

Stellar Resources Limited

ABN 96 108 758 961

Notice of General Meeting and Explanatory Statement in relation to certain issues of Shares

This Booklet gives notice of a General Meeting of SRZ to be held at 10.30am Melbourne time on Wednesday, 23 April 2008 at the registered office, Level 7, 530 Little Collins Street, Melbourne.

This is an IMPORTANT DOCUMENT and requires your immediate attention. If you are in doubt as to how to deal with this document, please consult your financial or other professional adviser.

Important dates

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| Date of this Booklet | 20 March 2008 |
| Last time by which proxy forms for the General Meeting can be lodged | 10.30am Melbourne time on 21 April 2008 |
| Voting Entitlement Time, i.e., time for determining entitlements to vote at the General Meeting | 7.00pm Melbourne time on 21 April 2008 |
| General Meeting | 10.30am Melbourne time on 23 April 2008 |

Glossary

In this Booklet, including in the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Booklet means this booklet, including the Notice of Meeting and Explanatory Statement.

Columbus means Columbus Metals Limited ACN 127 557 340, a wholly-owned subsidiary of the Company.

Company or **SRZ** means Stellar Resources Limited ABN 96 108 758 961.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of SRZ.

Explanatory Statement means the explanatory statement contained in this Booklet (and forming part of the Notice of Meeting) in relation to the Resolutions to be considered at the General Meeting.

15% in 12 months Limit has the meaning given in section 2 of the Explanatory Statement.

General Meeting means the general meeting of the Company, notice of which is given in the Notice of Meeting.

Initial Tranche has the meaning given in section 1(d) of the Explanatory Statement.

Joint Venture Interest Sale Agreement means the agreement dated on or about 17 March 2008 between WML (as vendor), Columbus (as purchaser) and SRZ.

Listing Rules means the Listing Rules of ASX.

New Issue means the issue of 5,853,333 Shares to WML Investments pursuant to the Joint Venture Interest Sale Agreement and on the terms set out in this Booklet.

Notice of Meeting means the notice of meeting in respect of the General Meeting contained in this Booklet.

Registry means Link Market Services Limited of Level 9, 333 Collins Street, Melbourne, Victoria, 3000.

Resolutions means the two resolutions contemplated in the Notice of Meeting.

Share means a fully paid ordinary share in SRZ.

Shareholder means a holder of a Share.

SRZ or **Company** means Stellar Resources Limited ABN 96 108 758 961.

Voting Entitlement Time means 7.00pm Melbourne time on 21 April 2008. An adjournment of the General Meeting will not affect the Voting Entitlement Time.

WML means Western Metals Limited ABN 69 009 150 618 of Unit 7, 100 Railway Parade, Subiaco, Western Australia 6008.

WML Investments means WML Investments Pty Ltd ACN 128 818 048 of Unit 7, 100 Railway Parade, Subiaco, Western Australia 6008, a subsidiary of WML.

Notice of Meeting

Notice is given that a General Meeting of Shareholders of Stellar Resources Limited ABN 96 108 758 961 will be held at Level 7, 530 Little Collins Street, Melbourne at 10.30am Melbourne time on Wednesday, 23 April 2008.

1. Resolution 1 – Approval of previous issue of Shares

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

‘That, in accordance with Listing Rule 7.4, the issue to JPC International Pty Ltd on 11 March 2008 of 5,000,000 Shares at an issue price of 20 cents per Share is hereby ratified and approved.’

2. Resolution 2 – New Issue of Shares to WML Investments

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

‘That, in compliance with Listing Rule 7.1, the New Issue of 5,853,333 Shares to WML Investments Pty Ltd pursuant to the Joint Venture Interest Sale Agreement and on the terms outlined in the Explanatory Statement is approved.’

3. Voting restrictions

- (a) In relation to Resolution 1, SRZ will disregard any votes cast by:
 - (i) a person who participated in the issue; and
 - (ii) an associate of that person.
- (b) In relation to the Resolution 2, SRZ will disregard any votes cast by:
 - (i) WML Investments and any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and
 - (ii) an associate of WML Investments or of any such other person.
- (c) However, SRZ need not disregard a vote in respect of a Resolution if:
 - (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (ii) it is cast by a person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (d) SRZ has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that Shares quoted on ASX at 7.00pm Melbourne time on 21 April 2008 are taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the General Meeting. An adjournment of the General Meeting will not affect this time.

4. Directors' recommendations and voting

The Directors unanimously recommend that all Shareholders vote in favour of the Resolutions.

All Directors who are Shareholders entitled to vote as at the Voting Entitlement Time intend to vote their Shares in favour of the Resolutions.

5. How to vote

Shareholders entitled to vote at the General Meeting may vote by attending the General Meeting in person, by attorney or proxy or, in the case of corporate Shareholders, by a corporate representative.

6. Voting in person or by attorney

Shareholders or their attorneys wishing to vote in person should attend the General Meeting. Persons are asked to arrive at least 30 minutes prior to the time the General Meeting is to commence so that their shareholding may be checked against the register and their attendance recorded. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the General Meeting.

7. Voting by proxy

Shareholders wishing to vote by proxy must complete, sign, and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.30am Melbourne time on 21 April 2008 by:

(a) post in the reply paid envelope provided;

(b) hand to:

Stellar Resources Limited
C/- Link Market Services Limited
Level 9, 333 Collins Street
Melbourne, Victoria, 3000; or

(c) fax to:

Stellar Resources Limited
C/- Link Market Services Limited
on +61 2 9287 0309.

Each Shareholder may appoint a proxy to attend and vote on their behalf. Shareholders entitled to cast two or more votes may appoint one or two proxies. If more than one proxy is appointed:

(a) the appointor may specify the proportion or number of votes each proxy is appointed to exercise but if the appointor does not do so, each proxy may exercise half the votes; and

(b) neither proxy shall have the right to vote on a show of hands (but each may vote on a poll).

A proxy need not be a Shareholder.

In the case of joint holders, all should sign the proxy form.

In the case of corporations, proxies must be executed in accordance with the Corporations Act.

To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.

If the abstention box on the proxy form for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant Shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she sees fit.

If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the General Meeting, the chairperson of the General Meeting may either act as proxy or complete the proxy by inserting the name of one or more Directors or the Company Secretary.

The chairperson of the General Meeting intends to vote all undirected proxies from Shareholders (who are eligible to vote in favour of a particular Resolution) in favour of that Resolution to be voted on at the General Meeting.

The chairperson of the General Meeting will not vote any undirected proxies from Shareholders ineligible to vote in favour of a particular Resolution.

8. Voting by corporate representative

Corporate Shareholders wishing to vote by corporate representative should:

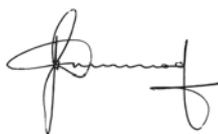
- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the General Meeting.

9. Further information

Full information on the General Meeting, including on voting entitlements and how to vote, is contained in the Explanatory Statement contained in this Booklet.

Dated 20 March 2008

By order of the Board



.....
M. J. S. Drummond
Company Secretary

Explanatory Statement

Note: This Explanatory Statement is included in, and forms part of, the Notice of Meeting.

1. General Background

(a) Company

The Company is a public company registered in Victoria and is a company limited by shares. It has its registered office at Level 7, Exchange Tower, 530 Little Collins Street, Melbourne Victoria 3000.

The Company was originally incorporated on 19 April 2004 as a wholly-owned subsidiary of Gravity Diamonds Limited (formerly Gravity Capital Limited) (“Gravity”). Gravity transferred its economic interests in several mining exploration properties and joint ventures to SRZ and provided funding to SRZ by way of loan funds.

At a general meeting on 30 September 2004 Gravity shareholders resolved to distribute *in specie* its interest in SRZ to all Gravity shareholders on a one for one basis. In preparation for this distribution Gravity’s current loans were capitalised and Gravity made a further cash subscription of \$4.242 million.

SRZ was admitted to the official list of ASX on 26 April 2005 after raising \$2,000,000 pursuant to its initial public offer.

(b) SRZ’s current Projects

The Company currently holds interests in several mineral exploration tenements and joint ventures principally in South Australia, but also in Tasmania and New South Wales.

Information in respect of the Company’s projects is available on the Company’s website www.stellarresources.com.au and is also included in announcements that the Company has made on ASX. Copies of these announcements are available from the ASX website, www.asx.com.au.

(c) Proposed Resolution – Approval of previous issue of Shares

As announced by the Company to ASX on 26 February 2008, senior executives of the Company visited China recently for positive discussions with parties which had earlier expressed interest in investing in the Company’s 100% owned Tarcoola Iron Ore Project, located in central South Australia adjacent to the Indian Pacific Railway.

On 7 March 2008 the Company announced to ASX that it had arranged to place 5,000,000 new Shares to investors associated with Chinese steel interests at an issue price of 20 cents per Share, to raise \$1,000,000 (before costs of the placement).

After clearance of funds, all of these Shares were allotted by the Registry on 11 March 2008 to JPC International Pty Ltd ABN 11 007 364 329, a corporation controlled by Mr Limin Chen.

Prior shareholder approval was not required for the issue of these 5,000,000 Shares because the issue was within the 15% in 12 months Limit.

(d) Proposed Resolution – New Issue of Shares to WML Investments

As announced to ASX on 17 March 2008, the Company has signed the Joint Venture Interest Sale Agreement pursuant to which WML has agreed to sell, and Columbus has agreed to purchase, the 60% joint venture interest of WML in the Zeehan Tin Project located near the mining town of Zeehan in northwest Tasmania.

Upon completion of the Joint Venture Interest Sale Agreement, Columbus will become a party to the Zeehan Tin Project joint venture with the continuing party, Gippsland Limited.

The agreed consideration for the purchase is \$1,178,000 to be satisfied as to \$300,000 by the payment of cash and as to \$878,000 by the issue of 5,853,333 Shares to WML Investments, a subsidiary of WML.

The Joint Venture Interest Sale Agreement requires completion to occur on or about 2 April 2008 or such other date as may be agreed.

The Company will not be able to issue all of the Shares to WML Investments at completion without breaching the 15% in 12 months Limit. SRZ has therefore proposed to WML that, to avoid a breach of the Listing Rules, it will issue, on or about 2 April 2008, the maximum number of Shares that SRZ can issue without infringing the 15% in 12 months Limit (being 3,795,725 Shares) (**Initial Tranche**) and that it will issue the remaining 2,057,608 Shares as soon as practicable after the date of the General Meeting, assuming Shareholder approval of the Resolutions is obtained.

2. Reason for the General Meeting

The General Meeting referred to in the accompanying Notice of Meeting is being held so that the Shareholders can consider Resolution 1 in accordance with Listing Rule 7.4 and Resolution 2 in accordance with Listing Rule 7.1.

Under Listing Rule 7.1, a listed company must obtain the approval of its shareholders before it can issue securities (shares or options over shares) if the number of those securities, plus the number of any securities issued in the previous 12 months, is more than 15% of the number of issued securities at the start of that 12 month period (**15% in 12 months Limit**).

Under Listing Rule 7.4, an issue of securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach Rule 7.1 and holders of ordinary securities subsequently approve it.

The issue of 5,000,000 Shares to JPC International Pty Ltd earlier this month did not breach Rule 7.1. Therefore, Shareholder approval to this issue is sought under Listing Rule 7.4.

The proposed New Issue of 5,853,333 Shares to WML Investments will exceed the limit of securities SRZ may issue without the approval of its Shareholders under Listing Rule 7.1. Therefore, Shareholder approval to the New Issue is sought under Listing Rule 7.1.

The approval of the previous issue is the subject of Resolution 1. If Shareholder approval to Resolution 1 is obtained, the previous issue will be treated as having been made with shareholder approval for the purpose of Listing Rule 7.1.

The proposed New Issue is the subject of Resolution 2. If Shareholder approval to Resolution 2 is obtained, the proposed New Issue will be permitted on the terms set out in this Booklet.

As set out in section 1(d) above, Shareholders should note that the Company will issue a number of Shares under the New Issue prior to the date of the General Meeting, being the Initial

Tranche of 3,795,725 Shares, so as not to exceed the 15% in 12 months Limit referred to above. The remainder of the Shares, being 2,057,608 Shares, will be issued on the terms set out in section 1(d) above.

3. Directors' recommendations

The Directors recommend that eligible Shareholders vote in favour of the Resolutions set out in the accompanying Notice of Meeting.

Further information on the Resolutions is set out in sections 4 and 5 below.

4. Resolution 1 – Previous issue of Shares

Required information

Listing Rule 7.5 requires the following information about the previous issue to be given to Shareholders:

- (i) Five million (5,000,000) Shares were allotted;
- (ii) The price at which the securities were issued was 20 cents per Share;
- (iii) The securities are fully paid ordinary shares ranking equally in all respects with the Company's existing ordinary shares;
- (iv) The allottee of the previous Shares was JPC International Pty Ltd; and
- (v) It is the intention of the Company to apply the majority of the funds raised by this previous issue to further assessment of the Tarcoola Iron Ore Project and that the remaining funds be used for further exploration of the Company's other Projects.

5. Resolution 2 – New Issue to WML Investments

Required information

Listing Rule 7.3 requires the following information about the proposed New Issue to be given to Shareholders:

- (i) The maximum number of securities the Company is to issue is 5,853,333 Shares.
- (ii) The allotment dates for the Shares under the New Issue are expected to be on or about 2 April 2008 and on or about 24 April 2008. The Initial Tranche of 3,795,725 Shares, anticipated to be issued on or about 2 April 2008, is expected to represent about 5.27% of the Company's current share capital, with the remaining 2,057,608 Shares to be issued on or about 24 April 2008 (and in any event within three months of the date of the General Meeting).
- (iii) The issue price of the Shares is 15 cents per Share.
- (iv) The allottee of the Shares will be WML Investments.
- (v) The securities to be issued under the proposed New Issue will be fully paid ordinary shares in the Company, ranking equally in all respects with the Company's existing ordinary shares.

- (vi) The New Issue forms part of the consideration for the acquisition by Columbus of the 60% interest in the Zeehan Tin Project. No cash funds will be raised by the New Issue.

6. Voting

Some Shareholders may not be allowed to vote on the Resolutions set out in the accompanying Notice of Meeting. Please refer to the voting exclusion statements in the Notice of Meeting. If Shareholders cannot attend the General Meeting they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and in any event by 10.30am Melbourne time on 21 April 2008.

7. Investment advice

This Booklet and the ASX announcements and other information referred to in section 8 below do not take into account your investment objectives, financial situation or particular needs. You should obtain independent financial, investment, legal and taxation advice before deciding whether or not to attend and vote at the General Meeting or to vote in favour of or against the Resolutions.

8. Other sources of information

You may wish to review information available from the following sources in deciding whether or not to attend and vote at the General Meeting or to vote in favour of or against the Resolutions:

- (a) SRZ is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Specifically, as an entity listed with ASX, SRZ is subject to the Listing Rules which require continuous disclosure of any information which SRZ has concerning itself that a reasonable person would expect to have a material effect on the price or value of Shares.

Copies of announcements made by the Company on ASX are available from the ASX website, www.asx.com.au.

- (b) In addition, SRZ is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by SRZ may be obtained from, or inspected at, ASIC offices.
- (c) Additional information regarding SRZ is available on SRZ's website: www.stellarresources.com.au.



APPOINTMENT OF PROXY

If you would like to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

I/We being a member(s) of Stellar Resources Limited and entitled to attend and vote hereby appoint

A the Chairman of the Meeting (mark box) [] OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy []

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the General Meeting of the Company to be held at 10:30am on Wednesday, 23 April 2008, at Level 7, 530 Little Collins Street, Melbourne and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on any resolution please insert [X] in the appropriate box below.

Table with 3 columns: For, Against, Abstain*. Rows include Resolution 1 (Approval of previous issue of Shares) and Resolution 2 (New Issue of Shares to WML Investments).

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Signature lines for Securityholder 1 (Individual), Joint Securityholder 2 (Individual), and Joint Securityholder 3 (Individual) with titles: Sole Director and Sole Company Secretary, Director/Company Secretary (Delete one), Director.

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

Link Market Services Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).



How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:30am on Monday, 21 April 2008, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Stellar Resources Limited's share registry as follows:
Stellar Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.