



STELLAR RESOURCES LIMITED
ABN 96 108 758 961

ANNUAL REPORT
30 JUNE 2020

For personal use only

Stellar Resources Limited
Contents
30 June 2020



Corporate directory	2
Review of operations	3
Directors' report	11
Auditor's independence declaration	21
Consolidated statement of profit or loss and other comprehensive income	22
Consolidated statement of financial position	23
Consolidated statement of changes in equity	24
Consolidated statement of cash flows	25
Notes to the consolidated financial statements	26
Directors' declaration	52
Independent auditor's report to the members of Stellar Resources	53
Shareholder information	56

For personal use only

Directors	Simon O'Loughlin (Non-Executive Chairman) Thomas Whiting (Non-Executive Director) Gary Fietz (Non- Executive Director) Simon Taylor (Non-Executive Director)
Company Secretary	Melanie Leydin
Notice of annual general meeting	The Company will hold its annual general meeting of shareholders on 19 November 2020
Registered Office	Level 4 96 - 100 Albert Road South Melbourne VIC 3205 Telephone: (03) 9692 7222 Facsimile: (03) 9077 9233
Principal place of business	Level 17 530 Collins Street Melbourne VIC 3000 Telephone: (03) 9618 2540 Facsimile: (03) 9649 7200
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 1300 737 760
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Bankers	National Australia Bank 800 Bourke Street Melbourne VIC 3000
Stock exchange listing	Stellar Resources Limited shares are listed on the Australian Securities Exchange (ASX code: SRZ)
Corporate Governance Statement	Corporate governance statements are available in Company's website. Please refer to http://www.stellarresources.com.au/corporate/corporate-governance/
Website	www.stellarresources.com.au

REVIEW OF OPERATIONS

This year has been one of transition for Stellar. After completing a Scoping Study on our Flagship Heemskirk Tin Project in October 2019 which showed attractive economics for the project and that it is the second highest grade undeveloped tin project globally, we have unfortunately had to put further advancement of our tin projects in Tasmania on hold until markets improve sufficiently to raise further funding for our tin projects. Recently, leveraging off its base in and knowledge of Tasmania, has applied 10 Exploration Licenses covering a large area in North East Tasmania which is highly prospective for gold. Subject to the grant of these Exploration Licenses which is expected early in 2021, gold exploration will be the Companies short term focus until tin prices improve sufficiently to fund and continue to advance the Heemskirk Tin Project. Importantly the NE Tasmania Gold Exploration License applications have enabled Stellar to raise ~\$2.1M to advance its projects, with the focus next year being on gold exploration.

Key Achievements

NE Tasmania Gold Exploration License Applications

- 10 first-in-time Exploration License Applications registered post year-end on 9 September 2020 covering an area of 2,295 km² in North East Tasmania which is highly prospective for Victorian-style and IRGS style gold exploration and contains ~76 recorded historic gold occurrences

Tin Projects (West Coast of Tasmania)

- Heemskirk Tin Project Scoping Study completed in October 2019 confirming attractive economics for an initial 350,000 tpa project
- Re-Development of the Mount Razorback Mine identified as a potential source of early tin production and cash flow for Stellar.
- The Company maintains a positive medium-term outlook on tin demand and prices improving with strengthening tin prices from ~US\$15,000/t to over US\$18,000/t this CY being encouraging. Stellar's tin projects are being maintained in good standing until tin prices improve sufficiently to fund and continue to advance the Heemskirk Tin Project.
- The Company has engaged in ongoing discussions with several large corporates during the year regarding investment in the Heemskirk Tin Project as an alternative pathway to advancing the project.

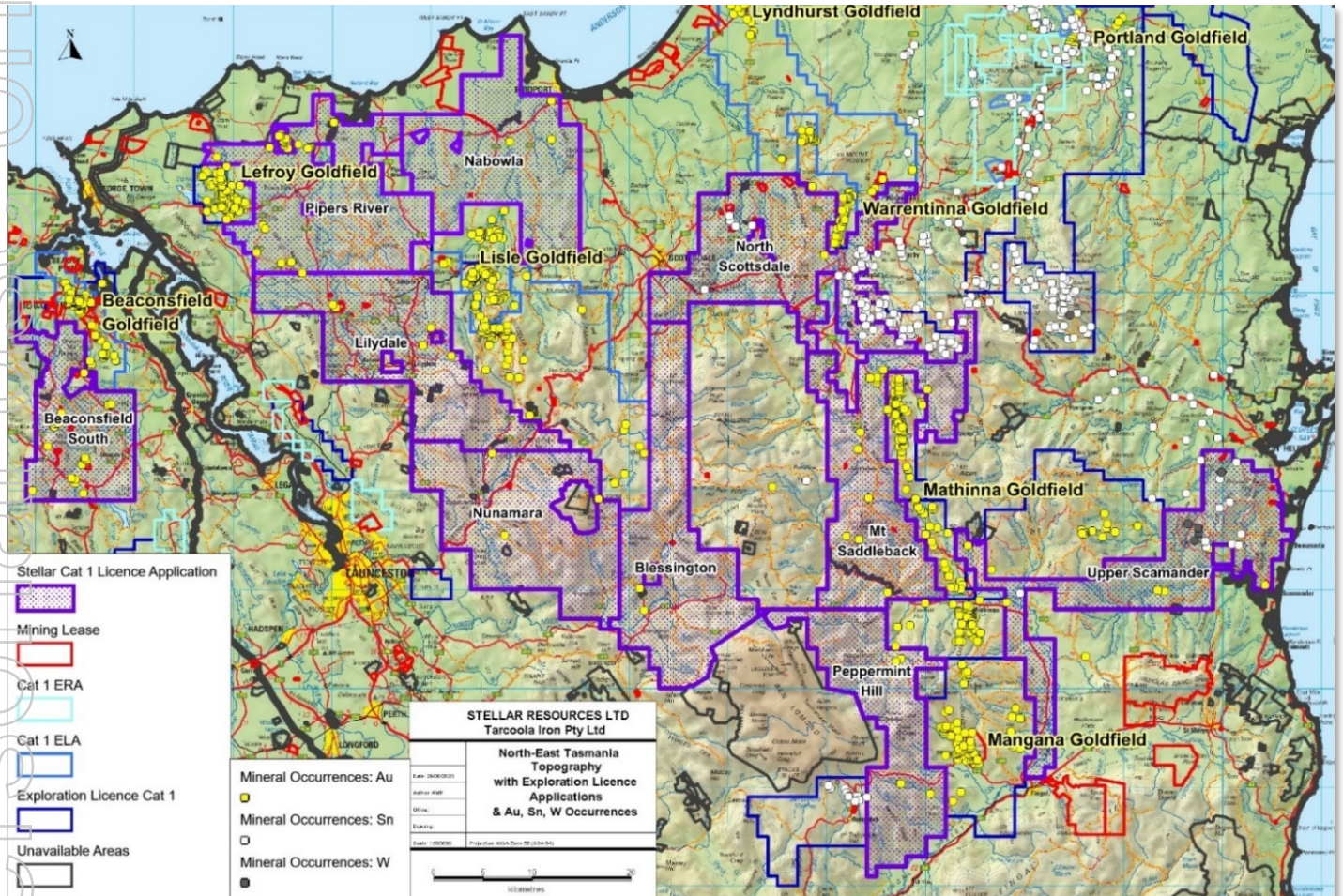
Corporate

- \$540,000 Placement at an issue price of 0.9 cents per share led by Taylor Collison completed in December 2019
- \$300,000 Placement at an issue price of 1.1 cents per share led by Taylor Collison completed on 15 September 2020
- \$1,87m fully underwritten, non-renounceable Entitlement Offer at an issue price of 1.0 cent per share announced on 14 September 2020. Fully underwritten by Taylor Collison with firm commitments from underwriters.
- Mr Simon O'Loughlin and Mr Simon Taylor appointed as Non-Executive Directors and resignations accepted from Managing Director, Mr Peter Blight and Chairman, Mr Phil Harman in December 2019. Mr O'Loughlin was later appointed as Chairman early in 2020.
- No material impacts from the COVID-19 outbreak on the Company's ongoing operations to date.

NORTH EAST TASMANIA GOLD EXPLOTATION

Exploration Licence Applications

10 first-in-time Exploration License Applications (ELA's) in North East Tasmania by Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd were registered by Mineral Resources Tasmania (MRT) post year-end on 9 September 2020.



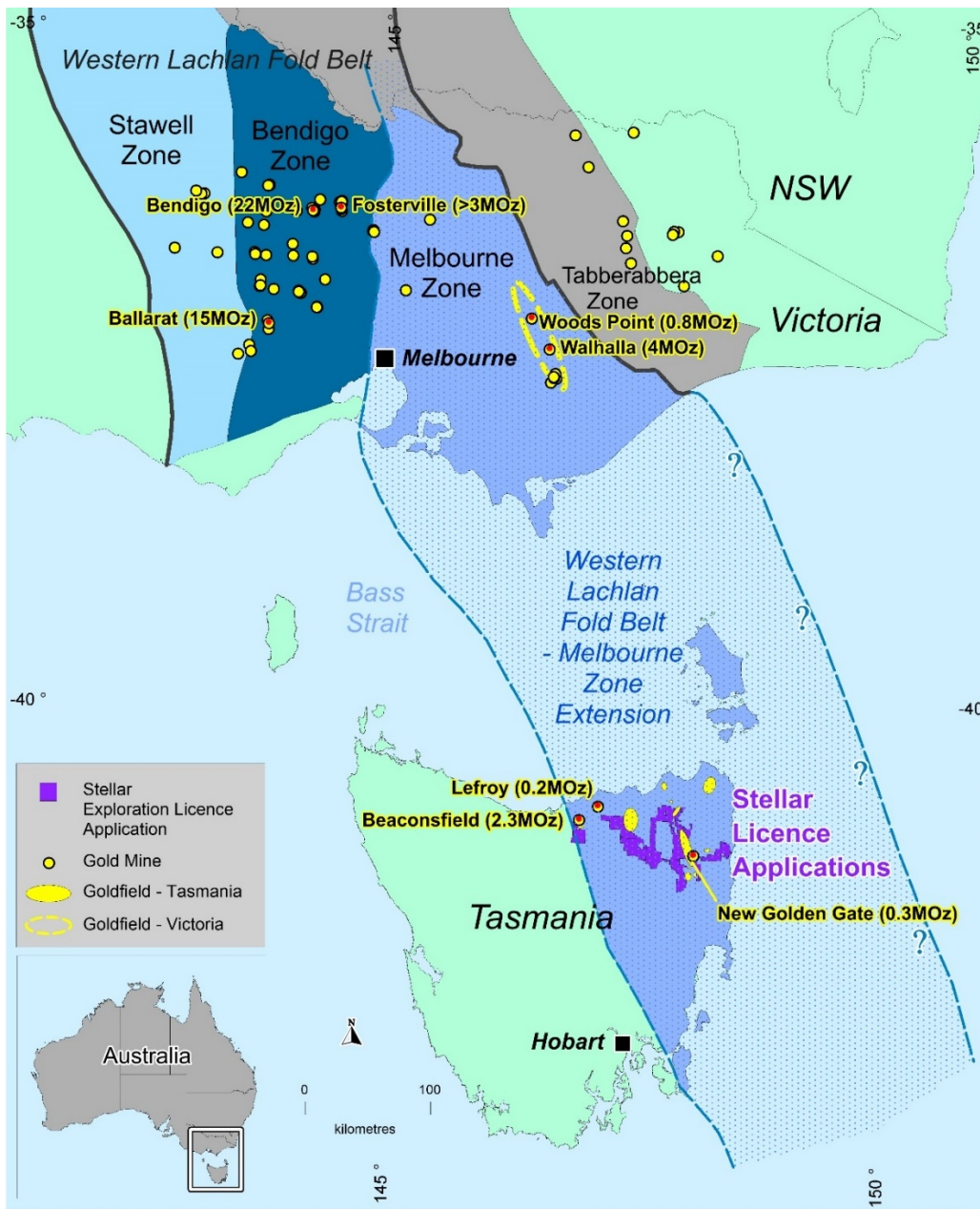
Stellar ELA's, Mineral Occurrences and Existing Licences

The 10 ELA's cover a large combined area (2,295 km²) in NE Tasmania which is highly prospective for Victorian-style Orogenic Gold and for Intrusive Related Gold Systems (IRGS) with ~76 historic gold occurrences recorded within the ELA areas.

NE Tasmania – A continuation of the Victorian Western Lachlan Fold Belt

Gold deposits in North East Tasmania lie within a continuation of the Western Lachlan Fold Belt in Victoria – one of the world's largest orogenic gold provinces. The Western Lachlan Fold Belt in Victoria hosts the >3 MOz Fosterville Mine, other Tier 1 goldfields including Bendigo, Ballarat, Stawell, Walhalla and Woods Point and has produced >80 MOz gold. Victoria has 13 goldfields that have each produced over 1 MOz gold with Bendigo (22 MOz) being the largest of these. In Victoria, the Western Lachlan Fold Belt is divided into the Stawell, Bendigo and Melbourne structural zones. The eastern most Melbourne Zone extends southwards across Bass Strait into NE Tasmania. More specifically, the gold rich Walhalla-Woods Point belt in the eastern part of the Melbourne Zone, aligns well with NE Tasmania and Stellar's ELA areas.

NE Tasmania hosts the Beaconsfield Mine (2.3 MOz), New Golden Gate Mine (0.3 MOz) and the Lefroy Goldfield (0.2MOz), along with hundreds of smaller historic gold mines and occurrences. Just like their equivalent Victorian gold deposits, gold deposits in NE Tasmania are orogenic gold deposits formed in similar aged Ordovician to Devonian turbiditic sediments, known as the Mathinna Super-Group in NE Tasmania. The Mathinna Super-Group sediments in NE Tasmania were also deformed and metamorphosed during the Lachlan Orogen with gold mineralization being associated with late stage regional deformation and being commonly associated with proximal granitoid intrusions. Most gold in NE Tasmania is formed within quartz veins which occupy dilational zones along large scale faults related to folding and deformation occurring during the Lachlan Orogen. The location and geometry of gold lodes in North East Tasmania, as is the case in Victoria, is influenced by the presence of regional structures and by rheological contrasts between sedimentary rock units. NE Tasmania also contains deposits where gold occurs as veins and in stockworks in faults and Intrusive Related Gold Style (IRGS) deposits.



**Continuation of Western Lachlan Fold Belt from Victoria into NE Tasmania
(after Geological Survey of Victoria (2000))**

Gold Exploration Targets

Numerous gold exploration targets have been identified within Stellar's ELA areas based on the following targeting criteria:

- ✓ Ordovician turbiditic meta-sediments (Mathinna Super-Group)
- ✓ Ordovician to Devonian deformation and metamorphism (Western Lachlan Orogen)
- ✓ Devonian granitoid intrusives nearby
- ✓ Predominantly NW Regional scale structural trends/lineaments identified in aeromagnetic and gravity surveys and corresponding mapped faults. Intersecting NE trends/faults also identified in some of the ELA's
- ✓ Intrusive Related Gold Style (IRSG) targets identified within the Blessington and other ELA's from aeromagnetic surveys
- ✓ Location of recorded gold occurrences (and tin/tungsten occurrences for Upper Scamander ELA)
- ✓ Ground open for application

Summary of Stellar NE Tasmania ELA Gold Targets

No	Application Name	Ordovician Mathinna Group	Regional Structures (Magnetic Lineaments & Mapped Faults)	Granitoid Intrusions nearby	Gold Occurrences	Tin/Tungsten Occurrences
1	Beaconsfield South	✓	NW	✓	18	
2	Nabowla	✓	NW	✓	3	
3	Pipers River	✓	NW		15	
4	Lilydale	✓	NW	✓	6	
5	Nunamara	✓	NW & NE	✓	3	
6	North Scottsdale	✓	NW & N	✓	3	
7	Blessington	✓	NW, N & NE & IRGS target	✓	2	21
8	Mt Saddleback	✓	NW & NE	✓	13	1
9	Peppermint Hill	✓	NW	✓	6	
10	Upper Scamander	✓	N & NE	✓	7	1

Proposed Gold Exploration Program

Processing of the Stellar's ELA's by Mineral Resources Tasmania (MRT) is expected to take 3 to 6 months before Exploration Licenses can be granted, subject to MRT's approval.

Subject to grant of the Exploration Licenses, Stellar expects to commence exploration in early 2021. An exploration program for the first 2 years has been outlined with Year 1 focusing on historical data capture and review, reprocessing of geophysical data, mapping, soil, rock chip and stream sampling programs to generate drill targets which will be drilled during year 2.

Please refer to 10 September 2020 announcement "NE Tasmania Gold Exploration License Applications" for further information.

TIN PROJECTS (West Coast of Tasmania)

Overview

Stellar's 100% owned tin projects have an enviable location within the well-established mining district on the West Coast of Tasmania with a competitive market for services, mining and processing inputs and labour, access to nearby water and power, and to the port of Burnie 150km to the north for export of concentrate. Stellar's flagship Heemskirk Tin Project is just 18km to the southwest of the Renison tin mine, the largest and most productive tin mine in Australia. In addition to the Heemskirk Tin Project, Stellar owns a portfolio of nearby satellite tin projects and exploration licenses including the St Dizier deposit, the Mount Razorback historic mine and the Montana Flats and Mount Razorback Exploration licenses which contain a number of historic silver-lead-zinc deposits with associated tin mineralization.



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

For personal use only

Tin Resources

Heemskirk includes 4 nearby deposits; Severn, Queen Hill, Montana and Oonah which together have a Total Mineral Resource of 6.6 Mt @ 1.1% Sn, of which 2.12 Mt is in the Indicated Mineral Resource Category and 4.48Mt is in the Inferred Mineral Resource Category. Heemskirk is the second highest grade undeveloped tin deposit globally and is in the top 3 tin projects in the global development queue.

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

Heemskirk Tin Project Scoping Study

In October 2019, Stellar announced the results of its Heemskirk Tin Project Scoping Study based on development of an underground mine, processing plant, tailings storage facility and surface infrastructure to mine ~ 350ktpa ore at a LOM head grade of ~ 0.95% tin from the Queen Hill and Severn tin deposits (2 of the 4 Heemskirk deposits) over a 10 year mine-life. The project also includes open-pit mining of the St Dizier satellite tin deposit and trucking of ore to the Heemskirk processing plant during year 11 of the mine plan. The processing plant is expected to produce ~ 4,500 tpa of concentrate containing ~ 2,200tpa of tin. As in the case of the neighbouring Renison tin mine, the plan calls for trucking of concentrate 150km to the north via a sealed road to the Port of Burnie for export to smelters in Asia.

The Scoping Study confirmed the Heemskirk Tin Project has attractive economics - with a low pre-production capital base of A\$57m, the Heemskirk Tin Project generates a pre-tax NPV10% of approximately A\$83m (post-tax NPV10% of approximately A\$71m), at a tin price of US\$20,000/t, to an accuracy of $\pm 35\%$. The pre-tax internal rate of return of the project is approximately 45%.

The Heemskirk Tin Project Scoping Study has been undertaken for the purpose of ascertaining whether a business case can be made to proceed to more definitive studies on the viability of the Heemskirk Tin Project. It is a preliminary technical and economic study of potential project viability based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Stellar will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

Please refer to 1 October 2019 announcement "Heemskirk Tin Scoping Study Confirms Attractive Economics" for further information on the Scoping Study and Tin Project Mineral Resource Statements.

Mount Razorback Mine Re-development Potential Identified

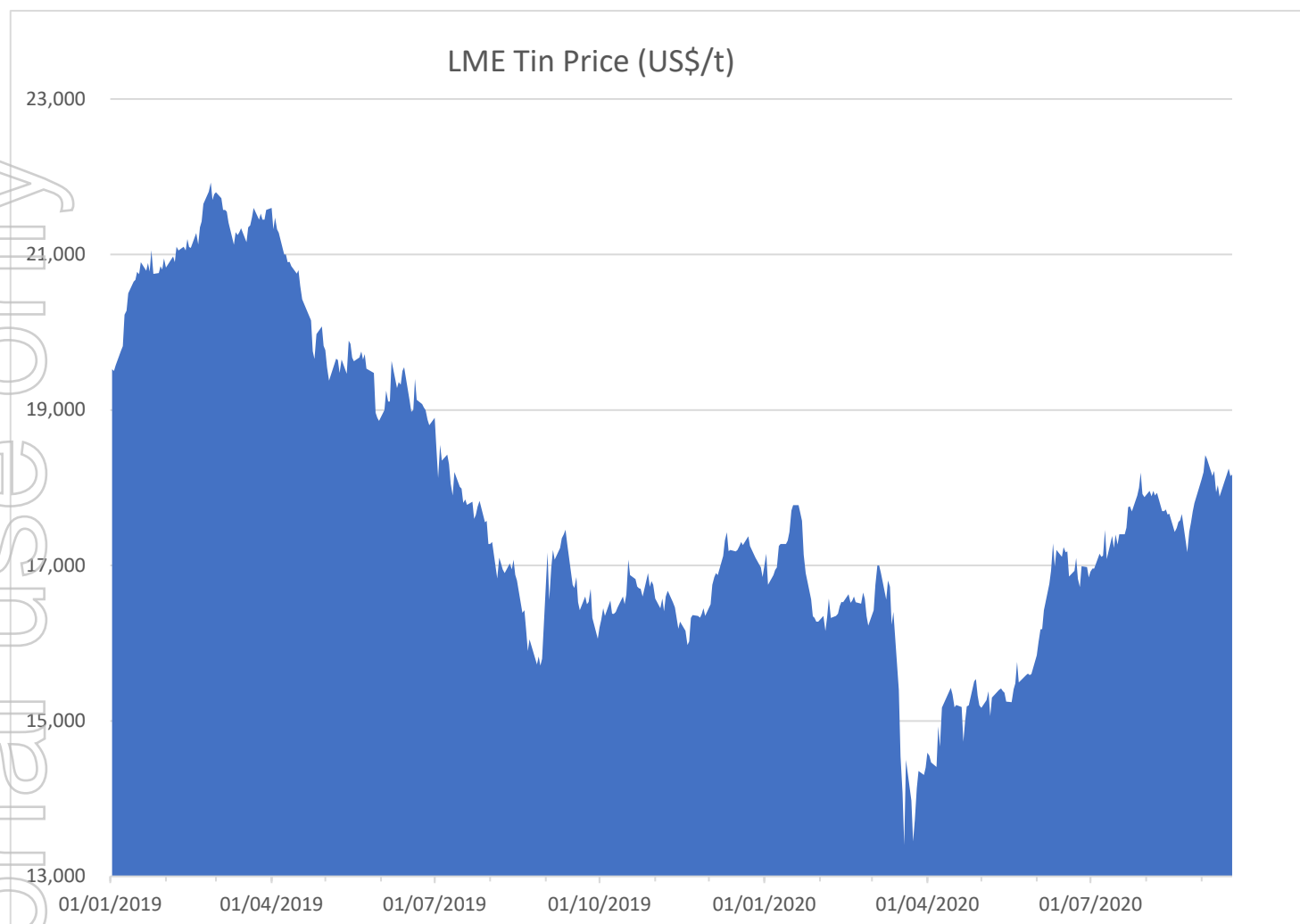
In July 2019, a small exploration target was announced to a depth of 100m below the historic Razorback Mine pit floor. The potential for the Razorback Mine to possibly provide a source of early tin production and cashflow was also identified, which requires to be further studied by Stellar.

Please refer to 16 July 2019 announcement "Early Tin Production Potential at Razorback" for further information.

Tin Market Outlook

Demand for refined tin in China has recovered significantly from the start of 2020. Since the downturn in tin demand early in 2020 due to coronavirus and associated Chinese smelter maintenance closures and production reductions, the Chinese economy is moving once again and promises of significant investment in network infrastructure are rising the demand for tin. Some Chinese solder producers are indicating significant year-on-year growth in recent months.

Tin prices have risen significantly during 2020 from a low of US\$13,950/t in March 2020 to US\$18,125/t on 18 September 2020.



LME Tin Prices (1 Jan 2019 to 18 September 2020)

Stellar maintains a positive short to medium term outlook on tin demand and prices improving further for the following reasons:

- There has been limited investment in new tin mines or exploration
- Traditional uses for tin (solder, tin plate and chemicals) will continue to grow in line with global economic growth
- Tin is an energy metal – new uses emerging in energy capture and storage expected to drive increased demand
- Tin stocks remain at relatively low levels

Stellar's tin projects are being maintained in good standing until tin prices improve sufficiently to fund and continue to advance the Heemskirk Tin Project.

The Company has engaged in ongoing discussions with several large corporates during the year regarding investment in the Heemskirk Tin Project as an alternative pathway to advancing the project.

Corporate

\$540K Placement (December 2019)

In December 2019 Stellar completed a \$540,000 placement via the issue of 60,000,000 new fully paid ordinary shares at an issue price of 0.9 cents per share. Subscribers to the Placement received 1 unlisted option exercisable at 1.5 cents on or before 24 December 2022 for every 2 placement shares subscribed for. Shares and options were placed to sophisticated investors pursuant to Chapter 7 of ASX Listing Rules. The placement was led by Taylor Collison who were paid a fee of 6% of the total raised under the placement in cash, along with 5 million unlisted broker options exercisable at 1.5 cents on or before 24 December 2022, issued under ASX Listing Rule 7.1.

\$300K Placement (September 2020)

On 15 September 2020, Stellar completed a \$300,000 placement via the issue of 27,272,727 new fully paid ordinary shares at an issue price of 1.1 cents per share. Shares were placed to sophisticated investors pursuant to Chapter 7 of ASX Listing Rules. The placement shares were issued within the Company's existing 15% placement capacity under ASX Listing Rule 7.1. The placement was led by Taylor Collison who were paid a fee of 6% of the total raised under the placement in cash.

\$1.87K Fully Underwritten Non-Renounceable Entitlement Offer (September 2020)

On 14 September 2020, Stellar announced that it was undertaking a fully underwritten, non-renounceable Entitlement Offer at an issue price of 1.0 cent per share to raise \$1,870,000. The Entitlement offer is being offered to all eligible shareholders in Australia, New Zealand and Luxembourg and was dispatched to shareholders on 21 September 2020. The Offer will close on 6 October 2020 with shares to be issued prior to 13 October 2020.

Board Changes

In December 2019 Stellar appointed Mr Simon O'Loughlin and Mr Simon Taylor as Non-Executive Directors of the company and accepted resignations of its Managing Director, Mr Peter Blight and its Chairman, Mr Phil Harman.

On January 2020, the board appointed Mr Simon O'Loughlin as its Chairman.

Messrs O'Loughlin and Taylor have a strong track record as directors of successful ASX listed resource companies including; Oklo Resources, Chesser Resources and BOD Australia.

The Company wishes to thank Mr Blight and Mr Harman for their service and dedication over a long period of time.

Forward Looking Statements

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

The Directors of Stellar Resources Limited ("the company") and its controlled entities ("the consolidated entity") submit herewith the financial report for the year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the company in office at any time during or since the end of the period are:

Director	Position held
Simon O'Loughlin	Non-Executive Chairman - Appointed 24 December 2019
Thomas Whiting	Non-Executive Director
Gary Fietz	Non-Executive Director
Simon Taylor	Non-Executive Director - Appointed 24 December 2019
Phillip Harman	Non-Executive Chairman - Resigned 24 December 2019
Peter Blight	Managing Director - Resigned 24 December 2019

The above named Directors held office during the whole of the financial year and since the end of the financial year.

Principal activities

The principal activity of the consolidated entity during the year 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 financial period was \$496,004 (2019: \$7,170,591).

The loss for the financial period was derived largely due to administration expenditure of \$487,581 (2019: \$463,545) from continuing operations, the increase was largely due to increase in corporate and exploration associated activities during the year.

Financial Position

The net assets of the consolidated entity increased by \$57,472 to \$11,585,093 as at 30 June 2020 (2019: \$11,527,621). The movements during the year was largely due to the capital raise during the year of \$540,000 offset by loss during the year of \$496,004.

Working capital, being current assets less current liabilities, decreased by \$137,715 to \$442,752 (2019: \$580,467). The consolidated entity had a net cash outflows from operating activities for the period of \$514,542 (2019: \$438,977).

The review of operations preceding this report outlines the exploration activities and corporate matters for the year.

Dividends Paid or Recommended

There were no dividends paid, recommended or declared during the current or previous financial year.

Significant changes in the state of affairs

On 24 December 2019 the consolidated entity completed the issue of 60,000,000 fully paid ordinary shares under a placement to sophisticated investors at an issue price of \$0.009 (0.9 cents) per share to raise a total of \$540,000 (before costs)

On the same day the consolidated entity completed the issue of 671,839 fully paid ordinary shares at a deemed price of \$0.014 (1.4 cents) and 855,069 fully paid ordinary shares at a deemed issue price of \$0.011 (1.1 cents) per share to the Directors of the Company for services provided for October and November 2019 as approved by shareholders at the 2019 Annual General Meeting.

On 15 January 2020 the consolidated entity completed the issue of 858,800 fully paid ordinary shares at a deemed issue price of \$0.01 (1 cent) per share to the Directors and former Directors of the Company for services provided for December 2019 as approved by shareholders at the 2019 Annual General Meeting.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent Events

On 27 July 2020, the consolidated entity completed the issue of 5,161,190 Non-Executive Director Share Rights at a deemed issue price of \$0.0086 (0.86 cents) per share right to the Directors of the Company for services provided from January 2020 to June 2020 as approved by shareholders at the Company's General Meeting held on 10 June 2020.

On 9 September 2020, 10 first-in-time Exploration Licence Applications were registered by Mineral Resources Tasmania covering a large area (2,295 km²) in North East Tasmania. The Exploration Licence Applications are prospective for Victorian-Style Orogenic Gold and Intrusive Related Gold Systems and contain ~76 recorded historic gold occurrences. The Company intends to commence its gold exploration project in North East Tasmania in early 2021, subject to the grant of the Exploration Licences.

On 14 September 2020, the consolidated entity announced that it would undertake a fully underwritten, Non-Renounceable Entitlement Offer offering eligible shareholders the opportunity to subscribe for two (2) new fully paid ordinary shares for every five (5) existing fully paid ordinary shares held at an issue price of \$0.010 (1.0 cent) per share. The Entitlement Offer has been fully underwritten by Taylor Collison and will result in the issue of 187,994,800 shares to raise approximately \$1,879,948 (before costs).

On 15 September 2020, the consolidated entity completed the issue of 27,272,727 fully paid ordinary shares under a placement to sophisticated investors at an issue price of \$0.011 (1.1 cents) per share to raise a total of \$300,000 (before costs).

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Future Developments

The Consolidated Entity will continue to pursue its objective of maximising value of its investments held in exploration assets through continued exploration of areas of interest and sale of interests in permits held.

The Consolidated Entity's focus for the coming periods will be on advancing its exploration projects, in particular the North East Tasmania Gold Exploration Project subject to the grant of the Exploration Licences, and reviewing additional potential exploration project acquisitions.

The consolidated entity will also seek new opportunities to add to its current portfolio to add additional shareholder value.

Environmental Issues

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 breaches of mining and environmental regulations and legislation during the financial year.

Information on Directors

Name:	Simon O'Loughlin
Title:	Non-Executive Chairman
Qualifications:	BA(Acc), Law Society Certificate in Law
Experience and expertise:	Mr O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications. Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and backdoor listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division). He has extensive knowledge of and experience in the equity capital markets and the ASX and ASIC rules and regulations. He has held many non-executive directorships on ASX listed companies over the last 20 years.
Other current directorships:	Petratherm Limited Bod Australia Limited Chesser Resources Limited
Former directorships (last 3 years):	Oklo Resources Limited (Resigned November 2019) Arc Exploration Limited (Resigned May 2018) Odin Metals Limited (formerly Lawson Gold Limited) (Resigned February 2018)
Interests in shares:	2,700,000 fully paid ordinary shares
Interests in options:	1,350,000 unlisted options expiring 24 December 2022
Interests in rights:	1,755,137 rights vesting 12 months from 27 July 2020
Name:	Thomas H Whiting
Title:	Non-Executive Director
Qualifications:	B.Sc (Hons) PhD, Grad Dip Fin, MASEG, MAICDs
Experience and expertise:	Dr Whiting has spent more than 40 years in the minerals exploration industry both as a geophysicist and an exploration manager. From 2000 to 2004 he was Vice President of Minerals Exploration for BHP Billiton. During his career with BHP Billiton he was associated with a number of discoveries, in particular the Cannington Pb/Zn/Ag mine in Queensland. He has been a non-executive director of a number of ASX listed and unlisted companies in the mining exploration industry and has played a major role in the mining exploration research space via non-executive roles in CRC's (Co-operative Research Centres).
Other current directorships:	Nil
Former directorships (last 3 years):	Mineral Deposits Limited (Resigned 20 July 2018)
Interests in shares:	2,264,129 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	1,172,864 rights vesting 12 months from 27 July 2020
Name:	Gary Fietz
Title:	Non-Executive Director
Experience and expertise:	Mr Fietz was a former Managing Director and NED of ASX and foreign listed exploration and resource development companies. He has previously worked in tin, iron ore, coking coal and gold exploration and development in Australia, the UK, North and South America, Africa and India. Gary has over 30 years of technical and commercial experience including; exploration management, mineral resource estimation, study management (Scoping, Pre-Feasibility, and Feasibility Studies), project generation and assessment, governance, corporate finance, mergers and acquisitions and strategic planning. Gary is currently a consultant providing project and corporate support to the mining industry. In addition to his NED role, Gary also provides technical and corporate consulting services to the Company at a rate of \$1,500 per day on an as required basis with invoices requiring approval by the Company.
Other current directorships:	Nil
Former directorships (last 3 years):	New Age Exploration Limited (Resigned October 2018)
Interests in shares:	879,373 fully paid ordinary shares
Interests in options:	2,000,000 unlisted options expiring 10 May 2022
Interests in rights:	1,003,504 rights vesting 12 months from 27 July 2020

Name: Simon Taylor
Title: Non-Executive Director
Qualifications: B.Sc, MAIG, Gcert AppFin
Experience and expertise: Mr Taylor is a resource executive with over 25 years' experience in geology, management at CEO and Board levels and in the finance sector. He has had a diversified career as a resources professional providing services to resource companies and financial corporations at both a technical and corporate level. His experience spans a range of commodities including gold, fertilisers (phosphate and potash), base metals, nickel, uranium and coal. Whilst his experience includes Australia, a majority of his projects have been in international countries including Brazil, Mali, Turkey, Uganda, Tanzania, China, UK and North America. He also advises companies at the corporate level on capital management, acquisitions, promotion and opportunities to add shareholder value. He is the Managing Director of Oklo Resources and a Non-Executive Director of Chesser Resources. Simon is a Member of the Australian Institute of Geoscientists and a graduate of Sydney University.

Other current directorships: Oklo Resources Limited
Chesser Resources Limited

Former directorships (last 3 years): Arc Exploration Limited (Resigned June 2019)
Bod Australia Limited (Resigned November 2019)

Interests in shares: 4,000,000 fully paid ordinary shares
Interests in options: 2,000,000 unlisted options expiring 24 December 2022
Interests in rights: 1,229,685 rights vesting 12 months from 27 July 2020

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Melanie Leydin

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the resources, technology, bioscience, biotechnology and health sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board Attended	Held
Simon O'Loughlin	4	4
Thomas Whiting	3	7
Gary Fietz	7	7
Simon Taylor	3	4
Phillip Harman	3	3
Peter Blight	3	3

Held: represents the number of meetings held during the time the director held office.

Remuneration report

Names and Positions Held of Key Management Personnel in Office at any time during the Financial Period were:

Director	Position held
Simon O'Loughlin	Non-Executive Chairman (Appointed 24 December 2019)
Thomas H Whiting	Non-Executive Director
Gary Fietz	Non-Executive Director
Simon Taylor	Non-Executive Director (Appointed 24 December 2019)
Phillip Harman	Non-Executive Chairman (Resigned 24 December 2019)
Peter Blight	Managing Director (Resigned 24 December 2019)

Directors' and Executives' Compensation

Remuneration Policy

The Board is responsible for determining and reviewing the remuneration of the Directors including the Managing Director and executive officers of the Company where applicable. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board seeks where necessary the advice of external advisers in connection with the structure of remuneration packages. The Board also recommends the levels and form of remuneration for non-executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non-executive Directors shall not exceed the sum fixed by members of the Company in a general meeting. Shareholders fixed the maximum aggregate remuneration for non-executive Directors at \$500,000.

The Company during the year implemented and sought shareholder approval for a Non-Executive Director Share Rights Plan (**NEDSP**). Under the plan the Directors may sacrifice certain amounts of their Directors fees and receive Share Rights in the Company which will vest into fully paid ordinary shares 12 months from the grant date.

The key element of the NEDSP for current NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of equity rights under this plan to build their shareholding in the Company.

The introduction of the NEDSP is also intended to remunerate individual NEDs for any material additional efforts that individual NEDs are required to deliver in progressing the Company's goals.

The NEDSP does not attach any performance measures to vesting. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in decision-making and compromise their objectivity and in turn their independence.

The three key elements of Director and executive remuneration are:

- base salary and fees, which are determined by reference to the market rate based on payments by similar size companies in the industry;
- superannuation contributions; and
- equity-based payments, the value of which are dependent on the Company's share price and other factors.

Voting and comments made at the company's 26 November 2019 Annual General Meeting ('AGM')

The company received 98.65% of 'for' votes in relation to its remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2020. As the table indicates, earnings have varied significantly over the past five financial years, due to the nature of exploration activities. It has been the focus of the Board of Directors to attract and retain management personnel essential to continue exploration activities.

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$
Revenue	3,295	17,775	37,853	48,431	54,256
Net profit/(loss) before tax	(496,004)	(7,170,591)	(690,492)	(681,874)	2,332
Net profit/(loss) after tax	(496,004)	(7,170,591)	(690,492)	(681,874)	2,332
	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Share price at end of year (\$)	0.01	0.01	0.02	0.02	0.03
Basic and diluted earnings per share (cents per share)	(0.12)	(1.89)	(0.18)	(0.21)	-

Remuneration of Directors and Senior Management

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Other Compensation	Super-annuation	Equity-settled (f)	
2020	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Simon O'Loughlin (a)	1,614	-	1,587	15,094	18,295
Thomas Whiting	8,372	-	2,041	13,107	23,520
Gary Fietz (b)	90,396	-	1,671	11,651	103,718
Simon Taylor (c)	3,746	-	1,361	10,575	15,682
Phillip Harman (d)	9,713	-	1,423	5,265	16,401
Peter Blight (e)	108,722	-	4,843	16,094	129,659
	<u>222,563</u>	<u>-</u>	<u>12,926</u>	<u>71,786</u>	<u>307,275</u>

(a) Simon O'Loughlin appointed as Non-Executive Chairman at 24 December 2019

(b) Included in the \$90,936 are \$84,458 of consulting services in relation to additional exploration and corporate services undertaken (since the resignation of Peter Blight, the Company has not retained any executive management).

(c) Simon Taylor appointed as Non-Executive Director at 24 December 2019

(d) Phillip Harman resigned as Non-Executive Director at 24 December 2019

(e) Peter Blight resigned as Managing Director at 24 December 2019 and salary included termination payments

(f) Included 855,069 fully paid ordinary shares at a deemed issue price of \$0.011 per share to settle director fees for October and November 2019, 858,800 fully paid ordinary shares at a deemed issue price of \$0.01 per share to settle director fees for December 2019 and 5,161,190 rights at a deemed issue price of \$0.0086 per right issued after the year ended 30 June 2020 to settle director fees for the period January 2020 to June 2020

2019	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Other Compensation	Super-annuation	Equity-settled	
	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Phillip Harman	31,134	-	2,958	-	34,092
Thomas Whiting	15,561	-	1,478	-	17,039
Miguel Lopez (a)	15,620	-	-	-	15,620
Gary Fietz (b)	34,702	-	-	23,238	57,940
<i>Executive Directors:</i>					
Peter Blight (c)	94,856	-	25,000	-	119,856
	<u>191,873</u>	<u>-</u>	<u>29,436</u>	<u>23,238</u>	<u>244,547</u>

(a) Miguel Lopez de Letona resigned as Non-Executive Director at 3 May 2019

(b) Gary Fietz was appointed as Non-Executive Director at 7 May 2019. The cash salary for the year consists of \$32,091 of consulting services in relation to additional exploration and corporate services undertaken and \$2,611 of director fees; the share based payments for the year accordingly consists of \$7,998 of consulting services settled by shares and \$15,240 share options issued.

(c) Peter Blight salary and fees included the annual leave and long service leave movements; Super included salary super sacrifice and super guarantee.

All key management personnel compensation is paid by Stellar Resources Limited. Key management personnel receive no remuneration from group subsidiary companies.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Simon O'Loughlin	17%	-	-	-	83%	-
Thomas Whiting	44%	100%	-	-	56%	-
Gary Fietz	89%	60%	-	40%	11%	-
Simon Taylor	33%	-	-	-	67%	-
Phillip Harman	68%	100%	-	-	32%	-
<i>Executive Directors:</i>						
Peter Blight	88%	100%	-	-	12%	-

Details Concerning Share-based Remuneration of Directors and Executives

The Company's policy for determining the nature and amount of emoluments of Board members and executives of the Company is as follows:

The remuneration structure for executive officers, including Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. There are no termination benefits or incentives provided.

Compensation Options: Granted and Vested during the Year

No compensation options were issued to Directors or executives during or since the year ended 30 June 2020.

Number of Shares held by Key Management Personnel

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of Remuneration (d)	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Simon O'Loughlin (a)	-	-	2,700,000	-	2,700,000
Thomas Whiting	2,000,000	264,129	-	-	2,264,129
Gary Fietz	615,244	264,129	-	-	879,373
Simon Taylor (b)	-	-	4,000,000	-	4,000,000
Phillip Harman (c)	2,779,704	455,549	-	(3,235,253)	-
Peter Blight (c)	3,000,000	1,401,901	-	(4,401,901)	-
	<u>8,394,948</u>	<u>2,385,708</u>	<u>6,700,000</u>	<u>(7,637,154)</u>	<u>9,843,502</u>

- a) Simon O'Loughlin appointed as Non-Executive Chairman at 24 December 2019
b) Simon Taylor appointed as Non-Executive Director at 24 December 2019
c) Phillip Harman and Peter Blight resigned at 24 December 2019.
d) The shares referred to were issued under an ASX waiver granted under Listing Rules 10.13.3 and 10.13.5. At the time of grant the 2,385,708 shares represented a total of 0.05% of the Company's issued capital.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions/ other	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>				
Simon O'Loughlin (a)	-	1,350,000	-	1,350,000
Thomas Whiting	3,670,000	-	(3,670,000)	-
Simon Taylor (b)	-	2,000,000	-	2,000,000
Gary Fietz	2,000,000	-	-	2,000,000
Phillip Harman (c)	5,000,000	-	(5,000,000)	-
Peter Blight (c)	5,000,000	-	(5,000,000)	-
	<u>15,670,000</u>	<u>3,350,000</u>	<u>(13,670,000)</u>	<u>5,350,000</u>

- a) Simon O'Loughlin appointed as Non executive Chairman at 24 December 2019
b) Simon Taylor appointed as Non executive director at 24 December 2019
c) Phillip Harman and Peter Blight resigned at 24 December 2019.

Shares Issued on Exercise of Options

There were no ordinary shares of Stellar Resources issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Loans to Key Management Personnel

There were no loans to key management personnel at any time during the current or prior financial year.

This concludes the remuneration report, which has been audited.

Share under option

Unissued ordinary shares of Stellar Resources under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10/05/2019	10/05/2022	\$0.0200	2,000,000
24/12/2019	24/12/2022	\$0.0150	35,000,000
			37,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on exercise on share options

No shares were issued during or since the end of financial year as a result of exercise of a share option.

Options expired

During the financial year, a total of 74,142,857 options expired (2019: nil options expired).

Shares under rights

Unissued ordinary shares of Stellar Resources under Non-Executive Director Share Rights Plan at the date of this report are as follows:

Grant date	Expiry date	Issue price	Number under rights
27 July 2020	27 July 2021	\$0.0086	5,161,190

No person entitled to exercise the rights had or has any right by virtue of the right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of share rights

There were no ordinary shares of Stellar Resources issued on the exercise of share rights during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers

The Company has paid premiums to insure each of the Directors, Company Secretary and executive officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director/officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The terms and conditions of the insurance are confidential and cannot be disclosed.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

Non audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Simon O'Loughlin
Non-Executive Chairman

29 September 2020
Melbourne

For personal

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF STELLAR RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 29 September 2020

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Stellar Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



	Note	Consolidated 2020 \$	Consolidated 2019 \$
Revenue			
Interest received		3,295	17,775
Expenses			
Administration expenditure		(487,581)	(463,545)
Depreciation and amortisation expenses		(11,118)	(15,860)
Exploration expenditure and other costs written off	11	-	(6,708,578)
Finance costs		(600)	(383)
Loss before income tax expense		(496,004)	(7,170,591)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Stellar Resources		(496,004)	(7,170,591)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain / (loss) on the revaluation of financial assets at fair value through other comprehensive income, net of tax		19,442	(19,442)
Other comprehensive income/(loss) for the year, net of tax		19,442	(19,442)
Total comprehensive income for the year attributable to the owners of Stellar Resources		<u>(476,562)</u>	<u>(7,190,033)</u>
		Cents	Cents
Basic earnings per share	27	(0.12)	(1.89)
Diluted earnings per share	27	(0.12)	(1.89)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Stellar Resources Limited
Consolidated statement of financial position
As at 30 June 2020



	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	524,796	614,951
Trade and other receivables		5,158	11,286
Financial assets at fair value through other comprehensive income	7	21,774	33,438
Prepayments		16,905	17,379
Total current assets		<u>568,633</u>	<u>677,054</u>
Non-current assets			
Tenement security deposits	8	102,049	140,841
Property, plant and equipment	9	117,797	119,045
Right-of-use assets	10	16,933	-
Exploration and evaluation assets	11	10,912,579	10,692,819
Total non-current assets		<u>11,149,358</u>	<u>10,952,705</u>
Total assets		<u>11,717,991</u>	<u>11,629,759</u>
Liabilities			
Current liabilities			
Trade and other payables	12	115,815	51,338
Provisions		-	45,249
Lease liabilities		10,066	-
Total current liabilities		<u>125,881</u>	<u>96,587</u>
Non-current liabilities			
Provisions		-	5,551
Lease liabilities		7,017	-
Total non-current liabilities		<u>7,017</u>	<u>5,551</u>
Total liabilities		<u>132,898</u>	<u>102,138</u>
Net assets		<u>11,585,093</u>	<u>11,527,621</u>
Equity			
Issued capital	13	37,383,884	36,875,488
Reserves	14	81,754	1,750,387
Accumulated losses		<u>(25,880,545)</u>	<u>(27,098,254)</u>
Total equity		<u>11,585,093</u>	<u>11,527,621</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Stellar Resources Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	36,867,490	1,754,589	(19,927,663)	18,694,416
Loss after income tax expense for the year	-	-	(7,170,591)	(7,170,591)
Other comprehensive income for the year, net of tax	-	(19,442)	-	(19,442)
Total comprehensive income for the year	-	(19,442)	(7,170,591)	(7,190,033)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	7,998	-	-	7,998
Share-based payments (note 28)	-	15,240	-	15,240
Balance at 30 June 2019	<u>36,875,488</u>	<u>1,750,387</u>	<u>(27,098,254)</u>	<u>11,527,621</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	36,875,488	1,750,387	(27,098,254)	11,527,621
Adjustment for change in accounting policy	-	-	(212)	(212)
Balance at 1 July 2019 - restated	36,875,488	1,750,387	(27,098,466)	11,527,409
Loss after income tax expense for the year	-	-	(496,004)	(496,004)
Other comprehensive income for the year, net of tax	-	19,442	-	19,442
Total comprehensive income/(loss) for the year	-	19,442	(496,004)	(476,562)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	508,396	-	-	508,396
Share-based payments (note 29)	-	25,850	-	25,850
Lapse of options	-	(1,713,925)	1,713,925	-
Balance at 30 June 2020	<u>37,383,884</u>	<u>81,754</u>	<u>(25,880,545)</u>	<u>11,585,093</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Stellar Resources Limited
Consolidated statement of cash flows
For the year ended 30 June 2020



	Note	Consolidated 2020 \$	Consolidated 2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(514,542)	(438,977)
Net cash used in operating activities	26	(514,542)	(438,977)
Cash flows from investing activities			
Interest received		4,275	19,350
Payments for exploration expenditure		(147,815)	(225,210)
Security and bond deposit refund		39,000	16,629
Proceeds from disposal of investments		30,764	36,000
Net cash used in investing activities		(73,776)	(153,231)
Cash flows from financing activities			
Payments for finance lease		-	(15,079)
Payments for lease liabilities		(6,197)	-
Proceeds from issues of shares		504,360	-
Net cash from/(used in) financing activities		498,163	(15,079)
Net decrease in cash and cash equivalents		(90,155)	(607,287)
Cash and cash equivalents at the beginning of the financial year		614,951	1,222,238
Cash and cash equivalents at the end of the financial year	6	<u>524,796</u>	<u>614,951</u>

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

Note 1. General information

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

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

Level 17
530 Collins Street
Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 year.

All new accounting standards required which are mandatory for current accounting period were adopted.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases (leases which had previously been classified as 'finance leases' were fully repaid during the year ended 30 June 2019). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.14%.

Note 2. Significant accounting policies (continued)

1 July 2019

Operating lease commitments as at 30 June 2019	27,872
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<u>(1,728)</u>
Lease liabilities recognised as at 1 July 2019	<u><u>26,144</u></u>

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

Right-of-use assets as at 1 July 2019	29,173
Right-of-use accumulated depreciation as at 1 July 2019	(3,241)
Lease liabilities - current - as at 1 July 2019	(9,397)
Lease liabilities - non-current - as at 1 July 2019	<u>(16,747)</u>
Reduction in opening retained profits as at 1 July 2019	<u><u>(212)</u></u>

Accounting Policy for right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated or amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Accounting Policy for Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

Going concern

Stellar Resources Limited's consolidated financial statements are prepared on the 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 year ended 30 June 2020, the consolidated entity incurred a loss of \$496,004, had net cash outflows from operating activities of \$514,542, payments for exploration activities of \$147,815 and had accumulated losses of \$25,880,532 as at 30 June 2020. 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 30 June 2020, the consolidated entity had cash assets of \$524,796 and net working capital of \$442,752, indicating it had the ability to meet its debts as and when they fall due. Subsequent to year end, as detailed in note 25, the consolidated entity announced a fully underwritten entitlement offer for \$1,879,948 (before costs), as well as the issue of shares raising \$300,000 (before costs).

The most recently prepared cash flow forecast prepared by management, and reviewed by the Directors, indicates that the consolidated entity has sufficient cash reserves to continue its current exploration programs 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, such as the payment of director fees via shares in lieu of cash;
- the receipt of \$300,000 (before costs) from a completed placement and the expected receipt of \$1,879,948 (before costs) from a fully underwritten rights issue to complete on 13 October 2020, subsequent to year end, as detailed above; and
- expected requirements of current and new exploration programs, along with the ability to defer expenditure for current tin Exploration Licences in Tasmania until after 1 March 2021.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Stellar Resources ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Stellar Resources and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current and are offset if legally enforceable right however they are unrecognised within the consolidated entity's financial statements .

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Segment information

Identification of reportable operating segments

The consolidated entity operates in one segment, being an explorer of tin, which is also the basis on which the board reviews the company's financial information.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the consolidated entity as one operating segment being tin exploration within Australia.

All assets and liabilities and operations are based in Australia.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Income tax

	Consolidated	
	2020	2019
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(496,004)	(7,170,591)
Tax at the statutory tax rate of 27.5%	(136,401)	(1,971,913)
Non-deductible expenses	51,936	1,844,859
Effect of deductible items not expensed in determining profit	(94,012)	(92,371)
Tax losses and tax offsets not recognised as deferred tax assets	178,477	215,234
Share based payment expense	-	4,191
Income tax expense	<u>-</u>	<u>-</u>

Note 5. Income tax (continued)

	Consolidated	
	2020	2019
	\$	\$
<i>The following deferred tax assets have not been brought to account as assets:</i>		
Tax losses - revenue	7,083,852	6,865,496
Tax losses - capital	801,671	794,186
Capitalised exploration costs	(3,000,959)	(2,940,525)
Other	7,921	56,991
	<u>4,892,485</u>	<u>4,776,148</u>
Total tax benefit	<u>4,892,485</u>	<u>4,776,148</u>

The above potential tax benefit for deductible temporary differences and carried forward tax losses have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The Company and all its wholly-owned Australian resident entities have formed a tax-consolidated group under Australian taxation law. Stellar Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Under the tax sharing arrangements, amounts will be recognised as payable or receivable between group companies in relation to their contribution to the tax benefits and amounts of tax paid or payable. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing arrangement is considered remote.

Tax Consolidation

Relevance of tax consolidation to the consolidation entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 October 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Stellar Resources Limited.

Nature of tax sharing agreements

Entities within the tax-consolidated group have entered into a tax sharing agreement with the head entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 5. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	224,796	64,911
Cash on deposit	300,000	550,040
	<u>524,796</u>	<u>614,951</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Current assets - Financial assets at fair value through other comprehensive income

	Consolidated	
	2020	2019
	\$	\$
Investment in Twenty Seven Co. Limited	-	11,664
Investment in Samphire Uranium Limited	21,774	21,774
	<u>21,774</u>	<u>33,438</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	33,438	88,880
Disposals of investment in Renascor Resources Limited	-	(36,000)
Disposals of investment in Twenty Seven Co. Limited	(31,106)	-
Revaluation increment / (decrement) of investment in Twenty Seven Co. Limited	19,442	(19,442)
Closing fair value	<u>21,774</u>	<u>33,438</u>

Note 7. Current assets - Financial assets at fair value through other comprehensive income (continued)

Investment in Twenty Seven Co.

The consolidated entity owned 3,888,238 fully paid ordinary shares in Twenty Seven Co. (ASX:TSC). A revaluation increment of \$19,442 was recognised in other comprehensive income during the financial year. These shares were sold in January 2020 for \$31,106 before transaction costs.

Samphire Uranium Limited

Samphire Uranium Limited is an unlisted entity, which does not have a quoted price in an active market and whose fair value can not be reliably measured. Prior to 1 July 2018 the investment was measured at cost. Upon adoption of AASB 9 on 1 July 2018 the consolidated group elected to reclassify the investment as fair value through other comprehensive income. The consolidated entity reassessed the investment and the valuation remains unchanged from 30 June 2019 in Samphire Uranium Limited (3,888,238 fully paid ordinary shares held) as the fair value can not be reliably measured.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose term require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Note 8. Non-current assets - Tenement security deposits

	Consolidated	
	2020	2019
	\$	\$
Tenement security deposits	102,049	140,841

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Freehold land and buildings	117,797	119,045

Note 9. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Freehold land and buildings \$	Plant and equipment under lease \$	Office Furniture \$	Total \$
Balance at 1 July 2018	120,293	14,612	-	134,905
Depreciation expense	(1,248)	(14,612)	-	(15,860)
Balance at 30 June 2019	119,045	-	-	119,045
Depreciation expense	(1,248)	-	-	(1,248)
Balance at 30 June 2020	<u>117,797</u>	<u>-</u>	<u>-</u>	<u>117,797</u>

Accounting policy for property, plant and equipment

Land and buildings are shown at fair value, based on periodic, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Land and buildings	40 years
Plant and equipment under lease	2 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 10. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Land and buildings - right-of-use	<u>16,933</u>	<u>-</u>

Note 10. Non-current assets - right-of-use assets (continued)

Reconciliations

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

Consolidated	Land and buildings \$	Total \$
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Additions	29,173	29,173
Depreciation expense	(12,240)	(12,240)
Balance at 30 June 2020	<u>16,933</u>	<u>16,933</u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 11. Non-current assets - exploration and evaluation assets

	Consolidated	
	2020	2019
	\$	\$
Exploration expenditure	<u>10,912,579</u>	<u>10,692,819</u>

Reconciliations

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

Consolidated	\$
Balance at 1 July 2018	17,188,699
Expenditure during the year	212,698
Expenditure and other costs written off during the year	(6,708,578)
Balance at 30 June 2019	10,692,819
Expenditure during the year	219,760
Balance at 30 June 2020	<u>10,912,579</u>

Note 11. Non-current assets - exploration and evaluation assets (continued)

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.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward on the statement of financial position where rights to tenure are current and to the extent that costs are expected to be recouped through either the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant exploration activity in, or in relation to, the area is continuing. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest and are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The application of this policy requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Accumulated costs in relation to an abandoned area are written down in full in profit or loss during the period in which the decision to abandon the area is made.

Proceeds on sale or farm-out of an area within an exploration area of interest are offset against the carrying value of the particular area involved. Where the total carrying value of an area has been recouped in this manner, the balance of the proceeds is brought to account in profit or loss.

During the year ended 30 June 2019, the consolidated entity engaged an Independent Expert to value the Heemskirk Tin Project, St Dizier and Mount Razorback on a Fair Value less cost to sell basis.

The independent expert assessed the fair value (less cost to sell) of the tenements as at 30 June 2019 using a combination of the following valuation methods:

1. Market base methods:
 - Valuation multiples (Purchase price/resources) implied by transactions involving comparable assets
 - Valuation multiples (Enterprise Value/resources) implied by listed companies comparable to Stellar
2. Income approach (applicable only for Heemskirk):
 - Discounted cash flow method

The key assumptions made within the valuations included the following:

- The current Mineral Resource Estimate (2019) containing a JORC (2012) Indicated Resource of 2.12Mt @ 1.1% Sn, 0.10% Cu and an Inferred resource of 4.48Mt @ 1.0% Sn, 0.1% Cu.
- Consideration of market based valuation multiples of comparable companies and transactions on a value per resources basis

In the prior year ending 30 June 2019, the consolidated entity impaired the carrying value of the Exploration and Evaluation down to \$10,692,819 based off the preferred valuation as completed by the independent expert which considered the mean of the 3 valuation methodologies as set out within the Independent Expert Report. The carrying value of the Exploration assets as at 30 June 2020 is \$10,912,578 has been derived by adding \$219,760 of exploration expenditure during the 12 months ending 30 June 2020 to the 30 June 2019 carrying value and is largely in line with the value assessed at June-19.

Note 11. Non-current assets - exploration and evaluation assets (continued)

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	29,891	37,606
Other payables	85,924	13,732
	<u>115,815</u>	<u>51,338</u>

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 13. Equity - issued capital

	Consolidated			
	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>442,714,441</u>	<u>380,328,733</u>	<u>37,383,884</u>	<u>36,875,488</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	379,713,489		36,867,490
Fully paid ordinary shares issued	06 May 2019	<u>615,244</u>	\$0.0130	<u>7,998</u>
Balance	30 June 2019	380,328,733		36,875,488
Share issued to sophisticated investors	24 December 2019	60,000,000	\$0.0090	540,000
Shares issued to Directors for services provided for October 2019	24 December 2019	671,839	\$0.0140	9,406
Shares issued to Directors for services provided for November 2019	24 December 2019	855,069	\$0.0110	9,406
Shares issued to Directors for services provided for December 2019	15 January 2020	858,800	\$0.0100	9,406
Less capital raising costs		<u>-</u>	\$0.0000	<u>(59,822)</u>
Balance	30 June 2020	<u>442,714,441</u>		<u>37,383,884</u>

Note 13. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The entity does not have a defined share buy-back plan.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via equity or joint ventures with other companies. The consolidated entity is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 14. Equity - reserves

	Consolidated	
	2020	2019
	\$	\$
Employee equity-settled benefits reserve	15,240	1,641,167
Listed option reserve	-	88,000
Investment revaluation reserve	40,664	21,220
Unlisted option reserve	25,850	-
	<u>81,754</u>	<u>1,750,387</u>

Investment revaluation reserve

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets that have been recognised in other comprehensive income, net of amounts will not be reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Note 14. Equity - reserves (continued)

Employee equity-settled benefits reserve

The employee equity-settled benefits reserve arises on the grant of share options to Directors and employees. Amounts are transferred out of the reserve and into issued capital when the options are exercised. The options expired during the period moved to the accumulated losses were of \$1,625,927. The balance at the end of the period represent options granted on 10 May 2019 to Directors. The expiry date of these options is 10 May 2022.

Listed option reserve

The listed option reserve arises on unissued ordinary shares issued to Hunter Capital Advisors Pty Ltd in satisfaction of corporate advisory and capital raising services performed and in accordance with shareholder approval given on 10 April 2017. These options lapsed on 18 May 2020.

Unlisted option reserve

The unlisted option reserve arises on the 5,000,000 unlisted options issued to Taylor Collision in satisfaction of capital raising services performed. These options issued during the period were calculated using the Black-Scholes option pricing model.

Grant date	Expiry date	Share price at grant date	Exercise price	Volatility %	Dividend yield	Risk free rate %
24/12/2019	24/12/2022	0.010	0.015	96.00%	-	0.88%

Movements in reserves

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

	Employee equity-settled benefits reserve \$	Listed option reserve \$	Investment revaluation reserve \$	Unlisted option reserve \$	Total \$
Consolidated					
Balance at 1 July 2018	1,625,927	88,000	40,662	-	1,754,589
Gain on financial assets at fair value through other comprehensive income	-	-	(19,442)	-	(19,442)
Share based payments	15,240	-	-	-	15,240
Balance at 30 June 2019	1,641,167	88,000	21,220	-	1,750,387
Gain on financial assets at fair value through other comprehensive income	-	-	19,444	-	19,444
Options lapsed	(1,625,927)	(88,000)	-	-	(1,713,927)
Share based payments	-	-	-	25,850	25,850
Balance at 30 June 2020	15,240	-	40,664	25,850	81,754

Note 14. Equity - reserves (continued)

Movements in options over ordinary shares during the current year are set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Expired	Balance at the end of the year
Options Expiring 20 November 2019 (\$0.060)	1,500,000	-	1,500,000	-
Options Expiring 20 November 2019 (\$0.080)	3,000,000	-	3,000,000	-
Options Expiring 20 November 2019 (\$0.100)	4,500,000	-	4,500,000	-
Options Expiring 20 November 2019 (\$0.120)	6,000,000	-	6,000,000	-
Options Expiring 18 May 2020 (\$0.050)	59,142,857	-	59,142,857	-
Options Expiring 10 May 2022 (\$0.020)	2,000,000	-	-	2,000,000
Options Expiring 24 December 2022 (\$0.015)*	-	35,000,000	-	35,000,000
	<u>76,142,857</u>	<u>35,000,000</u>	<u>74,142,857</u>	<u>37,000,000</u>

*Included 30,000,000 free attaching unlisted options issued to shareholders who participated in the capital raising in December 2019 and 5,000,000 unlisted options issued to Taylor Collision in satisfaction of capital raising services performed.

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Financial instruments

Financial risk management objectives

The consolidated entities activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the finance team ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Price risk

The consolidated entity is exposed to price risk in relation to the shares that it holds in other listed and unlisted entities.

Consolidated - 2020	% change	Average price increase		Average price decrease	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Shares in listed and unlisted entities	50%	<u>10,887</u>	<u>10,887</u>	(50%)	<u>(10,887)</u>

Note 16. Financial instruments (continued)

Consolidated - 2019	% change	Average price increase		Average price decrease		
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	
Shares in listed and unlisted entities	50%	<u>16,719</u>	<u>16,719</u>	(50%)	<u>(16,719)</u>	<u>(16,719)</u>

Interest rate risk

The consolidated entity is not exposed to significant interest rate risk as deposits are held with established banks with interest rates that are in line with the RBA and other bank rates.

As at the reporting date, the consolidated entity had the following variable interest rates:

Consolidated	2020		2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	0.90%	<u>524,796</u>	1.76%	<u>614,951</u>
Net exposure to cash flow interest rate risk		<u>524,796</u>		<u>614,951</u>

Below is a sensitivity analysis of interest rates at a rate of 50 basis points on cash at bank for the 2019 and 2020 financial years. The impact would not be material on bank balances held at 30 June 2020. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

Consolidated - 2020	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	<u>2,624</u>	<u>2,624</u>	(50)	<u>(2,624)</u>	<u>(2,624)</u>

Consolidated - 2019	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	<u>3,075</u>	<u>3,075</u>	(50)	<u>(3,075)</u>	<u>(3,075)</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The consolidated entity's exposure to credit risks are continuously monitored and controlled by counterparty limits that are reviewed and approved by management on a regular basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the consolidated entity's maximum exposure to credit risk.

Note 16. Financial instruments (continued)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

	Consolidated	
	2020	2019
	\$	\$
Categories of financial instruments		
Financial assets and liabilities:		
Trade and other receivables	107,219	152,127
Cash and cash equivalents	524,796	614,951
Financial assets at fair value through other comprehensive income	21,774	33,438
Lease Liabilities	(17,083)	-
Trade and other payables	(115,815)	(51,338)
Net financial instruments	<u>520,891</u>	<u>749,178</u>

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Directors

The following persons were directors of Stellar Resources during the financial year:

Simon O'Loughlin	Non-Executive Chairman - Appointed 24 December 2019
Thomas Whiting	Non-Executive Director
Gary Fietz	Non-Executive Director
Simon Taylor	Non-Executive Director - Appointed 24 December 2019
Phillip Harman	Non-Executive Chairman - Resigned 24 December 2019
Peter Blight	Managing Director - Resigned 24 December 2019

Note 17. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	222,563	191,873
Post-employment benefits	12,926	29,436
Share-based payments	71,786	23,238
	<u>307,275</u>	<u>244,547</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the company:

	Consolidated	
	2020	2019
	\$	\$
<i>William Buck Audit (Vic) Pty Ltd</i>		
Audit or review of the financial statements	24,000	-
<i>Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	-	32,850
Other services - Preparation of the tax return	-	4,500
	<u>-</u>	<u>37,350</u>
	<u>24,000</u>	<u>37,350</u>

Note 19. Contingent Liabilities

The consolidated entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Note 20. Commitments

	Consolidated	
	2020	2019
	\$	\$
Exploration Commitments		
Within one year	-	687,638
One to five years	1,113,239	1,739,263
	<u>1,113,239</u>	<u>2,426,901</u>

In order to maintain current rights to tenure to exploration and mining tenements, the consolidated entity has the above exploration expenditure requirements up until expiry of leases. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the lease are not provided for in the financial report and are payable. In case of not meet the commitments, the consolidated entity will seek the approval for extension from the Department of State Growth – Mineral Resources Tasmania to maintain current rights to tenure to exploration and mining tenements

Note 21. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 23.

There were no transactions with related parties during the current and previous financial year.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Loss after income tax	<u>(682,151)</u>	<u>(655,275)</u>
Total comprehensive income	<u>(682,151)</u>	<u>(655,275)</u>

Note 22. Parent entity information (continued)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	548,325	643,614
Total assets	644,258	761,614
Total current liabilities	125,881	96,587
Total liabilities	132,898	102,138
Equity		
Issued capital	37,383,884	36,875,488
Employee equity-settled benefits reserve	15,240	1,641,167
Listed option reserve	-	88,000
Unlisted option reserve	25,850	-
Accumulated losses	(36,913,614)	(37,945,179)
Total equity	511,360	659,476

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Hiltaba Gold Pty Ltd	Australia	100%	100%
Rubicon Min Tech Ventures Pty Ltd	Australia	100%	100%
Columbus Metals Limited	Australia	100%	100%
Tarcoola Iron Pty Ltd	Australia	100%	100%

Note 24. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Stellar Resources Limited
 Columbus Metals Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Stellar Resources, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	2020	2019
	\$	\$
Statement of profit or loss and other comprehensive income		
Revenue	3,295	17,775
Administration expenditure	(487,579)	(463,546)
Depreciation and amortisation expenses	(11,118)	(15,860)
Exploration expenditure and other costs written off	-	(5,702,637)
Finance costs	(600)	(383)
Impairment of loans to subsidiaries	27,972	426,523
Loss before income tax expense	(468,030)	(5,738,128)
Income tax expense	-	-
Loss after income tax expense	(468,030)	(5,738,128)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(468,030)	(5,738,128)
	2020	2019
	\$	\$
Equity - accumulated losses		
Accumulated losses at the beginning of the financial year	(27,110,463)	(21,372,335)
Loss after income tax expense	(468,030)	(5,738,128)
Transfer from options reserve	1,713,927	-
Accumulated losses at the end of the financial year	<u>(25,864,566)</u>	<u>(27,110,463)</u>

Note 24. Deed of cross guarantee (continued)

Statement of financial position	2020	2019
	\$	\$
Current assets		
Cash and cash equivalents	524,795	614,951
Trade and other receivables	5,159	11,285
Prepayments	16,905	17,379
	<u>546,859</u>	<u>643,615</u>
Non-current assets		
Tenement security deposits	102,049	140,851
Property, plant and equipment	117,797	119,045
Right-of-use assets	16,933	-
Exploration and evaluation assets	10,909,677	10,692,819
	<u>11,146,456</u>	<u>10,952,715</u>
Total assets	<u>11,693,315</u>	<u>11,596,330</u>
Current liabilities		
Trade and other payables	115,814	51,338
Lease liabilities	10,066	-
Provisions	-	45,249
	<u>125,880</u>	<u>96,587</u>
Non-current liabilities		
Lease liabilities	7,017	-
Provisions	-	5,551
	<u>7,017</u>	<u>5,551</u>
Total liabilities	<u>132,897</u>	<u>102,138</u>
Net assets	<u>11,560,418</u>	<u>11,494,192</u>
Equity		
Issued capital	37,383,894	36,875,488
Reserves	41,090	1,729,167
Accumulated losses	(25,864,566)	(27,110,463)
Total equity	<u>11,560,418</u>	<u>11,494,192</u>

Note 25. Events after the reporting period

On 27 July 2020, the consolidated entity completed the issue of 5,161,190 Non-Executive Director Share Rights at a deemed issue price of \$0.0086 (0.86 cents) per share right to the Directors of the Company for services provided from January 2020 to June 2020 as approved by shareholders at the Company's General Meeting held on 10 June 2020.

On 9 September 2020, 10 first-in-time Exploration Licence Applications were registered by Mineral Resources Tasmania covering a large area (2,295 km²) in North East Tasmania. The Exploration Licence Applications are prospective for Victorian-Style Orogenic Gold and Intrusive Related Gold Systems and contain ~76 recorded historic gold occurrences. The Company intends to commence its gold exploration project in North East Tasmania in early 2021, subject to the grant of the Exploration Licences.

On 14 September 2020, the consolidated entity announced that it would undertake a fully underwritten, Non-Renounceable Entitlement Offer offering eligible shareholders the opportunity to subscribe for two (2) new fully paid ordinary shares for every five (5) existing fully paid ordinary shares held at an issue price of \$0.010 (1.0 cent) per share. The Entitlement Offer has been fully underwritten by Taylor Collison and will result in the issue of 187,994,800 shares to raise approximately \$1,879,948 (before costs).

Note 25. Events after the reporting period (continued)

On 15 September 2020, the consolidated entity completed the issue of 27,272,727 fully paid ordinary shares under a placement to sophisticated investors at an issue price of \$0.011 (1.1 cents) per share to raise a total of \$300,000 (before costs).

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax expense for the year	(496,004)	(7,170,591)
Adjustments for:		
Depreciation and amortisation	11,118	15,860
Share-based payments	-	23,238
Interest income received	(3,295)	(19,350)
Exploration expenditure and other costs written off	-	6,708,578
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(44,920)	(4,542)
Increase in prepayments	474	2,821
Increase in trade and other payables	64,477	2,774
Increase/(decrease) in other provisions	(50,800)	2,235
Increase in right-of-use assets	(16,933)	-
(Increase) in lease liabilities	17,083	-
Increase in other payables	4,258	-
Net cash used in operating activities	<u>(514,542)</u>	<u>(438,977)</u>

Note 27. Earnings per share

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax attributable to the owners of Stellar Resources	<u>(496,004)</u>	<u>(7,170,591)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>412,580,802</u>	<u>379,806,197</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>412,580,802</u>	<u>379,806,197</u>
	Cents	Cents
Basic earnings per share	(0.12)	(1.89)
Diluted earnings per share	(0.12)	(1.89)

The options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The options are non-dilutive as the consolidated entity has generated a loss for the year.

Note 27. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Stellar Resources, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 28. Share-based payments

During the financial year ended 30 June 2020, the following options were issued;

Entitlement	Number of Instruments	Grant Date	Expiry date	Fair value per instrument \$	Value \$
Unlisted options issued to Taylor Collision in satisfaction of capital raising services performed	<u>5,000,000</u>	12/12/2019	24/12/2022	<u>0.00517</u>	<u>25,850</u>

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/12/2019	24/12/2022	\$0.0100	\$0.0150	96.00%	-	0.88%	\$0.517

During the financial year ended 30 June 2019, the following options were issued;

Entitlement	Number of Instruments	Grant Date	Expiry date	Fair value per instrument \$	Value \$
Unlisted options issued to Gary Fietz as sign on incentive	<u>2,000,000</u>	10/05/2019	10/05/2022	<u>0.00762</u>	<u>15,240</u>

For these options the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/05/2019	10/05/2022	0.014	0.020	98.84%		1.28%	0.762

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 28. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

The Directors of the Company declare that:

- 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
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- in the Directors' opinion, the financial statements and notes hereto 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.
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Simon O'Loughlin
Non-Executive Chairman

29 September 2020
Melbourne

Stellar Resources Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stellar Resources Limited (the Company) and the entities it controlled from time to time throughout the financial year (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the annual financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS

Area of focus Refer also to notes 2 and 11	How our audit addressed it
<p>The Group has incurred exploration costs for their tin mining project in Australia over a number of years. There is a risk that the accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate.</p> <p>Due to the nature of the mining industry, indicators of impairment could include:</p> <ul style="list-style-type: none"> — Changes to exploration plans; — Loss of rights to tenements; — Changes to reserve estimates; or — Costs of extraction and production. <p>Based on management's assessment the exploration area in Australia continue to meet the requirements for capitalisation at 30 June 2020.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and their impairment assessment; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry; and — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest. <p>We also assessed the adequacy of the Group's disclosures in respect of exploration costs in the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or they have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Stellar Resources Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

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

A. A. Finnis
Director

Melbourne, 29 September 2020

For personal use only

The shareholder information set out below was applicable as at 22 September 2020.

Distribution of equitable securities

Analysis of number of equitable securities holders by size of holding:

Holdings Ranges	Number of holders of ordinary shares	Total Units Held	% Held	Number of holders of unlisted options	Total Units Held	% Held	Number of holders of unlisted share rights	Total Units Held	% Held
1-1,000	234	77,188	0.02%	-	-	-	-	-	-
1,001-5,000	365	1,020,046	0.22%	-	-	-	-	-	-
5,001-10,000	168	1,313,266	0.28%	-	-	-	-	-	-
10,001-100,000	602	26,232,610	5.58%	-	-	-	-	-	-
100,001 and over	400	441,344,058	96.91%	20	37,000,000	100.00%	4	5,161,190	100
	1,769	469,987,168		20	37,000,000		4	5,161,190	
Holding less than a marketable parcel	162	-	-	-	-	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Number held	Ordinary shares % of total shares issued
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,930,284	15.52
CAPETOWN S A	62,382,221	13.27
WGS PTY LTD	13,088,888	2.78
MR MICHAEL ANDREW WHITING & MRS TRACEY ANNE WHITING <WHITING FAMILY S/F A/C>	11,536,050	2.45
GP SECURITIES PTY LTD	10,000,000	2.13
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	7,500,000	1.60
MR GREGORY JOHN HOWE	6,500,000	1.38
CLARKSON'S BOATHOUSE PTY LTD <CLARKSON SUPER FUND A/C>	6,363,630	1.35
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,809,564	1.24
MR STEPHEN CANSDELL HIRST	5,600,000	1.19
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,339,548	1.14
FOUNTAIN OAKS PTY LTD <LIMBS FAMILY SUPER FUND A/C>	5,245,000	1.12
OSMOSIS HOLDINGS PTY LTD <DICKSON SUPER FUND A/C>	5,000,000	1.06
MR GLENN PAUL CRICHTON & MR DEAN ARTHUR CRICHTON <G CRICHTON S/F A/C>	4,000,000	0.85
ROBERT NAIRN PTY LTD	4,000,000	0.85
JIMZBAL PTY LTD <JIMZBAL SUPER A/C>	4,000,000	0.85
MRS CARMEL ELIZABETH WHITING	3,915,332	0.83
RASP RESOURCES PTY LTD	3,200,000	0.68
TAYCOL NOMINEES PTY LTD	3,136,380	0.67
MR ANGUS WILLIAM JOHNSON & MRS LINDY JOHNSON <THE DENA SUPER FUND A/C>	3,129,167	0.67
	<u>242,676,064</u>	<u>51.63</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	37,000,000	20
Share rights over ordinary shares issued	5,161,190	4

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
J P Morgan Nominees Australia Limited	72,428,284	15.52
Capetown S A	62,382,221	13.27

Director Nomination

The Company will hold its Annual General Meeting of shareholders on 19 November 2020. The Company also advises that in accordance with ASX Listing Rule 14.5 and the Company's constitution the Closing Date for receipt of nominations for the position of Director is Thursday, 8 October 2020. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on this date at the Company's Registered Office.

Buy-backs

The Company is not currently undertaking any on-market buy-backs.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted options

The unlisted options on issue do not carry any voting rights.

Share rights

The share rights on issue do not carry any voting rights.

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned %
Retention Licence - Zeehan, Tasmania	RL5/1997	100
Mining Lease - Zeehan, Tasmania	2023P/M	100
Mining Lease - Tailing Dam, Zeehan, Tasmania	2M/2014	100
Mining Lease - Zeehan, Tasmania	2040P/M	100
Exploration Licence - Mt Razorback	EL11/2017	100
Exploration Licence - Midgee, South Australia (JV with Samphire Uranium Limited earning 73% in uranium interest)	EL6350 (formerly EL5426)	100
Exploration Licence - Montana Flats, Zeehan, Tasmania	EL13/2018	100
Mining Lease - St Dizier, Tasmania	ML 10M/2017	100

MINERAL RESOURCE STATEMENTS – HEEMSKIRK TIN PROJECT

Heemskirk Tin Deposits*¹

Classification	Deposit	Tonnage mt	Total Sn %	Contained Sn t	Cassiterite % of total Sn	Cu %	Pb %	Zn %
Indicated	Upper Queen Hill	0.32	1.0	3,230	87	0.2	2.1	1.0
	Lower Queen Hill	0.65	1.4	9,230	97	0.0	0.1	0.1
	Severn	1.15	1.0	11,500	99	0.1	0.0	0.1
Total Indicated		2.12	1.1	23,960	97	0.1	0.4	0.2
Inferred	Upper Queen Hill	0.11	1.6	1,760	94	0.2	1.9	0.7
	Lower Queen Hill	0.36	1.4	5,040	97	0.0	0.2	0.0
	Severn	2.74	0.9	24,660	99	0.0	0.0	0.0
	Montana	0.68	1.5	10,200	96	0.1	0.7	1.4
	Oonah	0.59	0.9	5,310	36	0.8	0.1	0.1
Total Inferred		4.48	1.0	46,970	90	0.1	0.2	0.3
Total Indicated + Inferred		6.60	1.1	70,930	92	0.1	0.3	0.3

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 under JORC 2012

St Dizier Tin Deposit*²

Classification	Tonnage mt	Total Sn %	Contained Sn t	Soluble Sn %	Cassiterite ¹ % of total Sn	WO ₃ %	Fe %	S %
Indicated	1.20	0.69	8,280	0.09	87	0.04	23.70	2.64
Inferred	1.06	0.52	5,512	0.22	58	0.05	22.22	1.81
Total Resource	2.26	0.61	13,786	0.15	75	0.04	23.00	2.25

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

2. block cut-off grade of 0.3% tin

3. tonnes rounded to reflect uncertainty of estimate

4. estimates prepared by Resource and Exploration Geology under JORC 2012

*¹ SRZ Announcement 16 May 2019 "Updated Heemskirk Resource Increases Indicated Category and Confidence in the Project"

*² SRZ Announcement 6 March 2014 "Heemskirk Tin Project: New Open Pit Resource at St Dizier"