

Star Minerals Limited

ABN 53 648 048 631

Interim Report - 31 December 2021

Star Minerals Limited
Corporate directory
For the period ended 31 December 2021

Directors	Mr Ian Stuart Mr Ashley Jones Mr Stephen Strubel
Company secretary	Mr Matthew Edmondson
Registered office	Suite 1 1 Tulley Road East Perth WA 6004
Principal place of business	Suite 1 1 Tulley Road East Perth WA 6004
Auditor	Elderton Audit Pty Ltd Level 2, 267 St Georges Terrace Perth WA 6000
Solicitors	Blackwall Legal LLP Level 26, 140 St Georges Terrace Perth WA 6000
Share Registry	Automic Group Perth Office: Level 5, 191 St Georges Terrace Perth WA 6000 1300 288 664
Stock exchange listing	Star Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: SMS)
Website	www.starminerals.com.au

Star Minerals Limited
Directors' report
For the period ended 31 December 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Star Minerals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the 6 month period ended 31 December 2021.

Directors

The following persons were Directors of Star Minerals Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Ian Stuart - Non-Executive Chairman
Ashley Jones - Non-Executive Director
Stephen Strubel - Non-Executive Director

Principal activities

The Company carries on the business of mineral exploration, focused on the exploration and evaluation of the Tumblegum South Gold Project and the West Bryah Project, located in central Western Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations

The loss for the Group after providing for income tax amounted to \$433,952 (31 December 2020: profit of \$nil).

The Company successfully listed on the Australian Stock Exchange (ASX) on 25 October 2021 following an Initial Public Offering (IPO) which raised \$5M.

The Company commenced its maiden RC drilling program at its Tumblegum South Gold Project on 30 October 2021. On 15 November 2021, the Company announced the completion of the program comprising 25 holes for a total of 1,994 metres. Please refer to ASX announcements dated 1 and 15 November 2021.

In the previous reporting period, White Star Minerals Pty Ltd entered into a tenement transfer agreement with Bryah Resources Limited (ASX: BYH) and Australian Vanadium Limited (ASX: AVL) to acquire the tenement comprising the Tumblegum South Gold Project. The project comprises a granted mining lease M51/888 to be acquired from Australian Vanadium Limited and an application for miscellaneous licence L51/112 to be acquired from Bryah Resources Limited upon grant.

In the previous reporting period, Star Minerals Limited entered into agreements with Bryah Resources Limited, Jalein Pty Ltd, Pet FC Pty Ltd and Pinny Pty Ltd to acquire the Tenements comprising the West Bryah Project. The West Bryah Project consists of 7 granted exploration licences covering a total of 565.6km² located approximately 140km north of Meekatharra in central Western Australia.

During the current financial period Bryah Resources Limited transferred the license to the Group and Australian Vanadium Limited transferred the mining lease to the Group for the consideration as mentioned below.

Consideration to Bryah Resources Limited:

- 11 million fully paid ordinary shares in Company
- 3 million Class A performance rights in the Company (subject to Vesting conditions);
- 4 million Class B performance rights in the Company (subject to Vesting conditions); and
- \$500,000 reimbursement of expenditure incurred in conducting exploration works.

Consideration to Australian Vanadium Limited:

- Grant of Royalty by White Star Minerals Pty Ltd and \$5,000 reimbursement of expenditure.

Total consideration to other vendors:

- Pet FC Pty Ltd - 0.5 million fully paid ordinary shares in the Company
- Pinny Pty Ltd - 0.75 million fully paid ordinary shares in the Company
- Jalein Pty Ltd - 2.75 million fully paid ordinary shares in the Company

In addition to this the Group has entered into royalty deed agreements for the payment of royalty on the net return of 0.75%.

Star Minerals Limited
Directors' report
For the period ended 31 December 2021

Details of tenements acquired

Tenement	Date of purchase agreement	Consideration payable	Tenement expiry date	Details of royalty deeds
Tumblegum South Gold Project - granted mining lease M51/888	08/03/2021	to Australian Vanadium Ltd	03/11/2041	0.75% net smelter return royalty on all products extracted or derived from the area.
Tumblegum South Project - miscellaneous licence L51/112	08/03/2021	to Bryah Resources Limited	22/04/2042	N/A
West Bryah Project - granted exploration licence E52/3553	08/03/2021	to Pet FC Pty Ltd	30/07/2022	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3737	08/03/2021	to Pinny Pty Ltd	7/11/2024	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3739	08/03/2021	to Bryah Resources Limited	7/11/2024	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3802	08/03/2021	to Jalein Pty Ltd	17/01/2026	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3803	08/03/2021	to Pinny Pty Ltd	18/05/2025	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3804	08/03/2021	to Pinny Pty Ltd	18/05/2025	0.75% net smelter return royalty on all products extracted or derived from the area.
West Bryah Project - granted exploration licence E52/3809	08/03/2021	to Jalein Pty Ltd	02/06/2025	0.75% net smelter return royalty on all products extracted or derived from the area.

The Group's management strategy and its key objectives are to:

- Systematically undertake exploration of the projects aimed at the discovery and development of mineral resources; and
- Implement a growth strategy to seek out further exploration opportunities which complement the Group's focus on gold/base metals deposits.

Significant changes in the state of affairs

The Company was admitted to the Official List of the Australian Stock Exchange ('ASX') on Monday 25 October 2021.

The Company raised \$5,000,000 pursuant to the offer under its replacement prospectus dated 9 August 2021 (and two supplementary prospectuses) by the issue of 25,000,000 shares at an issue price of \$0.20 per share and 12,500,000 quoted options exercisable at \$0.30 per option expiring on 25 October 2024.

There were no other significant changes in the state of affairs of the Group during the financial period.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

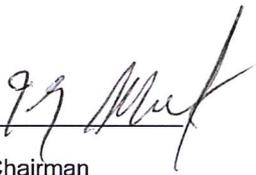
Going concern

The financial report has been prepared on a going concern basis. Refer to note 1 'Significant accounting policies'

Star Minerals Limited
Directors' report
For the period ended 31 December 2021

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'I Stuart', written over a horizontal line.

Mr Ian Stuart
Non-Executive Chairman

14 March 2022

ELDERTON

AUDIT PTY LTD

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 2021, 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 review; 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
Audit Director

14 March 2022

Star Minerals Limited**Contents****For the period ended 31 December 2021**

Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	20
Independent auditor's review report to the members of Star Minerals Limited	21

General information

The financial statements cover Star Minerals Limited as a Group consisting of Star Minerals Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Star Minerals Limited's functional and presentation currency.

Star Minerals Limited is a listed public company limited by shares domiciled in Australia. Its registered office and principal place of business is:

Registered office

Suitel 1
1 Tulley Road
East Perth
WA 6004

Principal place of business

Suite 1
1 Tulley Road
East Perth
WA 6004

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 March 2022. The Directors have the power to amend and reissue the financial statements.

Star Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Expenses			
Accounting, audit, legal and taxation		(31,793)	-
Directors fees		(58,333)	-
Employee benefits expense		(15,231)	-
Consultants		(90,573)	-
Share-based payments expense	14	(3,669)	-
Insurance		(10,261)	-
Occupancy		(3,000)	-
Exploration & evaluation		(198,415)	-
Other expenses		(22,677)	-
Total expenses		<u>(433,952)</u>	<u>-</u>
Loss before income tax expense		(433,952)	-
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Star Minerals Limited		(433,952)	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Star Minerals Limited		<u>(433,952)</u>	<u>-</u>
		Cents	Cents
Loss per share	13	(1.6)	-
Diluted loss per share	13	(1.6)	-

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

Star Minerals Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		3,444,624	240,393
Trade and other receivables	4	510,266	867
Prepayments		23,151	-
Total current assets		<u>3,978,041</u>	<u>241,260</u>
Non-current assets			
Exploration and evaluation	5	4,019,422	-
Total non-current assets		<u>4,019,422</u>	<u>-</u>
Total assets		<u>7,997,463</u>	<u>241,260</u>
Liabilities			
Current liabilities			
Trade and other payables	6	329,087	242,851
Borrowings	7	-	11,919
Total current liabilities		<u>329,087</u>	<u>254,770</u>
Total liabilities		<u>329,087</u>	<u>254,770</u>
Net assets/(liabilities)		<u>7,668,376</u>	<u>(13,510)</u>
Equity			
Issued capital	8	7,583,170	1,601
Reserves		534,269	-
Accumulated losses		(449,063)	(15,111)
Total equity/(deficiency)		<u>7,668,376</u>	<u>(13,510)</u>

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

Star Minerals Limited
Consolidated statement of changes in equity
For the period ended 31 December 2021

Consolidated	Issued capital \$	Share-based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	1,601	-	(15,111)	(13,510)
Loss after income tax expense for the period	-	-	(433,952)	(433,952)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(433,952)	(433,952)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	5,250,000	-	-	5,250,000
Share-based payments (note 14)	-	534,269	-	534,269
Issue shares to acquire exploration & evaluation assets (note 5)	3,000,000	-	-	3,000,000
Capital raising costs	(668,431)	-	-	(668,431)
Balance at 31 December 2021	<u>7,583,170</u>	<u>534,269</u>	<u>(449,063)</u>	<u>7,668,376</u>

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

Star Minerals Limited
Consolidated statement of cash flows
For the period ended 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(801,019)	-
Net cash used in operating activities		(801,019)	-
Cash flows from investing activities			
Payments for exploration and evaluation	5	(505,000)	-
Net cash used in investing activities		(505,000)	-
Cash flows from financing activities			
Proceeds from issue of shares	8	5,000,000	-
Share issue transaction costs		(477,831)	-
Repayment of borrowings		(11,919)	-
Net cash from financing activities		4,510,250	-
Net increase in cash and cash equivalents		3,204,231	-
Cash and cash equivalents at the beginning of the financial period		240,393	-
Cash and cash equivalents at the end of the financial period		<u>3,444,624</u>	<u>-</u>

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

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the annual report for the period ended 30 June 2021.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

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.

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

Going concern

The financial statements have been prepared on a going concern basis.

Based on its assessment of the cash flow projections over the ensuing 12 months from the date of this report the Board is satisfied that sufficient funds are available for the Group to pay its debts as and when they fall due for at least the next 12 months from the date of this report.

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.

Impairment 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.

Employee benefits

Share-based payments

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 are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account 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.

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity 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 vest 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 either the Binomial or 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 or not that market condition has been met, 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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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 31 December 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 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, contingent 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. The 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 the nature of the products and services offered, customers, supply chain, staffing 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.

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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 by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

The principal accounting policies adopted in the preparation of the financial statements are consistent with policies in the annual report for the period ended 30 June 2021.

Note 3. Operating segments

Based on the information used for internal reporting purposes by the chief operating decision maker (directors of the Company) the Company operated in one reportable segment during the period.

The reportable segment financial information is therefore the same as the statement of financial position and the statement of profit or loss and other comprehensive income.

Note 4. Trade and other receivables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
<i>Current assets</i>		
Other receivables	116,528	-
BAS receivable *	393,738	867
	<u>510,266</u>	<u>867</u>

* BAS receivable includes GST refunds totalling \$350,000 relating to the acquisition of mining tenements.

Note 5. Exploration and evaluation

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation	<u>4,019,422</u>	<u>-</u>

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 5. Exploration and evaluation (continued)

Reconciliations

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

Consolidated	Tumblegum South Gold Project \$	West Bryah Project \$	Total \$
Balance at 1 July 2021	-	-	-
Additions by Share-based payments (note 14)	2,140,000	1,200,000	3,340,000
Reimbursement of expenditure incurred by Bryant Resources Limited and Australian Vanadium Limited	505,000	-	505,000
Stamp duty accrued	114,688	59,734	174,422
Balance at 31 December 2021	<u>2,759,688</u>	<u>1,259,734</u>	<u>4,019,422</u>

Note 6. Trade and other payables

	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
<i>Current liabilities</i>		
Trade payables	105,671	7,851
Accrued expenses	217,775	-
Share subscriptions received in advance *	-	235,000
Other payables	5,641	-
	<u>329,087</u>	<u>242,851</u>

* The share subscriptions received in advance as at 30 June 2021 formed part of a \$250,000 capital raising completed on 7 July 2021.

Note 7. Borrowings

	Consolidated 31 Dec 2021 \$	30 Jun 21 \$
<i>Current liabilities</i>		
Loan - from Director - Stephen Strubel	-	11,919

The director loan was non-interest bearing, unsecured and repayable at call. Refer to note 10 'Related party transactions'.

Note 8. Issued capital

	31 Dec 2021 Shares	30 Jun 2021 Shares	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Ordinary shares - fully paid	<u>53,000,001</u>	<u>8,000,000</u>	<u>7,583,170</u>	<u>1,601</u>

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 8. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	8,000,000		1,601
Issue share to Director (to correct rounding error)	5 July 2021	1	\$0.0002	-
Issue shares to investors	7 July 2021	5,000,000	\$0.0500	250,000
Issue shares to investors from IPO prospectus *	25 October 2021	25,000,000	\$0.2000	5,000,000
Issue shares to acquire exploration & evaluation assets (note 5)	25 October 2021	15,000,000	\$0.2000	3,000,000
Capital raising costs		-	\$0.0000	(668,431)
Balance	31 December 2021	<u>53,000,001</u>		<u>7,583,170</u>

* On 25 October 2021, pursuant to the IPO prospectus, the Company issued 12,500,000 free-attaching listed options exercisable at \$0.30 per option expiring on 15 October 2024. These were issued on the basis of one free-attaching new option for every 2 new shares.

Ordinary shares

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.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 9. Contingent liabilities

During the reporting period the Company granted the vendors of the West Bryah Project a 0.75% net smelter return royalty on all products extracted or derived from the area.

During the reporting period White Star Minerals Pty Ltd granted Australian Vanadium Limited (ASX: AVL) 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.

Note 10. Related party transactions

Parent entity

Star Minerals Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 11.

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 10. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 31 Dec 2021 \$
Payment for goods and services:	
Payment for services from key management personnel (Directors fees)	58,333

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 Dec 2021 \$	30 Jun 2021 \$
Current receivables:		
Other receivables from related party - Bryah Resources Limited	116,528	-

Loans to/from related parties

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

	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Current borrowings:		
Loan from Director to the Group - non-interest bearing, unsecured and repayable on demand. Refer to note 7 'Borrowings'.	-	11,919

Share-based payments to related parties

On 25 October 2021 2,500,000 performance rights were issued to key management personnel under the Equity Incentive Plan and will vest at the commencement of commercial gold production in relation to tenement M51/888 within 5 years of issue.

Name	Position	# Performance Rights	Fair value per performance right \$	Probability achieving vesting conditions. %	Total fair value \$
Ian Stuart	Non-Executive Chairman	750,000	\$0.200	20%	30,000
Ashley Jones	Non-Executive Director	375,000	\$0.200	20%	15,000
Stephen Strubel	Non-Executive Director	375,000	\$0.200	20%	15,000
Gregory Almond	Chief Executive Officer	1,000,000	\$0.200	20%	40,000
		<u>2,500,000</u>			<u>100,000</u>

Refer to note 14 'Share-based payments'.

There were no other transactions with related parties during the financial period.

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 11. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2021 %	30 Jun 2021 %
White Star Minerals Pty Ltd	Australia	100.00%	100.00%

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2021 \$	31 Dec 2020 \$
Loss after income tax attributable to the owners of Star Minerals Limited	<u>(433,952)</u>	<u>-</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>27,619,567</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>27,619,567</u>	<u>-</u>
	Cents	Cents
Loss per share	(1.6)	-
Diluted loss per share	(1.6)	-

Note 14. Share-based payments

Reconciliation of share based payments

	\$
<i>Statement of profit or loss and other comprehensive income</i>	
Performance rights granted to key management personnel under the Equity Incentive Plan (c)	<u>3,669</u>
<i>Included in equity as capital raising costs</i>	
Options granted to lead manager of prospectus offer (b)	<u>190,600</u>
<i>Other</i>	
Shares issued to acquire tenements (a) (i)	3,000,000
Performance rights issued to acquire tenements (a) (ii)	<u>340,000</u>
	<u>3,340,000</u>
	<u>3,534,269</u>

(a) Equity issued to acquire tenements

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 14. Share-based payments (continued)

(i) Shares

On 25 October 2021 the Company issued 15,000,000 ordinary shares at a fair value of \$0.20 per share to vendors to acquire mining tenements in the Tumblegum South Gold Project and the West Bryah Project for a total fair value of \$3,000,000. Refer to note 5 'Exploration and evaluation'.

(ii) Performance rights

On 25 October 2021 the Company issued 3,000,000 Class A Performance Rights, at a total fair value of \$180,000, to Vendors to acquire mining tenements in the Tumblegum South Gold Project. These will vest at the announcement by the Company to ASX of a measured Mineral Resource in compliance with the JORC Code 2012 in relation to tenement M51/888 within 5 years of issue of the performance rights.

On 25 October 2021 the Company issued 4,000,000 Class B Performance Rights, at a total fair value of \$160,000, to Vendors to acquire mining tenements in the Tumblegum South Gold Project. These will vest at the commencement of commercial gold production in relation to Tenement M51/888 within 5 years of issue of the performance rights.

Refer to note 5 'Exploration and evaluation'.

(b) Lead manager options

Set out below are summaries of listed options granted:

	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021	Number of options 31 Dec 2020	Weighted average exercise price 31 Dec 2020
Outstanding at the beginning of the financial period	-	\$0.0000	-	\$0.0000
Granted *	<u>2,000,000</u>	\$0.3000	-	\$0.0000
Outstanding at the end of the financial period	<u>2,000,000</u>	\$0.3000	-	\$0.0000

* Options were granted to the lead manager of the prospectus offer. This was accounted for as capital raising costs in the current period. Refer to section (d) below for valuation inputs.

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/forfeited/other	Balance at the end of the period
25/10/2021	25/10/2024	\$0.0300	-	<u>2,000,000</u>	-	-	<u>2,000,000</u>
			-	<u>2,000,000</u>	-	-	<u>2,000,000</u>

(c) Equity Incentive Plan

An Equity Incentive Plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Star Minerals Limited
Notes to the consolidated financial statements
For the period ended 31 December 2021

Note 14. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

	Number of rights	
	31 Dec 2021	31 Dec 2020
Outstanding at the beginning of the financial period	-	-
Granted *	2,500,000	-
Outstanding at the end of the financial period	2,500,000	-

* Performance rights were issued to key management personnel and will vest at the commencement of commercial gold production in relation to tenement M51/888 within 5 years of issue. Refer to note 10 'Related party transactions'.

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
25/10/2021	25/10/2026	\$0.0000	-	2,500,000	-	-	2,500,000
			-	2,500,000	-	-	2,500,000

(d) Valuation inputs

For the options granted to the lead manager during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/10/2021	25/10/2024	\$0.2000	\$0.3000	90.00%	-	0.66%	\$0.095

For the performance rights granted under the Equity Incentive Plan during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Probability of achieving vesting conditions	Risk-free interest rate	Fair value at grant date
25/10/2021	25/10/2026	\$0.2000	\$0.0000	-	0.20%	-	\$0.200

Star Minerals Limited
Directors' declaration
For the period ended 31 December 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Ian Stuart
Non-Executive Chairman

14 March 2022

ELDERTON

AUDIT PTY LTD

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 2021, 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 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the 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.

Responsibility of Management for the 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 Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2021 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*.

Limited liability by a scheme approved under Professional Standards Legislation

T +61 8 6324 2900

E info@eldertongroup.com

A Level 2, 267 St Georges Terrace, Perth WA 6000

ABN 51 609 542 458

W www.eldertongroup.com

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

14 March 2022

Perth