
# STELLAR RESOURCES LIMITED
# ABN 96 108 758 961

## HALF YEAR FINANCIAL REPORT
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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|---|---|
| Directors | Mr Simon O'Loughlin (Non-Executive Chairman)<br>Mr Thomas Whiting (Non-Executive Director)<br>Mr Gary Fietz (Technical Director)<br>Mr Simon Taylor (Non-Executive Director) |
| Company Secretary | Ms Melanie Leydin |
| Registered Office | Level 4<br>96-100 Albert Road<br>South Melbourne VIC 3205<br>Telephone: (03) 9692 7222<br>Facsimile: (03) 9077 9233 |
| Principal place of business | Level 17<br>530 Collins Street<br>Melbourne VIC 3000<br>Telephone: (03) 9618 2540<br>Facsimile: (03) 9649 7200 |
| Share register | Boardroom Pty Limited<br>Level 12, 225 George Street<br>Sydney NSW 2000<br>Telephone: 1300 737 760 |
| Auditor | William Buck<br>Level 20, 181 William Street<br>Melbourne VIC 3000 |
| Bankers | National Australia Bank<br>800 Bourke St<br>Docklands VIC 3008 |
| Stock exchange listing | Stellar Resources Limited shares are listed on the Australian Securities Exchange (ASX code: SRZ) |
| Website | www.stellarresources.com.au |

# Highlights:

## Heemskirk Tin Project

- Significant improvement in tin demand and prices which increased from ~US$17,000/t to ~US$20,000/t over the half year reporting period to 31 December 2020. From the beginning of 2021 tin prices have continued to rise sharply reaching 10-year high prices of over US$29,000/t on 19 February 2021 with LME tin stocks falling to record lows. Since 23 February 2021 tin prices have returned to ~US$25,000/t levels as of 2 March 2021.

- Improved tin demand and tin prices are now generating growing investor interest in tin supply projects, such as Heemskirk Tin, the highest grade undeveloped tin project in Australia and the second highest globally. With an Indicated and Inferred Mineral Resource of 6.6 Mt @ 1.1% Sn[1] and an updated Scoping Study completed in 2019[2], the Heemskirk Tin Project is well positioned to take advantage of significantly improving tin market conditions.

- On 18 February 2021, the Company announced it would restart tin exploration drilling with an Initial Tin Exploration Drilling Program aimed at identifying new areas of high-grade tin mineralisation to be completed in 2021.

- The Initial 2021 Tin Exploration Drilling Program of 7 holes (~3,000m) will target depth extensions of 4 of the largest historical silver-lead mines in the highly mineralised Zeehan area on Stella's licences which typically produced ore with silver grades between 20 to 100 Oz/t Ag. The planned holes are targeted at depths below where the historically mined silver-lead lodes are expected to transition to tin/copper mineralisation although there is also potential for deeper high-grade silver-lead lodes to be intersected.

- A drilling program targeting depth extensions of the Severn tin resource is currently also under-review by Stellar. The Severn resource has been drilled to a depth of ~500m below surface and remains open at depth where it is hoped that mineralisation will continue and increase in grade towards the underlying granite contact.

## North East Tasmania Gold Exploration Project

- 10 first-in-time Exploration Licence Applications (ELA's) were registered in September 2020[4] covering an area of 2,295 km$^2$ in North East Tasmania which is highly prospective for Victorian-style and Intrusion Related Gold Systems (IRGS) and contains ~76 recorded historic gold occurrences.

- 2 additional first-in-time ELA's were registered in March 2021[5] covering an area of 240 km$^2$, increasing the number of Stellar's gold ELA's in North East Tasmania to a total of 12, covering a total area of 2,534 km$^2$.

- The 2 new ELA's contain 1 recorded historic gold occurrences and 2 recorded historic tin occurrences, in addition to the 76 recorded historic gold occurrences and 23 recorded historic tin occurrences on the initial 10 ELA's[45].

- A review of tin exploration potential within Stellar's NE Tasmanian ELA package is now also underway with a total of 25 historic tin occurrences recorded on Stellar's NE Tasmania ELA's.

- A number of desktop orogenic and IRGS gold exploration targets have been identified by Stellar's technical team on its ELA package using a full GIS capability for targeting including recently reprocessed aeromagnetic, radiometric and gravity data, geology, recorded gold and tin occurrences, historic drilling and geochemical data.

- NE Tasmania is a continuation of the Victorian Western Lachlan Fold Belt, which hosts the >3 MOz Fosterville Mine, other Tier 1 goldfields including Bendigo, Ballarat, Stawell, Walhalla and Woods Point and has produced >80 MOz gold. The ELA areas in NE Tasmania best align with the rich Walhalla-Woods Point belt in the eastern part of the Melbourne structural zone[4].

- 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.

- While Victoria is currently experiencing intense gold exploration activity, NE Tasmania has had very little modern gold exploration undertaken.

- The initial 10 ELA's registered in September 2020 are expected to be granted by June 2021, subject to MRT's approval. The 2 new ELA's registered are expected to be granted later in 2021.

## Corporate

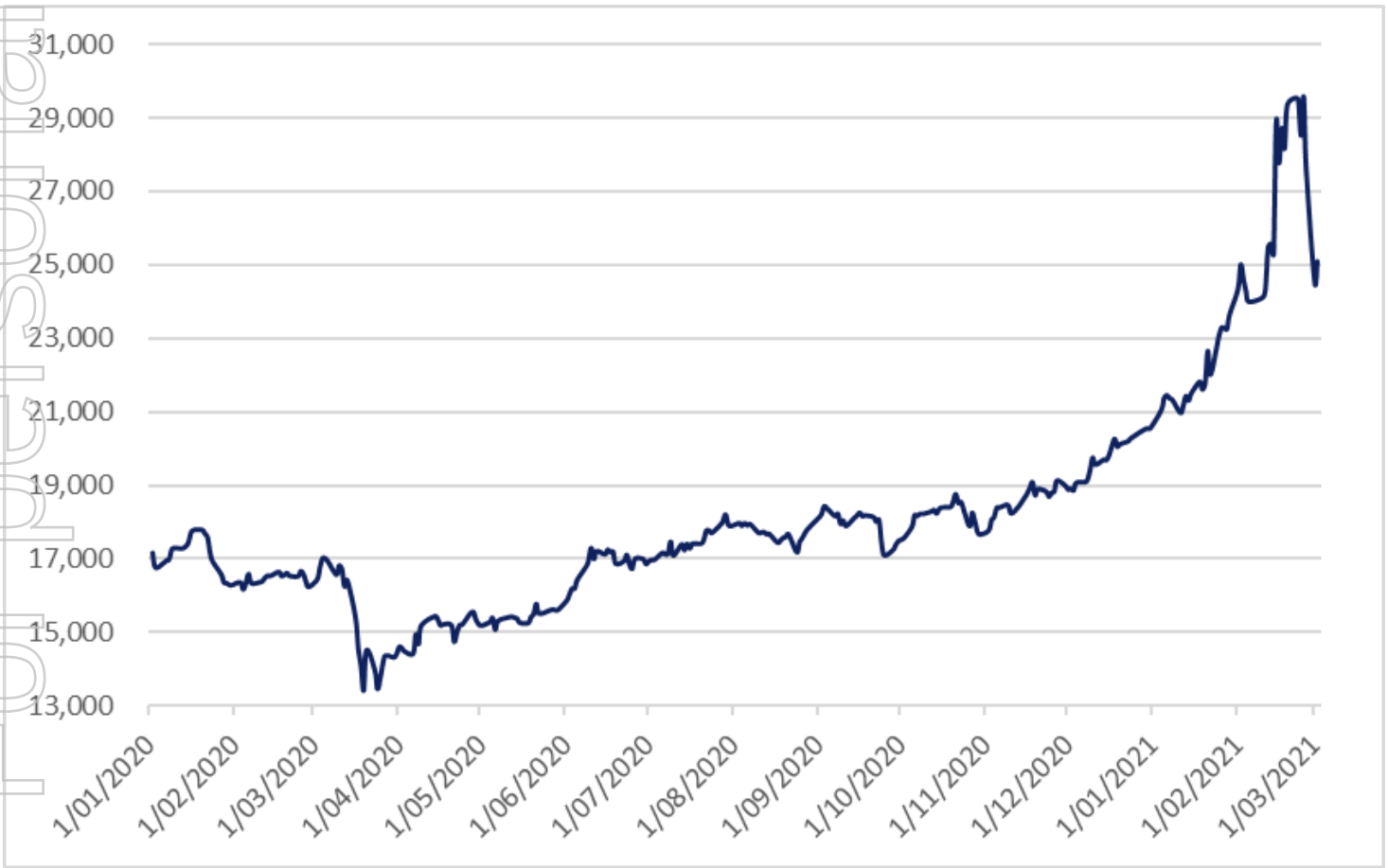
- Non-Renounceable Entitlement Offer raising $1.88 million completed on 13 October, completing a total $2.18 million capital raising including a $0.3 million placement completed on 15 September 2020.
- Cash balance of $2.2m at 31 December 2020.
- In October, Director Gary Fietz's title was changed to Technical Director with responsibility for technical and operational matters following the Company's increased activities.

# Tin Projects (West Coast of Tasmania)

## Tin Market Outlook

There has been significant improvement in tin demand and prices which increased from ~US$17,000/t to ~US$20,000/t over the half year reporting period to 31 December 2020. From the beginning of 2021 tin prices have continued to rise sharply reaching 10-year high prices of over US$29,000/t on 19 February 2021 with LME tin stocks falling to record lows, driven by strong growth in physical tin demand, exceeding supply and creating an extremely tight market. Since 23 February 2021 tin prices have returned to ~US$25,000/t levels as of 2 March 2021.

Improved tin demand and tin prices are now generating growing investor interest in tin supply projects, such as Heemskirk Tin, the highest grade undeveloped tin project in Australia and the second highest globally. With an Indicated and Inferred Mineral Resource of 6.6 Mt @ 1.1% Sn and an updated Scoping Study completed in 2019, Stellar's Heemskirk Tin Project is well positioned to take advantage of significantly improving tin market conditions.




***LME Tin Prices (1 Jan 2020 to 2 March 2021)***

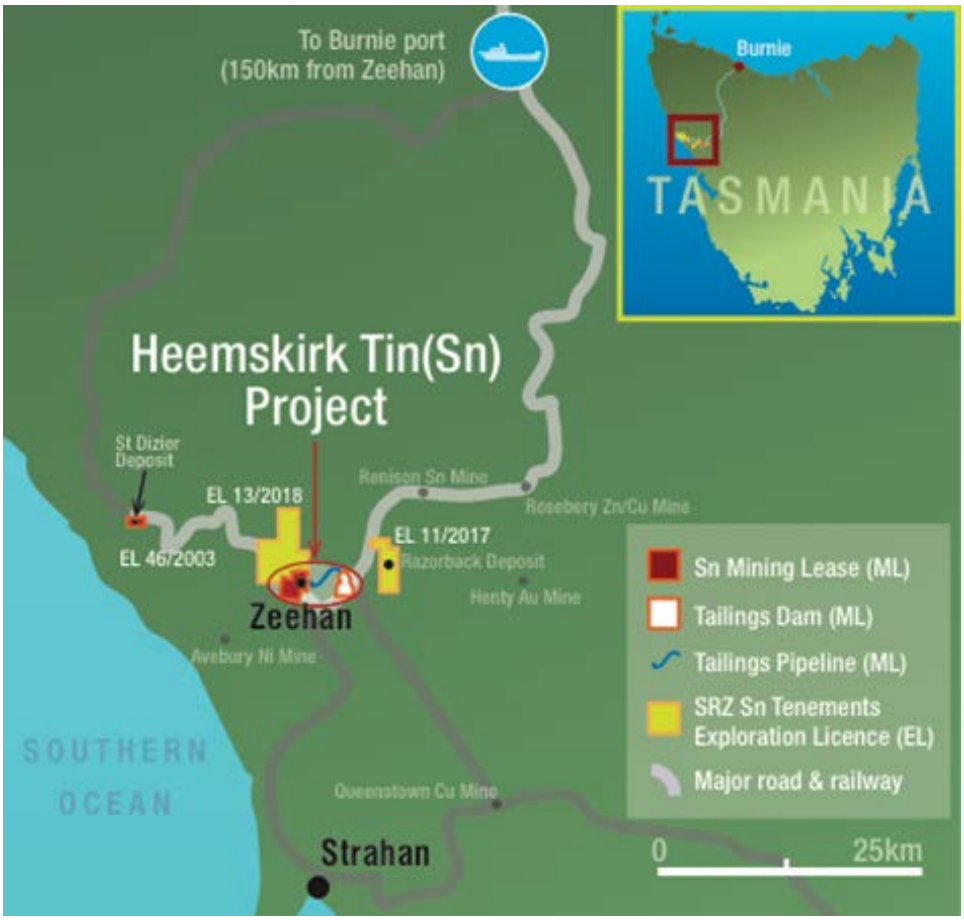
Stellar maintains a positive outlook on continued growth in tin demand and prices improving further for the following reasons:

- There has been limited investment in new tin mines or exploration.
- Continued demand growth for tin is expected in a range of uses including solder, renewables, tin plate and chemicals.
- Tin use in electronics (solder) now growing strongly due to increased global spending on electronics while in lockdown due to the Covid-19 pandemic (eg semiconductor sales were up nearly 13% in November, the eleventh straight month of double-digit growth).
- Growing research showing tin may be an effective anode material in Li-ion batteries.
- Research by Rio Tinto, undertaken through Boston's Massachusetts Institute of Technology (MIT) in 2018 rated tin as the No. 1 metal to benefit from new technology uses such as electric vehicles, advanced robotics, renewable energy and advanced computing and IT.
- There is currently a shortage of physical tin supply with LME tin stocks at historic lows.

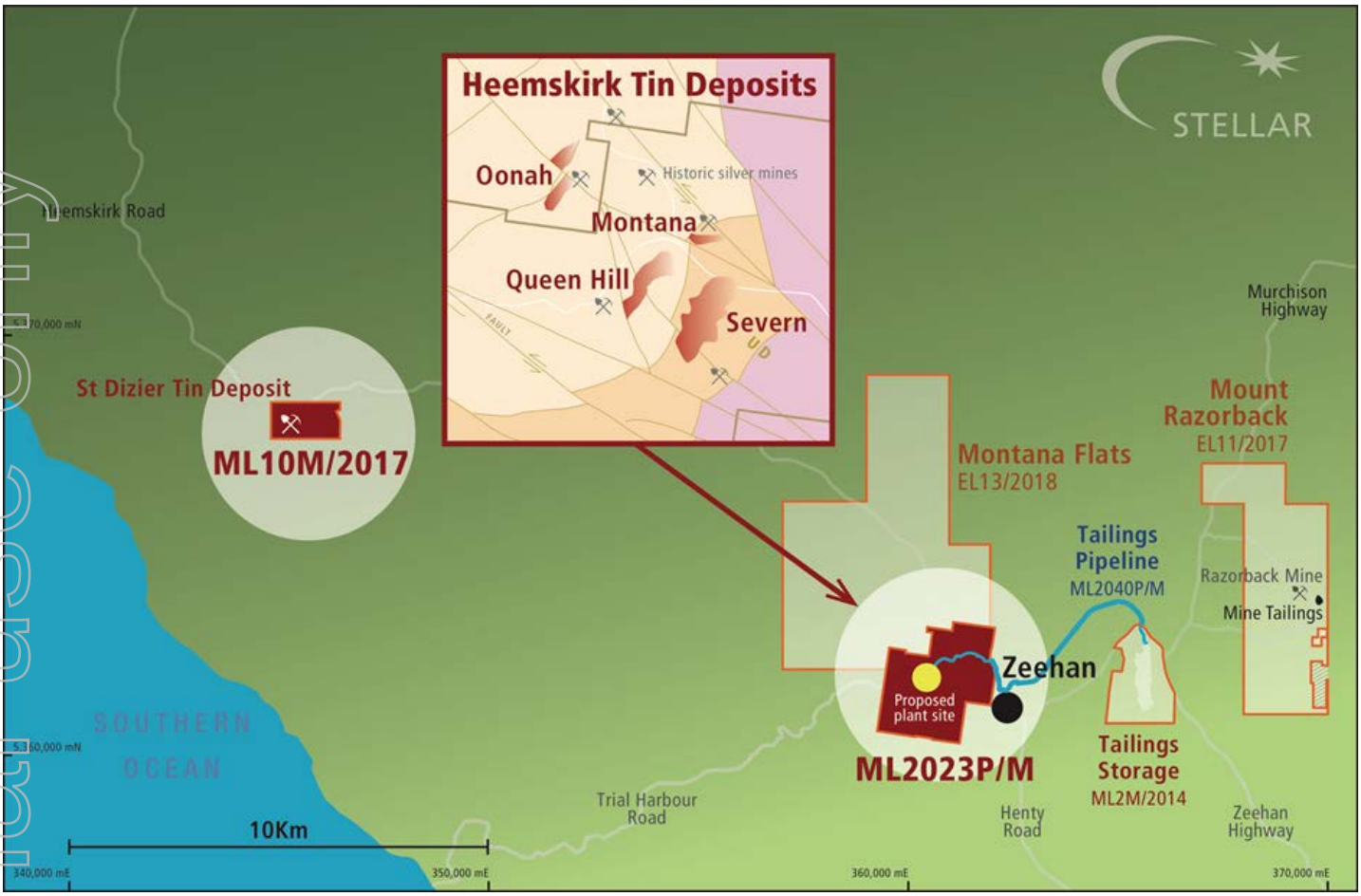
As a result of the significant increases in the tin price which has recently reached over US$29,000/t and new investor interest in Stellar's Heemskirk Tin Project, Stellar will restart tin exploration drilling on the Heemskirk Mining Lease and surrounding Exploration Licences this year.

## Overview of Stellar's Tin Projects

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 licences including the St Dizier deposit, the Mount Razorback historic mine and the Montana Flats and Mount Razorback Exploration licences which contain a number of historic silver-lead-zinc deposits with associated tin mineralization.




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




***Heemskirk Tin Project Deposits (blow up), Secure Mining Leases and a Large EL Package***

## Tin Resources

Heemskirk includes 4 nearby deposits; Severn, Queen Hill, Montana and Oonah which together have a Total Mineral Resource[1] 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 highest grade undeveloped tin resource in Australia and the second highest grade tin resource globally.

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[2] 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 initial 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 2019 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 ±35%. The pre-tax internal rate of return of the project is approximately 45%.

[1] *16 May 2019 SRZ announcement, "Updated Heemskirk Resource Increases Indicated Category and Confidence in the Project".*
[2] *1 October 2019 SRZ announcement "Heemskirk Tin Scoping Study Confirms Attractive Economics"*

***Heemskirk Tin Project – Key Results from 2019 Scoping Study***

| | Unit | Total LOM |
|---|---|---|
| Ore Production | *(Mt)* | 3,695,386 |
| Sn Grade (LOM Ave) | *(%)* | 0.94 |
| Tin Recovery (LOM Ave) | *(%)* | 69.4 |
| Tin Producted | *(Tonnes)* | 24,000 |
| Mine Life | *(Yrs)* | 11 |
| | | |
| Tin Price | *(US$/t)* | 20,000 |
| Exhange rate | *USD:AUD* | 0.70 |
| Tin Price | *(A$/t)* | 28,571 |
| | | |
| Gross Revenue | *(A$M)* | 691 |
| Total Operating Costs (AISC) | *(A$M)* | 454 |
| **Total Operating Costs (AISC)** | ***(US$/t Tin)*** | **13,100** |
| Operating Cash Flow | *(A$M)* | 237 |
| Operating Margin | *(%)* | 34% |
| | | |
| **Capital Cost** | *(A$M)* | **57** |
| **Net Cash Flow (Pre-Tax)** | *(A$M)* | 180 |
| **Pre-Tax $NPV_{10\%}$** | *(A$M)* | **83** |
| **Post-Tax $NPV_{10\%}$** | *(A$M)* | **71** |
| **IRR (Pre-Tax)** | *(%)* | **45** |
| **Payback Period** | *(Yrs)* | **3.0** |
| **Pre-Tax NPV / Capex** | | **1.5** |

*The Heemskirk Tin Project 2019 Scoping Study was 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.*

## Initial 2021 Tin Exploration Drilling Program

### Overview and Metal Zonation

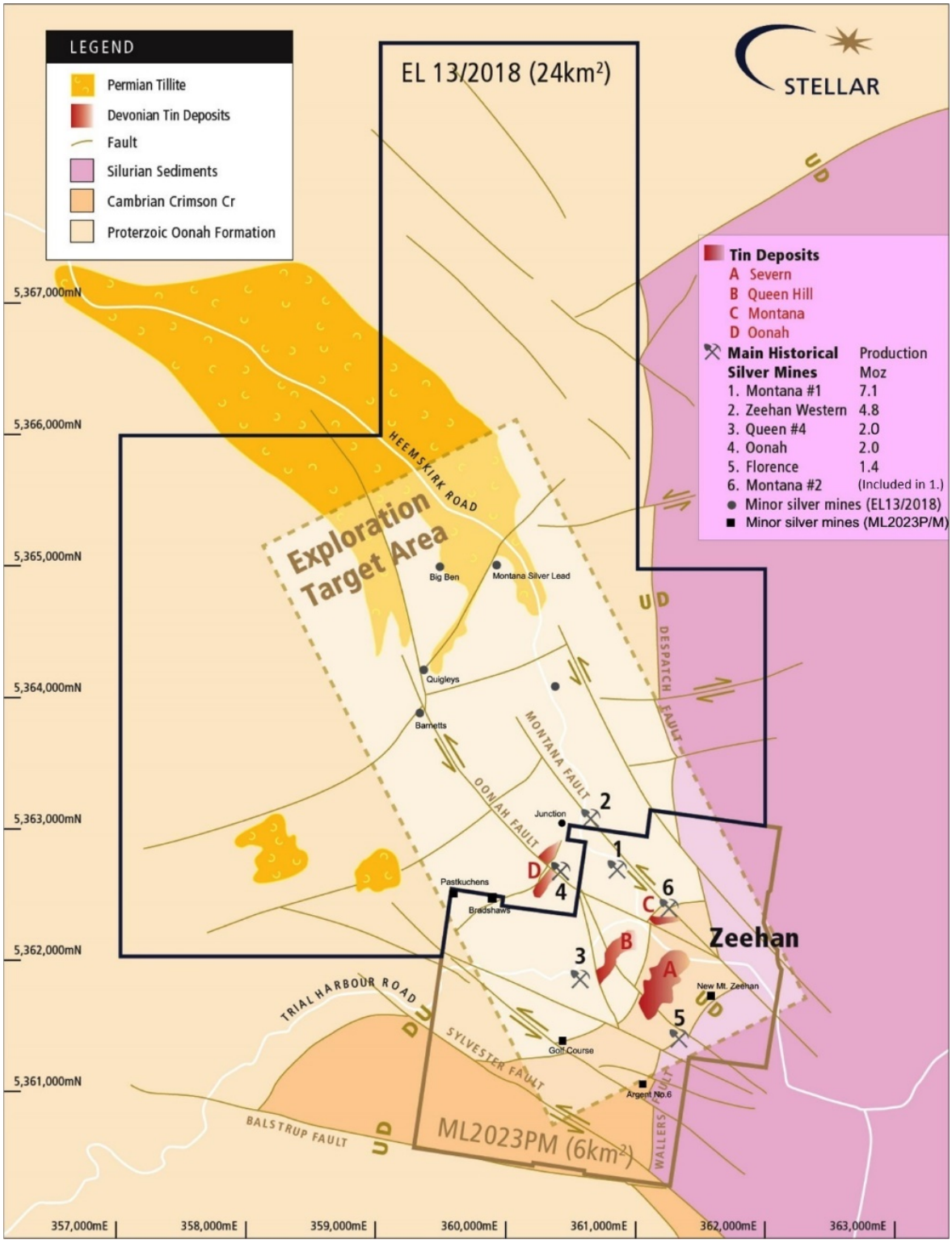
All of the known tin deposits and most of the major silver-lead deposits in the Zeehan district are located in a complex NW trending, 1km wide, structural corridor on the western side of the Montana Fault. This mineralised structural corridor corresponds with a modelled underlying apophysis in the Heemskirk Granite, which is considered to be the source of both the base metal and silver mineralisation.

The Initial 2021 Tin Exploration Drilling Program targets depth extensions of 4 of these key historically mined silver-lead lodes in the highly mineralised Zeehan district located on Stellar's Licences. Historic silver-lead mines in the Zeehan district have a total recorded production of 26 MOz Silver & 190,000 t Lead[3]. These mines typically produced ore with silver grades between 20 to 100 Oz/t Ag from fissure veins ranging from a few cm up to 2.7m wide and mined over lengths of up to 300m[3]. These high-grade silver-lead fissure veins represent valuable exploration targets in their own right.

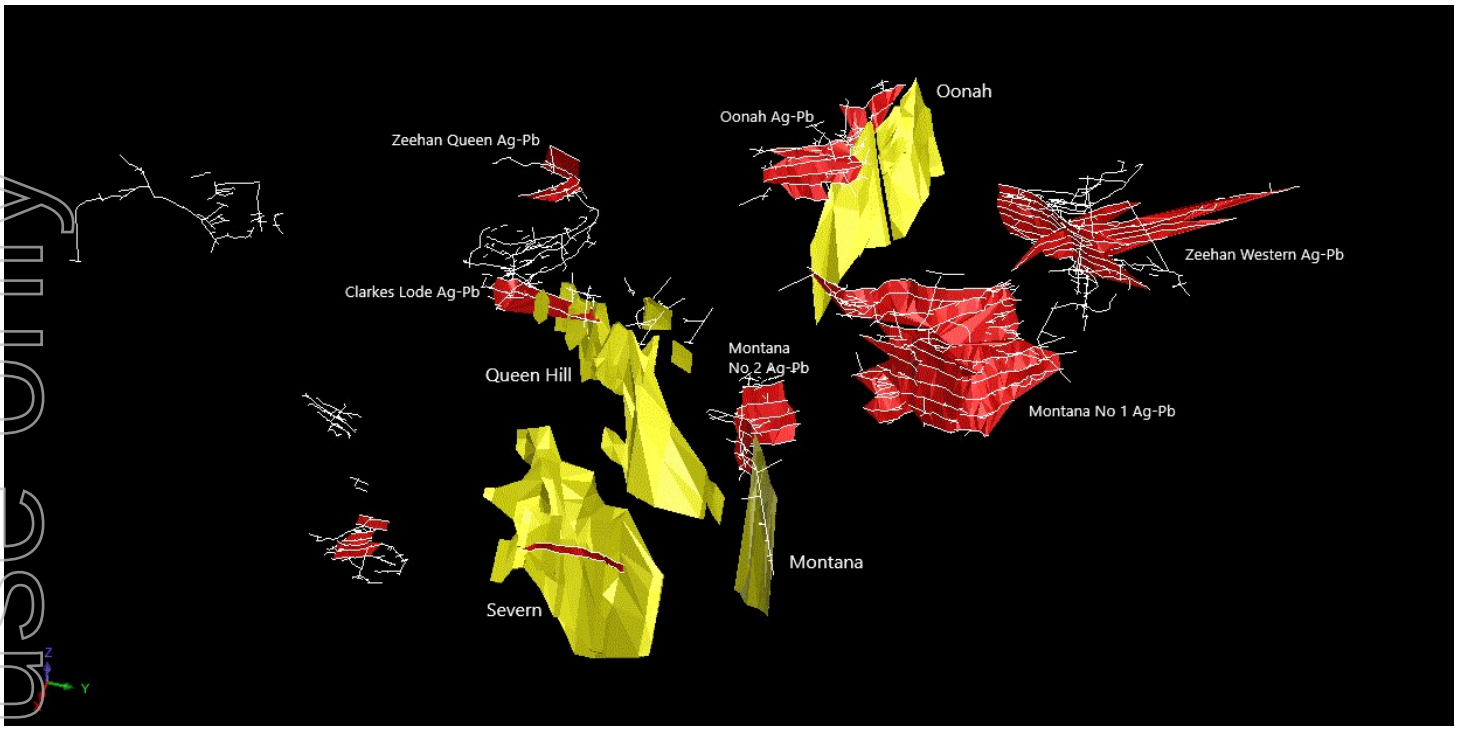
Mineralisation of the Zeehan district is strongly zoned with late-stage galena-sphalerite-silver fissure veining located towards the periphery of stockwork and replacement tin mineralisation (Anderson, 1990, Kitto 1998). Elevated levels of stannite are also associated with the upper levels of the Queen Hill, Montana No 2 and Oonah tin deposits in association with Ag-Pb-Zn sulphide fissure veins where tin mineralisation transitions to base metal mineralisation. Ag-Pb-Zn sulphide fissure veins typically extend hundreds of metres above the tin mineralisation zone.

[3] *Blissett, 1962 – Tasmania Department of Mines, Geological Survey Explanatory Report, Zeehan*

Tin mineralisation in the Zeehan district is generally associated with pyrite. Both the Queen Hill and Montana Deposits were recorded as “pyrite” lodes by the early silver-lead miners and considered worthless. Cassiterite (tin) mineralisation which was often fine grained was generally not recognised or assayed for by the early silver-lead miners. The Queen Hill tin deposit was discovered by Gippsland Minerals by sampling and then drilling of supposedly barren pyrite lodes exposed in the Zeehan Queen No. 4 silver-lead mine workings. Based on this Pyrite Lode model, Gippsland Minerals then drilled a reported pyrite lode associated with the silver-lead lodes in the Montana No. 2 Mine thus discovering the Montana tin deposit. Pyritic lodes have also been recorded in the Oonah and Montana No. 1 historic silver-lead mines. These pyritic lodes are targets for tin mineralisation.




***Zeehan Mineral Field - Sn Deposits & Historic Ag-Pb-Zn Mines on simplified Geology***




***Heemskirk Tin Resources and Zoned Historic Ag-Pb-Zn Sulphide Fissure Vein Mines – Oblique View Looking West SW (Yellow = Sn resource, Red = Ag-Pb historic mining stopes, White = Ag-Pb historic underground development)***

**Summary of Initial 2021 Tin Exploration Drilling Program**

An Initial 2021 Tin Exploration Drilling Program aimed at identifying new areas of high-grade tin mineralisation below 4 key historically mined silver-lead lodes is currently in the final stages of planning. The initial 2021 program includes 7 angled diamond drillholes for a total of ~3,000m drilling testing the potential for additional mineralisation external to currently defined resources.

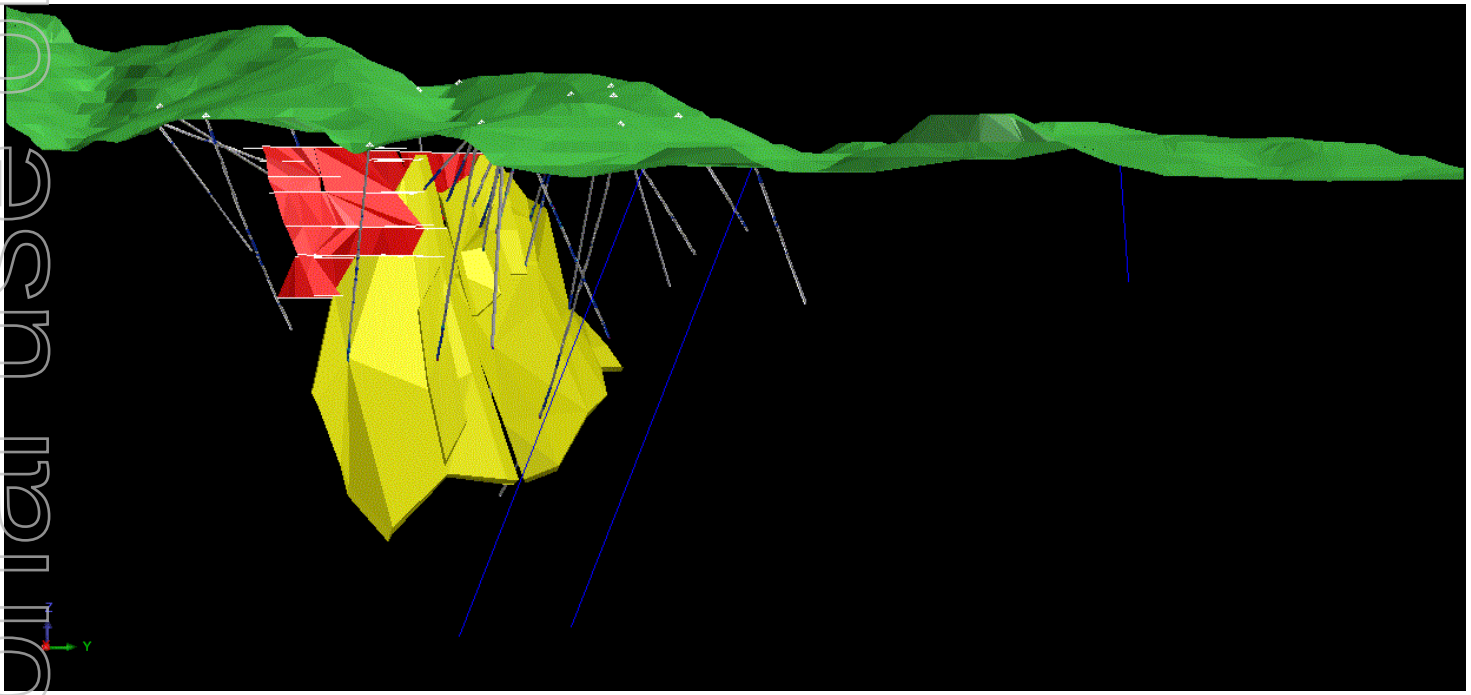
***Preliminary Initial 2021 Exploration Drilling Program Summary***

| Target | No. Holes | Approx. Hole Length (m) | Historic Silver Production (MOz) | Description |
|---|---|---|---|---|
| **Oonah Mine** | 2 | 400 | 2.0 | Large historic Ag-Pb mine, worked to 120m.<br>Inferred Sn Resource[1] below and adjacent to workings based on historic drilling - 0.59 Mt at 0.9% Sn, 0,8% Cu, 0.1% Pb, 0.1% Zn. Ag in Sn resource not estimated. Sn and Ag-Pb lodes below historic drilling (~200m) remain open. |
| **Montana No. 1 Mine** | 2 | 500-600 | 7.1 | The largest historic Ag-Pb mine in Zeehan Field. Worked to 200m depth on 6 lodes, extension of deposit below workings never drilled. Potential for high grade Pb-Zn-Ag fissure lodes, transitioning to Sn lodes at depth. |
| **Zeehan Western Mine** | 2 | 400 | 4.8 | One of largest historic mines in Zeehan Field. Worked to 300m depth, extension of deposit below workings never drilled. Potential for high grade Pb-Zn-Ag fissure lodes, transitioning to Sn lodes at depth. |
| **Zeehan Queen No. 4 Mine** | 1 | 300 | 2.0 | Large historic mine, worked to 70m where lode had transitioned to pyrite and never assayed for tin. Extension of deposit below workings never drilled. |
| **Total** | **7** | **3,000** | | |

The initial 2021 program targets depths below the historically mined silver-lead lodes at which transition to tin (with pyrite) mineralisation can be expected although there is also potential for deeper high grade Ag-Pb-Zn fissure lodes to be interested. These targets have never been drilled.

**Oonah Mine and Resource Target Example**

As an example of one of the four below 4 key historically mined silver-lead lodes being drilled in the Initial 2021 Tin Exploration Drilling Program, the figure below shows the 2 * 400m angled diamond drill holes planned to target tin and silver-lead lode extensions below historic Oonah mine (worked to ~120m depth) and below historic drilling and the Oonah Inferred Resource (~200m depth) which remains open at depth. Oonah was a large historical mine with 2.0 MOz recorded Silver and 11,724 recorded Lead production[3].



***Oonah Proposed Drillholes (Dk Blue) - Oblique View Looking SW (Yellow = Sn resource, Red = Ag-Pb historic mining stopes, White = Ag-Pb historic underground development, Green = surface topography, Existing drilling shown)***

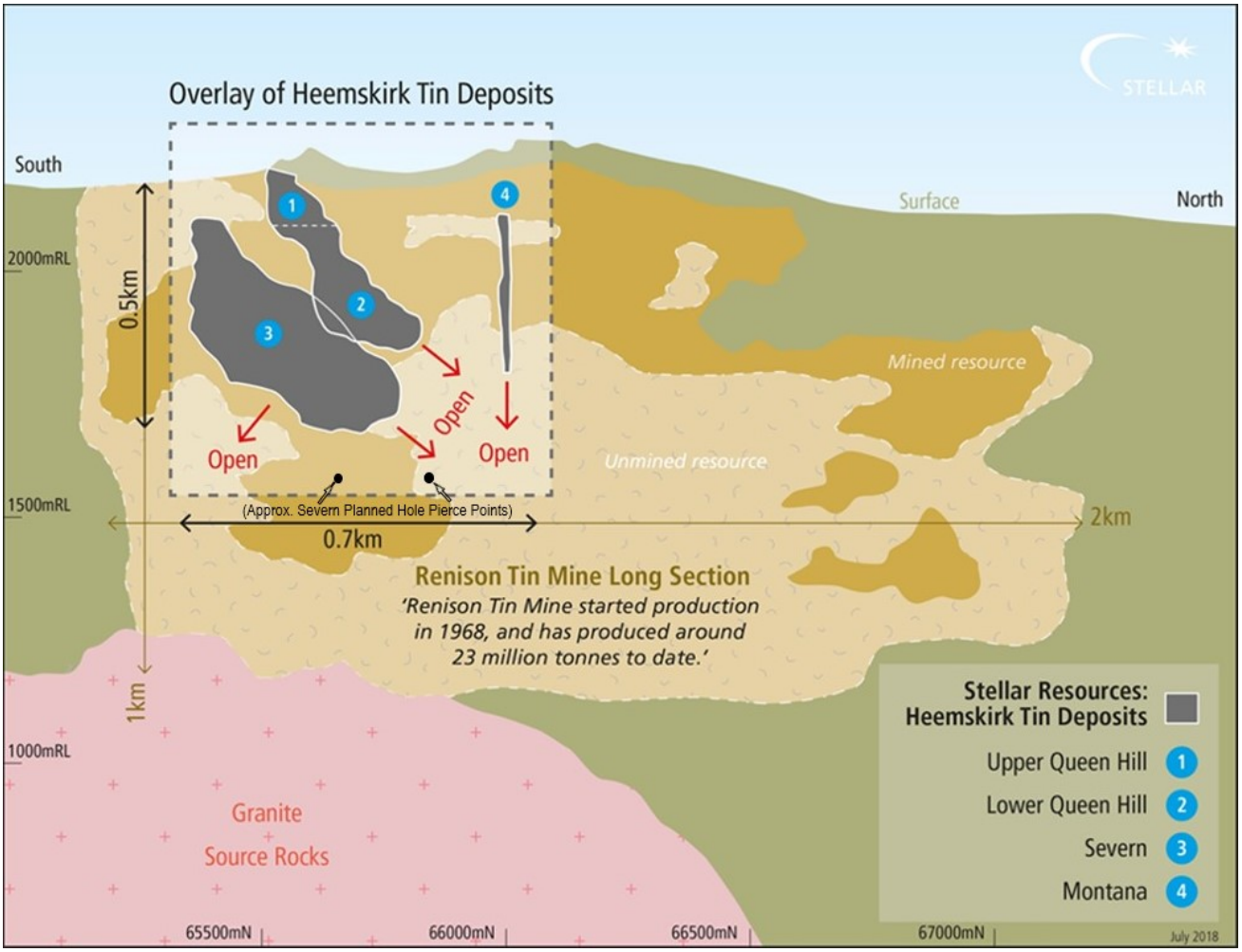
## Severn Deep Extensions Program Under Review

A deep drilling program targeting depth extensions of the Severn tin resource is now under-review by Stellar. The Severn resource has been drilled to a depth of ~500m below surface and remains open at depth where it is hoped that mineralisation will continue and increase in grade towards the underlying granite contact (predicted to be ~1,000m below the surface from geophysical surveys).

Two parent holes are planned testing the depth extension beyond the resource limit with potential for daughter holes if required. These holes target extension of the Severn deposit approximately 100m below the depth of the current resource limit at a depth of approximately 600m.

## Comparison with Renison Tin Mine

The Renison Tin Mine located 18km to the NE of Heemskirk has similar geology and ore genesis to the Heemskirk Tin deposits. Renison started with a 4.0Mt reserve and 5 year mine life in 1968 and has since increased the mine life to 50 years with at least another 15 years to go. The Heemskirk deposits contain only ~20% of contained tin found at Renison to date.




***Comparison of Heemskirk and Renison Tin Deposits***

# North East Tasmania Gold Exploration Project

## NE Tasmania – A Continuation of Victorian Western Lachlan Fold Belt

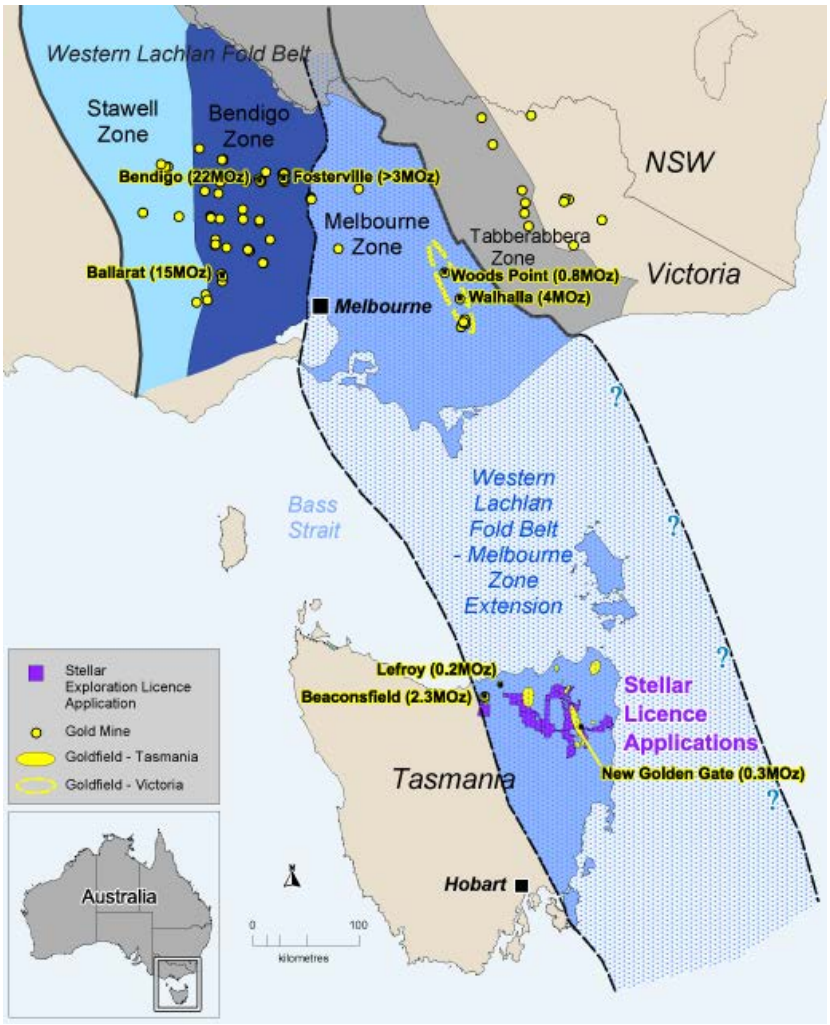
Gold deposits in North East Tasmania lie within a continuation of the Western Lachlan Fold Belt in Victoria – one of the world's largest orogenic gold provinces.

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. In Victoria, the Western Lachlan Fold Belt is divided into the Stawell, Bendigo and Melbourne structural zones with the eastern most Melbourne Zone extending southwards across Bass Straight into NE Tasmania. The gold rich Walhalla-Woods Point belt in the eastern part of the Melbourne Zone best 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 Lefroy Goldfield (0.2MOz), along with hundreds of smaller historic gold mines and occurrences. As is the case in Victoria, gold deposits in NE Tasmania are orogenic deposits formed in Ordovician to Devonian aged turbiditic sediments, known as the Mathinna Super-Group in NE Tasmania.

The Mathinna Super-Group sediments were deformed and metamorphosed during the Lachlan Orogen with gold mineralization being associated with late-stage regional deformation and 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 (Orogenic gold). The location and geometry of gold lodes in North East Tasmania, 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 System (IRGS) deposits. While Victoria is currently experiencing intense gold exploration activity, NE Tasmania has had very little modern gold exploration undertaken.




***Continuation of Western Lachlan Fold Belt from Victoria into NE Tasmania[4]***

## NE Tasmania Exploration Licence Applications

10 first-in-time Exploration Licence Applications (ELA's) by Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd were registered in September 2020 covering an area of 2,295 km2 in North East Tasmania which are highly prospective for Victorian-style and Intrusion Related Gold Systems (IRGS) gold exploration and contain ~76 recorded historic gold occurrences and 23 recorded historic tin occurrences.[4]

2 additional first-in-time ELA's by Stellar's wholly owned subsidiary, Tarcoola Iron Pty Ltd were registered in March 2021 covering an area of 240 km2, increasing the number of Stellar's gold ELA's in North East Tasmania to a total of 12 and covering a total area of 2,534 km2. The 2 additional March ELA areas are also highly prospective for Victorian-style and IRGS gold exploration and contain 1 additional recorded historic gold occurrence and 2 additional recorded historic tin occurrences.[5]

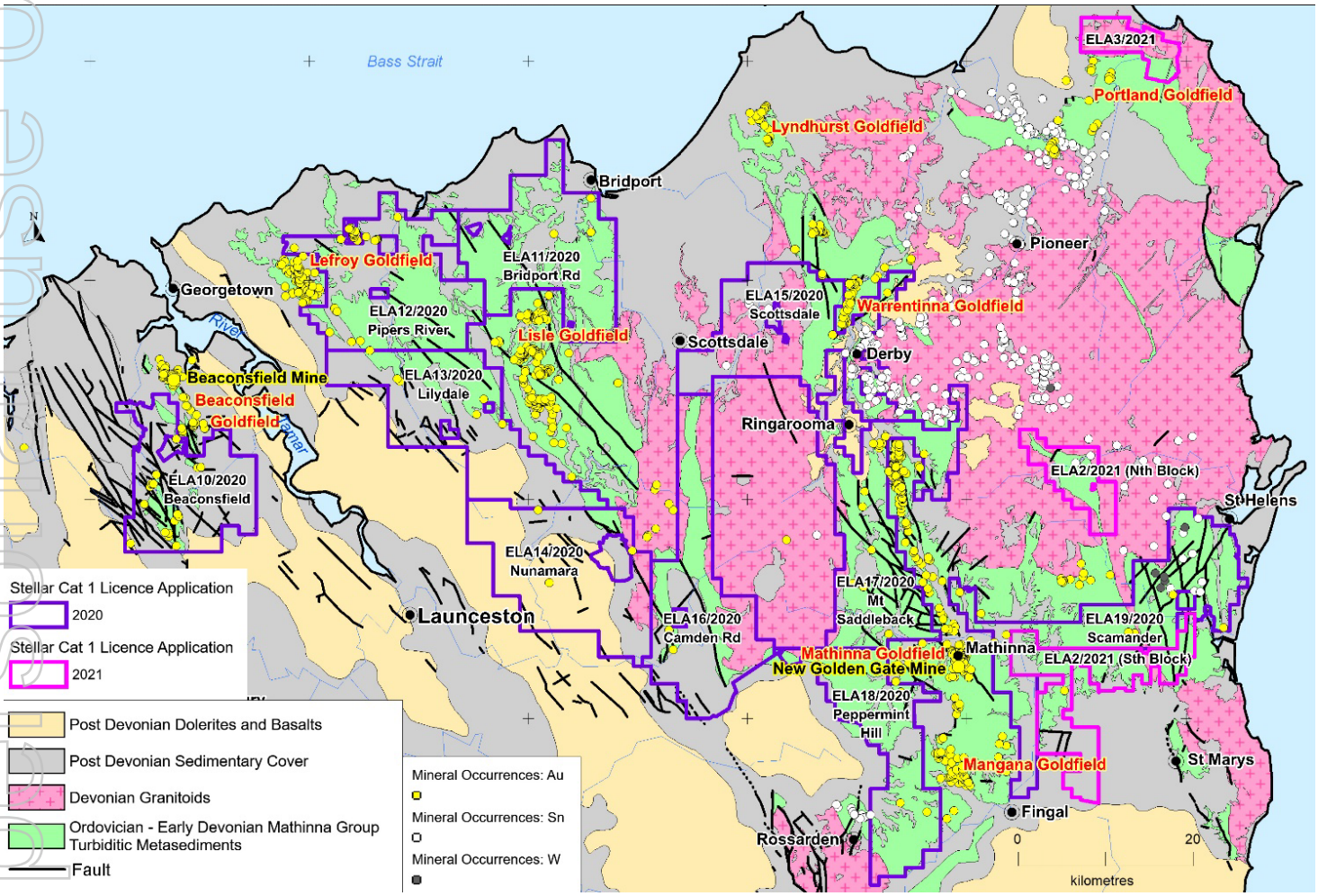



***Figure 1 Stellar ELA's, NE Tasmania Geology and Mineral Occurrences***

## NE Tasmania Gold Exploration Targets

Numerous gold exploration targets have been identified within Stellar's ELA's 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

[4] *10 September 2020 SRZ announcement "NE Tasmania Gold Exploration Licence Applications"*

[5] *4 March 2021 SRZ announcement "Additional NE Tasmania Gold Exploration Licence Applications"*

- Intrusive Related Gold Style (IRSG) targets identified from aeromagnetic surveys on some ELA's
- Location of recorded gold (and tin) occurrences
- Ground open for application

A summary of the gold exploration targets within each of Stellar's 12 NE Tasmania ELA's is shown in the table below:

***Summary of Stellar NE Tasmania ELA Gold Targets***

| Application Name | Ordovician Mathinna Group | Regional Structures (Magnetic Lineaments & Mapped Faults) | Granitoid Intrusions nearby | Gold Occurrences | Tin Occurrences |
|---|---|---|---|---|---|
| Beaconsfield | Y | NW | Y | 18 | |
| Birdport Rd | Y | NW | Y | 3 | |
| Pipers River | Y | NW | Y | 15 | |
| Lilydale | Y | NW | Y | 6 | |
| Nunamara | Y | NW & NE | Y | 3 | |
| Camden Road | Y | NW & N | Y | 3 | |
| Scottsdale | Y | NW, N & NE & IRGS | Y | 2 | 21 |
| Mt Saddleback | Y | NW & NE | Y | 13 | 1 |
| Peppermint Hill | Y | NW | Y | 6 | |
| Scamander | Y | N & NE | Y | 7 | 1 |
| South Scamander & Pyengana | Y | NW, N,NE | Y | 1 | 2 |
| Quakers Ranges | Y | NW | Y | | |

## Proposed Exploration Program

A summary of the proposed work program for the North East Tasmania Gold Exploration Project is shown in the table below.

***NE Tasmania Gold Exploration Project - Proposed Work Program Summary***

| **Year 1 – Proposed Work Program Activities** |
|---|
| Detailed historic data capture and analysis including geophysical surveys, drilling, soil, rock chip and stream sediment results and historic records on gold occurrences (largely completed) |
| Reprocessing of available magnetic and gravity survey data (completed) |
| Fieldwork - visit gold occurrences, mapping, soil, rock chip and steam sediment sampling and analysis over refined targets |
| Generation of drill targets for year 2 |
| **Year 2 – Proposed Work Program Activities** |
| First phase of drilling on drill targets identified in Yr 1. Drilling will be a combination of aircore or RAB or similar method for initial shallow geochemistry drilling of targets, followed up by deeper reverse circulation and diamond drillholes where initial drilling results are encouraging. |

## Work Completed to Date

A full GIS capability for targeting including recently reprocessed aeromagnetic, radiometric and gravity data, geology, recorded gold and tin occurrences, historic drilling and geochemical data has been developed by Geo Wiz Consulting and Stellar's technical team. Reprocessed aeromagnetic images recently completed by Stellar's geophysical consultant, Southern Mineral Exploration Geophysics have been a key targeting tool in this process.

A number of desktop orogenic and IRGS gold exploration targets have been identified by Stellar's technical team using this full GIS capability for targeting on both the 10 ELA's registered in September 2020 and the 2 ELA's registered in March 2021.

A review of tin exploration potential within Stellar's NE Tasmanian ELA package is now also underway with a total of 25 historic tin occurrences recorded on Stellar's ELA's.

The initial 10 ELA's registered in September 2020 are expected to be granted by June 2021, subject to MRT's approval. The 2 new ELA's registered are expected to be granted later in 2021.

Ground based work on Stellar's NE Tasmania ELA's will commence once the ELA's are granted. Ground based work on the previous 10 ELA's will proceed in advance of the 2 new ELA's due to the later expected grant of the 2 new ELA's, subject to MRT approval.

# Corporate

## $1.88M Fully Underwritten Non-Renounceable Entitlement Offer

On 13 October 2020, Stellar completed a fully underwritten, non-renounceable Entitlement Offer at an issue price of 1 cent per share raising $1,879,948 (before costs) completing a total $2.18 million capital raising including a $0.3 million placement completed on 15 September 2020.

Eligible shareholders took up 46% of shares offered to them under the Entitlement offer and the Board would like to thank shareholders who participated in the Entitlement Offer for their ongoing support.

The Entitlement Offer was fully underwritten by Taylor Collison who took up the remaining 54% of the Entitlement Offer shares that were not taken up by shareholders. All of the underwritten shares where then distributed by Taylor Collison to its sub-underwriters. Taylor Collison were paid a fee of 6% of the total underwritten amount in cash. The Board would also like to thank Taylor Collison and its sub-underwriters for their support.

Stellar's Directors all took up their entitlements in full under the Entitlement Offer.

## Appointment of Technical Director

In October, Director Gary Fietz's title was changed to Technical Director who now has responsibility for technical and operational matters following the Company's increased activities.

## Tenements

| Description | Tenement Number | Interest Owned (%) |
|---|---|---|
| **Mining Lease - Zeehan, Tasmania** | ML 2023P/M | 100 |
| **Mining Lease - Tailing Dam, Zeehan, Tasmania** | ML 2M/2014 | 100 |
| **Mining Lease – Pipeline Route, Zeehan, Tasmania** | ML 2040P/M | 100 |
| **Retention Licence - Zeehan, Tasmania** | RL 5/1997 | 100 |
| **Mining Lease - St Dizier, Tasmania** | ML 10M/2017 | 100 |
| **Exploration Licence - Mt Razorback** | EL 11/2017 | 100 |
| **Exploration Licence - Montana Flats, Zeehan, Tasmania** | EL 13/2018 | 100 |
| **Exploration Licence - Midgee, South Australia** | EL 6350 | 100 |

**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 half-year ended 31 December 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 half-year are:

Simon O'Loughlin (Non-Executive Chairman)
Thomas Whiting (Non-Executive Director)
Gary Fietz (Technical Director)
Simon Taylor (Non-Executive Director)

The above named Directors held office during and since the end of the half-year.

**Principal activities**
The principal activity of the consolidated entity during the half-year continued to be mineral exploration with the objective of identifying and developing economic reserves.

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

**Review of operations**
The loss for the consolidated entity after providing for income tax amounted to $412,061 (31 December 2019: $258,441).

*Financial performance*

Operating costs of the consolidated entity increased by $154,253 to $413,738 (31 December 2019: $259,485) mainly attributable to costs associated with North East Tasmania Gold Exploration project along with increased level of due diligence on new potential projects. As announced in September 2020, the Company had lodged 10 exploration licence applications covering a large area in North East Tasmania, which is highly prospective for gold. A further two exploration licence applications were lodged in March 2021.

*Financial position*

Net assets have increased to $13,373,106 (30 June 2020: $11,585,093) mainly from the capital raising activity during the September and October 2020 period. The Company raised a total of $2,179,948 (before costs) through a Placement and Entitlement offer. This has resulted in significant increases in cash reserves and issued capital during the period.

Refer to the detailed review of operations preceding this report for further information on the consolidated entity's activities.

**Significant changes in the state of affairs**
On 14 September 2020, the Company announcement that it would undertake a $2.2m capital raising consisting of a Fully underwritten Non-Renounceable Entitlement Offer and a Share Placement to raise $1.8m and $0.3m respectively. The Placement was completed on 15 September 2020 via the issue of 27,272,727 fully paid ordinary shares at an issue price of $0.011 (1.1 cents) per share. The Non-Renounceable Entitlement Offer was completed on 13 October 2020 via the issue of 187,994,800 fully paid ordinary shares at an issue price of $0.01 (1 cents) per share.

As announced in September 2020, the Company lodged 10 exploration licence applications covering a large area in North East Tasmania, which is highly prospective for gold.

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

**Matters subsequent to the end of the financial half-year**
On 5 February 2021, the Company issued 3,323,104 Non-Executive Director ("NED") Share Rights for Director's fees salary sacrificed for the period July 2020 to December 2020, under the Non-Executive Director Share Rights Plan, as approved by shareholders at the Company's General Meeting on 10 June 2020. The NED Rights vest 12 months form the date of grant, and no amount is payable on vesting or on exercise.

As announced in February 2021, the company will undertake an Initial 2021 Tin Exploration Drilling Program (7 holes, ~3,000m) on its Exploration Licences and Mining Leases near Zeehan on the West Coast of Tasmania.

As announced in March 2021, the Company lodged an additional two exploration licence applications in North East Tasmania, which is highly prospective for gold.

No other matter or circumstance has arisen since 31 December 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.

**Environmental regulations**
The consolidated entity's exploration activities are subject to various environmental regulations under both state and federal legislation in Australia. The ongoing operation of these tenements is subject to compliance with the respective mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The Directors are not aware of any significant breaches of mining and environmental regulations and legislation during the half-year period covered by this report.

**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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Simon O'Loughlin
Non- Executive Chairman

12 March 2021
Melbourne

**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 half-year ended 31 December 2020 there have been:

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

William Buck

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

**A. A. Finnis**
Director

Melbourne, 12 March 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
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**Stellar Resources Limited**
**Statement of profit or loss and other comprehensive income**
**For the half-year ended 31 December 2020**

| | Note | Consolidated 31 December 2020 $ | Consolidated 31 December 2019 $ |
|---|---|---|---|
| **Income** | | | |
| Interest received | | 1,677 | 1,044 |
| **Expenses** | | | |
| Depreciation expenses | | (5,705) | (5,486) |
| Tenement due diligence and other exploration expenses | | (144,153) | - |
| Finance costs | | (381) | (586) |
| Administration expenditure | | (263,499) | (253,413) |
| **Loss before income tax expense** | | (412,061) | (258,441) |
| Income tax expense | | - | - |
| **Loss after income tax expense for the half-year attributable to the owners of Stellar Resources** | | (412,061) | (258,441) |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax | | 106,537 | 11,666 |
| Other comprehensive income for the half-year, net of tax | | 106,537 | 11,666 |
| **Total comprehensive loss for the half-year attributable to the owners of Stellar Resources** | | (305,524) | (246,775) |
| | | **Cents** | **Cents** |
| Basic loss per share | 12 | (0.076) | (0.068) |
| Diluted loss per share | 12 | (0.076) | (0.068) |



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

**Stellar Resources Limited**
**Statement of financial position**
**As at 31 December 2020**

| | Note | Consolidated 31 December 2020 $ | Consolidated 30 June 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash | | 2,164,327 | 524,796 |
| Trade and other receivables | | 6,395 | 5,158 |
| Financial assets at fair value through other comprehensive income | 5 | 128,312 | 21,774 |
| Other assets | | 8,170 | 16,905 |
| Total current assets | | 2,307,204 | 568,633 |
| **Non-current assets** | | | |
| Trade and other receivables | | 102,229 | 102,049 |
| Property, plant and equipment | | 117,173 | 117,797 |
| Right-of-use assets | | 11,851 | 16,933 |
| Exploration expenditure | | 10,947,664 | 10,912,579 |
| Total non-current assets | | 11,178,917 | 11,149,358 |
| **Total assets** | | 13,486,121 | 11,717,991 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 100,897 | 115,815 |
| Lease liabilities | | 10,340 | 10,066 |
| Total current liabilities | | 111,237 | 125,881 |
| **Non-current liabilities** | | | |
| Lease liabilities | | 1,778 | 7,017 |
| Total non-current liabilities | | 1,778 | 7,017 |
| **Total liabilities** | | 113,015 | 132,898 |
| **Net assets** | | 13,373,106 | 11,585,093 |
| **Equity** | | | |
| Issued capital | 6 | 39,433,035 | 37,383,884 |
| Reserves | 7 | 155,464 | 81,754 |
| Accumulated losses | | (26,215,393) | (25,880,545) |
| **Total equity** | | 13,373,106 | 11,585,093 |

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

**Stellar Resources Limited**
**Statement of changes in equity**
**For the half-year ended 31 December 2020**

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | 36,875,488 | 1,750,387 | (27,098,466) | 11,527,409 |
| Loss after income tax expense for the half-year | - | - | (258,441) | (258,441) |
| Other comprehensive income for the half-year, net of tax | - | 11,666 | - | 11,666 |
| Total comprehensive income for the half-year | - | 11,666 | (258,441) | (246,775) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs | 499,808 | - | - | 499,808 |
| Vesting of Share-based payments | - | 25,850 | - | 25,850 |
| Lapse of options | - | (1,625,927) | 1,625,927 | - |
| Balance at 31 December 2019 | 37,375,296 | 161,976 | (25,730,980) | 11,806,292 |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2020 | 37,383,884 | 81,754 | (25,880,545) | 11,585,093 |
| Loss after income tax expense for the half-year | - | - | (412,061) | (412,061) |
| Other comprehensive income for the half-year, net of tax | - | 106,537 | - | 106,537 |
| Total comprehensive income for the half-year | - | 106,537 | (412,061) | (305,524) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 6) | 2,049,151 | - | - | 2,049,151 |
| Share-based payments (note 13) | - | 44,386 | - | 44,386 |
| Disposal of investment in Samphire Uranium Limited | - | (77,213) | 77,213 | - |
| Balance at 31 December 2020 | 39,433,035 | 155,464 | (26,215,393) | 13,373,106 |



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

**Stellar Resources Limited**
**Statement of cash flows**
**For the half-year ended 31 December 2020**

| | Consolidated 31 December 2020 $ | 31 December 2019 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers | (372,342) | (295,136) |
| Interest received | 32 | 2,027 |
| Net cash used in operating activities | (372,310) | (293,109) |
| **Cash flows from investing activities** | | |
| Payments for exploration expenditure | (31,637) | (110,411) |
| Proceeds from release of security deposits | - | 39,000 |
| Net cash used in investing activities | (31,637) | (71,411) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares net of transaction costs | 2,049,151 | 504,360 |
| Repayment of lease liabilities | (5,673) | (5,226) |
| Net cash from financing activities | 2,043,478 | 499,134 |
| Net increase in cash and cash equivalents | 1,639,531 | 134,614 |
| Cash and cash equivalents at the beginning of the financial half-year | 524,796 | 614,951 |
| Cash and cash equivalents at the end of the financial half-year | 2,164,327 | 749,565 |



*The above 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 half-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 are:

| Registered office | Principal place of business |
|---|---|
| Level 4<br>96-100 Albert Road<br>South Melbourne 3205 | Level 17<br>530 Collins Street<br>Melbourne VIC 3000 |

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2021. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 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.

*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.

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

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.

## 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 mineral exploration within Australia.

All assets and liabilities and operations are based in Australia.

## Note 5. Current assets - Financial assets at fair value through other comprehensive income

| | Consolidated | |
|---|---|---|
| | 31 December 2020 $ | 30 June 2020 $ |
| Investment in Alligator Energy Limited | 128,312 | - |
| Investment in Samphire Uranium Limited | - | 21,774 |
| | 128,312 | 21,774 |

*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 | 21,774 | 21,774 |
| Disposal of investment in Samphire Uranium Limited through in-specie distribution of shares | (21,774) | - |
| Acquisition of investment in Alligator Energy Limited through in-specie distribution of shares | 58,324 | - |
| Revaluation increments | 69,988 | - |
| Closing fair value | 128,312 | 21,774 |

Refer to note 9 for further information on fair value measurement.

On 7 October 2020 Alligator Energy Limited (ASX:AGE) completed an acquisition of the Samphire Uranium project from Samphire Uranium Ltd ("Samphire"). As part of the transaction, an in-specie distribution of AGE shares to Samphire shareholders took place. For every Samphire share held, shareholders would receive three AGE fully paid ordinary shares.

The consolidated entity holds 11,664,714 fully paid ordinary shares in Alligator Energy Limited (ASX:AGE) which is measured as fair value through other comprehensive income. A revaluation increment of $69,988 was recognised in other comprehensive income.

## Note 6. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 31 December 2020 Shares | 30 June 2020 Shares | 31 December 2020 $ | 30 June 2020 $ |
| Ordinary shares - fully paid | 657,981,968 | 442,714,441 | 39,433,035 | 37,383,884 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2020 | 442,714,441 | | 37,383,884 |
| Placement | 14 September 2020 | 27,272,727 | $0.011 | 300,000 |
| Entitlement offer | 13 October 2020 | 187,994,800 | $0.010 | 1,879,948 |
| Less capital raising costs | | | | (130,797) |
| Balance | 31 December 2020 | 657,981,968 | | 39,433,035 |

## Note 7. Equity - reserves

| | Consolidated | |
|---|---|---|
| | 31 December 2020 $ | 30 June 2020 $ |
| Employee equity-settled benefits reserve | 59,626 | 15,240 |
| Investment revaluation reserve | 69,988 | 40,664 |
| Unlisted options reserve | 25,850 | 25,850 |
| | 155,464 | 81,754 |

*Movements in reserves*
Movements in each class of reserve during the current financial half-year are set out below:

| Consolidated | Employee equity-settled benefits reserve $ | Investment revaluation reserve $ | Unlisted options Reserve $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2020 | 15,240 | 40,664 | 25,850 | 81,754 |
| Share based payments - Director share rights | 44,386 | - | - | 44,386 |
| Disposal of investment in Samphire Uranium Limited | - | (77,213) | - | (77,213) |
| Gain on financial assets at fair value through other comprehensive income | - | 106,537 | - | 106,537 |
| Balance at 31 December 2020 | 59,626 | 69,988 | 25,850 | 155,464 |

## Note 8. Equity - dividends

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

## Note 9. Fair value measurement

*Fair value hierarchy*
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed 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
Level 3: Unobservable inputs for the asset or liability

| **Consolidated - 31 December 2020** | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| *Assets* | | | | |
| Ordinary shares - listed | 128,312 | - | - | 128,312 |
| Total assets | 128,312 | - | - | 128,312 |

## Note 10. Commitments

| | Consolidated | |
|---|---|---|
| | **31 December 2020<br>$** | **30 June 2020<br>$** |
| **Exploration commitments** | | |
| Within one year | 391,030 | - |
| One to five years | 45,600 | 1,113,239 |
| | 436,630 | 1,113,239 |

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, have not been recognised as liabilities in the financial statements. In case of not meeting commitments, the consolidated entity will seek the approval for extension from the Department of State Growth – Mineral Resources Tasmania and the Department of Energy and Mining, Government of South Australia, to maintain current rights to tenure to exploration and mining tenements.

## Note 11. Events after the reporting period

On 5 February 2021, the Company issued 3,323,104 Non-Executive Director ("NED") Share Rights for Director's fees salary sacrificed for the period July 2020 to December 2020, under the Non-Executive Director Share Rights Plan, as approved by shareholders at the Company's General Meeting on 10 June 2020. The NED Rights vest 12 months form the date of grant, and no amount is payable on vesting or on exercise.

As announced in February 2021, the company will undertake an Initial 2021 Tin Exploration Drilling Program (7 holes, ~3,000m) on its Exploration Licences and Mining Leases near Zeehan on the West Coast of Tasmania.

As announced in March 2021, the Company lodged an additional two exploration licence applications in North East Tasmania, which is highly prospective for gold.

No other matter or circumstance has arisen since 31 December 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 12. Earnings per share

| | Consolidated 31 December 2020 $ | Consolidated 31 December 2019 $ |
|---|---|---|
| Loss after income tax attributable to the owners of Stellar Resources | (412,061) | (258,441) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 539,437,505 | 381,508,701 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 539,437,505 | 381,508,701 |
| | **Cents** | **Cents** |
| Basic loss per share | (0.076) | (0.068) |
| Diluted loss per share | (0.076) | (0.068) |

The rights to 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 rights to options are non-dilutive as the consolidated entity is loss generating.

## Note 13. Share-based payments

Set out below are summaries of options granted and currently on issue:

**31 December 2020**

| Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|---|---|---|---|---|---|---|---|
| 10/05/2019 | 10/05/2022 | $0.020 | 2,000,000 | - | - | - | 2,000,000 |
| 24/12/2019 | 24/12/2022 | $0.015 | 5,000,000 | - | - | - | 5,000,000 |
| | | | 7,000,000 | - | - | - | 7,000,000 |

There are also 30 million free attaching unlisted options on issue, which were issued as part of a placement completed in December 2019.

On 27 July 2020, the Company issued 5,161,190 Non-Executive Director ("NED") Share Rights at a deemed issue price of $0.0086. The NED Rights have been issued for Director's fees salary sacrificed for the period of January 2020 to June 2020 under the Non-Executive Director Share Rights Plan (NEDSP). The NEDSP was approved by Shareholders at the Company's General Meeting held on 10 June 2020.

**Stellar Resources Limited**
**Directors' declaration**
**31 December 2020**

The Directors of the Company declare that:

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

12 March 2021
Melbourne

# Stellar Resources Limited

## Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Stellar Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

*b)* complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

### Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Responsibility of Management for the Half-Year Financial Report

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

ACCOUNTANTS & ADVISORS
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**williambuck.com**

## Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

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

**A. A. Finnis**
Director

Melbourne, 12 March 2021