

**STELLAR RESOURCES LIMITED**

**ABN 96 108 758 961**

**AND CONTROLLED ENTITIES**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2007**

**STELLAR RESOURCES LIMITED  
ABN 96 108 758 961  
AND CONTROLLED ENTITIES**

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**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

In March 2003, the Australian Stock Exchange (ASX) Corporate Governance Council (Council) published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the Best Practice Recommendations during the reporting period. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them. If recommendation has been followed for only part of the period, the company must state the period during which it has been followed.

In August 2007, following a major review of the operation of the Principles and Recommendations since they were issued, a second edition of the Corporate Governance Principles and Recommendations was published by the Council. However, Stellar Resources Limited (SRZ or the Company), is not required to report on its compliance with the revised Principles and Recommendations until it issues its 2009 annual report in relation to the financial year, 1 July 2008 to 30 June 2009.

This Statement briefly outlines the main corporate governance practices of the Company. Unless otherwise stated, the Company's corporate governance practices were in place throughout the 2006/07 year and comply with the council's best practice recommendations.

As recognised by the council, corporate governance is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations." It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. Corporate governance practices will evolve in the light of the changing circumstances of a company and must be tailored to meet those circumstances.

#### **Role of the Board and Management**

The primary responsibility of the Board is to protect and advance the interests of Shareholders. To fulfil this role, the Board has overall responsibility for the Corporate Governance of the Company including matters such as strategic direction, setting of management goals and monitoring management performance against the set goals.

The primary responsibilities of the Board include:

- Formulation, review and approval of the Company's strategic direction and operational policies;
- Establishing management goals and monitoring management performance;
- Review and approval of the Company's Business Plan;
- Monitoring the performance and reviewing remuneration of Executive Directors and key staff;
- Approval of all significant business transactions including acquisitions, divestments and corporate restructures;
- Monitoring business risk exposures and risk management systems;
- Review and approval of financial and other reporting, including continuous disclosure reporting; and
- Reporting to Shareholders.

#### **Board Composition**

The Board presently has one Non-executive Director, who is considered by the Board to be independent and three Executive Directors. Details of the qualifications and experience of each Director is set out in the Directors' Report section of the Annual Financial Report following hereon.

Although the Guidelines recommend that the majority of the board should comprise independent directors, and the Board endorses the position that boards need to exercise independence of judgement, it also recognises (as does ASX Corporate Governance Council Principle 2), that the need for independence is to be balanced against the need for skills, commitment and workable board size. The composition of the Company's Board is balanced with directors contributing a range of complementary skills and experience to its deliberations.

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**CORPORATE GOVERNANCE STATEMENT**

**Ethical and Responsible Decision-making**

It is the policy of the Company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with suppliers, business partners, public servants and the general communities in which it operates.

**Share Trading Policy**

Directors and employees are required to advise the Company Secretary prior to buying or selling securities in the Company. The current policy prohibits Board members, employees and close contractors trading shares in the Company in the month preceding the announcement of half yearly or annual results, publication of a quarterly report, or at any other time whilst in possession of price sensitive information.

It is the individual responsibility of each Director and employee in possession of market sensitive information to ensure that they comply with the spirit and the letter of insider trading laws.

**Rights of Shareholders**

The Board seeks to empower shareholders through effective communication by providing balanced and understandable information and encouraging participation at General Meetings. Similarly, the Board requests the external auditor to attend the AGM and be prepared to answer shareholders questions pertaining to the conduct of audit and preparation and contents of the auditor's report.

**Integrity of Financial Reporting**

It is an established requirement that the chief executive officer (or equivalent) and chief financial officer (or equivalent) appointed will state in writing to the Board that, to the best of their knowledge, the Company's financial reports present a true and fair view in all material respects, of the Company's financial condition and that operational results are in accordance with relevant accounting standards.

**Continuous Disclosure to ASX**

The Board is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approval of any proposed ASX announcement prior to release. The Board has appointed the Company Secretary as the designated person responsible for liaising with ASX. It is the policy of the Company 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 on the operations and results of the Company.

A written record of the company's Continuous Disclosure Policy & Procedures is available and will be provided to any shareholder on request to the company secretary.

**Risk Management**

The Board is responsible for overseeing of the Group's risk management and control framework. Management is required to ensure that assessed risks are managed with appropriate systems and controls. Effectiveness of risk management systems and controls is reviewed periodically by the Board. The Company's adopted policy framework seeks to identify and mitigate Company risks as much as practicable. The Chief Operating Officer and the Chief Financial Officer (or equivalent in each case) have ultimate responsibility to the Board for the risk management and control framework.

**Performance**

The Board is responsible for undertaking performance evaluation each year. The performance evaluation covers all of the Board members and key executives of the Company. The evaluation findings are intended to be compiled into a series of recommendations with the ultimate objective of enhancing performance.

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**CORPORATE GOVERNANCE STATEMENT**

**Remuneration**

The Board, within the pre-approved shareholder guidelines, determines fees payable to individual non-executive directors. The remuneration level of any executive director will be determined by the Chairman after taking into consideration those that apply to similar positions in comparable companies in Australia and taking account of Directors' possible participation in any equity-based remuneration scheme. The Chairman may use industry-wide data gathered by independent remuneration experts annually as his point of reference. Options or shares issued to Directors pursuant to any equity based remuneration scheme require approval by shareholders prior to their issue. Options or shares granted to senior executives who are not directors will be issued by resolution of the Board.

Details of Director and Executive remuneration are set out in the Directors' Report and Notes to the Annual Financial Report.

**Interests of Stakeholders**

The Company's core objective is the effective management of its resources with a view to identifying and developing profitable and environmentally sound mineral projects that create wealth for stakeholders.

**Compliance with the Australian Stock Exchange Corporate Governance Best Practice Recommendations**

The ASX listing rules require listed entities to include in their Annual Report a statement disclosing the extent to which the entity has followed the ASX Corporate Governance Guidelines best practice recommendations during the reporting period, identifying the recommendations that have not been followed and providing reasons for any variance. If a recommendation has been followed for only part of the year, the entity must state the period during which it has been followed.

During the reporting period, the Company has complied with each of ASX Corporate Governance best practice recommendations, other than in relation to the matters below:

**Recommendation 2.1      A majority of the Board should be Independent directors**

**Notification of Departure**

The majority of the Board is not comprised of Independent directors.

**Explanation of Departure**

The Board strongly endorses the position that Boards to exercise independence of judgement however this needs to be balanced with the need for skills, commitment and a workable board size. The Board considers that the current structure is sufficient to ensure independence of judgement (given the diverse background and experience of the current Directors) combined with the established procedure which empowers Directors to seek independent professional advice at the company's expense.

**Recommendation 2.4      The Board should establish a nomination committee**

**Recommendation 4.2      The Board should establish an audit committee**

**Recommendation 9.2      The Board should establish a remuneration committee**

**Notification of Departure**

The Company has not established separate audit, remuneration and nomination committees.

**Explanation of Departure**

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate board committees such as audit, remuneration and nomination committees. Accordingly, all matters that may be capable of delegation to the committees are presently dealt with by the full Board.

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**CORPORATE GOVERNANCE STATEMENT**

**Recommendation 2.2**      **The Chairperson should be an Independent Director**  
**Recommendation 2.3**      **The role of Chairperson and Chief Executive Officer should not be exercised by  
the same individual**

**Notification of Departure**

The Chairperson is not an Independent Director.  
The role of Chairperson and the Chief Executive Officer are exercised by the same individual.

**Explanation of Departure**

While the current chairperson is not an Independent Director and the role of Chairperson and Chief Executive Officer are held by the same person (Mr T J Burrowes), the Board believes that his extensive industry experience and record as a director of other listed companies make him the most appropriate person for the position. The Company is monitoring this arrangement to ensure that the best interests of the Company and its stakeholders continue to be served in the future.

**STELLAR RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

Your directors present their report on Stellar Resources Limited and its controlled entities for the year ended 30 June 2007.

**Directors**

The names of Directors of the Company in office at any time during or since the end of the period are:

<b>Director</b>	<b>Position Held</b>
Thomas J Burrowes	Executive Chairman
Barrie E Laws	Non-executive Director
David J Isles	Executive Director
Christopher G Anderson	Executive Director

**Company Secretary**

The following people held the position of Company Secretary at the end of the financial period:

Mr Bill Michaelidis – Bachelor of Business (Economics) CPA. Mr Michaelidis was appointed Company Secretary in December 2004. Prior to that, Mr Michaelidis held management positions in a number of multinational resource companies over a period of thirty years.

Mr Melvyn Drummond – Bachelor of Commerce FCIS. Mr Drummond worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including resources, in Australasia and abroad between 1976 and since relocating to Melbourne.

**Principal Activities**

The principal activity of the Consolidated Entity during the period was mineral exploration with the objective of identifying and developing economic reserves.

**Operating Result**

The net profit/(loss) of the Consolidated Entity for the financial period was \$78,685 (2006: (\$1,180,555)).

**Dividends Paid or Recommended**

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

**Review of Operations**

During the year, the Consolidated Entity continued its active exploration and assessment work on its extensive and diverse exploration tenement portfolio. Several rounds of work were conducted on the Goldfinger JV project where Stellar may earn an initial 60% interest. The Company also entered into the Cowell JV With Avoca Resources Limited and may earn a 75% equity via staged expenditure of \$650,000 by November 2010.

Following approaches from other companies, the Consolidated Entity entered into farm-out agreements over several properties. In July 2006, a deal was agreed with UraniumSA Limited for uranium exploration over six exploration licenses in the central Gawler Craton of South Australia as a co-sponsor of the IPO of UraniumSA. As a result, Stellar now holds over 10 million shares in the company.

The Consolidated Entity agreed on a joint venture with Toro Energy Limited over the Warrior uranium project area held in Stellar subsidiary company, Hillment Pty Ltd.

To fund ongoing exploration, the Company raised an additional \$2.9 million before costs in a placement of 8.4 million new shares at 35 cents each to clients of Taylor Collison Limited in May 2007. 300,000 shares were also issued to Discovery Nickel Limited (now Discovery Metals Limited) in satisfaction of the purchase of the Dundas licence and project area in Tasmania in February 2007.

The consolidated profit/(loss) after tax of the Consolidated Entity for the financial year was \$78,685 (2006: (\$1,180,555)). The Parent Company loss after tax for the financial year was \$4,103,538 (2006: \$2,986,455).

**STELLAR RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

**Financial Position**

The net assets and cash reserves of the Consolidated Entity and Parent Company as at 30 June 2007 were \$16.0 million (2006: \$12.2 million) and \$5.3 million (2006: \$5.6 million) respectively. The directors believe the Consolidated Entity is in a strong financial position to undertake its outlined exploration activities.

**Significant changes in the State of Affairs**

The following significant changes to the state of the affairs of the Company occurred during the financial period:

- On 12 February 2007, the Company issued 300,000 ordinary fully paid shares to Discovery Nickel Limited (now Discovery Metals Limited) at an issue price of 29 cents to purchase the Dundas exploration licence;
- On 7 May 2007, the Company issued 8,400,000 ordinary fully paid shares to sophisticated and professional investors at an issue price of 35 cents each through Taylor Collison Limited.

**After Balance Date Events**

The Company announced an intention to float a new company with a focus on tin.

**Business Strategies**

The Consolidated Entity is committed to the corporate objective of:

"Enhancing shareholder wealth, through mineral discovery".

It seeks to meet this objective by:

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

Where joint ventures seem appropriate and beneficial to the risk/reward profile of Stellar Resources, the Board has chosen to enter into joint ventures. This is as a means of reducing financial risk whilst maintaining meaningful involvement and equity in the project.

The Company is also prepared to sponsor or co-sponsor new IPO's – including those where company assets may be included. In such cases, shareholders may also be eligible and entitled to subscribe for shares in a new IPO.

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

**Future Developments**

The Company intends to continue to explore and, should a viable discovery be made, would then move that project towards the development phase – subject to completing full feasibility studies, financing and development studies.

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

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**DIRECTORS' REPORT**

**Environmental Issues**

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

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

**Meetings of Directors**

The number of meetings of the Company's Board of Directors held during the period ended 30 June 2007, and the number attended by directors were:

<b>Director</b>	<b>Eligible to Attend</b>	<b>Attended</b>
T J Burrowes	8	8
B E Laws	8	8
D J Isles	8	8
C G Anderson	8	8

**Remuneration Report**

*Remuneration policies*

The policy for determining the nature and amount of remuneration of Directors and executives is agreed by the board of directors as a whole. The board may obtain professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

For executive directors and executives, the Company provides a remuneration package that incorporates both cash-based and share-based remuneration. The contracts for services between the Company and directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment, thereby aligning director and shareholder interests. The remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

The company determines the maximum amount for remuneration, including the threshold for share-based remuneration, for directors by resolution. Non-executive directors' remuneration is determined by shareholders of the Company at general meetings. Shareholders fixed the maximum aggregate remuneration of non-executive directors at \$500,000. Further details regarding components of directors' and executive remuneration are provided in the Notes to the Financial Statements.

The names and positions of each person who held the position of director at any time during the financial year are provided above. The names of executives in the company (other than Executive Directors) who received the highest remuneration during the financial year were:

<b>Executive</b>	<b>Position</b>
B Michaelidis	Company Secretary/CFO

The three key elements of director and executive remuneration are:

- base salary and fees, which are determined by reference to the market rate based on payments by similar size companies in the industry;
- superannuation contributions; and
- equity-based payments, the value of which are dependent on the Company's share price and other factors.

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**DIRECTORS' REPORT**

**(i) Directors' Remuneration**

2007	Short Term Benefits			Post-employment			Equity Options	Total
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Pre-scribed Benefits	Other		
	\$	\$	\$	\$	\$	\$	\$	\$
T J Burrowes	86,833	-	-	103,167	-	-	21,881 (11.01%)*	211,881
B E Laws	14,583	-	-	12,667	-	-	10,341 (33.37%)*	37,591
D J Isles	75,000	-	-	-	-	-	21,881 (26.12%)*	96,881
C G Anderson	175,000	-	-	-	-	-	21,881 (11.91%)*	196,881
	351,416	-	-	115,834	-	-	75,984	543,234

  

2006	Short Term Benefits			Post-employment			Equity Options	Total
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Pre-scribed Benefits	Other		
	\$	\$	\$	\$	\$	\$	\$	\$
T J Burrowes	129,250	-	-	49,500	-	-	26,509 (12.9%)*	205,259
B E Laws	27,083	-	-	2,437	-	-	13,854 (31.9%)*	43,374
D J Isles	75,000	-	-	-	-	-	26,509 (26.1%)*	101,509
C G Anderson	150,000	-	-	-	-	-	26,509 (15.0%)*	176,509
	381,333	-	-	51,937	-	-	93,381	526,651

\* Percentage value of each person's remuneration that consists of options is shown in brackets.

Directors' fees for Mr Anderson and Mr Isles are paid respectively to CG Anderson & Associates and The Goongarrie Trust.

No options were issued to Directors of the Company as part of their remuneration during the period.

**(ii) Executives' Remuneration**

During the year ending 30 June 2007, the Company did not employ any executive officers (excluding Executive Directors) other than Mr Michaelidis and Mr Drummond.

2007	Short Term Employee Benefits			Post-employment			Equity Options	Total
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Pre-scribed Benefits	Other		
	\$	\$	\$	\$	\$	\$	\$	\$
B Michaelidis	73,500	-	-	16,500	-	-	-	90,000
M J Drummond	-	-	-	-	-	-	-	-
	73,500	-	-	16,500	-	-	-	90,000

  

2006	Short Term Employee Benefits			Post-employment			Equity Options	Total
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Pre-scribed Benefits	Other		
	\$	\$	\$	\$	\$	\$	\$	\$
B Michaelidis	68,250	-	-	13,000	-	-	70,765 (46.9%)*	152,015
M J Drummond	-	-	-	-	-	-	-	-
	68,250	-	-	13,000	-	-	70,765	152,015

\* Percentage value of each person's remuneration that consists of options is shown in brackets.

In accordance with the remuneration policy described above, options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments.

**STELLAR RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

**Share Options**

*Share option issue*

During and since the end of financial year, no share options were granted to directors or employees of the company.

*Shares under options*

At the date of this report, the unissued ordinary shares of Stellar Resources Limited under option are as follows:

<b>Grant Date</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number under Option</b>
10/12/2004	10/12/2008	\$0.30	3,500,000*
22/09/2005	19/08/2009	\$0.30	250,000
16/03/2006	19/08/2009	\$0.30	375,000

\* Options were escrowed until 28 April 2007

*Shares issued on exercise on share options*

No shares were issued during or since the end of financial year as a result of exercise of a share option.

*Options lapsed*

No options lapsed during the financial year.

**Information on Directors and Company Secretary**

The qualifications, experience and special responsibilities of each person who has been a director of Stellar Resources Limited at any time during or since the end of the financial year is provided below, together with details of the company secretaries as at year end.

**Chairman**

Thomas J Burrowes  
B.Ec (Hons), MBA (Melb)  
Appointed 19 April 2004  
Resigned 20 April 2004  
Re-appointed 10 December  
2004

Mr Burrowes has extensive experience in all facets of Australian exploration and mining over the past fifteen years. After an initial career in funds management, he has held numerous directorships in ASX listed exploration and mining companies.

Shareholding: 1,086,112

Option holding: 1,000,000

Mr Burrowes did not hold any other listed company directorships in the preceding three years.

**Director**

Barrie E Laws  
B.Com, FS Fin, ASA, ACIS  
Appointed 10 December 2004

Mr Laws has experience in management with particular emphasis on funds management. He joined the Norwich Union Group in October 1991 and was appointed to the Board of Norwich Union Life Australia Limited in March 1993 and as its Chief Executive Officer in February 1997. He retired from full time employment with the Norwich Group in March 1998.

Shareholding: 500,000

Option holding: 500,000

Mr Laws did not hold any other listed company directorships in the preceding three years.

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**DIRECTORS' REPORT**

Director

Christopher G Anderson  
B.Sc (Hons), Fellow AusIMM  
Appointed 19 April 2004  
Resigned 20 April 2004  
Appointed 10 December 2004

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

Shareholding: 75,000  
Option holding: 1,000,000

Mr Anderson did not hold any other listed company directorships in the preceding three years.

Director

David J Isles  
B.Sc (Hons), PhD, SEG,  
ASEG, AIG, MAusIMM  
Appointed 19 April 2004

Dr Isles is a geophysicist and recognised expert in aeromagnetic interpretation. He has worked in operational exploration with BHP Minerals and in the area of exploration technology development with World Geoscience Corporation.

Shareholding: 73,612  
Option holding: 1,000,000

Directorships of other listed companies since 1 July 2004:  
Gravity Diamonds Limited – (September 1996 – November 2004)  
Mineral Deposits Limited – (December 2002 – Current)

Company Secretary/CFO

Bill Michaelidis  
B.Bus, CPA  
Appointed 19 October 2004

Mr Michaelidis was appointed Company Secretary and CFO in October 2004. He is a qualified accountant with over 30 years' experience in the resources sector.

Shareholding: 5,000  
Option holding: 250,000

Joint Company Secretary

Melvyn J Drummond  
BA, B.Com, FCIS  
Appointed 19 April 2004

Mr Drummond worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including resources. Mr Drummond is currently also an Executive Director of Cockatoo Ridge Wines Limited.

Shareholding: 40,000

**Indemnifying Officers**

The company has paid premiums to insure each of the Directors and the Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director/officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The terms and conditions of the insurance are confidential and cannot be disclosed.

**Proceedings on Behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

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**DIRECTORS' REPORT**

**Non Audit Services**

No non-audit services were provided by the Company's auditors DTT Victoria during the financial period ended 30 June 2007.

**Auditor's Independence Declaration**

The lead auditor's Independence Declaration for the year ended 30 June 2007 has been received and can be found on page 12 of the directors' report.

This report is made in accordance with a resolution of the directors and dated this 27<sup>th</sup> day of September, 2007.

A handwritten signature in black ink, appearing to read 'T J Burrowes', written in a cursive style.

**T J Burrowes**  
Chairman

# DTT Victoria

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The Board of Directors  
Stellar Resources Limited  
Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

27<sup>th</sup> September 2007

Dear Board Members

## Stellar Resources Limited

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

As lead audit partner for the audit of the financial statements of Stellar Resources Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

*DTT Victoria*

DTT Victoria

*Geoffrey R Sincock*

**G R Sincock**

Partner

Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

DTT Victoria has changed its name from BDO and is a continuation of that Victorian partnership. The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu. All changes with effect from 14 August 2006.

**STELLAR RESOURCES LIMITED**  
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**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards and the Corporations Regulations 2001; and
  - b) giving a true and fair view of the financial position as at 30 June 2007 and of the performance for the financial period ended on that date of the Company and the Consolidated Entity.
2. The Chief Executive Officer and the Chief Financial Officer have each declared that:
  - a) the financial records of the Company and the Consolidated Entity for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b) the financial statements and notes for the financial period comply with the Accounting Standards; and
  - c) the financial statements and notes for the financial period give a true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and dated this 27<sup>th</sup> day of September, 2007.



**Thomas J Burrowes**  
Chairman and Chief Executive Officer

**STELLAR RESOURCES LIMITED**  
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**INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED TO 30 JUNE 2007**

	Note	Consolidated Entity		Company	
		Year to 30 Jun 07	Year to 30 Jun 06	Year to 30 Jun 07	Year to 30 Jun 06
		\$	\$	\$	\$
Revenue	2	919,984	243,461	282,631	243,461
Administration expenditure		(750,328)	(841,931)	(750,327)	(841,927)
Depreciation and amortisation expenses	3	(37,145)	(11,656)	(36,558)	(11,069)
Exploration expenditure written off	11	(261,301)	(570,429)	-	-
Impairment in value of investments	3	-	-	(612,000)	(247,620)
Impairment of loans to subsidiaries	8	-	-	(2,987,284)	(2,129,300)
Fair value loss on investment		(287,475)	-	-	-
Loss before tax		(416,265)	(1,180,555)	(4,103,538)	(2,986,455)
Income tax (expense)/benefit	4	494,950	-	-	-
Profit/(loss) for the year		78,685	(1,180,555)	(4,103,538)	(2,986,455)
Basic earnings per share (cents per share)	17	0.133	(2.295)		-
Diluted earnings per share (cents per share)	17	0.133	(2.295)		-

The accompanying notes form part of these financial statements.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**BALANCE SHEET**  
**AS AT 30 JUNE 2007**

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	5,252,181	5,612,994	5,252,181	5,612,994
Trade and other receivables	6	261,399	183,941	259,399	171,941
Other	7	4,699	26,326	4,699	26,326
<b>TOTAL CURRENT ASSETS</b>		<b>5,518,279</b>	<b>5,823,261</b>	<b>5,516,279</b>	<b>5,811,261</b>
<b>NON CURRENT ASSETS</b>					
Other financial assets	9	4,832,588	-	-	612,000
Property, plant and equipment	10	130,414	138,640	67,606	75,245
Exploration expenditure	11	6,037,331	6,484,112	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>11,000,333</b>	<b>6,622,752</b>	<b>67,606</b>	<b>687,245</b>
<b>TOTAL ASSETS</b>		<b>16,518,612</b>	<b>12,446,013</b>	<b>5,583,885</b>	<b>6,498,506</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	473,302	232,322	473,302	232,322
Provisions	13	23,432	27,809	23,432	27,809
<b>TOTAL CURRENT LIABILITIES</b>		<b>496,734</b>	<b>260,131</b>	<b>496,734</b>	<b>260,131</b>
<b>TOTAL LIABILITIES</b>		<b>496,734</b>	<b>260,131</b>	<b>496,734</b>	<b>260,131</b>
<b>NET ASSETS</b>		<b>16,021,878</b>	<b>12,185,882</b>	<b>5,087,151</b>	<b>6,238,375</b>
<b>EQUITY</b>					
Issued Capital	14	16,481,428	13,605,098	16,481,428	13,605,098
Reserves	15	1,177,620	296,639	372,623	296,639
Accumulated losses	16	(1,637,170)	(1,715,855)	(11,766,900)	(7,663,362)
<b>TOTAL EQUITY</b>		<b>16,021,878</b>	<b>12,185,882</b>	<b>5,087,151</b>	<b>6,238,375</b>

The accompanying notes form part of these financial statements.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2007**

Consolidated Entity	Note	Issued capital	Accumulated losses	Investments Revaluation Reserve	Employee equity- settled benefits reserve	Total equity
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>		9,901,312	(535,300)	-	51,135	9,417,147
Gain/(loss) on available for sale investments		-	-	-	-	-
<b>Total income recognised directly in equity</b>		-	-	-	-	-
Loss for the period	16	-	(1,180,555)	-	-	(1,180,555)
<b>Total recognised income and expense</b>		-	(1,180,555)	-	-	(1,180,555)
Issue of share capital	14	3,887,000	-	-	-	3,887,000
Cost of share issues	14	(183,214)	-	-	-	(183,214)
Share-based payment expense	15	-	-	-	245,504	245,504
<b>Balance at 30 June 2006</b>		13,605,098	(1,715,855)	-	296,639	12,185,882
Gain/(loss) on available for sale investments		-	-	804,997	-	804,997
<b>Total income recognised directly in equity</b>		-	-	804,997	-	804,997
Profit for the period	16	-	78,685	-	-	78,685
<b>Total recognised income and expense</b>		-	78,685	804,997	-	883,682
Issue of share capital	14	3,027,000	-	-	-	3,027,000
Cost of share issues	14	(150,670)	-	-	-	(150,670)
Share-based payment expense	15	-	-	-	75,984	75,984
<b>Balance at 30 June 2007</b>		16,481,428	(1,637,170)	804,997	372,623	16,021,878

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2007**

Company	Note	Issued capital	Accumulated losses	Employee equity-settled benefits reserve	Total equity
		\$	\$	\$	\$
<b>Balance at 1 July 2005</b>		9,901,312	(4,676,907)	51,135	5,275,540
Gain/(loss) on available for sale investments		-	-	-	-
<b>Total income recognised directly in equity</b>		-	-	-	-
Loss for the period	16	-	(2,986,455)	-	(2,986,455)
<b>Total recognised income and expense</b>		-	(2,986,455)	-	(2,986,455)
Issue of share capital	14	3,887,000	-	-	3,887,000
Cost of share issues	14	(183,214)	-	-	(183,214)
Share-based payment expense	15	-	-	245,504	245,504
<b>Balance at 30 June 2006</b>		13,605,098	(7,663,362)	296,639	6,238,375
Gain/(loss) on available for sale investments		-	-	-	-
<b>Total income recognised directly in equity</b>		-	-	-	-
Loss for the period	16	-	(4,103,538)	-	(4,103,538)
<b>Total recognised income and expense</b>		-	(4,103,538)	-	(4,103,538)
Issue of share capital	14	3,027,000	-	-	3,027,000
Cost of share issues	14	(150,670)	-	-	(150,670)
Share-based payment expense	15	-	-	75,984	75,984
<b>Balance at 30 June 2007</b>		16,481,428	(11,766,900)	372,623	5,087,151

The accompanying notes form part of these financial statements.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	Note	Consolidated Entity Year to 30 Jun 07 \$	Year to 30 Jun 06 \$	Company Year to 30 Jun 07 \$	Year to 30 Jun 06 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
GST receipts from ATO		300,750	121,151	300,750	121,151
Payments to suppliers and employees		(996,234)	(748,877)	(996,234)	(748,873)
Interest received		266,631	243,461	266,631	243,461
Net cash used in operating activities	23	(428,853)	(384,265)	(428,853)	(384,261)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for subsidiaries	22(a)	-	-	-	(612,000)
Payments for exploration		(2,771,245)	(2,899,328)	-	-
Payment for plant and equipment		(28,919)	(67,979)	(28,919)	(67,979)
Net cash used in investing activities		(2,800,164)	(2,967,307)	(28,919)	(679,979)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances to subsidiaries		-	-	(2,771,245)	(2,287,330)
Repayment of loan		-	-	-	-
Proceeds from share issues		2,940,000	3,887,000	2,940,000	3,887,000
Payment of share issue costs		(150,670)	(183,214)	(150,670)	(183,214)
Proceeds from unmarketable parcel share sale		-	177,259	-	177,259
Payments in relation to unmarketable parcel share sale		(1,607)	(143,355)	(1,607)	(143,355)
Net cash provided by financing activities		2,787,723	3,737,690	16,478	1,450,360
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(441,294)	386,122	(441,294)	386,120
Cash and cash equivalents at beginning of financial year		5,612,994	5,226,876	5,612,994	5,226,874
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	5	5,171,700	5,612,994	5,171,700	5,612,994

The accompanying notes form part of these financial statements.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General information*

Stellar Resources Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia.

*Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group. Accounting standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ("IFRS"). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 "Financial Instruments: Disclosure and Presentation" as the Australian equivalent Accounting Standard, AASB 132 "Financial Instruments: Disclosure and Presentation" does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on            September 2007.

*Basis of preparation*

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Income Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or used tax losses and tax offsets can be utilised.

The company and all its wholly-owned Australian resident entities have formed a tax-consolidated group under Australian taxation law. Stellar Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Under the tax sharing arrangements, amounts will be recognised as payable or receivable between group companies in relation to their contribution to the tax benefits and amounts of tax paid or payable. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing arrangement is considered remote.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax ("GST").

**(c) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**(d) Receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**(e) Investments**

Non-current investments are carried at cost less impairment write down. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Gains or losses, whether realised or unrealised, are included in profit before income tax.

**(f) Impairment of Assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(g) Property, Plant and Equipment**

Land and building are recognised at deemed cost. Plant and equipment, leasehold improvements and building are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful life, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

<b>Class of Fixed Asset</b>	<b>Depreciation Period</b>
Office furniture and equipment	2 to 5 years
Software	2.5 years
Buildings	40 years

**(h) Exploration, Evaluation and Development Expenditure**

*Costs carried forward*

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

**(i) Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

**(j) Payables**

Liabilities for trade payables and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**(k) Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(l) Principles of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the "Group" in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statement of the Company, intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items.

**(m) Goods and Services Tax (GST)**

Revenues, expenses and assets (except receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(n) Financial Assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose term require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment write down in the Company financial statements.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that carrying amount to the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(n) Financial Assets (cont'd)**

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets, and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At balance date, the entity held the following available-for-sale financial assets:

*Available-for-sale financial assets*

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described below. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

*Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- has been acquired principally for the purpose of selling in the near future;
- is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described below.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

**(o) Share-based Payments**

The entity provides benefits to employees (including directors) of the entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). These benefits are currently provided under the Employee Option Plan.

The cost of these equity-settled share-based payments that were unvested as of 1 January 2005 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Stellar Resources Limited ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(o) Share-based Payments (cont'd)**

No expense is recognised for awards that do not ultimately vest because of the non-achievement of non-market based performance conditions.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(p) Issued Standards Not Early Adopted**

The Directors have considered the impact of new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the Company and Consolidated Entity.

*Standards and Interpretations in issue not yet adopted*

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB 7 "Financial Instruments: Disclosures" and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
- AASB 101 "Presentation of Financial Statements" – revised standard	1 January 2007	30 June 2008
- AASB 2007-7 "Amendments to Australian Accounting Standards"	1 July 2007	30 June 2008
- AASB 8 "Operating Segments"	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB Interpretation 10 "Interim Financial Reporting and Impairment"	1 November 2006	30 June 2008
- AASB Interpretation 11 "AASB 2 – Group and Treasury Share Transactions"	1 March 2007	30 June 2008
- AASB 2007-1 "Amendments to Australian Accounting Standards arising from AASB Interpretation 11"	1 March 2007	30 June 2008
- AASB Interpretation 12 "Service Concession Arrangements"	1 January 2008	30 June 2009
- AASB 2007-2 "Amendments to Australian Accounting Standards arising from AASB Interpretation 12"	1 January 2008	30 June 2009
- AASB 2007-4 "Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments"	1 July 2007	30 June 2008
- AASB Interpretation 13 "Customer Loyalty Programmes"	1 July 2008	30 June 2009
- AASB Interpretation 14 "AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	1 January 2008	30 June 2009
- AASB 123 "Borrowing Costs" – revised standard	1 January 2009	30 June 2010
- AASB 2007-6 "Amendments to Australian Accounting Standards arising from AASB 123"	1 January 2009	30 June 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(p) Issued Standards Not Early Adopted (cont'd)**

*AASB Interpretation 10*

AASB 134 "Interim Financial Reporting" requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.

This approach is consistent with impairment reversal prohibitions in AASB 136 "Impairment of Assets" and AASB 139 "Financial Instruments: Recognition and Measurement".

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (i.e. 1 July 2004) and AASB 139 (i.e. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

*AASB Interpretation 11 and AASB 2007-1*

AASB Interpretation 11 clarifies the application of AASB 2 "Share-based Payment" to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. AASB 2007-1 amends AASB 2 to insert transitional provisions of IFRS 2 "Share-based Payment" that had previously been set out in AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards".

AASB Interpretation 11 and AASB 2007-1 are required to be applied retrospectively.

*AASB Interpretation 12 and AASB 2007-2*

AASB Interpretation 12 provides guidance on the accounting by operators for public-to-private service concession arrangements. In doing so, it prescribes the following:

- infrastructure that falls within the scope of AASB Interpretation 12 shall not be recognised as property, plant and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator
- depending on the terms of the arrangement, the operator will recognise:
  - a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or
  - an intangible asset (where the operator's future cash flows are not specified – e.g. where they will vary according to usage of the infrastructure asset); or
  - both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

AASB 2007-2 makes amendments to a number of Standards arising from AASB Interpretation 12. AASB 2007-2 also amends references to "UIG Interpretations" to "Interpretations".

On adopting AASB Interpretation 12, an entity is required to restate its financial position as though it had always accounted for its service concession arrangements using the method prescribed by the Interpretation.

*AASB 2007-4*

AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required and make a number of editorial amendments.

Whilst a large number of Accounting Standards are amended by AASB 2007-4, key accounting policy options introduced by AASB 2007-4 relate to:

- the measurement and presentation of government grants;
- the accounting for jointly controlled entities using the proportionate consolidation method; and
- the presentation of the cash flow statement.

The consolidated entity does not intend to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there will no financial impact to the financial report.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(p) Issued Standards Not Early Adopted (cont'd)**

*AASB Interpretation 13*

AASB Interpretation 13 addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (i.e. award credits) as part of a sales transaction. AASB Interpretation 13 requires the entity that grants the awards to account for the sales transaction that gives rise to the award credits as a "multiple element revenue transaction" and allocate the fair value of the consideration received or receivable between the award credits granted and the other components of the revenue transaction.

AASB Interpretation 13 is required to be applied retrospectively.

*AASB 123 (revised) and AASB 2007-6*

AASB 123 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under AASB 123 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets. AASB 2007-6 makes amendments to various Accounting Standards arising from the issue of AASB 123 (revised).

AASB 123 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

**(q) Jointly Controlled Assets**

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture.

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$
<b>2. REVENUE</b>				
Operating activities				
Interest received – bank deposits	282,631	243,461	282,631	243,461
Fair value gain on investments	637,353	-	-	-
Total Revenue	919,984	243,461	282,631	243,641

**3. LOSS FOR THE YEAR**

Loss for the year includes the following items of expenses

Depreciation – buildings, plant and equipment	37,145	11,656	36,558	11,069
Exploration expenditure written off	261,301	570,429	-	-
Rental expense	28,039	28,250	28,039	28,250
Impairment of investments	-	-	612,000	247,620
Equity-settled share based payments	75,984	245,504	75,984	245,504
Impairment of loans to subsidiaries	-	-	2,987,284	2,129,300
Fair value loss on investment	287,475	-	-	-

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	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>4. INCOME TAX</b>				
<b>(a) Income tax recognised in profit or loss</b>				
Tax expense comprises:				
Current tax benefit	494,950	-	-	-
Deferred tax expense relating to origination and reversal of temporary differences	-	-	-	-
Total tax benefit	494,950	-	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit/(loss) from operations	78,685	(1,180,555)	(4,103,538)	(2,986,455)
Income tax expense/(benefit) calculated at 30%	23,605	(354,167)	(1,231,061)	(895,936)
Non-deductible expenses	(675,336)	73,651	1,047,292	615,420
Unused tax losses and tax offsets not recognised as deferred tax assets	156,781	280,516	183,469	280,516
Total tax expense/(benefit)	(494,950)	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**(b) Unrecognised deferred tax balances**

The following deferred tax assets have not been brought to account as assets:

Effect of revaluations of assets for taxation purposes				
Tax losses – revenue	759,063	602,282	759,063	602,282
Tax losses – capital	720,427	720,427	720,427	720,427
Total tax benefit	1,479,490	1,322,709	1,479,470	1,322,709

**Tax consolidation**

*Relevance of tax consolidation to the consolidation entity*

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 October 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Stellar Resources Limited.

*Nature of tax sharing agreements*

Entities within the tax-consolidated group have entered into a tax sharing agreement with the head entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

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	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>5. CASH AND CASH EQUIVALENTS</b>				
Cash at bank	32,181	242,994	32,181	242,994
Term Deposits	5,220,000	5,370,000	5,220,000	5,370,000
	<u>5,252,181</u>	<u>5,612,994</u>	<u>5,252,181</u>	<u>5,612,994</u>
<b>Reconciliation of cash</b>				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalent	5,252,181	5,612,994	5,252,181	5,612,994
Bank overdraft	(81,481)	-	(81,481)	-
	<u>5,171,700</u>	<u>5,612,994</u>	<u>5,171,700</u>	<u>5,612,994</u>
<b>6. TRADE AND OTHER RECEIVABLES – CURRENT</b>				
Other debtors	150,732	100,652	150,732	100,652
GST receivable	52,303	32,289	52,303	32,289
Tenement security deposit	58,364	51,000	56,364	39,000
	<u>261,399</u>	<u>183,941</u>	<u>259,399</u>	<u>171,941</u>
<b>7. OTHER ASSETS – CURRENT</b>				
Prepaid workers compensation insurance	966	12,649	966	12,649
Prepaid insurance premium	3,733	13,677	3,733	13,677
	<u>4,699</u>	<u>26,326</u>	<u>4,699</u>	<u>26,326</u>
<b>8. LOAN RECEIVABLES</b>				
Receivable from wholly owned subsidiaries	-	-	9,413,684	6,426,400
Accumulated impairment	-	-	(9,413,684)	(6,426,400)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans to subsidiaries are non-interest bearing and are repayable on demand.				
Ultimate recovery of loan receivables is dependent upon success in exploration and development or sale or farm-out of the subsidiaries' exploration interests.				
<b>9. OTHER FINANCIAL ASSETS – NON-CURRENT</b>				
Shares in listed investment	4,832,588	-	-	-
Shares in subsidiaries at cost	-	-	859,620	859,620
Accumulated impairment	-	-	(859,620)	(247,620)
	<u>4,832,588</u>	<u>-</u>	<u>-</u>	<u>612,000</u>

Stellar holds 6.667 million unlisted options in ASX listed company Gippsland Offshore Petroleum Limited ("GOP"). These were issued inter alia to the company at the time of the initial ASX listing of GOP. These options are colloquially known as "piggy-back" options – in that upon the exercise of the "initial" 20 cent options (by 30 November 2009), 6.667 million new options would then be granted to Stellar (but at an exercise price of 40 cents and expiry date any time up two years from that date of issue).

At the balance date of 30 June 2007, the share price of GOP was 20 cents per share and hence the options only contain "time value" (and zero "intrinsic value"). However, as at the date of these Financial Statements, the GOP share price has risen above 20 cents and therefore the options have both time and intrinsic value.

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	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>				
Land and buildings – at cost	64,519	64,519	-	-
Accumulated depreciation	(1,711)	(1,124)	-	-
	<u>62,808</u>	<u>63,395</u>	<u>-</u>	<u>-</u>
Office furniture and equipment – at cost	90,921	76,888	90,921	76,888
Accumulated depreciation	(35,296)	(9,148)	(35,296)	(9,148)
	<u>55,625</u>	<u>67,740</u>	<u>55,625</u>	<u>67,740</u>
Software	26,257	11,371	26,257	11,371
Accumulated depreciation	(14,276)	(3,866)	(14,276)	(3,866)
	<u>11,981</u>	<u>7,505</u>	<u>11,981</u>	<u>7,505</u>
Total property, plant and equipment	<u>130,414</u>	<u>138,640</u>	<u>67,606</u>	<u>75,245</u>
<b>(a) Movements in Carrying Amounts</b>				
Balance at the beginning of the period	138,640	82,317	75,245	18,335
Additions	28,919	67,979	28,919	67,979
Depreciation expense	(37,145)	(11,656)	(36,558)	(11,069)
Carrying amount at the end of the period	<u>130,414</u>	<u>138,640</u>	<u>67,606</u>	<u>75,245</u>

**11. EXPLORATION EXPENDITURE**

**(a) Carrying values**

Balance at the beginning of the period	6,484,112	4,313,243	-	-
Acquisition of subsidiaries (Note 22(a))	-	611,998	-	-
Expenditure incurred during period	3,409,605	2,129,300	-	-
Expenditure written off during period	(261,301)	(570,429)	-	-
Expenditure recoupment	(3,595,085)	-	-	-
Exploration expenditure carried forward	<u>6,037,331</u>	<u>6,484,112</u>	<u>-</u>	<u>-</u>

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

**(b) Joint venture interest**

A wholly owned subsidiary, Balrone Holdings Pty Ltd, has the following significant exploration joint venture interests:

North Bendigo Joint Venture	– Gold exploration 50%
Triako Joint Venture	– Base metal exploration farm-in whereby the Consolidated Entity has earned 51%

A wholly owned subsidiary, Hillment Pty Ltd, has the following significant exploration joint venture interests:

Warrior Joint Venture	– Uranium exploration farm-out
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A wholly owned subsidiary, Hiltaba Gold Pty Ltd, has the following significant exploration joint venture interests:

Cowell Joint Venture	– IOCG exploration farm-in whereby the Consolidated Entity can earn 75%
Robins Rise Joint Venture	– IOCG exploration farm-out
Tarcoola Uranium Joint Venture	– Uranium exploration farm-out

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	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>11. EXPLORATION EXPENDITURE</b>				
<b>(b) Joint venture interest (cont'd)</b>				
The Consolidated Entity's share of assets employed in the joint ventures are:				
NON-CURRENT ASSETS				
Exploration expenditure	2,651,164	1,477,625	-	-
<b>12. TRADE AND OTHER PAYABLES</b>				
Other creditors and accruals	473,302	232,322	473,302	232,322
<b>13. CURRENT PROVISIONS</b>				
Employee benefits	23,432	27,809	23,432	27,809
- Aggregate employee benefits liability	23,432	27,809	23,432	27,809
- Number of employees at year-end	6	6	6	6
<b>14. ISSUED CAPITAL</b>				
<b>(a) Issued capital</b>				
67,038,168 fully paid ordinary shares (2006: 58,338,168)	16,481,428	13,605,098	16,481,428	13,605,098
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>(b) Movements in shares on Issue</b>				
At the beginning of the reporting period	58,338,168	13,605,098	49,238,168	9,901,312
Shares issued during the period:				
Placement Market	8,400,000	2,940,000	7,500,000	3,375,000
Placement Hillment Pty Ltd	-	-	1,600,000	512,000
Placement Discovery Nickel Limited	300,000	87,000	-	-
Share issue cost	-	(150,670)	-	(183,214)
At the end of the reporting period	67,038,168	16,481,428	58,338,168	13,605,098

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 12 February 2007 the Company issued 300,000 ordinary fully paid shares at an issue price of 29 cents to fund the acquisition of exploration licence.

On 7 May 2007 the Company issued 8,400,000 ordinary fully paid shares at an issue price of 35 cents to sophisticated and professional investors through Taylor Collison Limited.

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**14. ISSUED CAPITAL (cont'd)**

**(c) Share Options**

The Company has in place an Employee Option Plan under which employees of the Company, including executive and non-executive directors can be offered both short term and long term incentives. Under the Plan each option is to subscribe for one share and, when issued, these shares rank equally with other shares. Options issued under the Employee Option Plan are not transferable. As at 30 June 2007, employees have options over 625,000 ordinary shares all of which are exercisable at 30 cents each and expire on 19 August 2009. In addition, on 10 December 2004, the Company's Directors were granted 3,500,000 options to subscribe for ordinary shares at an exercise price of 30 cents each. These options are exercisable between 28 April 2007 and 10 December 2008.

At 30 June 2007, the Company had on issue the following options to acquire shares in the Company:

Nos.	Class
3,500,000	Unlisted Director Options
625,000	Unlisted Vested Employee Options expiring 19 August 2009

The following share-based payment arrangements were in existence during the period.

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Director options (i)	3,500,000	10/12/04	10/12/08	30 cents	\$220,500
Employee options (ii)	250,000	22/09/05	19/08/09	30 cents	\$70,765
Employee options (ii)	375,000	16/03/06	19/08/09	30 cents	\$81,358

- (i) Under the ASX listing rules, options issued to Directors in the year ending 30 June 2005 remained in escrow until 28 April 2007 and vested on that date.
- (ii) In accordance with the Company's Employee Option Plan, employee options issued on the 22 September 2005 and 16 March 2006 fully vested on issue date.

No employee options were issued during the 12 month period just concluded.

The following reconciles the outstanding options at the beginning and end of the financial year.

	2007		2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise prices
Balance at the beginning of the financial year	4,125,000	30 cents	3,500,000	30 cents
Granted during the financial year	-	-	625,000	30 cents
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	4,125,000	30 cents	4,125,000	30 cents
Exercisable at the end of the financial year	4,125,000	30 cents	4,125,000	30 cents

- (i) Exercised during the financial year  
No share options issued under the employee option plan were exercised during the year.
- (ii) Balance at end of the financial year  
The share options outstanding at the end of the financial year had an exercise price of 30 cents and weighted average remaining contractual life of 567 days.

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	Consolidated Entity		Company	
	2007 \$	2006 \$	2007 \$	2007 \$
<b>15. RESERVES</b>				
<b>Employee equity-settled benefits reserve</b>				
Balance at the beginning of the financial year	296,639	51,135	296,639	51,135
Share-based payment	75,984	245,504	75,984	245,504
Transfer to share capital	-	-	-	-
Balance at the end of the financial year	372,623	296,639	372,623	296,639

**Investments revaluation reserve**

Balance at the beginning of the financial year	-	-	-	-
Revaluation increments/(decrements)	804,997	-	-	-
Deferred tax liability arising on revaluation	-	-	-	-
Balance at the end of the financial year	804,997	-	-	-

The employee equity-settled benefits reserve arises on the grant of share options to directors and employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Notes 14 and 18 to the financial statements

The investment revaluation reserve is used to recognise fair value movements in financial assets held by the group based on closing prices on the ASX in respect of quoted securities

**16. ACCUMULATED LOSSES**

Accumulated losses at the beginning of the period	(1,715,855)	(535,300)	(7,663,362)	(4,676,907)
Profit/(loss) for the period	78,685	(1,180,555)	(4,103,538)	(2,986,455)
Accumulated losses at the end of the financial period	(1,637,170)	(1,715,855)	11,766,900	(7,663,362)

**17. EARNINGS PER SHARE**

	Consolidated Entity	
	2007 Cents per share	2006 Cents per share
Basic earnings per share	0.133	(2.295)
Diluted earnings per share	0.133	(2.295)

	Consolidated Entity	
	2007 \$	2006 \$
(a) Reconciliation of Earnings to Net Loss		
Net profit/(loss)	78,685	1,180,555
Earnings used in the calculation of basic and diluted EPS	78,685	1,180,555
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	59,128,853	51,449,127

The options on issue throughout 2006 and 2007 are not dilutive in effect, as the consolidated entity recorded a net loss in each of those financial years.

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**18. KEY MANAGEMENT PERSONNEL COMPENSATION**

**(a) Names and positions held of key management personnel in office at any time during the financial period are:**

Thomas J Burrowes	–	Executive Chairman
Barrie E Laws	–	Non-executive Director
David J Isles	–	Executive Director
Christopher G Anderson	–	Executive Director
Bill Michaelidis	–	Company Secretary/CFO

**(b) Directors' and Executives' Compensation**

*Remuneration Policy*

The Board is responsible for determining and reviewing the remuneration of the directors including the managing director and the executive officers of the Company. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board seeks where necessary the advice of external advisers in connection with the structure of remuneration packages. The Board also recommends the levels and form of remuneration for non-executive directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the Company in general meeting. Shareholders fixed the maximum aggregate remuneration for non-executive directors at \$500,000.

The three key elements of director and executive remuneration are:

- base salary and fees, which are determined by reference to the market rate based on payments at similar size companies in the industry;
- superannuation contributions; and
- equity-based payments, the value of which are dependent on the Company's share price and other factors.

**Key Management Personnel Compensation**

2007	Short Term Benefits			Post-employment		Equity Options	Other Benefits	Total
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Other			
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>								
T J Burrowes	86,833	-	-	103,167	-	21,881	-	211,881
B E Laws	14,583	-	-	12,667	-	10,341	-	37,591
D J Isles	75,000	-	-	-	-	21,881	-	96,881
C G Anderson	175,000	-	-	-	-	21,881	-	196,881
<b>Executive</b>								
B Michaelidis	73,500	-	-	16,500	-	-	-	90,000
	424,916	-	-	132,334	-	75,984	-	633,234
<b>2006</b>								
	Salary & Fees	Bonus	Non-monetary	Super-annuation	Other	Equity Options	Other Benefits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Director</b>								
T J Burrowes	129,250	-	-	49,500	-	26,509	-	205,259
B E Laws	27,083	-	-	2,437	-	13,854	-	43,374
D J Isles	75,000	-	-	-	-	26,509	-	101,509
C G Anderson	150,000	-	-	-	-	26,509	-	176,509
<b>Executive</b>								
B Michaelidis	68,250	-	-	13,000	-	70,765	-	152,015
	449,583	-	-	64,937	-	164,146	-	678,666

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**18. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)**

**(b) Directors' and Executives' Compensation (cont'd)**

All key management personnel compensation is paid by Stellar Resources Limited. Key management personnel receive no remuneration from group subsidiary companies.

Compensation for Mr Anderson and Mr Isles are paid respectively to CG Anderson & Associates and The Goongarrie Trust.

**(c) Compensation Options: Granted and vested during the year**

2007	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant			
					Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
<b>Director</b>								
T J Burrowes	-	-	-	-	-	-	-	-
B E Laws	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
<b>Executive</b>								
B Michaelidis	-	-	-	-	-	-	-	-
	-	-						

No options were granted in 2007.

2006	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant			
					Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
<b>Director</b>								
T J Burrowes	-	-	-	-	-	-	-	-
B E Laws	-	-	-	-	-	-	-	-
D J Isles	-	-	-	-	-	-	-	-
C G Anderson	-	-	-	-	-	-	-	-
<b>Executive</b>								
B Michaelidis	250,000	250,000	22/09/05	28 cents	30 cents	19/08/09	22/09/05	19/08/09
	250,000	250,000						

**(d) Details concerning share-based remuneration of directors and executives**

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Any options not exercised before or on the date of termination will lapse.

The objective of the share-based schemes is to both reinforce the short and long-term goals of the company and to provide a common interest between management and shareholders. No options were granted during the year to key management personnel as outlined in Note 18(c) above.

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**18. KEY MANAGEMENT PERSONNEL REMUNERATION (cont'd)**

**(d) Details concerning share-based remuneration of directors and executives (cont'd)**

The Board is responsible for the review and operation of the Stellar Option Plan including terms and conditions for all options issued. The number of options offered under the plan is limited to less than 5% of the total number of shares on issue at the time of the offer.

**(e) Number of options held by key management personnel**

<b>2007</b>	<b>Balance 1/07/06</b>	<b>Granted as compen- sation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/07</b>	<b>Total vested 30/06/07</b>	<b>Total exerc- isable 30/06/07</b>	<b>Total unexerc- isable 30/06/07</b>
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
B E Laws	500,000	-	-	-	500,000	500,000	500,000	-
<b>D J Isles</b>	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
C G Anderson	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
<b>Executives</b>								
B Michaelidis	250,000	-	-	-	250,000	250,000	250,000	-
	<b>3,750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,750,000</b>	<b>3,750,000</b>	<b>3,750,000</b>	<b>-</b>
<b>2006</b>								
	<b>Balance 1/07/05</b>	<b>Granted as compen- sation</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30/06/06</b>	<b>Total vested 30/06/06</b>	<b>Total exerc- isable 30/06/06</b>	<b>Total unexerc- isable 30/06/06</b>
<b>Directors</b>								
T J Burrowes	1,000,000	-	-	-	1,000,000	-	-	1,000,000
B E Laws	500,000	-	-	-	500,000	-	-	500,000
D J Isles	1,000,000	-	-	-	1,000,000	-	-	1,000,000
C G Anderson	1,000,000	-	-	-	1,000,000	-	-	1,000,000
<b>Executives</b>								
B Michaelidis	-	250,000	-	-	250,000	250,000	250,000	-
	<b>3,500,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>3,750,000</b>	<b>250,000</b>	<b>250,000</b>	<b>3,500,000</b>

**(f) Shares issued on exercise of compensation options**

No shares were issued to directors or executives on exercise of compensation options during the financial year.

**(g) Loans to key management personnel**

There were no loans to key management personnel at anytime during the current or prior financial year.

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**18. KEY MANAGEMENT PERSONNEL REMUNERATION (cont'd)**

**(h) Number of shares held by key management personnel**

2007	Balance 1/07/06	Received as Compensation	Options Exercised	Net change other	Balance 30/06/07	Held Nominally
<b>Directors</b>						
T J Burrowes	1,086,112	-	-	-	1,086,112	-
B E Laws	75,000	-	-	-	75,000*	-
D J Isles	73,612	-	-	-	73,612	-
C G Anderson	75,000	-	-	-	75,000	-
<b>Executives</b>						
B Michaelidis	5,000	-	-	-	5,000	-
	<u>1,314,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314,724</u>	<u>-</u>

\* On 15 August 2007 Mr Laws purchase an additional 425,000 shares

2006	Balance 1/07/05	Received as Compensation	Options Exercised	Net change other	Balance 30/06/06	Held Nominally
<b>Directors</b>						
T J Burrowes	1,086,112	-	-	-	1,086,112	-
B E Laws	75,000	-	-	-	75,000	-
D J Isles	73,612	-	-	-	73,612	-
C G Anderson	75,000	-	-	-	75,000	-
<b>Executives</b>						
B Michaelidis	5,000	-	-	-	5,000	-
	<u>1,314,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314,724</u>	<u>-</u>

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**19. REMUNERATION OF AUDITORS**

Remuneration for audit or review of the financial reports of the Company	18,540	16,560	18,540	16,560
	<u>18,540</u>	<u>16,560</u>	<u>18,540</u>	<u>16,560</u>

**20. COMMITMENTS FOR EXPENDITURE**

<b>Exploration Commitments</b>	1,547,951	1,204,461	-	-
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In order to maintain current rights of tenure to exploration tenements, the Company has minimum exploration expenditure requirements up until the expiry of leases. These obligations, which are subject to renegotiation upon expiry of leases, are not provided for in the financial statements and are payable:

Not later than one year	1,547,951	1,204,461	-	-
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Exploration commitments later than one year are dependent on management assessment of prospectivity and desirability of retaining the current suite of exploration projects.

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**21. RELATED PARTIES**

**Directors**

The names of the persons who were directors of Stellar Resources Limited at any time during the financial period are as follows:

Thomas J Burrowes	–	Executive Chairman
Barrie E Laws	–	Non-executive Director
David J Isles	–	Executive Director
Christopher G Anderson	–	Executive Director

**Remuneration Benefits**

Information on remuneration benefits of Directors is disclosed in Note 18.

**Transaction of Directors and Director-Related Entities Concerning Shares or Share Options**

Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Consolidated Entity:

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares	-	-	1,309,724	1,309,724
Options over ordinary shares	-	-	3,500,000	3,500,000

425,000 additional shares were acquired since 30 June 2007 by Mr Laws.

**Other Transactions with Directors and Director – Related Entities**

During the period, geological, geophysical and field services were provided at commercial rates by a director related entity, Euro Exploration Services Pty Ltd, of which Mr Anderson was both a Director and shareholder. Euro Exploration Services Pty Ltd charged \$95,000 (2006: \$232,656) in relation to these services.

During the period, Providence Gold and Minerals Pty Ltd (PGM) of which Mr Burrowes is a Director and shareholder undertook exploration activities under a joint venture arrangement whereby exploration costs are borne on a 50/50 basis between PGM and the Company were \$36,631 (2006: \$71,343)

**22. SUBSIDIARIES**

	<b>Country of Incorporation</b>	<b>Percent Owned (%)</b>	
		<b>2007</b>	<b>2006</b>
<b>Company:</b>			
Stellar Resources Limited	Australia	-	-
<b>Subsidiaries of Stellar Resources Limited:</b>			
Balrone Holdings Pty Ltd	Australia	100%	100%
Rilo Explorations Pty Ltd	Australia	100%	100%
Bridgedale Holdings Pty Ltd	Australia	100%	100%
Hiltaba Gold Pty Ltd	Australia	100%	100%
Rubicon Min Tech Ventures Pty Ltd	Australia	100%	100%
Hillment Pty Ltd	Australia	100%	100%

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**22. SUBSIDIARIES (cont'd)**

**(a) Subsidiaries Acquired**

	Date Acquired	Purchase Consideration	Percentage Acquired
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The following subsidiaries were acquired during the period:

**2007**

No subsidiaries were acquired during the period	-	-	-
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**2006**

Hillment Pty Ltd	03/10/05	\$612,000	100%
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**Hillment Pty Ltd**

	Book value	Fair value adjustment	Fair value on acquisition
Net assets acquired	\$	\$	\$
Current assets:			
Cash and cash equivalents	2	-	2
Exploration expenditure	-	611,998	611,998
	2	611,998	612,000

**(b) Subsidiaries Disposed**

No subsidiaries were disposed during the period

	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

**23. CASH FLOW INFORMATION**

Reconciliation of Cash Flow from Operations with  
Loss after Income Tax

Profit/(loss) for the year	78,685	(1,180,555)	(4,103,538)	(2,986,455)
Depreciation of fixed assets	37,145	11,656	36,558	11,069
Amortisation formation cost	-	-	-	-
Exploration expenditure write off	261,301	570,429	-	-
Employee equity-settled benefits	75,984	245,504	75,984	245,504
Diminution in investments	-	-	612,000	247,620
Provision for subsidiary loan receivables	-	-	2,987,284	2,129,300
Income tax expenses	(494,950)	-	-	-
Fair value gains on investments	(349,877)	-	-	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	(36,074)	-	(36,074)	-
(Increase)/decrease in prepayments	21,627	(19,041)	21,627	(19,041)
Increase/(decrease) in payables	(18,317)	(29,933)	(18,317)	(29,933)
Increase/(decrease) in employee entitlements	(4,377)	17,675	(4,377)	17,675
Cash flows used in operations	(428,853)	(384,265)	(428,853)	(384,261)

The shares in listed investments of \$4,832,588 (Note 9) do not constitute an operating or financing activity due to their nature and, therefore, are not shown in the cash flow information above. This amount is represented by a combination of shares and options in UraniumSA Limited and options in Gippsland Offshore Petroleum Limited issued to the company as follows:

- 6,666,667 Gippsland Offshore Petroleum Limited options were granted to Rilo Exploration Pty Ltd (a wholly owned subsidiary of Stellar) in consideration for rights held in certain petroleum tenements.

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**23. CASH FLOW INFORMATION (cont'd)**

- 10,266,980 shares were granted to Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) on the successful listing of UraniumSA Limited pursuant to a Joint Venture with UraniumSA Limited granting uranium exploration rights on six of Stellar's exploration licenses in the Tarcoola region of the central Gawler Craton.

**24. FINANCIAL INSTRUMENTS**

**(a) Off-balance sheet derivative instruments**

The Company does not utilise any off-balance sheet derivative instruments.

**(b) Commodity contracts**

As at 30 June 2007, the Company does not have in place any commodity contracts.

**(c) Credit risk exposure**

The credit risk on financial assets of the Company, which have been recognised in the income statement, is generally the carrying amount, net of any provisions for doubtful debts.

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$
<b>(d) Other financial assets</b>				
Shares in listed investment	4,832,588	-	-	-
Shares in subsidiaries at cost	-	-	859,620	859,620
Accumulated impairment	-	-	(859,620)	(247,620)
	4,832,588	-	-	612,000

**(e) Interest rate risk exposure**

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

	<b>Weighted Average Effective Interest Rate</b>	<b>Floating interest rate</b>	<b>Fixed interest maturing</b>			<b>Non interest bearing</b>	<b>Total</b>
			<b>1 yr or less</b>	<b>Over 1 yr to 5 yrs</b>	<b>More than 5 yrs</b>		
		\$	\$	\$	\$	\$	\$
<b>2007</b>							
Financial assets							
Cash	6.28%	-	5,252,181	-	-	-	5,252,181
Receivables	-	-	-	-	-	261,399	261,399
Total financial assets		-	5,252,181	-	-	261,399	5,513,580
Financial liabilities							
Trade and other creditors		-	-	-	-	473,302	473,302
Total financial liabilities		-	-	-	-	473,302	473,302
Net financial assets		-	5,252,181	-	-	(211,903)	5,040,278

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**24. FINANCIAL INSTRUMENTS (cont'd)**

**(e) Interest rate risk exposure (cont'd)**

	Weighted Average Effective Interest Rate	Floating interest rate \$	Fixed interest maturing			Non interest bearing \$	Total \$
			1 yr or less \$	Over 1 yr to 5 yrs \$	More than 5 yrs \$		
<b>2006</b>							
Financial assets							
Cash	6.03%		5,612,994	-	-	-	5,612,994
Receivables	-		-	-	-	183,941	183,941
Total financial assets			5,612,994	-	-	183,941	5,796,935
Financial liabilities							
Trade and other creditors			-	-	-	232,322	232,322
Total financial liabilities			-	-	-	232,322	232,322
Net financial assets			5,612,994	-	-	(48,381)	5,564,613

**(f) Fair value of financial assets and liabilities**

The fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying amounts.

**25. STATEMENT OF OPERATIONS BY SEGMENTS**

The consolidated entity only operates in the Australian mineral exploration sector where it is actively pursuing opportunities.

**26. EVENTS SUBSEQUENT TO REPORTING DATE**

The company announced its intention to float a new company with a focus on tin.

**27. COMPANY DETAILS**

The registered office and principal place of business of the Company is:

Level 7, 530 Little Collins Street, Melbourne

## Independent Auditor's Report to the Members of Stellar Resources Limited

We have audited the accompanying financial report of Stellar Resources Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 12 to 40.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# DTT Victoria

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's Opinion*

In our opinion, the financial report of Stellar Resources Limited is in accordance with the *Corporations Act 2001*, including:

In our opinion:

- (a) the financial report of Stellar Resources is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

*DTT Victoria*

**DTT Victoria**

*Geoffrey R Sincock*

**G R Sincock**

**Partner**

**Chartered Accountants**

**Melbourne, 27<sup>TH</sup> September 2007**

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**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following additional information is required by Australian Stock Exchange Limited in respect of listed public companies.

**1. Shareholding**

The issued capital of the company was 67,038,168 ordinary shares fully paid as at 21 September 2007, of which all are listed on the Australian Stock Exchange. In addition, the company has on issue 4,125,000 unlisted options to acquire shares at an exercise of 30 cents per share at any time up to 19 August 2009.

**(a) Distribution of Shareholder Numbers**

Size of Holding	Number of Shareholders	Units	%	Number of Optionholders	Units	%
1 – 1,000	229	94,799	0.14	-	-	-
1,001 – 5,000	585	1,755,486	2.62	-	-	-
5,001 – 10,000	350	2,989,472	4.46	-	-	-
10,001 – 100,000	862	30,641,964	45.71	1	75,000	1.82
100,001 and over	96	31,556,447	47.07	7	4,050,000	98.18
	2,122	67,038,168	100.00	8	4,125,000	100.00

There were 491 shareholders who held less than a marketable parcel (2,500 shares) based on the market price of 20 cents.

**(b) Substantial shareholder as at 26 September 2006**

Name	Number of Shares Held	%
L J Thomson Pty Ltd	3,750,000	5.59

**(c) 20 Largest Shareholders – Ordinary Shares**

Name	Number of Shares Held	%
1 L J Thomson Pty Ltd	3,750,000	5.59
2 ANZ Nominees Limited <Cash Income A/C>	2,460,170	3.67
3 Fountain Oaks Pty Ltd <Limb Family Super Fund A/C>	1,145,000	1.86
4 HSBC Custody Nominees (Australia) Limited – A/C 2	1,000,000	1.49
5 Dr Leon Eugene Pretorius	1,000,000	1.49
6 Providence Gold and Minerals Pty Ltd	1,000,000	1.49
7 Pan Australian Nominees Pty Limited	957,360	1.43
8 AWJ Family Pty Ltd <A W Johnson Family A/C>	900,000	1.34
9 Peninsula Exploration Pty Ltd	860,000	1.28
10 UBS Nominees Pty Ltd	730,000	1.09
11 National Energy Pty Ltd	500,000	0.75
12 Narrow Lane Pty Ltd <Super Fund A/C>	440,000	0.66
13 Carojon Pty Ltd <Imbruglia Super Fund A/C>	425,000	0.63
14 Mr Barrie E Laws + Mrs Marilyn F Laws <B & M Laws Super Fund A/C>	425,000	0.63
15 Symington Pty Ltd	400,000	0.60
16 Mr James Clement Whiting <K W Share A/C>	400,000	0.60
17 HSBC Custody Nominees (Australia) Limited	377,000	0.56
18 MR David G Whiting + Mrs Susan M Whiting <Mambat Pty Ltd S/fund A/C>	375,000	0.56
19 Fortis Clearing Nominees P/L <Settlement A/C>	304,129	0.45
20 Mr Leonid Charuckyj + Mrs Christine Mary Charuckyj <Zeta Superfund AC>	300,000	0.45
	17,848,659	26.62

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**(d) Largest Optionholders**

	<b>Name</b>	<b>Number of Options Held</b>	<b>%</b>
1	T J Burrowes	1,000,000	24.24
2	C G Anderson	1,000,000	24.24
3	D J Isles	1,000,000	24.24
4	B E Laws	500,000	12.12
5	B Michaelidis	250,000	6.06
6	B Rava	150,000	3.64
7	M Raetz	150,000	3.64
8	A M Rigg	75,000	1.82
		<b>4,125,000</b>	<b>100.00</b>

**(e) Voting Rights**

Voting rights of members are governed by the company's Constitution. In summary, on the show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

**(f) Unquoted and Restricted Securities**

Options over un-issued Shares

- 3,500,000 options are on issue to four Stellar Directors. These options are exercisable up to 10 December 2008 at an exercisable price of 30 cents.
- 625,000 options are on issue to Stellar employees. These options are exercisable up to 19 August 2009 at an exercisable price of 30 cents each.

Restricted Shares

- 1,437,224 shares issued to five current and former Stellar Directors (or related parties) were in escrow until 28 April 2007.

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**SCHEDULE OF TENEMENTS**

Area (km <sup>2</sup> )	Stellar interest held (%)	Registered title holder	Date granted	Expiry on / payment due	Notes
<b>Exploration Licence EL4632 - Triako Joint Venture, New South Wales</b>					
61	51	Anglogold Ashanti Australia Limited, Triako Resources Limited (now CBH Resources Limited)	21/12/1993	20/12/2007	Note 1
<b>Exploration Licence EL6556 - Panama Hat, New South Wales</b>					
38	100	Balrone Holdings Pty Ltd	11/04/2006	10/04/2008	
<b>Mining Lease ML4650 - Tarcoola Project, South Australia</b>					
15.61 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML4667 - Tarcoola Project, South Australia</b>					
4.49 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML5179 - Tarcoola Project, South Australia</b>					
4.68 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Mining Lease ML5300 - Tarcoola Project, South Australia</b>					
2.89 ha	100	Hiltaba Gold Pty Ltd	11/01/2005	10/01/2010	
<b>Exploration Licence EL3089 - Tarcoola, South Australia</b>					
1249	100	Hiltaba Gold Pty Ltd	2/06/2003	1/06/2008	Note 2
<b>Exploration Licence EL3205 - Pinding, South Australia</b>					
500	100	Hiltaba Gold Pty Ltd	10/05/2004	9/05/2009	Note 2
<b>Exploration Licence EL3253 - Hierns Well, South Australia</b>					
427	100	Hiltaba Gold Pty Ltd	29/09/2004	28/09/2009	Note 2
<b>Exploration Licence EL3336 - Robins Rise, South Australia</b>					
818	100	Hiltaba Gold Pty Ltd	9/05/2005	8/05/2007	Note 6
<b>Exploration Licence EL3369 - Carnding, South Australia</b>					
263	100	Hiltaba Gold Pty Ltd	4/07/2005	3/07/2007	Note 2
<b>Exploration Licence EL3372 - Warrior, South Australia</b>					
165	100	Hillment Pty Ltd	8/07/2005	7/07/2007	Note 4
<b>Exploration Licence EL3436 - Lake Woorong, South Australia</b>					
889	100	Hiltaba Gold Pty Ltd	20/10/2005	19/10/2006	
<b>Exploration Licence EL3500 - Kychering, South Australia</b>					
91	100	Hiltaba Gold Pty Ltd	18/01/2006	17/01/2007	Note 2
<b>Exploration Licence EL3583 - Pernatty, South Australia</b>					
598	100	Hiltaba Gold Pty Ltd	21/06/2006	20/06/2007	

**STELLAR RESOURCES LIMITED  
ABN 96 108 758 961  
AND CONTROLLED ENTITIES**

**SCHEDULE OF TENEMENTS**

Area (km <sup>2</sup> )	Stellar interest held (%)	Registered title holder	Date granted	Expiry on / payment due	Notes
<b>Exploration Licence EL3752 - Cleanskin Swamp, South Australia</b>					
637	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	
<b>Exploration Licence EL3753 - Long Creek, South Australia</b>					
927	100	Hiltaba Gold Pty Ltd	19/04/2007	18/04/2012	
<b>Exploration Licence EL3799 - Cooladding, South Australia</b>					
58	100	Hiltaba Gold Pty Ltd	12/06/2007	11/07/2012	Note 2
<b>Exploration Licence EL3850 - Carriewerloo, South Australia</b>					
272	100	Hiltaba Gold Pty Ltd	23/07/2007	22/07/2012	
<b>Exploration Licence EL3016 - Cowell JV, South Australia</b>					
840	0	Avoca Resources Limited, managed by Hiltaba Gold Pty Ltd	23/09/2002	22/08/2007	Note 4
<b>Exploration Licence EL3148 - Cowell JV, South Australia</b>					
312	0	Avoca Resources Limited, managed by Hiltaba Gold Pty Ltd	26/11/2003	25/11/2008	Note 4
<b>Exploration Licence EL3418 - Cowell JV, South Australia</b>					
85	0	Avoca Resources Limited, managed by Hiltaba Gold Pty Ltd	16/09/2005	15/09/2010	Note 4
<b>Exploration Licence Application ELA379/07 - West Wirrida, South Australia</b>					
426	100	Hiltaba Gold Pty Ltd			Note 7
<b>Exploration Licence EL46/2003 - Heemskirk, Tasmania</b>					
193	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL1/2004 - Ramsay River, Tasmania</b>					
90	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL21/2004 - Dundas, Tasmania</b>					
13	100	Rubicon Min Tech Ventures Pty Ltd	26/06/2004	25/06/2009	Note 5
<b>Exploration Licence EL49/2004 - Rayne, Tasmania</b>					
28	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL50/2004 - Ewart Creek, Tasmania</b>					
32	100	Rubicon Min Tech Ventures Pty Ltd	3/02/2005	9/02/2010	
<b>Exploration Licence EL21/2006 - Hangman's Creek, Tasmania</b>					
8	100	Rubicon Min Tech Ventures Pty Ltd	9/10/2006	8/10/2011	
<b>Exploration Licence EL44/2006 - Corinna, Tasmania</b>					
125	100	Rubicon Min Tech Ventures Pty Ltd	17/04/2007	16/04/2012	

**STELLAR RESOURCES LIMITED  
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**SCHEDULE OF TENEMENTS**

Area (km <sup>2</sup> )	Stellar interest held (%)	Registered title holder	Date granted	Expiry on / payment due	Notes
<b>Exploration Licence EL4525 - North Bendigo, Victoria</b>					
374	50	Providence Gold and Minerals Pty Ltd, Stellar Resources Limited	11/01/2001	10/01/2009	
<b>Exploration Permit for Petroleum EPP Vic/P47 - Gilbert Block, Gippsland Basin, Bass Strait, Victoria</b>					
230	3	Moby Oil & Gas Ltd, Bass Strait Oil Company Limited, Eagle Bay Resources NL	28/05/2001	27/02/2008	

**Notes:**

- Note 1 Stellar has earned its 51% interest and is proceeding to move to a 60% interest by September 2007
- Note 2 UraniumSA Limited earning 70% in uranium interest
- Note 3 Stellar retained 100% interest in BHP Billiton Falcon Access Areas
- Note 4 Memorandum of Understanding for farm-out to Toro Energy Limited
- Note 5 Stellar has a right to earn 75% interest
- Note 6 Purchased from Discovery Nickel Limited (now Discovery Metals Limited)
- Note 7 Earn-in agreement with Red Metal Limited and Phelps Dodge Australasia, Inc.
- Note 8 Application date 22 August 2007

**STELLAR RESOURCES LIMITED  
ABN 96 108 758 961  
AND CONTROLLED ENTITIES**

**CORPORATE DIRECTORY**

**DIRECTORS**

Thomas J Burrowes (Chairman)  
Barrie E Laws (Non-executive)  
David J Isles (Executive)  
Christopher G Anderson (Executive)

**COMPANY SECRETARY**

Bill Michaelidis  
Melvyn J Drummond

**REGISTERED OFFICE**

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*Registers of unlisted employee and other options held at this address*

**ADELAIDE OFFICE**

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Kent Town SA 5067

Telephone: (08) 8363 1589

**SHARE REGISTRY**

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Melbourne VIC 3000

*Register of listed ordinary shares held at this address*

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Melbourne VIC 3000

**AUDITOR**

DTT Victoria  
QV Building  
180 Lonsdale Street  
Melbourne VIC 3000

**BANKERS**

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

**HOME STOCK EXCHANGE**

Australian Stock Exchange Limited  
530 Collins Street  
Melbourne VIC 3000

ASX code for shares: SRZ