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Star Minerals Limited

ACN: 648 048 631

Financial Report

For the half-year ended **31 December 2022**

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Corporate Directory

Directors

Ian Stuart	Non-Executive Chairman
Ashley Jones	Non-Executive Director
Gemma Lee	Non-Executive Director

Company Secretary

Matthew Edmondson

Registered and Principal Office

Level 2, 50 Kings Park Road
West Perth WA 6005

Share Registry

Automic Group

Perth Office:

Level 5, 191 St Georges Terrace
Perth WA 6000

Auditors

Elderton Audit Pty Ltd

Level 32, 152 St Georges Terrace
Perth WA 6000

Australian Securities Exchange

Star Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: SMS)

Directors' Report

The directors submit the financial report of Star Minerals Limited and its subsidiaries (the Group) for the half-year ended 31 December 2022. This report should be read in conjunction with announcements to the Australian Securities Exchange (ASX). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

- Ian Stuart - Non-Executive Chairman
- Ashely Jones - Non-Executive Director
- Gemma Lee – Non-Executive Director (appointed 21 October 2022)
- Stephen Strubel - Non-Executive Director (resigned 21 October 2022)

REVIEW OF OPERATIONS

Corporate

The net loss for the half-year attributed to members of Star Minerals Limited was \$508,617 (2021: loss of \$433,952).

Projects

The Company is a gold and copper focused explorer with two projects.

The Tumblegum South Project is a gold resource approximately 40km south of Meekatharra, Western Australia.

The West Bryah Project is a gold and copper focused exploration project approximately 140km north of Meekatharra. (Figure 1).

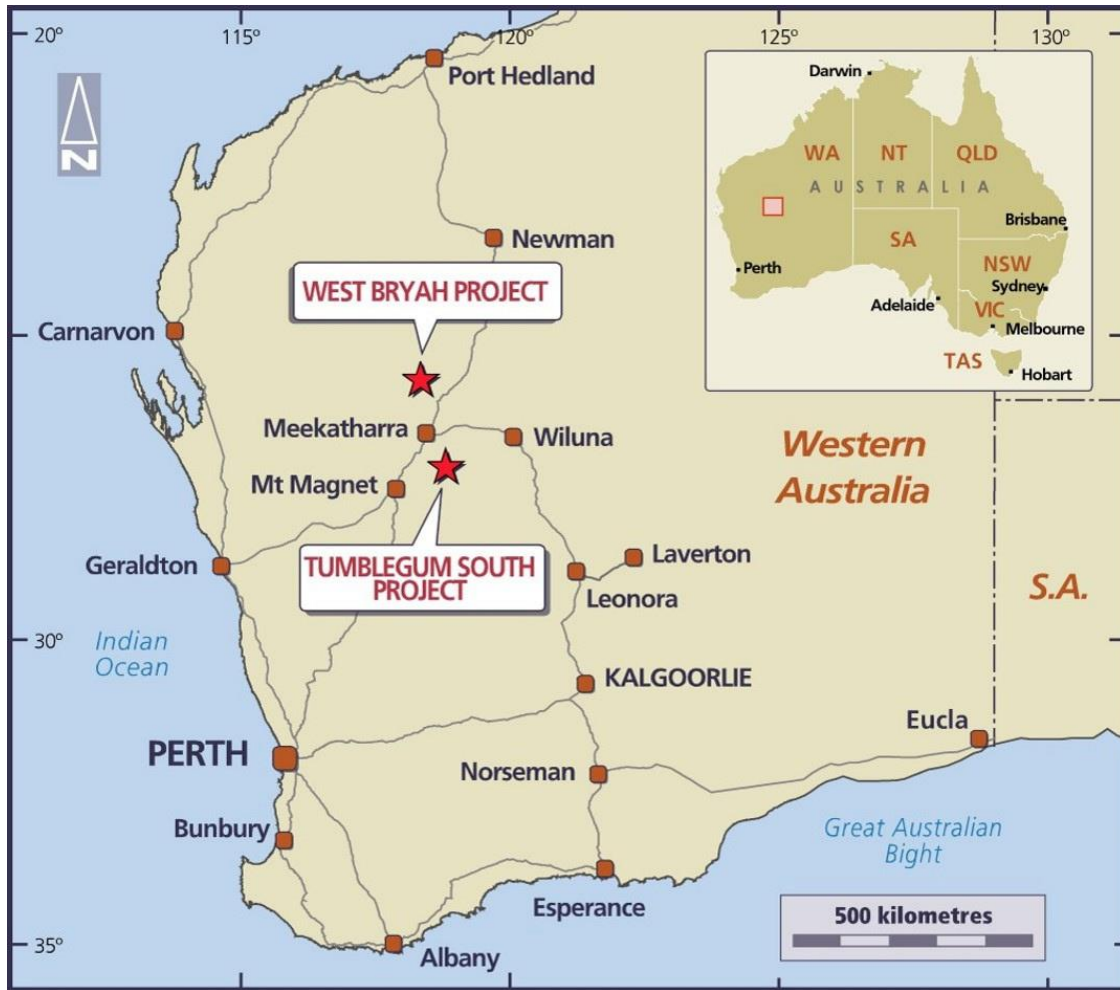


Figure 1 - Location of Projects

Tumblegum South Project

The Company's Tumblegum South Project consists of 2 areas of interest: the Tumblegum South mining lease and the Star of the East project.

The Tumblegum South mining lease consists of tenement M51/888 located approximately 40km south of Meekatharra. This tenement is accessed along a short (1-2km) track from the Meekatharra-Sandstone Road and hosts a gold resource of 600,000 tonnes @ 2.2g/t Au for a total of 42,500 ounces of contained gold. Tenement M51/888 has been a focus of activities, with work continuing to complete drilling programs to allow for a Mineral Resource Estimate update.

Star of the East is a recently optioned¹ project approximately 2.5 km to the west of the Tumblegum South mining lease, consisting of the tenement E51/1561. This tenement was the site of the historic "Star of the East" mine that produced about 27,700 ounces of gold.

For further details of the location, see Figure 2 below.

¹ See SMS ASX Announcement "Star of the East gold project - Acquisition agreement" dated 28 July 2022.

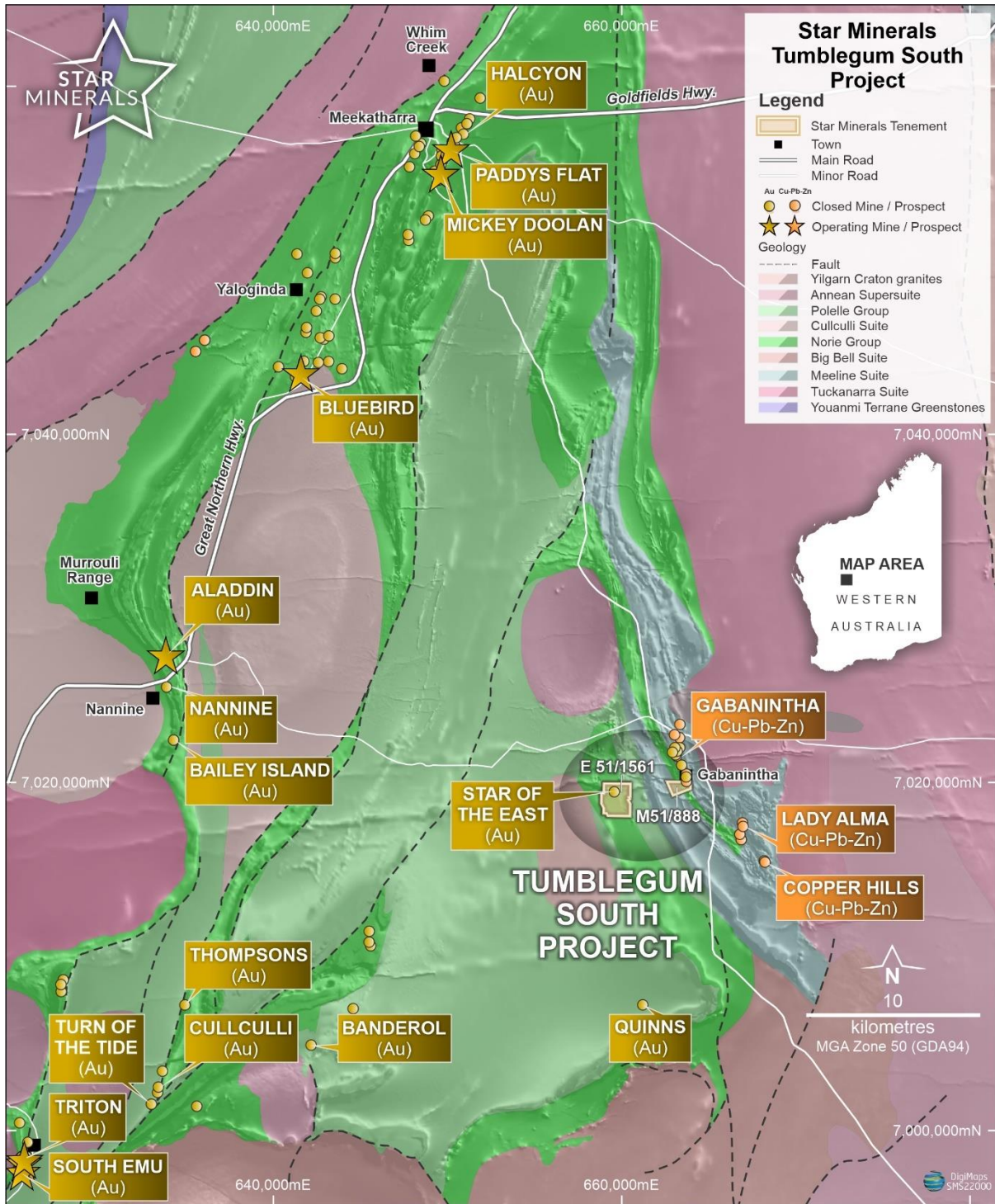


Figure 2 - Tumblegum South Project

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Tumblegum South

The primary activity on the Tumblegum South mining lease during the period revolved around two drilling programs. The first, completion of assay returns from a Reverse Circulation (RC) drilling program completed in the last quarter of 2022. This program comprised 2,669 metres over 25 holes, all of which targeted the existing Tumblegum South gold resource as a means of improving the Company's data and confidence in the area and deposit².

The second program was 355 metres of diamond core drilling to provide further assay, lithological and geophysical data on the deposit³. This core, in addition to core from earlier drilling conducted by the previous holders of the ground, was logged, cut, and sampled, with samples dispatched for assay late in the period. The Company is still waiting the results of those assays.

Both drilling programs were planned and implemented for the purpose of providing further information and allowing for an update of the existing Resource model. This work is currently underway, final results are dependent on the assay returns and expected to be completed within a short time frame following their return.

Star of the East

On 28 July 2022, the Company signed an option agreement to acquire the Star of the East project. In September 2022, an RC drilling program, comprising 7 holes for 283 metres was undertaken.

This drilling program was designed to test the data collected and modelled by the Company based on the historical production and subsequent exploration efforts. The quality of these results⁴ was encouraging and planning is underway for follow-up drilling in the first half of 2023.

West Bryah Project

The Company holds 349km² of ground within the West Bryah project, comprising of 7 tenements.

The Bryah Basin is host to the high-grade copper-gold mines at DeGrussa, discovered by Sandfire Resources Limited in 2009, and at Horseshoe Lights, which was mined until 1994. In addition, Westgold Resources Limited is operating the Fortnum gold mine which is located adjacent to the Company's landholdings.

The wider region remains very prospective for both gold and copper resources and has seen ongoing exploration efforts and success over the period. Details of the tenements and the wider region can be seen below (Figure 3).

² See SMS ASX Announcement "Tumblegum South Gold - High Grade Phase 2 Drill Results" dated 3 August 2022.

³ See SMS ASX Announcement "Diamond drilling at Tumblegum South Gold Project begins" dated 8 September 2022.

⁴ See SMS ASX Announcement "High-grade gold assay results from Star of the East" dated 15 November 2022.

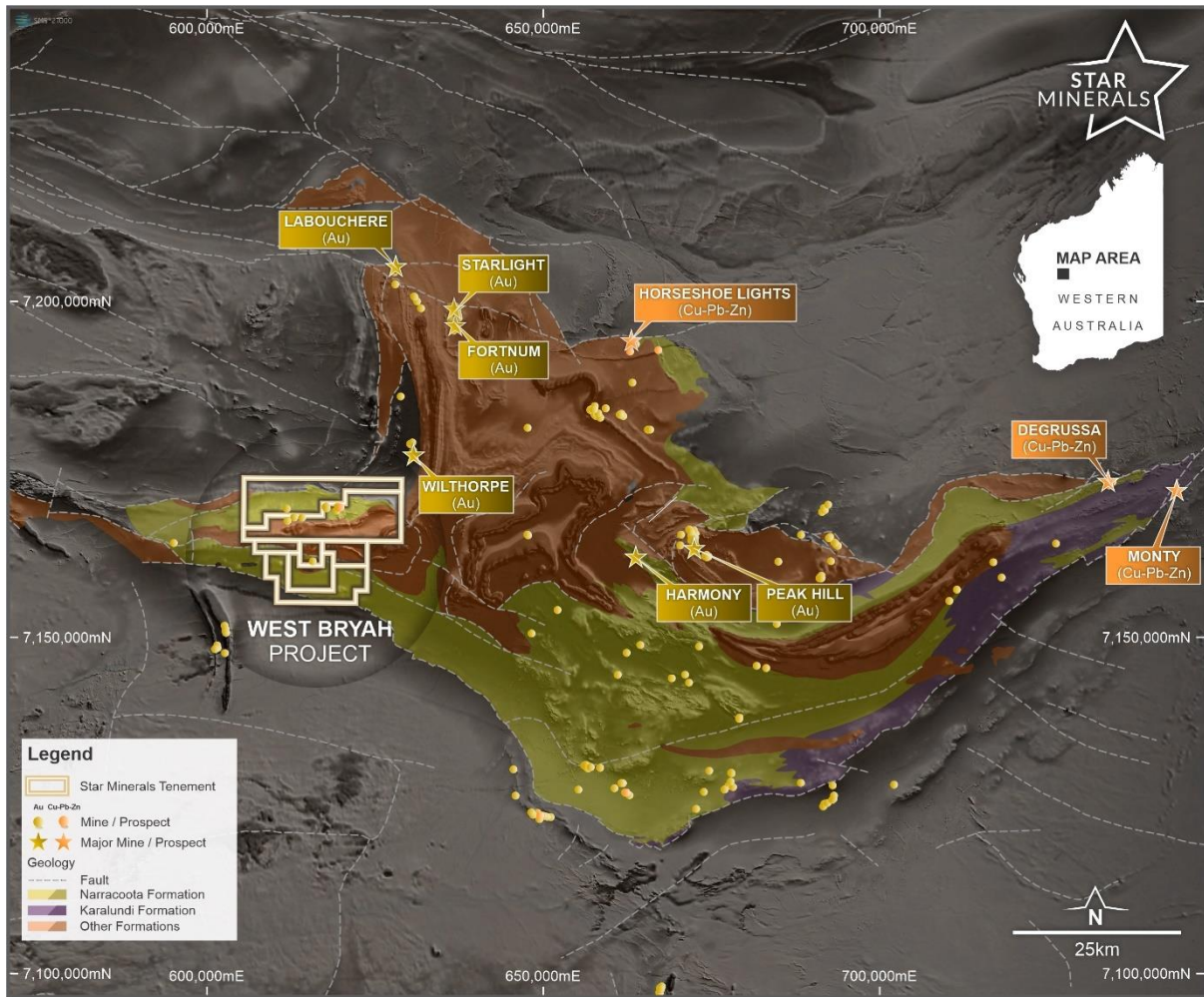


Figure 3 - West Bryah Project

Gold/Copper Exploration

During the half-year period, the Company successfully completed a series of exploration programs over several areas within the West Bryah Project. These included:

- A mapping project, focused on the area around Red Hill, a geochemical anomaly defined by a combination of historical auger results and aircore drilling.
- Rock chips and soil samples, taken alongside the mapping project.
- Ground magnetic surveys, also undertaken alongside the mapping project.

Assay results from this work are pending, these results and a final analysis of this data will be used to plan the Company's next steps. Planning is currently underway for further surveys and a drilling program in the first half of 2023.

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Corporate Activities

OPTION TO ACQUIRE STAR OF THE EAST

During the period, the Company signed an option agreement to acquire the Star of the East project.

Total consideration pursuant to the option agreement tenement is \$420,000, consisting of:

- (a) \$60,000 cash option fee; and
- (b) Balance of \$360,000 to be paid in cash, shares (or a combination) at the election of Star Minerals and at the completion of the 12-month period after the signed agreement, should the Company exercise its option to acquire the tenement.

Details of the Star of the East project tenement is shown in the table below:

Tenement Number	Holder	Beneficial Interest)	Status
E51/1561	Williams and Lockyer	100%	Granted

COMPETENT PERSON STATEMENT — MINERAL RESOURCE ESTIMATION

The information in this announcement that relates to Mineral Resources is based on and fairly represents information compiled by Mr Ashley Jones, Non-Executive Director of Star Minerals Limited and Consultant with Kamili Geology Pty Ltd. Mr Jones is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Jones has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as a Competent Persons 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 Jones consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the half-year are detailed under the heading 'Review of Operations' of this report.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the half-year under review not otherwise disclosed in this report or in the financial report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February 2023 the Company issued 561,798 shares to Spark Plus Pte Ltd. These shares were issued as consideration for marketing and promotional activities undertaken on behalf of Star Minerals by Spark Plus Pte Ltd

There have been no other matters or circumstances that have occurred subsequent to the reporting date that have significantly affected or may significantly affect the operations of the consolidated entity, the

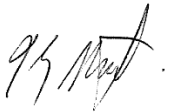
results of those operations, or the state of affairs of the consolidated entity in subsequent reporting periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2022 is included within this financial report.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Ian Stuart".

IAN STUART
Non-Executive Chairman
15 March 2023

Auditor's Independence Declaration

To those charged with the governance of Star Minerals Limited

As auditor for the review of Star Minerals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



Rafay Nabeel

Director

15th March 2023

Perth



Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	Consolidated	
		31/12/2022 \$	31/12/2021 \$
Income		95,402	-
Accounting, audit, legal & taxation		(31,563)	(31,793)
Consultants		(64,800)	(90,573)
Directors / Officers		(123,395)	(58,333)
Employee benefits expense		(179,873)	(15,231)
Insurance		(22,630)	(10,261)
Exploration and evaluation		(57,899)	(198,415)
Rental expenses		(22,817)	(3,000)
Depreciation expense		(2,723)	-
Share Based Payments		(10,077)	(3,669)
Other corporate and administrative expenses		(88,242)	(22,677)
Profit/(Loss) before income tax expense from continuing operation		(508,617)	(433,952)
Income Tax Expense		-	-
Profit/(Loss) after income tax expense for the half year		(508,617)	(433,952)
Total Comprehensive Profit/(Loss) for the half year		(508,617)	(433,952)
		Cents	Cents
Basic/diluted earnings per share	5	(0.96)	(1.60)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 31 December 2022

	Notes	Consolidated	
		31/12/2022	30/06/2022
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,633,772	2,974,731
Trade and other receivables		167,766	177,728
Prepayments		41,033	7,802
Total Current Assets		1,842,571	3,160,261
Non-Current Assets			
Plant and equipment		7,842	5,956
Exploration and evaluation assets	3	5,179,478	4,637,617
Total Non-Current Assets		5,187,320	4,643,573
TOTAL ASSETS		7,029,891	7,803,834
LIABILITIES			
Current Liabilities			
Trade and other payables		191,095	477,274
Other liabilities		-	-
Employee provisions		21,078	10,302
Total Current Liabilities		212,173	487,576
TOTAL LIABILITIES		212,173	487,576
NET ASSETS		6,817,718	7,316,258
EQUITY			
Issued Capital	4	7,583,170	7,583,170
Reserves		554,259	544,182
Accumulated losses		(1,319,711)	(811,094)
TOTAL EQUITY		6,817,718	7,316,258

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the half year ended 31 December 2022

	Note	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 21		1,601	-	(15,111)	(13,510)
Loss for the period				(433,952)	(433,952)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss		-	-	(433,952)	(433,952)
Transactions with owners in their capacity as owners					
Contributions of Equity		5,250,000	-	-	5,250,000
Share based payments		-	534,269	-	534,269
Shares issued as consideration – E&E asset acquisition		3,000,000	-	-	3,000,000
Capital raising costs		(668,431)	-	-	(668,431)
Balance as at 31 December 21		7,583,170	534,269	(449,063)	7,668,376
Balance as at 1 July 22		7,583,170	544,182	(811,094)	7,316,258
Loss for the period		-	-	(508,617)	(508,617)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss		-	-	(508,617)	(508,617)
Transactions with owners in their capacity as owners					
Contributions of Equity		-	-	-	-
Share based payments		-	10,077	-	10,077
Shares issued as consideration – E&E asset acquisition		-	-	-	-
Capital raising costs		-	-	-	-
Balance as at 31 December 22		7,583,170	554,259	(1,319,711)	6,817,718

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the half year ended 31 December 2022

	Note	Consolidated	
		31/12/2022	31/12/2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(983,815)	(801,019)
Interest received		-	-
Net cash provided by / (used) in operating activities		(983,815)	(801,019)
Cash flows from investing activities			
Payments for exploration and mining interests		(352,916)	(505,000)
Proceeds from exploration and mining interests		-	-
Payment for property plant and equipment		(4,227)	-
Net cash used in investing activities		(357,143)	(505,000)
Cash flows from financing activities			
Proceeds from issue of shares		-	5,000,000
Payment of capital raising costs		-	(477,831)
Repayment of borrowings		-	(11,919)
Net cash provided by financing activities		-	4,510,250
Net increase (decrease) in cash held		(1,340,959)	3,204,231
Cash at beginning of the period		2,974,731	240,393
Cash at end of the period		1,633,772	3,444,624

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the half year ended 31 December 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Star Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied with those of the previous financial periods and corresponding interim reporting period, except in relation to the matters disclosed below.

The interim report has been prepared on a historical cost basis modified, where applicable, by measurement at fair value of selected items. Cost is based on the fair values of the consideration given in exchange for assets. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Going Concern

The interim report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Cash and cash equivalents totalled \$1,633,772 as at 31 December 2022 (30 June 2022: \$2,974,731).

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate. The directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

New or amended Accounting Standards and Interpretations adopted

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

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will 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.

2. SEGMENT INFORMATION

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the period, the Company considers that it operated in only one segment, being mineral exploration within Australia. Segment assets are allocated to countries based on where the assets are located. The Company's assets are all located within Australia.

3. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31/12/2022	30/06/2022
	\$	\$
Exploration expenditure brought forward	4,637,617	-
Tenement acquisition costs	-	3,845,000
Acquisition of Star of the East	60,000	-
Stamp Duty	101,905	191,011
Expenditures during the period	379,956	601,606
Exploration expenditure carried forward	5,179,478	4,637,617

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value.

4. ISSUED CAPITAL

	31/12/2022 No.	30/06/2022 No.	31/12/2022 \$	30/06/2022 \$
Issued and paid up capital				
Ordinary shares – fully paid	53,000,001	53,000,001	7,583,171	7,583,171
	53,000,001	53,000,001	7,583,171	7,583,171

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5. EARNINGS PER SHARE

	31/12/2022	30/06/2022
	(Cents)	(Cents)
Basic Profit / (loss) per share	(0.96)	1.60
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:		
Net Profit / (loss) for the period	(508,617)	(433,952)
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic and diluted EPS	53,000,001	53,000,001

6. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2022 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2022.

7. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February 2023 the Company issued 561,798 shares to Spark Plus Pte Ltd. These shares were issued as consideration for marketing and promotional activities undertaken on behalf of Star Minerals by Spark Plus Pte Ltd.

There have been no other matters or circumstances that have occurred subsequent to the reporting date that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent reporting periods.

8. CONTINGENT LIABILITIES

As per the disclosures as at 30 June 2022:

- The Group has granted the vendors of the West Bryah Project a 0.75% net smelter return royalty on all products extracted or derived from the area.
- Australian Vanadium Limited (ASX: AVL) have been granted a 0.75% net smelter return royalty on all products extracted or derived from area of M51/888 of the Tumblegum South Gold Project.

There were no other contingent liabilities at the period end.

9. COMMITMENTS

The Group has no other commitments other than those disclosed as at 30 June 2022.

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10. RELATED PARTIES TRANSACTIONS

Parent entity

Star Minerals Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

On 7 July 2021 the Company completed a \$250,000 capital raising and issued 5 million shares at \$0.05 per share to investors. Directors Ian Stuart and Ashley Jones participated in the capital raising on the same terms as other investors and were issued 30,000 shares each.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31/12/2022	30/06/2022
	\$	\$
Current receivables:		
Other receivables from other related party ¹	116,528	116,528
Current payables:		
Trade payables to other related party - Bryah Resources Ltd ²	8,296	17,048

¹ Exploration and evaluation expenses paid by the Group recoverable from Bryah Resources Limited (a related party of Director, Ian Stuart).

² Recharge to the Company of exploration and evaluation expenses paid by Bryah Resources Limited (a related party of Director, Ian Stuart).

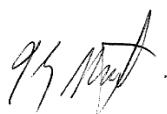
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Directors' Declaration

In the opinion of the directors of Star Minerals Limited ('the Company'):

1. The financial statements and notes thereto of the Company, as set out within this financial report, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year then ended.
2. in the directors' opinion, 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 is made in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to read "Ian Stuart".

IAN STUART

Non-Executive Chairman

15 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Star Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Star Minerals Limited (the 'Company') and its controlled entities (collectively referred as the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the group does not comply with the *Corporations Act 2001* including:

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

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Director's Responsibilities for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Accordingly, we do not express an audit opinion.

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd



Rafay Nabeel
Audit Director

15th March 2023
Perth