



**STELLAR RESOURCES LIMITED**

**ACN 108 758 961**

**AND CONTROLLED ENTITIES**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2011**

**STELLAR RESOURCES LIMITED  
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**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.*

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**CORPORATE GOVERNANCE STATEMENT**

**Introduction**

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, a 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) was first required to report on its compliance with the revised Principles and Recommendations in its annual report in relation to the financial year ended 30 June 2009.

On 30 June 2010, after a period of consultation, the Council published a number of amendments to the revised (second) edition of the Corporate Governance Principles and Recommendations. These amendments came into force on 1 January 2011 and the reporting requirement for each of them will first apply to Australian listed companies with a 30 June balance date in relation to the current financial year (1 July 2011 to 30 June 2012).

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 a 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.

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 2010/11 year and comply with the Council’s revised (second edition) corporate governance principles and recommendations.

**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, investments, 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;
- In conjunction with the Chief Financial Officer (or equivalent), designing and implementing the risk management and internal control system to manage the Company’s material business risks and reporting to the Board on whether those risks are being managed effectively;
- Managing the day to day affairs of the Company within the guidelines set by the Board;
- Identifying and developing a range of potential partners for project development;
- Managing relationships with Government at all levels;

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- Marketing the Company to existing and potential investors;
- Monitoring employee performance; and
- Managing costs at the direction of the Board.

Mr Tom Burrowes, Dr David Isles and Mr Phillip Harman were non-executive Directors during the whole of the reporting period. On 7 February 2011, Dr Tom Whiting was appointed as an additional non-executive Director of the Board.

**Board Composition and Performance**

During most of the reporting period, the Board had three non-executive Directors (Mr T Burrowes, Dr D Isles and Mr P Harman), two of whom (Dr D Isles and Mr P Harman) are considered by the Board to be independent. From 7 February 2011 until the end of the reporting period, the Board had four non-executive Directors (Mr T Burrowes, Dr D Isles, Mr P Harman and Dr T Whiting), two of whom (Dr D Isles and Mr P. Harman) are considered by the Board to be independent. The Board continues to regard Dr David Isles as independent, notwithstanding his executive role until 1 June 2008, because that role, tending to be project based, was not full time and because he resided (and continues to reside) in Western Australia. 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 functional 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 programmes 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 and for liaison with ASX. 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 of the Board and each Director 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 of them as at 30 June 2011, and the period of office held by each Director, are as follows:

*Phillip G Harman – Non-Executive Chairman*

Mr Harman is a graduate of Sydney University where he majored in Geology and Geophysics. He worked for BHP for over 30 years in the field of mineral exploration occupying a variety of technical and managerial positions in Australia and elsewhere in the world. In these positions, he gained broad experience in exploration management and was associated with a number of discoveries.

In 2001, he joined Grenfell Resources Limited for the specific purpose of introducing the FALCON® Airborne Gravity Gradiometer System, developed by BHP, to the Australian exploration scene. Grenfell subsequently evolved into Gravity Capital Limited which was later split into Gravity Diamonds Limited and Stellar Resources, the latter retaining ownership of the non diamond projects. Mr Harman remained as Managing Director of Gravity Diamonds which carried out diamond exploration in Australia and Democratic Republic of Congo, then subsequently merged with Mwana Africa in 2008.

Currently, Mr Harman is Non-Executive Chairman of ASX listed Predictive Discovery Limited and a non-executive Director of ASX listed Callabona Uranium Ltd as well as a non-executive Director of the Deep Exploration Technologies Cooperative Research Centre.

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He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors as well as a number of other professional societies.

Period of office: 1 year.

*Thomas J Burrowes – Non-Executive Director*

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, and thereafter until 7 February 2011 he was the Non-Executive Chairman of the Company. He brings extensive corporate experience to the Board.

Period of office: 7 years.

*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 Society of Exploration Geophysicists, the Australian Institute of Geoscientists and the Australian Society of Exploration Geophysicists.

Period of office: 7 years.

*Thomas H Whiting – Non-Executive Director*

Dr Whiting is a geophysicist by profession and has over 30 years' experience in the minerals exploration sector. From 2000 to 2004, he led BHP Billiton's global minerals exploration group as Vice President of Minerals Exploration. During his career with BHP Billiton he was associated with a number of discoveries and was at the forefront of promoting the development and application of new exploration technologies related to the search for ore deposits under cover. He is currently a consultant to a number of other mineral exploration companies.

Dr Whiting is a non-executive Director of recently floated Predictive Discovery Limited and the Non-Executive Chairman of the Deep Exploration Technologies Cooperative Research Centre.

He is a member of the Society of Exploration Geophysicists and the Australian Institute of Company Directors.

Period of office: Appointed 7 February 2011.

**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).

**Securities Trading Policy**

The Company adopted a new Securities Trading Policy in December 2010, as required by the revised ASX listing rules.

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

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**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;
- Boardroom Radio broadcasts by the Chief Executive Officer;
- Regular investor presentations by the Chief Executive Officer; 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.

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 Consolidated Entity’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 contact person 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 Consolidated Entity’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.

A report on Safety is the first item on the agenda for consideration at each board meeting.

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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.

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 the payment of the statutory superannuation contribution, 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 on its own or in conjunction with joint venture partners that are beneficial for all stakeholders.

**Diversity**

Stellar acknowledges the benefits of, and seeks to achieve, diversity during the process of employment at senior and junior levels, and when making appointments to its Board, without however detracting from the principal criteria for selection and promotion of people to work within Stellar which is their overall relative prospect of adding value to the Company and enhancing the probability of achievement by the Company of its objectives. Stellar currently has a small but diverse workforce comprising two females and three males. The Board comprises only males but reflects a range of relevant skills and experience.

Stellar is considering the recent amendments to the Corporate Governance Principles and Recommendations which have introduced additional reporting requirements in relation to diversity when the Company reports next year (2012) in relation to the current financial year (1 July 2011 to 30 June 2012). The Company will formulate and record its position in relation to the additional requirements closer to the reporting date.

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**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**

After the appointment of Dr T Whiting on 7 February 2011, 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. Until the appointment of Dr T Whiting on 7 February 2011, a majority of the Board comprised independent Directors. From 7 February 2011 until the end of the reporting period, only two of the four Board members were independent Directors. However, one of those independent Directors was the Chairman who is entitled to a casting vote in the event of an equality of votes at any meeting of the Board.

The Board considers that the structure during the whole of the reporting period was appropriate to ensure independence of judgement (given the diverse background and experience of the various Directors during this period) combined with the established procedure which empowers Directors to seek independent professional advice at the Company's expense.

**Recommendation 2.4**

**The Board should establish a nomination committee**

**Recommendation 4.1**

**The Board should establish an audit committee**

**Recommendation 8.1**

**The Board should establish a remuneration committee**

**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. It also follows that the Company is unable to make publicly available the charter of the remuneration committee or the summary required by Recommendation 8.4.

**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 until Mr P Harman replaced Mr T Burrowes as Chairman on 7 February 2011.



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**Explanation of Departure**

While the previous chair (Mr T J Burrowes) was not an independent Director, the Board believed that his extensive industry experience and record as a Director of other listed resources companies had made him the most appropriate person at the time for the position of Chair.

**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.

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**DIRECTORS' REPORT**

Your Directors present their annual financial report on Stellar Resources Limited and its controlled entities for the year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**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>
Phillip G Harman	Non-executive Chairman
Thomas J Burrowes	Non-executive Director
David J Isles	Non-executive Director
Thomas H Whiting	Non-executive Director

The above named Directors held office during the whole of the financial year and since the end of the financial year except for:

Phillip G Harman – remained Non-executive Director, appointed Non-executive Chairman 7 February 2011  
Thomas J Burrowes – remained Non-executive Director, resigned as Non-executive Chairman 7 February 2011  
Thomas H Whiting – appointed Non-executive Director 7 February 2011

**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 profit/(loss) of the Consolidated Entity for the financial period was (\$986,468) (2010: profit \$166,601).

**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 Heemskirk Tin Project located near Zeehan on the west coast of Tasmania emerged as the Consolidated Entity's key asset. An improved outlook of the price of tin and the opportunity to move quickly to a JORC compliant resource at Heemskirk greatly elevated the ranking of this project. The Consolidated Entity also maintained moderate exploration expenditure, predominately in Tasmania. In addition, the Consolidated Entity sought and gained joint venture partners to progress further activity on its other licences in South Australia and New South Wales.

Columbus Metals Limited (a wholly owned subsidiary of Stellar) holds a 60% interest in the Heemskirk Tin Project with joint venture partner Gippsland Limited and could increase its ownership to 70% by completing a bankable feasibility study. The project comprises three closely spaced tin deposits namely Queen Hill, Montana and Severn, which are located near excellent power, water and transport infrastructure in an historical mining district.

An initial six hole diamond drilling program focused on the upper Queen Hill deposit. It confirmed the high grade nature of mineralisation and provided samples for metallurgical testing. The aim of the metallurgical test work was to demonstrate that a 50% tin concentrate can be produced at 70% recovery in a conventional gravity/flotation processing circuit similar to that used at the nearby Renison Bell tin mine.

To date, the metallurgical work has shown good results for pre-concentration, sulphide flotation and gravity separation. Tin flotation, the last stage of the process indicates encouraging results but, is still to be completed. Further test work will be undertaken on Montana and Severn, the other two tin deposits as fresh drill samples become available.

Mining One Pty Ltd, independent mining consultants with expertise in tin and underground mining on the west coast of Tasmania were engaged to provide a JORC compliant resource estimate and complete a scoping study on the Heemskirk Tin Project. The JORC resource estimate of 4.4 million tonnes grading 1.1% tin, ranks Heemskirk as the highest grade undeveloped tin resource in Australia.

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**DIRECTORS' REPORT**

**Review of Operations (cont'd)**

Further, the scoping study indicated the potential to develop an economic underground tin mine at Heemskirk with a 3.5 year payback with pre-production capital expenditure of \$108 million.

The scoping study assumes that 600,000 tonnes per annum of ore mined can be processed to produce 3,900 tonnes of tin in concentrate. At this scale, the project is internationally competitive with an estimated cash cost of production of US\$12,780/t.

During the year, Columbus Metals Limited, drilled another eight diamond holes, in addition to the initial six drilled to investigate the potential for tin mineralisation near Queen Hill and Montana deposits. This drilling program demonstrated the presence of high grade tin mineralisation 110 metres to the north of Queen Hill at Stormsdown. The best intersection was 1.0 metre grading 1.28% tin from 68 metres with high grade silver, lead and zinc immediately above the intersection. At Montana, the best result was 2 metres, grading 1.57% tin from 150.5 metres with associated silver, lead, zinc and tungsten mineralisation.

Stellar continues to search for a suitable joint venture partner for the Tarcoola Iron Ore Project (Coolybring) in central South Australia. Discussions with an interested party reached an advanced stage during the year but, to date has not proceeded. The Board of Directors are now considering engaging a third party to undertake the sale of the Tarcoola Iron Ore Project.

The Consolidated Entity has currently four joint venture partners that are committed to spend an annualised rate of \$1.5 million on the Consolidated Entity's exploration licences.

The most successful joint venture activity during the year involved sedimentary uranium exploration in the Pirie Basin of South Australia. UraniumSA Limited identified a zone of anomalous sedimentary uranium mineralisation in the northwest corner of Midgee (EL4242) and adjacent to its Plumbush discovery. Further south, Renaissance Uranium Limited completed a reconnaissance mud drilling program on Cowell (EL 3978) and identified elevated uranium values in a number of holes.

AngloGold Ashanti Australia Limited (AGAA) commenced exploration for world-class iron, oxide and copper gold mineralisation on two of the Consolidated Entity's four licences (EL 3752, 3753, 3655 and 4573) in the Gawler Craton, central South Australia. Once government access is granted, exploration can commence on the other two licences (EL 3752 and 3753).

In Tasmania, MMG Exploration Pty Ltd has joint ventured into the Consolidated Entity's Rayne licence (EL 49/2004) and plans to drill test a Voiseys Bay style nickel sulphide target.

The Consolidated Entity drill tested two magnetic anomalies at Gourlays prospect, northwest of Zeehan. Both drill holes intersected anomalous copper and tin over narrow intervals but were not sufficiently encouraging to require immediate follow-up.

The Consolidated Entity shall be entitled to a royalty of \$0.60/tonne of coal mined from EL 4525 located south of Coober Pedy in South Australia. Southern Coal Holdings Pty Ltd, the holder of this licence recently released a resource estimate of 352.4 million tonnes of sub-bituminous coal. If Southern Coal Holdings Pty Ltd can develop the deposit utilizing clean coal upgrading technology, a significant royalty stream will flow to the Consolidated Entity.

Stellar financed its activities through the year from asset sales and an increase in issued capital base of 14.0 million shares giving the Company an issued capital base of 108.8 million shares. During the period, Robins Rise (EL 4525) and Lake Woorong (EL 3346) exploration licences in South Australia were sold for \$250,000.

The consolidated profit/(loss) after tax of the Consolidated Entity for the financial year was (\$986,468) (2010: profit \$166,601).

The loss for the period was mainly attributable to \$0.75 million (2010: \$0.90 million) of write downs in carrying values of the Consolidated Entity's exploration assets and vested Director, executive and employee options granted for a value of \$0.70 million (2010: nil) during the period. Other notable impacts was the sale of 1.1 million shares held in Uranium SA Limited, resulting in a gain of \$0.39 million and a gain of \$0.11 million on recognition of Uranium SA Limited rights issue.

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**Review of Operations (cont'd)**

During the period, the Consolidated Entity was granted 0.75 million shares and 0.75 million options in Renaissance Uranium Limited. The initial recognition resulted in an unrealised gain of \$0.10 million and was fair valued at balance date which resulted in an impairment of \$0.14 million and was recognised in the statement of comprehensive income. The fair value decrement of \$0.07 million on options was also recognised in the statement of comprehensive income. Further, the Consolidated Entity incurred a gain on sale on "Robins Rise" and "Lake Woorong" tenements held in South Australia of \$0.18 million.

**Financial Position**

The net assets of the Consolidated Entity as at 30 June 2011 were \$9.4 million (2010: \$8.0 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**

There were no significant changes in the state of the affairs of the Consolidated Entity during the financial period.

**After Balance Date Events**

In the opinion of the Directors of the Company, there has not arisen in the interval between the end of the financial year-end and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Group.

**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.

Stellar Resources Limited is also prepared to sponsor or co-sponsor new IPO's – including those where the Consolidated Entity's assets may be included. In such cases, shareholders may also be eligible and entitled to subscribe for shares in any new IPO.

The Consolidated Entity's prospects for future years depend very much on the rate of mineral discovery. The Consolidated Entity 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 Consolidated Entity 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 are likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

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

**DIRECTORS' 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.

**Meetings of Directors**

The number of meetings of the Company's Board of Directors held during the period ended 30 June 2011, and the number attended by Directors were:

Director	Number of meetings held	Number eligible to attend	Number of meetings attended
P G Harman	13	13	13
T J Burrowes	13	13	13
D J Isles	13	13	13
T H Whiting	3	3	3

**Remuneration Report**

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

Phillip G Harman	–	Non-executive Chairman (appointed 7 February 2011), was Non-executive Director preceding 7 February 2011
Thomas J Burrowes	–	Non-executive Director, was Non-executive Chairman until 7 February 2011
David J Isles	–	Non-executive Director
Thomas H Whiting	–	Non-executive Director (appointed 7 February 2011)
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 chief executive officer 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 a 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 2011. 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.

**STELLAR RESOURCES LIMITED  
ACN 108 758 961  
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**DIRECTORS' REPORT**

**Remuneration Report (cont'd)**

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

	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	148,552	96,870	121,112	269,910	919,984
Net profit/(loss) before tax	(986,468)	166,601	(5,341,045)	(5,523,266)	(416,265)
Net profit/(loss) after tax	(986,468)	166,601	(5,341,045)	(6,018,216)	78,685

  

	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Share price at start of year	\$0.05	\$0.05	\$0.18	\$0.29	\$0.28
Share price at end of year	\$0.14	\$0.05	\$0.05	\$0.18	\$0.29
Basic earnings per share (cents)	(1.0)	0.2	(6.3)	(8.6)	0.1
Diluted earnings per share	(1.0)	0.2	(6.3)	(8.6)	0.1

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

<b>2011</b>	<b>Short term employee benefits</b>		<b>Post-employment benefits</b>		<b>Share-based payment Options</b>	<b>Other benefits</b>	<b>Total</b>
	Salary and Fees	Other compensation	Super-annuation	Other			
	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>							
P G Harman	45,000	-	4,050	-	110,096	-	159,146
T J Burrowes	83,500	-	8,275	-	110,096	-	201,871
D J Isles	30,000	-	2,700	-	110,096	-	142,796
T H Whiting	12,500	15,909	1,125	-	109,932	-	139,466
<b>Executive</b>							
P G Blight	172,879	-	45,454	-	109,932	-	328,265
M J Drummond	6,745	-	-	-	27,483	-	34,228
	<b>350,624</b>	<b>15,909</b>	<b>61,604</b>	<b>-</b>	<b>577,635</b>	<b>-</b>	<b>1,005,772</b>

  

<b>2010</b>	<b>Short term employee benefits</b>		<b>Post-employment benefits</b>		<b>Share-based payment Options</b>	<b>Other benefits</b>	<b>Total</b>
	Salary and Fees	Non-monetary	Super-annuation	Other			
	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>							
T J Burrowes	60,000	-	5,400	-	-	-	65,400
C G Anderson	92,813	-	-	-	-	-	92,813
D J Isles	30,000	-	2,700	-	-	-	32,700
P G Harman	-	-	-	-	-	-	-
<b>Executive</b>							
P G Blight	109,092	-	10,908	-	-	-	120,000
M J Drummond	-	-	-	-	-	-	-
	<b>291,905</b>	<b>-</b>	<b>19,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310,913</b>

All key management personnel compensation is paid by Stellar Resources Limited. Key management personnel receive no remuneration from group subsidiary companies. No Director or key management personnel appointed during the period received a payment as part of consideration for agreeing to hold the position.

Other compensation for consulting to the Consolidated Entity by Dr T H Whiting is paid to Freelance Global Limited, a non –related party at commercial rates.

**STELLAR RESOURCES LIMITED  
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AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Remuneration Report (cont'd)**

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

The following grants of share-based payment compensation to Directors and key management personnel relate to the current financial year:

Name	Option Series	During the Financial Year		% of Grant Vested	% of Grant Forfeited
		No. Granted	No. Vested		
P G Harman	SRZAK	1,000,000	1,000,000	100%	n/a
T J Burrowes	SRZAK	1,000,000	1,000,000	100%	n/a
D J Isles	SRZAK	1,000,000	1,000,000	100%	n/a
T H Whiting	SRZAI	1,000,000	1,000,000	100%	n/a
P G Blight	SRZAI	1,000,000	1,000,000	100%	n/a
M J Drummond	SRZAI	250,000	250,000	100%	n/a

**2010**

There were no options issued to Directors or executives in the previous financial year.

**(f) Details Concerning Ex-Gratia Payments and Share-based Remuneration of Directors and Executives**

*Ex-Gratia Payments*

Mr T J Burrowes was granted an ex-gratia payment of \$40,000 on 4 February 2011. The payment was given in recognition of his past services as Chairman of Stellar Resources Limited.

Mr P G Blight was granted an ex-gratia payment of \$40,000 on 1 December 2010. The payment was given on recognition of past endeavours and prior forfeiture of salary increases.

*Director and Employee Share Option Plan*

The remuneration structure for executive officers, including 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 were granted to Directors and 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**

2011	Balance 1/07/10	Granted as compensation	Options exercised	Net change other	Balance 30/06/11	Total vested 30/06/11	Total exercisable 30/06/11	Total unexercisable 30/06/11
<b>Directors</b>								
P G Harman	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
T J Burrowes	-	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	-
T H Whiting (i)	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
<b>Executives</b>								
P G Blight	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	250,000	-	(250,000)	250,000	250,000	250,000	-
	1,250,000	5,250,000	-	(1,250,000)	5,250,000	5,250,000	5,250,000	-

- (i) Before T H Whiting was appointed Non-executive Director, he held 250,000 options as at 30 June 2010. These options expired on 30 November 2010.

**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)**

2010	Balance 1/07/09	Granted as compen- sation	Options exercised	Net change other	Balance 30/06/10	Total vested 30/06/10	Total exerc- isable 30/06/10	Total unexerc- isable 30/06/10
<b>Directors</b>								
T J Burrowes	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
P G Harman	-	-	-	-	-	-	-	-
<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>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>

**(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**

2011	Balance 1/07/10	Received as compensation	Options exercised	Net change other	Balance 30/06/11
<b>Directors</b>					
P G Harman	152,848	-	-	-	152,848
T J Burrowes	1,211,112	-	-	-	1,211,112
D J Isles	98,612	-	-	-	98,612
T H Whiting	-	-	-	327,210	327,210
<b>Executives</b>					
P G Blight	1,100,000	-	-	-	1,100,000
M J Drummond	115,000	-	-	-	115,000
	<u>2,677,572</u>	<u>-</u>	<u>-</u>	<u>327,210</u>	<u>3,004,782</u>

  

2010	Balance 1/07/09	Received as compensation	Options exercised	Net change other	Balance 30/06/10
<b>Directors</b>					
T J Burrowes	1,211,112	-	-	-	1,211,112
C G Anderson	325,000	-	-	-	325,000
D J Isles	98,612	-	-	-	98,612
P G Harman	-	-	-	152,848	152,848
<b>Executives</b>					
P G Blight	930,977	-	-	169,023	1,100,000
M J Drummond	115,000	-	-	-	115,000
	<u>2,680,701</u>	<u>-</u>	<u>-</u>	<u>321,871</u>	<u>3,002,572</u>



**STELLAR RESOURCES LIMITED  
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**DIRECTORS' REPORT**

**Share Options**

*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>
SRZAK	26/11/2010	30/11/2013	\$0.11	\$0.20	3,000,000	Vests at date of grant
SRZAI	26/11/2010	26/11/2013	\$0.11	\$0.20	3,375,000	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>
05/12/2007	30/11/2010	\$0.30	1,075,000	nil
12/02/2008	31/01/2011	\$0.25	500,000	nil

*Options cancelled*

During the financial year, there were no share options cancelled.

**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**

Phillip G Harman  
BSc (Hons) MAusIMM  
Appointed Non-executive  
Director 7 June 2010  
Appointed Chairman 7  
February 2011

Mr Harman is a professional geophysicist who spent more 30 years working for BHP Billiton in minerals exploration in a broad number of roles both technical and managerial, both in Australia and overseas. Mr Harman was material in bringing BHP Billiton's proprietary FALCON® airborne gravity gradiometer technology to Gravity Capital Limited which was the precursor to Gravity Diamonds Limited in 2001.

Shareholding: 152,848  
Option holding: 1,000,000

Directorships of other listed companies since 1 July 2008:  
Flow Energy Limited formerly known as Gippsland Offshore Petroleum Limited (Nov 2004 – Current) de-listed from the ASX June 2009.  
Predictive Discovery Limited (February 2008 – Current)  
Callabonna Uranium Limited (Nov 2009 – Current)

**Director**

Thomas J Burrowes  
BEc (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 20 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: 1,000,000

Directorships of other listed companies since 1 July 2008:  
Rimfire Pacific Mining N.L (December 2010 – Current)

**STELLAR RESOURCES LIMITED  
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**DIRECTORS' REPORT**

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

**Director**

David J Isles

BSc (Hons) PhD SEG ASEG

AIG

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: 1,000,000

Directorships of other listed companies since 1 July 2008:  
Mineral Deposits Limited (December 2002 – Current)

**Director**

Thomas H Whiting

BSc (Hons) PhD FINSIA

Appointed 7 February 2011

Dr Whiting is currently a consultant, having retired from BHP Billiton in 2008, after a distinguished career covering 30 years. He is a widely respected explorer with profound insights on the need for innovation in the mineral exploration sector. Dr Whiting was Vice President of Minerals Exploration for BHP Billiton from 2000 to 2004. Earlier in his career, he led the use of innovative reconnaissance airborne geophysical techniques which led to the discovery of the Cannington lead-zinc-silver mine in North Queensland and the development and deployment of the FALCON® system, the world's first airborne gravity gradiometer.

Shareholding: 327,210  
Option holding: 1,000,000

Directorships of other listed companies since 1 July 2008:  
Predictive Discovery Limited (July 2008 – Current)

**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 over 30 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: 1,100,000  
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 BCom FCIS FInstCM

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 the mining sector, in Australasia and the West Indies between 1976 and since coming to Melbourne. Mr Drummond has been responsible for the establishment and management of resources-linked companies in the DRC, Senegal and Mauritius and was closely involved in listings on the ASX and AIM, also the TSX, in recent years.

Shareholding: 115,000  
Option holding: 250,000

Directorships of other listed companies since 1 July 2008:  
CRW Holdings Limited formerly known as Cockatoo Ridge Wines Limited (September 2005 – Current)

**STELLAR RESOURCES LIMITED  
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**DIRECTORS' REPORT**

**Indemnifying Officers**

The Company has paid premiums to insure each of the Directors, Company Secretary and executive officers 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.

**Dealing in the Company's Securities**

The Company's share trading policy restricts Directors, executives, employees and contractors to only trade in the Company's securities during the 30 days (the "trade window") commencing immediately after each of the following occasions:

- the release by the Company of its quarterly report to the ASX;
- the release by the Company of its half-yearly results to the ASX;
- the release by the Company of its annual results to the ASX; and

A Director, executives, employees or contractors may not trade in the Company's securities outside of the trading window unless approval is given in accordance with the share trading policy.

Prior to trading in (either buying or selling) the Company's securities, Directors, executives, employees and contractors must notify the appropriate person of their intention to trade and confirm that they are not in possession of any published price sensitive information. This requirement does not apply to the acquisition of securities through an incentive plan, nor to the exercise of any security that has vested in accordance with any incentive plan resulting in the holding of a listed security in the Company. However, the requirement does apply to the trading of the listed securities once they have been acquired.

The share trading policy requires the Company Secretary to maintain a register of all trades and holdings in Company securities by Directors, executives, employees and contractors. Directors, executives, employees and contractors must notify the Company Secretary of any trade in the Company's securities within 2 days of such trade occurring. The Company Secretary will comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

**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**

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 18 of the Annual 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 26<sup>th</sup> day of August, 2011.

On behalf of the Directors



**P G Harman**  
Chairman  
Melbourne

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

26 August 2011

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 2011, 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



Ian Sanders  
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 International Financial Reporting Standards and the Corporations Act 2001 as stated in note 1 to the financial statements;
  - b) giving a true and fair view of the financial position as at 30 June 2011 and of the performance for the financial period ended on that date of 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; and
  - d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.
2. The Chief Executive Officer and Finance Manager have declared that:
  - a) the financial records of the Company 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 22 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 26<sup>th</sup> day of August, 2011.

On behalf of the Directors



**Phillip G Harman**  
Chairman  
Melbourne

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED TO 30 JUNE 2011**

	Note	30 June 2011 \$	30 June 2010 \$
<b>Revenue</b>	2	148,552	96,870
Other income	3	779,814	997,615
Administration expenditure		(948,906)	(13,305)
Depreciation and amortisation expenses	3	(7,074)	(13,581)
Impairment of available-for-sale investments	3	(140,250)	-
Fair value loss on financial assets	3	(71,457)	(967)
Exploration expenditure and other costs written off	11	(747,147)	(900,031)
Profit/(loss) before tax		(986,468)	166,601
Income tax expense	5	-	-
<b>Profit/(loss) for the year</b>		<u>(986,468)</u>	<u>166,601</u>
<b>Other comprehensive income</b>			
Net value gain/(loss) on available-for-sale financial assets taken to equity		(210,961)	417,506
Recognition of profit on sale on available-for-sale financial assets taken to income statement		(139,650)	(192,000)
<b>Total other comprehensive income</b>		<u>(350,611)</u>	<u>225,506</u>
<b>Total comprehensive income for the year</b>		<u>(1,337,079)</u>	<u>392,107</u>
<b>Earnings per share</b>			
Basic (cents per share)	17	(1.0)	0.2
Diluted (cents per share)	17	(1.0)	0.2

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	Note	30 June 2011 \$	30 June 2010 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2,287,745	1,934,491
Trade and other receivables	7	113,315	138,843
Other	8	30,284	35,026
Other financial assets	9	660,950	740,736
<b>Total current assets</b>		<u>3,092,294</u>	<u>2,849,096</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	96,255	127,373
Exploration expenditure	11	6,490,521	5,262,915
<b>Total non-current assets</b>		<u>6,586,776</u>	<u>5,390,288</u>
<b>Total assets</b>		<u>9,679,070</u>	<u>8,239,384</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	284,330	205,128
Provisions	13	26,558	23,674
<b>Total current liabilities</b>		<u>310,888</u>	<u>228,802</u>
<b>Total liabilities</b>		<u>310,888</u>	<u>228,802</u>
<b>Net assets</b>		<u>9,368,182</u>	<u>8,010,582</u>
<b>Equity</b>			
<b>Capital and reserves</b>			
Issued Capital	14	21,730,816	19,737,446
Reserves	15	1,453,664	1,102,966
Accumulated losses	16	(13,816,298)	(12,829,830)
<b>Total equity</b>		<u>9,368,182</u>	<u>8,010,582</u>

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Issued capital	Employee equity- settled benefits reserve	Investments revaluation reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>		19,737,446	635,937	241,523	(12,996,431)	7,618,475
Gain on available-for-sale financial assets		-	-	417,506	-	417,506
Recognition of profit on sale on available-for-sale financial assets		-	-	(192,000)	-	(192,000)
<b>Other comprehensive income</b>		-	-	225,506	-	225,506
Profit for the year	16	-	-	-	166,601	166,601
<b>Total comprehensive income for the year</b>		-	-	225,506	166,601	392,107
<b>Balance at 30 June 2010</b>		19,737,446	635,937	467,029	(12,829,830)	8,010,582
<b>Balance at 1 July 2010</b>		19,737,446	635,937	467,029	(12,829,830)	8,010,582
Loss on available-for-sale financial assets		-	-	(210,961)	-	(210,961)
Recognition of profit on sale on available-for-sale financial assets		-	-	(139,650)	-	(139,650)
<b>Other comprehensive income</b>		-	-	(350,611)	-	(350,611)
Loss for the year	16	-	-	-	(986,468)	(986,468)
<b>Total comprehensive income for the year</b>		-	-	(350,611)	(986,468)	(1,337,079)
Issue of share capital	14	2,100,000	-	-	-	2,100,000
Cost of share issues	14	(106,630)	-	-	-	(106,630)
Vesting of options under share option plan	15	-	701,309	-	-	701,309
<b>Balance at 30 June 2011</b>		21,730,816	1,337,246	116,418	(13,816,298)	9,368,182

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



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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	30 June 2011 \$	30 June 2010 \$
<b>Cash flows from operating activities</b>			
GST receipts from ATO		195,914	52,373
Payments to suppliers and employees		<u>(262,627)</u>	<u>(11,386)</u>
<b>Net cash provided by/(used in) operating activities</b>	23	<u>(66,713)</u>	<u>40,987</u>
<b>Cash flows from investing activities</b>			
Interest received		136,375	90,952
Payment for investment securities		(112,233)	-
Proceeds on sale investment securities		415,578	1,029,372
Payments for exploration expenditure		(2,296,355)	(1,388,183)
Proceeds from sale of exploration tenement		250,000	250,000
Proceeds from exploration option fee agreement		-	100,000
Payments for property, plant and equipment		(7,768)	(3,868)
Proceeds from sale of property, plant and equipment		-	30,545
Security deposit payments		-	(48,500)
Proceeds security deposit		<u>41,000</u>	<u>6,171</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>(1,573,403)</u>	<u>66,489</u>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		2,100,000	-
Payment of share issue costs		<u>(106,630)</u>	<u>-</u>
<b>Net cash provided by financing activities</b>		<u>1,993,370</u>	<u>-</u>
Net increase in cash and cash equivalents		353,254	107,476
Cash and cash equivalents at beginning of financial year		<u>1,934,491</u>	<u>1,827,015</u>
<b>Cash and cash equivalents at the end of the financial year</b>	6	<u><u>2,287,745</u></u>	<u><u>1,934,491</u></u>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**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, operating in Australia and comprises the Company and its subsidiaries (together referred to as the Group).

*Statement of compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial report comprises 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 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 2011, the Group incurred a net loss of \$986,468, had net cash outflows from operating activities of \$66,713, payments for exploration activities of \$2,296,355 and had an accumulated loss of \$13,816,298 as at 30 June 2011. The continuation of the Group as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities and manage the level of exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate for the following reasons:

As at 30 June 2011, the Group had cash assets of \$2,287,745, net working capital of \$2,120,456, as well as investments in UraniumSA Limited of \$583,235, which could be sold if required. The investments in Renaissance Uranium Limited of \$54,750 are escrowed until 15 December 2011 and cannot be sold.

The most recently prepared cash flow forecast prepared by management and reviewed by the Directors indicates that the Group will hold sufficient cash reserves to meet their operating requirements beyond the end of the financial year 2012. This cash flow forecast takes into account the Group's implementation of cost reviews which includes moderate exploration activity and overhead expenditure, as well as raising new equity capital in order for the Consolidated Entity to meet its planned committed exploration expenditure.

The Group'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.

*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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

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 Recognition**

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").

**(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 statement of financial position.

**(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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) Impairment of Tangible and Intangible Assets other than Goodwill**

At each reporting date, the Group 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 Group 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income 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.

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 and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward on the statement of financial position where rights to tenure are current and to the extent that costs are expected to be recouped through either the successful development of the area of where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant exploration activity in, or in relation to, the area is continuing. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(g) Exploration and Evaluation Expenditure (cont'd)**

Accumulated costs in relation to an abandoned area are written down in full in the statement of comprehensive income during the period in which the decision to abandon the area is made. Proceeds on sale or farm-out of an area within an exploration area of interest are offset against the carrying value of the particular area involved. Where the total carrying value of an area has been recouped in this manner, the balance of the proceeds is brought to account in the statement of comprehensive income.

**(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 the statement of comprehensive income and is not reversed in subsequent periods.

**(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) Basis 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 statement of comprehensive income 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.

**(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 statement of financial position 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 consolidated statement of cash flows 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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(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.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position 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 the statement of comprehensive income.

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 the statement of comprehensive income 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 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. 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 the statement of comprehensive income. 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.

*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 the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

- 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 Company 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.

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

*Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)*

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 beginning 1 July 2010.

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current or prior periods.

*Standards and Interpretations issued not yet effective*

At the date of authorisation of the financial statements, the Standards and Interpretation listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 124 "Related Party Disclosures" (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011
AASB 9 "Financial Instruments", AASB 2009- 11 "Amendments to Australian Accounting Standards arising from AASB 9" and AASB 2010-7 "Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)"	1 January 2013
AASB 2009-14 "Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement"	1 January 2011
AASB 2010-4 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project"	1 January 2011
AASB 2010-5 "Amendments to Australian Accounting Standards"	1 January 2011

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2010-6 "Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets"	1 July 2011
AASB 2010-8 "Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets"	1 January 2012

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.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Consolidated Entity.

**(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.

	30 June 2011 \$	30 June 2010 \$
<b>2. REVENUE</b>		
Operating activities		
Interest received – bank deposits	141,688	96,870
Other revenue	6,864	-
Total revenue	<u>148,552</u>	<u>96,870</u>

**3. LOSS FOR THE YEAR**

Loss for the year includes the following significant items:-

Unrealised gain on recognition of available-for-sale investments	96,178	-
Gain on recognition of available-for-sale investments	114,477	-
Gain on disposal of available-for-sale investments	387,725	857,392
Gain on disposal of exploration tenement	181,434	127,405
Gain on disposal of property, plant and equipment	-	12,818
Depreciation – buildings, plant and equipment	(7,074)	(13,581)
Impairment of property, plant and equipment	(31,812)	-
Exploration expenditure and other costs written off	(747,147)	(900,031)
Expense recognised in respect of equity-settled share-based payments	(701,309)	-
Impairment of available-for-sale investments – shares	(140,250)	-
Fair value loss on financial assets – options	(71,457)	(967)



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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**4. SEGMENT INFORMATION**

The following is an analysis of the Group's revenue and results from operations by reportable segment.

<b>2011</b>	<b>Corporate \$</b>	<b>Iron Ore \$</b>	<b>Tin/Nickel \$</b>	<b>Uranium \$</b>	<b>Copper/Gold \$</b>	<b>Other \$</b>	<b>Total \$</b>
<b>Revenue</b>							
Interest income	141,688	-	-	-	-	-	141,688
Other income	599,280	-	-	-	181,434	5,964	786,678
<b>Expenses</b>							
Other expenses	(1,160,614)	-	-	-	-	-	(1,160,614)
Depreciation and amortisation	(5,824)	-	(1,250)	-	-	-	(7,074)
Exploration expenditure and other costs written off	-	-	-	(744,944)	(11,772)	9,570	(747,146)
Profit/(loss) before tax	(425,470)	-	(1,250)	(744,944)	169,662	15,534	(986,468)
Current assets	3,092,294	-	-	-	-	-	3,092,294
Exploration expenditure	-	1,826,912	3,005,816	5,917	1,315,175	336,701	6,490,521
Property, plant and equipment	3,445	-	75,042	-	-	-	78,487
Additions to property, plant and equipment	15,768	-	2,000	-	-	-	17,768
	19,213	-	77,042	-	-	-	96,255
Current liabilities	(310,888)	-	-	-	-	-	(310,888)
Net assets	2,800,619	1,826,912	3,082,858	5,917	1,315,175	336,701	9,368,182
<b>2010</b>	<b>Corporate \$</b>	<b>Iron Ore \$</b>	<b>Tin/Nickel \$</b>	<b>Uranium \$</b>	<b>Copper/Gold \$</b>	<b>Other \$</b>	<b>Total \$</b>
<b>Revenue</b>							
Interest income	96,870	-	-	-	-	-	96,870
Other income	870,210	-	127,405	-	-	-	997,615
<b>Expenses</b>							
Other expenses	(14,272)	-	-	-	-	-	(14,272)
Depreciation and amortisation	(11,890)	(441)	(1,250)	-	-	-	(13,581)
Exploration expenditure and other costs written off	-	-	-	(33,187)	(863,820)	(3,024)	(900,031)
Profit/(loss) before tax	940,918	(441)	126,155	(33,187)	(863,820)	(3,024)	166,601
Current assets	2,849,096	-	-	-	-	-	2,849,096
Exploration expenditure	-	1,701,657	1,424,991	899,318	988,755	248,194	5,262,915
Property, plant and equipment	6,069	42,144	75,292	-	-	-	123,505
Additions to property, plant and equipment	2,868	-	1,000	-	-	-	3,868
	8,937	42,114	76,292	-	-	-	127,373
Current liabilities	(228,802)	-	-	-	-	-	(228,802)
Net assets	2,629,231	1,743,801	1,501,283	899,318	988,755	248,194	8,010,582

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**4. SEGMENT INFORMATION (cont'd)**

The Group operates in the Australian mineral exploration sector where it is actively pursuing opportunities for a number of mineral targets through various tenements all of which are currently at exploration stage and require further funding to proceed to revenue generation stages. As such the Group is required to prioritise its funding allocation and does so based on the assessment of the market sentiment and the potential of finding a viable mineral resource. Each exploration licence may be identified as a separate business activity that has revenue earning potential. However, licences of the same mineral exploration targets have been aggregated into the same segment based on similar economic characteristic. Various corporate and investing activities have been allocated to a corporate operating segment of the Group.

**30 June 2011    30 June 2010**  
**\$                    \$**

**5. INCOME TAX**

**(a) Income Tax Recognised in the Statement of Comprehensive Income**

Tax expense/(income) comprises:

Current tax expense/(benefit)	-	-
Deferred tax expense relating to origination and reversal of temporary differences	-	-
Total tax expense/(benefit)	-	-

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:

Profit/(loss) from operations	(986,468)	166,601
Income tax expense/(benefit) calculated at 30%	(295,940)	49,980
Non-deductible expenses	341,888	97,662
Under provision in previous year	(540,137)	-
Effect of deductible items not expensed in determining profit	(621,621)	-
Tax losses and tax offsets not recognised as deferred tax assets	1,115,810	(147,642)
Total tax expense/(benefit)	-	-

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.

**30 June 2011    30 June 2010**  
**\$                    \$**

**(b) Unrecognised Deferred Tax Balances**

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

Tax losses – revenue	4,721,402	3,449,558
Tax losses – capital	719,744	875,796
Total tax benefit	5,441,146	4,325,354

**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.

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**6. CASH AND CASH EQUIVALENTS**

Cash at bank	217,745	47,063
Term deposits	2,070,000	1,887,428
	<u>2,287,745</u>	<u>1,934,491</u>

**Reconciliation of cash**

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

Cash and cash equivalent	<u>2,287,745</u>	<u>1,934,491</u>
--------------------------	------------------	------------------

**7. TRADE AND OTHER RECEIVABLES**

Interest receivable	19,050	13,736
Other debtors	9,561	12,456
GST receivable	25,204	12,151
Tenement security deposit	59,500	100,500
	<u>113,315</u>	<u>138,843</u>

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

**8. OTHER ASSETS**

Prepaid insurance premium	17,131	18,501
Prepaid listing fees	-	15,173
Other	13,153	1,352
	<u>30,284</u>	<u>35,026</u>

<b>30 June 2011</b>	<b>30 June 2010</b>
<b>\$</b>	<b>\$</b>

**9. OTHER FINANCIAL ASSETS**

Shares and options in listed investments	3,248,912	2,906,040
Accumulated impairment	(2,587,962)	(2,165,304)
	<u>660,950</u>	<u>740,736</u>

Available-for-sale investments carried at fair value:

Shares in listed companies	<u>637,985</u>	<u>740,736</u>
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Financial assets carried at fair value through profit or loss (FVTPL)

Options in listed companies	<u>22,965</u>	<u>-</u>
-----------------------------	---------------	----------

	<b>2011</b>		<b>2010</b>	
	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>
	<b>\$</b>		<b>\$</b>	
Other financial assets comprise of the following:				
UraniumSA Limited - shares	583,235	3,888,238	740,736	4,489,307
Renaissance Uranium Limited - shares	54,750	750,000	-	-
Renaissance Uranium Limited - options	22,965	750,000	-	-
	<u>660,950</u>	<u>5,388,238</u>	<u>740,736</u>	<u>4,489,307</u>

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**9. OTHER FINANCIAL ASSETS (cont'd)**

Shares in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar). At 30 June 2011, the investments in UraniumSA were restated to fair value. A revaluation decrement of \$210,961 in relation to the available-for-sale shares in UraniumSA was recognised in the investment revaluation reserve during the year.

On 17 November 2010, UraniumSA Limited announced a non-renounceable rights issue which closed 7 January 2011. On 20 December 2010, Hiltaba Gold Pty Ltd accepted the issue and paid \$112,232 being an entitlement to new shares on a 1 for 10 basis at \$0.25c per new share. On 17 January 2011, 448,931 new shares were issued to Hiltaba Gold Pty Ltd.

On 17 February 2011, Hiltaba Gold Pty Ltd was granted by way of reimbursement for certain past expenditure on Cowell (EL 3978), (joint venture tenement) 750,000 shares (escrowed), valued at \$195,000 (fair value at \$0.26 each on 17 February 2011) and 750,000 unlisted options (escrowed), valued at \$94,422 (exercisable at \$0.24 each and expiring 17 February 2015) in Renaissance Uranium Limited on granting of the Minister's consent to the joint venture agreement with Hiltaba Gold Pty Ltd. At 30 June 2011, the investments in Renaissance Uranium were restated to fair value. An impairment of \$140,250 in relation to the available-for-sale shares in Renaissance Uranium was recognised in the statement of comprehensive income in the current reporting period. The fair value of options held in Renaissance Uranium decreased by \$71,457. The fair value decrement on options was recognised in the statement of comprehensive income.

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Freehold land and buildings \$</b>	<b>Motor vehicles \$</b>	<b>Office furniture and equipment \$</b>	<b>Computer equipment \$</b>	<b>Total \$</b>
<b>Gross carrying amount</b>					
Balance at 1 July 2009	121,669	99,040	23,311	59,783	303,803
Additions	1,000	-	-	2,868	3,868
Disposals	-	(41,984)	-	-	(41,984)
Balance at 1 July 2010	122,669	57,056	23,311	62,651	265,687
Additions	2,000	-	2,900	2,868	7,768
Balance at 30 June 2011	124,669	57,056	26,211	65,519	273,455
<b>Accumulated depreciation</b>					
Balance at 1 July 2009	(2,542)	(77,817)	(15,481)	(53,150)	(148,990)
Depreciation expense	(1,691)	(3,496)	(3,066)	(5,328)	(13,581)
Disposals	-	24,257	-	-	24,257
Balance at 1 July 2010	(4,233)	(57,056)	(18,547)	(58,478)	(138,314)
Depreciation expense	(1,606)	-	(1,199)	(4,269)	(7,074)
Impairment on revaluation	(31,812)	-	-	-	(31,812)
Balance at 30 June 2011	(37,651)	(57,056)	(19,746)	(62,747)	(177,200)
<b>Net book value</b>					
As at 30 June 2010	118,436	-	4,764	4,173	127,373
As at 30 June 2011	87,018	-	6,465	2,772	96,255

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

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

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

- A wholly owned subsidiary, Rubicon Min Tech Ventures Pty Ltd, has the following significant exploration joint venture interest:

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

- The average credit period on purchases is 30 days. No interest is charged on trade payables.

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**13. PROVISIONS**

Audit fees	23,100	22,000
Employee benefits – annual leave	2,018	855
Other – workers compensation insurance	1,440	819
	<u>26,558</u>	<u>23,674</u>
	<b>Annual leave</b>	<b>Audit fees</b>
Balance at 1 July 2010	855	22,000
Additional provisions recognised	31,260	23,100
Payments made	(30,097)	(22,000)
Balance at 30 June 2011	<u>2,018</u>	<u>23,100</u>
	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
– Aggregate employee benefits liability	2,018	855
– Number of employees at year-end	5	3
	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>

**14. ISSUED CAPITAL**

**(a) Issued Capital**

108,821,858 fully paid ordinary shares  
(2010: 94,821,858)

21,730,816	19,737,446
------------	------------

<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>

**(b) Movements in Shares on Issue**

At the beginning of the reporting period	94,821,858	19,737,446	94,821,858	19,737,446
Issue of shares	14,000,000	2,100,000	-	-
Share issue costs	-	(106,630)	-	-
At the end of the reporting period	<u>108,821,858</u>	<u>21,730,816</u>	<u>94,821,858</u>	<u>19,737,446</u>

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 30 November 2010, the Company announced that it had raised \$2.1 million, before issue costs, in a placement to sophisticated investors. On 6 December 2010, the Company issued 14,000,000 ordinary shares at \$0.15c per share.

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

**(c) Share-based Payments**

The Company issued 3,000,000 share options to Directors (2010: nil) over ordinary shares under the Employee Option Plan during the reporting period. The options were approved by shareholders at the last held Annual General Meeting. These share options had a fair value at grant date of \$0.11c per share option (2010: nil). Further, the Company issued 3,375,000 share options (2010: nil) over ordinary shares under its Employee Option Plan. These share options had a fair value at grant date of \$0.11c per share option (2010: nil).

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 2011, Directors have options over 3,000,000 ordinary shares all of which are exercisable at 20 cents each, and expire on 30 November 2013. The Chief Executive Officer and a Director have 1,000,000 options each to subscribe for ordinary shares at an exercise price of 20 cents each and expire on 26 November 2013. In addition, employees have options over 1,375,000 ordinary shares all of which are exercisable at 20 cents each, and expire on 26 November 2013.

At 30 June 2011, the Company had on issue the following options to acquire shares in the Company:

Nos.	Class
3,000,000(i)	Unlisted Vested Director Options expiring 30 November 2013
3,375,000 (ii)	Unlisted Vested Employee Options expiring 26 November 2013

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
Director options (i)	3,000,000	26/11/2010	30/11/2013	20 cents	\$330,287
Employee options (ii)	3,375,000	26/11/2010	26/11/2013	20 cents	\$371,022

- (i) In accordance with the Company's Employee Option Plan, Director options issued on the 3 December 2010 fully vested on issue date.
- (ii) In accordance with the Company's Employee Option Plan, employee option issued on the 20 December 2010 fully vested on issue date.

*Fair Value of Share Options Granted in the Year*

The weighted average fair value of the share options granted during the financial year is \$0.11c per share option (2010: nil). Options were priced using a binomial option pricing model. Expected volatility is based on the historical share price volatility over the past 3 years.

Inputs into the model	Option Series	
	Director options	Employee options
Grant date share price	17 cents	17 cents
Exercise price	20 cents	20cents
Standard volatility	113.00%	113.00%
Option life	3.01 years	3.00 years
Dividend yield	nil	nil
Risk-free interest rate	5.22%	5.22%

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

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

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

	<b>2011</b>		<b>2010</b>	
	<b>Number of options</b>	<b>Weighted average exercise prices</b>	<b>Number of options</b>	<b>Weighted average exercise prices</b>
Balance at the beginning of the financial year	1,575,000	28 cents	2,050,000	29 cents
Granted during the financial year	6,375,000	-	-	-
Forfeited during the financial year	-	-	(100,000)	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	(1,575,000)	-	(375,000)	-
Balance at end of the financial year (ii)	6,375,000	20 cents	1,575,000	28 cents
Exercisable at the end of the financial year	6,375,000	20 cents	1,575,000	28 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 20 cents and a weighted average remaining contractual life of 882 days (2010: 182 days).

**15. RESERVES**

**(a) Employee Equity-settled Benefits Reserve**

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	635,937	635,937
Share-based payment	701,309	-
Transfer to share capital	-	-
Balance at the end of the financial year	1,337,246	635,937

The employee equity-settled benefits reserve arises on the grant of share options to Directors and employees under the Director and 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 14 to the financial statements.

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Investments Revaluation Reserve</b>		
Balance at the beginning of the financial year	467,029	241,523
Net gain arising on revaluation of available-for-sale financial assets	-	417,506
Net loss arising on revaluation of available-for-sale financial assets	(210,961)	-
Recognition of profit on sale on available-for-sale financial assets	(139,650)	(192,000)
Balance at the end of the financial year	116,418	467,029

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the statement of comprehensive income when those assets have been disposed of or are determined to be impaired.



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	30 June 2011 \$	30 June 2010 \$
<b>16. ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the year	(12,829,830)	(12,996,431)
Profit/(loss) for the year	(986,468)	166,601
Accumulated losses at the end of the financial year	<u>(13,816,298)</u>	<u>(12,829,830)</u>

	30 June 2011 cents per share	30 June 2010 cents per share
<b>17. EARNINGS PER SHARE</b>		
Basic earnings per share	<u>(1.0)</u>	0.2
Diluted earnings per share	<u>(1.0)</u>	0.2

	30 June 2011 \$	30 June 2010 \$
(a) Reconciliation of earnings to net profit/(loss):-		
Net profit/(loss)	(986,468)	166,601
Earnings used in the calculation of basic and diluted EPS	<u>(986,468)</u>	<u>166,601</u>
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	<u>102,723,228</u>	<u>94,821,858</u>

The options on issue throughout 2010 and 2011 are not dilutive in effect.

**18. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

Phillip G Harman	—	Non-executive Chairman (appointed 7 February 2011)
Thomas J Burrowes	—	Non-executive Director
David J Isles	—	Non-executive Director
Thomas H Whiting	—	Non-executive Director (appointed 7 February 2011)
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 Group is set out below:

	30 June 2011 \$	30 June 2010 \$
Short-term employees benefits	366,533	291,905
Post-employment benefits	61,604	19,008
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	577,635	-
	<u>1,005,772</u>	<u>310,913</u>

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**18. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

<b>2011</b>	<b>Balance 1/07/10</b>	<b>Granted as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/11</b>	<b>Total vested 30/06/11</b>	<b>Total exercisable 30/06/11</b>	<b>Total unexercisable 30/06/11</b>
<b>Directors</b>								
P G Harman	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
T J Burrowes	-	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	-
T H Whiting (i)	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
<b>Executives</b>								
P G Blight	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	250,000	-	(250,000)	250,000	250,000	250,000	-
	<u>1,250,000</u>	<u>5,250,000</u>	<u>-</u>	<u>(1,250,000)</u>	<u>5,250,000</u>	<u>5,250,000</u>	<u>5,250,000</u>	<u>-</u>

- (i) Before T H Whiting was appointed Non-executive Director, he held 250,000 options as at 30 June 2010. These options expired on 30 November 2010.

<b>2010</b>	<b>Balance 1/07/09</b>	<b>Granted as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/10</b>	<b>Total vested 30/06/10</b>	<b>Total exercisable 30/06/10</b>	<b>Total unexercisable 30/06/10</b>
<b>Directors</b>								
T J Burrowes	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
P G Harman	-	-	-	-	-	-	-	-
<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>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>

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

No shares were issued to Directors, executives, employees or contractors 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>2011</b>	<b>Balance 1/07/10</b>	<b>Received as compensation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/11</b>
<b>Directors</b>					
P G Harman	152,848	-	-	-	152,848
T J Burrowes	1,211,112	-	-	-	1,211,112
D J Isles	98,612	-	-	-	98,612
T H Whiting	-	-	-	327,210	327,210
<b>Executives</b>					
P G Blight	1,100,000	-	-	-	1,100,000
M J Drummond	115,000	-	-	-	115,000
	<u>2,677,572</u>	<u>-</u>	<u>-</u>	<u>327,210</u>	<u>3,004,782</u>

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

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

2010	Balance 1/07/09	Received as compensation	Options exercised	Net change other	Balance 30/06/10
<b>Directors</b>					
T J Burrowes	1,211,112	-	-	-	1,211,112
C G Anderson	325,000	-	-	-	325,000
D J Isles	98,612	-	-	-	98,612
P G Harman	-	-	-	152,848	152,848
<b>Executives</b>					
P G Blight	930,977	-	-	169,023	1,100,000
M J Drummond	115,000	-	-	-	115,000
	<u>2,680,701</u>	<u>-</u>	<u>-</u>	<u>321,871</u>	<u>3,002,572</u>

**30 June 2011    30 June 2010**  
**\$                    \$**

**19. REMUNERATION OF AUDITORS**

Remuneration for audit or review of the financial reports of the Company	31,500	30,000
Preparation of the tax return	11,000	9,975
	<u>42,500</u>	<u>39,975</u>

**20. COMMITMENTS FOR EXPENDITURE**

<b>Exploration Commitments</b>	4,302,500	947,800
--------------------------------	-----------	---------

In order to maintain current rights of tenure to exploration tenements, the Group 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	4,302,500	947,800
-------------------------	-----------	---------

Exploration commitments later than one year are dependent on management assessment of prospectivity and desirability of retaining the current suite of exploration projects.

**21. RELATED PARTIES**

**Remuneration Benefits**

Information on remuneration benefits of Directors and executives is disclosed in the Directors' Report and Note 18 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 Group:

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>No.</b>	<b>No.</b>
Ordinary shares	3,004,782	2,677,572

Information on Directors' and executives' option holdings is disclosed in Note 18 to the Financial Statements. No options were held by their related entities as at the reporting date.

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**21. RELATED PARTIES (cont'd)**

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

During the financial year ended 30 June 2011, technical assistance, office accommodation / facilities and administrative support were provided to the Group at commercial rates by Mineral Deposits Limited of which Dr David Isles was both a Director and shareholder and Mr Melvyn Drummond was both Company Secretary and shareholder. Total charged was \$47,372 (2010: \$49,154) in relation to these services to 30 June 2011.

**22. SUBSIDIARIES**

	Country of incorporation	Percent owned (%)	
		2011	2010
<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, 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.

	30 June 2011	30 June 2010
	\$	\$
The consolidated income statement and consolidated statement of financial position of the entities party to the deed of cross guarantee are:		
<b>Income Statement</b>		
<b>Revenue</b>	141,688	96,870
Other income	16,864	12,818
Administration expenditure	(210,272)	(1,513)
Employee benefits expense	(701,309)	-
Depreciation and amortisation expenses	(6,742)	(13,140)
Exploration expenditure written off	9,240	-
(Impairment)/reversal of loans to subsidiaries	(429,804)	203,461
Profit/(loss) before tax	(1,180,335)	298,496
Income tax (expense)/benefit	-	-
<b>Total comprehensive income for the year</b>	<b>(1,180,335)</b>	<b>298,496</b>

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

**Statement of Financial Position**

**Current assets**

Cash and cash equivalents	2,287,745	1,934,491
Trade and other receivables	111,315	136,843
Other	30,284	35,026

**Total current assets**

2,429,344      2,106,360

**Non-current assets**

Property, plant and equipment	96,255	85,229
Exploration expenditure	2,678,861	1,416,441

**Total non-current assets**

2,775,116      1,501,670

**Total assets**

5,204,460      3,608,030

**Current liabilities**

Trade and other payables	284,330	205,128
Provisions	26,558	23,674

**Total current liabilities**

310,888      228,802

**Total liabilities**

310,888      228,802

**Net assets**

4,893,572      3,379,228

**Equity**

Issued Capital	21,730,816	19,737,446
Reserves	1,337,246	635,937
Accumulated losses	(18,174,490)	(16,994,155)

**Total equity**

4,893,572      3,379,228

**Accumulated Losses**

Accumulated losses as at beginning of the financial year      (16,994,155)      (17,292,651)

Profit/(loss)      (1,180,335)      298,496

Accumulated losses as at end of the financial year      (18,174,490)      (16,994,155)

**(a) Joint Venture Interest Acquired**

No joint venture interests were acquired during the period.

**(b) Subsidiaries Acquired**

No subsidiaries were acquired during the period.

**(c) Subsidiaries Disposed**

No subsidiaries were disposed during the period.

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	30 June 2011 \$	30 June 2010 \$
<b>23. CASH FLOW INFORMATION</b>		
Reconciliation of cash flow from operations with profit/(loss) after income tax:-		
Profit/(loss) for the year:	(986,468)	166,601
Depreciation of property, plant and equipment	7,074	13,581
Gain on disposal of property, plant and equipment	-	(12,818)
Interest income received	(141,688)	(96,870)
Unrealised gain on recognition available-for-sale financial assets	(96,178)	-
Gain on recognition of available-for-sale financial assets and financial assets at FVTPL	(114,477)	-
Gain on disposal of available-for-sale financial assets	(387,725)	(857,392)
Exploration expenditure and other costs written off	747,147	900,031
Gain on disposal of exploration tenements	(181,434)	(127,405)
Expense recognised in respect of equity-settled share-based payments	701,309	-
Fair value loss on available-for-sale financial assets and impairment	211,707	967
Impairment on trade receivables	-	10,800
Impairment of non-current assets	31,812	-
Movements in working capital:		
(Increase) in receivables	(24,405)	(66,753)
(Increase)/decrease in prepayments	4,742	(15,118)
Decrease in other assets	79,786	40,992
Increase in payables	74,248	88,282
Increase/(decrease) in employee entitlements	6,116	(3,485)
Increase/(decrease) in provisions	1,721	(426)
Net cash from operating activities	<u>(66,713)</u>	<u>40,987</u>

**24. FINANCIAL INSTRUMENTS**

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

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

**(b) Commodity Contracts**

As at 30 June 2011, the Group 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.

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**30 June 2011      30 June 2010**  
**\$                      \$**

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

**(d) Categories of Financial Instruments**

Financial assets:

Fair value through profit or loss (FVTPL):

Derivative instruments (i)	22,965	-
Other receivables	113,315	138,843
Cash and cash equivalents	2,287,745	1,934,491
Available-for-sale financial assets (ii)	637,985	740,736

Financial liabilities:

Other payables and accruals	284,330	205,128
-----------------------------	---------	---------

(i) Derivative instruments include unlisted options in Renaissance Uranium Limited.

(ii) Available-for-sale financial assets include shares in UraniumSA Limited and Renaissance Uranium 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 prudent 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 14, 15 and 16.

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 unlisted 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 Group is exposed to interest rate risk on cash and cash equivalents.

The Group's exposure 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 increased during the current period mainly due to an increase 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.

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**24. 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 loss for the year ended 30 June 2011 would have been affected as the equity instruments classified as available-for-sale would have decreased further by \$2,738 due to impairment (2010: net profit for the year would have increased/decreased by \$nil).
- Investment revaluation reserve would have increased/decreased by \$29,162 at 30 June 2011 (2010: investment revaluation reserve would have increased/decreased by \$37,037).

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 receivables 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 Rate Risk Exposure**

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the earliest date on which the Group can be required to pay and receive.

	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
<b>2011</b>		\$	\$	\$	\$	\$
Financial assets						
Non-interest bearing	-	113,315	-	-	-	-
Financial liabilities						
Non-interest bearing	-	284,330	-	-	-	-
<b>2010</b>						
Financial assets						
Non-interest bearing	-	138,843	-	-	-	-
Financial liabilities						
Non-interest bearing	-	205,128	-	-	-	-



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

**(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 values of derivative instruments are calculated using quoted prices and option pricing models.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
Shares in listed companies	637,985	-	-
Derivative financial assets	-	22,965	-
Total	637,985	22,965	-

**30 June 2011      30 June 2010**  
**\$                      \$**

**25. PARENT ENTITY DISCLOSURES**

**(a) Financial Position**

**Assets**

Current assets	5,557,028	3,977,156
Non-current assets	34,418	8,937
<b>Total assets</b>	<b>5,591,446</b>	<b>3,986,093</b>

**Liabilities**

Current liabilities	310,888	228,802
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>310,888</b>	<b>228,802</b>

**Equity**

Issued capital	21,730,816	19,737,446
Accumulated losses	(17,787,504)	(16,616,092)

**Reserves**

- Equity settled employee benefits	1,337,246	635,937
<b>Total equity</b>	<b>5,280,558</b>	<b>3,757,291</b>

**(b) Financial Performance**

Profit/(loss) for the year	(1,171,412)	300,746
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(1,171,412)</b>	<b>300,746</b>

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**25. PARENT ENTITY DISCLOSURES (cont'd)**

	30 June 2011 \$	30 June 2010 \$
<b>(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries</b>		
Guarantee provided under the deed of cross guarantee	<u>3,141,098</u>	<u>1,875,796</u>

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.

**(d) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity**

**Plant and equipment**

Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>-</u>	<u>-</u>

**26. EVENTS SUBSEQUENT TO REPORTING DATE**

In the opinion of the Directors of the Company, there has not arisen in the interval between the end of the financial year-end and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Group.

## **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 consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 19 to 48.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply 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. Those 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 of the financial report that gives a true and fair view, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stellar Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2011. 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.

## *Opinion*

In our opinion the Remuneration Report of Stellar Resources Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Ian Sanders  
Partner  
Chartered Accountants  
Melbourne, 26 August 2011

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**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 108,821,858 ordinary shares fully paid as at 23 August 2011, of which all are listed on the Australian Stock Exchange. In addition, the Company has on issue 3,000,000 unlisted options to acquire shares at an exercise of 20 cents per share at any time up to 30 November 2013 and 3,375,000 unlisted options to acquire shares at an exercise of 20 cents per share at any time up to 26 November 2013.

**(a) Distribution of Shareholder Numbers**

Size of holding	Number of shareholders	Units	%	Number of optionholders	Units	%
1 – 1,000	231	87,200	0.08	-	-	-
1,001 – 5,000	480	1,400,692	1.29	-	-	-
5,001 – 10,000	272	2,259,079	2.08	-	-	-
10,001 – 100,000	788	28,603,267	26.28	-	-	-
100,001 and over	157	76,471,620	70.27	10	6,375,000	100.00
	1,928	108,821,858	100.00	10	6,375,000	100.00

There were 584 shareholders who held less than a marketable parcel (886,875 shares).

**(b) Substantial Shareholder as at 23 August 2011**

	Name	Number of Shares Held	%
1	JP Morgan Nominees Australia Limited <Cash Income A/C>	18,340,425	16.85

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

	Name	Number of Shares Held	%
1	JP Morgan Nominees Australia Limited <Cash Income A/C>	18,340,425	16.85
2	HSBC Custody Nominees (Australia) Limited	5,383,800	4.95
3	JPC International Pty Ltd	5,000,000	4.59
4	AWJ Investments Pty Ltd	2,425,000	2.23
5	Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	2,245,000	2.06
6	L J Thomson Pty Ltd	2,796,964	2.57
7	Mrs Xiaoqiong Chen	1,201,742	1.10
8	UBS Wealth Management Australia Nominees Pty Ltd	1,150,000	1.06
9	Octifil Pty Ltd	1,000,000	0.92
9	Carojon Pty Ltd <Imbruglia S/F A/C>	1,000,000	0.92
9	Providence Gold And Minerals Pty Ltd	1,000,000	0.92
10	Toad Facilities Pty Ltd <JP Nettleton/Toad S/F A/C>	917,500	0.84
11	Calama Holdings Pty Ltd <Mambat Super Fund A/C>	896,000	0.82
12	Dr Leon Eugene Pretorius	750,000	0.69
13	Mr Barrie E Laws & Mrs Marilyn F Laws <B & M Laws Super Fund A/C>	675,000	0.62
14	Mr Craig Honner & Mrs Alison Honner	660,944	0.61
15	Mrs Ewa Aurelia Kozlowski	650,000	0.60
16	Yelwac Pty Ltd <The Cawley Superfund No2 A/C>	610,000	0.56
17	Nutsville Pty Ltd	600,000	0.55
18	Mrs Stella Emily Downey	586,000	0.54
19	Mr A M McDonald & Mr B M McDonald <A M McDonald Super Fund A/C>	500,000	0.46
19	Walkington Property Nominees (No 2) P/L <Peter Walkington S/Fund A/C>	500,000	0.46
19	Mr Ian Lawrence Turner	500,000	0.46
19	Mr Alvise Pase	500,000	0.46
19	Mr Grant Scott Mitchell	500,000	0.46
20	Mr Dean Nesbit Walkington <D & J Walkington Super A/C>	450,000	0.41
		50,838,375	46.71

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**(d) Largest Optionholders**

	Name	Number of Options Held	%
1	Mr P G Harman	1,000,000	15.69
2	Mr T J Burrowes	1,000,000	15.69
3	Dr D J Isles	1,000,000	15.69
4	Dr T H Whiting	1,000,000	15.69
5	Mr P G Blight	1,000,000	15.69
		<u>5,000,000</u>	<u>78.45</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

- 3,000,000 options are on issue to Directors. These options are exercisable up to 30 November 2013 at an exercisable price of 20 cents each.
- 2,000,000 options are on issue to a Director and the Chief Executive Officer. These options are exercisable up to 26 November 2013 at an exercisable price of 20 cents each.

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**SCHEDULE OF TENEMENTS**

Area	Stellar interest held (%)	Registered title holder	Grant Date/ Application Date	Expiry Date/ Relinquished Date	Notes
<b>Exploration Licence EL4632 – Rupee, New South Wales</b> (Goldfinger Project; JV with CBH Resources Limited; Stellar has 60% interest)					
35 Units	60	Triako Resources Limited	21/12/1993	20/12/2011	
<b>Exploration Licence EL6556 - Panama Hat, New South Wales</b>					
38 Unites	100	Balrone Holdings Pty Ltd	11/04/2006	10/04/2011	Renewal pending approval
<b>Mining Lease ML4650 - Tarcoola, South Australia</b>					
15.61 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
<b>Mining Lease ML4667 - Tarcoola, South Australia</b>					
4.49 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
<b>Mining Lease ML5179 - Tarcoola, South Australia</b>					
4.68 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
<b>Mining Lease ML5300 - Tarcoola, South Australia</b>					
2.89 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
<b>Exploration Licence EL4167 - Tarcoola, South Australia</b> (JV with UraniumSA Limited earning 70% in uranium interest)					
1,249 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	30/07/2008	29/07/2013	
<b>Exploration Licence EL4301 - Pinding, South Australia</b> (JV with UraniumSA Limited earning 70% in uranium interest)					
500 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	25/08/2009	25/08/2014	
<b>Exploration Licence EL4707 - Carnding, South Australia</b> (JV with UraniumSA Limited earning 70% in uranium interest)					
263 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	28/03/2011	27/04/2014	
<b>Exploration Licence EL3799 - Cooladding, South Australia</b> (JV with UraniumSA Limited earning 70% in uranium interest)					
58 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	12/06/2007	11/06/2012	
<b>Exploration Licence EL3566 - Kingoonya, South Australia</b> (JV with AngloGold Ashanti Australia Limited earning 75% interest)					
376 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	27/11/2006	26/11/2011	
<b>Exploration Licence EL4573 - Stony Top Hill, South Australia</b> (JV with AngloGold Ashanti Australia Limited earning 75% interest)					
149 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	07/10/2010	08/10/2011	
<b>Exploration Licence EL3752 - Cleanskin Swamp, South Australia</b> (JV with AngloGold Ashanti Australia Limited earning 75% interest)					
637 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	
<b>Exploration Licence EL3753 - Long Creek, South Australia</b> (JV with AngloGold Ashanti Australia Limited earning 75% interest)					
328 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	

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

**SCHEDULE OF TENEMENTS**

<b>Area</b>	<b>Stellar interest held (%)</b>	<b>Registered title holder</b>	<b>Grant Date/ Application Date</b>	<b>Expiry Date/ Relinquished Date</b>	<b>Notes</b>
<b>Exploration Licence EL4389 - Hicks Hill, South Australia</b>					
41 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	9/12/2009	8/12/2014	
<b>Exploration Licence EL4570 - Warrior, South Australia</b>					
165 km <sup>2</sup>	100	Hillment Pty Ltd	21/09/2010	20/09/2012	
<b>Exploration Licence EL3978 - Cowell, South Australia</b> (JV with Renaissance Uranium Limited earning 75% interest)					
840 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	7/11/2007	6/11/2012	
<b>Exploration Licence EL4242 - Midgee, South Australia</b> (JV with UraniumSA Limited earning 73% in uranium interest)					
134 km <sup>2</sup>	100	Hiltaba Gold Pty Ltd	25/03/2009	25/03/2014	
<b>Exploration Licence Application ELA2010/00220 - Kooralla, South Australia</b> (Stellar entitled to 2% net smelter return)					
85 km <sup>2</sup>	2	Rex Minerals (Iron Ore) Limited	16/09/2005	15/09/2010	New licence application pending
<b>Exploration Licence Application ELA2009/00339 - Lake Woorong, South Australia</b> (Sold to Western Plains Resources Ltd on August 2010)					
888 km <sup>2</sup>		Hiltaba Gold Pty Ltd	28/10/2009		New licence application pending
<b>Exploration Licence EL46/2003 - Heemskirk, Tasmania</b>					
144 km <sup>2</sup>	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
<b>Exploration Licence EL1/2004 - Ramsay River, Tasmania</b>					
70 km <sup>2</sup>	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
<b>Exploration Licence EL49/2004 - Rayne, Tasmania</b> (JV with MMG Exploration Pty Ltd earning 60% interest)					
28 km <sup>2</sup>	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
<b>Exploration Licence EL26/2009 - Huskisson River, Tasmania</b>					
39 km <sup>2</sup>	100	Rubicon Min Tech Ventures Pty Ltd	9/07/2010	8/07/2015	
<b>Exploration Licence EL40/2010 – Heazlewood Hill, Tasmania</b>					
20 km <sup>2</sup>	100	Rubicon Min Tech Ventures Pty Ltd	2/06/2011	01/06/2016	
<b>Retention Licence RL5/1997 - Zeehan, Tasmania</b> (JV with Gippsland Limited 40% interest)					
6 km <sup>2</sup>	60	Columbus Metals Limited (operator), Gippsland Limited	20/06/1998	19/06/2011	Renewal pending approval
<b>Exploration Licence EL4525 - North Bendigo, Victoria</b>					
374 km <sup>2</sup>	2	Providence Gold and Minerals Pty Ltd	11/01/2001	10/01/2011	Stellar has 2% royalty interest over a specified area



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

**CORPORATE DIRECTORY**

**DIRECTORS**

Phillip G Harman (Non-executive Chairman)  
Thomas J Burrowes (Non-executive)  
David J Isles (Non-executive)  
Thomas H Whiting (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 director and employee options held at this address*

**LEGAL ADVISOR**

Bryan D Cumming  
21 Adam Street  
Indented Head VIC 3223

**TAX AGENTS AND ADVISORS**

Deloitte Private Pty Ltd  
550 Bourke 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

Bank West  
Level 6, Bourke Place  
600 Bourke 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**

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

*Register of listed ordinary shares held at this address*