



7 February 2012

Dear Shareholder

Rights Issue – notification to ineligible shareholders

Stellar Resources Limited (**Company**) is in the process of raising up to approximately \$2.55 million (before costs) of new equity capital through a non-renounceable pro-rata rights issue to existing eligible shareholders (**Rights Issue**).

The Rights Issue will be offered to eligible shareholders on the basis of 1 new fully paid ordinary share (**New Share**) for every 6 shares held at 7.00pm (AEST time) on the record date of 14 February 2012 at the price of \$0.08 per New Share. The Rights Issue is being made in accordance with section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**), as modified by ASIC Class Order 08/35.

Details are as announced to the Australian Securities Exchange (**ASX**) on 6 February 2012.

Who are Eligible Shareholders?

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are shareholders who:

- (a) were registered as a Stellar Resources Limited shareholder as at 7.00pm (AEST time) on 14 February 2012 (Record Date); and
- (b) have a registered address in Australia or New Zealand.

Do you meet the eligibility criteria?

Unfortunately, you do not satisfy the eligibility criteria, therefore, you are not eligible to subscribe for New Shares and you will not be sent a copy of the offer documents.

The Company wishes to advise you that it will not be extending the Rights Issue to you.

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Why are there restrictions on eligibility?

There are restrictions on eligibility because of:

- (a) the relatively small number of shareholders in some countries;
- (b) the small number and value of shares those shareholders would be offered; and
- (c) the cost of complying with legal and regulatory requirements in those countries.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in any country other than Australia and New Zealand in connection with the Rights Issue.

Do you need to do anything?

You are not required to do anything in response to this letter.

This letter is to inform you about the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

Questions

If you have any questions in relation to the Rights Issue and this letter, please seek professional advice or contact the Company Secretary on +61 3 9618 2542.

Yours faithfully



Christina Kemp
Company Secretary