

2020 Corporate Governance Statement

The Board of Stellar Resources Limited (the “**Company**”) is responsible for the overall corporate governance of the Company. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Stellar Resources Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <http://www.stellarresources.com.au/>, including the 2020 Annual Report.

This Statement is current as at 29 September 2020 and has been approved by the Board of Directors of Stellar Resources Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to provide overall strategic guidance and effective oversight of management.

The Board has a formal Board Charter which is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

The Board charter sets out the specific responsibilities of the Board, requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors’ access to Company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Managing Director (if applicable)). The Managing Director is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Company.

Recommendation 1.2: Appointment of Directors

The Company has guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution

to elect or re-elect a Director will be voted on.

Recommendation 1.3: Appointment Terms

Each director and senior executive is party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the June 2020 Annual Report.

Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Company. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our June 2020 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has adopted a Diversity Policy is available on the Company's website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

The proportion of women on the Board, in senior executive positions and women across the entire organisation is as follows:

- Women on the Board – Nil
- Women in senior executive positions – 20%
- Women across the entire organisation – 20%

The Board has set the following diversity objectives:

- to cultivate an inclusive workplace of fairness and equality which fosters the unique skills and talents of a diverse range of people; and
- to encourage diversity in skill set, experience, qualifications and age of our workforce. With a diverse mix of professionals, providing services to our customers, we will continue to encourage diversity in hiring and sourcing of candidates.

The Company is not considered a "relevant employer" under the Workplace General Equality Act 2012, as it is not a non-public sector employer with 100 or more employees in Australia for any six months or more of a reporting period.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary;
- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and
- The Board meeting to discuss any areas and actions for improvement.

A Board performance assessment took place for the financial year ended 2020. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Board and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the Board. The performance of each Senior Executive against these objectives is evaluated annually.

There was no Senior Executive performance evaluation undertaken during the reporting period as there was no senior executive appointed for a majority of the reporting period. Should the Company appoint any senior executives during the year it will subsequently undertake a review.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to nominations. The Board is responsible for the duties that would ordinarily be carried out by a Nomination Committee, including reviewing processes for succession planning and ensuring the Board has the appropriate balance of skills, experience, independence and knowledge to discharge its duties and responsibilities effectively.

The Remuneration and Nomination Committee Charter is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. The Board Charter requires the disclosure of each Board member's qualifications and expertise.

A Board Skills Matrix Review took place for the financial year ended 2020. An analysis of the data collected indicated that the current directors possess a broad mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives.

To the extent that any skills are not directly represented on the Board, they are augmented through management

and external advisors.

Full details of each Directors' relevant skills and experience are set out in the June 2020 Directors' Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

As at the date of this report the Board has four independent directors, Mr Simon O'Loughlin, Mr Simon Taylor, Mr Thomas Whiting and Mr Gary Fietz, Non-Executive Directors.

The Board considers the Non-Executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by these Non-Executive directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

The Board's assessment of each current Director is set out below.

Name	Position	Appointment date	Status
Simon O'Loughlin	Non-Executive Chairman	24 December 2019	Independent
Simon Taylor	Non-Executive Director	24 December 2019	Independent
Thomas Whiting	Non-Executive Director	4 February 2011	Independent
Gary Fietz	Non-Executive Director	6 May 2019	Independent

Recommendation 2.4: Majority Independence

As at the date of this Statement, all four Directors are deemed independent.

The Company has a majority of independent directors on the Board consistent with Recommendation 2.4.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of our June 2020 Annual Report.

Recommendation 2.5: Board Chair

The Chair, Mr Simon O'Loughlin was appointed to the position on 24 December 2019 and is considered an

independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities.

The roles and responsibilities of the Chair are also set out in the Company's Board charter.

Recommendation 2.6: Induction, Education and Training

In accordance with the Company's Remuneration & Nomination Committee Charter, the Remuneration & Nomination Committee (which is fulfilled by the Board) is responsible for establishing and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board expects all directors, employees and contractors to act with the utmost integrity and objectivity, and in compliance with the letter and the spirit of the law and Company policies striving at all times to enhance the reputation and performance of the Company, in the following areas;

- Business ethics;
- Compliance with laws;
- Personal and professional conduct;
- Respect for others and improper behaviour;
- Dealings with suppliers, customers, advisers and regulators;
- Dealing with the community; and
- Dealing with other employees.

The Company and its directors have always promoted ethical and responsible decision-making and the Company's Code of Ethics and this may be viewed on the Company's website <http://www.stellarresources.com.au/corporate/corporate-governance/>.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to Audit Committee. The duties of the Board in relation to audit are the same that would otherwise be fulfilled by an Audit Committee, including overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit.

The Audit and Risk Committee Charter is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

Recommendation 4.2: Assurances

The Managing Director (or in their absence a Non-Executive Director) and Company Secretary provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process

was followed for the June 2020 full year financial results, where the Managing Director (or in their absence a Non-Executive Director) and Company Secretary provided a declaration to the Board that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the June 2020 full year financial results were approved by the Board.

Recommendation 4.3: External Auditor

In accordance with Listing Rule 3.16.3, William Buck Audit (Vic) Pty Ltd (“William Buck”) were appointed as auditor for the Company following the resignation of Deloitte Touche Tohmatsu (“Deloitte”), and ASIC’s consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

William Buck will attend the Company’s 2020 AGM and a representative will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.

William Buck’s independence declaration is contained in the Directors’ Report in our 2020 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company’s securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to material information disclosed to the ASX.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

The Company also maintains a separate “Investor Information” page on our website to provide shareholders with links to annual reports, ASX announcements, latest news and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner

so that the market has sufficient information to make informed investment decisions.

The Company has adopted an Investor Relations Policy which aims to promote and facilitate effective two-way communication with investors. The policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website <http://www.stellarresources.com.au/corporate/corporate-governance/>.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

One of the Company's key communication tools is its website located at <http://www.stellarresources.com.au/>. The Company endeavours to keep its website up to date.

Recommendation 6.4: Electronic Communication with Shareholders

Security holders can register to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

Shareholders queries should be referred to the Company Secretary at first instance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

Due to the current size of the Company and the Board, the Board fulfils the roles and responsibilities in relation to risk. The duties of the Board in relation to risk are the same that would otherwise be fulfilled by a Risk Committee, including ensuring that the Company has an appropriate risk management framework and associated internal compliance and control procedures.

The Audit and Risk Committee Charter is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

Recommendation 7.2: Review of Risk Management Framework

The Company's risk management framework is supported by the Board of directors and the management team. The Board is responsible for approving and review the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Board has adopted a Risk Policy which sets out the Company's major areas of risk and mitigation policies. The Risk Policy is available on the Company's website at <http://www.stellarresources.com.au/corporate/corporate-governance/>. The Company's risk management framework is reviewed on a periodic basis.

Recommendation 7.3: Internal Audit

The Audit & Risk Committee Charter provides for the Committee to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit & Risk Committee (fulfilled by the Board) will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations.
- the Audit & Risk Committee (fulfilled by the Board) will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company has no material exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

Due to the current size of the Company and Board, the Board fulfils the roles and responsibilities in relation to remuneration. The duties of the Board in relation to remuneration are the same that would otherwise be fulfilled by a Remuneration Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Remuneration and Nomination Committee Charter is available on our website at <http://www.stellarresources.com.au/corporate/corporate-governance/>.

Recommendation 8.2: Remuneration Policies and Practices

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report.

Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.

Recommendation 8.3: Equity Based Remuneration Scheme

The Company has a Securities Trading Policy which includes a policy prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

A copy of the Company's Securities trading Policy is available on the Company's website <http://www.stellarresources.com.au/corporate/corporate-governance/>.