



**Stelar Metals Limited and its Controlled Entities**

**ABN 43 651 636 065**

**ANNUAL FINANCIAL REPORT  
FOR THE PERIOD 2 JULY 2021 (date of  
incorporation) TO 30 JUNE 2022**

**Stelar Metals Limited**  
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**For the period ended 30 June 2022**

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**Stelar Metals Limited**  
**Corporate Information**  
**For the period ended 30 June 2022**

**Directors**

Stephen Biggins (Non-Executive Chairman)  
Geoffrey Webster (Non-Executive Director)  
William Dix (Non-Executive Director)

**Company Secretaries**

Jack Rosagro  
Nick Harding

**Registered Office / Principal Place of Business**

22 Greenhill Road  
Wayville, SA 5034

Telephone: +61 8 8372 7881  
Email: info@stelarmetals.com.au  
Website: stelarmetals.com.au

**Share Register**

Link Market Services Limited  
QV1 Buildings  
Level 12, 250 St Georges Terrace  
Perth WA 6000

Telephone: +61 1300 554 474

**Auditor**

Grant Thornton Audit Pty Ltd  
Central Park  
Level 43, 152-158 St Georges Terrace  
Perth WA 6000

**Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

**Principal Bankers**

Westpac Banking Corporation  
275 Kent Street  
Sydney NSW 2000

**Stock Exchange Listing**

Stelar Metals Limited shares are listed on the Australian Securities Exchange (ASX code: SLB)

**Stelar Metals Limited**  
**Directors' Report**  
**For the period ended 30 June 2022**

The Directors present their report, together with the consolidated financial report for Stelar Metals Limited (the "Company") and its controlled entities (the "Group") for the period 2 July 2021 (being the date of incorporation) to 30 June 2022.

**Directors**

The names of Directors in office at any time during or since the end of the period ended 30 June 2022 were as follows:

<b>Name</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Stephen Biggins	Non-Executive Chairman	2 July 2021	-
Geoffrey Webster	Non-Executive Director	12 November 2021	-
William Dix	Non-Executive Director	12 November 2021	-

**Principal Activities**

The principal activities of the Group are the exploration and development of its battery-metal copper and zinc projects located in South Australia and assessment of any other opportunities that are available that have a strategic fit for the Company with the intention of providing maximum value to Shareholders for their investment.

**Review of Operations**

Stelar Metals Limited was incorporated on 2 July 2021 as a holding company to complete the acquisition of six exploration licenses in South Australia from Resource Holdings Pty Ltd and BR1 Holdings Pty Ltd respectively, gain admission to the ASX Official List and to explore and evaluate the projects acquired.

Prior to listing, the Group raised seed capital and incurred mainly corporate and administration costs associated with company incorporation and pre-Initial Public Offer (IPO) activities.

On 8 March 2022, the Company acquired 100% of the issued capital of Resource Holdings No. 1 Pty Ltd and BR2 Pty Ltd following the issue of 6,200,000 fully paid ordinary shares at a price of \$0.20 per share to the vendors of Resource Holdings No. 1 Pty Ltd and 1,800,000 fully paid ordinary shares at a price of \$0.20 per share to the vendors of BR2 Pty Ltd, pursuant to the Consideration Offer.

*Corporate*

- Successfully raised \$7 million via an Initial Public Offer (IPO) by issuing 35,000,000 fully paid ordinary shares at \$0.20 per share resulting in listing on the Australian Securities Exchange (ASX) on 18 March 2022.
- A number of Board appointments occurred in the period, including the appointment of Mr Stephen Biggins as founding director on incorporation of the Company, and Mr Geoffrey Webster and Mr William Dix as Non-Executive Directors in November 2021.
- Concurrent to the IPO and Consideration Offer, 4,000,000 options were issued to the Lead Manager (or nominees) pursuant to the Lead Manager Offer.

*Operations*

Following successfully listing on the ASX, Stelar Metals immediately began utilising its funds to test for critical metals in its portfolio of five highly prospective copper and zinc projects located in prospective mining regions of South Australia – the Gawler Craton, Stuart Shelf and Adelaide Fold Belt.

Stelar Metals' project portfolio on listing included the ex-BHP and ex-Rio Evelyn Dam Project (EL 5792) and the Torrens Project (EL 6572 & EL 6264), which are prospective for large-scale iron oxide copper-gold (IOCG) target types within the Olympic Province in the Gawler Craton; and the Linda Zinc Project (EL 6263), which features zinc mineralisation initially discovered by BHP similar to the nearby high-grade Beltana Zinc Mine.

Subsequent to the end of the financial year, in August 2022 the Company was granted the Gunson Project (EL 6812 and EL 6824), which is adjacent to a series of historic open pit copper mines and deposits at Mount

**Stelar Metals Limited**  
**Directors' Report**  
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Gunson, and the Baratta Project (EL 6803), which is prospective for Zambian-style sediment-hosted copper as well as zinc-lead mineralisation.

The South Australian projects provide the Company with significant exposure to critical metals at a time of growing market demand. Commodity prices for copper and zinc are projected to continue to increase beyond 2030, but to date, exploration has not kept up with demand as the transition to clean energy through electrification becomes an imperative.

***Evelyn Dam IOCG Project***

In early June, Stelar Metals achieved a significant milestone when it commenced its inaugural diamond drilling program at the Evelyn Dam Iron Oxide Copper Gold (IOCG) Project. Evelyn Dam is one of the largest untested gravity anomalies on the Gawler Craton.

The drilling program initially comprised a single deep diamond hole to a nominal depth of 1500m and was located south of EVE001 previously drilled by Rio Tinto. Stelar's hole was designed as an angle hole to intersect the high-level gravity peak at 1,500-1,800m drilled depth.

While there were some initial delays in the early stages of the program with navi-drilling required to reorientate the hole back towards the target gravity anomaly, core recovery was more than 99% reflecting the good, hard competent ground which geologically has been very similar to EVE001. Initial results from the hole are expected in Q4 CY2022.

Stelar believes that results from reprocessing of the gravity and magnetic surveys by BHP and others indicate Evelyn Dam has the potential to be a large Olympic Dam style IOCG (iron-oxide copper gold) target and worthy of deep drill testing.

***Linda Zinc Project***

Initial reconnaissance activity by Stelar Metals at the Linda Zinc Project included acquisition and processing of satellite imagery acquired and processed by CSA Global using principal component and cluster analysis to define spectral anomalies. This has resulted in several target areas being identified across the project area. The initial work also included fieldwork and relogging of historic 1984 BHP drill core located in the South Australian Core Library.

Mineralisation was observed in hand specimens and outcrop, confirming that the geological setting at Linda is considered highly prospective for economic carbonate-hosted zinc. A series of geological mapping, surface sampling and geochemical surveys were also undertaken in the lead up to Stelar's first drilling program on the Project planned for later in 2022.

Stelar Metals' initial soil geochemical survey identified a large coherent zinc soil anomaly extending 300m x 250m with values up to 0.7% zinc and up to 675ppm lead in soils. The anomaly remains open to the southeast and northwest. This survey undertaken over the Linda Project obtained 279 samples collected on nominal 10-20m centres and analysed using a portable XRF. The large magnitude of the zinc soil anomaly defined supports the view that the geological setting at Linda is considered highly prospective for economic carbonate-hosted zinc.

High-grade rock-chip samples assaying 16.5% Zn & 1% Pb (sample L00166) and 14.1% Zn & 8.5% Pb (sample L00167) were collected by Stelar from outcrop at the Linda Prospect during May. The Company believes Linda has a comparable geological setting to the high-grade copper-zinc mineralisation at Kipushi in the Central African Copper Belt and was previously explored by BHP in the 1980s following up anomalous stream-sediment anomalies.

High-grade zinc and lead mineralisation at Linda is hosted within similar Cambrian limestone sequences as Perilya's Beltana Zinc Mine and the historic Third Plain zinc resource located only 10km along strike from Linda.

Stelar is currently negotiating a Native Title Management Agreement with the Traditional Owners and plans to commence heritage clearance surveys soon with the aim of seeking drilling approval from the South Australian regulators.

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***Baratta Copper Project***

Stelar added to its strong portfolio of assets in August 2022 when it was granted Exploration Licence (EL 6803) comprising the Baratta Copper Project in South Australia, which is considered prospective for both Zambian-style Sediment-hosted copper and MVT-style lead-zinc mineralisation.

The historic Baratta Copper Mine, adjacent to Stelar's tenure, produced copper ore between 1896 and 1904 from a zone of workings 7.5km long on the northern limb of the Bibliando Dome.

The same structure that is interpreted to control copper mineralisation at the Baratta mine is exposed over a significant strike length in the eastern part of Stelar's Baratta tenement and is considered prospective for copper, lead and zinc.

Exploration on EL 6803 has been very limited to date but has revealed some interesting anomalies and mapped out extensive tracts of mineralisation at surface. In its day, the adjacent historic Baratta Copper Mine was a significant project.

Stelar's initial work programmes will include geological mapping, soil sampling and rock-chip sampling focusing on the Tindelpina Shale Member and the diapiric structures to refine targets for future drill testing. The available existing geophysical datasets are also being compiled and reprocessed to assist in determining geology and the structural architecture. IP data collected by previous explorers is being re-compiled, inverted and modelled for targeting.

***Gunson Copper Project***

The Gunson Project tenements (EL 6572 & EL 6264) were granted in August 2022 and is located 2km from the Mt Gunson Copper Mine. The Pernatty Culmination has recently been the focus for explorers such as Coda Minerals and DGO Gold which have reported several significant sediment-hosted copper and IOCG discoveries and JORC resources such as Emmie Bluff, Emmie Bluff Deeps, MG14, Windabout, and Elaine.

Stelar Metals has started compiling historic datasets and reprocessing geophysical datasets in anticipation of field exploration later in 2022.

***Torrens IOCG Project***

The Torrens Project (EL 6264 & EL 6572) is located ~40km east of BHP's Olympic Dam Mine. It is an ex WMC project with multiple large-scale geophysical anomalies but hosts only four historic drill holes, with only one hole (BLD 3) reaching basement at 872m depth.

Stelar's primary target at Torrens is IOCG at depth related to coincident magnetic and gravity anomalies, while overlying Adelaidean and Cambrian Limestones are considered prospective for sediment-hosted copper and zinc mineralisation.

**Review of Results**

The Group incurred a net loss after tax for the period ended 30 June 2022 of (\$759,248). As at 30 June 2022, the Group had a net asset position of \$7,738,000.

As at 30 June 2022, the Company held \$5,930,966 in cash and cash equivalents.

**Significant Changes in State of Affairs**

Other than the events described in the Review of Operations above, there have been no other significant changes in the state of affairs of the Company during the period.

**Events Subsequent to Reporting Period**

On 9 August 2022, the Company announced that Exploration Licence EL6803 comprising the Baratta Copper Project, had been granted by the Government of South Australia.

On 30 August 2022, the Company announced that Exploration Licences EL6812 and EL6824 comprising the Gunson Copper Project, had been granted by the Government of South Australia.

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**Events Subsequent to Reporting Period (continued)**

No other matter or circumstance has arisen since 30 June 2022 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.

**Likely Developments and Expected Results of Operations**

Following completion of the acquisition of Resource Holdings No. 1 Pty Ltd and BR2 Pty Ltd, the IPO and ASX listing, the Company has continued to advance the Group's exploration strategy in relation to the acquired projects within South Australia.

**Stelar Metals Limited**  
**Directors' Report**  
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**Directors' Details**

**Name** Stephen Biggins  
**Title** Non-Executive Chairman  
**Experience** Mr Biggins has 25 years' experience as a geologist and as an executive in both the mining industry in Australia and internationally.

Mr Biggins has applied his Honours Degree in Geology and MBA as the founding Managing Director of several ASX-listed companies. Mr Biggins has built prospective portfolios of lithium, gold, uranium and base metal exploration projects in Australia, Asia and Africa.

Mr Biggins previously served as founding director of Southern Gold (ASX: SAU) from 2005 to 2010 and led the acquisition and discovery of the Cannon Gold Mine in Western Australia. Mr Biggins was also a founding director of Investigator Resources Ltd (ASX: IVR) which has discovered a high-grade Paris Silver resource in South Australia on its founding projects.

**Interest in Shares & Options** 9,000,001 fully paid ordinary shares  
3,000,000 options exercisable at \$0.30 expiring 18 March 2025 (3 years after date of ASX quotation)

**Other Listed Entity Directorships** Current - Director of Core Lithium (ASX: CXO).

**Name** Geoffrey Webster  
**Title** Non-Executive Director  
**Experience** Mr Webster is a Chartered Professional Engineer, graduating with honours from the University of Adelaide, and is the director of a specialist engineering consultancy located in South Australia. He is a member of the Australian Institute of Company Directors and has been awarded a MBA through Latrobe University.

With nearly 20 years' experience in the engineering sectors, Mr Webster has previously worked as the General Manager for ASX 200 listed company in a national capacity, as well as working as the project manager for a Hong Kong-based investment company. Mr Webster is currently the deputy chair of not-for-profit entity. Mr Webster has recently been appointed National President of a peak body for all stakeholders in the resource recovery industry.

**Interest in Shares & Options** 100,000 fully paid ordinary shares  
1,000,000 options exercisable at \$0.30 expiring 18 March 2025 (3 years after date of ASX quotation).

**Other Listed Entity Directorships** None

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**Directors' Report**  
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**Directors' Details (continued)**

<b>Name</b>	William Dix
<b>Title</b>	Non-Executive Director
<b>Experience</b>	<p>Mr Dix is a geologist with 23 years' experience in base metal, gold and uranium exploration and mining. Earlier in his career, he spent seven years with the highly successful international nickel producer LionOre Mining International in a variety of exploration, mining and management roles.</p> <p>He has a proven track record of successful project and team management and also has extensive experience in commercial activities including capital raisings, mergers, acquisitions and divestments. He holds a Bachelor of Science and Master of Science (Geology) from Monash University and is a member of AusIMM.</p>
<b>Interest in Shares &amp; Options</b>	<p>350,000 fully paid ordinary shares 1,000,000 options exercisable at \$0.30 expiring 18 March 2025 (3 years after date of ASX quotation)</p>
<b>Other Listed Entity Directorships</b>	<p>Current - Managing Director of Todd River Resources (ASX:TRT) Previous - Director of BBX Minerals Limited (ASX:BBX)</p>

Other current directorships' quoted on the preceding pages are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated. Former directorships (last 3 years) quoted on the preceding pages are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company Secretaries**

Jack Rosagro is a Chartered Company Secretary, a Fellow of Governance Institute of Australia, and holds a Bachelor of Commerce majoring in Finance. He has 16 years' experience in capital markets, share registry, and governance. He is currently the company secretary for several ASX listed clients including Intra Energy Corporation Limited (ASX: IEC) and Harvest Technology Group Limited (ASX: HTG).

Nick Harding is a qualified accountant, company secretary and finance professional with over 30 years' experience working in the resources industry. After previously holding senior finance roles with WMC Resources, Normandy Mining and Newmont Australia, Nick has for the past 15 years provided consulting finance and company secretarial services to a number of ASX listed junior explorers and developers, the most recent being Andromeda Metals Limited (ASX:ADN).

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**Directors' Report**  
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**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 June 2022 and the number of meetings attended by each director were:

	<b>Board Meeting</b>		<b>Audit &amp; Risk Management / Remuneration and Nomination Committee Meetings*</b>	
	<b>Eligible to Attend</b>	<b>Attended</b>	<b>Eligible to Attend</b>	<b>Attended</b>
Stephen Biggins	3	3	-	-
Geoffrey Webster	3	3	-	-
William Dix	3	3	-	-

\* these are conducted by the Board as a whole, as part of board meetings.

The Board also approved 21 circular resolutions during the period ended 30 June 2022 which were signed by all Directors of the Company.

## **REMUNERATION REPORT (AUDITED)**

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and the Corporation Regulations 2001. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all directors.

The key management personnel of Stelar Metals Limited for the financial period consists of:

- Stephen Biggins (Non-Executive Chairman – appointed 2 July 2021)
- Geoffrey Webster (Non-Executive Director – appointed 12 November 2021)
- William Dix (Non-Executive Director – appointed 12 November 2021)
- Colin Skidmore (Chief Executive Officer – appointed 2 December 2021)

### **Principles used to Determine the Nature and Amount of Remuneration**

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Fixed remuneration consists of base remuneration, as well as employer contributions to superannuation funds where applicable.

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts for example, and subject to any necessary Shareholder approval, non-cash performance incentives (such as Options and Performance Rights) as the Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. The Company has adopted an employee incentive scheme titled "Employee Securities Incentive Plan" (Plan).

Where agreed by the Board, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

As the Company was incorporated in the current period, the Company is yet to hold its first Annual General Meeting and hence, no previous Remuneration Report has been presented to shareholders for adoption.

The Company did not engage any remuneration consultants during the financial period.

**Stelar Metals Limited**  
**Directors' Report**  
**For the period ended 30 June 2022**

**Principles used to Determine the Nature and Amount of Remuneration (continued)**

*Service Agreements*

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

**Colin Skidmore**  
*Chief Executive Officer*

Commenced employment: 1 December 2021 (agreement executed 2 December 2021)

Term: Two year unless terminated with 3-months' notice by Employer or Executive

Remuneration: Base salary of \$218,182 (exclusive of superannuation). Executive may be entitled to a performance-based bonus, short-term incentive payment or long-term incentive payment as determined by the Board from time to time (cash, shares, options, performance rights or other securities) with due consideration of key performance indicators set by the Board. No termination payments are foreseen in the agreement.

*Performance on shareholder wealth*

	<b>30 June 2022</b>
	<b>\$</b>
Earnings per share (cents)	(4.39)
Dividends	-
Net loss after tax	(759,248)
Share price	0.189

In accordance with the Company's performance evaluation policy, an annual review of the role of the Board will assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively. This review includes the evaluation of the remuneration of the Company's senior executives. This evaluation must be based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

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**Directors' Report**  
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**Details of Remuneration**

Details of the remuneration of key management personnel of the Company are set out in the following table.

	Short-term benefits		Post-employment benefits		Share-based payments		Total
	Salary and fees	Cash bonus	Non-monetary	Super-annuation	Equity-settled shares	Equity-settled options	
<b>2022</b>	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>							
Stephen Biggins <sup>1</sup>	20,036	-	-	2,004	-	25,579	47,619
Geoffrey Webster <sup>2</sup>	12,944	-	-	1,294	-	25,579	39,817
William Dix <sup>2</sup>	12,944	-	-	1,294	-	25,578	39,816
<i>Key Management Personnel</i>							
Colin Skidmore <sup>3</sup>	127,273	-	-	12,727	-	-	140,000
	<b>173,197</b>	-	-	<b>17,319</b>	-	<b>76,736</b>	<b>267,252</b>

<sup>1</sup> Appointed on 2 July 2021

<sup>2</sup> Appointed on 12 November 2021

<sup>3</sup> Appointed on 2 December 2021

**Stelar Metals Limited**  
**Directors' Report**  
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**Details of Remuneration (continued)**

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

	<b>Fixed remuneration</b>	<b>At Risk – STI</b>	<b>At Risk – LTI</b>
<b>2022</b>			
<i>Directors</i>			
Stephen Biggins <sup>1</sup>	100%	-	-
Geoffrey Webster <sup>2</sup>	100%	-	-
William Dix <sup>2</sup>	100%	-	-
 <i>Key Management Personnel</i>			
Colin Skidmore <sup>3</sup>	100%	-	-

<sup>1</sup> Appointed on 2 July 2021

<sup>2</sup> Appointed on 12 November 2021

<sup>3</sup> Appointed on 2 December 2021

**Share-based Compensation**

*Options Issued as Remuneration*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period are as follows.

	<b>Number of Options Granted</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Fair Value per Option (\$)</b>
<b>2022</b>						
<i>Directors</i>						
Stephen Biggins	1,000,000	16-Nov-21	16-Nov-21	18-Mar-25	0.30	0.02558
Geoffrey Webster	1,000,000	16-Nov-21	16-Nov-21	18-Mar-25	0.30	0.02558
William Dix	1,000,000	16-Nov-21	16-Nov-21	18-Mar-25	0.30	0.02558
 <i>Key Management Personnel</i>						
Colin Skidmore	-	-	-	-	-	-

On 17 November 2021, 3,000,000 share options were issued to the directors of the Company. The options are exercisable at \$0.30 per option by 18 March 2025 (3 years after the date of admission of the Company to the ASX Official List). The options were not subject to any underlying vesting conditions and vested immediately on grant date. The options were granted on formal appointment of the respective directors via Letters of Appointment as an incentive for being appointed to the Board.

Options granted carry no dividend or voting rights. All options were granted over unissued fully paid ordinary shares in the Company. The options were valued using the Black-Scholes model and vested immediately on grant date. Options are only exercisable by the holder after the escrow date (which is 18 March 2024 – 24 months after the date of admission of the Company to the ASX Official List). There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

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**Details of Remuneration (continued)**

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation are set out below:

	<b>Value of options granted/vested during the period</b>	<b>Value of options exercised during the period</b>	<b>Value of options lapsed during the period</b>	<b>Remuneration consisting of options for the period</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<i>Directors</i>				
Stephen Biggins	25,579	-	-	54
Geoffrey Webster	25,579	-	-	64
William Dix	25,579	-	-	64
<i>Key Management Personnel</i>				
Colin Skidmore	-	-	-	-

**Additional Disclosures Relating to Key Management Personnel**

*Shareholding*

The number of shares in the Company held during the financial period ended 30 June 2022 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

<b>2022</b>	<b>Balance at the start of the period</b>	<b>Balance at appointment</b>	<b>Additions<sup>1</sup></b>	<b>Other</b>	<b>Balance at the end of the period</b>
<i>Directors</i>					
Stephen Biggins	-	-	9,000,001	-	9,000,001
Geoffrey Webster	-	-	100,000	-	100,000
William Dix	-	-	350,000	-	350,000
<i>Key Management Personnel</i>					
Colin Skidmore	-	-	-	-	-
	-	-	<b>9,450,001</b>	-	<b>9,450,001</b>

<sup>1</sup> Acquired for cash via Initial Public Offer (IPO) or pre-IPO seed

*Option holding*

The number of options over ordinary shares in the Company held during the financial period ended 30 June 2022 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

<b>2022</b>	<b>Balance at the start of the period</b>	<b>Granted</b>	<b>Other</b>	<b>Expired / Forfeited / Exercised</b>	<b>Balance at the end of the period</b>
<i>Directors</i>					
Stephen Biggins	-	1,000,000	2,000,000 <sup>1</sup>	-	3,000,000
Geoffrey Webster	-	1,000,000	-	-	1,000,000
William Dix	-	1,000,000	-	-	1,000,000
<i>Key Management Personnel</i>					
Colin Skidmore	-	-	-	-	-
	-	<b>3,000,000</b>	<b>2,000,000</b>	-	<b>5,000,000</b>

<sup>1</sup> These options are free-attaching options relating to subscribed Seed Shares.

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**Directors' Report**  
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**Additional Disclosures Relating to Key Management Personnel (continued)**

*Other Equity-related Key Management Personnel Transactions*

There have been no other transactions involving equity instruments apart from those described in the tables above relating to shareholdings and options.

**Other Transactions with Key Management Personnel and/or their Related Parties**

There were no other transactions conducted between the Company and Key Management Personnel or their related parties, apart from those disclosed above, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

**End of Remuneration Report (Audited)**

**Share Options**

At the date of this report, the unissued ordinary shares of the Company under option are as follows.

<b>Number of Options Granted</b>	<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>
2,000,000 *	24 September 2021	18 March 2025	0.30
1,500,000 *	25 October 2021	18 March 2025	0.30
3,000,000	16 November 2021	18 March 2025	0.30
4,000,000	9 March 2022	18 March 2025	0.30

**Environmental regulation**

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

**Non-Audit Services**

The following non-audit services were provided by a related entity of the Group's auditor, Grant Thornton Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Grant Thornton Corporate Finance Pty Ltd received the following amounts for the provision of non-audit services:

Grant Thornton Corporate Finance Pty Ltd received the following amounts for the provision of non-audit services:

	<b>\$</b>
Assurance related – Investigating accountants' report	15,000

**Indemnity and Insurance of Directors and Officers**

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Stelar Metals Limited**  
**Directors' Report**  
**For the period ended 30 June 2022**

**Indemnity and Insurance of Auditor**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Audit Pty Ltd during or since the financial period.

**Proceedings of Behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Auditor's Independence Declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 has been received and immediately follows the Directors' Report.

**Dividends Paid or Recommended**

No dividends were paid or recommended during the period ended 30 June 2022.

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of sound corporate governance. The Company continued to follow best practice recommendations as set out by the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website.

Signed in accordance with a resolution of the Directors.



Stephen Biggins  
Non-Executive Chairman  
23 September 2022

## Auditor's Independence Declaration

### To the Directors of Stelar Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Stelar Metals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 23 September 2022

**Stelar Metals Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the period 2 July 2021 to 30 June 2022**

	<b>Note</b>	<b>2 Jul 2021 - 30 Jun 2022 \$</b>
<b>Expenses</b>		
Depreciation		(773)
Employee expenses	2	(284,999)
Exploration expenses		(27,497)
Corporate and administration costs	3	(445,415)
Other expenses		(564)
<b>Loss before income tax</b>		<b>(759,248)</b>
Income tax expense		-
<b>Loss after income tax for the period attributable to the owners</b>		<b>(759,248)</b>
Other comprehensive income for the period, net of tax		-
<b>Total comprehensive loss for the period attributable to the owners</b>		<b>(759,248)</b>
Basic and diluted loss per share (cents)	14	(4.39)

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

**Stelar Metals Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2022**

	Note	30 Jun 2022 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5	5,930,966
Trade and other receivables	6	110,021
<b>Total Current Assets</b>		<b><u>6,040,987</u></b>
<b>Non-Current Assets</b>		
Property, plant & equipment		119,629
Exploration and evaluation asset	7	2,035,650
<b>Total Non-Current Assets</b>		<b><u>2,155,279</u></b>
<b>Total Assets</b>		<b><u>8,196,266</u></b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	9	447,448
Employee Benefits	10	10,818
<b>Total Current Liabilities</b>		<b><u>458,266</u></b>
<b>Total Liabilities</b>		<b><u>458,266</u></b>
<b>Net Assets</b>		<b><u><u>7,738,000</u></u></b>
<b>Equity</b>		
Issued capital	11	8,089,230
Share-based payment reserve	12	408,018
Accumulated losses		(759,248)
<b>Total Equity</b>		<b><u>7,738,000</u></b>

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

**Stelar Metals Limited**  
**Consolidated Statement of Changes in Equity**  
**For the period 2 July 2021 to 30 June 2022**

	Note	Issued Capital \$	Share based payment reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 2 July 2021 (date of incorporation)</b>		-	-	-	-
Loss after income tax expense for the period		-	-	(759,248)	(759,248)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		-	-	<b>(759,248)</b>	<b>(759,248)</b>
Transactions with owners in their capacity as owners:					
Issue of founder share	11	1	-	-	1
Issue of shares – corporate advisor	11	950	-	-	950
Issue of shares – promoter	11	25,000	-	-	25,000
Issue of shares – 2 <sup>nd</sup> round seed capital	11	75,000	-	-	75,000
Issue of shares – pre-IPO seed capital	11	400,000	-	-	400,000
Initial public offer – Public Offer	11	7,000,000	-	-	7,000,000
Initial public offer – Consideration Offer	11	1,600,000	-	-	1,600,000
Issue of lead manager options	12	-	331,282	-	331,282
Issue of director options	12	-	76,736	-	76,736
Shares issue costs	11	(1,011,721)	-	-	(1,011,721)
<b>Balance at 30 June 2022</b>		<b>8,089,230</b>	<b>408,018</b>	<b>(759,248)</b>	<b>7,738,000</b>

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

**Stelar Metals Limited**  
**Consolidated Statement of Cash Flows**  
**For the period 2 July 2021 to 30 June 2022**

	<b>Note</b>	<b>2 Jul 2021 – 30 Jun 2022</b>
		<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(653,332)
Payments for exploration expenditure		(15,497)
<b>Net cash (used in) operating activities</b>	19	<u><b>(668,829)</b></u>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure		(131,688)
Payments for PPE		(89,028)
<b>Net cash (used in) investing activities</b>		<u><b>(220,716)</b></u>
<b>Cash flows from financing activities</b>		
Issue of shares		7,500,950
Share issue costs		(680,439)
<b>Net cash provided by financing activities</b>		<u><b>6,820,511</b></u>
Net increase in cash and cash equivalents		5,930,966
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	5	<u><u><b>5,930,966</b></u></u>

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

## **Note 1. Significant Accounting Policies**

### **General**

These consolidated financial statements present the financial information for Stelar Metals Limited (the “Company”) and its controlled entities (the “Group”) as at and for the period from 2 July 2021 (date of incorporation) to 30 June 2022. Stelar Metals Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are 22 Greenhill Road Wayville SA 5034. The financial report was authorised for issue by the Board on 23 September 2022.

### **Basis of Preparation**

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. Stelar Metals Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Except for cash flow information, the consolidated financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The consolidated financial statements have been presented in Australian dollars (AUD), which is the functional currency of the Group.

The Company was incorporated on 2 July 2021 and hence the reporting period is from incorporation to 30 June 2022. As this is the Company’s first financial report, no comparatives have been included.

### **New or Amended Accounting Standards and Interpretations Adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Accounting pronouncements which have become effective from 2 July 2021 and that have been adopted, do not have a significant impact on the Company’s financial results or position.

### **New Accounting Standards and Interpretations Not Yet Mandatory**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **Principles of consolidation**

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Principles of consolidation (continued)**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Income Tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Goods and Services Tax ('GST') and other similar taxes**

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Costs incurred, excluding acquisition costs, prior to the Group having rights to tenure are expensed as incurred.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**Current and Non-Current Classification**

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Property, Plant and Equipment**

Property, plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

*Depreciation*

The depreciable amount of all fixed assets is depreciated over its useful life commencing from the time the asset is held ready for use. Depreciation is computed using the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

- Field Equipment                      3 years
- IT Equipment                            3 years
- Motor vehicles                         5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

**Impairment of Non-Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Financial Instruments**

*Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

*Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

There are no FVPL and FVOCI instruments for the Company.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Financial Instruments (continued)**

*Impairment of Financial assets*

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the requirements included trade and other receivables.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Trade and other receivables*

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

*Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include trade payables and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The Company does not hold any financial liabilities classified as fair value through profit or loss measurement category.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee Benefits**

*Short-Term Benefits*

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*Defined Contribution plans*

The Company participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

*Other Employee Entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. Accruals is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

**Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Fair Value Measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Note 1. Significant Accounting Policies (continued)**

**Fair Value Measurement (continued)**

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Share-Based Payments**

Equity-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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the 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 Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions 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.

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 Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company 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.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 1. Significant Accounting Policies (continued)**

**Issued Capital**

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Basic loss per share is determined by dividing the operating profit / (loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

**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.

*Estimation of useful lives of assets*

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property and plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Income tax*

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Share-Based Payments*

The Company 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 the 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.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 2. Employment Costs**

	<b>30 Jun 2022</b>
	<b>\$</b>
Employee Salaries and Wages	133,573
Director Fees	45,923
Employee Superannuation	13,357
Director Superannuation	4,592
Annual Leave Expense	10,818
Share-based Payment Expense (Director Fees)	76,736
<b>Total Employment Costs</b>	<b><u>284,999</u></b>

**Note 3. Corporate and Administration Costs**

	<b>30 Jun 2022</b>
	<b>\$</b>
ASIC Fees	9,517
ASX & Listing Fees	87,719
Audit Fees	29,468
Accounting and Tax Fees	43,827
Corporate Advisory	99,209
Legal Fees	50,744
Share Registry	8,603
Insurance	16,754
Investor Relations	45,700
Fees, Permits & Subscriptions	13,883
Marketing & Advertising	5,196
Company Secretarial	23,170
IT and Website	9,162
Other Corporate and Administration Costs	2,463
<b>Total Corporate and Administration Costs</b>	<b><u>445,415</u></b>

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 4. Income Tax**

**30 Jun 2022**

**\$**

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of X and the reported tax expense in profit or loss are as follows:

(a) Tax expense comprises:

Current tax	(755,391)
Deferred income tax relating to origination and reversal of temporary differences	755,391
Deferred income tax relating to origination and reversal of tax losses	(423,440)
Non-recognition of deferred tax assets	423,440
<b>Tax expense</b>	<b>-</b>

(b) Accounting profit / (loss) before tax (759,248)

Tax at statutory of 25%	(189,812)
Non-deductible share-based payments	19,184
Non-deductible expenses	118
Deferred Tax Assets not brought to account	170,510
	<b>-</b>

(c) Deferred tax assets and liabilities

Trade and other receivables	(4,847)
Plant and equipment	(29,907)
Exploration and evaluation assets	(508,913)
Trade and other payables	6,667
Short-term provisions	2,704
Business related costs - P&L	202,344
Revenue Losses	755,391
<b>Unrecognised deferred tax assets and liabilities</b>	<b>423,440</b>

The Company has tax losses of \$3,021,565 that are available indefinitely to be offset against the future taxable profits of the Company. The potential deferred tax assets, arising from tax losses (as disclosed above) are not brought to account as management is of the view that there is uncertainty in the realisation of the related tax benefits through future taxable profits. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

**Note 5. Cash and Cash Equivalents**

**30 Jun 2022**

**\$**

Cash in bank	5,926,767
Virtual company cards	4,199
	<b>5,930,966</b>

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 6. Trade and Other Receivables**

	<b>30 Jun 2022</b>
	<b>\$</b>
GST receivable	90,632
Prepayments	19,389
	<u><b>110,021</b></u>

**Note 7. Exploration and Evaluation Expenditure**

	<b>30 Jun 2022</b>
	<b>\$</b>
Exploration and Evaluation Expenditure	<u>2,035,650</u>
Opening balance at the beginning of the period	-
Acquisitions <sup>1</sup>	1,600,000
Expenditure capitalised during the period <sup>2</sup>	435,650
<b>Closing balance at the end of the period</b>	<u><b>2,035,650</b></u>

<sup>1</sup> On 8 March 2022, the Company acquired 100% of the issued capital of Resource Holdings No. 1 Pty Ltd and BR2 Pty Ltd following the issue of 6,200,000 fully paid ordinary shares at a price of \$0.20 per share to the vendors of Resource Holdings No. 1 Pty Ltd and 1,800,000 fully paid ordinary shares at a price of \$0.20 per share to the vendors of BR2 Pty Ltd. Resource Holdings No. 1 Pty Ltd held granted tenements comprising the Evelyn Dam, Linda Zinc and Torrens Projects (the latter comprising the Bill's Lookout and West Well projects) while BR2 Pty Ltd held tenement applications comprising the Gunson and Baratta Projects. These acquisitions were treated as asset acquisitions.

<sup>2</sup> Expenditure capitalised during the period relates to the Evelyn Dam, Linda Zinc and Torrens Projects over which tenure has been held since acquisition date of 8 March 2022 (see foot note above)

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 8. Property, Plant and Equipment**

	<b>Field Equipment \$</b>	<b>IT Equipment \$</b>	<b>Motor Vehicles \$</b>	<b>Total \$</b>
Cost	69,478	7,565	43,995	121,038
Less: accumulated depreciation	(471)	(215)	(723)	(1,409)
	<b>69,007</b>	<b>7,350</b>	<b>43,272</b>	<b>119,629</b>
<i>Cost</i>				
Balance at 2 July 2021	-	-	-	-
Additions	69,478	7,565	43,995	121,038
Disposals	-	-	-	-
Balance at 30 June 2022	<b>69,478</b>	<b>7,565</b>	<b>43,995</b>	<b>121,038</b>
<i>Accumulated Depreciation</i>				
Balance at 2 July 2021	-	-	-	-
Depreciation	(471)	(215)	(723)	(1,409)
Disposals	-	-	-	-
Balance at 30 June 2022	<b>(471)</b>	<b>(215)</b>	<b>(723)</b>	<b>(1,409)</b>

**Note 9. Trade and Other Payables**

	<b>30 Jun 2022 \$</b>
Trade Payables	383,434
Accrued Expenses	46,347
PAYG Withholding payable	12,212
Superannuation payable	5,455
<b>Total Trade and Other Payables</b>	<b>447,448</b>

Trade payables are due to third parties, unsecured, interest-free and repayable according to credit terms of 15-30 days. The carrying amounts of trade payables approximate their fair value.

**Note 10. Employee Benefits**

	<b>30 Jun 2022 \$</b>
Annual Leave Provision	10,818

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 11. Issued Capital**

	<b>2022</b>	
	<b>No. of Shares</b>	<b>\$</b>
Fully paid ordinary shares	<u><b>50,450,001</b></u>	<u><b>8,089,230</b></u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There is no current on-market share buy-back.

*Movements in ordinary share capital*

	<b>Date</b>	<b>No. of Shares</b>	<b>Issue price (\$)</b>	<b>\$</b>
<b>Balance at incorporation 2 Jul 2021</b>		-		-
Founder Share <sup>1</sup>	02-Jul-21	1	1.000	1
Corporate Advisor Shares <sup>2</sup>	27-Sep-21	950,000	0.001	950
Promoter Seed <sup>3</sup>	29-Sep-21	1,000,000	0.025	25,000
Second Round Seed <sup>4</sup>	25-Oct-21	1,500,000	0.050	75,000
Pre-IPO Seed <sup>5</sup>	18-Nov-21	4,000,000	0.100	400,000
Initial Public Offer – Public Offer <sup>6</sup>	9-Mar-22	35,000,000	0.200	7,000,000
Initial Public Offer – Consideration Offer <sup>7</sup>	9-Mar-22	8,000,000	0.200	1,600,000
Share Issue costs				(1,011,721)
<b>Balance at 30 June 2022</b>		<u><b>50,450,001</b></u>		<u><b>8,089,230</b></u>

<sup>1</sup> Upon incorporation of the Company on the 2 July 2021, 1 share was issued at \$1 per share.

<sup>2</sup> On 27 September 2021, 950,000 shares were issued at \$0.001 per share to the Company's corporate advisers, pursuant to a subscription agreement and corporate advisory placement

<sup>3</sup> On 29 September 2021, 1,000,000 shares were issued at \$0.025 per share, pursuant to a subscription agreement and promoter seed placement.

<sup>4</sup> On 25 October 2021, 1,500,000 shares were issued at \$0.05 per share, pursuant to a subscription agreement and seed capital raise.

<sup>5</sup> On 18 November 2021, 4,000,000 shares were issued at \$0.10 per share, pursuant to a pre-IPO capital raise.

<sup>6</sup> On 9 March 2022, 35,000,000 fully paid ordinary shares were issued pursuant to the Public Offer

<sup>7</sup> Concurrently with the Public Offer, 8,000,000 fully paid ordinary to the Vendors (or nominees) were issued pursuant to the Consideration Offer

**Note 12. Reserves**

	<b>30 Jun 2022</b>
	<b>\$</b>
Share based payment reserve	<u><b>408,018</b></u>

**Share Based Payment Reserve**

The share-based payment reserve arises from share options issued to directors and employees under the terms and conditions set out in the relevant offer letters and share options issued to a corporate adviser under the terms and conditions set out in their mandate letter.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 12. Reserves (continued)**

	<b>No. of Options</b>	<b>\$</b>
<b>Balance at 2 July 2021</b>		
Issue of promoter seed options <sup>1</sup>	3,500,000	-
Issue of director options (see Note 13)	3,000,000	76,736
Issue of lead manager options (see Note 13)	4,000,000	331,282
<b>Balance at 30 June 2022</b>	<b>10,500,000</b>	<b>408,018</b>

<sup>1</sup> These options are free-attaching options relating to subscribed Seed Shares.

**Note 13. Share Based Payments**

On 17 November 2021, 3,000,000 share options were issued to the directors of the Company. The options are exercisable at \$0.30 per option by 18 March 2025 (3 years after the date of admission of the Company to the ASX Official List).

On 9 March 2022, 4,000,000 options were issued to the Lead Manager (or nominees) pursuant to the Lead Manager Offer. The options are exercisable at \$0.30 per option by 18 March 2025 3 years after the date of admission of the Company to the ASX Official List.

The options were valued using the Black-Scholes model and vested immediately on grant date. The valuation model inputs used to determine the fair value at the grant date, are as follows.

<b>Grant date</b>	<b>Expiry date</b>	<b>Share price at grant date</b>	<b>Exercise price</b>	<b>Expected volatility</b>	<b>Dividend yield</b>	<b>Risk-free interest rate</b>	<b>Fair value at grant date</b>
16/11/2021	18/03/2025	\$0.10	\$0.30	80%	0%	0.23%	\$0.02558
9/3/2022	18/03/2025	\$0.20	\$0.30	80%	0%	0.23%	\$0.08282

All the above options had vested by the end of the period but were not exercisable as they were under escrow

**Note 14. Loss per Share**

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

	<b>30 Jun 2022</b>
	<b>No. of Shares</b>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	17,289,808
	<b>\$</b>
Loss for the period used in calculating operating basic and diluted loss per share	(759,248)
Basic and diluted loss per share (cents)	(4.39)

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 14. Loss per Share (continued)**

As the Company incurred a loss for the period, the options on issue have an anti-dilutive effect, therefore the diluted EPS is equal to the basic EPS. A total of 10,500,000 share options which could potentially dilute EPS in the future have been excluded from the diluted EPS calculation because they are anti-dilutive for the current period presented.

**Note 15. Auditors' Remuneration**

	<b>30 Jun 2022</b>
	<b>\$</b>
<i>Audit services – Grant Thornton Audit Pty Ltd</i>	
Audit of the financial statements (period ended 30 June 2022)	21,500
Review of the financial statements (period ended 31 December 2021)	7,500
	<u>29,000</u>
<i>Other services – Grant Thornton Corporate Finance Pty Ltd</i>	
Independent Accountant's Report	15,000
<b>Total auditor's remuneration</b>	<b><u>44,000</u></b>

**Note 16. Related Parties**

	<b>30 Jun 2022</b>
	<b>\$</b>
<b>Key Management Personnel</b>	
Short term employee benefits	173,197
Post-employment benefits	17,319
Share based payment benefits	76,736
	<u>267,252</u>

There were no other transactions conducted between the Company and Key Management Personnel or their related parties, apart from those disclosed above, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

**Note 17. Segment Reporting**

The Company is considered to be one operating segment based on geographical location of operations. The Board has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. The information presented in the consolidated financial statements approximates the information of the operating segment.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 18. Financial Instruments**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

**Market risk**

*Foreign currency risk*

The Group is not exposed to any significant foreign exchange risk.

*Price risk*

The Group is not exposed to any significant price risk.

*Interest rate risk*

The Group is not exposed to any significant interest rate risk.

**Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or category of receivables under financial instruments entered into by the Group.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The following tables detail the Group's contractual maturity for its financial assets and liabilities:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>
	\$	\$	\$
<i>Financial assets</i>			
<i>Cash and cash equivalents</i>	5,930,966	5,930,966	5,930,966
	5,930,966	5,930,966	5,930,966
<i>Financial liabilities</i>			
Trade and other payables	429,781	429,781	429,781
	429,781	429,781	429,781

**Fair value**

Due to their short-term nature, the carrying amount of the financial assets and financial liabilities is assumed to approximate their fair value.

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 19. Reconciliation of cash flow from operations with net loss for the period**

	<b>30 Jun 2022</b>
	<b>\$</b>
Loss for the period	(759,248)
<i>Adjustments</i>	
Depreciation	773
Share based payment expense	76,736
<i>Movements in Assets/Liabilities</i>	
Increase in trade and other receivables	(110,021)
Increase in trade and other payables	112,113
Increase in employee benefits	10,818
<b>Cash flows (used in) operations</b>	<b><u>(668,829)</u></b>

**Note 20. Contingent Assets and Liabilities**

The Group did not have any contingent assets or liabilities as at 30 June 2022.

**Note 21. Commitments**

The Group has minimum exploration expenditure commitments of \$154,258 at 30 June 2022.

There were no other commitments noted as at 30 June 2022.

**Note 22. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in Note 1. Details of the parent's subsidiaries at the end of the reporting period are as follows:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>2022 %</b>
Stelar Metals Exploration Pty Ltd	Australia	100%
Resource Holdings No. 1 Pty Ltd	Australia	100%
BR2 Pty Ltd	Australia	100%

**Stelar Metals Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period 2 July 2021 to 30 June 2022**

**Note 23 Parent Entity Disclosures**

	<b>Company</b>
	<b>30 Jun 2022</b>
<i>Financial Position</i>	<b>\$</b>
Total current assets	6,040,986
Total non-current assets	2,155,279
<b>Total assets</b>	<b>8,196,265</b>
Total current liabilities	(458,265)
<b>Total liabilities</b>	<b>(458,265)</b>
<b>Net assets</b>	<b>7,738,000</b>
Issued capital	8,089,230
Share based payment reserve	408,018
Accumulated losses	(759,248)
<b>Total equity</b>	<b>7,738,000</b>
<i>Financial Performance</i>	
Loss for the period	(759,248)
Other comprehensive income	-
<b>Total comprehensive loss</b>	<b>(759,248)</b>

The Parent Entity has no capital or other commitments and has not entered into a deed of cross guarantee nor are there any contingent liabilities at the period end.

**Note 24. Events Subsequent to Reporting Period**

On 9 August 2022, the Company announced that Exploration Licence EL6803 comprising the Baratta Copper Project, had been granted by the Government of South Australia.

On 30 August 2022, the Company announced that Exploration Licences EL6812 and EL6824 comprising the Gunson Copper Project, had been granted by the Government of South Australia.

No other matter or circumstance has arisen since 30 June 2022 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.

**Stelar Metals Limited**  
**Directors' Declaration**  
**For the period ended 30 June 2022**

In accordance with a resolution of the directors of Stelar Metals Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of Stelar Metals Limited for the financial period ended 30 June 2022 are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the board



Stephen Biggins  
Non-Executive Chairman  
23 September 2022

## Independent Auditor's Report

### To the Members of Stellar Metals Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Stellar Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the Corporations Regulations 2001.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

### How our audit addressed the key audit matter

#### Exploration and evaluation assets - Note 7

<p>During the period, the Group capitalised \$2.036 million of costs relating to exploration and evaluation assets. At balance date, the carrying value of the Group's exploration and evaluation assets are \$2.036 million.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li><li>• reviewing management's area of interest considerations against AASB 6;</li><li>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including:<ul style="list-style-type: none"><li>– tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li><li>– enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;</li><li>– understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li></ul></li><li>• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and</li><li>• reviewing the appropriateness of the related disclosures within the financial statements.</li></ul>
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#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 16 of the Directors' report for the year ended 30 June 2022.

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

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

L A Stella  
Partner – Audit & Assurance

Perth, 23 September 2022