

29 September 2014

**Stellar Resources plc**  
**("STG", the "Company")**

**Interim Results for the six months ended 30 June 2014**

Stellar Resources plc announces its interim results for the six months ended 30 June 2014.

**Overview**

Stellar Resources Plc has a strong balance sheet with no debt and current assets including cash as at 30 June 2014 amounting to £1,855,000. The Company eagerly awaits results from the drilling of the Horse Hill-1 well in the Weald Basin just north of Gatwick Airport. In addition, work continues on STG's minority interest in the Clogau Gold Mine in northern Wales.

**Investment in Horse Hill Development Limited:  
(10% interest in HHDL – increased from 7.5% to 10% in June 2014)**

The Company currently has a 10% equity interest in Horse Hill Development Ltd ("HHDL"), a special purpose company, which holds the rights to a 65% participating interest and operatorship, in licences PEDL 137 and PEDL 246 onshore in the UK Weald Basin in Surrey ("Horse Hill Prospect"). Magellan Petroleum Corporation holds the balance of 35%.

HHDL is in the process of drilling the Horse Hill-1 well to an estimated total depth of 8,680 feet to test conventional stacked oil and gas targets. The Marriott 50 rig started drilling on the Horse Hill Prospect, which is located on the northern side of UK Weald Basin near Gatwick Airport, on 22 September 2014 and the drilling is scheduled to be completed during November.

On 29 September 2014, the Company advised that the Horse Hill-1 well has now been drilled to the second casing point at 1,795 feet measured depth ("MD"), and the setting and cementing of a 13 3/8-inch steel casing is now underway. The bottom of the well is currently located in the upper part of the Jurassic and the well has encountered the expected mud gas up to C3 (propane) and mineral fluorescence just above current well depth.

Geological analysis and mud logging from rock cuttings circulated out of the hole indicate that geological markers in the well are slightly shallower than initially prognosed based on seismic and the nearby Collendean – 1 well drilled by ESSO in 1964. The second casing point has been revised up from 1,865 feet MD to reflect this.

The Horse Hill-1 well is located on the northern side of UK Weald Basin near Gatwick Airport and is planned to drill to a Total Depth ("TD") of 8,680 feet measured depth ("MD") to test a number of conventional oil and gas targets. The primary oil reservoir targets in this well lie in the Jurassic Portland Sandstone at about 2,200 feet true vertical depth below sea level ("TVD ss") and the Corallian Sandstone at about 3,440 feet TVD ss. There are also a number of secondary oil targets in the Jurassic aged formations, including the Great Oolite Limestone, estimated to be at 4,530 feet TVD ss. After penetrating the Jurassic the well will be drilled to terminal depth in order to test for Triassic aged formations, which are expected to contain gas.

After setting the 13 3/8-inch casing, a 12 1/2-inch hole will be drilled to a depth of approximately 5,900 feet MD where open-hole electric logs will be acquired through the prognosed oil reservoirs before setting a 9 5/8-inch casing. Then an 8 1/2-inch hole will be drilled to TD in order to test for Triassic aged formations, which are expected to contain gas.

The Horse Hill-1 well is planned to test a number of conventional stacked oil targets at the proven productive Portland sandstone, Corallian sandstone and Great Oolite limestone levels. Prospective recoverable resources totalling a mean 87 million barrels ("mmbbls") have been estimated; with an additional mean 164 billion cubic feet ("bcf") of recoverable prospective resources proposed within the deeper Triassic gas play.

The Company further announced on 4 September 2014 that as a direct result of drilling operations commencing at Horse Hill, HHDL additionally owns a 65% participating interest in the adjacent United Kingdom Petroleum Exploration and Production Licence ("PEDL") 246.

PEDL 246 covers an area of 43.58 km<sup>2</sup> (10,769 acre) immediately east of and adjacent to the 99.29 km<sup>2</sup> (24,525 acre) Horse Hill PEDL 137 located in Surrey, where the Horse Hill-1 well is currently being drilled.

The transfer of the 65% interest in PEDL 246 to HHDL from Magellan Petroleum (UK) Limited, a subsidiary of Magellan Petroleum Corporation, is conditional only on gaining final approval from the UK Secretary of State for Energy and Climate Change.

#### **Investment in Gold Mines of Wales: (49.9% interest in GMOW)**

In January 2014, the Crown Mineral Agent formally approved a 12 month extension of the exclusive Option Agreement between the Crown Estates and Gold Mines of Wales (Operations) Ltd ("GMOW"). Stellar owns 49.9% of GMOW.

GMOW currently holds an exploration licence covering an area of 120km<sup>2</sup> which contains the entire Dolgellau Gold Belt, including the historic Clogau Gold mine. The licence contains the historic Clogau St David's Gold mine, renowned as being the source of royal gold.

GMOW is continuing the work of re-opening the extensive underground workings and assessing the best method of potentially commencing trial mining operations in the district.

Some of the underground areas opened up during 2013, as previously announced, have the potential to form the basis for a phased re-start of commercial mining operations at these mines and we will be working closely with our partners and local authorities on how best to achieve this.

The team in Wales continues to gradually re-open the underground workings at the old Clogau Gold Mine. High grade gold samples, as previously reported, from Clogau provide encouragement that the potential still exists to define new high grade gold mineralisation.

GMOW have purchased a fully integrated 2 tonne per hour gold processing plant for the Clogau St David's Gold enabling the commencement of small scale pilot processing of gold ore previously exposed and stockpiled from the recently rehabilitated underground workings of the Clogau Mine and the more accurate assessment and correlation of underground sampling programmes with actual gold recoveries. Work is continuing on site to construct and commission the trial processing plant.

#### **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, by paying \$400,000 towards the start-up costs of the Indonesian operations. Stellar has the right, but not the obligation, to acquire a further 5% of Boletus by funding another \$500,000 and a further 4% of Boletus by funding another \$400,000.

Boletus has signed commercial terms to develop the high quality coal at the Bengkulu Coal Project on the Indonesian Island of Sumatra.

Since the time of the original investment in Boletus, the domestic 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 are still reviewing their options with the lease owner of the Bengkulu Coal Project to ascertain if a commercially viable coal operation is indeed possible.

#### **Financial Results**

During the period, the Group made a loss before taxation of £213,000 (6 months ended 30 June 2013: loss £92,000, 12 months ended 31 December 2013: loss £478,000). There was a weighted loss per share of 0.03p (30 June 2013: loss per share 0.10p, 31 December 2013: loss per share 0.26p).

Current assets including cash at 30 June 2014 amounted to £1,855,000 (30 June 2013: £210,000; 31 December 2013: £2,645,000).

## 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.

David Lenigas

**Chairman**

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## Glossary:

up to C3 (propane)	- hydrocarbon gas liquids from spectrometry showing the presence of C1 (methane), C2 (ethane) and C3 (propane)
MD	- measured depth
mineral florescence	- light emitted by natural minerals showing, in some circumstances, the presence of hydrocarbons
mud gas	- gases recovered from the drilling fluids (mud)
TD	- total depth
TVDss	- true vertical depth below sea level

## Consolidated interim statement of comprehensive income

	6 months to 30 June 2014 Unaudited £'000	6 months to 30 June 2013 Unaudited £'000	Year to 31 December 2013 Audited £'000
Notes			
<b>Continuing operations</b>			
Revenue	-	-	3
Cost of sales	-	-	-
	-	-	3
<b>Gross profit</b>	-	-	3
Share based payments	-	-	(130)
Other administrative costs	<b>(213)</b>	(92)	(264)
	<b>(213)</b>	(92)	(394)
<b>Total administrative costs</b>	<b>(213)</b>	(92)	(394)
Operating loss	<b>(213)</b>	(92)	(391)
Gain on sale of available for sale investment	-	-	-
Finance expense	-	-	-
Share of loss of associate	-	-	(87)
	<b>(213)</b>	(92)	(478)
<b>Loss before tax</b>	<b>(213)</b>	(92)	(478)
Taxation	-	-	-
	<b>(213)</b>	(92)	(478)
<b>Loss for the period</b>	<b>(213)</b>	(92)	(478)
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>	<b>(213)</b>	(92)	(478)
<b>Loss per share:</b>			
<b>Basic and diluted loss per share</b>	<b>(0.03)</b>	(0.10)	(0.26)

## Consolidated interim statement of financial position

	Notes	30 June 2014 Unaudited £'000	30 June 2013 Unaudited £'000	31 December 2013 Audited £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Available for sale assets		521	-	-
Investment in Associate		440	609	440
		<b>961</b>	<b>609</b>	<b>440</b>
<b>Current assets</b>				
Trade and other receivables		825	205	1,060
Cash and cash equivalents		1,030	5	1,585
		<b>1,855</b>	<b>210</b>	<b>2,645</b>
<b>Total assets</b>		<b>2,816</b>	<b>819</b>	<b>3,085</b>
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital		15,185	15,121	15,185
Share premium account		31,367	28,837	31,367
Share based payment reserve		130	46	130
Profit and loss account		(43,902)	(43,267)	(43,689)
<b>Total equity</b>		<b>2,780</b>	<b>737</b>	<b>2,993</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		36	82	92
<b>Total liabilities</b>		<b>36</b>	<b>82</b>	<b>92</b>
<b>Total equity and liabilities</b>		<b>2,816</b>	<b>819</b>	<b>3,085</b>

Consolidated interim statement of changes in equity

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2013</b>	<b>15,121</b>	<b>28,837</b>	<b>46</b>	<b>(43,257)</b>	<b>747</b>
<i>Other comprehensive income:</i>					
Loss for the year	-	-	-	(478)	<b>(478)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(478)</b>	<b>(478)</b>
Proceeds from share issue	64	2,530	-	-	<b>2,594</b>
Share options cancelled	-	-	(46)	46	-
Share based payments	-	-	130	-	<b>130</b>
<b>Transactions with owners of the Company</b>	<b>64</b>	<b>2,530</b>	<b>84</b>	<b>46</b>	<b>2,724</b>
<b>Balance at 31 December 2013</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 period	-	-	-	(213)	<b>(213)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213)</b>	<b>(213)</b>
Proceeds from share issue	-	-	-	-	-
<b>Total contribution by and distribution to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2014</b>	<b>15,185</b>	<b>31,367</b>	<b>130</b>	<b>(43,902)</b>	<b>2,816</b>

Consolidated interim statement of cash flows

	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 December 2013
	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Cash flows from operating activities</b>			
Loss after taxation	(213)	(92)	(391)
Adjustments for:			
Decrease/(increase) in trade and other receivables	235	2	(671)
(Decrease)/increase in trade and other payables	(56)	44	(3)
Share based payment charge	-	-	130
Taxation (paid)	-	-	-
<b>Net cash used in operating activities</b>	<b>(34)</b>	<b>(46)</b>	<b>(935)</b>
<b>Cash flows from investing activities</b>			
Purchase of available for sale assets	(521)	-	-
Loan advanced to associate	-	-	(125)
<b>Net cash (used in) investing activities</b>	<b>(521)</b>	<b>-</b>	<b>(125)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from share issue	-	-	2,594
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>2,594</b>
<b>Net change in cash and cash equivalents</b>	<b>(555)</b>	<b>(46)</b>	<b>1,534</b>
Cash and cash equivalents at beginning of period	1,585	51	51
<b>Cash and cash equivalents at end of period</b>	<b>1,030</b>	<b>5</b>	<b>1,585</b>

## Notes to the Consolidated interim financial statements

### 1. General Information

The Consolidated interim financial information for the 6 months to 30 June 2014 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 Consolidated interim financial information in respect of the year ended 31 December 2013 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 2013, 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 29 September 2014 and will be available shortly 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 Consolidated 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 2013 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 2014 (Unaudited)	Six months to 30 June 2013 (Unaudited)	Year ended 31 December 2013 (Audited)
Net loss attributable to equity holders of the company (£'000)	(213)	(92)	(478)
Weighted average number of shares	736,549,167	92,230,985	180,602,716
Basic and diluted loss per share (pence)	(0.03)	(0.10)	(0.26)

### 3. Events after the reporting date.

There are no events after the reporting date.