



Dear Shareholder,

In 2008, Stellar Resources Limited (“Stellar” or “Company”), through a wholly owned subsidiary, acquired a controlling interest in the Heemskirk tin deposits which are located near Zeehan. The interest Stellar acquired was originally owned by the Aberfoyle Limited Group under a joint venture agreement negotiated with our partner, Gippsland Limited (“Gippsland”), in 1977.

Over the past two years, Stellar has gradually redirected its efforts and has focused on the exploration and evaluation of the Heemskirk deposits and their potential to be developed into a producing tin mine. Evaluation work has demonstrated a JORC compliant mineral resource at Heemskirk that ranks among the highest grade undeveloped tin resources in the world. Preliminary scoping studies also indicate potential for developing a profitable mine. Furthermore, recent drilling has demonstrated excellent geological potential to significantly upgrade the current resource.

Although the tin deposits have great potential, there is still significant work to be done before a viable project is defined.

The joint venture agreement with Gippsland entitles Stellar to define and develop a project. However, the terms require Stellar to carry all of the upfront project risk, for ultimately only 70% ownership. This has severely limited the appeal of the Company in the market place and its ability to raise the capital necessary to progress the project.

Over the past four months, Stellar has had extensive discussions with Gippsland about unwinding the joint venture for the benefit of both parties. The final terms negotiated are set out in the accompanying Notice of Meeting. In essence, Stellar is purchasing Gippsland’s 40% interest in the joint venture in exchange for 43.5 million Stellar shares and a royalty on tin production once the realized price reaches \$25,000/t.

Consolidation of ownership of the Heemskirk Project by Stellar will remove the uncertainty created by an unworkable joint venture agreement. Following consolidation, Stellar will be better able to:

- match risk with reward during the funding of a bankable feasibility study
- attract institutional funding and broaden access to capital markets
- negotiate with potential offtake partners
- finance project development under competitive terms and
- elevate the status of the project within the tin industry

If shareholders agree to this acquisition, it will give Stellar 100% ownership of a significant undeveloped tin deposit with the potential to be turned into a producing mine over the next few years. It will brand Stellar as a tin play and provide the opportunity for the Company to move from explorer to producer.

I urge you to read the accompanying material, including the Independent Expert’s Report prepared for you by Nexia ASR Pty Ltd. If you have any questions or queries, please contact our Chief Executive Officer, Mr Peter Blight, on (03) 9618 2540.

The Board of Stellar recommends the acquisition of Gippsland’s interest in the Heemskirk Project to you and asks that you vote in favour of the resolutions specified in the Notice of Meeting.

Yours sincerely,

Phillip Harman  
Chairman

**STELLAR RESOURCES LIMITED**

ABN 96 108 758 961

Level 17 530 Collins Street  
Melbourne Victoria 3000 Australia  
Tel +61 3 9618 2540 Fax +61 3 9649 7200