



Solstice Minerals Limited

Interim Financial Report

For Half-Year ended 31 December 2022

ABN 67 150 154 162

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Corporate Directory

Directors

Mr Matthew Yates: Non-Executive Chairman
Mr Nick Castleden: Managing Director
Mr Alastair Morrison: Non-Executive Director
Mr Michael Klessens: Non-Executive Director
Mr Robert Rigo: Non-Executive Director

Joint Company Secretary

Mr James Doyle
Mrs Silfia Morton

Registered and Principal Office

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Subiaco WA 6904

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Telephone: 1300 288 664
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Securities Exchange

Australian Securities Exchange ('ASX')
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152-158 St Georges Terrace
Perth WA 6000

Solicitors

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Level 12, Exchange Plaza
2 The Esplanade
Perth WA 6000

Auditor

William Buck Audit (WA) Pty Ltd
Level 3, 15 Labouchere Road
South Perth WA 6151

Director's Report

The Directors of Solstice Minerals Limited (**Solstice** or the **Company**) present their report on the Consolidated Entity consisting of Solstice and the entity it controlled at the end of, or during, the half-year ended 31 December 2022 (**Consolidated Entity** or **Group**).

Directors

The names of the directors in office at any time during the period and until the date of this report are:

Mr Matthew Yates	Non-Executive Chairman (appointed 16 November 2022, previously Non-Executive Director)
Mr Craig Williams	Non-Executive Chairman (ceased 16 November 2022)
Mr Nick Castleden	Managing Director (appointed 24 January 2023)
Mr Alastair Morrison	Non-Executive Director (Executive director until 31 January 2023)
Mr Michael Klessens	Non-Executive Director
Mr Robert Rigo	Non-Executive Director

Unless otherwise noted, all Directors held their office from 1 July 2022 until the date of this report.

Mrs Tania Cheng resigned from her position as Chief Financial Officer, effective 23 December 2022. Mrs Jessica O'Hara resigned from her position as Company Secretary, effective 9 February 2023.

Mrs Silfia Morton and Mr James Doyle were appointed as Joint Company Secretary, effective 9 February 2023. Mrs Silfia Morton was also appointed as Chief Financial Officer at the same date.

The Company was demerged from OreCorp Limited (OreCorp) on 7 April 2022 after completing an Initial Public Offering (IPO) and was admitted to the official list of the Australian Securities Exchange (ASX) on 28 April 2022.

Principal Activities

The principal activities of the Group during the half-year consisted of mineral exploration for gold and base metals in Western Australia (**WA**). Solstice's key projects are the Yarri, Kalgoorlie, Yundamindra and Ponton Projects in the Eastern Goldfields.

Review of Operations and Activities

Introduction

The Group is actively exploring gold and base metal targets in the Eastern Goldfields of WA. Solstice now holds 40 granted licences (34 exploration licences and 6 prospecting licences), and six exploration applications for a total of approximately 2,600km² (**Figure 1**).

The Group continues to monitor various opportunities identified in previous targeting initiatives and apply for or deal into additional prospective ground that may become available.

Director's Report (continued)

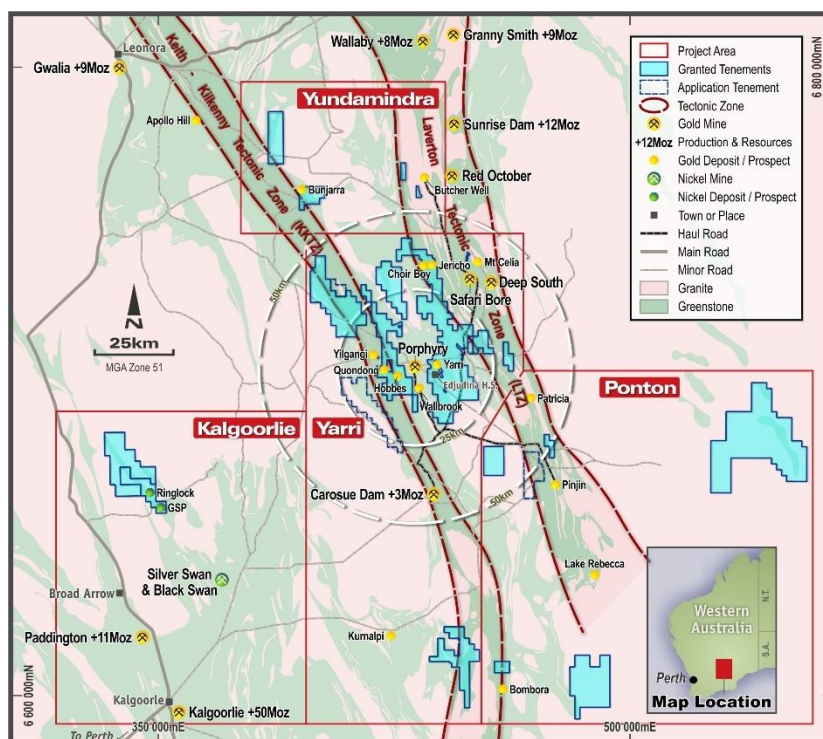


Figure 1: Location of Solstice's WA Projects with Regional Geology

1. YARRI PROJECT (GOLD)

The Yarri Project is approximately 150km northeast of Kalgoorlie between the Keith-Kilkenny Tectonic Zone (KKTZ) and the Laverton Tectonic Zone (LTZ), both of which are major craton-scale structural features known to control significant gold endowment in the Kurnalpi Terrane of the Eastern Goldfields (**Figure 2**). The Carosue Dam, Porphyry and Deep South Projects that form part of Northern Star Resources' Carosue Dam Operations, hosting 4.227Moz¹ gold at 2.1 g/t, are located within the Yarri Project area.

The Yarri Project now comprises 28 granted licences (22 exploration licences and six prospecting licences) and three exploration licence applications covering an area of 1,325km² and 60km of continuous strike of the Edjudina greenstone belt. The Project includes the advanced Hobbes Prospect, where extensive primary and supergene gold mineralisation has been identified.

¹ Source: Northern Star Resources Limited FY22 Annual Report.

Director's Report (continued)

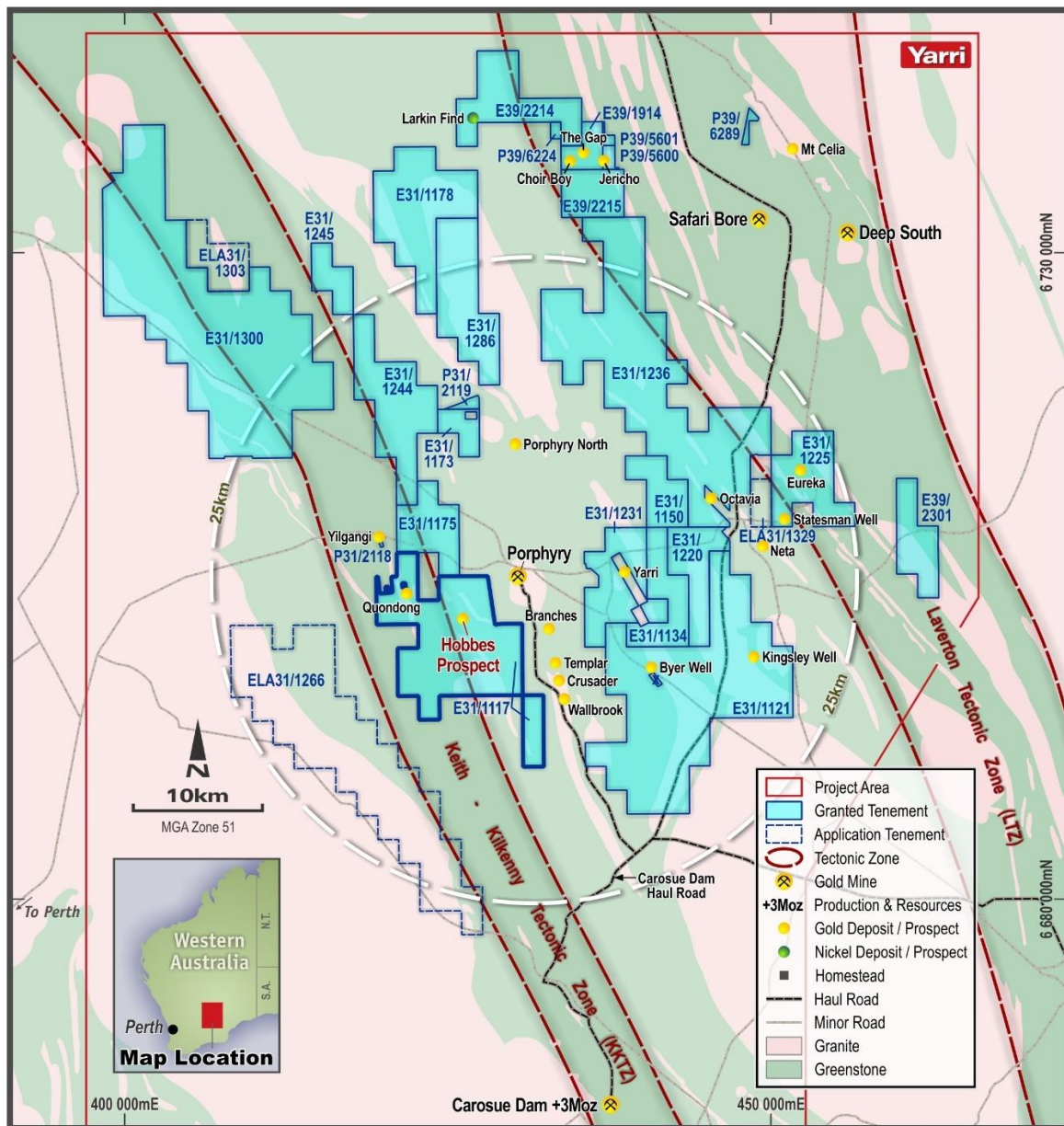


Figure 2: Yarri Project with Regional Geology showing the core tenements within a 30km radius of the Edjudina Hub and highlighting the Hobbes Project.

Hobbes Prospect (E31/1117: Solstice 80%)

The Hobbes Licence (E31/1117), located within the Company's Yarri Project, covers an area of 95km² and is situated approximately 5km west of Northern Star Resources' Porphyry Mining Centre. Nexus Minerals' emerging Crusader-Templar gold deposit is located approximately 10km to the southeast.

Director's Report (continued)

The Hobbes Prospect is located in an area of transported cover, including a paleochannel draining into Lake Rebecca to the southwest. There is no outcrop in the immediate prospect area, with geological interpretation based on drillhole logging and lithogeochemical data collected from historical drilling.

Hobbes is interpreted to be located within a north-northwest trending package of intermediate volcanic rocks sandwiched between a high magnesium basalt hanging wall and rhyodacitic volcanic to volcanoclastic footwall package. The stratigraphic sequence dips steeply to the west and is offset by a series of broadly northeast trending, apparently strike-slip faults (**Figure 3**). Intrusive units include syenite sills and dykes, and thin mafic sills.

Two bounding faults, the North Boundary Fault (**NBF**) and subparallel South Boundary Fault (SBF) enclose a broader, strongly altered and demagnetised zone. The NBF appears to be an important control on higher grade primary gold mineralisation at the Hobbes Prospect.

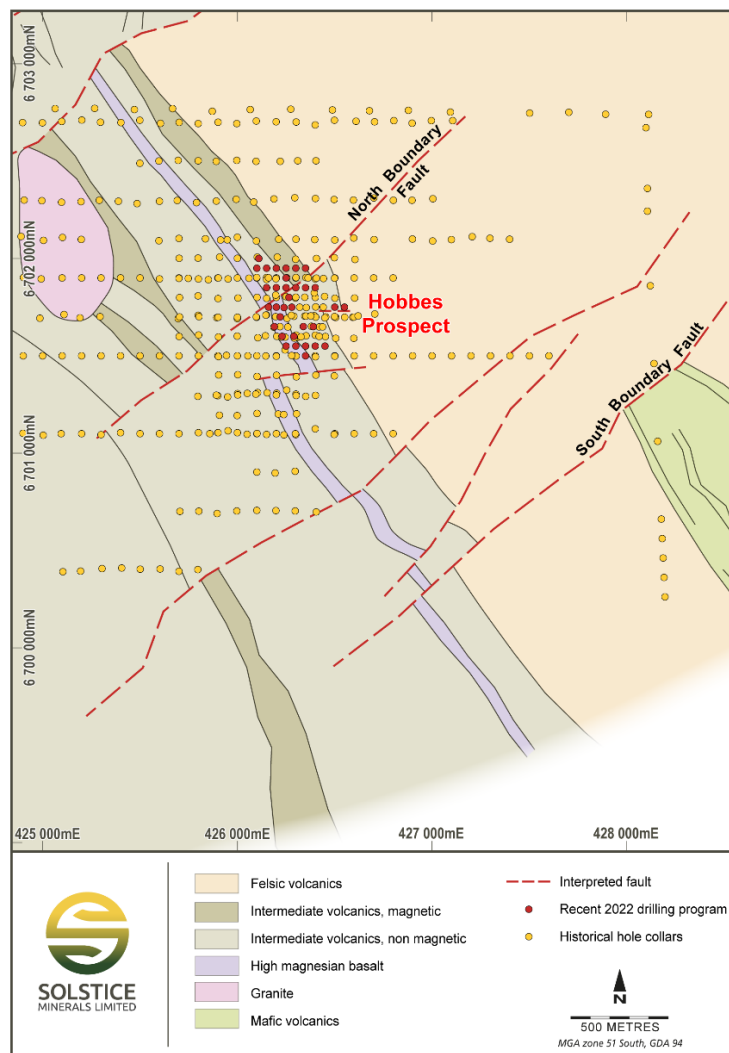


Figure 3: Geology map for the Hobbes Prospect (E31/1117), Yarri Project

Director's Report (continued)

Historical drilling intersected primary mineralisation beneath supergene zones which remained open in all directions. Solstice completed a reverse circulation (**RC**) and diamond drilling (**DD**) program in the half-year comprising 27 RC holes for 5,884m and ten DD holes for 2,500m. The drilling was undertaken with the objective of infilling the historical drilling to 50m spacing over 500m strike length of the known mineralisation, to support a maiden Mineral Resource Estimate (**MRE**) for Hobbes.

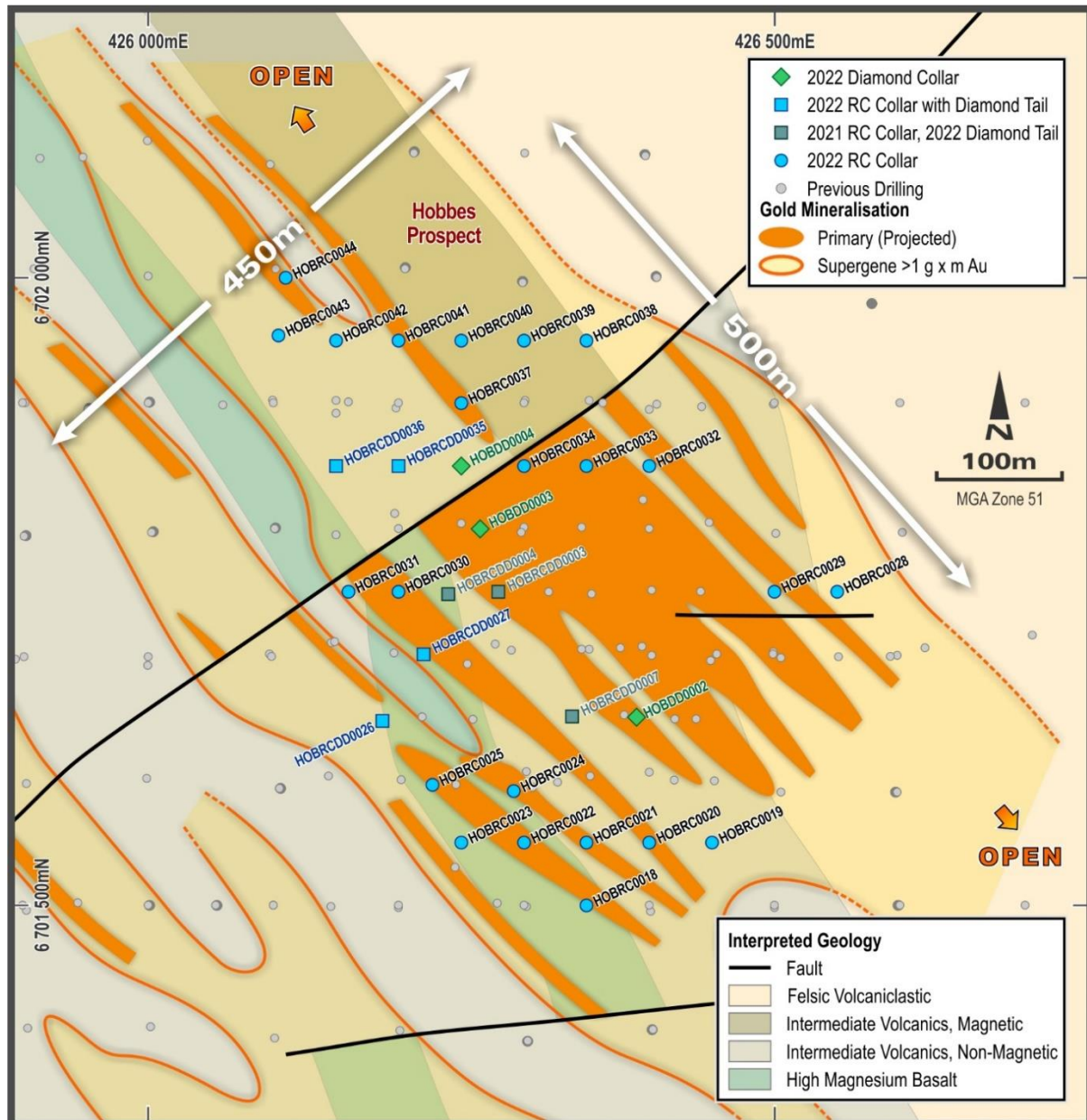


Figure 4: Hobbes Prospect with RC and DD hole collar locations, interpreted solid geology and supergene and primary mineralisation.

Director's Report (continued)

Significant intercepts (minimum 2m >0.5g/t gold) of supergene mineralisation include:

- 19.8m @ 1.13g/t gold from 59.2m (HOBDD0004)
- 12m @ 1.21g/t gold from 57m (HOBRCDD0027)
- 13m @ 1.34g/t gold from 58m (HOBRC0037)
- 17m @ 1.18g/t gold from 56m (HOBRC0032)
- 20m @ 1.55g/t gold from 53m (HOBRC0038)
- 10m @ 4.18g/t gold from 78m (HOBDD0002)
- 11m @ 0.96g/t gold from 55m (HOBDD0003)
- 7m @ 2.44g/t gold from 49m (HOBRC0029)
- 7m @ 1.15g/t gold from 69m (HOBRCDD0035)

Significant intercepts of primary mineralisation from interpreted steeply dipping zones beneath the supergene blanket include:

- 27m @ 2.67g/t gold from 113m (including 20m @ 3.25g/t gold from 120m); 4.80m @ 3.19g/t gold from 150m and 7.20m @ 1.30g/t gold from 190.8m (HOBRCDD0003)
- 13m @ 4.04g/t gold from 96m (HOBRC0030)
- 8m @ 2.05g/t gold from 110m and 8m @ 2.32g/t gold from 187m (HOBRC0033)
- 8m @ 2.10g/t gold from 88m (HOBRC0044)
- 9m @ 1.59g/t gold from 156m (HOBRC0031)
- 31m @ 1.71g/t gold from 118m (HOBDD0002)
- 8.43m @ 1.28g/t gold from 134.67m and 10.08m @ 1.73g/t gold from 174m (HOBDD0003)
- 11m @ 4.47g/t gold from 264m and 4.30m @ 3.38g/t gold from 395m (HOBRCDD0027)
- 5.93m @ 1.95g/t gold from 235m (HOBRCDD0007)

Preliminary interpretation continues to suggest that primary gold mineralisation is controlled by several (possibly parallel) sub-vertical to steeply WSW dipping NNW-striking zones. These zones may represent structures, possibly developed at the margins of or within more permissive lithological host units.

The NBF appears to be an important control on higher grade primary gold mineralisation at the Hobbes Prospect. The potential for these NE-striking faults, such as the NBF, to be mineralised will require further investigation.

Director's Report (continued)

Fine visible gold was logged in holes HOBRCDD0003 and HOBRCDD0004, located on line 6,701,750mN in the main, central zone of mineralisation. In HOBRCDD0003, the visible gold correlates with the strong mineralised intercept of 27m @ 2.67g/t gold from 113m. The visible gold is hosted within narrow quartz-carbonate veins containing biotite, pyrrhotite +/- chalcopyrite, located within sub-vertical mineralised zones.

Cosmo Licences (E31/1172, E31/1175, E31/1244 and P31/2119)

The Cosmo Licence Group is located approximately 15km immediately north of the Hobbes Licence (**Figure 2**). During the half-year, results were received from a large ultra fine fraction (UFF) surface sampling program completed as a follow up to the significant gold-in-soil anomaly (Moonshine Bob) generated from the sampling completed in 2021.

Interpretation of these results has defined three new significant and coherent >10ppb gold-in-soil anomalies (**Figure 5**):

- 1) The Granites Prospect is defined by an extensive 3km x 0.9km zone of significant gold anomalism up to 65.2ppb and correlates with nearby historical RAB drilling from the mid-1990s which returned 5m @ 1.94g/t gold from 9m. The bulk of the anomaly is not tested by any drilling.
- 2) The Jackknife North Prospect is defined as a zone of gold anomalism >10ppb up to 2km in strike and 0.5km in width with a peak assay of 100ppb gold. Localised historical RAB drilling completed in the mid-1990s in the area returned 4m @ 0.29g/t gold from 36m.
- 3) The Jackknife South Prospect is defined as a zone of gold anomalism >10ppb up to 0.9km in strike and 0.6km in width with a peak assay of 81ppb gold. Localised historical RAB drilling by BHP in the mid-1980s approximately 400m to the southwest of Jackknife South Prospect returned 2m @ 0.40g/t gold from 20m.

Director's Report (continued)

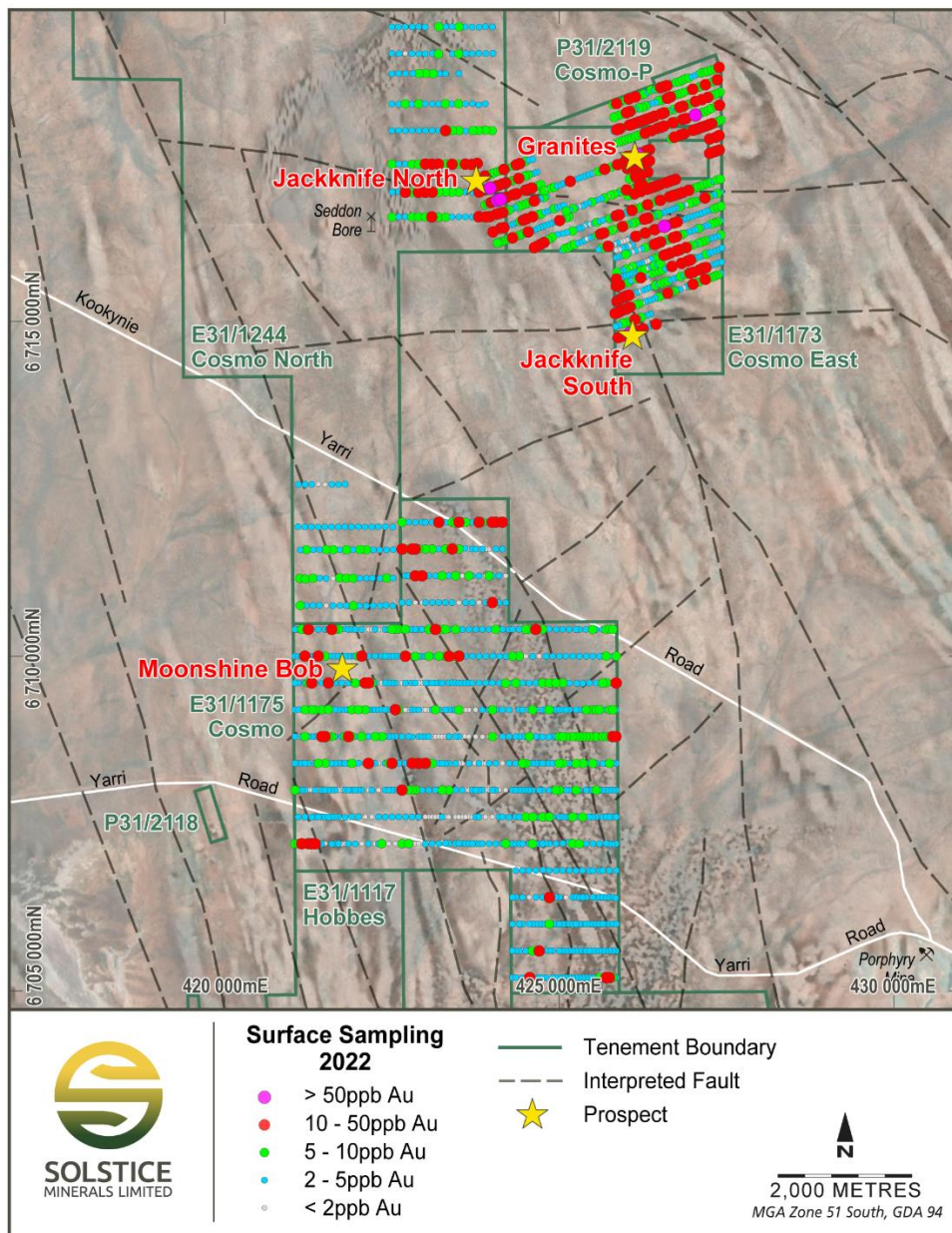


Figure 5: Map of UFF soil sample assay data for gold (ppb) for the Cosmo Licence Group overlain on RTP/VD aeromagnetic data plus satellite imagery.

The Jackknife North and Jackknife South Prospects may represent a continuous anomalous zone. Less than 10% of the Jackknife North and Jackknife South Prospect areas have been tested by historical drilling.

The extent and tenor of the UFF gold-in-soil anomalism over the Cosmo Licence Group and the intersection of prospective structures within greenstone geology, combined with the historical drill results are extremely encouraging. The recent results, using modern analytical techniques, correlate with the anomalous historical results and support the defined gold targets.

Director's Report (continued)

The Company will continue to evaluate and integrate the results with the historical exploration and geological data to rank the Prospects within the Company's portfolio for drill testing.

Yarri Project – Regional

During the period, the Company continued to compile historical WAMEX data and undertake regional field reconnaissance gold and base metal exploration. Field reconnaissance included regolith landform mapping, geology outcrop mapping and selective rock chip sampling on various licences within the Yarri Project.

Kalgoorlie Project (Nickel and Gold)

The Kalgoorlie Project currently covers 234km² and comprises the Ringlock Dam Licence (RDL) E29/1087 and Goongarrie Licence E29/1115, approximately 80km north-northwest of Kalgoorlie (**Figure 1 and Figure 6**). The RDL hosts the northerly extension of the Black Swan Komatiite Complex (BSKC) which contains the historical Silver and Black Swan nickel mines located 30km to the southeast.

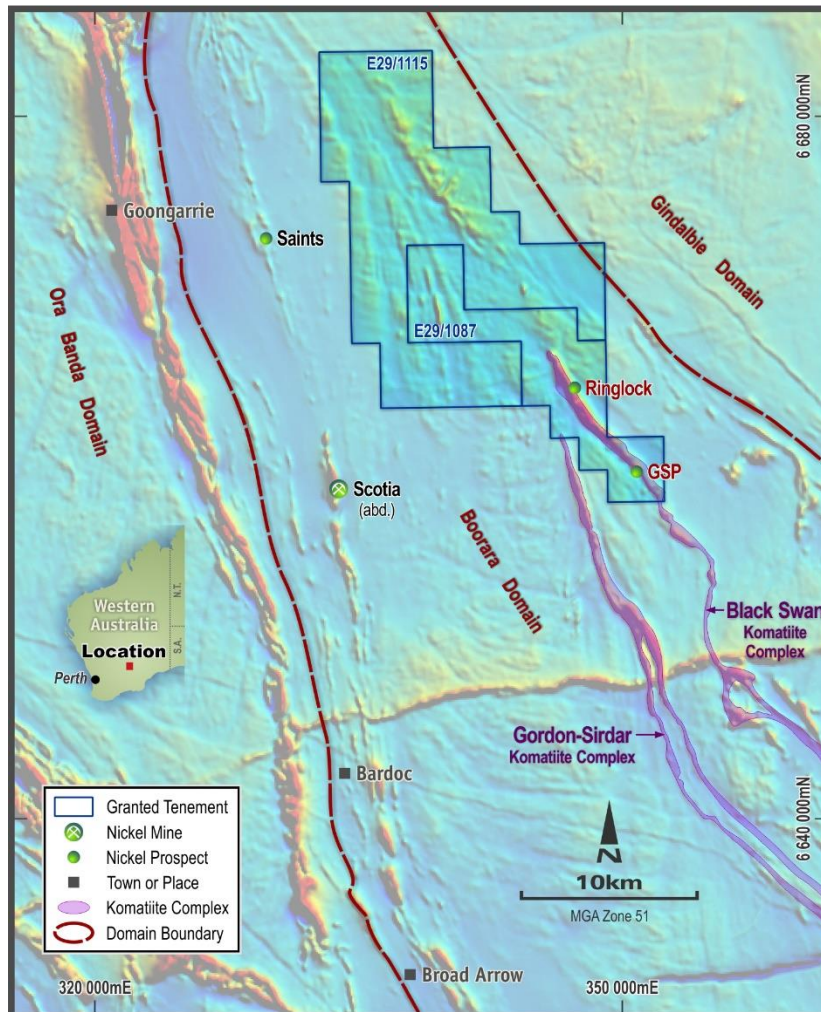


Figure 6: Kalgoorlie Project over regional magnetics.

Director's Report (continued)

The GSP Nickel Prospect (**GSP**) was discovered in 1969 by a nickel exploration joint venture between Group Explorations Ltd and Sumitomo Metal Mining Company Ltd targeting regional aeromagnetic anomalies and more localised surface EM and IP geophysical anomalies under cover. Historical work at GSP has included rotary air blast (**RAB**), RC and DD, plus various surface and airborne geophysical surveys.

The historical drilling (**Figure 7**) outlined primary massive sulphide nickel mineralisation along a contact zone at the base of the komatiite sequence, along with disseminated primary nickel sulphide mineralisation above this. All of the drilling in the 1960s to 1970s was selectively sampled and assayed on the basis of observing massive to semi-massive and disseminated nickel sulphide mineralisation, and therefore the continuity of nickel mineralisation, particularly the disseminated material, is poorly understood.

The main zone of primary massive nickel sulphide mineralisation at GSP is interpreted to dip steeply to the southwest. Significant nickel mineralisation intercepts from historical drilling at GSP (based on a 0.5% nickel cut-off, minimum 1m intercept and maximum 1m internal dilution) include:

- 8.01m @ 2.4% Ni from 113.39m (incl. 1.52m @ 6.8% Ni from 113.39m) (GS033)
- 2.86m @ 2.9% Ni from 166m (incl. 2.13m @ 3.5% Ni from 166.73m) (GS013)
- 4.0m @ 2.3% Ni from 104m (MJRC047)
- 4.0m @ 1.4% Ni from 145m (MJRC048)

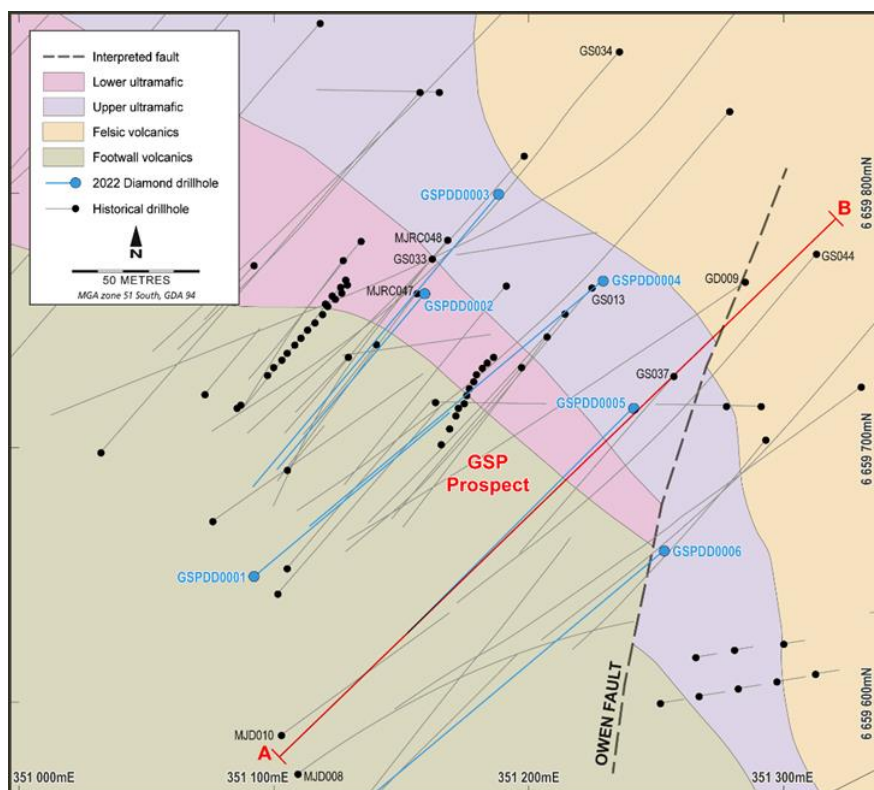


Figure 7: Simplified geological map of the GSP Prospect area with historical drilling and recent drillholes.

Director's Report (continued)

During the half-year the Company completed a diamond drill program at the GSP Prospect comprising six holes for 1,747m. The primary objectives of the drilling at GSP was to:

- Confirm the historical drill assay data from the 1960s and 1970s, which intersected massive nickel sulphide mineralisation;
- Better define the basal/footwall contact;
- Gather structural and litho-geochemical data; and
- Provide platforms for downhole electromagnetic geophysical surveys. The platform holes are planned sub-parallel to the modelled mineralised basal contact, to increase the effective exposure area of the planned DHEM.

Nickel sulphide mineralisation and chalcopyrite rich veinlets were logged in hole GSPDD0005 over the interval 99.72–105.97m downhole. This zone of mineralisation includes the intersection of 1.81m of massive nickel sulphides (pyrrhotite-pentlandite) over the interval 101.85–103.66m (**Figure 8**). The sulphides are located in the footwall sequence to the ultramafic rocks, and probably represent remobilisation of sulphide from mineralisation originally hosted in the cumulate ultramafic rocks overlying the footwall sequence.

Subsequent to the reporting date, analytical results for the first five drillholes holes were returned (refer to ASX: SLS 'High Grade Nickel Sulphide Drill Results at GSP Prospect' 9th March 2023) with >1% nickel mineralised intercepts reported in 4 holes, including a standout high-grade zone of **1.81m @ 18.1% Ni** from the massive sulphide vein intersected from 101.85m in GSPDD005. A cross-section showing the location of the massive sulphide intercept is presented in **Figure 9**.



Figure 8: Field photo of massive sulphide in drill core samples from drillhole GSPDD0005, at the GSP Prospect.

Director's Report (continued)

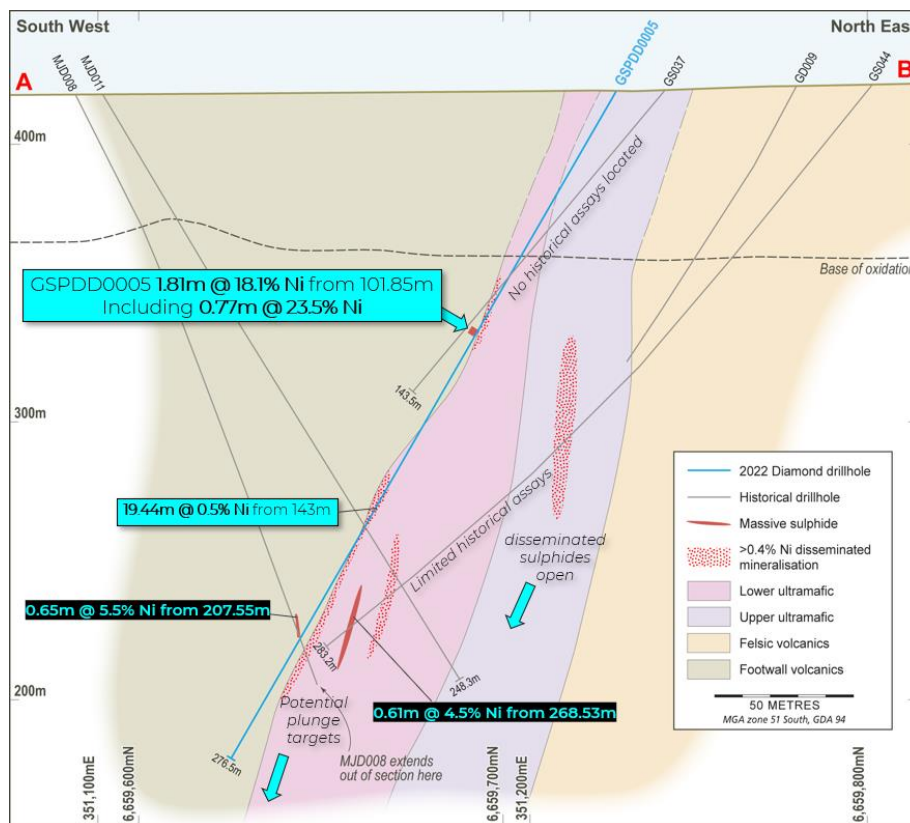


Figure 9: Cross section of the GSP Prospect, diamond drill hole GSPD0005 and historical drill traces (massive sulphide mineralised intercepts reported using 1.0% Ni lower cut-off, minimum 0.3m down hole width)

The broad spread of significant mineralisation at GSP, both down plunge and across strike, suggests there may have been a body of massive, or semi-massive sulphide (of unknown width) developed along the footwall contact prior to remobilisation. The footwall sulphides are not considered to be remobilised from the disseminated sulphide hosted nickel mineralisation located higher in the ultramafic flow package.

The high-grade nickel intercepts returned subsequent to the reporting date validate GSP as a high-priority exploration asset and have added to the geological understanding. The prize is an intact high-grade massive sulphide accumulation. Ongoing exploration will look to explore the open down plunge extensions of the GSP footwall surface, with targeting based on Solstice's improved geological understanding as additional downhole geochemical information is returned, and ongoing interpretation of the geometry of the footwall surface and of disseminated sulphide bearing flows, particularly tracing key surfaces across the Owen Fault (**Figure 7**).

2. YUNDAMINDRA PROJECT (GOLD)

The Yundamindra Project comprises four granted exploration licences covering approximately 139km². Two of the Licences are located along the eastern margin of the KKTZ and are extensively covered by recent colluvium and alluvium, while the other two are within the LTZ. (**Figure 10**).

Director's Report (continued)

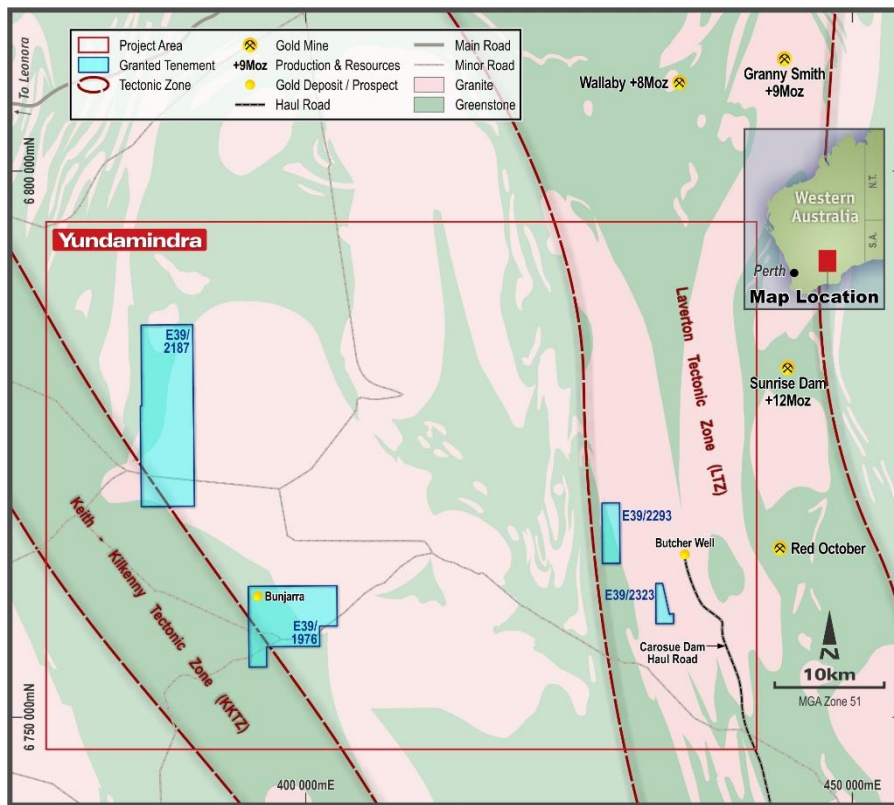


Figure 10: Yundamindra Project with regional geology.

Bunjarra Well (E39/1976)

Planning is underway for a reconnaissance aircore drill program to follow up gold anomalism in historical drilling and Solstice soil data at Bunjarra and Middle Well Prospects. The planned drilling will also target the Aquarius North Prospect area along strike of the Saturn Metals recently defined Aquarius Prospect located to the south (**Figure 11**). A Program of Works for the drilling has been approved.

Director's Report (continued)

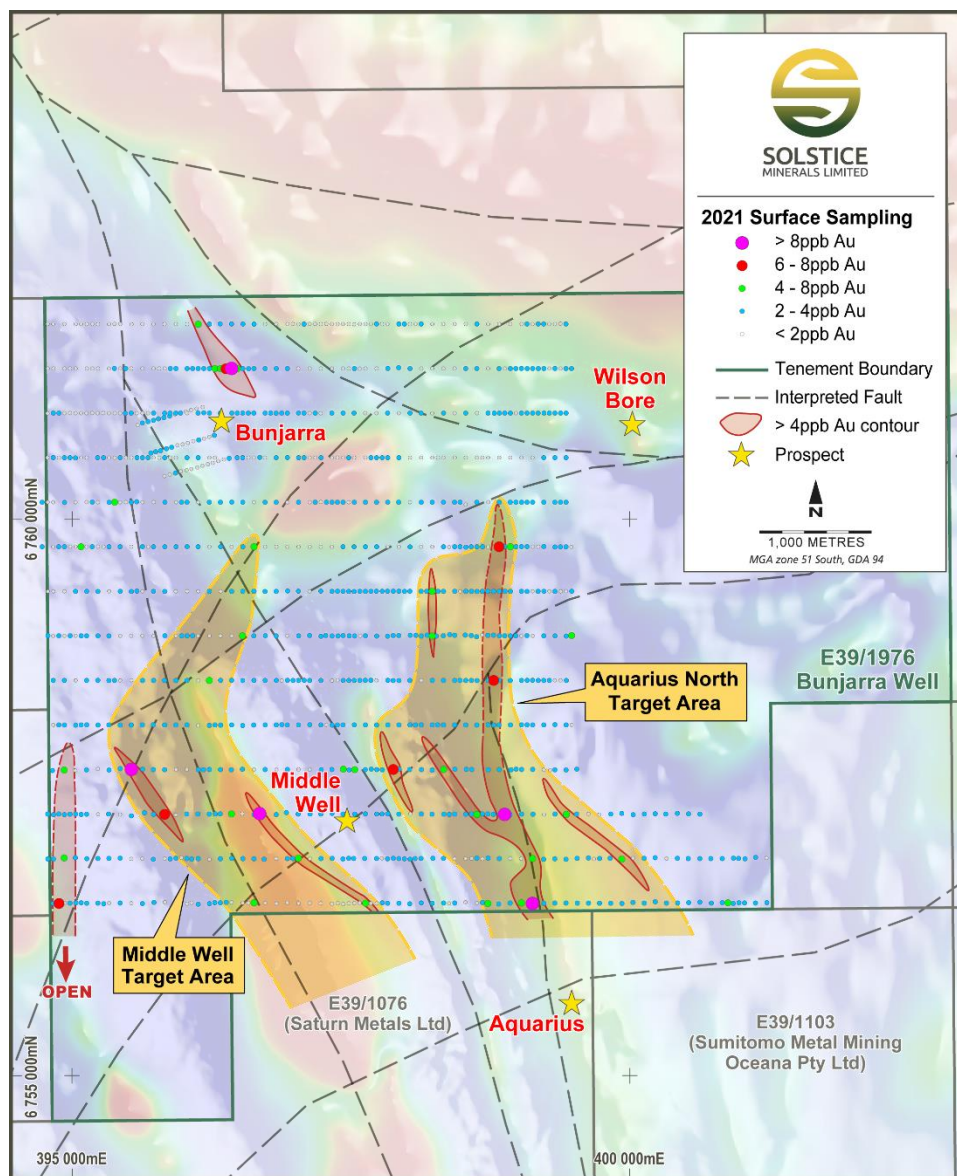


Figure 11: Bunjarra Well (E39/1976) Licence map showing prospect locations and Solstice UFF soil sampling.

3. PONTON PROJECT (NICKEL AND GOLD)

The Ponton Project comprises six granted licences and one licence application, covering a total area of approximately 908km² (Figure 12).

Director's Report (continued)

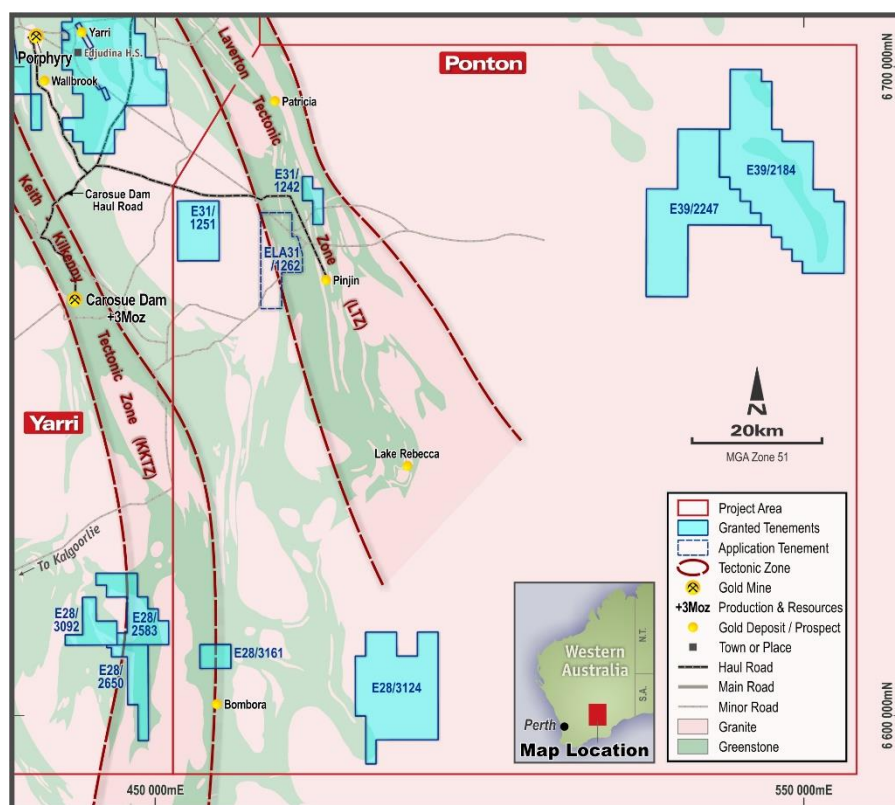


Figure 12: Ponton Project with regional geology

Nippon Licence (E39/2184)

The Nippon Licence is located approximately 200km northeast of Kalgoorlie, within the Duketon Domain of the Burtville Terrane (**Figure 12**). It is located within a considerably under-explored granite-greenstone terrane, at the margin of the Archaean Yilgarn Craton, a geological setting known to host large nickel and gold deposits.

Initial reconnaissance UFF surface sampling was conducted over the licence in 2021. The initial sampling targeted discrete northern and central aeromagnetic anomalies and was conducted at 200m x 400m grid spacing. Results defined several subtle, but coherent gold-in-soil anomalies which warranted infill sampling.

Further UFF sampling was conducted in mid-2022, with infill sampling reducing the grid spacing to 100m x 200m in areas of interest and extension of the sample grid where gold anomalism remained open.

These results identified several significant gold-in-soil anomalies supported by coincident multi-element and magnetic anomalism (**Figure 13**).

Director's Report (continued)

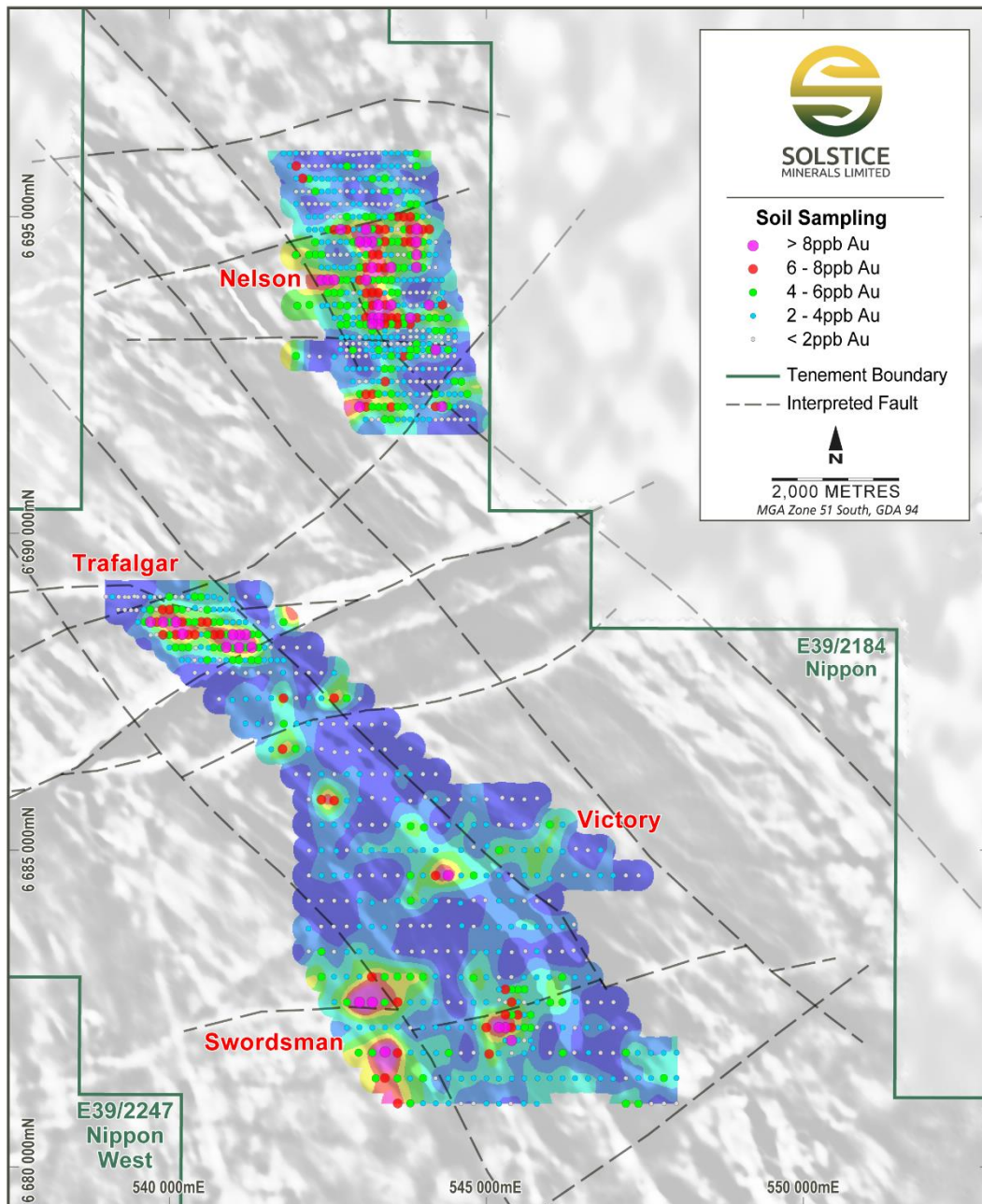


Figure 13: Nippon Licence – map of soil sample assay data gridded for Au (ppb) and overlain on RTPVD greyscale aeromagnetic image.

A significant gold-in-soil anomaly up to 1.7km in strike and 0.5km in width, with a peak gold assay of 19.3ppb has been defined at the Nelson Prospect. Several other important gold-in-soil anomalies >5ppb have also been further defined, including the Trafalgar (1.8km long and up to 0.8km wide, maximum 14.8ppb Au) and Swordsman (1.1km long and up to 0.5km wide, maximum 12.8ppb Au) Prospects.

Director's Report (continued)

All gold anomalies are supported by coincident multi-element and magnetic anomalism and none of the anomalies have any previous drilling with the closest drill hole approximately 300m to the east of Swordsman. The coarse aeolian sand sample medium is expected to typically generate only very subtle gold-in-soil anomalies, with gold assay values >4x the background value considered highly anomalous and extremely encouraging.

Nippon West Licence (E39/2247)

The Nippon West Licence is located approximately 180km northeast of Kalgoorlie, within the Duketon Domain of the Burtville Terrane (**Figure 12**). It is located within a considerably under-explored granite-greenstone terrane, at the margin of the Archaean Yilgarn Craton, a geological setting known to host large nickel and gold deposits.

A work program for UFF soil sampling was undertaken during November in the southwest of the Licence comprising 348 samples. Samples were dispatched for multi-element analysis and results are awaited. In addition to the UFF samples, a total of 6 rock chip samples were also collected.

The UFF soil target area comprises a linear magnetic high trending south-southwest. Sampling was carried out over the magnetic feature covering an area of approximately 7km x 1.2km. There is a palladium anomaly from historical soils in this area which was also covered during the program.

Operating Results and Financial Position

The net loss of the Consolidated Entity for the half-year ended 31 December 2022 was \$4,126,070 (2021: \$1,297,686). This loss is largely attributable to the Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the initial acquisition of the rights to explore and up to the successful completion of definitive feasibility studies.

The increase in exploration expenditure was due to the increased exploration activities at the Company's WA prospects in the current period.

At 31 December 2022, the Consolidated Entity had net working capital of \$11,728,441 (30 June 2022: \$15,399,837), and net assets \$17,864,681 (30 June 2022: \$21,544,096).

Business Development

During the half-year, business and corporate development opportunities were identified and reviewed. These included advanced projects and operating mines. Those which may enhance shareholder value will continue to be pursued.

The generative initiative in WA iterative and ongoing has resulted in the Company entering into acquisition agreements to build the current tenement portfolio. The Company will continue to refine its WA targeting initiative and acquire further opportunities through applications, joint ventures or outright purchase, and also relinquish tenure it deems no longer prospective.

Director's Report (continued)

Business Strategy and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- continue to undertake regional generative exploration programs at the Yarri, Kalgoorlie, Yundamindra, and Ponton Projects in the Eastern Goldfields of Western Australia;
- continue to refine its WA targeting initiative; and
- continue to review other resource opportunities which may enhance shareholder value.

The successful completion of these activities will assist the Company to achieve its strategic objective of making the transition from explorer to producer.

These activities are inherently risky, and the Board is unable to provide certainty that any or all of these objectives will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Company and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly, further information has not been disclosed.

Significant Changes in the State of Affairs

No significant changes to the operation for the period ended 31 December 2022.

Significant Post-Balance Date Events

On 24 January 2023, Mr Nick Castleden was appointed Managing Director, with a salary of \$325,000 per annum. Upon appointment, Mr Castleden was also granted 4,500,000 unlisted options, with an exercise price of \$0.29 and expiring 24 January 2027.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Directors



NICK CASTLEDEN

Managing Director and Chief Executive Officer

10 March 2023

JORC COMPLIANCE STATEMENT

The information in this report that relates to Exploration Results is extracted from the ASX announcements (Original Announcements) dated 19 December 2022 ("Massive Sulphide Intersected in Nickel Drilling at GSP Prospect, Ringlock Dam"), 8 December 2022 ("Final Diamond Drill Assay Results Return 20m at 3.25g/t at Hobbes Gold Prospect, Yarri Project"), 15 November 2022 ("Encouraging Primary Gold Intercepts at the Hobbes Gold Prospect"), 8 September 2022 ("Significant Gold Mineralisation in RC Drilling at Hobbes"), 30 August 2022 ("Gold Anomalies Defined by Soil Sampling at Cosmo Licences"), 14 July 2022 ("Significant Gold Anomalies Confirmed by Infill Soil Sampling at the Nippon Licence, Ponton Project") and the Solstice Prospectus dated 14 March 2022, which are available to view on the Company's website www.solsticeminerals.com.au

Solstice confirms that it is not aware of any new information or data that materially affects the information included in the Original Announcements and that all material assumptions and technical parameters underpinning the Exploration Results in the Original Announcements continue to apply and have not materially changed. Solstice confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Original Announcements.

DISCLAIMER/FORWARD-LOOKING INFORMATION

This report may contain certain forward-looking statements, guidance, forecasts, estimates, prospects or projections in relation to future matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (Forward-Looking Statements). Forward-Looking Statements can generally be identified by the use of forward-looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also Forward-Looking Statements.

Persons reading this report are cautioned that such statements are only predictions, and that actual future results or performance may be materially different. Forward-Looking Statements, opinions and estimates included in this report are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-Looking Statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

No representation or warranty, express or implied, is made by Solstice that any Forward-Looking Statement will be achieved or proved to be correct. Further, Solstice disclaims any intent or obligation to update or revise any Forward-Looking Statement whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year period ended 31 December 2022

	Note	31 December	
		2022 A\$	2021 A\$
Interest income		130,155	-
Corporate and administration costs	2	(1,101,255)	-
Exploration and evaluation costs	3	(3,154,970)	(1,297,686)
Loss before income tax		(4,126,070)	(1,297,686)
Income tax expense		-	-
Loss for the period		(4,126,070)	(1,297,686)
Loss attributed to members of the parent		(4,126,070)	(1,297,686)
Other comprehensive income, net of income tax		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the year		-	-
Total comprehensive loss for the year, net of income tax		(4,126,070)	(1,297,686)
Total comprehensive loss attributed to members of the parent		(4,126,070)	(1,297,686)
Earnings per share			
Basic/diluted loss per share (\$ per share)	4	(0.0411)	(1,297,686)

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 at 31 December 2022

	Note	31 December 2022 A\$	30 June 2022 A\$
ASSETS			
Current Assets			
Cash and cash equivalents		12,075,351	15,917,248
Trade and other receivables		131,489	142,931
Total Current Assets		12,206,840	16,060,179
Non-current Assets			
Plant and equipment		209,178	207,919
Right-of-use asset		27,646	48,381
Exploration and evaluation assets	5	5,893,170	5,893,170
Other Assets		10,000	-
Total Non-current Assets		6,139,994	6,149,470
TOTAL ASSETS		18,346,834	22,209,649
LIABILITIES			
Current Liabilities			
Trade and other payables	6	385,424	570,914
Lease liability		28,864	46,118
Provisions		64,111	43,310
Total Current Liabilities		478,399	660,342
Non-current Liabilities			
Lease liability		-	3,670
Provision		3,754	1,541
Total Non-current Liabilities		3,754	5,211
TOTAL LIABILITIES		482,153	655,553
NET ASSETS		17,864,681	21,544,096
EQUITY			
Equity attributable to equity holders of the Company			
Issued Capital	7	25,850,263	25,850,263
Reserves	8	1,008,381	561,726
Accumulated losses		(8,993,963)	(4,867,893)
TOTAL EQUITY		17,864,681	21,544,096

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Change in Equity

For the half-year period ended 31 December 2022

	Issued Capital A\$	Share Based Payment Reserve A\$	Accumulated Losses A\$	Total Equity A\$
Half-Year Ended 31 December 2022				
Balance at 1 July 2022	25,850,263	561,726	(4,867,893)	21,544,096
Net loss for the year	-	-	(4,126,070)	(4,126,070)
Other comprehensive income				
Total other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year	-	-	(4,126,070)	(4,126,070)
Transactions with owners, recorded directly in equity				
Share based payment expense	-	446,655	-	446,655
Total transactions with owners	-	446,655	-	446,655
Balance at 31 December 2022	25,850,263	1,008,381	(8,993,963)	17,864,681
Half-Year Ended 31 December 2021				
Balance at 1 July 2021	1	-	(1,124,948)	(1,124,948)
Net loss for the year	-	-	(1,297,686)	(1,297,686)
Other comprehensive income				
Total other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year	-	-	(1,297,686)	(1,297,686)
Transactions with owners, recorded directly in equity				
Total transactions with owners	-	-	-	-
Balance at 31 December 2021	1	-	(2,422,634)	(2,422,633)

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year period ended 31 December 2022

	Note	31 December 2022 A\$	2021 A\$
Cash flows from operating activities			
Interest received		131,439	-
Interest and other costs of finance paid		(1,201)	-
Payments to suppliers and employees		(831,157)	-
Payments for exploration expense		(3,109,463)	-
Net cash outflow from operating activities		(3,810,382)	-
Cash flows from investing activities			
Purchase of plant and equipment		(47,150)	-
Payment for other assets		(10,000)	-
Net cash outflow from investing activities		(57,150)	-
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(20,924)	-
Receipts relating to capital raising costs		46,559	-
Net cash inflow from financing activities		25,635	-
Net decrease in cash and cash equivalents held		(3,841,897)	-
Cash and cash equivalents at the beginning of the financial year		15,917,248	1
Cash and cash equivalents at the end of the financial year		12,075,351	1

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

1. Summary of significant accounting policies

This interim consolidated financial report of Solstice Minerals Limited (Solstice or Company) and its consolidated entity (Consolidated Entity or Group) for the half-year reporting period ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting and the Corporations Act 2001.

Solstice is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim consolidated financial report of the Group for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors.

a. Basis of Preparation of Half-Year Financial Report

The general-purpose financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2022, other than as detailed below.

b. New Standards, Interpretations and Amendments

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022. These did not have any significant impact on the Group's financial statements.

c. Issued Standards and Interpretations Not Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ended 31 December 2022. These are not expected to have any significant impact on the Group's financial statements. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial report.

Standard / Interpretation	Application Date of Standard	Application Date for Company
<i>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i>	<i>January 1, 2022</i>	<i>July 1, 2022</i>
<i>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	<i>January 1, 2023</i>	<i>July 1, 2023</i>
<i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	<i>January 1, 2024</i>	<i>July 1, 2024</i>
<i>AASB 2022-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i>	<i>January 1, 2024</i>	<i>July 1, 2024</i>

Notes to and forming part of the Financial Statements

d. Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recoverability of exploration and evaluation assets

In accordance with the Company's accounting policy, management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made. See note 5 for disclosure of carrying values.

2. Corporate and administration costs

	31 December	
	2022	2021
	A\$	A\$
Corporate and administration costs		
Personnel costs	857,841	-
Directors' fees	87,816	-
Rent and occupancy costs	38,921	-
Other corporate and administration costs	116,677	-
Total Corporate and administration costs	1,101,255	-

3. Exploration and Evaluation costs

	31 December	
	2022	2021
	A\$	A\$
Exploration and evaluation costs		
Personnel costs	825,244	472,002
Tenement rent, rates and management costs	153,258	114,241
Drilling and assay costs	1,801,571	254,200
Other exploration and evaluation costs	374,897	427,243
Total Exploration and evaluation costs	3,154,970	1,297,686

Notes to and forming part of the Financial Statements

4. Earnings Per Share

	31 December	
	2022	2021
	A\$	A\$
Earnings per share		
Basic and diluted loss per share (\$ per share)	(0.0411)	(1,297,686)

	31 December	
	2022	2021
	A\$	A\$

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

Net loss used in calculating basic and diluted loss per share:

Net loss from continuing operations	(4,126,070)	(1,297,686)
Net loss used in calculations of basic and diluted loss per share	(4,126,070)	(1,297,686)

	Number of Shares	
	31 December	
	2022	2021
Weighted average number of ordinary shares used in calculating basic loss per share	100,286,809	1
Effect of dilutive securities ⁽ⁱ⁾	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share	100,286,809	1

Note:

- (i) Non-dilutive securities: As at balance date 10,650,000 unlisted options and 14,713,191 listed options, which together represent 25,363,191 potential ordinary shares were not considered dilutive for the purposes of calculating the diluted loss per share for the half-year ended 31 December 2022.
- (ii) Other than as disclosed in Note 12, there have been no conversion, calls, subscriptions or issues of shares or options subsequent to balance date.

Notes to and forming part of the Financial Statements

5. Non-Current Assets – Exploration & Evaluation Assets

	31 December 2022 A\$	30 June 2022 A\$
Non-Current Assets – Exploration & Evaluation Assets		
Exploration & Evaluation Assets		
Eastern Goldfields, Western Australia – Yarri	3,941,685	3,941,685
Eastern Goldfields, Western Australia – Kalgoorlie	1,797,256	1,797,256
Eastern Goldfields, Western Australia – Yundamindra	154,229	154,229
Net carrying amount	5,893,170	5,893,170

There were no acquisitions, or disposal of Exploration and Evaluation assets during the half-year period ended 31 December 2022.

6. Current Liabilities – Trade and other payables

	31 December 2022 A\$	30 June 2022 A\$
Current Liabilities – Trade and other payables		
Trade and other creditors	385,424	570,914
Total trade and other creditors	385,424	570,914

Payables are non-interest bearing and generally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

7. Issued Capital

	31 December 2022 A\$	30 June 2022 A\$
Issued Capital		
Issued and Paid Up Capital		
100,286,809 (30 June 2022: 100,286,809) fully paid ordinary shares	25,850,263	25,850,263

There were no movements in ordinary share capital in the half-year period ended 31 December 2022.

Notes to and forming part of the Financial Statements

8. Reserves

	31 December 2022 A\$	30 June 2022 A\$
Reserves		
Share-based payments reserve	1,008,381	561,726
Total reserves	1,008,381	561,726

(a) Nature and purpose of reserves

Share-Based Payments Reserve

The share-based payments reserve is used to recognize the share-based payment expense compensation at the grant date and record the grant date fair value of share-based payments and other option grants made by the Company.

(b) Movements in Share-Based Payments Reserve

Date	Details	Number of Unlisted Options	Number of Performance Rights	\$
1 July 2022	Opening Balance	10,250,000	-	561,726
23 August 2022	Issue of unlisted options ^{(i),(ii)}	500,000	-	-
23 August 2022	Issue of performance rights		615,000	
27 October 2022	Cancellation of unlisted options & performance rights	(100,000)	(50,000)	
16 November 2022	Issue of performance rights		250,000	
30 November 2022	Cancellation of performance rights		(15,000)	
30 December 2022	Cancellation of performance rights ⁽ⁱⁱⁱ⁾		(25,000)	
31 December 2022	Share-based payment expense for the period			446,655
31 December 2022	Closing balance	10,650,000	775,000	1,008,381

Note:

- (i) The Unlisted Options ('Options') are granted based on the following terms and conditions:
- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
 - The 500,000 unlisted options have an exercise price of \$0.29 each and expire on 22 April 2026.
 - The Options are exercisable at any time prior to the Expiry Date, subject to the vesting conditions being satisfied (if applicable). The Options vest in 3 equal portions on the date of issue and the first and second anniversary, respectively, of the date of issue.
- (ii) The fair value of the equity-settled share options granted is estimated as at the date of grant using the Hoadley's Binomial Option Price Model taking into account the terms and conditions upon which the options were granted.

Notes to and forming part of the Financial Statements

- (iii) The Share Register at 31 December 2022 showed 800,000 Performance Rights on issue. This includes the 25,000 Performance Rights cancelled effective 30 December 2022, and was subsequently rectified in the Share Registry post year end.
- (iv) The following table lists the inputs to the valuation model used for the share options granted by the Company during the half-year ended 31 December 2022:

Valuation Model Input	\$0.29 Options 23 Aug
Exercise price	\$0.2900
Share price	\$0.1625
Dividend yield ^(a)	Nil
Volatility ^(b)	110%
Risk-free interest rate	3.269%
Grant date	23/8/22
Expiry date	22/4/26
Expected life of option (years) ^(c)	3.67
Number of options granted	500,000
Fair value at grant date	\$0.1034
Total Valuation	\$51,700

Note:

- a. The dividend yield reflects the assumption that the current dividend pay-out will remain unchanged.
- b. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.
- c. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.
- (v) The Performance Rights ('Rights') are granted based on the following terms and conditions:
- Each Right entitles the holder to subscribe for one Share upon exercise of each Right.
 - The Rights are granted for nil consideration and expire on 9 September 2027.
 - The Rights are exercisable at any time prior to the Expiry Date, subject to the vesting conditions being satisfied (if applicable). The Rights vest at the later of
 - A final investment decision being made with respect to any of the Group's mining projects;
 - The date that is three years after the date on which the Rights are granted.

Notes to and forming part of the Financial Statements

- (vi) The Fair value of the equity settled performance rights granted is estimated as at the date of grant using the share price at the grant date against the number of securities expected to vest.

Valuation Model Input	Performance Rights	
	23 August 2022	16 November 2022
Exercise price	\$0.0000	\$0.0000
Share price	\$0.1625	\$0.1450
Grant date	23/08/22	16/11/2022
Expiry date	09/09/27	09/09/27
Number of performance rights granted	615,000	250,000
Fair value at grant date	\$0.1625	\$0.1450
Total Valuation	\$99,938	\$36,250

9. Related Party Disclosures

a) Transactions with Related Parties in the Group

The Group consists of Solstice Minerals Limited (the parent entity) and its controlled entity GreenCorp Metals Pty Ltd. Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

There were no changes in the composition of the Group during the reporting period.

b) Transactions with former Ultimate Parent Company

Post-demerger, the Group entered into a Transitional Services Agreement with OreCorp Limited (the former ultimate parent company and for which the directors and Ms Tania Cheng were KMP's). During the half-year ended 31 December 2022 the Group incurred \$197,937 for services provided under the agreement.

c) Transactions with Other Related Parties

On 24 January 2023, Mr Nick Castleden was appointed Managing Director, with a salary of \$325,000 per annum. Upon appointment, Mr Castleden was also granted 4,500,000 unlisted options, with an exercise price of \$0.29 and expiring 24 January 2027.

There were no other related party transactions during the half year period ended 31 December 2022.

10. Segment Information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision makers, being the Board of Directors and executives of the Group, in order to allocate resources to the segment and to assess its performance.

The Group operates in one reporting segment, being mineral exploration and one geographical segment, being Western Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

Notes to and forming part of the Financial Statements

11. Commitments and Contingent Liabilities

There has been no material change to commitments and contingencies since June 2022.

12. Significant Post Balance Date Events

On 24 January 2023, Mr Nick Castleden was appointed Managing Director, with a salary of \$325,000 per annum. Upon appointment, Mr Castleden was also granted 4,500,000 unlisted options, with an exercise price of \$0.29 and expiring 24 January 2027.

Directors' Declaration

In accordance with a resolution of the Directors of Solstice Minerals Limited:

The Directors declare that:

- (a) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - i. comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



NICK CASTLEDEN
Managing Director

10 March 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SOLSTICE MINERALS LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 10th day of March 2023

Solstice Minerals Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Solstice Minerals Limited (the Company) and the entity it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 half-year financial report of the consolidated group is not in accordance with the *Corporations Act 2001* including:

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

Basis for Conclusion

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

Responsibility of Management for the Financial Report

The directors of the Company 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.

Solstice Minerals Limited
Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Auditor's Responsibilities 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 consolidated 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.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 10th day of March 2023