



STELLAR RESOURCES LIMITED
ACN 108 758 961

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Tuesday, 26 November 2019

Time of Meeting:
10.00am (AEDT)

Place of Meeting:
**Chartered Accountants Australia and New Zealand
Level 18, Bourke Place,
600 Bourke Street, Melbourne, VIC, 3000**

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay.*

STELLAR RESOURCES LIMITED

ACN 108 758 961

Registered Office: Level 4, 100 Albert Road, South Melbourne VIC 3205

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Stellar Resources Limited (Company) will be held at the offices of Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne Victoria 3000 at 10.00am (AEDT) on Tuesday, 26 November 2019 (Annual General Meeting or Meeting).

AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

ORDINARY BUSINESS

Receipt and Consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2019.

Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no Resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2019 be adopted."

Resolution 2: Election of Mr Gary Fietz as a Director of the Company

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, Mr Gary Fietz, having been appointed to the Board of Directors during the year, vacates office as a director in accordance with the Constitution of the Company and being eligible for election, be elected as a director of the Company."

Resolution 3: Re-Election of Dr Thomas Whiting as a Director of the Company

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, Dr Thomas Whiting, who retires by rotation pursuant to the Constitution of the Company and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4: Ratification of Prior Issue of Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the allotment and issue of 615,244 fully paid ordinary shares in the Company at a deemed issue price of \$0.013 (1.3 cents) per share on 6 May 2019 as described in the Explanatory Statement."

Resolution 5: Ratification of Prior Issue of Options

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of 2,000,000 unlisted options on 10 May 2019 as described in the Explanatory Statement which accompanies and forms part of this Notice.”

Resolution 6: Approval to Issue Fully Paid Ordinary Shares to Directors

To consider and, if thought fit, pass the following resolutions as **ordinary resolutions**:

Resolution 6(a)

That for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue Mr Peter Blight (or his nominee), a Director of the Company, up to 1,884,988 fully paid ordinary shares in the event Mr Blight elects to take shares in lieu of a physical cash payment in relation to up to 100% of directors fees for the period 1 October 2019 to 30 November 2019, and on the basis as set out in the accompanying Explanatory Memorandum.

Resolution 6(b)

That for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue Mr Philip Harman (or his nominee), a Director of the Company, up to 568,198 fully paid ordinary shares in the event Mr Harman elects to take shares in lieu of a physical cash payment in relation to up to 100% of directors fees for the period 1 October 2019 to 30 November 2019, and on the basis as set out in the accompanying Explanatory Memorandum.

Resolution 6(c)

That for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue Mr Gary Fietz (or his nominee), a Director of the Company, up to 284,000 fully paid ordinary shares in the event Mr Fietz elects to take shares in lieu of a physical cash payment in relation to up to 100% of directors fees for the period 1 October 2019 to 30 November 2019, and on the basis as set out in the accompanying Explanatory Memorandum.

Resolution 6(d)

That for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue Dr Thomas Whiting (or his nominee), a Director of the Company, up to 284,000 fully paid ordinary shares in the event Dr Whiting elects to take shares in lieu of a physical cash payment in relation to up to 100% of directors fees for the period 1 October 2019 to 30 November 2019, and on the basis as set out in the accompanying Explanatory Memorandum.

Resolution 7: Approval to Issue Fully Paid Ordinary Shares to Directors

To consider and, if thought fit, pass the following resolutions as **ordinary resolutions**:

Resolution 7(a)

“That, for the purpose of Listing Rule 10.11 and for all other purposes and pursuant to an ASX waiver granted, Shareholder approval is given for the Company to issue Mr Peter Blight (or his nominee), a Director of the Company, fully paid ordinary shares in satisfaction of Directors’ fees payable in the event Mr Blight elects to take fully paid ordinary shares in lieu of a physical cash payment for fees and on the basis as set out in the accompanying Explanatory Statement.”

Resolution 7(b)

“That, for the purpose of Listing Rule 10.11 and for all other purposes and pursuant to an ASX waiver granted, Shareholder approval is given for the Company to issue Mr Philip Harman (or his nominee), a Director of the Company, fully paid ordinary shares in satisfaction of Directors’ fees payable in the event Mr Harman elects to take fully paid ordinary shares in lieu of a physical cash payment for fees and on the basis as set out in the accompanying Explanatory Statement.”

Resolution 7(c)

“That, for the purpose of Listing Rule 10.11 and for all other purposes and pursuant to an ASX waiver granted, Shareholder approval is given for the Company to issue Mr Gary Fietz (or his nominee), a Director of the Company, fully paid ordinary shares in satisfaction of Directors’ fees payable in the event Mr Fietz elects to take fully paid ordinary shares in lieu of a physical cash payment for fees and on the basis as set out in the accompanying Explanatory Statement.”

Resolution 7(d)

“That, for the purpose of Listing Rule 10.11 and for all other purposes and pursuant to an ASX waiver granted, Shareholder approval is given for the Company to issue Dr Thomas Whiting (or his nominee), a Director of the Company, fully paid ordinary shares in satisfaction of Directors’ fees payable in the event Dr Whiting elects to take fully paid ordinary shares in lieu of a physical cash payment for fees and on the basis as set out in the accompanying Explanatory Statement.”

SPECIAL BUSINESS

Resolution 8: Replacement of constitution

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes, with effect from the close of this Meeting.”

Resolution 9: Approval of 10% Placement Facility

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

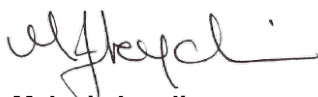
“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

Resolution 10: Renewal of Proportional Takeover Bid Provisions in the Constitution

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

“That, for the purposes of Section 648G(4) of the Corporations Act 2001(Cth) and for all other purposes the members of the company approve the renewal of Clause 22A of the Company’s Constitution for a further period of three years commencing from the date of this Annual General Meeting.”

BY ORDER OF THE BOARD



Melanie Leydin

Company Secretary

21 October 2019

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its Constitution or the Corporations Act.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy form must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority.
 - h. To be effective, Proxy Forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.00am (AEDT) on Sunday, 24 November 2019. Any proxy received after that time will not be valid for the scheduled Meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolutions 2 and 3

There are no voting exclusions on this Resolutions 2 and 3.

Resolution 4

The Company will disregard any votes cast in favour on Resolution 4 by a Director, or a member of the Key Management Personnel or a Closely Related party of such member (Proxy Voter) where they are acting as proxy in contravention of section 250BD of the Corporations Act.

A vote may be cast by a Proxy Voter where the vote is not cast on behalf of the Proxy Voter and either:

- (a) the Proxy Form specifies how that Proxy Voter is to vote; or
- (b) that Proxy Voter is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

Resolution 5, 6 and 7

The Company will disregard any votes cast in favour on Resolutions 5, 6 and 7 by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8

There are no voting exclusions on this resolution.

Resolution 9

The Company will disregard any votes cast in favour on Resolution 9 by any person who is expected to participate in the proposed issue or any person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10

There are no voting exclusions on this resolution.

6. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on +61 3 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Receipt and Consideration of Accounts and Reports

A copy of the Annual Report for the financial year ending 30 June 2019 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditor's report) is not enclosed. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at +61 3 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: www.stellarresources.com.au or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no Resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

The Board recommends that all eligible Shareholders vote in favour of Resolution 1. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Resolution 2: Election of Mr Gary Fietz as a Director of the Company

Background

Mr Gary Fietz was appointed as a Non-Executive Director on 6 May 2019 as a casual vacancy and is eligible for election under the Company's Constitution.

Mr Fietz has over 30 years of technical and commercial experience in the mining industry including; exploration management, mineral resource estimation, study management (Scoping, Pre-Feasibility, and Feasibility Studies), project generation and assessment, governance, corporate finance, mergers and acquisitions and strategic planning. He is a former Managing Director and NED of ASX and foreign listed exploration and resource development companies. He has previously worked in tin, iron ore, coking coal and gold exploration and development in Australia, the UK, North and South America, Africa and India.

Board Recommendation

The Board (with Mr Fietz abstaining) recommends that Shareholders vote in favour of the election of Mr Fietz. The Chairman of the Meeting intends to vote undirected proxies in favour of Mr Fietz's election.

Resolution 3: Re-Election of Dr Thomas Whiting as a Director of the Company

Background

In accordance with the Company's Constitution, at the close of each AGM one-third of the Directors (excluding the Managing Director), or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at the AGM are those Directors who have been longest in office since their last election. Dr Whiting being eligible, offers himself for re-election.

Dr Whiting has spent more than 30 years in the minerals exploration industry both as a geophysicist and an exploration manager. From 2000 to 2004 he was Vice President of Minerals Exploration for BHP Billiton. During his career with BHP Billiton he was associated with a number of discoveries, in particular the Cannington Pb/Zn/Ag mine in Queensland, the world's largest producer of silver and lead. He is Chairman of Deep Exploration Technologies Cooperative Research Centre and has held directorships on boards of a number of ASX listed junior exploration companies.

Board Recommendation

The Board (with Dr Whiting abstaining) recommends that Shareholders vote in favour of the election of Dr Whiting. The Chairman of the Meeting intends to vote undirected proxies in favour of Dr Whiting's election.

Resolution 4: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue of 615,244 fully paid ordinary shares to a third party consultant in relation to services provided as per the Appendix 3B announced on 6 May 2019.

Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of fully paid ordinary shares in the Company that were issued is 615,244;
- (b) the Shares were issued at a deemed issue price of \$0.013 (1.3 cents) per share;
- (c) the Shares allotted and issued rank equally with the existing Shares on issue;
- (d) the Shares were allotted and issued to a third-party consultant as consideration in relation to services provided;
- (e) there were no funds raised from the issue; and
- (f) a voting exclusion statement is included in the Notice of Meeting of which this Explanatory Statement forms part.

Board Recommendation

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 615,244 fully paid ordinary shares. The Chairman of the meeting intends to vote undirected proxies in favour of this prior share issue.

Resolution 5: Ratification of Prior Issue of Options

Background

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 2,000,000 unlisted options exercisable at \$0.02 (2 cents) per option, vesting immediately and expiring on 10 May 2022 to Mr Gary Fietz as Non-Executive Director as part of his sign on remuneration package. The Appendix 3B relating to the issue was announced to ASX on 10 May 2019.

The 2,000,000 unlisted options were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. The options were issued as a sign on remuneration package and therefore the Company is not seeking shareholder approval under Listing Rule 10.11.

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of unlisted options in the Company that were issued was 2,000,000;
- (b) the options were issued at a Nil issue price;
- (c) the options issued do not rank equally with the existing class of quoted securities, however fully paid ordinary shares issued upon the exercise of the options will have the same terms and rights as, and ranking equally with, the Company's existing shares;
- (d) the options are exercisable at \$0.02 (2 cents) per option, vesting immediately and expiring on 10 May 2022;
- (e) the options were issued to Mr Gary Fietz as Non-Executive Director of the Company as part of his sign on remuneration package;
- (f) there were no funds raised from this issue; and
- (g) a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

Resolution 6: Approval to Issue of Fully Paid Ordinary Shares to Directors

Resolution 6(a), 6(b), 6(c) and 6(d)

Resolution 6 of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Directors of the Company as consideration for 100% of the Director's fees payable to them for the period from 1 October 2019 to 30 November 2019. The Directors seek Shareholder approval on this Resolution to take Shares in lieu of the Company making a physical cash payment for up to 100% of Directors fees owed. The deemed issue price of the shares are set out in the table below, being the higher of the floor price of \$0.01 (1 cent) per share or the monthly VWAP in arrears for each month worth of Directors fees accrued. The Shares will be issued to Mr Peter Blight, Mr Philip Harman, Mr Gary Fietz and Dr Thomas Whiting (or their respective nominees).

The Company is currently reviewing its corporate overheads which includes Directors and management fees in order to maintain cash reserves and ensure that resources including cash are effectively applied as part of cost reduction strategies currently under implementation. The Company is of the view that remunerating Directors by way of equity aligns the interests of shareholders and Directors.

It is the view of Directors that the issue of Shares pursuant to Resolutions 6(a), 6(b), 6(c) and 6(d) falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by the Directors. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although Shareholder approval must be obtained pursuant to Listing Rule 10.11.

The following is a table of the outstanding Directors' fees payable and the number of shares that could be issued to each of the Directors of the Company if approval is provided:

Director	Total Fees Accrued (Oct-19 to Nov-19) \$	Floor Issue Price \$ (cents)	Maximum No. of Shares to be issued if approval is provided
Mr Peter Blight	\$18,849.88	\$0.01 (1 cent)	1,884,988
Mr Philip Harman	\$5,681.98	\$0.01 (1 cent)	568,198
Mr Gary Fietz	\$2,840.00	\$0.01 (1 cent)	284,000
Dr Thomas Whiting	\$2,840.00	\$0.01 (1 cent)	284,000

ASX Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under Listing Rule 10.11.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the related parties are Mr Peter Blight, Mr Philip Harman, Mr Gary Fietz and Mr Thomas Whiting and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Shares to be issued by the Company is 3,021,186 under Resolutions 6(a), 6(b), 6(c) and 6(d) comprising:
 - i. 1,884,988 fully paid ordinary shares to Mr Peter Blight (or his nominee) - Resolution 6(a);
 - ii. 568,198 fully paid ordinary shares to Mr Mr Philip Harman (or his nominee) - Resolution 6(b);
 - iii. 284,000 fully paid ordinary shares to Mr Gary Fietz (or his nominee) - Resolution 6(c);
 - iv. 284,000 fully paid ordinary shares to Dr Thomas Whiting (or his nominee) - Resolution 6(d);
- (c) the Shares will be issued not later than one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the allotment will occur on the same date;
- (d) the Shares will be issued at the higher of the floor price of \$0.01 (1 cent) per share or the monthly VWAP in arrears for each month worth of Directors fees accrued, the shares will be issued on the same terms as the existing class of shares;
- (e) a voting exclusion statement is included in the Notice; and
- (f) there will not be any funds raised through the issue of the shares, but the Company will reduce its liabilities by up to \$30,211.86.

Board Recommendation

The Board believes that Resolution 6 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour this Resolution.

Resolution 7: Approval to Issue of Fully Paid Ordinary Shares to Directors

Resolution 7(a), 7(b), 7(c) and 7(d)

Resolution 7 of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Directors of the Company as consideration for up to 100% of the Director's fees payable to them for the period from 1 December 2019 to 30 November 2020. The Directors seek Shareholder approval on this Resolution to take Shares in lieu of the Company making a physical cash payment for up to 100% of Directors fees owed. The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each calendar month, for which the fees are due and payable, subject to a floor price of \$0.01 (1 cent) per Share. The Shares will be issued to Mr Peter Blight, Mr Philip Harman, Mr Gary Fietz and Dr Thomas Whiting (or their respective nominees) within 10 business days of the end of each month.

The Company is currently reviewing its corporate overheads which includes Directors and management fees in order to maintain cash reserves and ensure that resources including cash are effectively applied as part of cost reduction strategies currently under implementation. The Company is of the view that remunerating Directors by way of equity aligns the interests of shareholders and Directors.

It is the view of Directors that the issue of Shares pursuant to Resolutions 7(a), 7(b), 7(c) and 7(d) falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by the Directors. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although Shareholder approval must be obtained pursuant to Listing Rule 10.11.

ASX Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under Listing Rule 10.11.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the related parties are Mr Peter Blight, Mr Philip Harman, Mr Gary Fietz and Dr Thomas Whiting and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Shares to be issued by the Company will be determined by dividing the monthly directors' fees payable by the monthly VWAP (subject to a floor price of \$0.01) (1 cent) per Share) in arrears for each month from 1 December 2019 to 30 November 2020;
- (c) the Company has requested an ASX waiver from the requirement that the Shares be issued within one month after the date of the AGM and, should the request be successful, allotment will occur on a monthly basis when the Directors' fees become payable and within 10 business days of the end of each month;
- (d) any fractions of Shares resulting from the calculation will be rounded down to the nearest whole number;
- (e) the Shares will be issued as satisfaction for up to 100% of monthly Directors' fees of up to \$181,271.13 for the period payable to Directors at a deemed issue price calculated as the monthly VWAP in arrears for each month from 1 December 2019 to 30 November 2020 (subject to a floor price of \$0.01 (1 cent) per Share);
- (f) there will not be any funds raised through the issue of securities, but the Company will be able to reduce its liabilities by up to \$181,271.13 for the period from 1 December 2019 to 30 November 2020; and
- (g) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Statement forms part.

The Company's Annual Report for any period during which the shares are issued to Mr Peter Blight, Mr Philip Harman, Mr Gary Fietz and Dr Thomas Whiting (or their nominees) shall disclose the details of the number of Shares that were issued to them, including the percentage of the Company's issued capital represented by those Shares.

The relevant interests of the related parties in Shares of the Company and the potential future voting power of each Director based on the issues of Shares in lieu of Directors fees are set out below:

Related Party	Shares currently held	% Voting power	Maximum No. of Shares to be issued under Resolutions	% increase in voting power for individual dilution*	% Voting power*
Mr Gary Fietz	615,244	0.16%	1,704,000	0.45%	0.58%
Mr Peter Blight	3,000,000	0.79%	11,309,927	2.97%	3.59%
Mr Philip Harman	2,779,704	0.73%	3,409,186	0.90%	1.55%
Mr Thomas Whiting	2,000,000	0.53%	1,704,000	0.45%	0.93%
	8,394,948	2.21%	18,127,113	4.77%	6.65%

**Note: These figures are based on the maximum number of Shares that will be issued under Resolutions 7(a), 7(b), 7(c) and 7(d) as it has been assumed that the floor issue price of \$0.01 (1 cent) is the deemed issue price. In certain circumstances whereby, the preceding calendar months VWAP traded on the ASX is materially greater than \$0.01 (1 cent) the absolute cumulative number of Shares in aggregate to be issued over the 12 month period from 1 December 2019 to 30 November 2020 and their corresponding voting power may be materially less than that outlined in the table.*

Resolution 7(a) – Approval to Issue Fully Paid Ordinary Shares to Mr Peter Blight

Resolution 7(a) of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Mr Peter Blight as consideration for up to 100% of Directors' fees payable to him for the period from 1 December 2019 to 30 November 2020. The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each month, when the fees are due and payable, subject to a floor price of \$0.01 (1 cent) per Share.

Related Party	Shares currently held	% Voting power	Maximum Shares to be issued under Resolution 7(a) approval	Shares held post Resolution 7(a) approval	% Voting power post Resolution 7(a) approval
Mr Peter Blight	3,000,000	0.79%	11,309,927	14,309,927	3.59%

Resolution 7(b) – Approval to Issue Fully Paid Ordinary Shares to Mr Philip Harman

Resolution 7(b) of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Mr Philip Harman as consideration for up to 100% of Directors' fees payable to him for the period from 1 December 2019 to 30 November 2020. The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each month, when the fees are due and payable, subject to a floor price of \$0.01 (1 cent) per Share.

Related Party	Shares currently held	% Voting power	Maximum Shares to be issued under Resolution 7(b) approval	Shares held post Resolution 7(b) approval	% Voting power post Resolution 7(b) approval
Mr Philip Harman	2,779,704	0.73%	3,409,186	6,188,890	1.55%

Resolution 7(c) – Approval to Issue Fully Paid Ordinary Shares to Mr Gary Fietz

Resolution 7(c) of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Mr Gary Fietz as consideration for up to 100% of Directors' fees payable to him for the period from 1 December 2019 to 30 November 2020. The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each month, when the fees are due and payable, subject to a floor price of \$0.01 (1 cent) per Share.

Related Party	Shares currently held	% Voting power	Maximum Shares to be issued under Resolution 7(c) approval	Shares held post Resolution 7(c) approval	% Voting power post Resolution 7(c) approval
Mr Gary Fietz	615,244	0.16%	1,704,000	2,319,244	0.58%

Resolution 7(d) – Approval to Issue Fully Paid Ordinary Shares to Dr Thomas Whiting

Resolution 7(d) of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of fully paid ordinary shares to Dr Thomas Whiting as consideration for up to 100% of Directors' fees payable to him for the period from 1 December 2019 to 30 November 2020. The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each month, when the fees are due and payable, subject to a floor price of \$0.01 (1 cent) per Share.

Related Party	Shares currently held	% Voting power	Maximum Shares to be issued under Resolution 7(d) approval	Shares held post Resolution 7(d) approval	% Voting power post Resolution 7(d) approval
Dr Thomas Whiting	2,000,000	0.53%	1,704,000	3,704,000	0.93%

Board Recommendation

The Board believes that Resolution 7 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour this Resolution.

Resolution 8: Replacement of Constitution

Background

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

As this resolution is a special resolution it requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

This will incorporate the latest amendments to the Corporations Act and ASX Listing Rules.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.stellarresources.com.au and at the registered office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary +61 3 9692 7222. Shareholders are invited to contact the Company if they have any queries or concerns.

Overview of material differences between existing Constitution and Replacement Constitution

Change	Explanation of Change
General Update	The proposed Replacement Constitution generally updates the various provisions in a variety of respects to reflect industry best practice in a form that ASX has provided no objections.
Quorum for General Meetings	<p>The current requirement for the quorum of a general meeting is the number of members holding not less than 5% of the votes that may be cast at a general meeting.</p> <p>The Proposed Constitution's article 12.1 outlines the quorum requirements to be comprising two Shareholders present in person, by proxy, attorney or Representative.</p>

Resolution 9: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to enhance the value of its assets and new investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to either accelerate the work on its current projects, acquire new assets, or to meet additional working capital requirements.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has Fully Paid Ordinary Shares, Quoted and Unquoted Options on issue.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), **(10% Placement Period)**.

Listing Rule 7.1A

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) In the past twelve months the Company has not issued any Shares under Listing Rule 7.1A.
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 18 October 2019 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.007 50% decrease in Current Share Price	\$0.013 Current Share Price	\$0.026 100% increase in Current Share Price
Current Variable A 380,328,733 Shares	10% Voting Dilution	38,032,873 Shares		
	Funds raised	\$247,214	\$494,427	\$988,855
50% increase in current Variable A 570,493,100 Shares	10% Voting Dilution	57,049,310 Shares		
	Funds raised	\$370,821	\$741,641	\$1,483,282
100% increase in current Variable A 760,657,466 Shares	10% Voting Dilution	76,065,747 Shares		
	Funds raised	\$494,427	\$988,855	\$1,977,709

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
 - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The Current Share Price is \$0.013 (1.3 cents), being the closing price of the Shares on ASX on 18 October 2019.
- (d) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued expenditure on the Company's current business and/or general working capital.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities

will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new businesses, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new businesses, assets or investments.

- (g) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

Additional Disclosure under Listing Rule 7.3A

Information under Listing Rule 7.3A.6(a):

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12-month period.

Equity Securities on issue 12 months preceding the date of the meeting	453,856,346
Equity Securities issued in the prior 12-month period	2,615,244
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12-month period	0.58%

See below details of issues of all Equity Securities made in the previous 12 months:

Date of issue: 6 May 2019
Number issued: 615,244
Type of equity security: Fully Paid Ordinary Shares
Terms of securities: Fully Paid Ordinary Shares in the capital of the Company, ASX Code SER (terms are set out in the Constitution)
Recipient of securities: Third party consultant
Price: Deemed issue price of \$ 0.013 (1.3 cent) per share; Discount: Nil
Consideration received: N/A
Use of Consideration: Shares issued for services provided.

Date of issue: 10 May 2019
Number issued: 2,000,000
Type of equity security: Unlisted Options
Terms of securities: Issue of options in accordance with the appointment of Mr Gary Fietz as Non-Executive Director of the Company as announced on 7 May 2019 as part of his sign on remuneration package.
Recipient of securities: Director of the Company
Price: Nil
Consideration received: Nil
Use of Consideration: N/A

Board Recommendation

The Board believes that Resolution 9 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 9.

Voting Exclusions

The Company will disregard any votes cast in favour on Resolution 9 by any person who is expected to participate in the proposed issue or any person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

Resolution 10: Renewal of Proportional Takeover Bid Provisions in the Constitution

Background

Clause 22A of the Company's Constitution contains provisions dealing with shareholder approval requirements if there was to be any partial takeover bids for the Company's securities (**Proportional Takeover Provisions**).

A "Proportional Takeover Bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each member holds.

Part 6.5 Subdivision 5C of the Corporations Act provides that these Proportional Takeover Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Takeover Provisions of the Company's Constitution (Clause 35) be renewed.

In seeking shareholder approval for the renewal of the Proportional Takeover Provisions, the Corporations Act requires the below information to be provided to members.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Effect of provisions proposed to be renewed

Clause 22A of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a Proportional Takeover Bid unless and until after a resolution approving the Proportional Takeover Bid is passed by shareholders at a general meeting of the Company (Approving Resolution). The person making the offer for the securities (Bidder) (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than one half of members who are entitled to vote at that meeting.

Under the Corporations Act, the Directors must ensure that a resolution to approve the Proportional Takeover Bid is voted on at least 14 days before the last day of the bid period.

If the resolution to approve the Proportional Takeover Bid is not passed, transfers resulting from acceptances for the Proportional Takeover Bid will not be registered and the bid will be taken to have been withdrawn. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the Proportional Takeover Bid will be deemed to have been passed.

Reason for the resolution

Clause 22A of the Constitution is required to be renewed as more than 3 years have passed since the last renewal of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Clause 22A cease to apply at the end of 3 years from their adoption (or their last renewal). Section 648(G)(4) enables shareholders to approve a renewal of Proportional Takeover Provisions.

The Board believes that shareholders should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the shareholders having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a Proportional Takeover Bid).

To preserve this choice, Clause 22A needs to be renewed. If Clause 22A is renewed and a Proportional Takeover Bid (if any) is subsequently approved by shareholders, each shareholder will still have the right to make a separate decision whether that shareholder wishes to accept the (Proportional Takeover) Bid for their own securities.

Awareness of current acquisition proposals

As at the date of these Explanatory Notes, none of the Directors are aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company.

Advantages and disadvantages of the Proportional Bid Provisions since last renewed

As there have been no takeover bids made for any of the shares in the Company since the last renewal of the Proportional Bid Provisions, there has been no application of Clause 22A. It may be argued that the potential advantages and disadvantages described below have also applied for the period since adoption of Clause 22A.

Potential advantages and disadvantages of the proposed resolution for both directors and shareholders

The renewal of Clause 22A will enable the Directors to ascertain the view of the shareholders on a Proportional Takeover Bid. The Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for them as they remain free to make a recommendation on whether a Proportional Takeover Bid should be approved.

For Shareholders, the Directors consider the renewal of Clause 22A will provide all relevant holders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a Proportional Takeover Bid should be approved. This affords shareholders an opportunity to have a say in the future ownership and control of the Company and help shareholders to avoid being locked into a minority, or having less opportunity in the future to sell their shares in the Company at a price that is considered attractive to the shareholder (because of the presence of a majority shareholder). The Directors believe this will encourage any Proportional Takeover Bid to be structured so as to be attractive to at least a majority of the relevant shareholders. It may also discourage the making of a Proportional Takeover Bid that might be considered opportunistic. Finally, knowing the view of the majority of shareholders may help each individual shareholder to assess the likely outcome of the Proportional Takeover Bid and decide whether or not to accept an offer under the bid.

On the other hand, it may be argued that the renewal of Clause 22A may make Proportional Takeover Bids more difficult to succeed and therefore effectively discourage Proportional Takeover Bids being made and reduce the freedom for shareholders to sell some of their securities. Where a Proportional Takeover Bid is made, shareholders may be denied an opportunity to sell a portion of their shares at an attractive price where the majority rejects the bid.

Board Recommendation

Balancing the above advantages and disadvantages, the Board is of the view that the advantages of renewing the Proportional Takeover Provisions outweigh the disadvantages and unanimously recommend the renewal. Accordingly, shareholder approval is sought pursuant to this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**\$**” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 9;

“**10% Placement Period Facility**” has the meaning as defined in the Explanatory Statement for Resolution 9;

“**AEDT**” means Australian Eastern Daylight Time;

“**AGM**” means Annual General Meeting;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2019;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Company**” means Stellar Resources Limited ACN 108 758 961;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors’ Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Explanatory Statement**” means the explanatory statement which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Option**” means an option to acquire a Share

“**Proportional Takeover Provision**” means Clause 22A of the Company’s Constitution in relation to Proportional Takeover Bid provisions;

“**Proxy Form**” means the Proxy Form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Stellar Resources Limited for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Share**” means a fully paid ordinary share in the capital of the Company; and

“**Shareholder**” means shareholder of the Company.



Mr John Citizen
1 Sample Avenue
CITIZEN SA 5000

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEDT) on Sunday, 24 November 2019.**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/srzagm2019>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC): 12345678



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**


STEP 4 LODGEMENT


Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEDT) on Sunday, 24 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **Online** <https://www.votingonline.com.au/srzagm2019>

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Stellar Resources Limited

ACN 108 758 961

Mr John Citizen
1 Sample Avenue
CITIZEN SA 5000

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Stellar Resources Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the offices of **Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne, Victoria 3000 on Tuesday, 26 November 2019 at 10:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters. If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 4-7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 4-7 is/are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 4-7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
Res 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 6(d)	Approval to issue shares to Dr Thomas Whiting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Election of Mr Gary Fietz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7(a)	Approval to issue shares to Mr Peter Blight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Re-election of Dr Thomas Whiting as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7(b)	Approval to issue shares to Mr Philip Harman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7(c)	Approval to issue shares to Mr Gary Fietz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7(d)	Approval to issue shares to Dr Thomas Whiting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6(a)	Approval to issue shares to Mr Peter Blight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8	Replacement of constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6(b)	Approval to issue shares to Mr Philip Harman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 9	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6(c)	Approval to issue shares to Mr Gary Fietz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 10	Renewal of Proportional Takeover Bid Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019