

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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AMERICAN STELLAR ENERGY INC.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act

DECEMBER 12, 2005

(Date of Earliest Event Reported)

AMERICAN STELLAR ENERGY, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

000-27715

88-0441332

(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer I.D. No.)

2162 Acorn Court, Wheaton, Illinois 60187

(Address of Principal Executive Offices)

(630) 462 - 2079

(Registrant's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of (IRS Employer I.D. No.) the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 1 - REGISTRANT'S BUSINESS AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement

As part of our current business objective to acquire and develop mining properties and our ongoing joint venture with Paramount Gold Mining Corp. ("Paramount") for the acquisition, exploration, development and operation of various mining concessions in Chihuahua, Mexico, on December 12, 2005, we entered into a Joint Purchase Agreement with Paramount to acquire certain assets and rights obtained by Drilling Consultants, Inc. ("DCI") to 4 mining claims located in Guazapares, Chihuahua, Mexico. These four concessions are known as the La Blanca property and total 140 hectares. They are located adjacent to our San Miguel properties. The total purchase price of the claims is \$4,300,000 which will be paid in accordance with a specific purchase price schedule agreed upon by Paramount and DCI. Under our agreement with Paramount, American Stellar has the right to earn a 10% interest and up to a 30% interest in the La Blanca property under certain conditions:

- .. After Paramount has made property payments for one year (totaling \$1,010,000), we will pay 20% of all additional payments (totaling \$3,290,000) due under a specific schedule to earn a 20% interest in the assets and rights in the four mining concessions;
- .. Our payments will begin on January 30, 2007 and will continue through January 10, 2010 at which time we will have paid \$658,000 for our interest;
- .. If at any time we fail to make our 20% share of any payment on the payment schedule, our percentage will reduce proportionately;
- .. Once payment has been made in full under the schedule, we will have earned our 20% interest (or proportionately reduced interest) and we will also shall have earned an additional 10% regardless of what was paid by us through the payment period.

The La Blanca property is the subject of a separate agreement between DCI and Paramount dated November 30, 2005. Under the agreement, Paramount agreed to purchase the property for \$4,300,000, pay the costs of maintaining the concessions in good standing regarding taxes and assessment work, and not encumber the property until the full price is paid. DCI agreed to provide Paramount with access to the mines, a due diligence period, all data regarding the mines in its possession including data that supports a certain drill-indicated block of approximately 6 million tons of ore averaging 4.7 ounces per ton silver and 0.013 ounces per ton gold, and evidence of clear title. DCI must also confirm that there is no royalty payable to any party. The agreement also outlines the purchase price schedule which is made a part of our agreement with Paramount.

The description of the transaction is qualified in its entirety by reference to the Joint Purchase Agreement filed as Exhibit 10.1 to this Report.

On January 3, 2006, American Stellar Energy issued a press release to report entry into this agreement. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K.

SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Exhibits and Financial Statements.

(c) Exhibits

Exhibit No. -----	Description -----
10.1	Joint Purchase Agreement, executed and agreed to on December 12, 2005
99.1	Press Release

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

January 4, 2006

AMERICAN STELLAR ENERGY, INC.

By: /s/ Francis R. Biscan, Jr.

Francis R. Biscan Jr.
Chief Executive Officer

Joint Purchase Agreement

December 8, 2005

Gentlemen:

This letter when executed by all parties shall produce a "Joint Purchase Agreement" evidenced under the terms and conditions outlined below under "Joint Purchase Terms", by which American Stellar Energy, Inc. of 2162 Acorn Court, Wheaton, IL 60187, shall participate with Paramount Gold Mining Corp. (PGDP) of 237 Argyle Ave., Suite 100, Ottawa, ON K2P 1B8, Canada, to acquire certain assets and rights, outlined below in "Exhibit A", obtained by Drilling Consultants Inc. of 5503 East Broadway, Spokane WA 99212, with regards to 4 mining claims located approximately 4 kilometers from the town of Guazapares, Chihuahua, Mexico. The effective date of the sale shall be December 8, 2005.

Joint Purchase Terms

American Stellar Energy will have the right to earn a 10% interest and up to a 30% interest under the following conditions;

- 1) After Paramount Gold has made property payments for one year, American Stellar Energy will pay 20% of all additional payments due under the schedule outlined in "Exhibit A" to earn a 20% interest in the assets and rights outlined in "Exhibit A".
- 2) After one year, if the full amount equaling 20% of the payment is not paid by the time outlined in "Exhibit A" below, the interest shall be reduced to that percentage of the payment that was made. Furthermore, that percentage lost shall in no way be regained.
- 3) After all payments have been made under the schedule outlined in "Exhibit A", by Paramount Gold and/or American Stellar Energy, American Stellar Energy shall have earned an additional 10% carried interest in the assets and rights outlined in "Exhibit A", with no penalty resulting from (1) or (2) above.

Exhibit A

Assets & Rights:

Description: Drilling Consultants Inc. (DCI) has entered into a purchase agreement to purchase 100% of the assets as more thoroughly described below and contained in the agreement dated November 30, 2005 between Mr. Manuel Gomez Fregoso and Ramiro Trevizo Ledezma.

Asset Description:

- 1) Concession: Constituyentes 1917, Title # 199402, Guazapares, Chihuahua (66.2403 Hectares)
- 2) Concession: Montecristo, Title # 213579, Guazapares, Chihuahua (38.0560 Hectares)
- 3) Concession: Montecristo Fraccion, Title # 213580, Guazapares, Chihuahua (0.2813 Hectares)
- 4) Concession: Montecristo II, Title # 016/32936 en tramite, Guazapares, Chihuahua (36.2071 Hectares)

Terms:

- 1) PGDP agrees to bear the cost of maintaining the Concessions in good standing, regarding taxes due, all work assessment reports on the concessions, etc.
- 2) PGDP will have no right to encumber the concessions in any way, until the full price, outlined above, has been paid.
- 3) DCI agrees to provide PGDP an exclusive due diligence period that extends to January 20, 2005. DCI further agrees to provide PGDP access to the 4 mining concessions during the due diligence period in order that PGDP may conduct on-site testing.
- 4) DCI agrees to make available to PGDP all data in its possession. Such data to include, but not be limited to, data that supports the drill-indicated block of approximately 6 million tonnes of ore that average 4.7 ounces per tonne silver and 0.013 ounces per tonne gold;
- 5) DCI agrees to provide evidence of clear title satisfactory to PGDP on or before January 20, 2005.
- 6) DCI will confirm that there is no royalty payable (NSR), to any party, on any of the 4 concessions detailed above.

Purchase Price Schedule:

The total purchase price for the Interests and assets outlined above will be U.S. \$4,300,000.00 (Four million three hundred thousand dollars) paid for under the following terms and conditions;

(UPA) = Underlying Purchase Agreement

- 1) \$50,000.00 (Fifty thousand dollars) due on signing of this Agreement (the payment will be refundable if a satisfactory title search is not secured by Paramount from DCI by January 20, 2006)
- 2) \$150,000.00 (One hundred fifty thousand dollars) due on January 31, 2006 at the time of signing a definitive purchase and sale agreement.
- 3) \$125,000.00 (One hundred twenty five thousand dollars) due on April 30, 2006
- 4) \$180,000.00 (One hundred eighty thousand dollars) due on June 10, 2006 (UPA)
- 5) \$125,000.00 (One hundred twenty five thousand dollars) due on July 30, 2006
- 6) \$200,000.00 (Two hundred thousand dollars) due on October 30, 2006
- 7) \$180,000.00 (One hundred eighty thousand dollars) due on November 10, 2006 (UPA)
- 8) \$200,000.00 (Two hundred thousand dollars) due on January 30, 2007
- 9) \$210,000.00 (Two hundred ten thousand dollars) due on February 10, 2007 (UPA)
- 10) \$150,000.00 (One hundred fifty thousand dollars) due on April 30, 2007

All payments beyond January 20, 2007 will be Underlying Property Agreement (UPA) Payments and PGDP will assume the responsibilities of making these payments directly to the property owner.

- 11) \$210,000.00 (Two hundred ten thousand dollars) due on May 10, 2007
- 12) \$225,000.00 (Two hundred twenty five thousand dollars) due on September 10, 2007
- 13) \$225,000.00 (Two hundred twenty five thousand dollars) due on January 10, 2008
- 14) \$250,000.00 (Two hundred fifty thousand dollars) due on May 10, 2008
- 15) \$250,000.00 (Two hundred fifty thousand dollars) due on September 10, 2008
- 16) \$325,000.00 (Three hundred twenty five thousand dollars) due on January 10, 2009
- 17) \$325,000.00 (Three hundred twenty five thousand dollars) due on May 10, 2009
- 18) \$435,000.00 (Four hundred thirty five thousand dollars) due on September

10, 2009

19) \$435,000.00 (Four hundred thirty five thousand dollars) due on January 10, 2010

The payments shall be made by wire transfer no later than the date outlined above. All payments shall be applied towards the total purchase price, as outlined above.

End: Exhibit A

If the foregoing adequately sets out your understanding of our agreement, please indicate so by signing in the space provided for below and returning one copy of this letter so executed to the undersigned.

Agreed to and Accepted this
12 Day of December, 2005

Agreed to and Accepted this
12 Day of December, 2005

American Stellar Energy, Inc.

Paramount Gold Mining Corp.

/s/ Francis Biscan Jr.

/s/ Christopher Crupi

Signed: _____

By: _____

Print: Francis Biscan Jr.

Name: Christopher Crupi

Title: President

Title: President

Exhibit 99.1

American Stellar Energy Acquires Drill-Advanced Silver/Gold Property adjacent to their San Miguel project in Mexico

CHICAGO, January 3, 2006 (MARKETWIRE) (Other OTC: AMRS.PK) American Stellar Energy, Inc. is pleased to announce that under a "Joint Purchase Agreement" with Paramount Gold Mining Corp, it has acquired four concessions known as the La Blanca property that totals 140 hectares and is located adjacent to American Stellar Energy's San Miguel project in the Sierra Madre Gold-Silver belt, Mexico.

In 1991, War Eagle Mining, a Canadian publicly listed company, drilled 50 RC holes totaling 5,552 meters into the La Blanca silver prospect and outlined a 450 meter long by 200 meter wide zone. War Eagle calculated this zone to contain 6 million tonnes averaging 4.7 ounces of silver with a 2 ounce cutoff and 0.013 ounces gold. War Eagle reported that bench scale metallurgical tests indicated that 90% of the silver and gold could be recovered using floatation.

Commenting on the acquisition, Bill Reed, Paramount's Manger of Exploration, Mexico stated "The drilling done to-date at La Blanca by War Eagle indicates a resource of 29 million ounces silver at a grade of close to 5 ounces per tonne. We are planning an extensive drill program that I believe will not only validate this resource, but add significantly to it. In addition, La Blanca is adjacent to two concessions that we control at our San Miguel project San Jose, where we recently confirmed a zone on surface of 100 meters by 240 meters averaging 225 g/t Ag (7.23 ounces per tonne), which is open in both directions and - Sangre de Cristo, where I believe the mineralization extends on to from La Blanca all of which combined offers the potential for a substantial silver and gold resource."

The mineralized zone at La Blanca is comprised of a number of near vertical brecciated quartz veins up to 1.5 meters in width and running over 10 ounces silver per tonne separated by mineralized stock work quartz veins. The deposit strikes E-W and is open at depth below 100 meters, and possibly to the south. La Blanca is adjacent to other claims controlled by Paramount at its San Miguel project, including the recently discovered San Jose silver zone and the Sangre de Cristo and Swanick concessions.

A core and RC drill program is planned for the first quarter of 2006 to further test the La Blanca, San Jose and Sangre de Cristo areas as well as other targets defined by Paramount's ongoing field mapping and sampling program.

The La Blanca property will be part of the San Miguel joint venture agreement between Paramount Gold and American Stellar Energy, whereby Paramount can earn a 70% interest in La Blanca and American Stellar can earn a 30% interest.

Under the terms of this agreement, Paramount has made one payment of US\$50,000, and must make 6 further payments totaling US\$960,000 over a 10-month period commencing January 31, 2006. In addition, Paramount must make 80% of all future property payments that total US\$3,290,000 made up of 12 payments between June 2006 and January 2010.

The La Blanca property is located in SW Chihuahua in the Sierra Madre Occidental gold-silver belt where other gold/silver exploration projects are ongoing. It is adjacent to the Palmarejo Mining District, where Palmarejo Silver and Gold have announced a resource of 3.1 million gold-equivalent ounces, and just South of Gammon Lake Resource's Ocampo gold-silver deposit which was recently announced as a resources of over 10 million gold-equivalent ounces.

About American Stellar Energy, Inc.

American Stellar Energy, Inc. is a precious metals exploration and development company with existing production. It is management's objective to become a significant gold and precious metals producer by increasing our current production at La Currita and developing the San Miguel and La Millionaria projects in Mexico, and by acquiring other advanced-stage projects and/or producing mines in one of the most prolific precious metal districts in the world. For more information, please visit the Company's web site at: www.americanstellarenergy.com

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements contained herein which are not historical are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to, certain delays beyond the company's control with respect to market acceptance of new technologies or products, delays in testing and evaluation of products, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

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