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**STELLAR RESOURCES LIMITED**  
**ACN 108 758 961**  
**AND CONTROLLED ENTITIES**

**FINANCIAL REPORT**  
**Half-Year Report for the Half-Year Ended 31 December 2016**

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

### Contents

	Page
Directors' Report	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11
Directors' Declaration	16
Auditor's Independence Declaration	17
Independent Auditor's Review Report	18
Corporate Directory	20

*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 2016. 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 2016, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX").*

#### **FORWARD-LOOKING STATEMENTS**

*This report may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Stellar Resources Limited's planned activities and other statements that are not historical facts. When used in this report, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward-looking statements. Although Stellar Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

*The entity confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning this report continue to apply and have not materially changed.*

*Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Stellar Resources Limited securities.*

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

### Directors' Report

For the Half-Year Ended 31 December 2016

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 2016. 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  
Peter G Blight  
Thomas H Whiting  
Miguel Lopez de Letona

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

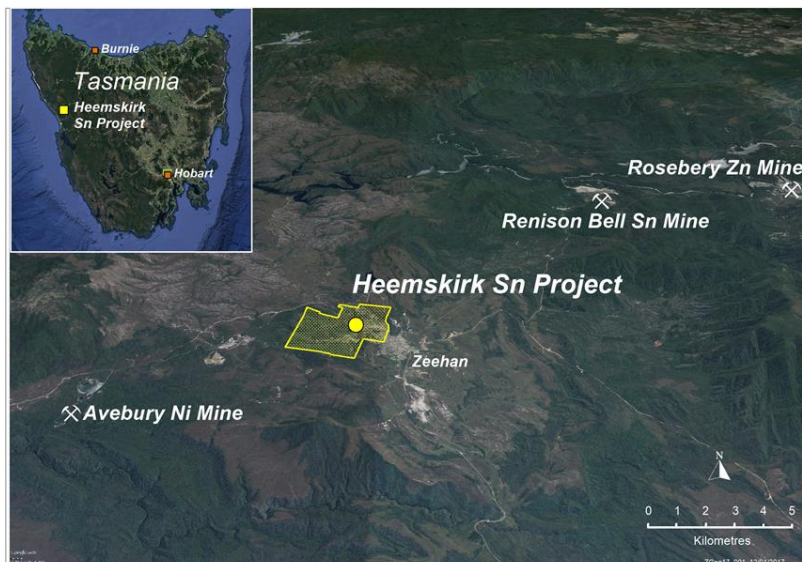
The net loss of the Consolidated Entity for the half-year period was \$265,377 (2015: \$183,120 profit after tax).

The loss for the period was derived after the write off of \$18,820 (2015: \$40,240) in the carrying values of the Consolidated Entity's exploration assets. Other impact was the fair value decrement in UraniumSA Limited of \$19,441 in shares which was recognised in the consolidated statement of profit or loss.

#### Review of Operations

During the six months to 31 December 2016, the Consolidated Entity ("Stellar" or the "Company") remained focused on its 100% owned flagship Heemskirk Tin Project which is located in west Tasmania. Heemskirk is a world class project comprising the Zeehan tin deposits located immediately northwest of Zeehan and the St Dizier tin deposit located 20km northwest of Zeehan. As Figure 1 below shows, Heemskirk lies in a highly mineralised terrain with two long-term underground mines, namely Renison Bell tin and Rosebery zinc, 18km and 25km respectively to the northeast and the Avebury underground nickel mine, located just 6km to the southwest. Location is a major advantage for the project as the infrastructure requirement is minimal compared with more remote competitors. In addition, access to experienced labour, mining and processing inputs and mining services is also excellent.

Figure 1: Heemskirk Tin Project and established mines in northwest Tasmania (Oblique image)



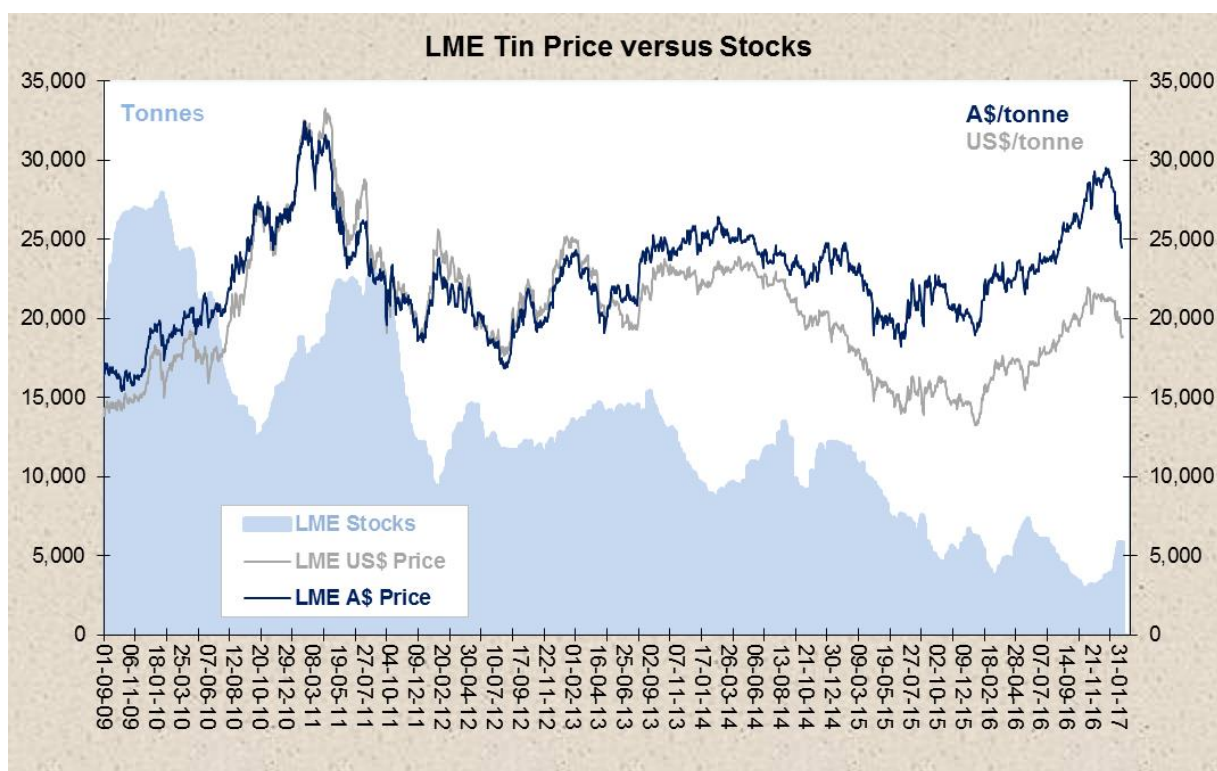
*Strategy*

The development strategy for Heemskirk Tin was refined during the reporting period with the result that the Company is focused on a faster start option to production at significantly lower capital cost. The fast start option strategy will initially focus on development of the Lower Queen Hill deposit followed by sequential development of Severn and Montana. Mineral Resources were updated to JORC 2012 in order to meet ASX reporting requirements and to provide a more robust estimate on which to build future drilling results. In addition, the processing strategy was also re-examined with an initial testing program to determine the potential benefit of ore sorting.

*Market Outlook*

During the period to 31 December 2016, the London Metal Exchange (LME) spot tin price increased by 21% to US\$21,100/t. In A\$ terms, the increase was 25% to A\$29,160/t. The strong recovery in A\$ tin price is particularly positive for project economics and underpins the fast start strategy.

**Figure 2: London Metal Exchange Tin Spot Price in US\$/t and A\$/t and Stocks**



According to the International Tin Research Institute (ITRI) the LME tin price is expected to continue its recovery trajectory with further improvement in market fundamentals. The main tin price drivers are:

- strong recovery in tin solder demand (representing 47% of global tin demand) following a sharp rise in semiconductor shipments;
- steady growth from chemical, tin plate and lead acid battery sectors;
- reduction in mine production and unprocessed tin stocks in Myanmar due to declining grade, lower underground mining rates and destocking in 2016; and
- an absence of significant new mine development.

*Finance*

As at 31 December 2016, cash on hand was \$1,198,404 after net cash outflow of \$379,006 during the prior six months. The Company continues to balance the need to maintain project momentum and retain a prudent level of cash reserves.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

### Directors' Report (cont'd)

#### Operational Overview

The Company has completed a number of studies since the initial prefeasibility study (PFS) in 2013. Figure 3 shows that successive studies have improved returns with the NPV/capex ratio rising from 0.5 in 2013 to 1.5 in the 2016 fast start scoping study. The fast start option also has the potential to reduce the time from decline commencement to first ore production from 12 to 6 months.

**Figure 3: Summary of feasibility work completed to date**

Study	PFS (Prelim Feasibility)	OPFS (Optimisation)	Fast Start (Scoping)
<b>Completion</b>	Jul-13	Nov-15	Sep-16
<b>Development Strategy</b>	underground mine all deposits concurrently standalone processing plant	underground mine all deposits concurrently standalone processing plant third party processing	underground mine sequential development standalone processing plant third party processing
<b>Deliverables</b>	Max throughput Op cost 60th percentile mining study - 7yr life recovery 70% Renison - flow sheet adopted	Max throughput Op cost down 10% on PFS optimised fill - 7 yr life recovery up by 4.3% to 73% circuits optimised	1/3 Max throughput OPFS op cost lower scale - 20yr mine life recovery 73% modular smaller plant
<b>Economics</b>	Capex - standalone plant <b>NPV/capex = 0.5</b>	Capex reduced 12% <b>gain on PFS: NPV/capex = 0.9</b>	Capex 50% of OPFS <b>NPV/capex = 1.5</b>
<b>Assumptions</b>	US\$22,000/t Sn, 0.75USD/AUD	US\$22,000/t Sn, 0.75USD/AUD	US\$22,000/t Sn, 0.75USD/AUD

The Company upgraded the Mineral Resource estimate for the Zeehan tin deposits from JORC 2004 to JORC 2012 with the upgraded result shown in Table 1. The Mineral Resource estimate was 6.35mt grading 1.13% tin or 72,000t of contained tin. Importantly, Lower Queen Hill, the initial target for the fast start study has a high grade Indicated Resource of 820,000t at 1.42% tin (see Table 1).

**Table 1: Mineral Resource Estimate, Zeehan Tin Deposits, JORC 2012**

Classification	Deposit	Tonnage		Total Sn %	Contained Cassiterite <sup>1</sup> Sn t % of total Sn	Cu %	Pb %	Zn %	S %	SG mg/l
		mt	%							
Indicated	Upper Queen Hill	0.47	1.15	5,000	91	0.12	1.3	0.81	13.80	3.72
	Lower Queen Hill	0.82	1.42	12,000	99	0.03	0.22	0.23	17.91	3.45
<b>Total Indicated</b>		<b>1.29</b>	<b>1.32</b>	<b>17,000</b>	<b>96</b>	<b>0.06</b>	<b>0.61</b>	<b>0.44</b>	<b>16.55</b>	<b>3.55</b>
Inferred	Lower Queen Hill	0.35	1.50	5000	98	0.04	0.14	0.09	16.9	3.31
	Severn	4.03	0.97	39000	99	0.06	0.03	0.05	8.34	3.18
	Montana	0.68	1.56	11000	96	0.07	0.72	1.18	17.8	3.68
<b>Total Inferred</b>		<b>5.06</b>	<b>1.09</b>	<b>55000</b>	<b>98</b>	<b>0.06</b>	<b>0.13</b>	<b>0.25</b>	<b>10.23</b>	<b>3.26</b>
<b>Total Indicated + Inferred</b>		<b>6.35</b>	<b>1.13</b>	<b>72,000</b>	<b>97</b>	<b>0.06</b>	<b>0.23</b>	<b>0.29</b>	<b>11.48</b>	<b>3.32</b>

1. cassiterite = (total Sn% - soluble Sn%)/total Sn%

2. block cut-off grade of 0.6% tin

3. tonnes rounded to reflect uncertainty of estimate

4. estimates prepared by Resource and Exploration Geology

#### Competent Persons Statement

The Information in this report that relates to Mineral Resources was prepared in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"(JORC Code), by Tim Callaghan, who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years' experience in the estimation, assessment and evaluation of Mineral Resources of this style and is a Competent Person as defined in the JORC Code. Table 1 accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

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### Directors' Report (cont'd)

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#### *Operational Overview (cont'd)*

Initial test work was also conducted to determine whether ore sorting is a viable pre-concentration step in the processing flow sheet. The initial results were promising with work now to consider the nature of tin losses in the waste stream to determine whether this material can be recovered. Once more drill core is available, a more extensive testing program will be undertaken.

The Company has applied for a Mining Lease over the Zeehan tin deposits, the main asset of the Heemskirk Tin Project. Mineral Resources Tasmania is reviewing the application ahead of submitting a recommendation to the Minister for Mines. Receiving a Mining Lease would represent a major advancement for the project's development timeline.

#### *Exploration Activity*

The Company maintains a number of exploration tenements in Tasmania that are prospective for tin. Activity over the period was restricted by the limited exploration budget.

Heemskirk (EL 46/2003). Environmental surveying of flora, fauna and surface water flows in the vicinity of the St Dizier tin deposit continued during the period.

Ramsay (EL1/2004) contains a 600m by 300m tin in soil target over the greisenised northern edge of the tin-bearing Meredith Granite. Stellar plans to drill test the granite below the soil target.

Stonehenge (EL 6/2014) lies immediately south of RL5/1997 and contains similar geology. There has been no drill target identified on this tenement to date.

Midgee (EL 5429) and Cowell (EL 5307) are tenements held on the east side of the Eyre Peninsula to the north of Cowell. Both are highly prospective for sedimentary uranium.

#### *Risk Management*

The Consolidated Entity maintains and reviews its risk registry. Tin price, the key external risk to future funding and project economics, is discussed at every board meeting.

The fast start option strategy addresses tin price risk by reducing the time from project funding to first production by six months. In addition, pre-production capital cost under a fast start option is half that of the optimised prefeasibility study, thereby greatly reducing the capital exposed to commissioning risk.

The Consolidated Entity is planning a drilling program to convert Mineral Resources to Ore Reserves and further metallurgical testing of drill core. This program will reduce geological and production risk.

#### **Financial Position**

The net assets of the Consolidated Entity as at 31 December 2016 were \$17,225,360 (30 June 2016: \$17,478,514) represented by:

- cash of \$1,198,404 (30 June 2016 - \$1,577,410)
- trade and other receivables of \$111,348 (30 June 2016 - \$114,716)
- investments in Renascor Resources Limited, UraniumSA Limited and Sapphire Uranium Limited valued at \$103,268 (30 June 2016 - \$110,486)
- exploration expenditure \$15,759,755 (30 June 2016 - \$15,619,807)
- trade and other payables \$51,734 (30 June 2016 - \$45,650)

The Consolidated Entity had no external borrowings as at 31 December 2016.

## **Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

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### **Directors' Report (cont'd)**

#### **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.

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 2016.

#### **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.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

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### Directors' Report (cont'd)

#### After Balance Date Events

On 14 February 2017, the Company announced that its wholly owned subsidiary Columbus Metals Limited was granted a Mining Lease (2023P/M) over the Heemskirk Tin Project. The Mining Lease covers an area of 560 hectares over Crown Land. It confers the following rights to Stellar's subsidiary Columbus Metals Limited:

- to carry out mining operations in the lease area in accordance with the Mineral Resources Development Act 1995;
- to mine tin and all other metallic minerals within the lease area;
- staged provision of security deposits in accordance with a schedule of defined activities from exploration and feasibility (stage 1), to construction (stage 2) to operation (stage 3);
- and a term of 12 years ending on 1<sup>st</sup> January 2029.

All conditions of the ML can be met through the existing schedule of activities planned by Stellar. There are no minimum expenditure commitments.

On 27 February 2017, the Company advised that 25,000,000 unlisted options with an exercise price of \$0.08 expired on 26 February 2017.

On 1 March 2017, the Company announced the raising of \$2.6 million before costs through a placement of 74,285,714 fully paid ordinary shares in the capital of the Company at an issue price of \$0.035 per share. Each two (2) shares will be accompanied by one (1) free attaching \$0.05 option exercisable at any time for three (3) years from date of issue. The attaching options will be subject to shareholder approval. Application shall be made to the ASX for listing of attaching options following shareholder approval.

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 2016 has been received and can be found on page 17.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001 and dated this 9<sup>th</sup> day of March 2017.

On behalf of the Directors



**P G Blight**  
Managing Director  
Melbourne



**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2016**

		<b>Consolidated</b>	
		<b>Half-year ended 31 December 2016</b>	<b>Half-year ended 31 December 2015</b>
		<b>\$</b>	<b>\$</b>
<b>Note</b>			
	<b>Revenue</b>		
	Interest received – bank deposits	19,905	28,440
	Research & development concessional tax refund - ATO	-	352,877
	Administration expenditure	(245,513)	(146,211)
	Depreciation and amortisation expense	(1,508)	(2,746)
	Impairment of available-for-sale investments	(19,441)	(9,000)
4	Exploration expenditure and other costs written off	(18,820)	(40,240)
	Profit/(loss) before tax	(265,377)	183,120
	Income tax expense	-	-
	<b>Profit/(loss) for the period</b>	<b>(265,377)</b>	<b>183,120</b>
	<b>Other comprehensive income, net of income tax</b>		
	<b>Items that may be reclassified subsequently to profit or loss</b>		
	Net value gain on available-for-sale financial assets taken to equity	12,223	-
3			
	<b>Other comprehensive income for the period, net of income tax</b>	<b>12,223</b>	<b>-</b>
	<b>Total comprehensive income for the period</b>	<b>(253,154)</b>	<b>183,120</b>
	<b>Earnings per share</b>		
	Basic (cents per share)	(0.1)	0.1
	Diluted (cents per share)	(0.1)	0.1

*Notes to the condensed consolidated financial statements are included on pages 11 to 15.*

**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2016**

		<b>Consolidated</b>	
		<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
	<b>Note</b>		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,198,404	1,577,410
Trade and other receivables		12,348	114,716
Other financial assets	3	103,268	110,486
Other		21,498	14,715
<b>Total current assets</b>		<b>1,335,518</b>	<b>1,817,327</b>
<b>Non-current assets</b>			
Trade and other receivables	3	99,000	-
Property, plant and equipment		122,883	124,391
Exploration expenditure	4	15,759,755	15,619,807
<b>Total non-current assets</b>		<b>15,981,638</b>	<b>15,744,198</b>
<b>Total assets</b>		<b>17,317,156</b>	<b>17,561,525</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		51,734	45,650
Provisions		6,558	6,077
<b>Total current liabilities</b>		<b>58,292</b>	<b>51,727</b>
<b>Non-current liabilities</b>			
Provisions		33,504	31,284
<b>Total non-current liabilities</b>		<b>33,504</b>	<b>31,284</b>
<b>Total liabilities</b>		<b>91,796</b>	<b>83,011</b>
<b>Net assets</b>		<b>17,225,360</b>	<b>17,478,514</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Issued capital		34,372,833	34,372,833
Reserves		2,170,627	2,158,404
Accumulated losses		(19,318,100)	(19,052,723)
<b>Total equity</b>		<b>17,225,360</b>	<b>17,478,514</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 15.

**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

**Condensed Consolidated Statement of Changes in Equity  
for the Half-Year Ended 31 December 2016**

<b>Consolidated</b>	<b>Issued capital</b>	<b>Employee equity- settled benefits reserve</b>	<b>Option valuation reserve</b>	<b>Investments revaluation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2015	34,372,833	1,625,927	497,426	23,330	(19,055,055)	17,464,461
Profit for the period	-	-	-	-	183,120	183,120
Other comprehensive income for the half-year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	183,120	183,120
<b>Balance at 31 Dec 2015</b>	<b>34,372,833</b>	<b>1,625,927</b>	<b>497,426</b>	<b>23,330</b>	<b>(18,871,935)</b>	<b>17,647,581</b>
Balance at 1 July 2016	34,372,833	1,625,927	497,426	35,051	(19,052,723)	17,478,514
Gain on available-for-sale financial assets	-	-	-	12,223	-	12,223
Other comprehensive income for the half-year, net of income tax	-	-	-	12,223	-	12,223
Loss for the period	-	-	-	-	(265,377)	(265,377)
Total comprehensive income for the period	-	-	-	12,223	(265,377)	(253,154)
<b>Balance at 31 Dec 2016</b>	<b>34,372,833</b>	<b>1,625,927</b>	<b>497,426</b>	<b>47,274</b>	<b>(19,318,100)</b>	<b>17,225,360</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 15.

Stellar Resources Limited and Controlled Entities

ACN 108 758 961

**Condensed Consolidated Statement of Cash Flows  
for the Half-Year Ended 31 December 2016**

	Consolidated	
	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
<b>Cash flows from operating activities</b>		
GST receipts from Australian Taxation Office	-	41,932
Payments to suppliers and employees	(232,926)	(289,838)
<b>Net cash used in operating activities</b>	<b>(232,926)</b>	<b>(247,906)</b>
<b>Cash flows from investing activities</b>		
Interest received	21,737	32,357
Research & development concessional tax refund from ATO	-	352,877
Payments for exploration expenditure	(167,817)	(461,133)
<b>Net cash used in investing activities</b>	<b>(146,080)</b>	<b>(75,899)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(379,006)</b>	<b>(323,805)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,577,410</b>	<b>2,217,131</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,198,404</b>	<b>1,893,326</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 15.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

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### Notes to the Condensed Consolidated Financial Statements

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#### 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 2016 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 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

##### Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

All new accounting standards required, were adopted and they did not have a material impact.

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 2016, the Consolidated Entity recognised a loss of \$265,377, had net cash outflows from operating activities of \$232,926, payments for exploration activities of \$167,817 and had an accumulated loss of \$19,318,100 as at 31 December 2016. 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 2016, the Consolidated Entity had cash assets of \$1,198,404, net working capital of \$1,173,958, as well as investments in UraniumSA Limited of \$34,994, Samphire Uranium Limited of \$21,774 and Renascor Resources Limited of \$46,500 which could be sold if required.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

### Notes to the Condensed Consolidated Financial Statements

#### 1. Significant Accounting Policies (cont'd)

##### (a) Going Concern (cont'd)

- The most recently prepared cash flow forecast prepared by management and reviewed by the Directors indicates that the Consolidated Entity will hold sufficient cash reserves to continue its current exploration programmes and other working capital requirements beyond twelve months from issuing these financial statements. The cash flow forecast takes into account the Consolidated Entity's implementation of cost reviews which includes exploration activity and overhead expenditure, as well as raising new equity capital in order for the Consolidated Entity to meet its planned exploration expenditure.
- On 1 March 2017, the Company announced the raising of \$2.6 million before costs through a placement of 74,285,714 fully paid ordinary shares in the capital of the Company at an issue price of \$0.035 per share.

##### (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 2016 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.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of resources held.

The following is an analysis of the Consolidated Entity's revenue and results from operations by reportable segment.

31 December 2016	Corporate \$	Tin \$	Copper/Gold \$	Other \$	Total \$
<b>Revenue</b>					
Interest income	19,905	-	-	-	19,905
<b>Expenses</b>					
Other expenses	(245,513)	-	-	-	(245,513)
Depreciation and amortisation	(883)	(625)	-	-	(1,508)
Exploration expenditure and other costs recouped/(written off)	-	(3,995)	(3,267)	(11,557)	(18,820)
Impairment of available-for-sale investments	(19,441)	-	-	-	(19,441)
<b>Profit/(loss) before tax</b>	<b>(245,932)</b>	<b>(4,620)</b>	<b>(3,267)</b>	<b>(11,557)</b>	<b>(265,377)</b>
<b>31 December 2016</b>					
Current and non-current assets	1,434,518	-	-	-	1,434,518
Exploration expenditure	-	15,759,755	-	-	15,759,755
Property, plant and equipment	716	122,167	-	-	122,883
Additions to property, plant and equipment	-	-	-	-	-
	716	122,167	-	-	122,883
Current and non-current liabilities	(91,796)	-	-	-	(91,796)
<b>Net assets</b>	<b>1,343,438</b>	<b>15,881,922</b>	<b>-</b>	<b>-</b>	<b>17,225,360</b>

**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

**Notes to the Condensed Consolidated Financial Statements**

**2. Segment Information (cont'd)**

<b>31 December 2015</b>	<b>Corporate \$</b>	<b>Tin \$</b>	<b>Copper/Gold \$</b>	<b>Other \$</b>	<b>Total \$</b>
<b>Revenue</b>					
Interest income	28,440	-	-	-	28,440
Research and development concessional tax refund	352,877	-	-	-	352,877
<b>Expenses</b>					
Other expenses	(146,211)	-	-	-	(146,211)
Depreciation and amortisation Exploration expenditure and other costs recouped/(written off)	(2,121)	(625)	-	-	(2,746)
Impairment of available-for-sale investments	-	(9,234)	(11,412)	(19,594)	(40,240)
	(9,000)	-	-	-	(9,000)
<b>Profit/(loss) before tax</b>	<b>223,985</b>	<b>(9,859)</b>	<b>(11,412)</b>	<b>(19,594)</b>	<b>183,120</b>
<b>30 June 2016</b>	<b>Corporate \$</b>	<b>Tin \$</b>	<b>Copper/Gold \$</b>	<b>Other \$</b>	<b>Total \$</b>
Current assets	1,817,327	-	-	-	1,817,327
Exploration expenditure	-	15,619,807	-	-	15,619,807
Property, plant and equipment	1,599	122,792	-	-	124,391
Additions to property, plant and equipment	-	-	-	-	-
Current and non-current liabilities	(83,011)	-	-	-	(83,011)
<b>Net assets</b>	<b>1,735,915</b>	<b>15,742,599</b>	<b>-</b>	<b>-</b>	<b>17,478,514</b>

**3. Other Financial Assets**

Balance as at 30 June 2016	\$ 110,486
Fair value net increment/(decrement) – shares Uranium SA Limited	(23,718)
Fair value net increment/(decrement) – shares Samphire Uranium Limited	-
Fair value net increment/(decrement) – shares Renascor Resources Limited	16,500
Balance as at 31 December 2016	<u>103,268</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 decrement of \$19,441 in relation to available-for-sale shares was recognised in the statement of profit or loss during the half-year and \$4,277 decrement was recognised in other comprehensive income. The valuation remains unchanged from 30 June 2016 in relation to the available-for-sale shares in Samphire Uranium Limited.

Shares in Renascor Resources Limited are held by Hiltaba Gold Pty Ltd and are measured at fair value. A revaluation increment of \$16,500 in relation to the available-for-sale shares was recognised in in other comprehensive income during the half-year.

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

### Notes to the Condensed Consolidated Financial Statements

#### 3. Other Financial Assets (cont'd)

	31 Dec 2016		30 Jun 2016	
	Value \$	Number	Value \$	Number
Available-for-sale investments comprise of the following:				
UraniumSA Limited - shares	34,994	3,888,238	58,712	3,888,238
Renascor Resources Limited - shares	46,500	1,500,000	30,000	1,500,000
Samphire Uranium Limited - shares	21,774	3,888,238	21,774	3,888,238
	<u>103,268</u>	<u>9,276,476</u>	<u>110,486</u>	<u>9,276,476</u>

#### 4. Exploration Expenditure

##### Carrying Values

	\$
Balance as at 30 June 2016	15,619,807
Expenditure incurred during the period	158,768
Expenditure and other costs written off during the period	<u>(18,820)</u>
Balance as at 31 December 2016	<u>15,757,755</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.

#### 5. Contingencies and Commitments

There has been no material change in contingent liabilities and commitments since the last annual reporting date 30 June 2016.

#### 6. Events Subsequent to Reporting Date

On 14 February 2017, the Company announced that its wholly owned subsidiary Columbus Metals Limited was granted a Mining Lease (2023P/M) over the Heemskirk Tin Project. The Mining Lease covers an area of 560 hectares over Crown Land. It confers the following rights to Stellar's subsidiary Columbus Metals Limited:

- to carry out mining operations in the lease area in accordance with the Mineral Resources Development Act 1995;
- to mine tin and all other metallic minerals within the lease area;
- staged provision of security deposits in accordance with a schedule of defined activities from exploration and feasibility (stage 1), to construction (stage 2) to operation (stage 3);
- and a term of 12 years ending on 1<sup>st</sup> January 2029.

All conditions of the ML can be met through the existing schedule of activities planned by Stellar. There are no minimum expenditure commitments.

On 27 February 2017, the Company advised that 25,000,000 unlisted options with an exercise price of \$0.08 expired on 26 February 2017.



**6. Events Subsequent to Reporting Date (cont'd)**

On 1 March 2017, the Company announced the raising of \$2.6 million before costs through a placement of 74,285,714 fully paid ordinary shares in the capital of the Company at an issue price of \$0.035 per share. Each two (2) shares will be accompanied by one (1) free attaching \$0.05 option exercisable at any time for three (3) years from date of issue. The attaching options will be subject to shareholder approval. Application shall be made to the ASX for listing of attaching options following shareholder approval.

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.

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**Stellar Resources Limited and Controlled Entities**

**ACN 108 758 961**

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**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 Blight**  
Managing Director  
Melbourne  
Dated this 9<sup>th</sup> March 2017.

9 March 2017

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

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 2016, 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*

DELOITTE TOUCHE TOHMATSU



Ryan Hansen  
Partner  
Chartered Accountant

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## **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 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 7 to 16.

### *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 2016 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.

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## 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 2016 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

DELOITTE TOUCHE TOHMATSU



Ryan Hansen  
Partner  
Chartered Accountants  
Melbourne, 9 March 2017

## Stellar Resources Limited and Controlled Entities

ACN 108 758 961

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### CORPORATE DIRECTORY

#### Directors

Phillip G Harman (Non-executive Chairman)  
Peter G Blight (Managing Director)  
Thomas H Whiting (Non-executive)  
Miguel Lopez de Letona (Non-executive)

#### Company Secretary

Christina R Kemp

#### Registered Office

Level 17  
530 Collins Street  
Melbourne VIC 3000

Telephone: (03) 9618 2540  
Facsimile: (03) 9649 7200  
E-mail: [srinfo@stellarresources.com.au](mailto:srinfo@stellarresources.com.au)  
Website: [www.stellarresources.com.au](http://www.stellarresources.com.au)

*Register of unlisted options held at this address*

#### 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

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

Colin Biggers & Paisley  
Level 23, CGU Building  
181 William Street  
Melbourne VIC 3000

#### Bankers

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

BankWest  
Level 6, Bourke Place  
600 Bourke 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 12, 225 George Street  
Sydney NSW 2000

*Register of listed ordinary shares held at this address*