



ANNUAL REPORT

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2016**



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2016 CORPORATE GOVERNANCE STATEMENT AND APPENDIX 4G DISCLOSURES

Stellar Resources Limited has published its 2016 Corporate Governance Statement and the disclosures required by Appendix 4G of the ASX Listing Rules in Our-Company section of its website:

www.stellarresources.com.au/our-company

Shareholders are encouraged to read the 2016 Corporate Governance Statement and Appendix 4G disclosures.

FORWARD-LOOKING STATEMENTS

This report may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Stellar Resources Limited's planned activities and other statements that are not historical facts. When used in this report, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward-looking statements. Although Stellar Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

The entity confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning this report continue to apply and have not materially changed.

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Stellar Resources Limited securities.

The Directors submit herewith the annual financial report on Stellar Resources Limited and its controlled entities for the year ended 30 June 2016. 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:

Director	Position held
Phillip G Harman	Non-executive Chairman
Peter G Blight	Managing Director
Thomas H Whiting	Non-executive Director
Miguel Lopez de Letona	Non-executive Director
Markus Elsasser	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:

Markus Elsasser – resigned 3 February 2016

Company Secretary

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

Christina R Kemp

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 of the Consolidated Entity for the financial period was \$2,332 (2015: loss \$2,383,200).

The profit for the financial period was derived after the write off of \$55,990 (2015: \$2,039,640) in carrying values of the Consolidated Entity's exploration assets and funds received in respect to the Research and Development tax incentive claim of \$352,877 (before costs) for the twelve months ended 30 June 2015 from the Australian Taxation Office. Other impact was the fair value decrement in Renascor Resources Limited of \$9,000 in shares which was recognised in the consolidated statement of profit or loss.

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 twelve months to 30 June 2016, Stellar Resources Limited continued to progress its 100% owned Heemskirk Tin Project located in northwest Tasmania. The project ranks as one of the best placed undeveloped tin projects in the world because of its high grade (1.14% tin) and its excellent location.

Review of Operations (cont'd)

Figure 1: Location of Heemskirk Tin Project relative to other mines, northwest Tasmania



Heemskirk lies within one of the most prolific mining districts in Australia. As such, environmental precedents are well established and do not present a significant hurdle for the project. In addition, infrastructure spending at Heemskirk is low compared to that of more remote tin projects due to the close proximity of all-weather roads, water supply, electricity and housing. The Zeehan community is very supportive and keen to see a new mine developed in the area.

Strategy

The strategy remains to take Heemskirk through to development and tin production in the most cost effective and timely manner available. Over the last year, that has meant cost effective management of corporate costs, while at the same time looking for opportunities to optimise the project and lower pre-production capital and development risk.

Optimisation of metallurgy for the Severn deposit was completed in September 2015 and demonstrated potential for improvements in the processing circuit and tin recovery.

In July 2016, a pathway to faster tin production at lower capital cost was investigated and showed potential for a lower risk development.

Market Outlook

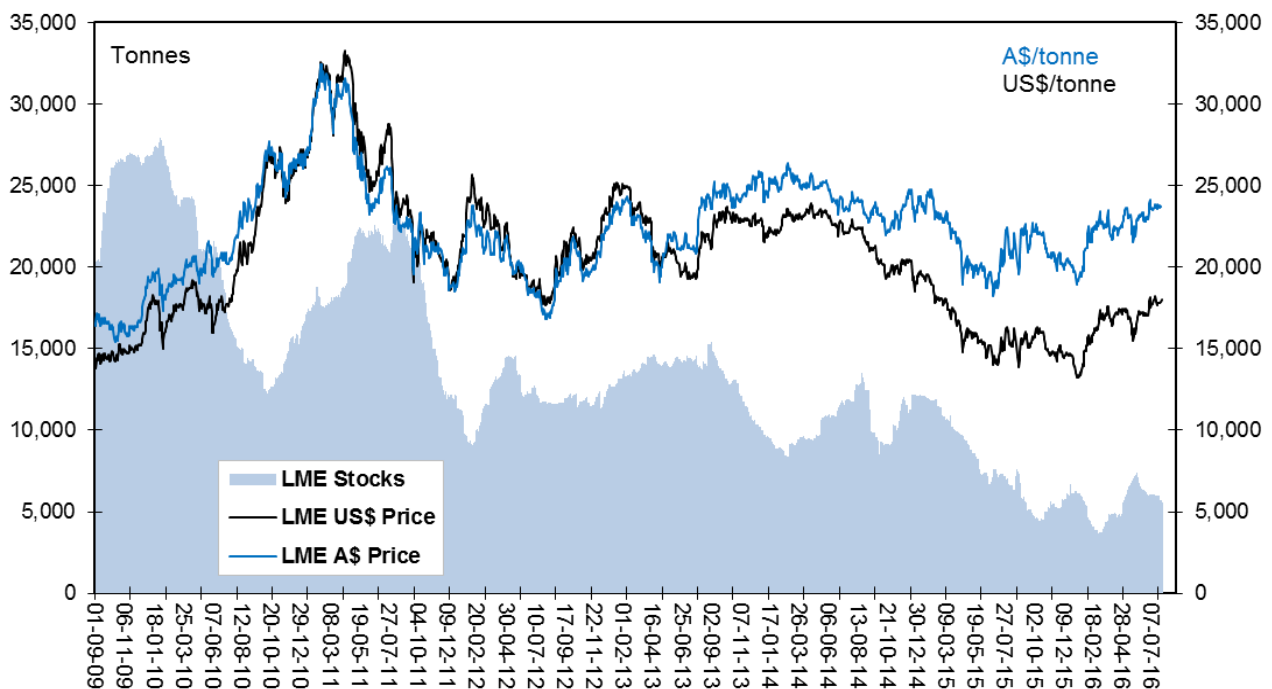
The outlook for tin improved in the second half of the year following announcements of tin smelter closures in China and Indonesia. The International Tin Research Institute (ITRI) expects that refined tin production will be down by 5% in 2016 compared with 2015.

Tin concentrate production from Myanmar remained at record levels in the January to May 2016 period. However, volumes declined significantly in June 2016. Whether this is a seasonal effect or the beginning of a longer-term trend will not be known for another three months. The later outcome would be positive for the tin price.

The LME tin price is up by 38% from its mid-January 2016 low with the decline of tin stocks at all levels supporting continued price recovery. In Australian dollar terms, the tin price is now back at early 2014 levels.

Review of Operations (cont'd)

Figure 2: London Metal Exchange Tin Spot Price and Stocks



Finance

As at the 30 June 2016, cash on hand was \$1,577,410.

Costs were reduced throughout the year in accordance with the board approved plan to preserve existing cash resources to finance activity well into the next financial year. Accordingly, expenditure in 2016 was reduced by 67% to \$639,721 compared with \$1,962,725 in 2015.

During the year, the project continued to attract interest from potential investors. To date, no preferred model for financing has evolved.

Operational Overview

Optimisation work at the beginning of the financial year focused on improving metallurgical recovery of tin, simplifying the process circuit and identifying opportunities to lower mining and processing costs. The results achieved were positive and demonstrated potential for an even greater improvement.

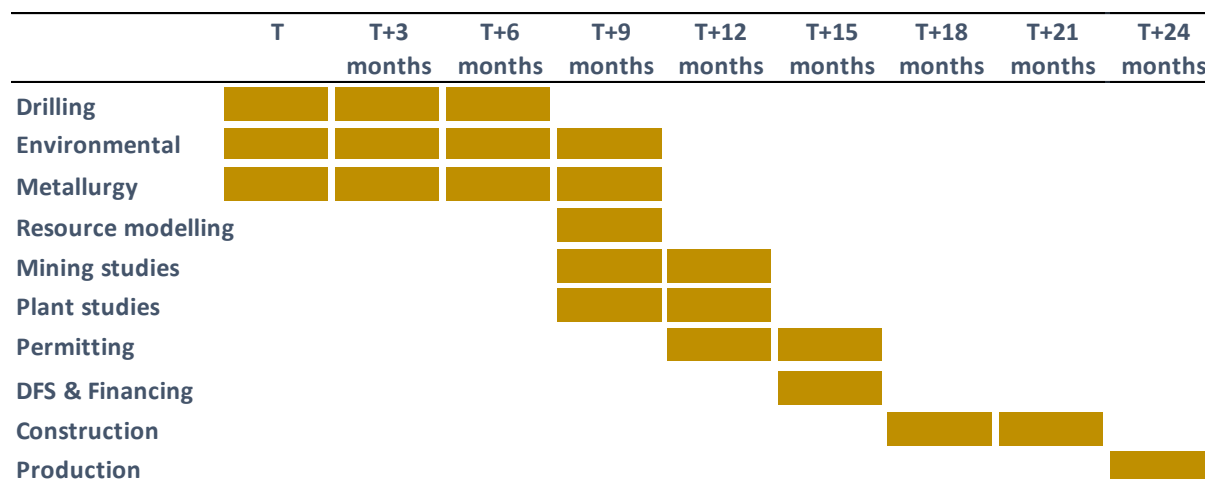
Further improvement was realised later in the financial year under a Fast Start Study. The aim of the study was to achieve accelerated access to ore at a significantly lower pre-production capital requirement. Faster ore access was achieved by assuming a sequential development of the three Heemskirk tin deposits, rather than the simultaneous development plan used in the optimisation work.

The Fast Start Study concentrated on the Lower Queen Hill (LQH) Indicated Mineral Resource as the first stage in the mining plan. The location of LQH near the proposed mine portal means that ore access could be reduced from twelve months to six months with development of the other tin deposits deferred until later in the mining plan. In addition, the Fast Start Study provided a 21% increase in head grade to 1.22% tin and an 8% increase in recovered grade from the outcomes achieved by the optimisation work.

Review of Operations (cont'd)

The Fast Start Study timeline in Figure 3, provides an indication of the path from the commencement of drilling to upgrade the LQH mineral resource to first tin in concentrate production twenty-four months later.

Figure 3: Indicative Timeline for a Definitive Feasibility Study



As announced in July 2016, Stellar has applied to Mineral Resources Tasmania, to convert the Retention Licence that covers the Heemskirk tin deposits into a Mining Lease (ML). The new title would provide exclusive rights to extract economic minerals from the deposits and would have a much longer duration than the existing title. Granting of an ML also represents an important milestone in advancing the project to development.

Exploration Activity

All tenements held by Stellar Resources subsidiaries were reviewed for lithium and cobalt exploration potential. In all cases, historical assays and a review of previous work showed limited potential. Tailings from test work at Heemskirk tin were also tested given the observation of lithium mineral lepidolite in drill core. The results showed sub-economic lithium concentrations.

Tin exploration tenements in Tasmania were reviewed in order to prioritise targets. Ramsay (EL 1/2004) has a drill ready tin in soil geochemical target that will be tested once finance is available.

Uranium exploration tenement in South Australia are maintained under a joint venture agreement with Samphire Uranium Limited.

Iron ore exploration interests in the Tarcoola area of South Australia were divested during the year under the terms of an existing Exploration and Development Agreement with Tarcoola Gold Pty Ltd a subsidiary of WPG Limited.

Risk Management

Stellar maintains a risk registry and reviews key risks at every board meeting. If there is a high level of site activity throughout the year, one board meeting and risk review is also conducted at site in Tasmania. As there was low site activity during the financial year, no board meeting was held at site in Tasmania.

Occupational health, safety and environment are discussed at every board meeting with any incidents or breaches of the regulations reported by the Managing Director. There were no reported incidents or breaches of regulations during the financial year.

Access to capital is the most significant risk faced by the Company and the most comprehensively discussed at board meetings. Cost control on expenditure, as discussed earlier, is the main approach to managing this risk.

Review of Operations (cont'd)

Financial Position

The net assets of the Consolidated Entity as at 30 June 2016 were \$17,478,514 (30 June 2015: \$17,464,461) represented by:

- cash \$1,577,410 (30 June 2015 - \$2,217,131)
- investments in Renascor Resources Limited, UraniumSA Limited and Samphire Uranium Limited valued at \$110,486 (30 June 2015 - \$107,780)
- exploration expenditure \$15,619,807 (30 June 2015 - \$15,067,112)
- trade and other payables \$45,650 (30 June 2015 - \$159,317)

The Consolidated Entity had no external borrowings as at 30 June 2016.

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.

Subsequent Events

On 21 July 2016, the Company announced that its wholly owned subsidiary Columbus Metals Limited has applied to Mineral Resources Tasmania for a Mining Lease over its Heemskirk tin deposits. Conversion of current title, RL5/1997, into a Mining Lease represents a key milestone in the project's advancement towards development. A Mining Lease grants exclusive rights to minerals and Columbus Metals Limited has applied for the longest duration available under the Mineral Resources Development Act 1995.

On 11 August 2016, the Company announced an "Investor Presentation" regarding the Heemskirk Tin Project.

On 17 August 2016, the Company announced a request for an immediate trading halt, pending the release of an announcement in relation to potential clarifications to the ASX release "Investor Presentation" made on 11 August 2016.

On 18 August 2016, the Company announced "Clarification and Replacement of Investor Presentation" regarding the Heemskirk Tin Project and provided a replacement "Investor Presentation" for the one announced on 11 August 2016.

Other than stated, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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.

Review of Operations (cont'd)

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's activities will continue to focus on the Heemskirk Tin Project in Tasmania. In the forthcoming year, the Consolidated Entity plans to attract funding partners to continue exploration around the known Mineral Resource ahead of in-fill drilling, metallurgical testing and various studies to support preparation of a Definitive Feasibility Study.

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 2016, and the number attended by Directors were:

Director	Number of meetings held	Number eligible to attend	Number of meetings attended
P G Harman	9	9	9
P G Blight	9	9	9
T H Whiting	9	9	9
M Lopez de Letona	9	9	8
M Elsasser	6	6	6

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
Peter G Blight	–	Managing Director
Thomas H Whiting	–	Non-executive Director
Miguel Lopez de Letona	–	Non-executive Director
Markus Elsasser	–	Non-executive Director (resigned 3 February 2016)
Christina R Kemp	–	Company Secretary

(b) Directors' and Executives' Compensation

Remuneration Policy

The Board is responsible for determining and reviewing the remuneration of the Directors including the Managing Director and executive officers of the Company. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board seeks where necessary the advice of external advisers in connection with the structure of remuneration packages. The Board also recommends the levels and form of remuneration for non-executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non-executive Directors shall not exceed the sum fixed by members of the Company in 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 2016. As the table indicates, earnings have varied significantly over the past five financial years, due to the nature of exploration activities. It has been the focus of the Board of Directors to attract and retain management personnel essential to continue exploration activities.

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$
Revenue	54,256	110,048	101,879	155,726	166,539
Net profit/(loss) before tax	2,332	(2,383,200)	(1,137,279)	273,633	(1,991,911)
Net profit/(loss) after tax	2,332	(2,383,200)	(1,137,279)	273,633	(1,991,911)

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$
Share price at start of year	\$0.03	\$0.04	\$0.05	\$0.07	\$0.14
Share price at end of year	\$0.03	\$0.03	\$0.04	\$0.05	\$0.07
Basic earnings per share (cents)	0.0	(0.8)	(0.4)	0.1	(1.3)
Diluted earnings per share	0.0	(0.8)	(0.4)	0.1	(1.3)

Remuneration Report (cont'd)

(d) Remuneration of Directors and Senior Management

2016	Short term employee benefits		Post-employment benefits		Share-based payment	Other benefits	Total
	Salary and fees \$	Other compensation \$	Super-annuation \$	Other \$	Options \$	\$	\$
Director							
P G Harman	27,260	-	4,416	-	-	-	31,676
P G Blight	130,064	-	35,000	-	-	-	165,064
T H Whiting	13,630	-	1,295	-	-	-	14,925
M Lopez de Letona	14,925	-	-	-	-	-	14,925
M Elsasser (i)	9,559	-	-	-	-	-	9,559
Executive							
C R Kemp	65,688	-	-	-	-	-	65,688
	261,126	-	40,711	-	-	-	301,837

(i) M Elsasser resigned as Non-executive Director on 3 February 2016

2015	Short term employee benefits		Post-employment benefits		Share-based payment	Other benefits	Total
	Salary and fees \$	Other compensation \$	Super-annuation \$	Other \$	Options \$	\$	\$
Director							
P G Harman	44,897	-	20,653	-	82,480	-	148,030
P G Blight	185,167	-	34,833	-	82,481	-	302,481
T H Whiting	29,932	-	2,843	-	41,240	-	74,015
M Elsasser	32,775	-	-	-	41,240	-	74,015
M Lopez de Letona	32,775	-	-	-	41,240	-	74,015
Executive							
C R Kemp	114,360	-	-	-	-	-	114,360
	439,906	-	58,329	-	288,681	-	786,916

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.

Remuneration Report (cont'd)

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

2016

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

2015

The following grants of share-based payment compensation to Directors relate to the previous financial year:

Option series	Grant date	Expiry date	Grant date fair value	Exercise price	Number under option	Vesting date
SRZAA	18/11/2014	20/11/2019	\$0.02c	\$0.06c to \$0.12c	17,500,000	Vests at date of grant

In accordance with shareholder approval given at the Company's Annual General Meeting held on 17 November 2014, Director options issued on the 20 November 2014 fully vested on issue date.

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

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

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. There are no termination benefits or incentives provided. Should the Company terminate the Managing Director's contract immediately, the Company shall pay an amount equal to the total remuneration for 12 months. 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.

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

2016	Balance 1/07/15	Granted as compensation	Options exercised	Net change other	Balance 30/06/16	Total vested 30/06/16	Total exercisable 30/06/16	Total unexercisable 30/06/16
Directors								
P G Harman	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
P G Blight	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
T H Whiting	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
M Lopez de Letona	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
M Elsasser(i)	2,500,000	-	-	(2,500,000)	-	-	-	-
Executives								
C R Kemp	-	-	-	-	-	-	-	-
	17,500,000	-	-	(2,500,000)	15,000,000	15,000,000	15,000,000	-

(i) M Elsasser resigned as Non-executive Director on 3 February 2016

Remuneration Report (cont'd)

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

2015	Balance 1/07/14	Granted as compensation	Options exercised	Net change other	Balance 30/06/15	Total vested 30/06/15	Total exercisable 30/06/15	Total unexercisable 30/06/15
Directors								
P G Harman	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	-
P G Blight	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	-
T H Whiting	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-
M Elsasser	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-
M Lopez de Letona	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-
Executives								
C R Kemp	-	-	-	-	-	-	-	-
	-	17,500,000	-	-	17,500,000	17,500,000	17,500,000	-

(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 any time during the current or prior financial year.

(j) Number of Shares held by Key Management Personnel

2016	Balance 1/07/15	Received as compensation	Options exercised	Net change other	Balance 30/06/16
Directors					
P G Harman	1,279,704	-	-	-	1,279,704
P G Blight	2,044,675	-	-	-	2,044,675
T H Whiting	990,000	-	-	-	990,000
M Lopez de Letona	-	-	-	-	-
M Elsasser (i)	5,717,666	-	-	(5,717,666)	-
Executives					
C R Kemp	81,161	-	-	-	81,161
	10,113,206	-	-	(5,717,666)	4,395,540

(j) M Elsasser resigned as Non-executive Director on 3 February 2016

2015	Balance 1/07/14	Received as compensation	Options exercised	Net change other	Balance 30/06/15
Directors					
P G Harman	1,279,704	-	-	-	1,279,704
P G Blight	2,044,675	-	-	-	2,044,675
T H Whiting	816,841	-	-	173,159	990,000
M Elsasser	5,717,666	-	-	-	5,717,666
M Lopez de Letona	-	-	-	-	-
Executives					
C R Kemp	81,161	-	-	-	81,161
	9,940,047	-	-	173,159	10,113,206

Share Options

Shares under options

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

Option series	Grant date	Expiry date	Grant date fair value	Exercise price	Number under option	Vesting date
SRZAI	26/02/2014	26/02/2017	\$0.02c	\$0.08	25,000,000	Vests at date of grant
SRZAA	18/11/2014	20/11/2019	\$0.02c	\$0.06c to \$0.12c	15,000,000	Vests at date of grant

The options hold no voting or dividend rights, and are not transferable, except with the prior written approval of the Board. The value of options granted during the financial year is calculated as at grant date using a binomial pricing model.

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

During the financial year, there were nil expired options (2015: nil options expired).

Options cancelled

During the financial year, there were 2,500,000 cancelled options (2015: nil 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 executives 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 than 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: 1,279,704

Option holding: 5,000,000

Directorships of other listed companies since 1 July 2013:

Predictive Discovery Limited (February 2008 – November 2014)

Callabonna Resources Limited (Nov 2009 – November 2015)

Alice Queen Limited (November 2015 – Current)

Managing Director

Peter G Blight
BSc (Hons) (Adelaide),
MSc (USA)
Appointed Chief Executive
Officer 5 February 2008
Appointed Managing Director
26 May 2014

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 the Heemskirk Tin Project.

Shareholding: 2,044,675

Option holding: 5,000,000

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

Information on Directors and Executives (cont'd)

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: 990,000
Option holding: 2,500,000

Directorships of other listed companies since 1 July 2013:
Mineral Deposits Limited (January 2012 – Current)

Director

Miguel Lopez de Letona
BA (admin) (Brussels,
Belguim)
Appointed 21 May 2014

Mr Lopez de Letona is an experienced Belgium based investment advisor and private investor in the natural resources industry across mining, oil and gas, as well as other sectors. For more than a decade, he was responsible for sourcing, structuring, negotiating and managing private equity investments for international clients. Prior to his investment advisory activities in Europe and South America, Mr Lopez de Letona was a management consultant and banker with leading financial institutions.

Shareholding: nil
Option holding: 2,500,000

Mr Lopez de Letona did not hold any other listed company directorships in the preceding three years.

Director

Markus Elsasser
BA (admin) PhD (Cologne,
Germany)
Appointed 14 June 2013
Resigned 3 February 2016

Dr Elsasser is a German financier and investor in the minerals resources industry. He is head of the Elsasser family office 'M. Elsasser & Cie AG 1971' in Dusseldorf, Germany. Dr Elsasser has previously been Director of Finance for Dow Chemical Company in Germany. He has extensive general management experience with former appointments as Managing Director in Australia and Singapore in the chemical and food industries.

Shareholding: n/a
Option holding: nil

Directorships of other listed companies since 1 July 2013:
Impact Minerals Limited (August 2012 – Current)
Stellar Diamonds Plc* (November 2012 – March 2016)

Company Secretary

Christina R Kemp
Dip Acc, Dip AICD
Appointed 17 October 2011

Ms Kemp has a wealth and depth of experience over 30 years with both public and private companies. Her extensive career began in manufacturing but has also included mineral exploration, mining, retail, travel, transport and utilities where she has held financial positions.

Shareholding: 81,161
Option holding: nil

Ms Kemp did not hold any other listed company directorships in the preceding three years.

* Stellar Diamonds Plc listed in United Kingdom is not related to the Company.

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;

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 5.6 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 2016 has been received and can be found on page 41 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 31st day of August, 2016.

On behalf of the Directors



P G Harman
Chairman
Melbourne

	Note	30 June 2016 \$	30 June 2015 \$
Revenue	2.2	54,256	110,048
Other income	2.3	352,877	240,274
Administration expenditure		(334,177)	(632,685)
Depreciation and amortisation expenses	2.3	(5,619)	(6,364)
Impairment of available-for-sale investments	2.3	(9,000)	(22,500)
Fair value loss on financial assets	2.3	(15)	(15,000)
Loss on disposal exploration tenement	2.3, 3.5	-	(17,333)
Exploration expenditure and other costs written off	2.3, 3.5	(55,990)	(2,039,640)
Profit/(loss) before tax		2,332	(2,383,200)
Income tax expense	2.4	-	-
Profit/(loss) for the year		2,332	(2,383,200)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Net gain on available-for-sale financial assets taken to equity	4.3(b)	11,721	20,330
Other comprehensive income for the year, net of income tax		11,721	20,330
Total comprehensive income for the year		14,053	(2,362,870)
Earnings per share			
Basic (cents per share)	2.5	0.001	(0.794)
Diluted (cents per share)	2.5	0.001	(0.794)

Notes to the financial statements are included on pages 19 to 39.

	Note	30 June 2016 \$	30 June 2015 \$
Assets			
Current assets			
Cash	3.1	1,577,410	2,217,131
Trade and other receivables	3.2	114,716	122,156
Other financial assets	3.3	110,486	107,780
Other		14,715	32,852
Total current assets		1,817,327	2,479,919
Non-current assets			
Property, plant and equipment	3.4	124,391	130,010
Exploration expenditure	3.5	15,619,807	15,067,112
Total non-current assets		15,744,198	15,197,122
Total assets		17,561,525	17,677,041
Liabilities			
Current liabilities			
Trade and other payables	3.6	45,650	159,317
Provisions	3.7	6,077	14,324
Total current liabilities		51,727	173,641
Non-current liabilities			
Provisions	3.7	31,284	38,939
Total non-current liabilities		31,284	38,939
Total liabilities		83,011	212,580
Net assets		17,478,514	17,464,461
Equity			
Capital and reserves			
Issued Capital	4.2	34,372,833	34,372,833
Reserves	4.3	2,158,404	2,146,683
Accumulated losses		(19,052,723)	(19,055,055)
Total equity		17,478,514	17,464,461

Notes to the financial statements are included on pages 19 to 39.

	Note	Issued capital \$	Employee equity- settled benefits reserve \$	Option valuation reserve \$	Investments revaluation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014		34,372,833	1,337,246	497,426	3,000	(16,671,855)	19,538,650
Gain on available-for-sale financial assets	4.3(b)	-	-	-	20,330	-	20,330
Other comprehensive income for the year, net of income tax		-	-	-	20,330	-	20,330
Loss for the year		-	-	-	-	(2,383,200)	(2,383,200)
Total comprehensive income for the year		-	-	-	23,330	(2,383,200)	(2,362,870)
Vesting of options under share option plan		-	288,681	-	-	-	288,681
Balance at 30 June 2015		34,372,833	1,625,927	497,426	23,330	(19,055,055)	17,464,461
Balance at 1 July 2015		34,372,833	1,625,927	497,426	23,330	(19,055,055)	17,464,461
Gain on available-for-sale financial assets	4.3(b)	-	-	-	11,721	-	11,721
Other comprehensive income for the year, net of income tax		-	-	-	11,721	-	11,721
Profit for the year		-	-	-	-	2,332	2,332
Total comprehensive income for the year		-	-	-	11,721	2,332	14,053
Balance at 30 June 2016		34,372,833	1,625,927	497,426	35,051	(19,052,723)	17,478,514

Notes to the financial statements are included on pages 19 to 39.

	Note	30 June 2016 \$	30 June 2015 \$
Cash flows from operating activities			
GST receipts from ATO		54,966	145,211
Payments to suppliers and employees		(495,841)	(596,503)
Net cash used in operating activities	3.1	(440,875)	(451,292)
Cash flows from investing activities			
Interest received		56,335	101,547
Research & development concessional tax refund from ATO		352,877	240,274
Payments for exploration expenditure		(608,498)	(1,848,384)
Proceeds from sale of exploration tenement		-	1
Payments for property, plant and equipment		-	(2,931)
Proceeds from sale property, plant and equipment		-	8,500
Security and bond deposit payments		-	(10,440)
Proceeds from security deposit		440	-
Net cash used in investing activities		(198,846)	(1,511,433)
Net decrease in cash and cash equivalents		(639,721)	(1,962,725)
Cash at beginning of financial year		2,217,131	4,179,856
Cash at the end of the financial year	3.1	1,577,410	2,217,131

Notes to the financial statements are included on pages 19 to 39.

1. GENERAL NOTES

1.1 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).

Registered Office and Principal Place of Business

Level 17,
530 Collins Street,
MELBOURNE VIC 3000
Tel: (03) 9618 2540

The principal activities of the Company and its subsidiaries was mineral exploration with the objective of identifying and developing economic reserves.

1.2 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. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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").

The financial statements were authorised for issue by the Directors on 31 August 2016.

1.3 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 that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

1.4 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 2016, the Group generated a profit of \$2,332, had net cash outflows from operating activities of \$440,875, payments for exploration activities of \$608,498 and had an accumulated loss of \$19,052,723 as at 30 June 2016. 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 2016, the Group had cash assets of \$1,577,410, net working capital of \$1,655,114, as well as investments in UraniumSA Limited of \$58,712, Samphire Uranium Limited of \$21,774 and Renascor Resources Limited of \$30,000 which could be sold if required.

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 to 31 August 2017. This cash flow forecast takes into account the Group's implementation of cost reviews which includes exploration activity and overhead expenditure, as well as raising new equity capital in order for the Group to meet its planned exploration expenditure. The Group is able to meet its minimum exploration commitments and overhead expenditure through 31 August 2017, should new equity capital not be raised during this period.

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.

1. GENERAL NOTES (cont'd)

1.5 *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 3.5 for details.

1.6 *Application of new and revised Accounting Standards*

In the current year, the Group has applied 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 application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

1.7 *Standards and Interpretations in issue not yet adopted*

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018
AASB 16 'Leases'	1 January 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined. The group does not intend to adopt any of these pronouncements before their effective dates.

2. FINANCIAL PERFORMANCE

2.1 Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of resources held.

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 characteristics. Various corporate and investing activities have been allocated to a corporate operating segment of the Group.

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

2016	Corporate \$	Tin/Nickel \$	Copper/Gold \$	Other \$	Total \$
Revenue					
Interest income	54,256	-	-	-	54,256
Research and development concessional tax refund	352,877	-	-	-	352,877
Expenses					
Other expenses	(334,177)	-	-	-	(334,177)
Depreciation and amortisation	(4,369)	(1,250)	-	-	(5,619)
Exploration expenditure and other costs recouped/ (written off)	-	(13,445)	(18,973)	(23,572)	(55,990)
Fair value loss on financial assets	(15)	-	-	-	(15)
Impairment of available-for-sale investments	(9,000)	-	-	-	(9,000)
Profit/(loss) before tax	59,572	(14,695)	(18,973)	(23,572)	2,332
Current assets	1,817,327	-	-	-	1,817,327
Exploration expenditure	-	15,619,807	-	-	15,619,807
Property, plant and equipment	1,599	122,792	-	-	124,391
Additions to property, plant and equipment	-	-	-	-	-
	1,599	122,792	-	-	124,391
Current and non-current liabilities	(83,011)	-	-	-	(83,011)
Net assets	1,735,915	15,742,599	-	-	17,478,514

2. FINANCIAL PERFORMANCE (cont'd)

2.1 Segment Information (cont'd)

2015	Corporate \$	Tin/Nickel \$	Copper/Gold \$	Other \$	Total \$
Revenue					
Interest income	101,547	-	-	-	101,547
Research and development concessional tax refund	240,274	-	-	-	240,274
Other income	8,500	-	-	1	8,501
Expenses					
Other expenses	(632,685)	-	-	-	(632,685)
Depreciation and amortisation	(5,114)	(1,250)	-	-	(6,364)
Exploration expenditure and other costs recouped/ (written off)	-	(1,595,233)	(408,785)	(35,622)	(2,039,640)
Loss on disposal exploration tenement	-	-	-	(17,333)	(17,333)
Fair value loss on financial assets	(15,000)	-	-	-	(15,000)
Impairment of available-for-sale investments	(22,500)	-	-	-	(22,500)
Loss before tax	(324,978)	(1,596,483)	(408,785)	(52,954)	(2,383,200)
Current assets	2,479,918	-	-	-	2,479,918
Exploration expenditure	-	15,067,112	-	-	15,067,112
Property, plant and equipment	3,037	124,042	-	-	127,079
Additions to property, plant and equipment	2,931	-	-	-	2,931
	5,968	124,042	-	-	130,010
Current and non-current liabilities	(212,580)	-	-	-	(212,580)
Net assets	2,273,306	15,191,154	-	-	17,464,460

30 June 2016	30 June 2015
\$	\$

2.2 Revenue

Operating activities		
Interest received – bank deposits	54,256	101,547
Other revenue	-	8,501
Total revenue	54,256	110,048

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").

2. FINANCIAL PERFORMANCE (cont'd)

30 June 2016	30 June 2015
\$	\$

2.3 Other Income

Profit/(loss) for the year has been arrived at after crediting/(charging) the following specific gains and losses:-

Research and development concessional tax refunds (government grants) (i)	352,877	240,274
Loss on disposal of exploration tenement	-	(17,333)
Depreciation – buildings, plant and equipment	(5,619)	(6,364)
Exploration expenditure and other costs written off	(55,990)	(2,039,640)
Equity-settled share based payments	-	(288,681)
Impairment of available-for-sale investments – shares	(9,000)	(22,500)
Fair value loss on financial assets – options	(15)	(15,000)
(i) Research and Development concessional tax refund (government grants) received for the financial period 2015 \$352,877		

The Company's accounting policy is to account for Research and Development concessional tax refunds as government grants. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

30 June 2016	30 June 2015
\$	\$

2.4 Taxation

(a) Income Tax Recognised in the Statement of Profit or Loss

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	2,332	(2,383,200)
Income tax expense/(benefit) calculated at 30%	700	(714,960)
Non-deductible expenses	19,466	795,242
Under/(over) provision in previous year	506,020	(56,567)
Effect of income that is exempt from taxation	(109,390)	(74,632)
Effect of deductible items not expensed in determining profit	(225,125)	(603,966)
Tax losses and tax offsets not recognised as deferred tax assets	(191,671)	654,883
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.

(b) Unrecognised Deferred Tax Balances

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

Tax losses – revenue	6,385,555	6,577,226
Tax losses – capital	803,835	803,835
Capitalised exploration costs	(4,685,942)	(4,520,134)
Total tax benefit	2,503,448	2,860,927

2. FINANCIAL PERFORMANCE (cont'd)

2.4 Taxation (cont'd)

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.

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.

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.

30 June 2016 cents per share	30 June 2015 cents per share
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2.5 Earnings Per Share

Basic earnings per share	0.001	(0.794)
Diluted earnings per share	0.001	(0.794)

2. FINANCIAL PERFORMANCE (cont'd)

2.5 Earnings Per Share (cont'd)

	30 June 2016	30 June 2015
	\$	\$
(a) Reconciliation of earnings to net profit/(loss):-		
Net profit/(loss)	2,332	(2,383,200)
Earnings used in the calculation of basic and diluted EPS	<u>2,332</u>	<u>(2,383,200)</u>
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	<u>300,227,775</u>	<u>300,227,775</u>

The options on issue throughout 2015 and 2016 are not dilutive in effect.

3. ASSETS AND LIABILITIES

3.1 Cash

	30 June 2016	30 June 2015
	\$	\$
Cash on hand and in banks	<u>1,577,410</u>	<u>2,217,131</u>

Cash comprises cash on hand and in banks and demand deposits in short term highly liquid money market instruments and are subject to an insignificant risk of changes in value.

Reconciliation of profit/(loss) for the year to net cash flows from operating activities:-

Profit/(loss) for the year:	2,332	(2,383,200)
Depreciation of property, plant and equipment	5,619	6,364
Interest income received	(54,256)	(101,547)
Research & development concessional tax refund	(352,877)	(240,274)
Other income	-	(8,501)
Exploration expenditure and other costs written off	55,990	2,039,640
Loss on disposal of exploration tenement	-	17,333
Fair value loss on available-for-sale financial assets and impairment	9,015	37,500
Expense recognised in respect of equity-settled share-based payments	-	288,681
Movements in working capital:		
Decrease in trade and other receivables	7,440	11,452
Decrease in other assets	18,137	5,441
(Increase)/decrease in other financial assets	(2,706)	17,170
Decrease in trade and other payables	(115,160)	(137,209)
Decrease in provisions	(14,409)	(4,142)
Net cash used in operating activities	<u>(440,875)</u>	<u>(451,292)</u>

3. ASSETS AND LIABILITIES (cont'd)

3.2 Trade and Other Receivables

	30 June 2016 \$	30 June 2015 \$
Interest receivable	11,757	13,836
GST receivable	3,959	8,880
Tenement security deposit	99,000	99,440
	<u>114,716</u>	<u>122,156</u>

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

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.

3.3 Other Financial Assets

	30 June 2016 \$	30 June 2015 \$
Shares and options in listed and unlisted investments	3,350,657	3,328,883
Accumulated impairment	(3,240,171)	(3,221,103)
	<u>110,486</u>	<u>107,780</u>

Available-for-sale investments carried at fair value:

Shares in listed companies	88,712	107,765
Shares in unlisted companies	<u>21,774</u>	<u>-</u>

Financial assets carried at fair value through profit or loss (FVTPL):

Options in listed companies	<u>-</u>	<u>15</u>
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	2016		2015	
	Value \$	Number	Value \$	Number
Other financial assets comprise of the following:				
UraniumSA Limited – shares	58,712	3,888,238	77,765	3,888,238
Samphire Uranium Limited – shares	21,774	3,888,238	-	-
Renascor Resources Limited – shares	30,000	1,500,000	30,000	1,500,000
Renascor Resources Limited – options (i)	-	-	15	750,000
	<u>110,486</u>	<u>9,276,476</u>	<u>107,780</u>	<u>6,138,238</u>

(i) On 30 April 2016, 750,000 Renascor Resources Limited options expired, unexercised.

Shares in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar). On 30 June 2016, UraniumSA Limited advised the ASX that the demerger of Samphire Uranium Limited (unlisted entity) had been completed. UraniumSA shareholders received an in-specie distribution of one Samphire Uranium share for every one UraniumSA owned. Shares in Samphire Uranium Limited are also held by Hiltaba Gold Pty Ltd. As at 30 June 2016, a fair value increment of \$2,721 in relation to holdings in UraniumSA and Samphire Uranium was recognised in other comprehensive income in the current reporting period.

At 30 June 2016, the investments in Renascor Resources Limited were revalued to fair value. Shares in Renascor Resources Limited are also held by Hiltaba Gold Pty Ltd.

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.

3. ASSETS AND LIABILITIES (cont'd)

3.3 Other Financial Assets (cont'd)

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 profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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.

3 ASSETS AND LIABILITIES (cont'd)

3.4 Property, Plant and Equipment

	Freehold land and buildings	Motor vehicles	Office furniture & equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2014	176,669	57,056	11,855	27,286	272,866
Additions	-	-	228	2,703	2,931
Disposals	(43,669)	-	(590)	(4,160)	(48,419)
Balance at 1 July 2015	133,000	57,056	11,493	25,829	227,378
Additions	-	-	-	-	-
Disposals	-	-	(7,134)	(2,864)	(9,998)
Balance at 30 June 2016	133,000	57,056	4,359	22,965	217,380
Accumulated depreciation					
Balance at 1 July 2014	(51,377)	(57,056)	(10,920)	(20,070)	(139,423)
Depreciation expense	(1,250)	-	(581)	(4,533)	(6,364)
Disposals	43,669	-	590	4,160	48,419
Balance at 1 July 2015	(8,958)	(57,056)	(10,911)	(20,443)	(97,368)
Depreciation expense	(1,250)	-	(353)	(4,016)	(5,619)
Disposals	-	-	7,134	2,864	9,998
Balance at 30 June 2016	(10,208)	(57,056)	(4,130)	(21,595)	(92,989)
Net book value					
As at 30 June 2015	124,042	-	582	5,386	130,010
As at 30 June 2016	122,792	-	229	1,370	124,391

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:

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

3 ASSETS AND LIABILITIES (cont'd)

30 June 2016	30 June 2015
\$	\$

3.5 Exploration Expenditure

Balance at the beginning of the period	15,067,112	15,282,431
Expenditure incurred during the period	608,685	1,842,494
Expenditure and other costs written off during the period	(55,990)	(2,039,640)
Proceeds received for disposal of tenement	-	(1)
Cost of exploration expenditure associated with tenements disposed	-	(17,333)
Expenditure recoupment during the period	-	(839)
Exploration expenditure at the end of the period	15,619,807	15,067,112

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

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 or 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 and are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The application of this policy requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Accumulated costs in relation to an abandoned area are written down in full in profit or loss 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 profit or loss.

30 June 2016	30 June 2015
\$	\$

3.6 Trade and Other Payables

Other creditors and accruals	45,650	159,317
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The average credit period on purchases is 30 days. No interest is charged on trade 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.

3. ASSETS AND LIABILITIES (cont'd)

	30 June 2016 \$	30 June 2015 \$
3.7 Provisions		
Employee benefits – annual leave	6,077	14,324
Employee benefits – long service leave	31,284	38,939
	<u>37,361</u>	<u>53,263</u>
Current	6,077	14,324
Non-current	31,284	38,939
	<u>37,361</u>	<u>53,263</u>
	Annual leave	Long service leave
Balance at 1 July 2015	14,324	38,939
Additional provisions recognised	16,177	(7,655)
Payments made	(24,424)	-
Provision at 30 June 2016	<u>6,077</u>	<u>31,284</u>

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.

4. CAPITAL STRUCTURE

4.1 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 2016, 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 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.

4. CAPITAL STRUCTURE (cont'd)

4.1 Financial Instruments (cont'd)

	30 June 2016 \$	30 June 2015 \$
(d) Categories of Financial Instruments		
Financial assets:		
Fair value through profit or loss (FVTPL):		
Derivative instruments (i)	-	15
Other receivables	114,716	122,156
Cash and cash equivalents	1,577,410	2,217,131
Available-for-sale financial assets (ii)	110,486	107,765
Financial liabilities:		
Other payables and accruals	45,650	159,317

- (i) Derivative instruments include unlisted options in Renascor Resources Limited. On 30 April 2016, 750,000 options expired, unexercised.
- (ii) Available-for-sale financial assets include shares in UraniumSA Limited, Samphire Uranium Limited and Renascor Resources 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 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 4.2 and 4.3.

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 4.1(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 decreased during the current period mainly due to a decrease in the level of cash and cash equivalents at balance date.

(i) Other Price Risks

The Group is exposed to equity price risks arising from equity investments.

4. CAPITAL STRUCTURE (cont'd)

4.1 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 profit for the year ended 30 June 2016 would have been affected as the equity instruments classified as available-for-sale would have increased/decreased further by \$nil (2015: net loss for the year would have increased/decreased by \$1,500).
- Investment revaluation reserve would have increased/decreased by \$5,525 at 30 June 2016 (2015: investment revaluation reserve would have increased/decreased by \$3,888).

The Group's sensitivity to equity prices has changed significantly from the prior year.

(k) 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.

(l) 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 \$
2016						
Financial assets						
Non-interest bearing		20,716	-	-	-	-
Interest bearing	0.2	-	-	94,000	-	-
Financial liabilities						
Non-interest bearing	-	45,650	-	-	-	-
2015						
Financial assets						
Non-interest bearing	-	28,156	-	-	-	-
Interest bearing	0.1	-	-	94,000	-	-
Financial liabilities						
Non-interest bearing	-	159,317	-	-	-	-

4. CAPITAL STRUCTURE (cont'd)

30 June 2016 \$	30 June 2015 \$
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4.2 Issued Capital

(a) Issued Capital

300,227,775 fully paid ordinary shares
(2015: 300,227,775)

34,372,833 34,372,833

2016 No.	2016 \$	2015 No.	2015 \$
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(b) Movements in Shares on Issue

At the beginning of the reporting period 300,227,775 34,372,833 300,227,775 34,372,833

At the end of the reporting period 300,227,775 34,372,833 300,227,775 34,372,833

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.

(c) Share-based Payments

The Company has in place an Employee Option Plan under which employees of the Company, including 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.

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.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity reserve on vesting date.

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

At 30 June 2016, the Company had on issue the following options to acquire shares in the Company:

Nos.	Class
25,000,000	Unlisted Vested Placement Options expiring 26 February 2017
15,000,000	Unlisted Vested Director/employee Options expiring 20 November 2019

The following share-based payment arrangements were in existence during the current reporting period:

Option series	Number	Grant date	Expiry date	Exercise price
SRZAI	25,000,000	26/02/2014	26/02/2017	8 cents
SRZAA (series 1)	1,750,000	18/11/2014	20/11/2019	6 cents
SRZAA (series 2)	3,500,000	18/11/2014	20/11/2019	8 cents
SRZAA (series 3)	5,250,000	18/11/2014	20/11/2019	10 cents
SRZAA (series 4)	7,000,000	18/11/2014	20/11/2019	12 cents

4. CAPITAL STRUCTURE (cont'd)

4.2 Issued Capital (cont'd)

Fair Value of Share Options Granted in the Year

The weighted average fair value of the share options granted during the financial year is \$0.02c per share option (2015: \$0.02c). Options were priced using a binomial option pricing model. Expected volatility is based on the historical share price volatility over the past 3 years.

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

	2016		2015	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance at the beginning of the financial year	42,500,000	9 cents	25,000,000	8 cents
Granted during the financial year	-	-	17,500,000	4 cents
Forfeited during the financial year	(2,500,000)	-	-	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	40,000,000	9 cents	42,500,000	9 cents
Exercisable at the end of the financial year	40,000,000	9 cents	42,500,000	9 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 9 cents and a weighted average remaining contractual life of 615 days (2015: 1018 days).

30 June 2016	30 June 2015
\$	\$

4.3 Reserves

(a) Employee Equity-settled Benefits Reserve

Balance at the beginning of the financial year	1,625,927	1,337,246
Share-based payment	-	288,681
Balance at the end of the financial year	1,625,927	1,625,927

The employee equity-settled benefits reserve arises on the grant of share options to Directors and employees under the Company's Employee 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 4.2 to the financial statements.

(b) Investments Revaluation Reserve

Balance at the beginning of the financial year	23,330	3,000
Net gain arising on revaluation of available-for-sale financial assets	11,721	20,330
Balance at the end of the financial year	35,051	23,330

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 profit or loss when those assets have been disposed of or are determined to be impaired.

(c) Option Valuation Reserve

Balance at the beginning of the financial year	497,426	497,426
Movement(s)	-	-
Balance at the end of the financial year	497,426	497,426

The option valuation reserve arises on the grant of share options to Capetown S.A.. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

5. OTHER NOTES

30 June 2016	30 June 2015
\$	\$

5.1 Commitments for Expenditure

Exploration Commitments	1,223,389	2,524,161
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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	1,223,389	1,027,685
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Exploration commitments later than one year are dependent on management assessment of prospectivity and desirability of retaining the current suite of exploration projects.

5.2 Subsidiaries

	Country of incorporation	Percent owned (%)	
		2016	2015
Company:			
Stellar Resources Limited	Australia	-	-
Subsidiaries of Stellar Resources Limited:			
Balrhone Holdings Pty Ltd	Australia	100%	100%
Hiltaba Gold Pty Ltd	Australia	100%	100%
Rubicon Min Tech Ventures Pty Ltd	Australia	100%	100%
Columbus Metals Limited (i)	Australia	100%	100%
Tarcoola Iron Pty Ltd	Australia	100%	100%

- (i) 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 2016	30 June 2015
\$	\$

The consolidated income statement and consolidated statement of financial position of the entities party to the deed of cross guarantee are:

Statement of Comprehensive Income

Revenue	54,256	110,047
Other income	352,877	240,274
Administration expenditure	(327,405)	(625,012)
Depreciation and amortisation expenses	(5,619)	(6,364)
Exploration expenditure recouped	12,000	28,861
Impairment of loans to subsidiaries	(140,775)	(450,467)
Loss before tax	(54,666)	(702,661)
Income tax expense	-	-
Total comprehensive loss for the year	(54,666)	(702,661)

5. OTHER NOTES (cont'd)

	30 June 2016 \$	30 June 2015 \$
5.2 Subsidiaries (cont'd)		
Statement of Financial Position		
Current assets		
Cash and cash equivalents	1,577,410	2,217,131
Trade and other receivables	114,716	122,156
Other	14,715	32,851
Total current assets	1,706,841	2,372,138
Non-current assets		
Property, plant and equipment	124,391	130,010
Exploration expenditure	14,302,843	13,816,162
Total non-current assets	14,427,234	13,946,172
Total assets	16,134,075	16,318,310
Current liabilities		
Trade and other payables	45,650	159,317
Provisions	6,077	14,324
Total current liabilities	51,727	173,641
Non-current liabilities		
Provisions	31,284	38,939
Total non-current liabilities	31,284	38,939
Total liabilities	83,011	212,580
Net assets	16,051,064	16,105,730
Equity		
Issued Capital	34,372,833	34,372,833
Reserves	2,123,353	2,123,353
Accumulated losses	(20,445,122)	(20,390,456)
Total equity	16,051,064	16,105,730
Accumulated Losses		
Accumulated losses as at beginning of the financial year	(20,390,456)	(19,687,795)
Net loss	(54,666)	(702,661)
Accumulated losses as at end of the financial year	(20,445,122)	(20,390,456)

(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.

5. OTHER NOTES (cont'd)

5.3 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
Peter G Blight	–	Managing Director
Thomas H Whiting	–	Non-executive Director
Markus Elsasser	–	Non-executive Director (resigned 3 February 2016)
Miguel Lopez de Letona	–	Non-executive Director
Christina R Kemp	–	Company Secretary

(b) Directors' and Executives' Compensation

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

	30 June 2016	30 June 2015
	\$	\$
Short-term employees benefits	261,126	439,906
Post-employment benefits	40,711	58,329
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	288,681
	301,837	786,916

5.4 Related Parties

Remuneration Benefits

Information on remuneration benefits of Directors and executives is disclosed in the Directors' Report and Note 5.3 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:

	30 June 2016	30 June 2015
	No.	No.
Ordinary shares	4,395,540	10,113,206

Information on Directors and executives shares and option holdings is disclosed in the Directors' Report. The relevant information can be found in the remuneration report on pages 8 to 11. No options were held by their related entities as at the reporting date.

Other Transactions with Directors, Executives and their Related Entities

During the financial year ended 30 June 2016, technical assistance, office accommodation / facilities and administrative support were provided to the Group at commercial rates by Mineral Deposits Limited of which Dr Thomas Whiting was both a Director and shareholder. Total charged was \$38,898 (2015: \$59,876) in relation to these services to 30 June 2016.

5. OTHER NOTES (cont'd)

30 June 2016	30 June 2015
\$	\$

5.5 Parent Entity Disclosures

(a) Financial Position

Assets

Current assets	1,701,841	2,355,024
Non-current assets	1,599	25,001
Total assets	1,703,440	2,380,025

Liabilities

Current liabilities	51,727	173,641
Non-current liabilities	31,284	38,939
Total liabilities	83,011	212,580

Equity

Issued capital	34,372,833	34,372,833
Accumulated losses	(34,875,757)	(34,328,741)

Reserves

- Equity settled employee benefits	1,625,927	1,625,927
- Equity settled option valuation	497,426	497,426
Total equity	1,620,429	2,167,445

(b) Financial Performance

Loss for the year	(547,016)	(2,110,282)
Other comprehensive income	-	-
Total comprehensive income	(547,016)	(2,110,282)

(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries

Guarantee provided under the deed of cross guarantee	-	-
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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.

30 June 2016	30 June 2015
\$	\$

5.6 Remuneration of Auditors

Remuneration for audit or review of the financial reports of the Group	31,633	36,967
Preparation of tax return and other non-audit services	12,800	14,963
	44,433	51,930

The auditor of the Group is Deloitte Touche Tohmatsu.

5. OTHER NOTES (cont'd)

5.7 Events After the Reporting Date

On 21 July 2016, the Company announced that its wholly owned subsidiary Columbus Metals Limited has applied to Mineral Resources Tasmania for a Mining Lease over its Heemskirk tin deposits. Conversion of current title, RL5/1997, into a Mining Lease represents a key milestone in the project's advancement towards development. A Mining Lease grants exclusive rights to minerals and Columbus Metals Limited has applied for the longest duration available under the Mineral Resources Development Act 1995.

On 11 August 2016, the Company announced an "Investor Presentation" regarding the Heemskirk Tin Project.

On 17 August 2016, the Company announced a request for an immediate trading halt, pending the release of an announcement in relation to potential clarifications to the ASX release "Investor Presentation" made on 11 August 2016.

On 18 August 2016, the Company announced "Clarification and Replacement of Investor Presentation" regarding the Heemskirk Tin Project and provided a replacement "Investor Presentation" for the one announced on 11 August 2016.

Other than stated, 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.

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 1.2 to the financial statements;
 - b) giving a true and fair view of the financial position as at 30 June 2016 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. 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.
3. 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 5.2 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 31st day of August, 2016.

On behalf of the Directors



P G Harman
Chairman
Melbourne

The Board of Directors
Stellar Resources Limited
Level 17, 530 Collins Street
Melbourne VIC 3000

31 August 2016

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 2016, 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

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants

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 2016, the consolidated statement of profit or loss and other 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 15 to 40.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1.2, 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 company'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 company'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 2016 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 1.2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants
Melbourne, 31 August 2016

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 300,227,775 ordinary shares fully paid as at 23 August 2016 of which all are listed on the Australian Stock Exchange. In addition, the Company has on issue 25,000,000 unlisted options to acquire shares at an exercise of 8 cents per share at any time up to 26 February 2017 and 15,000,000 unlisted options to acquire shares at an exercise of various cents per share at any time up to 20 November 2019.

(a) Distribution of Shareholder Numbers

Size of holding	Number of shareholders	Units	%	Number of optionholders	Units	%
1 – 1,000	226	76,686	0.03	-	-	-
1,001 – 5,000	395	1,114,495	0.37	-	-	-
5,001 – 10,000	192	1,512,835	0.50	-	-	-
10,001 – 100,000	626	23,161,148	7.72	-	-	-
100,001 and over	235	274,362,611	91.39	5	40,000,000	100.00
	1,714	300,227,775	100.00	5	40,000,000	100.00

There were 857 shareholders who held less than a marketable parcel (3,207,400 shares).

(b) Substantial Shareholders as at 23 August 2016

Name	Number of Shares Held	%
1 J P Morgan Nominees Australia Limited	74,378,450	24.77
2 Capetown S A	62,382,221	20.78
3 Merrill Lynch (Australia) Nominees Pty Limited	36,147,425	12.04
	172,908,096	57.59

(c) 20 Largest Shareholders – Ordinary Shares

Name	Number of Shares Held	%
1 J P Morgan Nominees Australia Limited	74,378,450	24.77
2 Capetown S A	62,382,221	20.78
3 Merrill Lynch (Australia) Nominees Pty Limited	36,147,425	12.04
4 HSBC Custody Nominees (Australia) Limited	5,911,124	1.97
5 BNP Paribas Nominees Pty Ltd <DRP>	4,825,000	1.61
6 Mr Angus W Johnson & Mrs Lindy Johnson <The Dena Super Fund A/C>	3,129,167	1.04
7 Octifil Pty Ltd	3,121,716	1.04
8 Ms Kate Thomson	2,742,500	0.91
9 Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	2,245,000	0.75
10 Mr Michael A Whiting & Mrs Tracey A Whiting <Whiting Family S/F A/C>	2,138,009	0.71
11 Mrs Susan Maree Whiting	2,000,000	0.67
12 Mrs Xiaoqiong Chen	1,792,033	0.60
13 Mr Henryk Solanikow & Mr Henry P Solanikow <Solanikow Super Fund A/C>	1,580,524	0.53
14 Mr Stephen Cansdell Hirst	1,574,631	0.52
15 Jorgenson-Watts Pty Ltd <Jorgenson-Watts Family A/C>	1,489,036	0.50
16 Mr S J Monaghan & Mrs A S Monaghan <Monaghan Super Fund A/C>	1,400,000	0.47
17 WGS Pty Ltd	1,357,600	0.45
18 Providence Gold and Minerals Pty Ltd	1,262,821	0.42
19 Ms Serene Lim & Mr Nicholas R Ward <Serene Lim Super Fund A/C>	1,204,393	0.40
20 Mr Leonard Charles Mackenzie	1,151,115	0.38
	211,832,765	70.56

(d) Largest Optionholders

Name	Number of Options Held	%
Capetown S.A.	25,000,000	62.50
Mr P G Harman	5,000,000	12.50
Mr P G Blight	5,000,000	12.50
Dr T H Whiting	2,500,000	6.25
Mr M Lopez de Letona	2,500,000	6.25
	40,000,000	100.00

(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

- 25,000,000 options are on issue to Capetown S.A.. These options are exercisable up to 26 February 2017 at an exercisable price of 8 cents each.
- 15,000,000 options are on issue to Directors. These options are exercisable up to 20 November 2019 at various exercise prices each.

Area	Stellar interest held (%)	Registered title holder	Grant Date/ Application Date	Expiry Date/ Relinquished Date	Notes
Retention Licence RL5/1997 – Zeehan, Tasmania					
6 km ²	100	Columbus Metals Limited	20/06/1998	19/06/2017	Conversion RL to ML in progress
Mining Lease 2M/2014 – Tailings Dam, Zeehan, Tasmania					
278 ha	100	Columbus Metals Limited	24/03/2015	07/01/2017	
Exploration Licence EL6/2014 – Stonehenge Creek, Tasmania					
7 km ²	100	Columbus Metals Limited	15/09/2014	14/09/2019	
Exploration Licence EL32/2014 – McLean Creek, Tasmania					
1 km ²	100	Columbus Metals Limited	06/05/2015	05/05/2019	Consolidated with EL6/2014
Exploration Licence EL46/2003 – Heemskirk, Tasmania					
142 km ²	100	Rubicon Min Tech Ventures Pty Ltd	03/02/2005	10/02/2017	
Exploration Licence EL1/2004 – Ramsay River, Tasmania					
42 km ²	100	Rubicon Min Tech Ventures Pty Ltd	03/02/2005	10/02/2017	
Exploration Licence EL5125 – Cleanskin Swamp, South Australia					
216 km ²	100	Hiltaba Gold Pty Ltd	19/04/2012	18/04/2016	
Exploration Licence EL5126 – Long Creek, South Australia					
233 km ²	100	Hiltaba Gold Pty Ltd	19/04/2012	18/04/2016	
Exploration Licence EL5307 – Cowell, South Australia					
616 km ²	100	Hiltaba Gold Pty Ltd	07/11/2007	06/11/2016	
Exploration Licence EL4242 – Midgee, South Australia (JV with Samphire Uranium Limited earning 73% in uranium interest)					
134 km ²	100	Hiltaba Gold Pty Ltd	24/03/2009	23/06/2016	

DIRECTORS

Phillip G Harman (Non-executive Chairman)
Peter G Blight (Managing Director)
Thomas H Whiting (Non-executive)
Miguel Lopez de Letona (Non-executive)

COMPANY SECRETARY

Christina R Kemp

REGISTERED OFFICE

Level 17
530 Collins Street
Melbourne VIC 3000

Telephone: (03) 9618 2540
Facsimile: (03) 9649 7200
E-Mail: srzinfo@stellarresources.com.au
Website: www.stellarresources.com.au

Register of unlisted options held at this address

LEGAL ADVISORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Colin Biggers & Paisley
Level 23, CGU Building
181 William Street
Melbourne VIC 3000

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

TAX AGENTS AND ADVISORS

Deloitte Private Pty Ltd
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

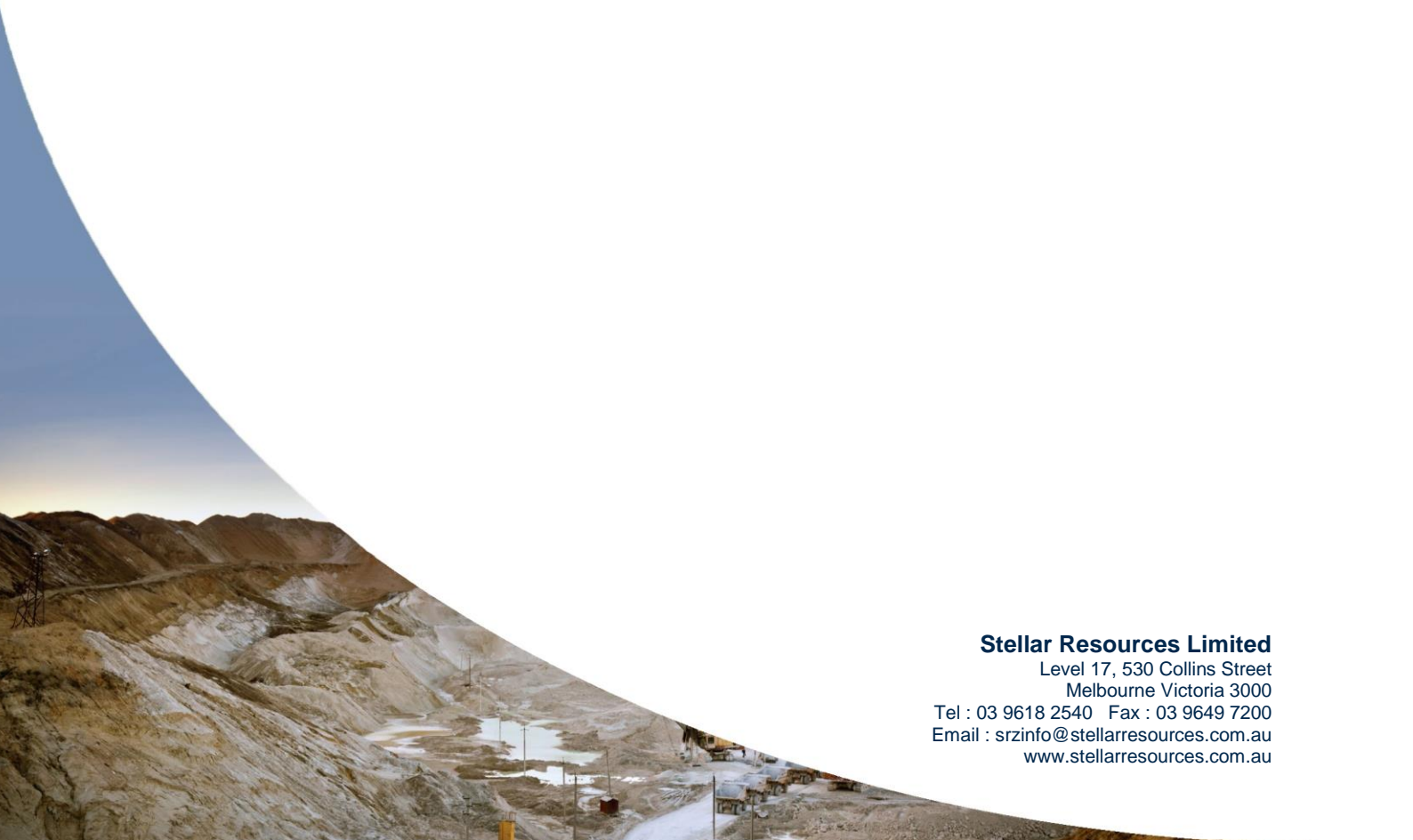
Australian Securities Exchange
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX code for shares: SRZ

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Register of listed ordinary shares held at this address



Stellar Resources Limited

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