ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2022.

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.

William Clayton	Managing Director	Appointed 02 November 2007
Ross Taylor	Non-executive Chairman	Appointed 30 June 2014
David McArthur	Non-executive Director	Appointed 13 August 2007

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 2022 attributable to members of Lodestar Minerals Limited after income tax was $1,971,707 (2021: $4,355,854).

The Group has a working capital surplus of $2,415,650 (2021: surplus of $851,071) and had net cash inflows of $995,413 (2021: net cash inflow of $918,337).

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2022 (2021: Nil).

REVIEW OF OPERATIONS

HIGHLIGHTS

The Company has made major progress in assessing and developing the diverse gold, base metal, and lithium-caesium-tantalum (LCT) portfolio during the year with multiple targets defined for drill testing and activity ramping up in the latter half of 2022. The Nepean Nickel Project JV provides a near-term development opportunity, with a scoping study currently underway to assess the potential for a shallow, open pit operation.

Nepean Nickel Project JV (LSR-20%; Auroch - AOU-80%)

Advances in key scoping study inputs

- Auroch's (AOU:ASX) near-mine drilling reported high-grade, shallow nickel mineralisation including,
  - ***3m at 3.7% Ni from 91m***
  - ***1m at 5.5% Ni from 60m***
  - ***2m at 3.02% Ni from 55m***
  - ***8m at 4.3% Ni from 35m***
  - ***8m at 3.21% Ni from 63m and***
  - ***5m at 3.0% Ni from 59m***

  Shallow zone nickel mineralisation interpreted to extend over 500m of strike[1].
- Nickel recovery of 85% to 95% in concentrate from metallurgical flotation test work on shallow mineralisation. Saleable (>13% Ni) nickel concentrate grades achieved.
- Update of remnant shallow resource model to JORC2012 has commenced.
- Scoping study to assess the potential for open pit mining of shallow nickel zone is on-going.
- Completion of Nepean Deeps and regional drilling.

Earaheedy – Imbin Base Metal Project (LSR-100%)

- 887 line kilometre heli-EM survey completed over the "Imbin corridor" of historic prospects (20km by 8km), identifying 30 late-time discrete conductors as potential base metal targets.
- Extensive soil geochemistry program targeting late-time EM conductors underway and expected to generate multiple drill targets.
- Key tenement E69/3533 granted. Application lodged for E69/4030, extending the area of the project to 960 square kilometres.
- First-pass geochemistry over the Frere unconformity has identified coincident multi-element anomalies requiring in-fill sampling[2].

Coolgardie West Gold and Lithium Project (LSR-100%)

- Soil geochemistry identifies large gold and LCT pegmatite drill targets[3].
- Pegmatite with coincident, 2.5km long lithium (up to 194ppm Li), caesium anomaly.
- Two large shear-related gold anomalies with maxima of 37.5ppb and 69.3ppb Au also represent priority drill targets.

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[1] See Auroch's ASX announcements dated 15th February 2022, 31st March 2022, and 27th April 2022.
[2] See Lodestar's ASX announcement dated 15th December 2021.
[3] See Lodestar's ASX announcements dated 11th February 2022 and 27th April 2022.

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

- RC drilling in the Contessa corridor reported significant gold intercepts from widely spaced exploration drill holes[4].
  - LNR099 intersected ***44m at >0.1g/t Au from 98m, including 10m at 0.86g/t Au from 131m***
  - LNRC097 intersected ***17m at 0.7g/t Au from 122m, including 9m at 0.86g/t Au from 122m***
- Discrete magnetic anomaly within the Contessa shear zone, located 300m southwest of LNRC097 is a priority drill target[5].

Jubilee Well Gold Project (LSR-100%)

- Heritage and access agreement and site clearance completed in preparation for RC drilling.

NEPEAN NICKEL PROJECT JV (LSR-20%)

Operator, Auroch Minerals, (ASX:AOU) has continued to evaluate the potential shallow nickel resource immediately south of the historic Nepean mine. Significant developments include completion of preliminary metallurgical test work demonstrating good nickel recoveries with production of a saleable concentrate from the composite drill samples.

The remnant shallow resource is being updated to JORC 2012 standard to assist the scoping study investigating the potential for an open pit operation at Nepean.

Near-mine exploration continued, with successful completion of a deep diamond drilling program ("Nepean Deeps") that demonstrated the continuation of ultramafic stratigraphy below the pegmatite unit that truncates the orebody at depth. Follow up exploration included down hole electromagnetic surveys (DHEM) with one target tested with a diamond drill hole.

Regional exploration continued with moving loop electromagnetic (MLEM), DHEM and induced polarisation (IP) surveys defining multiple drill targets.

Lithium-Caesium-Tantalum (LCT) potential
Rock chip sampling from pegmatite adjacent to the Londonderry and Lepidolite Hill pegmatite bodies in the northern area of the project reported elevated lithium (to 1.05% Li or 2.26% LiO_2), caesium and tantalum[6]. Re-sampling of pegmatite intervals from several earlier RC drill holes in the same vicinity have confirmed the anomalous lithium values (maximum 0.88% LiO_2)[7], however these RC drill holes were not specifically targeting pegmatite bodies and further drilling is required.

The results of this initial work indicate that LCT potential extends into the Nepean project tenements.

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[4] See lodestar's ASX announcement dated 1st June 2022.
[5] See Lodestar's ASX announcement dated 9th June 2022.
[6] See Auroch's ASX announcement dated 28th January 2022.
[7] See Auroch's ASX announcement dated 28th July 2022.

EARAHEEDY-IMBIN PROJECT (LSR-100%)

The Earaheedy is developing into a potentially world-class base metal province with continuing exploration success in Zn-Pb discoveries over large areas of the southwestern margin of the Earaheedy Basin (Figure 1). The Earaheedy-Imbin project is located on the northern margin of the basin is under explored and includes a sequence of sedimentary and mafic rocks interpreted as being time-stratigraphic equivalent to the Proterozoic Bryah Basin to the west and the southwestern margin.

Lodestar initiated exploration on the project with the Xcite heli-EM survey over the "Imbin corridor", the site of most historic exploration, where surface geochemistry and drilling defined widespread Cu, Pb, Zn and Au anomalies and Cu mineralisation in drilling at the Main Gossan prospect. The heli-EM survey identified 30 late time anomalies to be tested by UFF+™ ultrafine surface geochemistry to define drill targets (see Figure 2).

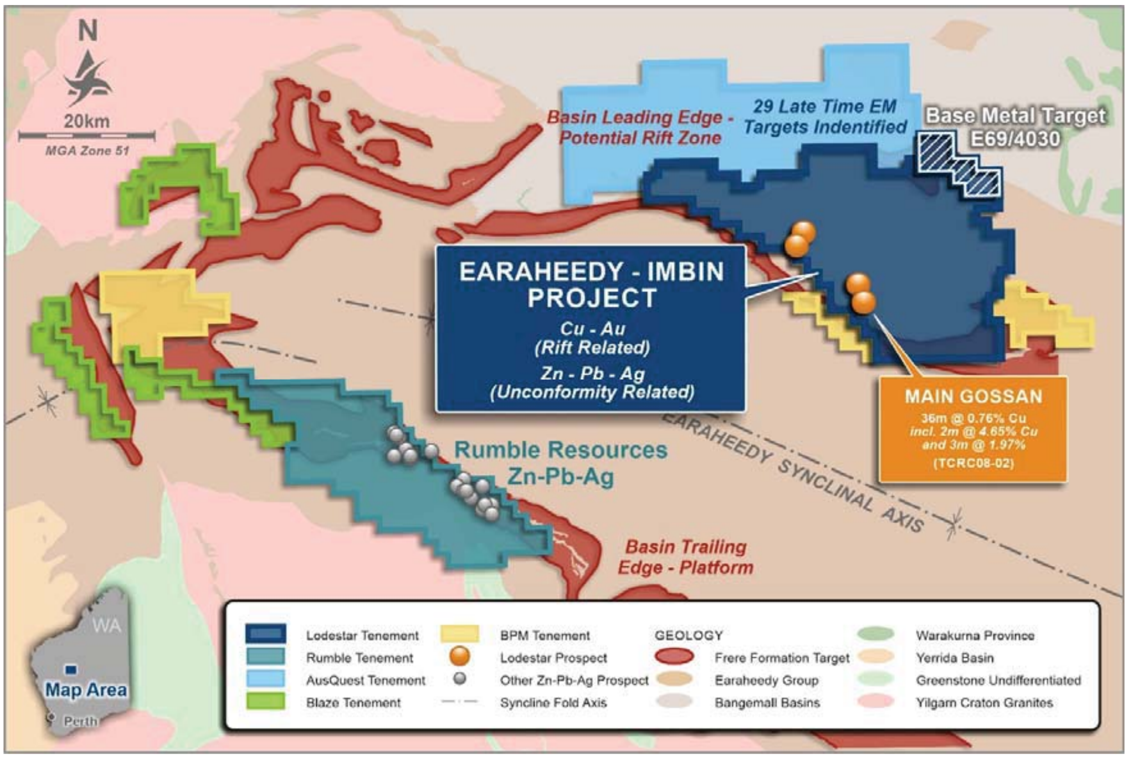

Figure 1 Location of the Earaheedy-Imbin Project.

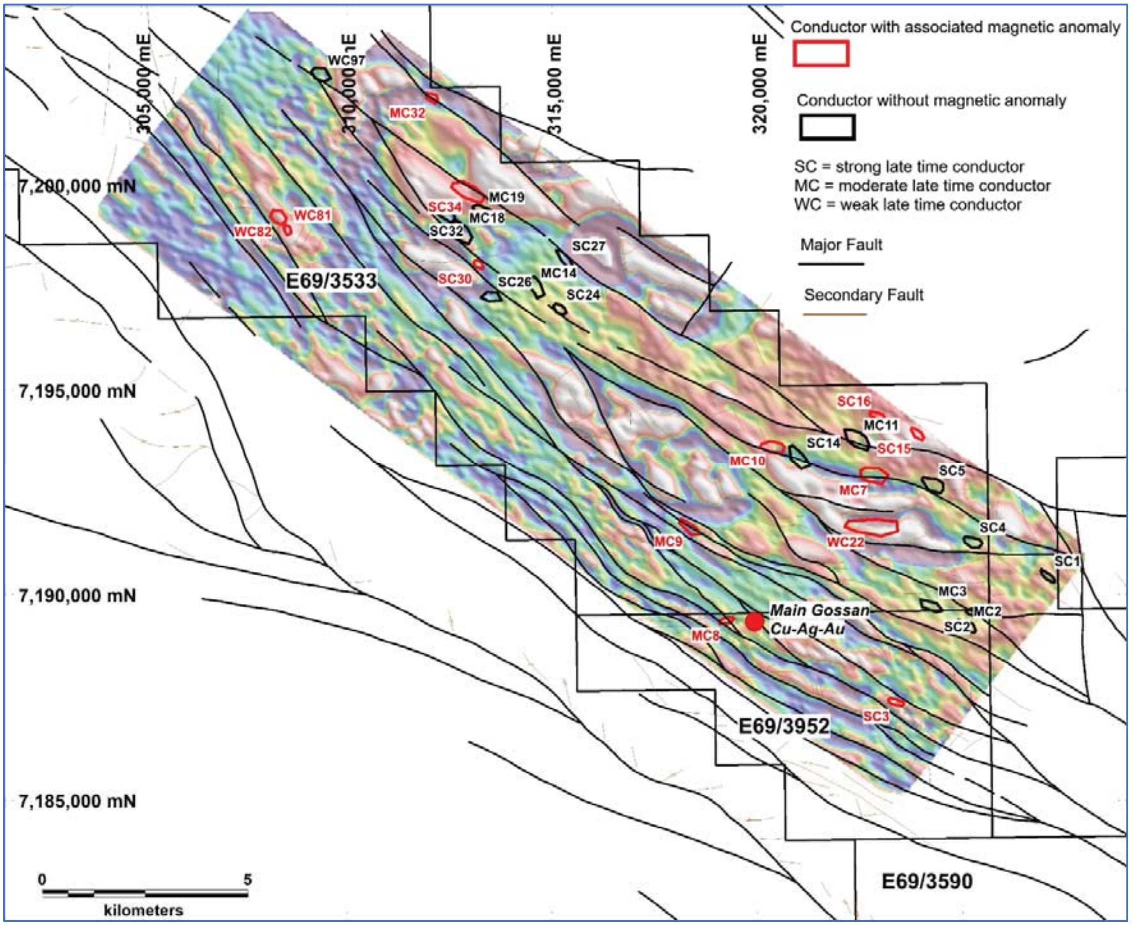

Figure 2 EM anomalies identified by the heli-EM survey (conductivity and aeromagnetic imagery background, MGA94 Zone 51).

First-pass regional UFF™ geochemistry targeting Zn-Pb base metal mineralisation was completed over the Frere unconformity[8]. The program, comprising 313 samples, employed a wide spaced (500m by 100m) sample grid and identified coincident multi-element anomalies extending over 3km along the north-dipping Frere Arenite. These anomalies require field checking and in-fill sampling.

Lodestar had commenced wide ranging UFF+™ geochemical sampling at the close of the reporting period to define and prioritise drill targets from the heli-EM conductors, using low detection limit multi-element geochemistry. The geochemical data will be incorporated into the CSIRO's NextGen Ultrafine project for detailed analysis. Targets identified by this work will be further refined using fixed loop EM (FLEM) surveys prior to drilling. Three conductors located along strike from the Main Gossan copper occurrence have been fast-tracked for drilling by FLEM surveys completed shortly after the reporting period.

[8] See Lodestar's ASX announcement dated 15th December 2021.

COOLGARDIE WEST PROJECT (LSR-100%)

Multi-element geochemistry (UFF™) was completed over E15/1813, in the area where the Coolgardie greenstone belt is deflected around the western margin of the Coolarli granite. The 5km long greenstone is prospective for gold, nickel and LCT pegmatite mineralisation. 1,317 soil samples were collected over the greenstone and margins, defining a 2.4km lithium, caesium, rubidium anomaly associated with a poorly outcropping pegmatite and two large gold anomalies related to structural features in the aeromagnetic imagery. The pegmatite is exposed intermittently in scattered shallow pits and trenches. Rock samples recovered from these exposures did not report elevated LCT elements but follow up analysis using a portable laser ablation gun identified elevated lithium in biotite alteration zones in the footwall to the pegmatite[9]. It is believed that the soil geochemistry response is related to wall rock alteration and that the pegmatite is sourced from magmatic fluids enriched in LCT elements but is possibly zoned, with the LCT-enriched zones not exposed at surface. The LCT pegmatite and gold anomalies represent walk-up drill targets (see Figures 3 and 4) to be tested on grant of the tenement. The Company is progressing heritage and access agreements with the native title representatives to enable heritage clearances to be completed in a timely manner.

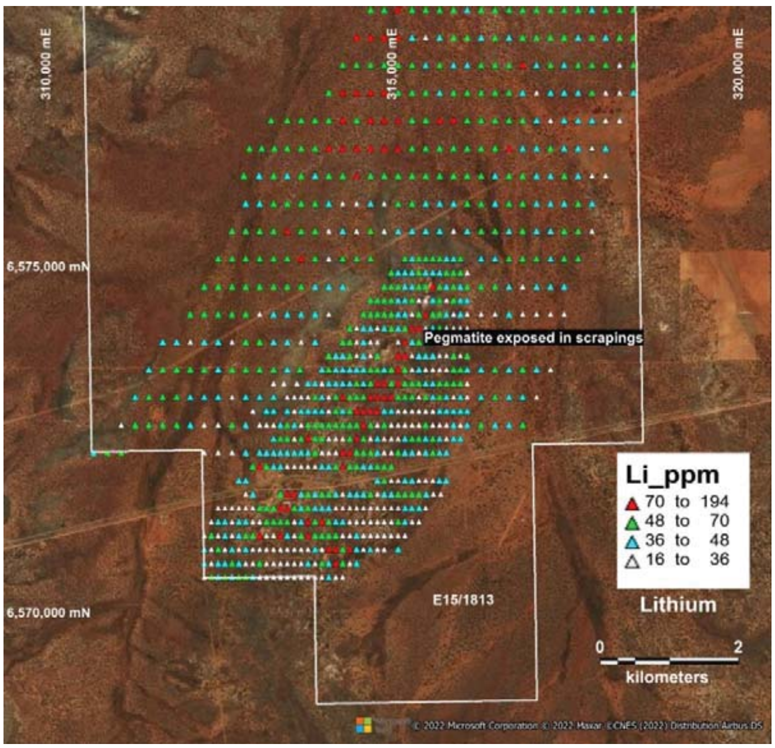

Figure 3 Linear lithium anomaly corresponding to pegmatite body on greenstone margin.

[9] See Lodestar's ASX announcement dated 23rd May 2022.

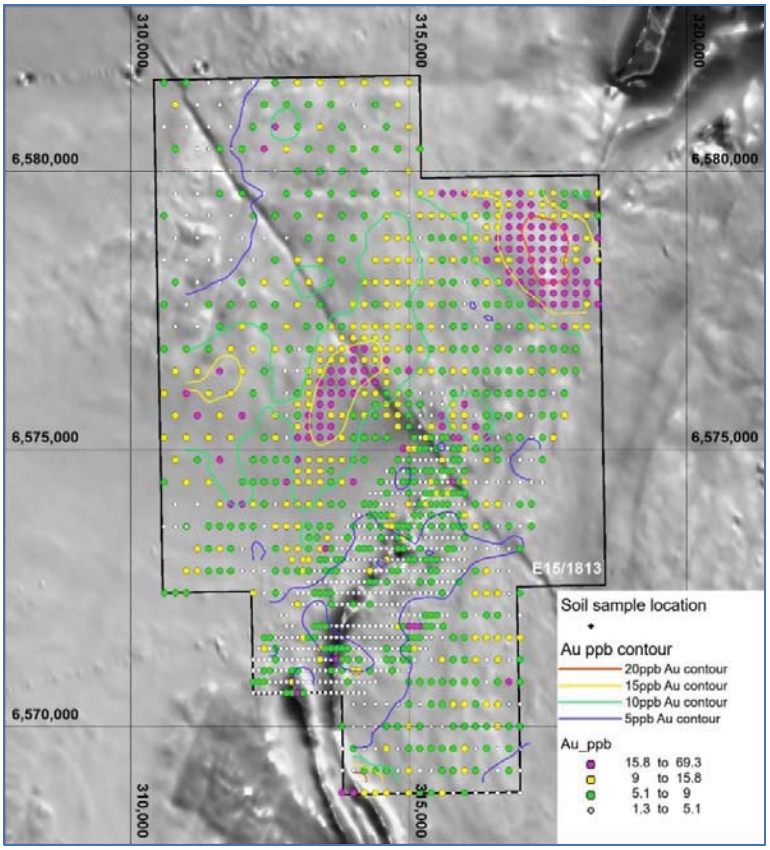

Figure 4 Gold anomalies over aeromagnetic image RTP1VD (MGA94 zone 51).

NED'S CREEK JV (Vango Mining earning 51%)

The Company assumed operator status for the project on a provisional basis and completed a program of exploration drilling to explore the contact of the Contessa granite adjacent to and along strike from high-grade-gold intersections in drilling at the Contessa prospect.

3,715m of RC drilling was completed, including 12 holes drilled to test the supergene zone at Contessa and 14 holes targeting the granite contact. The contact drilling intersected widespread and intense hydrothermal alteration with elevated Mo, Bi and Pb and anomalous Au. The main outcome of the contact exploration drilling was extensive gold mineralisation intersected in LNRC097 (southern Contessa) and LNRC099 (Central Park). The 1200m interval between these holes has received no drilling below the depth of oxidation.

Significant intersections include:

- LNRC097 - ***17m at 0.7g/t Au from 122m, including 9m at 0.86g/t Au from 122m***
- LNRC099 - ***44m at >0.1g/t Au from 98m, including 10m at 0.86g/t Au from 131m***

RC drilling targeting supergene gold at Contessa also returned significant intersections from 1m split sampling, including:

- ***12m at 1.46g/t Au from 50m in LNRC083***
- ***8m at 1.84g/t Au from 36m in LNRC089***
- ***7m at 2.99g/t Au from 58m in LNRC092 and***
- ***4m at 1.5g/t Au from 36m in LNRC086***

An untested "bulls' eye" magnetic anomaly within the Contessa shear zone represents a priority target for upcoming drilling. The anomaly is located within the Contessa shear zone (see Figure 5), 300m southwest of LNRC097 and nearby gold anomalies in aircore drilling[10].

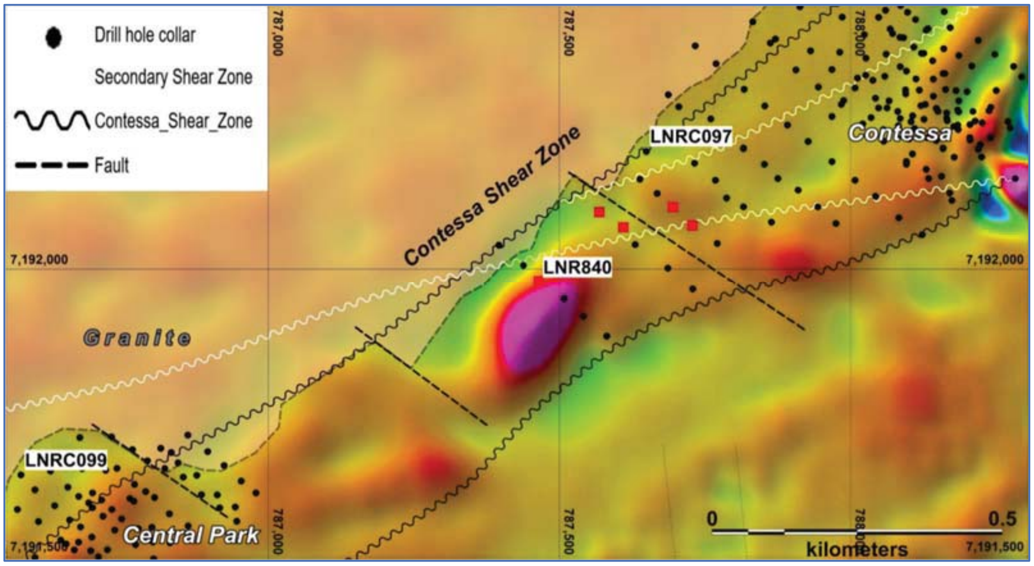

Figure 5 Contessa shear zone showing "bull's eye" magnetic anomaly and adjacent gold anomalies in aircore drilling (red dots). Magnetic image RTP2VD, MGA94 Zone 50).

JUBILEE WELL PROJECT (LSR-100%)

The Jubilee Well project is in the Laverton Tectonic Zone, host to the multi-million-ounce Sunrise Dam, Granny Smith-Wallaby and Red October gold mines. Jubilee Well contains the continuation of the structure hosting the 100 000oz Au Golden Delicious mine, located 2km south of the tenement. Wide spaced historic drilling intersected an extensive anomaly and primary gold mineralisation within this structure at Jubilee Well[11] (see Figure 6) and this area will be targeted by planned RC drilling.

Lodestar has completed a heritage and land access agreement with the traditional owners and heritage clearance over the drill site location. Drilling of the Jubilee Well target commenced in August 2022.

[10] See Lodestar's ASX announcement dated 9th June 2022.
[11] See lodestar's ASX announcement dated 9th April 2021.

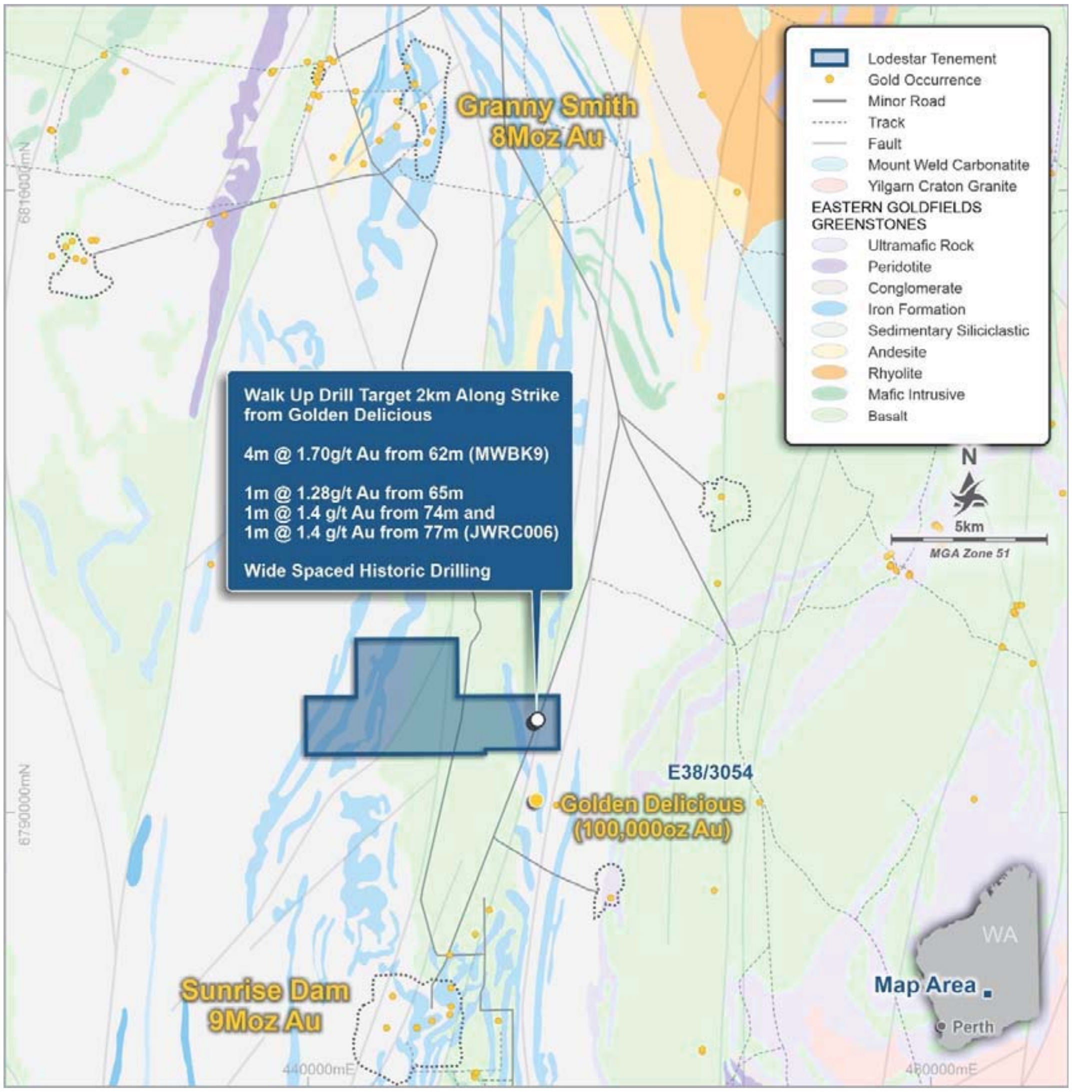

Figure 6 Jubilee Well tenement location and historic drill intersections.

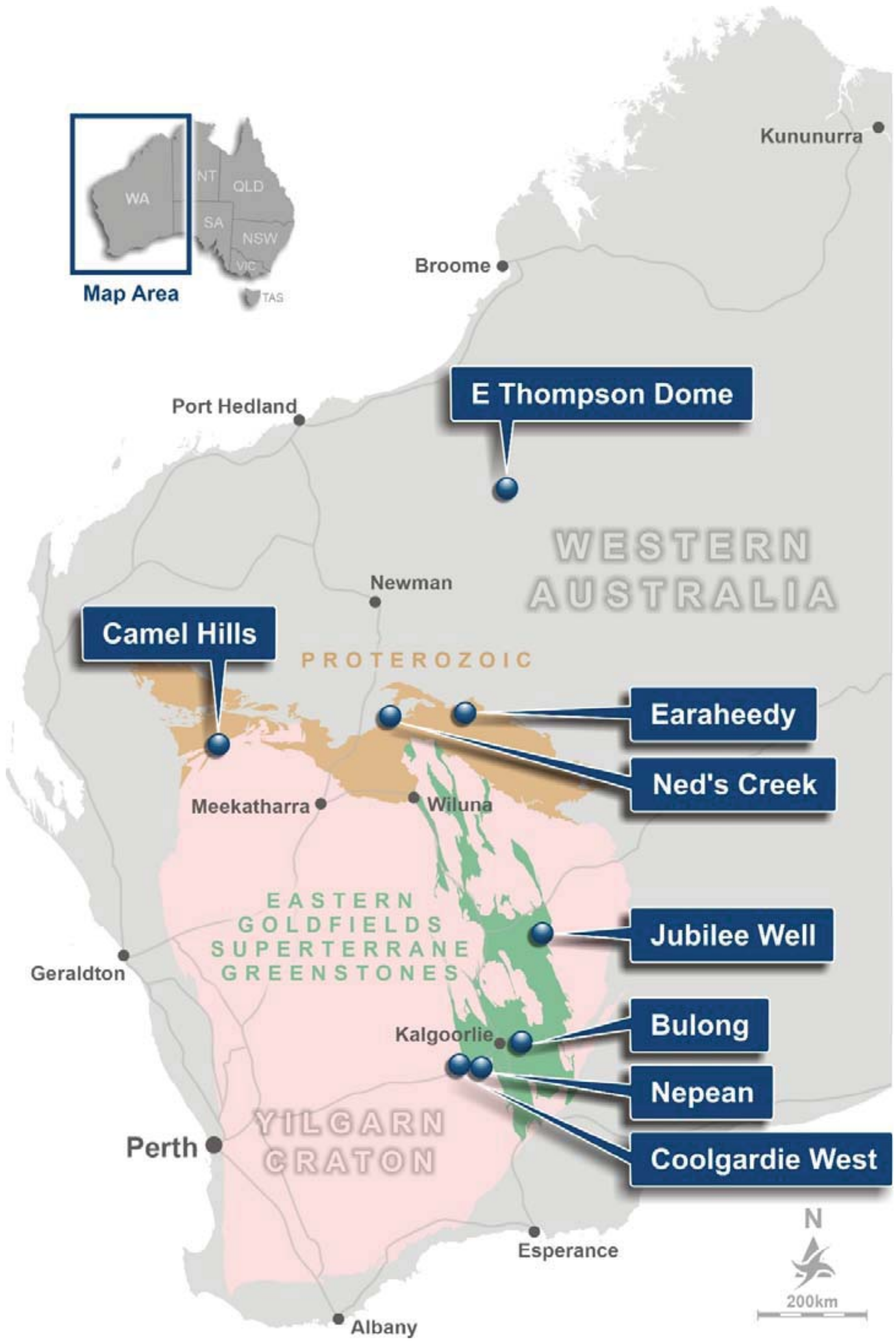

Figure 7: Location Plan showing Lodestar projects.

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

Lodestar raised a total of $3,780,000 in two tranches to fund the project acquisition and working capital requirements:

- $1,000,000 was raised by the issue of 100,000,000 shares at $0.01 per share with a free-attaching unlisted option exercisable at 3 cents each before 31 December 2022, for every two shares applied for[12], and
- $2,780,000 was raised by the issue of 347,500,000 shares at $0.008 per share[13].

COMPETENT PERSONS' STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Bill 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:

- *9th April 2021 "Jubilee Well Acquisition – Along Strike from Sunrise Dam".*
- *15th December 2021 "Earaheedy-Imbin – Exploration Update".*
- *11th February 2022 "Lithium Potential Upgraded at Coolgardie West".*
- *27th April 2022 "Infill Sampling Confirms Large Gold Targets Coolgardie West".*
- *23rd May 2022 "Lithium Update – Drilling Program to Test Strong Anomaly".*
- *1st June 2022 "Ned's Creek JV – Drilling Update".*
- *9th June 2022 "Lodestar Exploration Update".*

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.

[12] See Lodestar's ASX announcement dated 19th October 2021.
[13] See Lodestar's ASX announcement dated a 1st March 2022.

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 29 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: Title: Qualifications:	Ross Taylor Non-Executive Chairman 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: Interests in options:	216,856,035 25,000,000
Name: Title: Qualifications:	William Clayton Managing Director BSc, MSc, MBA
Experience and expertise:	Mr Clayton has more than 30 years' experience in exploration evaluation of Archaean nickel sulphide deposits, precious metals, and other commodities, working with Outokumpu Australia, Forrestania Gold and LionOre. Mr Clayton completed an MBA, specialising in mineral economics, from Curtin University in 2005 and subsequently worked for geological consultancy CSA Australia Pty Ltd in project evaluation and generation roles in Australia and Africa.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares: Interests in options:	4,103,427 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 Xstate Resources Limited Appointed: 3 September 2013 Resigned: 15 July 2019 Reappointed: 26 November 2019 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 February 2017 Reappointed: 17 August 2021 Resigned: 1 June 2021
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.

COMPANY SECRETARIES (continued)

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 2022, 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	5	5	2	2	1	1
Bill Clayton	5	5	2	2	n/a	n/a
David McArthur	5	5	2	2	1	1

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, a number of decisions of the Board were undertaken via three 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 $16,456 (2021: $14,375) 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
18-Jan-2021	31-Dec-2022	3.0	29,976,789
21-Apr-2021	15-Apr-2024	2.5	82,750,000
19-Oct-2021	31-Dec-2022	3.0	50,000,000
			162,726,789

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 2022, 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 26.

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 23.

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 2022. 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.

<u>Non-Executive Directors' Remuneration</u>
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.

Remuneration structure (continued)

Non-Executive Directors' Remuneration (continued)
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.

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.

Remuneration structure (continued)

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.

	2022	2021	2020	2019	2018
Other income ($)	-	23,805	239,675	265,926	-
Loss before income tax ($)	(1,971,707)	(4,355,854)	(729,797)	(1,896,090)	(2,092,895)
Net loss attributable to equity holders ($)	(1,971,707)	(4,355,854)	(729,797)	(1,896,090)	(2,092,895)
Share price at year end (cents)	0.50	0.80	0.90	0.80	2.50
Number of listed ordinary shares	1,738,437,348	1,290,937,348	852,801,994	749,218,328	725,788,328
Weighted average number of shares	1,476,951,047	966,088,725	805,256,797	747,612,629	620,627,451
Basic loss per share EPS (cents)	(0.13)	(0.45)	(0.09)	(0.25)	(0.34)
Listed options	-	-	-	96,533,702	119,983,702
Unlisted options	162,726,789	166,050,598	53,323,809	15,000,000	27,800,127
Market capitalisation ($)	8,692,187	10,327,499	7,675,218	5,993,747	18,144,708
Net tangible assets / (liabilities) (NTA) ($)	2,954,970	1,393,609	3,436	(49,179)	978,946
NTA Backing (cents)	0.17	0.11	-	(0.01)	0.14

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.

Voting and comments made at the Company's 2021 Annual General Meeting ("AGM")
At the 2021 AGM, 99.03% of the votes received, supported the adoption of the remuneration report for the year ended 30June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Employment contracts

Remuneration and other terms of employment of the Managing Director is formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary *	Termination Benefit **
Bill Clayton	Ongoing from 1 September 2018	Three months	Three months	$200,000	Twelve months' base salary

* Base salary is exclusive of the superannuation guarantee charge rate applicable at the time, currently 10% (2021: 9.50%).

On 29 March 2022, following a recommendation by the Nomination and Remuneration Committee, the Board resolved to increase the Managing Director's salary from $175,000 to $200,000, effective 1 April 2022.

** Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary for the notice period.

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	D&O insurance premiums	Super-annuation	Long service leave	Equity-settled options	
2022	(A) $	$	$	$	$	$
Non-executive Directors						
Ross Taylor	60,000	5,486	6,000	-	-	**71,486**
David McArthur	40,000	5,485	4,000	-	-	**49,485**
Executive Directors						
Bill Clayton	200,555	5,485	18,125	8,482	-	**232,647**
	300,555	**16,456**	**28,125**	**8,482**	**-**	**353,618**
2021						
Non-executive Directors						
Ross Taylor	52,000	4,792	4,940	-	265,500	**327,232**
David McArthur	34,667	4,792	3,293	-	265,500	**308,252**
Executive Directors						
Bill Clayton	170,347	4,791	14,409	10,319	265,500	**465,366**
	257,014	**14,375**	**22,642**	**10,319**	**796,500**	**1,100,850**

(A) Includes annual leave

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

	Fixed remuneration		At risk - LTI	
Name	2022 %	2021 %	2022 %	2021 %
Non-executive Directors				
Ross Taylor	100	19	-	81
David McArthur	100	14	-	86
Executive Directors				
Bill Clayton	100	43	-	57

No cash bonuses were granted during the year (2021: 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 2021	Purchased	Held at 30 June 2022
Ross Taylor	216,856,035	-	216,856,035
David McArthur	13,550,007	-	13,550,007
Bill Clayton	4,103,427	-	4,103,427
	234,509,469	-	234,509,469

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 2021 Number	Expired Number	Held at 30 June 2022 Number	Vested and exercisable at 30 June 2022 Number	Value of options expired during the year $
Ross Taylor	30,000,000	(5,000,000)	25,000,000	25,000,000	(55,514)
David McArthur	30,000,000	(5,000,000)	25,000,000	25,000,000	(55,514)
Bill Clayton	30,000,000	(5,000,000)	25,000,000	25,000,000	(55,515)
	90,000,000	(15,000,000)	75,000,000	75,000,000	(166,543)

The value of options over ordinary shares issued to directors as part of compensation in prior years, which expired during the year ended 30 June 2022, is set out in the table above.

No options were granted as compensation during the year, and no options granted as compensation in 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 25.

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.

WILLIAM CLAYTON
Managing Director

27 September 2022
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 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia	**N G Neill**
27 September 2022	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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 2022. 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 2022

	Note	2022 $	2021 $
Other income	4	77,250	73,805
Exploration expenditure expensed through profit or loss		(1,465,956)	(595,351)
Exploration expenditure expensed on asset acquisition		-	(2,287,222)
Marketing and business development costs		(17,002)	-
Personnel expenses	6	(193,617)	(965,837)
General and administration costs		(114,327)	(232,189)
Professional fees		(208,201)	(250,442)
Depreciation expense		(7,669)	(7,823)
Amortisation expense		(17,431)	(15,312)
Other losses	7	(21,722)	(65,218)
Finance costs	5	(3,032)	(10,265)
Loss before income tax		(1,971,707)	(4,355,854)
Income tax expense	10	-	-
Loss for the year		**(1,971,707)**	**(4,355,854)**
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		(1,971,707)	(4,355,854)
Total comprehensive loss attributable to owners of the Company		**(1,971,707)**	**(4,355,854)**
Loss per share (cents per share)			
Basic and diluted	9	(0.13)	(0.45)

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 2022

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	11	1,925,894	930,481
Trade and other receivables	12	622,885	7,281
Prepayments	13	189,662	99,803
Other financial assets	14	67,950	164,706
Total current assets		2,806,391	1,202,271
Property, plant, and equipment	15	22,541	24,894
Right of use assets	16	14,720	30,778
Intangible assets	17	6,808	-
Other financial assets	14	502,059	502,059
Total non-current assets		546,128	557,731
Total assets		**3,352,519**	**1,760,002**
Liabilities			
Trade and other payables	18	252,452	240,594
Borrowings	19	-	-
Lease liabilities	20	15,193	15,297
Employee benefits	6	116,696	88,909
Site restoration provision		6,400	6,400
Total current liabilities		390,741	351,200
Lease liabilities	20	-	15,193
Total non-current liabilities		-	15,193
Total liabilities		390,741	366,393
Net assets		**2,961,778**	**1,393,609**

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 2022

	Note	2022 $	2021 $
Equity			
Share capital	21	35,878,617	32,338,741
Reserves		878,805	1,059,978
Accumulated losses		(33,795,644)	(32,005,110)
Total equity		**2,961,778**	**1,393,609**

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 2022

	Issued 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	-	-	(4,355,854)	(4,355,854)
Total comprehensive loss for the year	-	-	(4,355,854)	(4,355,854)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 21)	4,867,222	-	-	4,867,222
Share-based payments	-	878,805	-	878,805
Balance on 30 June 2021	**32,338,741**	**1,059,978**	**(32,005,110)**	**1,393,609**
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**

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 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash received from PAYG cash flow boost		-	36,199
Cash paid to suppliers and employers		(503,774)	(413,920)
Interest paid		(2,095)	(11,150)
Receipts from farm-out		-	50,000
Payments for exploration and evaluation		(2,133,936)	(290,448)
Net cash used in operating activities	11(b)	(2,639,805)	(629,319)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		124,095	211,175
Cash held on acquisition of subsidiary		-	15,201
Loan to subsidiary prior to acquisition		-	(389,256)
Payments for property, plant, and equipment		(5,316)	-
Payments for intangible assets		(8,181)	-
Net cash from / (used in) investing activities		110,598	(162,880)
Cash flows from financing activities			
Proceeds from issue of shares and options		3,780,000	1,959,350
Repayment of premium funding facility		-	(15,675)
Proceeds from related party loans		75,000	38,000
Repayment of loans from related parties		(75,000)	(148,000)
Repayment of right of use lease liability		(15,257)	(15,962)
Payment of capital raising costs		(240,123)	(107,127)
Payment of transaction costs related to loans		-	(50)
Net cash from financing activities		3,524,620	1,710,536
Net increase in cash and cash equivalents		995,413	918,337
Cash and cash equivalents on 1 July		930,481	12,144
Cash and cash equivalents on 30 June	11(a)	1,925,894	930,481

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 2022

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 of 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 2022. 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 28.

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 2022 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'.

1.4 PRINCIPLES OF CONSOLIDATION (continued)

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 has the ability to 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 2022, the Group incurred an operating loss of $1,971,707 and had net cash outflows from operating activities of $2,639,805 (including $2,133,936 of exploration payments). On 30 June 2022, the Group had net assets of $2,961,778, with total cash on hand of $1,925,894.

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

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

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

2 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.

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 as a result of the Coronavirus (COVID-19) pandemic.

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.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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.

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 2021.

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	2022 $	2021 $
Other operating income	(i)	77,250	-
Other income		-	50,000
PAYG cash flow boost		-	23,805
Cash and cash equivalents on 30 June		**77,250**	**73,805**

(i) 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 $609,785 (incl. GST), including $77,250 of income generated by the engagement of William Clayton to manage the program. This will be recovered from Vango Mining on completion of the capital raising.

5 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.

	Note	2022 $	2021 $
Interest expense on financial liabilities measured at amortised cost			-
Interest expense on loans received from related parties	19	822	7,490
Interest on right of use lease liabilities	20	1,273	518
Interest expense on premium funding		-	611
Other finance charges		937	1,646
Total finance costs		**3,032**	**10,265**

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	2022 $	2021 $
Directors' remuneration	25	353,618	1,100,850
Other associated personnel expenses		1,667	1,778
		355,285	1,102,628
Expensed in exploration and evaluation		161,668	136,791
Expensed in personnel expenses		**193,617**	**965,837**
		355,285	1,102,628

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

	2022 $	2021 $
Current		
Liability for annual leave	68,286	48,981
Liability for long service leave	48,410	39,928
	116,696	**88,909**

7 OTHER LOSSES

	Note	2022 $	2021 $
Fair value loss on revaluation of financial asset	14	21,722	35,294
Loss on sale of financial asset		-	29,924
		21,722	**65,218**

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.

	2022 $	2021 $
Basic and diluted loss per share		
Loss after income tax attributable to owners of Lodestar Minerals Limited	(1,971,707)	(4,355,854)
	Cents	**Cents**
Basic loss per share	(0.13)	(0.45)
Diluted loss per share	(0.13)	(0.45)
	Number	**Number**
Weighted average number of ordinary shares		
Issued ordinary shares on 1 July	1,290,937,348	852,801,994
Effect of shares issued	186,013,699	113,286,731
Weighted average number of ordinary shares on 30 June	**1,476,951,047**	**966,088,725**

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.

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.

10 INCOME TAX EXPENSE (continued)

(a) Amounts recognised in profit or loss

	2022 $	2021 $
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	(1,971,707)	(4,355,854)
Tax at the Australian tax rate of 25% (2021: 26%)	(492,927)	(1,132,522)
Non-deductible expenses	6,481	135,556
Non-assessable income	-	(6,189)
Change in income tax rates from 26% to 25%	279,369	411,069
Adjustment for prior periods	19,481	(663)
Timing differences	(29,336)	87,837
Tax losses utilised not previously brought to account	216,932	504,912
Income tax expense	-	-
Tax losses		
Potential future income tax benefits attributed to tax losses, not brought to account	7,697,317	8,260,428

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.

10 INCOME TAX EXPENSE (continued)

(b) Unrecognised deferred tax assets and liabilities

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

	2022 $	2021 $
Deferred tax liabilities		
Prepayments	(1,119)	(25,949)
Trade and other receivables	(23,386)	-
Property, plant, and equipment	(1,145)	(914)
	(25,650)	(26,863)
Deferred tax assets		
Capital raising costs – s40-880	71,337	43,957
Right of use assets	8,966	7,944
Intangible assets	444,133	22
Trade and other payables	43,518	4,940
Employee benefits	29,174	23,116
Provisions	1,600	1,664
Carry forward tax losses	7,697,317	8,260,428
	8,296,045	8,342,071
Net unrecognised deferred tax assets	**8,270,395**	**8,315,208**

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.

11 CASH AND CASH EQUIVALENTS (continued)

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

	2022 $	2021 $
Cash and cash equivalents in the statement of cash flows	1,925,894	930,481

(b) Reconciliation of cash flows from operating activities

	2022 $	2021 $
Cash flows from operating activities		
Loss for the period	(1,971,707)	(4,355,854)
Adjustments for:		
Exploration expenditure expensed on asset acquisition (equity portion)	-	2,237,222
Equity-settled share-based payment transactions	-	878,805
Finance expense	938	1,646
Depreciation and amortisation	25,100	23,135
Loss on sale or revaluation of listed shares	21,722	65,218
Change in other receivables	(614,328)	27,307
Change in prepayments and deposits	(139,859)	388,181
Change in trade and other payables	10,543	62,878
Change in interest bearing liabilities	-	13,144
Change in employee benefits provision	27,786	28,999
Net cash used in operating activities	**(2,639,805)**	**(629,319)**

(c) Non-cash investing and financing activities

	2022 $	2021 $
Additions to the right-of-use assets	-	59,340

11 CASH AND CASH EQUIVALENTS (continued)

(d) Changes in liabilities arising from financing activities

	Related party loans $	Right-of-use assets $	Premium funding $	Total $
Balance on 1 July 2020	112,531	14,336	-	126,867
Net cash used in financing activities	(110,000)	(15,962)	(15,675)	(141,637)
Premium funding facility	-	-	15,675	15,675
Interest on related party loans	(2,531)	-	-	(2,531)
Right of use lease liabilities	-	32,116	-	32,116
Balance on 30 June 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**

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.

	2022 $	2021 $
Current		
Ned's Creek drilling costs due from Vango	609,785	-
Authorised government agencies	6,356	7,281
Other receivables	6,744	-
	622,885	**7,281**

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

	2022 $	2021 $
Current		
Exploration – Nepean cash calls	185,186	96,170
Insurance	1,041	784
Right-of-use lease and outgoings	110	408
Other	3,325	2,441
	189,662	**99,803**

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.

14 OTHER FINANCIAL ASSETS (continued)

Accounting Policy (continued)

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.

		2022 $	2021 $
Current		67,950	164,706
Non-current		502,059	502,059
		570,009	**666,765**
Listed ordinary shares – designated at fair value through profit or loss	(i)	17,950	164,706
Working interest in Nepean Nickel project – designated at fair value through profit or loss	(ii)	500,000	500,000
Deposits and bonds		52,059	2,059
		570,009	**666,765**

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

On 30 June 2022, Lodestar held 437,814 shares in Vango at 4.1 cents per share.

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

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 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	(12,697)	-	-	(12,697)
Balance on 30 June 2022	**17,950**	**500,000**	**52,059**	**570,009**

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)

	2022 $	2021 $
Field equipment – at cost	37,479	35,799
Less: accumulated depreciation	(31,754)	(30,739)
	5,725	5,060
Communication and computer equipment – at cost	37,330	33,694
Less: accumulated depreciation	(35,182)	(33,418)
	2,148	276
Mobile equipment and motor vehicles – at cost	66,981	66,981
Less: accumulated depreciation	(52,313)	(47,423)
	14,668	19,558
	22,541	**24,894**

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 2020	6,325	26,077	-	32,402
Additions (Goldfellas acquisition)	-	-	315	315
Depreciation expense	(1,265)	(6,519)	(39)	(7,823)
Balance on 30 June 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**

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.

	2022 $	2021 $
Land and buildings – right of use	43,094	43,094
Less: accumulated depreciation	(32,812)	(21,595)
	10,282	21,499
Field equipment – right of use	18,239	18,239
Less: accumulated depreciation	(13,801)	(8,960)
	4,438	9,279
	14,720	**30,778**

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.

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:

	2022 $	2021 $
Opening balance	-	-
Additions	8,181	-
Less: amortisation	(1,373)	-
Balance on 30 June	**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.

	2022 $	2021 $
Current		
Trade payables	42,519	31,512
Other payables and accrued expenses	209,933	209,082
	252,452	240,594

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.

	Book value 2022 $	Fair value 2022 $	Book value 2021 $	Fair value 2021 $
Current				
Loans received from a related party	-	-	-	-
Premium funding	-	-	-	-
	-	-	-	-

	Loans from a director [(2)] $	Premium funding $
Balance on 1 July 2020	112,531	-
Loans and borrowings received	38,000	-
Financing of premium funding facility	-	15,675
Interest charged	7,490	611
Less repaid [(1)]	(158,021)	(16,286)
Balance on 30 June 2021	-	-
Loans and borrowings received	75,000	-
Interest charged	822	-
Less repaid [(1)]	(75,822)	-
Balance on 30 June 2022	**-**	**-**

(1) amounts repaid include interest and loan establishment costs

(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.

	2022 $	2021 $
Opening balance	30,490	14,336
Recognition of lease liabilities	-	31,725
Interest charged	1,273	518
Less principal repayments	(16,570)	(16,089)
Lease liabilities included in the consolidated statement of financial position	**15,193**	**30,490**
Current	15,193	15,297
Non-current	-	15,193
	15,193	**30,490**

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 $	
	2022	2021	2022	2021
Balance on 1 July	1,290,937,348	852,801,994	32,338,741	27,471,519
Issue of fully paid shares for cash	447,500,000	165,667,862	3,780,000	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	-	-	(240,124)	(132,128)
Balance on 30 June	**1,738,437,348**	**1,290,937,348**	**35,878,617**	**32,338,741**

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:

	2022 $	2021 $
Expensed in personnel expenses (director remuneration)		
Options issued to directors	-	796,500
Options issued to consultants of the Company	-	82,305

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 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 reporting date, the weighted average remaining contractual life of options outstanding at year end was 1.79 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	82,750,0000	2.5	21-Apr-21	15-Apr-24	2.99	153.95%	0.10%	1.06	1.40

22 SHARE-BASED PAYMENT PLANS (continued)

Options (continued)

On 30 June 2021, 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	15,000,000
04-Dec-19	16-Dec-19	30-Dec-21	2.0	3,800,000	-	-	-	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				**18,800,000**	**82,750,000**	**-**	**-**	**101,550,000**	**101,550,000**
Weighted average exercise price (cents)				8.38	2.5	-	-	3.59	

At the exercise date, the weighted average remaining contractual life of options outstanding at year end was 2.37 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.

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.

23 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

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'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new 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.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader 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.

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).

23 FINANCIAL INSTRUMENTS (continued)

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 2021.

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.

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.

<u>Interest rate risk sensitivity analysis</u>

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 $19,259.

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

23 FINANCIAL INSTRUMENTS (continued)

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.

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 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)

Liquidity risk management (continued)

Non-derivative financial liabilities (continued)

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2021				
Trade and other payables	n/a	240,594	-	-
Borrowings (including right of use lease liabilities)	5.40	7,525	7,772	15,193
		248,119	7,772	15,193

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:

	2022 Fair value $	Fair value hierarchy	Valuation technique
Equity investments designated at fair value through profit or loss	17,950	Level 1	Quoted market prices in an active market
Investment in ECG designated at fair value through profit or loss	500,000	Level 3	Fair value

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

23 FINANCIAL INSTRUMENTS (continued)

Transfers

There have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2022.

Not measured at fair value

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

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

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

24 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:

	2022 $	2021 $
Mineral exploration		
Less than one year	1,067,080	348,880

25 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:

	2022 $	2021 $
Short-term employee benefits	317,011	271,389
Long-term employee benefits	8,482	10,319
Post-employment benefits	28,125	22,642
Share-based payments – options	-	796,500
	353,618	1,100,850

(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.

David McArthur

Susan McArthur, a related party to David McArthur, provided 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. Interest expense to 30 June 2022 was $822 (2021: $7,490) and the balance outstanding on 30 June 2022 was $nil (2021: $nil).

Broadway Management (WA) Pty Ltd, a company for which Mr McArthur is a Director, received $102,000 (2021: $85,000) in repayment for commercial, arms-length consulting services. The balance outstanding on 30 June 2022 was $8,500 (2021: $8,500).

DAS (Australia) Pty Ltd, a company for which Mr McArthur is a Director, received $45,000 (2021: $39,000) in repayment for company secretarial services. The balance outstanding on 30 June 2022 was $3,750 (2021: $3,750).

26 AUDITOR'S REMUNERATION

	2022 $	2021 $
HLB Mann Judd		
Audit and other assurance services		
Audit and review of financial reports	31,355	29,343
Taxation services	5,000	-
Total Auditor's Remuneration	**36,355**	**29,343**

27 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 2022 %	2021 %
Audacious Resources Pty Ltd	Australia	100	100
Goldfellas Pty Ltd	Australia	100	100
Oro Del Sur Pty Ltd	Australia	100	100

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

28 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 2022, the parent entity of the Group was Lodestar Minerals Limited.

	2022 $	2021 $
Result of the parent entity		
Loss for the year	(2,043,028)	(4,918,566)
Total comprehensive loss for the year	**(2,043,028)**	**(4,918,566)**
Financial position of parent entity at year end		
Current assets	2,636,114	1,104,728
Total assets	**2,682,103**	**1,162,184**
Current liabilities	(347,958)	(309,694)
Total liabilities	**(347,958)**	**(324,887)**
Total equity of the parent entity comprising of:		
Share capital	35,878,617	32,338,741
Equity-settled benefits reserve	878,805	1,059,978
Accumulated losses	(34,423,277)	(32,561,422)
Total equity	**2,334,145**	**837,297**

29 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No 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 2022 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 2022.

On behalf of the Board

Bill Clayton
Managing Director

27 September 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Audit of the Financial Report

Opinion

We have audited the 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 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2022 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* ("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 1.7 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

hlb.com.au
HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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ADVISORY AND ACCOUNTING

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.

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 2022, 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 2022.

In our opinion, the Remuneration Report of Lodestar Minerals Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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
Chartered Accountants

Perth, Western Australia
27 September 2022

N G Neill
Partner

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 31 August 2022:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	88	23,054	-
1,001 – 5,000	48	122,651	0.01
5,001 – 10,000	25	200,223	0.01
10,001 – 100,000	1,300	74,124,816	4.26
100,001 and over	1,583	1,663,966,604	95.72
Total	**3,044**	**1,738,437,348**	**100.00**

There were 1,062 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	216,856,035

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)
18-Jan-21	79,976,789	56	31-Dec-22	3.0
21-Apr-21	82,750,000	8	15-Apr-24	2.5

6. Twenty largest shareholders on 31 August 2022

	Ordinary shares	
Shareholders	Number held	% of issued shares
Ross Jeremy Taylor <Jamanaro A/C>	157,294,338	9.05
Mr Ross Jeremy Taylor & Mrs Natasha Tanya Taylor <Jamanaro Super Fund A/C>	42,800,353	2.46
Dungay Resources Pty Ltd <Dungay Consulting A/C>	25,326,530	1.46
Citicorp Nominees Pty Limited	23,473,501	1.35
Sarwell Pty Ltd <ARM Construct Emp S/F A/C>	21,250,000	1.22
Black Prince Pty ltd <Black Prince Super Fund A/C>	20,000,000	1.15
Simon Larkin	20,000,000	1.15
Albert Wijeweera	20,000,000	1.15
Hemsby Super Pty Ltd <Hemsby Super Fund A/C>	18,000,000	1.04
Merrill Lynch (Australia) Nominees Pty Ltd	17,746,701	1.02
Jagdish Manji Varsani <Pindoria Family AC A/C>	17,500,000	1.01
Andrew Ross Childs	13,932,342	0.80
BNP Parabis Nominees Pty Ltd <IB AU Noms Retail Client DRP>	12,246,444	0.70
Culloden Investments Pty Ltd <Geoff Taylor Family A/C>	11,250,000	0.65
Matthew David Bell	10,482,529	0.60
Alan George Brooks & Philippa Claire Brooks <AG & P C Brooks S/Fund A/C>	10,000,000	0.58
David Maxwell McArthur	9,931,577	0.57
Superhero Securities Limited <Client A/C>	9,852,993	0.57
Fivemark Capital Pty Ltd	9,157,610	0.53
Serdar Semirli	8,824,507	0.51

7. Tenements Listing

Tenement description	Tenement number	Status	Percentage interest
Ned's Creek			**Subject to JV: Vango Mining earning 51%**
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources
Yowereena Hill	E52/2493	Granted	100% - Audacious Resources
Yowereena Hill	E52/2734	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3473	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3476	Granted	100% - Lodestar Minerals
Yowereena Hill	M52/779	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/780	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/781	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/782	Granted	80% - Lodestar Minerals - 20% Vango Mining
Ned's Creek			**Not Subject to JV**
Pinyrinny	E52/3798	Granted	100% - Lodestar Minerals
Earaheedy-Imbin			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3590	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3699	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3952	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/4030	Application	
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals

7. Tenements Listing (continued)

Tenement description	Tenement number	Status	Percentage interest
Nepean			
	M15/709	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	M15/1809	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	M15/1887	Application	
	M15/1890	Application	
	P15/5738	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5740	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5741	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5742	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5743	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5749	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5750	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5963	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5965	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
Jubilee Well	E38/3054	Granted	100% - Lodestar Minerals
Bulong			
	P25/2593	Granted	100% - Lodestar Minerals
	P25/2594	Granted	100% - Lodestar Minerals
	P25/2595	Granted	100% - Lodestar Minerals
	P25/2596	Granted	100% - Lodestar Minerals
	P25/2626	Granted	100% - Lodestar Minerals
	P25/2627	Granted	100% - Lodestar Minerals
	P25/2628	Granted	100% - Lodestar Minerals
	P25/2629	Granted	100% - Lodestar Minerals
Coolgardie			
	E15/1813	Application	

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr William Clayton
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 11, 172 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