



STELLAR RESOURCES LIMITED
ACN 108 758 961
AND CONTROLLED ENTITIES

FINANCIAL REPORT
Half-Year Report For The Half-Year Ended 31 December 2013

This half-year report is to be read in conjunction with the annual financial report for the year ended 30 June 2013

Contents**Page**

Directors' Report	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	18
Auditor's Independence Declaration	19
Independent Auditor's Review Report	20
Corporate Directory	22

This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual financial report of Stellar Resources Limited and its controlled entities for the year ended 30 June 2013. It is also recommended that this financial report be considered together with any public announcements made by Stellar Resources Limited and its controlled entities during the period ended 31 December 2013, in accordance with the continuous disclosure requirements of the Corporations Act 2001, lodged with the Australian Securities Exchange ("ASX").

Directors' Report

For the Half-Year Ended 31 December 2013

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 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

Phillip G Harman

Thomas J Burrowes

David J Isles

Thomas H Whiting

Markus Elsasser

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 just ended continued to be mineral exploration with the objective of identifying and developing economic reserves.

Operating Result

The net profit of the Consolidated Entity for the half-year period was \$496,276 (2012: \$323,754 profit after tax).

The profit for the period was derived after the write off of \$202,369 (2012: \$97,443) in the carrying values of the Consolidated Entity's exploration assets. Another notable impact was a fair value increment in Renascor Resources Limited (formerly Renaissance Uranium Limited) of \$45,000 on options which was recognised in the statement of profit or loss. The fair value on shares in UraniumSA Limited remained unchanged since the last reporting period 30 June 2013.

Review of Operations

During the six months to 31 December 2013, the focus of activity for the Consolidated Entity continued to be the Heemskirk Tin Project which is located near Zeehan on the west coast of Tasmania. The project is progressing well at a time of improving tin market fundamentals underpinned by a rising London Metal Exchange tin price.

Strategy

The Consolidated Entity continued to focus on the Heemskirk Tin Project which is located near Zeehan and within Tasmania's west coast mining community. The Heemskirk Tin Project, above all other exploration assets within the Consolidated Entity's portfolio, is the most likely to add significant value to the Company in the short to medium term.

Directors' Report (cont'd)

The US dollar tin price and Australian dollar exchange rate are two variables that have the greatest impact on the tin project valuation. During the reporting period, both variables moved in directions favourable to the project's economics and the outlook is for further improvements in the future. Several stock brokers now rank tin as their preferred LME metal in terms of expected price performance in 2014.

Operational Overview

Heemskirk Tin Project

A Preliminary Feasibility Study (PFS) was completed in July 2013. The PFS indicated potential economics of the project and also identified areas that could optimize the project and further enhance its value. The optimisation program has four key areas of focus over the next six months:

1. Exploration of open pit targets at St Dizier;
2. Drilling of high grade Heemskirk targets;
3. Resource expansion drilling at Heemskirk; and
4. Improvements to metallurgical performance.

The St Dizier tin skarn lies 20 kilometres via a sealed road from the Heemskirk Tin Project area and represents a target for early stage open pit production. The optimization program will identify an initial resource from historical drilling, test opportunities for resource expansion and establish metallurgical performance criteria for the mineralisation.

At Heemskirk, optimisation drilling will target high grade intersections from previous drilling with the objective of increasing the deposit grade. The second part of the drilling program, will target the lower levels of the Severn deposit in order to improve grade and add to the mineral resource.

Metallurgical test work has demonstrated the potential for further improvements beyond the 48% concentrate tin grade and 70% average recovery achieved to date. An optimisation program is planned to test the potential.

Commitment to a definitive feasibility study is expected to follow the optimization study.

Exploration Outlook

Stellar is also committed to tin exploration within the vicinity of the Heemskirk Tin Project. In particular, work is planned in the 2013/2014 summer field season to better define a tin in soil target identified on the Ramsay licence (EL1/2004). In addition, the Consolidated Entity continues to look for opportunities to add prospective tin exploration licences to its portfolio.

Regional exploration of Stellar's sedimentary uranium licences in the Pirie Basin of South Australia is the responsibility of joint venture partners UraniumSA Limited on Midgee (EL 4242) and Renascor (formerly Renaissance Uranium) Limited on Cowell (EL 5307). There was limited progress on these licences over the last six months due to land access issues and the low level of equity market interest in uranium.

Stellar continues to search for joint venture partners to progress exploration of its Tarcoola Iron and Central Gawler copper/gold licences in South Australia.

Directors' Report (cont'd)

Risk Management

During 2013, an external advisor was engaged by the Consolidated Entity to facilitate the identification of business risks faced by the Consolidated Entity and to classify those risks according to likelihood and potential impacts for the Consolidated Entity. Recommendations were proposed for consideration by the Board of Directors and management to ensure that the Consolidated Entity continues to maintain and develop its risk management culture and processes.

Management is required to report to the Board of Directors on the Consolidated Entity's position with regard to key risks and identify the steps taken to reduce those risks. The Board of Directors of the Consolidated Entity conducted a board meeting at Zeehan in November 2013, with one of the agenda items being to review site risks. The Board of Directors ratifies the processes that are in place by providing ongoing support in the decision making process and culture.

Financial Position

The net assets of the Consolidated Entity as at 31 December 2013 were \$16,987,581 (30 June 2013: \$16,405,805) represented by:

- cash of \$1,094,661 (30 June 2013 - \$2,184,520)
- trade and other receivables of \$935,110 (30 June 2013 - \$137,518)
- investments in Renascor Resources Limited and UraniumSA Limited valued at \$287,721 (30 June 2013 - \$157,221)
- exploration expenditure \$14,678,639 (30 June 2013 - \$14,245,910)
- trade and other payables \$124,639 (30 June 2013 - \$464,972)

The Consolidated Entity had no external borrowings as at 31 December 2013.

Business Strategies

The Consolidated Entity is committed to the corporate objective of:

“Enhancing shareholder wealth through mineral discovery”.

It seeks to meet this objective by:

- Utilising cutting edge exploration technology;
- Focusing on projects located within geological terrains hosting world-class ore bodies; and
- Utilising an experienced, focused and success driven management team.

Where joint ventures seem appropriate and beneficial to the risk/reward profile of Stellar Resources, the Board has chosen to enter such agreements. Joint ventures provide financing whilst maintaining meaningful involvement and equity in the project.

Stellar Resources Limited is also prepared to sponsor or co-sponsor new IPO's – including those where the Consolidated Entity's assets may be included. In such cases, shareholders may also be eligible and entitled to subscribe for shares in any new IPO.

Directors' Report (cont'd)

The Consolidated Entity's prospects for future years depend very much on the rate of mineral discovery. The Consolidated Entity is an active minerals explorer and a good sized mineral discovery has the potential to add substantial value to Stellar. Against this, Company funds must be expended in this exploration/discovery endeavour and the Board may decide to raise new equity to replenish funds along the path.

Future Developments

The Consolidated Entity's activities will continue to focus on the Heemskirk Tin Project in Tasmania. In the forthcoming year, the Consolidated Entity plans to attract funding partners to continue exploration around the known Mineral Resource at the Heemskirk Tin Project ahead of in-fill drilling, metallurgical testing and various studies to support preparation of a Definitive Feasibility Study.

Contingencies and Commitments

No contingent liabilities have arisen since the date of the last annual financial report issued as at 30 June 2013.

Dividends

No amounts have been paid or declared as dividends during the course of the half-year period just concluded.

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.

After Balance Date Events

On 17 January 2014, Stellar Resources Limited announced that it had placed 50,000,000 fully paid ordinary shares to Capetown S.A., a private family owned company based in Luxembourg at a price of \$0.052 cents per share raising \$2.6 million before costs. Under the terms of the subscription agreement with Capetown S.A., the Company has, subject to shareholder approval being sought at General Meeting of shareholders, announced on 24 January 2014 to be held on 26 February 2014 also agreed to issue to Capetown S.A., 25,000,000 unlisted options at an exercise price of \$0.08 cents and exercisable within a period of three years from date of issue on the basis of one ordinary share per option.

On 21 January 2014, Stellar Resources Limited announced that it had placed 3,000,000 fully paid ordinary shares to Citicorp Nominees Pty Ltd, as commission payable at a rate of 6% of the \$2.6 million of funds received and 6% of the 50,000,000 ordinary shares issued on 17 January 2014.

On 3 February 2014, Stellar Resources Limited announced that it had received funds in respect to the Research and Development Tax Incentive Claim of \$833,612 (before costs) for the twelve months ended 30 June 2013 from the Australian Taxation Office.

Directors' Report (cont'd)

On 21 February 2014, Stellar Resources Limited announced that it will be undertaking a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to approximately \$1.2 million before costs. The net funds raised from the Entitlement Offer are to be applied to an optimisation drilling program at the high grade Heemskirk Tin Project, drilling of the satellite St Dizier tin prospect and working capital requirements.

On 25 February 2014, Stellar Resources Limited announced a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to \$1.2 million before costs.

On 27 February 2014, Stellar Resources Limited announced that 25,000,000 unlisted options to subscribe for shares in the Company were issued to Capetown S.A. following shareholder approval received at the Company's General Meeting held on 26 February 2014. Each option shall have an exercise price of \$0.08 and exercisable within a period of three (3) years, expiring 26 February 2017.

Other than stated, in the opinion of the Directors of the Company, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Consolidated Entity during the remainder of the financial year.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2013 has been received and can be found on page 19.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001 and dated this 4th day of March 2014.

On behalf of the Directors



P G Harman
Chairman
Melbourne

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2013

	Note	Consolidated	
		Half-year ended 31 Dec 2013 \$	Half-year ended 31 Dec 2012 \$
Revenue			
Interest received – bank deposits		25,137	101,534
Research & development concessional tax refund - ATO		833,612	222,075
Other income	3	45,000	296,900
Administration expenditure		(202,364)	(126,967)
Depreciation and amortisation expense		(2,740)	(2,357)
Fair value loss on financial assets		-	(69,988)
Exploration expenditure and other costs written off	5	(202,369)	(97,443)
Profit before tax		496,276	323,754
Income tax expense			-
Profit for the period		496,276	323,754
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Net value gain on available-for-sale financial assets taken to equity	4	85,500	12,000
Other comprehensive income for the period, net of income tax		85,500	12,000
Total comprehensive income for the period		581,776	335,754
Earnings per share			
Basic (cents per share)		0.22	0.14
Diluted (cents per share)		0.22	0.14

Notes to the condensed consolidated financial statements are included on pages 10 to 17.

Condensed Consolidated Statement of Financial Position as at 31 December 2013

	Note	Consolidated	
		31 December 2013 \$	30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents		1,094,661	2,184,520
Trade and other receivables		935,110	137,518
Other financial assets	4	287,721	157,221
Other		27,910	32,364
Total current assets		2,345,402	2,511,623
Non-current assets			
Property, plant and equipment		142,377	145,117
Exploration expenditure	5	14,678,639	14,245,910
Total non-current assets		14,821,016	14,391,027
Total assets		17,166,418	16,902,650
Liabilities			
Current liabilities			
Trade and other payables		124,639	464,972
Provisions		16,404	375
Total current liabilities		141,043	465,347
Non-current liabilities			
Provisions		37,794	31,498
Total non-current liabilities		37,794	31,498
Total liabilities		178,837	496,845
Net assets		16,987,581	16,405,805
Equity			
Capital and reserves			
Issued capital		30,603,135	30,603,135
Reserves		1,422,746	1,337,246
Accumulated losses		(15,038,300)	(15,534,576)
Total equity		16,987,581	16,405,805

Notes to the condensed consolidated financial statements are included on pages 10 to 17.

Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2013

Consolidated	Issued capital	Employee equity-settled benefits reserve	Investments revaluation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2012	30,603,135	1,337,246	-	(15,808,209)	16,132,172
Profit for the period	-	-	-	323,754	323,754
Other comprehensive income for the half-year, net of income tax	-	-	12,000	-	12,000
Total comprehensive income for the period	-	-	12,000	323,754	335,754
Balance at 31 Dec 2012	30,603,135	1,337,246	12,000	(15,484,455)	16,467,926
Balance at 1 July 2013	30,603,135	1,337,246	-	(15,534,576)	16,405,805
Profit for the period	-	-	-	496,276	496,276
Other comprehensive income for the half-year, net of income tax	-	-	85,500	-	85,500
Total comprehensive income for the period	-	-	85,500	496,276	581,776
Balance at 31 Dec 2013	30,603,135	1,337,246	85,500	(15,038,300)	16,987,581

Notes to the condensed consolidated financial statements are included on pages 10 to 17.

**Condensed Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2013**

	Consolidated	
	Half-year ended 31 Dec 2013 \$	Half-year ended 31 Dec 2012 \$
Cash flows from operating activities		
GST receipts from Australian Taxation Office	80,501	79,643
Research & development concessional tax refund - ATO	-	222,075
Payments to suppliers and employees	(178,172)	(172,581)
Net cash used in operating activities	(97,671)	129,137
Cash flows from investing activities		
Interest received	28,663	116,449
Payments for property, plant and equipment	-	(999)
Payments for exploration expenditure	(1,020,851)	(2,029,281)
Proceeds from sale of exploration tenements	-	350,000
Security deposit payment	-	(15,000)
Net cash used in investing activities	(992,188)	(1,578,831)
Net decrease in cash and cash equivalents	(1,089,859)	(1,449,694)
Cash and cash equivalents at the beginning of the period	2,184,520	4,879,427
Cash and cash equivalents at the end of the period	1,094,661	3,429,733

Notes to the condensed consolidated financial statements are included on pages 10 to 17.

Notes to the Condensed Consolidated Financial Statements

1. Significant Accounting Policies

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 2013 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

Statement of Compliance

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

Basis of Preparation

The condensed 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 2013 annual financial report for the financial year ended 30 June 2013, other than as detailed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Consolidated Entity include:

- AASB 10 ‘Consolidated Financial Statements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 11 ‘Joint Arrangements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 12 ‘Disclosure of Interests in Other Entities’ and AASB 2011-7 ‘Amendments to Australian Accounting arising from the consolidation and Joint Arrangements standards’
- AASB 127 ‘Separate Financial Statements (2011)’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 128 ‘Investments in Associates and Joint Ventures’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from consolidation and Joint Arrangements standards’
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’
- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’

1. Significant accounting policies (cont'd)

Basis of Preparation (cont'd)

- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

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

(a) Going Concern

Stellar Resources Limited's condensed 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 2013, the Consolidated Entity recognised a net profit of \$496,276 had net cash outflows from operating activities of \$97,671 and net cash outflows from investing activities in exploration activities of \$1,020,851 and had an accumulated loss of \$15,038,300 as at 31 December 2013. 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 2013, the Consolidated Entity had cash assets of \$1,094,661, net working capital of \$1,916,638, which excludes investments in ASX traded shares of \$287,721 which could be sold if required.
- On 17 January 2014, Stellar Resources Limited announced that it had placed 50,000,000 fully paid ordinary shares to Capetown S.A. at a price of \$0.052 cents per share raising \$2.6 million before costs.
- On 3 February 2014, Stellar Resources Limited announced that it had received funds in respect to the Research and Development Tax Incentive Claim of \$833,612 (before costs) for the twelve months ended 30 June 2013 from the Australian Taxation Office.
- On 21 February 2014, Stellar Resources Limited announced that it will be undertaking a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to approximately \$1.2 million before costs.
- On 25 February 2014, Stellar Resources Limited announced a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to \$1.2 million before costs.
- 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 raising of new equity capital in order for the Consolidated Entity to meet its planned exploration expenditure.

Stellar Resources Limited and Controlled Entities
ACN 108 758 961
1. Significant accounting policies (cont'd)
Basis of Preparation (cont'd)
(b) Exploration and Evaluation Expenditure

The Consolidated Entity's accounting policy in relation to exploration and evaluation expenditure is consistent with that disclosed in the 2013 annual report.

2. Segment Information

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

31 December 2013	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Other \$	Total \$
Revenue							
Interest income	25,137	-	-	-	-	-	25,137
Research and development concessional tax refund	833,612	-	-	-	-	-	833,612
Other income	45,000	-	-	-	-	-	45,000
Expenses							
Other expenses	(202,364)	-	-	-	-	-	(202,364)
Depreciation and amortisation	(2,115)	-	(625)	-	-	-	(2,740)
Exploration expenditure and other costs recouped/(written off)	-	-	(161,916)	(17,077)	(23,376)	-	(202,369)
Profit/(loss) before tax	699,270	-	(162,541)	(17,077)	(23,376)	-	496,276
31 December 2013	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Other \$	Total \$
Current assets	2,345,402	-	-	-	-	-	2,345,402
Exploration expenditure	-	668,443	13,647,202	-	362,994	-	14,678,639
Property, plant and equipment	16,460	-	125,917	-	-	-	142,377
Additions to property, plant and equipment	-	-	-	-	-	-	-
	16,460	-	125,917	-	-	-	142,377
Current and non-current liabilities	(178,837)	-	-	-	-	-	(178,837)
Net assets	2,183,025	668,443	13,773,119	-	362,994	-	16,987,581

Stellar Resources Limited and Controlled Entities
ACN 108 758 961
2. Segment Information (cont'd)

31 December 2012	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Other \$	Total \$
Revenue							
Interest income	101,534	-	-	-	-	-	101,534
Research and development concessional tax refund	222,075	-	-	-	-	-	222,075
Other income	7,500	-	-	-	289,400	-	296,900
Expenses							
Other expenses	(196,955)	-	-	-	-	-	(196,955)
Depreciation and amortisation	(1,732)	-	(625)	-	-	-	(2,357)
Exploration expenditure and other costs written off	-	(8,285)	13,892	(13,702)	(89,348)	-	(97,443)
Profit/(loss) before tax	132,422	(8,285)	13,267	(13,702)	200,052	-	323,754
30 June 2013	Corporate \$	Iron Ore \$	Tin/Nickel \$	Uranium \$	Copper/Gold \$	Other \$	Total \$
Current assets	2,511,623	-	-	-	-	-	2,511,623
Exploration expenditure	-	631,931	13,255,479	-	358,500	-	14,245,910
Property, plant and equipment	11,706	-	126,542	-	-	-	138,248
Additions to property, plant and equipment	6,869	-	-	-	-	-	6,869
	18,575	-	126,542	-	-	-	145,117
Current and non-current liabilities	(496,845)	-	-	-	-	-	(496,845)
Net assets	2,033,353	631,931	13,382,021	-	358,500	-	16,405,805

3. Other Income

	Half-year ended 31 Dec 2013 \$	Half-year ended 31 Dec 2012 \$
Gain recognised on disposal of exploration tenements	-	289,400
Fair value gain on financial assets - options	45,000	7,500
	<u>45,000</u>	<u>296,900</u>

4. Other Financial Assets

	\$
Balance as at 30 June 2013	157,221
Fair value net increment – shares Renascor Resources Limited	85,500
Fair value net increment – options Renascor Resources limited	45,000
Balance as at 31 December 2013	<u>287,721</u>

Shares in UraniumSA Limited are held by Hiltaba Gold Pty Ltd (a wholly owned subsidiary of Stellar) and are measured at fair value. A revaluation of \$nil in relation to the available-for-sale shares in UraniumSA Limited was calculated with \$nil impact on the statement of profit or loss and \$nil impact in the investments revaluation reserve during the half-year.

Stellar Resources Limited and Controlled Entities**ACN 108 758 961****4. Other Financial Assets (cont'd)**

Shares and options in Renascor Resources Limited are held by Hiltaba Gold Pty Ltd and are measured at fair value. A revaluation increment of \$85,500 in relation to the available-for-sale shares was recognised in the investments revaluation reserve during the half-year. The fair value of options held in Renascor Resources Limited increased by \$45,000. The fair value increment on options was recognised in the statement of profit or loss.

	31 Dec 2013		30 Jun 2013	
	Value \$	Number	Value \$	Number
Available-for-sale investments comprise of the following:				
UraniumSA Limited - shares	97,206	3,888,238	97,206	3,888,238
Renascor Resources Limited - shares	138,000	1,500,000	52,500	1,500,000
Renascor Resources Limited - options	52,515	1,500,000	7,515	1,500,000
	<u>287,721</u>	<u>6,888,238</u>	<u>157,221</u>	<u>6,888,238</u>

5. Exploration Expenditure**Carrying Values**

	\$
Balance as at 30 June 2013	14,245,910
Expenditure incurred during the period	653,521
Expenditure and other costs written off during the period	(202,369)
Expenditure recoupment during the period	(18,423)
Balance as at 31 December 2013	<u>14,678,639</u>

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

6. Financial Instruments

This note provides information about how the Consolidated Entity determines fair values of various financial assets and liabilities.

6.1 Fair value of the Consolidated Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Consolidated Entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Stellar Resources Limited and Controlled Entities

ACN 108 758 961

6. Financial Instruments (cont'd)

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/13	30/06/2013				
1) Available-for-sale financial assets	Listed equity securities in : UraniumSA Limited - \$97,206; and Renascor Resources Limited - \$138,000	Listed equity securities in: UraniumSA Limited - \$97,206; and Renascor Resources Limited - \$52,500	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Fair value through profit or loss – derivative instruments	Unlisted options in: Renascor Resources Limited - \$52,515	Unlisted options in: Renascor Resources Limited - \$7,515	Level 2	Quoted bid prices in an active market and option pricing models	N/A	N/A

6.2 Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of trade and other receivables and trade and other payables recognised in the consolidated financial statements approximate their fair values.

7. Issuances, Repurchases and Repayments of Equity Securities

Issued capital as at 31 December 2013 amounted to \$30,603,135 (223,447,547 ordinary shares). There were no movements in the issued capital of the Company in the current interim reporting period (2012: nil).

Options expired

During the half-year reporting period, there were 6,125,000 expired options (2012: nil). This comprised 3,125,000 (ASX: SRZAI) employee options which expired on 26 November 2013 that were issued on 20 December 2010 and 3,000,000 (ASX: SRZAK) Director options which expired on 30 November 2013 that were issued on 3 December 2010.

Options cancelled

During the half-year reporting period, there were no cancelled options (2012: nil).

There were no other movements in the issued capital of the Company in either the current or the prior interim reporting periods.

8. Subsidiaries

Joint venture interest acquired

No joint venture interests were acquired during the period.

Subsidiaries acquired

No subsidiaries were acquired during the period.

Subsidiaries de-registered

On 6 November 2013, Hillment Pty Ltd was de-registered during the period.

9. Contingencies and Commitments

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2013.

10. Events Subsequent to Reporting Date

On 17 January 2014, Stellar Resources Limited announced that it had placed 50,000,000 fully paid ordinary shares to Capetown S.A., a private family owned company based in Luxembourg at a price of \$0.052 cents per share raising \$2.6 million before costs. Under the terms of the subscription agreement with Capetown S.A., the Company has, subject to shareholder approval being sought at General Meeting of shareholders, announced on 24 January 2014 to be held on 26 February 2014 also agreed to issue to Capetown S.A., 25,000,000 unlisted options at an exercise price of \$0.08 cents and exercisable within a period of three years from date of issue on the basis of one ordinary share per option.

On 21 January 2014, Stellar Resources Limited announced that it had placed 3,000,000 fully paid ordinary shares to Citicorp Nominees Pty Ltd, as commission payable at a rate of 6% of the \$2.6 million of funds received and 6% of the 50,000,000 ordinary shares issued on 17 January 2014.

On 3 February 2014, Stellar Resources Limited announced that it had received funds in respect to the Research and Development Tax Incentive Claim of \$833,612 (before costs) for the twelve months ended 30 June 2013 from the Australian Taxation Office.

On 21 February 2014, Stellar Resources Limited announced that it will be undertaking a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to approximately \$1.2 million before costs. The net funds raised from the Entitlement Offer are to be applied to an optimisation drilling program at the high grade Heemskirk Tin Project, drilling of the satellite St Dizier tin prospect and working capital requirements.

On 25 February 2014, Stellar Resources Limited announced a partially underwritten non-renounceable Entitlement Offer of one (1) share for every twelve (12) shares held by eligible shareholders at an issue price of \$0.052 per share to raise up to \$1.2 million before costs.

On 27 February 2014, Stellar Resources Limited announced that 25,000,000 unlisted options to subscribe for shares in the Company were issued to Capetown S.A. following shareholder approval received at the Company's General Meeting held on 26 February 2014. Each option shall have an exercise price of \$0.08 and exercisable within a period of three (3) years, expiring 26 February 2017.

10. Events Subsequent to Reporting Date (cont'd)

Other than stated, in the opinion of the Directors of the Company, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the Consolidated Entity during the remainder of the financial year.

Directors' Declaration

The Directors of the Company declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

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

On behalf of the Directors



P G Harman

Chairman

Melbourne

Dated this 4th March 2014.

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

4 March 2014

Dear Board Members

Stellar Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Stellar Resources Limited.

As lead audit partner for the review of the financial statements of Stellar Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountant

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

We have reviewed the accompanying half-year financial report of Stellar Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 18.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stellar Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants
Melbourne, 4 March 2014

CORPORATE DIRECTORY

Directors

Phillip G Harman (Non-executive Chairman)
Thomas J Burrowes (Non-executive)
David J Isles (Non-executive)
Thomas H Whiting (Non-executive)
Markus Elsasser (Non-executive)

Company Secretary

Christina R Kemp

Chief Executive Officer

Peter G Blight

Registered Office

Level 17
530 Collins Street
Melbourne VIC 3000

Telephone: (03) 9618 2540

Facsimile: (03) 9649 7200

E-mail: srzinfo@stellarresources.com.au

Website: www.stellarresources.com.au

Tax Agents and Advisors

Deloitte Private Pty Ltd
550 Bourke Street
Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Legal Advisors

Bryan D Cumming
21 Adam Street
Indented Head VIC 3223

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers

National Australia Bank Limited
Level 2, 330 Collins Street
Melbourne VIC 3000

BankWest
Level 6, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Westpac Banking Corporation
Level 3, 360 Collins Street
Melbourne VIC 3000

Home Stock Exchange

Australian Securities Exchange
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX code for shares: SRZ

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Register of listed ordinary shares held at this address