



**STELLAR RESOURCES LIMITED**

**ACN 108 758 961**

**AND CONTROLLED ENTITIES**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2009**

**STELLAR RESOURCES LIMITED**  
**ABN 108 758 961**  
**AND CONTROLLED ENTITIES**

**TABLE OF CONTENTS**

<b>Contents</b>	<b>Page</b>
Corporate Governance Statement	1
Directors' Report	7
Auditor's Independence Declaration	17
Directors' Declaration	18
Income Statement	19
Balance Sheet	20
Statement of Changes in Equity	21
Cash Flow Statement	23
Notes to the Financial Statements	24
Independent Audit Report	49
Additional Information for Listed Public Companies	51
Schedule of Tenements	53
Corporate Directory	56

**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

***This report contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure documents filed from time to time with the Australian securities authorities.***

**STELLAR RESOURCES LIMITED  
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**CORPORATE GOVERNANCE STATEMENT**

In March 2003, the Australian Stock Exchange (ASX) Corporate Governance Council (Council) published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the best practice recommendations during the reporting period. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the Company must state the period during which it has been followed.

In August 2007, following a major review of the operation of the Principles and Recommendations since they were issued, a second edition of the Corporate Governance Principles and Recommendations was published by the Council. Stellar Resources Limited (SRZ or the Company) is now required to report on its compliance with the revised Principles and Recommendations during the financial year 1 July 2008 to 30 June 2009.

This Statement briefly outlines the main corporate governance practices of the Company. Unless otherwise stated, the Company's corporate governance practices were in place throughout the 2008/09 year and comply with the Council's revised corporate governance principles and recommendations.

As recognised by the Council, corporate governance is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations." It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. Corporate governance practices will evolve in the light of the changing circumstances of a company and must be tailored to meet those circumstances. Corporate governance practices must also evolve in the context of developments both in Australia and overseas.

**Role of the Board and Management**

The primary responsibility of the Board is to protect and advance the interests of shareholders. To fulfil this role, the Board has overall responsibility for the corporate governance of the Company including matters such as strategic direction, setting of management goals and monitoring management performance against the set goals.

The primary responsibilities of the Board include:

- Formulation, review and approval of the Company's strategic direction and operational policies;
- Establishing management goals and monitoring management performance;
- Review and approval of the Company's Business Plan (incorporating its annual budget);
- Monitoring the performance and reviewing remuneration of senior executives and other key staff;
- Approval of all significant business transactions including acquisitions, divestments and corporate restructures;
- Monitoring business risk exposures and risk management systems;
- Review and approval of financial and other reporting, including continuous disclosure reporting; and
- Reporting to shareholders.

Mr Peter Blight was the Chief Executive Officer of the Company (but not a member of the Board) during the whole of the reporting period.

Mr Blight's specific responsibilities include:

- Contributing to the formulation of the Company's strategic direction for approval by the Board and thereafter managing its implementation;
- Managing the day to day affairs of the Company within the guidelines set by the Board;
- Developing a range of potential partners for project development;
- Managing relationships with Government;
- Marketing the Company to existing and potential investors;
- Monitoring employee performance; and
- Managing costs at the direction of the Board.

Dr David Isles was a Non-Executive Director during the whole of the reporting period. Mr Barrie Laws, a Non-Executive Director of the Company from the date of its listing on ASX, resigned on 19 February 2009 and was not replaced.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

**Board Composition and Performance**

The above changes in board composition resulted in the Board presently having two Non-Executive Directors (Mr T Burrowes and Dr D Isles), one of whom (Dr D Isles) is considered by the Board to be independent and one Executive Director (Mr C Anderson). The Board considers Dr David Isles to be independent, notwithstanding his executive role until 1 June 2008, because that role was not full time and, because he resided (and continues to reside) in Western Australia, tended to be project based. Dr Isles is a leading geophysicist and may be asked to provide specialist services to the Company from time to time. The Board does not consider this to be a relationship which could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of his judgement. The Board will regularly assess whether in its view Dr Isles continues to be independent.

It is a Council Recommendation that a majority of the Board should be independent directors. The Board endorses the position that all Directors – whether independent or not – should bring an independent judgement to bear on Board decisions but considers that the need for independence is to be balanced against the need for skills, commitment and workable board size. The composition of the Company's Board is balanced with directors contributing a range of complementary skills and experience to its deliberations.

The Board has adopted processes to measure its own performance and that of individual directors. The annual performance evaluation reviews the performance of the Board against its responsibilities. It also reviews the contribution of each member of the Board. The annual performance evaluation also sets forth the goals and objectives of the Board for the following year. The Chairman conducts confidential discussions with each Director in relation to matters such as work programme and perceived strengths and weaknesses of the Board. Mr M Drummond, the Company Secretary, is accountable to the Board, through the Chairman, on all governance and compliance matters. After discussion between the Chairman and Mr Drummond, any significant performance related issues identified, or changes recommended, are referred to the Board for action in its ongoing development programme.

A performance evaluation for the Board and Directors took place in the reporting period and was in accordance with the process disclosed.

**Skills Experience and Expertise of Directors**

The skills, experience and expertise relevant to the position of director held by each Director as at 30 June 2009, and the period of office held by each Director, are as follows:

*Thomas J Burrowes – Non-Executive Chairman*

Mr Burrowes has an Honours degree in economics and an MBA from Melbourne University. He has gained extensive experience in many facets of Australian exploration and mining over the past twenty years. After an initial career in funds management, he held a number of directorships in ASX listed exploration and mining companies including Carr Boyd Minerals Limited, VAM Limited, Perseverance Corporation Ltd, Bendigo Mining NL and New Hampton Goldfields Limited. Until July 2003, he was Managing Director of Buka Minerals Limited. From December 2004 to mid September 2008, he was the Executive Chairman of SRZ. He brings extensive corporate experience to the Board.

Period of office: 5 years.

*Christopher G Anderson – Executive Director*

Mr Anderson is an exploration consultant with 33 years of experience in mineral exploration programs throughout Australia and overseas. He is a graduate of Adelaide University, with an Honours degree in geophysics and geology. He is a Fellow of the Australasian Institute of Mining and Metallurgy and an active member of the Australian Society of Exploration Geophysicists.

Throughout his career, Mr Anderson has been directly involved in the discovery of a number of significant deposits, including the Osborne mine (Queensland), the Carrapateena and Kalkaroo prospects (South Australia) and the Gokona mine (Tanzania). He was involved in the initial acquisition of exploration projects for the IPO of SRZ and has subsequently been responsible for the development of exploration programs, assessment of further tenement acquisitions and identifying joint venture opportunities. As the Company's sole Executive Director, he is responsible for carrying out exploration and assessment programs as directed by the Board, in a safe and cost-effective manner.

Period of office: 5 years.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

*David J Isles – Non-Executive Director*

Dr Isles has a background in the minerals industry spanning more than 30 years. He has held senior positions in large mining and exploration companies and in contracting and consulting companies. Since 1993, he has operated a technical consultancy specialising in exploration applications of airborne geophysics.

In recent times, he has been an executive director of ASX listed companies New Hampton Goldfields Limited and Gravity Capital Limited and is currently a non-executive director of the Senegalese-focused ASX and TSX listed mining and exploration company, Mineral Deposits Limited. He was a founding director of SRZ.

He is a member of the Australasian Institute of Mining and Metallurgy, the Society of Exploration Geophysicists, the Australian Institute of Geoscientists and the Australian Society of Exploration Geophysicists.

Period of office: 5 years.

**Ethical and Responsible Decision-making**

It is the policy of the Company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with suppliers, business partners, public servants and the general communities in which it operates.

The Company adopted a formal Code of Ethics with effect from 29 August 2008. The Code is available on the Company's website [www.stellarresources.com.au](http://www.stellarresources.com.au).

**Share Trading Policy**

Directors and employees are required to advise the Company Secretary prior to buying or selling shares or other tradable securities in the Company. The current policy prohibits Board members, employees, consultants and contractors trading shares or other securities in the Company in the month preceding the announcement of half yearly or annual results, publication of a quarterly report, or at any other time whilst in possession of price sensitive information.

It is the individual responsibility of each Director, employee, consultant or contractor in possession of market sensitive information to ensure that they comply with the spirit and the letter of insider trading laws. The Company ensures that this policy is made known to all directors and employees, and endeavours to ensure that it is communicated to consultants and contractors.

A copy of the Company's Share Trading Policy is available on the Company's website, [www.stellarresources.com.au](http://www.stellarresources.com.au).

**Communications with Shareholders**

The Board seeks to empower shareholders through effective communication by providing balanced and understandable information and encouraging participation at General Meetings. It is the policy of the Company to communicate with shareholders in an open, regular and timely manner so that the market has sufficient information on the operations and results of the Company to make informed investment decisions.

Mechanisms used to communicate with shareholders include:

- the statutory financial report is distributed to all shareholders who have "opted in" as that term is now understood and otherwise made available in accordance with the Corporations Act 2001. The Board also ensures that the statutory financial report is provided to any shareholder requesting it at the annual general meeting;
- the half-yearly report as at 31 December contains condensed financial information and a review of the consolidated entity during the period. This financial report is sent to any shareholder requesting it;
- the quarterly report summarising activities on the Company's projects on a quarterly basis. This report is sent to any shareholder requesting it;
- preparation and circulation of regular Business Reviews; and
- maintaining a comprehensive website ([www.stellarresources.com.au](http://www.stellarresources.com.au)) which is user friendly and regularly updated.

The Board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and understanding of the Company's strategy and goals. Generally, every meeting of shareholders is followed by a presentation by the Chief Executive Officer and/or Directors.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

All announcements made to the market and related information (for example, information provided to analysts during briefings), are placed on the Company's website after they have been released to ASX. These announcements include the full text of notices of meeting and explanatory material. The Company's website also contains Brokers' Reports on the Company and financial data for the last three years.

**Integrity of Financial Reporting**

It is a requirement of the Corporations Act 2001 that the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) declare in writing to the Board (in accordance with section 295A of the Corporations Act 2001) that, in their opinion, the financial records have been properly maintained and the consolidated financial statements of the Company and its controlled entities for each half and full financial year present a true and fair view of the Group's financial position and performance and are in accordance with relevant accounting standards.

**Continuous Disclosure to ASX**

The Board is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approval of any proposed ASX announcement prior to release. The Board has appointed the Company Secretary as the designated person responsible for liaising with ASX.

A copy of the Company's Continuous Disclosure Policy and Procedures is available on the Company's website [www.stellarresources.com.au](http://www.stellarresources.com.au).

**Risk Management**

The Board is responsible for the oversight of the Group's risk management and control framework. Management is required to design and implement the risk management and internal control system to manage the Company's material business risks and report to the Board on whether those risks are being managed effectively. The effectiveness of the risk management and internal control system is reviewed periodically by the Board. The Chief Executive Officer and the Chief Financial Officer (or equivalent in each case) has ultimate responsibility to the Board for the risk management and control framework.

Senior executives have reported to the Board as to the effectiveness of the Company's management of its material business risks and the Board has received assurance from the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Performance of Senior Executives**

The Board is responsible for regularly reviewing the performance of senior executives against appropriate measures including the implementation of the Company's Business Plan. The annual performance evaluation covers the Chief Executive Officer and any other key executives of the Company. The Chairman is primarily responsible for arranging such reviews and canvasses the views of each of the other Directors before a formal decision of the Board is made.

A performance evaluation of senior executives took place during the reporting period and was in accordance with the disclosed process.

**Remuneration of Directors and Senior Executives**

It is the policy of the Company that, except in special circumstances, non-executive directors normally be remunerated by way of fixed fees, should not receive bonus or option payments and should not be provided with retirement benefits other than statutory superannuation.

The Board, within the limit pre-approved by shareholders, determines fees payable to individual non-executive directors. The remuneration level of any executive director or other senior executive is determined by the Board after taking into consideration levels that apply to similar positions in comparable companies in Australia and taking account of the individual's possible participation in any equity-based remuneration scheme. The Board may use industry-wide data gathered by independent remuneration experts annually as its point of reference. Options or shares issued to any Director pursuant to any equity-based remuneration scheme require approval by shareholders prior to their issue. Options or shares granted to senior executives who are not directors are issued by resolution of the Board.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

It is the policy of the Company that persons to whom options have been issued should not enter into any transaction in any associated product which is designed to limit the economic risk of participating in unvested entitlements under an equity-based remuneration scheme.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

The Company's policies and details of Director and executive remuneration are set out in more detail in the Remuneration Report, which forms part of the Directors' Report.

**Interests of Stakeholders**

The Company's core objective is the effective management of its resources with a view to identifying and developing profitable and environmentally sound mineral projects that are beneficial for all stakeholders.

**Compliance with the Australian Stock Exchange Corporate Governance Principles and Recommendations**

The ASX listing rules require listed entities to include in their Annual Report a statement disclosing the extent to which the entity has followed the ASX Corporate Governance Principles and Recommendations during the reporting period, identifying the recommendations that have not been followed and providing reasons for any variance. If a recommendation has been followed for only part of the year, the entity must state the period during which it has been followed.

During the reporting period, the Company complied with each of ASX Corporate Governance best practice recommendations, other than in relation to the matters below:

**Recommendation 2.1      A majority of the Board should be independent directors**

**Notification of Departure**

The majority of the Board was not comprised of independent directors.

**Explanation of Departure**

The Board strongly endorses the position that boards exercise independence of judgement; however this needs to be balanced with the need for skills, commitment and a workable board size. The Board considers that the structure during the reporting period was appropriate to ensure independence of judgement (given the diverse background and experience of the executive and non-executive Directors) combined with the established procedure which empowers Directors to seek independent professional advice at the Company's expense.

<b>Recommendation 2.4</b>	<b>The Board should establish a nomination committee</b>
<b>Recommendation 4.1</b>	<b>The Board should establish an audit committee</b>
<b>Recommendation 8.1</b>	<b>The Board should establish a remuneration committee</b>

**Notification of Departure**

The Company did not establish separate nomination, audit or remuneration committees given the limited size and current composition of its board of directors. It follows that the Company did not comply with Recommendations 4.2 and 4.3 concerning the structure and charter of the audit committee and is unable to provide most of the information required by Recommendation 4.4.

**Explanation of Departure**

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate board committees such as audit, remuneration and nomination committees. Accordingly, the functions of, and all matters that may be capable of delegation to, any such committee are presently dealt with by the full Board.

**Recommendation 2.2      The chair should be an independent director**

**Notification of Departure**

The chair was not an independent director.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

**Explanation of Departure**

While the current chair (Mr T J Burrowes) was not an independent director, the Board believes that his extensive industry experience and record as a director of other listed companies made him the most appropriate person for the position of Chair.

**Recommendation 3.1      Establish a code of conduct to guide the directors and key executives**

**Notification of Departure**

The Company did not have a formal code of conduct during the whole of the reporting period.

**Explanation of Departure**

The policy of the Company (see under “Ethical and Responsible Decision-making” above) was known to all of the directors and key executives during the whole of the reporting period. In view of the limited number of those directors and key executives, a formal Code was not considered necessary to ensure their compliance with this policy or to ensure compliance with legal and other obligations to legitimate stakeholders.

**Recommendation 7.4      Companies should provide the information indicated in the Guide to reporting on Principle 7**

**Notification of Departure**

Except to the extent specified in this Statement, the Company does not make publicly available a summary of its policies on risk oversight and management of material business risks.

**Explanation of Departure**

The Company has not yet recorded its risk oversight and management policies in a “stand alone” policy document approved by the Board. Until this is done, a summary of the current policies is unlikely to provide much additional information for shareholders.

**Recommendation 8.2      Companies should clearly distinguish the structure of non-executive directors’ remuneration from that of executive directors and senior executives**

**Notification of Departure**

Until the 1,000,000 options held by each of the two non-executive directors (Mr T Burrowes and Dr D Isles) lapsed on 10 December 2008 due to the expiry of their term, there was not a clear distinction between the structure of their remuneration and that of the executive director (Mr C Anderson) and chief executive officer (Mr P Blight).

**Explanation of Departure**

The options concerned were granted to each of its directors in December 2004 before the Company had been listed by ASX. Thereafter, the Company was not able to cancel these options unilaterally. The options were escrowed by ASX until 28 April 2007, and lapsed late last year, well out of the money.



**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

Your directors present their annual financial report on Stellar Resources Limited and its controlled entities for the year ended 30 June 2009.

**Directors**

The names of Directors of the Company in office at any time during or since the end of the period are:

<b>Director</b>	<b>Position held</b>
Thomas J Burrowes	Non-executive Chairman*
Christopher G Anderson	Executive Director
David J Isles	Non-executive Director
Barrie E Laws	Non-executive Director – resigned 19 February 2009

\* Non-executive Chairman from 15 September 2008.

**Company Secretary**

The following person held the position of Company Secretary at the end of the financial period:

Mr Melvyn J Drummond – Bachelor of Arts & Commerce FCIS.

**Principal Activities**

The principal activity of the Consolidated Entity during the period was mineral exploration with the objective of identifying and developing economic reserves.

**Operating Result**

The net loss of the Consolidated Entity for the financial period was (\$5,341,045) (2008: loss \$6,018,216).

**Dividends Paid or Recommended**

No amounts have been paid or declared as dividends during the course of the financial period just concluded.

**Review of Operations**

During the year, the Consolidated Entity focused more of its efforts on advanced projects. Specifically, the Tarcoola Iron Ore Project (Coolybring) in central South Australia and the Heemskirk Tin Project in Tasmania. This reflects the Board's view that a medium return to shareholders would be more likely, if either of these projects could be taken forward to a positive economic evaluation.

In October 2008, a 1,445m RC drilling program was completed at Coolybring. This program substantially increased the width of magnetite mineralisation to approximately 300m, with an associated increase in the resource target to approximately 500 million tonnes. A significant amount of effort has subsequently been directed towards identifying key infrastructure, environmental and metallurgical issues as a basis for economic desktop modelling of the Coolybring magnetite deposit. These studies continue to confirm that the magnetite project is at least comparable to iron ore projects currently under assessment in Western Australia. The Company is continuing to market the Tarcoola Iron Ore Project to Chinese steel mills, as well as reviewing other options for further assessment.

In spite of widespread initial interest, global financial market conditions forced the postponement of the planned Initial Public Offering (IPO) of Columbus Metals Limited (a tin focused development company) in late 2008. The Board has continued to assess alternative options for realising the value of the Heemskirk Tin Project and is engaged in discussions with Gippsland Limited the joint venture (JV) partner regarding alternative means for financing the required resource drill-out. Aberfoyle Limited drilled deposits in the JV area in the mid 1980s and estimated an historic resource of 43,500 tonnes of contained tin at an average grade of 1.2%, making this project the largest undeveloped high grade tin project in Australia. Market sentiment for tin improved during the second half of the financial year, with a number of potential partners currently reviewing the project.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

In keeping with the Board's decision to focus on advanced projects, exploration expenditure on "greenfields" projects through out the year was kept to a minimum. Following a review of historical gold prospects within the Tarcoola region it was decided that the "Sunshine" Gold Project warranted further work. In particular to test for structurally controlled gold mineralisation within the regional "Bulgunnia" shear zone. Following some delays due to state regulatory requirements, this testing program commenced in July 2009.

A program to test shallow targets within the Goldfinger Lead/Zinc Project area at Broken Hill, New South Wales, has been postponed for the current period.

Stellar's joint venture (JV) partners continued to work diligently throughout the financial year. UraniumSA Limited (USA) completed initial drilling traverses, targeting palaeochannel uranium mineralisation across a number of targets within the areas of Stellar's Tarcoola tenements under the Kingoonya JV Agreement. USA also announced an initial resource for their "Mullaquanna" uranium discovery on Eyre Peninsula, South Australia, immediately north of Stellar's tenement licences in the Cowell area, South Australia. A JV was negotiated with USA for Stellar's Exploration Licence 4242, with initial drilling on this tenement anticipated in September 2009.

Toro Energy Limited withdrew from the "Warrior" JV agreement following rationalising of their corporate priorities. The potential for this advanced uranium project, which is now held 100% by Stellar, is currently being assessed.

Red Metal Limited also withdrew from the Robins Rise JV having spent in excess \$800,000 assessing geophysical targets for Prominent Hill style mineralisation. This large tenement holding is still considered to retain considerable prospectivity for a number of commodities, including Penthryn coal basin with new JV proposals currently under review.

In the Tarcoola goldfield area, LIDDS Pty Ltd has applied for Mineral Leases over the Perseverance gold project, as a pre-cursor to undertaking bulk sampling tests.

The consolidated loss after tax of the Consolidated Entity for the financial year was (\$5,341,045) (2008: \$6,018,216). The Parent Company loss after tax for the financial year was (\$1,536,455) (2008: \$3,613,482).

The loss for the period was mainly attributable to \$4.08 million (2008: \$2.23 million) of write downs in the carrying values of the Group's exploration assets. The other notable impact was the fair value of shares and options held in UraniumSA Limited (USA) having decreased by \$0.8 million and the value of options held in Gippsland Offshore Petroleum Limited (GOP) having decreased by \$0.14 million. These fair value decrements on options were recognised in the income statement.

**Financial Position**

The net assets of the Consolidated Entity and Parent Company respectively as at 30 June 2009 were \$7.6 million (2008: \$11.3 million) and \$3.5 million (2008: \$3.6 million). The directors believe the Consolidated Entity is in a strong financial position to undertake its outlined exploration activities.

**Significant Changes in the State of Affairs**

The following significant changes in the state of the affairs of the Company occurred during the financial period:

- On 16 September 2008, the Company issued 7,142,857 ordinary fully paid shares to Acorn Capital Limited at an issue price of 14 cents being a placement to raise additional working capital;
- On 6 April 2009, the Company issued 9,787,500 ordinary fully paid shares pursuant to the Company's share purchase plan at an issue price of 4 cents being a placement to raise funds to further drill test the Sunshine gold prospect and advance pre-scoping studies of the Tarcoola Iron Ore Project;
- In June 2009, the Company supported a rights issue by USA by taking up its full entitlement of 3.4 million shares at a cost of \$239,500. The investment was funded through the sale of 4.4 million USA shares and \$98,700 of working capital. Following these transactions Stellar holds 9.3 million shares in USA representing 11.03% of issued share capital.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**After Balance Date Events**

On 8 September 2009, the Company announced that it had successfully concluded an option agreement with Western Plains Resources Limited (WPG) over EL 3336 and EL 3436 in the "Robins Rise" project, to the southwest of Coober Pedy in South Australia.

Under the terms of the agreement, WPG will pay an option fee of \$100,000 to the Company on signing the agreement and will meet all commitments to keep the tenements in good standing for a period of 12 months from date of agreement. WPG can then exercise the option by paying a further \$250,000 to the Company or allow the option to lapse in which case the Company retains ownership of the licences.

WPG will also pay the Company a royalty of \$0.60/tonne on any coal or iron ore mined from the tenements. The Company retains the right to acquire a 49% joint venture interest in any non coal or iron ore mineral resource identified during WPG's exploration activities.

**Business Strategies**

The Consolidated Entity is committed to the corporate objective of:

"Enhancing shareholder wealth, through mineral discovery".

It seeks to meet this objective by:

- Utilising cutting edge exploration technology;
- Focusing on projects located within geological terrains hosting world-class ore bodies; and
- Utilising an experienced, focused and success driven management team.

Where joint ventures seem appropriate and beneficial to the risk/reward profile of Stellar Resources, the Board has chosen to enter such agreements. Joint ventures provide financing whilst maintaining meaningful involvement and equity in the project.

The Company is also prepared to sponsor or co-sponsor new IPO's – including those where Company assets may be included. In such cases, shareholders may also be eligible and entitled to subscribe for shares in a new IPO.

The Company's prospects for future years depend very much on the rate of mineral discovery. The Company is an active minerals explorer and a good sized mineral discovery has the potential to add substantial value to Stellar. Against this, company funds must be expended in this exploration/discovery endeavour and the Board may decide to raise new equity to replenish funds along the path.

**Future Developments**

The Company intends to continue to explore and, should a viable discovery be made, would then move that project towards the development phase – subject to completing full feasibility studies, financing and development studies.

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

**Environmental Issues**

The Consolidated Entity's exploration activities are subject to various environmental regulations under both state and federal legislation in Australia. The ongoing operation of these tenements is subject to compliance with the respective mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The Directors are not aware of any significant breaches of mining and environmental regulations and legislation during the period covered by this report.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Meetings of Directors**

The number of meetings of the Company's Board of Directors held during the period ended 30 June 2009, and the number attended by directors were:

Director	Number of meetings held	Number eligible to attend	Number of meetings attended
T J Burrowes	9	9	9
C G Anderson	9	9	9
D J Isles	9	9	9
B E Laws	5	5	5

**Remuneration Report**

**(a) Names and Positions Held of Key Management Personnel in Office at any time during the Financial Period are:**

Thomas J Burrowes	–	Non-executive Chairman (since 15 September 2008)
Christopher G Anderson	–	Executive Director
David J Isles	–	Non-executive Director
Barrie E Laws	–	Non-executive Director (resigned 19 February 2009)
Peter G Blight	–	Chief Executive Officer
Melvyn J Drummond	–	Company Secretary

**(b) Directors' and Executives' Compensation**

*Remuneration Policy*

The Board is responsible for determining and reviewing the remuneration of the directors including the managing director and executive officers of the Company. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board seeks where necessary the advice of external advisers in connection with the structure of remuneration packages. The Board also recommends the levels and form of remuneration for non-executive directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the Company in general meeting. Shareholders fixed the maximum aggregate remuneration for non-executive directors at \$500,000.

The three key elements of director and executive remuneration are:

- base salary and fees, which are determined by reference to the market rate based on payments by similar size companies in the industry;
- superannuation contributions; and
- equity-based payments, the value of which are dependent on the Company's share price and other factors.

**(c) Relationship between the Remuneration Policy and Company Performance**

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2009. As the table indicates, earnings have varied significantly over the past five financial years, due to the nature of exploration activities. It has been the focus of the board of directors to attract and retain management personnel essential to continue exploration activities.

	30 June 2009 \$	30 June 2008 \$	30 June 2007 \$	30 June 2006 \$	30 June 2005 \$
Revenue	121,112	269,910	919,984	243,461	165,079
Net loss before tax	(5,341,045)	(5,523,266)	(416,265)	(1,180,555)	(535,300)
Net profit/(loss) after tax	(5,341,045)	(6,018,216)	78,685	(1,180,555)	(535,300)

**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Remuneration Report (cont'd)**

**(c) Relationship between the Remuneration Policy and Company Performance (cont'd)**

	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
	\$	\$	\$	\$	\$
Share price at start of year	\$0.18	\$0.29	\$0.28	\$0.18	\$0.20
Share price at end of year	\$0.05	\$0.18	\$0.29	\$0.28	\$0.18
Basic earnings per share (cents)	(6.3)	(8.6)	0.1	(2.3)	(2.1)
Diluted earnings per share	(6.3)	(8.6)	0.1	(2.3)	(2.1)

**(d) Remuneration of Directors and Senior Management**

2009	Short term benefits		Post-employment		Equity Options	Other benefits	Total
	Salary & Fees	Non-monetary	Super-annuation	Other			
	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>							
T J Burrowes	89,079	-	19,600	-	-	-	108,679
C G Anderson	111,457	-	-	-	-	-	111,457
D J Isles	30,000	-	2,700	-	-	-	32,700
B E Laws	-	-	21,800	-	-	-	21,800
<b>Executive</b>							
P G Blight	123,031	-	21,969	-	7,348	-	152,348
M J Drummond	-	-	-	-	-	-	-
	353,567	-	66,069	-	7,348	-	426,984
<b>2008</b>							
	Salary & Fees	Non-monetary	Super-annuation	Other	Equity Options	Other benefits	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>							
T J Burrowes	128,333	-	43,267	-	-	-	171,600
C G Anderson	171,000	-	-	-	-	-	171,000
D J Isles	83,521	-	-	-	-	-	83,521
B E Laws	-	-	27,250	-	-	-	27,250
<b>Executive</b>							
P G Blight	95,145	-	36,594	-	125,586	-	257,325
M J Drummond	-	-	-	-	46,832	-	46,832
B Michaelidis	9,474	-	-	-	-	-	9,474
	487,473	-	107,111	-	172,418	-	767,002

All key management personnel compensation is paid by Stellar Resources Limited. Key management personnel receive no remuneration from group subsidiary companies.

Compensation for Mr C G Anderson is paid to CG Anderson & Associates.

**(e) Compensation Options: Granted and Vested during the Year**

No options were issued to directors or executives during or since the end the financial year.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Remuneration Report (cont'd)**

**(e) Compensation Options: Granted and Vested during the Year (cont'd)**

2008	Vested number	Granted number	Grant date	Value of options granted at grant date	Terms and conditions for each grant			
					Exercise price	Expiry date	First exercise date	Last exercise date
Director								
T J Burrowes	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
B E Laws	-	-	-	-	-	-	-	-
Executive								
P G Blight	500,000	500,000	5/12/07	93,665	30 cents	30/11/10	1/06/08	30/11/10
P G Blight	408,145	500,000	12/02/08	39,270	25 cents	31/01/11	1/08/08	31/01/11
M J Drummond	250,000	250,000	5/12/07	46,832	30 cents	30/11/10	1/06/08	30/11/10
	<hr/> 1,158,145	1,250,000						

**(f) Details concerning Share-based Remuneration of Directors and Executives**

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Any options not exercised before or on the date of termination will lapse.

The objective of the share-based schemes is to both reinforce the short and long-term goals of the Company and to provide a common interest between management and shareholders. Options granted to key management personnel during the year outlined above.

The Board is responsible for the review and operation of the Stellar Option Plan including terms and conditions for all options issued. The number of options offered under the plan is limited to less than 5% of the total number of shares on issue at the time of the offer.

**(g) Number of Options Held by Key Management Personnel**

2009	Balance 1/07/08	Granted as compen- sation	Options exercised	Net change other	Balance 30/06/09	Total vested 30/06/09	Total exerc- isable 30/06/09	Total unexerc- isable 30/06/09
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	(1,000,000)	-	-	-	-
C G Anderson	1,000,000	-	-	(1,000,000)	-	-	-	-
D J Isles	1,000,000	-	-	(1,000,000)	-	-	-	-
B E Laws	500,000	-	-	(500,000)	-	-	-	-
<b>Executives</b>								
P G Blight	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	-	-	-	250,000	250,000	250,000	-
	<u>4,750,000</u>	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Remuneration Report (cont'd)**

**(g) Number of Options Held by Key Management Personnel (cont'd)**

<b>2008</b>	<b>Balance 1/07/07</b>	<b>Granted as compen- sation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/08</b>	<b>Total vested 30/06/08</b>	<b>Total exerc- isable 30/06/08</b>	<b>Total unexerc- isable 30/06/08</b>
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
C G Anderson	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
D J Isles	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
B E Laws	500,000	-	-	-	500,000	500,000	500,000	-
<b>Executives</b>								
P G Blight	-	1,000,000	-	-	1,000,000	908,145	500,000	408,145
M J Drummond	-	250,000	-	-	250,000	250,000	250,000	-
B Michaelidis	250,000	-	-	(250,000)	-	-	-	-
	<b>3,750,000</b>	<b>1,250,000</b>	<b>-</b>	<b>(250,000)</b>	<b>4,750,000</b>	<b>4,658,145</b>	<b>4,250,000</b>	<b>408,145</b>

**(h) Shares Issued on Exercise of Compensation Options**

No shares were issued to directors or executives on exercise of compensation options during the financial year.

**(i) Loans to Key Management Personnel**

There were no loans to key management personnel at anytime during the current or prior financial year.

**(j) Number of Shares held by Key Management Personnel**

<b>2009</b>	<b>Balance 1/07/08</b>	<b>Received as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/09</b>
<b>Directors</b>					
T J Burrowes	1,086,112	-	-	125,000	1,211,112
C G Anderson	75,000	-	-	250,000	325,000
D J Isles	73,612	-	-	25,000	98,612
B E Laws	500,000	-	-	250,000	750,000
<b>Executives</b>					
P G Blight	625,977	-	-	305,000	930,977
M J Drummond	40,000	-	-	75,000	115,000
	<b>2,400,701</b>	<b>-</b>	<b>-</b>	<b>1,030,000</b>	<b>3,430,701</b>

  

<b>2008</b>	<b>Balance 1/07/07</b>	<b>Received as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/08</b>
<b>Directors</b>					
T J Burrowes	1,086,112	-	-	-	1,086,112
C G Anderson	75,000	-	-	-	75,000
D J Isles	73,612	-	-	-	73,612
B E Laws	75,000	-	-	425,000	500,000
<b>Executives</b>					
P G Blight	-	-	-	625,977	625,977
M J Drummond	-	-	-	40,000	40,000
B Michaelidis	5,000	-	-	(5,000)	-
	<b>1,314,724</b>	<b>-</b>	<b>-</b>	<b>1,085,977</b>	<b>2,400,701</b>

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Share Options**

*Share option issue*

At the date of this report, no share options were granted during or since the end of the financial year to directors or employees of the Company.

*Shares under options*

At the date of this report, the unissued ordinary shares of Stellar Resources Limited under option are as follows:

<b>Option series</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Grant date fair value</b>	<b>Exercise price</b>	<b>Number under option</b>	<b>Vesting date</b>
SRZAM	16/03/2006	19/08/2009	\$0.19	\$0.30	375,000	Vests at date of grant
SRZAO	5/12/2007	30/11/2010	\$0.19	\$0.30	1,175,000	Vests at date of grant
SRZAA	12/02/2008	31/01/2011	\$0.08	\$0.25	500,000	Vests at date of grant

Shares under option were issued under the terms of Stellar option plan. The options hold no voting or dividend rights, and are not transferable, except with the prior written approval of the board. When an executive or employee ceases employment, the options lapse from date of termination.

*Shares issued on exercise on share options*

No shares were issued during or since the end of financial year as a result of exercise of a share option.

*Options expired*

Options expired during the financial year.

<b>Grant date</b>	<b>Date options expired</b>	<b>Exercise price</b>	<b>Number under option</b>	<b>Value of options at expiry date</b>
10/12/2004	10/12/2008	\$0.30	3,500,000	nil

**Information on Directors and Executives**

The qualifications, experience and special responsibilities of each person who has been a director of Stellar Resources Limited at any time during or since the end of the financial year are provided below, together with details of the Company Secretary as at year end.

**Chairman**

Thomas J Burrowes  
B.Ec (Hons), MBA (Melb)  
Appointed 19 April 2004  
Resigned 20 April 2004  
Re-appointed 10 December 2004

Mr Burrowes has extensive experience in all facets of Australian exploration and mining over the past 17 years. After an initial career in funds management, he has held numerous directorships in ASX listed exploration and mining companies.

Shareholding: 1,211,112  
Option holding: nil

Mr Burrowes did not hold any other listed company directorships in the preceding three years.

**Director**

Christopher G Anderson  
B.Sc (Hons), Fellow AusIMM  
Appointed 19 April 2004  
Resigned 20 April 2004  
Appointed 10 December 2004

Mr Anderson is an exploration consultant with 31 years of experience in mineral exploration programs both in Australia and overseas. He is a graduate of Adelaide University, with an Honours degree in geophysics and geology. He has managed a contract geological and geophysical consultancy service company with particular expertise in the cost effective application of geophysics.

Shareholding: 325,000  
Option holding: nil

Mr Anderson did not hold any other listed company directorships in the preceding three years.



**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Information on Directors and Executives (cont'd)**

**Director**

David J Isles  
B.Sc (Hons), PhD, SEG,  
ASEG, AIG, MAusIMM  
Appointed 19 April 2004

Dr Isles is a geophysicist and recognised expert in aeromagnetic interpretation. He has worked in operational exploration with BHP Minerals and in the area of exploration technology development with World Geoscience Corporation.

Shareholding: 98,612  
Option holding: nil

Directorships of other listed companies since 1 July 2006:  
Mineral Deposits Limited (December 2002 – Current)

**Director**

Barrie E Laws  
B.Com, FS Fin, ASA, ACIS  
Appointed 10 December 2004  
Resigned 19 February 2009

Mr Laws has experience in management with particular emphasis on funds management. He joined the Norwich Union Group in October 1991 and was appointed to the Board of Norwich Union Life Australia Limited in March 1993 and as its Chief Executive Officer in February 1997. He retired from full time employment with the Norwich Group in March 1998.

Shareholding: 750,000  
Option holding: nil

Mr Laws did not hold any other listed company directorships in the preceding three years.

**Chief Executive Officer**

Peter G Blight  
BSc (Hons) (Adelaide),  
MSc (USA)  
Appointed 5 February 2008

Mr Blight has been involved in the exploration, mining and finance industries for the past twenty nine years. Prior to joining Stellar Resources, he was Director of Research at Russian aluminium giant UC Rusal where he was responsible for market analysis and business development in China and India. He also had a 14 year career with investment bank, UBS, as Executive Director of commodity analysis in London and prior to that as a mining company analyst in Melbourne. Mr Blight's wide range of experience from exploration to business development places him in a strong position to guide the commercialisation of Stellar's advanced projects.

Shareholding: 930,977  
Option holding: 1,000,000

Mr Blight did not hold any other listed company directorships in the preceding three years.

**Company Secretary**

Melvyn J Drummond  
BA, B.Com, FCIS  
Appointed 19 April 2004

Mr Drummond worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including resources.

Shareholding: 115,000  
Option holding: 250,000

Directorships of other listed companies since 1 July 2006:  
Cockatoo Ridge Wines Limited (September 2005 – Current)

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Indemnifying Officers**

The Company has paid premiums to insure each of the Directors and the Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director/officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The terms and conditions of the insurance are confidential and cannot be disclosed.

**Proceedings on Behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

**Non Audit Services**

No non-audit services were provided by the Company's auditors, Deloitte Touche Tohmatsu, during the financial period ended 30 June 2009.

**Auditor's Independence Declaration**

The lead auditor's Independence Declaration for the year ended 30 June 2009 has been received and can be found on page 17 of the Directors' Report.

This Directors' Report is signed in accordance with a resolution of Directors' made pursuant to s.298(2) of the Corporations Act 2001 and dated this 15<sup>th</sup> day of September, 2009.

On behalf of the Directors



**T J Burrowes**  
Chairman  
Melbourne

The Board of Directors  
Stellar Resources Limited  
Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

15 September 2009

Dear Board Members,

## Stellar Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Stellar Resources Limited.

As lead audit partner for the audit of the financial statements of Stellar Resources Limited for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



G R Sincock  
Partner  
Chartered Accountants

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards and the Corporations Regulations 2001; and
  - b) giving a true and fair view of the financial position as at 30 June 2009 and of the performance for the financial period ended on that date of the Company and the Consolidated Entity.
  - c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Chief Executive Officer and Finance Manager have declared that:
  - a) the financial records of the Company and the Consolidated Entity for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b) the financial statements and notes for the financial period comply with the Accounting Standards; and
  - c) the financial statements and notes for the financial period give a true and fair view.
3. At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each Company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.
4. In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 21 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001 and dated this 15th day of September, 2009.



**Thomas J Burrowes**  
Chairman  
Melbourne

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED TO 30 JUNE 2009**

	<b>Note</b>	<b>Consolidated Year to 30 Jun 09</b>	<b>Consolidated Year to 30 Jun 08</b>	<b>Company Year to 30 Jun 09</b>	<b>Company Year to 30 Jun 08</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	2	121,112	269,910	121,112	260,436
Other income	3	221,320	-	-	-
Administration expenditure		(625,526)	(1,262,301)	(619,498)	(1,242,248)
Depreciation and amortisation expenses	3	(52,521)	(46,695)	(50,830)	(46,046)
Exploration expenditure written off	10	(4,082,746)	(2,233,664)	-	-
Impairment of loans to subsidiaries	3	-	-	(987,240)	(2,585,624)
Fair value loss of financial assets	3	(922,684)	(2,250,516)	-	-
<b>Loss before tax</b>		<b>(5,341,045)</b>	<b>(5,523,266)</b>	<b>(1,536,456)</b>	<b>(3,613,482)</b>
Income tax expense	4	-	(494,950)	-	-
<b>Loss for the year</b>		<b>(5,341,045)</b>	<b>(6,018,216)</b>	<b>(1,536,456)</b>	<b>(3,613,482)</b>
<b>Earnings per share</b>					
Basic (cents per share)	16	(6.3)	(8.6)		
Diluted (cents per share)	16	(6.3)	(8.6)		

*Notes to the financial statements are included on pages 24 to 48.*

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**BALANCE SHEET  
AS AT 30 JUNE 2009**

		<b>Consolidated</b>		<b>Company</b>	
	<b>Note</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>					
Cash and cash equivalents	5	1,827,015	2,175,047	1,827,015	2,175,047
Trade and other receivables	6	92,582	214,700	85,582	207,700
Other	7	19,908	26,275	19,908	26,275
Other financial assets	8	-	-	1,632,786	1,387,567
<b>Total current assets</b>		<b>1,939,505</b>	<b>2,416,022</b>	<b>3,565,291</b>	<b>3,796,589</b>
<b>Non-current assets</b>					
Other financial assets	8	699,744	1,282,126	-	-
Property, plant and equipment	9	154,813	206,634	35,686	85,816
Exploration expenditure	10	4,968,845	7,702,619	-	-
<b>Total non-current assets</b>		<b>5,823,402</b>	<b>9,191,379</b>	<b>35,686</b>	<b>85,816</b>
<b>Total assets</b>		<b>7,762,907</b>	<b>11,607,401</b>	<b>3,600,977</b>	<b>3,882,405</b>
<b>Current liabilities</b>					
Trade and other payables	11	119,391	236,088	119,391	236,088
Provisions	12	25,041	38,682	25,041	38,682
<b>Total current liabilities</b>		<b>144,432</b>	<b>274,770</b>	<b>144,432</b>	<b>274,770</b>
<b>Total liabilities</b>		<b>144,432</b>	<b>274,770</b>	<b>144,432</b>	<b>274,770</b>
<b>Net assets</b>		<b>7,618,475</b>	<b>11,332,631</b>	<b>3,456,545</b>	<b>3,607,635</b>
<b>Equity</b>					
Issued Capital	13	19,737,446	18,359,428	19,737,446	18,359,428
Reserves	14	877,460	628,589	635,937	628,589
Accumulated losses	15	(12,996,431)	(7,655,386)	(16,916,838)	(15,380,382)
<b>Total equity</b>		<b>7,618,475</b>	<b>11,332,631</b>	<b>3,456,545</b>	<b>3,607,635</b>

*Notes to the financial statements are included on pages 24 to 48.*

**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

<b>Consolidated</b>	<b>Note</b>	<b>Issued capital</b>	<b>Employee equity-settled benefits reserve</b>	<b>Investments revaluation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2007</b>		16,481,428	372,623	804,997	(1,637,170)	16,021,878
Gain/(loss) on available for sale investments		-	-	(804,997)	-	(804,997)
<b>Total income recognised directly in equity</b>		-	-	(804,997)	-	(804,997)
Loss for the year	15	-	-	-	(6,018,216)	(6,018,216)
<b>Total recognised income and expense</b>		-	-	(804,997)	(6,018,216)	(6,823,213)
Issue of share capital	13	1,878,000	-	-	-	1,878,000
Cost of share issues	13	-	-	-	-	-
Vesting of options under share option plan	14	-	255,966	-	-	255,966
<b>Balance at 30 June 2008</b>		<b>18,359,428</b>	<b>628,589</b>	<b>-</b>	<b>(7,655,386)</b>	<b>11,332,631</b>
<b>Balance at 1 July 2008</b>		18,359,428	628,589	-	(7,655,386)	11,332,631
Gain/(loss) on available for sale investments		-	-	241,523	-	241,523
<b>Total income recognised directly in equity</b>		-	-	241,523	-	241,523
Loss for the year	15	-	-	-	(5,341,045)	(5,341,045)
<b>Total recognised income and expense</b>		-	-	241,523	(5,341,045)	(5,099,522)
Issue of share capital	13	1,391,500	-	-	-	1,391,500
Cost of share issues	13	(13,482)	-	-	-	(13,482)
Vesting of options under share option plan	14	-	7,348	-	-	7,348
<b>Balance at 30 June 2009</b>		<b>19,737,446</b>	<b>635,937</b>	<b>241,523</b>	<b>(12,996,431)</b>	<b>7,618,475</b>

*Notes to the financial statements are included on pages 24 to 48.*

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

<b>Company</b>	<b>Note</b>	<b>Issued capital</b>	<b>Employee equity-settled benefits reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2007</b>		16,481,428	372,623	(11,766,900)	5,087,151
Loss for the year	15	-	-	(3,613,482)	(3,613,482)
<b>Total recognised income and expense</b>		-	-	(3,613,482)	(3,613,482)
Issue of share capital	13	1,878,000	-	-	1,878,000
Cost of share issues	13	-	-	-	-
Vesting of options under share option plan	14	-	255,966	-	255,966
<b>Balance at 30 June 2008</b>		<b>18,359,428</b>	<b>628,589</b>	<b>(15,380,382)</b>	<b>3,607,635</b>
<b>Balance at 1 July 2008</b>		18,359,428	628,589	(15,380,382)	3,607,635
Loss for the year	15	-	-	(1,536,456)	(1,536,456)
<b>Total recognised income and expense</b>		-	-	(1,536,456)	(1,536,456)
Issue of share capital	13	1,391,500	-	-	1,391,500
Cost of share issues	13	(13,482)	-	-	(13,482)
Vesting of options under share option plan	14	-	7,348	-	7,348
<b>Balance at 30 June 2009</b>		<b>19,737,446</b>	<b>635,937</b>	<b>(16,916,838)</b>	<b>3,456,545</b>

*Notes to the financial statements are included on pages 24 to 48.*



**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	Note	Consolidated Year to 30 Jun 09 \$	Consolidated Year to 30 Jun 08 \$	Company Year to 30 Jun 09 \$	Company Year to 30 Jun 08 \$
<b>Cash flows from operating activities</b>					
GST receipts from ATO		168,739	294,891	168,739	294,891
Payments to suppliers and employees		(706,939)	(1,202,248)	(701,686)	(1,201,535)
<b>Net cash used in operating activities</b>	22	(538,200)	(907,357)	(532,947)	(906,644)
<b>Cash flows from investing activities</b>					
Interest received or receivable		130,051	291,093	130,051	291,093
Payment for investment securities		(239,563)	-	-	-
Proceeds on sale investment securities		358,121	-	-	-
Payments for acquisition joint venture	21(a)	-	(300,000)	-	-
Payments for exploration expenditure		(1,435,949)	(3,024,687)	-	-
Payment for property, plant and equipment		(700)	(64,256)	(700)	(64,256)
Proceeds from sale of property, plant and equipment		500	9,474	500	-
<b>Net cash (used in)/provided by investing activities</b>		(1,187,540)	(3,088,376)	129,851	226,837
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(1,322,644)	(3,315,926)
Proceeds from share issues		1,391,500	1,000,000	1,391,500	1,000,000
Payment of share issue costs		(13,482)	-	(13,482)	-
Payments in relation to unmarketable parcel share sale		(310)	(920)	(310)	(920)
<b>Net cash provided by/(used in) financing activities</b>		1,377,708	999,080	55,064	(2,316,846)
Net decrease in cash and cash equivalents		(348,032)	(2,996,653)	(348,032)	(2,996,653)
Cash and cash equivalents at beginning of financial year		2,175,047	5,171,700	2,175,047	5,171,700
<b>Cash and cash equivalents at the end of the financial year</b>	5	1,827,015	2,175,047	1,827,015	2,175,047

*Notes to the financial statements are included on pages 24 to 48.*

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General information*

Stellar Resources Limited (the Company) is a public company listed on the Australian Stock Exchange, (SRZ), incorporated in Australia and operating in Australia.

*Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS").

*Basis of preparation*

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

*Going Concern*

Stellar Resources Limited's financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business. During the year ended 30 June 2009, the Consolidated Entity incurred a net loss of \$5,341,045, (Company: \$1,536,456), had net cash outflows from operating activities of \$538,200 (Company: \$532,947) and exploration activities of \$1,435,949, (Company: \$nil) and had an accumulated loss of \$12,996,431 (Company: \$16,916,838) as at 30 June 2009. The continuation of the Consolidated Entity and Company as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities. Notwithstanding the net loss and negative cash from operations, the Directors consider that the going concern basis of accounting is appropriate for the following reasons:

As at 30 June 2009, the Consolidated Entity and Company had cash assets of \$1,827,015, net working capital of \$1,795,073, (Company: \$3,420,859) as well as investments in ASX traded shares of \$699,744, (Company: \$nil) which could be sold if required.

The most recently prepared cash flow forecast prepared by management and reviewed by the Directors indicates that the Consolidated Entity and Company will hold sufficient cash reserves to meet their operating requirements beyond the end of the financial year 2010. This cash flow forecast takes into account the Consolidated Entity and Company's implementation of cost reviews which will significantly reduce cash expenditure in the areas of staffing, contractors and exploration.

In the event that the Consolidated Entity and Company wishes to increase its exploration activity, from the level planned in its cash forecast, the Company would need to raise new equity capital to meet the planned additional exploration expenditure.

The Consolidated Entity and Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the Consolidated Entity and Company is unable to significantly reduce its cash expenditures, there is significant uncertainty whether the Consolidated Entity and Company can continue as a going concern. If the Consolidated Entity and Company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Consolidated Entity and Company not continue as a going concern.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

*Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgement areas primarily relate to the carrying values in respect of exploration costs. Refer note 1(g) for details.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

*Adoption of new and revised Accounting Standards*

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Income Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or used tax losses and tax offsets can be utilised.

The Company and all its wholly-owned Australian resident entities have formed a tax-consolidated group under Australian taxation law. Stellar Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Under the tax sharing arrangements, amounts will be recognised as payable or receivable between group companies in relation to their contribution to the tax benefits and amounts of tax paid or payable. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing arrangement is considered remote.

**(b) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax ("GST").

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(c) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**(d) Receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**(e) Impairment of Assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(f) Property, Plant and Equipment**

Land and building are recognised at cost. Plant and equipment, leasehold improvements and building are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful life, residual values and depreciation method is reviewed at the end of each annual reporting period.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(f) Property, Plant and Equipment (cont'd)**

The following estimated useful lives are used in the calculation of depreciation:

<b>Class of Fixed Asset</b>	<b>Depreciation Period</b>
Office furniture and equipment	2 to 5 years
Software	2.5 years
Buildings	40 years

**(g) Exploration, Evaluation and Development Expenditure**

*Costs carried forward*

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

**(h) Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

**(i) Payables**

Liabilities for trade payables and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**(j) Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**(k) Principles of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the "Group" in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statement of the Company, intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(l) Goods and Services Tax (GST)**

Revenues, expenses and assets (except receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(m) Financial Assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose term require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment write down in the Company financial statements.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that carrying amount to the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets, and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At balance date, the entity held the following available-for-sale financial assets:

*Available-for-sale financial assets*

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described below. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(m) Financial Assets (cont'd)**

*Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- has been acquired principally for the purpose of selling in the near future;
- is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described below.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

**(n) Share-based Payments**

The entity provides benefits to employees (including directors) of the entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). These benefits are currently provided under the Employee Option Plan.

The cost of these equity-settled share-based payments that were unvested as of 1 January 2005 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Stellar Resources Limited ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity reserve, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(o) Adoption of New and Revised Accounting Standards**

The Directors have considered the impact of new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the Company and Consolidated Entity.

At the date of authorisation of the financial report, a number of Standards and Interpretations listed below were in issue but not yet effective.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(o) Adoption of New and Revised Accounting Standards (cont'd)**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has had no impact on the financial results of the Group.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

- |  |  |
|--|--|
| – AASB 101 Presentation of Financial Statements – revised September 2007, AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101                                      | Effective for annual reporting periods beginning on or after 1 January 2009                                    |
| – AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8: Introduces a new management approach to segment reporting. AASB 8 only applies to entities which have on issue debt or equity securities that are traded in a public market. | Effective for annual reporting periods beginning on or after 1 January 2009                                    |
| – AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments: Requires enhanced disclosures of fair value   | Effective for annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009 |

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the Consolidated Entity and the Company:

- |   |   |
|---|---|
| – AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127: Alters the manner in which business combinations and changes in ownership interests in subsidiaries are accounted for.   | Effective for annual reporting periods beginning on or after 1 July 2009    |
| – AASB 123 Borrowing Costs – (revised), AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123: Eliminates the option of expensing borrowing costs related to qualifying assets, requiring capitalisation instead.   | Effective for annual reporting periods beginning on or after 1 January 2009 |
| – AASB 2008-1 Amendments to Australian Accounting Standards – Share based Payments: Vesting Conditions and Cancellations: Clarify and restrict the definition of vesting conditions and specify that all cancellations should receive the same accounting treatment.  | Effective for annual reporting periods beginning on or after 1 January 2009 |
| – AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation: Permits certain puttable financial instruments and instruments (or components of instruments) that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met. | Effective for annual reporting periods beginning on or after 1 January 2009 |
| – AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project: Clarifies the required accounting treatment where previous practice had varied, although some new or changed requirements are introduced.   | Effective for annual reporting periods beginning on or after 1 January 2009 |



**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(o) Adoption of New and Revised Accounting Standards (cont'd)**

- |   |   |
|---|---|
| – AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project: Includes requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. | Effective for annual reporting periods beginning on or after 1 July 2009    |
| – AASB 2008-7 Amendments to Accounting for the Cost of an Investments in a Subsidiary, Jointly Controlled Entity or Associate : Amends AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 118 <i>Revenue</i> , AASB 136 <i>Impairment of Assets</i>  | Effective for annual reporting periods beginning on or after 1 January 2009 |
| – AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17  | Effective for annual reporting periods beginning on or after 1 July 2009    |
| – AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project: Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards.  | Effective for annual reporting periods beginning on or after 1 July 2009    |
| – AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project : As for AASB 2009-4   | Effective for annual reporting periods beginning on or after 1 January 2010 |
| – Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”   | Effective for annual reporting periods beginning on or after 1 January 2009 |
| – Group Cash-settled Share-based Payment Transactions – Amendments to IFRS 2: Amends IFRS 2 Share-based Payment to clarify the accounting for group cash-settled share-based payment transactions.  | Effective for annual reporting periods beginning on or after 1 January 2010 |

The Directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Company or the Group.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

**(p) Jointly Controlled Assets**

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture.

**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>				
Operating activities				
Interest received – bank deposits	120,526	260,436	120,526	260,436
Other revenue	586	9,474	586	-
<b>Total Revenue</b>	<b>121,112</b>	<b>269,910</b>	<b>121,112</b>	<b>260,436</b>

**3. LOSS FOR THE YEAR**

Loss for the year includes the following items of expenses

Gain on disposal of financial assets	221,320	-	-	-
Loss on sales of property, plant and equipment	-	(9,868)	-	-
Depreciation – buildings, plant and equipment	(52,521)	(46,695)	(50,830)	(46,046)
Exploration expenditure written off	(4,082,746)	(2,233,664)	-	-
Rental expense	(64,039)	(55,708)	(64,039)	(55,708)
Equity-settled share based payments	(7,348)	(255,966)	(7,348)	(255,966)
Impairment of loans to subsidiaries	-	-	(987,240)	(2,585,624)
Fair value loss of financial assets – shares	(698,155)	(876,654)	-	-
– options	(224,529)	(1,373,862)	-	-

**4. INCOME TAX**

**(a) Income Tax Recognised in Profit or Loss**

Tax expense/(income) comprises:

Current tax expense/(benefit)	-	494,950	-	-
Deferred tax expense relating to origination and reversal of temporary differences	-	-	-	-
<b>Total tax expense/(benefit)</b>	<b>-</b>	<b>494,950</b>	<b>-</b>	<b>-</b>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss from operations	(5,341,045)	(5,523,266)	(1,536,455)	(3,613,482)
Income tax expense/(benefit) calculated at 30%	(1,602,314)	(1,656,980)	(460,937)	(1,084,045)
Non-deductible expenses	996,721	(268,076)	261,845	826,840
Unused tax losses and tax offsets not recognised as deferred tax assets	605,593	1,430,106	199,092	257,205
<b>Total tax expense/(benefit)</b>	<b>-</b>	<b>494,950</b>	<b>-</b>	<b>-</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**4. INCOME TAX (cont'd)**

**(b) Unrecognised Deferred Tax Balances**

The following deferred tax assets have not been brought to account as assets:

Tax losses – revenue	3,597,200	2,982,523	3,597,200	2,982,523
Tax losses – capital	875,796	720,427	875,796	720,427
Total tax benefit	<u>4,472,996</u>	<u>3,702,950</u>	<u>4,472,996</u>	<u>3,702,950</u>

**Tax Consolidation**

*Relevance of tax consolidation to the consolidation entity*

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 October 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Stellar Resources Limited.

*Nature of tax sharing agreements*

Entities within the tax-consolidated group have entered into a tax sharing agreement with the head entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

**5. CASH AND CASH EQUIVALENTS**

Cash at bank	65,515	455,047	65,515	455,047
Term deposits	1,761,500	1,720,000	1,761,500	1,720,000
	<u>1,827,015</u>	<u>2,175,047</u>	<u>1,827,015</u>	<u>2,175,047</u>

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalent	<u>1,827,015</u>	<u>2,175,047</u>	<u>1,827,015</u>	<u>2,175,047</u>
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**6. TRADE AND OTHER RECEIVABLES – CURRENT**

Interest receivable	7,818	17,343	7,818	17,343
Other debtors	7,988	99,418	7,988	99,418
GST receivable	7,805	27,604	7,805	27,604
Tenement security deposit	68,971	70,335	61,971	63,335
	<u>92,582</u>	<u>214,700</u>	<u>85,582</u>	<u>207,700</u>

The average credit period for other debtors is 45 days. No interest is charged on outstanding amounts.

**7. OTHER ASSETS – CURRENT**

Prepaid insurance premium	<u>19,908</u>	<u>26,275</u>	<u>19,908</u>	<u>26,275</u>
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**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>8. OTHER FINANCIAL ASSETS</b>				
<b>CURRENT</b>				
Receivable from wholly owned subsidiaries	-	-	14,619,313	13,386,854
Provision for impairment	-	-	(12,986,527)	(11,999,287)
	-	-	1,632,786	1,387,567
<b>NON-CURRENT</b>				
Shares in listed investment	4,931,367	4,832,558	-	-
Accumulated impairment	(4,231,623)	(3,550,432)	-	-
Shares in subsidiaries at cost	-	-	859,630	859,630
Provision for impairment	-	-	(859,630)	(859,630)
	699,744	1,282,126	-	-
<b>Movement in provision for impairment:</b>				
Balance at the beginning of the year	-	-	(11,999,287)	(9,413,684)
Impairment losses recognised on receivables	-	-	(987,240)	(2,585,603)
Balance at the end of the year	-	-	(12,986,527)	(11,999,287)
	<b>Consolidated</b>			
	<b>2009</b>	<b>2008</b>		
Available for sale investment at fair value through profit and loss:				
Shares in listed companies	668,944	1,169,189		
Options in listed companies	30,800	112,937		
	699,744	1,282,126		
	<b>2009</b>		<b>2008</b>	
	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>
Available for sale investments comprise of the following:				
UraniumSA Limited Shares	668,944	9,289,327	1,026,796	10,266,980
UraniumSA Limited Options	30,800	5,133,490	112,937	5,133,490
Options in Gippsland Offshore Petroleum Limited	-	6,666,667	142,393	6,666,667
	699,744	21,089,484	1,282,126	22,067,137

Shares and options in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar). At 30 June 2009, the investments in UraniumSA were restated to fair value. A revaluation decrement of \$698,155 in relation to the available-for-sale shares in UraniumSA was recognised in the income statement during the year and a revaluation increment of \$241,523 has been recognised in investment revaluation reserve. The fair value of options held in UraniumSA decreased by \$82,137. The fair value decrements on options are recognised in the income statement.

The 6.667 million options in Gippsland Offshore Petroleum Limited are held by Rilo Exploration Pty Ltd (a wholly owned subsidiary of Stellar). They were issued at the time of the initial listing. Options remain exercisable through 30 November 2009. As at 24 June, 2009 Gippsland Offshore Petroleum Limited delisted from the Australian Stock Exchange. The fair value of options held decreased by \$142,393 and was recognised in the income statement.

Loans to subsidiaries are non-interest bearing and are repayable on demand.

Ultimate recovery of loan receivables is dependent upon success in exploration and development or sale or farm-out of the subsidiaries' exploration interests.

**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>				
Land and buildings – at cost	125,677	125,677	-	-
Accumulated depreciation	(6,550)	(4,859)	-	-
	<u>119,127</u>	<u>120,818</u>	<u>-</u>	<u>-</u>
Office furniture and equipment – at cost	145,681	144,981	145,681	144,981
Accumulated depreciation	(113,735)	(71,206)	(113,735)	(71,206)
	<u>31,946</u>	<u>73,775</u>	<u>31,946</u>	<u>73,775</u>
Software	36,453	36,453	36,453	36,453
Accumulated depreciation	(32,713)	(24,412)	(32,713)	(24,412)
	<u>3,740</u>	<u>12,041</u>	<u>3,740</u>	<u>12,041</u>
Total property, plant and equipment	<u>154,813</u>	<u>206,634</u>	<u>35,686</u>	<u>85,816</u>
<b>(a) Movements in Carrying Amounts</b>				
Balance at the beginning of the period	206,634	130,414	85,816	67,606
Additions	700	142,256	700	64,256
Disposals	-	(19,341)	-	-
Depreciation expense	(52,521)	(46,695)	(50,830)	(46,046)
Carrying amount at the end of the period	<u>154,813</u>	<u>206,634</u>	<u>35,686</u>	<u>85,816</u>

**10. EXPLORATION EXPENDITURE**

**(a) Carrying Values**

Balance at the beginning of the period	7,702,619	6,037,331	-	-
Expenditure incurred during the period	1,358,082	3,999,568	-	-
Expenditure written off during the period	(4,082,746)	(2,233,664)	-	-
Expenditure recoupment during the period	(9,110)	(100,616)	-	-
Exploration expenditure at the end of the period	<u>4,968,845</u>	<u>7,702,619</u>	<u>-</u>	<u>-</u>

Ultimate recovery of capitalised exploration expenditure is dependent upon success in exploration and development or sale or farm-out of the exploration interests.

**(b) Joint Venture Interest**

A wholly owned subsidiary, Balrone Holdings Pty Ltd, has the following significant exploration joint venture interests:

- Panama Hat
- Triako Joint Venture
- Gold exploration farm-out
- Base metal exploration farm-in whereby the Consolidated Entity has earned 80%

A wholly owned subsidiary, Hiltaba Gold Pty Ltd, has the following significant exploration joint venture interests:

- Tarcoola Uranium Joint Venture
- Uranium exploration farm-out

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**10. EXPLORATION EXPENDITURE (cont'd)**

**(b) Joint Venture Interest (cont'd)**

A wholly owned subsidiary, Columbus Metals Limited, has the following significant exploration joint venture interests:

– Heemskirk Tin Joint Venture      – Tin exploration 60%

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The Consolidated Entity's share of assets employed in the joint ventures are:				
<b>Non-current Assets</b>				
Exploration expenditure	1,627,545	2,334,100	-	-

**11. TRADE AND OTHER PAYABLES**

Other creditors and accruals	119,391	236,088	119,391	236,088
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The average credit period on purchases is 30 days. No interest is charged on trade payables.

**12. CURRENT PROVISIONS**

Audit fees	22,000	20,702	22,000	20,702
Employee benefits	1,796	17,980	1,796	17,980
Other – workers compensation insurance	1,245	-	1,245	-
	<u>25,041</u>	<u>38,682</u>	<u>25,041</u>	<u>38,682</u>

	<b>Consolidated</b>		<b>Company</b>	
	<b>Annual leave</b>	<b>Audit fees</b>	<b>Annual leave</b>	<b>Audit fees</b>
Balance at 1 July 2008	17,980	-	17,980	-
Additional provisions recognised	15,894	22,000	15,894	22,000
Payments made	(35,670)	-	(35,670)	-
Balance at 30 June 2009	<u>1,796</u>	<u>22,000</u>	<u>1,796</u>	<u>22,000</u>

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
– Aggregate employee benefits liability	1,796	17,980	1,796	17,980
– Number of employees at year-end	4	4	4	4

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>13. ISSUED CAPITAL</b>				
<b>(a) Issued Capital</b>				
94,821,858 fully paid ordinary shares (2008: 77,891,501)	19,737,446	18,359,428	19,737,446	18,359,428
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>(b) Movements in Shares on Issue</b>				
At the beginning of the reporting period	77,891,501	18,359,428	67,038,168	16,481,428
Shares issued during the period:				
Issue of shares under shareholder share purchase plan	16,930,357	1,391,500	5,000,000	1,000,000
Placement WML Investments Pty Ltd	-	-	5,853,333	878,000
Share issue cost	-	(13,482)	-	-
At the end of the reporting period	94,821,858	19,737,446	77,891,501	18,359,428

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

On 16 September 2008, the Company issued 7,142,857 ordinary fully paid shares to Acorn Capital Limited at an issue price of 14 cents being a placement to raise additional working capital;

On 6 April 2009, the Company issued 9,787,500 ordinary fully paid shares pursuant to the Company's share purchase plan at an issue price of 4 cents being a placement to raise funds to further drill test the Sunshine gold prospect and advance pre-scoping of the Tarcoola iron ore project.

**(c) Share-based Payments**

The Company has in place an Employee Option Plan under which employees of the Company, including executive and non-executive directors can be offered both short term and long term incentives. Under the Plan each option is to subscribe for one share and, when issued, these shares rank equally with other shares. Options issued under the Employee Option Plan are not transferable. As at 30 June 2009, employees have options over 1,175,000 ordinary shares all of which are exercisable at 30 cents each, and expire on 30 November 2010. In addition, the CEO has 500,000 options to subscribe for ordinary shares at an exercise price of 25 cents each and expire on 31 January 2011.

At 30 June 2009, the Company had on issue the following options to acquire shares in the Company:

<b>Nos.</b>	<b>Class</b>
375,000 (i)	Unlisted Vested Employee Options expiring 19 August 2009
1,175,000 (ii)	Unlisted Vested Employee Options expiring 30 November 2010
500,000 (iii)	Unlisted Vested Employee Options expiring 31 January 2011

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**13. ISSUED CAPITAL (cont'd)**

**(c) Share-based Payments (cont'd)**

The following share-based payment arrangements were in existence during the period.

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Employee options (i)	375,000	16/03/06	19/08/09	30 cents	\$81,358
Employee options (ii)	1,175,000	05/12/07	30/11/10	30 cents	\$220,112
Employee options (iii)	500,000	12/02/08	31/01/11	25 cents	\$39,270

- (i) In accordance with the Company's Employee Option Plan, employee options issued on the 16 March 2006 fully vested on issue date.
- (ii) In accordance with the Company's Employee Option Plan, employee options issued on the 5 December 2007 fully vested on issue date.
- (iii) In accordance with the Company's Employee Option Plan, employee option issued on the 12 February 2008 vested on issue date.

The following reconciles the outstanding options at the beginning and end of the financial year.

	2009		2008	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance at the beginning of the financial year	5,550,000	30 cents	4,125,000	30 cents
Granted during the financial year	-	-	1,675,000	27.5 cents
Forfeited during the financial year	-	-	(250,000)	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	(3,500,000)	-	-	-
Balance at end of the financial year (ii)	2,050,000	29 cents	5,550,000	27.5 cents
Exercisable at the end of the financial year	2,050,000	29 cents	5,550,000	30 cents

- (i) Exercised during the financial year  
No share options issued under the employee option plan were exercised during the year.
- (ii) Balance at end of the financial year  
The share options outstanding at the end of the financial year had an exercise price of 30 cents and 25 cents and a weighted average remaining contractual life of 448 days (2008: 318 days).

**14. RESERVES**

**Employee Equity-settled Benefits Reserve**

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance at the beginning of the financial year	628,589	372,623	628,589	372,623
Share-based payment	7,348	255,966	7,348	255,966
Transfer to share capital	-	-	-	-
Balance at the end of the financial year	635,937	628,589	635,937	628,589

The employee equity-settled benefits reserve arises on the grant of share options to directors and employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Note 13 to the financial statements.



**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**14. RESERVES (cont'd)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Investments Revaluation Reserve</b>				
Balance at the beginning of the financial year	-	804,997	-	-
Valuation gain	241,523	-	-	-
Cumulative (loss) transferred to the income statement on impairment of financial assets	-	(804,997)	-	-
Balance at the end of the financial year	<u>241,523</u>	<u>-</u>	<u>-</u>	<u>-</u>

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is impaired it is then recognised in profit or loss.

**15. ACCUMULATED LOSSES**

Accumulated losses at the beginning of the year	(7,655,386)	(1,637,170)	(15,380,382)	(11,766,900)
Loss for the year	<u>(5,341,045)</u>	<u>(6,018,216)</u>	<u>(1,536,456)</u>	<u>(3,613,482)</u>
Accumulated losses at the end of the financial year	<u>(12,996,431)</u>	<u>(7,655,386)</u>	<u>(16,916,838)</u>	<u>(15,380,382)</u>

**16. EARNINGS PER SHARE**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>Cents</b>	<b>Cents</b>
	<b>per share</b>	<b>per share</b>
Basic earnings per share	<u>(6.3)</u>	<u>(8.6)</u>
Diluted earnings per share	<u>(6.3)</u>	<u>(8.6)</u>

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
(a) Reconciliation of earnings to net loss		
Net loss	(5,341,045)	(6,018,216)
Earnings used in the calculation of basic and diluted EPS	<u>(5,341,045)</u>	<u>(6,018,216)</u>
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	<u>85,163,582</u>	<u>70,379,946</u>

The options on issue throughout 2008 and 2009 are not dilutive in effect, as the consolidated entity recorded a net loss in 2009.

**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**17. KEY MANAGEMENT PERSONNEL COMPENSATION**

**(a) Names and Positions Held of Key Management Personnel in Office at any time during the Financial Period are:**

Thomas J Burrowes	–	Non-executive Chairman (since 15 September 2008)
Christopher G Anderson	–	Executive Director
David J Isles	–	Non-executive Director
Barrie E Laws	–	Non-executive Director (resigned 19 February 2009)
Peter G Blight	–	Chief Executive Officer
Melvyn J S Drummond	–	Company Secretary

**(b) Directors' and Executives' Compensation**

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term employees benefits	353,567	487,473	353,567	487,473
Post-employment benefits	66,069	107,111	66,069	107,111
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	7,348	172,418	7,348	172,418
	<b>426,984</b>	<b>767,002</b>	<b>426,984</b>	<b>767,002</b>

**(c) Number of Options Held by Key Management Personnel**

<b>2009</b>	<b>Balance 1/07/08</b>	<b>Granted as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/09</b>	<b>Total vested 30/06/09</b>	<b>Total exercisable 30/06/09</b>	<b>Total unexercisable 30/06/09</b>
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	(1,000,000)	-	-	-	-
C G Anderson	1,000,000	-	-	(1,000,000)	-	-	-	-
D J Isles	1,000,000	-	-	(1,000,000)	-	-	-	-
B E Laws	500,000	-	-	(500,000)	-	-	-	-
<b>Executives</b>								
P G Blight	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	-	-	-	250,000	250,000	250,000	-
	<b>4,750,000</b>	<b>-</b>	<b>-</b>	<b>(3,500,000)</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>-</b>
<b>2008</b>	<b>Balance 1/07/07</b>	<b>Granted as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/08</b>	<b>Total vested 30/06/08</b>	<b>Total exercisable 30/06/08</b>	<b>Total unexercisable 30/06/08</b>
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
C G Anderson	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
D J Isles	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
B E Laws	500,000	-	-	-	500,000	500,000	500,000	-
<b>Executives</b>								
P G Blight	-	1,000,000	-	-	1,000,000	908,145	500,000	408,145
M J Drummond	-	250,000	-	-	250,000	250,000	250,000	-
B Michaelidis	250,000	-	-	(250,000)	-	-	-	-
	<b>3,750,000</b>	<b>1,250,000</b>	<b>-</b>	<b>(250,000)</b>	<b>4,750,000</b>	<b>4,658,145</b>	<b>4,250,000</b>	<b>408,145</b>

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**17. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)**

**(d) Shares Issued on Exercise of Compensation Options**

No shares were issued to directors or executives on exercise of compensation options during the financial year.

**(e) Loans to Key Management Personnel**

There were no loans to key management personnel at anytime during the current or prior financial year.

**(f) Number of Shares Held by Key Management Personnel**

<b>2009</b>	<b>Balance 1/07/08</b>	<b>Received as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/09</b>
<b>Directors</b>					
T J Burrowes	1,086,112	-	-	125,000	1,211,112
C G Anderson	75,000	-	-	250,000	325,000
D J Isles	73,612	-	-	25,000	98,612
B E Laws	500,000	-	-	250,000	750,000
<b>Executives</b>					
P G Blight	625,977	-	-	305,000	930,977
M J Drummond	40,000	-	-	75,000	115,000
	<u>2,400,701</u>	<u>-</u>	<u>-</u>	<u>1,030,000</u>	<u>3,430,701</u>

<b>2008</b>	<b>Balance 1/07/07</b>	<b>Received as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/08</b>
<b>Directors</b>					
T J Burrowes	1,086,112	-	-	-	1,086,112
C G Anderson	75,000	-	-	-	75,000
D J Isles	73,612	-	-	-	73,612
B E Laws	75,000	-	-	425,000	500,000
<b>Executives</b>					
P G Blight	-	-	-	625,977	625,977
M J Drummond	-	-	-	40,000	40,000
B Michaelidis	5,000	-	-	(5,000)	-
	<u>1,314,724</u>	<u>-</u>	<u>-</u>	<u>1,085,977</u>	<u>2,400,701</u>

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>18. REMUNERATION OF AUDITORS</b>				
Remuneration for audit or review of the financial reports of the Company	22,000	29,200	22,000	29,200
Other services	-	-	-	-
	<u>22,000</u>	<u>29,200</u>	<u>22,000</u>	<u>29,200</u>

**19. COMMITMENTS FOR EXPENDITURE**

<b>Exploration Commitments</b>	<b>1,485,288</b>	<b>1,825,447</b>	<b>-</b>	<b>-</b>
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In order to maintain current rights of tenure to exploration tenements, the Company has minimum exploration expenditure requirements up until the expiry of leases. These obligations, which are subject to renegotiation upon expiry of leases, are not provided for in the financial statements and are payable:

Not later than one year	1,485,288	1,825,447	-	-
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Exploration commitments later than one year are dependent on management assessment of prospectivity and desirability of retaining the current suite of exploration projects.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**20. RELATED PARTIES**

**Remuneration Benefits**

Information on remuneration benefits of Directors and Executives is disclosed in the Directors' Report and Note 17 to the Financial Statements.

**Transactions with Directors, Executives and their Related Entities Concerning Shares or Share Options**

Directors, Executives and their related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Consolidated Entity:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares	-	-	2,384,724	1,734,724

Information on Directors' and Executives' option holdings is disclosed in Note 17 to the Financial Statements. No options were held by their Related Entities as at the reporting date.

**Other Transactions with Directors, Executives and their Related Entities**

During the period, geological, geophysical and field services were provided at commercial rates by a director related entity, Euro Exploration Services Pty Ltd, of which Mr Anderson was both a Director and shareholder. Euro Exploration Services Pty Ltd charged \$86,886 (inclusive of GST) (2008: \$160,597) in relation to these services.

During the period technical assistance, office accommodation / facilities and administrative support were provided to the Consolidated Entity at commercial rates by Mineral Deposits Limited of which Dr David Isles and Mt Melvyn Drummond are Directors. Total charged was \$34,642 (2008: \$109,750) in relation to these services to 30 June 2009.

Providence Gold and Minerals Pty Ltd (PGM) of which Mr Burrowes is a Director and shareholder ceased exploration activities under a joint venture arrangement whereby exploration costs are borne on a 50/50 basis between PGM and the Company were \$nil (inclusive of GST) (2008: \$2,821).

**21. SUBSIDIARIES**

	<b>Country of incorporation</b>	<b>Percent owned (%)</b>	
		<b>2009</b>	<b>2008</b>
<b>Company:</b>			
Stellar Resources Limited	Australia	-	-
<b>Subsidiaries of Stellar Resources Limited:</b>			
Balrone Holdings Pty Ltd	Australia	100%	100%
Rilo Explorations Pty Ltd	Australia	100%	100%
Bridgedale Holdings Pty Ltd	Australia	100%	100%
Hiltaba Gold Pty Ltd	Australia	100%	100%
Rubicon Min Tech Ventures Pty Ltd	Australia	100%	100%
Hillment Pty Ltd	Australia	100%	100%
Columbus Metals Limited	Australia	100%	100%

Columbus Metals Limited a wholly-owned subsidiary was incorporated on 14 September 2007, has entered into a deed of cross guarantee with Stellar Resources Limited pursuant to ASIC Class Order 98/1418 dated 19 June 2008 and is relieved from the requirement to prepare and lodge an audited financial report.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**21. SUBSIDIARIES (cont'd)**

The consolidated income statement and balance sheet of the entities party to the deed of cross guarantee are:

<b>Income Statement</b>	<b>Consolidated 2009 \$</b>	<b>Consolidated 2008 \$</b>
<b>Revenue</b>	121,112	260,436
Administration expenditure	(620,571)	(1,242,238)
Depreciation and amortisation expenses	(52,080)	(46,254)
Exploration expenditure written off	(373,292)	-
Impairment of loans to subsidiaries	(987,240)	(2,585,624)
Loss before tax	(1,912,071)	(3,613,680)
Income tax (expense)/benefit	-	-
<b>Loss for the year</b>	<b>(1,912,071)</b>	<b>(3,613,680)</b>
<b>Balance Sheet</b>	<b>Consolidated 2009 \$</b>	<b>Consolidated 2008 \$</b>
<b>Current assets</b>		
Cash and cash equivalents	1,827,015	2,175,047
Trade and other receivables	90,582	212,700
Other	19,908	26,275
<b>Total current assets</b>	<b>1,937,505</b>	<b>2,414,022</b>
<b>Non-current assets</b>		
Property, plant and equipment	112,228	163,608
Exploration expenditure	1,175,431	1,304,577
<b>Total non-current assets</b>	<b>1,287,659</b>	<b>1,468,185</b>
<b>Total assets</b>	<b>3,225,164</b>	<b>3,882,207</b>
<b>Current liabilities</b>		
Trade and other payables	119,391	236,088
Provisions	25,041	38,682
<b>Total current liabilities</b>	<b>144,432</b>	<b>274,770</b>
<b>Total liabilities</b>	<b>144,432</b>	<b>274,770</b>
<b>Net assets</b>	<b>3,080,732</b>	<b>3,607,437</b>
<b>Equity</b>		
Issued Capital	19,737,446	18,359,428
Reserves	635,937	628,589
Accumulated losses	(17,292,651)	(15,380,580)
<b>Total equity</b>	<b>3,080,732</b>	<b>3,607,437</b>

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**21. SUBSIDIARIES (cont'd)**

<b>Accumulated Losses</b>	<b>Consolidated 2009 \$</b>	<b>Consolidated 2008 \$</b>
Accumulated losses as at beginning of the financial year	(15,380,580)	(11,766,900)
Net loss	(1,912,071)	(3,613,680)
Accumulated losses as at end of the financial year	<u>(17,292,651)</u>	<u>(15,380,580)</u>

**(a) Joint Venture Interest Acquired**

No joint venture interests were acquired during the period.

	<b>Date acquired</b>	<b>Cost of acquisition</b>	<b>Percentage acquired</b>
The following joint venture interest was acquired during 2008:			
<b>Western Metals Limited</b>	02/04/08	\$1,178,000	60%
<b>Net assets acquired</b>	<b>Book value \$</b>	<b>Fair value adjustment \$</b>	<b>Fair value on acquisition \$</b>
Current assets:			
Exploration expenditure	1,100,000	-	1,100,000
Non-current assets:			
Property, plant and equipment	78,000	-	78,000
	<u>1,178,000</u>	<u>-</u>	<u>1,178,000</u>

Net cash flow on acquisition

	<b>2008 \$</b>
Total purchase consideration	1,178,000
Less: non-cash consideration – issuance of equity instruments in Stellar Resources Limited	<u>(878,000)</u>
Consideration paid in cash	<u>300,000</u>

**(b) Subsidiaries Acquired**

No subsidiaries were acquired during the period

**(c) Subsidiaries Disposed**

No subsidiaries were disposed during the period

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>22. CASH FLOW INFORMATION</b>				
Reconciliation of cash flow from operations with loss after income tax:				
Loss for the year	(5,341,045)	(6,018,216)	(1,536,456)	(3,613,482)
Depreciation of property, plant and equipment	52,521	46,695	50,830	46,046
Loss on sale of property, plant and equipment	-	19,341	-	-
Interest income received and receivable	(130,051)	(291,093)	(130,051)	(291,093)
Gain on disposal financial assets	(221,320)	-	-	-
Exploration expenditure write off	4,082,746	2,233,664	-	-
Employee equity-settled benefits	7,348	255,966	7,348	255,966
Provision for subsidiary loan receivables	-	-	987,240	2,595,099
Income tax expenses	-	652,980	-	-
Fair value loss on financial assets	922,684	2,092,486	-	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	148,624	45,883	147,849	45,883
(Increase)/decrease in prepayments	6,367	(21,576)	6,367	(21,576)
Increase/(decrease) in payables	(49,664)	51,738	(49,664)	51,738
Increase/(decrease) in employee entitlements	(18,953)	4,073	(18,953)	4,073
Increase/(decrease) in provisions	2,543	20,702	2,543	20,702
Net cash from operating activities	<u>(538,200)</u>	<u>(907,357)</u>	<u>(532,947)</u>	<u>(906,644)</u>

**23. FINANCIAL INSTRUMENTS**

**(a) Off-balance Sheet Derivative Instruments**

The Company does not utilise any off-balance sheet derivative instruments.

**(b) Commodity Contracts**

As at 30 June 2009, the Company does not have in place any commodity contracts.

**(c) Credit Risk Exposure**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks are continuously monitored and controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**23. FINANCIAL INSTRUMENTS (cont'd)**

**(d) Categories of Financial Instruments**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets:				
Fair value through profit or loss (FVTPL):				
Derivative instruments (i)	30,800	255,330	-	-
Loans receivable	-	-	1,632,786	1,387,567
Other receivables	92,582	214,700	85,582	207,700
Cash and cash equivalents	1,827,015	2,175,047	1,827,015	2,175,047
Available-for-sale financial assets (ii)	668,944	1,026,796	-	-
Financial liabilities:				
Other payables and accruals	119,391	236,088	119,391	236,088

- (i) Derivative instruments include options in UraniumSA Limited and Gippsland Offshore Petroleum Limited listed on the Australian Stock Exchange.
- (ii) Available-for-sale financial assets include shares in UraniumSA Limited.

**(e) Capital Risk Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern.

The Group's overall strategy has been subject to cost cutting and a reduction in exploration expenditure.

The capital structure of the Group consists of cash and cash equivalents and equity holders of the parent, comprising issued capital, reserves and accumulated losses disclosed in notes 13, 14 and 15.

None of the Group's entities are subject to externally imposed capital requirements.

**(f) Market Risk**

The Group's activities expose it primarily to the financial risks of changes in interest rates and price risk on listed shares and options (refer note (d)).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

**(g) Interest Rate Risk Management**

The Company and the Group are exposed to interest rate risk on cash and cash equivalents.

The Company and the Group's exposures to interest rates on financial assets are detailed in the liquidity risk management section of this note.

**(h) Interest Rate Sensitivity Analysis**

The Group's sensitivity to interest rates has decreased during the current period mainly due to a decrease in the level of cash and cash equivalents at balance date.

**(i) Other Price Risks**

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.



**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**23. FINANCIAL INSTRUMENTS (cont'd)**

**(j) Equity Price Sensitivity**

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5%p.a. higher or 5%p.a. lower:

- net losses for the year ended 30 June 2009 would have been unaffected as the equity instruments classified as available-for-sale would not have decreased below the revaluation increments. (2008: net loss for the year would have increased/decreased by \$51,335).
- Investment revaluation reserve would have increased/decreased by \$33,442 at 30 June 2009 (2008: investment revaluation reserve would have increased/decreased by \$nil).

The Group's sensitivity to equity prices has not changed significantly from the prior year.

**(k) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid fund is limited because the Group has no trade receivables as the Group is still exploring for minerals rather than producing.

**(l) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances.

**(m) Liquidity and Interest Risk Tables**

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

**(n) Interest Rate Risk Exposure**

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

<b>Consolidated</b>	<b>Weighted average effective interest rate %</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2009</b>						
Financial assets						
Non-interest bearing	-	92,582	-	-	-	-
Financial liabilities						
Non-interest bearing	-	119,391	-	-	-	-
<b>2008</b>						
Financial assets						
Non-interest bearing	-	214,700	-	-	-	-
Financial liabilities						
Non-interest bearing	-	236,088	-	-	-	-

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**23. FINANCIAL INSTRUMENTS (cont'd)**

**(n) Interest Rate Risk Exposure (cont'd)**

Company	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
		\$	\$	\$	\$	\$
<b>2009</b>						
Financial assets						
Non-interest bearing	-	85,582	-	-	-	-
Financial liabilities						
Non-interest bearing	-	119,391	-	-	-	-
<b>2008</b>						
Financial assets						
Non-interest bearing	-	207,700	-	-	-	-
Financial liabilities						
Non-interest bearing	-	236,088	-	-	-	-

**(o) Fair Value of Financial Instruments**

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of derivative instruments are calculated using quoted prices and option pricing models.

*Quoted prices*

Financial assets in this category include shares in UraniumSA Limited a company listed on the Australian Stock Exchange.

*Derivatives*

Derivatives include options in UraniumSA Limited listed on the Australian Stock Exchange.

**24. STATEMENT OF OPERATIONS BY SEGMENTS**

The Consolidated Entity only operates in the Australian mineral exploration sector where it is actively pursuing opportunities.

**25. EVENTS SUBSEQUENT TO REPORTING DATE**

On 8 September 2009, the Company announced that it had successfully concluded an option agreement with Western Plains Resources Limited (WPG) over EL 3336 and EL 3436 in the "Robins Rise" project, to the southwest of Coober Pedy in South Australia.

Under the terms of the agreement, WPG will pay an option fee of \$100,000 to the Company on signing the agreement and will meet all commitments to keep the tenements in good standing for a period of 12 months from date of agreement. WPG can then exercise the option by paying a further \$250,000 to the Company or allow the option to lapse in which case the Company retains ownership of the licences.

WPG will also pay the Company a royalty of \$0.60/tonne on any coal or iron ore mined from the tenements. The Company retains the right to acquire a 49% joint venture interest in any non coal or iron ore mineral resource identified during WPG's exploration activities.

## **Independent Auditor's Report to the members of Stellar Resources Limited**

### *Report on the Financial Report*

We have audited the accompanying financial report of Stellar Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 18 to 48.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's Opinion*

In our opinion:

- (a) the financial report of Stellar Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's Opinion*

In our opinion the Remuneration Report of Stellar Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

G R Sincock  
Partner  
Chartered Accountants  
Melbourne, 15 September 2009

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following additional information is required by Australian Stock Exchange Limited in respect of listed public companies.

**1. Shareholding**

The issued capital of the Company was 94,821,858 ordinary shares fully paid as at 9 September 2009, of which all are listed on the Australian Stock Exchange. In addition, the Company has on issue 1,175,000 unlisted options to acquire shares at an exercise of 30 cents per share at any time up to 30 November 2010 and 500,000 unlisted options to acquire shares at an exercise of 25 cents per share at any time up to 31 January 2011.

**(a) Distribution of Shareholder Numbers**

Size of holding	Number of shareholders	Units	%	Number of optionholders	Units	%
1 – 1,000	226	90,317	0.10	-	-	-
1,001 – 5,000	511	1,513,910	1.60	-	-	-
5,001 – 10,000	286	2,404,705	2.54	-	-	-
10,001 – 100,000	762	28,307,747	29.85	3	175,000	10.45
100,001 and over	162	62,505,179	65.91	3	1,500,000	89.55
	1,947	94,821,858	100.00	6	1,675,000	100.00

There were 860 shareholders who held less than a marketable parcel (2,417,925 shares).

**(b) Substantial Shareholder as at 9 September 2009**

	Name	Number of Shares Held	%
1	JPC International Pty Ltd	5,000,000	5.27

**(c) 20 Largest Shareholders – Ordinary Shares**

	Name	Number of Shares Held	%
1	JPC International Pty Ltd	5,000,000	5.27
2	Colbern Fiduciary Nominees Pty Ltd	4,200,000	4.43
3	AWJ Investments Pty Ltd	2,425,000	2.56
4	Fountain Oaks Pty Ltd <Limbs Family Super Fund A/c>	2,245,000	2.37
5	L J Thomson Pty Ltd	1,939,464	2.05
6	Mr David John Lauritz & Mrs Deborah Madge <Lauritz Super Fund A/c>	1,602,000	1.69
7	Mr Marc Ferguson Rowe	1,207,652	1.27
8	UBS Wealth Management Australia Nominees Pty Ltd	1,150,000	1.21
9	Providence Gold and Minerals Pty Ltd	1,000,000	1.05
9	Gascorp Australia Pty Ltd	1,000,000	1.05
10	Toad Facilities Pty Ltd <JP Nettleton/Toad S/F A/c>	917,500	0.97
11	Octifil Pty Ltd	900,000	0.95
12	Calama Holdings Pty Ltd	896,000	0.95
13	Mr Alvise Pase	879,136	0.93
14	Carojon Pty Ltd <Imbruglia S/F A/c>	810,000	0.85
15	Comsec Nominees Pty Limited	776,500	0.82
16	ANZ Nominees Limited <Cash Income A/c>	768,870	0.81
17	Dr Leon Eugene Pretorius	750,000	0.79
17	Mr Dean Nesbit Walkington <D & J Walkington Super A/c>	750,000	0.79
18	Ms Joanne Holland	700,000	0.74
19	Mr Barrie E Laws & Mrs Marilyn F Laws <B & M Laws Super Fund A/c>	675,000	0.71
20	Mrs Ewa Aurelia Kozlowski	650,000	0.69
		31,242,122	32.95

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**(d) Largest Optionholders**

	Name	Number of Options Held	%
1	Mr P G Blight	1,000,000	59.70
2	Mr M J S Drummond	250,000	14.93
3	Mr T Whiting	250,000	14.93
4	Mr B F Rava	100,000	5.97
5	Mr R K Hazeldene	50,000	2.99
6	Mr A M Rigg	25,000	1.48
		<u>1,675,000</u>	<u>100.00</u>

**(e) Voting Rights**

Voting rights of members are governed by the Company's Constitution. In summary, on the show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

**(f) Unquoted and Restricted Securities**

Options over un-issued Shares

- 1,000,000 options are on issue to the Chief Executive Officer. 500,000 options are exercisable up to 30 November 2010 at an exercisable price of 30 cents. An additional 500,000 options are exercisable up to 31 January 2011 at an exercisable price of 25 cents.
- 675,000 options are on issue to Stellar Employees. These options are exercisable up to 30 November 2010 at an exercisable price of 30 cents each.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**SCHEDULE OF TENEMENTS**

<b>Area (km<sup>2</sup>)</b>	<b>Stellar interest held (%)</b>	<b>Registered title holder</b>	<b>Date granted</b>	<b>Expiry on / payment due</b>	<b>Notes</b>
<b>Exploration Licence EL4632 - Triako Joint Venture, New South Wales</b>					
61	80	Anglogold Ashanti Australia Limited, Triako Resources Limited (now CBH Resources Limited)	21/12/1993	20/12/2007 Renewal for two years lodged on 21/11/2007, still pending as at 3/07/2008	Note 1
<b>Exploration Licence EL6556 - Panama Hat, New South Wales</b>					
38	100	Balrone Holdings Pty Ltd	11/04/2006	10/04/2010	
<b>Mining Lease ML4650 - Tarcoola Project, South Australia</b>					
15.61 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML4667 - Tarcoola Project, South Australia</b>					
4.49 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML5179 - Tarcoola Project, South Australia</b>					
4.68 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML5300 - Tarcoola Project, South Australia</b>					
2.89 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Exploration Licence EL4167 - Tarcoola, South Australia</b>					
1249	100	Hiltaba Gold Pty Ltd	30/07/2008	29/07/2009	Note 2 & 5
<b>Exploration Licence EL4301 - Pinding, South Australia</b>					
500	100	Hiltaba Gold Pty Ltd	25/08/2009	25/08/2010	Note 2
<b>Exploration Licence EL3253 - Hierns Well, South Australia</b>					
427	100	Hiltaba Gold Pty Ltd	29/09/2004	28/09/2009	Note 2
<b>Exploration Licence EL3336 - Robins Rise, South Australia</b>					
818	100	Hiltaba Gold Pty Ltd	9/05/2005	8/05/2010	
<b>Exploration Licence EL3369 - Carnding, South Australia</b>					
263	100	Hiltaba Gold Pty Ltd	4/07/2005	3/07/2010	Note 2
<b>Exploration Licence EL3372 - Warrior, South Australia</b>					
165	100	Hillment Pty Ltd	8/07/2005	7/07/2010	
<b>Exploration Licence EL3436 - Lake Woorong, South Australia</b>					
889	100	Hiltaba Gold Pty Ltd	20/10/2005	19/10/2009	

**STELLAR RESOURCES LIMITED  
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<b>Exploration Licence EL3500 - Kychering, South Australia</b>					
91	100	Hiltaba Gold Pty Ltd	18/01/2006	17/01/2010	Note 2
<b>Exploration Licence EL3583 - Pernatty, South Australia</b>					
598	100	Hiltaba Gold Pty Ltd	21/06/2006	20/06/2011	
<b>Exploration Licence EL3752 - Cleanskin Swamp, South Australia</b>					
637	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2010	
<b>Exploration Licence EL3753 - Long Creek, South Australia</b>					
927	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2010	
<b>Exploration Licence EL3799 - Cooladding, South Australia</b>					
58	100	Hiltaba Gold Pty Ltd	12/06/2007	11/07/2012	Note 2
<b>Exploration Licence EL3978 - Cowell, South Australia</b>					
840	100	Hiltaba Gold Pty Ltd	23/09/2002	6/11/2009	
<b>Exploration Licence EL4242 - Midgee, South Australia</b>					
171	100	Hiltaba Gold Pty Ltd	26/11/2003	25/03/2010	Note 2
<b>Exploration Licence EL3418 - Cowell JV, South Australia</b>					
85	0	Rex Minerals Limited	16/09/2005	15/09/2010	Note 4
<b>Exploration Licence Application ELA 70/09 - Hicks Hill, South Australia</b>					
41		Hiltaba Gold Pty Ltd			Note 3
<b>Exploration Licence EL46/2003 - Heemskirk, Tasmania</b>					
144	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL1/2004 - Ramsay River, Tasmania</b>					
70	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL21/2004 - Dundas, Tasmania</b>					
13	100	Rubicon Min Tech Ventures Pty Ltd	26/06/2004	25/06/2010	
<b>Exploration Licence EL49/2004 - Rayne, Tasmania</b>					
28	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	



**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**SCHEDULE OF TENEMENTS**

<b>Area (km<sup>2</sup>)</b>	<b>Stellar interest held (%)</b>	<b>Registered title holder</b>	<b>Date granted</b>	<b>Expiry on / payment due</b>	<b>Notes</b>
<b>Retention Licence RL5/1997 - Zeehan, Tasmania</b>					
6	60	Columbus Metals Limited, Gippsland Limited	5/06/2008	19/06/2009	Note 5 & 6
<b>Exploration Licence EL4525 - North Bendigo, Victoria</b>					
374	0	Providence Gold and Minerals Pty Ltd	11/01/2001	10/01/2009	Note 7

**Notes:**

- Note 1 Stellar has increased interest to 80%.
- Note 2 UraniumSA Limited earning 70% in uranium interest  
Stellar retained 100% interest in BHP Billiton Falcon Access Areas
- Note 3 Awaiting approval
- Note 4 Stellar has a 2% Royalty interest
- Note 5 Pending renewal approval
- Note 6 Columbus Metals Limited 60%, Gippsland Limited 40%
- Note 7 Stellar has an entitlement of 2% royalty on gross production over the defined surveyed area

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE DIRECTORY**

**DIRECTORS**

Thomas J Burrowes (Non-executive Chairman)  
Christopher G Anderson (Executive)  
David J Isles (Non-executive)

**COMPANY SECRETARY**

Melvyn J Drummond

**CHIEF EXECUTIVE OFFICER**

Peter G Blight

**REGISTERED OFFICE**

Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

Telephone: (03) 9909 7618  
Facsimile: (03) 9909 7621  
E-Mail: [srzinfo@stellarresources.com.au](mailto:srzinfo@stellarresources.com.au)  
Website: [www.stellarresources.com.au](http://www.stellarresources.com.au)

*Registers of unlisted employee and other options held at this address*

**ADELAIDE OFFICE**

63 King William Street  
Kent Town SA 5067

Telephone: (08) 8363 1589

**LEGAL ADVISOR**

Bryan Cumming  
Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**AUDITOR**

Deloitte Touche Tohmatsu  
550 Bourke Street  
Melbourne VIC 3000

**BANKERS**

National Australia Bank Limited  
Level 2, 330 Collins Street  
Melbourne VIC 3000

**HOME STOCK EXCHANGE**

Australian Securities Exchange  
Level 45, South Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

ASX code for shares: SRZ

**SHARE REGISTRY**

Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

*Register of listed ordinary shares held at this address*