OSTRACT P/L

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Report on Drilling Operations

E.L. 46/2003

For

Stellar Resources Ltd

Tasmania

February – March 2006

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OSTRACT P/L

Contents:

Figures:

Appendices:

Introduction

Stellar Resources Ltd (Stellar) holds Exploration Licence 46/2003 in Tasmania's North West region. See Fig 1.

Stellar has initiated work on several prospective targets within this EL and Newnham Exploration Services Pty. Ltd. has obtained approvals to undertake drilling operations on two properties.

Targets at East Granville and Alpine are to be explored during this phase of work.

Ostract P/L has been contracted to oversee the drilling operations.

Operations

1. East Granville:

A program of 4 holes has been applied for at East Granville in the vicinity of Mc Dermott Mining's open cut tin mine.

Hole EGDD001 was collared approximately 200m north of the exposed tin lode (in the open pit). It was drilled on an azimuth of 245Mag and at an inclination of 60 degrees.

Appendix 1 details drillhole collar data.

Low Impact Diamond Drilling Specialists (LIDDS) were engaged to perform the drilling. Its rig arrived on site on February 1. A drilling pad was prepared and the rig lifted into place and following induction procedures, drilling was commenced on February 2.

A total of 9 metres of HQ was drilled in peat and tertiary gravels before rock was encountered. No recovery occurred between 3 and 7 metres. See plate 2.

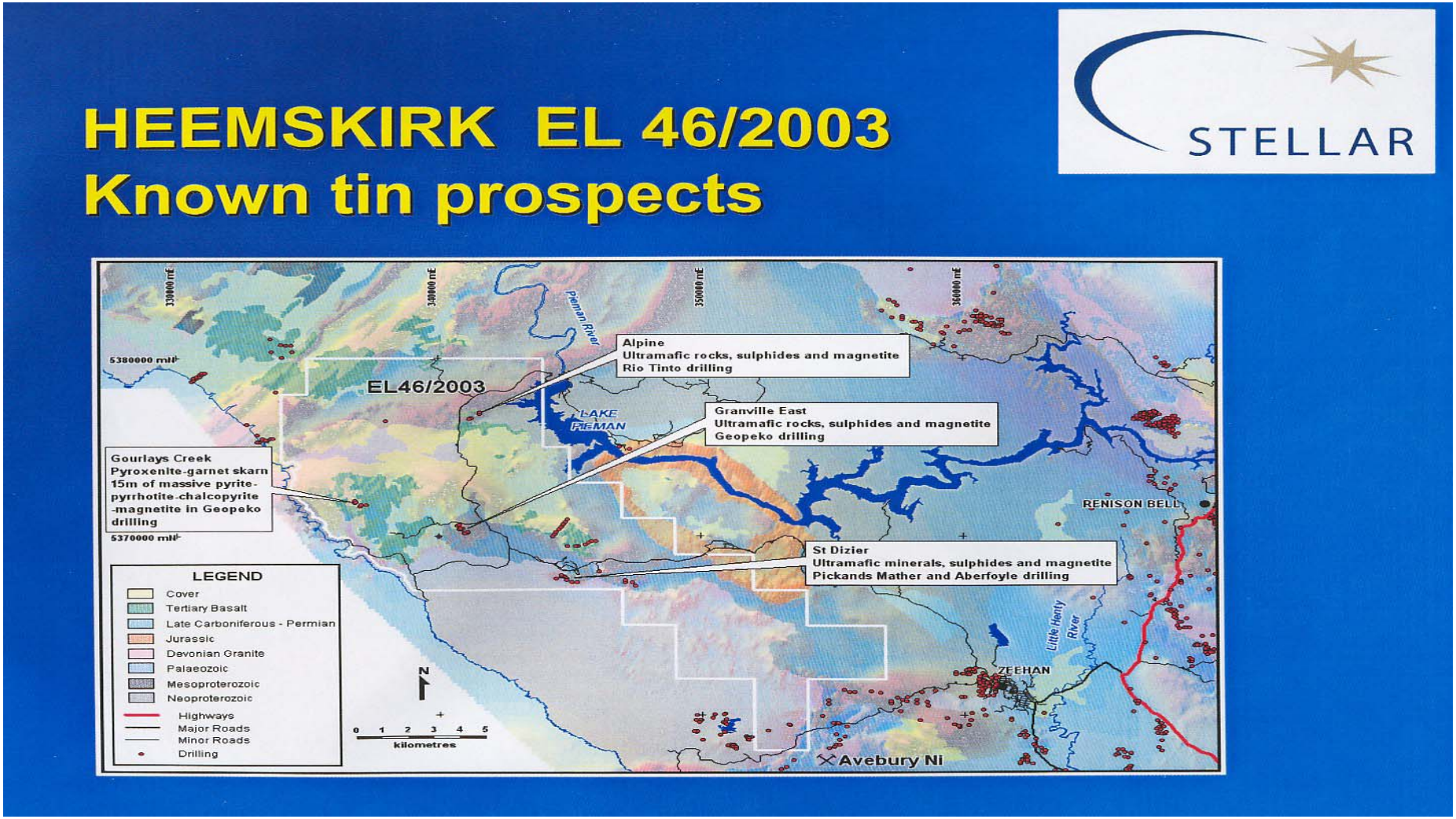


Plate 1. E.L. 46 / 2003

Plate 2. 1st tray showing extensive core loss in peat / gravel layers.

Plate 3: Drill site at East Granville

A faulty diamond bit required the rods to be pulled and during this operation, the pipes were dropped down the hole requiring fishing. This was completed successfully.
A lack of a conventional HQ bit saw a triple tube bit utilised with modifications which were unsuccessful and resulted in the barrel and tube lost down the hole. This accounted for operations on the 3rd of Feb.

During this down time, site inspections at Alpine were carried out to locate the collar positions for planned holes AP 3 and AP 4. Dense undergrowth and lack of GPS coverage caused location issues and a steep gully presented a major issue for AP4. See Plate 4

Plate 4: Typical undergrowth at Alpine

On Feb 4, the drilling rig was moved slightly and a new hole collared in NTW. Drilling proceeded to 22m and a survey taken.
Core recovery was acceptable to this stage. The drilling revealing banded siliceous sediment to be the predominant lithology with minor Py Po and Asp mineralisation.

Appendix 2 details logging data

Appendix 3 details down hole surveys.

A new attempt to locate the AP4 collar at Alpine was undertaken and was successful but revealed a significant effort would be required to complete a track in. It was decided to explore less intrusive options .

On February 5 at approximately 8.30 am the overshot device failed and during repairs the drillers offsider injured himself by attempting to wrench a fitting off the device. This released easily and caused him to strike himself between the eyes. This inflicted a cut which was attended to by the driller. The offsider was checked for any lasting effects and pronounced fit for work.

Repairs were completed and 14 metres drilled for the day, total 36m.

Marking up and photographing the core was undertaken.

The Lithologies had changed to Calc Silicates with various serpentinite banded units along with minor sulphides.

24 metres with similar lithologies encountered was drilled on Feb 6.
Hole depth was 60m.

Liaison with Rob McKenzie, (earthmover), Mike Phelan (Core Cutter), Lee Clark (Forests Tasmania) and Stuart Murdoch (Core Storage) were undertaken to progress arrangements for Alpine access and temporary core storage at the Boart Longyear yard in Zeehan.

Drilling on Feb 7 encountered some difficulties with tube seating and core recovery. This necessitated several rod pulls to replace core catchers etc and On pulling the tube after the rod pulls it was observed that a substantial amount of cuttings had been recovered.

Marking up the core showed that 1.0 metre had been lost at ~65m when a large piece of quartz and chert had jammed in the bit causing the tube handling issues and then the cuttings had fallen to the bottom of the hole when the rods were pulled. See Plate 5.

Plate 5: Tray 14 showing recovered cuttings.

A small brecciated zone was encountered at 66 m which was visually interesting but showed no mineralisation. See Plate 6.

Plate 6.

Marking up and photographing the core continued.

Assessment of the AP4 issue revealed that simply extending the pad from AP2 a further 50 metres to the south and steepening the hole would give a satisfactory test of the area under CRAE's AP 02.. This was discussed with Dave Gatehouse and verbal agreement reached.

On the 8th, the excavator was booked for Alpine pad prep in case the pit drilling did not proceed.

A meeting was held with the Aurora representative on site who indicated the proposed work at Alpine was acceptable.

Drilling finished early due to shift change with only 15metres drilled while marking up and photographing the core continued.

Rain on Feb 9 made conditions slippery and an incident occurred with myself injuring my back slightly. This occurred when my foot slipped while carrying a tray.

Drilling at this stage had reached 130 metres and it was decided to continue drilling through the black shale band into the quartzite beyond.
EGDD001 was stopped at 149.8m in quartzite.

A number of significant bedding (foliation?) parallel breccia veins were noted along with strong Py Po assemblages. See Plate 7.

Plate 7: Quartz breccia with Pyrrhotite / Pyrite mineralisation.

Alpine Operations:

Using the Komatsu excavator, the rig and all ancillary gear was loaded on to a Komatsu truck and taken to AP3 and set up.

On Friday 10 February, Rob McKenzie's Daewoo excavator arrived at Alpine and commenced clearing for AP3.

It was intended to drive a track straight to the planned AP 3 collar position on the same angle as the existing road access track. Some 10 metres in, a stand of trees required deviating the track south some 30 metres or more before angling back to the east.

The track was stopped some 20 metres from the collar position and a pad and sump prepared. See Plate 8.

Plate 8: AP3 Drill site.

The AP4 site was approached by clearing the existing track to the site of the CRAE drill hole AP2 (the collar of which was uncovered by the excavator).

Material was then pushed out over the swampy ground to a gravel bank and then a further 20 metres of pad was constructed using the surrounding gravel and clay. See Plate 9.

It was hoped to dry this pad out to enable drilling to take place but if this did not occur, the hole will be collared on the gravel bank closer to AP2 with a steeper angle.

It will be designed to hit the zone at approximately 90 – 100m vertical depth.

Plate 9: AP4 Drill site.

At AP 3, the rig was located and aligned to 10 degrees west of AMG north and angled at 75 degrees.

Poly pipe was rolled up from East Granville and set up at Alpine.

On February 12, the water pump failed and several hours were lost repairing it and a total of 21 metres drilling was completed.

The drillers advised that a total of 50 metres was completed on the 13 Feb totalling 71 metres but a water pump failure necessitating major repair occurred on the 14 Feb, with drilling expected to recommence on 16 Feb.

Returning on the 15th, minor tasks were completed chasing up core trays etc and keys and collecting the core from the site and transporting it to the Boart Longyear yard.

A track was flagged through and the collar point identified for EG002 if required. Marking up and photographing AP3 continued.

Drilling resumed on February 17 only to require repairs to the locating rings on the back end of the barrel. Spares were of a different size so modifications were made.

Once repairs were completed, a site inspection of AP4 and AP 5 was completed which revealed the collar position could not be pushed out as far south as envisaged. It was decided to move the rig 15m south of the AP2 collar and drill to the south at -87 degrees.

This would intersect the zone (based on CRA data) at approximately 90 metres from surface and 50 metres down dip from AP2.

Bringing water to hole AP5 was identified as an issue.

On Feb 18 work was required to initiate drainage into the AP3 sump which was low. This was effective and provided sufficient water to finish the hole.

On February 19, it was observed that drill still encountering significant pyrite mineralisation at 132metres, it was decided to continue to 150 metres.

Drilling of the hole was completed on February 20 at 149.3 metres depth – as targeted, but also provoked by bit failure.

An attempt to pull the tube to allow a survey to be completed resulted in a broken wire line cable and the survey was abandoned.

A dummy survey was calculated for an initial drill hole database.

The rig was shifted to AP 4 on 21 February.
Core was also inspected.

On 22 February a meeting with held Nic Turner regarding the field mapping program and the possibility of ultramafic rock types being present in the licence area before a return to Zeehan to check drilling progress at AP4.

AP 4 was experiencing poor recovery in the weathered zone in schist.

A visit was made to the site of the EG001collar to inspect the rehabilitation See Plate 10.

Plate 10. EG001 drill site after rehabilitation.

Marking up of AP3 was undertaken to finish the day.

The 23rd was taken up with core management, marking up AP3 and bringing in fresh AP4 core from the rig which was at 50m.

Some time was spent reviewing the East Granville data in regard to possibly drilling another hole. The conclusion reached was that better mag results were obtained south of the existing pit but access was difficult.

A visit to the rig at AP 04 showed several trays of massive pyrite and with magnetite and haematite. See plate 11. This had been intersected at 57 metres down hole which suggested the massive sulphide layer was nearly flat rather than dipping at 55 degrees as indicated by CRAE interpretation from AP2. This is quite a departure from the expected intersection point.

Plate 11. Massive Pyrite, Haematite & Magnetite

Drilling continued during the (geologist's) break and the hole was at a depth of 135m in banded silicates with sulphides including magnetite. It was decided to drill to 150m.

At 149m, 0.5m of massive pyrite was encountered and a further run was completed which was in a quartz schist so the hole was finished at 153.8m

Demobilising the rig from this site was going to be difficult as constant rain had made the access track extremely greasy and the drillers were winching their vehicle out of the site every night.

The following day was taken up with site inspections by David Gatehouse of MRT and a review of the existing core with Nic Turner, consulting geologist. It was decided that Nic would detail log the drillholes and that a "quick" log only would be prepared for this report.

This summary logging for AP3 & 4 was carried out during this period.

The drillers spent the day moving to AP5 which entailed winching the equipment out of the AP4 site.

March 2 was taken up with data preparation and logistical organisation.

The Drill site at AP5 had a limited water supply and a tanker was organised to keep it topped up.

The presence of the Tertiary gravels was causing an issue for the collaring of the hole. Attempts to advance casing were thwarted by compacted gravel but attempts to drill it out were not working with the material falling back into the hole. Eventually the hole was cleaned out and progress made with 17m completed for the day.

Marking out of the core for photography was undertaken to finish the day.

March 3 was taken up with marking up and photographing core. A truck load of water was delivered at 5.00 pm to the site of AP 05.

March 4 was also taken up with core work with a series of Magnetic Susceptibility readings taken over the core. The results of this are presented as Appendix X.

The drill rig had encountered an issue with the casing in the gravels which had washed out allowing the casing to fall away. Approximately 1.5 hours was taken to rectify this issue.

March 5 was again taken up with core issues with quick logging of AP 04 finalised and marking up and photographing of AP 05 on site.

March 6 was spent reorganising core trays and completing quick logging where required.

On site, the drill had developed other problems. 4 loads of water were delivered.

A further visit to the McDermott Mill site ascertained that the existing licence boundaries were to remain at this stage.

On March 7 the rig was still unswervicaable with repairs expected to take some time. Organising the possible demobilisation over the long weekend was discussed with Rob McKenzie of SI Contracting. It would appear that this was a possibility.

The drill rig was running utilising a spare motor but with limited capability. Some time was spent with the driller organising a replacement. The drill hole was at a depth of 135 m and there was no apparent change. Arrangement was made with the driller to continue to approximately 200m depth and keep in communication as to development.

Travel back to Victoria was undertaken overnight.

Communications with the driller on March 9 indicated that the hole had reached 150m with no change.

Communications with the driller on the10th alluded to a serious issue with the drill hole at 170 metres. The collar of the hole had washed out badly and it would require many lengths of casing to repair with the added risk of the rods being jammed by the collar material falling down the hole. On this basis it was decided to finish the hole and demob the rig. This was completed on the 11th and the excavator was on site for approximately 2.5 hours. Travel estimated at 1.5hours.

Conclusions:

East Granville.

The drill hole at East Granville was disappointing in that the magnetite tin bearing structure apparent in the open pit was not intersected.

Discussions with Olympia Resources and McDermott Mining representatives suggest that the mineralisation is apparently controlled by a pipe like structures plunging steeply north and dipping east. The drilling confirms it is not strata / strike controlled.

Assaying the core will show several anomalous zones throughout for zinc as minor sphalerite was observed on occasions. Assaying for gold must be completed particularly in the lower portion of the drill hole which exhibits significant structures in the shales. It seems that gold was not assayed for by Geopeko.

Review of the geophysics shows that the current mine was covered by a significant anomaly. The proposed second (more southerly) hole of the program would have been collared within a stronger anomaly than that of hole 1.

Unfortunately the logistics of accessing that site is significant with the current access track covered by the waste heap from the open pit and a culvert crossing required to cross the creek. This was not possible with the short lead time and Alpine has taken priority.

It is recommended that the magnetic targets be given priority for the next round of drilling and the access set up in the near future.

Alpine:

The sulphide intersections of AP3 and AP 4 effectively extend the CRAE work. While AP5 failed to intersect structure or mineralisation, AP1 shows it to be present at that easting. It would appear that the AP5 collar may have been set up too far south.

The depth to the AP 4 intersection significantly changes the interpretation of the structure. The AP 4 intersection was effectively 40 metres down dip of AP 2 but with very little R.L. difference. See Figure 2.

The increased thickness of the massive sulphides and the down hole mineralisation in the second zone require follow up work.

Copper grades will have a strong bearing on work to be undertaken but the following recommendations are put forward on the basis of significant grades being returned.

It is recommended that access to the south of the swamp is completed and an east - west line put in on the solid ground to allow expansion of the drilling grid.

Additionally, drill holes are to be completed east and west of the AP2 / AP 4 northing to infill between AP1 and AP3. See Figure 3.

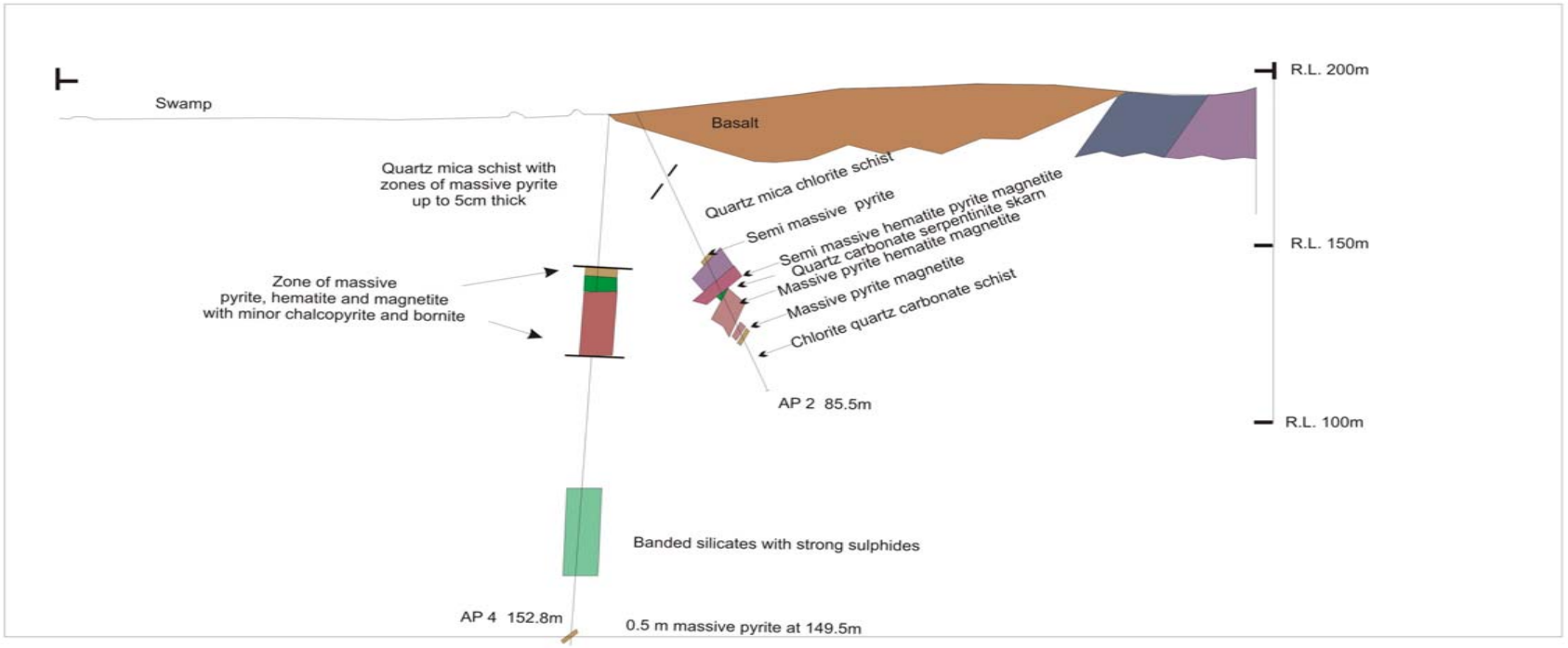
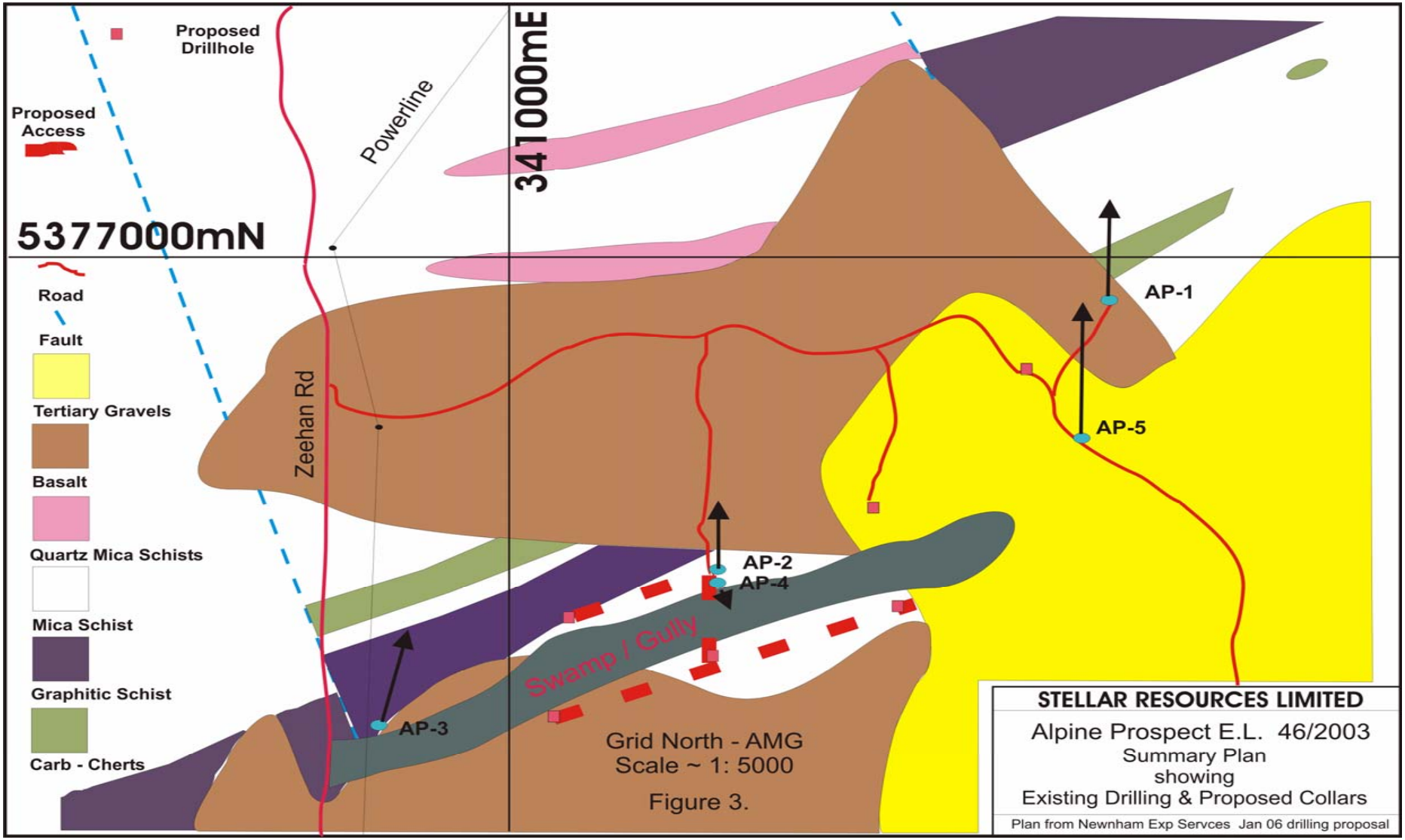


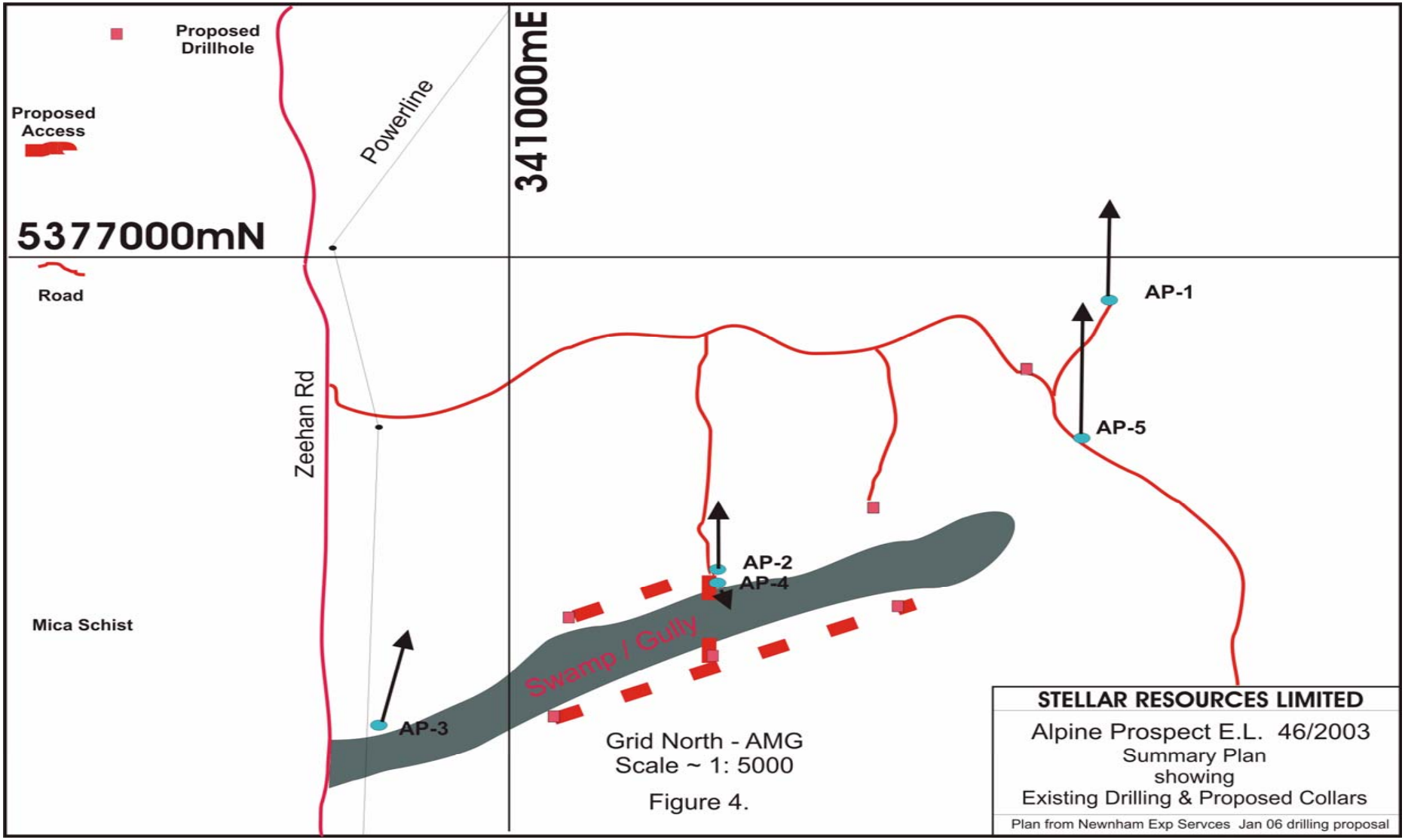
Figure 2.

STELLAR RESOURCES LIMITED

ALPINE PROSPECT
E.L. 46/2003
Section Through AP2 - AP4

DWN J. Cahill Mar 06 Plan based on CRAE Plan No TASh 2548


Proposed Drillhole
Proposed Access
Powerline
341000mE
5377000mN
Road
Fault
Tertiary Gravels
Basalt
Quartz Mica Schists
Mica Schist
Graphitic Schist
Carb - Cherts
Zeehan Rd
AP-1
AP-5
AP-2
AP-4
AP-3
Swamp / Gully
Grid North - AMG
Scale ~ 1: 5000
Figure 3.
STELLAR RESOURCES LIMITED
Alpine Prospect E.L. 46/2003
Summary Plan
showing
Existing Drilling & Proposed Collars
Plan from Newnham Exp Servces Jan 06 drilling proposal


Proposed Drillhole
Proposed Access
Road
Powerline
341000mE
5377000mN
Zeehan Rd
AP-1
AP-5
AP-2
AP-4
AP-3
Mica Schist
Swamp / Gully
Grid North - AMG
Scale ~ 1: 5000
Figure 4.
STELLAR RESOURCES LIMITED
Alpine Prospect E.L. 46/2003
Summary Plan
showing
Existing Drilling & Proposed Collars
Plan from Newnham Exp Servces Jan 06 drilling proposal

Appendix 1. Drillhole Collar Details

Hole Id	Easting AMG 66	Northing AMG 66	R.L. AMG 66	Azimuth AMG 66	Inclination degrees	Length (m)	Source		
EG001	340750	5370810	119	245	-60	149.8	gps		
EG002	340620	5371210	115			0	Proposed, not drilled		
AP003	340896	5376503	191	339	-75	149.3	gps		
AP004	341200	5376646	185	160	-87	153.8	gps		
AP005	341575	5376791	175	330	-65	170	gps	? On RL	
AP001	341600	5376950	192				Collars from plan - RL from logs CRAE report		
AP002	341200	5376661	189				gps	RI from logs CRAE report	

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Appendix 2: Quick Logging Data

Alpine Logging

Hole ID	From	To	Interval	Lithology	Comments
AP003	0	30	30	MISC	Banded fine grained quartz mica schist
AP003	30	32	2	MISC	Banded quartz mica schist with strong Py mineralisation
AP003	32	71.5	39.5	MISC	Banded fine gr qtz mica schist
AP003	71.5	82	10.5	MISC	Fine grained schist with anastomosing CO3 veining & elevated Py
AP003	82	93	11	MISC	Calc silicate veins in schist with mass py up to 3cm
AP003	93	94.6	1.6	MSS	Massive Py/magnetite in quartz carb matrix
AP003	94.6	97	2.4	CASI	Calc silicate veins with diss py as bands & blebs
AP003	97	100.7	3.7	MISC	Schist with brecciated Qv's, 2 - 3 % disseminated Py throughout
AP003	100.7	102	1.3	FAZN	Shear zone - graphitic, phylitic, badly broken in parts.
AP003	102	106	4	MISC	Schist with minor qz cb veinlets & dissem Py as 3-5 cm bands
AP003	106	119	13	MISC	Schist with phylitic -graphitic zones
AP003	119	124.1	5.1	MISC	Schist with mass py bands up to 5 cm thick
AP003	124.1	127	2.9	CASI	Brecciated vein + Py Cpy and Bn?
AP003	127	132.5	5.5	FAZN	Shear zone - graphitic, phylitic, with min sulphides and co3 veins
AP003	132.5	149.3	16.8	MISC	Phylitic schist with band s of mass + diss sulphides.
AP004	0	22.5	22.5	lost core	Muds, clays and gravels -oxid schist very poor recovery
AP004	22.5	57.6	35.1	MISC	Fine grained qtz mica schist
AP004	57.6	62.6	5	MSS	Mass Py tending to Py / heamatite then magnetite
AP004	62.6	65.5	2.9	MISC	schist with minor disseminated sulphides
AP004	65.5	67.1	1.6	QMBF	Banded silicates with sulphides
AP004	67.1	67.5	0.4	CASI	Carbonate layer with large Py xstals within
AP004	67.5	68.5	1	QMBF	Banded silicates with sulphides~80%
AP004	68.5	68.8	0.3	Lost Core	ground core
AP004	68.8	70.7	1.9	QMBF	Banded silicates with sulphides~ 50%
AP004	70.7	74.1	3.4	SMS	Massive Py/Hm/magnetite in banded silicate
AP004	74.1	79	4.9	MSS	Massive Py/Hm increasing to lower interval
AP004	79	80.8	1.8	MSS	Massive Py/Hm/magnetite

AP004	80.8	82	1.2	QMBF	Massive to banded Py/Hm/magnetite in silicate
AP004	82	83	1	MSS	Massive Py/Heamatite
AP004	83	86	3	QMBF	Massive to banded Py/Hm/magnetite in silicate
AP004	86	113.8	27.8	CLSC	Silicate - chloritic mafic schist
AP004	113.8	114.5	0.7	QMBF	Banded silicates with sulphide bands up to 5 cm
AP004	114.5	123.5	9	CLSC	Silicate - chloritic mafic schist
AP004	123.5	123.6	5	QMBF	Banded silicates with sulphides
AP004	123.6	123.8	8.4	CVTY	Cavity
AP004	123.8	128.5	10.2	QMBF	Banded silicates with sulphides
AP004	128.5	132	3.5	CLSC	Silicate - chloritic mafic schist
AP004	132	134	2	CLSC	Silicate - chloritic mafic schist with subordinate sulphides
AP004	134	135.8	1.8	SCHS	Schist
AP004	135.8	138.6	2.8	SCHS	Banded Schist with subordinate sulfides
AP004	138.6	148.7	10.1	SCHS	Schist with minor sulphides
AP004	148.7	149.5	0.8	MSS	Massive Py/Hm
AP005	149.5	152.8	3.3	SCHS	Schist
AP005	0	179	179	MISC	Banded qts - mica schist with numerous quartz veins. Very little sulphides within entire interval

East Granville

Hole ID	From	To	Interval	Lithology	Comments
EG001	0	10.6	10.6	GRAV	Clays, gravels etc poor recovery
EG001	10.6	18.5	7.9	QZIT	
EG001	18.5	18.6	0.1	FAGO	Fault
EG001	18.6	23.6	5	QZIT	
EG001	23.6	34	10.4	CASI	
EG001	34	34.4	0.4	FAGO	
EG001	34.4	58.8	24.4	QZIT	Banded shistose quartzite
EG001	58.8	59.8	1	NC	grinding - lost core
EG001	59.8	65.8	6	CASI	
EG001	65.8	66.4	0.6	BREC	Brecciated carbonates
EG001	66.4	69	2.6	QZIT	
EG001	69	73	4	CASI	
EG001	73	78.5	5.5	SHAL	
EG001	78.5	79.1	0.6	CASI	
EG001	79.1	86.7	7.6	SHAL	Black shale with banded Qz CO3 1% Po
EG001	86.7	103.7	17	SHAL	Lam to Massive with fine Po in v'lets, sphal at 92m
EG001	103.7	104.3	0.6	FAZN	Lam to brecciated zone with fine Po in v'lets
EG001	104.3	117.5	13.2	SHAL	Black shale
EG001	117.5	124.6	7.1	SHAL	with siltier zones and po / py veinlets
EG001	124.6	125.3	0.7	FAZN	brecciated quartz shear with Po
EG001	125.3	145.1	19.8	SIST	with Po from 144
EG001	145.1	145.7	0.6	FAZN	qz breccia with po py
EG001	145.7	147.5	1.8	SHAL	Black shale with 1% Po Py
EG001	147.5	149.6	2.1	QZIT	

Appendix 3. Down Hole Surveys

Hole Id	Distance	Azimuth AMG	Dip		
EG001	20	247	-60	Note some azimuths may be affected by mineralisation down hole.	
	50	245	-59		
	80	243	-58		
	110	244	-57		
	149	245	-55	Dummy Survey	
AP001	0	335	-65		
AP002	0	335	-68		
AP003	20	339	-73		
	50	335	-71.5		
	80	358	-70		
	110	340	-70		
	150	340	-68		
AP004	29	160	-87		
	59	158	-87		
	86	236	-87		
	120	284	-87		
	149	250	-87		
AP005	20	329	-36		
	50	327	-62		
	80	326	-59		

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Appendix 4. Magnetic Susceptibility Readings

Hole ID	From	To	Interval	Reading 10-5		Hole ID	From	To	Interval	Reading 10-5
	Zone 1					Zone 2				
AP004	57.5	59.5	2	20		AP004	114	114.5	0.5	200
AP004	59.5	60.4	0.9	2500		AP004	114.5	117.4	2.9	600
AP004	60.4	62.3	1.9	50		AP004	117.4	125.1	7.7	2500
AP004	62.3	62.5	0.2	1800		AP004	125.1	125.3	0.2	200
AP004	62.5	65.1	2.6	50		AP004	125.3	126.1	0.8	1500
AP004	65.1	65.5	0.4	300		AP004	126.1	126.2	0.1	8000
AP004	65.5	66.5	1	10000		AP004	126.2	126.4	0.2	200
AP004	66.5	67.6	1.1	100		AP004	126.4	126.5	0.1	6000
AP004	67.6	68.3	0.7	10000		AP004	126.5	127	0.5	50
AP004	68.3	69	0.7	100		AP004	127	127.1	0.1	5000
AP004	69	69.3	0.3	3000		AP004	127.1	127.3	0.2	100
AP004	69.3	69.9	0.6	200		AP004	127.3	127.5	0.2	5000
AP004	69.9	70.8	0.9	2500		AP004	127.5	128.2	0.7	200
AP004	70.8	71.6	0.8	200		AP004	128.2	128.6	0.4	1000
AP004	71.6	71.9	0.3	1500		AP004	128.6	129.2	0.6	200
AP004	71.9	74.3	2.4	50		AP004	129.2	130.8	1.6	2500
AP004	74.3	75.1	0.8	500		AP004	130.8	132.5	1.7	1000
AP004	75.1	76.5	1.4	10000		AP004	132.5	133.5	1	50
AP004	76.5	77.3	0.8	100		AP004	133.5	133.7	0.2	600
AP004	77.3	77.9	0.6	1500						
AP004	77.9	79.6	1.7	13000						
AP004	79.6	83	3.4	5000						
AP004	83	84.2	1.2	500						
AP004	84.2	84.9	0.7	1500						
AP004	84.9	86	1.1	2500						

Appendix 5 Core Photography

See attached CD