



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

FINANCIAL REPORT

For the half-year ended 31 December 2022

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DIRECTORS' REPORT

Your directors submit the Interim Report of the Group comprising Lodestar Minerals Limited (“the Company”, “LSR” or “Lodestar”) and its controlled entities (“the Group”) for the half-year ended 31 December 2022. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the directors who held office during the whole of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Ross Taylor	Non-executive Chairman	Executive Chairman from 2 December 2022 to 28 February 2023
Edward Turner	Managing Director	Appointed 2 December 2022 Non-executive Director from 2 December 2022 to 28 February 2023
David McArthur	Non-executive Director	
William Clayton	Managing Director	Retired 2 December 2022

REVIEW OF OPERATIONS

HIGHLIGHTS

Significant Advances across the Portfolio

Nepean Nickel Project JV (LSR - 20%)

- Assay received from RC drilling program over the shallow Nepean nickel mineral resource estimate (MRE) and the Nepean North IP target.
- A JORC (2012) Mineral Resource Estimate (MRE) was successfully completed at the Nepean Nickel Project for the known shallow nickel mineralisation only (~120m from surface), resulting in 236kt @ 1.5% Ni and 0.11% Cu for 3,625t of contained nickel and 252t of contained copper.
- Approximately 50% of the new shallow Nepean MRE is within the Indicated Resource category.

Kangaroo Hills Lithium Project (LSR - 20%)

- Holes drilled at the Nepean North IP target returned high-grade lithium within spodumene-bearing pegmatite: 6m @ 1.38% Li₂O from 198m including 2m @ 3.26% Li₂O from 198m (NPRC084).
- Field mapping identified numerous outcropping pegmatites which will be targeted in Q1 2023 with RC drilling.

Earaheedy-Imbin (LSR - 100%)

- Regional soil sampling completed over 30 discrete heli-EM conductors representing potential base metal targets.
- Fixed loop EM surveys completed over the priority MC-8 and MC-9 conductors, along strike from the Main Gossan copper occurrence.
- Heritage surveys completed over the MC-8 and MC-9 conductors after the reporting period, in preparation for drilling.
- POW approved for four holes.
- Botanical survey required before drilling planned for March 2023.
- Clearing and drilling planned to start April-May 2023 as soon as fauna report has been received.

Jubilee Well (LSR – 100%)

- Nine-hole RC holes for a total of 1,1312m were completed, over a strike distance of 150m. Best result included 12m @ 1.2 g/t Au from 64m in LJWC005 in the same geological setting identified as gold-bearing by Acacia.

Coolgardie West (LSR - 100%)

- Rock sampling confirms LCT affinity of the Coolgardie West pegmatite – sample from biotite alteration zone reports 0.23% Li₂O, 128ppm Cs, 1720ppm Rb, 7.9ppm Ta and 10ppm Sn, consistent with the large LCT soil anomaly associated with the ~2km long pegmatite and previous LIBS analysis undertaken by FMG from the same zone, reporting up to 0.26% Li which will be followed up by RC drilling once the tenement is granted in 2023.
- Gold targets identified with ultrafine (UFF) soil sampling to be followed with Aircore drilling planned to start following tenement granting in 2023.

Bulong (LSR – 100%)

- Agreement in principle reached on access and heritage protocols, planned drilling programs will be forwarded for heritage surveys once the agreements are ratified.

COMPANY PROJECTS

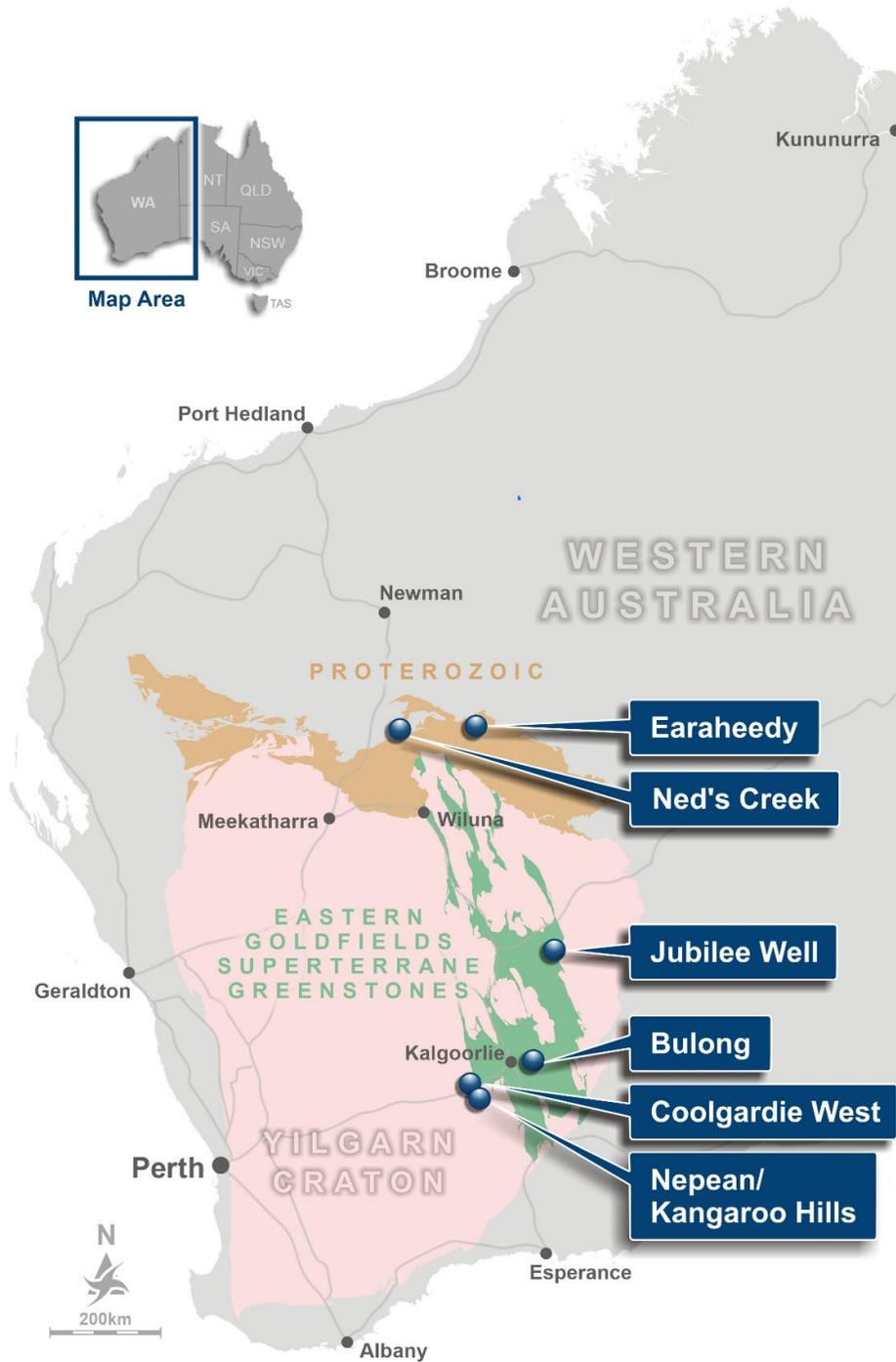


Figure 1: Project locations.

Nepean Nickel Project (Lodestar - 20%: Auroch Minerals – 80%, operators)

Mineral Resource Estimate (MRE)

A JORC 2012 MRE for the Nepean Nickel Project was successfully completed in August 2022 on the known shallow nickel mineralisation (above 290mRL, or top ~120m from surface), resulting in 236kt @ 1.5% Ni and 0.11% Cu (Table 1) for 3,625t of contained nickel (Ni) and 252t of contained copper (Cu)¹. Significantly, approximately 50% of the new shallow Nepean MRE is within the Indicated Resources category, with the potential to increase this proportion significantly with minimal additional drilling.

The MRE was limited to above the 290mRL and incorporated much of the crown pillar of the historic Nepean underground nickel mine. Importantly, the significant high-grade nickel sulphide mineralisation that exists below the 290mRL was not included in this MRE (Figure 2).

Table 1: Nepean Mineral Resource Estimate Above 290mRL (0.6% Ni Cut-off Grade) - September 2022

Indicated Mineral Resource							
Type	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	38	1.3	0.09	0.04	496	34	16
Transitional	44	1.7	0.1	0.03	724	45	14
Fresh	32	2.1	0.13	0.04	682	43	12
Total	114	1.7	0.11	0.04	1,902	121	42
Inferred Mineral Resource							
Type	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	46	1.1	0.12	0.03	510	55	16
Transitional	36	1.1	0.08	0.03	399	28	10
Fresh	41	2	0.12	0.04	814	47	15
Total	122	1.4	0.11	0.03	1,723	131	40
Total Mineral Resource							
Type	Tonnage kt	Ni %	Cu %	Co %	Ni t	Cu t	Co t
Oxide	84	1.2	0.11	0.04	1,006	89	32
Transitional	80	1.4	0.09	0.03	1,123	73	24
Fresh	73	2.1	0.12	0.04	1,496	90	27
Total	236	1.5	0.11	0.03	3,625	252	82

¹ See Auroch ASX Announcement dated 1 September 2022 – Nepean Nickel Project – JORC Mineral Resource Estimate

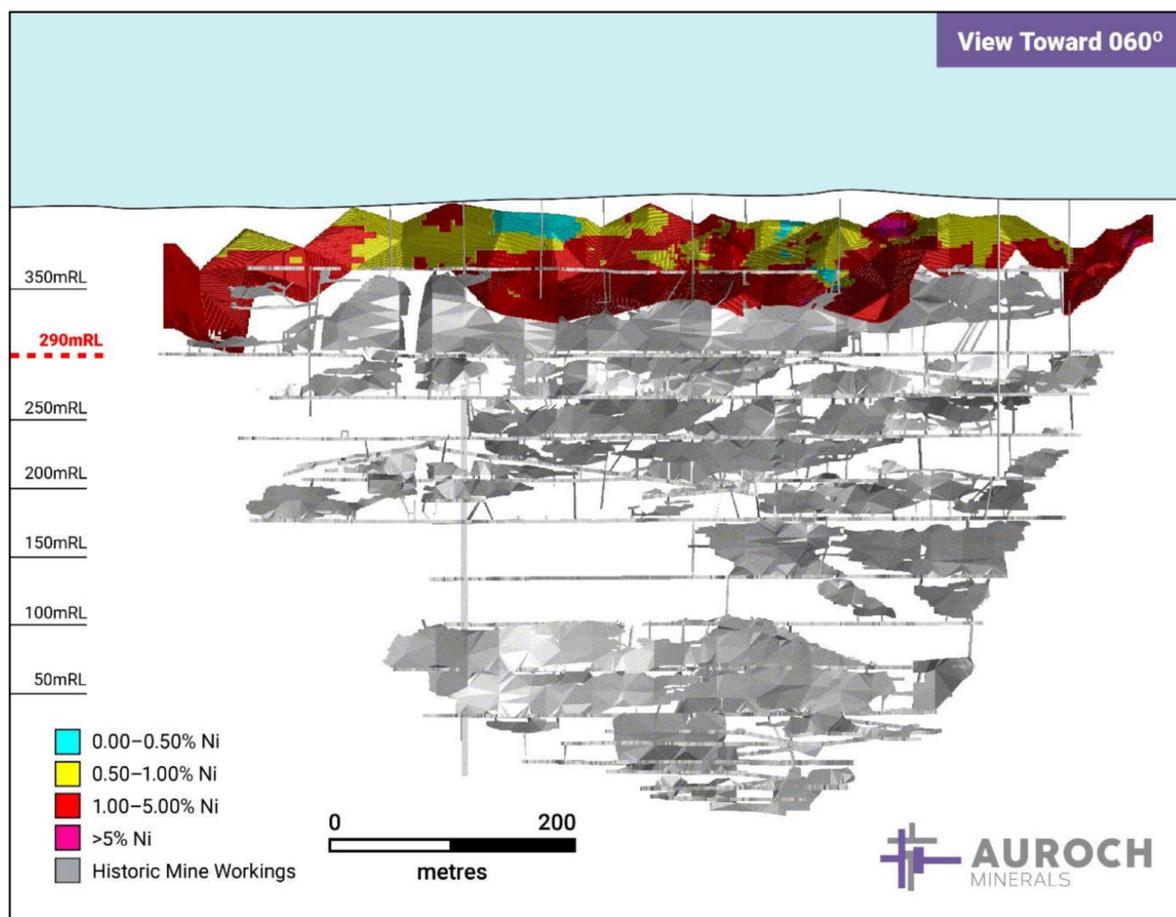


Figure 2: Long-section (looking toward 060°) of the JORC (2012) MRE block model in relation to historic mine workings at the Nepean.

A four-hole reverse-circulation (RC) drill programme totalling 695m was conducted over both the shallow Nepean nickel MRE and the Nepean North IP target. Two drill-holes targeted the northern portion of the shallow (top ~120m from surface) MRE, with the aim to potentially upgrade a significant portion of the current Nepean Resource from an Inferred category to an Indicated category. Significant results from these two holes are listed below (Figure 3)²:

- 1m @ 2.08% Ni, 0.25% Cu & 0.83g/t PGE's (Pt & Pd) from 47m down-hole (NPRC083), and
- 1m @ 1.18% Ni, 0.11% Cu & 0.49g/t PGE's from 29m within a wider mineralised zone of 4m @ 0.84% Ni, 0.05% Cu from 28m (NPRC083); and
- 1m @ 0.72% Ni, 0.07% Cu & 0.15g/t PGE's from 52m (NPRC082).

Importantly, these results correlate closely with the results from nearby historic drill-holes used in the current MRE of 236kt @ 1.5% Ni and 0.11% Cu for 3,625t of contained nickel and 252t of contained copper³. The data from both the new drill-holes and the historical drill-holes will be used to update the shallow Nepean MRE, with the aim to materially increase the proportion of Indicated Resources, which is currently approximately Inferred (50%): Indicated (50%). If successful, as expected, the upgrade in resource category will provide a higher confidence in the ongoing internal scoping studies into the viability of a shallow mining operation at Nepean.

² See Auroch ASX Announcement dated 15 November 2022 – Nepean Nickel Project – Exploration Update

³ See Auroch ASX Announcement dated 1 September 2022 – Nepean Nickel Project – JORC Mineral Resource Estimate

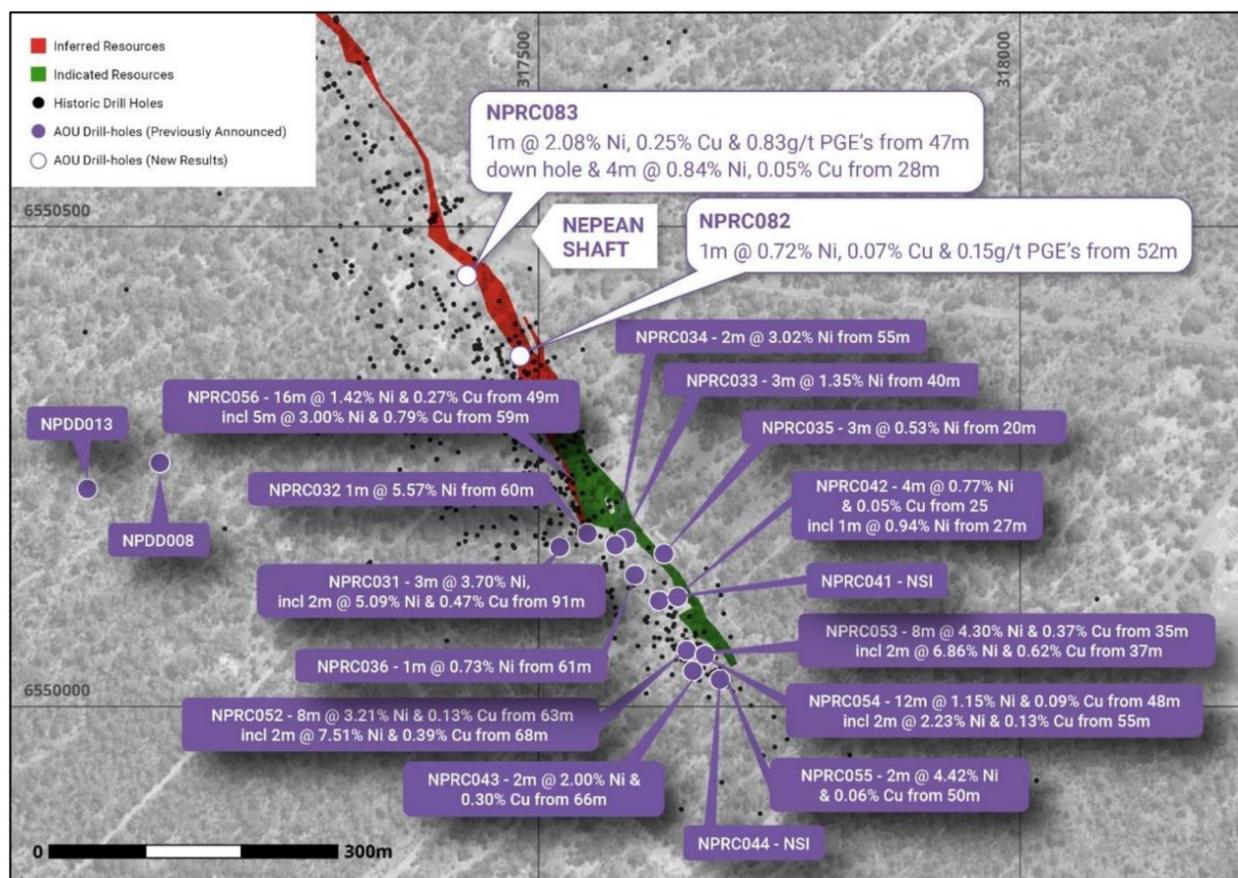


Figure 3: Plan view of the current shallow (above 290mRL) MRE block model at the Nepean Nickel Project, showing the split between Inferred and Indicated Resources

Kangaroo Hills Lithium Project (KHLP) (Lodestar - 20%: Auroch Minerals – 80%, operators)

During the reporting period, the Company discovered high grade lithium mineralisation in RC drill-hole samples at the Kangaroo Hills Lithium Project (KHLP), located within the Nepean Nickel Project in Western Australia.

Drilling at the Nepean North Prospect was completed in Q3 2022 which consisted of two RC holes for an aggregate of 539 metres to test an IP anomaly for nickel sulphide mineralisation.

All geologically logged pegmatites intercepted by the two RC holes were submitted for re-assay for lithium-caesium-tantalum (LCT) mineralisation via a sodium peroxide fusion and Inductively Coupled Plasma – Atomic Emission Spectroscopy (ICP-AES) as part of the Company’s ongoing investigation into the project’s lithium potential.

Field geologists identified a six-metre-thick pegmatite in NPRC084 between 198-204m (down-hole depth) and a series of thinner pegmatites in NPRC085 from 143m, all of which were submitted for re-assay. The high-grade lithium (Li) results in hole NPRC084, combined with re-logging of the 6m pegmatite interval, confirmed the presence of the lithium pyroxene mineral spodumene (the principal Li ore mineral). Significant results include⁴:

⁴ ASX Announcement 24 November 2022 – High Grade Lithium Discovered at Nepean

- 6m @ 1.38% Li₂O from 198m, including 2m @ 3.26% Li₂O from 198m (NPRC084)
- 3m @ 0.36% Li₂O from 165m, including 1m @ 0.52% Li₂O from 167m (NPRC085)
- 4m @ 0.29% Li₂O from 242m (NPRC085).

Significantly, the two holes were drilled approximately 150m apart, approximately 420m north of the previously reported Li result in NPRC058 consisting of 1m @ 0.88% Li₂O from 78m, which suggests potential LCT-enriched pegmatites over a significant strike length at the Nepean North Prospect.

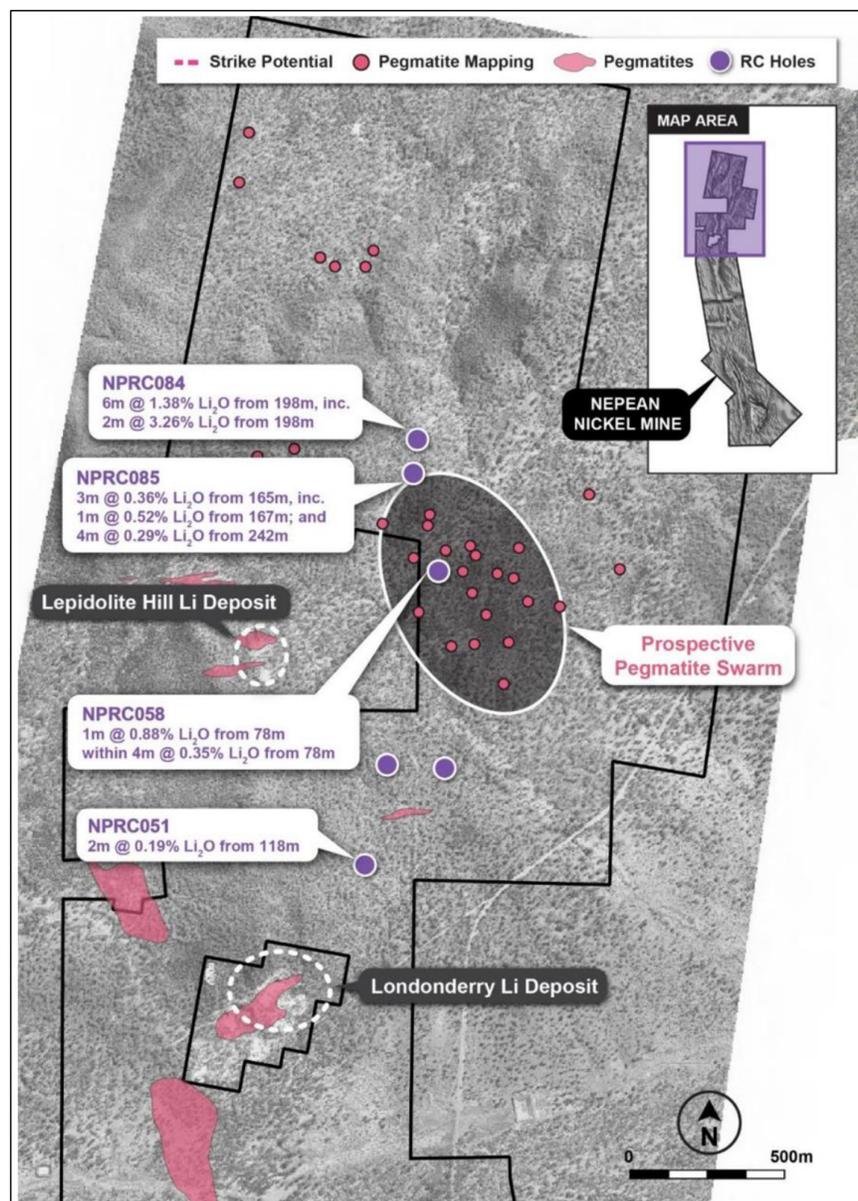


Figure 4: Kangaroo Hills LCT Project, showing mapped pegmatite locations and Auroch RC exploration drill holes.

Auroch completed a detailed mapping and rock chip sampling exercise over the newly named Kangaroo Hills Lithium Project (KHLP). The mapping exercise identified several outcropping pegmatites close to the previously reported mineralised drill holes NPRC058, NPRC084 and NPRC085 and within the greater project area (Figure 4). Rock chip

samples have been taken from all locations⁵, and the assay results from the rock chip samples were released subsequent to the end of the quarter⁶. Assay results of these samples have exceeded expectations with best results including 2.37% Li₂O in hole ND28060. Of significance is a cluster of outcrops identified to the south-east of NPRC084 and NPRC058. Importantly, NPRC084 intersected 6m @ 1.38% Li₂O, including 2m @ 3.26% Li₂O from 198m and NPRC058 intersected 1m @ 0.88% Li₂O from 78m, so any pegmatites in this area are considered highly prospective for Li enrichment. Subsequent to the end of the Quarter, the Company has contracted Australian Surface Exploration Pty Ltd to undertake a 3,000m phase 1 RC drilling programme on three high priority targets at the KHLP, which has now commenced⁷.

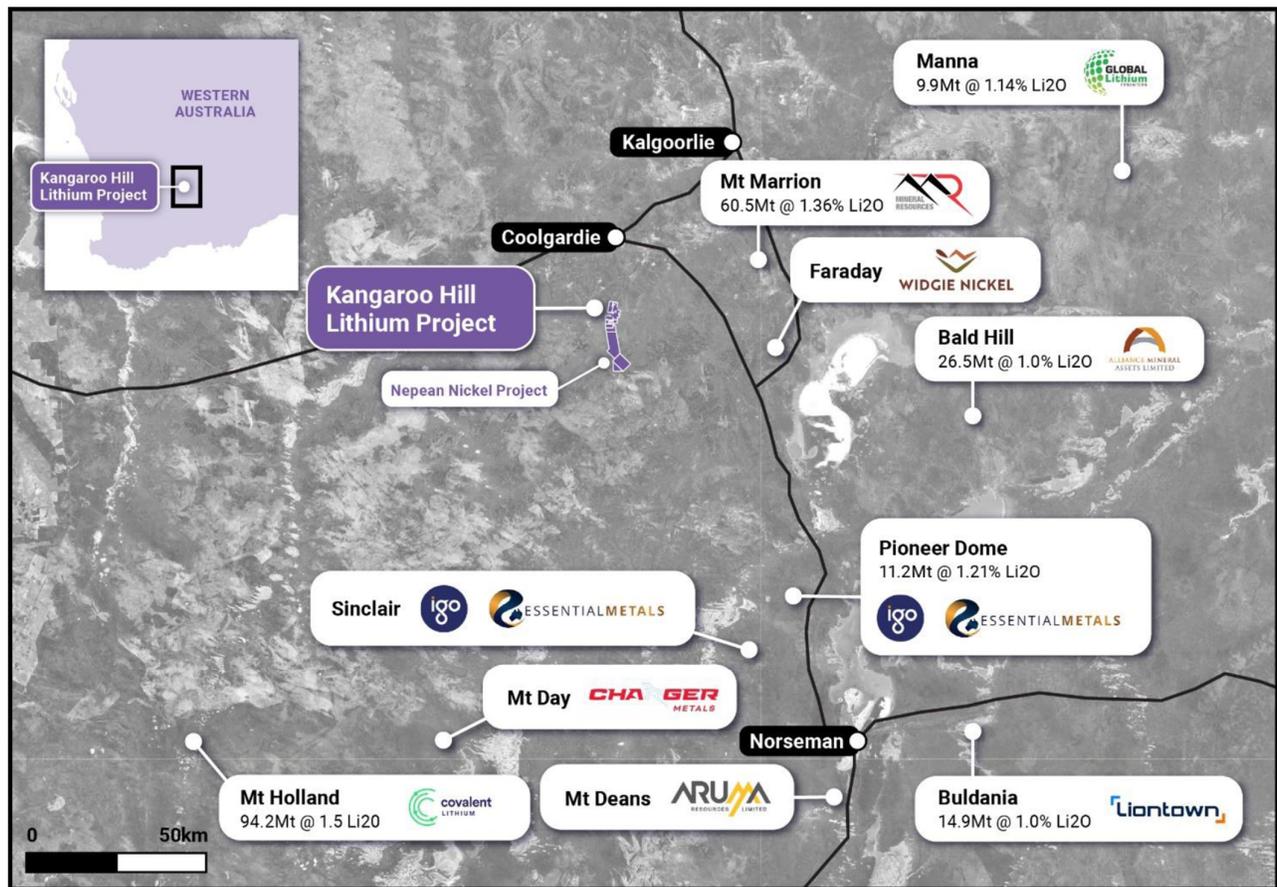


Figure 5: Kangaroo Hills LCT Project, Project location map and proximity to regional Lithium deposits

⁵ ASX Announcement 20 December 2022 – Field Mapping Defines Pegmatite Targets

⁶ ASX Announcement 16 January 2023 – LCT Pegmatites Confirmed at Kangaroo Hills

⁷ ASX Announcement 18 January 2023 – Drilling Commences at Kangaroo Hills Lithium Project

Earaheedy-Imbin (Lodestar - 100%)

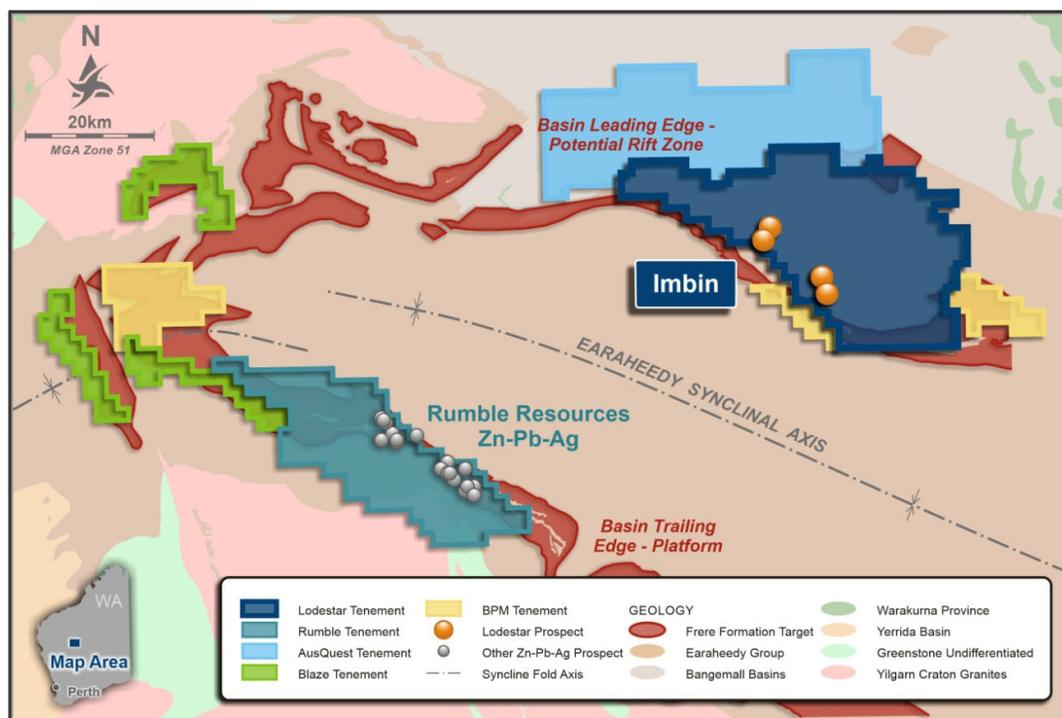


Figure 6: Imbin Project location.

An ultrafine (UFF+) soil sampling programme of 1867 samples in conjunction with CSIRO was focussed on the 30 EM conductors (UFF+) defined by the Xcite heli-EM survey conducted by Lodestar. These targets were grid sampled and the samples were sent to LabWest for ultrafine analysis. This analysis takes the smallest fraction of the samples (<2 µm) and runs it for multi element analysis. The results are then processed by CSIRO’s methodology (<https://research.csiro.au/ultrafine/ultrafine-next-gen/>) which incorporates machine learning to define landscape maps which are then used to help in the interpretation of the results. To identify new targets, it is important to classify the regolith landscape (or clusters) which will then allow us to map anomalous concentration within the same unit. Base level concentrations vary depending on the origin of the regolith unit. Analysing the results of this study, we have identified four high priority targets with potential for Cu, Zn-Pb-Ag and Au within our 30 targets identified by the AEM (Figure 7). These targets will be the focus of exploration in 2023. Figure 7 shows the high priority targets with the Copper (Cu) values, highlighting the outliers (triangles on the map) which represent the values above usual background values.

A full review of the available geophysical and geochemical data has started to identify highly prospective areas which will be explored in parallel with the Imbin Prospect drilling. These areas have not been sampled through the first program of the ultrafine project and are at this stage conceptual⁸.

⁸ see Lodestar’s ASX announcement dated 23rd December 2022

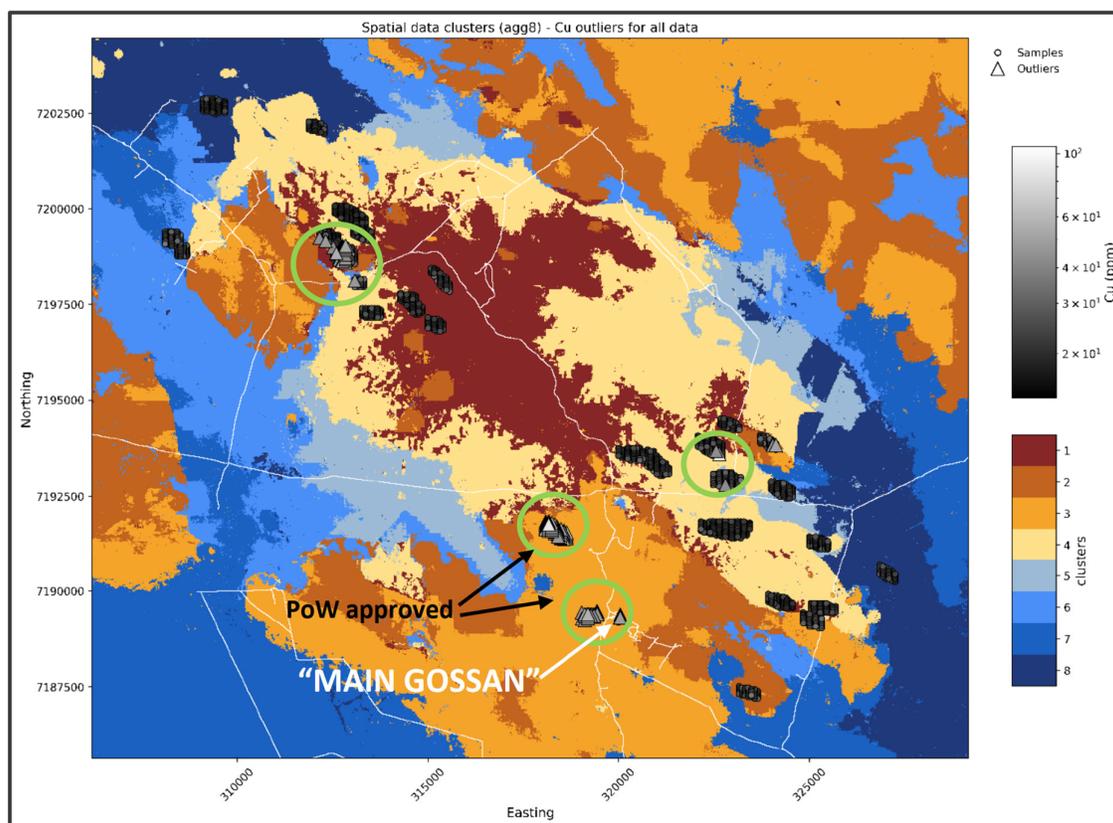


Figure 7: Copper (Cu) outliers (values above background) overlying the clusters/landscape map showing the 8 types of landscape defined for this region. Image from CSIRO. The four priority target areas have been highlighted.

A PoW has been granted for a ~1000m RC program to test the best Airborne Electromagnetics (AEM) and fixed loop electromagnetic (FLEM) anomalies within the “Troy Creek Beds” formation at the Earaaheedy Project, which has already demonstrated high Copper (Cu) and Gold (Au) potential within the outcropping gossan. At the “Main Gossan” historic drilling has intersected **1.5m @ 2.9% Cu** from 108.9m in TCD002 and **2m @ 4.65% Cu** from 91m in TCRC08-02 (Figure 8). No holes have been drilled to test for depth or strike extensions of the mineralisation under cover. A first phase of drilling by Lodestar will be targeting the continuation of this mineralisation under cover at the best electromagnetic anomalies and faults zone areas. Gold anomalies have also been identified and will be targeted at a later stage. The PoW for ~1000m RC drilling has been granted under the condition of a flora survey which has been scheduled and will be performed in March 2023. Following the survey and the results of the report, the clearing of access tracks and drill pads will commence. The clearing, which will be supervised by the Traditional Owners is expected to start in late April, with the drilling to commence shortly afterwards.

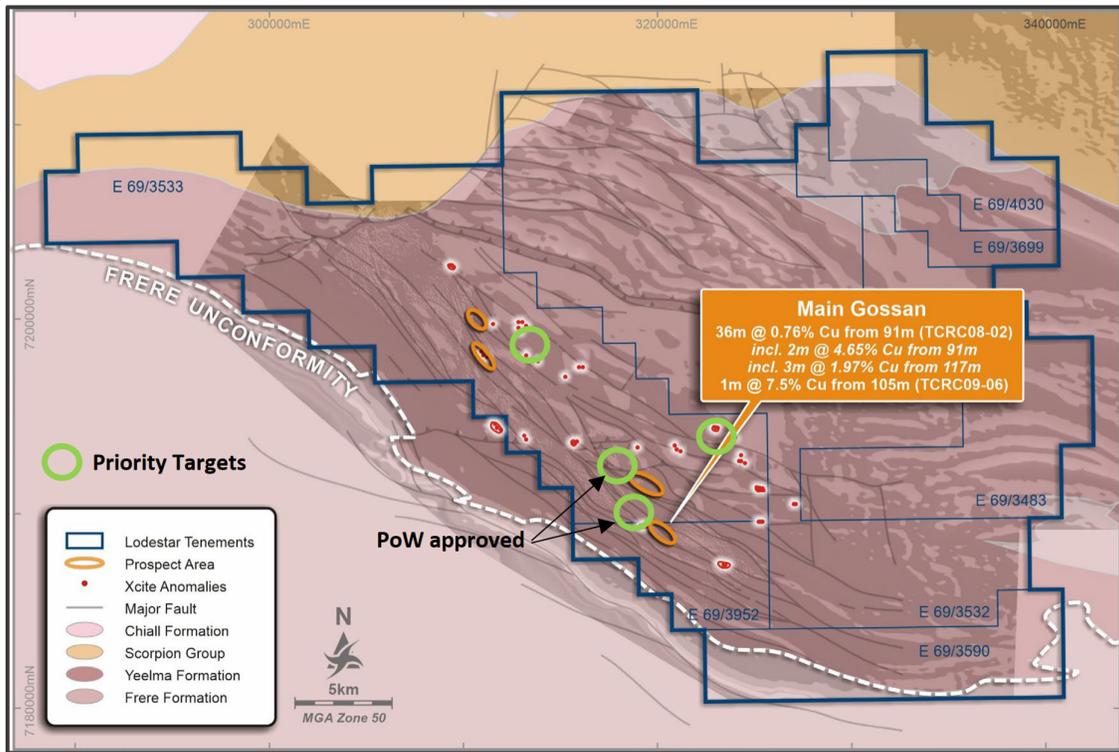


Figure 8: Imbin Prospect priority drill targets

Coolgardie West (Lodestar – 100%)

Results from rock sampling of a biotite alteration zone developed in the footwall to the pegmatite at Coolgardie West have returned elevated lithium, rubidium, caesium, tin and tantalum values characteristic of lithium-caesium-tantalum (LCT) related fractionated pegmatites. The sample was taken from the same biotite-rich alteration zone where earlier laser induced breakdown spectroscopy (LIBS) undertaken by FMG reported up to 2656ppm Li⁹.

The Coolgardie West pegmatite is distinguished by a 2.5km long, north northeast trending Li, Cs, Rb anomaly (Figure 10) and is intermittently exposed in shallow trenches¹⁰. The results of rock sampling suggest that the geochemical anomaly is related to alteration along the contacts of the pegmatite. The alteration is a result of the pegmatite and associated hydrothermal fluids interacting with the mafic host rocks during intrusion and is strong indicator of the potential for LCT mineralisation within the pegmatite itself. Drilling is required to identify mineralogical zoning within the pegmatite and Lodestar is working towards testing the pegmatite target in 2023.

Details of the rock sample are given in Table 2 and the sample site is shown in Figure 9.

Table 2: Coolgardie West rock sample results (MGA94 Zone 51).

SampleID	Easting	Northing	Li ppm	Cs ppm	Ta ppm	Rb ppm	Sn ppm
LSR103409	315045	6573849	1090	128	7.9	1720	10

⁹ see Lodestar’s ASX announcement dated 23rd May 2022

¹⁰ see Lodestar’s ASX announcement dated 11th February 2022



Figure 9 Biotite alteration zone at the contact of the mafic and the pegmatite.

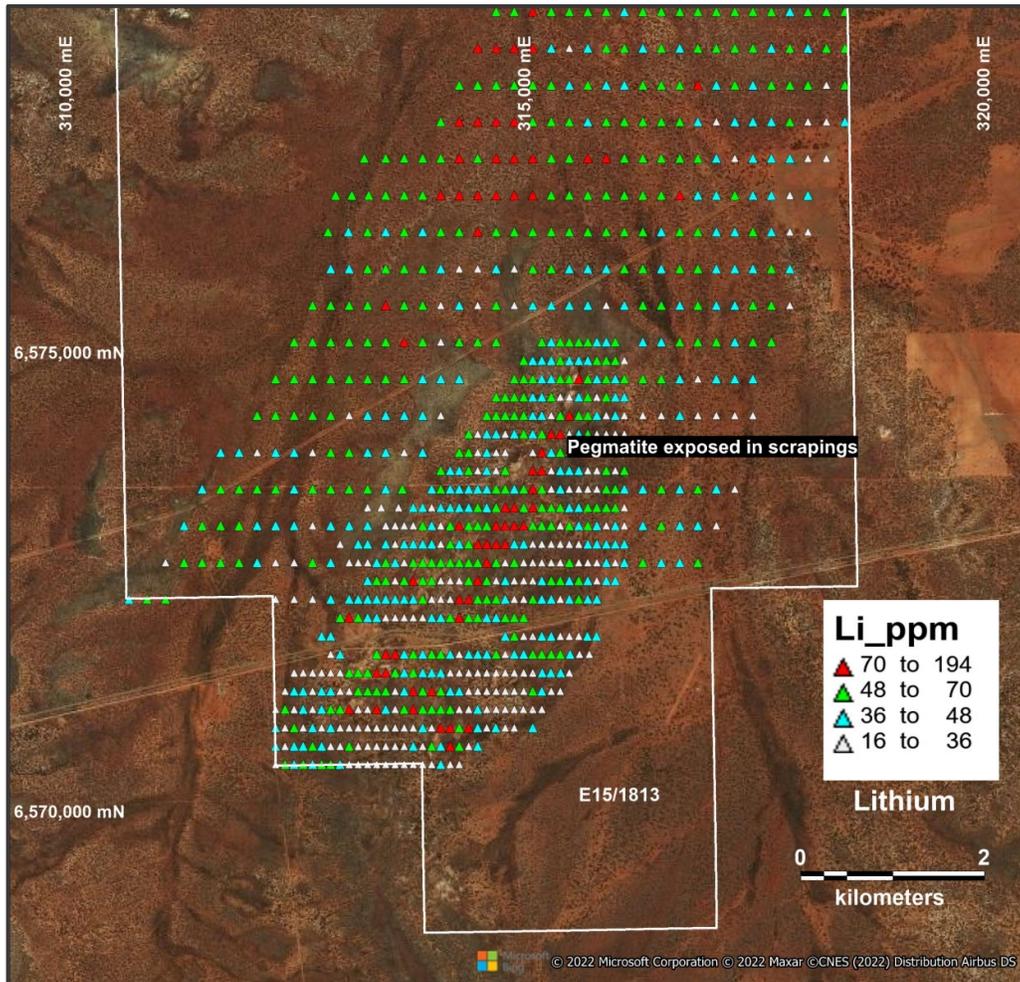


Figure 10: Coolgardie West ~2km lithium anomaly associated with north northeast trending pegmatite.

Adding to the soil sampling anomaly of Li, Cs, Nb, Rb, Tl surrounding the pegmatite, a couple of gold anomalies areas have been identified and all are planned to be drilled during 2023 following heritage clearances and PoW approval¹¹.

Ned’s Creek JV (Vango Mining earning 51%)

A three-hole RC drilling program to a maximum depth of 218m for a total of 594m (Table 3) was completed to test a discrete magnetic anomaly adjacent to the granite contact. The drill holes were designed to intersect the magnetic anomaly, modelled as a southeast dipping body, and the Contessa shear zone adjacent to the granite contact. Drilling intersected a less altered diorite unit and returned no significant results.

Table 3 Ned’s Creek drill hole information (MGA94 Zone 50).

HoleID	Easting	Northing	RL	TotalDepth	DrillType	Dip	Azimuth
LNRC102	787550	7191895	577.4	218	RC	-60.5	321.6
LNRC103	787391	7192004	575.9	212	RC	-60.1	134.2
LNRC104	787361	7192024	575.9	164	RC	-59.8	133.2

Jubilee Well (Lodestar – 100%)

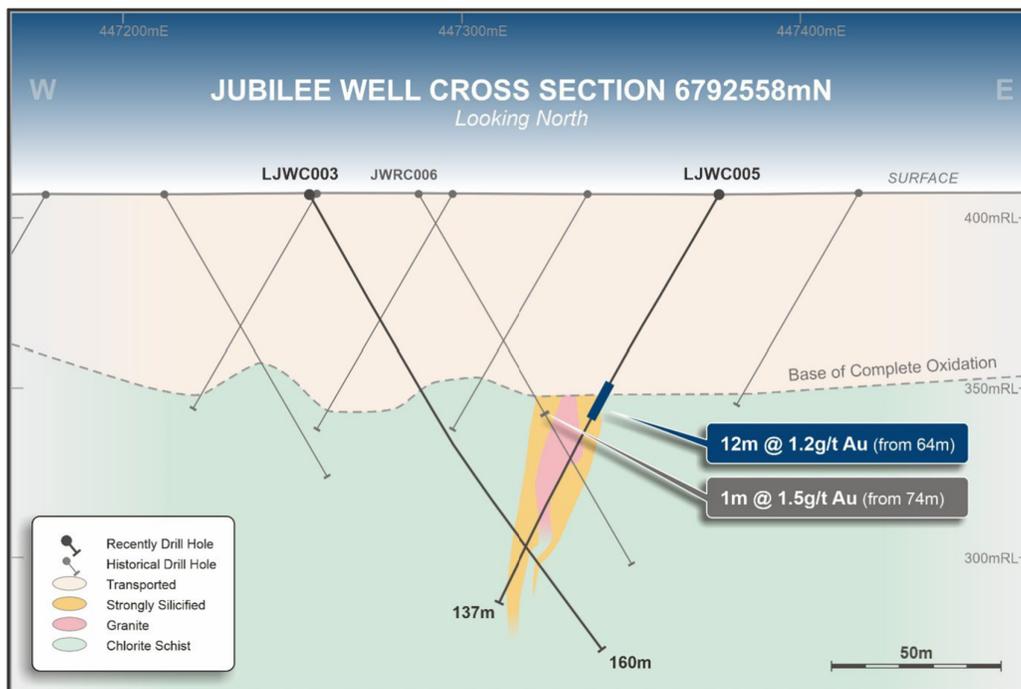


Figure 11: Jubilee Well interpreted cross section 6792558N showing alteration within sub-vertical shear zone and drilling results.

¹¹ see Lodestar’s ASX announcement dated 23rd December 2022

At Jubilee Well, nine holes for a total of 1,312m were completed, over a strike distance of 150m. Best results included **12m @ 1.2 g/t Au** from 64m in LJWC005 (Figure 11, Table 4) from the silica-sericite alteration with fine grained disseminated sulphide mineralisation which has been the indicator of the mineralisation in the area as described by PosGold and Acacia. The mineralised shear remains open, and a further study of the results will decide of the next targets.

Table 4: Significant interceptions (> 1g/t Au)

Hole ID	Depth From (m)	Depth To (m)	Interval (m)	Au (g/t)
LJWC001	70	74	4	1.05
LJWC005	64	76	12	1.17
LJWC006	71	75	4	1.20
LJWC007	71	75	4	1.62

TRADITIONAL OWNERS

Lodestar Minerals would not be able to operate successfully without the support of the Traditional Owners and the local communities in which we operate. We continue to build trust and respect between Lodestar Minerals and our key stakeholders through transparency, listening, acting on concerns, and looking for innovative and sustainable ways of ensuring that the Traditional Owners are participating in the journey to explore and develop, responsibly and sensitively. We are working closely with our Native Title holders to identify mutually supportive initiatives which will see a growing range of business and employment opportunities being developed and importantly ensuring that the local community has the capability and opportunity to grow with the Company.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by William Clayton, Managing Director until 2 December 2022 and Consultant Geologist since 2 December 2022, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated:

- 18th January 2023 – Auroch – “Drilling Commences at Kangaroo Hills Lithium Project”.
- 23rd December 2022 “Exploration Update”.
- 20th December 2022 – Auroch – “Field Mapping defines pegmatite targets”.
- 28th November 2022 “Board Changes”.
- 24th November 2022 – Auroch – “High Grade Lithium discovered at Nepean”.
- 15th November 2022 – Auroch – “Nepean Nickel Project – Exploration Update”.
- 6th October 2022 “Ned’s Creek Exploration Update”.
- 28th September 2022 “FLEM Identifies Earahedy Drill Targets”.
- 2nd September 2022 “Drilling Successfully Completed at Jubilee Well”.

- 27th July 2022 “Earaheedy – Imbin Electromagnetic Surveys Commence”.
- 4th July 2022 “Soil Geochemistry Underway at Earaheedy- Imbin”.
- 23rd May 2022 “Lithium Update – Drilling program to Test Strong Anomaly”.
- 11th February 2022 “Lithium potential Upgraded at Coolgardie West”.

These announcements are available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

CORPORATE

Lodestar Minerals Limited is listed on the Australian Securities Exchange (ASX: LSR), classified as a Western Australian junior gold and base metal explorer.

At the date of this report, the Company has approximately 1,738 million shares on issue.

Board and Management Changes

On 2 December 2022, the Board announced the retirement of Bill Clayton who held the position of Managing Director since the inception of the Company in 2007.

On 2 December 2022, Edward Turner joined the Board as a Non-Executive Director. Edward has 35 years of experience in the mining industry. He is a geologist with extensive experience in exploration management, underground mining, resource development, capital raisings, and commercial acquisitions and divestments. He has worked in precious metals, base metals, uranium and lithium in Australia, Africa, Eastern Europe, and South America. Recent Executive roles have included Technical Director for Riedel Resources Limited, CEO for Galena Mining Limited, and CEO of Kingwest Resources Limited.

On 2 December 2022, Ross Taylor, formerly Non-executive Chair, assumed the role of Executive Chair of the Company.

On 6 December 2022, Coraline Blaud was appointed Exploration Manager of Lodestar. Coraline has worked as a geologist in the junior mining sector across multiple commodities (Li, K, Au, Pb, Ag, Cu, Ni) within Western Australia as well as in Europe and Africa. Coraline has significant experience in Greenfields exploration and Resource Definition including the Abra Base Metal Deposit (Galena Mining) and the Menzies Gold Project (Kingwest Resources).

On 28 February 2023, following the Company announcement that Edward Turner was appointed Managing Director, Ross Taylor moved from Executive to Non-Executive Chairman.

Annual General Meeting

On 27 September 2022, the Company provided its 2022 Annual Report to Shareholders. The Annual General Meeting was held on the 4 November 2022 and all Resolutions presented were passed by a poll.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax for the half-year was \$1,164,179 (31 December 2021: \$1,431,582), which included exploration expenditure of \$797,625 (31 December 2021: \$1,217,942).

At the end of the reporting period the Group had cash on hand of \$716,614 (30 June 2022: \$1,925,894).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported above in the Review of Operations, there were no matters that significantly affected the affairs of the Group during the reporting period.

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 9 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



EDWARD TURNER
Managing Director

10 March 2023
Perth, WA

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Lodestar Minerals Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
10 March 2023



B G McVeigh
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2022

	31 December 2022	31 December 2021
Note	\$	\$
Other income	-	40,500
Finance income	11,192	-
Exploration expenditure expensed through profit or loss	(797,625)	(1,217,942)
Site restoration costs	(6,092)	-
Marketing and business development costs	(9,767)	(9,622)
Personnel expenses	(183,042)	(82,961)
General and administration costs	(64,060)	(46,023)
Professional fees	(93,969)	(87,019)
Depreciation expense	(10,012)	(3,455)
Amortisation expense	(8,218)	(10,855)
Other losses	(2,267)	(12,528)
Finance costs	(319)	(1,677)
Loss before income tax	(1,164,179)	(1,431,582)
Income tax expense	-	-
Loss for the period	(1,164,179)	(1,431,582)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	(1,164,179)	(1,431,582)
Total comprehensive loss attributable to owners of the Company	(1,164,179)	(1,431,582)
Loss per share (cents per share)		
Basic and diluted	(0.07)	(0.11)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Cash and cash equivalents		716,614	1,925,894
Trade and other receivables	3	681,268	622,885
Prepayments	4	148,822	189,662
Other financial assets	5	66,199	67,950
Total current assets		1,612,903	2,806,391
Property, plant, and equipment		109,686	22,541
Right of use assets		7,360	14,720
Intangible assets		5,950	6,808
Other financial assets	5	502,059	502,059
Total non-current assets		625,055	546,128
Total assets		2,237,958	3,352,519
Liabilities			
Trade and other payables	6	327,759	252,452
Lease liabilities		6,999	15,193
Employee benefits		9,701	116,696
Site restoration provision		6,400	6,400
Total current liabilities		350,859	390,741
Total non-current liabilities		-	-
Total liabilities		350,859	390,741
Net assets		1,887,099	2,961,778

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 31 December 2022

	31 December 2022	30 June 2022
Note	\$	\$
Equity		
Share capital	35,878,617	35,878,617
Reserves	968,305	878,805
Accumulated losses	(34,959,823)	(33,795,644)
Total equity	1,887,099	2,961,778

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2022

	Share capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance on 1 July 2021	32,338,741	1,059,978	(32,005,110)	1,393,609
Loss after income tax expense for the year	-	-	(1,431,582)	(1,431,582)
Total comprehensive loss for the year	-	-	(1,431,582)	(1,431,582)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity, net of transaction costs	934,792	-	-	934,792
Transfer to accumulated losses on expiry of options	-	(181,173)	181,173	-
Balance on 31 December 2021	33,273,533	878,805	(33,255,519)	896,819
Balance on 1 July 2022	35,878,617	878,805	(33,795,644)	2,961,778
Loss after income tax expense for the year	-	-	(1,164,179)	(1,164,179)
Total comprehensive loss for the year	-	-	(1,164,179)	(1,164,179)
<i>Transactions with owners in their capacity as owners</i>				
Share-based payment transactions	-	89,500	-	89,500
Balance on 31 December 2022	35,878,617	968,305	(34,959,823)	1,887,099

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2022

	31 December 2022	31 December 2021
Note	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employers	(350,153)	(153,158)
Interest paid	(319)	(739)
Interest received	11,192	-
Payments for exploration and evaluation	(765,363)	(1,757,541)
Net cash used in operating activities	(1,104,643)	(1,911,438)
Cash flows from investing activities		
Proceeds from sale of financial assets at fair value through profit or loss	-	124,095
Payments for property, plant, and equipment	(97,158)	(3,636)
Payments for intangible assets	-	(8,181)
Net cash (used in) / from investing activities	(97,158)	112,278
Cash flows from financing activities		
Proceeds from issue of shares and options	-	1,000,000
Repayment of right of use lease liability	(7,479)	(7,526)
Payment of capital raising costs	-	(65,208)
Net cash (used in) / from financing activities	(7,479)	927,266
Net decrease in cash and cash equivalents	(1,209,280)	(871,894)
Cash and cash equivalents on 1 July	1,925,894	930,481
Cash and cash equivalents on 31 December	716,614	58,587

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

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

Half-year ended 31 December 2022

1. CORPORATE INFORMATION

The financial statements cover Lodestar Minerals Limited (“the Company”) as a Group consisting of Lodestar Minerals Limited and the entities it controlled (“the Group”) at the end of, or during the half-year. The financial statements are presented in Australian dollars, which is Lodestar Minerals Limited’s functional and presentation currency.

Lodestar Minerals Limited is a listed public company limited by shares incorporated and domiciled in Australia. The address of its registered and principal office is Level 1, 31 Cliff Street, Fremantle, WA, 6160.

A description of the nature of the Group’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 the directors on 10 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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.

2.2 Accounting policies

The Group has adopted all 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.

There were no new Accounting Standards and Interpretations relevant to the Group during the reporting period.

2.3 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to nature of exploration activities and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently, resulting from the Coronavirus (COVID-19) pandemic.

2.4 Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. For the period ended 31 December 2022, the Group recorded a loss of \$1,164,179 and had net cash outflows of \$1,209,280 (including \$765,363 of exploration payments). On 31 December 2022, the Group had net assets of \$1,887,099, with total cash on hand of \$716,614.

The directors are aware that additional funds may need to be sourced from one or more of the following alternatives for the Group to carry on its business, meet its working capital requirements and its planned exploration commitments for tenements held:

- Capital raising such as:
 - Private placement
 - Entitlement issue
 - Share purchase plan
- Borrowings from related or third parties
- Farming out assets to reduce exploration expenditures

Whilst these factors give rise to a material uncertainty regarding the outcome of funding alternatives, and therefore may cast significant doubt as to whether or not the Group will be able to continue as a going concern, given the current cash position and the Group's ability to raise cash when required, the directors are of the opinion the Group can carry on operations for the foreseeable future, and that it will be able to realise its debts and discharge its liabilities in the normal course of business. If necessary, the Group has the capacity to delay or cancel expenses that are discretionary in nature, including administrative costs and exploration expenditure that are not contractually binding. The timing of raising additional capital will depend on the investment markets, current and future planned exploration activities.

2.5 Segment information

For management purposes, the Group is organised into one main operating segment, which involves exploration for gold and base metals. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole. The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.2 to the accounts.

3. TRADE AND OTHER RECEIVABLES

	31 December 2022 \$	30 June 2022 \$
Current		
Ned's Creek drilling costs due from Vango	680,448	609,785
Authorised government agencies	-	6,356
Other receivables	820	6,744
	681,268	622,885

4. PREPAYMENTS

	31 December 2022 \$	30 June 2022 \$
Current		
Exploration – Nepean cash calls	109,661	185,186
Insurance	16,940	1,041
Australian Securities Exchange	14,437	-
Right-of-use lease and outgoings	110	110
Other	7,674	3,325
	148,822	189,662

5. OTHER FINANCIAL ASSETS

		31 December 2022 \$	30 June 2022 \$
Current		66,199	67,950
Non-current		502,059	502,059
		568,258	570,009
Listed ordinary shares – designated at fair value through profit or loss	(i)	16,199	17,950
Working interest in Nepean Nickel project – designated at fair value through profit or loss	(ii)	500,000	500,000
Deposits and bonds		52,059	52,059
		568,258	570,009

- (i) On 21 January 2021, as part of its strategic investment in Lodestar, Vango issued 2,352,941 shares at 8.5 cents per share in exchange for 14,285,715 shares in the Company at 1.4 cents per share.

On 31 December 2022, Lodestar held 437,814 shares in Vango at 3.71 cents per share.

- (ii) On 16 November 2020, Goldfellas acquired a 20% joint venture working interest in Eastern Coolgardie Goldfields Pty Ltd (“ECG”) with Auroch Minerals Limited. Under the agreement, Goldfellas purchased 20% of the sale shares in ECG for a total consideration of \$500,000. AASB 128 *Investments in Associates and Joint Ventures* does not apply as Goldfellas does not have joint control or significant influence with Auroch being the operator of the project, as a result the investment is accounted for as fair value through profit or loss.

5. OTHER FINANCIAL ASSETS (continued)

Reconciliation

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

	Listed shares	Unlisted shares	Deposits and bonds	Total
	\$	\$	\$	\$
Balance on 1 July 2021	164,706	500,000	2,059	666,765
Additions	-	-	50,000	50,000
Disposals	(134,059)	-	-	(134,059)
Revaluation	(12,697)	-	-	(12,697)
Balance on 30 June 2022	17,950	500,000	52,059	570,009
Revaluation	(1,751)	-	-	(1,751)
Balance on 31 December 2022	16,199	500,000	52,059	568,258

Refer to note 7 for further information on fair value measurement.

6. TRADE AND OTHER PAYABLES

	31 December 2022	30 June 2022
	\$	\$
Current		
Trade payables	32,642	42,519
Authorised government agencies	63,957	-
Other payables and accrued expenses	231,160	209,933
	327,759	252,452

7. FINANCIAL INSTRUMENTS

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the levels within hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis:

	December 2022	Fair value hierarchy	Valuation technique
	Fair value \$		
Equity investments designated at fair value through profit or loss	16,199	Level 1	Quoted market prices in an active market
Investment in ECG designated at fair value through profit or loss	500,000	Level 3	Fair value

The basis of the valuation of the investment in ECG is fair value. The investment is revalued annually based on observable data received from the JV partner Auroch Minerals Limited who is the operator and holds 80% of this project. As the underlying asset represents the Nepean exploration expenditure, consideration has been given to any impairment made by Auroch. The directors therefore do not believe there has been a material movement in fair value since acquisition.

Transfers

There have been no transfers between the levels of the fair value hierarchy during the period ended 31 December 2022.

Not measured at fair value

The Group has various financial instruments which are not measured at fair value on a recurring basis in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

8. RELATED PARTIES

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	31 December 2022 \$	31 December 2021 \$
Short-term employee benefits	162,157	152,526
Post-employment benefits	15,037	13,750
Long-term benefits – long service leave	1,584	1,458
	<u>178,778</u>	<u>167,734</u>

With effect from 1 December 2022, the Remuneration Committee recommended the following changes to non-executive director fees:

- Non-Executive Directors from \$40,000 p.a. to \$60,000 p.a. plus statutory superannuation
- Chairman from \$60,000 p.a. to \$80,000 p.a. plus statutory superannuation

9. MATTERS SUBSEQUENT TO THE BALANCE DATE

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

10. SHARE-BASED PAYMENTS

On 31 December 2022, a summary of the Group options issued and not exercised under the share-based payment programme are as follows:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at the end of the period	Vested and exercisable at the end of the period
21-Apr-21	21-Apr-21	15-Apr-24	2.5	82,750,000	-	-	-	82,750,000	82,750,000
09-Dec-22	09-Dec-22	31-Jan-26	1.5	-	25,000,000	-	-	25,000,000	25,000,000
Total				82,750,000	25,000,000	-	-	107,750,000	107,750,000
Weighted average exercise price (cents)				2.50	1.50	-	-	2.27	2.27

At the reporting date, the weighted average remaining contractual life of options outstanding on 31 December 2022 was 1.71 years.

Key valuation assumptions made at valuation date under the Black & Scholes option pricing model are summarised below:

	Number of Options	Exercise Price (cents)	Grant date	Expiry Date	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	82,750,000	2.5	21-Apr-21	15-Apr-24	2.99	153.95%	0.10%	1.06	1.40
Tranche 2	25,000,000	1.5	09-Dec-22	31-Jan-26	3.15	151.07%	3.27%	0.36	0.50

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. These options do not entitle the holder to participate in any share issue of the Company.

DIRECTORS' DECLARATION
For the half-year ended 31 December 2022

In the opinion of the Directors of Lodestar Minerals Limited (the 'Group'):

- (a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as of 31 December 2022 and of its performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting standards, AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 200*, and mandatory professional reporting requirements, and.
- (b) 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.



EDWARD TURNER
Managing Director

10 March 2023
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lodestar Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lodestar Minerals Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Lodestar Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2.4 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the 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.

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Auditor's responsibility for the review of the 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 Group's financial position as at 31 December 2022 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
10 March 2023



B G McVeigh
Partner

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Schedule of Exploration Tenements on 9 March 2023

Tenement description	Tenement number	Status	Percentage interest
Earaheedy-Imbin			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	100% - Lodestar Minerals
Ingebong Hills	E69/3533	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3590	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3699	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3952	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/4030	Granted	100% - Lodestar Minerals
Nepean			
	M15/709	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	M15/1809	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5738	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5740	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5741	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5742	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5743	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5749	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5750	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5963	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5965	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
Jubilee Well	E38/3054	Granted	100% - Lodestar Minerals

Tenement description	Tenement number	Status	Percentage interest
Ned's Creek			Subject to JV: Vango Mining earning 51%
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources
Yowereena Hill	E52/2734	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3473	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3476	Granted	100% - Lodestar Minerals
Yowereena Hill	M52/779	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/780	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/781	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/782	Granted	80% - Lodestar Minerals - 20% Vango Mining
Ned's Creek			Not Subject to JV
Pinyrinny	E52/3798	Granted	100% - Lodestar Minerals
Bulong			
	P25/2593	Granted	100% - Lodestar Minerals
	P25/2594	Granted	100% - Lodestar Minerals
	P25/2595	Granted	100% - Lodestar Minerals
	P25/2596	Granted	100% - Lodestar Minerals
	P25/2626	Granted	100% - Lodestar Minerals
	P25/2627	Granted	100% - Lodestar Minerals
	P25/2628	Granted	100% - Lodestar Minerals
	P25/2629	Granted	100% - Lodestar Minerals
Coolgardie West	E15/1813	Application	100% - Lodestar Minerals

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr David McArthur
Mr Edward Turner

Secretaries

Mr David McArthur
Mr Jordan McArthur

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Stock Exchange Listing

Shares: ASX Code LSR

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