



STELLAR RESOURCES LIMITED
ACN 108 758 961
AND CONTROLLED ENTITIES

FINANCIAL REPORT
Half-year report for the half-year ended 31 December 2010

This half-year report is to be read in conjunction with the financial report for the year ended 30 June 2010

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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 2010. It is also recommended that this financial report be considered together with any public announcements made by Stellar Resources Limited and its controlled entities during the period ended 31 December 2010, 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 2010

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 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Phillip G Harman
Thomas J Burrowes
David J Isles
Thomas H Whiting

The above named directors held office during and since the end of the half-year except for:

Thomas J Burrowes – resigned as non-executive chairman 4 February 2011
Phillip G Harman – appointed non-executive chairman 4 February 2011
Thomas H Whiting – appointed non-executive director 4 February 2011

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 \$(52,351) (2009: \$314,626 net loss after tax).

Review of operations

Exploration expenditure for the half-year just concluded was \$0.72 million (2009: \$0.46 million).

Activity was focused on the Heemskirk Tin Project located on the west coast of Tasmania during the first half of the year. Stellar has a 60% interest in the project with joint venture partner Gippsland Limited and can increase its ownership to 70% by completing a feasibility study.

The project comprises three deposits; Queen Hill, Severn and Montana. All lie within 500 metres of each other just to the north of Zeehan. The project is favourably located in terms of access to power, water, mining services and transport infrastructure.

Exploration was centred on the near-surface Queen Hill deposit. Six shallow diamond drill holes were completed to test the historical high grade zone and provide fresh samples for metallurgical test work. The drill results showed that high grade mineralisation (grades in excess of 1% tin) is present within 30 metres of the surface and that the deposit remains open to the north and south. The best intersection was ZQ 98 with 5 metres grading 1.56% tin including a 1 metre zone grading 1.81% tin.

Metallurgical test work produced encouraging results. Importantly, the main tin lode mineralisation is free of stannite. In addition, its mineralogical characteristics are suitable for a conventional sulphide-rich tin separation circuit. The test work shows potential recovery of 70% in a 50% tin concentrate.

Directors' report (cont'd)

An independent mining consultancy was also engaged to evaluate the historical drilling data base and produce a JORC compliant resource model of the three deposits. Once this work is completed, a scoping study to examine the economics of development can be progressed.

The Tarcoola Iron Ore Project Information Memorandum was discussed with a number of interested investors during the first half of the year. Stellar is planning to progress the project by identifying a suitable partner to drill-up the deposit and complete a feasibility study.

AngloGold Ashanti Australia Limited joint ventured into four of Stellar's exploration licences (EL's 3752, 3753, 3655 and 4573) located on the Gawler Craton of South Australia. The joint venture will investigate a number of shallow magnetic anomalies in highly prospective gold-copper terrain. Under the terms of the joint venture agreement, AngloGold Ashanti will spend \$5 million over a six year period to earn a 75% interest in the tenements with minimum expenditure of \$500,000, including 1,000 metres of drilling, in the first two years.

Exploration of the Panama Hat and Williams gold prospects near Broken Hill in New South Wales was conducted by joint venture partner Carpentaria Exploration Limited. Six reverse circulation drill holes were completed during the period with no significant gold anomalism reported. Interpretation of the results remains to be completed.

Exploration of the 100% owned Gourlays copper-tin prospect on the west coast of Tasmania identified three targets for drilling in the second half of the year.

Pirie Basin uranium exploration by joint venture partner UraniumSA has shown that its Plumbush mineralisation extends into Stellar's EL 4242. UraniumSA plans to resume exploration on EL4242 in the second half of the year.

Stellar completed a uranium exploration joint venture over its EL 3978 in the Pirie Basin of South Australia. Joint venture partner Renaissance Uranium Limited has agreed to sole fund \$3.5 million of expenditure over 5½ years to earn a 75% interest in the tenement.

Geological evaluation of the Goldfinger lead-zinc prospect was completed during the period. Review of historical geophysical data is on-going.

Stellar raised \$2.1 million during the period through the placement of 14 million shares at 15 cents each to sophisticated investors. The company also received \$250,000 on completion of the Robins Rise option agreement. Another \$416,000 was raised through the sale of UraniumSA shares.

The loss for the period was mainly attributable to \$0.70 million of director and employee options vested and \$0.002 million (2009: \$0.88 million) of write downs in the carrying values of the Group's exploration assets. Other notable impacts was the gain on sale of "Robins Rise" and "Lake Woorong" tenements held in Tasmania of \$0.18 million and the sale of 1.05 million shares held in UraniumSA Limited, resulting in a gain of \$0.39 million. The fair value increment on shares in UraniumSA Limited was recognised in the investments revaluation reserve for the half-year ended 31 December 2010 of \$1.2 million.

Contingencies and commitments

No contingent liabilities have arisen since the date of the last annual financial report issued as at 30 June 2010.

Directors' report (cont'd)

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.

After balance date events

On 17 November 2010, UraniumSA Limited announced a non-renounceable rights issue which closed 7 January 2011. On 20 December 2010, Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) accepted the issue and paid \$112,232.75 being an entitlement to new shares on a 1 for 10 basis at \$0.25 per new share. On 17 January 2011, 448,931 new shares were issued to Hiltaba Gold Pty Ltd.

Other than stated, 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 2010 has been received and can be found on page 4.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001 and dated this 15th day of February 2011.

On behalf of the directors



P G Harman

Chairman
Melbourne

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

15 February 2011

Dear Board Members,

Stellar Resources Limited

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

As lead audit partner for the review of the financial statements of Stellar Resources Limited for the half-year ended 31 December 2010, 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



Ian Sanders
Partner
Chartered Accountant

**Condensed consolidated statement of comprehensive income
for the half-year ended 31 December 2010**

		Consolidated	
		Half-year ended 31 Dec 2010	Half-year ended 31 Dec 2009
Note		\$	\$
Revenue			
	Interest received – bank deposits	56,451	41,005
	Other income	684,536	807,065
	Administration expenditure	(5,410)	(204,073)
	Employee expense	(783,215)	(72,346)
	Depreciation and amortisation expense	(3,092)	(10,110)
	Fair value loss on financial assets	-	(967)
	Exploration expenditure and other costs written off	(1,621)	(875,200)
	Loss before tax	(52,351)	(314,626)
	Income tax expense	-	-
	Loss for the period	(52,351)	(314,626)
Other comprehensive income			
	Net value gain on available-for-sale investments taken to equity	1,169,364	754,206
	Recognition of sale on available-for-sale investments taken to income statement	(139,650)	-
	Total comprehensive income for the period	977,363	439,580
Earnings per share			
	Basic (cents per share)	(0.05)	(0.33)
	Diluted (cents per share)	(0.05)	(0.33)

Notes to the financial statements are included on pages 9 to 13.

Condensed consolidated statement of financial position as at 31 December 2010

	Note	Consolidated	
		31 December 2010 \$	30 June 2010 \$
Current assets			
Cash and cash equivalents		3,702,894	1,934,491
Trade and other receivables		85,430	138,843
Other financial assets	4	1,963,560	740,736
Other		18,369	35,026
Total current assets		5,770,253	2,849,096
Non-current assets			
Property, plant and equipment		126,281	127,373
Exploration expenditure	5	5,903,975	5,262,915
Total non-current assets		6,030,256	5,390,288
Total assets		11,800,509	8,239,384
Current liabilities			
Trade and other payables		97,067	205,128
Provisions		20,819	23,674
Total current liabilities		117,886	228,802
Total liabilities		117,886	228,802
Net assets		11,682,623	8,010,582
Equity			
Issued capital		21,730,816	19,737,446
Reserves		2,833,988	1,102,966
Accumulated losses		(12,882,181)	(12,829,830)
Total equity		11,682,623	8,010,582

Notes to the financial statements are included on pages 9 to 13.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2010

	Issued capital	Equity-settled employee benefits reserve	Investments revaluation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2009	19,737,446	635,937	241,523	(12,996,431)	7,618,475
Gain on available-for-sale investments	-	-	754,206	-	754,206
Other comprehensive income	-	-	754,206	-	754,206
Loss for the period	-	-	-	(314,626)	(314,626)
Total comprehensive income for the period	-	-	754,206	(314,626)	439,580
Balance at 31 Dec 2009	19,737,446	635,937	995,729	(13,311,057)	8,058,055
Balance at 1 July 2010	19,737,446	635,937	467,029	(12,829,830)	8,010,582
Gain on available-for-sale investments	-	-	1,169,364	-	1,169,364
Recognition of sale on available-for-sale investments	-	-	(139,650)	-	(139,650)
Other comprehensive income	-	-	1,029,714	-	1,029,714
Loss for the period	-	-	-	(52,351)	(52,351)
Total comprehensive income for the period	-	-	1,029,714	(52,351)	977,363
Issue of share capital	2,100,000	-	-	-	2,100,000
Cost of share issues	(106,630)	-	-	-	(106,630)
Vesting of options under director and employee share option plan	-	701,308	-	-	701,308
Balance at 31 Dec 2010	21,730,816	1,337,245	1,496,743	(12,882,181)	11,682,623

Notes to the financial statements are included on pages 9 to 13.

**Condensed consolidated statement of cash flows
for the half-year ended 31 December 2010**

	Consolidated	
	Half-year ended 31 Dec 2010 \$	Half-year ended 31 Dec 2009 \$
Cash flows from operating activities		
GST receipts from Australian Taxation Office	56,376	-
GST payables to Australian Taxation Office	-	(36,788)
Payments to suppliers and employees	(95,601)	(299,717)
Net cash used in operating activities	(39,225)	(336,505)
Cash flows from investing activities		
Interest received or receivable	44,608	29,685
Proceeds on sale investment securities	415,578	1,028,894
Payment for investment securities	(112,233)	-
Payment for property, plant and equipment	(2,000)	-
Proceeds from sale of property, plant and equipment	-	30,545
Payment for exploration expenditure	(833,695)	(418,385)
Proceeds from sale of exploration tenement	250,000	250,000
Proceeds from exploration option fee agreement	-	100,000
Security deposit payment	-	(2,500)
Proceeds security deposit	52,000	-
Net cash provided by/(used in) investing activities	(185,742)	1,018,239
Cash flows from financing activities		
Proceeds from share issues	2,100,000	-
Payment for share issue costs	(106,630)	-
Net cash provided by financing activities	1,993,370	-
Net increase in cash and cash equivalents held	1,768,403	681,734
Cash and cash equivalents at the beginning of the period	1,934,491	1,827,015
Cash and cash equivalents at the end of the period	3,702,894	2,508,749

Notes to the financial statements are included on pages 9 to 13.

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 2010 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 consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain 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 2010 annual financial report for the financial year ended 30 June 2010, other than as detailed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 their operations and effective for the current reporting period.

(a) *Going Concern*

During the half year ended 31 December 2010, the company incurred a net loss of \$52,351, had net cash outflows from operating activities of \$39,225 and exploration activities of \$833,695 and had an accumulated loss of \$12,882,181 as at 31 December 2010. 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 2010, the company had cash assets of \$3,702,894, net working capital of \$3,688,807, which excludes investments in ASX traded shares of \$1,963,560 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 calendar year 2011. This cash flow forecast continues to take into account the company’s implementation of cost reviews which will significantly reduce cash expenditure in the areas of staffing, contractors and exploration.

1. Significant accounting policies (cont'd)

- 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.

(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 2010 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 operates in the Australian mineral exploration sector where it is actively pursuing opportunities for a number of mineral targets through various tenements all of which are currently at exploration stage and require further funding to proceed to revenue generation stages. As such the Group is required to prioritise its funding allocation and does so based on the assessment of the market sentiment and the potential of finding a viable mineral resource. Each exploration licence may be identified as a separate business activity that has revenue earning potential. However, licences of the same mineral exploration targets have been aggregated into the same segment based on similar economic characteristic. Various corporate and investing activities have been allocated to a corporate operating segment of the Group.

2010	Corporate	Iron Ore	Tin/Nickel	Uranium	Copper/Gold	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Interest income	56,451	-	-	-	-	-	56,451
Other income	503,102	-	-	-	181,434	-	684,536
Expenses							
Other expenses	(788,625)	-	-	-	-	-	(788,625)
Depreciation and amortisation	(2,246)	(221)	(625)	-	-	-	(3,092)
Exploration expenditure and other costs written off	-	(316)	-	-	-	(1,305)	(1,621)
Profit/(loss) before tax	(231,318)	(537)	(625)	-	181,434	(1,305)	(52,351)
Current assets	5,770,253	-	-	-	-	-	5,770,253
Exploration expenditure	-	1,787,435	1,880,465	939,781	1,013,304	282,990	5,903,975
Property, plant and equipment	6,691	41,923	75,667	-	-	-	124,281
Additions to property, plant and equipment	-	-	2,000	-	-	-	2,000
	6,691	41,923	77,667	-	-	-	126,281
Current liabilities	(117,886)	-	-	-	-	-	(117,886)
Net assets	5,659,058	1,829,358	1,958,132	939,781	1,013,304	282,990	11,682,623

Stellar Resources Limited and Controlled Entities
ACN 108 758 961
2. Segment information (cont'd)

2009	Corporate	Iron Ore	Tin/Nickel	Uranium	Copper/Gold	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Interest income	41,005	-	-	-	-	-	41,005
Other income	679,660	-	127,405	-	-	-	807,065
Expenses							
Other expenses	(277,386)	-	-	-	-	-	(277,386)
Depreciation and amortisation	(9,264)	(221)	(625)	-	-	-	(10,110)
Exploration expenditure and other costs written off	-	(1,011)	-	(32,108)	(839,304)	(2,777)	(875,200)
Profit/(loss) before tax	434,015	(1,232)	126,780	(32,108)	(839,304)	(2,777)	(314,626)
Current assets	3,716,874	-	-	-	-	-	3,716,874
Exploration expenditure Property, plant and equipment	-	1,246,457	1,220,059	773,997	902,680	182,267	4,325,460
Additions to property, plant and equipment	8,695	42,364	75,917	-	-	-	126,976
	-	-	-	-	-	-	-
	8,695	42,364	75,917	-	-	-	126,976
Current liabilities	(111,255)	-	-	-	-	-	(111,255)
Net assets	3,614,314	1,288,821	1,295,976	773,997	902,680	182,267	8,058,055

3. Other income

	Half-year ended 31 Dec 2010	Half-year ended 31 Dec 2009
	\$	\$
Gain recognised on disposal of available-for-sale investments	387,725	666,842
Gain recognised on acquisition of rights issue	114,477	-
Gain recognised on disposal of exploration tenements	181,434	127,405
Revenue from the rendering of services	900	-
Gain recognised on disposal of property, plant and equipment	-	12,818
	684,536	807,065

4. Other financial assets

	\$
Balance as at 30 June 2010	740,736
Disposal UraniumSA Limited shares during the period	(173,250)
Acquisition rights issue UraniumSA Limited during the period	112,233
Fair value net increment – shares UraniumSA Limited	1,169,364
Fair value net increment – rights issue UraniumSA Limited	114,477
Balance as at 31 December 2010	1,963,560

4. Other financial assets (cont'd)

Shares in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar). At 31 December 2010, the investments in UraniumSA were restated to fair value. A revaluation increment of \$1,169,364 in relation to the available-for-sale shares in UraniumSA was recognised in the investments revaluation reserve during the half-year. A revaluation increment of \$114,477 in relation to a rights issue in UraniumSA was recognised in the income statement.

	31 Dec 2010		30 Jun 2010	
	Value	Number	Value	Number
Available-for-sale investments comprise of the following:				
UraniumSA Limited shares	1,736,850	3,439,307	740,736	4,489,307
Rights to acquire shares UraniumSA Limited	226,710	448,931	-	-
	<u>1,963,560</u>	<u>3,888,238</u>	<u>740,736</u>	<u>4,489,307</u>

5. Exploration expenditure

Carrying values

	\$
Balance as at 30 June 2010	5,262,915
Expenditure incurred during the period	715,992
Expenditure written off during the period	(1,621)
Cost of exploration expenditure associated with disposed tenements	(68,566)
Expenditure recoupment during the period	(4,745)
Balance as at 31 December 2010	<u>5,903,975</u>

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

6. Issuances, repurchases and repayments of equity securities

Issued capital as at 31 December 2010 amounted to \$21,730,816 (108,821,858 ordinary shares).

On 30 November 2010, the company announced that it had raised \$2.1 million, before issue costs, in a placement to sophisticated investors. On 6 December 2010, the company issued 14,000,000 ordinary shares at \$0.15 per share.

The company issued 3,000,000 share options (2009: nil) over ordinary shares under the director share option plan during the half-year reporting period. These share options had a fair value at grant date of \$0.11 per share option (2009: nil). The company further issued 3,375,000 share options (2009: nil) over ordinary shares under its employee option plan during the half-year reporting period. These share options had a fair value at grant date of \$0.11 per share option (2009: nil).

Options expired

During the half-year reporting period, 1,075,000 share options expired on 30 November 2010, that were issued on 5 December 2007 to the management of Stellar Resources Limited.

6. Issuances, repurchases and repayments of equity securities

Options cancelled

During the half-year reporting period, there were no options cancelled.

There were no other movements in the issued capital of the company in either the current or the prior interim reporting periods.

7. Contingencies and commitments

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2010.

8. Events subsequent to reporting date

On 17 November 2010, UraniumSA Limited announced a non-renounceable rights issue which closed 7 January 2011. On 20 December 2010, Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) accepted the issue and paid \$112,232.75 being an entitlement to new shares on a 1 for 10 basis at \$0.25 per new share. On 17 January 2011, 448,931 new shares were issued to Hiltaba Gold Pty Ltd.

Other than stated, 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.

9. Related Party Transactions

During the half-year reporting 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 \$22,397 (2009: \$22,998) in relation to these services to 31 December 2010.

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



P G Harman

Chairman

Melbourne

Dated this 15th February 2011.

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 condensed consolidated statement of financial position as at 31 December 2010, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of Stellar Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 Stellar Resources Limited's financial position as at 31 December 2010 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stellar Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

CORPORATE DIRECTORY

Directors

Phillip G Harman (Non-executive chairman)
Thomas J Burrowes (Non-executive)
David J Isles (Non-executive)
Thomas H Whiting (Non-executive)

Company Secretary

Melvyn J Drummond

Chief Executive Officer

Peter G Blight

Registered Office

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530 Little Collins Street
Melbourne VIC 3000

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Facsimile: (03) 9909 7621

E-mail: srzinfo@stellarresources.com.au

Website: www.stellarresources.com.au

*Registers of unlisted employee and other options
held at this address*

Tax Agents and Advisors

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550 Bourke Street
Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu
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Melbourne VIC 3000

Legal Advisor

Bryan D Cumming
21 Adam Street
Indented Head VIC 3223

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

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

*Register of listed ordinary shares held at this
address*