



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

**FINANCIAL REPORT**  
**Half-year report for the half-year ended 31 December 2008**

This half-year report is to be read in conjunction with the financial report for the year ended 30 June 2008

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This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Stellar Resources Limited for the year ended 30 June 2008. It is also recommended that this financial report be considered together with any public announcement made by Stellar Resources Limited and its controlled entities during the period ended 31 December 2008, in accordance with the continuous disclosure requirements of the Corporations Act 2001, lodged with the Australian Securities Exchange ("ASX").

**Directors' report**  
**For the half-year ended 31 December 2008**

The directors submit their financial report on Stellar Resources Limited (“the company”) and its controlled entities (“the Group”) for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Directors**

The names and details of the directors in office during or since the end of the half-year are:

T J Burrowes  
B E Laws (resigned 19 February 2009)  
C G Anderson  
D J Isles

The above named directors held office since the start of the financial period to the date of this report.

**Principal activities**

The principal activity of the Group during the half-year just ended continued to be mineral exploration with the objective of identifying and developing economic reserves.

**Operating result**

The net loss of the Group for the half-year period was \$(4,697,603) (2007: \$3,336,540 net loss after tax).

**Review of operations**

Exploration expenditure for the half year just concluded was \$1.02 million (2007: \$1.45 million). Expenditure for the period, continued to be exploration and evaluation endeavours over its tenement projects. Predominately most of the expenditure was committed to exploration drilling on the Tarcoola iron ore project in central South Australia. In addition, Stellar Resources Limited funded the preparation of a prospectus for the proposed Columbus Metals Limited tin initial public offering. Due to adverse equity market conditions, the initial public offering was suspended at the end of September 2008. Joint venture partners were active in South Australia, with Toro Energy Limited and Uranium SA Limited continuing to explore the Tarcoola tenements for uranium and Red Metal Limited completing its copper-gold exploration program on Robins Rise exploration tenement located in South Australia.

The loss for the period was mainly attributable to \$3.51 million (2007: \$2.22 million) of write downs in the carrying values of the Group’s exploration assets. The other notable impact was the fair value of shares and options held in Uranium SA Limited having decreased by \$795,691 (2007: - \$308,008) and the value of options held in Gippsland Offshore Petroleum Limited having decreased by \$128,888 (2007: \$165,481) (being a total decrease of \$924,579). (2007: \$473,489). These fair value decrements on shares and options are recognised in the income statement.

**Contingencies and commitments**

No contingent liabilities have arisen since the date of the last annual financial report issued as at 30 June 2008.

**Dividends**

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

**Environmental issues**

The Group'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 half-year period covered by this report.

**Subsequent events**

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

**Auditor's independence declaration**

The auditor's independence declaration for the half-year ended 31 December 2008 has been received and can be found on page 3.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001 and dated this 24<sup>th</sup> day of February 2009.

On behalf of the directors



**T J Burrowes**  
Chairman  
Melbourne

The Board of Directors  
Stellar Resources Limited  
Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne, VIC, 3000  
24 February 2009

Dear Board Members

**Stellar Resources Limited  
Declaration of Independence**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Stellar Resources Limited.

As lead audit partner for the review of the financial statements of Stellar Resources Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



G R Sincock  
Partner  
Chartered Accountants

## Condensed consolidated income statement for the half-year ended 31 December 2008

		Consolidated	
		Half-year ended 31 Dec 2008	Half-year ended 31 Dec 2007
Note		\$	\$
<b>Revenue</b>			
	Interest	79,729	146,534
	Administration expenditure	(212,556)	(399,227)
	Employee expense	(102,418)	(81,916)
	Depreciation and amortisation expense	(27,709)	(20,515)
	Fair value loss on financial assets	(924,579)	(473,489)
	Exploration expenditure written off	(3,510,070)	(2,224,558)
	Loss before tax	(4,697,603)	(3,053,171)
	Income tax expense	-	(283,369)
	<b>Loss for the period</b>	<b>(4,697,603)</b>	<b>(3,336,540)</b>
<b>Earnings per share</b>			
	Basic (cents per share)	(5.727)	(5.643)
	Diluted (cents per share)	(5.727)	(5.643)

*Notes to the financial statements are included on pages 8 to 11.*

## Condensed consolidated balance sheet as at 31 December 2008

	Note	Consolidated	
		31 December 2008 \$	30 June 2008 \$
<b>Current assets</b>			
Cash and cash equivalents		2,052,314	2,175,047
Trade and other receivables		122,038	214,700
Other		26,705	26,275
<b>Total current assets</b>		<b>2,201,057</b>	<b>2,416,022</b>
<b>Non-current assets</b>			
Other financial assets	3	357,547	1,282,126
Property, plant and equipment		179,625	206,634
Exploration expenditure	4	5,207,399	7,702,619
<b>Total non-current assets</b>		<b>5,744,571</b>	<b>9,191,379</b>
<b>Total assets</b>		<b>7,945,628</b>	<b>11,607,401</b>
<b>Current liabilities</b>			
Trade and other payables		275,547	236,088
Provisions		29,487	38,682
<b>Total current liabilities</b>		<b>305,034</b>	<b>274,770</b>
<b>Total liabilities</b>		<b>305,034</b>	<b>274,770</b>
<b>Net assets</b>		<b>7,640,594</b>	<b>11,332,631</b>
<b>Equity</b>			
Issued capital		19,357,646	18,359,428
Reserves		635,937	628,589
Accumulated losses		(12,352,989)	(7,655,386)
<b>Total equity</b>		<b>7,640,594</b>	<b>11,332,631</b>

Notes to the financial statements are included on pages 8 to 11.

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2008

	Issued capital	Equity- settled employee benefits reserve	Investments revaluation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2007</b>	16,481,428	372,623	804,997	(1,637,170)	16,021,878
(Loss) on available for sale investments	-	-	(944,563)	-	(944,563)
Related income tax	-	-	283,369	-	283,369
<b>Total income recognised directly in equity</b>	-	-	(661,194)	-	(661,194)
(Loss) for the period	-	-	-	(3,336,540)	(3,336,540)
<b>Total recognised income and expense</b>	-	-	-	(3,336,540)	(3,997,734)
Issue of options under share option plan	-	28,230	-	-	28,230
<b>Balance at 31 Dec 2007</b>	16,481,428	400,853	143,803	(4,973,710)	12,052,374
<b>Balance at 1 July 2008</b>	18,359,428	628,589	-	(7,655,386)	11,332,631
(Loss) for the period	-	-	-	(4,697,603)	(4,697,603)
<b>Total recognised income and expense</b>	-	-	-	(4,697,603)	(4,697,603)
Issue of share capital	1,000,000	-	-	-	1,000,000
Cost of share issues	(1,782)	-	-	-	(1,782)
Issue of options under share option plan	-	7,348	-	-	7,348
<b>Balance at 31 Dec 2008</b>	19,357,646	635,937	-	(12,352,989)	7,640,594

Notes to the financial statements are included on pages 8 to 11.

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**Condensed consolidated cash flow statement  
for the half-year ended 31 December 2008**

	<b>Consolidated</b>	
	<b>Half-year ended 31 Dec 2008 \$</b>	<b>Half-year ended 31 Dec 2007 \$</b>
<b>Cash flows from operating activities</b>		
GST receipts from Australian Taxation Office	112,776	145,387
Payments to suppliers and employees	(408,212)	(589,278)
Interest received	70,222	142,535
<b>Net cash used in operating activities</b>	<b>(225,214)</b>	<b>(301,356)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(700)	(9,653)
Payment for exploration expenditure	(895,037)	(1,269,955)
<b>Net cash used in investing activities</b>	<b>(895,737)</b>	<b>(1,279,608)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	1,000,000	-
Payment of share issue costs	(1,782)	-
<b>Net cash provided by financing activities</b>	<b>998,218</b>	<b>-</b>
Net decrease in cash and cash equivalents held	(122,733)	(1,580,964)
Cash and cash equivalents at the beginning of the period	2,175,047	5,171,700
<b>Cash and cash equivalents at the end of the period</b>	<b>2,052,314</b>	<b>3,590,736</b>

*Notes to the financial statements are included on pages 8 to 11.*

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## Notes to the condensed consolidated financial statements

### 1. Significant accounting policies

#### Reporting entity

Stellar Resources Limited (the “company”) is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the half-year ended 31 December 2008 comprises the company and its subsidiaries (together referred to as the “Group”).

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed financial statements have 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 values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s 2008 annual financial report for the financial year ended 30 June 2008, other than as detailed below.

#### *(a) 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 half year ended 31 December 2008, the company incurred a net loss of \$4,697,603, had net cash outflows from operating activities of \$225,214 and exploration activities of \$895,037 and had an accumulated loss of \$12,352,989 as at 31 December 2008. The continuation of the company as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities. Notwithstanding the net loss and negative cash from operations, the directors consider that the going concern basis of accounting is appropriate for the following reasons:

- As at 31 December 2008, the company had cash assets of \$2,052,314, net working capital of \$1,896,023, as well as investments in ASX traded shares of \$344,042 which could be sold if required.
- The most recently prepared cash flow forecast prepared by management and reviewed by the directors indicates that the company will hold sufficient cash reserves to meet its operating requirements beyond the end of the financial year 2010. This cash flow forecast takes into account the company’s implementation of cost reviews which will significantly reduce cash expenditure in the areas of staffing, contractors and exploration.

**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

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

The company'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 company is unable to significantly reduce its cash expenditures, there is significant uncertainty whether the company can continue as a going concern. If the company 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 company not continue as a going concern.

*(b) Exploration, Evaluation and Development Expenditure*

The company's accounting policy in relation to exploration, evaluation and development expenditure is consistent with that disclosed in the 2008 annual report, and has been further clarified below:

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.

**2. Segment information**

The Group only operates in the Australian mineral exploration sector where it is actively pursuing opportunities.

**Stellar Resources Limited and Controlled Entities**

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**3. Other financial assets**

	\$
Balance as at 30 June 2008	1,282,126
Fair value net decrement	(924,579)
Balance as at 31 December 2008	<hr/> 357,547

Other financial assets comprise an investment of 10.2 million shares and 5.1 million options granted to Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) when Uranium SA Limited listed, granting uranium exploration rights on six of Stellar's exploration licences in the Tarcoola region of the central Gawler Craton. The shares and options were held in escrow until October 2008. Other financial assets also include 6.667 million options held in Gippsland Offshore Petroleum Limited.

At 31 December 2008, the investments in Uranium SA Limited and Gippsland Offshore Petroleum Limited were restated to fair value resulting in a total decrement of \$924,579. A revaluation decrement of \$698,155 in relation to the available-for-sale shares in Uranium SA Limited was recognised during the period, with the decrement recognised in the income statement. The fair value of options held in Uranium SA Limited decreased by \$97,536 and the value of options held in Gippsland Offshore Petroleum Limited decreased by \$128,888. These fair value decrements on options are recognised in the income statement.

The 6.667 million options in Gippsland Offshore Petroleum Limited are held by Rilo Exploration Pty Ltd (a wholly owned subsidiary of Stellar). They are unlisted and were issued at the time of the initial listing and are exercisable by 30 November 2009.

**4. Exploration expenditure**

	\$
Balance as at 30 June 2008	7,702,619
Expenditure incurred in the period	1,022,953
Expenditure written off in the period	(3,510,070)
Expenditure recoupment in the period	(8,103)
Balance as at 31 December 2008	<hr/> 5,207,399

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

**5. Issuances, repurchases and repayments of equity securities**

On 16 September 2008, Stellar Resources Limited issued 7,142,857 ordinary fully paid shares to institutional clients at an issue price of 14 cents to raise additional working capital.

*Options expired*

During the half-year reporting period, 3,500,000 share options expired on 10 December 2008, that were issued on 10 December 2004 to the directors of Stellar Resources Limited.

There were no other movements in the ordinary shares capital or other issued capital of the company in the current half-year reporting period.

**6. Contingencies and commitments**

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2008.

**7. Subsequent events**

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

**8. Related Party Transactions**

During the half-year reporting 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 \$38,272 (six months ended 31 December 2007: \$47,700) in relation to these services (excluding GST).

**Directors' declaration**

The directors of the company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



**T J Burrowes**  
Chairman  
Melbourne

Dated this 24<sup>th</sup> day of February 2009.

## Independent Auditor's Review Report to the Members of Stellar Resources Limited

We have reviewed the accompanying half-year financial report of Stellar Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 12.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stellar Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stellar Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G R Sincock  
Partner  
Chartered Accountants  
Melbourne, 24 February 2009

**CORPORATE DIRECTORY**

**Directors**

Thomas J Burrowes (Non-executive Chairman)  
Christopher G Anderson (Executive)  
Barrie E Laws (Non-executive)  
David J Isles (Non-executive)

**Company Secretary**

Melvyn J Drummond

**Chief Executive Officer**

Peter G Blight

**Registered Office**

Level 7 Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

Telephone: (03) 9909 7618

Facsimile: (03) 9909 7621

E-mail: [srzinfo@stellarresources.com.au](mailto:srzinfo@stellarresources.com.au)

Website: [www.stellarresources.com.au](http://www.stellarresources.com.au)

**Adelaide Office**

63 King William Street  
Kent Town SA 5067

Telephone: (08) 8363 1589

**Auditors**

Deloitte Touche Tohmatsu  
QV Building  
180 Lonsdale Street  
Melbourne VIC 3000

**Legal Advisor**

Bryan Cumming  
Level 7 Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Bankers**

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

**Home Stock Exchange**

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

ASX code for shares: SRZ

**Share Registry**

Link Market Services Limited  
Level 9, 333 Collins Street  
Melbourne VIC 3000

Telephone: 1300 554 474