composite zone containing relatively narrow high-grade mineralisation.

The **Severn** mineralisation is located about 300m east of Queen Hill, in the hanging wall of the Severn Fault, within volcanoclastic sediments of the Crimson Creek Formation, above an unconformable contact with sediments of the Oonah Formation. Tin mineralisation is fracture controlled and occurs as vein stockworks and replacement lenses within a 130m wide drag zone in the hanging wall of the Severn Fault. Narrow sulphide lodes and minor vein mineralisation comprising pyrite, stannite and some cassiterite (Taylor's lode) or siderite, ankerite, sphalerite and galena (Argent/McKay's lode) are also present. The deposit contains the largest portion of the Zeehan Tin Project resources and is open at depth.

Montana is a high grade, stratiform, carbonate replacement tin deposit confined to a dolomite sequence in the Montana Beds of the Success Creek Group. It is located about 600m northeast of Queen Hill. This Renison-style mineralisation, comprising high-grade cassiterite and massive sulphides, is a 2.5 to 5.0 metres thick stratiform lens with a strike length of approximately 80m. The adjacent historic silver mine workings were developed to a depth of approximately 150m. Below this level, drill hole G67 intersected a pyrite lode over 8.0m @ 3.34% Sn from 192.3m near the contact between Oonah Formation quartzites and Crimson Creek Formation. The deepest intersection is 300m below surface in drillhole M76, which graded 1.6% Sn over an estimated true width of 6m. The Montana mineralisation is open at depth.

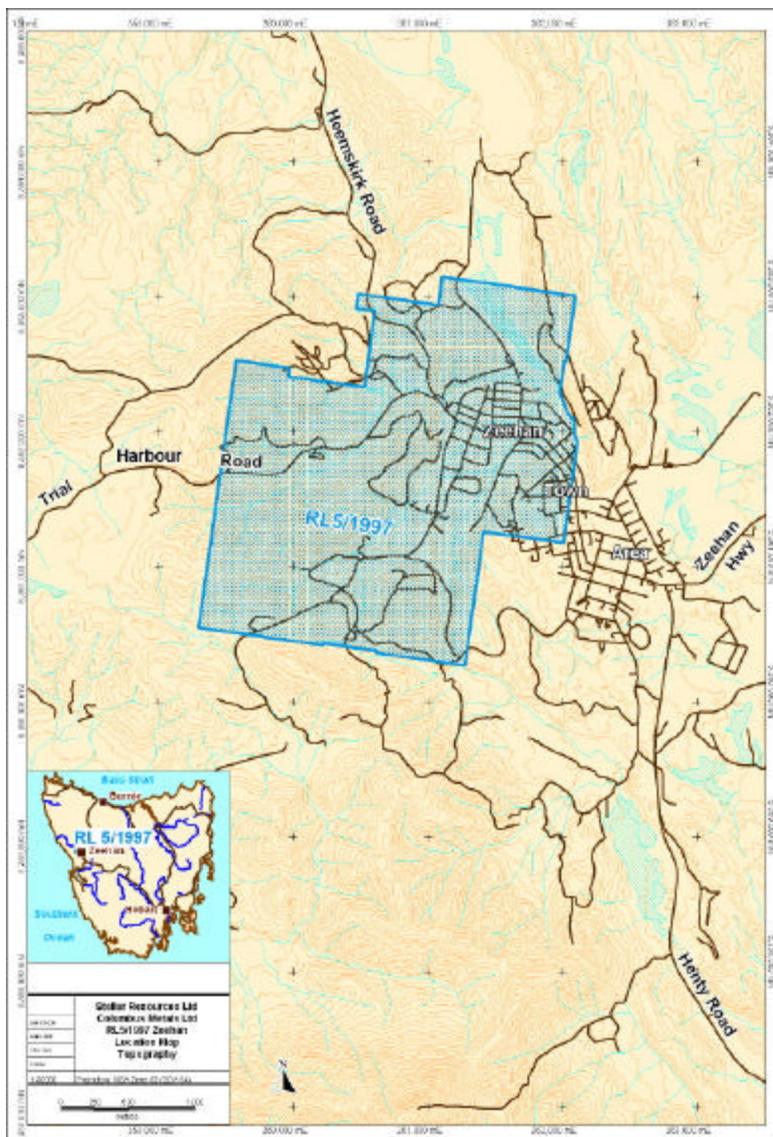


Figure 1. RL 5/1997, Zeehan Tin Project: Tenement Location Plan.

HISTORY

The Zeehan silver-lead mining field was discovered in 1882 and mining continued until 1913 with a total production of 2.7 million ounces of silver and 200,000 tonnes of lead. In 1937 cassiterite mineralisation was discovered on the northwest slope of Queen Hill adjacent to the old Ag-Pb lodes.

During the 1960's several old silver-lead-zinc lodes at Queen Hill were mined for tin from an open-cut and adits at the Stormsdown Mine. Cassiterite-sulphide mineralisation was also exposed in adits driven into the adjacent Clarke's silver-lead Lode.

Gippsland Oil and Minerals NL (Gippsland) acquired the ground in 1971 and completed 10 diamond drill holes. Some of these early holes intersected massive pyrite-pyrrhotite sulphides containing cassiterite, but later holes intersected only minor mineralisation. Gippsland also drilled 2 holes (G19 & 20) into the old Montana Mine, 600m northeast of Queen Hill, and intersected tin mineralization (G20 intersected 5.5m grading 1.5% Sn at 142m depth).

Aberfoyle concluded a joint venture with Gippsland in 1972 and completed a total of 15 diamond drill holes (NQ/BQ) at Queen Hill confirming mineralisation to 300m below surface by year's end. In 1976 Aberfoyle tested a magnetic anomaly on the eastern flank of Queen Hill with a 350m diamond drill hole (G39) and discovered the Severn deposit. The hole intersected 5.65m averaging 1.95% Sn as cassiterite within an interval of pyrite-pyrrhotite-siderite veined sediments from 140m below the surface. Drilling concentrated on Severn through 1976 to 1978 (6 holes).

During the 1978 Aberfoyle reprocessed all the Zeehan drilling data and an estimate was made of the Queen Hill tin resource. As a result additional drilling was undertaken to improve the quality of the inferred resource and estimate the overall ore potential of the Zeehan area. Between 1978 and 1982 41 holes (HQ/NQ) were drilled into the various deposits.

A new resource estimate was compiled in June 1982 after completion of 89 diamond drill holes totalling 23,000 metres. Refer to Figure 3. It was recognised that a substantial tin resource could be inferred for the combined Queen Hill, Severn and Montana deposits containing 7.3 million tonnes grading 0.69% Sn and 10.9 g/t Ag assuming a 0.1% Sn cut off. Continuous higher grade zones, totalling 3.61 million tonnes @ 1.21% Sn and 12.4 g/t Ag, were defined within the mineralised envelope using a 0.5% Sn cut off. In 1983 a pre feasibility report based upon the resource estimate and the matte fuming process suggested that the Zeehan Tin Project could be turned into a profitable underground mine.

Analysis of the data and geological research continued throughout the 1980's culminating in the drilling of 2 deep holes in 1989, which tested the Severn mineralisation at depth and delineated a 900m southern extension to the structure.

The JV drilled a total of 60 holes (including wedges and 4 holes under the Stormsdown Pit) into Queen Hill, a total of 14 holes into Montana and 21 holes into Severn.

In 1997 the mining lease was converted to Retention Licence RL 5/1997 and Aberfoyle was taken over by Western Metals Limited in 1998. Little subsequent work has been conducted on the tenement since. Stellar Resources acquired Western Metals interests in 2008.

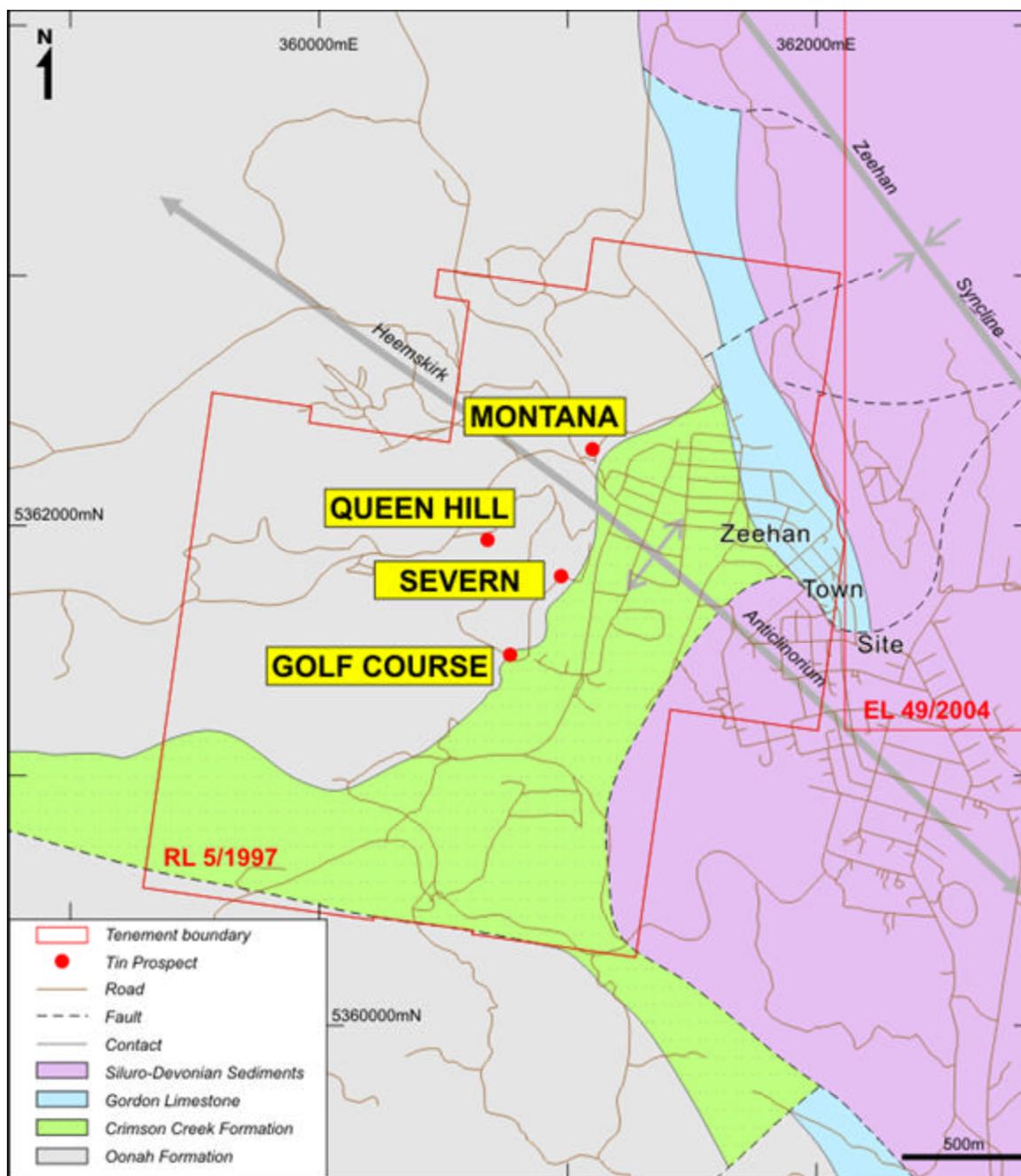


Figure 2. RL 5/1997, Zeehan Tin Project: Tenement / Geology Plan showing deposits.

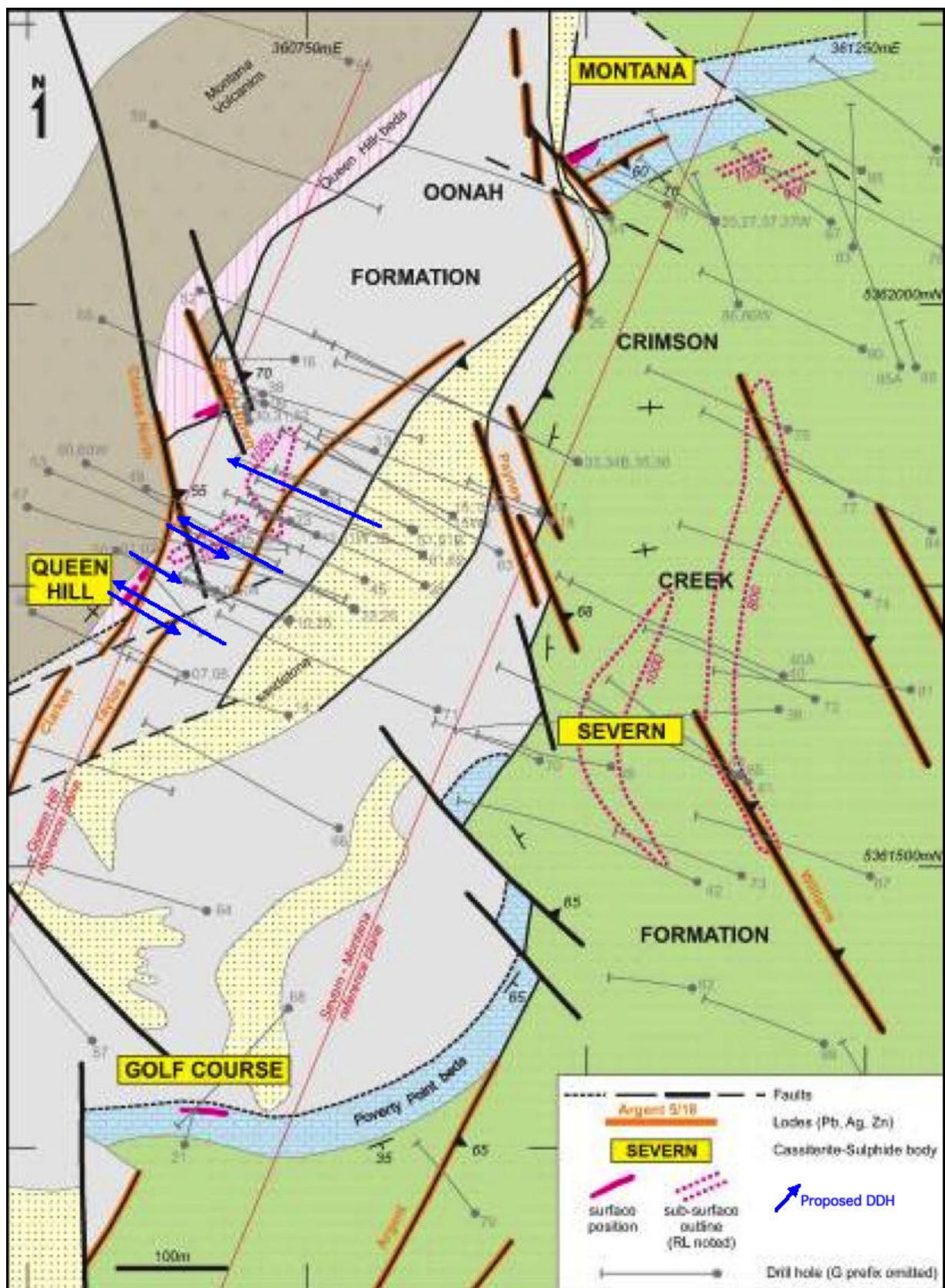


Figure 3. RL 5/1997, Zeehan Tin Project: Geology, Historic Drilling & Proposed Drilling Plan



Figure 4. RL 5/1997, Zeehan Tin Project: Queen Hill, view from the NW looking SE at proposed drill program area (Aberfoyle bulk sample site in photo centre,).

2. 2010 Work Program

The work program set out herein has been prepared with the principal objectives of:

- refining the shallow (surface to 1100m RL) portion of Queen Hill deposit geological model;
- evaluating and augmenting the estimate of near surface (surface to 1100m RL) tin resources in the Queen Hill deposit via new drilling;
- producing the maximum mineralised sample for metallurgical test work, and
- gathering geotechnical data for mine planning.

This will be achieved by:

- developing new drill sections at 2980mN (to define the southern boundary of mineralisation near surface), 3020mN and 3060mN (to infill existing drilling);
- drilling the interval above 1200m RL and between 1165m and 1135m RL on the new sections and on section 3000m, and
- drilling PQ/HQ triple tube to provide maximum sample size and minimise drilling difficulties through faults and old workings.

Refer to figures 3, above, & 5 to 9, below.

Work Program Summary

A staged work program is proposed:

Stage 1: Geology & U/G workings modelling
MRT approval for the field works
Survey set out (required due to close spaced drilling)
Track and drill pad clearing and/or construction
Schedule: 1 month (April 2010)

Stage 2: Diamond drilling – PQ collar & triple tube HQ coring

- Section 2980m 1 x 50m hole @ -30° SE & 1 x 90m hole @ -65° NW
- Section 3000m 1 x 50m hole @ -30° SE
- Section 3020m 1 x 50m hole @ -30° SE & 1 x 110m hole @ -80° NW
- Section 3060m 1 x 175m hole @ -70° NW

Total 6 holes for 550m of drilling. Refer to Figures 3 & 5 – 9.
Log, sample & assay core
Schedule: 1.5 months (May – June 2010)

Stage 3: Metallurgical Test work
Modelling and Resource estimation
Schedule: 1 month (July 2010)

NOTE: Stage 1 & 2 require MRT approval.

Schedule: 3.5 months (April – July 2010)

The program detail is set out below with schedule estimates.

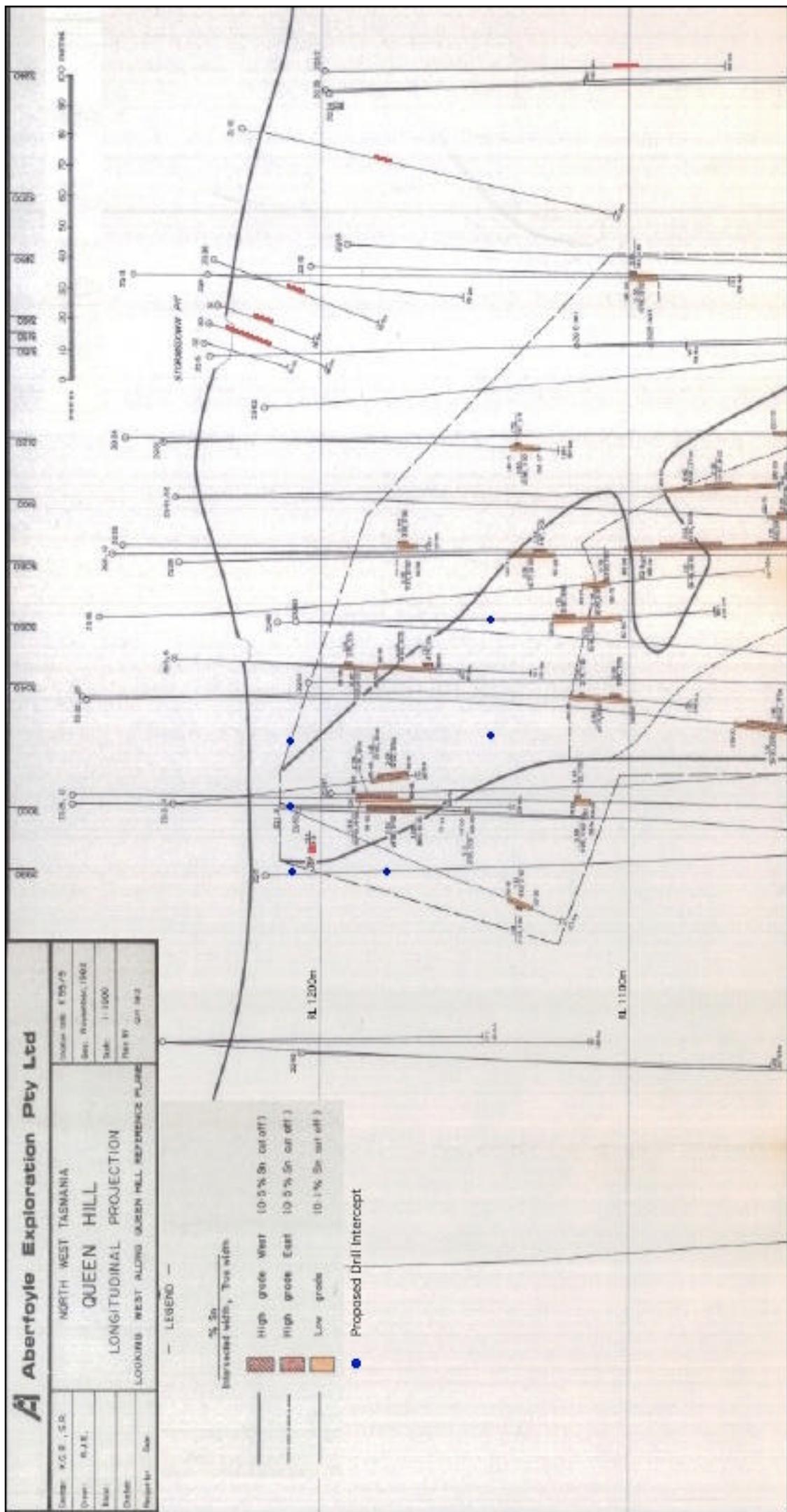


Figure 5. RL 5/1997, Zeehan Tin Project: Longitudinal Section showing proposed drill intercepts.

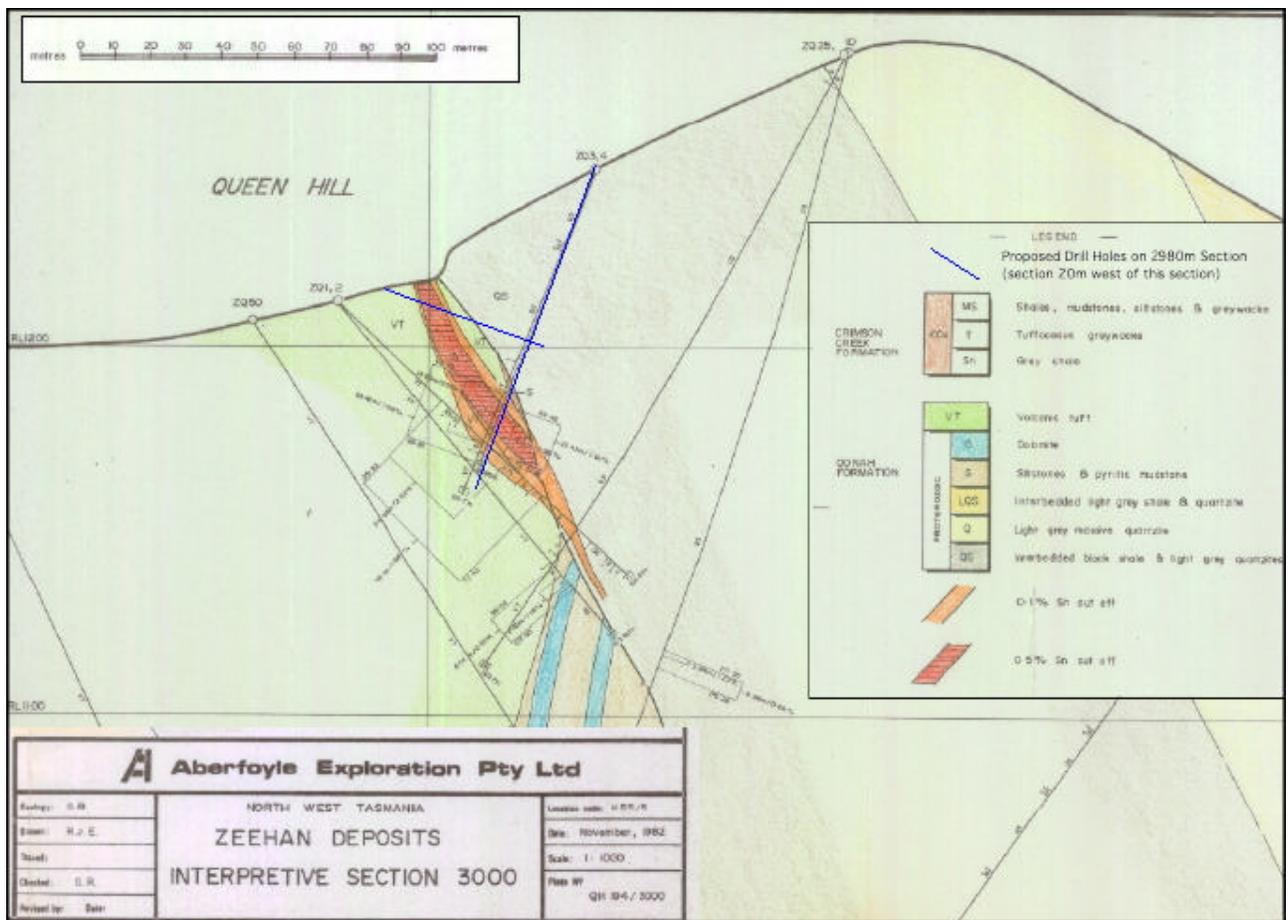


Figure 6. RL 5/1997, Zeehan Tin Project: 3000m Cross Section showing proposed 2980m section drilling.

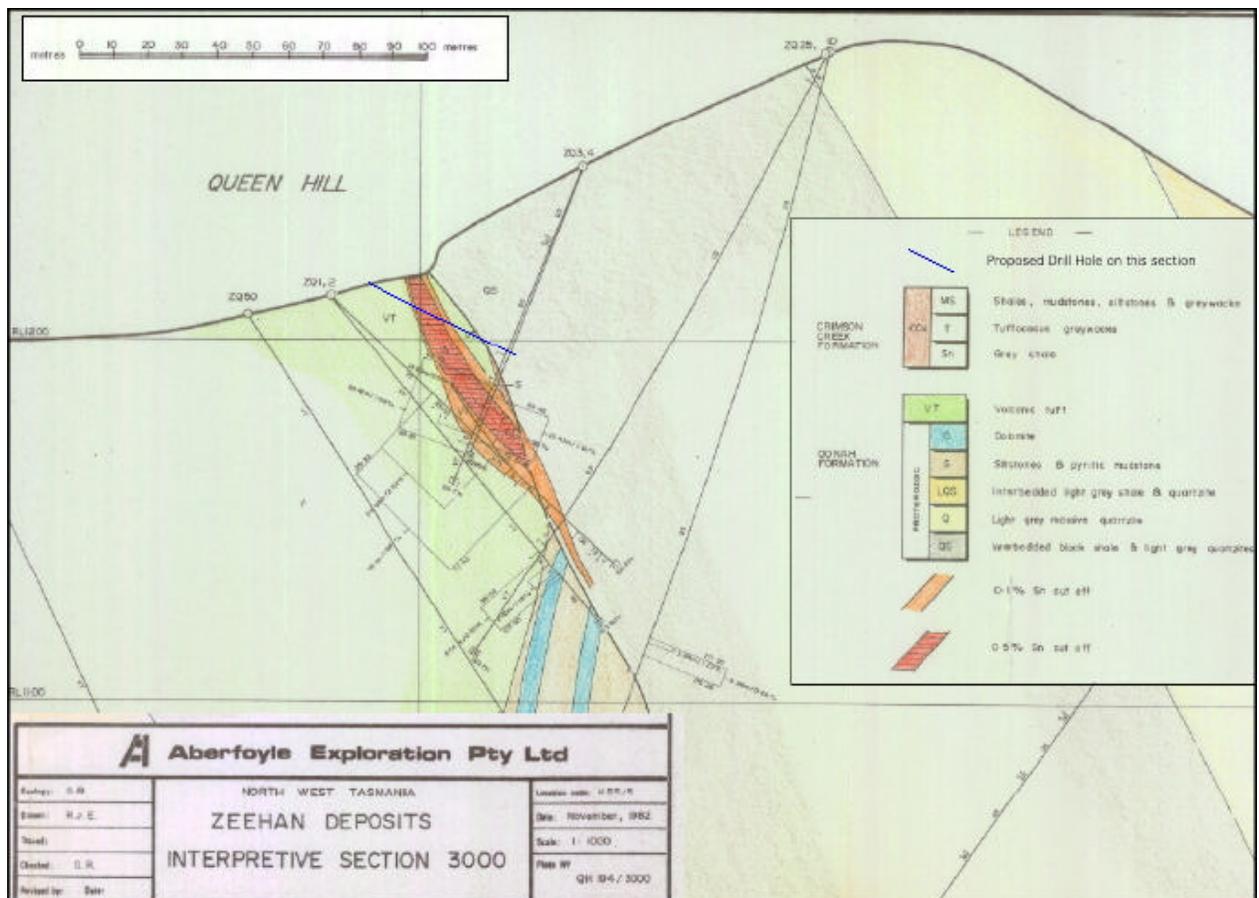


Figure 7. RL 5/1997, Zeehan Tin Project: 3000m Cross Section showing proposed drilling.

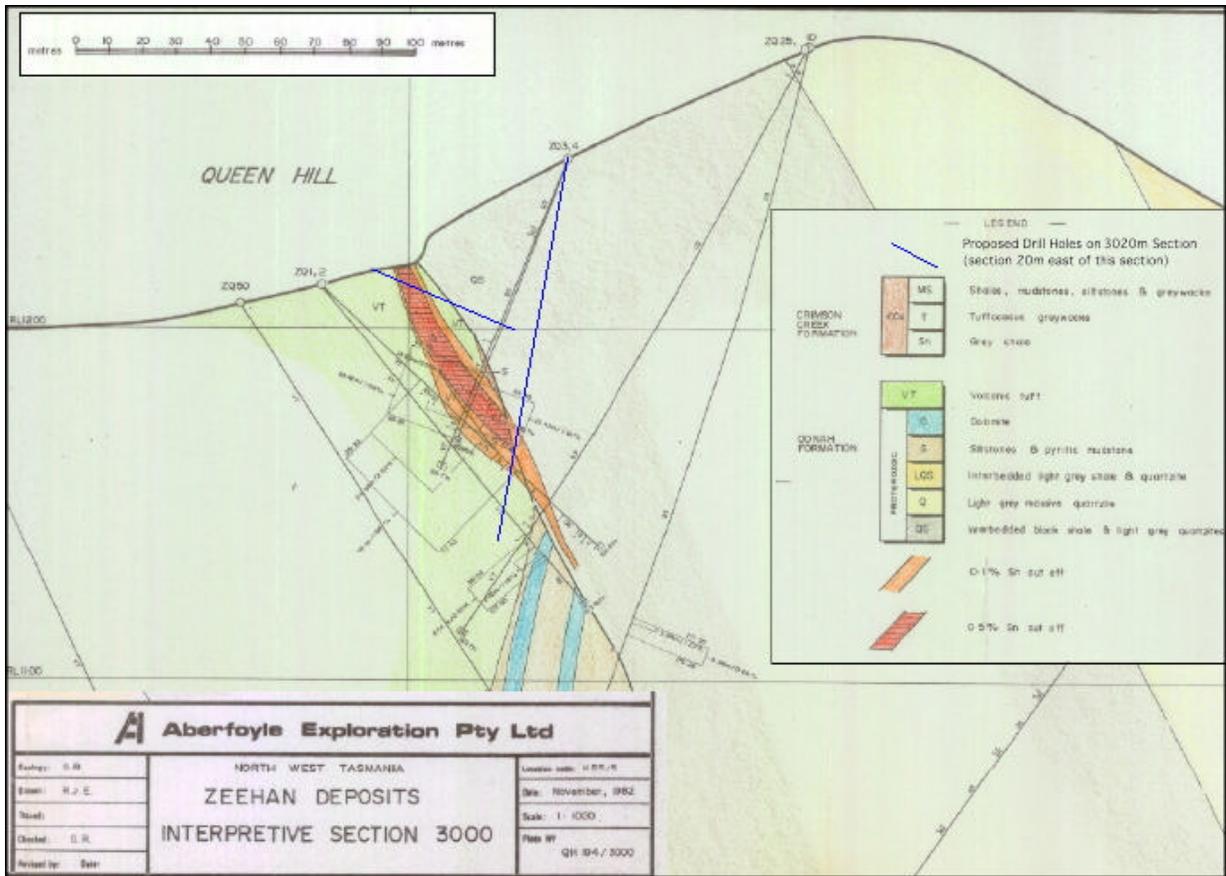


Figure 8. RL 5/1997, Zeehan Tin Project: 3000m Cross Section showing proposed 3020m section drilling.

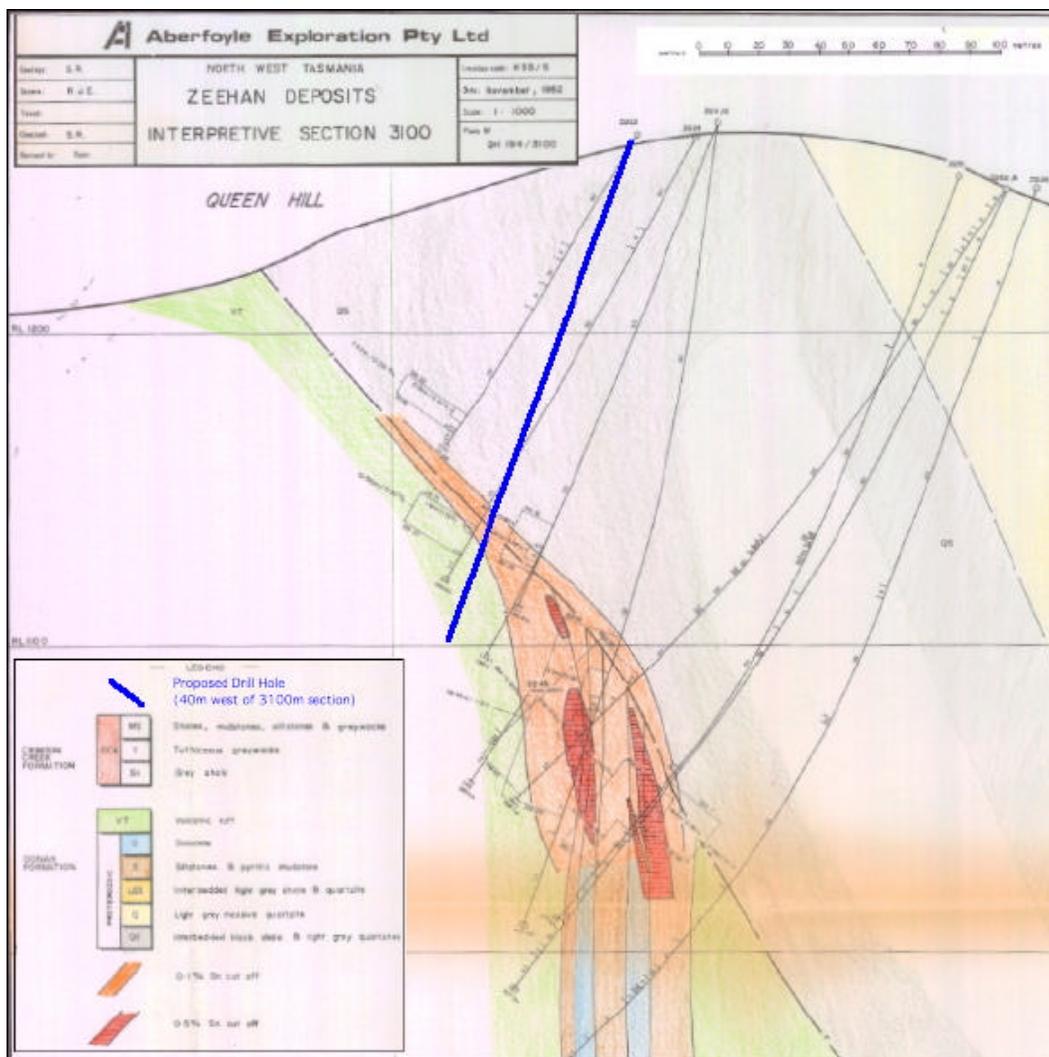


Figure 9. RL 5/1997, Zeehan Tin Project: 3100m Cross Section showing proposed 3060m section drilling.

Work Program

Objective: Define near surface mineralisation at Queen Hill, carry out metallurgical test work and produce a JORC resource and reserve.

Target: Surface to 1100m RL tin mineralisation at Queen Hill

Work Specifications:

Stage 1, Preparation

Geology & U/G workings modelling	contractor	20 days
MRT approval		20 days
Survey	contractor	3 days
Track & Drill Pad clearing/construction	contractor	4 days
Subtotal		1 month

Stage 2, Drilling

Drilling	550m @ 20m/day	contractor	5 weeks
Supervision, Logging & Sampling		geologist + FA + vehicle	6 weeks
Assays	180 samples	Burnie Lab	3 weeks
Drafting & reporting			5 days
Subtotal			1.5 months

Stage 3, Testing, Modelling & Estimation

Metallurgical tests		consultant	1 month
Modelling & resource estimation		consultant	1 month
Subtotal			1 month
TOTAL			3.5 months

Access Routes & Procedures

It is proposed to use public roads and pre-existing tracks for site access (reference Figure 3 for the location of the proposed drill sites). All sites will be accessed from Zeehan via the sealed Trial Harbour Road, which runs east – west immediately north of Queen Hill. The immediate works area can be accessed via tracks on the north face of Queen Hill (refer to Figure 4).

The drill rig and support vehicle(s) can be driven to all the proposed drill sites.

On arrival and departure from site all plant will be pressure cleaned to remove any vegetable matter, mud or dirt to minimise transmission of weeds and pests.

Drill Water, Sumps & Facilities

Drilling water will be sourced from the Queen No. 4 Shaft or from Silver Lead Creek, immediately north west of the work area.

Stellar Resources will prepare all access tracks, drill pads and sumps prior to the commencement of drilling. Drill cuttings must be retained on site and the contractor must adhere to the MRT environmental guidelines at all times.

The works area is in close proximity to Zeehan Township. Stellar Resource have a core yard in Zeehan but no secure yard or lay down area. The contractors will be required to provide their own secure storage, lay down area and accommodation.

3. Drill Program Requirements & Responsibilities

Site Facilities

There are no facilities at the works site. Stellar will establish a project office in Zeehan for the duration of the program.

The contractors will be responsible for their own supplies, storage, fuel supplies and accommodation.

Manning

Manpower requirements for the program:

Stellar Resources:	Geologist Field Assistant
Drilling Contractor:	Driller Offsider
Total	4 personnel

Working Hours

The drilling contractor will run 1 x 10 -12 hour shift (6.00 – 18.00hrs) on a 7 day per week roster.

A drilling contractor's light vehicle will be on site during working hours and will be used to pick up and deliver supplies. A Stellar light vehicle will visit work sites at least once per day shift to pick up drill core, give instruction and check drilling progress.

Stellar Resources staff will operate on a 10 hour/day – 6 day per week roster.

Provisions by Contractor

- o One suitable drill rig and all associated equipment to successfully complete drill holes as specified.
- o A suitable support vehicle
- o All diamond and consumable articles for the purpose of core drilling as specified above
- o All drilling fluids
- o Suitable downhole survey equipment
- o Suitable core orientation equipment
- o +90% recovery of lode intersections
- o A qualified diamond drilling crew (comprising one experienced driller and offsider).
- o Messing and accommodation for drilling crew
- o Fuel and lubricants for all drilling activities
- o Dailey report documentation.
- o Full documentation, including medical certificates, for all contractor's employees on site
- o Workers Compensation & Public Liability Insurance
- o Fully documented Occupational Health & Safety Policy and Procedures
- o Schedule of Rates (including drilling rates, work rates and standby rates)
- o Strict adherence to the MRT environmental guidelines.

Provisions by Stellar Resources

- o Accessible drill sites with excavated sumps
- o Drill hole set-out survey
- o Core trays, core blocks and marking pens
- o Core pickup, transport, processing & storage

Stellar Resources Representative

AGD Operation's representative on site is Mr. Ray Hazeldene, or his designate, and the contractor shall comply with all of his instructions