ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Lodestar Minerals Limited

ABN 32 127 026 528

CONTENTS

DIRECTORS’ REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the ‘group’) consisting of Lodestar Minerals Limited (referred to hereafter as the ‘company’) and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

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

Edward Turner	Non-executive Director Managing Director	Appointed 2 December 2022 Appointed 28 February 2023
Ross Taylor	Non-executive Chairman	Appointed 30 June 2014
David McArthur	Non-executive Director	Appointed 13 August 2007
William Clayton	Managing Director	Appointed 02 November 2007 Retired 2 December 2022

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group consisted of exploration and evaluation of the Group’s exploration tenements situated in Western Australia.

OPERATING RESULTS

The loss for the financial year ended 30 June 2023 attributable to members of Lodestar Minerals Limited after income tax was $307,918 (2022: $1,971,707).

The Group has a working capital surplus of $2,956,413 (2022: surplus of $2,415,650) and had net cash outflows of $1,288,544 (2022: net cash inflow of $995,413).

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2023 (2022: Nil).

REVIEW OF OPERATIONS

HIGHLIGHTS

Earaheedy Project (LSR – 100%) – Base Metals, Gold

- **Maiden 5,386m aircore drilling programme intersected significant gold (Au) and copper (Cu) in six of the seven tested targets spread over a 15km x 3km area**
- **Significant drill hits included intersections of >0.2 g/t Au in three of the seven targets and >500 ppm Cu in five of the seven targets**
- **Best Au intersections included:**
  - **7m @ 1.03 g/t Au** from 36m (to EOH) in LEA0008 and
  - **8m @ 0.95 g/t Au** from 56m in LEA0021 (**inc. 4m @ 1.69 g/t Au** from 52m)
- **Best Cu intersections included:**
  - **12m @ 1462 ppm Cu** from 4m in LEA0092 (inc. **4m @ 3,674 ppm Cu** from 4m)
  - **16m @ 1124 ppm Cu** from 8m in LEA0058 (inc. **8m @ 1536 ppm Cu** from 12m)
  - **8m @ 959 ppm Cu** from 12m in LEA0064 (inc. **4m @ 1329 ppm Cu** from 12m)
  - **24m @ 642 ppm Cu** from 12m in LEA0007

Kangaroo Hills Lithium Project (LSR-20%, FBM-80%)

- **Discovery of significant Lithium mineralisation at Kangaroo Hills near Coolgardie during the year**
- **Two phases of drilling continue to expand scale, delivering consistent high-grade lithium results including:**
  - **29**m @ 1.36% Li2O **from 38m (KHRC011)**
  - 15m @ 1.03% Li2O **from 39m (KHRC029)**
  - 13m @ 1.23% Li2O **from 41m (KHRC030)**
  - 29m @ 1.36% Li2O **from 38m (KHRC011)**
  - 27m @ 1.32% Li2O **from 64m (KHRC017); and**
  - 19m @ 1.03% Li2O **from 42m (KHRC015)**
- **Diamond drilling (DD) component of the Phase 2 exploration drilling also returned high-grade lithium (Li) assay results including:**
  - **23m @ 1.19% Li2O** from 44m (KHDD001); and
  - **10m @ 1.30% Li2O** from 25m (KHDD002)
- **In June 2023, the sale of the Nepean Nickel Project** (NNP) tenements by ECG, a company which the Group held a 20% working interest in, to Rocktivity Nepean Pty Ltd (Completion) was completed for $10M cash in four staged payments (Lodestar received 20% of the first payment of these funds)
- **Subsequent to the end of the Financial Year, Lodestar divested its 20% interest in Kangaroo Hills to Future Battery Minerals for $3.5M in cash and shares plus $3M in performance rights** (see ASX announcement dated 11 August 2023)

EARAHEEDY PROJECT (Lodestar – 100%, Base Metals, Gold)

The Earaheedy Project is located approximately 200km north of Wiluna on the opposite side of the Earaheedy Basin to Rumble Resources Chinook base metal discovery (Figure 1).

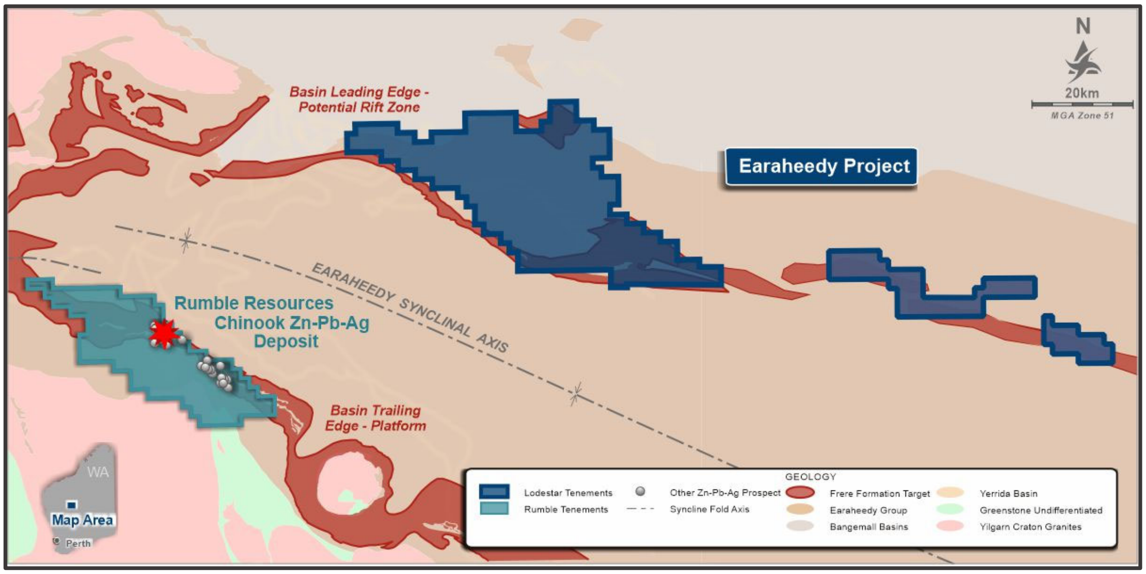

Figure 1: Lodestar's Earaheedy Project tenements

Lodestar's maiden aircore drilling programme was completed in June. Seven targets were tested with 99 holes comprising 5,386m (see ASX announcement dated 10 June 2023)**.** Targets were defined by both electromagnetic (EM) anomalies and soil geochemistry anomalies using ultrafine (UFF+) multi-element assaying methods developed by the CSIRO who also analysed and interpreted the assay data for LSR.

DISCUSSION OF RESULTS

All assays have been received for the 99 holes comprising 5,386m (Figure 2). Significant copper intersections, based upon a threshold of 500ppm Cu are included in Table 1. Samples are 4m composites unless the hole finished at an uneven interval less than 4m (see ASX announcement dated 2 August 2023).

The best intersections included **12m @ 1462 ppm Cu** from 4m in LEA0092 (inc. **4m @ 3,674 ppm Cu** from 4m), **16m @ 1124 ppm Cu** from 8m in LEA0058 (inc. **4m @ 1832 ppm Cu** from 12m), **8m @ 959 ppm Cu** from 12m in LEA0064 (inc. **4m @ 1329 ppm Cu** from 12m) and **24m @ 642 ppm Cu** from 12m in LEA0007 (see Figure 3 and 4 for northern and southern area drill hole locations with significant results).

Table 1: Significant intersections (>4m @ 500ppm Cu)

Hole ID	From (m)	To (m)	Interval (m)	Cu (ppm)	Description
LEA0001	48	54	8	612	8m @ 612 ppm Cu
LEA0002	24	28	4	556	4m @ 556 ppm Cu
LEA0003	20	24	4	514	4m @ 514 ppm Cu
LEA0007	12	36	24	642	24m @ 642 ppm Cu
LEA0008	36	43 (EOH)	7	574	7m @ 574 ppm Cu
LEA0009	0	4	4	570	4m @ 570 ppm Cu
LEA0016	60	64	4	534	4m @ 534 ppm Cu
LEA0052	8	12	4	531	4m @ 531 ppm Cu
LEA0058	8	28	20	962	20m @ 962 ppm Cu
Inc.	***12***	***20***	***8***	***1536***	***8m @ 1536 ppm Cu***
LEA0064	12	20	8	959	8m @ 959 ppm Cu
Inc.	***12***	***16***	***4***	***1329***	***4m @ 1329 ppm Cu***
LEA0089	40	47	7	625	7m @ 625 ppm Cu
LEA0092	4	16	12	1462	12m @ 1462 ppm Cu
Inc.	***4***	***8***	***4***	***3674***	***4m @ 3674 ppm Cu***
LEA0097	4	16	12	510	12m @ 510 ppm Cu

N.B. EOH = end of hole

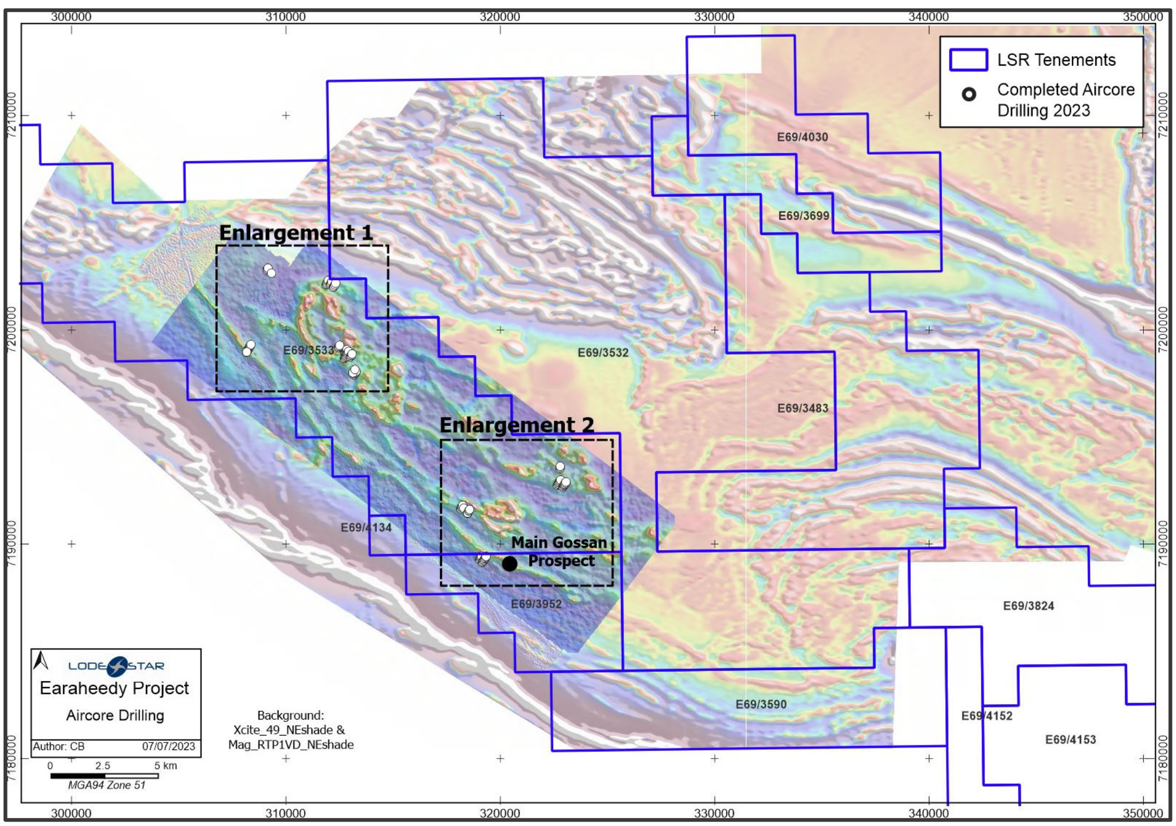

Figure 2: Drill hole location plan in relation to LSR Tenure on magnetics background.

A threshold of 500ppm Cu has been used for two main reasons.

1. Statistical analysis of all assays in this programme returned a value of 500ppm Cu for the 98th percentile (therefore assays >500ppm Cu represent the top 2% of all assays).

   Lodestar has been intentionally conservative in selecting the 98th percentile as above threshold, rather than, say, the 95th percentile, which is 300ppm Cu, because some of the mineralisation (but not all) was intersected in black carbonaceous shales which are known to acts as "sponges" for many metals, commonly resulting in elevated metal concentrations.

2. Lodestar researched metal concentrations in black shales to establish global ranges of concentrations and therefore distinguish between natural but high concentrations versus anomalous values indicative of an actual mineral deposit. This research* revealed that the concentration of Cu in black shales is approximately 100ppm Cu (range 35ppm - 150ppm), implying that 500ppm is five times greater than the "background" concentration of Cu expected for a black shale, and therefore is significantly anomalous and likely to be related to a mineralising event.

* Ketris (M.P.) and Yudovich (Ya.E.), 2009. "Estimations of Clarkes for Carbonaceous biolithes: World averages for trace element contents in black shales and coals" The International Journal of Coal Geology 78 (2009) p135-144.

The research also enabled the concentrations of other elements to be compared to expected "background" concentrations in black shales, yielding the following five-times-background thresholds: Arsenic (As) 135 ppm, Bismuth (Bi) 5 ppm, Cobalt (Co) 100 ppm, Molybdenum (Mo) 90 ppm, Nickel (Ni) 350 ppm, Lead (Pb) 150 ppm, Antimony (Sb) 20 ppm, Vanadium (V) 1000 ppm and Zinc (Zn) 700 ppm. Defining these thresholds is an important step in understanding the significance of assay results and prioritising targets for follow-up drilling.

It is important to note that elevated element concentrations were encountered in other types of rocks, which have lower background values than black shales, but Lodestar is applying the same high element thresholds as for black shales to be conservative at this stage of the exploration process. Furthermore, the effects of weathering processes, including leaching, mobilisation and secondary enrichment at pH and REDOX boundaries are also considered.

The best gold intersections included **7m @ 1.03 g/t Au** from 36m in LEA0008 (to EOH) (Figure 5), **8m @ 0.95 g/t Au** from 56m in LEA0021 *(**inc. 4m @ 1.69 g/t Au** from 56m)*, **20m @ 0.2 g/t Au** from 32m in LEA0022 and **7m @ 0.2 g/t Au** from 40m (to EOH) in LEA0047 (see ASX announcement dated 17 July 2023).

Significant gold intersections are included in Table 2. Samples are 4m composites unless the hole finished at an uneven interval. All multi-element assays remain pending.

Table 2: Significant Au intersections (>3m@0.2 g/t Au)

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Description
LEA0001	12	24	12	0.20	12m @ 0.20 g/t Au
LEA0002	12	16	4	0.22	4m @ 0.22 g/t Au
LEA0003	32	36	4	0.39	4m @ 0.39 g/t Au
LEA0008	36	43 (EOH)	7	1.03	**7m @ 1.03 g/t Au**
LEA0014	68	72	4	0.23	4m @ 0.23 g/t Au
LEA0019	116	120	4	0.20	4m @ 0.20 g/t Au
LEA0021	16	20	4	0.23	4m @ 0.23 g/t Au
LEA0021	52	60	8	0.95	**8m @ 0.95 g/t Au**
Inc.	*56*	*60*	*4*	*1.69*	***4m @ 1.69 g/t Au***
LEA0022	8	12	4	0.32	4m @ 0.32 g/t Au
LEA0022	32	40	8	0.33	8m @ 0.33 g/t Au
LEA0047	44	47 (EOH)	3	0.31	3m @ 0.31 g/t Au

N.B. EOH = end of hole

The 4-16m interval in LEA0092 straddles the transported sediment/insitu weathered bedrock boundary with coarse grained conglomerate and siltstone hosting the **4m @ 3,674 ppm Cu**. This is accompanied by elevated Ag (8ppm), Co (122ppm), Bi (7.4ppm), Ni (6,710 ppm) and Sn (141 ppm). However Cu values > 500ppm also occur within the weathered bedrock between 12-16m in LEA0092, and in the adjacent LEA0064 there is also elevated Cu (4m @ 1329ppm Cu), As (872 ppm), Co (265 ppm), Ni (328 ppm), and V (1,020 ppm).

The fact that other elements such as Arsenic (As), Silver (Ag), Cobalt (Co), Bismuth (Bi) and Lead (Pb) are also elevated coincidentally with Cu give Lodestar extra confidence that these intersections are related to a mineralised system or systems, particularly as the weathered bedrock and regolith that drilling has penetrated is usually depleted in mineral concentrations as the primary mineralisation is dispersed upon weathering. Aircore drilling is a useful drilling method for first-pass regional drilling but has very limited capacity to penetrate fresh bedrock, so follow-up deeper RC and diamond core drilling is required, particularly in areas where there is significant anomalism in adjacent drill-holes, e.g. LEA0064 and LEA0092, where the nature of the results suggest a nearby source in the bedrock for the high grade mineralisation intersected.

It is also important to note that the drilling also intersected dolerite sills within the sedimentary sequence of rocks at several locations within the seven targets. Mafic volcanic rocks can be an important ingredient in VMS style copper-gold mineralised systems as a source of copper, similar to the high-grade DeGrussa Copper Deposit which is located in the neighbouring Bryah Basin.

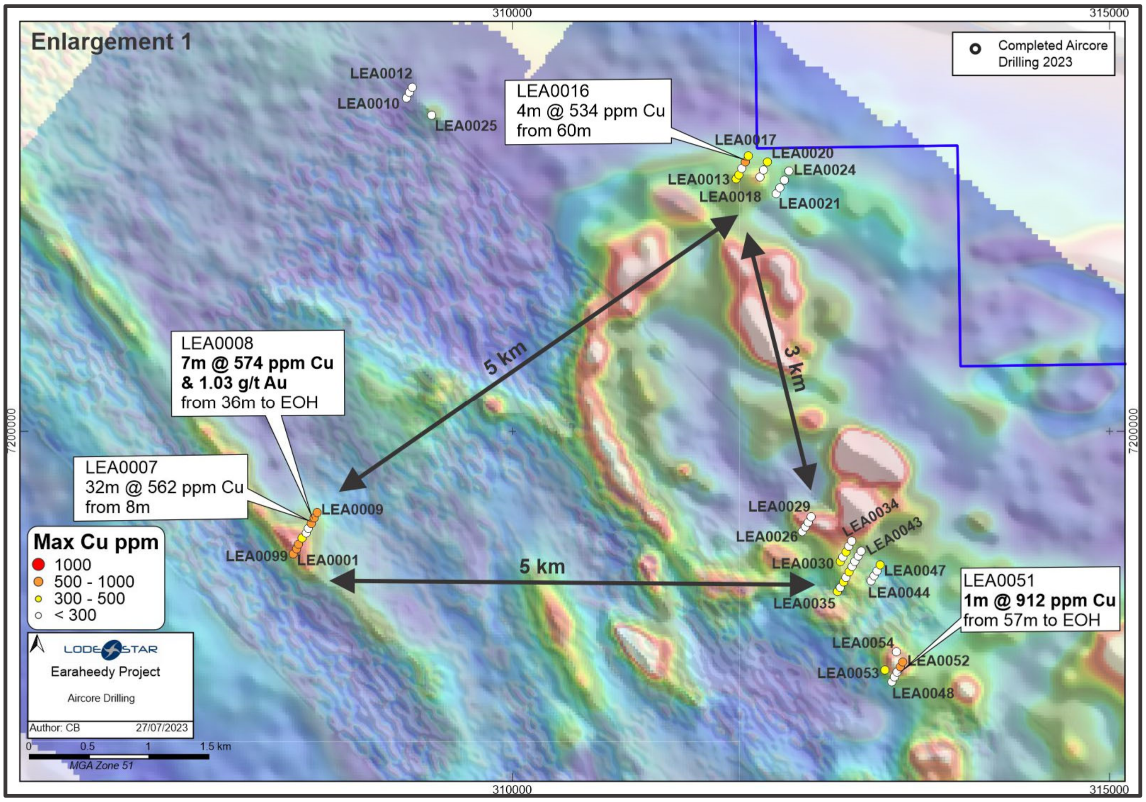

Figure 3: Northern Area of the Aircore drilling (Enlargement 1)

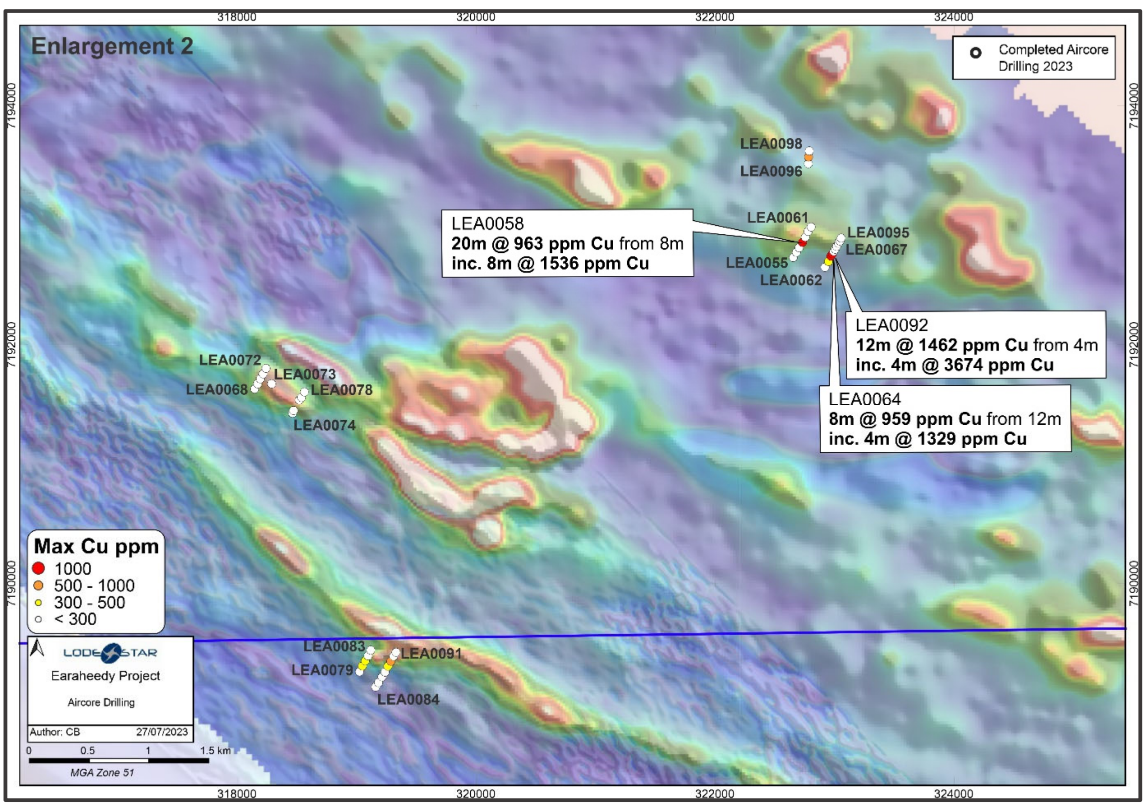

Figure 4: Southern Area of the Aircore drilling (Enlargement 2)

The cross sections below (Figures 5-7) are across the three main copper-gold target areas showing the spread of the significant results in the aircore holes. The spread of the intersections is highly significant and show the excellent potential for economic copper-gold mineralisation within the Project.

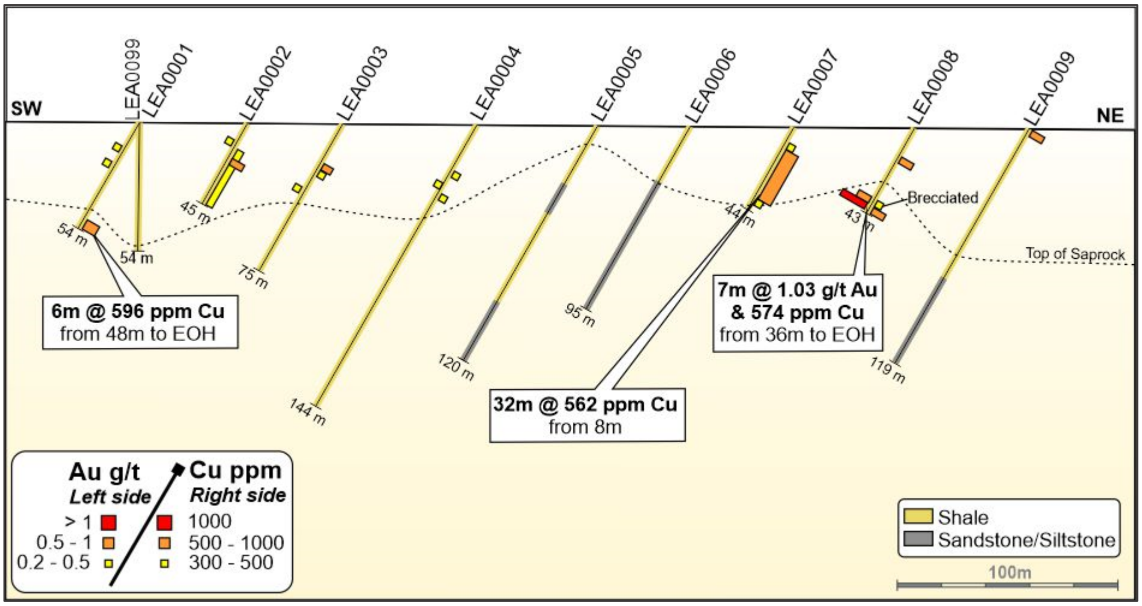

Figure 5: Cross Section LEA0001 – LEA0009 + LEA0099

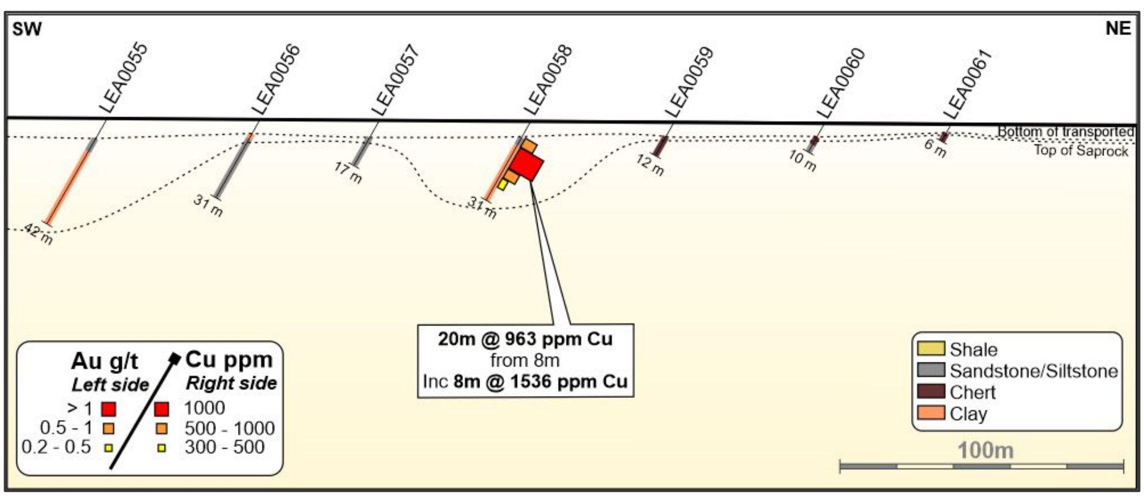

Figure 6: Cross Section LEA0055 – LEA0061

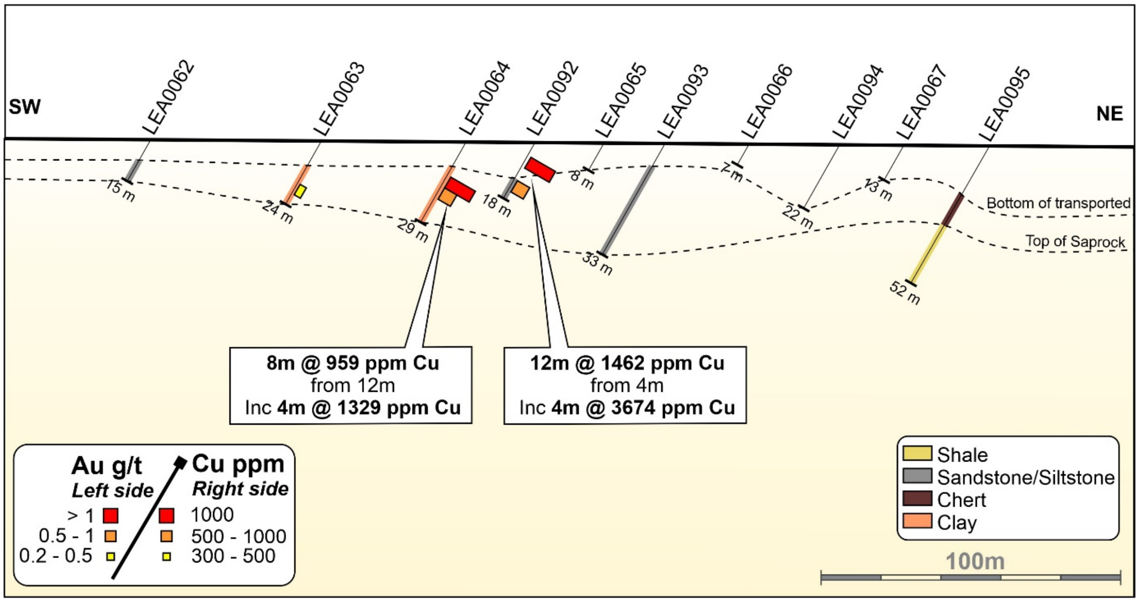

Figure 7: Cross Section LEA0062 – LEA0067 and LEA0092 – LEA0095

Figure 8 shows the location of significant Au intersections in three of the seven targets.

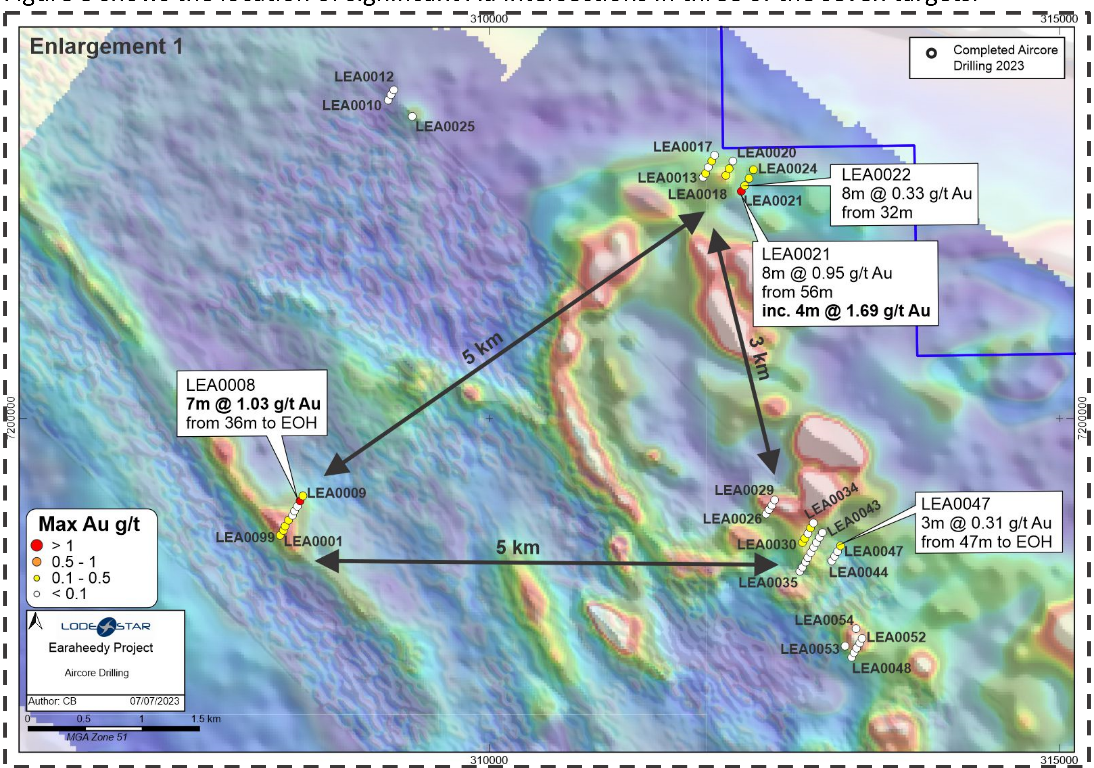

Figure 8: Northern Area of the Aircore drilling (Enlargement 1)

These seven drilled targets were defined by both electromagnetic (EM) anomalies and soil geochemistry anomalies using ultrafine (UFF+) multi-element assaying methods developed by the CSIRO who also analysed and interpreted the assay data for LSR.

An ultrafine (UFF+) soil sampling programme, comprising 1867 samples, completed in conjunction with CSIRO was focussed on the 30 EM conductors defined by the previous 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 high priority targets with potential for Cu, Zn-Pb-Ag and Au within our 30 targets identified by the AEM (see Lodestar's ASX announcement dated 23rd December 2022).

The MC-8 and MC-9 heli-EM conductors were surveyed with fixed loop EM (FLEM) to refine the drill targets (see Lodestar's ASX announcement dated 28th September 2022). The conductors are located along strike from the Main Gossan copper occurrence (where up to 7% Cu has been reported in historic drilling), in areas where historic rock sampling has identified gold and base metal anomalies and were modelled as a folded sequence with fold limbs dipping to the southwest and northeast.

NEPEAN NICKEL PROJECT (LSR – 20%: AOU – 80%)

The Nepean Mineral Resource Estimate above 290mRL (surface to ~120m depth) resulted in a total resource of *236kt at 1.5% Ni and 0.11% Cu (using a 0.6% Ni cut-off grade) for 3,625t of contained Ni and 252t of contained Cu (Indicated and Inferred).*

Working interest partner Auroch Minerals Limited (ASX:AOU) released a JORC 2012 compliant mineral resource for the zone of shallow nickel mineralisation above the historic Nepean nickel mine (see Auroch's ASX announcement dated 1st September 2022). The resource estimate specifically focussed on material above the 290mRL (between the surface and approximately 120m below surface) and has formed the basis of the Nepean Scoping Study that is evaluating the potential for near-term open-pit mining of the shallow ore zone.

The resource update followed the successful conclusion of metallurgical test work that demonstrated nickel recoveries of between 85% to 97% and production of a saleable nickel concentrate grade (>13% Ni) from composite drill samples obtained from the shallow mineralisation in metallurgical drill holes located immediately south of the mine (see Auroch's ASX announcement dated 27th April 2022).

On 27 March 2023, AOU changed its name to Future Battery Minerals Limited (ASX:FBM).

In June 2023, Eastern Coolgardie Minerals Pty Ltd ("ECG") completed the sale of the Nepean Nickel Project (NNP) tenements to Rocktivity Nepean Pty Ltd (Completion) for $10M cash (see ASX announcement dated 15 June 2023).

Nepean Project Sale Key Terms

The NNP tenements comprise of M15/709, M15/1809 and P15/5750, and excluded the Kangaroo Hills Lithium Project (KHLP) tenements in which at the time, FBM held an 80% interest and GoldFellas Pty Ltd (“GFA”), a subsidiary of Lodestar Minerals Limited (ASX: LSR) held the remaining 20%.

A cash consideration of $2.7 million was received by ECG upon Completion in addition to the $100,000 deposit received on signing (Lodestar received 20% of these funds), with the remaining deferred consideration of $7.2 million payable as

follows:

- $2.7 million payable 12 months from Completion of the Transaction (June 2024);
- $2.5 million payable 18 months from Completion of the Transaction (December 2024); and
- $2 million payable 24 months from Completion of the Transaction (June 2025).

GFA would receive 20% of these funds. The Company received $560,000 before costs, being 20% of the cash consideration upon Completion (refer to note 4).

KANGAROO HILLS PROJECT (ECG-100%)

During the March 2023 quarter, Auroch Minerals Limited (ASX:AOU) the operator of ECG of which Lodestar has an interest of 20% completed 14 RC holes for 3,440m at the Kangaroo Hill Lithium Project (KHLP) in Western Australia (WA).

The Phase 1 reverse circulation (RC) exploration programme targeted Lithium–Caesium–Tantalum (LCT) pegmatites at KHLP. This programme was the first lithium specific exploration drilling programme conducted by FBM in WA. Commencing in mid–January, the programme tested three high priority LCT pegmatite targets. Drilling depths ranging between 150-270m (see ASX:FBM announcement dated 17 May 2023).

Many drill holes were angled and orientated to the east; however, a small number of holes were orientated to the north to better understand the geometry of the pegmatites.

Significantly, KHRC011 intercepted a 35m thick pegmatite. Following observations made by the geological team the pegmatite intercept was marked for priority analysis. The assay returned a spectacular intercept of **29m @ 1.36% Li_2O from 38m***.

* Intercept is down hole depth.

The vertical depth of the intercept is a shallow 35m, highlighting the potential for a large-scale shallow lithium rich pegmatite. Peak assay within the mineralised zone is 2.91% Li_2O @ 49m, with grades consistently >1% Li_2O from 46m to 67m. The mineralogy was confirmed to be spodumene dominant using Raman spectrometry. The pegmatite is interpreted to be relatively flat lying, aiding predictive targeting.

During the June quarter Phase 2 RC and diamond core drilling programmes were completed at the KHLP (Figure 9). 27 RC holes were completed (KHRC015-041) for 3,216m and 5 diamond core holes (KHDD001-005) were completed for 313m (see ASX:FBM announcement dated 17 June 2023).

The assay results further support the significance of the initial March 2023 discovery at the Big Red Prospect (Big Red). A series of vertical holes testing the fresh mineralised pegmatite have confirmed the shallow thick high-grade mineralisation which remains open to the north and north-west, indicating the need for further follow up drilling to test for extensions to the mineralisation. Following the recent geophysical review, a resistivity anomaly was identified within the Big Red Prospect, which further indicates a potential strike up to 1km in a north-northwest direction, extending from the current drilling area. This finding further highlights the potential scale of Big Red.

Additionally, a single drill hole (KHRC037) at the Rocky Prospect intercepted a spodumene bearing pegmatite returning 5m @ 1.12% Li_2O from 104m. Drill hole KHRC028, drilled directly east of KHRC037 intercepted a weathered pegmatite from surface with anomalous Li, Ta and Tin (Sn) recorded. These occurrences validate this exciting prospect located only 500m from the Big Red discovery and remains open to the south and east and maybe connected. High priority infill and extension drilling will now be required to further understand the nature of the pegmatites in this area and their association with the Big Red Prospect.

Phase 3 drilling will include both RC and diamond drilling (DD), infilling Big Red and testing the high priority targets at Rocky and Eastern Grey plus regional prospects, Wallaroo and Pademelon. The Phase 3 drilling programme will consist of 4,000m of RC testing on the currently permitted targets. As the Programs of Work (POW) and permits are received, the programme will expand on the remaining target areas, which include the areas of Big Red North, Western Grey and Quokka. Diamond drilling will be further used within the Big Red discovery zone to investigate structural constraints of the pegmatite and to provide high quality samples for detailed geological analysis.

Core samples will also be used in the early-stage metallurgical test work with results expected in the September 2023 quarter. Additionally, all samples returned from the Phase 2 programme which intercepted >1% Li_2O have been submitted for quantitative X-Ray Diffraction mineralogy.

Drilling to date has shown that fresh intercepts of the pegmatite provide the best potential for the discovery of lithium (Li) mineralisation. Many of the drill holes, in particular the drill hole line of KHRC023-25, have intercepted weathered pegmatite from the surface and while Li values were low, tantalum (Ta) and tin (Sn) remain elevated confirming the outcrop as the fertile host of the Li bearing pegmatite. Wide step out holes completed within the programme have intercepted thin pegmatites, many of which contain low level Li mineralisation. However, given the wide drill spacing it is still not clear how some of the thin pegmatites relate to the thick mineralisation present at the Big Red Prospect.

Drill hole KHRC032, being the northern most drill hole, was drilled at -60 degrees to the east and has only tested the eastern most edge of the resistivity anomaly. This anomaly is identified as being coincident with the Big Red LCT pegmatite. The drill hole intercepted the same fertile pegmatite with thick elevated tantalum (Ta) throughout the intercept including 19m @ 80ppm Ta from 98m and low-level Li mineralisation, including 3m @ 0.37% Li from 115m and 2m 0.46% Li from 132m located in a thin pegmatite underneath the thicker unit. The high Ta values are indicative of a fertile LCT pegmatite and are comparable with the Ta values recorded within the known Li mineralisation at Big Red. These results confirm that the pegmatite hosting Big Red remains fertile and prospective with further strike potential in both the north and west direction, where further Li mineralisation maybe present in the pegmatite. Phase 3 drilling will further test the prospect with step out drilling to the north. The Company is currently awaiting permitting approval for the area north, sits within the Kangaroo Hills Timber Reserve. As soon as permitting is received, drilling will commence in this prospective area.

Significantly the Rocky prospect has now been validated by the assay confirmation of mineralised pegmatites recording 5m @ 1.12% Li2O from 104m (KHRC037). Shallow pegmatites intercepted in KHRC028 located directly east of KHRC037 also produced anomalous Li, Ta and Sn in weathered pegmatite, highlighting a potential up dip extension or stacking of mineralised pegmatites. Presently this target remains open to the south and east as the pegmatite is interpreted to be independent of the mineralised Big Red pegmatite suggesting the potential for another high-grade Li discovery to be made within close proximity to the Big Red discovery adding significant scale to the KHLP. The prospect has been elevated to a high priority drill target, set to be tested in the Phase 3 RC programme.

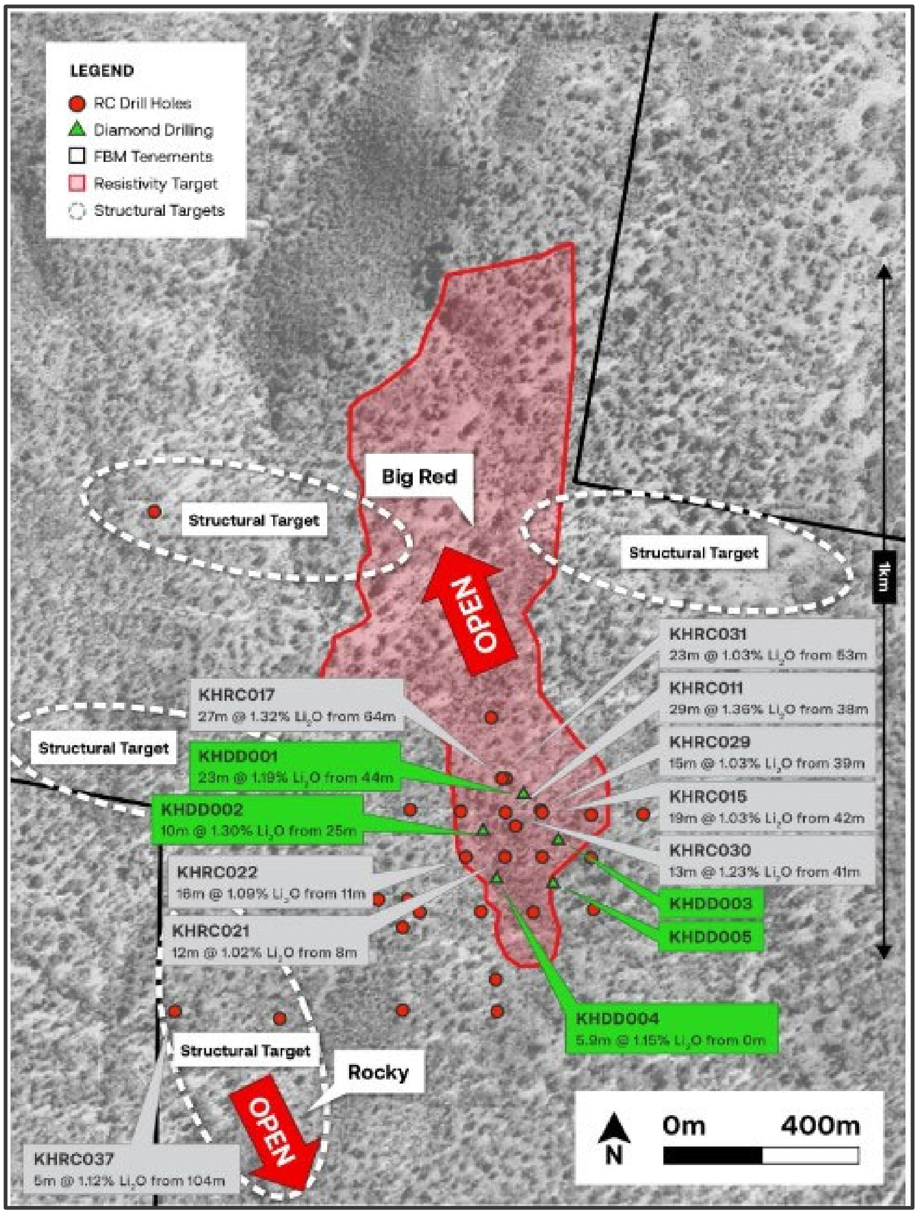

Figure 9: Kangaroo Hill LCT Prospect, showing drill hole collar locations with significant intersections and IP anomaly in red.

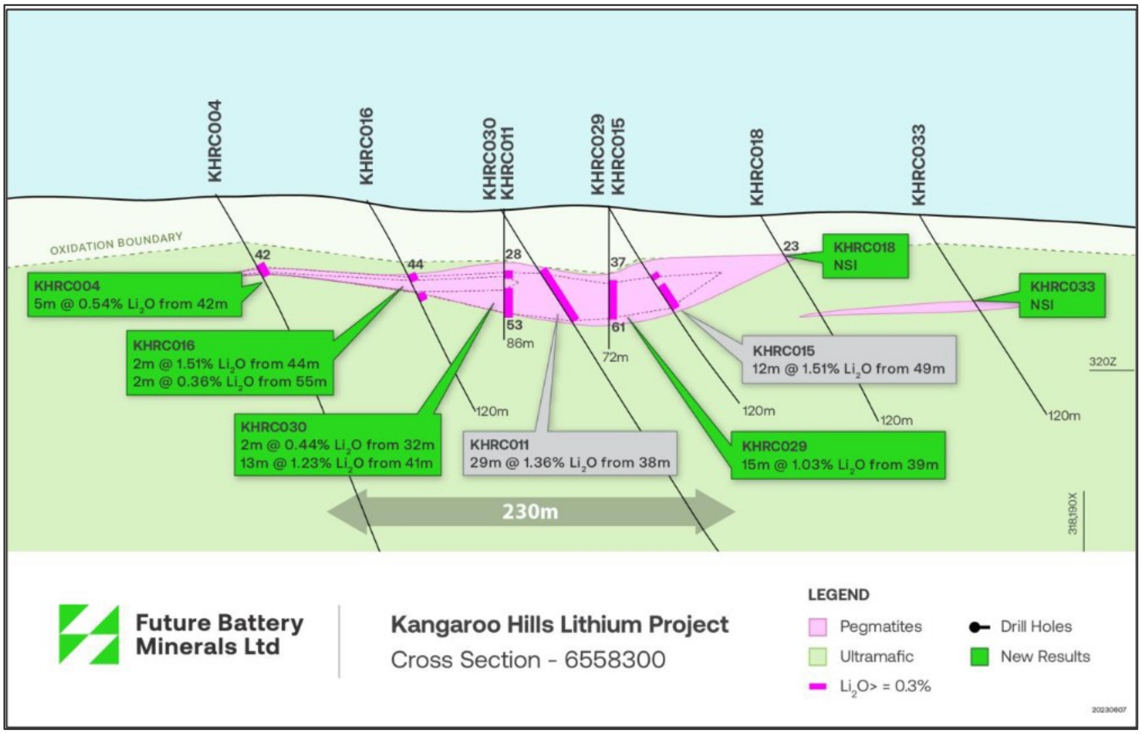

Figure 10: KHLP - Cross Section northing 6558300

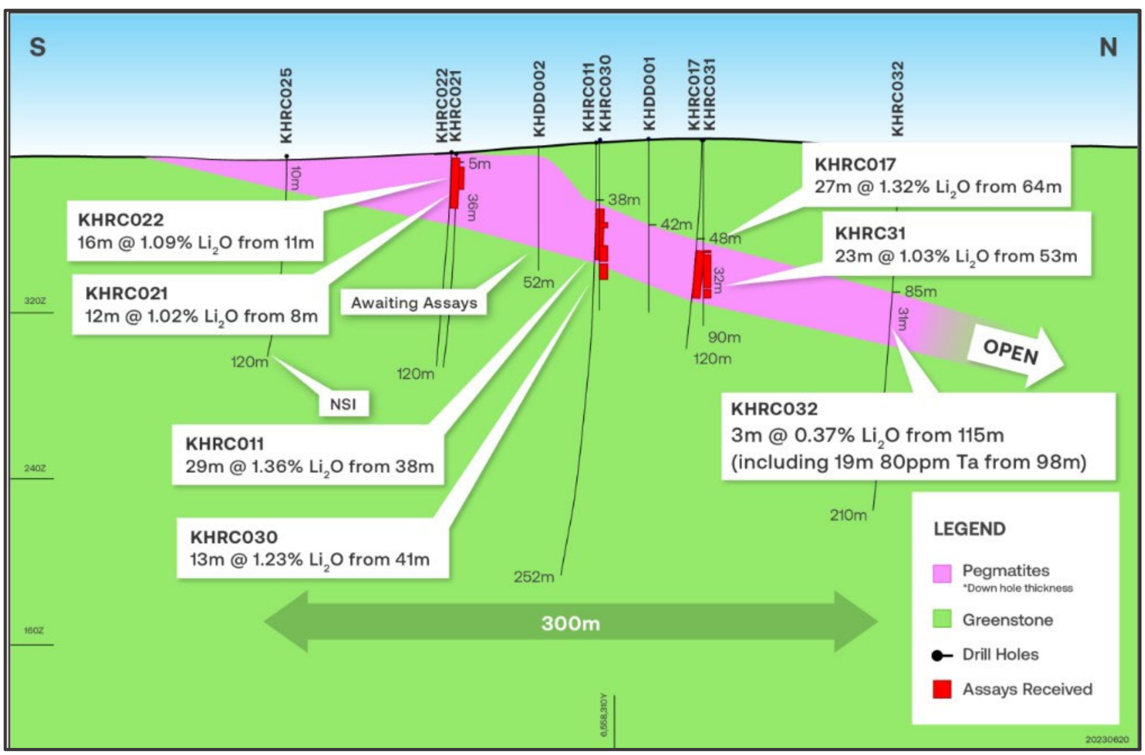

Figure 11: KHLP North - South Cross Section, Easting 317900

Divestment of 20% in ECG which holds Interest in Kangaroo Hills Lithium Project

Subsequent to the end of the financial year (see ASX announcement dated 11 August 2023) GFA sold its remaining 20% interest in ECG to Future Battery Minerals (FBM) for a total consideration of $6.5M.

On completion of the sale of ECG, the Group will have holdings in FBM and gain an indirect exposure to 100% of FBM's lithium and nickel project portfolio and will be a significant shareholder in FBM.

<u>KEY TERMS</u>

The consideration to be paid by FBM for the acquisition of the 20% interest in ECG is:

1. A cash amount of $250,000 on execution of the agreement.
2. A further $250,000 payable in two instalments- $125,000 three months from the date of the agreement and $125,000 six months from the date of the agreement.
3. $3 million worth of FBM shares, issued at the 15-day Volume-Weighted Average Price (VWAP) on the completion date, being 5 business days after the agreement was executed on 5 August 2023, subject to the following restrictions:
   (a) $1,000,000 of the FBM shares can be traded immediately.
   (b) $1,000,000 of the FBM shares issued will be voluntarily escrowed for a period of 6 months from the date of issue.
   (c) $1,000,000 of the FBM shares issued will be voluntarily escrowed for a period of 12 months from the date of issue.
4. An equal number of Performance Rights as the shares issued in point 3 above. These Performance Rights will convert into FBM Shares upon the delineation and announcement by FBM of a Mineral Resource (2012 JORC compliant) of at least 10Mt @ 1.0% Li2O at the Kangaroo Hills Lithium Project (KHLP) or in the event of a FBM and/or ECG change of control transaction, including the sale of KHLP. The Performance Rights will have an expiry date of 5 years from the date of issue.

As part of the disposal by the Group, FBM will retain the right to receive 100% of the remaining deferred consideration to be received from the previously announced sale of Nepean Nickel assets by ECG.

COOLGARDIE WEST PROJECT (LSR – 100%, Lithium, Gold)

Soil sampling at Coolgardie west has identified a Li, Cs, Nb, Rb, Tl soil anomaly and gold target zones (see Lodestar's ASX announcement dated 23rd December 2022).

Rock sampling confirms LCT affinity of the Coolgardie West pegmatite – sample from biotite alteration zone reports 0.23% Li_2O, 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% Li2O (see Lodestar's ASX announcement dated 23rd May 2022).

The Coolgardie West pegmatite is distinguished by a 2.5km long, north northeast trending Li, Cs, Rb anomaly (see Figure 12) and is intermittently exposed in shallow trenches (see Lodestar's ASX announcement dated 11th February 2022). 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.

N.B. This tenement is yet to be granted.

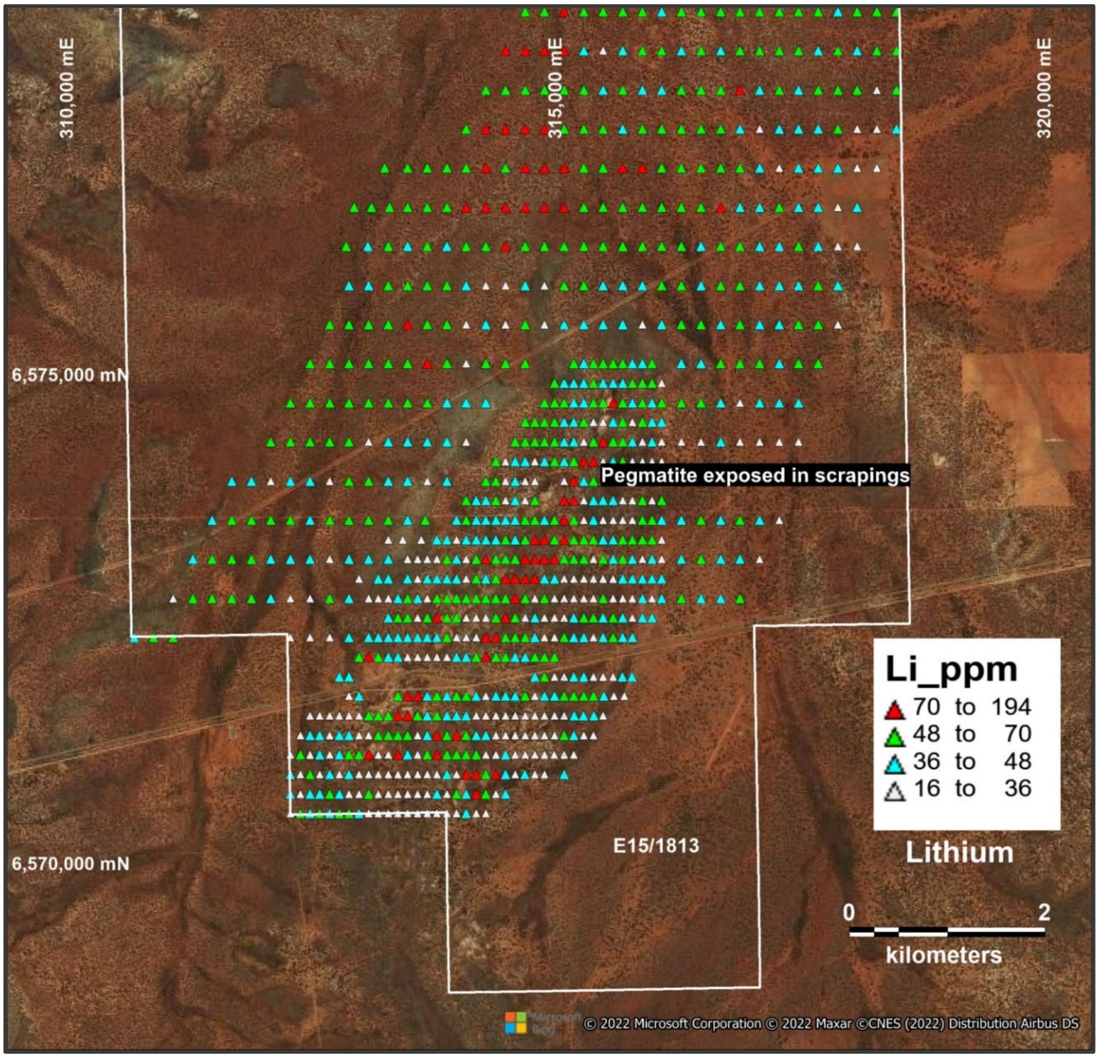

Figure 12: Coolgardie West ~2km lithium anomaly associated with north northeast trending pegmatite.

JUBILEE WELL PROJECT (LSR – 100%, Gold)

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 13, Table 3) 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 (see Lodestar's ASX announcement dated 23rd December 2022).

Table 3: 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

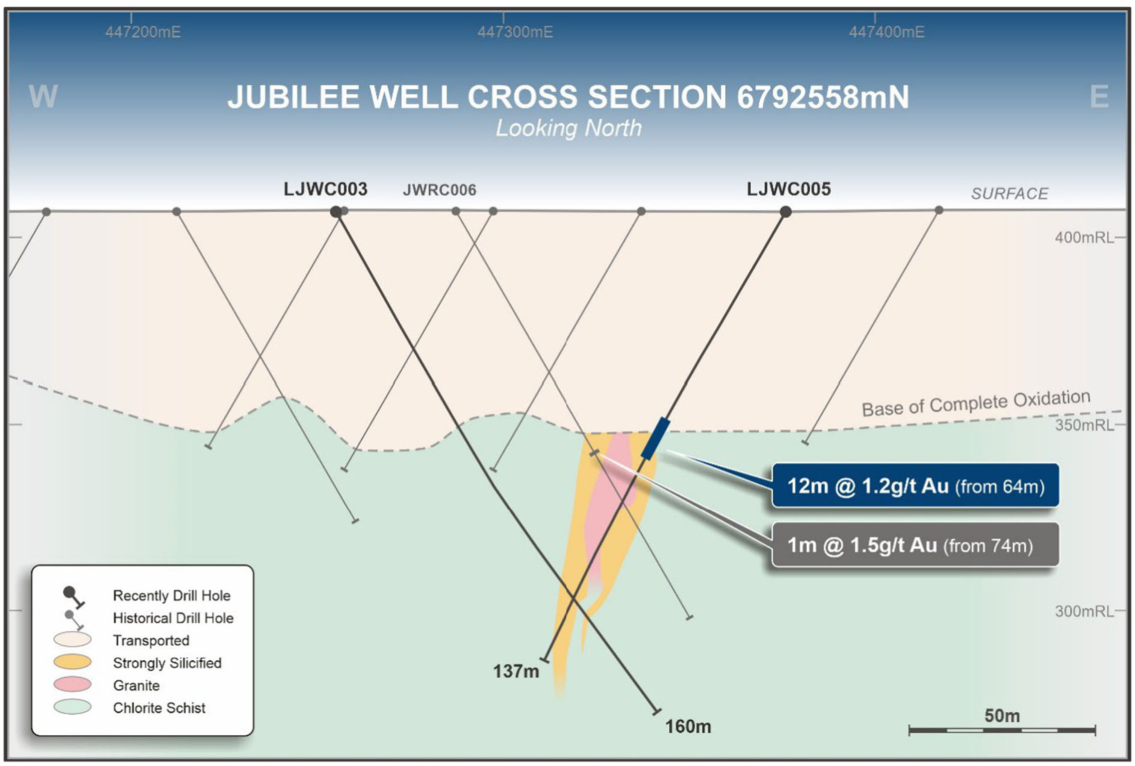

Figure 13: Jubilee Well interpreted cross section 6792558N showing alteration within sub-vertical shear zone and drilling results.

NED'S CREEK JV PROJECT (Vango Mining (ASX:VAN) earning 51%, Gold)

Three RC holes were completed at Neds Creek to a maximum depth of 218m for a total of 594m. There were no significant gold intersections. The magnetic anomaly that was targeted is attributed to a less altered diorite unit (see Lodestar's ASX announcement dated 23rd December 2022).

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 diorite (corresponding with the location of the magnetic anomaly) bordered by intense silica-sericite alteration.

In January 2023, Vango announced it was the target of an acquisition by ASX gold explorer and producer, Catalyst Metals Limited (ASX:CYL). On 3 March 2023, Vango was removed from the ASX Official List as it became a wholly owned subsidiary of Catalyst on completion of the takeover deal.

ADDITIONAL TENEMENTS ACQUIRED IN EARAHEEDY PROJECT

Lodestar has further increased its Earaheedy Project landholding during the year to 1,420 sqkm with the acquisition of three additional granted Exploration Licences.

E69/3882 and E69/3883 Tenement Acquisition Terms

Lodestar acquired Tripod Resources Pty Ltd ("Tripod") for $65,200 cash and the issue of 24,960,000 Lodestar fully paid ordinary shares at an issue price of 0.5 cents per share. The shares were issued pursuant to ASX Listing Rule 7.1. Tripod owns two granted exploration licences (E69/3882 and E69/3883) within the Earaheedy Basin.

E69/3824 Acquisition Terms

1. The Vendor is Recharge Resources Pty. Ltd. a wholly owned subsidiary of BPM Minerals Ltd.
2. Lodestar will be the 100% owner of the project upon completion.
3. Consideration for transaction:
    a. $25,000 cash.
    b. $75,000 of fully paid ordinary shares in Lodestar Minerals Ltd. at an issue price of $0.005 (15,000,000 shares). The shares will be issued pursuant to ASX Listing Rule 7.1.
    c. 1% Net Smelter Royalty (NSR) on all minerals.
    d. Payable within 5 business days of execution of sale agreement.
4. Acknowledgement of existing 1% NSR and buy back clause (in case of tenement surrender, relinquishment, or non-renewal) from Binding Heads of Agreement from May 2021 BPM transaction.

COMPETENT PERSONS' STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Ed Turner who is a full-time employee for Lodestar and a Member of the Australasian Institute of Geoscientists. Mr Turner 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 Turner consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

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 announcement. 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.

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.

CORPORATE

Board and Management Changes

On 2 December 2022, long standing Managing Director Bill Clayton retired as a Director of the Company. Mr Clayton has been the Managing Director since the inception of the Company and has made an enormous contribution to the Company during his tenure.

At the same time Mr Ross Taylor, formerly Non-Executive Chair, assumed the role of Executive Chair of the Company and Mr Ed Turner joined the Board as a Non-Executive Director.

In December 2022 Ms Coraline Blaud was appointed as the Exploration Manager for Lodestar Minerals. Ms Blaud has been working 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. She has significant experience in Greenfields exploration and Resource Definition including the Abra Base Metal Deposit (Galena Mining) and the Menzies Gold Project (Kingwest Resources Ltd).

On 28 February 2023, Mr Turner moved to Managing Director and Mr Ross Taylor moved from Executive Chairman to Non-Executive Chairman.

Lodestar Establishes At-the-Market Facility

Lodestar Minerals Limited (“Lodestar” or “the Company”, ASX:LSR) entered into an At-the-Market Subscription Agreement (ATM) with Acuity Capital. The ATM provides Lodestar with up to $2,000,000 of standby equity capital over the coming 40 months to 31 July 2026.

Lodestar has full discretion whether to utilise the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on Lodestar to utilise the ATM and Lodestar may terminate the ATM at any time, without cost or penalty. Acuity Capital and the ATM do not place any restrictions at any time on Lodestar raising capital through other methods.

If Lodestar does decide to utilise the ATM, Lodestar is able to set an issue price floor at its sole discretion, with the final issue price being calculated as the greater of the nominated floor price and up to a 12.25% discount to a Volume Weighted Average Price (VWAP) over a period of Lodestar’s choosing (again at its sole discretion).

As security for the ATM, the Company has agreed to place 80,000,000 fully paid ordinary LSR shares from its LR 7.1 capacity at nil cash consideration to Acuity Capital. Upon early termination or maturity of the ATM, the Company may buy back (and cancel) the shares placed as security for no cash consideration (subject to shareholder approval).

Material Business Risks

The key risk factors affecting the Company are set out below. The occurrence of any one of the risks below could adversely impact the Company’s operating or financial performance. It is noted that this is not an exhaustive list of risks that may potentially impact the Company.

Exploration Risk
The Company’s focus is on the exploration and exploitation of natural resources and are at an early stage of exploration development. Mineral exploration, development and mining are considered high-risk activities from an investor standpoint. The success of the Company’s operations depends on, amongst other factors, successful exploration of reserves, securing and maintenance of title to tenements, appropriate design, construction, commissioning and operation of mining and processing facilities and successful management of operations. There is risk inherent with exploration activities that the programs executed by management do not identify economically viable mineral deposits for exploitation. Even if an apparently viable deposit has been recognised, there is no guarantee that it is capable of being exploited profitably.

Lodestar seeks to manage and mitigate the risks around exploration by undertaking staged and systematic exploration programs, designed to identify mineral resources through various exploration methods. Results from exploration programs are assessed for determination of viability of further exploration funding being allocated to the Company’s various projects.

Material Business Risks (continued)

Commodity Price Risk

The prices of natural resources are volatile and can fluctuate widely within any given financial period. As an entity exploring for base and battery metals, changes in the prices of these commodities will not currently affect the Company's financial position, financial results and cash flows as the Company is not a producing entity. However, depressed, or declining commodity prices may restrict access to capital and the ability for the Company to grow and assess further exploration opportunities. Commodity prices have in recent years been characterized by significant price fluctuations driven by the market's expectations of demand for various natural resources, which are influenced by geopolitical events and other global phenomena beyond Lodestar's control, including global events such as the COVID-19 pandemic and the Russia-Ukraine war.

As Lodestar is not a producing entity, the Company has not entered any hedging arrangements to mitigate downside commodity price risks.

Global Financial Conditions

Economic conditions, both domestic and global, have the potential to affect the capacity for the Group to raise additional capital for operations. Adverse changes in macroeconomic conditions, such as but not limited to, rates of inflation, interest rates, exchange rates, employment rates and input costs are outside of the Company's control. A slowdown in financial markets or other economic conditions has the potential to result negatively against the Company's capacity to raise capital from markets for operations, if so needed.

Regulatory and Political

Exploration for, and development and exploitation of, natural resources in Australia is subject to numerous laws and regulations at both federal and state levels. These include areas of taxation, environmental protection, and operational regulatory compliance. Existing laws and regulations, as currently interpreted or reinterpreted in the future, or future laws and regulations could potentially adversely impact the Company. Compliance with such laws and regulations may significantly increase the Company's operating expenses and any failure to comply may result in material penalties and fines to the Company or the Operators. Whilst Australia is considered to be politically stable, changes in governmental regulations and policies (whether through change in governments or change in policy from existing governments) may adversely affect the financial performance or the current and proposed operations of the Company.

The ability to explore, develop and exploit natural resources, as well as industry profitability generally, can be affected by such changes, which are beyond the control of the Company. As such, future financial performance and future operations may thereby be materially adversely affected.

Reliance on Key Personnel

Lodestar's success depends in large measure on certain key personnel. The loss of the services of such key personal may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near-term operations are of central importance. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the implementation, development, and operation of its business strategy.

Lodestar does not maintain or plan to obtain any insurance against the loss of any key management personnel.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the affairs of the Group during the financial year, other than those matters referred to in the Review of Operations above.

LIKELY DEVELOPMENTS

The Group is focussed on exploration within its current portfolio of base metals tenement interests and will also continue to assess other opportunities which may offer value enhancing opportunities for shareholders.

ENVIRONMENTAL REGULATIONS

The Group is required to carry out the exploration and evaluation of its exploration tenements in accordance with various Government laws and regulations.

The Group conducts its exploration activities in an environmentally sensitive manner and in compliance with all relevant laws and regulations. The Group is not aware of any significant breaches of these laws and regulations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed in note 30 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the financial year 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.

INFORMATION ON DIRECTORS

Information on Directors	Experience, qualifications, and other directorships
Name:	Ross Taylor
Title:	Non-Executive Chairman
Qualifications:	BCom (UQ), SIA, ACA.
Experience and expertise:	Mr Taylor is a Chartered Accountant and an investment banking consultant with a thorough knowledge of international financial markets gained whilst working in Australia, London, New York, and Tokyo. He has extensive experience in the global investment banking sector and has held senior positions with Deutsche Bank, Bankers Trust and Barclays Capital.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Management Committee
Interests in shares:	191,856,035
Interests in options:	25,000,000
Name:	Edward Turner
Title:	Managing Director
Qualifications:	B App Science (Geology)
Experience and expertise:	Mr Turner 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 of Riedel Resources Limited, CEO for Galena Mining Limited, and CEO of Kingwest Resources Limited.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares:	4,500,000
Interests in options:	25,000,000

INFORMATION ON DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title: Qualifications:	David McArthur Non-Executive Director BCom, ACA
Experience and expertise:	Mr McArthur has a Bachelor of Commerce Degree from the University of Western Australia. Mr McArthur is a Chartered Accountant, having spent four years with a major international accounting firm, and has over 30 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of numerous public listed companies over the past 30 years. Mr McArthur has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.
Other current directorships:	Non-Executive Director of Delorean Corporation Limited Appointed: 2 December 2020
Former directorships (past 3 years):	Non-Executive Director of Sacgasco Limited Appointed: 15 November 2016 Resigned: 1 June 2022
Special responsibilities:	Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Interests in shares: Interests in options:	13,550,007 25,000,000

'Other current directorships' stated above are current directorships for listed entities only and exclude directorships of all other types of entities.

'Former directorships' stated above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities.

COMPANY SECRETARIES

David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 13 August 2007. Mr McArthur has over 30 years' experience in the corporate management of publicly listed companies.

Jordan McArthur is a Chartered Accountant and was appointed to the position of Joint Company Secretary on 17 April 2018. Mr McArthur has over ten years corporate and financial experience in Australia and the United Kingdom.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director was:

	Full board		Audit and risk management committee		Nomination and remuneration committee	
	Attended	Held	Attended	Held	Attended	Held
Ross Taylor	10	10	2	2	1	1
Edward Turner	5	5	1	1	n/a	n/a
David McArthur	10	10	2	2	1	1
Bill Clayton	5	5	1	1	n/a	n/a

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The small size of the Board means that members of the Board meet informally on a regular basis to discuss company operations, risks, and strategies, and as required formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full board of the Company.

In addition to the meetings held above, several decisions of the Board were undertaken via two circular resolutions.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all Directors and Company Secretaries against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director or Company Secretary of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is $24,720 (2022: $116,456) to insure the Directors and Company Secretaries of the Company.

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARES UNDER OPTION

Unissued ordinary shares of Lodestar Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price cents	Number under option
21-Apr-2022	15-Apr-2024	2.5	82,750,000
09-Dec-2022	31-Jan-2026	1.5	25,000,000
22-Mar-2023	31-Jan-2026	1.5	25,000,000
06-Apr-2023	14-Apr-2024	0.7	55,000,000
			187,750,000

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Lodestar Minerals Limited were issued during the year ended 30 June 2023, and up to the date of this report, on the exercise of options granted.

AUDIT AND NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor of the Company, HLB Mann Judd, for audit and non-audit services during the year are disclosed in note 25.

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or group are important.

The board of directors, in accordance with advice provided by the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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 36.

AUDITOR

HLB Mann Judd (WA) continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Directors of Lodestar Minerals Limited for the year ended 30 June 2023. There were no other key management personnel during the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001* and its Regulations.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results achieved. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors. The performance of the Group depends on the quality of its key management personnel. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interest. The Board has considered that it should seek to enhance shareholders' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-Executive Directors' Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX Listing Rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2008, where the shareholders approved a maximum annual aggregate remuneration of $250,000.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of sub-committee memberships:

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

Executive Directors' Remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

There are three components to the executive remuneration and reward framework:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long-service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration Committee has access to external, independent advice where necessary.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Remuneration structure (continued)

Short-term incentive scheme
The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of key management. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPIs") being achieved. At this stage, the Group does not award any STIs.

Long-term incentive scheme
The long-term incentives ("LTIs") include long-service leave and share-based payments. Share options are awarded to executives based on long-term incentive measures. These include increase in shareholder's value relative to the entire market and the increase compared to similar companies.

The Company has adopted an Employee Incentive Option Plan (Plan). Under the Plan, the Company may grant options to Company eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however the Board determines appropriate vesting periods to provide rewards over time.

Group performance and link to remuneration
The remuneration of the Group's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Group. The rationale for this approach is that the Group is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

	2023	2022	2021	2020	2019
Other income ($)	514,926	-	23,805	239,675	265,926
Loss before income tax ($)	(307,918)	(1,971,707)	(4,355,854)	(729,797)	(1,896,090)
Loss attributable to equity holders ($)	(307,918)	(1,971,707)	(4,355,854)	(729,797)	(1,896,090)
Share price at year end (cents)	0.40	0.50	0.80	0.90	0.80
Number of listed ordinary shares	1,843,397,348	1,738,437,348	1,290,937,348	852,801,994	749,218,328
Weighted average number of shares	1,759,909,786	1,476,951,047	966,088,725	805,256,797	747,612,629
Basic loss per share EPS (cents)	(0.02)	(0.13)	(0.45)	(0.09)	(0.25)
Listed options	-	-	-	-	96,533,702
Unlisted options	187,750,000	162,726,789	166,050,598	53,323,809	15,000,000
Market capitalisation ($)	7,373,589	8,692,187	10,327,499	7,675,218	5,993,747
Net tangible assets / (liabilities) (NTA) ($)	3,071,097	2,954,970	1,393,609	3,436	(49,179)
NTA Backing (cents)	0.17	0.17	0.11	-	(0.01)

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Use of remuneration consultants
No remuneration consultants provided services during the year.

Remuneration structure (continued)

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")
At the 2022 AGM, 99.77% of the votes received, supported the adoption of the remuneration report for the year ended 30June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Employment Contracts

Remuneration and other terms of employment for key management personnel are formalised in contracts of employment. Details of these contracts are as follows:

Name:	Edward Turner
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	17 February 2023
Details:	Base salary for the year ending 30 June 2023 of $275,000 plus statutory superannuation. Termination benefits are payable upon termination by the Company, other than for gross misconduct, equal to base salary for the notice period. Three months termination notice by either party.

Name:	Bill Clayton
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	29 March 2022 to 2 December 2022
Details:	Base salary for the year ending 30 June 2023 of $200,000 plus statutory superannuation. Termination benefits are payable upon termination by the Company, other than for gross misconduct, equal to base salary for the notice period. Three months termination notice by either party. Bill retired on 2 December 2022.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Details of remuneration

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

	Short-term benefits	Post employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees (A)	Super-annuation	Long service leave	Equity-settled options	
2023	**$**	**$**	**$**	**$**	**$**
Non-executive Directors					
Ross Taylor	71,667	7,525	-	-	**79,192**
David McArthur	51,667	5,425	-	-	**57,092**
Edward Turner (B)	13,154	1,381	-	-	**14,535**
Executive Directors					
Edward Turner (B)	107,831	10,513	1,287	82,750	**202,381**
Former Directors					
Bill Clayton	91,362	8,912	1,584	-	**101,858**
	335,681	**33,756**	**2,871**	**82,750**	**455,058**
2022					
Non-executive Directors					
Ross Taylor	60,000	6,000	-	-	**66,000**
David McArthur	40,000	4,000	-	-	**44,000**
Executive Directors					
Bill Clayton	200,555	18,125	8,482	-	**227,162**
	300,555	**28,125**	**8,482**	**-**	**337,162**

(A) Includes annual leave

(B) Edward Turner held the position of non-executive director from 2 December 2022 until 17 February 2023 when he was appointed Managing Director and Chief Executive Officer

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

Name	Fixed remuneration 2023 %	Fixed remuneration 2022 %	At risk - LTI 2023 %	At risk - LTI 2022 %
Non-executive Directors				
Ross Taylor	100	100	-	-
David McArthur	100	100	-	-
Edward Turner	100	-	100	-
Executive Directors				
Edward Turner	59	-	41	-
Former Directors				
Bill Clayton	100	100	-	-

No cash bonuses were granted during the year (2022: Nil).

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 30 June 2022	Held on acquisition	Purchases	Sales	Held On resignation	Held at 30 June 2023
Ross Taylor	216,856,035	-	-	(25,000,000)	-	**191,856,035**
Edward Taylor	-	-	2,000,000	-	-	**2,000,000**
David McArthur	13,550,007	-	-	-	-	**13,550,007**
Bill Clayton	4,103,427	-	-	-	(4,103,427)	**-**
	234,509,469	-	2,000,000	(25,000,000)	(4,103,427)	**207,406,042**

Option holdings

The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 30 June 2022 Number	Granted Number	Held on appointment (resignation) Number	Held at 30 June 2023 Number	Vested and exercisable at 30 June 2023 Number	Value of options expired during the year $
Ross Taylor	25,000,000	-	-	25,000,000	25,000,000	-
Edward Taylor	-	25,000,000	-	25,000,000	25,000,000	-
David McArthur	25,000,000	-	-	25,000,000	25,000,000	-
Bill Clayton	25,000,000	-	(25,000,000)	-	-	-
	75,000,000	25,000,000	(25,000,000)	75,000,000	75,000,000	-

No options issued to directors as part of compensation in prior years, expired during the year ended 30 June 2023.

No options granted as compensation in the current or prior years were exercised.

Share-based remuneration granted as compensation

Refer to note 22 for the terms and conditions of each grant of options over ordinary shares affecting remuneration of directors in this financial year or future reporting years.

Other transactions with key management personnel

Details of other transactions with key management personnel not involving direct remuneration are disclosed in note 24.

END OF AUDITED REMUNERATION REPORT

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

On behalf of the Directors.

EDWARD TURNER
Managing Director

27 September 2023
Perth, WA

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Lodestar Minerals Limited for the year ended 30 June 2023, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**B G McVeigh**
27 September 2023	**Partner**

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

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

CONTENTS

GENERAL INFORMATION

The consolidated financial statements cover Lodestar Minerals Limited as a Group consisting of Lodestar Minerals Limited and the entities it controlled at the end of, or during, the 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. Its registered and principal place of business is:

Registered office
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 issued, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 $	2022 $
Other income	4	553,676	77,250
Finance income	5	20,038	-
Net fair value gain on revaluation of financial assets	14	2,996,707	(21,722)
Exploration expenditure expensed through profit or loss		(2,074,466)	(1,465,956)
Site restoration expense		(6,092)	-
Marketing and business development costs		(37,848)	(17,002)
Personnel expenses	6	(366,481)	(177,161)
General and administration costs		(169,544)	(130,783)
Professional fees		(209,551)	(208,201)
Depreciation expense	15	(27,061)	(7,669)
Amortisation expense		(16,422)	(17,431)
Impairment of other receivables	12	(796,990)	-
Other losses	7	(620)	-
Finance costs	5	(173,264)	(3,032)
Loss before income tax		(307,918)	(1,971,707)
Income tax expense	10	-	-
Loss for the year		**(307,918)**	**(1,971,707)**
Other comprehensive loss, net of tax		-	-
Total comprehensive loss for the year		(307,918)	(1,971,707)
Total comprehensive loss attributable to owners of the Company		**(307,918)**	**(1,971,707)**
Earnings / (loss) per share (cents per share)			
Basic and diluted	9	(0.02)	(0.13)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2023

	Note	2023 $	2022 $
Assets			
Cash and cash equivalents	11	637,350	1,925,894
Trade and other receivables	12	15,259	622,885
Prepayments	13	63,293	189,662
Other financial assets	14	3,514,657	67,950
Total current assets		4,230,559	2,806,391
Property, plant, and equipment	15	112,625	22,541
Right of use assets	16	-	14,720
Intangible assets	17	5,106	6,808
Other financial assets	14	2,059	502,059
Total non-current assets		119,790	546,128
Total assets		**4,350,349**	**3,352,519**
Liabilities			
Trade and other payables	18	(670,952)	(252,452)
Borrowings	19	(565,551)	-
Lease liabilities	20	-	(15,193)
Employee benefits	6	(31,243)	(116,696)
Site restoration provision		(6,400)	(6,400)
Total current liabilities		(1,274,146)	(390,741)
Total non-current liabilities		-	-
Total liabilities		(1,274,146)	(390,741)
Net assets		**3,076,203**	**2,961,778**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 30 June 2023

	Note	2023 $	2022 $
Equity			
Share capital	21	35,998,910	35,878,617
Reserves		1,180,855	878,805
Accumulated losses		(34,103,562)	(33,795,644)
Total equity		**3,076,203**	**2,961,778**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued 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	-	-	(1,971,707)	(1,971,707)
Total comprehensive loss for the year	-	-	(1,971,707)	(1,971,707)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 21)	3,539,876	-	-	3,539,876
Transfer to accumulated losses on expiry of options	-	(181,173)	181,173	-
Balance on 30 June 2022	**35,878,617**	**878,805**	**(33,795,644)**	**2,961,778**
Balance on 1 July 2022	35,878,617	878,805	(33,795,644)	2,961,778
Loss after income tax expense for the year	-	-	(307,918)	(307,918)
Total comprehensive loss for the year	-	-	(307,918)	(307,918)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 21)	120,293	-	-	120,293
Share-based payments (note 22)	-	302,050	-	302,050
Balance on 30 June 2023	**35,998,910**	**1,180,855**	**(34,103,562)**	**3,076,203**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Cash paid to suppliers and employers		(1,019,258)	(503,774)
Interest paid		(413)	(2,095)
Interest received		20,038	-
Payments for exploration and evaluation		(1,127,243)	(2,133,936)
Net cash used in operating activities	11(b)	(2,126,876)	(2,639,805)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		-	124,095
Proceeds from sale of Nepean assets	4	514,926	-
Cash held on acquisition of subsidiary	1.7	1	-
Payments for property, plant, and equipment		(117,250)	(5,316)
Payments for intangible assets		-	(8,181)
Net cash from investing activities		397,677	110,598
Cash flows from financing activities			
Proceeds from issue of shares and options		-	3,780,000
Proceeds from sophisticated investor loans	11(c)	550,000	-
Proceeds from related party loans		-	75,000
Repayment of loans from related parties		-	(75,000)
Repayment of short-term loans	11(c)	(65,123)	-
Repayment of right of use lease liability	11(c)	(15,193)	(15,257)
Payment of capital raising costs		(4,507)	(240,123)
Payment of transaction costs related to loans		(24,522)	-
Net cash from financing activities		440,655	3,524,620
Net (decrease) / increase in cash and cash equivalents		(1,288,544)	995,413
Cash and cash equivalents on 1 July		1,925,894	930,481
Cash and cash equivalents on 30 June	11(a)	637,350	1,925,894

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT
For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES

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

1.1 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.2 BASIS OF PREPARATION

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.3 PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

1.4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lodestar Minerals Limited ("company" or "parent entity") as of 30 June 2023 and the results of all subsidiaries for the year then ended. Lodestar Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position, and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

1.5 CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

1.6 GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2023, the Group incurred an operating loss of $307,918 and had net cash outflows from operating activities of $2,126,876 (including $1,127,243 of exploration payments). On 30 June 2023, the Group had net assets of $3,076,203, with total cash on hand of $637,350.

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

On 12 April 2023, the Company has signed an At-the-Market Subscription Agreement (ATM) with Acuity Capital. The ATM provides Lodestar with up to $2,000,000 of standby equity capital up until 31 July 2026 as disclosed in note 21.

On 6 September 2023, the Company issued 137,500,001 fully paid ordinary shares at 0.6 cents each to raise $825,000 (before costs) in working capital. One (1) free attaching unlisted option exercisable at 2 cents on or before 31 August 2024 will be issued for every two (2) shares subject to shareholder approval.

On 6 September 2023, the Company issued 25,000,000 fully paid ordinary shares on the conversion of unlisted options exercisable at 0.7 cents each on or before 14 April 2024.

On 8 September 2023, the Company 2,500,000 fully paid ordinary shares on the conversion of unlisted options exercisable at 0.7 cents each on or before 14 April 2024.

If further equity/ loans funds are not achieved, it may 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.

1.7 ASSET ACQUISITION

Accounting Policy

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. On acquisition of a business, the Group assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Business combinations are initially accounted for on a provision basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition, or (ii) when the acquirer receives all the information possible to determine fair value.

To be considered a business, an acquired set of activities and assets must include inputs and a substantive process that together significantly contribute to the ability to create outputs.

To be substantive, the inputs acquired include both an organised workforce that has skills, knowledge, or expertise to perform the process, and other inputs that an organised workforce could develop and convert into outputs.

If the assets acquired are not a business, the Group shall account for the transaction or other event as an asset acquisition.

Summary of Acquisition

On 21 April 2023, the Company signed an agreement to acquire 100% of the shares held in Tripod Resources Pty Ltd ("Tripod"), free from encumbrances. Tripod owned two granted exploration licences (E69/3882 and E69/3883) within the Earaheedy Basin, expanding the Group's footprint on its Earaheedy project.

Consideration for the acquisition, was the issue of 24,960,000 fully paid ordinary shares in the Company at 0.5 cents per share, plus $65,200 in cash to Tripod to fully repay shareholder loans.

1.7 ASSET ACQUISITION (continued)

Details of the fair value of the assets and liabilities of Tripod Resources Pty Ltd acquired on 21 April 2023 are as follows:

	$
Purchase consideration comprises:	
24,960,000 ordinary shares at 0.5 cent each (note 21)	124,800
Net assets acquired	
Cash at bank	1
Other receivables	2,238
Borrowings	(65,123)
	(62,884)

2 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, 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. Judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 22.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumption on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer note 23.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer note 10.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security, and economic environment.

3 OPERATING SEGMENTS

Accounting Policy

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Lodestar Minerals Limited.

The Group is organised into one operating segment, being base minerals exploration and evaluation in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the CODM) in assessing performance and determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a quarterly basis.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2022.

4 OTHER INCOME

Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

	Note	2023 $	2022 $
Other operating income	(i)	38,750	77,250
Other income	(ii)	514,926	-
		553,676	-

(i) As reported in 2022, due to time constraints on JV partner Vango Mining related to their other project operations, William Clayton was engaged to manage the Ned's Creek JV drilling program. Income generated by this engagement, which was to be recovered from Vango, was $38,750 (2022: $77,250).

(ii) On 8 May 2023, Eastern Coolgardie Goldfields Pty Ltd ("ECG") sold its Nepean Nickel tenements to Rocktivity Nepean Pty Ltd for a total consideration of $10 million in cash. GoldFellas Pty Ltd ("GFA"), a subsidiary of the Company held 20% of the total issued share capital in ECG. After transaction costs, the Group received $514,926.

4 OTHER INCOME (continued)

The Group's share of the consideration was receivable as follows:

Tranche	$	
1	20,000	Non-refundable cash deposit
2	540,000	Cash on completion of Rocktivity transaction
3	540,000	Payable 12 months from completion of transaction
4	500,000	Payable 18 months from completion of transaction
5	400,000	Payable 24 months from completion of transaction
	2,000,000	**20% share of total consideration before costs**
	560,000	**Total receivable on completion date of the agreement (Tranches 1 and 2)**
	(45,074)	Transaction costs deducted from cash received on completion
	514,926	**Net cash received on 20 June 2023**

As disclosed in note 30, on 5 August 2023, GFA signed an agreement with Future Battery Minerals Limited (ASX: FBM) to sell its remaining 20% interest in ECG for a total consideration of $6,500,000 through a combination of cash, fully paid ordinary shares and consideration performance rights. AS FBM held an 80% interest in ECG, the new agreement superseded the Rocktivity agreement where cash tranches three to five above would not be payable.

5 NET FINANCE COSTS

Accounting Policy

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

5 NET FINANCE COSTS (continued)

	Note	2023 $	2022 $
Interest income on deposits		(20,038)	-
Interest expense on financial liabilities measured at amortised cost			
Interest expense on loans received from related parties		-	822
Interest on right of use lease liabilities	20	413	1,273
Interest expense on sophisticated investor loans	19	15,551	-
Other finance charges (1)		27,500	937
Other finance charges (2)		129,800	-
Total finance costs		173,264	3,032
Net finance costs / (income)		**153,226**	**3,032**

(1) Facilitation fee for the sophisticated investor loans.

(2) 55 million options exercisable at 0.7 cents, expiring on 14 April 2024.

6 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual and long service leave, not expected to settle within 12 months of the reporting date, are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

6 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS (continued)

The table below sets out personnel costs expensed during the year.

	Note	2023 $	2022 $
Directors' remuneration [(1)]	24	455,058	337,162
Staff salaries		149,024	-
Superannuation		15,648	-
Annual leave		6,368	-
Long service leave		1,671	-
Share-based payments – staff [(1)]		89,500	-
Other associated personnel expenses		9,385	1,667
		726,654	338,829
Expensed in exploration and evaluation		360,173	161,668
Expensed in personnel expenses		**366,481**	**177,161**
		726,654	338,829

(1) Director share-based payments expense of $82,500 included in Directors' Remuneration

The table below sets out employee benefits at the reporting date.

	2023 $	2022 $
Current		
Salary accrual	12,863	-
Superannuation	1,351	-
Liability for annual leave	14,071	68,286
Liability for long service leave	2,958	48,410
	31,243	**116,696**

7 OTHER LOSSES

	Note	2023 $	2022 $
Loss on sale of property, plant, and equipment		104	-
Foreign exchange loss		516	-
		620	**-**

8 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration and evaluation expenditure is assessed for each separate area of interest for which rights of tenure are current. As per AASB 6 *'Exploration for and Evaluation of Mineral Resources',* each area of interest may be expensed as incurred; or partially or fully capitalised and recognised as an exploration and evaluation asset if the requirements of paragraph AUS7.2 are satisfied.

An exploration and evaluation asset shall only be recognised where it is expected that the expenditure may be recovered through the successful development and exploitation of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment
Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount. Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest authority.

The exploration and evaluation accounting policy expenses all exploration and evaluation expenditure as incurred. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure prior to securing legal rights to explore an area, is expensed to profit or loss as incurred.

9 LOSS PER SHARE

Accounting Policy

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

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

	2023 $	2022 $
Basic and diluted loss per share		
Loss after income tax attributable to owners of Lodestar Minerals Limited	(307,918)	(1,971,707)

	Cents	Cents
Basic earnings / (loss) per share	(0.02)	(0.13)
Diluted earnings / (loss) per share	(0.02)	(0.13)

	Number	Number
Weighted average number of ordinary shares		
Issued ordinary shares on 1 July	1,738,437,348	1,290,937,348
Effect of shares issued	21,472,438	186,013,699
Weighted average number of ordinary shares on 30 June	**1,759,909,786**	**1,476,951,047**

10 INCOME TAX EXPENSE

Accounting Policy

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

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

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

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

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

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

Lodestar Minerals Limited ("the head entity") and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

10 INCOME TAX EXPENSE (continued)

Accounting Policy (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(a) Amounts recognised in profit or loss

	2023 $	2022 $
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	**-**	**-**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax	(307,918)	(1,971,707)
Tax at the Australian tax rate of 25% (2022: 25%)	(76,980)	(492,927)
Non-deductible expenses	160,508	6,481
Non-assessable income	(750,000)	-
Change in income tax rates from 26% to 25%	-	279,369
Adjustment for prior periods	20,994	19,481
Timing differences	159,427	(29,336)
Tax losses utilised not previously brought to account	486,051	216,932
Income tax expense	-	-
Tax losses		
Potential future income tax benefits attributed to tax losses, not brought to account	8,307,467	7,697,317

10 INCOME TAX EXPENSE (continued)

(a) Amounts recognised in profit or loss (continued)

All unused tax losses were incurred by Australian entities.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
ii) the conditions for deductibility imposed by tax legalisation continue to be complied with
iii) no changes in tax legislation adversely affect the Group in realising the benefit, and
iv) satisfaction of either the continuity of ownership or the same business test.

(b) Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

	2023 $	2022 $
Deferred tax liabilities		
Prepayments	(15,823)	(1,119)
Trade and other receivables	-	(23,386)
Property, plant, and equipment	(920)	(1,145)
	(16,743)	**(25,650)**
Deferred tax assets		
Capital raising costs – s40-880	51,211	71,337
Borrowing costs – s25-25	2,593	-
Right of use assets	-	8,966
Intangible assets	12	16
Exploration for tax	385,217	444,117
Trade and other payables	44,018	43,518
Employee benefits	4,595	29,174
Provisions	1,600	1,600
Carry forward tax losses	8,307,467	7,697,317
	8,796,713	8,296,045
Net unrecognised deferred tax assets	**8,779,970**	**8,270,395**

11 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalent also includes, bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2023 $	2022 $
Cash and cash equivalents in the statement of cash flows	637,350	1,925,894

(b) Reconciliation of cash flows from operating activities

	2023 $	2022 $
Cash flows from operating activities		
Loss for the period	(307,918)	(1,971,707)
Adjustments for:		
Other income	(514,926)	-
Bad debts expense	796,990	-
Exploration expenditure expensed	187,684	-
Finance expense	27,500	938
Equity-settled share-based payments	302,050	-
Depreciation and amortisation	43,483	25,100
Gain on revaluation of financial assets	(3,000,000)	-
Loss on disposal of property, plant, and equipment	104	-
Loss on sale or revaluation of listed shares	3,293	21,722
Change in other receivables	(187,645)	(614,328)
Change in other financial assets	50,000	-
Change in prepayments and deposits	126,369	(139,859)
Change in trade and other payables	416,041	10,543
Change in interest bearing liabilities	15,551	-
Change in employee benefits provision	(85,452)	27,786
Net cash used in operating activities	**(2,126,876)**	**(2,639,805)**

11 CASH AND CASH EQUIVALENTS (continued)

(c) Changes in liabilities arising from financing activities

	Shareholder Loans	Right-of-use Assets	Sophisticated Investor loans	Total
	$	$	$	$
Balance on 1 July 2021	-	30,490	-	30,490
Net cash used in financing activities	-	(15,256)	-	(15,256)
Right of use lease liabilities	-	(41)	-	(41)
Balance on 30 June 2022	-	15,193	-	15,193
Loan acquired on acquisition of subsidiary	65,123	-	-	65,123
Net cash used in financing activities	(65,123)	(15,193)	550,000	468,692
Interest on sophisticated investor loans	-	-	15,551	15,551
Balance on 30 June 2023	**-**	**-**	**565,551**	**565,551**

12 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

12 TRADE AND OTHER RECEIVABLES (continued)

	2023 $	2022 $
Current		
Ned's Creek drilling costs due from Vango	796,990	609,785
Provision for expected credit losses (1)	(796,990)	-
Authorised government agencies	14,665	6,356
Other receivables	594	6,744
	15,259	**622,885**

(1) As disclosed to the market on 25 August 2023, the Company filed proceedings in the Supreme Court of Western Australia for the winding up of Vango Mining Limited (a wholly owned subsidiary of Catalyst Metals Limited (ASX:CYL)) following noncompliance with a statutory demand served by Lodestar on Vango on 23 June 2023.

Other receivables are non-interest bearing. Note 23 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

13 PREPAYMENTS

	2023 $	2022 $
Current		
Exploration – Nepean cash calls	-	185,186
ATM Establishment Fee (1)	50,000	-
Aspermont Mining News Perth Conference – September 2023	8,000	-
Insurance	1,460	1,041
Right-of-use lease and outgoings	110	110
Other	3,723	3,325
	63,293	**189,662**

(1) Establishment fee for the Acuity At-the-Market Facility ("ATM"). As the Company is not required to issue an ATM Activation Notice, and Acuity Capital is not required to issue an ATM Subscription Notice, the payment of the Establishment Fee would be expensed at such time shares are issued to Acuity (refer note 21).

14 OTHER FINANCIAL ASSETS

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part, or all, of a financial asset, the carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increase significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, as 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measure on the probably weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

14 OTHER FINANCIAL ASSETS (continued)

		2023 $	2022 $
Current		3,514,657	67,950
Non-current		2,059	502,059
		3,516,716	**570,009**
Listed ordinary shares – designated at fair value through profit or loss	(i)	14,657	17,950
20% working interest in ECG– designated at fair value through profit or loss	(ii)	3,500,000	500,000
Deposits and bonds		2,059	52,059
		3,516,716	**570,009**

(i) On 21 February 2023, Catalyst Mining Limited (CYL) announced a compulsory acquisition of Vango Mining Limited ("VAN"). In accordance with the notice, the Company received five CYL shares for every 115 VAN shares, effectively being a disposal of 437,814 Vango shares for consideration of 19,035 Catalyst share, with share price on date of transfer.

On 30 June 2023, Lodestar held 19,035 shares in Catalyst at 7.7 cents per share.

(ii) As disclosed in note 30, on 5 August 2023, GFA signed an agreement with Future Battery Minerals Limited (ASX: FBM) to sell its remaining 20% interest in ECG for a total consideration of up to $6,500,000 through a combination of cash, fully paid ordinary shares and consideration performance rights. As FBM held an 80% interest in ECG, the new agreement superseded the Rocktivity agreement as (refer to note 4).

$	
250,000	Cash to be paid on completion of the sale of ECG to FBM
125,000	Cash payable 3 months from completion
125,000	Cash payable 6 months from completion
3,000,000	27,505,429 fully paid ordinary FBM shares calculated via the 15-day VWAP immediately prior to completion
3,500,000	**Fixed Consideration for the sale of ECG to FBM**
-	Fair value of 27,505,429 performance rights receivable [(a)]
3,500,000	**Fair value of investment held in ECG on 30 June 2023**

[(a)] 27,505,429 consideration performance rights valued up to $3,000,000 on agreement date, will vest and convert into fully paid FBM shares upon FBM delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li_2O at the Kangaroo Hills Lithium Project. With too many unknown factors and uncertainty of future drilling at the reporting date, management believes the fair value of the performance rights is $nil.

14 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	(125,034)	-	-	(125,034)
Loss on disposal or revaluation of listed shares	(21,722)	-	-	(21,722)
Balance on 30 June 2022	**17,950**	**500,000**	**52,059**	**570,009**
Disposal of VAN shares (1)	(16,199)	-	-	(16,199)
Issue of CYL shares (1)	18,749	-	-	18,749
Loss on revaluation of listed shares (1)	(5,843)	-	-	(5,843)
Expensed to exploration	-	-	(50,000)	(50,000)
Gain on revaluation of investment in ECG	-	3,000,000	-	3,000,000
Balance on 30 June 2023	**14,657**	**3,500,000**	**2,059**	**3,516,716**

Notes to the above table

(1) On 21 March 2023, Catalyst Metals Limited ("Catalyst") compulsorily acquired the shares in Vango Mining Limited ("Vango"). Following this acquisition, Vango shareholders received five (5) Catalyst shares for every 115 Vango shares held, effectively disposing of 437,814 Vango shares for consideration of 19,035 Catalyst shares with deemed share price on the date of transfer.

Refer to note 23 for further information on fair value measurement.

15 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

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

Mobile equipment and motor vehicles	8 years
Field equipment	10 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings / accumulated losses.

15 PROPERTY, PLANT AND EQUIPMENT (continued)

	2023 $	2022 $
Field equipment – at cost	37,479	37,479
Less: accumulated depreciation	(32,899)	(31,754)
	4,580	5,725
Communication and computer equipment – at cost	36,877	37,330
Less: accumulated depreciation	(36,208)	(35,182)
	669	2,148
Mobile equipment and motor vehicles – at cost	184,231	66,981
Less: accumulated depreciation	(76,855)	(52,313)
	107,376	14,668
	112,625	**22,541**

Reconciliations

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

	Field Equipment $	Mobile equipment & motor vehicles $	Computer & comms Equipment $	Total $
Balance on 1 July 2021	5,060	19,558	276	24,894
Additions	1,680	-	3,636	5,316
Depreciation expense	(1,015)	(4,890)	(1,764)	(7,669)
Balance on 30 June 2022	5,725	14,668	2,148	22,541
Additions	-	117,250	-	117,250
Disposals	-	-	(105)	(105)
Depreciation expense	(1,145)	(24,542)	(1,374)	(27,061)
Balance on 30 June 2023	**4,580**	**107,376**	**669**	**112,625**

16 RIGHT-OF-USE ASSETS

Accounting Policy

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

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

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

	2023 $	2022 $
Land and buildings – right of use	43,094	43,094
Less: accumulated depreciation	(43,094)	(32,812)
	-	10,282
Field equipment – right of use	18,239	18,239
Less: accumulated depreciation	(18,239)	(13,801)
	-	4,438
	-	**14,720**

The Group leases land and buildings for its office, a storage facility for its field equipment and has various exploration tenement leases under agreements of between five and fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Effective 1 June 2023, as suggested by the landlord, new leases for the office and store were waivered for twelve months and will be expensed as incurred.

17 INTANGIBLE ASSETS

Accounting Policy

Intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measure at cost less any impairment. Finite life intangibles assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Software is amortised over the period of its expected finite life, being eight years.

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

	2023 $	2022 $
Opening balance	6,808	-
Additions	-	8,181
Less: amortisation	(1,702)	(1,373)
Balance on 30 June	**5,106**	**6,808**

18 TRADE AND OTHER PAYABLES

Accounting Policy

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

	2023 $	2022 $
Current		
Trade payables	460,589	42,519
Other payables and accrued expenses	210,363	209,933
	670,952	252,452

Refer to note 23 for further information on financial instruments.

19 LOANS AND BORROWINGS

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

19 LOANS AND BORROWINGS (continued)

	Book value 2023 $	Fair value 2023 $	Book value 2022 $	Fair value 2022 $
Current				
Loans from sophisticated investors [1]	565,551	-	565,551	-

	Sophisticated investor loans [2] $
Balance on 1 July 2022	**-**
Loans and borrowings received	550,000
Interest charged	15,551
Balance on 30 June 2023	**565,551**

(1) On 6 April 2023, the Company entered into loan agreements totalling $550,000 with several sophisticated investors. Each loan was for a minimum period of three months but could be extended to a total period of 12 months with the mutual consent of both parties. Interest is payable at 12% p.a.
A total of 55 million options, exercisable at 0.7 cents each, expiring on 14 April 2024, were issued to the sophisticated investors at a fair value of $129,800. The fee to facilitate these loans was $27,500 resulting in an effective interest rate of 126.71%. The loans were repaid on 25 August 2023.

(2) refer to note 23 for further details.

20 LEASE LIABILITIES

Accounting Policy

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

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index, or a rate used
- residual guarantee
- lease term, or
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	2023 $	2022 $
Opening balance	15,193	30,490
Recognition of lease liabilities	-	-
Interest charged	413	1,273
Less principal repayments	(15,606)	(16,570)
Lease liabilities included in the consolidated statement of financial position	**-**	**15,193**
Current	-	15,193
Non-current	-	-
	-	**15,193**

Refer to note 23 for further information on financial instruments

21 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity.

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

Issued capital

	Ordinary shares			
	Number of shares		Amount in $	
	2023	2022	2023	2022
Balance on 1 July	1,738,437,348	1,290,937,348	35,878,617	32,338,741
Issue of fully paid shares for cash	-	447,500,000	-	3,780,000
Issue of shares to facilitate ATM agreement [(1)]	80,000,000	-	-	-
Issue of shares as consideration for acquisition of Tripod Resources Pty Ltd	24,960,000	-	124,800	-
Capital raising costs	-	-	(4,507)	(240,124)
Balance on 30 June	**1,843,397,348**	**1,738,437,348**	**35,998,910**	**35,878,617**

(1) On 12 April 2023, Lodestar signed an At-the-Market Subscription Agreement (ATM) with Acuity Capital. The ATM provides Lodestar with up to $2,000,000 of standby equity capital up until 31 July 2026. Lodestar has full discretion on whether to utilise the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on Lodestar to utilise the ATM and Lodestar may terminate the ATM at any time, without cost or penalty. If Lodestar utilises the ATM, the Company can set an issue price floor at its sole discretion, with the final issue price being calculated as the greater of the nominated floor price and up to a 12.25% discount to a Volume Weighted Average Price (VWAP) over a period of Lodestar's choosing.

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

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

There is no current on-market share buy-back.

Reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of shares to be issued to directors, consultants, and employees. This reserve will be transferred to capital once the shares are issued. Refer to note 22.

22 SHARE-BASED PAYMENTS

Accounting Policy

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

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

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

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

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

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

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

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

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

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

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

22 SHARE-BASED PAYMENTS (continued)

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	2023 $	2022 $
Expensed in Personnel Expenses and Other Employee Benefits		
Options issued to directors	82,750	-
Options issued to employees	89,500	-
Expensed in Other Finance Costs		
Options issued to sophisticated investors	129,800	-
	302,050	**-**

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash.

Options will not be transferable and will not be listed on the ASX unless the offer provides otherwise or the Board in its absolute discretion approves.

22 SHARE-BASED PAYMENT PLANS (continued)

Options

On 30 June 2023, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year	
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	
22-Mar-23	22-Mar-23	31-Jan-26	1.5	-	25,000,000	-	-	25,000,000	25,000,000	
06-Apr-23	06-Apr-23	14-Apr-24	0.7	-	55,000,000	-	-	55,000,000	55,000,000	
Total				**82,750,000**	**105,000,000**	**-**	**-**	**187,750,000**	**187,750,000**	**-**
Weighted average exercise price (cents)				2.50	1.08	-	-	1.71		-

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was 1.27 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
Tranche 3	25,000,000	1.5	22-Mar-23	31-Jan-26	2.87	146.79	3.12	0.33	0.50
Tranche 4	55,000,000	0.7	06-Apr-23	14-Apr-24	1.02	146.99	3.16	0.24	0.50

22 SHARE-BASED PAYMENT PLANS (continued)

Options (continued)

On 30 June 2022, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
30-Nov-18	05-Dec-18	31-Dec-21	10.0	15,000,000	-	-	(15,000,000)	-	-
04-Dec-19	16-Dec-19	30-Dec-21	2.0	3,800,000	-	-	(3,800,000)	-	-
21-Apr-21	21-Apr-21	15-Apr-24	2.5	82,750,000	-	-	-	82,750,000	82,750,000
Total				**101,550,000**	**-**	**-**	**(18,800,000)**	**82,750,000**	**82,750,000**
Weighted average exercise price (cents)				3.59	-	-	8.38	2.50	

At the exercise date, the weighted average remaining contractual life of options outstanding at year end was 1.79 years.

23 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition
Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets
<u>Financial assets at amortised cost</u>
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

23 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets
AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category. The Group does not have any material expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

23 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of cash and cash equivalents, borrowings, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

23 FINANCIAL INSTRUMENTS (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the Group's exposure to market risks or the manner it manages and measures the risk from the previous period.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 100 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by $6,271.

The Group's sensitivity to interest rates has increased during the year mainly due to the increase in cash held.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

23 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements.

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

Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table include both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2023				
Trade and other payables	n/a	685,166	-	-
Borrowings (including right of use lease liabilities)	12.00	565,551	-	-
		1,250,717	-	-
30 June 2022				
Trade and other payables	n/a	369,148	-	-
Borrowings (including right of use lease liabilities)	5.40	7,059	8,134	-
		376,207	8,134	-

23 FINANCIAL INSTRUMENTS (continued)

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:

	2023 Fair value $	Fair value hierarchy	Valuation technique
Equity investments designated at fair value through profit or loss	14,657	Level 1	Quoted market prices in an active market
Investment in ECG designated at fair value through profit or loss	3,500,000	Level 2	Observable data based on post yearend sale agreement

The basis of the valuation of the investment in ECG is fair value. The investment is revalued annually based on observable data received from Future Battery Minerals Limited, formerly Auroch Minerals Limited, who is the operator and holds 80% of this project. As disclosed in note 30, on 11 August 2023, the Group sold its remaining 20% interest in ECG to FBM. Consideration for the sale is up to $6,500,000 including $3,000,000 of performance rights, subject to certain vesting conditions. As of 30 June 2023, the Board believes the probability of the performance rights vesting to be zero and therefore the fair value of the Group's interest in ECG be $3,500,000.

Transfers

During the year ending 30 June 2023, the Group's investment in ECG transferred from Level 3 to Level 2, following the sale agreement with Future Battery Minerals Limited.

23 FINANCIAL INSTRUMENTS (continued)

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.

24 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2023 $	2022 $
Short-term employee benefits	335,681	300,555
Long-term employee benefits	2,871	8,482
Post-employment benefits	33,756	28,125
Share-based payments – options	82,750	-
	455,058	337,162

(b) Other key management personnel transactions

Several key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

24 RELATED PARTIES (continued)

David McArthur

Broadway Management (WA) Pty Ltd, a company for which Mr McArthur is a director, received $102,000 (2022: $102,000) in repayment for commercial, arms-length consulting services. The balance outstanding on 30 June 2023 was $17,000 (2022: $8,500).

DAS (Australia) Pty Ltd, a company for which Mr McArthur is a director, received $45,000 (2022: $45,000) in repayment for company secretarial services. The balance outstanding on 30 June 2023 was $7,500 (2022: $3,750).

25 AUDITOR'S REMUNERATION

	2023 $	2022 $
HLB Mann Judd		
Audit and other assurance services		
Audit and review of financial reports	35,753	31,355
Taxation services	-	5,000
Total Auditor's Remuneration	**35,753**	**36,355**

26 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiary in accordance with the accounting policy described in note 1.4:

Name of subsidiary	Place of incorporation	Equity Interests 2023 %	 2022 %
Audacious Resources Pty Ltd	Australia	100	100
Goldfellas Pty Ltd	Australia	100	100
Oro Del Sur Pty Ltd	Australia	100	100
Tripod Resources Pty Ltd	Australia	100	-

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation.

27 PARENT COMPANY DISCLOSURES

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 30 June 2023, the parent entity of the Group was Lodestar Minerals Limited.

	2023 $	2022 $
Result of the parent entity		
Loss for the year	(3,140,076)	(2,043,028)
Total comprehensive loss for the year	**(3,140,076)**	**(2,043,028)**
Financial position of parent entity at year end		
Current assets	728,505	2,636,114
Total assets	**848,295**	**2,682,103**
Current liabilities	(1,231,883)	(347,958)
Total liabilities	**(1,231,883)**	**(347,958)**
Total equity of the parent entity comprising of:		
Share capital	35,998,910	35,878,617
Equity-settled benefits reserve	1,180,855	878,805
Accumulated losses	(37,563,353)	(34,423,277)
Total (deficiency) / equity	**(383,588)**	**2,334,145**

28 CONTINGENT LIABILITIES

Pursuant to the acquisition of tenement E69/3824 from Recharge Resources Pty Ltd, a royalty of 1% on all saleable Minerals, concentrates and metals produced from the Mining Area, would be payable.

29 CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

To maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the requirements specified by the State Government. These obligations are not provided for in the financial statements and are payable as follows:

	2023 $	2022 $
Mineral exploration		
Less than one year	959,200	1,067,080

30 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 August 2023, the Group sold its 20% interest in the Kangaroo Hills Lithium Project, effectively the sale of Eastern Coolgardie Minerals Pty Ltd, to Future Battery Minerals Limited. Consideration for the sale is:

- $250,000 in cash;
- 27,505,429 fully paid ordinary shares in Future Battery Minerals Limited; and
- 27,505,429 performance rights which will vest and convert into fully paid ordinary shares upon FBM delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li2O at the Kangaroo Hills Lithium Project.

On 16 August 2023, the Company issued 15,000,000 fully paid ordinary shares at 0.5 cents each as part purchase for the acquisition of Earaheedy tenements from BPM Minerals.

On 16 August 2023, the Company issued 16,000,000 options to employees and consultants, exercisable at 1.5 cents each on or before 31 January 2026.

On 25 August 2023, the Company filed proceedings in the Supreme Court of Western Australia for the winding up of Vango Mining Limited (Vango"), a wholly owned subsidiary of Catalyst Metals Limited (ASX:CYL) following non-compliance with a statutory demand for non-payment of $796,990.41, served by Lodestar on Vango on 23 June 2023.

On 6 September 2023, the Company issued 137,500,001 fully paid ordinary shares at 0.6 cents each to raise $825,000 (before costs) in working capital. One (1) free attaching unlisted option exercisable at 2 cents on or before 31 August 2024 will be issued for every two (2) shares subject to shareholder approval.

On 6 September 2023 and 8 September 2023, the Company issued a total of 27,500,000 fully paid ordinary shares on the conversion of unlisted options exercisable at 0.7 cents each on or before 14 April 2024.

On 7 September 2023, 6,000,000 options exercisable at 1.5 cents each, expiring on 31 January 2026 were cancelled by agreement between the Company and the holder.

No other matters or circumstances have arisen since the end of the financial year 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.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lodestar Minerals Limited, we state that:

In the directors' opinion:

1. The financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements.
2. The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in *note 1.2.*
3. The financial statements and notes give a true and fair view of the Group's financial position as of 30 June 2023 and of its performance for the financial year ended on that date; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2023.

On behalf of the Board

Edward Turner
Managing Director

27 September 2023
Perth

INDEPENDENT AUDITOR'S REPORT
To the Members of Lodestar Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Lodestar Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1.6 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Regarding Going Concern* we have determined no other matters to be key audit matters.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Lodestar Minerals Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 September 2023

B G McVeigh
Partner

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 20 September 2023:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	90	24,225	-
1,001 – 5,000	45	113,740	0.01
5,001 – 10,000	23	186,398	0.01
10,001 – 100,000	1,163	67,400,009	3.33
100,001 and over	1,571	1,955,672,977	96.65
Total	**2,892**	**2,023,397,349**	**100.00**

There were 1,026 holders of less than a marketable parcel of ordinary shares.

2. Substantial shareholders

The substantial shareholders are set out below:

	Number of shares
Ross Jeremy Taylor	191,856,035

3. Voting rights

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

Options and rights
No voting rights.

4. Corporate Governance Statement

In accordance with Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on the Company's website.

Refer to: https://www.lodestarminerals.com.au/site/about-us/corporate-governance

5. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
21-Apr-21	82,750,000	8	15-Apr-24	2.5
09-Dec-22	25,000,000	1	31-Jan-26	1.5
22-Mar-23	25,000,000	1	31-Jan-26	1.5
06-Apr-23	27,500,000	7	14-Apr-24	0.7
16-Aug-23	10,000,000	1	31-Jan-26	1.5

6. Twenty largest shareholders on 20 September 2023

	Ordinary shares	
Shareholders	Number held	% of issued shares
Mr Ross Jeremy Taylor <Jamanaro A/C>	132,294,338	6.54
Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C	80,000,000	3.95
Mr Ross Jeremy Taylor & Mrs Natasha Tanya Taylor <Jamanaro Super Fund A/C>	42,800,353	2.12
Citicorp Nominees Pty Limited	41,386,776	2.05
Whead Pty Ltd <CJ Holdings A/C>	28,423,902	1.40
Dungay Resources Pty Ltd <Dungay Consulting A/C>	25,326,530	1.25
Sarwell Pty Ltd <ARM Construct Emp S/F A/C>	24,250,000	1.20
Black Prince Pty ltd <Black Prince Super Fund A/C>	20,000,000	0.99
Mr Simon Larkin	20,000,000	0.99
Hardy Road Investments Pty Ltd	18,771,903	0.93
Mr Alan George Brooks & Mrs Philippa Claire Brooks <AG & P C Brooks S/Fund A/C>	18,333,333	0.91
Hemsby Super Pty Ltd <Hemsby Super Fund A/C>	18,000,000	0.89
Mr Albert Wijeweera	16,000,000	0.79
BPM Minerals Ltd	15,000,000	0.74
Mr Ji Yong Huang	15,000,000	0.74
Mr Andrew Ross Childs	14,016,580	0.69
Mr David Michael Cross	13,833,333	0.68
BNP Parabis Nominees Pty Ltd <IB AU Noms Retail Client DRP>	13,638,889	0.67
Elvien Pty Ltd <Sunset Super A/C>	13,333,333	0.66
Yelo Resources Pty Ltd	13,333,333	0.66

7. Tenements Listing as of 20 September 2023

Tenement description	Tenement number	Status	Percentage interest
Ned's Creek			**Subject to JV: Vango Mining earning 51%**
	E52/2456	Granted	100% - Audacious Resources
	E52/2734	Granted	100% - Lodestar Minerals
	E52/3473	Granted	100% - Lodestar Minerals
	E52/3476	Granted	100% - Lodestar Minerals
	M52/779	Granted	80% - Lodestar Minerals - 20% Vango Mining
	M52/780	Granted	80% - Lodestar Minerals - 20% Vango Mining
	M52/781	Granted	80% - Lodestar Minerals - 20% Vango Mining
	M52/782	Granted	80% - Lodestar Minerals - 20% Vango Mining
Ned's Creek			**Not Subject to JV**
	E52/3798	Granted	100% - Lodestar Minerals
	E52/4239	Application	100% - Lodestar Minerals
Earaheedy			
	E69/3483	Granted	100% - Lodestar Minerals
	E69/3532	Application	100% - Lodestar Minerals
	E69/3533	Granted	100% - Lodestar Minerals
	E69/3590	Granted	100% - Lodestar Minerals
	E69/3699	Granted	100% - Lodestar Minerals
	E69/3824	Granted	100% - Lodestar Minerals
	E69/3882	Granted	100% - Lodestar Minerals
	E69/3883	Granted	100% - Lodestar Minerals
	E69/3952	Granted	100% - Lodestar Minerals
	E69/4030	Granted	100% - Lodestar Minerals
	E69/4134	Application	100% - Lodestar Minerals
	E69/4152	Application	100% - Lodestar Minerals
	E69/4153	Application	100% - Lodestar Minerals
Jubilee Well	E38/3054	Granted	100% - Lodestar Minerals
Coolgardie West	E15/2013	Application	100% - Lodestar Minerals

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr Edward Turner
Mr David McArthur

Secretaries

Mr David McArthur
Mr Jordan McArthur

Registered and Principal Office

Level 1, 31 Cliff Street
Fremantle WA 6160

Telephone: +61 8 9435 3200

Postal Address

PO Box 584
Fremantle WA 6959

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Share Registry

Computershare Limited
Level 17, 221 St Georges Terrace
Perth WA 6000

Stock Exchange Listing

Shares: ASX Code LSR

Website and Email

Website: www.lodestarminerals.com.au
Email: admin@lodestarminerals.com.au