



7 February 2012

Non-renounceable rights issue

Dear Shareholder,

This is to notify you that on 6 February 2012, Stellar Resources Limited (**ASX: SRZ**) (**Company**) announced a capital raising of up to approximately \$5.7 million comprising:

- a placement to institutional and sophisticated private clients of Taylor Collison Limited to raise a total of \$3.1 million (**Placement**); and
- a pro-rata non-renounceable rights issue to raise up to \$2.6 million before costs of the issue (**Rights Issue**).

The key information in connection with the Rights Issue and important dates are set out below for your reference:

- the Rights Issue is non-renounceable and is being undertaken on the basis of one (1) new fully paid ordinary share for every six (6) ordinary shares held by eligible shareholders at \$0.08 cents per share. The Rights Issue for existing shareholders will allow for participation in the capital raising at the same price as the share placement. The placement shares will be eligible to participate in the Rights Issue;
- **the record date to determine entitlements for eligible shareholders is 7.00pm AEST on 14 February 2012. Only shareholders with a registered address in Australia and New Zealand will be eligible to participate;**
- funds raised from the Rights Issue will be used primarily to fund further drilling and other work at the Heemskirk Tin Project to advance the development and feasibility of the project and for general working capital purposes;
- each new ordinary share will be issued on the same terms as those ordinary shares already issued by the Company;
- for the purposes of calculating your entitlement, fractional entitlements to new shares will be rounded up to the nearest whole number of shares;

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- rights will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlements in full will not receive any value in respect of those entitlements that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible;
- the Rights Issue is underwritten by Taylor Collison Limited. New Shares which are not allocated to eligible shareholders pursuant to their entitlements will be subscribed for by the underwriter or its nominated clients. The underwriter will receive an underwriting fee of 4% of the underwritten amount and a management fee of 2% of the gross proceeds of the offer.
- a maximum of 31,921,078 ordinary shares will be issued under the Rights Issue. This number excludes any allowance for shares issued in the event that any option holders exercise their right to convert their securities to ordinary shares prior to the record date of 14 February 2012. This number is subject to reconciliation of entitlements and rounding;
- after the Placement and Rights Issue, the Company will have up to 223,447,547 ordinary shares on issue, of which up to 223,447,547 ordinary shares will be quoted on ASX. The following securities will not be quoted on ASX:
 - 3,125,000 options exercisable at 20 cents, expiring on 26 November 2013; and
 - 3,000,000 options exercisable at 20 cents, expiring 30 November 2013;
- The Company does not currently have a dividend policy;
- No shareholder approval is required for the Rights Issue; and
- The Rights Issue is being made in accordance with section 708AA of the Corporations Act 2001 without the need for a prospectus.

Timetable

Full details of the Rights Issue are set out in an offer booklet which will be lodged with ASX and despatched to shareholders on 15 February 2012. The offer booklet will be accompanied by a personalised entitlement and acceptance form and instructions on how eligible shareholders may accept their entitlement. Any eligible shareholder who wishes to acquire new shares under the Rights Issue will need to complete the personalised entitlement and acceptance form that will accompany the Rights Issue offer booklet.

Other important dates for eligible shareholders are:

Event	Date
Shares quoted on an “ex” basis	8 February 2012
Record Date	7.00pm (AEST time), 14 February 2012
Offer booklet and entitlement and acceptance forms despatched to eligible shareholders	15 February 2012

Opening date for Rights Issue	15 February 2012
Rights Issue closing date for acceptance and payment in full	5.00pm (AEST time), 29 February 2012
Issue of new shares and despatch of holding statements	8 March 2012
New shares commence trading on ASX	9 March 2012

Further information

For further information on the Rights Issue, please see the Company's ASX announcements made on 6 February 2012 or contact:

Mr Peter Blight
Chief Executive Officer
Tel: +61 3 9618 2540
Email: peter.blight@stellarresources.com.au

The board of directors of the Company commends this Rights Issue to eligible shareholders and hopes you will take the opportunity of increasing your investment in the Company by participating. All Directors intend to take up their full entitlements.

Yours sincerely,



Phillip Harman
Chairman

The information provided in this announcement is not investment advice. You should read the entire offer booklet when you receive it, as well as all other materials lodged with ASX which you consider relevant and consider all of the risk factors that could affect the performance of the Company and the new shares in light of your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stock broker, lawyer or other professional adviser before deciding whether to invest in new shares. Specifically, shareholders should seek advice on the taxation implications of participating in the Rights Issue and have regard to the risk of investing in the Company.