



STELLAR RESOURCES LIMITED
ACN 108 758 961
AND CONTROLLED ENTITIES

FINANCIAL REPORT
Half-Year Report for the Half-Year Ended 31 December 2014

This half-year report is to be read in conjunction with the annual financial report for the year ended 30 June 2014

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This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual financial report of Stellar Resources Limited and its controlled entities for the year ended 30 June 2014. It is also recommended that this financial report be considered together with any public announcements made by Stellar Resources Limited and its controlled entities during the period ended 31 December 2014, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX").

Directors' Report

For the Half-Year Ended 31 December 2014

The Directors of Stellar Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity") submit herewith the financial report for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the Company during or since the end of the half-year are:

Phillip G Harman

Peter G Blight

Thomas H Whiting

Markus Elsasser

Miguel Lopez de Letona

The above named Directors held office during and since the end of the half-year.

Principal Activities

The principal activity of the Consolidated Entity during the half-year just ended continued to be mineral exploration with the objective of identifying and developing economic reserves.

Operating Result

The net loss of the Consolidated Entity for the half-year period was \$1,128,698 (2013: \$496,276 profit after tax).

The loss for the period was derived after the write off of \$929,723 (2013: \$202,369) in the carrying values of the Consolidated Entity's exploration assets and equity-settled share based payments of \$288,681 recognised in relation to unlisted options issued to the Company's Directors. Other impacts were fair value decrements in Renascor Resources Limited of \$7,499 on options and \$4,500 in shares which were recognised in the consolidated statement of profit or loss.

Review of Operations

During the six months to 31 December 2014, the Consolidated Entity advanced a work program to enhance and optimise the potential economic value and reduce the risk of its flagship Heemskirk Tin asset. The asset is located on the northwest extremity of Zeehan in Tasmania and includes three closely spaced high-grade tin deposits Queen Hill, Severn and Montana.

Strategy

The strategy involved developing a better understanding of ore deposit geology, improving metallurgical performance, assessing the economics of developing the satellite St Dizier prospect and determining the state authorities' environmental compliance requirements for the project.

Long-term tin market fundamentals remain intact and should require development of new underground tin mines to replace alluvial production and meet strong growth in demand. In addition, the decline in value of the Australian dollar toward its long-term trend rate is a positive for the tin price in Australian dollar terms. The Heemskirk Tin Project is well regarded and according to the German geological institute BGR, ranked in the top seven tin projects most likely to advance to production by 2020.

Directors' Report (cont'd)

Finance

Cash on hand declined from \$4.2 million as at 30 June 2014 to \$3.0 million as at 31 December 2014. The \$1.2 million of expenditure, financed completion of a drilling program at Queen Hill, the optimisation program and administration expenses of the Company. No new funding was raised during the period.

Operational Overview

Understanding of the ore deposit geology was advanced for Heemskirk Tin through a process of structural re-logging of drill core across important tin intersections, mineragraphic classification of mineralised rock fabrics and three dimensional modelling of major faults. While this work is on-going, an important early observation is that high grade tin often occurs in the axial plane fabric of northwest to southeast trending parasitic folds. This observation provides an important orientation for future drilling campaigns and a focus on identification of fold hinge zones as drilling targets.

Metallurgical optimisation of the Pre Feasibility Study process flow sheet used a large "global composite" representing typical Severn mineralogy, composition and tin grade. This provided a number of important improvements to metallurgical performance and flow sheet simplifications in addition to generating more robust information with respect to optimum process design criteria and processing conditions. This phase of metallurgical testing will be completed in March quarter 2015.

At St Dizier, Polberro Consulting completed an open pit mine plan and surface works layout for the upper 70 metres of the 1.2 million tonne Indicated Resource. Worley Parsons and ALS Burnie Metallurgical are scoping a process flow sheet for the project. The full scoping study results will be available upon completion of the metallurgical work.

The regulatory process for the grant of mining permits for Heemskirk and St Dizier was initiated by the submission of a Notice of Intent to the Tasmanian Environment Protection Authority (EPA). The EPA, State Development and the West Coast Council visited both sites and responded with guidelines for the preparation of a Development Proposal and Environment Management Plan. Work will be conducted on the DPEMP throughout 2015.

Exploration Activity

The review of ore deposit geology at Severn has also provided an opportunity to revisit the Golf Course prospect, the only other location on RL5/1997 outside of the three known tin deposits where significant tin grades occur at surface. Mapping of geological structure is currently underway in order to identify drilling targets.

Stonehenge Creek (EL 6/2014) is a new licence that lies immediately south of the Heemskirk Tin Project. It was acquired because it contains similar geology to that at Heemskirk. Initial exploration involved a desk-top review of past exploration programs and ground checking of old base-metal workings.

On Ramsay (EL 1/2004), located on the northern edge of the tin-bearing Meredith Granite, follow-up stream sediment sampling is under-way to determine the significance of high tin value recovered in the previous soil sampling campaign.

Renascor Resources Limited withdrew from the joint venture with Hiltaba Gold Pty Ltd over EL 5307 near Cowell in South Australia. The Consolidated Entity is seeking joint venture partners for this licence and other South Australian exploration licences.

Directors' Report (cont'd)

Risk Management

A risk registry is maintained by the Consolidated Entity with key risks reviewed by the Managing Director and Board of Directors at each board meeting.

Funding is still considered to be the main risk for the Consolidated Entity. The funding risk was managed by deferring drilling and reducing discretionary expenditure during the period to 31 December 2014.

Other risks relating to the project were reduced through the various optimisation programs.

Financial Position

The net assets of the Consolidated Entity as at 31 December 2014 were \$18,715,074 (30 June 2014: \$19,538,650) represented by:

- cash of \$3,001,758 (30 June 2014 - \$4,179,856)
- trade and other receivables of \$353,481 (30 June 2014 - \$133,608)
- investments in Renascor Resources Limited and UraniumSA Limited valued at \$129,392 (30 June 2014 - \$124,950)
- exploration expenditure \$15,274,843 (30 June 2014 - \$15,282,431)
- trade and other payables \$148,703 (30 June 2014 - \$296,526)

The Consolidated Entity had no external borrowings as at 31 December 2014.

Business Strategies

The Consolidated Entity is committed to the corporate objective of:

“Enhancing shareholder wealth through mineral discovery”.

It seeks to meet this objective by:

- Utilising cutting edge exploration technology;
- Focusing on projects located within geological terrains hosting world-class ore bodies; and
- Utilising an experienced, focused and success driven management team.

Where joint ventures seem appropriate and beneficial to the risk/reward profile of Stellar Resources, the Board has chosen to enter such agreements. Joint ventures provide financing whilst maintaining meaningful involvement and equity in the project.

Stellar Resources Limited is also prepared to sponsor or co-sponsor new IPO's – including those where the Consolidated Entity's assets may be included. In such cases, shareholders may also be eligible and entitled to subscribe for shares in any new IPO.

The Consolidated Entity's prospects for future years depend very much on the rate of mineral discovery. The Consolidated Entity is an active minerals explorer and a good sized mineral discovery has the potential to add substantial value to Stellar. Against this, Company funds must be expended in this exploration/discovery endeavour and the Board may decide to raise new equity to replenish funds along the path.

Directors' Report (cont'd)

Future Developments

The Consolidated Entity's activities will continue to focus on the Heemskirk Tin Project in Tasmania. In the forthcoming year, the Consolidated Entity plans to attract funding partners to continue exploration around the known Mineral Resource at the Heemskirk Tin Project ahead of in-fill drilling, metallurgical testing and various studies to support preparation of a Definitive Feasibility Study.

Contingencies and Commitments

No contingent liabilities have arisen since the date of the last annual financial report issued as at 30 June 2014.

Dividends

No amounts have been paid or declared as dividends during the course of the half-year period just concluded.

Environmental Regulations

The Consolidated Entity's exploration activities are subject to various environmental regulations under both state and federal legislation in Australia. The ongoing operation of these tenements is subject to compliance with the respective mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The Directors are not aware of any significant breaches of mining and environmental regulations and legislation during the half-year period covered by this report.

After Balance Date Events

On 26 February 2015, Stellar Resources Limited announced that it had received funds in respect of the Research and Development Tax Incentive Claim of \$241,824 (includes interest, before costs) for the twelve months ended 30 June 2014 from the Australian Taxation Office.

Other than stated, in the opinion of the Directors of the Company, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Consolidated Entity during the remainder of the financial year.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2014 has been received and can be found on page 17.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001 and dated this 3rd day of March 2015.

On behalf of the Directors



P G Harman
Chairman
Melbourne

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2014

		Consolidated	
		Half-year ended 31 December 2014	Half-year ended 31 December 2013
Note		\$	\$
Revenue			
	Interest received – bank deposits	60,044	25,137
	Research & development concessional tax refund - ATO	240,274	833,612
	Other income	-	45,000
3	Administration expenditure	(484,735)	(202,364)
	Depreciation and amortisation expense	(2,559)	(2,740)
	Impairment of available-for-sale investments	(4,500)	-
	Fair value loss on financial assets	(7,499)	-
5	Exploration expenditure and other costs written off	(929,723)	(202,369)
	Profit/(loss) before tax	(1,128,698)	496,276
	Income tax expense	-	-
	Profit/(loss) for the period	(1,128,698)	496,276
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
	Net value gain on available-for-sale financial assets taken to equity	16,441	85,500
4			
	Other comprehensive income for the period, net of income tax	16,441	85,500
	Total comprehensive income for the period	(1,112,257)	581,776
Earnings per share			
	Basic (cents per share)	(0.4)	0.2
	Diluted (cents per share)	(0.4)	0.2

Notes to the condensed consolidated financial statements are included on pages 9 to 15.

Condensed Consolidated Statement of Financial Position as at 31 December 2014

	Note	Consolidated	
		31 December 2014 \$	30 June 2014 \$
Assets			
Current assets			
Cash and cash equivalents		3,001,758	4,179,856
Trade and other receivables		353,481	133,608
Other financial assets	4	129,392	124,950
Other		32,869	38,293
Total current assets		3,517,500	4,476,707
Non-current assets			
Property, plant and equipment		131,112	133,443
Exploration expenditure	5	15,274,843	15,282,431
Total non-current assets		15,405,955	15,415,874
Total assets		18,923,455	19,892,581
Liabilities			
Current liabilities			
Trade and other payables		148,703	296,526
Provisions		20,141	23,726
Total current liabilities		168,844	320,252
Non-current liabilities			
Provisions		39,537	33,679
Total non-current liabilities		39,537	33,679
Total liabilities		208,381	353,931
Net assets		18,715,074	19,538,650
Equity			
Capital and reserves			
Issued capital		34,372,833	34,372,833
Reserves		2,142,794	1,837,672
Accumulated losses		(17,800,553)	(16,671,855)
Total equity		18,715,074	19,538,650

Notes to the condensed consolidated financial statements are included on pages 9 to 15.

Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2014

Consolidated	Issued capital	Employee equity- settled benefits reserve	Option valuation reserve	Investments revaluation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	30,603,135	1,337,246	-	-	(15,534,576)	16,405,805
Profit for the period	-	-	-	-	496,276	496,276
Other comprehensive income for the half-year, net of income tax	-	-	-	85,500	-	85,500
Total comprehensive income for the period	-	-	-	85,500	496,276	581,776
Balance at 31 Dec 2013	30,603,135	1,337,246	-	85,500	(15,038,300)	16,987,581
Balance at 1 July 2014	34,372,833	1,337,246	497,426	3,000	(16,671,855)	19,538,650
Loss for the period	-	-	-	-	(1,128,698)	(1,128,698)
Other comprehensive income for the half-year, net of income tax	-	-	-	16,441	-	16,441
Total comprehensive income for the period	-	-	-	16,441	(1,128,698)	(1,112,257)
Vesting of Director options	-	288,681	-	-	-	288,681
Balance at 31 Dec 2014	34,372,833	1,625,927	497,426	19,441	(17,800,553)	18,715,074

Notes to the condensed consolidated financial statements are included on pages 9 to 15.

**Condensed Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2014**

	Consolidated	
	Half-year ended 31 Dec 2014 \$	Half-year ended 31 Dec 2013 \$
Cash flows from operating activities		
GST receipts from Australian Taxation Office	82,247	80,501
Payments to suppliers and employees	(402,467)	(178,172)
Net cash used in operating activities	(320,220)	(97,671)
Cash flows from investing activities		
Interest received	61,360	28,663
Payments for property, plant and equipment	(227)	-
Payments for exploration expenditure	(918,571)	(1,020,851)
Security deposit payment	(440)	-
Net cash used in investing activities	(857,878)	(992,188)
Net decrease in cash and cash equivalents	(1,178,098)	(1,089,859)
Cash and cash equivalents at the beginning of the period	4,179,856	2,184,520
Cash and cash equivalents at the end of the period	3,001,758	1,094,661

Notes to the condensed consolidated financial statements are included on pages 9 to 15.

Notes to the Condensed Consolidated Financial Statements

1. Significant Accounting Policies

Reporting Entity

Stellar Resources Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2014 annual financial report for the financial year ended 30 June 2014, other than as detailed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Consolidated Entity include:

- AASB 1031 ‘Materiality’ (2013)
- AASB 2012-3 ‘Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities’
- AASB 1031 ‘Materiality’ (December 2013)
- AASB 2013-9 ‘Amendments to Australian Accounting Standards’ – Part B: ‘Materiality’
- AASB 2014-1 ‘Amendments to Australian Accounting Standards’
 - o Part A: ‘Annual Improvements 2010-2012 and 2011-2013 Cycles’
 - o Part C: ‘Materiality’

1. Significant accounting policies (cont'd)

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period (cont'd)

- Interpretation 21 'Levies'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

(a) Going Concern

Stellar Resources Limited's condensed consolidated financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the half-year ended 31 December 2014, the Consolidated Entity recognised a loss of \$1,128,698 had net cash outflows from operating activities of \$320,220, payments for exploration activities of \$918,571 and had an accumulated loss of \$17,800,553 as at 31 December 2014. The continuation of the Consolidated Entity as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities and manage the level of exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate for the following reasons:

- As at 31 December 2014, the Consolidated Entity had cash assets of \$3,001,758, net working capital of \$3,219,264, which excludes investments in ASX traded shares of \$129,392 which could be sold if required.
- The most recently prepared cash flow forecast prepared by management and reviewed by the Directors indicates that the Consolidated Entity will hold sufficient cash reserves to continue its current exploration programmes and other working capital requirements beyond twelve months from issuing these financial statements. The cash flow forecast takes into account the raising of new equity capital in order for the Consolidated Entity to meet its planned exploration expenditure.

(b) Exploration and Evaluation Expenditure

The Consolidated Entity's accounting policy in relation to exploration and evaluation expenditure is consistent with that disclosed in the 2014 annual report.

Stellar Resources Limited and Controlled Entities

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1. Significant accounting policies (cont'd)

2. Segment Information

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

31 December 2014	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Total \$
Revenue						
Interest income	60,044	-	-	-	-	60,044
Research and development concessional tax refund	240,274	-	-	-	-	240,274
Expenses						
Other expenses	(496,734)	-	-	-	-	(496,734)
Depreciation and amortisation Exploration expenditure and other costs recouped/(written off)	(1,934)	-	(625)	-	-	(2,559)
	-	(8,849)	(518,266)	(14,945)	(387,663)	(929,723)
Profit/(loss) before tax	(198,350)	(8,849)	(518,891)	(14,945)	(387,663)	(1,128,698)
31 December 2014	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Total \$
Current assets	3,517,500	-	-	-	-	3,517,500
Exploration expenditure	-	-	15,274,843	-	-	15,274,843
Property, plant and equipment	6,218	-	124,667	-	-	130,885
Additions to property, plant and equipment	227	-	-	-	-	227
	6,445	-	124,667	-	-	131,112
Current and non-current liabilities	(208,381)	-	-	-	-	(208,381)
Net assets	3,315,564	-	15,399,510	-	-	18,715,074

Stellar Resources Limited and Controlled Entities

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2. Segment Information (cont'd)

31 December 2013	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Total \$
Revenue						
Interest income	25,137	-	-	-	-	25,137
Research and development concessional tax refund	833,612	-	-	-	-	833,612
Other income	45,000	-	-	-	-	45,000
Expenses						
Other expenses	(202,364)	-	-	-	-	(202,364)
Depreciation and amortisation	(2,115)	-	(625)	-	-	(2,740)
Exploration expenditure and other costs recouped/(written off)	-	-	(161,916)	(17,077)	(23,376)	(202,369)
Profit/(loss) before tax	699,270	-	(162,541)	(17,077)	(23,376)	496,276
30 June 2014	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Total \$
Current assets	4,476,707	-	-	-	-	4,476,707
Exploration expenditure	-	-	14,912,308	-	370,123	15,282,431
Property, plant and equipment	3,552	-	125,292	-	-	128,844
Additions to property, plant and equipment	4,599	-	-	-	-	4,599
	8,151	-	125,292	-	-	133,443
Current and non-current liabilities	(353,931)	-	-	-	-	(353,931)
Net assets	4,130,927	-	15,037,600	-	370,123	19,538,650

3. Other Income

	Half-year ended 31 Dec 2014 \$	Half-year ended 31 Dec 2013 \$
Fair value gain on financial assets - options	-	45,000
	-	45,000

4. Other Financial Assets

	\$
Balance as at 30 June 2014	124,950
Fair value net increment – shares Uranium SA Limited	19,441
Fair value net decrement – shares Renascor Resources Limited	(7,500)
Fair value net decrement – options Renascor Resources limited	(7,499)
Balance as at 31 December 2014	129,392

Shares in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) and are measured at fair value. A revaluation increment of \$19,441 in relation to the available-for-sale shares in UraniumSA Limited was recognised in the investments revaluation reserve during the half-year.

Stellar Resources Limited and Controlled Entities

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4. Other Financial Assets (cont'd)

Shares and options in Renascor Resources Limited are held by Hiltaba Gold Pty Ltd and are measured at fair value. A revaluation decrement of \$3,000 in relation to the available-for-sale shares was recognised in the investments revaluation reserve and a revaluation impairment of \$4,500 was recognised in the consolidated statement of profit or loss during the half-year. The fair value of options held in Renascor Resources Limited decreased by \$7,499. The fair value decrement on options was recognised in the consolidated statement of profit or loss.

	31 Dec 2014		30 Jun 2014	
	Value \$	Number	Value \$	Number
Available-for-sale investments comprise of the following:				
UraniumSA Limited - shares	73,876	3,888,238	54,435	3,888,238
Renascor Resources Limited - shares	48,000	1,500,000	55,500	1,500,000
Renascor Resources Limited - options	7,516	1,500,000	15,015	1,500,000
	<u>129,392</u>	<u>6,888,238</u>	<u>124,950</u>	<u>6,888,238</u>

5. Exploration Expenditure

Carrying Values

	\$
Balance as at 30 June 2014	15,282,431
Expenditure incurred during the period	922,135
Expenditure and other costs written off during the period	(929,723)
	<u>15,274,843</u>
Balance as at 31 December 2014	

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

6. Financial Instruments

This note provides information about how the Consolidated Entity determines fair values of various financial assets and liabilities.

6.1 Fair value of the Consolidated Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Consolidated Entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

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6. Financial Instruments (cont'd)

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/2014	30/06/2014				
1) Available-for-sale financial assets	Listed equity securities in : UraniumSA Limited - \$73,876; and Renascor Resources Limited - \$48,000	Listed equity securities in: UraniumSA Limited - \$54,435; and Renascor Resources Limited - \$55,500	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Fair value through profit or loss – derivative instruments	Unlisted options in: Renascor Resources Limited - \$7,516	Unlisted options in: Renascor Resources Limited - \$15,015	Level 2	Quoted bid prices in an active market and option pricing models	N/A	N/A

6.2 Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of trade and other receivables and trade and other payables recognised in the consolidated financial statements approximate their fair values.

7. Issuances, Repurchases and Repayments of Equity Securities

Issued capital as at 31 December 2014 amounted to \$34,372,833 (300,227,775 ordinary shares). There were no movements in the issued capital of the Company in the current interim reporting period (2013: nil).

Options issued

During the half-year reporting period, the Company issued 17,500,000 share options (2013: nil) over ordinary shares under the Director share option plan. These share options had a fair value at grant date of \$0.02 per share option (2013: nil).

Options expired

During the half-year reporting period, there were no expired options (2013: 6,125,000).

Options cancelled

During the half-year reporting period, there were no cancelled options (2013: nil).

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

8. Subsidiaries

Joint venture interest acquired

No joint venture interests were acquired during the period.

Subsidiaries acquired

No subsidiaries were acquired during the period.

Subsidiaries disposed

No subsidiaries were disposed during the period.

9. Contingencies and Commitments

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2014.

10. Events Subsequent to Reporting Date

On 26 February 2015, Stellar Resources Limited announced that it had received funds in respect of the Research and Development Tax Incentive Claim of \$241,824 (includes interest, before costs) for the twelve months ended 30 June 2014 from the Australian Taxation Office.

Other than stated, in the opinion of the Directors of the Company, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Consolidated Entity during the remainder of the financial year.

Directors' Declaration

The Directors of the Company declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



P G Harman

Chairman

Melbourne

Dated this 3rd March 2015.

3 March 2015

The Board of Directors
Stellar Resources Limited
Level 17, 530 Collins Street
MELBOURNE VIC 3000

Dear Board Members

Stellar Resources Limited

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

As lead audit partner for the review of the financial statements of Stellar Resources Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountant

Independent Auditor's Review Report to the members of Stellar Resources Limited

We have reviewed the accompanying half-year financial report of Stellar Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 16.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stellar Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stellar Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stellar Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants
Melbourne, 3 March 2015

Stellar Resources Limited and Controlled Entities

ACN 108 758 961

CORPORATE DIRECTORY

Directors

Phillip G Harman (Non-executive Chairman)
Peter G Blight (Managing Director)
Thomas H Whiting (Non-executive)
Markus Elsasser (Non-executive)
Miguel Lopez de Letona (Non-executive)

Company Secretary

Christina R Kemp

Legal Advisors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Komesaroff Legal
Level 40, 140 William Street
Melbourne VIC 3000

Registered Office

Level 17
530 Collins Street
Melbourne VIC 3000

Telephone: (03) 9618 2540
Facsimile: (03) 9649 7200
E-mail: srzinfo@stellarresources.com.au
Website: www.stellarresources.com.au

Register of unlisted options held at this address

Tax Agents and Advisors

Deloitte Private Pty Ltd
550 Bourke Street
Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Bankers

National Australia Bank Limited
Level 2, 330 Collins Street
Melbourne VIC 3000

BankWest
Level 6, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Home Stock Exchange

Australian Securities Exchange
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX code for shares: SRZ

Share Registry

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

Register of listed ordinary shares held at this address