

A PROSPECTUS FOR A NON-RENOUNCEABLE RIGHTS ISSUE OF 1 SHARE FOR EVERY 12 SHARES HELD.

The Prospectus is dated 19 February 2014.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser without delay.

Lodgement of Prospectus with the ASIC

The paper form of the electronic Prospectus (including its attached Application Form) accessible through this website has been lodged with the Australian Securities and Investments Commission (**ASIC**).

An application for securities can be made by either:

- printing and completing the relevant Application Form attached to or accompanied by the electronic Prospectus; or
- completing the relevant Application Form attached to or accompanied by a paper form of the Prospectus,

and then lodging the form and the application monies in accordance with the details set out in the Prospectus and the relevant Application Form.

To view the prospectus you need to have Adobe Acrobat Reader 4.0 or higher. Adobe Acrobat Reader can be downloaded at the following website:

<http://www.adobe.com/products/acrobat/readstep.html>

WARNING:

For legal reasons, the information and electronic Prospectus provided by this website is available to persons accessing this website from within **AUSTRALIA ONLY**. If you are accessing this website from anywhere outside Australia, please **DO NOT** download the electronic Prospectus accessible through this website.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the offer. It is the responsibility of any applicant outside Australia to ensure compliance with all laws of any country relevant to their applications, and any such applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted any securities.

No action has been taken to register or qualify the securities or the Offers or otherwise to permit a public offering of the securities in any jurisdiction outside Australia.



STELLAR RESOURCES LIMITED
ACN 108 758 961

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every twelve (12) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.052 per Share to raise up to \$1,197,939 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is conditionally partially underwritten by Capetown S.A. and M. Elsasser Vermögensverwaltung Wealth Management GmbH (together the **Underwriters**). Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Phillip Harman (Non-Executive Chairman)
Mr Thomas Burrowes (Non-Executive Director)
Dr Markus Elsasser (Non Executive Director)
Dr David Isles (Non-Executive Director)
Dr Thomas Whiting (Non-Executive Director)

Chief Executive Officer

Mr Peter Blight

Company Secretary

Ms Christina Kemp

Share Registry*

Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

Auditor*

Deloitte Touche Tohmatsu
550 Bourke Street
MELBOURNE VIC 3000

Registered Office

Level 17, 530 Collins Street
MELBOURNE VICTORIA 3000

Telephone: + 61 3 9618 2540
Facsimile: +61 3 9649 7200

Website:
<http://www.stellarresources.com.au>

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Underwriters

Capetown S.A.
19 Rue Aldringen
L-1118 Luxembourg (RC Luxembourg
B125611)

M. Elsasser Vermögensverwaltung
Wealth Management GmbH
Kaufhausgasse 5
CH-4051 Basel
Switzerland

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	25 February 2014
Lodgement of Prospectus & Appendix 3B with ASX	25 February 2014
Notice sent to Shareholders	27 February 2014
Ex date	28 February 2014
Record Date for determining Entitlements	6 March 2014
Prospectus sent out to Shareholders & Company announces this has been completed	11 March 2014
Closing Date*	25 March 2014
Shares quoted on a deferred settlement basis	26 March 2014
ASX notified of under subscriptions	27 March 2014
Issue date/Shares entered into Shareholders' security holdings	31 March 2014
Quotation of Shares issued under the Offer*	1 April 2014

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 25 February 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or

anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

3.2 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every twelve (12) Shares held by Shareholders registered at the Record Date at an issue price of \$0.052 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 23,037,295 Shares will be issued pursuant to this Offer to raise up to \$1,197,939.

As at the date of this Prospectus the Company has no Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.052 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to Stellar Resources Limited, "Stellar Share Application Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 8:00 pm AEDT on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 7:00 pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwriting

The Offer is conditionally partially underwritten by the Underwriters to \$1,008,800. Refer to Section 8.5 of this Prospectus for details of the terms of each of the underwriting arrangements.

The extent to which Shares are issued pursuant to the underwriting arrangements will increase the Underwriters' respective voting power in the Company.

Capetown S.A. is a substantial shareholder of the Company. As previously announced, Capetown S.A. has a right to appoint a nominee as a Director of the Company. The Company expects that Mr Miguel Lopez de Letona will be the nominee of Capetown S.A. but as yet has not been appointed as a Director of the Company. Mr Lopez de Letona is not a Director of Capetown S.A.

The other underwriter, M. Elsasser Vermögensverwaltung Wealth Management GmbH, is an entity associated with Dr Markus Elsasser, a Director, who is also a Shareholder of the Company. For the purposes of the Corporations Act, M. Elsasser Vermögensverwaltung Wealth Management GmbH is a related party of the Company.

The Underwriters are not associated with one another and their respective underwriting commitments are separate.

The Company has not sought Shareholder approval for the execution of the underwriting agreement between the Company and M. Elsasser Vermögensverwaltung Wealth Management GmbH as a related party of the Company on the basis that it has been negotiated at arm's length and contains standard commercial terms and therefore falls within the exception in Section 210 of the Corporations Act.

In support of this, the Company advises that:

- (a) no underwriting fee is payable to M. Elsasser Vermögensverwaltung Wealth Management GmbH; and
- (b) M. Elsasser Vermögensverwaltung Wealth Management GmbH will not benefit from the proposed use of capital, other than as a holder of Shares and recipient of directors' fees to the extent paid from proceeds of the Offer.

4.7 Effect on control of the Company

The Underwriters' present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriters do not take up their entitlement of Shares under each scenario (as the Underwriters will be applying for their proportion of the shortfall, which shall include their entitlement).

Event	Shares held by Capetown S.A.	Voting power of Capetown S.A.	Shares held by M. Elsasser Vermögensverwaltung Wealth Management GmbH	Voting Power of M. Elsasser Vermögensverwaltung Wealth Management GmbH
Date of Prospectus	50,000,000	18.08%	5,717,666	2.06%
Completion of Entitlement Issue				
• Fully subscribed	54,166,667	18.08%	6,194,138	2.06%
• 75% subscribed	54,434,679	19.28%	7,042,310	2.49%
• 50% subscribed	58,869,358	20.44%	8,366,955	2.90%
• 25% subscribed	63,304,038	21.55%	9,691,599	3.29%
• 0% subscribed	65,000,000	21.97%	10,117,666	3.42%

The number of shares held by the Underwriters and their voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders, other than the Underwriters, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 8% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	3.62%	833,334	10,000,000	3.34%
Shareholder 2	5,000,000	1.81%	416,667	5,000,000	1.67%
Shareholder 3	1,500,000	0.54%	125,000	1,500,000	0.50%
Shareholder 4	400,000	0.14%	33,334	400,000	0.13%
Shareholder 5	50,000	0.02%	4,167	50,000	0.02%
Total	276,447,547		23,037,295		299,484,842

Notes:

1. Fractional entitlements have been rounded up to the nearest whole number.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.8 Future intentions of Capetown S.A.

As shown in Section 4.7 above, if Capetown S.A. is required to take up its underwriting obligations, its interest could increase above 20% to a maximum of 21.97%.

The Corporations Act requires Capetown S.A. to confirm its intentions in relation to this possibility.

Capetown S.A. has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to Capetown S.A. as at the date of this Prospectus. Any future decisions will, of course, be reached by Capetown S.A. based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, Capetown S.A.'s intentions could change.

Capetown S.A. has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction.

Capetown S.A. has advised the Company that since it is presently supportive of the Company's current direction, it does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, Capetown S.A.:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than participating in the Offer and conditionally partially underwriting the Offer;
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;

- (d) does not currently intend for any property to be transferred between the Company and Capetown S.A. or any person associated with Capetown S.A.;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

Capetown S.A. will make decisions on its respective course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.052 being the price at which Shares have been offered under the Offer.

The Directors reserve the right to issue Shortfall Shares at their absolute discretion. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors.

4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.11 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Enquiries

Any questions concerning the Offer should be directed to Ms Christina Kemp, Company Secretary, on +61 3 9618 2540.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,197,939.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Heemskirk expenditure ¹	788,000	65.78%
2.	Working capital	288,139	24.05%
3.	Expenses of the Offer ²	121,800	10.17%
	Total	1,197,939	100.00%

Notes:

1. This will comprise surface sampling and drilling of open pit targets at St Dizier, diamond drilling of the Company's high grade targets around existing deposits, drilling at the Severn deposit and advancement of metallurgical testing program for all deposits.
2. Refer to Section 8.10 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If the Company only receives the underwritten portion of the Offer, being \$1,008,800, the difference between the amount received will be deducted from the amount allocated to the working capital, after deduction of any expenses.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by \$1,076,139 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 276,447,547 as at the date of this Prospectus to 299,484,842 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2013 and the unaudited pro-forma balance sheet as at 31 December 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 31/12/2013	PROFORMA 31/12/2013
CURRENT ASSETS		
Cash and cash equivalents ¹	1,094,661	2,292,600
Trade and other receivables	935,110	935,110
Other financial assets	287,721	287,721
Other current assets	27,910	27,910
TOTAL CURRENT ASSETS	2,345,402	3,543,341
NON-CURRENT ASSETS		
Property, plant & equipment	142,377	142,377
Exploration expenditure	14,678,639	14,678,639
TOTAL NON-CURRENT ASSETS	14,821,016	14,821,016
TOTAL ASSETS	17,166,418	18,364,357
CURRENT LIABILITIES		
Trade and other payables	124,639	124,639
Provisions	16,404	16,404
TOTAL CURRENT LIABILITIES	141,043	141,043
NON-CURRENT LIABILITIES		
Provisions	37,794	37,794
TOTAL NON-CURRENT LIABILITIES	37,794	37,794
TOTAL LIABILITIES	178,837	178,837
NET ASSETS	16,987,581	18,185,520
EQUITY		
Issued capital ¹	30,603,135	31,801,074
Reserves	1,422,746	1,422,746
Accumulated losses	(15,038,300)	(15,038,300)
TOTAL EQUITY	16,987,581	18,185,520

Notes:

1. Cash received \$1,197,939 and recognising issue of 23,037,295 ordinary shares directly in equity.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	276,447,547
Shares offered pursuant to the Offer	23,037,295
Total Shares on issue after completion of the Offer	299,484,842

The Company does not currently have any Options on issue. The Company will be seeking the approval of Shareholders at a general meeting to be held on 26 February 2014 to approve the issue of 25,000,000 Options to Capetown S.A. as part of the terms of the placement previously undertaken by the Company. The Options will be exercisable at \$0.08 on or before the date that is three years after their issue.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at 25 February 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Capetown S.A.	50,000,000	18.08
Susanne Bunnenberg	41,117,649	14.87
Resource Capital Fund V.L.P.	33,483,333	12.11

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 276,447,547 currently on issue to 299,484,842. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.052 per share is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Development of key Project

Whilst the Company has: established a JORC compliant indicated and inferred tin resource at its Heemskirk Tin Project, completed a positive prefeasibility study, and owns 100% of the Project, much further drilling and other work remains to be done before a decision to mine, based upon a bankable feasibility study, can be made. The established mineral resource may only partly be converted to mineable reserves. It may not be possible to achieve a satisfactory metallurgical recovery of tin from the ore mined on scaling up from laboratory test results and there could be increases in the expected capital costs of mine and processing plant development and/or costs of mining or processing which jeopardize the Project. Whilst the Company is confident that these high grade deposits will be mined, and is maximizing its efforts towards that objective, there can be no guarantee that the Company will succeed in establishing a commercial tin mining operation in the reasonably foreseeable future, or at all. Until a decision to establish a tin mine is made, or there is a major discovery at another of the Company's projects, the future prospects of the Company are inevitably uncertain.

(c) **Exploration risk**

The other mineral tenements of the Company are in the early stages of exploration. Because mineral exploration and development are high-risk undertakings, there can be no assurance that exploration of these other or any future tenements will result in the discovery of an economic deposit. If exploration is successful, there will be additional costs and processes involved in moving to the development phase. Exploration and development costs are based on estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may differ materially from these estimates and assumptions. Such differences may materially and adversely affect the Company's viability.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Reliance on third parties**

Through the Company's use of contractors and other persons for exploration and other services generally, it is reliant upon a number of third parties for the conduct and success of its exploration and development activities. While this situation is normal for the mining industry in Australia, problems caused by third parties may arise which have the potential to impact on the performance and operations of the Company. Any failure by counterparties to perform their obligations may have a material adverse effect on the Company and there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action.

(f) **Key personnel and employees risk**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) **Local Community**

The Company's Heemskirk Tin Project is situated on the edge of the township of Zeehan. While the Company will do all in its power to maintain good working relationships with the local community, and will pursue a mining plan designed to minimize any community impact, there is a risk that this will not be sufficient to satisfy community

expectations. In that event, the activities of the Company could potentially be disrupted and/or delayed.

7.3 Industry specific

(a) Operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) adverse geological conditions;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) limitations on activities due to seasonal weather patterns and cyclone activity;
- (iv) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure of operating plant and equipment;
- (vii) unanticipated metallurgical problems which may affect extraction recoveries and costs;
- (viii) industrial and environmental accidents, industrial disputes and other force majeure events;
- (ix) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (x) inability to obtain or maintain any necessary consents or approvals.

No assurances can be given that the Company will achieve commercial viability through successful exploration and/or mining. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(b) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices (including for tin) fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in

Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) **Mineral resources estimates risk**

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Title risk**

Although the Company has investigated title to all of its tenements, the Company cannot give any assurance that title to such tenements will not be challenged or impugned. Accordingly, there is a residual risk that, despite the Company's investigations, the tenements may be subject to prior unregistered agreements or transfers or title may be affected by unregistered encumbrances, third party interests or defects. Tenements are also subject to minimum expenditure requirements. In the event that these minimum expenditure requirements are not met, those tenements may be subject to forfeiture proceedings.

(e) **Environmental risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by regulatory authorities.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay or modification to anticipated exploration programmes or mining activities. There is always a risk that detailed environmental investigations will identify endangered or other protected species that may affect the ability of the Company to obtain any necessary government approvals or carry out its operations as planned.

(f) **Native Title risks**

Whilst the area of the Heemskirk Tin Project is not considered to include any such rights, the Company has interests in other tenements which include areas over which legitimate Native Title rights of indigenous Australians may exist. Tenements which the Company may acquire in the future may also include areas where Native Title rights exist. Where Native Title rights exist, the Company's ability to gain access to the land or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. As at the date of this Prospectus, the Company is not aware of any Native Title rights which it expects to materially adversely affect its operations. Nevertheless, no guarantee can be given that Native Title rights will not affect the Company.

(g) **Regulatory risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(h) **Legislative changes and government policy risk**

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

(i) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

7.4 General risks

The value of the Company's securities are affected by a number of general factors which are beyond the control of the Company and its Directors including those set out below.

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain

independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
21/02/2014	Reinstatement to Official Quotation
21/02/2014	Entitlement Offer 1 for 12 to raise up to approx \$1.2million
20/02/2014	Suspension from Official Quotation
18/02/2014	Trading Halt
03/02/2014	R and D Tax Incentive Claim
31/01/2014	Second Quarter Activities and Cashflow Reports
24/01/2014	Notice of General Meeting/Proxy Form
21/01/2014	Appendix 3B
21/01/2014	Stellar Resources Limited audio broadcast presentation
17/01/2014	Information Disclosed under LR 3.10.5A and 7.1A.4(b)
17/01/2014	S.708A Notice
17/01/2014	Appendix 3B
17/01/2014	Stellar Resources Limited Welcomes Major New Investor
15/01/2014	Trading Halt Request
15/01/2014	Trading Halt
05/12/2013	Clarification Statement
02/12/2013	Expiry of Unlisted Director and Employee Options
29/11/2013	Presentation – ITRI November 2013
25/10/2013	First Quarter Activities and Cashflow Reports

Date	Description of Announcement
16/10/2013	Results of Annual General Meeting
16/10/2013	Annual General Meeting Presentation
02/10/2013	Change of Director's Interest Notice
17/09/2013	Investor Presentation
13/09/2013	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.stellarresources.com.au>

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.06	17 January 2014
Lowest	\$0.04	3 and 4 December 2013
Last	\$0.052	25 February 2014

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

8.5 Underwriting Agreement

By a letter agreement between the Underwriters and the Company (**Underwriting Agreements**), the Underwriters each agreed to conditionally partially underwrite the Offer for 19,400,000 Shares (being 84% of the total amount of Shares offered pursuant to the Offer) (**Underwritten Securities**).

Capetown S.A. has agreed to underwrite a maximum of 15,000,000 Shares (being 65% of the total amount of Shares offered pursuant to the Offer), whilst M. Elsasser Vermögensverwaltung Wealth Management GmbH has agreed to underwrite a maximum of 4,400,000 Shares (being 19% of the total amount of Shares offered pursuant to the Offer).

Pursuant to the Underwriting Agreements, the Underwriters and the Company agree that no underwriting fee is payable by the Company in respect of the Underwritten Securities.

The Underwriting Agreements are each conditional upon:

- (a) the Company lodging a prospectus in relation to the entitlement issue with ASIC on or prior to 7 March 2014; and

- (b) if the condition set out above is not satisfied or waived by the due date, the Underwriting Agreements shall each immediately terminate, and neither party shall have any further rights against the other party, other than in respect of any breaches of the Underwriting Agreements which arose prior to its termination (if any).

8.6 Investment Agreement

On 20 June 2013 the Company entered into a letter agreement to introduce select investors to invest in the Company with Juniper Capital Partners (**Juniper**).

Pursuant to that agreement, Juniper has introduced Capetown S.A. to the Company, for which, in relation to the Shares taken up by Capetown S.A. under this Prospectus the Company is obligated to pay to Juniper:

- (a) a cash fee in a an amount that is equal to six percent (6%) of the gross proceeds received from Capetown S.A. by the Company; and
- (b) Shares equal to six percent (6%) of the number of securities issued by the Company to Capetown S.A.

The engagement between the Company and Juniper shall terminate on 30 December 2014, unless extended beyond that time by mutual signed agreement between the parties.

8.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Phillip Harman ¹	1,181,263 ¹	-	98,439	5,119
Thomas Burrowes ²	1,412,965 ²	-	117,747	6,123
Markus Elsasser ³	5,717,666 ³	-	476,473	24,776
David Isles	115,048	-	9,578	498
Thomas Whiting	754,007	-	62,883	3,270

1. 130,360 shares are indirectly held by A A Harman
2. 1,166,667 shares are indirectly held by Providence Gold & Minerals P/L and 246,298 shares are indirectly held by Providence Gold & Minerals P/L (Super Fund A/C).
3. 5,717,666 shares are indirectly held by M Elsasser & Cie AG 1971.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Financial year ending 30 June 2014	Financial year ended 2013	Financial Year ended 2012
Phillip Harman	\$57,903	\$65,400	\$65,400
Thomas Burrowes	\$28,951	\$32,700	\$32,700
Markus Elsasser	\$28,951	\$-	\$-
David Isles	\$28,951	\$32,700	\$32,700
Thomas Whiting	\$32,775	\$70,882	\$70,882

8.8 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

The Underwriters shall not be paid any underwriting fees in respect of this Offer.

Juniper will be paid a services fee in relation to the Shares underwritten by Capetown S.A. pursuant to the Investment Agreement (see Section 8.6 for further details). If Capetown S.A. underwrites its full entitlement to any shortfall, being 15,000,000 Shares, Juniper shall be entitled to a cash fee of \$46,800, and equity in the Company in the form of 900,000 Shares.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$24,806 (excluding GST and disbursements) for legal services provided to the Company.

8.9 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Capetown S.A has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) Capetown S.A. (including its related entities) is a Shareholder of the Company and currently has a relevant interest in 50,000,000 Shares. Capetown S.A. has indicated that it is its current intention not to subscribe for its full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest;
- (e) M. Elsasser Vermögensverwaltung Wealth Management GmbH has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (f) M. Elsasser Vermögensverwaltung Wealth Management GmbH (including its related entities) is a Shareholder and related party of the Company and currently has a relevant interest in 5,717,666 Shares (indirectly held by M Elsasser & Cie AG 1971). M. Elsasser Vermögensverwaltung Wealth Management GmbH has indicated that it is its current intention not to subscribe for its full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest; and
- (g) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.10 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$121,800 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,225
ASX fees	5,192
Capital raising fee	46,800
Legal fees	15,000
Printing and distribution	10,000
Miscellaneous	42,583
Total	121,800

8.11 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 3 9618 2540 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.stellarresources.com.au>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.12 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.14 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Phillip Harman
Non-Executive Chairman
For and on behalf of
Stellar Resources Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEDT means Australian Eastern Daylight Saving Time in Melbourne, Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Stellar Resources Limited (ACN 108 758 961).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.