



## **ENTITLEMENT OFFER BOOKLET**

For a fully underwritten non-renounceable pro rata entitlement offer of 1 New Share for every 6 Shares held at the Record Date at an issue price of \$0.08 (8 cents) per New Share

This Offer opens on 15 February 2012 and closes at 5.00pm (AEST time) on 29 February 2012 (unless extended) (Closing Date). Valid applications must be received before the Closing Date.

### **UNDERWRITER**



**TAYLOR COLLISON**

Sharebrokers and Investment Advisers  
[www.taylorcollison.com.au](http://www.taylorcollison.com.au)

**THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY AN ENTITLEMENT AND ACCEPTANCE FORM FOR YOU TO SUBSCRIBE FOR NEW ORDINARY SHARES IN STELLAR RESOURCES LIMITED. YOU SHOULD READ BOTH DOCUMENTS IN THEIR ENTIRETY. IF YOU DO NOT UNDERSTAND THESE DOCUMENTS, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.**

## IMPORTANT INFORMATION

### No Disclosure

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35) which permits companies to conduct rights issues without preparing a prospectus and lodging it with ASIC.

This Offer Booklet was lodged with ASX on 15 February 2012. ASX takes no responsibility for the contents of this Offer Booklet.

This Offer Booklet is not a prospectus, product disclosure statement or other offering document under Australian law or any other law and does not contain all of the information which an investor would find in a prospectus, product disclosure statement or other offering document or which may be required by an investor in order to make an informed decision regarding, or about the rights attaching to, the New Shares. It is for information purposes only. The information in this Offer Booklet does not constitute a securities recommendation or financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Nevertheless, this Offer Booklet contains important information and requires your immediate attention.

An investment in the Company's securities is subject to investment risks and other known and unknown risk factors, some of which are beyond the control of the Company and including those set out in section 4 of this Offer Booklet.

Before you decide whether to subscribe for New Shares you should:

- read this Offer Booklet in its entirety, including the risk factors outlined in section 4; and
- conduct your own independent review, investigation and analysis of the Company and the New Shares which are the subject of the Offer, considering whether they are a suitable investment for you in light of your own investment objectives, financial circumstances and particular needs (having regard to the merits or risks involved).

If you are in any doubt as to how to deal with this Offer Booklet, you should consult your professional adviser as soon as possible. The New Shares offered are of a speculative nature.

By returning an Entitlement and Acceptance Form with your Application Money or otherwise arranging to pay for your New Shares in accordance with the instructions on the Form, you acknowledge that you have read this Offer Booklet, you have acted in accordance with the terms of the Offer detailed in this Offer Booklet and you agree to all of the terms and conditions as detailed in this Offer Booklet.

### Overseas shareholders

This Offer Booklet and the Entitlement and Acceptance Form do not, and are not intended to, constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other place or jurisdiction in which, or to any person to whom, such an offer or sale would be unlawful.

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Offer Booklet and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted in violation of any applicable securities law.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand, including nominees, custodians and trustees, are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction and should seek independent professional advice and observe any applicable restrictions relating to the acceptance of Entitlements or the distribution of this Offer Booklet or the Entitlement and Acceptance Form. The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form or making a BPAY®

payment in accordance with the instructions on the Entitlement and Acceptance Form) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

The Underwriter has not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Booklet. The Underwriter does not make, or purport to make, any statement in this Offer Booklet, and there is no statement in this Offer Booklet which is based on any statement by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Booklet.

### Future performance and forward looking statements

Neither the Company nor its Directors or any other person warrants or guarantees the future performance of the New Shares offered under the Offer, the payment of dividends or the market price at which those New Shares will trade on ASX.

Forward looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Booklet.

### Disclaimer

To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no liability or responsibility is assumed by the Company or its related entities or any of its officers, employees, agents or consultants as to the adequacy, accuracy, completeness or reasonableness of this Offer Booklet. To the maximum extent permitted by law, no responsibility is accepted for errors in or omissions from this Offer Booklet, whether due to negligence or otherwise.

### Taxation consequences

There may be taxation implications associated with participating in the Offer and receiving New Shares pursuant to the Offer. It is not appropriate for the Company to give advice regarding the taxation consequences of acquiring New Shares under this Offer Booklet or subsequently disposing of any such New Shares.

No responsibility or liability whatsoever is accepted by the Company, its officers or advisers in relation to the taxation consequences of the Offer. The Company recommends that all Eligible Shareholders consult their own professional tax advisers in connection with the Offer.

### Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess Applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your Application for New Shares or administer your holding of Shares accordingly.

## IMPORTANT INFORMATION

### KEY DATES

The Offer is open for acceptance until 5.00pm (AEST time) on the Closing Date or such other date as the Company, in conjunction with the Underwriter, determines, subject to the Corporations Act and the Listing Rules. Other key dates for the Offer are as follows:

<b>Announcement of Offer</b>	6 February 2012
<b>Shares commence trading ex-Entitlement</b>	8 February 2012
<b>Record Date for determining Entitlements</b>	7.00pm (AEST time) 14 February 2012
<b>Despatch of Offer Booklet</b>	15 February 2012
<b>Opening Date for Offer</b>	15 February 2012
<b>Closing Date for Offer</b>	5.00pm (AEST time) 29 February 2012
<b>Shares quoted on deferred settlement basis</b>	1 March 2012
<b>ASX notified of under-subscriptions</b>	5 March 2012
<b>Issue and allotment of New Shares</b>	8 March 2012
<b>Despatch of holding statements</b>	8 March 2012
<b>Normal trading of New Shares expected to commence on ASX</b>	9 March 2012

The timetable outlined above is indicative only and subject to change. The Company, in conjunction with the Underwriter, reserves the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules.

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## LETTER FROM CHAIRMAN



15 February 2012

Dear Shareholder,

On behalf of the Board of Stellar Resources Limited, I am pleased to invite you to participate in a non-renounceable pro rata entitlement offer to subscribe for 1 new Stellar Resources Share for every 6 existing Stellar Resources Shares held as at 7.00pm (AEST time) on 14 February 2012. The New Shares are offered at an issue price of \$0.08 (8 cents) per New Share which represents a 9% discount to the 5 day volume weighted average price of Stellar shares up to and including 1 February 2012.

The Offer is fully underwritten by Taylor Collison Limited and will raise \$2,553,686 (before costs and expenses).

You will be aware that the Company recently acquired the 40% interest in the Heemskirk Tin Project previously owned by Gippsland Limited. This gives Stellar 100% ownership of a project that, on current indications, ranks as the highest grade undeveloped hard rock tin deposit in Australia. Furthermore, it is located near the town of Zeehan in western Tasmania adjacent to necessary supporting infrastructure such as transport and power. Preliminary studies indicate that, at the right tin price, it will be possible to develop a profitable mine.

The net proceeds from the Offer will be used principally to advance the Heemskirk Tin Project toward the completion of a bankable feasibility study, exploration for tin and for general working capital.

Stellar is in the process of securing a drilling contractor to commence work in early March. Initially, drilling will focus on expanding the size of the Severn deposit with a follow-up program to the excellent intersection reported in November 2011 for diamond drill hole 107A of 6m grading 1.1% tin. Drill testing potential extensions of Severn along strike and a number of discrete magnetic anomalies on the retention licence will follow, as will infill drilling to improve resource certainty.

Metallurgical test work, engineering studies and environmental monitoring will also be advanced during the program.

Stellar also plans to use some funds drill testing its high priority exploration targets and in particular the St Dizier tin mineralisation.

This Offer Booklet contains important information about the Offer including:

- details of the Offer , including key dates;
- actions to be taken by Eligible Shareholders; and
- additional information

and is accompanied by a personalised Entitlement and Acceptance Form which details your Entitlement.

**The Offer closes at 5.00pm (AEST time) on 29 February 2012.** To participate, you need to ensure that your completed Entitlement and Acceptance Form and Application Money are received by Stellar Resources OR that you have paid your Application Money by BPAY, in accordance with the instructions set out on the Entitlement and Acceptance Form and in this Offer Booklet, before this time and date.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up some or all of their Entitlements will not receive any value in respect of those Entitlements they do not take up.

All shareholders are encouraged to take part in the entitlement offer. However, you should consult your stockbroker, accountant or other independent financial adviser before doing so. Directors and management are all participating. You should also refer to section 4 of this Offer Booklet dealing with some of the Risks of participating in the Offer.

I encourage you to read this Offer Booklet carefully.

On behalf of the Board of Stellar Resources, I thank you for your continued support.

Yours sincerely,

*Phillip G. Harman*

*Chairman*

## 1. SUMMARY OF OFFER

Offer period	15 February 2012 to 5.00pm (AEST time) on 29 February 2012
Number of Shares on offer <sup>+</sup>	31,921,078 fully paid ordinary shares
Offer price	\$0.08 per Share
Capital to be raised	\$2,553,686 less Offer costs

+ Subject to rounding of Entitlements and assumes no options to acquire Shares are exercised before the Record Date

## 2. DETAILS OF THE OFFER

### 2.1 The Offer

Stellar Resources Limited (**Company**) is undertaking a non-renounceable pro rata entitlement offer (**Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) to Eligible Shareholders. Eligible Shareholders who are on the Company's share register at 7.00pm (AEST time) on 14 February 2012 (**Record Date**) will be entitled to apply to subscribe for 1 New Share for every 6 Shares held at an issue price of \$0.08 per New Share. Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares. The issue price for each New Share is payable in full on application.

The Offer is only open to Eligible Shareholders. Eligible Shareholders are persons who:

- were registered as Shareholders at 7.00pm (AEST time) on the Record Date; and
- have a registered address in Australia or New Zealand.

The Offer opens at 9.00am (AEST time) on 15 February 2012 and closes at 5.00pm (AEST time) on 29 February 2012 unless extended (**Closing Date**).

Approximately 31,921,078 New Shares will be issued under the Offer raising approximately \$2,553,686 before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

The New Shares will be fully paid and will rank equally with the Company's existing Shares. The rights and liabilities attaching to the New Shares are set out in the constitution of the Company (available on the Company's website [www.stellarresources.com.au](http://www.stellarresources.com.au)) and in the Corporations Act.

## **2.2 Entitlements**

Each Eligible Shareholder who is registered as the holder of Shares at 7.00pm (AEST time) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Booklet.

Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted as a result of the Offer.

If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

## **2.3 Opening and closing dates**

The Offer will be open for receipt of Applications on 15 February 2012.

The Company will accept Applications, including Application Money, until 5.00pm (AEST time) on 29 February 2012, subject to the Company, in conjunction with the Underwriter, varying the Closing Date in accordance with the Corporations Act and the Listing Rules.

## **2.4 Non-Renounceable**

The Offer is non-renounceable. This means that Eligible Shareholders are unable to sell or transfer their Entitlements to subscribe for New Shares. Any New Shares not subscribed for by Eligible Shareholders will form part of the Shortfall to be applied for by the Underwriter in accordance with the Underwriting Agreement.

## **2.5 Underwriting**

The Offer is fully underwritten by the Underwriter. New Shares which are not allocated to Eligible Shareholders pursuant to their Entitlements will be subscribed for by the Underwriter or its nominated clients.

The underwriting arrangements between Stellar and the Underwriter are set out in the Underwriting Agreement between those parties. Customary with these types of arrangements:

- (a) the Underwriting Agreement may be terminated by Stellar or the Underwriter upon the occurrence of certain events. It may be terminated by the Underwriter if there is, inter alia, a default by Stellar under the Underwriting Agreement which has or is likely to have a material adverse effect on the market for the underwritten Shares or on the prospects or operations of Stellar, if Stellar alters its capital structure in any manner not contemplated by this Offer Booklet or becomes subject to insolvency arrangements, or if the ASX All Ordinaries Index or the price of tin is, for two consecutive days 90% or less than the level or price as at the close of trading on the date of the Underwriting Agreement; and

- (b) the Underwriter will receive an underwriting fee of 4% of the Underwritten Amount and a management fee of 2% of the gross proceeds of the Offer.

## **2.6 Sub-underwriting by officers of Company**

Two Directors of the Company and the Chief Executive Officer of the Company have agreed to sub-underwrite the Offer as follows:

<b>Sub-Underwriter</b>	<b>No. of Shares</b>	<b>Amount</b>
P. G. Harman – Chairman	450,000	\$36,000.00
T. H. Whiting – Director	133,333	\$10,666.64
P. G. Blight – CEO	410,000	\$32,800.00

In each case there is a formal Sub-Underwriting Agreement between the Underwriter and the particular Sub-Underwriter. Each of these Agreements is in substantially the same form. They provide that the sub-underwriting obligation of the Sub-Underwriter is to be that part of the Shortfall Amount which bears to that Amount the same proportion as the Sub-Underwriting Amount bears to the Underwritten Amount. Shortfall Amount is defined as the amount by which the Underwritten Amount (being \$2,553,686.00) exceeds the value of shares applied for by Eligible Shareholders under the Offer. No fee, commission or other remuneration is payable, directly or indirectly, to any of these Sub-Underwriters for their sub-underwriting obligations.

The other terms and conditions of the Sub-Underwriting Agreements are usual for agreements of this kind and include representations, warranties and undertakings by the Sub-Underwriters, indemnities given to the Underwriter and related persons, provisions relating to settlement and an acknowledgement by the Sub-Underwriters that they have no right to terminate the Sub-Underwriting Agreements and will accept the decisions and actions of the Underwriter in respect of the Underwriting Agreement.

## **2.7 ASX listing**

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares, the Company will not allot any New Shares and all Application Money will be refunded without interest.

## **2.8 Application Money**

Application Money will be held in an account established and held by the Company or the Share Registry on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued pursuant to the Offer.

## 2.9 Ineligible Shareholders

The Company will not make the Offer to Shareholders as at the Record Date with a registered address outside Australia or New Zealand (**Ineligible Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Ineligible Shareholders having regard to:

- the number of Shareholders outside Australia and New Zealand;
- the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

## 2.10 Use of proceeds

The Company intends to use the gross proceeds of the Offer to assist in funding:

- Further drilling and other work at the Heemskirk Tin Project to advance the development and feasibility of that Project (see Chairman's letter on page 4 of this Booklet for further details);
- general working capital purposes; and
- costs associated with the Offer.

## 2.11 Effect of Offer on voting power and Company's capital structure

The principal effect of the Offer on the Company's capital structure will be to increase the total number of issued Shares. The following table sets out the number of issued Shares at the date of announcement of the Offer and the total number of issued Shares at the completion of the Offer based on the maximum number of new Shares that may be issued under the Offer:

	<b>Number</b>
Issued Shares at 6 February 2012	152,350,601
New Shares issued pursuant to the Placement	<u>39,175,868</u>
	191,526,469
New Shares that may be issued pursuant to the Offer <sup>+</sup>	<u>31,921,078</u>
Shares on issue upon completion of Placement and Offer	<u>223,447,547</u>

<sup>+</sup> Subject to rounding of Entitlements and assumes no options to acquire Shares are exercised before the Record Date.

If the Offer is fully subscribed by Eligible Shareholders, without the need to allocate New Shares by way of underwriting arrangements, no Eligible Shareholder will have his voting power in Stellar diluted.

If the Offer is not fully subscribed by Eligible Shareholders and New Shares are allocated by way of underwriting arrangements, the voting power of Eligible Shareholders who take up their full Entitlements will be maintained and the voting power of Eligible Shareholders who do not take up all of their Entitlements will be diluted.

The voting power of Ineligible Shareholders will be diluted following completion of the Offer.

The Offer is not expected to have a material impact on the control of the Company.

In addition to the Shares listed above, the Company has the following securities not listed on ASX:

<b>Options on issue</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
SRZAI	3,125,000	\$0.20	26 November 2013
SRZAK	3,000,000	\$0.20	30 November 2013

Existing option holders will not be entitled to participate in the Offer unless they:

- have become entitled to exercise their existing options under the terms of their issue and do so, so that they are registered as the holders of the relevant Shares, with an Australian or New Zealand registered address, prior to 7.00pm (AEST time) on the Record Date; and
- participate in the Offer as a result of being a holder of Shares on the register of the Company as at 7.00pm (AEST time) on the Record Date.

## **2.12 Enquiries**

If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, please contact the Share Registry by telephone on 1300 737 760 (for calls within Australia) and +61 2 9290 9600 (for calls outside Australia) at any time from 8.30am to 5.00pm (AEST time) Monday to Friday, or consult your professional adviser.

## **3. ACTION REQUIRED BY SHAREHOLDERS**

All Applications for New Shares must be made by Eligible Shareholders in accordance with the instructions in this Offer Booklet and on the Entitlement and Acceptance Form. By returning the Entitlement and Acceptance Form or paying any Application Money for New Shares by BPAY, you accept the Offer to subscribe for New Shares on the terms and conditions set out in this Offer Booklet. The Company reserves the right to reject any Application for New Shares that is not made in accordance with the terms of this Offer Booklet or the instructions on the Entitlement and Acceptance Form.

### 3.1 Options for Eligible Shareholders

As an Eligible Shareholder, you may do one of the following:

- Take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, you will need to submit an Application in accordance with the instructions in this Offer Booklet and on the Entitlement and Acceptance Form. Please refer to section 3.2 of this Offer Booklet.

- Allow all or part of your Entitlement to lapse

If you decide not to apply for all or part of your Entitlement, or fail to apply by the Closing Date, your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

### 3.2 Applying for New Shares

If you wish to take up all or part of your Entitlement, you have two options:

#### Option 1 – Payment by BPAY

For payment by BPAY please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (AEST time) on the Closing Date. **You should be aware that your financial institution may implement earlier cut-off times for electronic payments, and you should therefore take this into consideration when making payment.**

Please make sure you use the specific Biller Code and unique Customer Reference Number on your Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, you will need to complete individual BPAY transactions using the Customer Reference Number specific to each individual personalised Entitlement and Acceptance Form that you receive. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied only for the Entitlement to which that Customer Reference Number relates and any excess amount will be refunded without interest.

Any Application Money received for more than your allocation of New Shares will be refunded as soon as possible after the close of the Offer. No interest will be paid to Applicants on any Application Money received or refunded.

The Company reserves the right to extend the Closing Date and to accept late Applications either generally or in particular cases.

### **Option 2 – Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it to the Share Registry (refer below for details) accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Money, payable to “Stellar Resources Limited” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.08 (8 cents) multiplied by the number of New Shares you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must reach the Share Registry at the following address by no later than 5.00pm (AEST time) on the Closing Date:

#### **Postal address**

Stellar Resources Entitlement Offer  
C/- Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001

Entitlement and Acceptance Forms (and Application Money) will not be accepted at the Company’s registered office, or other offices of the Share Registry.

Eligible Shareholders in New Zealand should mail their Entitlement and Acceptance Forms and Application Money early to ensure they arrive at the postal address specified above by no later than 5.00pm (AEST time) on the Closing Date.

Cash payments will not be accepted. Receipts for payments will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Money as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Money (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application may be rejected.

Any Application Money received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Offer. No interest will be paid to Applicants on any Application Money received or refunded.

### **Implications of making an Application**

Submitting an Application constitutes a binding acceptance of the Company's Offer on the terms and conditions set out in this Offer Booklet and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding.

If an Application is not completed or submitted correctly it may still be treated as a valid application for New Shares. The Company's decision to treat an Application as valid or not and as to how to construe, amend, complete or submit the Application is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY you:

- agree to be bound by the terms of this Offer Booklet and the provisions of the Company's constitution;
- authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over the age of 18 years and have full legal capacity and power to perform all your rights and obligations under the Offer;
- acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY you may not withdraw it except as permitted by law;
- agree to apply for, and be issued with up to, the number of New Shares that you apply for at the issue price of \$0.08 per New Share;
- authorise the Company and its officers and agents to do anything on your behalf necessary for the New Shares to be issued to you;
- declare that you are the current registered holder(s) of the Shares in your name at the Record Date;
- acknowledge that the information contained in this Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs; and
- represent and warrant that you are an Eligible Shareholder and have read and understood this Offer Booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the representations and warranties and agreements, contained in this Offer Document and the Entitlement and Acceptance Form.

## 4. RISKS

Prior to deciding whether to take up their Entitlement, Shareholders should review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au), ASX: SRZ) and other publicly available information about the Company (including its website [www.stellarresources.com.au](http://www.stellarresources.com.au)) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be regarded as speculative and is a decision which is subject to the same type of risks which are ordinarily associated with buying shares in ASX listed companies.

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance and position of the Company and the outcome of an investment in the Company. Many of these risk factors are outside the control of the Company.

The summary of risk factors set out below is not exhaustive.

Eligible Shareholders should consider these risks carefully and, if they are in any doubt, should consult their financial or other professional adviser.

### 4.1 Share market fluctuations

Stellar, being a company listed on ASX, is subject to the market forces that influence broad share market trends and the prices of securities of individual companies. The prices of shares may fall as well as rise. Many factors affect the price of shares including movements on international stock markets and in commodity prices and interest and inflation rates, economic and political policies and conditions and general investor and consumer sentiment. Global political and economic events, including terrorist threats and the recent global financial crisis, may cause share price fluctuations in the Australian share market as well as globally. Stellar is particularly sensitive to the London Metal Exchange tin price and US\$/A\$ exchange rate as these are key drivers of the economics of the Heemskirk Tin Project. The historic price performance of the Shares provides no guidance as to the future Share price or performance. The New Shares may trade on ASX at higher or lower prices than their issue price.

### 4.2 Development of Key Project

Whilst the Company has established an inferred tin resource at its Heemskirk Tin Project, has completed an encouraging scoping study and now owns 100% of the Project, much further drilling and other work remains to be done before a decision to mine, based upon a bankable feasibility study, can be made. The established mineral resource may not be able to be converted to mineable reserves, it may not be possible to achieve a satisfactory metallurgical recovery of tin from the ore mined and there could be increases in the expected capital costs of mine and processing plant development and/or costs of mining or processing which jeopardize the Project. Whilst the Company is confident that these high grade deposits will be mined, and is maximizing its efforts towards that objective, there can be no guarantee that the Company will succeed in establishing a commercial tin mining operation in the reasonably foreseeable future, or at all. Until a decision to establish a tin

mine is made, or there is a major discovery at another of the Company's projects, the future prospects of the Company are inevitably uncertain.

#### **4.3 Exploration risk**

The other mineral tenements of the Company are in the early stages of exploration. Because mineral exploration and development are high-risk undertakings, there can be no assurance that exploration of these other or any future tenements will result in the discovery of an economic deposit. If exploration is successful, there will be additional costs and processes involved in moving to the development phase. Exploration and development costs are based on estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may differ materially from these estimates and assumptions. Such differences may materially and adversely affect the Company's viability.

#### **4.4 Operating risks**

Operations may be affected by various factors, including failure to locate or identify deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties in mining and exploration, difficulties in commissioning and operating plant and equipment, lack of or interruptions to the availability of power and water, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that commercial viability will be achieved through the successful exploration and/or mining of the tenement interests. Until Stellar is able to realise value from the projects, the Company is likely to incur ongoing operating losses.

#### **4.5 Current and future finance**

Additional equity and/or debt capital will be required in the future for further feasibility studies and development of the Heemskirk Tin Project and the Company's other projects. The Company has already implemented joint venture financing for several of its projects other than the Heemskirk Tin Project but such financing may not be available on commercially attractive terms or at all for other projects or when the current arrangements expire. No assurance can be given that any finance required will be available when required or available on terms favourable to the Company. Any additional equity funding will dilute shareholdings and debt financing if available may involve restrictions on financing and operating activities. If the Company is unable to secure financing, or financing on favourable terms, this may have a material adverse effect on the Company.

#### **4.6 Reliance on Joint Venturers**

Several of the Company's projects are being operated by other mining companies pursuant to farm-in and/or joint venture agreements. While this situation is normal for the mining industry in Australia, lack of funds affecting, or other problems caused by, joint venture parties may arise which have the potential to impact on the performance and operations of the Company. Any failure by counterparties to perform their obligations may have a material

adverse effect on the Company and there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action.

#### **4.7 Reliance on third parties**

Through the Company's use of contractors and other persons for exploration and other services generally, it is reliant upon a number of third parties for the conduct and success of its exploration and development activities. While this situation is normal for the mining industry in Australia, problems caused by third parties may arise which have the potential to impact on the performance and operations of the Company. Any failure by counterparties to perform their obligations may have a material adverse effect on the Company and there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action.

#### **4.8 Key personnel**

The Company and its controlled entities depend upon its key management personnel to run its business. The loss of any of these persons, coupled with any inability to attract suitably qualified replacement personnel due to a shortage of labour, could have a material adverse effect on the Company's performance.

#### **4.9 Tenement title**

The Retention Licence relating to the Heemskirk Tin Project and all Exploration Licences in which the Company has an interest will be subject to applications for renewal, the success of which cannot be guaranteed. If a licence is not granted or renewed, the Company may suffer significant damage through loss of the opportunity to discover and develop any mineral resources on that licence. Interests in tenements are principally governed by State legislation and typically evidenced by the grant of a licence. Each licence is for a specific term and usually carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Stellar could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. Further, tenements, once granted, are usually subject to periodic renewal. There is no guarantee that current or future tenement renewals will be approved. Renewal of the term of a granted tenement is at the discretion of the relevant minister and, if granted, may involve additional or varied expenditure or work commitments or compulsory relinquishment of part of the licensed area. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Stellar.

#### **4.10 Environmental risks**

Operations and proposed activities are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company intends to implement best practice in relation to environmental management, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability. Nevertheless, there are certain risks inherent in exploration and development activities which could subject the Company to extensive liability.

#### **4.11 Local Community**

The Company's Heemskirk Tin Project is situated on the edge of the township of Zeehan. While the Company will do all in its power to maintain good working relationships with the local community, and will pursue a mining plan designed to minimize any community impact, there is a risk that this will not be sufficient to satisfy community expectations. In that event, the activities of the Company could potentially be disrupted and/or delayed.

#### **4.12 Native title**

Whilst the area of the Heemskirk Tin Project is not considered to include any such rights, the Company has interests in other tenements which include areas over which legitimate Native Title rights of indigenous Australians may exist. And tenements which the Company may acquire in the future may also include areas where Native Title rights exist. Where Native Title rights exist, the Company's ability to gain access to the land or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. As at the date of this Offer Booklet, the Company is not aware of any Native Title rights which it expects to materially adversely affect its operations. Nevertheless, no guarantee can be given that Native Title rights will not affect the Company.

#### **4.13 Political risk, commodity price volatility and exchange rate risks**

In the event that the Company commences mining, the revenue derived through the sale of product will be exposed to commodity price and exchange rate risks and any profits will be exposed to changes in the taxation or royalty regime in Australia. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the Company's income and expenditure are and will be accounted for in Australian currency, exposing the Company to fluctuations in the exchange rate between the United States dollar and the Australian dollar.

#### **4.14 Occupational health and safety**

The mining industry has become subject to increasing occupational health and safety responsibility and liability. The potential for liability is a constant risk.

#### **4.15 Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as the ability to fund those activities. If activities cannot be funded, there is a risk that tenements may have to be surrendered or not renewed. Furthermore, share market conditions may affect the value of the Company's quoted securities regardless of operating performance. Share market conditions are affected by many factors such as general economic outlook, interest and inflation rates, currency fluctuations; changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

## 5. ADDITIONAL INFORMATION

### 5.1 Documents

The following table provides a list of Stellar's market sensitive announcements lodged with ASX over the seven months prior to the date of this Offer Booklet. This is not an exhaustive list of Stellar's announcements and Eligible Shareholders should refer to Stellar's website ([www.stellarresources.com.au](http://www.stellarresources.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)) for a full list. Copies of these documents can also be obtained from or inspected at an office of the ASX.

Date	Headline
06/07/2011	Scoping Study Green Light For Heemskirk Tin Project
14/07/2011	Stellar Resources - Noosa Mining Presentation
26/07/2011	Heemskirk Tin Delivers Strong Results
28/07/2011	Fourth Quarter Activities and Cashflow Reports
29/07/2011	Broker Research Report
12/10/2011	Heemskirk Tin Drilling Update
17/10/2011	Annual General Meeting Presentation
19/10/2011	First Quarter Activities and Cashflow Reports
07/11/2011	Heemskirk Tin Project Interest – Sale And Purchase Agreement
15/11/2011	Heemskirk Tin Drilling Update
20/12/2011	Notice of Meeting and Independent Experts Report
25/01/2012	Results of General Meeting
31/01/2012	Second Quarter Activities and Cashflow Reports
02/02/2012	Trading Halt
02/02/2012	Gippsland becomes a Significant Shareholder in Stellar
06/02/2012	Placement and 1 for 6 entitlement Offer to Raise \$5.7million

### 5.2 Consent

The Underwriter has not authorised or caused the issue of this Offer Booklet and takes no responsibility and does not accept liability to the Company or any other person for any information in the Offer Booklet.

The Underwriter makes no recommendation as to whether you should participate in the Offer nor does it make any representation or warranty to you concerning the Offer or any such information and you agree that you have not relied upon any statement made by the Underwriter in relation to the New Shares or the Offer generally.

### **5.3 Continuous disclosure**

The Company is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to periodically and on a continuous basis notify ASX of information about specific events and matters as they arise for the purpose of ASX making that information available to the stock markets conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its shares. That information is available to the public from ASX. See in this regard section 5.1 above.

The Company is required to prepare and lodge with ASIC and ASX yearly and half-yearly financial statements accompanied by a Directors’ declaration and report, and an auditor’s report. The Company is also required to prepare and lodge with ASX quarterly reports in accordance with the Listing Rules. ASIC maintains records in respect of documents the Company has lodged with ASIC, and these may be obtained from or inspected at any ASIC office.

### **5.4 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been submitted.

### **5.5 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of Shares.

### **5.6 Nominees and Custodians**

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owner of Shares. Where any nominee or custodian is acting on behalf of a foreign person, that nominee or custodian, in dealing with its beneficiary, will need to assess whether indirect participation in the Offer by the beneficiary is compatible with applicable foreign laws. Any person in the United States with a holding through a nominee may not participate in the Offer and the nominee must not take up any Entitlement on behalf of such person or send any materials into the United States. The Company is not able to advise on foreign laws.

### **5.7 Other information**

This Offer Booklet and enclosed personalised Entitlement and Acceptance Form have been prepared by the Company. The information in this Offer Booklet is dated 15 February 2012. No party other than the Company has authorised or caused the issue of the information in this Offer Booklet, or takes any responsibility for, or makes, any statement, representation or undertaking in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied upon as having been authorised by the Company, or its related bodies corporate, in connection with the Offer. Except as required by law, and only to the extent so required, none of the Company or any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the information in this Offer Booklet.

### **5.8 Entire Agreement**

The terms contained in this Offer Booklet and the accompanying Entitlement and Acceptance Form constitute the entire agreement between the Company and you as to the Offer and your participation in the Offer to the exclusion of all prior representations, understandings and agreements between the Company and you.

### **5.9 Governing Law**

This Offer Booklet, the Offer and the contracts formed on acceptance of the Applications are governed by the laws applicable in the State of Victoria, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## **6. GLOSSARY**

In this Offer Booklet:

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Application.

**Application** means an application for New Shares under the Offer using an Entitlement and Acceptance Form (with Application Money) or the payment of Application Money by BPAY.

**Application Money** means money received from Applicants in respect of their Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 trading as the Australian Stock Exchange.

**Closing Date** means the last day for payment and return of Entitlement and Acceptance Forms, being 5.00pm (AEST time) on 29 February 2012 (unless extended).

**Company** or **Stellar Resources** means Stellar Resources Limited ABN 96 108 758 961.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the Directors of the Company.

**Eligible Shareholder** means an eligible shareholder as described in section 2.1 of this Offer Booklet.

**Entitlement** means the number of New Shares that an Eligible Shareholder is entitled to apply to subscribe for under the Offer, as determined by the number of Shares held by that Eligible Shareholder as at 7.00pm (AEST time) on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Booklet which Eligible Shareholders may use to apply for New Shares.

**Ineligible Shareholder** means a Shareholder as at 7.00pm (AEST time) on the Record Date whose registered address is not situated in Australia or New Zealand.

**Issue Price** means the issue price of \$0.08 (8 cents) per New Share.

**Listing Rules** means the official listing rules of ASX.

**New Share** means a new Share to be issued under the Offer or Placement.

**Offer** means a non-renounceable pro rata entitlement offer to subscribe for New Shares on the basis of 1 New Share for every 6 Shares for which the Shareholder is the registered holder as at the Record Date at the issue price of \$0.08 per New Share pursuant to the Offer Booklet.

**Offer Booklet** means this Entitlement Offer Booklet dated 15 February 2012.

**Official Quotation** means “quotation” (as that term is used in the Listing Rules) of all of the New Shares on ASX when allotted which if conditional may only be conditional on customary pre-quotation conditions.

**Opening Date** means the first date on which the Company will receive Applications for New Shares under the Offer, being 15 February 2012.

**Placement** means the placement of up to 39,175,868 New Shares at an issue price of \$0.08 per Share announced to ASX on 6 February 2012.

**Record Date** means 7.00pm (AEST time) on 14 February 2012 or such other date as may be determined by the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means the Company’s share registry, Boardroom Pty Limited ABN 14 003 209 836, Level 7, 207 Kent Street, Sydney NSW 2000.

**Shareholder** means a holder of Shares.

**Shortfall** means the number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders before the Closing Date.

**Underwriter** means Taylor Collison Limited ABN 53 008 172 450.

**Underwriting Agreement** means the underwriting agreement dated on or about 6 February 2012 between the Company and the Underwriter under which the Underwriter has agreed to underwrite the Offer on the terms and conditions contained in that agreement.



**STELLAR**

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