



STELLAR RESOURCES LIMITED

CONTINUOUS DISCLOSURE POLICY AND PROCEDURES

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1. INTRODUCTION

These guidelines provide a system for regularly gathering material information concerning the operations of Stellar Resources Limited (SRZ or the Company) and its wholly owned subsidiaries (the SRZ Group) from persons involved in the management of the SRZ Group, including Directors.

Where a Director or officer or employee of the SRZ Group, or a consultant to or contractor engaged by the SRZ Group, becomes aware (otherwise than in the course of Board proceedings) of information concerning SRZ which he or she thinks may be market sensitive, he or she must immediately consult the Company Secretary or Chief Executive Officer, who will arrange for appropriate action to be taken. Until the Board decides otherwise, the Company Secretary of SRZ and, in her absence, the Chief Executive Officer of SRZ is the Coordinator under this Policy. Information arising in the course of Board proceedings will be dealt with by the Coordinator in accordance with these guidelines.

The purpose of these guidelines is to:

Ensure SRZ, as a listed company, meets its continuous disclosure responsibilities under the Corporations Act and the Listing Rules of the Australian Stock Exchange Limited (ASX Listing Rules); and

Ensure that SRZ's Board is able to consider all relevant information and where appropriate, initiate disclosures, so that there is a fully informed market in respect of SRZ's listed securities.

2. CONTINUOUS DISCLOSURE REPORTING OBLIGATIONS

2.1 Sources of obligations

The sources of SRZ's continuous disclosure obligations are:

ASX Listing Rules (particularly 3.1, 3.1A and 3.1B); and

Continuous disclosure provisions contained in the Corporations Act (in particular, section 674 Corporations Act).

2.2 Role and responsibilities of the ASX and ASIC

ASIC and the ASX jointly administer the continuous disclosure regime for disclosing entities listed in Australia. The ASX is responsible for administering the Listing Rules while ASIC is responsible for enforcing the Corporations Act.

2.3 ASX disclosure obligations

(a) ASX Listing Rule 3.1

SRZ must immediately tell the ASX '*any information of which SRZ is or becomes aware, concerning SRZ, that a reasonable person would expect to have a material effect on the price or value of SRZ's shares.*'

Definitions of "material effect on price or value", "aware" and "information" are set out in section 2.11.

Market sensitive information must be disclosed to ASX immediately upon SRZ becoming aware of the information, unless it falls within the carve-out from disclosure in Listing Rule 3.1A (see paragraph 2.4 below).

“Immediately” does not mean instantaneously, but rather “promptly and without delay”.

Doing something “promptly and without delay” means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

(b) ASX Listing Rule 3.1B

If the ASX considers there is or is likely to be a false market in SRZ’s securities and asks SRZ to give it information to correct or prevent a false market, SRZ must immediately give ASX that information.

(c) ASX Listing Rule 15.7

SRZ must not release information that is for release to the market to any person until it has given the information to the ASX and has received an acknowledgment that the ASX has released the information to the market. This includes releasing the information to the media or to analysts, even on an embargoed basis. See also the policy on disclosures in section 2.5 below.

A confidentiality agreement cannot prevent SRZ from complying with its obligations under the Listing Rules and, in particular, its obligation to give ASX information for release to the market where required by the Listing Rules.

2.4 Exceptions to ASX disclosure obligations

ASX Listing Rule 3.1A says that ASX Listing Rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

- (i) one or more of the following five (5) situations applies:
 - *it would be a breach of a law to disclose the information;*
 - *the information concerns an incomplete proposal or negotiation;*
 - *the information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *the information is generated for internal management purposes of SRZ; or*
 - *the information is a trade secret; and*
- (ii) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (iii) a reasonable person would not expect the information to be disclosed.

As soon as any of these elements is no longer satisfied (for example, the information is leaked or inappropriately discussed and therefore is no longer confidential), SRZ must immediately comply with its continuous disclosure obligations. The obligation to disclose the information arises even though two of the above three requirements are still satisfied.

2.5 Announcements or Disclosures

As soon as possible after the ASX confirms receipt of an announcement, the announcement should be posted on SRZ’s website under the “Announcements” area of the “Investor Information”.

Only authorised spokespersons being the Chairman or the Chief Executive Officer (or their delegate nominated for that purpose on a particular occasion), may speak on SRZ’s behalf. An authorised spokesperson must ensure that SRZ does not infringe Listing Rule 15.7 (see paragraph 2.3(c) above).

Where practicable the Coordinator must be present when disclosure to persons outside SRZ is made. The Coordinator must maintain a record of all disclosures made to the ASX.

All requests for information by analysts, investors, media etc. must be directed to the Coordinator. No one other than the Chief Executive Officer or Chairman is to speak to analysts, investors or the

media unless the Co-ordinator is present or has given authority to do so. This is to ensure that no selective disclosure occurs. All persons associated with SRZ should treat information about SRZ not available on its website as confidential.

Comments by an authorised spokesperson on market analysts' financial projections should be confined to errors in factual information and underlying assumptions. Any response, which may suggest that SRZ's or the market's current projections are incorrect, should be avoided. Any change in expectations must be released to the ASX before commenting to anyone outside SRZ.

At general meetings of the Company, if a question can only be answered by disclosing unreleased market sensitive information, the question must not be answered or should be taken on notice. The information must be released to the ASX before responding.

Where practicable the Coordinator should be informed in advance of any information proposed to be disclosed, including information to be presented at private briefings.

If an inadvertent disclosure of market sensitive information occurs, the Coordinator must be notified immediately. The information concerned must be given to the ASX immediately under Listing Rule 3.1 in a form suitable for release to the market and, following such release, posted on SRZ's website. Information which is not market sensitive but which is inadvertently disclosed should be posted on SRZ's website in order that everyone has access to the same information.

Subsequent to briefings and discussions with analysts and others outside SRZ, there should be a review process by those involved to ensure that no information has been inadvertently disclosed.

2.6 False Market

A false market in SRZ's securities could arise through a variety of circumstances, such as media speculation or market rumours relating to information that is not yet disclosed because the exception under ASX Listing Rule 3.1A applies (e.g. an incomplete proposal or negotiation). If the comment is inaccurate or only partly accurate this may result in a false market.

If ASX considers that there is or is likely to be a false market, it may ask SRZ to give it information to correct or prevent the false market. SRZ may be required to confirm or deny matters of which it has knowledge or, if it does not have relevant knowledge, to state that it is unable to either confirm or deny the speculation or rumours. See also paragraph 2.3(b) above.

2.7 Market speculation and rumours

Market speculation and rumours, whether substantiated or not, have the potential to adversely impact SRZ.

SRZ's general policy is that the Company does not respond to market media speculation or market rumours (unless there is or is likely to be a false market in SRZ's securities and ASX requires the matter to be commented upon under Listing Rule 3.1B).

However, the Company may elect to issue a statement in particular circumstances.

It is noted that comment or speculation about a matter in a media or analyst report or market rumour may be evidence that it is no longer confidential and therefore the carve-out in Listing Rule 3.1A no longer applies.

2.8 Trading Halts

In appropriate circumstances, SRZ may ask the ASX for a trading halt to prevent the emergence of a false market for SRZ securities and/or to manage disclosure issues.

2.9 Contravention

If SRZ does not notify the ASX immediately of information it has which is required to be disclosed by ASX Listing Rule 3.1 and that is not generally available, it will have committed an offence under

section 674(2) of the Corporations Act. Officers of SRZ involved in the contravention may also have committed an offence.

2.10 Consequences of contravention

(a) SRZ's liability

If SRZ contravenes its Australian continuous disclosure obligations, it may face criminal liability with a fine of up to \$110,000 and a civil penalty of up to \$1,000,000 and/or civil liability for any loss or damage suffered by any person as a result of SRZ's failure to disclose the information to the ASX.

ASIC can also institute proceedings against SRZ under ASIC Act 2001 and the Corporations Act section 1324. A further option for ASIC is to issue an infringement notice imposing a penalty of up to \$100,000.

(b) The liability of Directors, employees and advisers

SRZ's Directors, employees or advisers who are "involved" in the contravention by SRZ may also be liable to civil penalties up to \$200,000 and to pay damages to anyone who suffers loss or damage as a result of the breach, unless they prove that they took all steps that were reasonable in the circumstances to ensure compliance by SRZ and, after doing so, believed on reasonable grounds that SRZ was complying with its disclosure obligations.

(c) Compliance orders

The Court has power under the Corporations Act to order SRZ and its Directors to comply with the Listing Rules on the application of the ASX, ASIC or an aggrieved person (for example, a shareholder of SRZ (section 793C Corporations Act)).

2.11 Terminology

(a) "Aware" (ASX Listing Rule 19.12)

SRZ becomes aware of information if, and as soon as, an officer of SRZ has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of SRZ.

(b) "Information" (ASX Listing Rule 19.12)

Information may include matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market, and matters relating to the intentions, or likely intentions, of a person.

(c) "Material effect on price or value" (section 677 Corporations Act)

Information has a material effect on the price or value of any class of securities issued by SRZ. A reasonable person is taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned securities.

This test is an objective one and the fact that SRZ's officers may honestly believe that information is not market sensitive and therefore does not need to be disclosed will not avoid a breach of Listing Rule 3.1 if that view is ultimately found to be incorrect.

2.12 Materiality thresholds

The following materiality thresholds have been developed to assist SRZ in complying with its continuous disclosure obligations. The thresholds are divided into two categories:

Qualitative and quantitative.

Materiality thresholds make it easier to identify information that may or may not require disclosure. However, it is important to remember that they are only guidelines and not a substitute for due and proper consideration by SRZ. Information may have to be disclosed even if it does not come within the following categories.

(a) Qualitative test

The following are non-exhaustive examples of the type of information that, depending on the circumstances, could require disclosure by SRZ under Listing Rule 3.1:

- a transaction that will lead to a significant change in the nature or scale of SRZ's activities (see also Listing Rule 11.1 and Guidance Note 12 Significant Changes to Activities);
- a material mineral discovery (information about a material mineral discovery must also comply with the reporting requirements in Chapter 5 of the Listing Rules);
- a material acquisition or disposal;
- the granting or withdrawal of a material licence;
- the entry into, variation or termination of a material agreement;
- becoming a plaintiff or defendant in a material law suit;
- the fact that SRZ's earnings will be materially different from market expectations;
- the appointment of a liquidator, administrator or receiver;
- the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- under subscriptions or over subscriptions to an issue of securities (a proposed issue of securities is separately notifiable to ASX under Listing Rule 3.10.3);
- giving or receiving a notice of intention to make a takeover; and
- any rating applied by a rating agency to SRZ or its securities and any change to such a rating.

(b) Quantitative test

SRZ will apply the guidelines on materiality in Australian Accounting Standards to assist it in determining whether information should be disclosed. It is noted that, under paragraph 15 of Accounting Standard AASB 1031 Materiality, an amount which is equal to or greater than 10% of the applicable base amount is generally presumed to be material, and an amount which is equal to or less than 5% of the applicable base amount is generally presumed not to be material, unless, in either case, there is evidence or convincing argument to the contrary.

2.13 Examples of what does not need disclosure:

Documents such as SRZ's business plan, budgets and management accounts or similar papers generated for the internal management purposes of SRZ do not need to be disclosed. Nor do preliminary discussions with other parties about possible transactions.

However, where any such document or information ceases to be confidential disclosure may be required. It is therefore important that knowledge of such documents or discussions is restricted on a "need to know" basis so as to minimise the chances of an inadvertent disclosure.

3. CONTINUOUS DISCLOSURE CO-ORDINATOR

3.1 Co-ordinator

The Company Secretary is the Coordinator. In the absence of the Company Secretary, the Chief Executive Officer will act as the Coordinator.

3.2 Specific responsibilities

The responsibilities of the Coordinator are to:

- (a) liaise with the ASX in relation to continuous disclosure issues;
- (b) ensure that there is an adequate system in place for the disclosure of all material information to the ASX, analysts, brokers, shareholders, the media and the public in a timely fashion and in compliance with SRZ's disclosure obligations;
- (c) prepare or review in conjunction with the Chief Executive Officer all proposed market announcements to the ASX;
- (d) obtain the prior approval of the Board to all market announcements to the ASX, unless due to extraordinary circumstances it is not possible to get such approval promptly and without delay (see paragraph 2.3(a) above);
- (e) liaise with the Chairman in relation to disclosure matters generally; and
- (f) be aware of and monitor the progress of relevant current matters (for example, negotiations for an acquisition by SRZ) in order to ensure compliance with disclosure obligations.

4. APPLICATION

The Board of SRZ is responsible for adopting and monitoring this Policy and the Coordinator and Chief Executive Officer are responsible for its effective implementation. This policy applies to all Directors, officers and employees of the SRZ Group and all consultants to or contractors engaged by the SRZ Group.



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