

18th May 2021

Sale of Non-Core Exploration Licence to Alligator Energy Ltd

Stellar Resources Limited (ASX:SRZ, “Stellar” or the “Company”) is pleased to announce that it has entered into a Binding Term Sheet with Alligator Energy Limited (ASX:AGE, or “Alligator”) to sell its non-core Exploration Licence EL6350 in South Australia for a total consideration of 7,105,263 AGE shares.

Background

EL6350 is an Exploration Licence located on Eyre Peninsular, South Australia which has been held by Stellar’s 100% owned subsidiary, Hiltaba Gold Pty Ltd since 2008. In 2010, intersections of paleochannel hosted uranium mineralisation were recorded in several holes drilled close to the northern boundary of EL6350 by Stellar’s Joint Venture partner, Gingertom Resources Pty Ltd, a 100% owned subsidiary of Uranium SA Ltd (ASX:USA). In 2016 USA changed its name to Twenty Seven Co (ASX:TSC) and soon after demerged its South Australian uranium interests into unlisted public company Samphire Uranium Limited. In late 2020, Alligator acquired Samphire Uranium Limited.

Alligator now hold the adjacent Exploration Licence EL5926 to the north of EL6350 which contains the Samphire Uranium Project comprising of the northern Blackbush deposit and the southern Plumbush deposit. The Plumbush deposit on Alligator’s adjoining EL5926 may extend southwards into EL6350.

Transaction Summary

A Binding Term Sheet has been executed with the following key terms:

- Stellar’s 100% owned subsidiary, Hiltaba Gold Pty Ltd has agreed to sell EL6350 to Alligator’s 100% owned subsidiary, S Uranium Pty Ltd (SUPL) for a total consideration of 7,105,263 AGE shares.
- The transaction is subject to obtaining necessary regulatory approvals including;
 - Approval of the EL6350 renewal application lodged on 19th February 2021 by the South Australian Department for Energy and Mining (DEM), and
 - Ministerial approval of the transfer of EL6350 to SUPL.
- The issue of Alligator shares payable to Stellar under the transaction is subject to approval by AGE shareholders at an Extraordinary General Meeting targeted to be held at the end of June 2021.
- The transaction is also subject to Hiltaba completing all 2020/21 compliance reporting obligations to DEM which are due by 25 May 2021.
- Alligator will assume all tenement expenditure commitments and liabilities in relation to EL6350 at the time the transaction completes and will also cover annual rentals and other costs from the date of executing the Binding Terms Sheet.

Investment in Alligator Resources Limited (ASX:AGE)

On completion of the transaction, Stellar’s investment in Alligator will increase from 11,664,714 AGE shares currently held to 18,769,977 AGE shares (valued at \$656,949 based on the \$0.035 AGE share price at close yesterday). This provides Stellar with an investment exposure to the uranium sector and to Alligator’s exciting portfolio of projects.

Simon O'Loughlin commented *"I am pleased we have reached agreement to sell EL6350 to Alligator which we believe maximises the value of this non-core asset to Stellar's shareholders since results of the 2010 drilling on EL6350 indicate that the licence is unlikely to have the potential to support a stand-alone project.*

Stellar will benefit from the 7.1M AGE shares to be paid as consideration, increasing Stellar's investment in AGE to 18.8M AGE shares (valued at \$657K based on the \$0.035 AGE share price at close yesterday). This provides Stellar with an investment exposure to the uranium sector and to Alligator's exciting portfolio of projects.

The sale will also result in savings to Stellar in expenditure commitments and tenement management costs for EL6350 moving forward".

For further details please contact:

Gary Fietz

Technical Director

Stellar Resources Limited

Tel: 0408 489 957

Email: gary@widerange.net.au

This announcement is authorised for release to the market by the Stellar Resources Limited Board of Directors.