

Stellar Resources Limited

Building up the economic case for an Australian tin mine

Stellar Resources Limited (ASX:SRZ) is a Tasmanian-focused tin developer and explorer whose primary focus is on the Heemskirk Tin Project in Western Tasmania. A scoping study in 2019 demonstrated an economic underground mining operation that could extract ~24kt of tin in concentrate over 11 years. SRZ says it is planning further work in the coming year including drilling, an updated scoping study and work stream which would contribute to future feasibility studies. In 2023, SRZ made a polymetallic discovery at its North Scamander project. The company appears well capitalised to progress its near-term objectives with ~A\$10.4m in cash as of 30 June 2024.

Portfolio Description

Stellar Resources Limited (ASX:SRZ) is a Tasmanian-focused tin development company whose flagship asset is the Heemskirk Tin Project which contains 77.9kt of tin. In addition, SRZ is undertaking further exploration at its North Scamander project which made a polymetallic discovery in September 2023. In [March 2024](#), there was a management refresh with Simon Taylor moving from Non-Executive Chairman to Executive Chairman and CEO to drive the progress of Heemskirk. Alongside Simon, Non-Executive Director Andrew Boyd was appointed as Executive Director.

The Key Projects

Heemskirk is 100% owned by SRZ in which a significant tin resource has been established in addition to the scoping of project economics. The resource also sits within existing mining licences. In [2019](#), SRZ released a scoping study on the project which proposes to mine ~3.7Mt of ore to extract ~24kt of tin over 11 years via an underground mining operation encompassing both the Queen Hill and Severn deposits. Capex was estimated to be A\$57m with a life-of-mine All in Sustaining Cost (AISC) of US\$13.1k/t of tin. Using a tin price of US\$20k/t (noting the current spot is ~US\$31.5k/t), this results in a pre-tax NPV10 of A\$83m with an IRR of 45% and a payback period of three years. The project can utilise 100% renewable clean energy from the Tasmanian grid to power the mine. A resource update in [September 2023](#) detailed a resource of 7.5Mt at 1.04% for 77.9kt of contained tin, of which 3.5Mt at 1.05% for 37.0kt of contained tin is classified as indicated. The resource is contained within four deposits being Severn, Queen Hill and Montana. The indicated component of the 2023 resource update represented an increase of 24% and 58% from the 2022 and 2019 resources updates respectively, with the overall resource decreasing marginally (-5%) from the prior update. In addition to this resource, the satellite deposit St Dizier contains another 1.2Mt at 0.69% for 8.2kt of contained tin that is amenable to open pit mining. SRZ commenced an exploration programme at the project in [July 2024](#) comprising of 24 holes for 9,500m. The programme has multiple aims including further upgrading of the resource, testing extensions along trend, provide samples for metallurgical test work in addition to geotechnical and hydrological inputs. The results from the programme will be used to update the project's resource and provide inputs into an updated scoping study and future feasibility studies. **North Scamander** is a recent discovery made by SRZ and is in the Scamander Mineral Field in north-east Tasmania. The inaugural drill hole in the [September quarter of 2023](#) intercepted a significant polymetallic mineralised zone reporting 32.0m at 141 g/t Ag, 0.34% Sn, 3.8% Zn, 2.0% Pb, 77 g/t In, 19 g/t Ga from 130.0m. Downhole EM was conducted which identified several conductors which require further drill testing.

ASX-listed and global peers for comparison

Peers in the tin space are limited not just on the ASX, but globally. Locally, peers include Metals X Limited (ASX:MLX), Venture Minerals Limited (ASX:VMS) and Elementos Limited (ASX:ELT) whilst globally, peers include Alhambra Resources Ltd (TSXV: AFM), First Tin Plc (LON:1SN) and Cornish Metals Inc (TSXV:CUSN).

Share Details

ASX code	SRZ
Share price (27-Aug)	\$0.016
Market capitalisation	\$31.1M
Number of shares	1,941.8M
Options @\$0.015-0.030	323.4M
Net cash at 30-June-2024	~\$12.9M

Share Price Performance (12 months)



Upside Case

- A step change in the mining operation in the updated scoping study
- Discovery of new deposits in extensional drilling at Heemskirk
- Delineating an economic resource at North Scamander

Downside Case

- A material decrease in the tin price
- Sector inflation since 2019 adversely impacts scoping study metrics
- Failure to define a resource of substance at North Scamander

Catalysts

- Updated Heemskirk scoping study (1H FY25)
- Drilling and metallurgy results from Heemskirk (1H FY25)
- Metallurgy results from Heemskirk (1H FY25)

Comparative Companies (Australia & NZ)

MLX, VMS, ELT

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FINANCIAL SERVICES GUIDE

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Effective Date: 26th March 2024

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