



STELLAR RESOURCES LIMITED

ABN 96 108 758 961

**HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

Stellar Resources Limited
Contents
31 December 2017



Corporate directory	2
Review of operations	3
Directors' report	6
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	18
Independent auditor's review report to the members of Stellar Resources	19

Directors	Phillip G Harman (Non-Executive Chairman) Peter G Blight (Managing Director) Thomas H Whiting (Non-Executive) Miguel Lopez de Letona (Non-Executive)
Company Secretary	Melanie Leydin
Registered Office	Level 17 530 Collins Street Melbourne VIC 3000 Facsimile: (03) 9649 7200 Telephone: (03) 9618 2540
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Deloitte Touche Tohmatsu 550 Bourke Street Melbourne VIC 3000
Bankers	National Australia Bank Level 2, 330 Collins Street Melbourne VIC 3000
Stock exchange listing	Stellar Resources Limited shares are listed on the Australian Securities Exchange (ASX code: SRZ and SRZO)
Website	www.stellarresources.com.au
Tax Agents and Advisors	Deloitte Private Pty Ltd 550 Bourke Street Melbourne VIC 3000

Six months to December 2017

Stellar's portfolio of tin assets (see Figure 1) is well positioned on the west coast of Tasmania in close proximity to the world class Renison tin mine and other long-life mines at Rosebery and Queenstown. The established mining district provides ready access to infrastructure, power, water, mining services and a mining community.

Figure 1: Location of Tasmanian Tin Tenements



Strategy

Stellar's strategy is to advance its flagship Heemskirk Tin Project through to production. During the period, the focus at Heemskirk was on drilling, mining approvals and environmental monitoring in support of feasibility work.

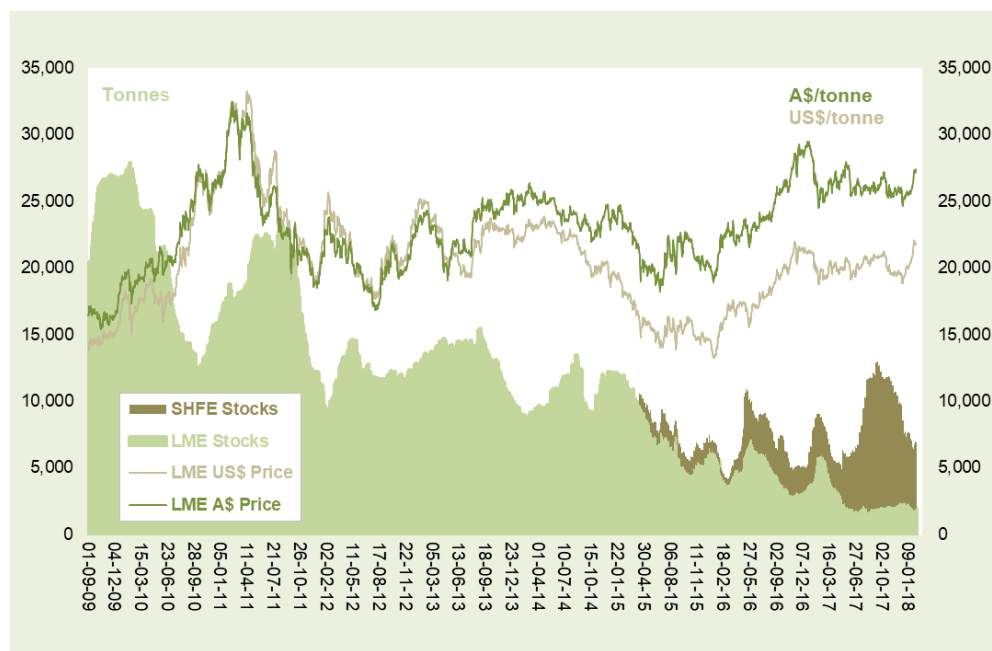
Investment in the west coast mining sector is increasing with the introduction of ore sorting for the first time at Renison tin and sale of the idled Avebury nickel mine (6km from Zeehan) to Dundas Mining. These developments present opportunities for Stellar to investigate additional processing options for Heemskirk Tin.

Stellar continues to look for opportunities to enhance its asset portfolio in tin and other battery metals. In January 2018, the Mount Razorback EL, located within 10km of Zeehan and with known tin occurrences was added to the portfolio (see Figure 1).

Tin Market Outlook

The London Metal Exchange tin price has tracked sideways at US\$20,000/t for the six months to December 2017 (see Figure 2). Demand for tin improved during the period, however, a recovery in production from Indonesia and China and continued high exports of concentrate from Myanmar placed a ceiling on price. In January, the tin price performed strongly breaking above US\$22,000/t. The sustainability of this optimism will depend on whether it is supported by fundamentals.

Figure 2: London Metal Exchange Tin Spot Price Versus LME and SHFE Stock Levels



The case for improved fundamentals can be summarised as follows:

- The macro environment for metals has improved with upgrades to global economic growth
- LME and Shanghai Futures Exchange (SHFE) tin stocks have declined to historic lows
- Tin production from Chinese smelters continues to be disrupted to meet emission targets
- Indonesian export growth in 2018 should be modest after a 23% rise in 2017
- Exports of tin from Myanmar may decline if there is no further increase in concentrate grade

Longer term, growth in the battery sector has positive implications for tin use particularly in tin-silicon alloys for lithium-ion batteries. The sector currently uses tin as solder and in a range of alloys in lead-acid batteries.

The International Tin Association (ITA) views US\$25,000/t as an incentive tin price for new projects.

Drilling Outcomes – Heemskirk Tin

During the December half year, Stellar continued a diamond drilling program that commenced in April 2017 and focused on the two largest deposits Lower Queen Hill (LQH) and Severn. The purpose of the program was to reduce drill hole spacing, better define both deposits, test geological structure and provide sample for metallurgical testing.

Over the total program 3,379m were drilled with 984m at LQH and 2,396m at Severn. Poor ground conditions, slow drilling rates and reduced rig availability resulted in a lower number of metres and holes than planned. While the reduction in drill spacing was only partly achieved, the program did deliver strong assay results and contributed greatly to the Company's understanding of the deposits.

LQH drilling confirmed the geological model and infilled the upper part of the deposit. Notable intersections included:

ZQ133 – 6m @ 0.84% tin from 209m including 3m @ 0.96% tin from 212m

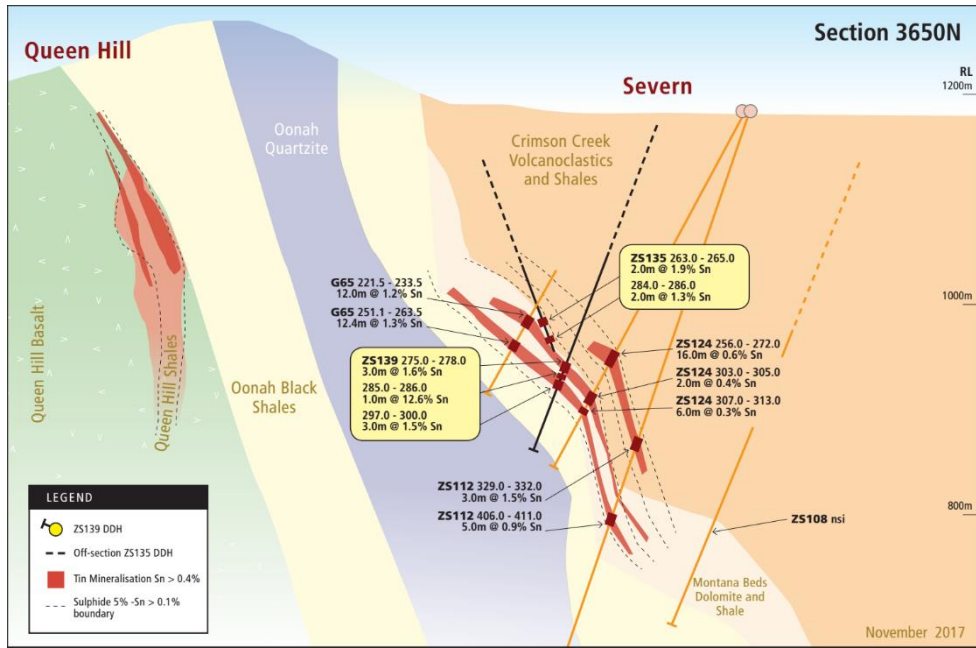
ZQ134 – 7m @ 0.61% tin from 219m including 2m @ 1.32% tin from 219m

Severn drilling improved the geological model by providing intersections in multiple orientations and by highlighting the importance of geological structure and the intensity of alteration on grade. It also confirmed the presence of high grade tin in the upper part of Severn. The best intersections included:

ZS132 – 14m @ 1.35% tin from 333m including 1m @ 4.99% tin from 336m

ZS 139 – 3m @ 1.62% tin from 263m and 1m @ 12.60% tin from 285m (see Figure 3)

Figure 3: Interpretative Geological Cross-Section Showing Results for Severn DDHs



Exploration

In January 2018, Stellar added Mt Razorback (EL 11/2017) to its portfolio of exploration assets. The property is located within easy trucking distance of Zeehan (10km to east) and is well serviced by existing roads (see Figure 4). It also includes the historical Razorback and Grand Prize tin mines and the Razorback tailings dam. Between 1975 and 1978, 153t of tin in concentrate valued at A\$4m was produced from the Razorback open pit.

The Mt Razorback EL provides an opportunity for Stellar to investigate the potential for the recovery of cassiterite tin from tailings. In addition, a review of historical drilling below the Razorback pit is underway to identify drill targets and to determine the potential for additional resources. The Razorback mine is located on a 3km fault structure that also represents an excellent exploration target for additional Razorback style mineralisation.

Figure 4: Tenement Map Showing EL11/2017 and Heemskirk MLs



The Directors of Stellar Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity") submit herewith the financial report for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the Company during or since the end of the half-year are:

Phillip G Harman
Peter G Blight
Thomas H Whiting
Miguel Lopez de Letona

The above named Directors held office during and since the end of the half-year.

Principal activities

The principal activity of the consolidated entity during the half-year continued to be mineral exploration with the objective of identifying and developing economic reserves.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$471,515 (31 December 2016: \$265,377).

Revenue during the period amounted to \$25,659 (2016: \$19,905) all of which was interest received.

Administration expenses amounted to \$339,009 (2016: \$245,513) resulting from continuing operations, the increase was largely due to increased corporate and exploration associated activities during the half-year. The Impairment loss on exploration and evaluation assets amounted to \$148,401 (2016: \$18,820).

Financial Position

The net assets of the consolidated entity decreased by \$434,349 to \$18,934,671 as at 31 December 2017 (30 June 2017: \$19,369,020) which is largely due to the loss from continuing operations. The consolidated entity's working capital surplus, being current assets less current liabilities was \$1,723,643 at 31 December 2017 (30 June 2017: \$2,786,609). During the half-year the consolidated entity had a negative cash flow from operating activities of \$328,279 (2016: \$232,926).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental Regulations

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 half-year period covered by this report.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "P G Blight".

P G Blight
Managing Director

6 March 2018
Melbourne

The Board of Directors
Stellar Resources Limited
Level 17, 530 Collins Street
Melbourne VIC 3000

6 March 2018

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 review of the financial statements of Stellar Resources Limited for the half-year ended 31 December 2017, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountant

Stellar Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



	Consolidated	
	31 December	31 December
Note	2017	2016
	\$	\$
Revenue		
Interest received - bank deposits	25,659	19,905
Expenses		
Depreciation and amortisation expenses	(9,764)	(1,508)
Impairment of available-for-sale investments	-	(19,441)
Exploration expenditure and other costs written off	4 (148,401)	(18,820)
Administration expenditure	(339,009)	(245,513)
Loss before income tax expense	(471,515)	(265,377)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Stellar Resources	(471,515)	(265,377)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Gain on the revaluation of available-for-sale financial assets, net of tax	37,166	12,223
Other comprehensive income for the half-year, net of tax	37,166	12,223
Total comprehensive income for the half-year attributable to the owners of Stellar Resources	(434,349)	(253,154)
	Cents	Cents
Basic earnings per share	(0.1)	(0.1)
Diluted earnings per share	(0.1)	(0.1)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Stellar Resources Limited
Statement of financial position
As at 31 December 2017



		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash		1,679,212	2,901,944
Trade and other receivables		10,890	37,277
Other financial assets	3	110,156	72,991
Other		22,264	18,100
Total current assets		<u>1,822,522</u>	<u>3,030,312</u>
Non-current assets			
Trade and other receivables		157,840	148,440
Property, plant and equipment		144,295	153,686
Exploration expenditure	4	16,954,078	16,334,301
Total non-current assets		<u>17,256,213</u>	<u>16,636,427</u>
Total assets		<u>19,078,735</u>	<u>19,666,739</u>
Liabilities			
Current liabilities			
Trade and other payables		60,237	218,025
Provisions		20,955	8,469
Other liabilities		17,687	17,209
Total current liabilities		<u>98,879</u>	<u>243,703</u>
Non-current liabilities			
Provisions		39,069	38,937
Other liabilities		6,116	15,079
Total non-current liabilities		<u>45,185</u>	<u>54,016</u>
Total liabilities		<u>144,064</u>	<u>297,719</u>
Net assets		<u>18,934,671</u>	<u>19,369,020</u>
Equity			
Issued capital	5	36,867,490	36,867,490
Reserves		1,775,867	2,236,127
Accumulated losses		<u>(19,708,686)</u>	<u>(19,734,597)</u>
Total equity		<u>18,934,671</u>	<u>19,369,020</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Stellar Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2017



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	34,372,833	2,158,404	(19,052,723)	17,478,514
Loss after income tax expense for the half-year	-	-	(265,377)	(265,377)
Other comprehensive income for the half-year, net of tax	-	12,223	-	12,223
Total comprehensive income for the half-year	-	12,223	(265,377)	(253,154)
Balance at 31 December 2016	<u>34,372,833</u>	<u>2,170,627</u>	<u>(19,318,100)</u>	<u>17,225,360</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	36,867,490	2,236,127	(19,734,597)	19,369,020
Loss after income tax expense for the half-year	-	-	(471,515)	(471,515)
Other comprehensive income for the half-year, net of tax	-	37,166	-	37,166
Total comprehensive income for the half-year	-	37,166	(471,515)	(434,349)
<i>Transactions with owners in their capacity as owners:</i>				
Lapse of options	-	(497,426)	497,426	-
Balance at 31 December 2017	<u>36,867,490</u>	<u>1,775,867</u>	<u>(19,708,686)</u>	<u>18,934,671</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Stellar Resources Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
	31 December	31 December
	2017	2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers	(328,279)	(232,926)
Net cash used in operating activities	<u>(328,279)</u>	<u>(232,926)</u>
Cash flows from investing activities		
Payments for security deposits	(9,400)	-
Interest received	39,071	21,737
Payments for exploration expenditure	(915,639)	(167,817)
Net cash used in investing activities	<u>(885,968)</u>	<u>(146,080)</u>
Cash flows from financing activities		
Payments for finance lease	(8,485)	-
Net cash used in financing activities	<u>(8,485)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,222,732)	(379,006)
Cash and cash equivalents at the beginning of the financial half-year	<u>2,901,944</u>	<u>1,577,410</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,679,212</u></u>	<u><u>1,198,404</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Reporting Entity

Stellar Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

All new accounting standards required, were adopted and they did not have a material impact.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

Note 1. Significant accounting policies (continued)

Going concern

Stellar Resources Limited's consolidated financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the half-year ended 31 December 2017, the consolidated entity recognised a loss of \$471,515, had net cash outflows from operating activities of \$328,279, payments for exploration activities of \$915,639 and had an accumulated loss of \$19,708,686 as at 31 December 2017. The continuation of the consolidated entity as a going concern is dependent upon its ability to generate sufficient cash from operating and financing activities and manage the level of exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate for the following reasons:

As at 31 December 2017, the consolidated entity had cash assets of \$1,679,212, net working capital of \$1,723,643, including investments in UraniumSA Limited of \$38,882, Samphire Uranium Limited of \$54,774 and Renascor Resources Limited of \$49,500 which can be liquidated if and when required.

The most recently prepared cash flow forecast prepared by management and reviewed by the Directors indicates that the consolidated entity will hold sufficient cash reserves to continue its current exploration programmes and other working capital requirements beyond twelve months from issuing these financial statements. The cash flow forecast takes into account the consolidated entity's implementation of cost reviews which includes exploration activity and overhead expenditure, as well as raising new equity capital in order for the consolidated entity to meet its planned exploration expenditure.

Note 2. Segment information

The consolidated entity operates in the Australian mineral exploration sector where it is actively pursuing opportunities for a number of mineral targets through various tenements all of which are currently at exploration stage and require further funding to proceed to revenue generation stages. As such the consolidated entity is required to prioritise its funding allocation and does so based on the assessment of the market sentiment and the potential of finding a viable mineral resource. Each exploration licence may be identified as a separate business activity that has revenue earning potential. However, licences of the same mineral exploration targets have been aggregated into the same segment based on similar economic characteristics. Various corporate and investing activities have been allocated to a corporate operating segment of the consolidated entity.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of resources held.

The following is an analysis of the consolidated entity's revenue and results from operations by reportable segment.

Note 2. Segment information (continued)

	Corporate \$	Tin \$	Copper/Gold \$	Other \$	Total \$
Consolidated - 31 December 2017					
Revenue					
Interest income	25,659	-	-	-	25,659
Total revenue	<u>25,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,659</u>
Administration expenditure	(339,009)	-	-	-	(339,009)
Depreciation and amortisation	(9,139)	(625)	-	-	(9,764)
Exploration expenditure and other costs written off	-	(146,822)	-	(1,579)	(148,401)
Loss before income tax expense	<u>(348,148)</u>	<u>(147,447)</u>	<u>-</u>	<u>(1,579)</u>	<u>(497,174)</u>
Income tax expense					-
Loss after income tax expense					<u>(497,174)</u>
Assets					
Segment assets	1,980,362	17,098,373	-	-	19,078,735
Total assets					<u>19,078,735</u>
Liabilities					
Segment liabilities	144,064	-	-	-	144,064
Total liabilities					<u>144,064</u>
Consolidated - 31 December 2016					
Revenue					
Interest income	19,905	-	-	-	19,905
Total revenue	<u>19,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,905</u>
Other expenses	(245,513)	-	-	-	(245,513)
Depreciation and amortisation	(883)	(625)	-	-	(1,508)
Exploration expenditure and other costs recouped/(written off)	-	(3,995)	(3,267)	(11,558)	(18,820)
Impairment of available-for-sales investments	(19,441)	-	-	-	(19,441)
Loss before income tax expense	<u>(265,837)</u>	<u>(4,620)</u>	<u>(3,267)</u>	<u>(11,558)</u>	<u>(285,282)</u>
Income tax expense					-
Loss after income tax expense					<u>(285,282)</u>
Consolidated - 30 June 2017					
Assets					
Segment assets	3,178,752	16,487,987	-	-	19,666,739
Total assets					<u>19,666,739</u>
Liabilities					
Segment liabilities	297,719	-	-	-	297,719
Total liabilities					<u>297,719</u>

Note 3. Current assets - Other financial assets

	Consolidated	
	31 December	30 June
	2017	2017
	\$	\$
Investment in UraniumSA Limited	38,882	27,217
Investment in Renascor Resources Limited	49,500	24,000
Investment in Samphire Uranium Limited	21,774	21,774
	<u>110,156</u>	<u>72,991</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

Opening fair value	72,991	110,486
Revaluation increments/(decrements)	37,165	(10,277)
Impairment of available-for-sale investments	-	(27,218)
	<u>110,156</u>	<u>72,991</u>

Shares in UraniumSA Limited (3,888,238 fully paid ordinary shares held) and Renascor Resources Limited (1,500,000 fully paid ordinary shares held) are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary) and are measured at fair value valued in accordance AASB 13 - Level 1 of the fair value hierarchy - quoted prices (unadjusted) in active markets for identical assets or liabilities. A revaluation increment of \$37,165 was recognised in other comprehensive income.

The valuation remains unchanged from 30 June 2017 in relation to the available-for-sale shares in Samphire Uranium Limited (3,888,238 fully paid ordinary shares held).

Note 4. Non-current assets - exploration expenditure

	Consolidated	
	31 December	30 June
	2017	2017
	\$	\$
Exploration expenditure	<u>16,954,078</u>	<u>16,334,301</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	\$
Balance at 1 July 2017	16,334,301
Expenditure during the half-year	768,178
Expenditure and other costs written off during the period	<u>(148,401)</u>
Balance at 31 December 2017	<u>16,954,078</u>

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

Note 5. Equity - issued capital

	Consolidated			
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>379,713,489</u>	<u>379,713,489</u>	<u>36,867,490</u>	<u>36,867,490</u>

Ordinary shares

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.

Note 6. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 7. Contingencies and Commitments

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2017.

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Stellar Resources Limited
Directors' declaration
31 December 2017



The Directors of the Company declare that:

- 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; and
- in the Directors' opinion, the financial statements and notes hereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "P G Blight".

P G Blight
Managing Director

6 March 2018
Melbourne

Independent Auditor's Review Report to the members of Stellar Resources Limited

We have reviewed the accompanying half-year financial report of Stellar Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stellar Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stellar Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stellar Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants
Melbourne, 6 March 2018