

**Stellar Resources plc**

**("Stellar" or the "Company")**

**Interim Results for the six months ended 30 June 2015**

Stellar Resources plc announces its interim results for the six months ended 30 June 2015.

**Overview**

Stellar Resources Plc has a strong balance sheet with no debt and current assets, including cash, as at 30 June 2015 amounting to £1,370,000.

The Company recently announced the renewal of the Crown Estate ("Crown") Mines Royal Exploration Option ("Option") over the Dolgellau Gold-Belt for a period of six years to Gold Mines of Wales (Operations) Limited ("GMOW"). Previous extensions of the Option have only been granted for a period of one year, and the Option will be subject to review by the Crown of GMOW's progress and activities every two years.

Stellar Resources owns 49% of Gold Mines of Wales Limited, which in turn owns 100% of GMOW, the UK entity that holds the exclusive Option from the Crown Estate over 107 km<sup>2</sup> of exploration area. The Option granted to GMOW is akin to what is known as an exploration licence in other jurisdictions, in that it gives GMOW the exclusive right to explore for gold and other minerals within the licence area for the specific period.

The Company also eagerly awaits flow testing results from the Horse Hill-1 well in the Weald Basin just north of Gatwick Airport. Horse Hill Developments Limited ("HHDL") is planning to perform a flow test later in 2015 to test the Portland Sandstone, in order to establish the feasibility of a commercial development of the oil estimated to be in place in the reservoir. HHDL is progressing the required regulatory application with the Environment Agency.

**Investments**

**Investment in Gold Mines of Wales:  
(49% interest in Gold Mines of Wales Limited)**

*GMOW – 2015 Activities*

**Option Renewal**

On 17 August 2015, the Company announced the renewal of the Crown Estate ("Crown") Mines Royal Exploration Option ("Option") over the Dolgellau Gold-Belt for a period of six years to Gold Mines of Wales (Operations) Limited ("GMOW"). Previous extensions of the Option have only been granted for a period of one year, and the Option will be subject to review by the Crown of GMOW's progress and activities every two years.

The previously granted Option of one year covered an area of 124 km<sup>2</sup> of the gold-belt. In the Option renewal dated 14 August 2015 (but commencing 10 February 2015), the Crown opted to exclude an area of approximately 17 km<sup>2</sup> incorporating the former Gwynfynydd mine. Whilst potentially prospective for gold exploration, this area is difficult to explore due to dense forestation.

Under its renewed Option, GMOW retains 107 km<sup>2</sup> of exploration area. This most importantly includes the Clogau St Davids mine, the most significant historical producer within the area covered by the Option, as well as the prospective southern area of the gold-belt (62 km<sup>2</sup>). The granted Option also covers 45 km<sup>2</sup> of the gold-belt northern area, which is geologically prospective but vastly unexplored.

The six year Option period now provides GMOW with a firm base on which to drive both regional and near mine (Clogau) exploration. A consultation process was undertaken with a number of exploration service providers. GMOW is assessing operational and technical options to advance the project. Dr Simon Dominy, Director of Operations for GMOW and Dr Ian Platten, Consulting Geologist have made a number of site visits to the project area.

## Work programme

January 2015 saw the appointment of Dr Simon Dominy to GMOW as Director of Operations. Dr Dominy has extensive experience in the Dolgellau gold-belt, both at Clogau and Gwynfynydd, as well as on numerous other high-nugget narrow vein projects globally.

During the first half of 2015, extensive work has been undertaken as to the best options and approaches for regional exploration. A number of independent exploration contractors were contacted with regard to assisting with the regional programme. An exploration programme and budget are in preparation. Dr Dominy and Dr Platten have undertaken a number of site visits in H1 2015 to review exploration approaches both regionally and at Clogau.

At Clogau, regular visits have been undertaken underground to check the status of the workings, which remain in a relatively good condition. Any future activities at Clogau would initially need to include safety and infrastructure works, followed by surveying, mine mapping and sampling, computer modelling and diamond drilling.

As of September 2015, SRK Exploration Services Ltd ("SRKES") of Cardiff have been appointed as exploration contractors for the project. SRKES, in conjunction with GMOW, are currently undertaking detailed planning of an initial 12 month regional exploration programme. The programme will include geological interpretation and mapping to produce targets for follow-up. Various exploration techniques may be applied, including remote sensing, geophysical and geochemical methodologies. SRKES will produce a Competent Persons Report before the end of 2015 in support of the programme. It is expected that after logistical preparations are complete, SRKES will commence the physical on-the-ground works before the end of 2015.

GMOW is working with its environmental consultants, Environmental Systems Ltd ("ENVSYS"), to commence environmental impact ("EIS") and conceptual planning studies. ENVSYS is conveniently based in Aberystwyth, Wales and is thus well-positioned to support the activities within the Option Agreement area. Studies are expected to commence in October 2015.

Initial discussions have been held with Professor Tom Blenkinsop of the School of Earth and Ocean Sciences at Cardiff University, Wales with regard to a joint research programme. Such a programme would aim to resolve the small-scale controls on high-grade gold pocket localisation, and thus ultimately assist with exploration targeting and mining. Discussions are on-going.

## Investment in Horse Hill Developments Limited: (10% interest in HHDL)

The Company currently owns a 10% interest in a special purpose company, Horse Hill Developments Limited, which is the operator and 65% interest holder in two Petroleum Exploration and Development Licences ("PEDL") PEDL 137 and 246 in the northern Weald Basin between Gatwick Airport and London.

The PEDL137 licence covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill-1 ("HH-1") discovery and several other exploration leads. PEDL246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL137.

The HH-1 well is located approximately 7.5 kilometres southeast of the producing Brockham oil field and approximately 15 kilometres southwest of the Palmers Wood oil field. The pre-drill primary target reservoir horizons were the Portland Sandstone, which is productive in the Brockham oil field, and the Corallian Formation, which is the producing horizon in the Palmers Wood oil field. Secondary targets for the well included the Triassic, which is productive in the nearby Wessex Basin and has previously tested gas in the Weald Basin, and the Greater Oolite Formation.

In May 2015, an independent oil in place ("OIP") review of the Upper Portland Sandstone discovery by the Xodus Group was released, which saw initial OIP estimates substantially increased to 21.0 million barrels, ("mmbbl", Best Estimate, P50).

The estimated gross oil in place in the Portland Sandstone at the various stages of evaluation is tabulated in Table 1 below.

**Table 1: Gross estimated discovered oil initially in place in Portland Sandstone at Horse Hill (mmbbl)**

Source	Date	Low (P90)	Best (P50)	High (P10)	Mean
Company Internal estimate	24 October 2014	1.5	3.1	4.8	n/a
Company Internal estimate	17 December 2014	5.7	8.2	12.1	n/a
Xodus Group	11 May 2015	14.3	21.0	30.4	21.8

n/a = not available

HHDL is planning to perform a HH-1 flow test later in 2015 to test the Portland Sandstone, in order to establish the feasibility of a commercial development of the oil estimated to be in place in the reservoir. HHDL is progressing the required regulatory application with the Environment Agency.

During drilling of HH-1 it was also noted that the Kimmeridge limestones and surrounding shale contained oil. Following the completion of the drilling of the well, extensive geochemical analysis was conducted which showed the Kimmeridge formation was mature for oil generation.

Nutech Inc. ("Nutech"), an industry specialist in tight reservoir analysis, was contracted to conduct further detailed petrophysical evaluation of the electric logs. This work resulted in the announcement in April 2015 of a potentially significant play with estimated gross OIP of over 150 mmbbl per square mile (gross).

The results of the work by Nutech have subsequently been independently verified in May 2015 by Schlumberger, one of the world's leading oil and gas service companies, using their proprietary modelling developed in tight reservoirs in the USA and applied extensively in the USA and elsewhere. Schlumberger's estimate of OIP in the Kimmeridge, Oxford and Lias mudstones and limestones is approximately 255 mmbbl per square mile (gross). If confirmed, this largely unconventional play in the Kimmeridge opens up large areas of the Weald Basin that may have potential for oil production, not limited to the PEDL137 and PEDL246 licences where Horse Hill is located.

In June 2015, Nutech calculated that the total Jurassic shale plus tight conventional reservoir section contained in the 55 square miles of PEDL137 and PEDL246 is a Best Estimate, or P50, OIP of 9,245 mmbbl. The most significant oil in place within the Jurassic section is contained within the shales and tight conventional reservoir limestone sequences of the Kimmeridge, with a calculated Best Estimate, or P50, total Kimmeridge OIP of 5,230 mmbbl.

Again, in August 2015, Schlumberger independently verified Nutech's Horse Hill OIP estimates contained in PEDL137 and PEDL246. Schlumberger estimated a Mean OIP of 10,993 mmbbl, with Kimmeridge OIP of 8,262 mmbbl. Schlumberger's OIP estimates are therefore 19% higher than Nutech's in total over the two Horse Hill licences and 58% higher in the Kimmeridge.

**All of the reviews and reports mentioned above state that the hydrocarbon volumes estimated should not be construed as recoverable resources or reserves.**

#### **Other Investments:**

In January 2014, Stellar acquired an initial 20% shareholding in Boletus Resources Limited ("Boletus"), a special purpose company for developing the Bengkulu Coal Project. Since the time of the original investment in Boletus, the price of coal globally and domestically in Indonesia has fallen significantly, so much so that the board have decided not to make any further investments in Boletus at this time and remain a minority investor in this special purpose company. This decision may change in the future should the coal prices improve back to the levels of earlier this year.

In the meantime, Boletus have reviewed their options with the lease owner of the Bengkulu Coal Project to ascertain if a commercially viable coal operation is indeed possible. At this stage it is not deemed viable.

#### **Financial Results**

During the period, the Group made a loss before taxation of £121,000 (6 months ended 30 June 2014: loss £213,000, 12 months ended 31 December 2014: loss £560,000). There was a weighted loss per share of 0.02p (30 June 2014: loss per share 0.03p, 31 December 2014: loss per share 0.08p).

Current assets including cash at 30 June 2015 amounted to £1,370,000 (30 June 2014: £1,855,000; 31 December 2014: £1,456,000).

## Outlook

The Board is confident that the investments made by the Company are both encouraging and potentially rewarding. We will look to realise this potential over the future years in addition to continuing to review other investment opportunities.

The Board would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.

Donald Strang  
**Chairman**

### For further information please contact:

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## Glossary:

bbbl	= barrels of oil
bopd	= barrels of oil per day
discovery	= a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	= tools used within the wellbore to measure the rock & fluid properties of the surrounding formations
HH-1	= Horse Hill-1 well
MD	= measure depth
mmbbl	= million barrels of oil
PEDL	= Petroleum Exploration and Development Licence
play	= a set of known or postulated oil or gas accumulations sharing similar geologic properties
reserves	= those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
reservoir	= a subsurface rock formation containing an individual natural accumulation of moveable petroleum
water cut	= the volumetric proportion of a field's produced fluids that is water

Condensed interim statement of comprehensive income

		6 months to 30 June 2015 Unaudited £'000	6 months to 30 June 2014 Unaudited £'000	Year to 31 December 2014 Audited £'000
<b>Continuing operations</b>				
Revenue		-	-	3
Cost of sales		-	-	-
<b>Gross profit</b>		-	-	3
Share based payments		-	-	-
Administrative costs		(80)	(213)	(465)
<b>Operating (loss)</b>		(80)	(213)	(462)
(Loss) on available for sale asset		-	-	(17)
Finance expense		-	-	-
Share of loss of associate		(41)	-	(81)
<b>(Loss) before tax</b>		(121)	(213)	(560)
Taxation		-	-	-
<b>(Loss) for the period</b>		(121)	(213)	(560)
<b>Other comprehensive income</b>				
Transfer to income statement of available for sale reserve		-	-	-
<b>Total Comprehensive Income for the year attributable to the owners of the parent company</b>		(121)	(213)	(560)
<b><u>Loss per share:</u></b>				
<b>Basic and diluted loss per share</b>	2	(0.02)	(0.03)	(0.08)

## Condensed interim statement of financial position

	30 June 2015	30 June 2014	31 December 2014
Notes	Unaudited £'000	Unaudited £'000	Audited £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available for sale assets	750	521	750
Investment in Associate	318	440	359
	<b>1,068</b>	<b>961</b>	<b>1,109</b>
<b>Current assets</b>			
Trade and other receivables	826	825	852
Cash and cash equivalents	544	1,030	604
	<b>1,370</b>	<b>1,855</b>	<b>1,456</b>
<b>Total assets</b>	<b>2,438</b>	<b>2,816</b>	<b>2,565</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	15,188	15,185	15,188
Share premium account	31,432	31,367	31,432
Share based payment reserve	100	130	100
Retained earnings	(44,340)	(43,902)	(44,219)
<b>Total equity</b>	<b>2,380</b>	<b>2,780</b>	<b>2,501</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	58	36	64
<b>Total liabilities</b>	<b>58</b>	<b>36</b>	<b>64</b>
<b>Total equity and liabilities</b>	<b>2,438</b>	<b>2,816</b>	<b>2,565</b>

Condensed interim statement of changes in equity

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
Unaudited	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2014</b>	<b>15,185</b>	<b>31,367</b>	<b>130</b>	<b>(43,689)</b>	<b>2,993</b>
<i>Other comprehensive income:</i>					
Loss for the year	-	-	-	(560)	(560)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(560)</b>	<b>(560)</b>
Proceeds from share issue	3	65	-	-	68
Share options exercised	-	-	(30)	30	-
<b>Transactions with owners of the Company</b>	<b>3</b>	<b>65</b>	<b>(30)</b>	<b>30</b>	<b>68</b>
<b>Balance at 31 December 2014</b>	<b>15,188</b>	<b>31,432</b>	<b>100</b>	<b>(44,219)</b>	<b>2,501</b>
<i>Other comprehensive income:</i>					
Loss for the period	-	-	-	(121)	(121)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(121)</b>	<b>(121)</b>
<b>Balance at 30 June 2015</b>	<b>15,188</b>	<b>31,432</b>	<b>100</b>	<b>(44,340)</b>	<b>2,380</b>

**Condensed interim statement of cash flows**

	<b>6 months to 30 June 2015</b>	<b>6 months to 30 June 2014</b>	<b>Year to 31 December 2014</b>
	<b>Unaudited £'000</b>	<b>Unaudited £'000</b>	<b>Audited £'000</b>
<b>Cash flows from operating activities</b>			
Operating (loss)	(80)	(213)	(462)
Adjustments for:			
Decrease/(increase) in trade and other receivables	26	235	123
(Decrease) in trade and other payables	(6)	(56)	(28)
Taxation (paid)	-	-	-
<b>Net cash used in operating activities</b>	<b>(60)</b>	<b>(34)</b>	<b>(367)</b>
<b>Cash flows from investing activities</b>			
Purchase of available for sale assets	-	(521)	(597)
Loan advanced to associate	-	-	(85)
<b>Net cash (used in) investing activities</b>	<b>-</b>	<b>(521)</b>	<b>(682)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from share issue	-	-	68
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>68</b>
<b>Net change in cash and cash equivalents</b>	<b>(60)</b>	<b>(555)</b>	<b>(981)</b>
Cash and cash equivalents at beginning of period	604	1,585	1,585
<b>Cash and cash equivalents at end of period</b>	<b>544</b>	<b>1,030</b>	<b>604</b>



## Notes to the condensed interim financial statements

### 1. General Information

The Condensed interim financial information for the 6 months to 30 June 2015 does not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006 and has not been audited or reviewed. No statutory accounts for the period have been delivered to the Registrar of Companies.

The Condensed interim financial information in respect of the year ended 31 December 2014 has been produced using extracts from the statutory accounts for that period. Consequently, this does not constitute the statutory information (as defined in section 434 of the Companies Act 2006) for the year ended 31 December 2014, which was audited. The statutory accounts for this period have been filed with the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under Sections 498 (2) or 498 (3) of the Companies Act 2006.

The Report was approved by the Directors on 24 September 2015 and will be available on the Company's website at [www.stellar-resources.com](http://www.stellar-resources.com).

### Basis of preparation and accounting

The financial information has been prepared on the historical cost basis. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement. This statement also includes a summary of the Company's financial position and its cash flows.

These Condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Company's 2014 annual financial statements.

### 2. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used are set out below.

	Six months to 30 June 2015 (Unaudited)	Six months to 30 June 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
Net loss attributable to equity holders of the company (£'000)	(121)	(213)	(560)
Weighted average number of shares	762,549,167	736,549,167	742,212,181
Basic and diluted loss per share (pence)	(0.02)	(0.03)	(0.08)

### 3. Events after the reporting date.

There are no events after the reporting date to disclose other than those already mentioned in the Chairman's report.