



STELLAR RESOURCES LIMITED

ACN 108 758 961

AND CONTROLLED ENTITIES

ANNUAL REPORT

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2010**

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

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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

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CORPORATE GOVERNANCE STATEMENT

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

In August 2007, following a major review of the operation of the Principles and Recommendations since they were issued, a second edition of the Corporate Governance Principles and Recommendations was published by the Council. Stellar Resources Limited (SRZ or the Company) is now required to report on its compliance with the revised Principles and Recommendations during the financial year 1 July 2009 to 30 June 2010.

This Statement briefly outlines the main corporate governance practices of the Company. Unless otherwise stated, the Company's corporate governance practices were in place throughout the 2009/10 year and comply with the Council's revised corporate governance principles and recommendations.

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

Role of the Board and Management

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

The primary responsibilities of the Board include:

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

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

Mr Blight's specific responsibilities include:

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

Mr Tom Burrowes and Dr David Isles were non-executive Directors during the whole of the reporting period. Mr Christopher Anderson, an executive Director of the Company from the date of its listing on ASX, resigned on 7 June 2010. Mr Phillip Harman was appointed as a non-executive Director of the Company on 7 June 2010.

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Board Composition and Performance

During most of the reporting period, the Board had two non-executive Directors (Mr T Burrowes and Dr D Isles), one of whom (Dr D Isles) is considered by the Board to be independent and one executive Director (Mr C Anderson). From 7 June 2010 until the end of the reporting period, the Board had three non-executive Directors (Mr T Burrowes, Dr D Isles and Mr P Harman), two of whom (Dr D Isles and Mr P. Harman), are considered by the Board to be independent, and non-executive Directors. The Board considers Dr David Isles to be independent, notwithstanding his executive role until 1 June 2008, because that role was not full time and, because he resided (and continues to reside) in Western Australia, tended to be project based. Dr Isles is a leading geophysicist and may be asked to provide specialist services to the Company from time to time. The Board does not consider this to be a relationship which could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of his judgement. The Board will regularly assess whether in its view Dr Isles continues to be independent.

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

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

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

Skills Experience and Expertise of Directors

The skills, experience and expertise relevant to the position of Director held by each Director as at 30 June 2010, and the period of office held by each Director, are as follows:

Thomas J Burrowes – Non-Executive Chairman

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

Period of office: 6 years.

David J Isles – Non-Executive Director

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

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

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

Period of office: 6 years.

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Phillip G Harman – Non-Executive Director

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

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

Currently, Mr Harman is a Director of several listed and unlisted exploration companies. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors as well as a number of other professional societies.

Period of office: Appointed 7 June 2010.

Ethical and Responsible Decision-making

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

The Company adopted a formal Code of Ethics with effect from 29 August 2008. The Code is available on the Company's website www.stellarresources.com.au.

Share Trading Policy

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

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

A copy of the Company's Share Trading Policy is available on the Company's website, www.stellarresources.com.au.

Communications with Shareholders

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

Mechanisms used to communicate with shareholders include:

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

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

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

Integrity of Financial Reporting

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

Continuous Disclosure to ASX

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

A copy of the Company's Continuous Disclosure Policy and Procedures is available on the Company's website www.stellarresources.com.au.

Risk Management

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

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

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

Performance of Senior Executives

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

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

Remuneration of Directors and Senior Executives

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

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

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

There are no schemes for retirement benefits, other than the payment of the statutory superannuation contribution, for non-executive Directors.

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

Interests of Stakeholders

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

Compliance with the Australian Stock Exchange Corporate Governance Principles and Recommendations

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

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

Recommendation 2.1 A majority of the Board should be independent directors

Notification of Departure

Until the appointment of Mr P Harman on 7 June 2010, the majority of the Board was not comprised of independent Directors.

Explanation of Departure

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

- Recommendation 2.4 The Board should establish a nomination committee**
Recommendation 4.1 The Board should establish an audit committee
Recommendation 8.1 The Board should establish a remuneration committee

Notification of Departure

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

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Explanation of Departure

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

Recommendation 2.2 The chair should be an independent director

Notification of Departure

The chair was not an independent Director.

Explanation of Departure

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

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

Notification of Departure

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

Explanation of Departure

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

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DIRECTORS' REPORT

Your Directors present their annual financial report on Stellar Resources Limited and its controlled entities for the year ended 30 June 2010. 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
Thomas J Burrowes	Non-executive Chairman
Christopher G Anderson	Executive Director – resigned 7 June 2010
David J Isles	Non-executive Director
Phillip G Harman	Non-executive Director – appointed 7 June 2010

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 \$166,601 (2009: loss \$5,341,045).

Dividends Paid or Recommended

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

Review of Operations

During the year, the Consolidated Entity's strategy was to advance those projects with the best chance of delivering a JORC compliant resource such as the Tarcoola Iron Ore Project (Coolybring) in central South Australia and the Heemskirk Tin Project in Tasmania. In addition, the opportunity was taken to upgrade the Consolidated Entity's exploration portfolio by disposing of less productive tenements and taking on new tenements in more prospective terrain.

The Tarcoola Iron Ore Project in South Australia was advanced through the preparation of an Information Memorandum for the Coolybring magnetite prospect. Several independent experts contributed to the Information Memorandum. Notably, Hellman and Schofield Pty Ltd reviewed the drilling data and estimated an exploration target of 275-700 million tonnes at 35% iron. MiningOne Pty Ltd provided a conceptual pit design and costing. Aquaterra Consulting Pty Ltd prepared a desktop study of water resources in the area. ProMet Engineers Pty Ltd completed a study of metallurgical performance indicating that a saleable magnetite concentrate could be produced. PNS Pty Ltd prepared a power study and Genesee & Wyoming Inc. completed rail freight simulations. The Information Memorandum is a key document for potential iron ore investors.

The Consolidated Entity was granted a licence, Hicks Hill (EL 4389), which forms part of the Tarcoola Iron Ore Project. Magnetite mineralisation forms Hicks Hill and extends to the east below sand plains. RC drilling across the eastern edge of the deposit demonstrated that the magnetite has good grade at 28% iron and a high weight recovery of 33%. Importantly, it upgrades well to a premium concentrate grading 69% iron and 3.8% silica with no deleterious elements. Further assessment of the mineralisation requires negotiation with native title claimants for access to the west of recent RC drilling.

At the Heemskirk Tin Project in Tasmania, a six hole diamond drilling program commenced during the period in order to in-fill near-surface historic drilling and to provide fresh samples for metallurgical testing. The early metallurgical results are encouraging and will enable an upgrade of the historic resource estimate known as the Queen Hill deposit.

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DIRECTORS' REPORT

Stellar's most successful joint venture during the year was conducted by UraniumSA Limited (USA) on EL 4242 near Cowell in South Australia. Regional reconnaissance drilling by USA intersected uranium mineralised sands in five holes. The best result to date was 7.6m at 0.041% eU₃O₈ with a high grade section of 1.4m at 0.106% eU₃O₈. USA has the right to earn a 73% interest by drilling a JORC compliant resource. Good results from EL 4242 have greatly upgraded the uranium prospectivity of Cowell (EL 3978) which lies to the south and contains similar stratigraphy. Joint venture offers for EL 3978 are currently being assessed. Historic drilling at Warrior (EL 3372) a sedimentary uranium prospect, which is now held 100% by Stellar, is also under review.

Other joint ventures include Panama Hat (EL 6556) in New South Wales, where Carpentaria Exploration Limited is earning a 51% interest.

A review of historic drilling results for the Goldfinger (EL 4632) prospect in New South Wales in which Stellar has earned a 60% interest, was undertaken during the period.

Exploration for gold at the Sunshine (EL 3369) prospect in South Australia returned low level results, thereby reducing the potential for a significant gold discovery along the Bulgunnia shear zone.

The Consolidated Entity relinquished three tenements in Tasmania and added Huskisson (EL 26/2009) to its portfolio. The new tenement covers an area that has high prospectivity for nickel due to its magnetic signature and stream sediment anomalism, but to date remains undrilled. ELA 330/09 near Lake Gairdner in South Australia will add a relatively shallow IOCGU target to the Consolidated Entity's exploration portfolio.

Stellar financed its activities through the year from asset sales which enabled the Company to maintain its issued capital base at 94.8 million shares. Dundas (EL 21/2004) exploration licence in Tasmania was sold for \$250,000. During the period, an option agreement for the sale of Robins Rise and Lake Woorong (EL 4525 & EL3436) tenements raised \$100,000 and the sale of USA shares raised a further \$1.03 million.

The consolidated profit after tax of the Consolidated Entity for the financial year was \$166,601 (2009: loss \$5,341,045).

The profit for the period was attributable to the gain on sale of the "Dundas" tenement held in Tasmania of \$0.1 million and the sale of 4.80 million shares and 5.13 million options held in UraniumSA Limited, resulting in a gain of \$0.85 million. The other notable impact was \$0.90 million (2009: \$4.08 million) of write downs in the carrying values of the Consolidated Entity's exploration assets.

Financial Position

The net assets of the Consolidated Entity as at 30 June 2010 were \$8.0 million (2009: \$7.6 million). The Directors believe the Consolidated Entity is in a strong financial position to undertake its outlined exploration activities.

Significant Changes in the State of Affairs

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

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After Balance Date Events

On 1 September 2010, Western Plains Resources Limited (WPG) exercised the option agreement entered into on 8 September 2009, over Exploration Licences 4525 and ELA 339/09 in the "Robins Rise" project, to the southwest of Cooper Pedy in South Australia.

Under the terms of the agreement, WPG paid an option fee of \$100,000 to the Company on signing the agreement and will pay a further \$250,000 to the Company in full settlement.

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

Business Strategies

The Consolidated Entity is committed to the corporate objective of:

"Enhancing shareholder wealth through mineral discovery".

It seeks to meet this objective by:

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

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

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

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

Future Developments

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

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

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.

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DIRECTORS' REPORT

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the period ended 30 June 2010, and the number attended by Directors were:

Director	Number of meetings held	Number eligible to attend	Number of meetings attended
T J Burrowes	8	8	8
C G Anderson	8	8	8
D J Isles	8	8	8
P G Harman	-	-	-

Remuneration Report

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

Thomas J Burrowes	-	Non-executive Chairman
Christopher G Anderson	-	Executive Director (resigned 7 June 2010)
David J Isles	-	Non-executive Director
Phillip G Harman	-	Non-executive Director (appointed 7 June 2010)
Peter G Blight	-	Chief Executive Officer
Melvyn J Drummond	-	Company Secretary

(b) Directors' and Executives' Compensation

Remuneration Policy

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

The three key elements of Director and executive remuneration are:

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

(c) Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2010. 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 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
	\$	\$	\$	\$	\$
Revenue	96,870	121,112	269,910	919,984	243,461
Net profit/(loss) before tax	166,601	(5,341,045)	(5,523,266)	(416,265)	(1,180,555)
Net profit/(loss) after tax	166,601	(5,341,045)	(6,018,216)	78,685	(1,180,555)

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Remuneration Report (cont'd)

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

2009

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

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

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

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

The objective of the share-based schemes is to both reinforce the short and long-term goals of the Company and to provide a common interest between management and shareholders. No options were granted to key management personnel during the year outlined above.

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

(g) Number of Options Held by Key Management Personnel

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

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

DIRECTORS' REPORT

Remuneration Report (cont'd)

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

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

(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 anytime during the current or prior financial year.

(j) Number of Shares held by Key Management Personnel

2010	Balance 1/07/09	Received as compensation	Options exercised	Net change other	Balance 30/06/10
Directors					
T J Burrowes	1,211,112	-	-	-	1,211,112
C G Anderson	325,000	-	-	-	325,000
D J Isles	98,612	-	-	-	98,612
P G Harman	-	-	-	152,848	152,848
Executives					
P G Blight	930,977	-	-	169,023	1,100,000
M J Drummond	115,000	-	-	-	115,000
	2,680,701	-	-	321,871	3,002,572
2009	Balance 1/07/08	Received as compensation	Options exercised	Net change other	Balance 30/06/09
Directors					
T J Burrowes	1,086,112	-	-	125,000	1,211,112
C G Anderson	75,000	-	-	250,000	325,000
D J Isles	73,612	-	-	25,000	98,612
B E Laws	500,000	-	-	250,000	750,000
Executives					
P G Blight	625,977	-	-	305,000	930,977
M J Drummond	40,000	-	-	75,000	115,000
	2,400,701	-	-	1,030,000	3,430,701

**STELLAR RESOURCES LIMITED
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DIRECTORS' REPORT

Share Options

Share option issue

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

Shares under options

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

Option series	Grant date	Expiry date	Grant date fair value	Exercise price	Number under option	Vesting date
SRZAO	5/12/2007	30/11/2010	\$0.19	\$0.30	1,075,000	Vests at date of grant
SRZAA	12/02/2008	31/01/2011	\$0.08	\$0.25	500,000	Vests at date of grant

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

Shares issued on exercise on share options

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

Options expired

Options expired during the financial year.

Grant date	Date options expired	Exercise price	Number under option	Value of options at expiry date
16/03/2006	19/08/2009	\$0.30	375,000	nil

Options cancelled

During the financial year, 100,000 share options were cancelled due to the termination of an employee.

Information on Directors and Executives

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

Chairman

Thomas J Burrowes
BEc (Hons) MBA (Melb)
Appointed 19 April 2004
Resigned 20 April 2004
Re-appointed 10 December 2004

Mr Burrowes has extensive experience in all facets of Australian exploration and mining over the past 18 years. After an initial career in funds management, he has held numerous directorships in ASX listed exploration and mining companies.

Shareholding: 1,211,112
Option holding: nil

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

Director

Christopher G Anderson
BSc (Hons) Fellow AusIMM
Appointed 19 April 2004
Resigned 20 April 2004
Appointed 10 December 2004
Resigned 7 June 2010

Mr Anderson is an exploration consultant with 32 years of experience in mineral exploration programs both in Australia and overseas. He is a graduate of Adelaide University, with an Honours degree in geophysics and geology. He has managed a contract geological and geophysical consultancy service company with particular expertise in the cost effective application of geophysics.

Shareholding: 325,000
Option holding: nil

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

STELLAR RESOURCES LIMITED
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DIRECTORS' REPORT

Information on Directors and Executives (cont'd)

Director

David J Isles
BSc (Hons) PhD SEG ASEG,
AIG
Appointed 19 April 2004

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

Shareholding: 98,612
Option holding: nil

Directorships of other listed companies since 1 July 2007:
Mineral Deposits Limited (December 2002 – Current)

Director

Phillip G Harman
BSc (Hons) MAusIMM
Appointed 7 June 2010

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

Shareholding: 152,848
Option holding: nil

Directorships of other listed companies since 1 July 2007:
Flow Energy Limited formerly known as Gippsland Offshore Petroleum Limited (Nov 2004 – Current) de-listed from the ASX June 2009.
Callabonna Uranium Limited (Nov 2009 – Current)

Chief Executive Officer

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

Mr Blight has been involved in the exploration, mining and finance industries for the past 30 years. Prior to joining Stellar Resources, he was Director of Research at Russian aluminium giant UC Rusal where he was responsible for market analysis and business development in China and India. He also had a 14 year career with investment bank, UBS, as Executive Director of commodity analysis in London and prior to that as a mining company analyst in Melbourne. Mr Blight's wide range of experience from exploration to business development places him in a strong position to guide the commercialisation of Stellar's advanced projects.

Shareholding: 1,100,000
Option holding: 1,000,000

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

Company Secretary

Melvyn J Drummond
BA BCom FCIS FInstCM
Appointed 19 April 2004

Mr Drummond worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including the mining sector, in Australasia and the West Indies between 1976 and since coming to Melbourne. Mr Drummond has been responsible for the establishment and management of resources-linked companies in the DRC, Senegal and Mauritius and was closely involved in listings on the ASX and AIM, also the TSX, in recent years.

Shareholding: 115,000
Option holding: 250,000

Directorships of other listed companies since 1 July 2007:
Cockatoo Ridge Wines Limited (Subject to Deed of Company Arrangement) (September 2005 – Current)

**STELLAR RESOURCES LIMITED
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DIRECTORS' REPORT

Indemnifying Officers

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

Proceedings on Behalf of the Company

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

Non Audit Services

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

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2010 has been received and can be found on page 17 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 3rd day of September, 2010.

On behalf of the Directors



T J Burrowes
Chairman
Melbourne

**STELLAR RESOURCES LIMITED
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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a) complying with International Financial Reporting Standards and the Corporations Act 2001 as stated in note 1 to the financial statements; and
 - b) giving a true and fair view of the financial position as at 30 June 2010 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.
 - d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.
2. The Chief Executive Officer and Finance Manager have declared that:
 - a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial period comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial period give a true and fair view.
3. At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each Company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.
4. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 22 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001 and dated this 3rd day of September, 2010.

On behalf of the Directors



Thomas J Burrowes
Chairman
Melbourne

**STELLAR RESOURCES LIMITED
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED TO 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
Revenue	2	96,870	121,112
Other income	3	997,615	221,320
Administration expenditure		(13,305)	(625,526)
Depreciation and amortisation expenses	3	(13,581)	(52,521)
Fair value loss on financial assets	3	(967)	(922,684)
Exploration expenditure and other costs written off	11	(900,031)	(4,082,746)
Profit/(loss) before tax		166,601	(5,341,045)
Income tax expense	5	-	-
Profit/(loss) for the year		<u>166,601</u>	<u>(5,341,045)</u>
Other comprehensive income			
Net value gain on available-for-sale investments taken to equity		417,506	241,523
Recognition of sale on available-for-sale investments taken to income statement		(192,000)	-
Total other comprehensive income		<u>225,506</u>	<u>241,523</u>
Total comprehensive income for the year		<u>392,107</u>	<u>(5,099,522)</u>
Earnings per share			
Basic (cents per share)	17	0.2	(6.3)
Diluted (cents per share)	17	0.2	(6.3)

Notes to the financial statements are included on pages 23 to 47.

**STELLAR RESOURCES LIMITED
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AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
Current assets			
Cash and cash equivalents	6	1,934,491	1,827,015
Trade and other receivables	7	138,843	92,582
Other	8	35,026	19,908
Other financial assets	9	740,736	699,744
Total current assets		2,849,096	2,639,249
Non-current assets			
Property, plant and equipment	10	127,373	154,813
Exploration expenditure	11	5,262,915	4,968,845
Total non-current assets		5,390,288	5,123,658
Total assets		8,239,384	7,762,907
Current liabilities			
Trade and other payables	12	205,128	119,391
Provisions	13	23,674	25,041
Total current liabilities		228,802	144,432
Total liabilities		228,802	144,432
Net assets		8,010,582	7,618,475
Equity			
Issued Capital	14	19,737,446	19,737,446
Reserves	15	1,102,966	877,460
Accumulated losses	16	(12,829,830)	(12,996,431)
Total equity		8,010,582	7,618,475

Notes to the financial statements are included on pages 23 to 47.

STELLAR RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Note	Issued capital	Employee equity- settled benefits reserve	Investments revaluation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	18,359,428	628,589	-	(7,655,386)	11,332,631
Gain on available for sale investments	-	-	241,523	-	241,523
Other comprehensive income	-	-	241,523	-	241,523
Loss for the year	16	-	-	(5,341,045)	(5,341,045)
Total comprehensive income for the year	-	-	241,523	(5,341,045)	(5,099,522)
Issue of share capital	14	1,391,500	-	-	1,391,500
Cost of share issues	14	(13,482)	-	-	(13,482)
Vesting of options under share option plan	15	-	7,348	-	7,348
Balance at 30 June 2009	<u>19,737,446</u>	<u>635,937</u>	<u>241,523</u>	<u>(12,996,431)</u>	<u>7,618,475</u>
Balance at 1 July 2009	19,737,446	635,937	241,523	(12,996,431)	7,618,475
Gain on available for sale investments	-	-	417,506	-	417,506
Recognition of sale on available-for-sale investments	-	-	(192,000)	-	(192,000)
Other comprehensive income	-	-	225,506	-	225,506
Profit for the year	16	-	-	166,601	166,601
Total comprehensive income for the year	-	-	225,506	166,601	392,107
Balance at 30 June 2010	<u>19,737,446</u>	<u>635,937</u>	<u>467,029</u>	<u>(12,829,830)</u>	<u>8,010,582</u>

Notes to the financial statements are included on pages 23 to 47.

**STELLAR RESOURCES LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
Cash flows from operating activities			
GST receipts from ATO		52,373	168,739
Payments to suppliers and employees		(11,386)	(706,939)
		<hr/>	<hr/>
Net cash provided by/(used in) operating activities	23	40,987	(538,200)
Cash flows from investing activities			
Interest received or receivable		90,952	130,051
Payment for investment securities		-	(239,563)
Proceeds on sale investment securities		1,029,372	358,121
Payments for exploration expenditure		(1,388,183)	(1,435,949)
Proceeds from sale of exploration tenement		250,000	-
Proceeds from exploration option fee agreement		100,000	-
Payment for property, plant and equipment		(3,868)	(700)
Proceeds from sale of property, plant and equipment		30,545	500
Security deposit payments		(48,500)	-
Proceeds security deposit		6,171	-
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		66,489	(1,187,540)
Cash flows from financing activities			
Proceeds from share issues		-	1,391,500
Payment of share issue costs		-	(13,482)
Payments in relation to unmarketable parcel share sale		-	(310)
		<hr/>	<hr/>
Net cash provided by financing activities		-	1,377,708
Net increase/(decrease) in cash and cash equivalents		107,476	(348,032)
Cash and cash equivalents at beginning of financial year		1,827,015	2,175,047
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	6	1,934,491	1,827,015

Notes to the financial statements are included on pages 23 to 47.

**STELLAR RESOURCES LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

Stellar Resources Limited (the Company) is a public company listed on the Australian Stock Exchange, (SRZ), incorporated in Australia, operating in Australia and comprises the Company and its subsidiaries (together referred to as the Group).

Statement of compliance

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

The financial report comprises the consolidated financial statements of the Group.

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

Basis of preparation

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

Going Concern

Stellar Resources Limited's financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business. During the year ended 30 June 2010, the Group incurred a net profit of \$166,601, had net cash inflows from operating activities of \$40,987 and payments for exploration activities of \$1,388,183, and had an accumulated loss of \$12,829,830 as at 30 June 2010. The continuation of the Group as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities. The Directors consider that the going concern basis of accounting is appropriate for the following reasons:

As at 30 June 2010, the Group had cash assets of \$1,934,491, net working capital of \$1,879,558, as well as investments in ASX traded shares of \$740,736, 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 beyond the end of the financial year 2011. This cash flow forecast takes into account the Group's implementation of cost reviews which will significantly reduce cash expenditure in the areas of staffing, contractors and exploration.

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

The 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.

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

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

STELLAR RESOURCES LIMITED
ACN 108 758 961
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

During the year, the Board of Directors determined that administration expenditure in relation to exploration and evaluation activities should be capitalised as incurred and included in the carrying value of capitalised exploration expenditure.

The financial effect of this reassessment was an additional \$516,463 being capitalised.

Adoption of new and revised Accounting Standards

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

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

(a) Income Tax

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

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

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

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

**STELLAR RESOURCES LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

(b) Revenue

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

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

(c) Cash and Cash Equivalents

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

(d) Receivables

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

(e) Impairment of Assets

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

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

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

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

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

(f) Property, Plant and Equipment

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

**STELLAR RESOURCES LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

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

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

(g) Exploration, Evaluation and Development Expenditure

Costs carried forward

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

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

Contributions received from third parties in exchange for participating interests in exploration and evaluation tenements (e.g. as part of farm-out arrangements) are netted off against the costs carried forward in respect of those tenements in which the third party acquires a participating interest.

(h) Goodwill

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

(i) Payables

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

(j) Employee Benefits

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

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

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

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

(k) Principles of Consolidation

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

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

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

(l) Goods and Services Tax (GST)

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

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

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

(m) Financial Assets

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

Impairment of financial assets

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

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

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

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

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

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

(m) Financial Assets (cont'd)

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

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

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

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

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

(n) Share-based Payments

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

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

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

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

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

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

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

(o) Adoption of New and Revised Accounting Standards

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

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

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

Standards affecting presentation and disclosure

- AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10. Further Amendments to Australian Accounting Standards arising from AASB 101.

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

- AASB 8 Operating Segments

AASB 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments.

- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments.

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in these amendments.

Standards and Interpretations in issue not yet adopted

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

- | | |
|--|---|
| • AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Effective for annual reporting periods beginning on or after 1 January 2010 |
| • AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards | Effective for annual reporting periods beginning on or after 1 January 2011 |
| • AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 | Effective for annual reporting periods beginning on or after 1 January 2013 |

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

All other Standards and Interpretations in issue not yet adopted are not expected to have a material impact on the financial statements.

(p) Jointly Controlled Assets

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

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5. INCOME TAX (cont'd)

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

30 June 2010 30 June 2009
\$ \$

(b) Unrecognised Deferred Tax Balances

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

Tax losses – revenue	3,449,558	3,597,200
Tax losses – capital	875,796	875,796
Total tax benefit	4,325,354	4,472,996

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.

6. CASH AND CASH EQUIVALENTS

Cash at bank	47,063	65,515
Term deposits	1,887,428	1,761,500
	1,934,491	1,827,015

Reconciliation of cash

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

Cash and cash equivalent	1,934,491	1,827,015
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7. TRADE AND OTHER RECEIVABLES

Interest receivable	13,736	7,818
Other debtors	12,456	7,988
GST receivable	12,151	7,805
Tenement security deposit	100,500	68,971
	138,843	92,582

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

8. OTHER ASSETS

Prepaid insurance premium	18,501	19,908
Prepaid listing fees	15,173	-
Other	1,352	-
	35,026	19,908

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	30 June 2010	30 June 2009
	\$	\$
9. OTHER FINANCIAL ASSETS		
Shares in listed investment	2,906,040	4,931,367
Accumulated impairment	(2,165,304)	(4,231,623)
	740,736	699,744

Available-for-sale investment at fair value taken to investment revaluation reserve:

Shares in listed companies	740,736	668,944
Options in listed companies	-	30,800
	740,736	699,744

	2010		2009	
	Value	Number	Value	Number
	\$		\$	
Available-for-sale investments comprise of the following:				
UraniumSA Limited - shares	740,736	4,489,307	668,944	9,289,327
UraniumSA Limited - options	-	-	30,800	5,133,490
Gippsland Offshore Petroleum Limited - options	-	-	-	6,666,667
	740,736	4,489,307	699,744	21,089,484

Shares and options in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar). At 30 June 2010, the investments in UraniumSA were restated to fair value. A revaluation increment of \$417,506 in relation to the available-for-sale shares in UraniumSA was recognised in the investment revaluation reserve during the year. The fair value of options held in UraniumSA decreased by \$967. The fair value decrements on options are recognised in the statement of comprehensive income.

On 10 December 2009, UraniumSA announced that listed share options were due to expire on 18 January 2010 unless exercised on or before that date. Hiltaba Gold Pty Ltd had been progressively selling the listed share options in UraniumSA in the last reporting period.

On 11 January 2010, Hiltaba Gold Pty Ltd sold the balance of 483,490 options held in UraniumSA for a consideration of \$483.

The 6.667 million options in Gippsland Offshore Petroleum Limited were held by Rilo Explorations Pty Ltd (a wholly owned subsidiary of Stellar). They were issued at the time of the initial listing. As at 24 June, 2009 Gippsland Offshore Petroleum Limited de-listed from the Australian Stock Exchange and the investment was subsequently written off. The options were not exercised and were cancelled on 30 November 2009.

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10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings \$	Motor vehicles \$	Office furniture and equipment \$	Computer equipment \$	Total \$
Gross carrying amount					
Balance at 1 July 2008	121,669	99,040	23,311	59,083	303,103
Additions	-	-	-	700	700
Disposals	-	-	-	-	-
Balance at 1 July 2009	121,669	99,040	23,311	59,783	303,803
Additions	1,000	-	-	2,868	3,868
Disposals	-	(41,984)	-	-	(41,984)
Balance at 30 June 2010	122,669	57,056	23,311	62,651	265,687
Accumulated depreciation					
Balance at 1 July 2008	(851)	(46,263)	(9,381)	(39,974)	(96,469)
Depreciation expense	(1,691)	(31,554)	(6,100)	(13,176)	(52,521)
Disposals	-	-	-	-	-
Balance at 1 July 2009	(2,542)	(77,817)	(15,481)	(53,150)	(148,990)
Depreciation expense	(1,691)	(3,496)	(3,066)	(5,328)	(13,581)
Disposals	-	24,257	-	-	24,257
Balance at 30 June 2010	(4,233)	(57,056)	(18,547)	(58,478)	(138,314)
Net book value					
As at 30 June 2009	119,127	21,223	7,830	6,633	154,813
As at 30 June 2010	118,436	-	4,764	4,173	127,373

	30 June 2010 \$	30 June 2009 \$
11. EXPLORATION EXPENDITURE		
(a) Carrying Values		
Balance at the beginning of the period	4,968,845	7,702,619
Expenditure incurred during the period	1,432,353	1,358,082
Expenditure and other costs written off during the period	(900,031)	(4,082,746)
Proceeds received for disposal of tenement	(250,000)	-
Proceeds received for exploration tenement on option fee agreement	(100,000)	-
Gain on disposal of exploration tenement	127,405	-
Expenditure recoupment during the period	(15,657)	(9,110)
Exploration expenditure at the end of the period	5,262,915	4,968,845

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

(b) Joint Venture Interest

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

- Panama Hat
- Gold exploration farm-out
- Goldfinger Project
- Base metal exploration farm-in whereby the Group has 60% interest

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

- Tarcoola Uranium
- Uranium exploration farm-out
- Pirie Basin Project Uranium
- Uranium exploration farm-out

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11. EXPLORATION EXPENDITURE (cont'd)

(b) Joint Venture Interest (cont'd)

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

– Heemskirk Tin Joint Venture – Tin exploration 60% interest

	30 June 2010	30 June 2009
	\$	\$
The Group's share of assets employed in the joint ventures are:		
Non-current Assets		
Exploration expenditure	1,394,228	1,627,545

12. TRADE AND OTHER PAYABLES

Other creditors and accruals	205,128	119,391
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The average credit period on purchases is 30 days. No interest is charged on trade payables.

13. PROVISIONS

Audit fees	22,000	22,000
Employee benefits – annual leave	855	1,796
Other – workers compensation insurance	819	1,245
	23,674	25,041

	Annual leave	Audit fees
Balance at 1 July 2009	1,796	22,000
Additional provisions recognised	23,145	22,000
Payments made	(24,086)	(22,000)
Balance at 30 June 2010	855	22,000

	30 June 2010	30 June 2009
	\$	\$
– Aggregate employee benefits liability	855	1,796
– Number of employees at year-end	3	4

14. ISSUED CAPITAL

(a) Issued Capital

94,821,858 fully paid ordinary shares (2009: 94,821,858)	19,737,446	19,737,446
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	2010 No.	2010 \$	2009 No.	2009 \$
14. ISSUED CAPITAL (cont'd)				
(b) Movements in Shares on Issue				
At the beginning of the reporting period	94,821,858	19,737,446	77,891,501	18,359,428
Issue of shares under shareholder share purchase plan	-	-	16,930,357	1,391,500
Share issue cost	-	-	-	(13,482)
At the end of the reporting period	94,821,858	19,737,446	94,821,858	19,737,446

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 executive and non-executive Directors can be offered both short term and long term incentives. Under the Plan each option is to subscribe for one share and, when issued, these shares rank equally with other shares. Options issued under the Employee Option Plan are not transferable. As at 30 June 2010, employees have options over 1,075,000 ordinary shares all of which are exercisable at 30 cents each, and expire on 30 November 2010. In addition, the Chief Executive Officer has 500,000 options to subscribe for ordinary shares at an exercise price of 25 cents each and expire on 31 January 2011.

At 30 June 2010, the Company had on issue the following options to acquire shares in the Company:

Nos.	Class
1,075,000 (i)	Unlisted Vested Employee Options expiring 30 November 2010
500,000 (ii)	Unlisted Vested Employee Options expiring 31 January 2011

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

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Employee options (i)	1,075,000	05/12/07	30/11/10	30 cents	\$204,250
Employee options (ii)	500,000	12/02/08	31/01/11	25 cents	\$39,270

(i) In accordance with the Company's Employee Option Plan, employee options issued on the 5 December 2007 fully vested on issue date.

(ii) In accordance with the Company's Employee Option Plan, employee option issued on the 12 February 2008 vested on issue date.

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14. ISSUED CAPITAL (cont'd)

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

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

	2010		2009	
	Number of options	Weighted average exercise prices	Number of options	Weighted average exercise prices
Balance at the beginning of the financial year	2,050,000	29 cents	5,550,000	30 cents
Granted during the financial year	-	-	-	-
Forfeited during the financial year	(100,000)	-	-	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	(375,000)	-	(3,500,000)	-
Balance at end of the financial year (ii)	1,575,000	28 cents	2,050,000	29 cents
Exercisable at the end of the financial year	1,575,000	28 cents	2,050,000	29 cents

(i) Exercised during the financial year

No share options issued under the employee option plan were exercised during the year.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an exercise price of 30 cents and 25 cents and a weighted average remaining contractual life of 182 days (2009: 448 days).

15. RESERVES

(a) Employee Equity-settled Benefits Reserve

	30 June 2010 \$	30 June 2009 \$
Balance at the beginning of the financial year	635,937	628,589
Share-based payment	-	7,348
Transfer to share capital	-	-
Balance at the end of the financial year	<u>635,937</u>	<u>635,937</u>

The employee equity-settled benefits reserve arises on the grant of share options to Directors and employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Note 14 to the financial statements.

(b) Investments Revaluation Reserve

	30 June 2010 \$	30 June 2009 \$
Balance at the beginning of the financial year	241,523	-
Valuation gain	417,506	241,523
Recognition of sale on available-for-sale investments	(192,000)	-
Balance at the end of the financial year	<u>467,029</u>	<u>241,523</u>

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

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	30 June 2010	30 June 2009
	\$	\$
16. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	(12,996,431)	(7,655,386)
Profit/(loss) for the year	166,601	(5,341,045)
Accumulated losses at the end of the financial year	<u>(12,829,830)</u>	<u>(12,996,431)</u>
	30 June 2010	30 June 2009
	cents	cents
	per share	per share
17. EARNINGS PER SHARE		
Basic earnings per share	<u>0.2</u>	<u>(6.3)</u>
Diluted earnings per share	<u>0.2</u>	<u>(6.3)</u>
	30 June 2010	30 June 2009
	\$	\$
(a) Reconciliation of earnings to net profit/(loss):-		
Net profit/(loss)	166,601	(5,341,045)
Earnings used in the calculation of basic and diluted EPS	<u>166,601</u>	<u>(5,341,045)</u>
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	<u>94,821,858</u>	<u>85,163,582</u>

The options on issue throughout 2009 and 2010 are not dilutive in effect.

18. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Thomas J Burrowes	–	Non-executive Chairman
Christopher G Anderson	–	Executive Director (resigned 7 June 2010)
David J Isles	–	Non-executive Director
Phillip G Harman	–	Non-executive Director (appointed 7 June 2010)
Peter G Blight	–	Chief Executive Officer
Melvyn J S Drummond	–	Company Secretary

(b) Directors' and Executives' Compensation

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

	30 June 2010	30 June 2009
	\$	\$
Short-term employees benefits	291,905	353,567
Post-employment benefits	19,008	66,069
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	7,348
	<u>310,913</u>	<u>426,984</u>

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18. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(c) Number of Options Held by Key Management Personnel

2010	Balance 1/07/09	Granted as compen- sation	Options exercised	Net change other	Balance 30/06/10	Total vested 30/06/10	Total exerc- isable 30/06/10	Total unexerc- isable 30/06/10
Directors								
T J Burrowes	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
P G Harman	-	-	-	-	-	-	-	-
Executives								
P G Blight	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	-	-	-	250,000	250,000	250,000	-
	<u>1,250,000</u>	-	-	-	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	-
2009								
2009	Balance 1/07/08	Granted as compen- sation	Options exercised	Net change other	Balance 30/06/09	Total vested 30/06/09	Total exerc- isable 30/06/09	Total unexerc- isable 30/06/09
Directors								
T J Burrowes	1,000,000	-	-	(1,000,000)	-	-	-	-
C G Anderson	1,000,000	-	-	(1,000,000)	-	-	-	-
D J Isles	1,000,000	-	-	(1,000,000)	-	-	-	-
B E Laws	500,000	-	-	(500,000)	-	-	-	-
Executives								
P G Blight	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
M J Drummond	250,000	-	-	-	250,000	250,000	250,000	-
	<u>4,750,000</u>	-	-	<u>(3,500,000)</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	-

(d) Shares Issued on Exercise of Compensation Options

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

(e) Loans to Key Management Personnel

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

(f) Number of Shares Held by Key Management Personnel

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

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18. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

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

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

	30 June 2010 \$	30 June 2009 \$
19. REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the Company	30,000	30,000
Preparation of the tax return	9,975	11,025
	<u>39,975</u>	<u>41,025</u>

20. COMMITMENTS FOR EXPENDITURE

Exploration Commitments 947,800 1,485,288

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 947,800 1,485,288

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

21. RELATED PARTIES

Remuneration Benefits

Information on remuneration benefits of Directors and executives is disclosed in the Directors' Report and Note 18 to the Financial Statements.

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

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

	30 June 2010 No.	30 June 2009 No.
Ordinary shares	2,677,572	2,384,724

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

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21. RELATED PARTIES (cont'd)

Other Transactions with Directors, Executives and their Related Entities

During the period, geological, geophysical and field services were provided at commercial rates by a Director related entity, Euro Exploration Services Pty Ltd, of which Mr Anderson was both a Director and shareholder. Euro Exploration Services Pty Ltd charged \$38,250 (inclusive of GST) (2009: \$86,886) in relation to these services.

During the period technical assistance, office accommodation / facilities and administrative support were provided to the Group at commercial rates by Mineral Deposits Limited of which Dr David Isles was both a Director and shareholder and Mr Melvyn Drummond was both Company Secretary and shareholder. Total charged was \$49,154 (2009: \$34,642) in relation to these services to 30 June 2010.

22. SUBSIDIARIES

Company:	Country of incorporation	Percent owned (%)	
		2010	2009
Stellar Resources Limited	Australia	-	-
Subsidiaries of Stellar Resources Limited:			
Balrone Holdings Pty Ltd	Australia	100%	100%
Rilo Explorations Pty Ltd	Australia	100%	100%
Bridgedale Holdings Pty Ltd	Australia	100%	100%
Hiltaba Gold Pty Ltd	Australia	100%	100%
Rubicon Min Tech Ventures Pty Ltd	Australia	100%	100%
Hillment Pty Ltd	Australia	100%	100%
Columbus Metals Limited	Australia	100%	100%

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

30 June 2010 30 June 2009
\$ \$

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

Income Statement

Revenue	96,870	121,112
Other income	12,818	-
	<hr/>	<hr/>
Administration expenditure	(1,513)	(620,571)
Depreciation and amortisation expenses	(13,140)	(52,080)
Exploration expenditure written off	-	(373,292)
(Impairment)/reversal of loans to subsidiaries	203,461	(987,240)
	<hr/>	<hr/>
Profit/(loss) before tax	298,496	(1,912,071)
Income tax (expense)/benefit	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	298,496	(1,912,071)

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	30 June 2010	30 June 2009
	\$	\$
22. SUBSIDIARIES (cont'd)		
Statement of Financial Position		
Current assets		
Cash and cash equivalents	1,934,491	1,827,015
Trade and other receivables	136,843	90,582
Other	35,026	19,908
	<hr/>	<hr/>
Total current assets	2,106,360	1,937,505
Non-current assets		
Property, plant and equipment	85,229	112,228
Exploration expenditure	1,416,441	1,175,431
	<hr/>	<hr/>
Total non-current assets	1,501,670	1,287,659
	<hr/>	<hr/>
Total assets	3,608,030	3,225,164
Current liabilities		
Trade and other payables	205,128	119,391
Provisions	23,674	25,041
	<hr/>	<hr/>
Total current liabilities	228,802	144,432
	<hr/>	<hr/>
Total liabilities	228,802	144,432
	<hr/>	<hr/>
Net assets	3,379,228	3,080,732
	<hr/>	<hr/>
Equity		
Issued Capital	19,737,446	19,737,446
Reserves	635,937	635,937
Accumulated losses	(16,994,155)	(17,292,651)
	<hr/>	<hr/>
Total equity	3,379,228	3,080,732
	<hr/>	<hr/>
Accumulated Losses		
Accumulated losses as at beginning of the financial year	(17,292,651)	(15,380,580)
Profit/(loss)	298,496	(1,912,071)
	<hr/>	<hr/>
Accumulated losses as at end of the financial year	(16,994,155)	(17,292,651)

(a) Joint Venture Interest Acquired

No joint venture interests were acquired during the period.

(b) Subsidiaries Acquired

No subsidiaries were acquired during the period.

(c) Subsidiaries Disposed

No subsidiaries were disposed during the period.

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	30 June 2010	30 June 2009
	\$	\$
23. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit/(loss) after income tax:-		
Profit/(loss) for the year:	166,601	(5,341,045)
Depreciation of property, plant and equipment	13,581	52,521
Gain on disposal of property, plant and equipment	(12,818)	-
Interest income received and receivable	(96,870)	(130,051)
Gain on disposal of financial assets	(857,392)	(221,320)
Exploration expenditure and other costs written off	900,031	4,082,746
Gain on disposal of exploration tenement	(127,405)	-
Employee equity-settled benefits	-	7,348
Fair value loss on financial assets	967	922,684
Impairment loss on trade receivables	10,800	-
Changes in working capital		
(Increase)/decrease in receivables	(66,753)	148,624
(Increase)/decrease in prepayments	(15,118)	6,367
Decrease in other assets	40,992	-
Increase/(decrease) in payables	88,282	(49,664)
Increase/(decrease) in employee entitlements	(3,485)	(18,953)
Increase/(decrease) in provisions	(426)	2,543
Net cash from operating activities	40,987	(538,200)

24. FINANCIAL INSTRUMENTS

(a) Off-balance Sheet Derivative Instruments

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

(b) Commodity Contracts

As at 30 June 2010, the Group does not have in place any commodity contracts.

(c) Credit Risk Exposure

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

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

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

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	30 June 2010	30 June 2009
	\$	\$
24. FINANCIAL INSTRUMENTS (cont'd)		
(d) Categories of Financial Instruments		
Financial assets:		
Fair value through profit or loss (FVTPL):		
Derivative instruments (i)	-	30,800
Other receivables	138,843	92,582
Cash and cash equivalents	1,934,491	1,827,015
Available-for-sale financial assets (ii)	740,736	668,944
Financial liabilities:		
Other payables and accruals	205,128	119,391

- (i) Derivative instruments include options in UraniumSA Limited which is listed on the Australian Stock Exchange and Gippsland Offshore Petroleum Limited which de-listed from the Australian Stock Exchange on 24 June 2009.
- (ii) Available-for-sale financial assets include shares in UraniumSA Limited.

(e) Capital Risk Management

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

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

The capital structure of the Group consists of cash and cash equivalents and equity holders of the parent, comprising issued capital, reserves and accumulated losses disclosed in notes 14, 15 and 16.

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

(f) Market Risk

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

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

(g) Interest Rate Risk Management

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

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

(h) Interest Rate Sensitivity Analysis

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

(i) Other Price Risks

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

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24. FINANCIAL INSTRUMENTS (cont'd)

(j) Equity Price Sensitivity

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

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

- net profit for the year ended 30 June 2010 would have been unaffected as the equity instruments classified as available-for-sale would not have decreased below the revaluation increments.(2009: net loss for the year would have increased/decreased by \$nil).
- Investment revaluation reserve would have increased/decreased by \$37,037 at 30 June 2010 (2009: investment revaluation reserve would have increased/decreased by \$33,442).

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

(k) Credit Risk Management

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

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

(l) Liquidity Risk Management

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

(m) Liquidity and Interest Rate Risk Exposure

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

	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
		\$	\$	\$	\$	\$
2010						
Financial assets						
Non-interest bearing	-	138,843	-	-	-	-
Financial liabilities						
Non-interest bearing	-	205,128	-	-	-	-
2009						
Financial assets						
Non-interest bearing	-	92,582	-	-	-	-
Financial liabilities						
Non-interest bearing	-	119,391	-	-	-	-

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24. FINANCIAL INSTRUMENTS (cont'd)

(o) Fair Value of Financial Instruments

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

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

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

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

Available-for-sale financial assets through investment revaluation reserve	Level 1	Level 2	Level 3
Shares in listed companies	740,736	-	-
Options in listed companies	-	-	-
Total	740,736	-	-

30 June 2010 30 June 2009
\$ \$

25. PARENT ENTITY DISCLOSURES

(a) Financial Position

Assets

Current assets	3,977,156	3,565,291
Non-current assets	8,937	35,686
Total assets	3,986,093	3,600,977

Liabilities

Current liabilities	228,802	144,432
Non-current liabilities	-	-
Total liabilities	228,802	144,432

Equity

Issued capital	19,737,446	19,737,446
Accumulated losses	(16,616,092)	(16,916,838)
Reserves	-	-
Equity settled employee benefits	635,937	635,937
Total equity	3,757,291	3,456,545

(b) Financial Performance

Profit/(loss) for the year	300,746	(1,536,456)
Other comprehensive income	-	-
Total comprehensive income	300,746	(1,536,456)

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	30 June 2010	30 June 2009
	\$	\$
25. PARENT ENTITY DISCLOSURES (cont'd)		
(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee	1,875,796	1,632,786
<p>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</p>		
(d) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity		
Plant and equipment		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-

26. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 September 2010, Western Plains Resources Limited (WPG) exercised the option agreement entered into on 8 September 2009, over Exploration Licences 4525 and ELA 339/09 in the "Robins Rise" project, to the southwest of Cooper Pedy in South Australia.

Under the terms of the agreement, WPG paid an option fee of \$100,000 to the Company on signing the agreement and will pay a further \$250,000 to the Company in full settlement.

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

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

1. Shareholding

The issued capital of the Company was 94,821,858 ordinary shares fully paid as at 31 August 2010, of which all are listed on the Australian Stock Exchange. In addition, the Company has on issue 1,075,000 unlisted options to acquire shares at an exercise of 30 cents per share at any time up to 30 November 2010 and 500,000 unlisted options to acquire shares at an exercise of 25 cents per share at any time up to 31 January 2011.

(a) Distribution of Shareholder Numbers

Size of holding	Number of shareholders	Units	%	Number of optionholders	Units	%
1 – 1,000	228	90,201	0.10	-	-	-
1,001 – 5,000	485	1,413,858	1.49	-	-	-
5,001 – 10,000	262	2,181,697	2.30	-	-	-
10,001 – 100,000	727	26,335,155	27.77	2	75,000	4.76
100,001 and over	167	64,800,947	68.34	3	1,500,000	95.24
	1,869	94,821,858	100.00	5	1,575,000	100.00

There were 837 shareholders who held less than a marketable parcel (2,333,011 shares).

(b) Substantial Shareholder as at 31 August 2010

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

(c) 20 Largest Shareholders – Ordinary Shares

Name	Number of Shares Held	%
1 JPC International Pty Ltd	5,000,000	5.27
2 Colbern Fiduciary Nominees Pty Ltd	4,200,000	4.43
3 L J Thomson Pty Ltd	2,509,464	2.65
4 AWJ Investments Pty Ltd	2,425,000	2.56
5 Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	2,245,000	2.37
6 Mr D J Lauritz & Mrs D M Lauritz <Lauritz Super Fund A/C>	1,550,000	1.63
7 UBS Wealth Management Australia Nominees Pty Ltd	1,100,000	1.16
8 Carojon Pty Ltd <Imbruglia S/F A/C>	1,000,000	1.05
8 Providence Gold and Minerals Pty Ltd	1,000,000	1.05
9 Mr Alvis Pasa	999,900	1.05
10 Toad Facilities Pty Ltd <JP Nettleton/Toad S/F A/C>	917,500	0.97
11 ANZ Nominees Limited <Cash Income A/C>	900,645	0.95
12 Octifil Pty Ltd	900,000	0.95
13 Calama Holdings Pty Ltd <Mambat Super Fund A/C>	896,000	0.94
14 Dr Leon Eugene Pretorius	750,000	0.79
15 Mr B E Laws & Mrs M F Laws <B & M Laws Super Fund A/C>	675,000	0.71
16 Mr Craig Honner & Mrs Alison Honner	660,944	0.70
17 Mrs Ewa Aurelia Kozlowski	650,000	0.69
17 Mr David McLauchlan	650,000	0.69
18 Malenki Pty Ltd	605,000	0.64
19 Mrs Xiaoqiong Chen	601,742	0.63
20 Walkington Property Nominees (No 2) Pty Ltd <Peter Walkington S/F A/C>	600,000	0.63
	30,836,195	32.51

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(d) Largest Optionholders

	Name	Number of Options Held	%
1	Mr P G Blight	1,000,000	63.49
2	Mr M J S Drummond	250,000	15.87
3	Mr T Whiting	250,000	15.87
4	Mr R K Hazeldene	50,000	3.17
5	Mr A M Rigg	25,000	1.60
		1,575,000	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

- 1,000,000 options are on issue to the Chief Executive Officer. 500,000 options are exercisable up to 30 November 2010 at an exercisable price of 30 cents. An additional 500,000 options are exercisable up to 31 January 2011 at an exercisable price of 25 cents.
- 575,000 options are on issue to Stellar Employees. These options are exercisable up to 30 November 2010 at an exercisable price of 30 cents each.

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SCHEDULE OF TENEMENTS

Area	Stellar interest held (%)	Registered title holder	Grant Date/ Application Date	Expiry Date/ Relinquished Date	Notes
Exploration Licence EL4632 – Rupee, New South Wales (Goldfinger Project; JV with CBH Resources Limited; Stellar has 60% interest)					
35 Units	60	Triako Resources Limited	21/12/1993	20/12/2011	
Exploration Licence EL6556 - Panama Hat, New South Wales (JV with Carpentaria Exploration Ltd earning 51% in gold interest)					
38 Unites	100	Balrone Holdings Pty Ltd	11/04/2006	10/04/2011	Awaiting confirmation of renewal
Mining Lease ML4650 - Tarcoola, South Australia					
15.61 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
Mining Lease ML4667 - Tarcoola, South Australia					
4.49 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
Mining Lease ML5179 - Tarcoola, South Australia					
4.68 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
Mining Lease ML5300 - Tarcoola, South Australia					
2.89 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2011	Renewal pending approval
Exploration Licence EL4167 - Tarcoola, South Australia (JV with UraniumSA Limited earning 70% in uranium interest)					
1,249 km ²	100	Hiltaba Gold Pty Ltd	30/07/2008	29/07/2013	
Exploration Licence EL4301 - Pinding, South Australia (JV with UraniumSA Limited earning 70% in uranium interest)					
500 km ²	100	Hiltaba Gold Pty Ltd	25/08/2009	25/08/2014	
Exploration Licence EL4525 - Robin Rise, South Australia (Option agreement with Western Plains Resources Ltd)					
818 km ²	100	Hiltaba Gold Pty Ltd	21/06/2010	20/06/2015	
Exploration Licence Application ELA2010/00100 - Carnding, South Australia (JV with UraniumSA Limited earning 70% in uranium interest)					
263 km ²	100	Hiltaba Gold Pty Ltd	28/04/2010		Renewal application in progress
Exploration Licence Application ELA2010/00099 - Warrior, South Australia					
165 km ²	100	Hillment Pty Ltd	28/04/2010		Renewal application approved
Exploration Licence Application ELA2009/00339 - Lake Woorong, South Australia (Option agreement with Western Plains Resources Ltd)					
888 km ²		Hiltaba Gold Pty Ltd	28/10/2009		New licence application pending
Exploration Licence EL3583 - Pernatty, South Australia					
598 km ²	100	Hiltaba Gold Pty Ltd	21/06/2006	21/06/2010	Relinquished
Exploration Licence EL3566 - Kingoonya, South Australia					
376 km ²		Gingertom Resources Pty Ltd	27/11/2006	26/11/2010	Transfer to Hiltaba Gold Pty Ltd completed on 3/08/2010

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SCHEDULE OF TENEMENTS

Area	Stellar interest held (%)	Registered title holder	Grant Date/ Application Date	Expiry Date/ Relinquished Date	Notes
Exploration Licence EL3752 - Cleanskin Swamp, South Australia					
637 km ²	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	
Exploration Licence EL3753 - Long Creek, South Australia					
328 km ²	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	
Exploration Licence EL3799 - Cooladding, South Australia (JV with UraniumSA Limited earning 70% in uranium interest)					
58 km ²	100	Hiltaba Gold Pty Ltd	12/06/2007	11/06/2012	
Exploration Licence EL3978 - Cowell, South Australia					
840 km ²	100	Hiltaba Gold Pty Ltd	7/11/2007	6/11/2012	
Exploration Licence EL4242 - Midgee, South Australia (JV with UraniumSA Limited earning 73% in uranium interest)					
134 km ²	100	Hiltaba Gold Pty Ltd	25/03/2009	25/03/2014	
Exploration Licence EL3418 - Kooralla, South Australia					
85 km ²	2	Rex Minerals (Iron Ore) Limited	16/09/2005	15/09/2010	Stellar entitled to 2% net smelter return
Exploration Licence EL4389 - Hicks Hill, South Australia					
41 km ²	100	Hiltaba Gold Pty Ltd	9/12/2009	8/12/2014	
Exploration Licence Application ELA 2009/330 - Stony Top Hill, South Australia					
149 km ²		Hiltaba Gold Pty Ltd	14/10/2009		Application approved, awaiting licence document
Exploration Licence EL46/2003 - Heemskirk, Tasmania					
144 km ²	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
Exploration Licence EL1/2004 - Ramsay River, Tasmania					
70 km ²	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
Exploration Licence EL49/2004 - Rayne, Tasmania					
28 km ²	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	2/02/2011	
Exploration Licence EL26/2009 - Huskisson River, Tasmania					
39 km ²	100	Rubicon Min Tech Ventures Pty Ltd	9/07/2010	8/07/2015	
Retention Licence RL5/1997 - Zeehan, Tasmania					
6 km ²	60	Columbus Metals Limited (operator), Gippsland Limited	20/06/1998	19/06/2011	JV with Gippsland Limited 40% interest
Exploration Licence EL4525 - North Bendigo, Victoria					
374 km ²	2	Providence Gold and Minerals Pty Ltd	11/01/2001	10/01/2011	Stellar has 2% royalty interest

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

CORPORATE DIRECTORY

DIRECTORS

Thomas J Burrowes (Non-executive Chairman)
David J Isles (Non-executive)
Phillip G Harman (Non-executive)

COMPANY SECRETARY

Melvyn J Drummond

CHIEF EXECUTIVE OFFICER

Peter G Blight

REGISTERED OFFICE

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

Telephone: (03) 9909 7618
Facsimile: (03) 9909 7621
E-Mail: srinfo@stellarresources.com.au
Website: www.stellarresources.com.au

Registers of unlisted employee and other options held at this address

LEGAL ADVISOR

Bryan D Cumming
21 Adam Street
Indented Head VIC 3223

TAX AGENTS AND ADVISORS

Deloitte Growth Solutions Pty Ltd
550 Bourke Street
Melbourne VIC 3000

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

BANKERS

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

HOME STOCK EXCHANGE

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

ASX code for shares: SRZ

SHARE REGISTRY

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Register of listed ordinary shares held at this address