

**THIS IS AN IMPORTANT DOCUMENT**

**AND REQUIRES YOUR ATTENTION**

If you are in any doubt as to how to deal with it,  
please consult your financial or other professional adviser.

**STELLAR RESOURCES LIMITED**

**ABN 96 108 758 961**

(‘Stellar’ or ‘Company’)

**NOTICE OF ANNUAL GENERAL MEETING**

**and**

**EXPLANATORY STATEMENT**

**The Annual General Meeting will be held:**

- at Spencer Room, Level 1, Vibe Savoy Hotel, 630 Little Collins Street, Melbourne. VIC. 3000;
- on Wednesday 17 October 2012 at 10.30am.

**You can vote by:**

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the proxy form to Stellar in the manner set out in the proxy form. The proxy form must be received by the Share Registry of Stellar no later than 10.30am on Monday 15 October 2012.

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of the members of **Stellar Resources Limited** will be held:

- on **Wednesday, 17 October 2012**
- at **10.30am**
- at **Spencer Room, Level 1, Vibe Savoy Hotel, 630 Little Collins Street, Melbourne. VIC 3000**

**1. RESOLUTIONS**

**A. Financial Statements and Reports**

To table the following statements and reports and provide members with the opportunity to raise any issues or ask questions generally of the Directors concerning those financial statements or the business operations of the Company:

- (a) the financial report of the Company and controlled entities for the year ended 30 June 2012;
- (b) the Directors' report; and
- (c) the independent auditor's report thereon.

**B. Ordinary Resolutions**

To consider and, if thought fit, to pass the following resolutions each as an ordinary resolution:

**Resolution 1: Adoption of Remuneration Report**

“**THAT** the Remuneration Report for the year ended 30 June 2012 be adopted.”

**Resolution 2: Re-election of Director**

“**THAT** Dr David J. Isles, a Director retiring in accordance with clause 57.1 of the Company's constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a Director of the Company.”

**C. Special Resolution**

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

**Resolution 3: Approval of 10% Placement Facility**

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

**2. VOTING RESTRICTIONS**

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); or a closely related party of a KMP whether the votes are cast as a Shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a member of the KMP (**KMP member**) or a closely related party of a KMP member if the vote is cast as a proxy; the proxy is appointed by writing that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a KMP member or a closely related party of a KMP member.

KMP members are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company.

If you are a KMP member or a closely related party of a KMP member (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as stated above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a KMP member means any of the following:

- a spouse or child of the KMP member;
- a child of the KMP member's spouse;
- a dependant of the KMP member or the KMP member's spouse;
- anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealings with the Company;
- a company the KMP member controls;
- a person prescribed by regulations (as at the date of this Notice of Annual General Meeting, no such regulations have been prescribed).

The proxy form accompanying this Notice of Annual General Meeting contains instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairperson as his or her proxy and to authorise the Chairperson to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

The Company will disregard any votes cast on Resolution 2 by Dr David J. Isles and any associate of Dr Isles. However, the Company need not disregard a vote cast on Resolution 2 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will disregard any votes cast on Resolution 3 by a person (and any associate of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 3 is passed. However, the Company need not disregard a vote cast on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **3. VOTING ENTITLEMENT**

The Directors of the Company have determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the Register of Members at 7.00pm (Melbourne time) on Monday 15 October 2012.

### **4. HOW TO VOTE**

Shareholders entitled to vote at the Annual General Meeting may vote by attending the Meeting in person, by attorney or proxy or, in the case of corporate shareholders, by a corporate representative.

### **5. VOTING IN PERSON OR BY ATTORNEY**

Shareholders or their attorneys wishing to vote in person should attend the Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Meeting is to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Meeting is to commence, provided the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

## 6. VOTING BY PROXY

- (a) Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.30am Melbourne time on 15 October 2012 by:
- Mail to: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001;
  - Hand delivery to: Stellar Resources Limited c/- Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000; or
  - Fax to: Stellar Resources Limited c/- Boardroom Pty Limited on +61 2 9290 9655; or
  - Online at [www.boardroomlimited.com.au/vote/stellaragm2012](http://www.boardroomlimited.com.au/vote/stellaragm2012).
- (b) A Shareholder who is entitled to vote at the Meeting may appoint:
- (1) one proxy if the Shareholder is only entitled to one vote; or
  - (2) one or two proxies if the Shareholder is entitled to more than one vote.
- (c) If a Shareholder appoints one proxy, that proxy may vote on a show of hands. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
- (d) Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- (e) A proxy need not be a Shareholder of the Company. In the case of joint holders, all should sign the proxy form. In the case of corporations, proxies must be executed in accordance with the Corporations Act.
- (f) To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
- (g) You are encouraged when completing the proxy form to direct the proxy by indicating a vote for either "For" or "Against" or "Abstain". If the abstention box for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not have been directed as to how to vote and may therefore vote as he or she thinks fit, or abstain from voting.
- (h) If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairperson of the Meeting may either act as proxy or complete the proxy by inserting the name of one or more Directors or the Company Secretary.
- (i) The Chairperson of the Annual General Meeting, the Company Secretary or any Directors of the Company intend to vote all undirected proxies from Shareholders (who are eligible to vote in favour of the Resolutions) **in favour of the Resolutions** to be voted on at the Annual General Meeting.
- (j) If you complete a proxy form that authorises the Chairperson of the Annual General Meeting to vote on your behalf as a proxyholder, and you do not mark any of the boxes "For" "Against" or "Abstain" so as to give the Chairperson directions about how your vote should be cast, your proxy will automatically be directed in favour of the resolution to adopt the Remuneration Report (i.e. Resolution 1), and the Chairperson will vote accordingly.
- (k) If you require an additional proxy form, the Company will supply it on request to the undersigned.

**7. VOTING BY CORPORATE REPRESENTATIVE**

Corporate Shareholders wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the Annual General Meeting.

**DATED** 14 September 2012

BY ORDER OF THE BOARD



.....  
**Christina Kemp**  
**Company Secretary**

**STELLAR RESOURCES LIMITED**  
**ABN 96 108 758 961**

**EXPLANATORY STATEMENT**

**INTRODUCTION**

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the Meeting and the Resolutions proposed to be considered at the Annual General Meeting on Wednesday 17 October 2012 and to assist Shareholders in determining how they wish to vote on those Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Meeting and forms part of the Notice of Meeting.

Certain terms used in this Explanatory Statement and the Notice of Meeting of which it forms part are defined in section 4 of this Statement (Interpretation).

**1. BUSINESS OF THE MEETING – SUMMARY**

a. To table the financial statements of the Company for the period ended 30 June 2012 and to give the members the opportunity to raise issues and ask questions generally concerning the financial statements or business operations of the Company;

b. To consider and vote on the following ordinary resolutions:

*Resolution 1 – to adopt the Remuneration Report; and*

*Resolution 2 – to re-elect Dr David J. Isles as a Director; and*

c. To consider and vote on the following special resolution:

*Resolution 3 – to approve a 10% Placement Facility under Listing Rule 7.1A.*

**2. WHY THE MEETING IS BEING HELD**

**2.1 Financial Statements and Reports**

The Board is required to lay before the Meeting the financial statements, Directors' report and independent auditor's report for the year ended 30 June 2012.

Copies of the financial statements and abovementioned reports are contained in the Annual Report for the financial year ended 30 June 2012 which has been lodged with ASX and is available for Shareholders to access and download from the Company's website [www.stellarresources.com.au](http://www.stellarresources.com.au).

Shareholders can also request a printed copy of the Annual Report by telephoning the Company Secretary, Ms Christina Kemp on (+61 3) 9618 2540. Shareholders who have opted in writing to receive a hard copy of the Annual Report will receive it in the mail with this Notice of Meeting.

The Chairperson of the Meeting will take Shareholders' questions and comments about the management of the Company. The auditor of the Company will be available to take Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the auditor about the content of the auditor's report or the conduct of the audit of the Annual Financial Report to be considered at the Meeting may be submitted not later than five business days before the Meeting to:

The Company Secretary  
Stellar Resources Limited  
Level 17, 530 Collins Street  
Melbourne VIC 3000

Facsimile: +61 3 9649 7200

E-mail: [chris.kemp@stellarresources.com.au](mailto:chris.kemp@stellarresources.com.au)

Copies of any questions received will be made available at the Meeting. The Chairperson of the Meeting will allow the auditor to answer written questions submitted to the auditor before the Meeting. If the auditor has prepared a written answer to a question, the Chairperson of the Meeting may permit the auditor to table that written answer. A written answer tabled at the Meeting will be made reasonably available to members as soon as practicable after the Meeting.

Shareholders are not required to pass any resolution in relation to the financial statements and reports (other than Resolution 1 being the adoption of the Remuneration Report for the year ended 30 June 2012).

## **2.2 Resolution 1 – Adoption of Remuneration Report for year ended 30 June 2012**

The Remuneration Report forms part of the statutory Annual Report for the year ended 30 June 2012 which is available for Shareholders to access and download from the Company's website [www.stellarresources.com.au](http://www.stellarresources.com.au). The Remuneration Report sets out the remuneration policy of the Company and reports the remuneration arrangements in place for specified executives, including the Chief Executive Officer, and the non-executive Directors.

The Company is required by the Corporations Act to put to the vote at the Annual General Meeting a resolution that the Remuneration Report be adopted. But, it should be noted, the vote on this resolution is advisory only and does not bind the Directors or the Company. Accordingly, the Company will not be required to alter any arrangements detailed in the Remuneration Report, should the Report not be adopted. However, notwithstanding this strict legal position, the Board has determined that it will take the outcome of the vote and comments made by Shareholders on the Remuneration Report into consideration when determining the remuneration policy of the Company.

Further, under recent amendments to the Corporations Act, if 25% or more of the votes cast on Resolution 1 are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's Remuneration Report for the period ending 30 June 2013 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2013 Annual General Meeting, 25% or more of the votes cast on the resolution for the adoption of the Remuneration Report for the financial year ended 30 June 2013 are against its adoption, the Company must put to its Shareholders a resolution proposing that an Extraordinary General Meeting (**Spill Meeting**) be held within 90 days of the date of the 2013 Annual General Meeting. Where a Spill Resolution is carried at the Spill Meeting (i.e more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution), all of the Directors in office at the 2013 Annual General Meeting will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

The Company recommends that Shareholders who submit proxies should consider giving "how to vote" directions to their proxyholder on each resolution, including this Resolution 1. If you complete a proxy form that authorises the Chairperson of the Annual General Meeting to vote on your behalf as proxyholder, and you do not mark any of the boxes "For" or "Against" or "Abstain" so as to give the Chairperson directions about how your vote should be cast, your proxy will automatically be directed in favour of the resolution to adopt the Remuneration Report and the Chairperson will vote accordingly.

**If you wish to appoint the Chairperson of the Annual General Meeting as your proxyholder but you do not want to put the Chairperson in the position to cast your votes in favour of Resolution 1, you should complete the appropriate box on the proxy form, directing the Chairperson to vote against or abstain from voting on Resolution 1.**

Before calling for votes in relation to this resolution, the Chairperson of the Meeting will allow a reasonable opportunity for the members present to ask questions about, or make comments on, the Remuneration Report.

*The Directors make no voting recommendation to Shareholders in relation to this Resolution.*

## **2.3 Resolution 2 – Re-election of Dr David J. Isles as a Director**

Clause 57.1 of the Company's constitution provides that, at the close of each Annual General Meeting, one third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not more than one third of the Directors) must retire from office. The Directors retire by rotation, with the Director(s) who have been the longest in office since being appointed or re-appointed being the Director(s) who must retire in any year. There being four Directors, this provision requires one Director to retire by rotation at this year's Annual General Meeting. Mr Harman having been re-elected at the 2010 Annual General Meeting and Dr Whiting and Mr Burrowes having been re-elected at last year's Annual General Meeting, it falls to Dr Isles to retire at the conclusion of the 2012 Annual General Meeting.

Under clause 57.4, a retiring Director is entitled to offer himself for re-election as a Director at the Annual General Meeting which coincides with his retirement.

Dr Isles has a background in the minerals industry spanning more than 30 years. He has held senior positions in large mining and exploration companies and in contracting and consulting companies. Since 1993, he has operated a technical consultancy specialising in exploration applications of airborne geophysics.

In recent times, he has been an executive Director of ASX listed companies New Hampton Goldfields Limited and Gravity Capital Limited and is currently a non-executive Director of the Senegalese-focused ASX listed mining and exploration company, Mineral Deposits Limited. He was a founding Director of Stellar Resources Limited.

He is a member of the Society of Exploration Geophysicists, the Australian Institute of Geoscientists and the Australian Society of Exploration Geophysicists.

Details of Dr Isles' qualifications and further details of his experience are contained in the Directors' Report forming part of the 2012 Annual Report.

Dr Isles will retire in accordance with the requirements of the Company's constitution at the close of the Annual General Meeting. He seeks re-election as a Director of the Company at the Meeting.

*The Directors (other than Dr Isles) recommend that you vote in favour of this Resolution. Dr Isles makes no recommendation to Shareholders.*

## **2.4 Resolution 3 – Approval of 10% Placement Facility under Listing Rule 7.1A**

### **2.4.1 General**

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

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

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

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2.4.2.3 below).

### **2.4.2 Description of Listing Rule 7.1A**

#### 2.4.2.1 Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

#### 2.4.2.2 Equity Securities

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

The Company, as at the date of this Notice of Meeting, has on issue one class of Equity Securities, being Shares.

#### 2.4.2.3 Formula for calculating 10% Placement Facility

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

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



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

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

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

**D** is 10%

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

#### 2.4.2.4 Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice of Meeting, the Company has on issue 223,447,547 shares and therefore has a capacity to issue:

- 33,517,132 Equity Securities under Listing Rule 7.1; and
- under Resolution 3, subject to Shareholder approval being sought, 22,344,754 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2.4.2.3 above).

#### 2.4.2.5 Minimum Issue Price

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

- (A) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (B) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.

#### 2.4.2.6 10% Placement Period

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

- (A) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
  - (B) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking);
- or such longer period if allowed by ASX (**10% Placement Period**).

### **2.4.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **2.4.4 Specific information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date Shareholders provide their approval at the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

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

The table also shows:

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

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.0425 50% decrease in Issue Price	\$0.0850 Issue Price	\$0.1700 100% increase in Issue Price
Current Variable A 223,447,547 Shares	10% Voting Dilution	22,344,754 Shares	22,344,754 Shares	22,344,754 Shares
	Funds raised	\$949,652	\$1,899,304	\$3,798,608
50% increase in current Variable A 335,171,321 Shares	10% Voting Dilution	33,517,132 Shares	33,517,132 Shares	33,517,132 Shares
	Funds raised	\$1,424,478	\$2,848,956	\$5,697,912
100% increase in current Variable A 446,895,094 Shares	10% Voting Dilution	44,689,509 Shares	44,689,509 Shares	44,689,509 Shares
	Funds raised	\$1,899,304	\$3,798,608	\$7,597,217

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  2. None of the 6,125,000 unlisted options that the Company currently has on issue are exercised into shares before the date of the issue of the Equity Securities.
  3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement capacity under Listing Rule 7.1.
  6. The issue price is \$0.085, being the closing price of the Shares on ASX on 27 August 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised to advance its primary objective of establishing the feasibility of its wholly owned Heemskirk Tin Project near Zeehan in north west Tasmania, keep the Company's other mining tenements in good standing to the extent that third parties are not responsible for doing so under farmin or joint venture agreements and/or to provide general working capital.
  - (ii) non-cash consideration. Whilst the Company is not currently seeking to acquire new resource assets or investments, an asset may become available for acquisition in exchange for shares. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

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

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

If the Company were to acquire an asset or investment in exchange for Shares, it is likely that the allottee under the 10% Placement Facility would be the vendor of the asset or investment.

- (f) This is the first occasion on which Shareholder approval has been sought under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in section 2 of the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

*The Directors recommend that you vote in favour of this Resolution.*

### **3. OTHER SOURCES OF INFORMATION**

You may wish to review information available from the following sources in deciding whether or not to attend and vote at the Annual General Meeting or to vote in favour of or against any of the Resolutions:

Stellar is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Specifically, as an entity listed with ASX, Stellar is subject to the Listing Rules which require continuous disclosure of any information which Stellar has concerning itself that a reasonable person would expect to have a material effect on the price or value of shares.

Copies of announcements made by the Company on ASX are available from the ASX website, [www.asx.com.au](http://www.asx.com.au).

In addition, Stellar is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Stellar may be obtained from, or inspected at, ASIC offices.

Additional information regarding Stellar is available on Stellar's website: [www.stellarresources.com.au](http://www.stellarresources.com.au).

#### 4. INTERPRETATION

In this Explanatory Statement and the Notice of Meeting of which it forms part:

**10% Placement Facility** has the meaning given in section 2.4.1.1;

**10% Placement Period** has the meaning given in section 2.4.2.6;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the board of Directors of the Company;

**Company** or **Stellar** means Stellar Resources Limited ABN 96 108 758 961;

**Corporations Act** means Corporations Act 2001 (Cth);

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

**Equity Securities** has the same meaning as in the Listing Rules;

**Listing Rules** means the listing rules of ASX;

**Registry** means Boardroom Pty Limited of Level 7, 207 Kent Street, Sydney, NSW 2000;

**Resolutions** means the two ordinary and one special resolution contained in the Notice of Meeting;

**Shareholder** means a holder of a share;

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

**Stellar** or **Company** means Stellar Resources Limited ABN 96 108 758 961;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average price.

#### 5. QUERIES

If you have any queries about the Meeting, the Resolutions to be put to the Meeting or the proposals being considered, please contact the Company Secretary, Ms Christina Kemp, on (03) 9618 2540.



**FOR ALL ENQUIRIES CALL:**

(within Australia) 1300 737 760

(outside Australia) +61 2 9290 9600

**FACSIMILE**

+61 2 9290 9655

**ALL CORRESPONDENCE TO:**

Boardroom Pty Limited

GPO Box 3993

Sydney NSW 2001

Australia

## YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10:30am  
MONDAY 15<sup>th</sup> OCTOBER 2012

## TO VOTE ONLINE



**STEP 1: VISIT** [www.boardroomlimited.com.au/vote/stellaragm2012](http://www.boardroomlimited.com.au/vote/stellaragm2012)

**STEP 2: Enter your holding/Investment type**

**STEP 3: Enter your Reference Number and VAC:**



### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

### Reference Number:

Please note it is important you keep this confidential

## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

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

#### Proxy which is a Body Corporate

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

#### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

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

### STEP 3 Sign the Form

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

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

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

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

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

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting **10:30am on Wednesday, 17<sup>th</sup> October 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Proxies may be lodged using the reply paid envelope or:**

**BY MAIL –** Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

**BY FAX –** +61 2 9290 9655

**IN PERSON –** Share Registry – Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

### Vote online at:

[www.boardroomlimited.com.au/vote/stellaragm2012](http://www.boardroomlimited.com.au/vote/stellaragm2012)  
or turnover to complete the Form →

### Attending the Meeting

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

**STEP 1 – Appointment of Proxy**

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

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Stellar Resources Limited to be held at Spencer Room, Level 1, Vibe Savoy Hotel, 630 Little Collins Street, MELBOURNE VIC 3000 on Wednesday the 17th of October 2012 at 10:30 am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of resolution 1, please mark this box. *By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. By marking this box I/we acknowledge the Chairman of the Meeting can exercise my/our proxy even though he has an interest in the outcome of the resolution and unless a specific voting direction has been specified below, the Chairman of the Meeting is directed to vote in accordance with his voting intention as set out below.*

*The Chair will vote all undirected proxies in favour of resolution 1*

**STEP 2 – Voting directions to your Proxy – please mark  to indicate your directions**

		For	Against	Abstain*
<b>Ordinary Business</b>				
Resolution 1	Adoption of the Remuneration Report for year ended 30 June 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Dr David J Isles as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolution</b>				
Resolution 3	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

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

**STEP 3 – PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name .....

Contact Daytime Telephone .....

Date / / 2012