

27 February 2014



Dear Shareholder

Stellar Resources Limited – pro-rata non-renounceable rights issue

As announced on 21 February 2014, Stellar Resources Limited (ACN (108 758 961)) (**Stellar** or **Company**) is undertaking a one (1) for twelve (12) pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 23,037,295 fully paid ordinary shares (**New Share**) to raise approximately \$1,197,939. The price of New Shares under the Offer is \$0.052 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 25 February 2014.

The Offer is conditionally partially underwritten by Capetown S.A. and M. Elsasser Vermögensverwaltung Wealth Management GmbH (together the **Underwriters**). No underwriting fee is payable by the Company to the Underwriters in respect of the underwriting.

The net funds of the proceeds 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. Tender applications from drilling companies are currently being evaluated with drilling scheduled to commence in March 2014.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members on 6 March 2014, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Assuming the Offer is fully subscribed; following completion of the Offer the Company will have issued approximately 23,037,295 New Shares resulting in total Shares on issue of approximately 299,484,842.

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Ms Christina Kemp, Stellar's Company Secretary, on +61 3 9618 2540.

Yours sincerely

Phillip Harman
Non-Executive Chairman

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