STELLAR RESOURCES LIMITED
ABN 96 108 758 961

HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Directors	Simon O'Loughlin (Non-Executive Chairman) Thomas Whiting (Non-Executive Director) Gary Fietz (Non- Executive Director) Simon Taylor (Non-Executive Director)
Company Secretary	Melanie Leydin
Registered Office	Level 4 96-100 Albert Road South Melbourne VIC 3205 Telephone: (03) 9692 7222 Facsimile: (03) 9077 9233
Principal place of business	Level 17 530 Collins Street Melbourne VIC 3000 Telephone: (03) 9692 7222 Facsimile: (03) 9077 9233
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 1300 737 760
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Bankers	National Australia Bank 800 Bourke St Docklands VIC 3008
Stock exchange listing	Stellar Resources Limited shares are listed on the Australian Securities Exchange (ASX code: SRZ and SRZO)
Website	www.stellarresources.com.au

REVIEW OF OPERATIONS DECEMBER 2019

Highlights

- Scoping Study completed in October 2019 confirms attractive economics for the Heemskirk Tin Project located near Zeehan in Tasmania:
  - Low pre-production capital cost of ~A$57m to develop a 350ktpa underground mine and tin concentrate production facility
  - Annual average tin in concentrate production of ~2,200t at an average concentrate grade of 49% tin over an initial mine life of 11 years
  - Attractive All-In Sustaining Cost (AISC) of approximately US$13,100/t of tin - comparable to the neighbouring Renison Tin mine ($16,900 / t tin for the 12 months to September 2019 as per Metals X Limited September 2019 Quarterly Report), placing Heemskirk in the lower half of industry costs
  - Pre-tax $NPV_{10\%}$ of ~ A$83m (post-tax ~A$71m), IRR of ~45% and capital paid back in ~ 3 years to an accuracy of ±35%
- Early tin production potential identified at the Razorback satellite project in July 2019:
  - Exploration Target defined
  - Re-development of the Razorback mine identified as a potential source of early tin production and cash flow for Stellar

Corporate

- Completion of a $540,000 placement led by Taylor Collison in December via the issue of 60 million new fully paid ordinary shares at an issue price of 0.9 cents per share. Subscribers received 1 unlisted option exercisable at 1.5 cents on or before 24 December 2022 for every 2 placement shares subscribed for.
- In December 2019 Stellar appointed Mr Simon O’Loughlin and Mr Simon Taylor as Non-Executive Directors of the company and accepted resignations from its Managing Director, Mr Peter Blight and its Chairman, Mr Phil Harman.
- Discussions continued to be progressed during the period with several large corporates which have expressed interest in the Heemskirk Tin Project
- Appointment of Simon O’Loughlin Chairman in January 2020
- Cash balance of $749,565 as at 31 December 2019

HEEMSKIRK TIN PROJECT SCOPING STUDY

Introduction

During the half year, Stellar announced the results of its scoping study for the development of the Queen Hill, Severn and St Dizier tin deposits (see Figure 1) referred to as the Heemskirk Tin Scoping Study.

There are several other assets in Stellar's tin portfolio that were not included in the scoping study that are listed below:

- **Montana and Oonah** inferred tin resources immediately to the east and north of Queen Hill
- **Deeper resources at Severn** – inferred resources below the underground mining plan
- **Razorback** – satellite project located 8km east of Zeehan - includes an exploration target below the historical Razorback open pit mine
- **Large exploration potential** with multiple tin targets and historical metal mines in the Montana Flats and Mount Razorback ELs.

Stellar's projects have an enviable location within the well-established mining district on the West Coast of Tasmania with a competitive market for services, mining and processing inputs and labour, access to nearby water and power, and to the port of Burnie 150km to the north for export of concentrate.

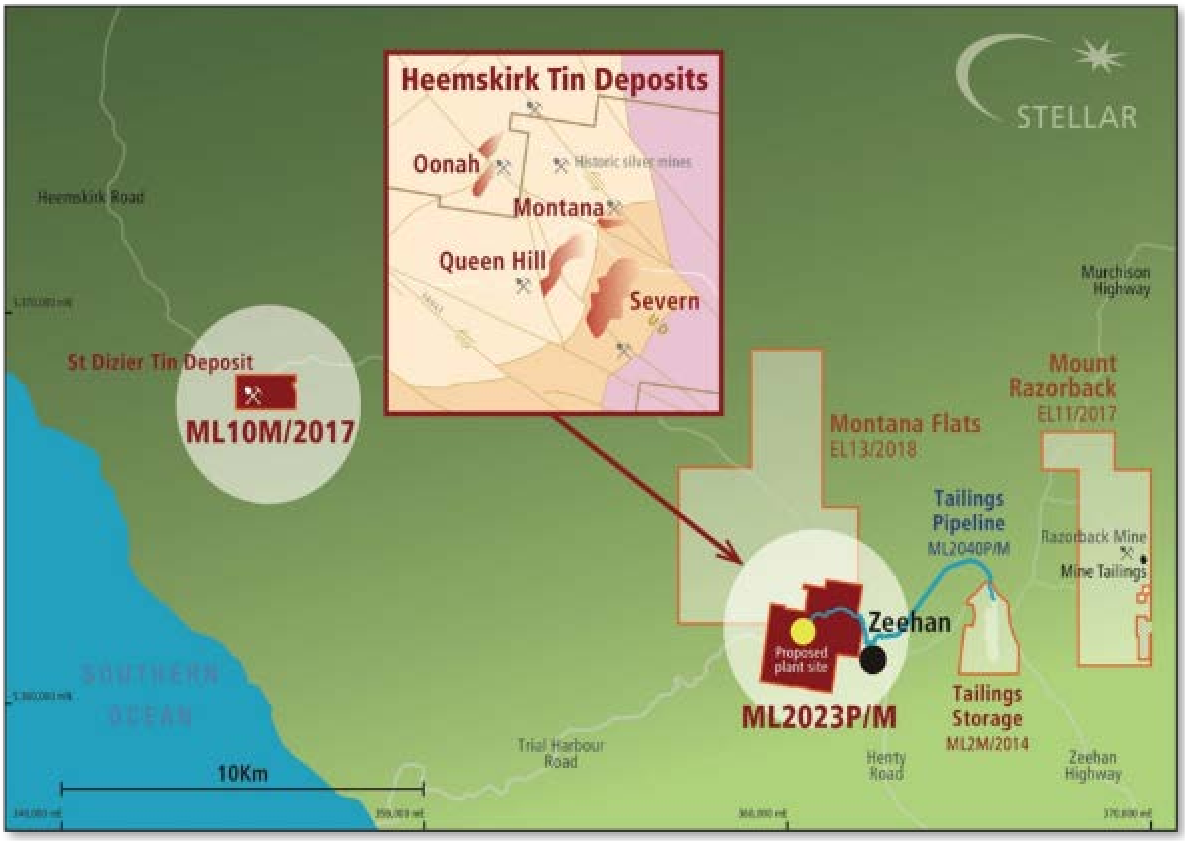


Figure 1: Location of Stellar's Tin Tenements around Zeehan, Tasmania

Stellar released the details of its Heemskirk Tin Scoping Study in ASX announcement "Heemskirk Tin Scoping Study Confirms Attractive Economics" on 1st October 2019. A summary of the study conclusions follows and should be read with reference to the detailed disclosure and cautionary statements included in the 1st October 2019 release.

The Heemskirk Tin Project Scoping Study has been undertaken for the purpose of ascertaining whether a business case can be made to proceed to more definitive studies on the viability of the Heemskirk Tin Project. It is a preliminary technical and economic study of potential project viability based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Stellar will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

Project Outline

The Heemskirk Tin Project Scoping Study is based on development of an underground mine, processing plant, tailings storage facility and surface infrastructure to mine ~ 350ktpa ore at a LOM head grade of ~ 0.95% tin from the Queen Hill and Severn tin deposits (2 of the 4 Heemskirk deposits) over a 10 year mine-life. The project also includes open-pit mining of the St Dizier satellite tin deposit and trucking of ore to the Heemskirk processing plant during year 11 of the mine plan. The processing plant is expected to produce ~ 4,500 tpa of concentrate containing ~ 2,200tpa of tin. As in the case of the neighbouring Renison tin mine, the plan calls for trucking of concentrate 150km to the north via a sealed road to the Port of Burnie for export to smelters in Asia.

Preliminary Mining Schedule

A study of mining the Queen Hill and Severn deposits based on the updated May 2019 Heemskirk mineral resource estimate (see ASX announcement dated 16 May 2019 "Updated Heemskirk Resource Increases Indicated Category and Confidence in the Project") was recently completed by technical consultants, Mining One. Mining One have previously undertaken mining studies on the Heemskirk deposits in 2014 and 2016 and a number of inputs developed from these previous studies were modified and optimized to suit revised stoping areas in the 2019 mining study (see Figure 2).

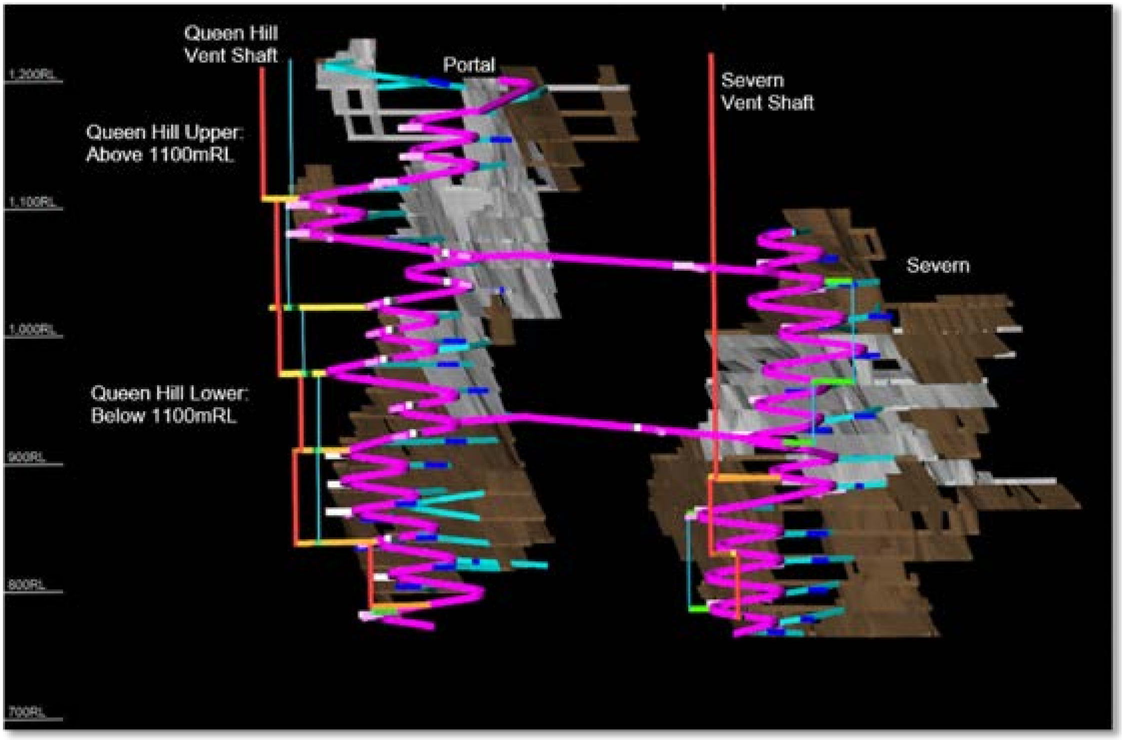


Figure 2: Conceptual Heemskirk Mine Design Showing Stopes based on Indicated Mineral Resource (Grey) and Inferred Mineral Resource (Brown)

The preliminary mining schedule for Queen Hill and Severn includes total mineral resources of 3.29Mt @ 0.95% Sn after application of mining dilution and recovery factors and mining cut-off grades. Figure 3 shows that for the first 5 years of production and most of year 6, ore is mined from indicated resources. Also, tin head grades during the early years are generally higher than later in the schedule. Mining of indicated resources from the St Dizier satellite deposit has also been included in the final year (year 11) of the preliminary mining schedule. Indicated resources represent 58% of total ore mined over the 11 year life of the project.

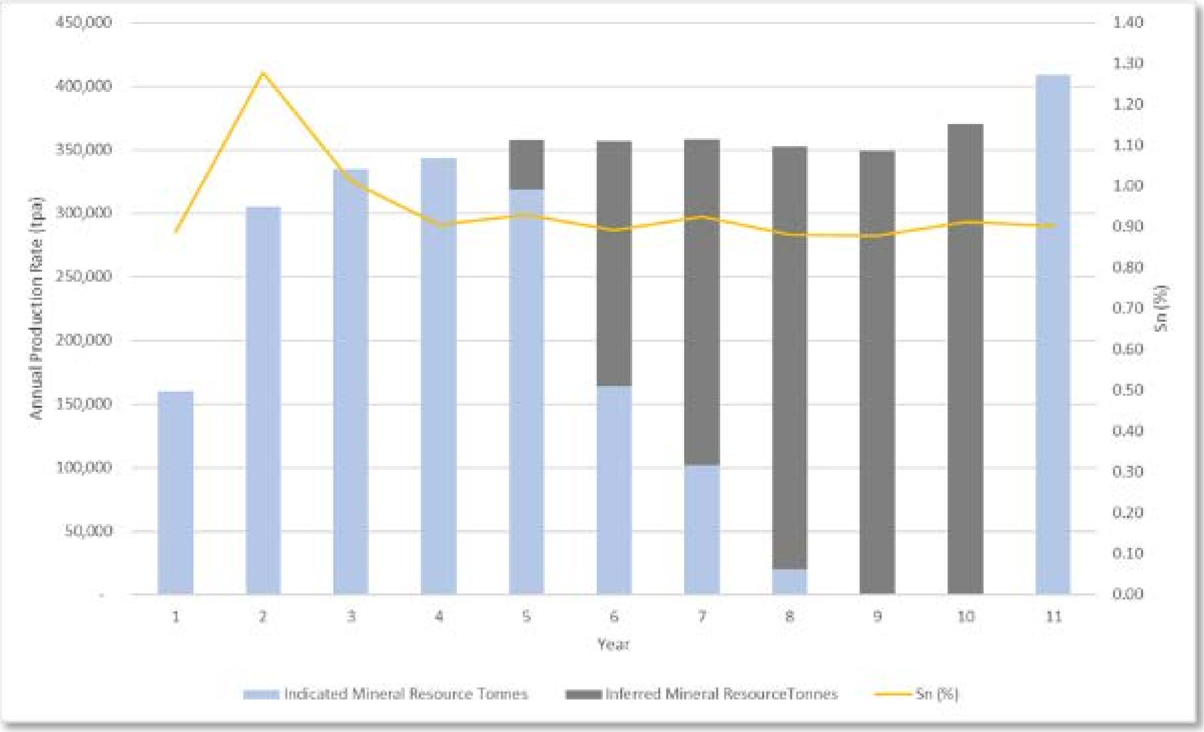


Figure 3: Heemskirk Tin Project – Preliminary Production Schedule by Resource Category

Processing Plant and Surface Infrastructure

In July 2016, engineering consultants, Mincore, completed plant layout, typical equipment drawings and a +/-35% capital cost estimate for a 200ktpa Heemskirk Processing Plant and Surface Infrastructure based on a modified version of the Renison Tin processing flow sheet. Modifications to the flow sheet reflect metallurgical test results from programs conducted by ALS Metallurgical Laboratory in Burnie between 2010 and 2015 with oversight and analysis by Worley.

Mincore were re-engaged by Stellar in August 2019 to scale their June 2016 estimate up to a 350ktpa Heemskirk Processing Plant and Surface Infrastructure capital cost estimate which has been used as the basis for the current scoping study.

An illustrative view of the processing plant and surface infrastructure designed by Mincore is shown in Figure 4.

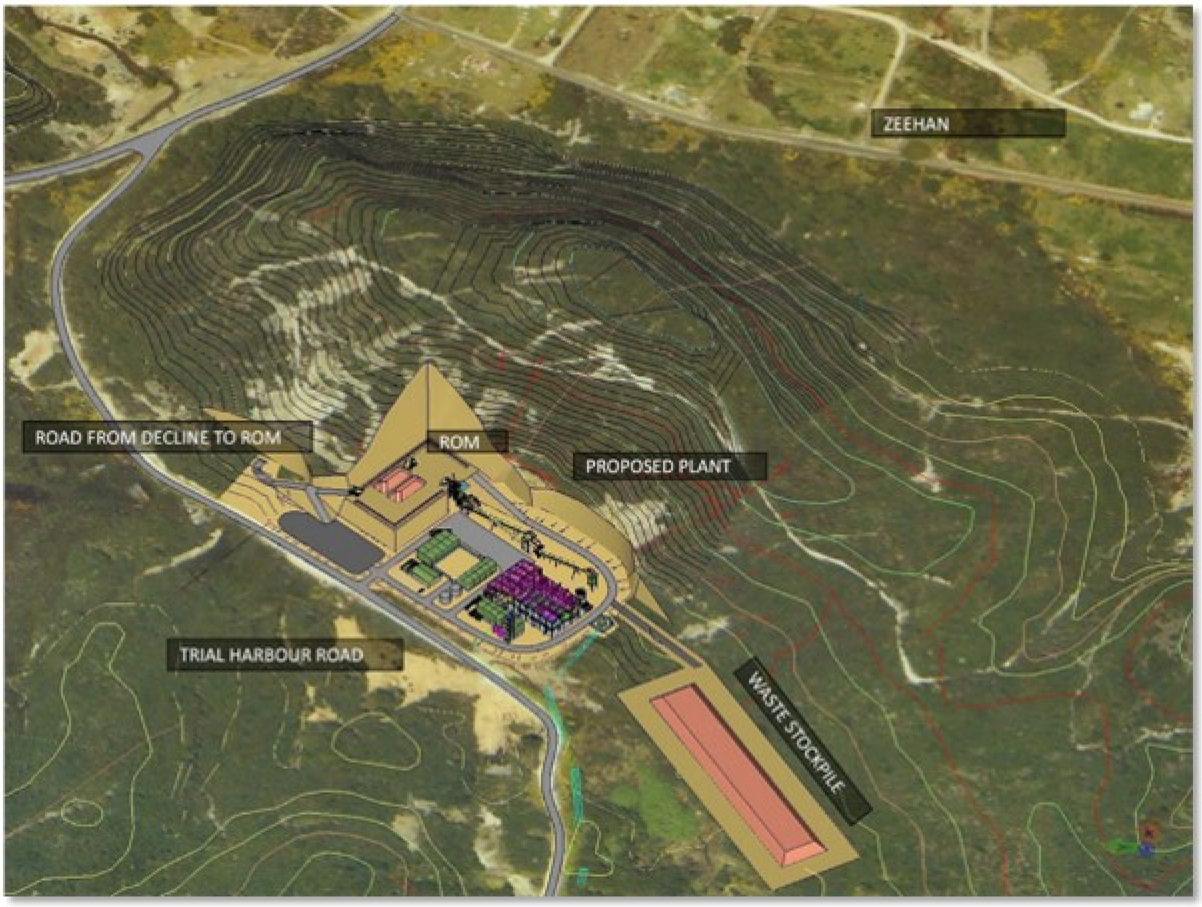


Figure 4: Proposed Heemskirk Tin Processing Plant (Mincore)

Pre-production Capital Cost

The Heemskirk Tin pre-production capital cost is estimated to be ~A$57M. Mine development cost is expected to be relatively low at ~A$8M due to the rapid 6-month decline development schedule required to support a 350ktpa operation. In addition, the Zeehan location is well serviced by existing and available infrastructure resulting in little additional mine specific infrastructure to connect to existing services.

A breakdown of the Capital Cost estimate is shown in Table 1 *(note: Capital Costs are also stated in US$ for comparison purposes)*. Capital cost estimates use a combination of first principals, quotes and industry benchmarks. The accuracy of the capital cost estimate is up to ±35%.

Table 1: Heemskirk Tin Project Capital Cost Summary

	(A$M)	(US$M)
Mining	**8**	6
Processing & Surface Infrastructure	**34**	24
Tailings	**5**	4
Working Capital	**9**	6
Contingency	**1**	1
Total Development Capital Cost	**57**	40

Economic Evaluation

An economic evaluation of the Heemskirk Tin Project was undertaken by Stellar based on the scoping study input assumptions described in the 1st October 2019 announcement. The base case valuation results are summarized in Table 2. The valuation results have an accuracy of ±35%.

Table 2: Heemskirk Tin Project – Summary of Financial Parameters

	Unit	Total LOM
Ore Production	*(Mt)*	3,695,386
Sn Grade (LOM Ave)	*(%)*	0.94
Tin Recovery (LOM Ave)	*(%)*	69.4
Tin Producted	*(Tonnes)*	24,000
Mine Life	*(Yrs)*	11
Tin Price	*(US$/t)*	20,000
Exhange rate	*USD:AUD*	0.70
Tin Price	*(A$/t)*	28,571
Gross Revenue	*(A$M)*	691
Total Operating Costs (AISC)	*(A$M)*	454
Total Operating Costs (AISC)	***(US$/t Tin)***	**13,100**
Operating Cash Flow	*(A$M)*	237
Operating Margin	*(%)*	34%
Capital Cost	*(A$M)*	**57**
Net Cash Flow (Pre-Tax)	*(A$M)*	180
Pre-Tax NPV$_{10\%}$	*(A$M)*	**83**
Post-Tax NPV$_{10\%}$	*(A$M)*	**71**
IRR (Pre-Tax)	*(%)*	**45**
Payback Period	*(Yrs)*	**3.0**
Pre-Tax NPV / Capex		**1.5**

At an All-In Sustaining Cost (AISC) of approximately US$13,100/t of tin produced over the Life of Mine, the Heemskirk Tin Project Base Case generates an attractive expected operating margin of approximately 34% based on the US$20,000/t tin price assumed.

The Heemskirk Tin Project Scoping Study has demonstrated attractive economics with a Base Case pre-tax NPV$_{10\%}$ of approximately A$83m, at a tin price of US$20,000/t, determined to an accuracy of ±35%. The pre-tax IRR of the project is approximately 45% and the payback period is approximately 3.0 years which is well within the first 5 years of production from indicated resources. The project has a Base Case post-tax NPV$_{10\%}$ of approximately A$71m as a result of tax shielding from A$24.2m Stellar group accumulated losses and capital depreciation on the project. A 30% tax rate and depreciation over the life of the project have been assumed.

Capital costs required for the project have been significantly reduced to $57m from earlier internal estimates and ore production accelerated with mine and process plant production commencing 6 months and concentrate sales 9 months from the start mine development.

Project Funding

To achieve the range of outcomes indicated in the Scoping Study, funding of in the order of A$57m will likely be required for project development in addition to pre-development funding of approximately A$8m for exploration to convert the mineral resource to an ore reserve and to complete a Bankable Feasibility Study. Whilst there is no certainty that project development funding will be obtained on satisfactory terms, at the time required, or at all, the Stellar Directors believe that it is reasonable to assume the availability of funding for the development of the Heemskirk Tin Project for the purposes of the Scoping Study.

CORPORATE

Completion of $540,000 Placement

In December 2019 Stellar completed a $540,000 placement via the issue of 60 million new fully paid ordinary shares at an issue price of 0.9 cents per share. Subscribers to the Placement received 1 unlisted option exercisable at 1.5 cents on or before 24 December 2022 for every 2 placement shares subscribed for. Shares and options were placed to sophisticated investors pursuant to Chapter 7 of ASX Listing Rules.

The placement was led by Taylor Collison who were paid a fee of 6% of the total raised under the placement in cash, along with 5 million unlisted broker options exercisable at 1.5 cents on or before 24 December 2022, issued under ASX Listing Rule 7.1.

Director Changes

In December 2019 Stellar appointed Mr Simon O'Loughlin and Mr Simon Taylor as Non-Executive Directors of the company and accepted resignations of its Managing Director, Mr Peter Blight and its Chairman, Mr Phil Harman.

The Company is also pleased to announce that subsequent to the end of the half year, the board appointed Mr Simon O'Loughlin as its Chairman.

Both Messrs O'Loughlin and Taylor participated in the Placement conducted by Taylor Collison and subscribed for 2,700,000 and 4,000,000 fully paid ordinary shares respectively.

Messrs O'Loughlin and Taylor have a strong track record as directors of successful ASX listed resource companies including; Oklo Resources, Chesser Resources and BOD Australia.

Messrs O'Loughlin and Taylor's appointments will strengthen the Company's efforts in identifying new opportunities along with continuing to advance the Heemskirk Tin project.

The Company wishes to thank Mr Blight and Mr Harman for their service and dedication over a long period of time.

TIN MARKET UPDATE

The London Metal Exchange tin price averaged US$16,680/t over the December quarter, a further 3% decline from the September quarter and an 13% fall year on year. London Metal Exchange tin prices improved however throughout the December quarter, exceeding US$17,000/t from mid-December.

LME tin stocks increased to 7,110t at the end of the December quarter, a 4% increase over stocks at the end of the September quarter and a 227% increase year on year. Shanghai Futures Exchange tin stocks also increased to 6,117t at the end of the December quarter, a 35% increase over stocks at the end of the September quarter and a 28% decrease year on year.

Chinese smelters continued to reduce production and shut down for maintenance over the December quarter as a result of lower tin prices and reduced imports of tin concentrate into China. The increase in Shanghai Futures Exchange tin stocks over the December quarter is largely due to these Chinese smelter production reductions and maintenance closures. Due to the Corona virus, Chinese smelter closures and reduced Chinese tin concentrate imports are likely to have continued into 2020, explaining the reversion of the London Metal Exchange tin price to US$16,550/t by 17 February 2020.

Tin concentrate supply reductions announced during the half year by several producers have not yet had time to really have an impact on LME tin prices.

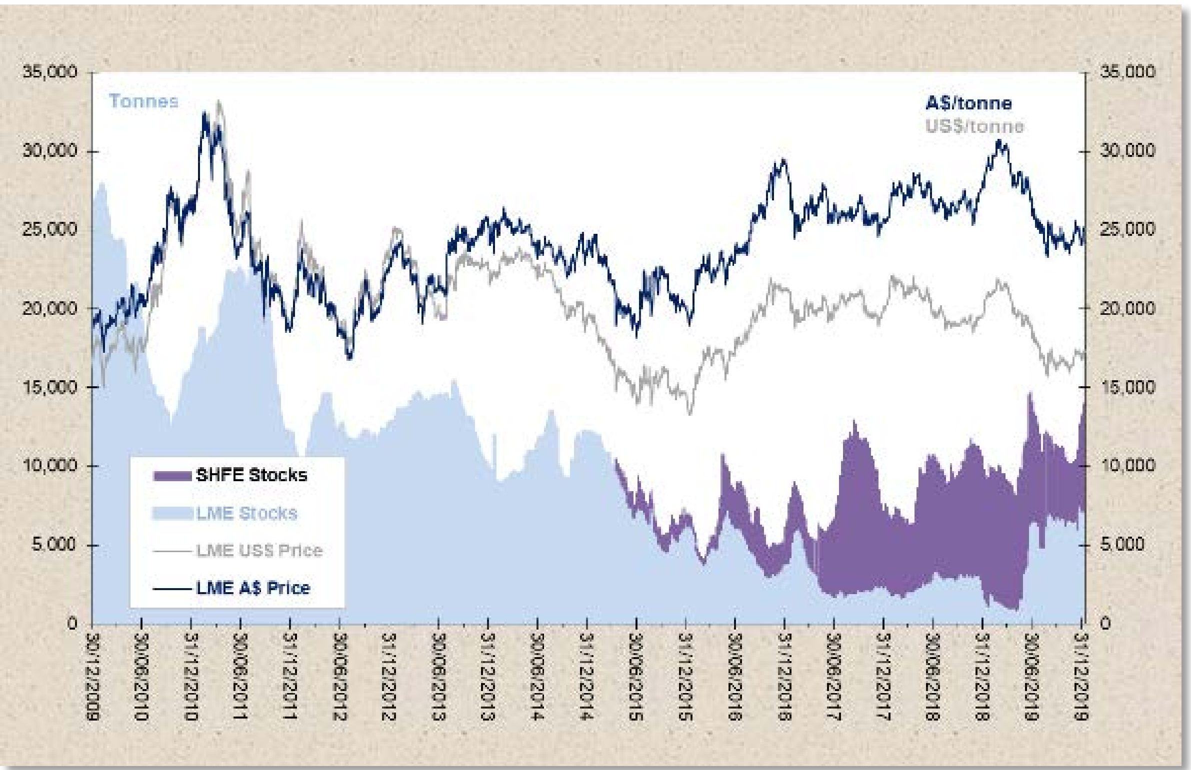


Figure 5: London Metal Exchange tin spot price (US$/t &A$/t) and LME & SHFE stocks

- In December, Tasmanian tin miner Metals X announced that it expects tin production from its Renison mine to be approximately 1,000 tonnes of tin-in-concentrate lower than previously expected for the first half of 2020. At the same time Metals X expect costs to increase. This is due to delays in commencing production from its higher-grade Area 5 and lower grade ore being sourced from the Lower Federal Area and to an increase in the number of pillars required due to geotechnical conditions.
- In January, Chinese tin miner Yinman Mining announced further delays to restart of its Baiyinchagan tin mine which produces 7,000 tonnes of tin-in-concentrate per annum and was closed in February last year due to a major accident killing 21 people.

TENEMENT REGISTER

Project	Licence Number	Tenement	Location	Interest held (%)
Development				
Heemskirk Tin	2023P/M[1] RL5/1997	Zeehan	Tasmania	100%
	2M/2014	Tailings Dam	Tasmania	100%
	2040P/M	Tailings Pipeline	Tasmania	100%
St Dizier	ML10M/2017	St Dizier	Tasmania	100%
Exploration				
Tin	EL11/2017	Razorback	Tasmania	100%
	EL13/2018	Montana Flats	Tasmania	100%
Uranium	EL6350[2]	Midgee	South Australia	100%

[1] ML2023P/M granted over Heemskirk tin deposits; RL5/1997 maintained over private land holdings within ML2023P/M
[2] EL6350 (formerly EL5426) JV with Samphire Uranium Limited earning 73% on declaring a uranium resource

MINERAL RESOURCE STATEMENTS – HEEMSKIRK TIN PROJECT

Heemskirk Tin Deposits

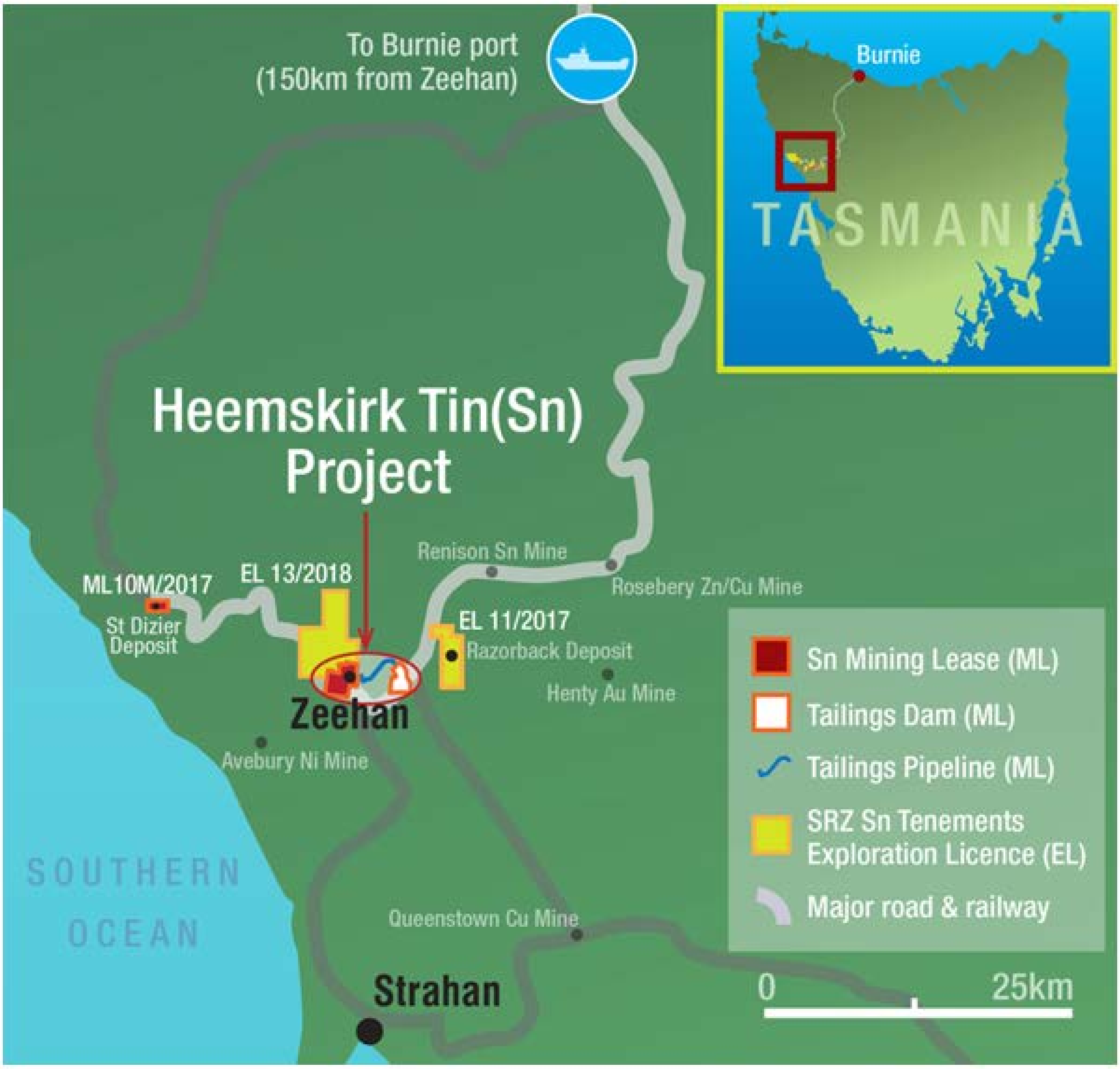
Classification	Deposit	Tonnage mt	Total Sn %	Contained Sn t	Cassiterite % of total Sn	Cu %	Pb %	Zn %
Indicated	Upper Queen Hill	0.32	1.0	3,230	87	0.2	2.1	1.0
	Lower Queen Hill	0.65	1.4	9,230	97	0.0	0.1	0.1
	Severn	1.15	1.0	11,500	99	0.1	0.0	0.1
Total Indicated		**2.12**	**1.1**	**23,960**	**97**	**0.1**	**0.4**	**0.2**
Inferred	Upper Queen Hill	0.11	1.6	1,760	94	0.2	1.9	0.7
	Lower Queen Hill	0.36	1.4	5,040	97	0.0	0.2	0.0
	Severn	2.74	0.9	24,660	99	0.0	0.0	0.0
	Montana	0.68	1.5	10,200	96	0.1	0.7	1.4
	Oonah	0.59	0.9	5,310	36	0.8	0.1	0.1
Total Inferred		**4.48**	**1.0**	**46,970**	**90**	**0.1**	**0.2**	**0.3**
Total Indicated + Inferred		**6.60**	**1.1**	**70,930**	**92**	**0.1**	**0.3**	**0.3**

1. cassiterite = (total Sn% - soluble Sn%)/total Sn%
2. block cut-off grade of 0.6% tin
3. tonnes rounded to reflect uncertainty of estimate
4. estimates prepared by Resource and Exploration Geology under JORC 2012

St Dizier Tin Deposit

Classification	Tonnage mt	Total Sn %	Contained Sn t	Soluble Sn %	Cassiterite[1] % of total Sn	WO_3 %	Fe %	S %
Indicated	1.20	0.69	8,280	0.09	87	0.04	23.70	2.64
Inferred	1.06	0.52	5,512	0.22	58	0.05	22.22	1.81
Total Resource	**2.26**	**0.61**	**13,786**	**0.15**	**75**	**0.04**	**23.00**	**2.25**

1. cassiterite = (total Sn% - soluble Sn%)/total Sn%
2. block cut-off grade of 0.3% tin
3. tonnes rounded to reflect uncertainty of estimate
4. estimates prepared by Resource and Exploration Geology under JORC 2012



Tin Tenement Map – Western Tasmania

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 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors
The names of Directors of the company in office at any time during or since the end of the half-year are:

Simon O'Loughlin (Non-Executive Chairman) (appointed 24 December 2019)
Thomas Whiting (Non-Executive Director)
Gary Fietz (Non-Executive Director)
Simon Taylor (Non-Executive Director) (appointed 24 December 2019)
Phillip Harman (Non-Executive Director) (resigned 24 December 2019)
Peter Blight (Non-Executive Director) (resigned 24 December 2019)

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 $258,441 (31 December 2018: $240,888).

Revenue during the period amounted to $1,044 (2018: $10,925) all of which was interest received.

Administration expenses amounted to $253,413 (2018: $242,423) resulting from continuing operations, the increase was largely due to increase in corporate and exploration associated activities during the half-year.

Financial Position

The net assets of the consolidated entity increased by $278,671 to $11,806,292 as at 31 December 2019 (30 June 2019: $11,527,621) which is largely due to increase in cash resulting from proceeds from issues of shares and exploration expenditure capitalised during the half year. The consolidated entity's working capital surplus, being current assets less current liabilities was $713,743 at 31 December 2019 (30 June 2019: $580,467). During the half-year the consolidated entity had a negative cash flow from operating activities of $295,136 (2018: $262,463).

Significant changes in the state of affairs
On 24 December 2019 the consolidated entity completed the issue of 60,000,000 fully paid ordinary shares under a placement to sophisticated investors at an issue price of $0.009 (0.9 cents) per share to raise a total of $540,000 (before costs)

On the same day the consolidated entity completed the issue of 671,839 fully paid ordinary shares at a deemed price of $0.014 (1.4 cents) and 855,069 fully paid ordinary shares at a deemed issue price of $0.011 (1.1 cents) per share to the Directors of the Company for services provided for October and November 2019 as approved by shareholders at the 2019 Annual General Meeting.

There were no other 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
On 15 January 2020 the consolidated entity completed the issue of 858,800 fully paid ordinary shares at a deemed issue price of $0.01 (1 cent) per share to the Directors and former Directors of the Company for services provided for December 2019 as approved by shareholders at the 2019 Annual General Meeting.

No other matter or circumstance has arisen since 31 December 2019 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

Simon O'Loughlin
Non- Executive Chairman

3 March 2020
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF STELLAR RESOURCES LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 3 March 2020

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Stellar Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Revenue		
Interest received	1,044	10,925
Expenses		
Depreciation and amortisation expenses	(5,486)	(9,390)
Finance costs	(586)	-
Administration expenditure	(253,413)	(242,423)
Loss before income tax expense	(258,441)	(240,888)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Stellar Resources	(258,441)	(240,888)
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax	11,666	(29,054)
Other comprehensive income for the half-year, net of tax	11,666	(29,054)
Total comprehensive loss for the half-year attributable to the owners of Stellar Resources	(246,775)	(269,942)
	Cents	**Cents**
Basic loss per share	(0.07)	(0.06)
Diluted loss per share	(0.07)	(0.06)

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 2019

	Note	Consolidated 31 December 2019 $	30 June 2019 $
Assets			
Current assets			
Cash		749,565	614,951
Trade and other receivables		5,843	11,286
Financial assets at fair value through other comprehensive income	3	45,103	33,438
Other assets		17,686	17,379
Total current assets		818,197	677,054
Non-current assets			
Trade and other receivables		102,049	140,841
Property, plant and equipment		118,421	119,045
Right-of-use assets	4	21,070	-
Exploration expenditure	5	10,868,980	10,692,819
Total non-current assets		11,110,520	10,952,705
Total assets		11,928,717	11,629,759
Liabilities			
Current liabilities			
Trade and other payables		80,690	51,338
Provisions		14,129	45,249
Lease liabilities		9,635	-
Total current liabilities		104,454	96,587
Non-current liabilities			
Provisions		6,103	5,551
Lease liabilities		11,868	-
Total non-current liabilities		17,971	5,551
Total liabilities		122,425	102,138
Net assets		11,806,292	11,527,621
Equity			
Issued capital	6	37,375,296	36,875,488
Reserves	7	161,976	1,750,387
Accumulated losses		(25,730,980)	(27,098,254)
Total equity		11,806,292	11,527,621

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 2019

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	36,867,490	1,754,589	(19,927,663)	18,694,416
Loss after income tax expense for the half-year	-	-	(240,888)	(240,888)
Other comprehensive loss for the half-year, net of tax	-	(29,054)	-	(29,054)
Total comprehensive loss for the half-year	-	(29,054)	(240,888)	(269,942)
Balance at 31 December 2018	36,867,490	1,725,535	(20,168,551)	18,424,474

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2019	36,875,488	1,750,387	(27,098,254)	11,527,621
Adjustment for change in accounting policy	-	-	(212)	(212)
Balance at 1 July 2019 - restated	36,875,488	1,750,387	(27,098,466)	11,527,409
Loss after income tax expense for the half-year	-	-	(258,441)	(258,441)
Other comprehensive loss for the half-year, net of tax	-	11,666	-	11,666
Total comprehensive loss for the half-year	-	11,666	(258,441)	(246,775)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 6)	499,808	-	-	499,808
Vesting of Share-based payments	-	25,850	-	25,850
Lapse of options	-	(1,625,927)	1,625,927	-
Balance at 31 December 2019	37,375,296	161,976	(25,730,980)	11,806,292

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 2019

	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Cash flows from operating activities		
Payments to suppliers	(295,136)	(262,463)
Net cash used in operating activities	(295,136)	(262,463)
Cash flows from investing activities		
Payments for security deposits	-	(8,580)
Interest received	2,027	12,496
Payments for exploration expenditure	(110,411)	(56,500)
Proceeds from release of security deposits	39,000	-
Net cash used in investing activities	(69,384)	(52,584)
Cash flows from financing activities		
Proceeds from issue of shares net of transaction costs	504,360	-
Payments for finance lease	-	(8,965)
Repayment of lease liabilities	(5,226)	-
Net cash from/(used in) financing activities	499,134	(8,965)
Net increase/(decrease) in cash and cash equivalents	134,614	(324,012)
Cash and cash equivalents at the beginning of the financial half-year	614,951	1,222,238
Cash and cash equivalents at the end of the financial half-year	749,565	898,226

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 2019 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 2019 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 2019 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

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 2019 annual financial report for the financial year ended 30 June 2019, 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 1. Significant accounting policies (continued)

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.14%

	1 July 2019
Operating lease commitments as at 30 June 2019	27,872
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1,728)
Lease liabilities recognised as at 1 July 2019	26,144

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

Right-of-use assets as at 1 July 2019	29,173
Right-of-use accumulated depreciation as at 1 July 2019	(3,241)
Lease liabilities - current - as at 1 July 2019	(9,397)
Lease liabilities - non-current - as at 1 July 2019	(16,747)
Reduction in opening retained profits as at 1 July 2019	(212)

Accounting Policy for right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated or amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Accounting Policy for Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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 2019, the consolidated entity recognised a loss of $258,411, had net cash outflows from operating activities of $295,136, payments for exploration activities of $110,411 and had an accumulated loss of $25,730,980 as at 31 December 2019. 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 2019, the consolidated entity had cash assets of $749,565, net working capital of $713,743, including investments in Twenty Seven Co. (formerly UraniumSA Limited) of $23,329 (which was liquidated for $30,763 after transaction costs post year end), Samphire Uranium Limited of $21,774 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.

In the event that the consolidated entity is unsuccessful in the matters set out above, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 2. Segment information

Identification of reportable operating segments
During the current financial year the consolidated entity operated in one segment being an explorer of tin. During the period the board begun reviewing company's financial information as one segment given it is solely operating under this segment.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the consolidated entity as one operating segment being tin exploration within Australia.

All assets and liabilities and operations are based in Australia.

Note 3. Current assets - Financial assets at fair value through other comprehensive income

	Consolidated 31 December 2019 $	30 June 2019 $
Investment in Twenty Seven Co. (formerly UraniumSA Limited)	23,329	11,664
Investment in Samphire Uranium Limited	21,774	21,774
	45,103	33,438

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	33,438	88,880
Disposals of investments in Renascor Resources Limited	-	(36,000)
Revaluation increments/(decrements)	11,665	(19,442)
Closing fair value	45,103	33,438

The consolidated entity owned 3,888,238 fully paid ordinary shares in Twenty Seven Co. (ASX:TSC) (formerly UraniumSA Limited (ASX:USA)). Prior to 1 July 2018 the investment in Twenty Seven Co. was 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. Upon adoption of AASB 9 on 1 July 2018 the consolidated group elected to reclassify the investment as fair value through other comprehensive income. A revaluation increment of $11,665 was recognised in other comprehensive income during the financial half year. These shares were sold subsequent to the end of the period for $31,106 before transaction costs.

The valuation remains unchanged from 30 June 2019 in relation to Samphire Uranium Limited (3,888,238 fully paid ordinary shares held).

Note 4. Non-current assets - right-of-use assets

	Consolidated 31 December 2019 $	30 June 2019 $
Land and buildings - right-of-use	29,173	-
Less: Accumulated depreciation	(8,103)	-
	21,070	-

Note 5. Non-current assets - exploration expenditure

	Consolidated 31 December 2019 $	30 June 2019 $
Exploration expenditure	10,868,980	10,692,819

Note 5. Non-current assets - exploration expenditure (continued)

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 30 June 2018	17,188,699
Expenditure during the year	212,698
Expenditure and other costs written off during the year	(6,708,578)
Balance at 30 June 2019	10,692,819
Expenditure during the half-year	176,161
Balance at 31 December 2019	10,868,980

Note 6. Equity - issued capital

	Consolidated			
	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 $	30 June 2019 $
Ordinary shares - fully paid	441,855,641	380,328,733	37,375,296	36,875,488

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	380,328,733		36,875,488
Share issued to sophisticated investors	24 December 2019	60,000,000	$0.009	540,000
Shares issued to Directors for services provided for October 2019	24 December 2019	671,839	$0.014	9,406
Shares issued to Directors for services provided for November 2019	24 December 2019	855,069	$0.011	9,406
Less capital raising costs		-	$0.000	(59,004)
Balance	31 December 2019	441,855,641		37,375,296

Note 7. Equity - reserves

	Consolidated	
	31 December 2019 $	30 June 2019 $
Employee equity-settled benefits reserve	15,240	1,641,167
Listed option reserve	88,000	88,000
Investment revaluation reserve	32,886	21,220
Unlisted option reserve	25,850	-
	161,976	1,750,387

Note 7. Equity - reserves (continued)

Employee equity-settled benefits reserve
The employee equity-settled benefits reserve arises on the grant of share options to Directors and employees. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The options expired during the period (24 Nov 2019) moved to the accumulated losses were of $1,625,927.

The balance at the end of the period represent options granted on 10 May 2019 to Directors. The expiry date of these options is 10 May 2022

Listed option reserve
The listed option reserve arises on the 22,000,000 listed options issued to Hunter Capital Advisors Pty Ltd with an exercise price $0.004 in satisfaction of corporate advisory and capital raising services performed and in accordance with shareholder approval given on 10 April 2017. The expiry date of these options is 18 May 2020,

Investment revaluation reserve
The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets that have been recognised in other comprehensive income, net of amounts will not be reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Unlisted option reserve
The unlisted option reserve arises on the 5,000,000 unlisted options issued to Taylor Collision in satisfaction of capital raising services performed. These options issued during the period were calculated using the Black-Scholes option pricing model.

Grant date	Expiry date	Share price at grant date	Exercise price	Volatility %	Dividend yield	Risk free rate %
24/12/2019	24/12/2022	0.010	0.015	96.00%	-	0.88%

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Employee equity-settled benefits reserve $	Listed option reserve $	Investment revaluation reserve $	Unlisted Option Reserve $	Total $
Balance at 1 July 2019	1,641,167	88,000	21,220	-	1,750,387
Gain on financial assets at fair value through other comprehensive income	-	-	11,666	-	11,666
Share based payments	-	-	-	25,850	25,850
Options expired during the period	(1,625,927)	-	-	-	(1,625,927)
Balance at 31 December 2019	15,240	88,000	32,886	25,850	161,976

Note 8. Equity - dividends

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

Note 9. Commitments

	Consolidated 31 December 2019 $	30 June 2019 $
Exploration commitments		
Within one year	-	687,638
One to five years	563,085	1,739,263
	563,085	2,426,901

In order to maintain current rights to tenure to exploration and mining tenements, the consolidated entity has the above exploration expenditure requirements up until expiry of leases. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the lease are not provided for in the financial report and are payable. In case of not meet the commitments, the consolidated entity will seek the approval for extension from the Department of State Growth – Mineral Resources Tasmania to maintain current rights to tenure to exploration and mining tenements.

Note 10. Events after the reporting period

On 15 January 2020 the consolidated entity completed the issue of 858,800 fully paid ordinary shares at a deemed issue price of $0.01 (1 cent) per share to the Directors and former Directors of the Company for services provided for December 2019 as approved by shareholders at the 2019 Annual General Meeting.

No other matter or circumstance has arisen since 31 December 2019 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.

The Directors of the Company declare that:

In the directors' opinion:

● the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

● the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

● there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Simon O'Loughlin
Non- Executive Chairman

3 March 2020
Melbourne

Stellar Resources Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Stellar Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 2019 and of its performance for the half year ended on that date; and

b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $258,441 during the half year ended 31 December 2019 and, a cash out-flow from operations of $295,136. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial report of the company for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 September 2019.

Responsibilities of the Directors 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.

ACCOUNTANTS & ADVISORS

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Auditor’s Responsibilities for the Review of the Half-Year Financial Report

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 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 2019 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.

Independence

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 3 March 2020