

THIS IS AN IMPORTANT DOCUMENT

AND REQUIRES YOUR ATTENTION

If you are in any doubt as to how to deal with it,
please consult your financial or other professional adviser.

STELLAR RESOURCES LIMITED

ABN 96 108 758 961

(‘Stellar’ or ‘Company’)

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY STATEMENT

The annual general meeting will be held:

- at Level 7, 530 Little Collins Street, Melbourne 3000;
- on 17 November 2005 at 2.30 pm.

You can vote by:

- attending and voting at the meeting; or
- appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to Stellar in the manner set out in the proxy form. The proxy form must be received by the Share Registry of Stellar no later than 2.30pm on 15 November 2005.

STELLAR RESOURCES LIMITED
ABN 96 108 758 961

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the members of **Stellar Resources Limited** will be held:

- on **17 November 2005**
- at **2.30pm**
- at **Level 7, 530 Little Collins Street, Melbourne 3000**

1. RESOLUTIONS

A. Financial statements and reports

To table the following statements and reports and provide members with the opportunity to raise any issues or ask questions generally of the directors concerning those financial statements or the business operations of the Company:

- (a) the financial report of the Company and of the consolidated entities for the period ended 30 June 2005;
- (b) the directors' report; and
- (c) independent auditor's report thereon.

B. Ordinary resolutions

To consider and, if thought fit, to pass the following resolutions each as an ordinary resolution:

Resolution 1: Adoption of Remuneration Report

“**THAT** the Remuneration Report for the period ended 30 June 2005 be adopted.”

Resolution 2: Re-election of Director

“**THAT** Mr T. J. Burrowes, a director retiring by rotation in accordance with rule 57.1 of the Company's Constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a director of the Company.”

Resolution 3: Re-election of Director

“**THAT** Mr C. G. Anderson, a director retiring by rotation in accordance with rule 57.1 of the Company's Constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a director of the Company.”

Resolution 4: Approval of previous issue of shares to Peninsula Exploration Pty. Ltd.

“**THAT**, in accordance with Listing Rules 7.4 and 7.5 of the Listing Rules of Australian Stock Exchange Limited, the issue to Peninsula Exploration Pty Ltd on 3 October 2005 of 1,600,000 fully paid ordinary shares in the capital of the Company at an issue price of 32 cents per share is hereby ratified and approved.”

C. Special resolution

To consider and, if thought fit, to pass the following resolution as a special resolution:

Resolution 5: Alteration of constitution

“**THAT** the constitution of the Company be amended by:

- (a) deleting clause 57.1 and substituting the following new clause viz
 - ‘At the close of each annual general meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire.’; and
- (b) adding to the end of clause 57.3 the words ‘, even if his or her retirement results in more than one-third of all Directors retiring from office’.”

2. VOTING RESTRICTIONS

Resolution 4

For the purposes of resolution 4, the Company will disregard any votes cast by:

- (a) a person who participated in the issue; and
- (b) an associate of that person.

However, the Company need not disregard a vote in respect of resolution 4 if:

- (c) 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
- (d) it is cast by a person chairing the 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.

3. VOTING ENTITLEMENT

The Company has determined, in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, that the Company's shares quoted on Australian Stock Exchange Limited at 7.00pm AEST on 15 November 2005 will be taken for the purpose of the annual general meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote (if not excluded) at the meeting.

4. HOW TO VOTE

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

5. VOTING IN PERSON OR BY ATTORNEY

Shareholders or their attorneys wishing to vote in person should attend the Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Meeting is to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Meeting is to commence, provide the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

6. VOTING BY PROXY

- (a) 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 2.30 pm Melbourne time on 15 November 2005 by:
 - Post in the reply paid envelope provided
 - Hand delivery to: Stellar Resources Limited c/- ASX Perpetual Registrars Limited, Level 4, 333 Collins Street Melbourne 3000 or
 - Fax to: Stellar Resources Limited C/- ASX Perpetual Registrars Limited on +61 2 9287 0309.
- (b) A shareholder who is entitled to vote at the meeting may appoint:
 - (1) one proxy if the shareholder is only entitled to one vote; or
 - (2) one or two proxies if the shareholder is entitled to more than one vote.
- (c) If a shareholder appoints one proxy, that proxy may vote on a show of hands. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- (d) Where the shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- (e) A proxy need not be a shareholder of the Company. 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.
- (f) 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.

- (g) 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 thinks fit.
- (h) 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 Annual General Meeting, the chairperson of the Meeting may either act as proxy or complete the proxy by inserting the name of one or more Directors or the Company Secretary.
- (i) The chairperson of the Annual General Meeting intends to vote all undirected proxies from shareholders (who are eligible to vote in favour of the Resolutions) in favour of the Resolutions to be voted on at the Annual General Meeting. The chairperson will not vote any undirected proxies from shareholders ineligible to vote in favour of the Resolutions.
- (j) If you require an additional proxy form, the Company will supply it on request to the undersigned.

7. 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 Annual General Meeting.

DATED 17 October 2005

BY ORDER OF THE BOARD



.....
Company Secretary

STELLAR RESOURCES LIMITED
ABN 96 108 758 961

EXPLANATORY STATEMENT

1. INTRODUCTION

The purpose of this Explanatory Statement is to provide shareholders with an explanation of the business of the meeting and the Resolutions proposed to be considered at the Annual General Meeting on 17 November 2005 and to assist shareholders in determining how they wish to vote on those Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Meeting and forms part of the Notice of Meeting.

2. BUSINESS OF THE MEETING - SUMMARY

a. To table the financial statements of the Company for the period ended 30 June 2005 and to give the members the opportunity to raise issues and ask questions generally concerning the financial statements or business operations of the Company.

b. To consider and vote on the following ordinary resolutions:

Resolution 1 - to adopt the Remuneration Report for the period ended 30 June 2005;

Resolution 2 - to re-elect Mr T. J. Burrowes as a Director;

Resolution 3 - to re-elect Mr C. G. Anderson as a Director; and

Resolution 4 - to approve a previous issue of shares to Peninsula Exploration Pty. Ltd.

c. To consider and vote on the following special resolution:

Resolution 5 - to alter the constitution of the Company.

3. WHY THE MEETING IS BEING HELD

a. Financial Statements and Reports

The Board is required to lay before the meeting the financial statements, Directors' report and Independent auditor's report for the period from the date of incorporation of the Company (19 April 2004) to 30 June 2005.

Copies of the Annual Report for the period ended 30 June 2005 are being despatched to shareholders with this Notice of Meeting on or about 17 October 2005.

A copy of the Annual Report incorporating the full financial report and the auditor's report will be tabled at the meeting. Shareholders can also request additional copies of the Annual by telephoning the Company Secretary, Mr Bill Michaelidis on +61 3 9909 7622.

The chairperson of the meeting will take shareholders' questions and comments about the management of the Company. The auditor of the Company will be available to take shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the meeting, written questions to the auditor about the content of the auditor's report or the conduct of the audit of the annual financial report to be considered at the meeting may be submitted not later than five business days before the meeting to:

The Company Secretary
Stellar Resources Limited
Level 7, 530 Little Collins Street
Melbourne Victoria 3000

Facsimile: +61 3 9909 7621

E-mail: [Bill.Michaelidis@stellarresources.com.au]

Copies of any questions received will be made available at the meeting. The chairperson of the meeting will allow the auditor to answer written questions submitted to the auditor before the meeting. If the auditor has prepared a written answer to a question, the chairperson of the meeting may permit the auditor to table that written answer. A written answer tabled at the meeting will be made reasonably available to members as soon as practicable after the meeting.

Shareholders are not required to pass any resolution in relation to the financial statements and reports (other than Resolution 1 being the adoption of the Remuneration Report for the year ended 30 June 2005).

b. Resolution 1 – Adoption of Remuneration Report for the period ended 30 June 2005

The Directors' report in the Annual Report for the period ended 30 June 2005 contains (in a separate and clearly defined section) a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and the non-executive Directors.

Recent amendments to the *Corporations Act 2001* require the Company to put to the vote at the annual general meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform shareholders in the notice of the annual general meeting that a resolution to this effect will be put at the meeting.

Before calling for votes in relation to this resolution, the Chairman of the meeting will allow a reasonable opportunity for the members present to ask questions about, or make comments on, the Remuneration Report.

It should be noted that the vote on this resolution is advisory only and does not bind the Directors or the Company. Accordingly, the Company will not be required to alter any arrangements detailed in the Remuneration Report, should the Report not be adopted. However, notwithstanding the strict legal position, the Board has determined that it will take the outcome of the vote into consideration when considering the remuneration policy of the Company.

The Directors make no voting recommendation to shareholders in relation to Resolution 1. All of the Directors entitled to vote on Resolution 1 intend to vote in favour of the Resolution.

c. Resolution 2 - Re-election of Mr T. J. Burrowes as a Director

Rule 57.1 of the Company's constitution requires a minimum of two Directors to retire at the close of each annual general meeting. The Directors retire by rotation, with the Directors to retire being those Directors who have been longest in office since their last election. Directors elected on the same day may agree among themselves or determine by lot which of them must retire. The constitution ensures that no Director is able to remain in office for longer than three years without facing re-election. Under rule 57.4, a retiring Director is entitled to offer himself for re-election as a Director at the annual general meeting which coincides with his retirement.

Mr Burrowes is 51 years of age and has been a Director of the Company, and its Executive Chairman, since 10 December 2004. Mr Burrowes holds a graduate honours degree in economics [B.Ec. (Hons)] and a MBA from the University of Melbourne. He has had extensive experience in all facets of Australian exploration and mining over the past 15 years. After an initial career in funds management, he has held numerous directorships of ASX listed exploration and mining companies. Until July 2003, he was the Managing Director of Buka Minerals Ltd.

Mr Burrowes will retire in accordance with the requirements of the Company's constitution at the close of the annual general meeting. As he is entitled to, and eligible for, re-election, he seeks re-election as a Director of the Company at the meeting.

The Directors (other than Mr Burrowes) recommend that you vote in favour of Resolution 2. Mr Burrowes makes no recommendation to shareholders. All of the Directors entitled to vote on Resolution 2 intend to vote in favour of the Resolution.

d. Resolution 3 - Re-election of Mr C. G. Anderson as a Director

Rule 57.1 of the Company's constitution requires a minimum of two Directors to retire at the close of each annual general meeting. The Directors retire by rotation, with the Directors to retire being those Directors who have been longest in office since their last election. Directors elected on the same day may agree among themselves or determine by lot which of them must retire. The constitution ensures that no Director is able to remain in office for longer than three years without facing re-election. Under rule 57.4, a retiring Director is entitled to offer himself for re-election as a Director at the annual general meeting which coincides with his retirement.

Mr Anderson is 50 years of age and has been an executive Director of the Company since 10 December 2004. Mr Anderson is an exploration consultant with 29 years of experience in mineral exploration programs both in Australia and overseas. He is a graduate of Adelaide University, with an Honours degree in geophysics and geology. He has managed a contract geological and geophysical consultancy service company with particular expertise in the cost effective application of geophysics.

Mr Anderson will retire in accordance with the requirements of the Company's constitution at the close of the annual general meeting. As he is entitled to, and eligible for, re-election, he seeks re-election as a Director of the Company at the meeting.

The Directors (other than Mr Anderson) recommend that you vote in favour of Resolution 3. Mr Anderson makes no recommendation to shareholders. All of the Directors entitled to vote on Resolution 3 intend to vote in favour of the Resolution.

e. Resolution 4 – Approval of a previous issue of shares to Peninsula Exploration Pty. Ltd.

Summary of proposal

Under a Share Sale Agreement dated 20 September 2005 between Peninsula Exploration Pty Ltd (“Peninsula”) (as vendor), the Company (as purchaser) and Michael Shane Le Plastrier (as owner) the Company agreed to purchase the one issued ordinary share in the capital of Hillment Pty Ltd ACN 113 475 139 (“Hillment”) for a price of Six hundred and twelve thousand dollars (\$612,000).

Hillment is the sole holder and beneficial owner of Exploration Licence 3372 which embraces the major proportion of the “Warrior” paleochannel hosted uranium deposit, located west of Tarcoola in central South Australia. This newly acquired ground is nearly contiguous with Stellar’s existing Tarcoola tenements which are, as reported to ASX on 19 July 2005, considered to be highly prospective for uranium mineralisation.

Subject to payment of the balance of the price by Stellar at completion, Peninsula agreed to apply at completion for One million six hundred thousand (1,600,000) ordinary fully paid shares of Stellar at an issue price of 32 cents per share (“Stellar Shares”). Completion of the purchase of Hillment took place on 28 September 2005. Stellar paid Peninsula the balance of the purchase price for Hillment. Peninsula paid Stellar subscription moneys of Five hundred and twelve thousand dollars (\$512,000) for the Stellar Shares. The Stellar Shares were issued to Peninsula on 3 October 2005.

Legal and Regulatory Requirements

ASX Listing Rule 7.1

Under Listing Rule 7.1, the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities, when aggregated with securities issued by the Company during the previous 12 months, exceeds 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that, where a company in general meeting ratifies a previous issue of equity securities, the issue will be treated as having been made with the requisite approval for the purpose of Listing Rule 7.1, thereby enabling the company to issue further securities without exceeding the 15% in 12 months limitation. This will allow the Company to raise further capital without the delay involved with the requirement to seek prior shareholder approval, so that the Company can readily take advantage of opportunities as and when they arise.

If approved, Resolution 4 will ratify and approve the previous issue of 1,600,000 ordinary shares as set out in the Resolution.

ASX Listing Rule 7.5

ASX listing Rule 7.5 requires the Notice of Meeting, at which shareholders are required to consider Resolution 4 pursuant to Listing Rule 7.4, to include certain specified information in relation to the equity securities that have been issued. This information is set out below:

- (a) *the number of securities allotted:* 1,600,000 ordinary shares;
- (b) *the price at which the securities were issued:* 32 cents per share.
- (c) *the terms of the securities:* the securities are fully paid ordinary shares ranking equally in all respects with the other fully paid ordinary shares of the Company on issue;
- (d) *the name of the allottee:*

Peninsula Exploration Pty Ltd ACN 077 503 425
- (e) *the use (or intended use) of the funds raised:* the funds raised were paid to Peninsula in part satisfaction of the agreed price for the purchase of Hillment by the Company.
- (f) *a voting exclusion statement:* this statement is included in the Notice of Meeting of which this Explanatory Statement forms part.

The Directors recommend that you vote in favour of Resolution 4. All of the Directors entitled to vote on Resolution 4 intend to vote in favour of the Resolution.

f. Resolution 5 – Alteration of the constitution

Clause 57.1 of the constitution of the Company provides that at the close of each annual general meeting of the Company a number of Directors must retire from office, being the number:

- (a) determined by the Directors; or
- (b) required for compliance with the ASX Listing Rules; or
- (c) two

whichever is the greatest.

The ASX Listing Rules require an election of directors to be held each year and state that a director of a listed entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. All of the Directors of the Company are subject to this rotation requirement.

Clause 57.1 was adopted when the Company was formed. The Company was then an unlisted public company with only one shareholder, being Gravity Capital Limited (now re-named Gravity Diamonds Limited) ("Gravity"). Whilst certain amendments to the Company's constitution were approved by shareholders at the Annual General Meeting on 10 December 2004, after the *in specie* distribution of shares in the Company to Gravity shareholders had taken place, this alteration to clause 57.1 was overlooked.

Clause 57.1 requires a minimum of two Directors to retire at each annual general meeting. There being four Directors of the Company, this means that each Director is required to retire and seek re-election every second year. This rotation requirement is more onerous than the ASX Listing Rules require.

The Directors seek to replace clause 57.1 with a new provision which would require one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, to retire at the close of each annual general meeting. If approved, this new provision would require only one Director to retire by rotation at each annual general meeting. If approved, the proposed amendment to clause 57.4 would ensure that a Director must retire at the conclusion of the third annual general meeting after the Director was last elected even if that retirement would result in more than one-third of the Directors retiring at that meeting.

The Directors recommend that you vote in favour of Resolution 5. All of the Directors entitled to vote on Resolution 5 intend to vote in favour of the Resolution.

4. QUERIES

If you have any queries about the meeting, the Resolutions to be put to the meeting or the proposals being considered, please contact the Company Secretary, Mr Bill Michaelidis, on (03) 9909 7622.