



Stellar Resources Limited

ABN 96 108 758 961

Half-Year Report - 31 December 2021

Stellar Resources Limited
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31 December 2021



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Stellar Resources Limited
Corporate directory
31 December 2021



Directors	Mr Simon O'Loughlin (Non-Executive Chairman) Mr Thomas Whiting (Non-Executive Director) Mr Gary Fietz (Executive Director) Mr Simon Taylor (Non-Executive Director)
Company Secretary	Mathew Watkins
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 4 96-100 Albert Road South Melbourne VIC 3205 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)
Website	www.stellarresources.com.au

Highlights

Heemskirk Tin Project

- 9-hole Phase 1 diamond drilling program targeting new areas of high-grade tin mineralisation commenced in June 2021, with 6 holes (3,510m) completed during the reporting period to 31 December 2021. A further 1 hole and 1 wedge/daughter hole were completed post period end, and a further 2 holes are currently in progress.

Phase 1 Severn Drilling

- 2 holes initially planned targeting depth extensions below the Severn tin resource, now increased to 4 holes at Severn based on the success of the first 2 holes.
- Results from drillhole ZS140 completed at Severn during the period confirmed multiple wide zones of tin (Sn) mineralisation with over 40 m of cumulative tin mineralisation intersected, approximately 240m down dip of the Severn Mineral Resource and 750m below surface.
- Results from drillhole ZS143 completed at Severn during the period confirmed wide zones of high-grade tin (Sn) mineralisation with 20m of cumulative tin mineralisation approximately 100m down dip of the Severn Inferred Resource and 620m below surface.
- Results from both ZS143 and ZS140 successfully demonstrate continuation of the tin system at depth confirming potential to significantly expand the Severn resource which remains open at depth and along strike.
- Daughter hole (ZS143W) completed post period end in late-January 2022. Assay results expected in mid-March 2022.
- Two further drillholes targeting extension of the Severn Indicated Mineral Resource⁴ were commenced in early-February 2022.

Phase 1 Drilling Targeting Depth Extensions of Key Historic Silver-Lead-Zinc Mines

- 7 holes initially planned targeting depth extensions below the historic silver-lead mines with holes targeting depths where transition into cassiterite mineralisation may occur. Two of these holes were later re-allocated to further drilling at Severn.
- Results from the first ever hole drilled during the period beneath the Montana No. 1 historic silver-lead mine, ZM141A, confirmed very high-grade silver-lead-zinc fissure vein intercepts approximately 90m below the deepest historic mine workings and 320m below surface.
- Results from drillhole ZO142, completed at Oonah during the period confirmed multiple zones of lower grade tin mineralisation and the continuation of tin mineralisation ~70m below the Oonah Inferred Resource⁵.
- ZO144, the second Oonah drillhole, and ZW145, the first drillhole targeting depth extensions of the Zeehan Western historic mine, were completed during the reporting period with assay results expected in mid-March 2022⁴.
- ZQ146, the first drillhole targeting depth extensions of the Zeehan Queen No 4. historic mine commenced in December and was completed post period end in in early-February with assay results expected in mid-April 2022⁴.
- Magnetic and downhole electromagnetic (EM) inversion studies completed in November by Stellar's geophysical consultants have modelled a large magnetic and approximately coincident conductive target, below the depth of historic drilling at the southern extent of the Severn Mineral Resource ("South Severn Magnetic and Conductive Target")⁶. Stellar plans to drill this target as part of the Phase 2 drilling program during 2022.

Severn and Queen Hill Phase 2 Program and Heemskirk Tin Project Development

- During the reporting period, Stellar exercised it's option under the drilling contract with Spaulding Drillers to retain the 2 rigs on site for a Phase 2 Heemskirk Diamond Drilling Program (5,000m to 10,000m). Planning is now well underway for the Phase 2 drilling program to commence at the end of Phase 1.
- Focus of the Phase 2 drilling program will be on Severn and Queen Hill, the two largest Heemskirk Tin Project deposits, and will include:
 - Severn resource extension drilling.
 - Infill drilling of the Severn and Queen Hill Inferred Resource.
 - A deep hole to test the South Severn magnetic and conductivity target⁶.
- Stellar is continuing review of other project work streams / studies required to advance the Heemskirk Tin Project to BFS completion.

Tin Market

- Tin prices have continued to rise spectacularly over the reporting period with the LME spot tin price reaching US\$39,635/t on 31 December 2021 and climbing further post period end to US\$48,670/t on 7 March 2022⁷.
- Tin prices have more than doubled over the past 12 months and now significantly exceed 10-year highs. The International Tin Association is now expecting tin prices to remain “stronger for longer”¹².
- **With the highest-grade undeveloped tin resource in Australia & 2nd highest globally^{8,9}, a scoping study completed in 2019 confirming attractive economics¹⁰ and drilling to extend and confirm the Severn mineral resource now well underway, the Heemskirk Tin Project is well positioned to take advantage the booming tin market.**

North East Tasmania Gold Exploration Project

- 8 Exploration Licences (EL’s) over a total area of 1,899 km² in North East Tasmania were granted in August 2021¹¹.
- Post period end, in March 2022, EL19/2020 (Scamander) and EL2/2021 (Scamander South and Pyengana) over a total area of 434 km² were granted to Stellar’s wholly owned subsidiary, Tarcoola Iron Pty Ltd.
- The total area of Stellar’s 10 granted EL’s in North East Tasmania is now 2,333 km².
- EL application EL10/2020 (Beaconsfield South) (165 km²) and EL3/2021 (Quakers Ranges) (45km²) are still being processed and these are expected to be granted CY2022 Quarter 2.
- 9 of Stellar’s 10 granted EL’s, along with EL applications EL10/2020 and EL3/2021 are prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS)¹¹.
- Recently granted EL19/2020 (Scamander) is highly prospective for tin and base metals with significant historic exploration and drilling undertaken over the licence area¹³.
- Post period end, in February 2022, the Company announced that it had lodged a new EL application EL3/2022 over the Mt Paris and Scamander North areas (97 km²) in Northeast Tasmania which are prospective for lithium, tin and other base metals¹³.
- Dr Josh Phillips (JP Geoscience) was engaged by Stellar in September 2021 as a technical consultant to lead Stellar’s NE Tasmania exploration program. Dr Phillips is based in Tasmania, has a PHD in geochemistry and has substantial experience working in gold exploration and with large base metal porphyry deposits.
- During the reporting period, Dr Phillips has completed a review of Stellar’s EL’s / EL applications including analysis of further historic soil and rockchip geochemical data recently captured by Stellar, and a review of all orogenic and IRGS gold exploration targets identified by Stellar’s technical team. Additional targets were identified during Dr Phillips’s review and all targets are now prioritised for field exploration.
- During September and October, Dr Phillips undertook initial field reconnaissance visits of the Back Creek target on EL12/2020 and the Blessington target on EL14/2020. Land access agreements and MRT work program approvals for soil sampling programs over these areas were progressed during the reporting period and trial soil sampling was undertaken in both areas.
- A significant soil sampling program over the Back Creek target commenced in February 2022.
- Further reconnaissance visits and follow up field exploration are also being planned over Stellar’s NE Tasmania EL’s.

Corporate

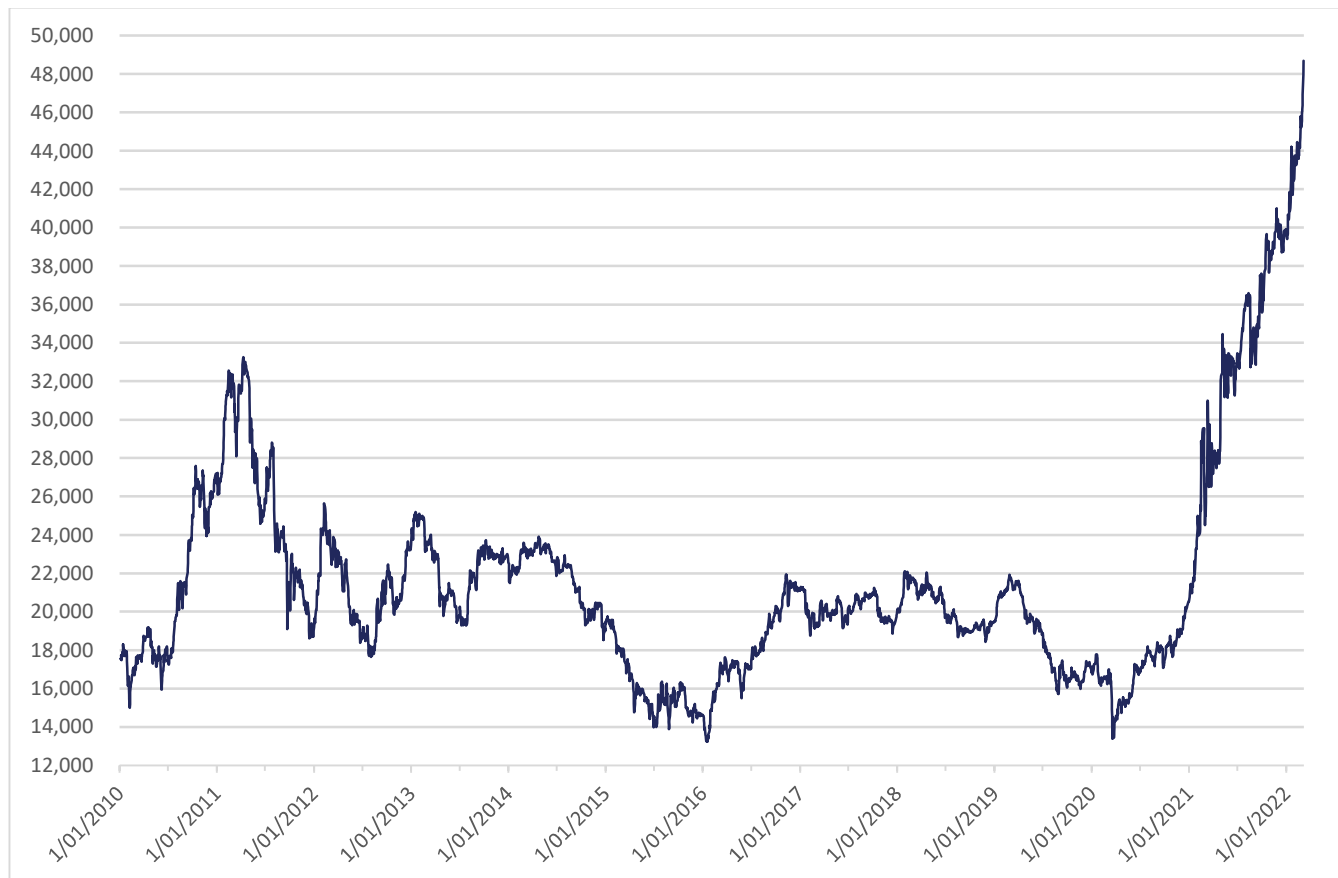
- In September 2021, the transaction to sell Stellar’s non-core Exploration Licence EL6350 in South Australia to Alligator Energy Limited (ASX:AGE or “Alligator”) for a total consideration of 7,105,263 AGE shares was completed. These shares were sold during the reporting period for a total of \$515,017 (average 7.2 cents per share) making a substantial contribution towards funding Stellar’s Heemskirk Tin Phase 1 Drilling Program.
- Cash balance at 31 December 2021 was \$4.178 million.

Tin Market Outlook

Tin prices have continued to rise spectacularly over the reporting period with the LME spot tin price reaching US\$39,635/t on 31 December 2021 and climbing further post period end to US\$48,670/t on 7 March 2022⁷.

Tin prices have more than doubled over the past 12 months and now significantly exceed 10-year highs. The International Tin Association is now expecting tin prices to remain “stronger for longer”¹². Current Tin prices are more than double the US\$20,000/t price assumed in the 2019 Heemskirk Tin Project Scoping Study.

This strong market for tin is due to strong physical global tin demand growth continuing to exceed global tin supply and is creating an extremely tight market for tin with LME tin stocks remaining at near record lows.



LME Spot Tin Prices (1 Jan 2010 to 7 March 2022) ⁷

Tin Demand

Physical tin demand is growing strongly as a result of:

- Covid and the rise of remote working: has boosted demand for computers and other home electronics devices. As tin solder is the ‘glue’ connecting everything electronic, this means increased demand for tin.
- Continued demand for tin in traditional uses (tinfoil, chemicals, lead-acid batteries, alloys and other uses).
- Growing demand for use of tin in solar panels.

Tin Supply

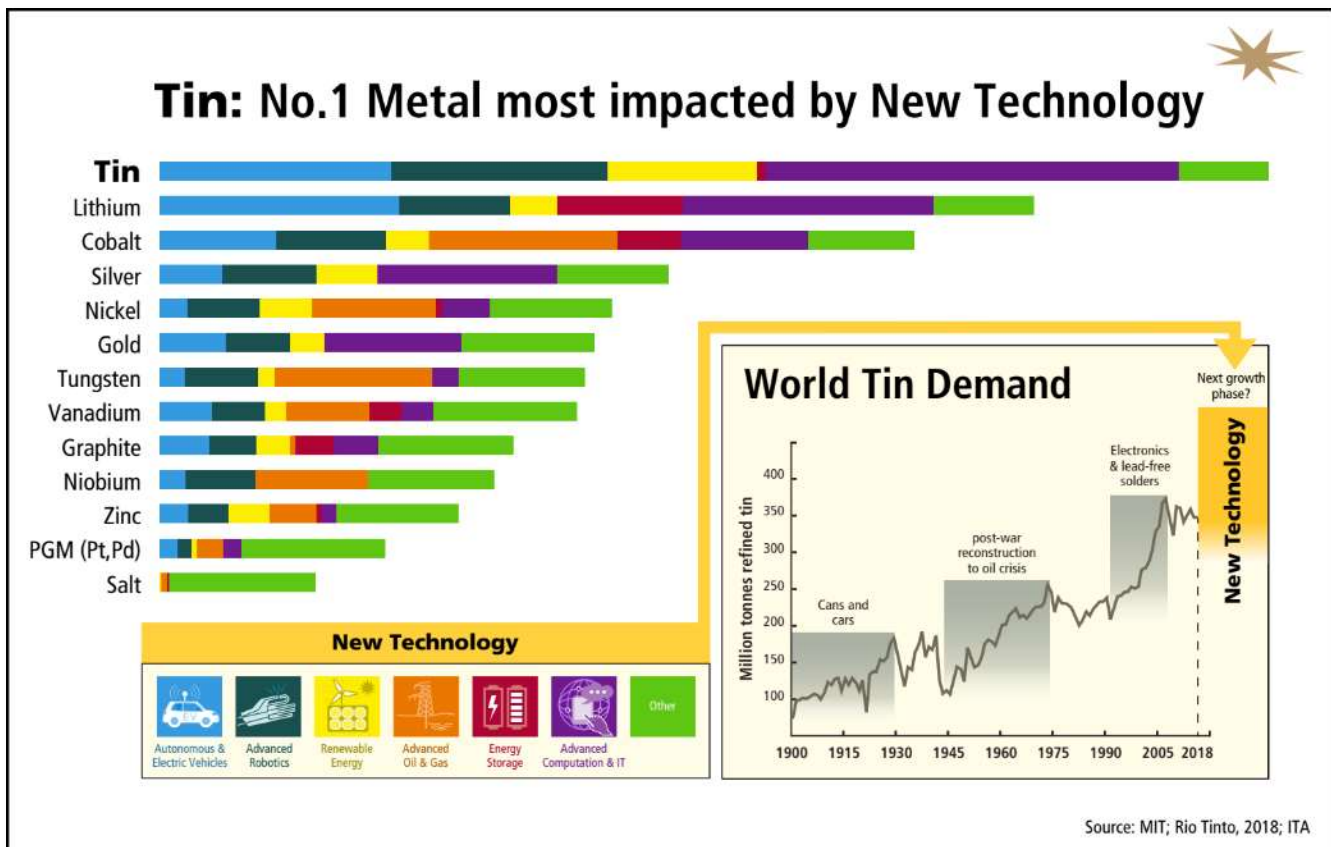
Global tin supply has fallen for each of the last 3 years to 2020 as a result of:

- Myanmar (world's 3rd largest producer) production continuing to fall throughout 2021 due to the military coup and largely unreliable artisanal and small-scale mining.
- Many existing tin mines globally now have lower grade and diminishing resources.
- Limited exploration or investment in new tin projects with many projects either in risky jurisdictions and/or low grade deposits.

Covid related tin supply disruptions experienced globally in 2020 have now largely recovered to pre-covid levels, other than in Myanmar, however, there continues to be a supply – demand shortfall due to strong demand growth.

Tin – The Number 1 New Technology Metal

Tin ranked as the No. 1 metal best placed to benefit from new technology according to a survey undertaken by Boston's Massachusetts Institute of Technology (MIT) for Rio Tinto in 2018.



Approximately 50% of all tin is used as solder in electronics. Solder is the 'glue' that connects everything electronic together. Our clean, new technology future is being driven by robotics, advanced computing, EV's, energy storage and renewables – these all require more electronics and semiconductors which all need more tin. Growing research is also showing that tin may be a more effective anode material in Li-ion batteries.

Overview of Stellar's Tin Projects

Stellar's 100% owned tin projects have an enviable location within the well-established mining district on the West Coast of Tasmania with access to established infrastructure including nearby water and renewable power, access to the port of Burnie 150km to the north via sealed highway for export of concentrate, and a competitive local market for services, mining and processing inputs and labor.

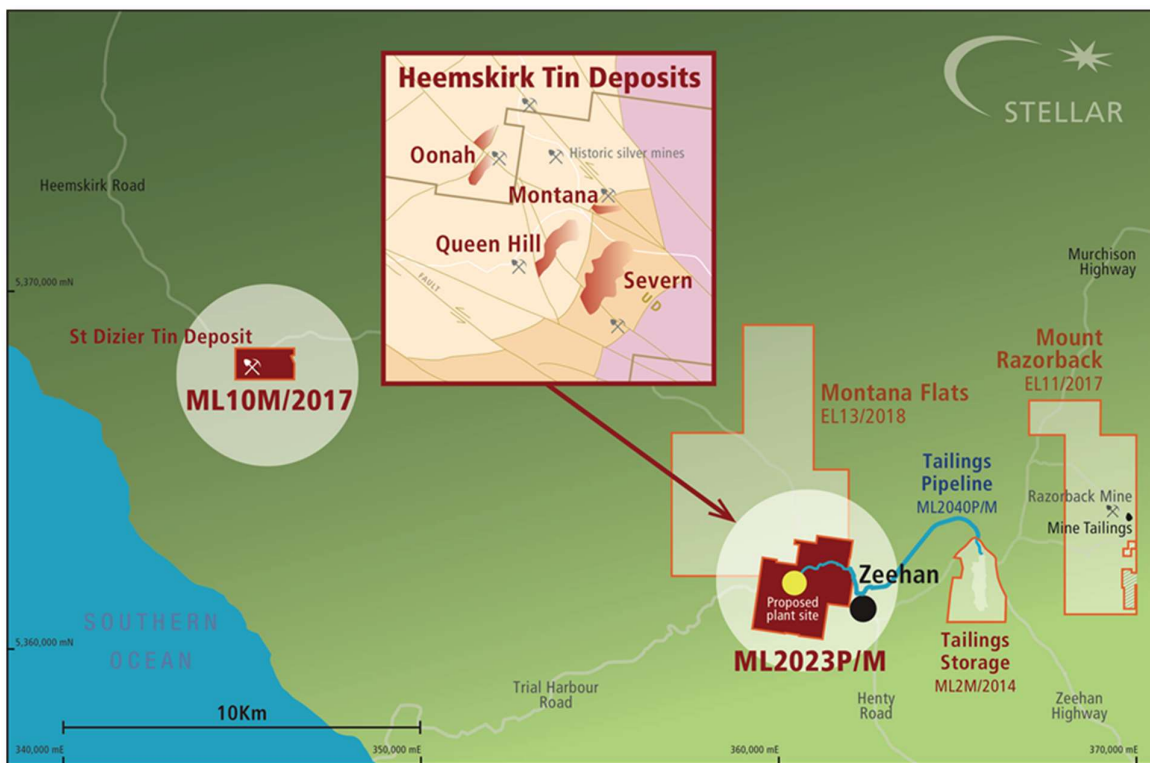
Stellar's flagship Heemskirk Tin Project is just 18km to the southwest of the Renison tin mine, the largest and most productive tin mine in Australia. Including Renison, there are 5 major underground metal mines, 3 of which are operating, within 30km of the Heemskirk Tin Project.



Location of Stellar's Tin Projects – West Coast of Tasmania

The Heemskirk Tin Project includes 4 nearby tin deposits: Severn, Queen Hill, Montana and Onah. Stellar holds secure Mining Leases over the Heemskirk Tin Project including the tailings pipeline route and tailings storage site and also over the St Dizier satellite tin deposit.

In addition to the Heemskirk Tin Project, Stellar owns a portfolio of nearby Exploration Licences including the Montana Flats and Mount Razorback EL's which contain a number of historic silver-lead-zinc mines with associated tin mineralization, and the St Dizier and Mount Razorback satellite tin deposits.



Heemskirk Tin Project Deposits (blow up), Secure Mining Leases and a Large EL Package

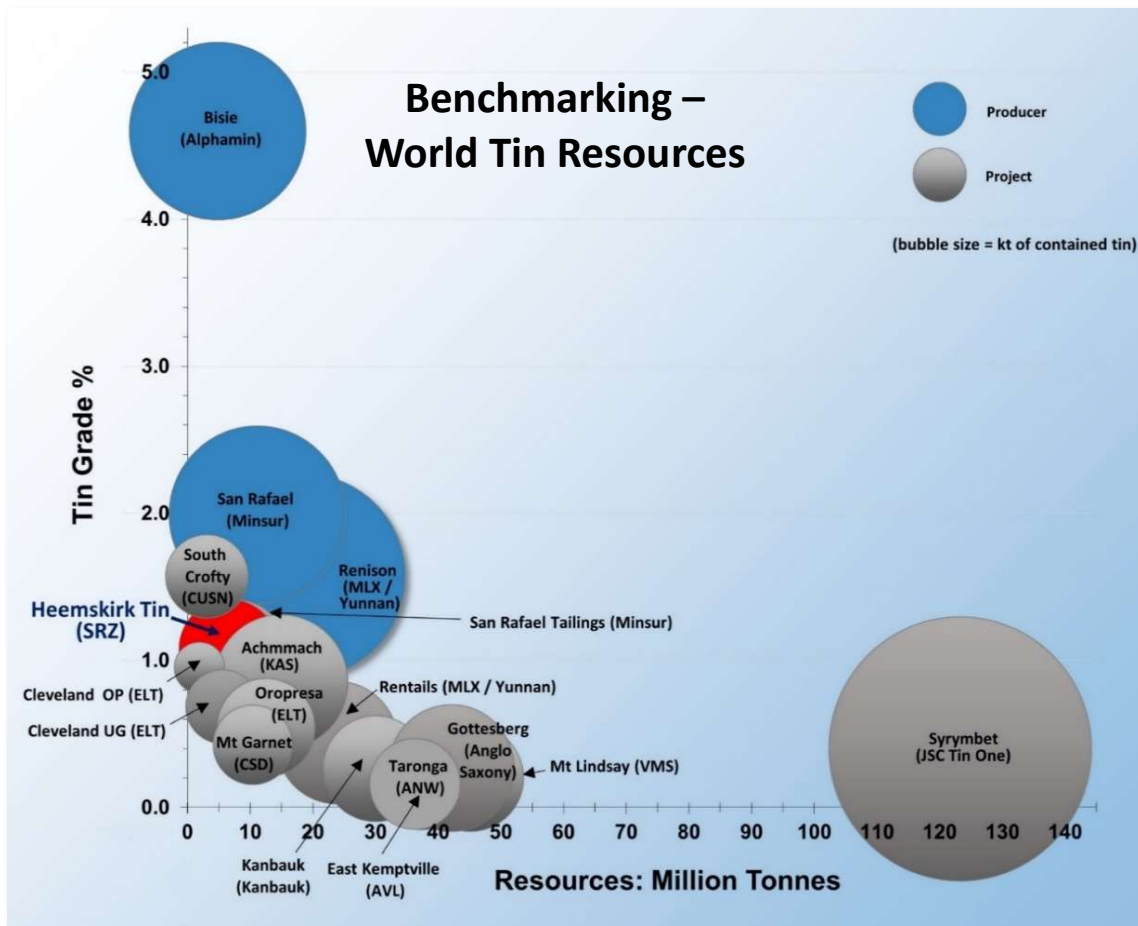
Heemskirk Tin Resources

The Heemskirk Tin Project has a Total Mineral Resource of 6.6 Mt @ 1.1% Sn at a 0.6% Sn cut-off grade, of which 2.12 Mt is in the Indicated Mineral Resource Category and 4.48Mt is in the Inferred Mineral Resource Category. All deposits have higher grade zones and are amenable to mining at higher cut-off grades. All deposits open at depth⁸.

Classification	Deposit	Tonnes (mt)	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

In addition, the St Dizier Tin deposit has a Total Mineral Resource of 2.26Mt @ 0.61% Sn of which 1.20 Mt in the Indicated Mineral Resource Category and 1.06 Mt is in the Inferred Mineral Resource Category¹⁰.

Heemskirk is the highest grade undeveloped tin resource in Australia and the second highest grade tin resource globally⁹.



2021 Phase 1 Drilling Program

A 9-hole Phase 1 diamond drilling program (for ~4,900m) commenced in June 2021, targeting new areas of high-grade tin mineralisation with 2 rigs on site including^{1,2}:

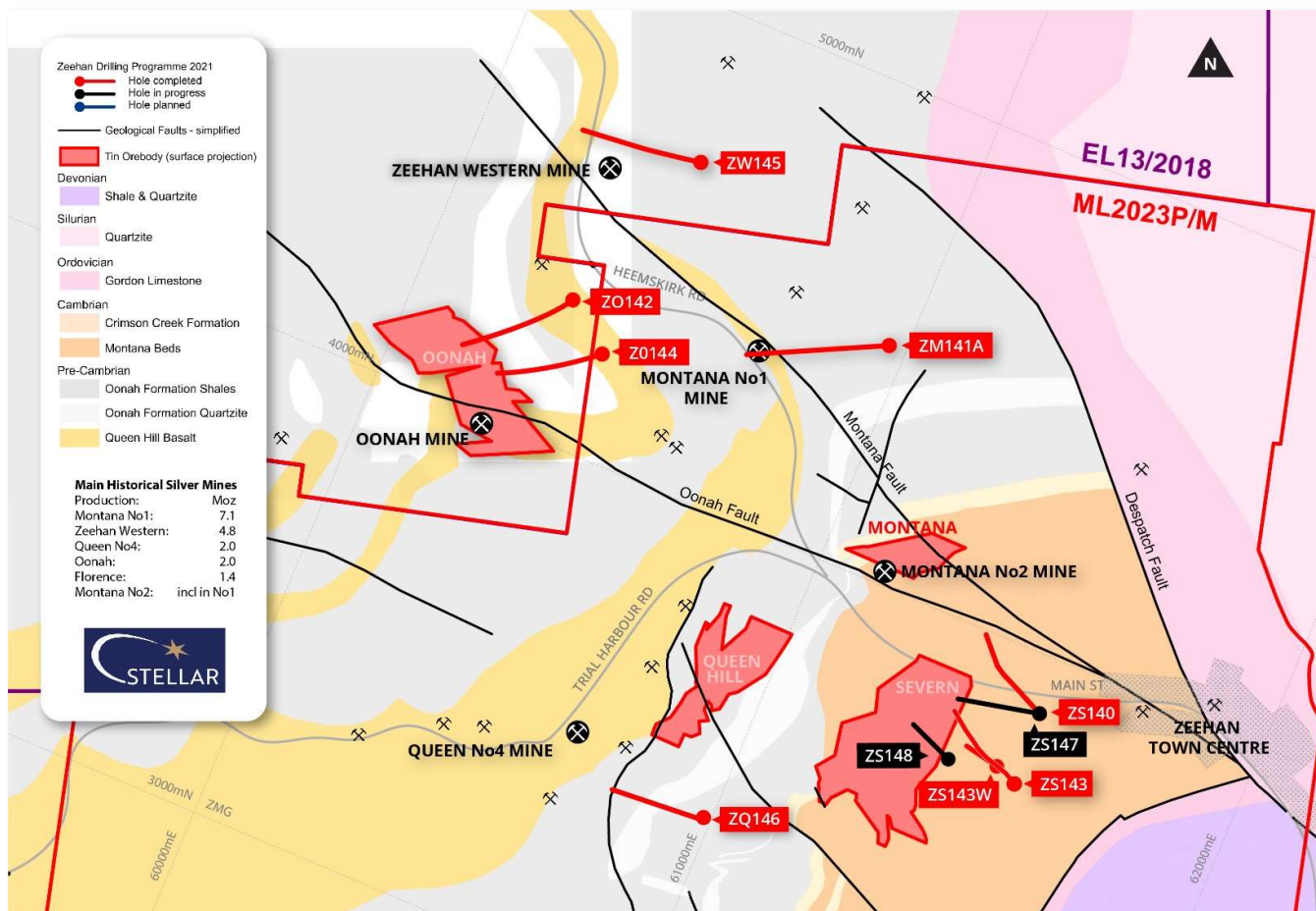
- **Severn** – 2 holes initially planned targeting depth extensions below the Severn tin resource which has now been increased to 4 holes based on the success of the first 2 holes. Severn is the largest of the 4 deposits comprising the Heemskirk Tin Project and remains open at depth and along strike.
- **Depth Extensions of key historic silver-lead-zinc mines** – 7 initially holes planned targeting depth extensions below the historic silver-lead-zinc mines with typical grades mined ranging from 20 to 100 oz/t Ag¹. Hole target depths test where the interpreted transition of silver-lead-zinc mineralisation into cassiterite (tin) mineralisation may occur. Two of these holes have now been re-allocated to further drilling at Severn.

A total of 6 holes were completed at the end of the reporting period, with a further 1 hole and 1 wedge/daughter hole completed post period end, and a further 2 holes currently in progress, with a total of 3,510m drilled to 31 December 2021.

A summary of the current status of the Phase 1 drilling program is shown in table below and locations of the holes are shown in the figure below.

Summary of Phase 1 Drilling Status at 18 February 2022 ⁴

Hole (Deposit)	Planned Depth (m)	Drilled to 18.02.2022 (m)	Status
ZS140 (Severn)	700	889	Completed - Intersected wide zones of tin mineralisation ~240m down dip of the Severn resource.
ZS140W (Severn)	250	0	Cancelled - Planned wedge and daughter hole from ZS140 but was not possible due to broken ground in ZS140.
ZM141A (Montana No. 1)	460	534	Completed - Intersected very high-grade silver-lead-zinc fissure veins.
ZO142 (Oonah)	400	494	Completed - Lower grade tin intercepts confirm continuation of tin mineralisation ~70m below the Oonah Inferred Resource.
ZS143 (Severn)	700	859	Completed - Intersected wide high-grade zones of tin mineralisation ~100m down dip of the Severn resource.
ZO144 (Oonah)	400	401	Completed - mineralisation logged over several intervals with stannite (tin-copper sulphide) observed and presence of tin confirmed by anomalous handheld XRF results. Logging, core cutting and sampling completed. Assay results expected in mid-March 2022.
ZW145 (Western Zeehan)	400	372	Completed - with only minor silver-lead-zinc fissure vein mineralisation observed over narrow intervals. Logging, core cutting and sampling completed. Assay results expected in mid-March 2022.
ZS143W (Severn)	250	451	Completed – drilling completed in late-Jan 2022. Logging and core cutting completed mid-Feb 2022. Assay results expected in mid-March 2022. The daughter hole targets mineralisation intersected in ZS143 ~half-way between the parent hole significant intercepts and the base of the Severn Inferred Resource.
ZQ146 (Zeehan Queen No. 4)	300	329	Completed - in early February 2022. Logging underway and core cutting yet to commence. Assay results expected in mid-April 2022.
WZ Hole 2 (Western Zeehan)	400	0	Cancelled - Second planned hole cancelled due to only minor mineralisation being intersected in first Western Zeehan hole, ZS145.
M1 Hole 2 (Montana No. 1)	640	0	Cancelled - Second planned hole cancelled due to focus of Phase 1 Program being on tin, not silver-lead-zinc.
ZS147 (Severn)	450	176	Underway - Commenced in early February 2022. Targeting extension of the Severn Indicated Mineral Resource.
ZS148 (Severn)	400	3	Underway - Commenced in early February 2022. Targeting extension of the Severn Indicated Mineral Resource.
Total	4,460*	4,508	<i>* Excludes Cancelled holes</i>



Zeehan Mineral Field Simplified Geology, Tin Deposits, Historic Ag-Pb-Zn Mines and Phase 1 Drillholes (at 18 February 2022)

Phase 1 Severn Drilling

Severn Drillhole ZS140 Results

In November 2021, assay results received from the first Severn drillhole (ZS140) in the 2021 Phase 1 program confirmed multiple wide zones of tin (Sn) mineralisation with over 40 m of cumulative tin mineralisation intersected, approximately 240m down dip of the Severn Mineral Resource and 750m below surface, including the following significant intercepts³:

- 8.4m @ 0.23% Sn from 731.6m
- 14.2m @ 0.28% Sn from 747.0m
- **5.0 m @ 0.76% Sn from 777.0 m**
- 3.0 m @ 0.87% Sn from 797.0 m (included within 10.0 m @ 0.43% Sn from 794.0 m)
- 2.0m @ 0.62% Sn from 820.0m
- 1.1 m @ 2.24% Sn from 855.4 m

Severn Drillhole ZS143 Results

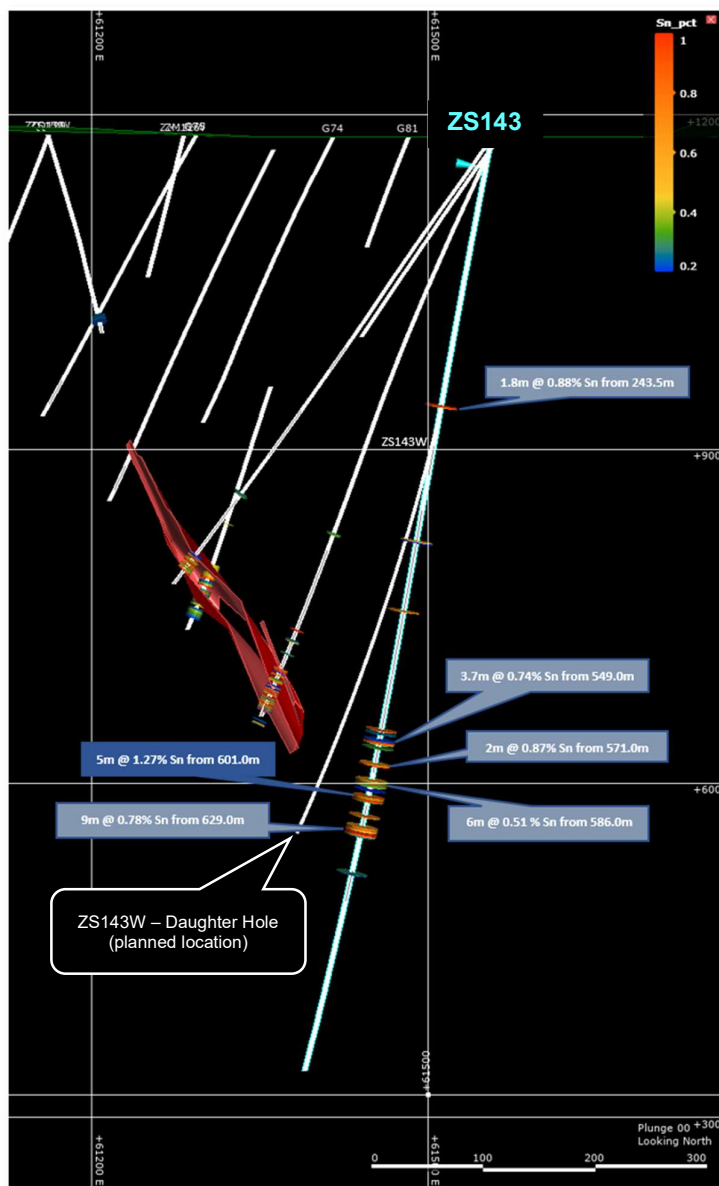
In December 2021, assay results from the second Severn drillhole (ZS143) in the 2021 Phase 1 program confirmed wide zones of high-grade tin (Sn) mineralisation with 20m of cumulative tin mineralisation approximately 100m down dip of the Severn Inferred Resource¹ and 620m below surface, including the following key intercepts⁴:

- 6.0m @ 0.51% Sn from 586.0m
- **5.0m @ 1.27% Sn from 601.0m**
- 9.0m @ 0.78% Sn from 629.0m

The 3 significant intercepts between 586m and 638m in ZS143 have a cumulative length of 20m of tin mineralisation at an average grade of 0.82% Sn⁴.

Tin mineralisation at Severn generally occurs within zones of sulphide vein networks including pyrite and pyrrhotite, with cassiterite (tin oxide). The ZS143 significant intercepts contain increased amounts of visible pyrrhotite and cassiterite and have high magnetic susceptibility readings. Pyrrhotite is both magnetic and conductive and is commonly associated with increased levels of cassiterite mineralisation at Severn.

Results from both ZS143 and ZS140 successfully demonstrate continuation of the tin system at depth confirming potential to significantly expand the Severn resource which remains open at depth and along strike.



Severn West-East Cross Section 3,725m North (ZMG) showing Hole ZS143 (aqua) with key significant intercepts, daughter hole ZS143W and historical drilling (white) and Severn 2019 Resource (red)⁴

Severn Daughter Hole ZS143W Completed with Assays Pending

Daughter hole ZS143W was completed to a depth of 451m post period end in late-January 2022 with logging and core cutting completed in mid-Feb 2022. Assay results are expected in mid-March 2022. The ZS143W daughter hole targets intersection of mineralisation in ZS143 approximately half-way between significant intercepts in the ZS143 parent hole and the base of the Severn Inferred Resource⁴.

Severn Drillholes ZS147 and ZS148 Underway

Two further drillholes at Severn were added to the Phase 1 program in December 2021 targeting extension of the Indicated Mineral Resource⁴. These holes (ZS147 for 450m and ZS148 for 400m) are now underway.

Phase 1 Drilling Targeting Depth Extensions of Key Historic Silver-Lead-Zinc Mines

The Phase 1 drilling program is aimed at identifying new areas of high-grade tin mineralisation below 4 of the largest historic silver-lead mines in the Zeehan mineral field (Montana No.1, Zeehan Western, Oonah & Zeehan Queen No. 4) which are located on Stellar's licences and typically had¹:

- Ore grades of 20 Oz/t Silver to 100 Oz/t Silver
- Mining widths up to 2.7m (fissure veins)
- Mining lengths up to 300m
- Mining depths of 70m to 300m

Silver-Lead lodes typically transition into tin (with pyrite) lodes at depth and the Phase 1 holes target depths where the interpreted transition of silver-lead-zinc mineralisation into cassiterite (tin) mineralisation may occur. There is also potential to intersect deeper high-grade silver-lead-zinc fissure lodes. No drilling ever done below these mines, other than at Oonah.

Montana No. 1 Drillhole ZM141A Results

In November 2021, assay results from hole ZM141A, the first ever hole drilled beneath Zeehan's largest historic silver-lead mine, Montana No. 1, confirmed very high-grade silver-lead-zinc fissure vein intercepts approximately 90m below the deepest historic mine workings and 320m below surface. Significant intercepts included⁵:

- 1.2 m @ 31.8 Oz/t Ag, 23.9% Pb, 0.4% Zn and 0.1% Cu from 423.0 m
- 0.4 m @ 15.4 Oz/t Ag, 12.2% Pb and 4.6% Zn from 411.0 m
- 0.6 m @ 3.8 Oz/t Ag, 3.6% Pb and 0.4% Zn from 239.0 m

As most of the mineralisation intersected in this hole is present as silver-lead-zinc fissure veins, it is interpreted that the transition into zones of tin mineralisation may still occur at greater depths below those intersected in hole ZM141A.

Oonah Drillholes ZO142 and ZO144

Two drillholes (ZO142 and ZO144) were completed during the reporting period targeting depth extensions of the silver-lead-zinc fissure lodes mined in the historically significant Oonah mine to a depth of ~120m from surface, and depth extensions of the Oonah Inferred Resource (0.59 Mt at 0.9% Sn, 0.8% Cu, 0.1% Pb, 0.1% Zn. Ag not included)⁸ defined by previous drilling below the historic workings.

Oonah Drillhole ZO142 Results

In November 2021, assay results from the first Oonah drillhole (ZO142) in the 2021 Phase 1 program⁵ included multiple zones of lower grade tin mineralisation and confirmed the continuation of tin mineralisation ~70m below the Oonah Inferred Resource⁵.

Oonah Drillhole ZO144 Completed with Assays Pending

The second drillhole at Oonah (ZO144) was completed in late-October 2021 with mineralised zones logged over the following intervals⁴:

- 311.9m to 316.2m (4.3m length including 1.7m core loss) – mineralisation primarily consists of massive to semi-massive pyrite contained within a breccia zone with stannite (tin-copper sulphide) and cassiterite observed and presence of tin confirmed by anomalous handheld XRF results.
- 354.6m to 358.8m (4.2m length) – a poorly mineralised zone consisting of narrow veins of pyrite with some visible cassiterite on the margins.

Logging, core cutting and sampling were completed in December 2021. Assay results are expected in mid-March 2022.

Zeehan Western Drillhole ZW145 Completed with Assays Pending

The first drillhole targeting depth extensions of the Zeehan Western historic mine (ZW145) was completed in December 2021 with only minor silver-lead-zinc fissure vein mineralisation observed over narrow intervals⁴.

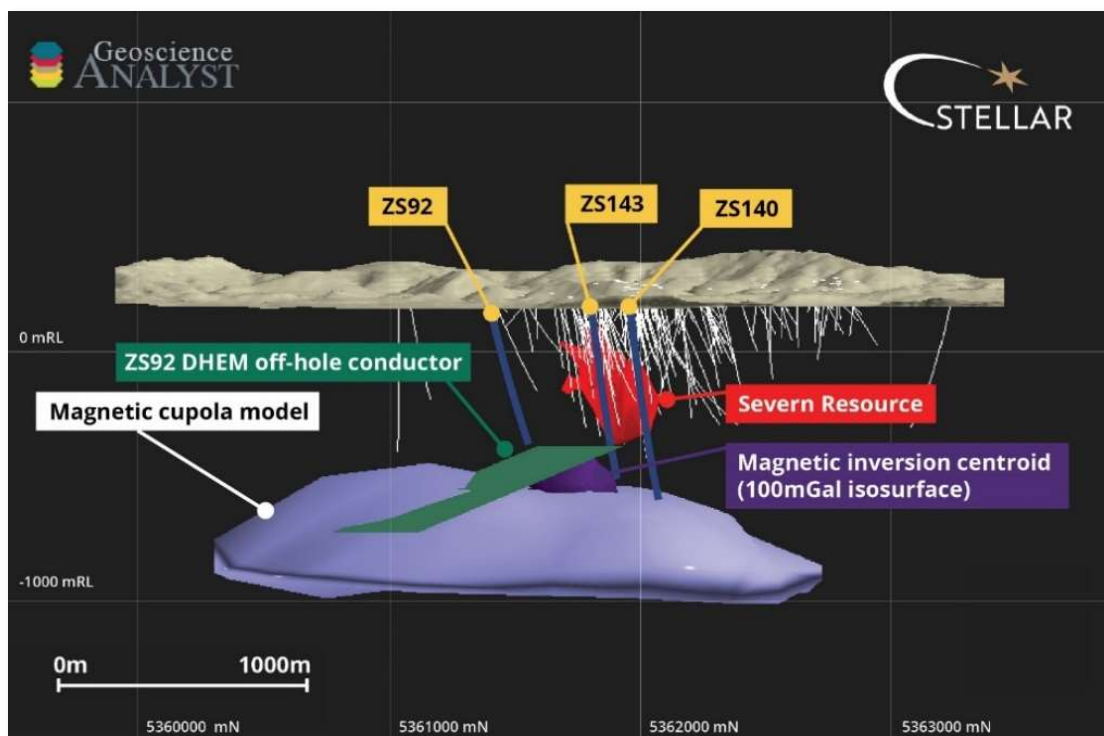
Logging, core cutting and sampling were completed in January 2022. Assay results expected in mid-March 2022.

Zeehan Queen No. 4 Drillhole ZQ146 Completed with Assays Pending

The first drillhole targeting depth extensions of the Zeehan Queen No 4. historic mine (ZQ146) commenced in December 2021 and was completed post period end in in early-February 2022. Logging is underway and core cutting is yet to commence. Assay results expected in mid-April 2022.⁴

Severn South Magnetic and Conductivity Target

Magnetic and downhole electromagnetic (EM) inversion studies completed in November 2022 by Stellar's geophysical consultants have modelled a large magnetic and approximately coincident conductive target, below the depth of historic drilling at the southern extent of the Severn Mineral Resource ("the South Severn Magnetic and Conductive Target")⁶. Stellar plans to drill this target as part of the Phase 2 drilling program.



Severn South Magnetic and Conductive Target – View looking West

Severn and Queen Hill Phase 2 Drilling Program

During the reporting period, Stellar exercised its option under the drilling contract with Spaulding Drillers to retain the 2 rigs on site for a Phase 2 Heemskirk Diamond Drilling Program (5,000m to 10,000m) to be undertaken during CY 2022. Planning is now well underway for the Phase 2 drilling program to commence at the end of Phase 1 during CY 2022.

The focus of the Phase 2 drilling program will be Severn and Queen Hill which are the two largest Heemskirk Tin Project deposits with a combined total Mineral Resource of 5.33Mt @ 1.0% Sn, of which 40% is Indicated and 60% Inferred.⁸

The Phase 2 program at Severn and Queen Hill is expected to include:

- Severn resource extension drilling.
- Infill drilling of the Severn and Queen Hill Inferred Resource.
- A deep hole to test the South Severn magnetic and conductivity target⁶.

Heemskirk Tin Project Scoping Study

In October 2019, Stellar announced the results of its Heemskirk Tin Project Scoping Study¹⁰ 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 initial 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 ~4,500tpa of concentrate containing ~2,200tpa of tin. Concentrate produced will be trucked 150km to the north via sealed road to the Port of Burnie for export to smelters in Asia.

The 2019 Scoping Study confirmed the Heemskirk Tin Project had attractive economics at a US\$20,000/t tin price¹⁰. The current spot tin price on 21 February 2022 was US\$44,150/t, over double the price assumed in the 2019 Scoping Study.

Advancement of Heemskirk Tin Project to BFS Completion

Other project work streams and studies required to advance the Heemskirk Tin Project to BFS completion are also now under review by Stellar.

Many of the project work streams and studies have already been completed to a PFS level.

Work towards completion of the DPEMP is well progressed with environmental assessment program agreed and stage 1 surveys completed.

The project has secure Mining Leases granted over mine site, tailings pipeline route and tailings dam site.

With the highest-grade undeveloped tin resource in Australia & 2nd highest globally^{8,9}, a scoping study completed in 2019 confirming attractive economics¹⁰, and drilling to extend and confirm the Severn mineral resource now well underway, the Heemskirk Tin Project is well positioned to take advantage the booming tin market.

North East Tasmania Gold Exploration Project

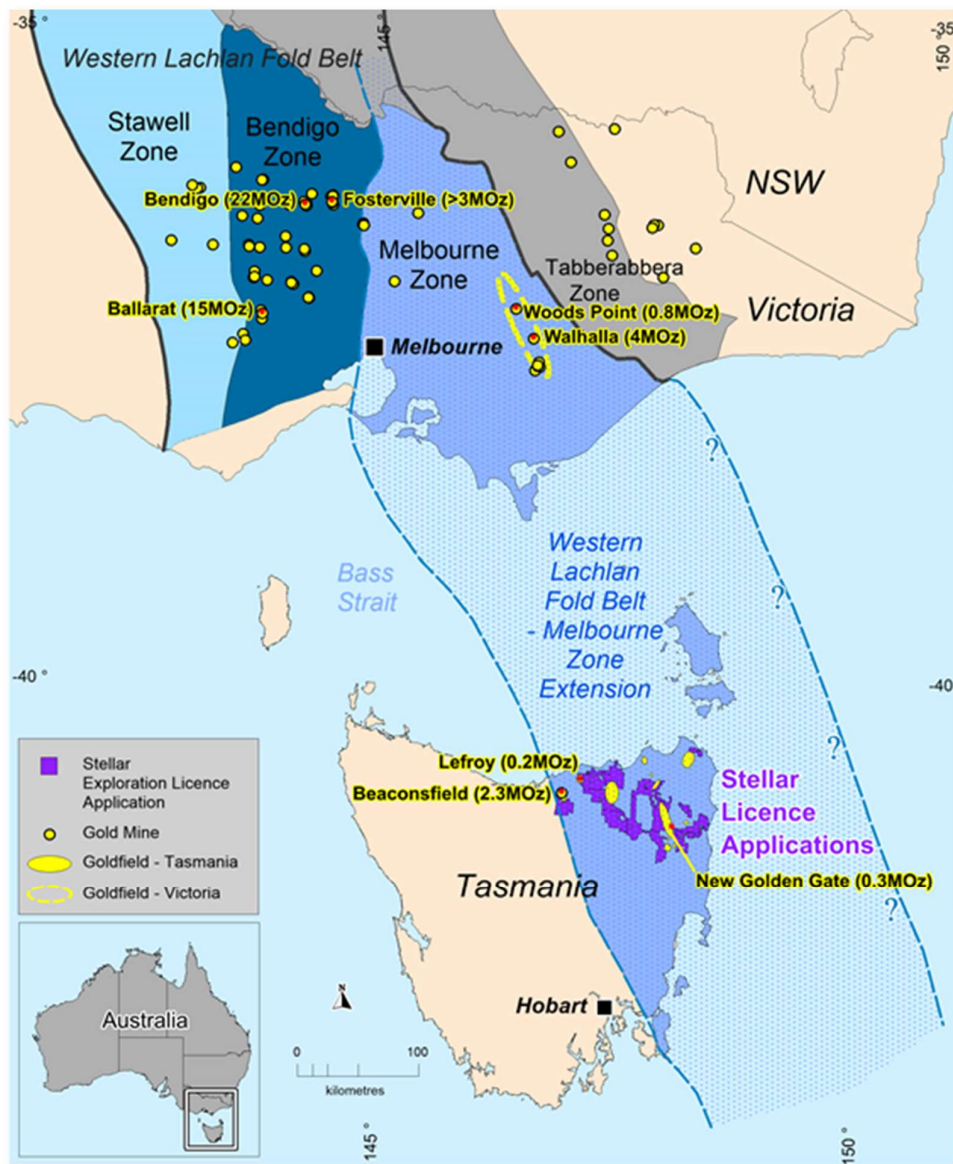
NE Tas – A Continuation of Victorian Western Lachlan Fold Belt¹¹

Gold deposits in North East Tasmania lie within a continuation of the Western Lachlan Fold Belt in Victoria – one of the world’s largest orogenic gold provinces.

The Western Lachlan Fold Belt in Victoria hosts the >3 MOz Fosterville Mine, Bendigo and other Tier 1 goldfields and has produced >80 MOz gold.

NE Tasmania hosts the Beaconsfield Mine (2.3 MOz), New Golden Gate Mine (0.3 MOz) and Lefroy Goldfield (0.2MOz), along with hundreds of smaller historic gold mines and occurrences.

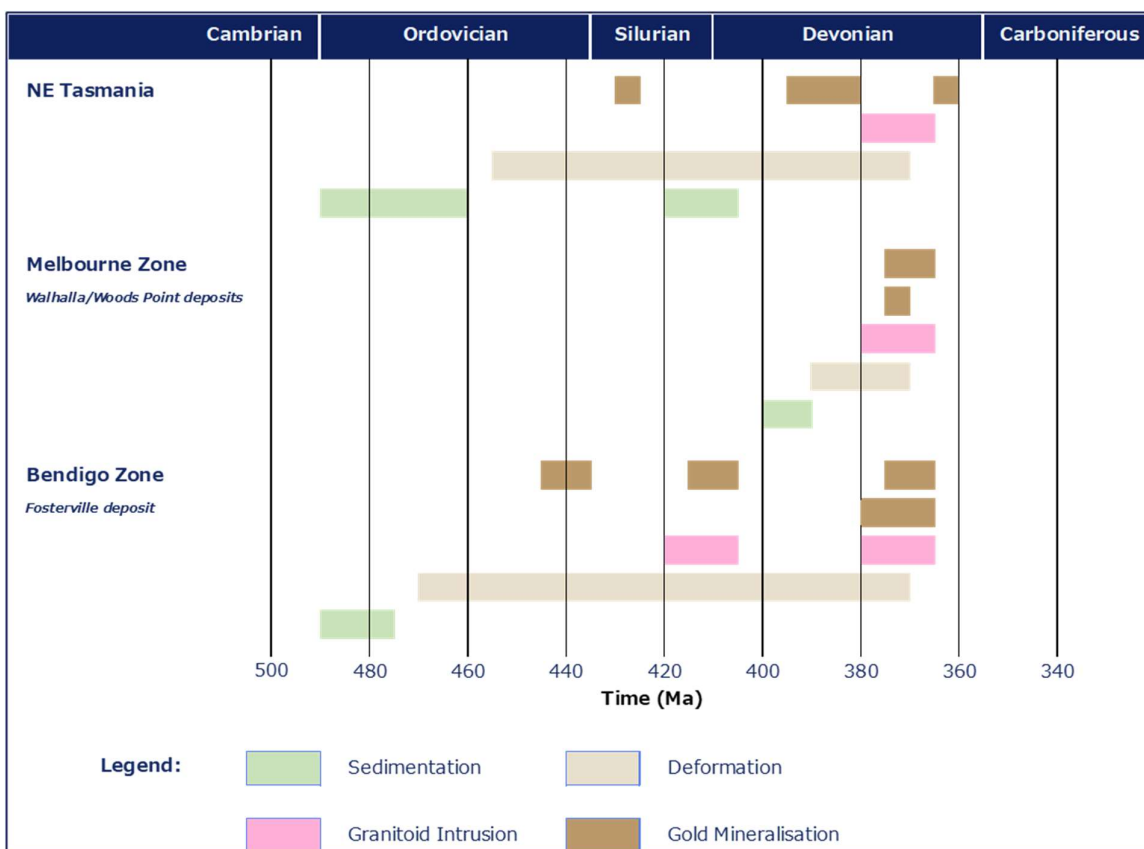
While Victoria is currently experiencing intense gold exploration activity, NE Tasmania has had very little modern gold exploration undertaken.



Continuation of Western Lachlan Fold Belt from Victoria into NE Tasmania¹¹

Gold deposits in NE Tasmania share the same geological setting as their Victorian counterparts¹¹:

- Ordovician turbiditic meta-sediments (Mathinna Super-Group).
- Ordovician to Devonian deformation and metamorphism (Western Lachlan Orogen).
- Associated with nearby Devonian granitoid intrusives.
- Gold commonly in quartz veins occupying dilational zones along large- scale faults related to folding and deformation during the Lachlan Orogen.
- Predominantly NW oriented lodes controlled by regional structures and rheological contrasts between sedimentary units.
- Intrusion Related Gold System (IRSG) deposits also occur in NE Tasmania.



Timing of Geological Events in NE Tasmania vs Melbourne and Bendigo Zone of Western Lachlan Fold Belt in Victoria (after Bierlein et al, 2005) ¹¹

Stellar NE Tasmania Exploration Licences

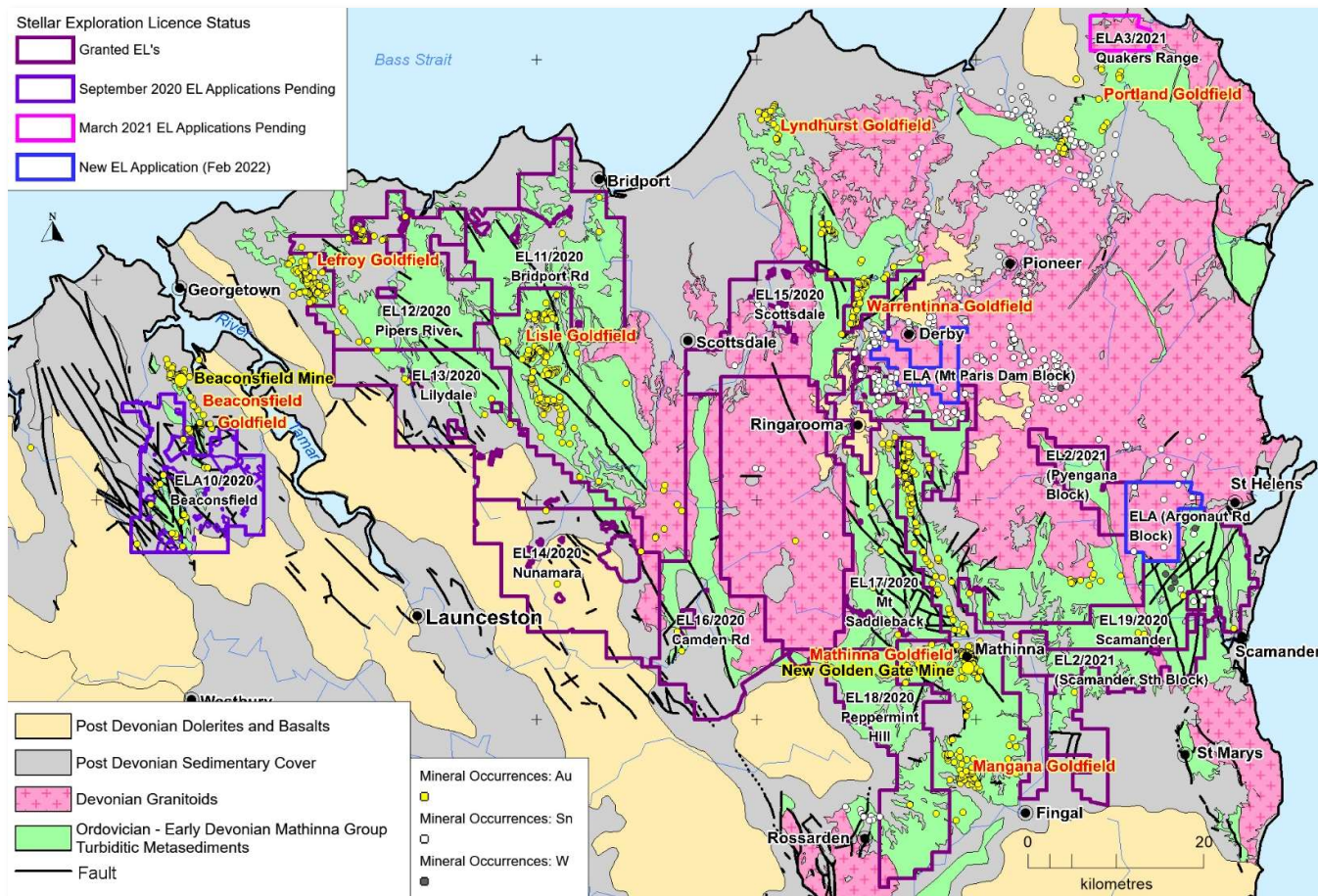
8 Exploration Licences (EL's) over a total area of 1,899 km² in NE Tasmania were granted in August 2021 to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd¹¹.

Post period end, in March 2022, Exploration Licence EL19/2020 (Scamander) and EL2/2021 (Scamander South and Pyengana) over a total area of 434 km² were granted to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd.

The total area of Stellar's 10 granted EL's in North East Tasmania is now 2,333 km².

EL application EL10/2020 (Beaconsfield South) (165 km²) and EL3/2021 (Quakers Ranges) (45km²) are still being processed and these are expected to be granted in Quarter 2, CY2022.

Post period end, in February 2022, the Company announced that it had lodged a new EL application EL3/2022 over the Mt Paris and Scamander North areas over an area of 97km² ¹³.



Stellar EL's, EL Applications, Geology and Mineral Occurrences (March 2022)¹³

9 of Stellar's 10 granted EL's, along with EL applications EL10/2020 and EL3/2021 are prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS)¹¹.

Recently granted EL19/2020 (Scamander) is highly prospective for tin and base metals with significant historic exploration and drilling undertaken over the licence area¹³.

EL application EL3/2022 (Mt Paris and Scamander North) is prospective for lithium, tin and other base metals¹³.

A number of desktop orogenic and IRGS gold exploration targets have been identified by Stellar's technical team using full GIS targeting capability including reprocessed aeromagnetic, radiometric and gravity data, geological mapping, recorded gold and tin occurrences, historic drilling and geochemical data. A number of tin and base metals targets have also been identified.^{11, 13}

Summary of Stellar's EL's and EL Applications in NE Tasmania (March 2022)¹¹

Name	EL Number	Area (Km2)	Status	Ordovician Mathinna Group	Regional Structures (Magnetic Lineaments & Mapped Faults)	Granitoid Intrusions nearby	Gold Occurrences	Tin / Base Metal Occurrences
Beaconsfield	EL 10/2020	165	Application	Y	NW	Y	18	
Bridport Rd	EL 11/2020	236	Granted	Y	NW	Y	3	
Pipers River	EL 12/2020	246	Granted	Y	NW	Y	15	
Lilydale	EL 13/2020	242	Granted	Y	NW	Y	6	
Nunamara	EL 14/2020	247	Granted	Y	NW & NE	Y	3	
Scottsdale	EL 15/2020	244	Granted	Y	NW, N & NE & IRGS	Y	2	21
Camden Road	EL 16/2020	248	Granted	Y	NW & N	Y	3	
Mt Saddleback	EL 17/2020	241	Granted	Y	NW & NE	Y	13	1
Peppermint Hill	EL 18/2020	195	Granted	Y	NW	Y	6	
Scamander	EL19/2020	239	Granted	Y	N & NE Tin and Base Metals Targets	Y	7	29
South Scamander & Pyengana	EL 2/2021	195	Granted	Y	NW, N,NE	Y	1	2
Quakers Ranges	EL 3/2021	45	Application	Y	NW	Y		
Mt Paris and Scamander North	EL 3/2022	97	Application	N	Tin , Base Metals and Lithium Targets	N		15
Total		2,640					77	68

Work Program Update

Dr Josh Phillips (JP Geoscience) was engaged by Stellar in September 2021 for a minimum 10 days per month, with a minimum term of 6 months, to lead Stellar's NE Tasmania exploration program. Dr Phillips is based in Tasmania, has a PHD in geochemistry and has substantial experience working in gold exploration and with large base metal porphyry deposits.

During the reporting period, Dr Phillips has completed a review of Stellar's NE Tasmania EL's / EL applications including analysis of further historic soil and rockchip geochemical data recently captured by Stellar, and a review of all desktop orogenic and IRGS gold exploration targets identified by Stellar's technical team. Additional desktop targets were identified during Dr Phillips's review and all targets have now been prioritised for field exploration.

During September and October 2021, Dr Phillips undertook initial field reconnaissance visits of the Back Creek target on EL12/2020 and the Blessington target on EL14/2020.

A significant soil sampling program over the Back Creek target commenced in February 2022.

Further reconnaissance visits and follow up field exploration are being planned over Stellar's NE Tasmania EL's throughout CY2022.

Corporate

In September 2021, the transaction to sell Stellar's non-core Exploration Licence EL6350 in South Australia to Alligator Energy Limited (ASX: AGE or "Alligator") for a total consideration of 7,105,263 AGE shares was completed. These shares were sold during the reporting period for a total of \$515,017 (average 7.2 cents per share) making a substantial contribution towards funding Stellar's Heemskirk Tin Phase 1 Drilling Program.

Cash balance at 31 December 2021 was \$4.178 million.

Tenements

Description	Tenement Number	Interest Owned (%)
Mining Lease - Zeehan, Tasmania	ML 2023P/M	100
Mining Lease - Tailing Dam, Zeehan, Tasmania	ML 2M/2014	100
Mining Lease – Pipeline Route, Zeehan, Tasmania	ML 2040P/M	100
Retention Licence - Zeehan, Tasmania	RL 5/1997	100
Mining Lease - St Dizier, Tasmania	ML 10M/2017	100
Exploration Licence - Mt Razorback	EL 11/2017	100
Exploration Licence - Montana Flats, Zeehan, Tasmania	EL 13/2018	100
Exploration Licence – Bridport Rd, NE Tasmania	EL11/2020	100
Exploration Licence - Pipers River, NE Tasmania	EL12/2020	100
Exploration Licence - Lilydale, NE Tasmania	EL13/2020	100
Exploration Licence - Nunamara, NE Tasmania	EL14/2020	100
Exploration Licence - Scottsdale, NE Tasmania	EL15/2020	100
Exploration Licence - Camden Rd, NE Tasmania	EL16/2020	100
Exploration Licence - Mt Saddleback, NE Tasmania	EL17/2020	100
Exploration Licence - Peppermint Hill, NE Tasmania	EL18/2020	100
Exploration Licence - Scamander, NE Tasmania	EL19/2020	100
Exploration Licence – Scamander South & Pyengana, NE Tasmania	EL2/2021	100

Footnotes / Live Links

- ¹ [SRZ Announcement, 18 February 2021, "Restart of Tin Exploration Drilling"](#)
- ² [SRZ Announcement, 26 March 2021, "Expanded Tin Exploration Drilling Program at Heemskirk Tin"](#)
- ³ [SRZ Announcement, 5 November 2021, "ZS140 Results and Heemskirk Drilling Update"](#)
- ⁴ [SRZ Announcement, 20 December 2021, "High-Grade Tin Intersected in Second Severn Hole"](#)
- ⁵ [SRZ Announcement, 22 November 2021, "Exceptional Silver-Lead Grades in First Montana No. 1 Hole"](#)
- ⁶ [SRZ Announcement, 11 November 2021, "Large Magnetic and Conductive Target Modelled at South Severn"](#)
- ⁷ [westmetall.com tin prices](#)
- ⁸ [SRZ Announcement, 16 May 2019, "Updated Heemskirk Resource Increases Indicated Category and Confidence in the Project"](#)
- ⁹ [SRZ Announcement, 12 April 2021, "Investor Presentation" – See page 11 Benchmarking Assumptions](#)
- ¹⁰ [SRZ Announcement, 1 October 2019, "Heemskirk Tin Scoping Study Confirms Attractive Economics"](#)
- ¹¹ [SRZ Announcement, 23 August 2021, "NE Tasmania Exploration Licences Granted"](#)
- ¹² [Mining Network Interview with James Willoughby, International Tin Association, "2022 Tin Outlook"](#)
- ¹³ [SRZ Announcement, 28 February 2022, "Stellar Pegs Prospective Lithium & Tin Ground in NE Tasmania"](#)

Forward Looking Statements

This report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Stellar Resources Limited's planned activities and other statements that are not historical facts. When used in this report, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward-looking statements. Although Stellar Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Stellar Resources Limited securities.

This announcement is authorised for release to the market by the Board of Directors of Stellar Resources Limited.

For further details please contact:

Gary Fietz
Executive Director
Stellar Resources Limited
Tel: 0408 489 957
Email: gary@widerange.net.au

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 2021. 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)
Thomas Whiting (Non-Executive Director)
Gary Fietz (Executive Director)
Simon Taylor (Non-Executive Director)

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 year continued to be mineral exploration and evaluation 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 \$341,611 (31 December 2020: \$412,061).

Financial performance

The consolidated entity's corporate and administration costs increased by \$70,563 to \$334,062 (2020: \$263,499), mainly attributable to an increase in corporate marketing and consulting costs of \$67,085 to \$99,691 (2020: \$32,605).

During the period, Consolidated Entity sold tenement EL 6350 for AGE shares, and sold the shares subsequently, resulting in other comprehensive income of \$501,595

Financial position

Net assets have remained relatively constant at \$17.0 million (30 June 2021: \$16.9 million). This increase primarily arising from other comprehensive income generated by the sale of shares in Alligator received as consideration for the disposal of tenement EL 6350.

Significant exploration expenditure of \$1.3 million was incurred during the period to 31 December 2021 resulting in cash balances decreasing by \$1.3 million during the period ended 31 December 2021 to \$4.1 million (30 June 2021: \$5.4 million).

Refer to the detailed review of operations preceding this report for further information on the consolidated entity's activities.

Significant changes in the state of affairs

On 27 July 2021, Non-Executive Director (NED) Share Rights vested over a total of 5,161,190 fully paid ordinary shares and accordingly 5,161,190 fully paid ordinary shares were issued to Directors for nil consideration. The NED Rights were issued as settlement of Director's fees salary sacrificed for the period from January 2020 to June 2020 under the NED Share Rights Plan (NEDSP) where the NED Rights were issued in lieu of cash remuneration.

On 23 August 2021, the Consolidated Entity announced that 8 Exploration Licences (ELs) had been granted to the company's wholly owned subsidiary, Tarcoola Iron Pty Ltd, over an area of 1,899 km² in North-East Tasmania, which is highly prospective for Victorian-style Orogenic Gold, Intrusive Related Gold Systems (IRGS) and additionally contains historical tin occurrences.

On 22 September 2021, the consolidated entity completed the sale of EL6350 to Alligator Energy Limited (ASX: AGE, or "Alligator") for total consideration of 7,105,263 AGE shares. The shares were subsequently sold for \$515 thousand.

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 11 February 2022, NED Share Rights vested over a total of 3,323,104 fully paid ordinary shares and accordingly 3,323,104 fully paid ordinary shares were issued to Directors for nil consideration. The NED Rights were issued for Director's fees salary sacrificed for the period of July 2020 to December 2020 under the NEDSP.

On 28 February 2022, the Company announced that it had lodged a new Exploration Licence application over the Mt Paris and Scamander North areas in Northeast Tasmania which are prospective for lithium, tin and other base metals.

In March 2022, EL19/2020 (Scamander) over an area of 239 km² was granted to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd. EL19/2020 is highly prospective for tin and base metals with significant historic exploration and drilling undertaken over the licence area.

In March 2022, EL2/2021 (Scamander South and Pyengana) over an area of 195 km² was granted to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd. EL2/2021 is prospective for gold.

No other matter or circumstance has arisen since 31 December 2021 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 blue ink, appearing to read "S. O'Loughlin".

Simon O'Loughlin
Non- Executive Chair

15 March 2022
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 2021 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

Alex Finnis

A. A. Finnis
Director

Melbourne, 15 March 2022

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Stellar Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Consolidated	
	31 December 2021	31 December 2020
Note	\$	\$
Income		
Interest received	3,984	1,677
Expenses		
Administration expenditure	(334,062)	(263,499)
Depreciation expense	(208)	(5,705)
Business development, licensing and other exploration related costs	(10,998)	(144,153)
Finance costs	(327)	(381)
Loss before income tax expense	(341,611)	(412,061)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Stellar Resources	(341,611)	(412,061)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax	501,595	106,537
Other comprehensive income for the half-year, net of tax	501,595	106,537
Total comprehensive income for the half-year attributable to the owners of Stellar Resources	159,984	(305,524)
	Cents	Cents
Basic loss per share	11 (0.041)	(0.076)
Diluted loss per share	11 (0.041)	(0.076)

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 2021



	Consolidated	
Note	31 December 2021	30 June 2021
	\$	\$
Assets		
Current assets		
Cash	4,177,715	5,409,191
Trade and other receivables	33,116	24,809
Prepayments	57,131	31,378
	<u>4,267,962</u>	<u>5,465,378</u>
Non-core tenement held for sale	4	-
		<u>11,990</u>
Total current assets	<u>4,267,962</u>	<u>5,477,368</u>
Non-current assets		
Trade and other receivables	252,700	231,500
Property, plant and equipment	129,355	118,659
Right-of-use assets	1,687	6,769
Exploration expenditure	5	12,541,247
		<u>11,256,239</u>
Total non-current assets	<u>12,924,989</u>	<u>11,613,167</u>
Total assets	<u>17,192,951</u>	<u>17,090,535</u>
Liabilities		
Current liabilities		
Trade and other payables	172,640	226,100
Lease liabilities	1,772	4,102
Total current liabilities	<u>174,412</u>	<u>230,202</u>
Non-current liabilities		
Lease liabilities	-	1,778
Total non-current liabilities	<u>-</u>	<u>1,778</u>
Total liabilities	<u>174,412</u>	<u>231,980</u>
Net assets	<u>17,018,539</u>	<u>16,858,555</u>
Equity		
Issued capital	6	42,929,215
		42,884,830
Reserves	7	92,494
		136,880
Accumulated losses		<u>(26,003,170)</u>
		<u>(26,163,155)</u>
Total equity	<u>17,018,539</u>	<u>16,858,555</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 2021



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	37,383,884	81,754	(25,880,545)	11,585,093
Loss after income tax expense for the half-year	-	-	(412,061)	(412,061)
Other comprehensive income for the half-year, net of tax	-	106,537	-	106,537
Total comprehensive income for the half-year	-	106,537	(412,061)	(305,524)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,049,151	-	-	2,049,151
Share-based payments (note 11)	-	44,386	-	44,386
Disposal of investment in Samphire Uranium Limited	-	(77,213)	77,213	-
Balance at 31 December 2020	<u>39,433,035</u>	<u>155,464</u>	<u>(26,215,393)</u>	<u>13,373,106</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	42,884,830	136,880	(26,163,155)	16,858,555
Loss after income tax expense for the half-year	-	-	(341,611)	(341,611)
Other comprehensive income for the half-year, net of tax	-	501,595	-	501,595
Total comprehensive income for the half-year	-	501,595	(341,611)	159,984
<i>Transactions with owners in their capacity as owners:</i>				
Transfer upon disposal of investment in Alligator Energy Limited's equity instruments (note 4)	-	(501,595)	501,595	-
Vesting of Share-based payments	44,386	(44,386)	-	-
Balance at 31 December 2021	<u>42,929,216</u>	<u>92,494</u>	<u>(26,003,171)</u>	<u>17,018,539</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 2021



	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Payments to employees and suppliers	(412,394)	(372,342)
Interest received	4,444	32
Net cash used in operating activities	<u>(407,950)</u>	<u>(372,310)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(13,104)	-
Payments for exploration and evaluation costs	(1,314,880)	(31,637)
Proceeds from disposal of investments	515,018	-
Net cash used in investing activities	<u>(812,966)</u>	<u>(31,637)</u>
Cash flows from financing activities		
Proceeds from issue of shares net of transaction costs	-	2,049,151
Repayment of lease liabilities	(10,560)	(5,673)
Net cash from/(used in) financing activities	<u>(10,560)</u>	<u>2,043,478</u>
Net increase/(decrease) in cash and cash equivalents	(1,231,476)	1,639,531
Cash and cash equivalents at the beginning of the financial half-year	5,409,191	524,796
Cash and cash equivalents at the end of the financial half-year	<u><u>4,177,715</u></u>	<u><u>2,164,327</u></u>

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

Note 1. General information

The financial statements cover Stellar Resources as a consolidated entity consisting of Stellar Resources and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Stellar Resources functional and presentation currency.

Stellar Resources is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
96-100 Albert Road
South Melbourne VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 2021 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, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the half yearly financial statements of the consolidated entity.

Note 3. Segment information

Identification of reportable operating segments

The consolidated entity operates in the minerals exploration and evaluation segment, which is also the basis on which the board reviews the company's financial information.

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 mineral exploration within Australia.

All assets and liabilities and operations are based in Australia.

Note 4. Current assets - Non-core tenement held for sale

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Interest in tenement held for sale	-	11,990

On 18 May 2021, the Company's 100% owned subsidiary, Hiltaba Gold Pty Ltd (Hiltaba) signed a binding term sheet, in accordance with which Hiltaba agreed to sell its non-core exploration licence EL6350 to Alligator Energy Ltd's (ASX: AGE) 100% owned subsidiary, S Uranium Pty Ltd (SUPL) for consideration of 7,105,263 AGE shares.

On 26 August 2021 the South Australian Department for Energy and Mining (DEM) approved the transfer to SUPL and on 22 September 2021 the transaction was completed, subsequent to which the company sold the AGE shares on 29 September 2021 for \$515,017. The restatement to fair value of the investment in AGE prior to their sale is reflected in other comprehensive income.

Note 5. Non-current assets - exploration expenditure

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Exploration expenditure	12,541,247	11,256,239

Reconciliations

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

Consolidated	Exploration expenditure \$
Balance at 1 July 2021	11,256,239
Expenditure during the half-year	1,285,008
Balance at 31 December 2021	12,541,247

During the half year ended 31 December 2021, the Consolidated Entity performed an assessment for indicators of an impairment of exploration and evaluation expenditure.

The assessment for indicators of impairment concluded that, based on the early stages of development, the increase in tin prices to US\$39,635/t at 31 December 2021 and the majority of the capitalised costs being in respect of areas of interest with potential tin resources, that there is no need to recognise an impairment charge as of 31 December 2021 in respect of exploration and evaluation costs capitalised.

Note 6. Equity - issued capital

	Consolidated			
	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	833,979,522	828,818,332	42,929,215	42,884,830

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	828,818,332		42,884,830
Shares issued upon vesting of NED Share Rights	27 July 2021	5,161,190	\$0.008	44,385
Balance	31 December 2021	<u>833,979,522</u>		<u>42,929,215</u>

Note 7. Equity - reserves

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Equity-settled share-based payments reserve	92,494	136,880

Movements in reserves

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

Consolidated	Equity-settled share based payments reserve \$	Revaluation Reserve \$	Total \$
Balance at 1 July 2021	136,880	-	136,880
Share based payments – NED performance rights	(44,386)	-	(44,386)
Revaluation of shares in AGE	-	501,595	501,595
Transfer upon disposal of investment in AGE	-	(501,595)	(501,595)
Balance at 31 December 2021	<u>92,494</u>	<u>-</u>	<u>92,494</u>

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 2021	30 June 2021
	\$	\$
Exploration commitments		
Within one year	481,318	348,818
One to five years	302,839	14,731
	<u>784,158</u>	<u>363,549</u>

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, have not been recognised as liabilities in the financial statements. In case of not meeting commitments, the consolidated entity will seek the approval for extension from the Department of State Growth – Mineral Resources Tasmania and the Department of Energy and Mining, Government of South Australia, to maintain current rights to tenure to exploration and mining tenements.

Note 10. Events after the reporting period

On 11 February 2022, NED Share Rights vested over a total of 3,323,104 fully paid ordinary shares and accordingly 3,323,104 fully paid ordinary shares were issued to Directors for nil consideration. The NED Rights were issued for Director's fees salary sacrificed for the period of July 2020 to December 2020 under the NEDSP.

On 28 February 2022, the Company announced that it had lodged a new Exploration Licence application over the Mt Paris and Scamander North areas in Northeast Tasmania which are prospective for lithium, tin and other base metals.

In March 2022, EL19/2020 (Scamander) over an area of 239 km² was granted to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd. EL19/2020 is highly prospective for tin and base metals with significant historic exploration and drilling undertaken over the licence area.

In March 2022, EL2/2021 (Scamander South and Pyengana) over an area of 195 km² was granted to Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd. EL2/2021 is prospective for gold.

No other matter or circumstance has arisen since 31 December 2021 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.

Note 11. Loss per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss after income tax attributable to the owners of Stellar Resources	<u>(341,611)</u>	<u>(412,061)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>833,246,238</u>	<u>539,437,505</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>833,246,238</u>	<u>539,437,505</u>
	Cents	Cents
Basic loss per share	(0.041)	(0.076)
Diluted loss per share	(0.041)	(0.076)

Note 11. Loss per share (continued)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to options are non-dilutive as the consolidated entity is loss generating.

Stellar Resources Limited
Directors' declaration
31 December 2021



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 2021 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 the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "S. O'Loughlin".

Simon O'Loughlin
Non- Executive Chair

15 March 2022
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 2021, 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 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management 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. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2021 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*.

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.

A handwritten signature in black ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink that reads 'A. A. Finnis'.

A. A. Finnis

Director

Melbourne, 15 March 2022