



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

FINANCIAL REPORT

For the half-year ended 31 December 2021

CONTENTS

Directors' Report.....	1
Auditor's Independence Declaration.....	13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Consolidated Notes to the Financial Report.....	19
Directors' Declaration	25
Independent Auditor's Review Report	26
Corporate Directory	28

DIRECTORS' REPORT

Your directors submit the Interim Report of the Group comprising Lodestar Minerals Limited ("the Company", LSR or "Lodestar") and its controlled entities ("the Group") for the half-year ended 31 December 2021. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

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

William Clayton	Managing Director
Ross Taylor	Non-executive Chairman
David McArthur	Non-executive Director

REVIEW OF OPERATIONS

HIGHLIGHTS

Major Advances across the Portfolio

Nepean Nickel Project JV (LSR - 20%)

- Nepean Deeps drilling program intersects continuation of Nepean ultramafic units below pegmatite sill. Multiple DHEM targets identified.
- Confirmation of lithium-bearing (LCT) pegmatites within Nepean Nickel Project.
- Metallurgical test work on remnant Nepean mineralisation progressing, potential for shallow open pit operation.
- Regional EM and IP surveys completed.

Earaheedy-Imbin (LSR - 100%)

- 887-line km Xcite™ heli-EM survey to identify potential massive sulphide conductors.
- Key tenement (E69/3533) granted over the Imbin corridor.
- 29 EM anomalies for follow up geochemistry and surface EM Phase 1 work program submitted for heritage clearance.
- Coincident Ag-Pb-Zn anomaly over Frere unconformity (host to Rumble Resource's major Zn-Pb-Ag discovery) represents new base metal target.

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

- 3715m RC drilling program identified an extensive new zone of silica-sericite-pyrite alteration on the Contessa granite contact, assays pending.

Coolgardie West (LSR - 100%)

- Multi-element geochemistry completed over the greenstone and adjacent margins, assays pending.

Bulong and Jubilee Well (LSR – 100%)

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

COMPANY PROJECTS

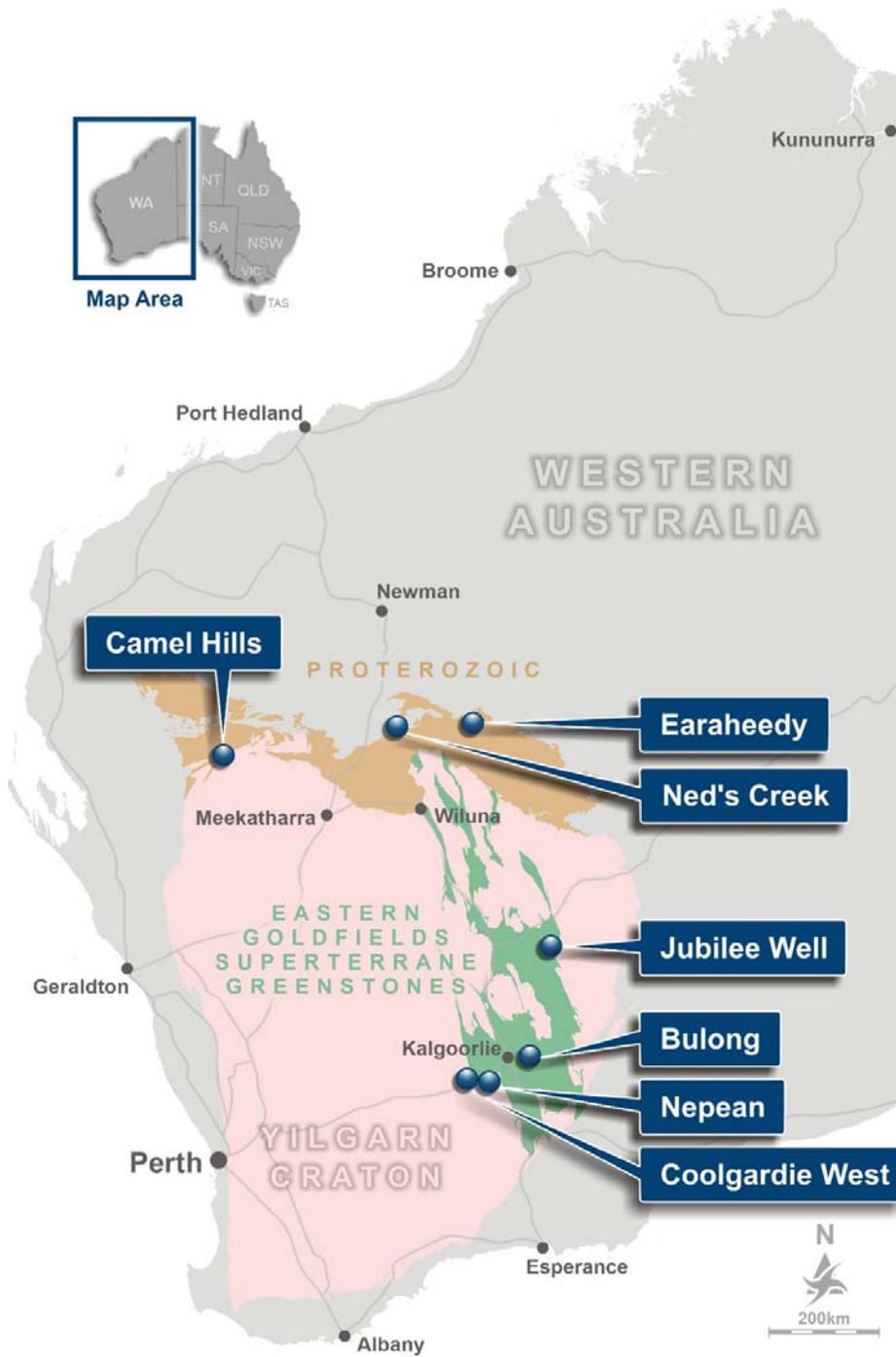


Figure 1 Project locations.

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

Auroch Minerals maintained a continuous program of near mine and regional drilling and exploration throughout the reporting period.

NPDD008, the first diamond drill hole to penetrate below the mine pegmatite was completed at a depth of 1291m¹. The hole was targeting the mineralised ultramafic contact at depth and intersected three potentially mineralised ultramafic units within the greenstone sequence beneath the pegmatite. These ultramafic units include higher magnesian orthocumulate compositions and are interpreted to be the equivalent of the Nepean mine stratigraphy.

High powered down hole geophysical surveys were completed on NPDD008² to locate possible off hole mineralisation. Significant off hole conductors, broadly coincident with the ultramafic intervals were identified at 540m, 1025m and 1230m from down hole electromagnetic (DHEM) and magnetometric resistivity (DHMMR) surveys.

NPDD013 targeted an off hole DHEM conductor (1A/1B) identified from the Nepean Deeps drilling program and intersected 12.5m of ultramafic hosted dominantly iron sulphides from 576.8m, the hole terminated at 754m. The sulphides occur within a 76m thick package of ultramafics, thought to be equivalent to Sill 1 of the mine sequence, previously believed to be devoid of sulphide mineralisation. The deeper DHEM targets are still to be tested with drilling.

Auroch completed diamond coring within the zone of shallow remnant mineralization at the Nepean mine to obtain metallurgical samples³. Economic assessment of the remnant mineralization will accelerate if the results of the metallurgical program (expected early 2022) are favourable.

Regional surface electromagnetic (EM) and induced polarization (IP) were used to identify potential targets within the strike continuation of the Nepean ultramafic sequence. A number of EM targets were drill tested and an IP survey over the northern tenements of the JV has identified at least two targets yet to be drilled⁴.

The Nepean JV lies adjacent to pegmatite occurrences (Lepidolite Hill, Londonderry and Tantalite Hill) known to have potential to host lithium, caesium, and tantalite minerals (LCT). Limited surface sampling on the JV tenements has confirmed the presence of lithium-bearing pegmatites reporting assay results of up to 1.05% Li (2.26% Li₂O)⁵. Planned follow up work will involve detailed mapping and sampling of the pegmatites.

¹ See Auroch Minerals ASX announcement dated 5th October 2021.

² See Auroch Minerals ASX announcement dated 20th October 2021.

³ See Auroch Minerals ASX announcement dated 29th July 2021.

⁴ See Auroch Minerals ASX announcement dated 7th January 2022.

⁵ See Auroch Minerals ASX announcement dated 8th December 2021.



Figure 2 View from headframe, Nepean nickel mine.

Earaheedy-Imbin (Lodestar - 100%)

Lodestar completed an 887-line kilometre airborne Xcite™ heli-EM survey over the 20km long Imbin corridor, a sequence of strongly folded and faulted clastic sediments interlayered with and intruded by mafic sills and stocks. The Imbin corridor is located on the northern margin of the Earraheedy Basin, 70km northeast of Rumble Resource's major Zn-Pb-Ag discovery and is characterised by widespread gold and copper anomalies in historic surface sampling and shallow drilling (see Figure 3). Sediment-hosted copper sulphide mineralisation has been confirmed in historic drilling at the Main Gossan prospect.

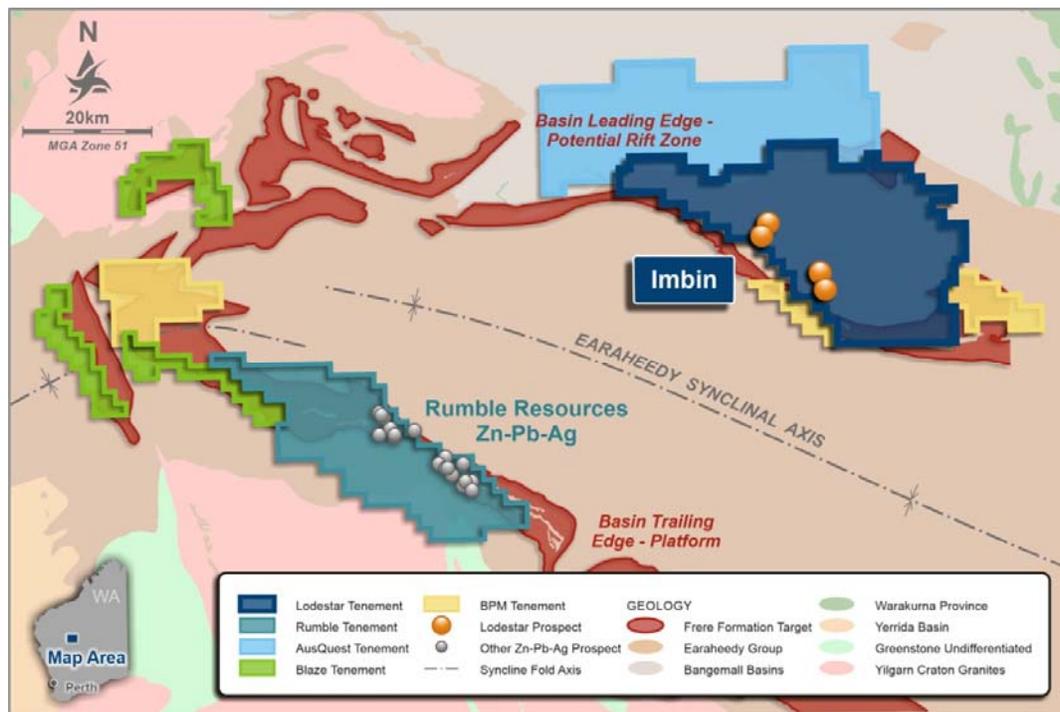


Figure 3 Imbin Project location.

The Xcite™ survey was used to identify potential massive sulphide conductors within the northwest trending Imbin corridor and a total of 29 targets⁶ were identified for initial follow up using surface geochemistry and subsequent surface EM and RC drilling.

Many EM anomalies occur in areas of surficial sand cover and have no previous exploration. Important targeting criteria include:

- A close spatial relationship with large-scale and second order shears and faults that act as important fluid conduits and controls on remobilised mineralisation.
- A spatial relationship with magnetic anomalies believed to represent sub-surface mafic intrusions (see Figure 4). Mafic intrusions represent a source of heat and metals and are known to have a close relationship with the VMS-style of mineralisation at the DeGrussa copper-gold deposit (of similar age to the sedimentary succession at Imbin).
- The Phase 1 work program, consisting of surface geochemical sampling and surface EM surveys has been submitted for heritage clearance.

In addition to the regional EM survey, a reconnaissance program of surface geochemistry was completed over the Frere unconformity, host to a potential Tier 1 Zn-Pb-Ag deposit on Rumble Resource's Earraheedy Project on the southwestern margin of the Earraheedy Basin. The Frere unconformity has been mapped over approximately 20 km on Lodestar's tenements. Soil sampling was completed over 10 km, with a total of 313 samples collected on a 500m by 100m grid. Samples were analysed for a suite of multi-elements using the Ultrafine™ assay method. The survey includes the northern slopes of the Frere iron formation where extensive colluvial cover is developed over basement geology and reported a contiguous Zn-Pb-Ag anomaly that will require planned in-fill sampling.

⁶ See Lodestar's ASX announcements dated 2nd September 2021 and 15th December 2021.

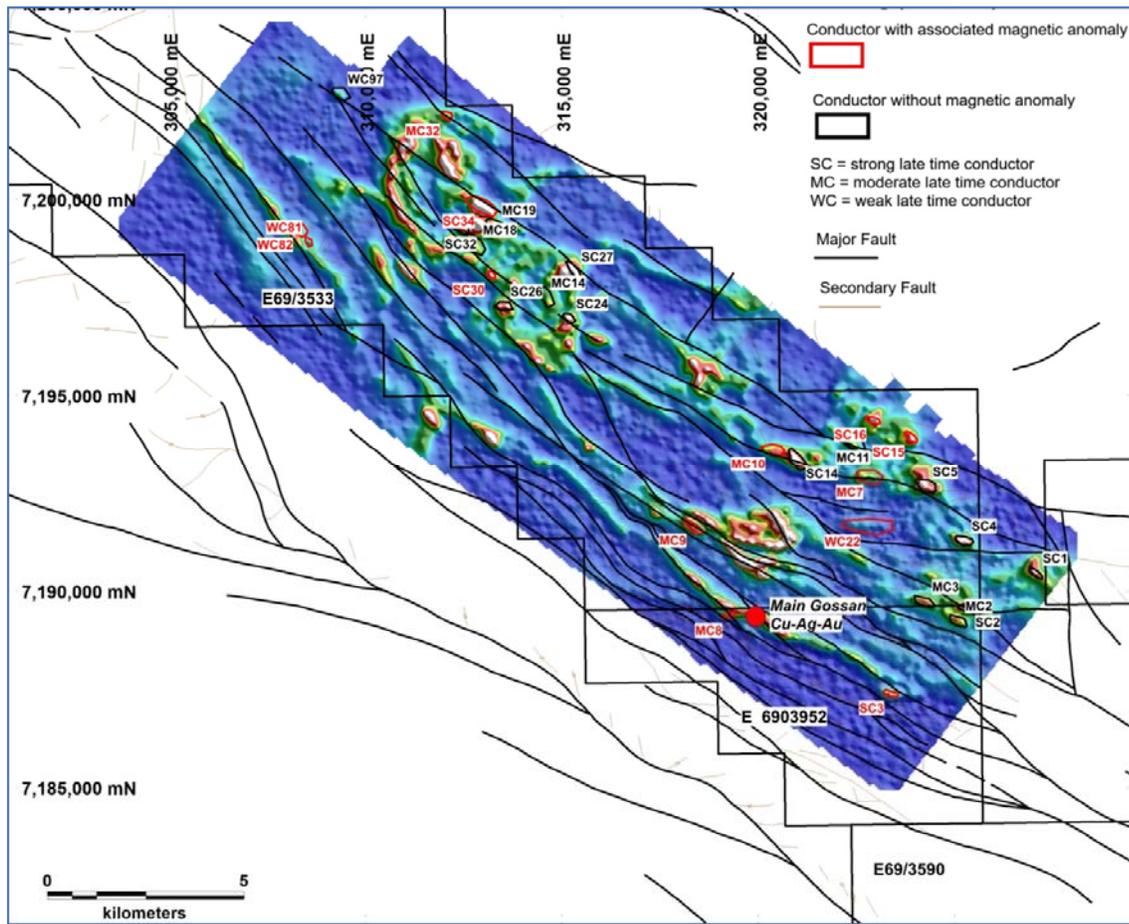


Figure 4 Late time EM conductors (Channel 49) and structural interpretation.



Figure 5 Xcite heli-EM system preparing for survey.



Figure 6 Imbin terrane over Frere Formation (E69/3590).

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

Lodestar completed 3,715m of RC drilling at the Contessa prospect specifically targeting the granite contact as a potential source of the extensive gold mineralisation intersected along the granite margin. Assay results from the program are pending.

14 RC holes targeted the granite contact to a depth of 150m over a strike distance of 700m and successfully intersected the contact on 5 traverses, representing a contiguous strike length of at least 400m. The contact-related alteration at Contessa was previously untested by drilling and remains open along strike and down-dip⁷ (see Figure 7).

12 vertical RC holes were completed to assess a zone of supergene gold intersected in previous aircore drilling and 3 RC holes were drilled down-dip of previous RC drilling at Central Park, also targeting the granite contact. The Central Park drilling intersected granite dykes intruding the adjacent greenstone and intervals of silica alteration hosting disseminated pyrite mineralisation and the granite contact requires additional drilling to define its position and dip.

⁷ See Lodestar's ASX announcements dated 6th October 2021 and 22nd November 2021.

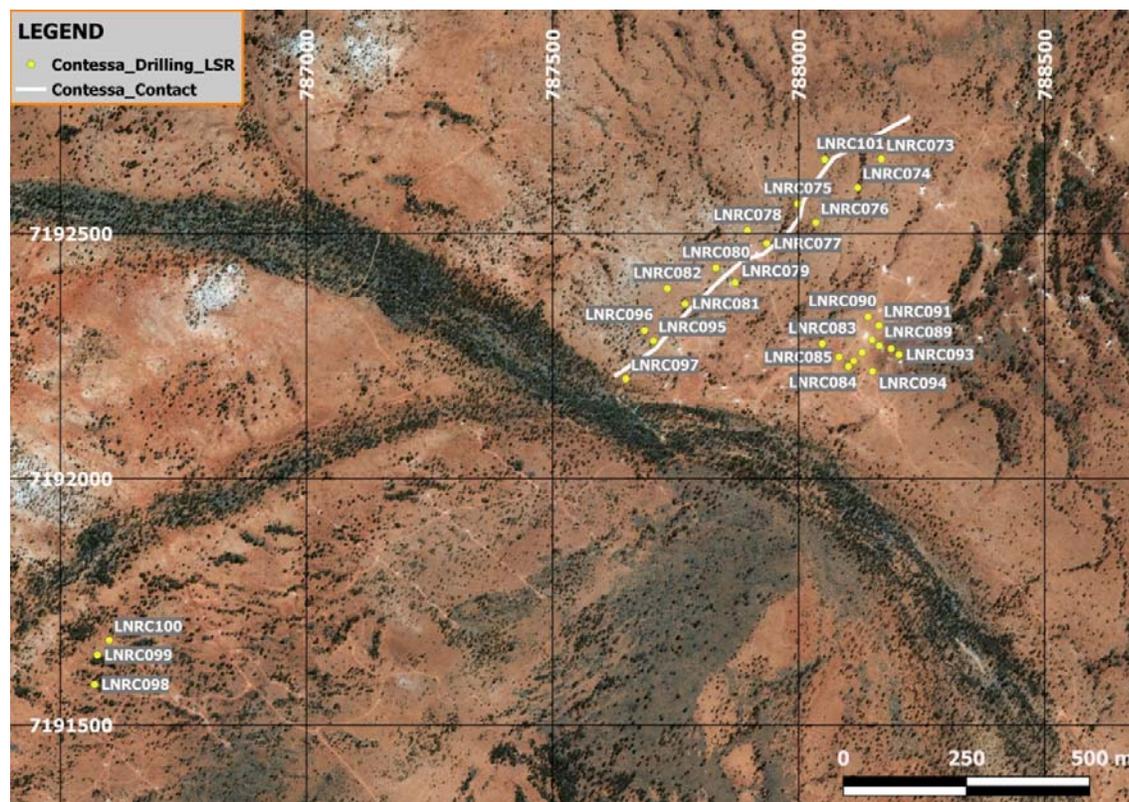


Figure 7 RC drill hole collar plan showing interpreted position of Contessa granite contact (MGA94 zone 50).

Coolgardie West (Lodestar – 100%)

The Coolgardie West project comprises application E15/1813 (82 sq. km) and includes the continuation of the Coolgardie greenstone belt, prospective for gold, nickel and LCT pegmatites. E15/1813 is located 10km west of Coolgardie and comprises a 5km long layered succession consisting of amphibolite, dolerite, carbonaceous shale and ultramafics (see Figure 8). LCT pegmatites identified south of the tenement at Londonderry and west at the Red Panda prospect indicate district-scale potential within the Coolgardie greenstone and field inspection has confirmed sub-cropping pegmatites within the tenement.

Multi-element geochemistry (UFF™) was completed over the tenement with 937 samples collected over the greenstone and an adjacent regional gold anomaly in historic soil sampling completed by Resolute Limited. Samples have been submitted for assay and results are pending⁸.

A field visit to the tenement located evidence of prospecting activity, including excavation of greenstone-hosted quartz veining and sub-cropping pegmatites.

⁸ See Lodestar's ASX announcements dated 10th October 2021 and 31st January 2022.

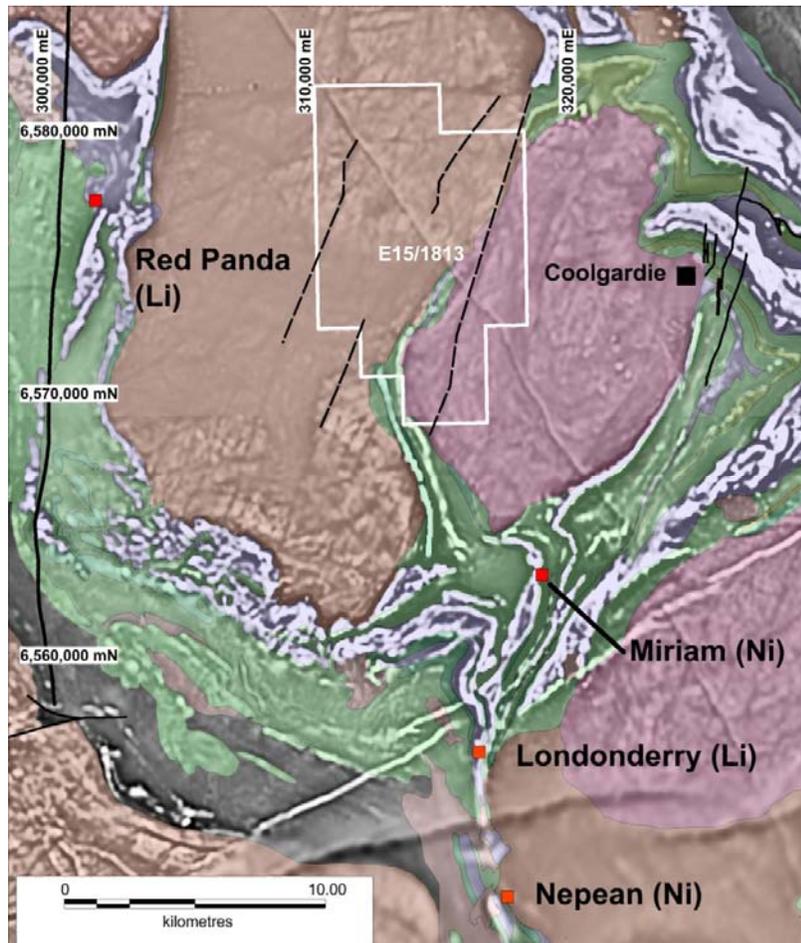


Figure 8 Tenement location showing prospects and greenstone on RTP1VD magnetics (MGA94 zone 51).

Camel Hills (Lodestar - 100%)

A total of 290 soil samples were collected and submitted for multi-element analysis. In addition, 20 drainage samples were collected from the southern side of the Camel Hills ridge to test for gold mineralisation on the southern contact of the Camel Hills magnetic anomaly. The drainage samples were submitted for low level bulk leach extractable gold (BLEG) assay.

Multi-element soil geochemistry identified a contiguous gold anomaly associated with the magnetic contact, northeast of the Big Sky gold occurrence (see Figure 9). The soil anomaly of >10ppb Au extends over several hundred metres in an area of no previous drilling. Lodestar's 2020 drill program intersected 3m at 1.5g/t Au from a depth of 16m in LCR159⁹ (end of hole sample) in the area of the soil sampling. Follow up surface sampling is planned.

⁹ See Lodestar's ASX announcement dated 22nd December 2020.

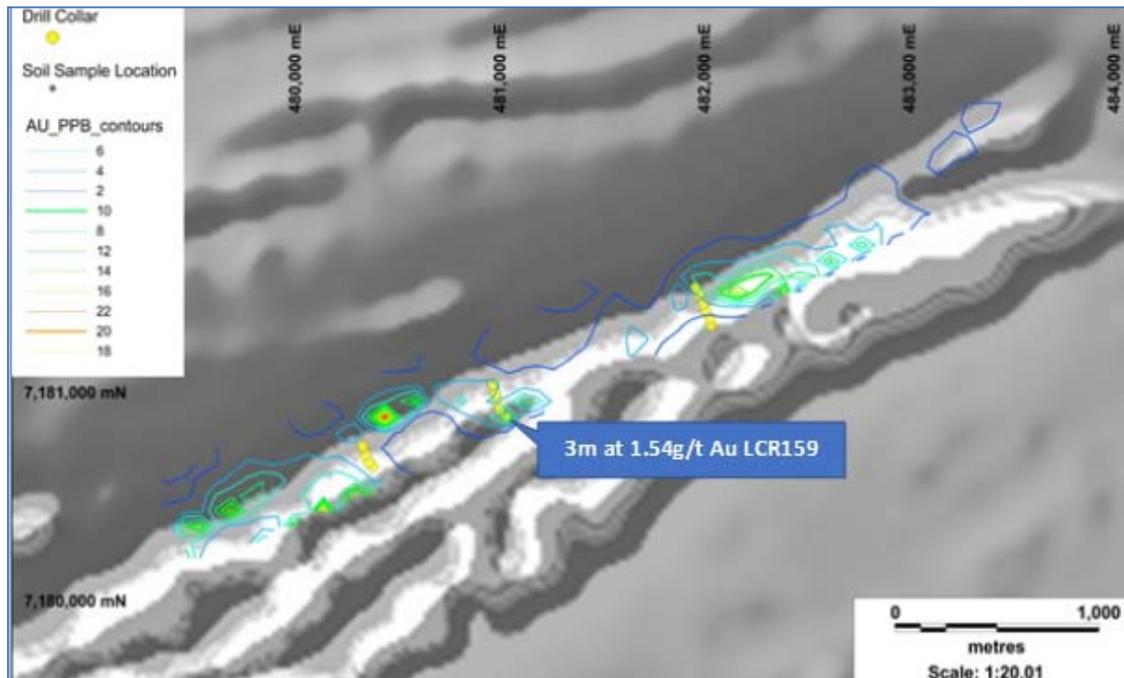


Figure 9 Contoured gold in ppb Au, aeromagnetic image (RTP1VD - MGA94 zone 50).

Bulong and Jubilee Well Projects

Agreement in principle has now been reached with the traditional owners of both projects for access and heritage protocols. Lodestar's review of historic exploration has identified priority gold targets that have received PoW approval for drilling. Lodestar will submit work programs for heritage clearance once the agreements with the traditional owners have been ratified prior to the 2022 field season.

TRADITIONAL OWNERS

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

Competent Persons Statement

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

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

- *22nd December 2020 "Camel Hills Aircore Drilling Results".*
- *2nd September 2021 "Major conductor drill targets identified at Imbin".*
- *6th October 2021 "3,000m RC Drilling program to Advance Ned's Creek JV"*
- *11th October 2021 "LSR Commences Au-Ni-Li Exploration at Coolgardie West".*
- *22nd November 2021" Exploration Update – Ned's Creek JV".*
- *15th December 2021 "Earaheedy-Imbin – Exploration Update".*
- *31st January 2022 "December 2021 Quarterly Activities Report".*

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

CORPORATE

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

As disclosed in note 8 to the accounts, following a heavily oversubscribed placement after the balance date, the Company completed a 347.5 million fully paid ordinary shares placement at 0.8 cents per share to raise \$2.78 million. The funds will be used to aggressively advance the group's exploration and drilling programs.

Following this capital raising and at the date of this report, the Company has approximately 1,738 million shares on issue.

Annual General Meeting

On 30 September 2021, the Company provided its 2021 Annual Report to Shareholders.

The Annual General Meeting was held on the 24 November 2021 and all Resolutions presented were passed by a poll.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax for the half-year was \$1,431,582 (31 December 2020: \$208,402), which included exploration expenditure of \$1,217,942 (31 December 2020: \$108,149).

At the end of the reporting period the Group had cash on hand of \$58,587 (30 June 2021: \$930,481).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 8 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

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



WILLIAM CLAYTON
Managing Director

4 March 2022
Perth, WA

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated interim financial report of Lodestar Minerals Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
4 March 2022



N G Neill
Partner

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$	\$
Other operating income	2.6	40,500	101,000
Government grants		-	23,805
Exploration expenditure expensed through profit or loss		(1,217,942)	(108,149)
Personnel expenses		(82,961)	(66,147)
General and administration		(46,023)	(33,050)
Marketing and business development		(9,622)	-
Professional fees		(87,019)	(76,745)
Depreciation		(3,455)	(3,924)
Amortisation		(346)	-
Amortisation – right of use assets		(10,509)	(7,173)
Loss on sale of financial assets		(12,528)	(29,924)
Results from operating activities		(1,429,905)	(200,307)
Finance costs		(1,677)	(8,095)
Loss before income tax		(1,431,582)	(208,402)
Income tax expense		-	-
Loss for the period		(1,431,582)	(208,402)
Total comprehensive loss for the period		(1,431,582)	(208,402)
Total comprehensive loss attributable to owners of the Company		(1,431,582)	(208,402)
Loss per share (cents per share)			
Basic and diluted		(0.11)	(0.02)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2021

		31 December	30 June
		2021	2021
	Note	\$	\$
Assets			
Cash and cash equivalents		58,587	930,481
Trade and other receivables	3	469,435	7,281
Prepayments	4	207,078	99,803
Other financial assets	5	77,145	164,706
Total current assets		812,245	1,202,271
Property, plant and equipment		25,075	24,894
Right of use assets		20,269	30,778
Intangible assets		7,835	-
Other financial assets	5	502,059	502,059
Total non-current assets		555,238	557,731
Total assets		1,367,483	1,760,002
Liabilities			
Trade and other payables		337,326	240,594
Lease liabilities		15,966	15,297
Employee benefits		103,973	88,909
Site restoration provision		6,400	6,400
Total current liabilities		463,665	351,200
Lease liabilities		6,999	15,193
Total non-current liabilities		6,999	15,193
Total liabilities		470,664	366,393
Net assets		896,819	1,393,609

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 31 December 2021

		31 December 2021	30 June 2021
	Note	\$	\$
Equity			
Share capital	6	33,273,533	32,338,741
Reserves		878,805	1,059,978
Accumulated losses		(33,255,519)	(32,005,110)
Total equity		896,819	1,393,609

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2021

	Share capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance on 1 July 2020	27,471,519	181,173	(27,649,256)	3,436
Loss after income tax expense for the year	-	-	(208,402)	(208,402)
Total comprehensive loss for the year	-	-	(208,402)	(208,402)
<i>Transactions with owners in their capacity as owners</i>				
Capital raising costs – GST refund	438	-	-	438
Balance on 31 December 2020	27,471,957	181,173	(27,857,658)	(204,528)
Balance on 1 July 2021	32,338,741	1,059,978	(32,005,110)	1,393,609
Loss after income tax expense for the year	-	-	(1,431,582)	(1,431,582)
Total comprehensive loss for the year	-	-	(1,431,582)	(1,431,582)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity, net of transaction costs	934,792	-	-	934,792
Transfer to accumulated losses on expiry of options	-	(181,173)	181,173	-
Balance on 31 December 2021	33,273,533	878,805	(33,255,519)	896,819

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Cash received from PAYG cash flow boost	-	36,199
Cash paid to suppliers and employers	(153,158)	(133,549)
Interest paid	(739)	(4,245)
Payments for exploration and evaluation	(1,757,541)	(149,604)
Receipts from farm-out	-	50,000
Net cash used in operating activities	(1,911,438)	(201,199)
Cash flows from investing activities		
Payments for property, plant, and equipment	(3,636)	-
Payments for intangible assets	(8,181)	-
Proceeds from sale of financial assets at fair value through profit or loss	124,095	211,175
Net cash from investing activities	112,278	211,175
Cash flows from financing activities		
Proceeds from issue of shares and options	1,000,000	-
Repayment of borrowings	-	(10,856)
Proceeds from related party loans	-	38,000
Repayment of loans from related parties	-	(28,000)
Payment of capital raising costs	(65,208)	438
Payment of transaction costs related to borrowings	-	(50)
Repayment of right of use lease liability	(7,526)	(7,735)
Net cash from / (used in) financing activities	927,266	(8,203)
Net (decrease) / increase in cash and cash equivalents	(871,894)	1,773
Cash and cash equivalents on 1 July	930,481	12,144
Cash and cash equivalents on 31 December	58,587	13,917

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

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

Half-year ended 31 December 2021

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue in accordance with a resolution of the directors on 4 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This financial report for the half-year ended 31 December 2021 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

The half-year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2021.

It is also recommended that the half-year financial report be considered together with any public announcements made by Lodestar Minerals Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

2.2 Accounting policies

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

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

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

2.3 Coronavirus (COVID-19) pandemic

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

2.4 Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 31 December 2021, the Group recorded a loss of \$1,431,582 and had net cash outflows of \$871,894 (including \$1,757,541 of exploration payments). On 31 December 2021, the Group had net assets of \$896,819, with total cash on hand of \$58,587.

The Directors are aware that the Group's ability to continue as a going concern is contingent on securing further working capital to continue funding its operation and exploration activities. On 1 March 2022, the Company placed 347,500,000 fully paid shares to sophisticated investors at 0.8 cents per share to raise \$2,780,000 before costs, to be utilised for its exploration and drilling program.

The directors are of the opinion that given the capital raised post period end, the Group is able to carry on operations for the foreseeable future and that it will be able to realise its assets and discharge its liabilities in the normal course of business.

2.5 Segment information

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

2.6 Other operating income

During the period, due to time constraints on JV partner Vango Mining, related to their other project operations, Lodestar resumed the role of operator for the Ned's Creek JV drilling program. The total cost for this program was \$442,906, including \$40,500 of income generated by the engagement of William Clayton to manage the program. This will be recovered from Vango Mining (refer note 3).

3. TRADE AND OTHER RECEIVABLES

		31 December 2021 \$	30 June 2021 \$
Current			
Ned's Creek drilling costs due from Vango	2.6	442,906	-
Authorised government agencies		19,786	7,281
Other receivables		6,743	-
		469,435	7,281

4. PREPAYMENTS

	31 December 2021	30 June 2021
	\$	\$
Current		
Exploration – Nepean cash calls	177,265	96,170
Insurance	8,161	784
ASX listing fees	15,192	-
Right-of-use lease and outgoings	1,320	408
Other	5,140	2,441
	207,078	99,803

5. OTHER FINANCIAL ASSETS

	31 December 2021	30 June 2021
	\$	\$
Listed ordinary shares – designated at fair value through profit or loss	27,145	164,706
Working interest in Nepean Nickel project – designated at fair value through profit or loss	500,000	500,000
Deposits and bonds – at amortised cost	52,059	2,059
	579,204	666,765
Current	77,145	164,706
Non-current	502,059	502,059
	579,204	666,765

5. OTHER FINANCIAL ASSETS (continued)

Reconciliation

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

	Listed shares	Unlisted shares	Deposits and bonds	Total
	\$	\$	\$	\$
Balance on 1 July 2020	242,694	-	2,059	244,753
Additions	200,000	-	-	200,000
Additions on acquisition of Goldfellas	-	500,000	-	500,000
Disposals	(242,694)	-	-	(242,694)
Revaluation	(35,294)	-	-	(35,294)
Balance on 30 June 2021	164,706	500,000	2,059	666,765
Additions	-	-	50,000	50,000
Disposals	(134,059)	-	-	(134,059)
Revaluation	(3,502)	-	-	(3,502)
Balance on 31 December 2021	27,145	500,000	52,059	579,204

The Group has financial instruments which are not measured at fair value on a recurring basis. The carrying amounts of these financial instruments approximate their fair value.

6. CONTRIBUTED EQUITY

Share Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Movement in contributed equity				
Opening balance	1,290,937,348	852,801,994	32,338,741	27,471,519
Issue of fully paid shares for cash	100,000,000	165,667,862	1,000,000	1,959,350
Issue of shares in lieu of shares received from Vango	-	14,285,715	-	200,000
Issue of shares in satisfaction of service provider fees	-	2,272,727	-	25,000
Issue of shares to acquire Goldfellas	-	249,999,960	-	2,750,000
Issue of shares as facilitation fee to acquire Goldfellas	-	5,909,090	-	65,000
Capital raising costs	-	-	(65,208)	(132,128)
Closing balance	1,390,937,348	1,290,937,348	33,273,533	32,338,741

7. FINANCIAL INSTRUMENTS

The carrying amounts of receivables, payables, and loans and borrowings are considered a reasonable approximation of their fair value.

8. MATTERS SUBSEQUENT TO THE BALANCE DATE

On 18 January 2022, Susan McArthur, a related party to David McArthur, provided \$75,000 of cash loans to the Company accruing interest at 10% per annum, pro rata, repayable within six months if, and when, the company was in a financial position to do so.

On 1 March 2022, the Company placed 347,500,000 fully paid shares with sophisticated investors at 0.8 cents per share, to raise \$2,780,000 before costs.

Other than as disclosed above, 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.

9. SHARE-BASED PAYMENTS

On 31 December 2021, a summary of the Group options issued and not exercised under the share-based payment programme are as follows:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the 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	2.5

At the exercise date, the weighted average remaining contractual life of options outstanding on 31 December 2021 was 2.29 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 3	82,750,000	2.5	21-Apr-21	15-Apr-24	2.99	153.95%	0.10%	1.06	1.40

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

During the period, an additional 34,523,809 non-share-based payment options expired. No shares were issued following the exercise of options.

In addition to the options above, there are a further 79,976,789 non-share-based-payment options on issue in Lodestar Minerals at the reporting date. These options are exercisable at 3 cents per share, expiring on 31 December 2022.

DIRECTORS' DECLARATION
For the half-year ended 31 December 2021

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

- (a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as of 31 December 2021 and of its performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting standards, AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 200*, and mandatory professional reporting requirements, and.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



WILLIAM CLAYTON
Managing Director

4 March 2022
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lodestar Minerals Limited

Report on the Interim Report

Conclusion

We have reviewed the accompanying interim financial report of Lodestar Minerals Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Lodestar Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
4 March 2022



N G Neill
Partner

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr William Clayton
Mr David McArthur

Secretaries

Mr David McArthur
Mr Jordan McArthur

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