



**2023  
ANNUAL REPORT**

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# COMPANY INFORMATION

## STELAR METALS LIMITED AND ITS CONTROLLED ENTITIES

ACN 651 636 065

### DIRECTORS

Stephen Biggins

(Non-executive Chairman)

Geoffrey Webster

(Non-executive Director)

William Dix

(Non-executive Director)

### CHIEF EXECUTIVE OFFICER

Colin Skidmore

### COMPANY SECRETARY

Nicholas Harding

### REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

22 Greenhill Road

Wayville SA 5034

Telephone: +61 8 8372 7881

Email: [info@stelarmetals.com.au](mailto:info@stelarmetals.com.au)

Website: [stelarmetals.com.au](http://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

Grant Thornton House

Level 3, 170 Frome Street

Adelaide SA 5000

### 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)

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Stelar Metals has adapted well to the increasing demand for critical minerals. The Company has established a portfolio of highly prospective exploration projects.

# CHAIRMAN'S MESSAGE

## Dear Fellow Shareholder,

Welcome to the 2023 Annual Report for Stelar Metals Limited (ASX: SLB). Stelar has adapted well to the increasing demand for critical minerals and successfully leveraged the Board and Management's expertise in lithium, to focus on the Company's newly acquired Trident Lithium Project near Broken Hill in New South Wales.

The Trident Lithium Project extends over the 20km strike length of the Euriowie Tin Pegmatite Field and is highly prospective for hard-rock lithium mineralisation. Trident was one of Australia's first lithium and tin mining provinces. The LCT-type pegmatites vary in size but can be up to 100 metres wide and extend in outcrop for over 1 kilometre in length, highlighting the fertility and large scale of this lithium-rich pegmatite system.

Stelar's first hard-rock lithium drill program at Trident comprising ~3,000 metre RC drilling is on schedule to start in early November 2023. It will be the first ever drill program to test the historic lithium mines at Trident, Sceptre, Lady Don and Triumph, and the recently mapped LCT-pegmatites at Stag and Gloria.

Stelar Metals also has established a portfolio of five highly prospective copper and zinc exploration projects, located in South Australia's Gawler Craton, Stuart Shelf and Adelaide Fold Belt, close to world-class producers such as BHP, IGO and FMG.

During the year, we completed the drilling program at the Evelyn Dam Project in 2022, focused on testing a large-scale IOCG geophysical target. At the Linda Zinc Project, Stelar confirmed high-grade zinc mineralisation in rock-chip surface sampling which returned high-grade zinc and lead results up to 16.5% zinc and 8.5% lead, with the aim to commence drilling at Linda once land access agreements are in place. The Baratta tenement is adjacent to the historical Baratta copper mine, which produced copper more than 100 years ago, and displays some very interesting geology, similar to what we have seen at Linda. Stelar has also identified potential IOCG geophysical targets on the Torrens Project located 40km east of BHP's Olympic Dam Mine. And our Gunson Project is adjacent to a series of historical open-pit copper mines and deposits at Mount Gunson.

I thank our Shareholders for their continued support and would also like to thank our management team and staff, led by CEO Colin Skidmore. Stelar's efforts have built strong foundation for the Trident Lithium Project since acquisition earlier this year through careful stakeholder engagement and strong technical programs to prepare a series of exciting hard-rock lithium targets for drill testing in the near future.

I would also like to acknowledge the engagement that we have received from the Wilyakali Aboriginal Corporation (WAC) who are the Traditional Owners of the land around the Trident Lithium Project in New South Wales.

We are excited about executing our upcoming exploration plans across our project portfolio, shaped by our team's considerable knowledge, and look forward to advancing our strategy for discovery in the year ahead. I hope you will share the journey with us.



**Stephen Biggins**

Chairman

Stelar Metals Limited

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The quantity and scale of the Euriowie pegmatites indicate the Trident Project has potential to host economic quantities of lithium.

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# OPERATIONS OVERVIEW

## PROJECT SUMMARY

During the Year, the Company has been actively exploring its South Australian Critical Minerals Projects and has additionally acquired three new Critical Mineral Projects in New South Wales near Broken Hill including the Trident Lithium Project in Joint Venture with Everest Metals Corporation Limited (ASX:EMC) (“Everest”) (Figure 1).

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The NSW Trident Lithium Project extends over the 20km strike length of the Euriowie Tin Pegmatite Field that is prospective for hard-rock lithium mineralisation. Mapped LCT-type pegmatites vary in size but can be up to 100 metres wide and extend in outcrop for over 1 kilometre in length. Trident was one of the first lithium mining provinces in Australia and pegmatites have historically been mined for lithium and tin, which highlights both the fertility and large scale of the lithium-rich pegmatite system at Trident.

In South Australia the Company completed its inaugural drilling program to test the Evelyn Dam IOCG gravity target. EVE002 was drilled to 1,578.9 metres depth and intersected variably altered Gawler Range Volcanics. Extensive geological mapping, soil and rock-chip sampling was conducted over the Linda Zinc Project which has substantially increased the surface footprint and returned high-grade zinc assays.

Two new exploration tenements were granted over the Baratta Copper Project and two exploration licenses were also

granted over the Gunson Copper Project. On-ground exploration work commenced at Baratta with reconnaissance mapping and orientation soil sampling. Across all of the Company’s tenure, the Company has undertaken stakeholder engagement and has reprocessed available historical geophysical datasets.

Ongoing exploration activities are primarily focused on the Trident Lithium Project and the Company aims to complete a drilling program to evaluate the lithium potential at Trident later in 2023.

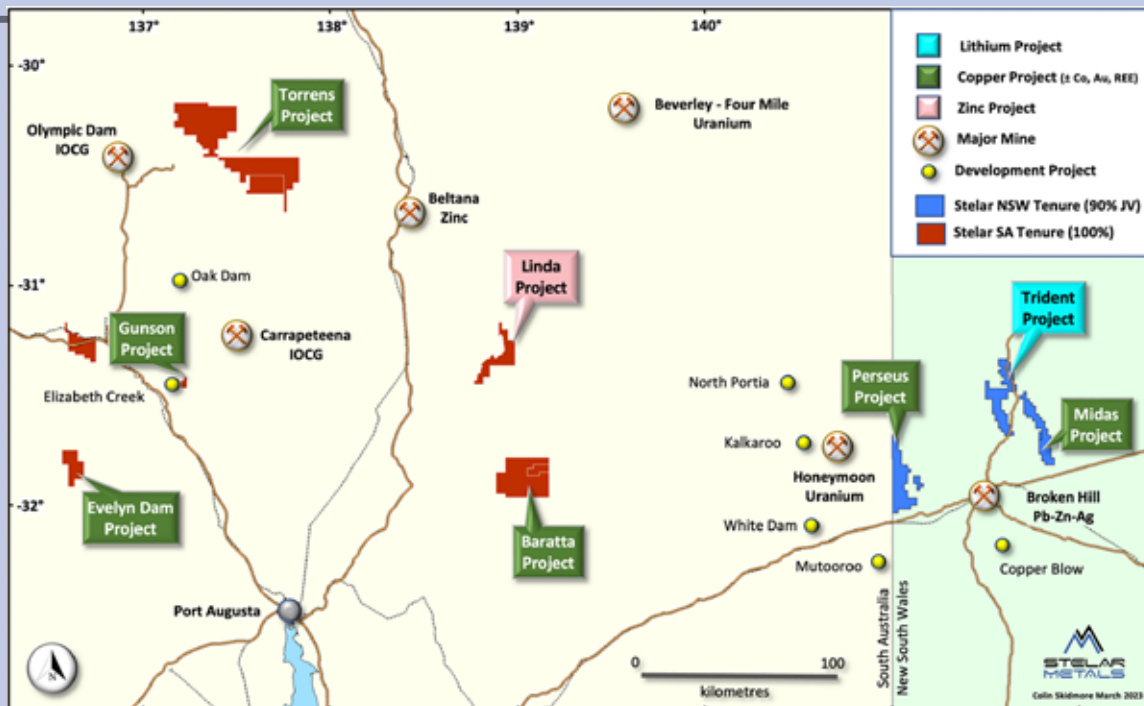


Figure 1 Stelar’s exploration projects in South Australia and New South Wales.

Stelar's NSW projects are considered prospective for lithium, cobalt, and copper.

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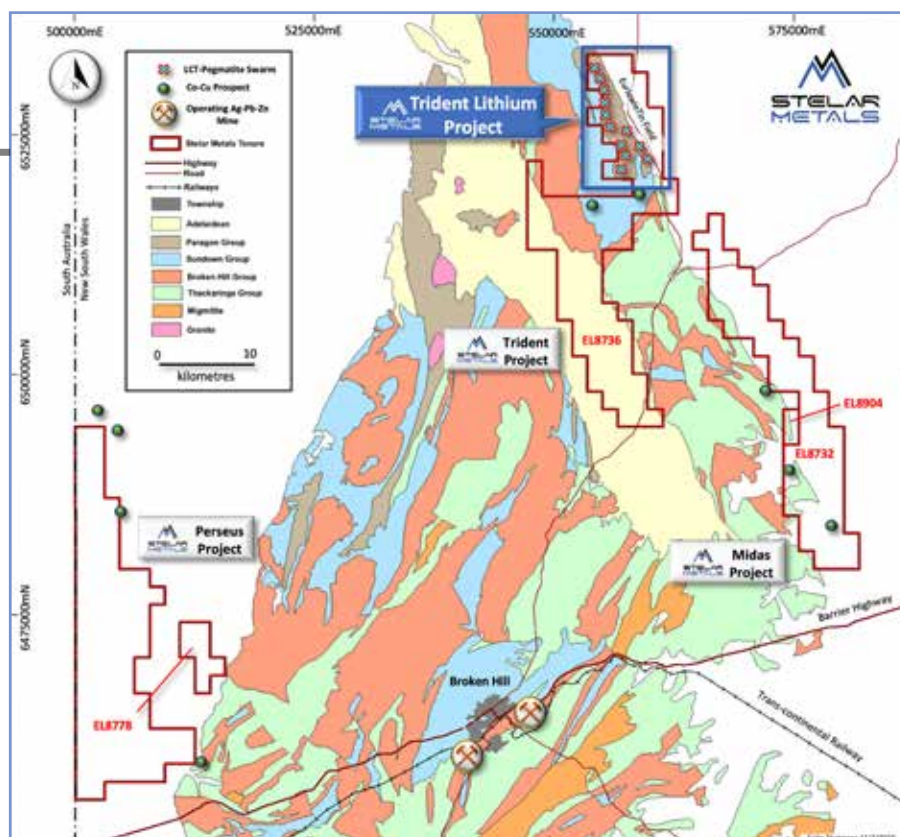


## NEW SOUTH WALES PROJECTS

On 15 February 2023, Stelar Metals entered into a binding agreement with Everest to acquire 90% equity of their New South Wales exploration licences which includes the Trident, Midas and Perseus Projects located in the Broken Hill Block, NSW (Figure 2). These Projects are considered prospective for lithium, cobalt, and copper. Everest's NSW Projects include four granted exploration licences covering 719km<sup>2</sup> in the Curnamona Province near Broken Hill.

A summary of the key JV agreement terms with Everest were as follows:

1. Stelar paid \$250,000 cash to Everest on the signing of the agreement.
2. Stelar to issue 1,187,085 fully paid shares to Everest for a value of \$250,000 (equivalent to the 10 day VWAP of \$0.2106 per share at the date of signing of the agreement) on the legal transfer of title of the exploration licences to Stelar (shares were issued on 29 June 2023).
3. An additional milestone payment will be made to Everest within 24 months from the date of the agreement (Milestone Payment), once either:
  - a. drilling commences at the Midas Project; or
  - b. drilling approvals are granted by the NSW regulators for drilling at the Trident Lithium Project.
4. The Milestone Payment will comprise, at Everest's sole election, either:
  - a. Stelar issuing 2,374,169 Stelar Shares to the value of \$500,000 (equivalent to \$0.2106 per share) to Everest; or
  - b. a cash payment by Stelar to Everest of \$500,000.
5. Stelar to become the manager of the Projects and 90% legal title to be transferred to Stelar's subsidiary BR2 Pty Ltd. Everest will retain free-carry for their 10% equity until such time that Stelar presents a Feasibility Study and a Decision to Mine.
6. After the free-carry period Everest will either contribute 10% to all ongoing costs or default to a 1.5% Net Smelter Royalty.



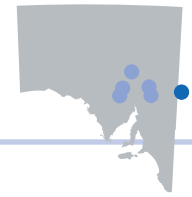
**Figure 2** Location of Stelar's NSW tenements and Trident Lithium Project near Broken Hill on simplified geology.

The Trident Lithium Project (EL 8736) is considered prospective for lithium mineralisation associated with abundant pegmatite swarms that were historically mined for tin-tantalum along a 20km corridor known as the Euriowie Tin Field. Lithium minerals have been reported by previous explorers in the historic shallow pits that were historically exploited for tin. Stelar notes that these lithium bearing pegmatites have never been drilled according to open-file reports and that the potential for spodumene, the economic lithium mineral which generally is only present at depth as it oxidises and is leached near surface, has thus never been tested.

In addition, there are numerous anomalous cobalt and copper rock chip assay results reported by previous explorers in the northern part of the Trident Project that warrant further exploration work.

The NSW exploration tenements were transferred to the Company's subsidiary BR2 Pty Ltd in May 2023.

# TRIDENT LITHIUM PROJECT

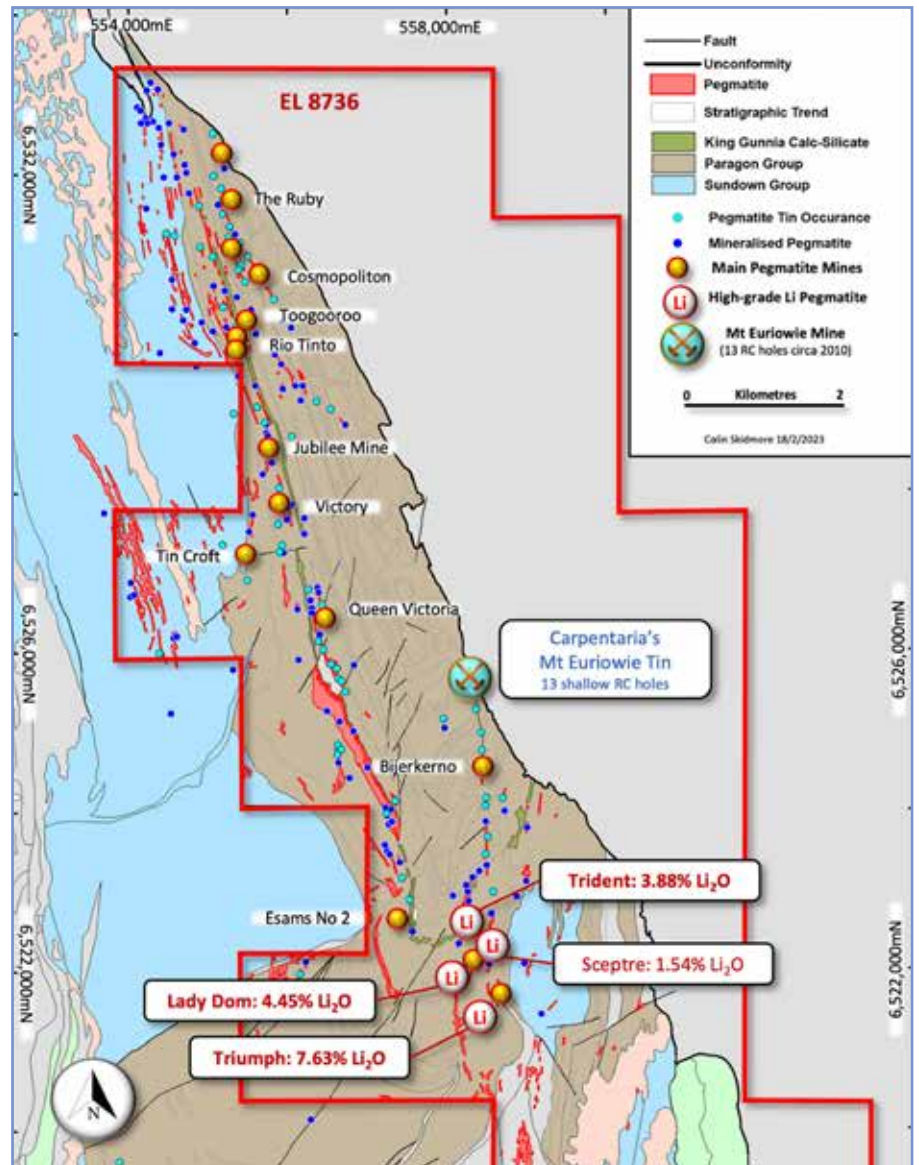


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Abundant pegmatite veins, dykes, sills, veins and plugs dominated by quartz-albite-muscovite, intrude the rocks of the folded Paragon and Sundown Groups within the Trident Project (Figure 3). Trident pegmatites can be tabular to podiform to highly irregular in shape and often show zonation, pinch-and-swell structure, boudinage and folding and vary in size but have been reported to be up to 100 metres wide and over 1 kilometre in length.

Stelar's experienced lithium industry interpretation is consistent with previous explorers that the Euriowie pegmatites are LCT-Type due to the presence of lithium-bearing minerals and anomalous caesium and tantalum along with other accessory minerals that are commonly found in LCT pegmatites. The quantity and scale of the Euriowie pegmatites indicate the Trident Project has potential to host economic quantities of lithium.

Historic mining in the 1950s recovered amblygonite ore (as lithium phosphate mineral) from Trident and exploration in 2016 mapped visible lithium minerals in pegmatite outcrops and returned high-grade lithium assays from rock-chip samples confirming previous explorers' earlier LCT-Type pegmatite classification with highly anomalous Li-Cs-Ta-Sn-Rb assay results. The limited historical soil sampling provides indication to scale of the surface footprint anomalism where at Trident, the lithium anomaly was 160m wide (>100ppm Li) with an 80m wide core (>200ppm Li).



**Figure 3** Trident Lithium Project showing distribution of pegmatites, known mineral occurrences and historic rock-chip results from Lepidico (2016).

In May 2023, the Company announced an agreement with SensOre Limited (ASX:S3N) "SensOre", who were awarded NSW Government funding as part of the NSW Critical Minerals and High-Tech Metals Activation Fund, to apply new geochemical and geophysical techniques to identify lithium bearing pegmatites (ASX:SLB 02/05 2023). In late May, SensOre completed the acquisition of high-resolution airborne geophysics over the Euriowie Pegmatite Field and have subsequently completed positive ground-truthing over the known lithium bearing pegmatites at Trident, Lady Don and Triumph.

### EXPLORATION POTENTIAL

Spodumene, a lithium-rich clinopyroxene, is the main economic mineral of lithium that is associated with pegmatites and accounts for over half of the world's supply of lithium. Spodumene however, typically weathers to smectite (clay) minerals in the near surface environment leaving pseudomorphs that no longer contain any lithium. Known lithium-bearing minerals in the Euriowie pegmatites, amblygonite and lepidolite, are resistive minerals and thus persist in the outcrop exposures.

As is the case at other hard-rock lithium deposits like Finniss and Greenbushes, previous work has reported spodumene pseudomorphs in the pegmatites, but have often failed to obtain strong surface lithium results in their rock-chip assays when sampling these zones. Stelar believes the main potential for economic lithium at the Trident Lithium Project is at depth where potential spodumene deposits are not oxidised (weathered). Also, the regional Bijerkerno synclinal fold in the southern part of the Euriowie Tin Field, where most of the main lithium bearing pegmatites such as Triumph and Lady Don are located, provides the best structural position for pegmatite thickening. Stelar notes that none of the reported lithium-bearing pegmatites on the Trident project have ever been drill tested and thus considers the potential opportunity for economic quantities of spodumene lithium ore has never been tested.

### TRIDENT LITHIUM PROJECT – NEXT STEPS

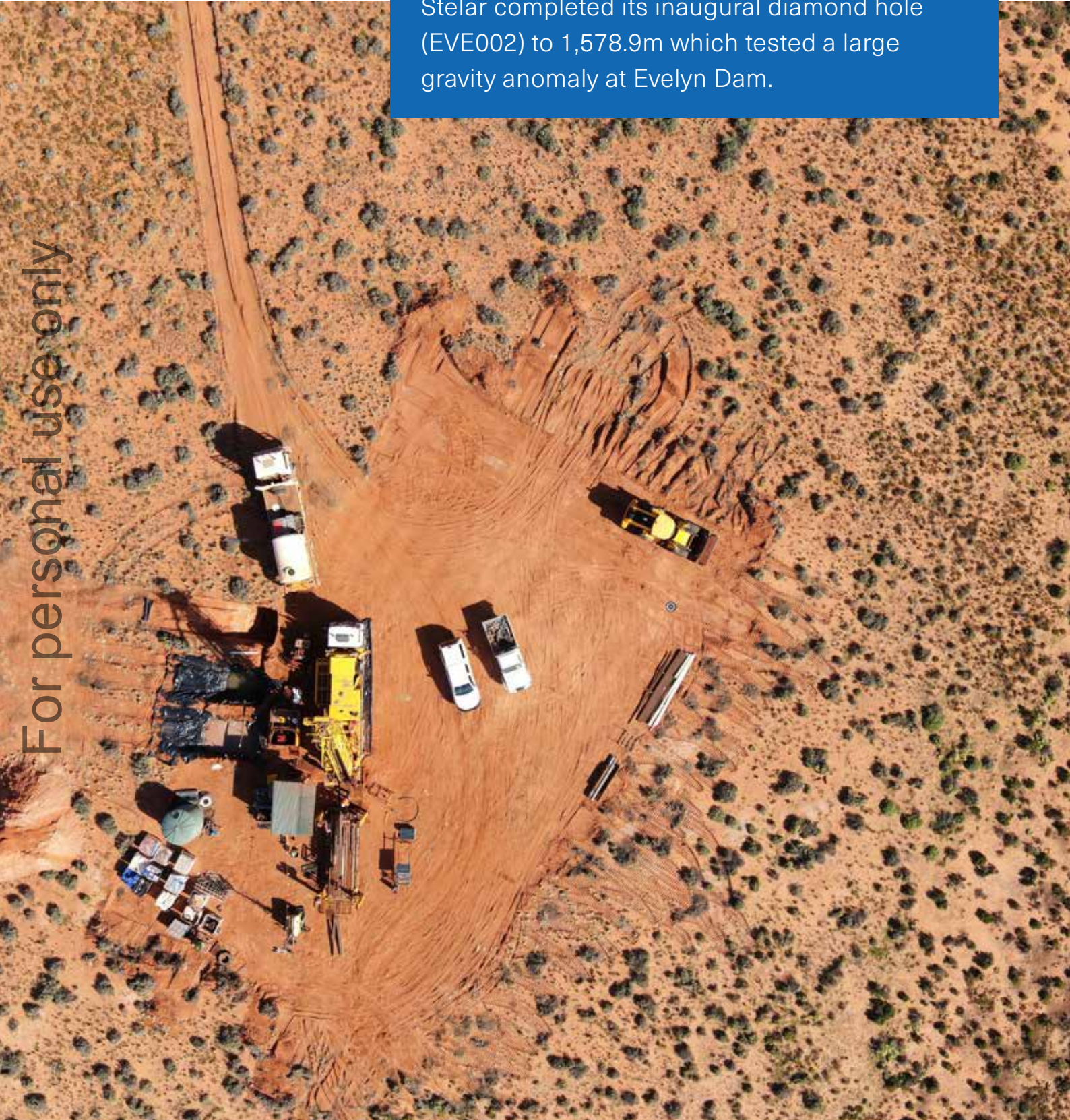
SensOre is processing the recently acquired high-resolution 256-channel radiometrics, over the Trident Area and integrating with the available geochemical datasets for Artificial Intelligence (AI) Machine Learning. The Company's geophysical consultants are also advanced processing the new datasets to assist with geological mapping and the design of the upcoming drill program.

Stelar Metals has established a positive working relationship with stakeholders and landholders and commenced surface sampling and mapping in July 2023.

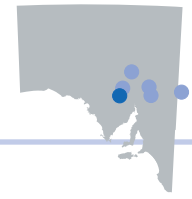
Stelar is also working through the approval process with an aim to commence an initial drilling program in Q4-2023 to confirm pegmatite orientation and lithium fertility before embarking on a deeper more comprehensive drill program to evaluate lithium resource potential.

Stelar completed its inaugural diamond hole (EVE002) to 1,578.9m which tested a large gravity anomaly at Evelyn Dam.

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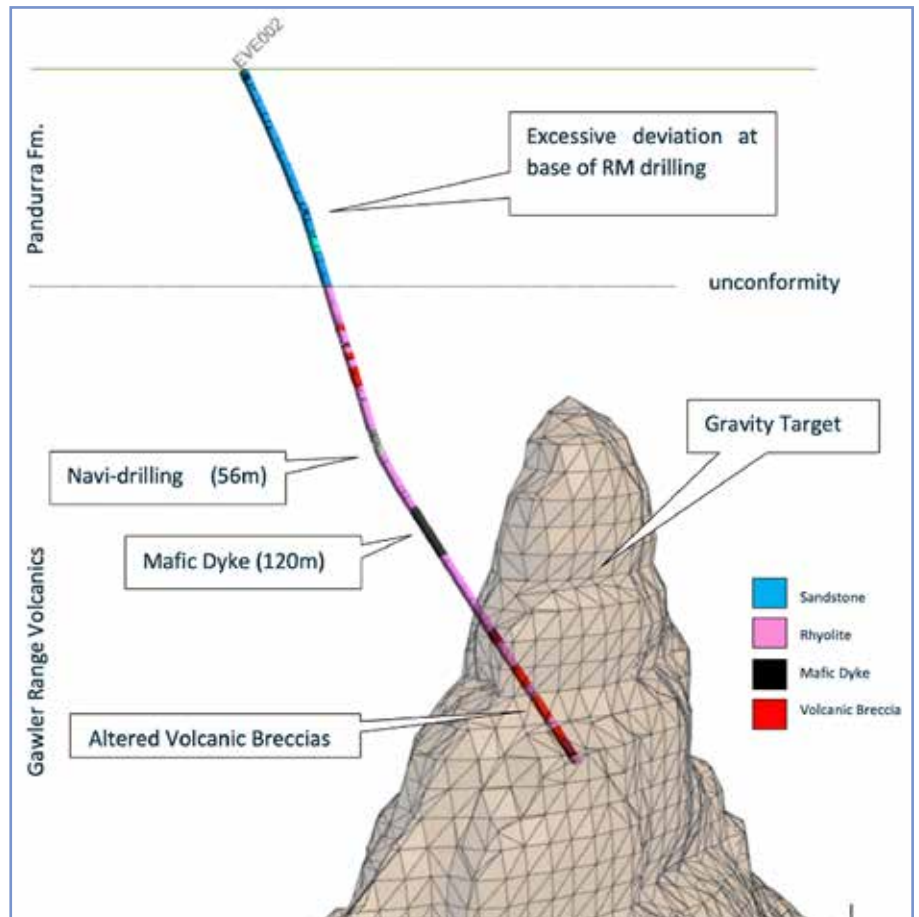
# EVELYN DAM IOCG PROJECT



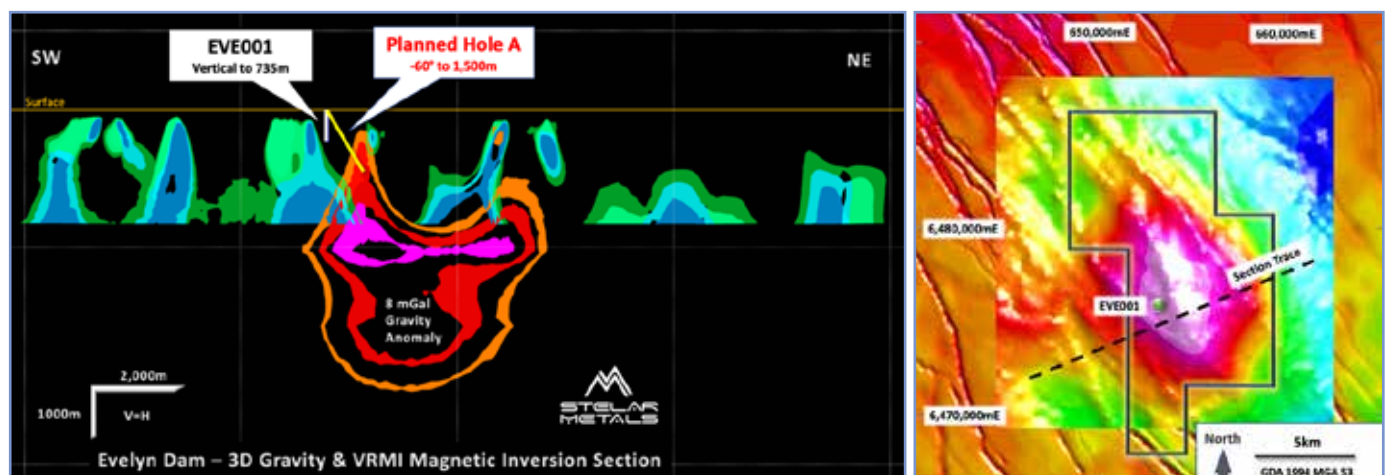
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Stellar completed its inaugural diamond hole (EVE002) to 1,578.9m which tested a large gravity anomaly (Figure 4) at its 100%-owned Evelyn Dam Project in South Australia in August 2022. The hole successfully tested the target gravity anomaly as planned and encountered volcanic breccias with variable haematite-silica, sericite-chlorite and carbonate-fluorite alteration assemblages through the target zone typical of potential IOCG alteration (Figure 5).

Four zones of noteworthy geology, including representative sections of the mafic dyke and three volcanic breccia zones were cut to generate 91 original samples for multi-element geochemistry using four-acid total-digest and ICP-MS and ICP-OES for 60 elements by Intertek Laboratory in Adelaide. However, the assay results were disappointing. The Company is currently seeking Joint Venture Partners to contribute towards further exploration at Evelyn Dam where the main deep gravity targets have not been tested.

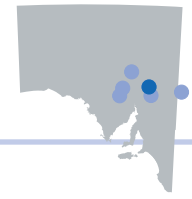


**Figure 5** Schematic 3D view of EVE002 trace (looking NW) showing geology relative to the target gravity anomaly +



**Figure 4** Section and plan view of Evelyn Dam 3D inverted geophysics (red – gravity model; blue-green – magnetic).

# LINDA ZINC PROJECT



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Stelar has continued to explore the Linda Zinc Project which is considered prospective for MVT-style zinc mineralisation. This work has included geological mapping, extensive soil sampling geochemistry and rock-chip sampling. The soil sampling coverage across the broader Linda region has doubled the size of the coherent Linda surface footprint (Figure 6) which now extends over 600m x 300m area with portable XRF results soil results up to 0.7% Zn.

42 rock-chip samples from the Linda Zinc Project were analysed by Intertek Laboratory in Adelaide for multi-element geochemistry using four-acid total-digest and ICP-MS and ICP-OES for 60 elements including REE. Multiple high-grade zinc assays up to 42% zinc were collected by Stelar from outcrops

across the Linda Prospect and the area to the west of Linda where outcrops responded positively to the presence of high-grade zinc using a wet-chemical zinc-zap test (Figures 7 & 8). A high proportion (21 out of 46 total) of samples collected during the surface rock chip sampling program assayed over 1% zinc reflecting the significant distribution of zinc mineralisation at Linda.

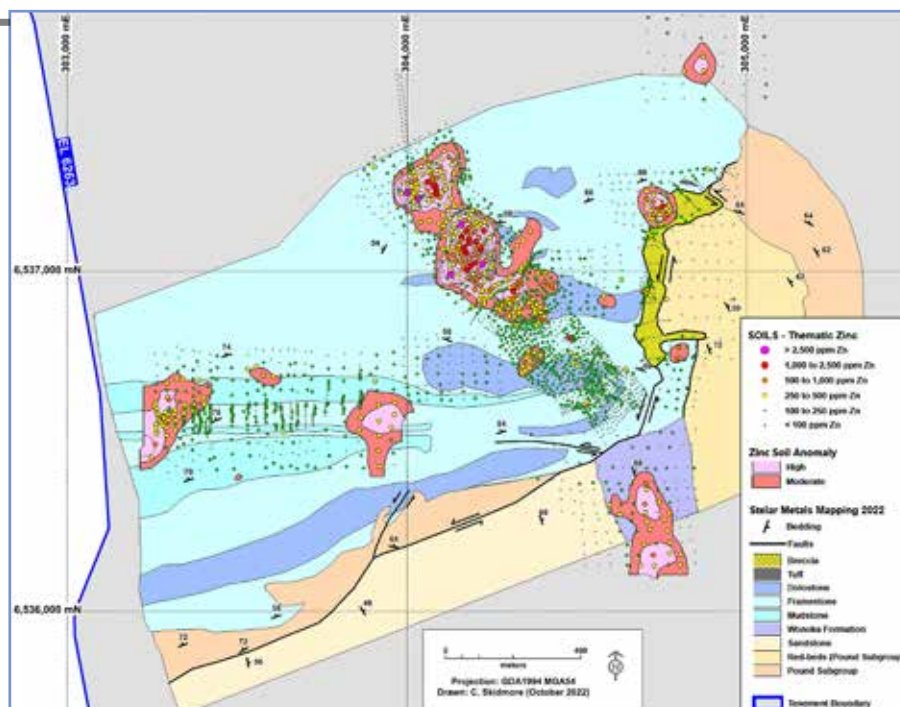
At surface, the zinc mineralisation at Linda is present as smithsonite ( $ZnCO_3$ ), an oxidised weathering product of sphalerite which has been confirmed as coarse infill in BHP's historic diamond drill holes. Zinc mineralisation is hosted by structurally controlled karst development in Cambrian Wilkawillena Formation grainstone and mudstones. The Company considers that the historic BHP drilling, which only included shallow

vertical RC holes to 25m depth and two diamond holes has not adequately tested the Linda Zinc Prospect. Additionally, several areas outside of the Linda Prospect have returned strong zinc anomalism, including at the contact with the Linda Breccia, to the west of Linda where stratigraphic contacts contain visible mineralisation, and to the south in NeoProterozoic units of Wonoka Formation carbonates.

The highly anomalous, but lower tenor (0.5–5% zinc), rock-chip samples which extend to the west of Linda, correspond to abundant limestone outcrops interbedded with mudstones that consistently respond positively to positive wet-chemical zinc-zap tests over 500m strike length.

## LINDA ZINC PROJECT – NEXT STEPS

The Company continues negotiating a Native Title Management Agreement with the Traditional Owners and once agreed will commence Heritage Clearance Surveys and seek drilling approval from the South Australian regulators.



**Figure 6** New soil anomalies identified by recent soil surveys expanding zinc potential within greater Linda Prospect showing thematic zinc on Stelar's geological mapping.

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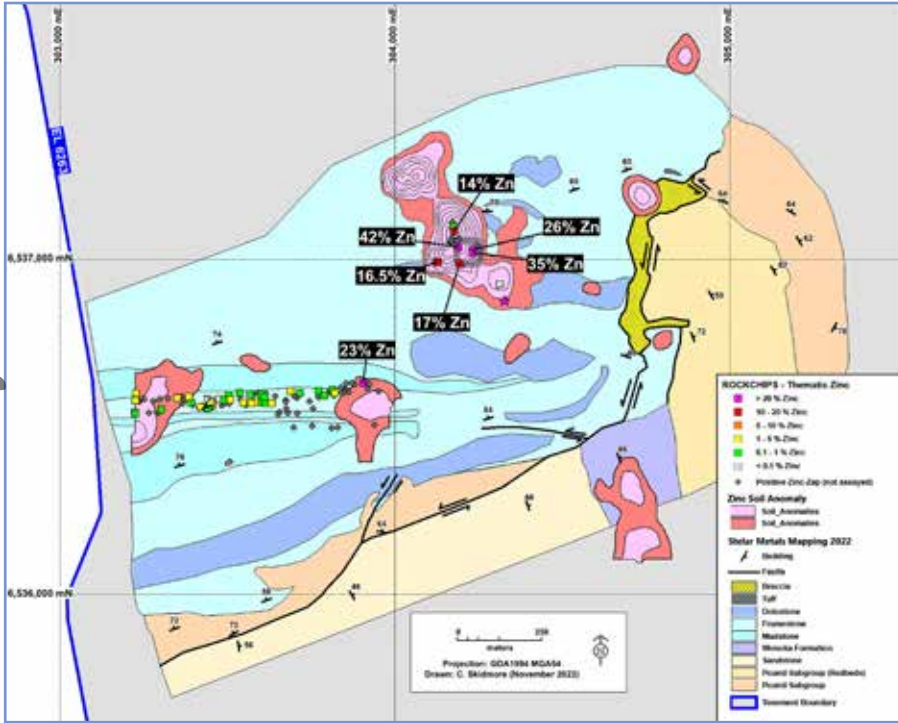
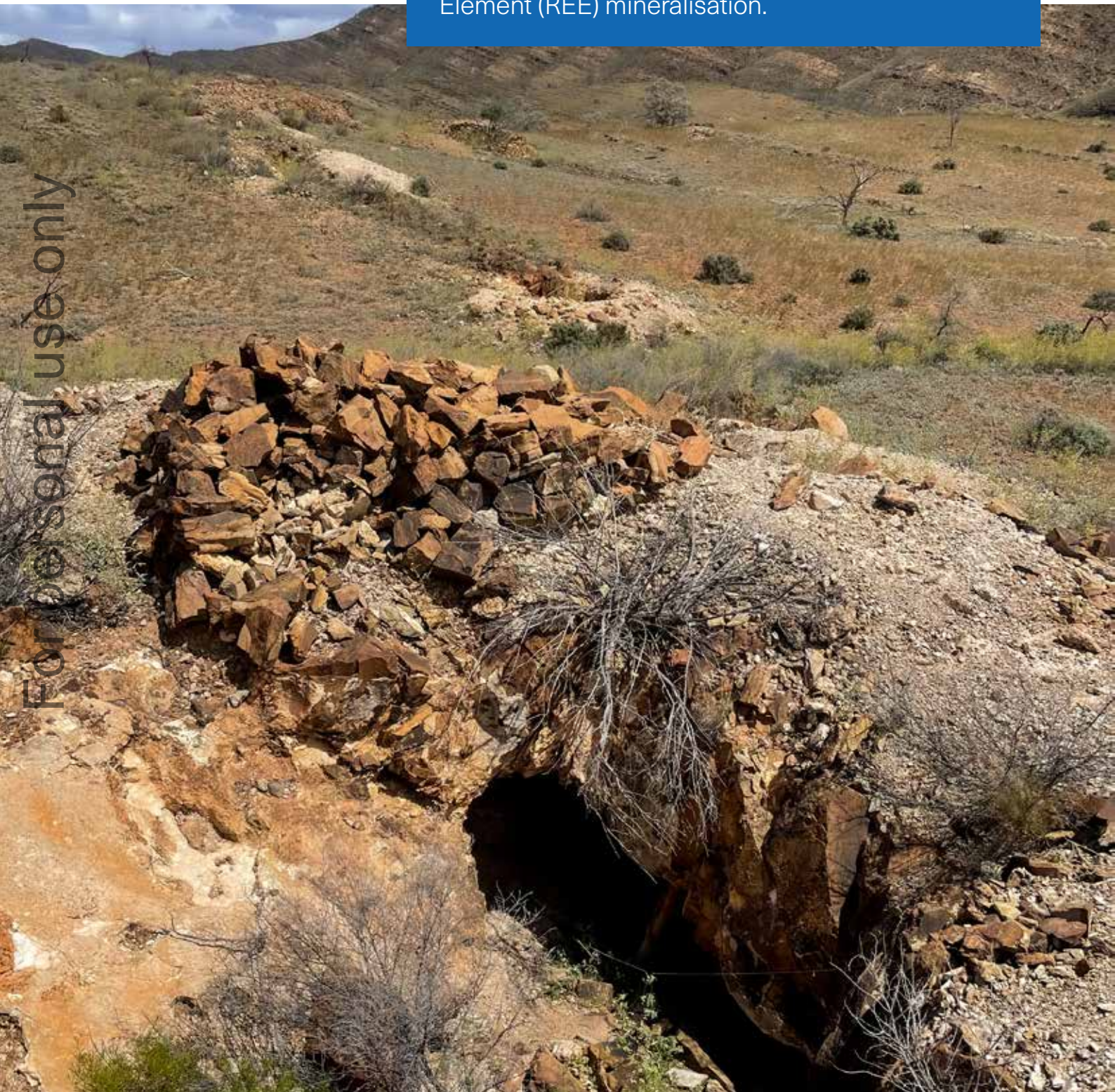


Figure 7 Stellar's rock-chip assay results illustrated by thematic zinc.



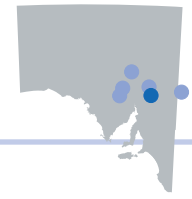
Figure 8: Examples of a positive (red) zinc-zap wet chemical test in the new area west of Linda.

The Baratta Copper Project is prospective for sediment-hosted copper and Rare Earth Element (REE) mineralisation.



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# BARATTA COPPER PROJECT



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During the year, Stellar has been granted two exploration licences (ELs 6803 and 6863) that comprise the Baratta Copper Project. The Baratta Copper Project is prospective for sediment-hosted copper and Rare Earth Element (REE) mineralisation. This prospectivity is also supported by the recent copper and significant REE discoveries made by Taruga Minerals at Wyacca, Morgan's Creek and other prospects, directly west along strike from Stellar's tenure (Figure 9).

## BARATTA COPPER MINE

The historic Baratta Copper Mine produced copper ore between 1896 and 1904 from a zone of workings 1.5km long in a structure interpreted to control copper mineralisation. This mineralised horizon, recognised as a flat-dipping quartz-haematite gossan, also extends for several kilometres into Stellar's adjacent EL 6803 recognised by numerous shallow

workings. A sample of discarded ore in one shallow pit of brecciated quartz-siderite-haematite with oxidised copper minerals recorded 36% Cu and 478g/t Ag using Stellar's portable XRF.

Previous broad-spaced soil sampling at Baratta has identified multiple copper anomalies, indicating the potential for additional parallel repeats in this highly anomalous copper area. Historical records show that no drilling has been undertaken to test the Baratta Mine or the along-strike extensions. Reprocessing of historic Gradient Array Induced Polarisation (GAIP) datasets illustrates strong chargeable zones that parallel the trend of stratigraphy and the trend of surface copper mineralisation. The strongest of these chargeable zones is located some distance along strike from the historic mined area and appears to have been overlooked.

## BIBLIANDO AND WINDOWARTA DIAPIRS

The narrow, structurally complex Bibliando diapir, extends north-south for 5 kilometres on EL 6803. Historic explorers interpreted the diapir as an evolved carbonatite intrusive displaying 3 phases of intrusion. Dolomite is the dominant rock-type with pods of calcite and barite. A massive silicified core is surrounded by kaolinised polymict brecciation. The diapir contains several large in situ gossans that are anomalous in copper and phosphorous. Central within EL 6803, the Windowarta Diapir and its surrounding Tapley Hill sediments have the potential to host REE metals. The geological setting is similar to that of Taruga's Morgan Creek REE project.

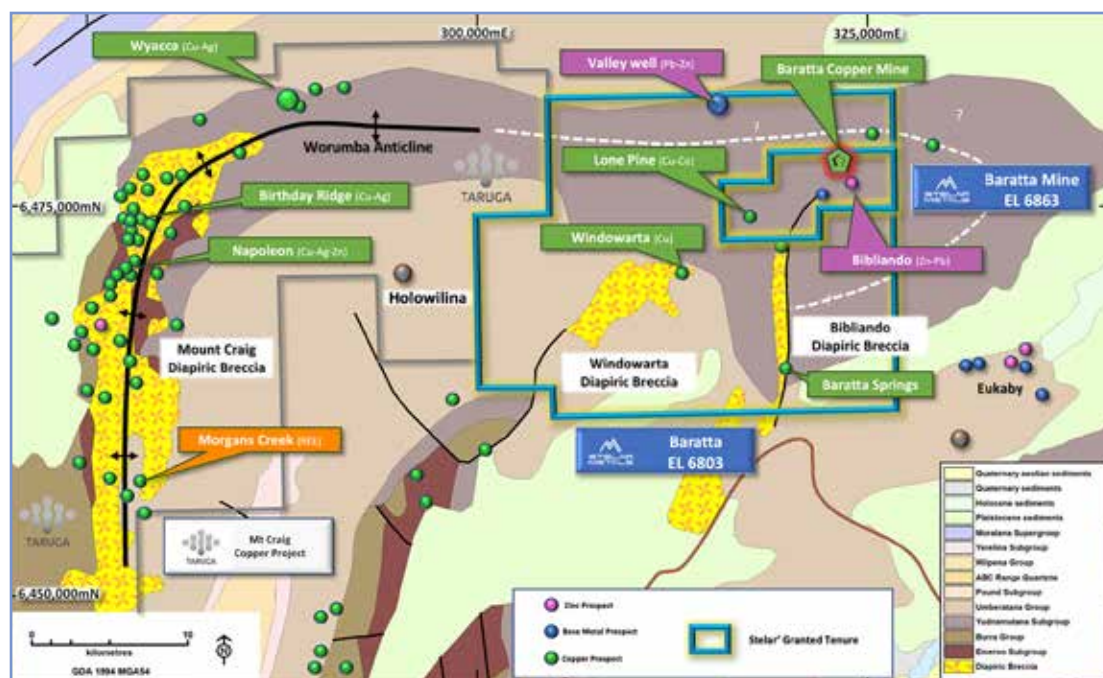


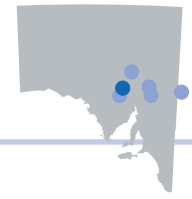
Figure 9 Regional geological setting of the Baratta Project showing major prospects.

Stelar Metals' exploration strategy for the Gunson project areas is to explore for  
Zambian-style SHCD copper mineralisation.

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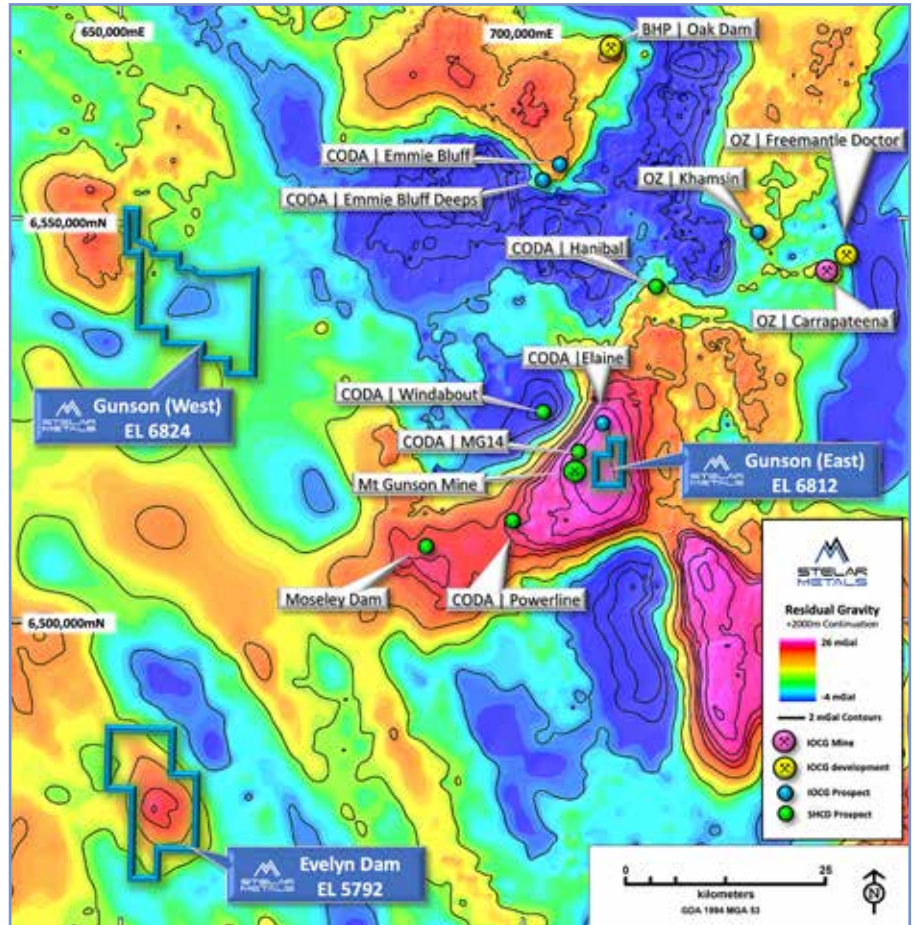
## GUNSON COPPER PROJECT



The Gunson Cooper Project was granted this Financial Year as ELs 6812 and 6824. It is prospective for Zambian-style sediment-hosted copper (SHCD) as well as Olympic Dam-style IOCG mineralisation.

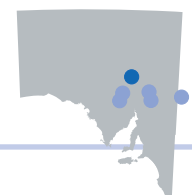
The eastern tenement EL 6812 is close to a series of historic open pit copper mines and deposits at Mount Gunson which were periodically mined from 1875 through to 2006. EL 6812 is also adjacent to Coda Minerals advanced sediment-hosted copper and IOCG projects including Windabout, MG14 and Elaine.

Stelar Metals will explore for Zambian-style sediment hosted copper mineralisation within the Adelaidean Sequences on the Pernatty Culmination. Additionally exploration will target IOCG mineralisation in the underlying MesoProterozoic basement. The Company has re-processed available geophysical datasets and is planning to collect high-resolution gravity to generate drill targets.



**Figure 10:** Regional residual gravity imagery showing the distribution of major advanced copper projects and the proximity of Carrapateena Mine to Stelar's Gunson Copper Project

## TORRENS PROJECT



Active exploration on the Torrens Project has been limited to the reprocessing of geophysics due to the depth of basement targets and land access issues. The Company is currently investigating the potential for lithium-bearing brines in the northern part of Lake Torrens and the use of airborne electromagnetics to map the brine distribution.

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# SCHEDULE OF TENEMENTS

As at 30 June 2023

TENEMENT	PROJECT	TENEMENT NAME	AREA (km <sup>2</sup> )	REGISTERED HOLDER	NATURE OF COMPANY'S INTEREST (%)
<b>SOUTH AUSTRALIA</b>					
EL 5792	<b>Evelyn Dam</b>	Evelyn Dam	134	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6263	<b>Linda</b>	Linda	190	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6803	<b>Baratta</b>	Baratta	455	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6863		Baratta Mine	47	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6812	<b>Gunson</b>	Gunson East	15	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6824		Gunson West	157	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6572	<b>Torrens</b>	West Well	165	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
EL 6264		Bill's Lookout	868	Resource Holdings No 1 Pty Ltd <sup>1</sup>	100%
<b>NEW SOUTH WALES</b>					
EL 8736	<b>Trident</b>	Trident	260	BR2 Pty Ltd	BR2 Pty Ltd <sup>3</sup> (90%) OGG <sup>2</sup> (10%)
EL 8732	<b>Midas</b>	Midas	181	BR2 Pty Ltd	"BR2 Pty Ltd <sup>3</sup> (90%) TSCX <sup>4</sup> (10%)"
EL 8904		Midas B	6	BR2 Pty Ltd	"BR2 Pty Ltd <sup>3</sup> (90%) TSCX <sup>4</sup> (10%)"
EL 8778	<b>Perseus</b>	Perseus	277	BR2 Pty Ltd	"BR2 Pty Ltd <sup>3</sup> (90%) TSCX <sup>4</sup> (10%)"

<sup>1</sup> Resource Holdings No. 1 Pty Ltd is a wholly owned subsidiary of Stelar Metals Limited.

<sup>2</sup> Oz Group Gold Pty Ltd (OGG) is a wholly owned subsidiary of Everest Metals Corporation Ltd (ASX: EMC).

<sup>3</sup> BR2 Pty Ltd is a wholly owned subsidiary of Stelar Metals Limited.

<sup>4</sup> TSC Exploration Pty Ltd (TSCX) is a wholly owned subsidiary of Everest Metals Corporation Ltd (ASX: EMC).



# CORPORATE GOVERNANCE

# COMPETENT PERSON STATEMENT

Stelar Metals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council.

The corporate governance statement for the year ended 30 June 2023 can be viewed on the Company's website at [www.stelarmetals.com.au](http://www.stelarmetals.com.au)

The information in this report that relates to Exploration Results is based on information compiled by Mr Colin Skidmore, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Skidmore is a full-time employee of Stelar Metals Limited. Mr Skidmore has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)). Mr Skidmore consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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# STATUTORY REPORTS

For the period 1 July 2022 to 30 June 2023

## DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial report for Stelar Metals Limited ("Stelar Metals" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2023.

### DIRECTORS

The names of Directors in office at any time during or since the end of the year ended 30 June 2023 were as follows:

Name	Position	Date appointed
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 lithium and battery-metal copper and zinc projects located in New South Wales and 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

During the Year, the Group has been actively exploring a number of its South Australian Critical Minerals Projects and has additionally acquired three new Critical Mineral Projects in New South Wales near Broken Hill including the Trident Lithium Project in Joint Venture with Everest Metals Corporation Limited (ASX: EMC) (Everest).

#### Corporate

On 15 February 2023, Stelar Metals entered into a binding agreement with Everest Metals Corporation Limited to acquire 90% equity of their New South Wales exploration licences which includes the Trident, Midas and Perseus Projects located in the Broken Hill Block, NSW. These Projects are considered prospective for lithium, cobalt, and copper. Everest's NSW Projects include four granted exploration licences covering 719km<sup>2</sup> in the Curnamona Province near Broken Hill.

A summary of the key terms of the agreement with Everest is as follows:

1. Stelar Metals paid \$250,000 cash to Everest on the signing of the agreement.
2. Stelar issued 1,187,085 fully paid shares to Everest that are equal in value to \$250,000 on 29 June 2023.
3. An additional milestone payment will be made to Everest within 24 months from the date of the agreement, once either:
  - a. drilling commences at the Midas Project; or
  - b. drilling approvals are granted by the NSW regulators for drilling at the Trident Lithium Project.
4. The Milestone Payment will comprise, at Everest's sole election, either:
  - a. Stelar issuing 2,374,169 fully paid ordinary shares to the value of \$500,000 to Everest; or
  - b. a cash payment by Stelar to Everest of \$500,000.

5. Stelar became the manager of the Projects and 90% legal title has been transferred to Stelar's subsidiary BR2 Pty Ltd. Everest will retain free-carry for their 10% equity until such time that Stelar presents a Feasibility Study and a Decision to Mine.
6. After the free-carry period Everest will either contribute 10% to all ongoing costs or default to a 1.5% Net Smelter Royalty.

## Operations

### *Trident Lithium Project*

The Trident Lithium Project (EL 8736) is considered prospective for lithium mineralisation associated with abundant pegmatite swarms that were historically mined for tin-tantalum along a 20km corridor known as the Euriowie Tin Field.

Lithium minerals have been reported by previous explorers in the historic shallow pits that were historically exploited for tin. Stelar notes that these lithium bearing pegmatites have never been drilled according to open-file reports and that the potential for spodumene, the economic lithium mineral which generally is only present at depth as it oxidises and is leached near surface, has thus never been tested.

In addition, there are numerous anomalous cobalt and copper rock chip assay results reported by previous explorers in the northern part of the Trident Project that warrant further exploration work.

In May 2023, the Company announced an agreement with SensOre Limited (ASX: S3N) (SensOre), who were awarded NSW Government funding as part of the NSW Critical Minerals and High-Tech

Metals Activation Fund, to apply new geochemical and geophysical techniques to identify lithium bearing pegmatites. In late May, SensOre completed the acquisition of high-resolution airborne geophysics over the Euriowie Pegmatite Field and have subsequently completed positive ground-truthing over the known lithium bearing pegmatites at Trident, Lady Don and Triumph.

SensOre is currently processing the high-resolution 256-channel radiometrics over the Trident Area and integrating with the available geochemical datasets for Artificial Intelligence (AI) Machine Learning. The Company's geophysical consultants are also advanced processing the new datasets to assist with geological mapping and the design of the upcoming drill program.

Stelar has established a positive working relationship stakeholders and landholders and is working through the approval process with the aim to commence an initial drilling program in late Q3-2023 to confirm pegmatite orientation and lithium fertility before embarking on a deeper more comprehensive drill program to evaluate lithium resource potential.

### *Evelyn Dam IOCG Project*

In August 2022, Stelar completed its inaugural diamond hole (EVE002) at its 100% owned Evelyn Dam Project to 1,578.9 metres which was designed to test a large gravity anomaly. The hole successfully tested the target as planned and encountered volcanic breccias with variable haematite-silica, sericite-chlorite and carbonate-fluorite alteration assemblages through the target zone typical of potential IOCG alteration.

Four zones of noteworthy geology, including representative sections of the mafic dyke and three volcanic breccia zones were sampled, but returned disappointing results. The Group is currently seeking Joint Venture Partners to fund further exploration at Evelyn Dam where the main deep gravity targets have not been tested.

### *Linda Zinc Project*

Stelar continued to explore the Linda Zinc Project during the financial year which is considered prospective for MVT-style zinc mineralisation. This work has included geological mapping, extensive soil sampling geochemistry and rock-chip sampling. Soil sampling coverage across the broader Linda region has doubled the size of the coherent Linda surface footprint which now extends over a 600m x 300m area with portable XRF results soil results up to 0.7% Zn.

42 rock-chip samples from the Linda Zinc Project were analysed for multi-element geochemistry using four-acid total-digest and ICP-MS and ICP-OES for 60 elements including REE. Multiple high-grade zinc assays up to 42% zinc were collected by Stelar from outcrops across the Linda Prospect and the area to the west of Linda where outcrops responded positively to the presence of high-grade zinc using a wet-chemical zinc-zap test. A high proportion (21 out of 46 total) of samples collected during the surface rock chip sampling program assayed over 1% zinc reflecting the significant distribution of zinc mineralisation at Linda.

The Company considers that the historic BHP drilling undertaken at Linda, which only included shallow vertical RC holes to 25 metres depth and two diamond holes, have not adequately tested the Linda Zinc Prospect. Additionally, several areas outside of the Linda Prospect have returned strong zinc anomalism.

Stelar is continuing efforts in negotiating a Native Title Management Agreement with the Traditional Owners and once agreed will commence Heritage Clearance Surveys and seek drilling approval from the South Australian regulators.

#### *Baratta Copper Project*

During the year Stelar was granted two exploration licences (EL 6803 and EL 6863) that comprise the Baratta Copper Project. The Baratta Copper Project is considered prospective for sediment-hosted copper and Rare Earth Element (REE) mineralisation. This prospectivity is also supported by the recent copper and significant REE discoveries made by Taruga Minerals at Wyacca, Morgan's Creek and other prospects, directly west along strike from Stelar's tenure.

Previous broad spaced soil sampling at Baratta has identified multiple copper anomalies indicating the potential for additional parallel repeats in this highly anomalous copper area. Historical records show that no drilling has been undertaken to test, either the Baratta Mine or the along strike extensions.

Reprocessing of geophysical datasets, including Panda Mining's Gradient Array Induced Polarisation (GAIP) surveys collected in 2014, displays

strong chargeable zones which parallel the trend of stratigraphy and the trend of surface copper mineralisation. The historic mine workings correspond directly with a discrete chargeable zone as do the mineralised extensions which subcrop on EL 6803 to the northeast where Stelar collected a 36% Cu rock-chip sample. The strongest chargeable zone is however along strike from the historic mine workings to the west which appears not to have been worked or tested which warrants further investigation.

Central within EL 6803, the Windowarta Diapir and its surrounding Tapley Hill sediments have potential to host REE metals as the geological setting is similar to that of Taruga's Morgan Creek REE project (ASX announcement, TAR, 20 October 2022).

The Company continues negotiating a Native Title Management Agreement with the Traditional Owners and once agreed will commence Heritage Clearance Surveys and seek drilling approval from the South Australian regulators.

#### *Gunson Copper Project*

Exploration Licences EL 6812 and 6824 were granted during the year which comprise the Gunson Copper Project and is considered prospective for Zambian-style sediment-hosted copper (SHCD) as well as Olympic Dam-style IOCG mineralisation.

The eastern tenement EL 6812 is close to a series of historic open pit copper mines and deposits at Mount Gunson which were periodically mined from

1875 through to 2006. Additionally, the tenement is neighboured by Coda Minerals' advanced copper projects including Windabout and MG14 SHCD projects and Coda's Elaine IOCG project.

Stelar's exploration strategy for the Gunson project areas is to explore for Zambian-style SHCD copper mineralisation within the Adelaidean sequences on the Pernatty Culmination and Olympic Dam-style IOCG mineralisation in the underlying Mesoproterozoic basement. The Company has reprocessed available geophysical datasets and is engaging with stakeholders with the aim of undertaking a high-resolution gravity survey in 2023/24.

#### *Torrens IOCG Project*

Active exploration on the Torrens Project has been limited to the reprocessing of geophysics due to the depth of basement targets and land access issues. The Company is currently investigating the potential for lithium-bearing brines in the northern part of Lake Torrens and is considering the use of airborne electromagnetics to map the brine distribution.

## REVIEW OF RESULTS

The Group incurred a net loss after tax for the year ended 30 June 2023 of \$949,872 (2022: loss of \$759,248). As at 30 June 2023, the Group had a net asset position of \$7,038,128 (2022: \$7,738,000).

As at 30 June 2023, the Group held \$3,433,519 (2022: \$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 1 August 2023, the Company appointed New York based RK Equity advisors to act as a strategic advisor to the Company for an initial term of 12 months. In addition to the payment of a monthly retainer, RK Equity will receive:

- 500,000 unlisted options, with each option having an exercise price of \$0.50 and an expiry date of 2 years from the execution of the agreement,
- 500,000 performance rights which will covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.75 over the 36 month period from execution of the agreement; and
- 500,000 performance rights which will covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$1.00 over the 36 month period from execution of the agreement.

The issue of all securities to RK Equity is subject to receipt of shareholder approval.

On 17 August 2023, the executive services agreement for Chief Executive Officer Mr Colin Skidmore was extended for a further 2 years to December 2025.

The new agreement incorporates a base annual remuneration of \$250,000 excluding statutory superannuation, a short-term performance based incentive of up to \$50,000 in cash bonuses and a long-term incentive comprising the issue of 100,000 Class A performance rights which will vest and covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.40 and an additional 200,000 Class B performance rights which will vest and covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.50, both before 30 June 2025.

On 24 August 2023, the Company announced it had lodged an exploration licence application (ELA 6659) over a 35km<sup>2</sup> area immediately to the west of current tenement EL 8736 as an addition to the Trident Lithium Project.

On 18 September 2023, the Company announced that it had received firm commitments from institutional and sophisticated investors for a placement to raise \$2,864,000 before costs through the issue of 9,546,670 ordinary shares at an issue price of \$0.30 per share. The funds were received by the Company and the shares issued on 22 September 2023.

No other matter or circumstance has arisen since 30 June 2023 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

The Group will continue to advance exploration activities across its portfolio of exploration projects, with a key focus on the Trident Lithium Project following the acquisition of the Project during the second half of 2022/23 and the initial field exploration results obtained from recent from soil and rock chip sampling.

**DIRECTORS' DETAILS****Stephen Biggins**

Non-executive Chairman

*Experience*

Mr Biggins has over 25 years' experience as a geologist and as an executive in both the mining industry in Australia and internationally. He 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.

Until his resignation in October 2022, Mr Biggins was the Managing Director of Core Lithium (ASX: CXO). He led that Company to the acquisition, discovery and definition of the first lithium resources in the Northern Territory, which is considered one of the highest-grade lithium resources in Australia, and officially opened as an operating mine in October 2022.

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. He was also a founding director of Investigator Resources Ltd (ASX: IVR) which discovered the high-grade Paris Silver resource in South Australia.

*Interest in shares and options*

9,800,001 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: Non-executive Chairman of Winsome Resources (ASX: WR1).

**Geoffrey Webster**

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 firm located in South Australia. He is a member of the Australian Institute of Company Directors and has been awarded an MBA through Latrobe University.

With nearly 20 years' experience in the engineering sectors, Mr Webster has previously worked as the General Manager for an 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 a not-for-profit entity and has been appointed National President of a peak body for all stakeholders in the resource recovery industry.

*Interest in shares and options*

200,000 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

**William Dix**

Non-executive Director

*Experience*

Mr Dix is a geologist with 24 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.

Mr Dix 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.

*Interest in shares and options*

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)

*Other listed entity directorships*

Current: Managing Director of Todd River Resources (ASX: TRT)

Previous: Director of BBX Minerals Limited (ASX: BBX)

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.

**CHIEF EXECUTIVE OFFICER**

Colin Skidmore is an exploration geologist and project manager with a BSc honours degree from Adelaide University and a Masters of Applied Science in Exploration and Mining degree from James Cook University.

Mr Skidmore is a member of the Australian Institute of Geoscientists and is a Qualified Person under JORC for a broad range of commodities and mineralisation styles.

Mr Skidmore has over 25 years' experience taking grass root projects and conceptual ideas through rigorous exploration to resource definition and transition to development. He has extensive experience in South Australia but also managing international projects in North and South America, Central Asia and Europe.

**COMPANY SECRETARY**

Nick Harding is a qualified accountant, company secretary and finance professional with over 35 years' experience working in the resources industry. After previously holding senior finance roles with WMC Resources, Normandy Mining and Newmont Australia, Mr Harding 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).

**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 2023 and the number of meetings attended by each director were:

	BOARD MEETING	
	ELIGIBLE TO ATTEND	ATTENDED
Stephen Biggins	11	11
Geoffrey Webster	11	11
William Dix	11	11

Audit and Risk Management / Remuneration and Nomination Committee meetings are conducted by the Board as a whole, as part of board meetings.

## 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 year consists of:

- **Stephen Biggins**  
Non-executive Chairman
- **Geoffrey Webster**  
Non-executive Director
- **William Dix**  
Non-executive Director
- **Colin Skidmore**  
Chief Executive Officer

### 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.

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

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**SERVICE AGREEMENTS**

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

<b>Colin Skidmore</b> 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.
	On 17 August 2023, the executive services agreement for Mr Colin Skidmore was extended for a further 2 years to December 2025. The new agreement incorporates a base annual remuneration of \$250,000 excluding statutory superannuation, a short-term performance based incentive of up to \$50,000 in cash bonuses and a long-term incentive comprising the issue of 100,000 Class A performance rights which will vest and covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.40 and an additional 200,000 Class B performance rights which will vest and covert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.50, both before 30 June 2025

**PERFORMANCE ON SHAREHOLDER WEALTH**

	30 JUNE 2023 \$	30 JUNE 2022* \$
Earnings per share (cents)	(1.88)	(4.39)
Dividends	-	-
Net loss after tax	(949,872)	(759,248)
Share price	0.29	0.189

\* The Company listed on the ASX on the 18 March 2022.

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.

## 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>2023</b>							
<b>Directors</b>							
Stephen Biggins	86,000	-	-	7,350	-	-	93,350
Geoffrey Webster	45,000	-	-	4,725	-	-	49,725
William Dix	45,000	-	-	4,725	-	-	49,725
<b>Key management personnel</b>							
Colin Skidmore	218,182	40,541 <sup>4</sup>	-	27,368	-	-	286,091
	394,182	40,541	-	44,168	-	-	478,891
<b>2022</b>							
<b>Directors</b>							
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	39,817
<b>Key management personnel</b>							
Colin Skidmore <sup>3</sup>	127,273	-	-	12,727	-	-	140,000
	173,197	-	-	17,320	-	76,736	267,253

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

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

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

<sup>4</sup> Mr Skidmore was paid a cash bonus of \$45,000 inclusive of statutory superannuation following the achievement of certain Short Term Incentive milestones agreed with the Board for 2022/23.

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

	FIXED REMUNERATION	AT RISK – STI	AT RISK – LTI
<b>2023</b>			
<b>Directors</b>			
Stephen Biggins	100%	-	-
Geoffrey Webster	100%	-	-
William Dix	100%	-	-
<b>Key management personnel</b>			
Colin Skidmore	100%	-	-
<b>2022</b>			
<b>Directors</b>			
Stephen Biggins <sup>1</sup>	100%	-	-
Geoffrey Webster <sup>2</sup>	100%	-	-
William Dix <sup>2</sup>	100%	-	-
<b>Key management personnel</b>			
Colin Skidmore <sup>3</sup>	84.3%	15.7%	-

<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:

	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE \$	FAIR VALUE PER OPTION \$
<b>2023</b>						
<b>Directors</b>	Nil	-	-	-	-	-
<b>Key management personnel</b>	Nil	-	-	-	-	-
<b>2022</b>						
<b>Directors</b>						
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
<b>Key management personnel</b>						
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.

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:

	VALUE OF OPTIONS GRANTED/VESTED DURING THE PERIOD \$	VALUE OF OPTIONS EXERCISED DURING THE PERIOD \$	VALUE OF OPTIONS LAPSED DURING THE PERIOD \$	REMUNERATION CONSISTING OF OPTIONS FOR THE PERIOD %
<b>2023</b>				
<b>Directors</b>	Nil	-	-	-
<b>Key management personnel</b>	Nil	-	-	-
<b>2022</b>				
<b>Directors</b>				
Stephen Biggins	25,579	-	-	54
Geoffrey Webster	25,579	-	-	64
William Dix	25,579	-	-	64
<b>Key management personnel</b>				
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 2023 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE PERIOD	ADDITIONS	OTHER	BALANCE AT THE END OF THE PERIOD
<b>Directors</b>				
Stephen Biggins	9,000,001	800,000	-	9,800,001
Geoffrey Webster	100,000	100,000	-	200,000
William Dix	350,000	-	-	350,000
<b>Key management personnel</b>				
Colin Skidmore	-	-	-	-
	9,450,001	900,000	-	10,350,001

**Option holding**

The number of options over ordinary shares in the Company held during the financial year ended 30 June 2023 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE PERIOD <sup>1</sup>	GRANTED	OTHER	EXPIRED / FORFEITED / EXERCISED	BALANCE AT THE END OF THE PERIOD
<b>Directors</b>					
Stephen Biggins	3,000,000	-	-	-	3,000,000
Geoffrey Webster	1,000,000	-	-	-	1,000,000
William Dix	1,000,000	-	-	-	1,000,000
<b>Key management personnel</b>					
Colin Skidmore	-	-	-	-	-
	5,000,000	-	-	-	5,000,000

<sup>1</sup> All options have vested on issue.

**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.

NUMBER OF OPTIONS GRANTED	GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$
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

During the year Grant Thornton, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or accrued to the auditor of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out below.

	2023 \$	2022 \$
Audit and review services	50,000	29,000
Independent accountants report	-	15,000
Tax services	6,718	-

### 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.

### 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 2023.

### 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 4th 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.

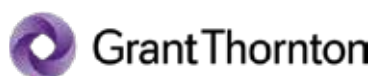


**Stephen Biggins**  
Non-executive Chairman

26 September 2023

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# AUDITOR'S INDEPENDENCE DECLARATION



**Grant Thornton Audit Pty Ltd**  
Grant Thornton House  
Level 3  
170 Frome Street  
Adelaide SA 5000  
GPO Box 1270  
Adelaide SA 5001  
T +61 8 8372 6666

## 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 2023, 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

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 26 September 2023

[www.granthornton.com.au](http://www.granthornton.com.au)  
ACN-130 913 594

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	NOTE	YEAR ENDED 30 JUNE 2023 \$	2 JULY 2021 TO 30 JUNE 2022 \$
<b>Other income</b>			
Interest		48,938	-
<b>Expenses</b>			
Exploration and evaluation expenses		(16,360)	(27,497)
Project generation expenses		(95,704)	-
Salaries and wages	2	(184,030)	(234,484)
Director remuneration	2	(176,800)	(50,515)
Corporate consulting expenses		(280,197)	(166,206)
Company promotion expenses		(15,700)	(5,196)
Depreciation		(28,668)	(773)
Corporate and administration costs	3	(201,351)	(274,013)
Other expenses		-	(564)
<b>Loss before income tax</b>		<b>(949,872)</b>	<b>(759,248)</b>
Income tax expense		-	-
<b>Loss after income tax for the period attributable to the owners</b>		<b>(949,872)</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>(949,872)</b>	<b>(759,248)</b>
Basic and diluted loss per share (cents)	14	(1.88)	(4.39)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTE	30 JUNE 2023 \$	30 JUNE 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,433,519	5,930,966
Trade and other receivables	6	47,860	110,021
<b>Total current assets</b>		<b>3,481,379</b>	<b>6,040,987</b>
<b>Non-current assets</b>			
Property, plant and equipment		86,737	119,629
Exploration and evaluation asset	7	3,708,541	2,035,650
<b>Total non-current assets</b>		<b>3,795,278</b>	<b>2,155,279</b>
<b>Total assets</b>		<b>7,276,657</b>	<b>8,196,266</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	202,063	447,448
Employee benefits	10	36,466	10,818
<b>Total current liabilities</b>		<b>238,529</b>	<b>458,266</b>
<b>Total liabilities</b>		<b>238,529</b>	<b>458,266</b>
<b>Net assets</b>		<b>7,038,128</b>	<b>7,738,000</b>
<b>EQUITY</b>			
Issued capital	11	8,339,230	8,089,230
Share-based payment reserve	12	408,018	408,018
Accumulated losses		(1,709,120)	(759,248)
<b>Total equity</b>		<b>7,038,128</b>	<b>7,738,000</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	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		-	-	(759,248)	(759,248)
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 – 2nd 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>
Loss after income tax expense for the period		-	-	(949,872)	(949,872)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		-	-	(949,872)	(949,872)
Issue of shares to Everest Metals under first tranche of NSW tenement acquisition	11	250,000	-	-	250,000
<b>Balance at 30 June 2023</b>		<b>8,339,230</b>	<b>408,018</b>	<b>(1,709,120)</b>	<b>7,038,128</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	NOTE	YEAR ENDED 30 JUNE 2023 \$	2 JULY 2021 TO 30 JUNE 2022 \$
<b>Cash flows from operating activities</b>			
Interest received		36,259	-
Payments to suppliers and employees		(674,187)	(668,889)
<b>Net cash (used in) operating activities</b>	19	(637,928)	(668,829)
<b>Cash flows from investing activities</b>			
Payment to Everest Metals for NSW tenement acquisition		(250,000)	-
Payments for exploration expenditure		(1,582,547)	(131,688)
Payments for plant and equipment		(33,972)	(89,028)
Proceeds from sale of plant and equipment		7,000	-
<b>Net cash (used in) investing activities</b>		(1,859,519)	(220,716)
<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>		-	6,820,511
Net increase in cash and cash equivalents		(2,497,447)	5,930,966
Cash and cash equivalents at the beginning of the period		5,930,966	-
<b>Cash and cash equivalents at the end of the period</b>	5	3,433,519	5,930,966

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

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 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") for the financial year ended 30 June 2023. Stelar Metals Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are located at 22 Greenhill Road Wayville SA 5034. The financial report was authorised for issue by the Board on 26 September 2023.

### 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.

### 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.

### New accounting standards and interpretations not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 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.

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

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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.

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.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 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 estimates 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.

### 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.

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### **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.

### **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.

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.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 2 EMPLOYMENT COSTS

	30 JUNE 2023 \$	30 JUNE 2022 \$
Employee salaries and wages	108,427	133,573
Director fees	160,000	45,923
Employee superannuation	49,954	13,357
Director superannuation	16,800	4,592
Annual leave expense	25,649	10,818
Share-based payment expense (Director fees)	-	76,736
<b>Total employment costs</b>	<b>360,830</b>	<b>284,999</b>

### 3 CORPORATE AND ADMINISTRATION COSTS

	30 JUNE 2023 \$	30 JUNE 2022 \$
ASIC fees	9,351	9,517
ASX and listing fees	33,250	87,719
Audit fees	57,245	29,468
Legal fees	3,995	50,744
Share registry	9,196	8,603
Insurance	30,841	16,754
Investor relations	24,525	45,700
Fees, permits and subscriptions	1,818	13,883
IT and website	7,586	9,162
Loss on disposal of assets	2,096	-
Other corporate and administration costs	21,448	2,463
<b>Total corporate and administration costs</b>	<b>201,351</b>	<b>274,013</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 4 INCOME TAX

	30 JUNE 2023 \$	30 JUNE 2022 \$
The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% (2022: 25%) 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	553,714	755,391
Deferred income tax relating to origination and reversal of tax losses	(843,017)	(423,440)
Non-recognition of deferred tax assets	289,303	423,440
<b>Tax expense</b>	<b>-</b>	<b>-</b>
b) Accounting profit / (loss) before tax		
	(949,873)	(759,248)
Tax at statutory of 30% (2022: 25%)	(284,962)	(189,812)
Under / over from prior years	(5,150)	-
Non-deductible share-based payments	-	19,184
Non-deductible expenses	809	118
Deferred tax assets not brought to account	289,303	170,510
	-	-
c) Deferred tax assets and liabilities		
Trade and other receivables	(7,639)	(4,847)
Plant and equipment	-	(29,907)
Exploration and evaluation assets	(674,672)	(508,913)
Trade and other payables	23,219	6,667
Short-term provisions	10,940	2,704
Business related costs – P&L	138,268	202,344
Revenue Losses	1,222,627	755,391
<b>Unrecognised deferred tax assets and liabilities</b>	<b>712,743</b>	<b>423,440</b>

The Group has tax losses of \$4,075,424 (2022: \$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 Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 5 CASH AND CASH EQUIVALENTS

	30 JUNE 2023 \$	30 JUNE 2022 \$
Cash in bank	1,433,519	5,930,966
Term deposit	2,000,000	-
	3,433,519	5,930,966

The cash and cash equivalents included a term deposit with a maturity of less than 3 months at an interest rate of 4.45%.

### 6 TRADE AND OTHER RECEIVABLES

	30 JUNE 2023 \$	30 JUNE 2022 \$
GST receivable	19,794	90,632
Interest receivable	12,680	-
Other receivables	15,386	19,389
	47,860	110,021

### 7 EXPLORATION AND EVALUATION EXPENDITURE

	30 JUNE 2023 \$	30 JUNE 2022 \$
Exploration and evaluation expenditure	3,708,541	2,035,650
Balance at the beginning of the period	2,035,650	-
Acquisition of tenements <sup>1,2</sup>	500,000	1,600,000
Expenditure capitalised during the period	1,284,955	435,650
	3,820,605	2,035,650
Project generation expenses	(95,704)	-
Expenditure written off	(16,360)	-
<b>Balance at the end of the period</b>	<b>3,708,541</b>	<b>2,035,650</b>

1 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 because the transaction did not meet the definition of a business combination as defined in AASB3 Business Combinations.

2 On 15 February 2023, the Company acquired a 90% interest of Everest's New South Wales exploration licences which includes the Trident, Midas and Perseus Projects located in the Broken Hill Block, NSW. The consideration paid under the first tranche of the transaction was the payment to Everest of \$250,000 in cash and the issue of 1,187,085 shares which was equivalent to \$250,000 at the time of the signing of the agreement with Everest.

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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 8 PROPERTY, PLANT AND EQUIPMENT

	30 JUNE 2023 \$	30 JUNE 2022 \$
<b>Gross carrying amount</b>		
Balance at the beginning of the period	121,038	-
Additions	4,872	121,038
Disposals and write offs	(9,898)	-
Balance at the end of the period	116,012	121,038
<b>Accumulated depreciation</b>		
Balance at the beginning of the period	(1,409)	-
Depreciation	(28,668)	(1,409)
Disposals and write offs	802	-
Balance at the end of the period	(29,275)	(1,409)
Net book value at the beginning of the period	119,629	-
Net book value at the end of the period	86,737	119,629

### 9 TRADE AND OTHER PAYABLES

	30 JUNE 2023 \$	30 JUNE 2022 \$
Trade payables	86,310	383,434
Other payables and accruals	115,753	64,014
<b>Total trade and other payables</b>	202,063	447,448

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.

### 10 EMPLOYEE BENEFITS

	30 JUNE 2023 \$	30 JUNE 2022 \$
Annual leave provision	36,466	10,818

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 11 ISSUED CAPITAL

	2023		2022	
	NO. OF SHARES	\$	NO. OF SHARES	\$
Fully paid ordinary shares	51,637,086	8,339,230	50,450,001	8,089,230

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.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure accordingly. Management maintains a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital is shown as issued capital in the statement of financial position.

#### Movements in ordinary share capital

	DATE	NO. OF SHARES	ISSUE PRICE \$	\$
<b>Balance at incorporation 2 July 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>		50,450,001		8,089,230
First tranche issue to Everest Metals for NSW tenement acquisition <sup>8</sup>	29-Jun-23	1,187,085		250,000
<b>Balance at 30 June 2023</b>		51,637,086		8,339,230

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

2 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

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

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

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

6 On 9 March 2022, 35,000,000 fully paid ordinary shares were issued pursuant to the Public Offer.

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

8 On 29 June 2023, 1,187,085 shares were issued to Everest as paid of the first tranche payment under the agreement to acquire the NSW tenements.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 12 RESERVES

	30 JUNE 2023 \$	30 JUNE 2022 \$
Share based payment reserve	408,018	408,018

#### 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.

	NO. OF OPTIONS	\$
<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>	10,500,000	408,018
Issued during the year	-	-
<b>Balance at 30 June 2023</b>	10,500,000	408,018

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

### 13 SHARE BASED PAYMENTS

There were no share based payments made during the financial year 2022/23.

During the financial year 2021/22:

- 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.

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
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 previous period but were not exercisable as they were under escrow which is 18 March 2024 – 24 months after the date of admission of the Company to the ASX Official List.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 14 LOSS PER SHARE

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

	30 JUNE 2023 NO. OF SHARES
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	50,453,253
	\$
Loss for the period used in calculating operating basic and diluted loss per share	(949,872)
Basic and diluted loss per share (cents)	(1.88)

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.

### 15 AUDITORS' REMUNERATION

	30 JUNE 2023 \$	30 JUNE 2022 \$
<b>Audit services – Grant Thornton Audit Pty Ltd</b>		
Audit of the financial statements	30,000	21,500
Review of the financial statements	20,000	7,500
	50,000	29,000
<b>Other services</b>		
Compliance tax services	6,718	-
Independent accountant's report	-	15,000
	6,718	15,000
<b>Total auditor's remuneration</b>	56,718	44,000

### 16 RELATED PARTIES

	30 JUNE 2023 \$	30 JUNE 2022 \$
<b>Key management personnel</b>		
Short term employee benefits	434,723	173,197
Post-employment benefits	44,168	17,320
Share based payment benefits	-	76,736
	478,891	267,253

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.

### 17 OPERATING SEGMENTS

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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 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:

	CARRYING AMOUNT \$	CONTRACTUAL CASH FLOWS \$	LESS THAN 1 YEAR \$
<b>2023</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,433,519	3,433,519	3,433,519
	<u>3,433,519</u>	<u>3,433,519</u>	<u>3,433,519</u>
<b>Financial liabilities</b>			
Trade and other payables	202,063	202,063	202,063
	<u>202,063</u>	<u>202,063</u>	<u>202,063</u>
<b>2022</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5,930,966	5,930,966	5,930,966
	<u>5,930,966</u>	<u>5,930,966</u>	<u>5,930,966</u>
<b>Financial liabilities</b>			
Trade and other payables	447,448	447,448	447,448
	<u>447,448</u>	<u>447,448</u>	<u>447,448</u>

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 19 RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH NET LOSS FOR THE PERIOD

	30 JUNE 2023 \$
Loss for the period	(949,872)
<b>Adjustments</b>	
Interest received	(48,938)
Depreciation	28,668
Sale of fixed assets	2,096
Exploration expenditure written off	112,064
<b>Movements in assets/liabilities</b>	
Increase in trade and other receivables	74,840
Increase in trade and other payables	81,307
Increase in employee benefits	25,648
<b>Cash flows (used in) operations</b>	<u>(674,187)</u>

### 20 CONTINGENT ASSETS AND LIABILITIES

The Group did not have any contingent assets as at 30 June 2023 (2022: nil).

There is a contingent liability of \$500,000 as at 30 June 2023 (2022: nil) relating to the second tranche of the agreement with Everest for the acquisition of the NSW tenements. A milestone payment comprising, at Everest's sole election, of either:

- Stelar issuing 2,374,169 fully paid ordinary shares to the value of \$500,000 to Everest; or
- a cash payment by Stelar to Everest of \$500,000

will be made to Everest within 24 months from the date of the agreement, once either:

- drilling commences at the Midas Project; or
- drilling approvals are granted by the NSW regulators for drilling at the Trident Lithium Project.

### 21 COMMITMENTS

	30 JUNE 2023 \$	30 JUNE 2022 \$
Capital commitments committed at the reporting date but not recognised as liabilities, payable: exploration and evaluation <sup>1</sup>	558,517	154,258

<sup>1</sup> In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money. The Group's exploration commitments are related to the South Australian Critical Minerals Projects.

There were no other commitments noted as at 30 June 2023.

### 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:

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	2023 %	2022 %
Stelar Metals Exploration Pty Ltd	Australia	100%	100%
Resource Holdings No. 1 Pty Ltd	Australia	100%	100%
BR2 Pty Ltd	Australia	100%	100%

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 23 PARENT ENTITY DISCLOSURES

	30 JUNE 2023 \$	30 JUNE 2022 \$
<b>Financial position</b>		
Total current assets	3,481,379	6,040,986
Total non-current assets	3,907,342	2,155,279
<b>Total assets</b>	<b>7,388,721</b>	<b>8,196,265</b>
Total current liabilities	(238,529)	(458,265)
<b>Total liabilities</b>	<b>(238,529)</b>	<b>(458,265)</b>
<b>Net assets</b>	<b>7,150,192</b>	<b>7,738,000</b>
<b>Financial performance</b>		
Issued capital	8,339,230	8,089,230
Share based payment reserve	408,018	408,018
Accumulated losses	(1,597,056)	(759,248)
<b>Total equity</b>	<b>7,150,192</b>	<b>7,738,000</b>
<b>Financial performance</b>		
Loss for the period	(837,808)	(759,248)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(837,808)</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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 24 EVENTS SUBSEQUENT TO REPORTING PERIOD

On 1 August 2023, the Company appointed New York based RK Equity advisors to act as a strategic advisor to the Company for an initial term of 12 months. In addition to the payment of a monthly retainer, RK Equity will receive:

- 500,000 unlisted options, with each option having an exercise price of \$0.50 and an expiry date of 2 years from the execution of the agreement;
- 500,000 performance rights which will convert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.75 over the 36 month period from execution of the agreement; and
- 500,000 performance rights which will convert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$1.00 over the 36 month period from execution of the agreement.

The issue of all securities to RK Equity is subject to receipt of shareholder approval.

On 17 August 2023, the executive services agreement for Chief Executive Officer Mr Colin Skidmore was extended for a further 2 years to December 2025. The new agreement incorporates a base annual remuneration of \$250,000 excluding statutory superannuation, a short-term performance based incentive of up to \$50,000 in cash bonuses and a long-term incentive comprising the issue of 100,000 Class A performance rights which will vest and convert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.40 and an additional 200,000 Class B performance rights which will vest and convert to shares on a 1 for 1 basis when the 20 day VWAP exceeds \$0.50, both before 30 June 2025.

On 24 August 2023, the Company announced it had lodged an exploration licence application (ELA 6659) over a 35km<sup>2</sup> area immediately to the west of current tenement EL 8736 as an addition to the Trident Lithium Project.

On 18 September 2023, the Company announced that it had received firm commitments from institutional and sophisticated investors for a placement to raise \$2,864,000 before costs through the issue of 9,546,670 ordinary shares at an issue price of \$0.30 per share. The funds were received by the Company on 22 September 2023.

No other matter or circumstance has arisen since 30 June 2023 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.

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# DIRECTORS' DECLARATION

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 2023 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 2023 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



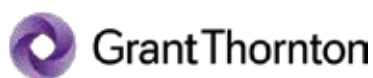
**Stephen Biggins**

Non-executive Chairman

26 September 2023

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# AUDITOR'S REPORT



**Grant Thornton Audit Pty Ltd**  
Grant Thornton House  
Level 3  
170 Frome Street  
Adelaide SA 5000  
GPO Box 1270  
Adelaide SA 5001  
T +61 8 8372 6666

## 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 2023, 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 2023 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.

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# AUDITOR'S REPORT

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## 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Exploration and evaluation assets – Note 7</b>	
<p>At 30 June 2023 the carrying value of exploration and evaluation assets was \$3,708,541.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, 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>• 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 exploration licenses and statutory registers to determine whether a right of tenure existed;</li><li>– Enquiring management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including reviewing 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>• Assessing the accuracy of any impairment recorded for the year as it pertained to exploration interests;</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 financial statement disclosures.</li></ul>

## 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 2023, 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.

# AUDITOR'S REPORT

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## 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 the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Stelar Metals Limited, for the year ended 30 June 2023 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

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 26 September 2023

# ADDITIONAL SHAREHOLDER INFORMATION

As at 26 September 2023

## SUBSTANTIAL SHAREHOLDERS

	NO. OF ORDINARY SHARES
RESOURCE HOLDINGS PTY LTD	7,075,000

## TOP 20 SHAREHOLDERS OF ORDINARY SHARES

	NO. OF ORDINARY SHARES	% SHARES
RESOURCE HOLDINGS PTY LTD	7,075,000	11.66%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,939,212	4.84%
BR1 HOLDINGS PTY LTD	1,800,000	2.97%
UBS NOMINEES PTY LTD	1,250,000	2.06%
CITICORP NOMINEES PTY LIMITED	1,174,648	1.94%
MR PETER PALAN & MRS CLARE PALAN	1,100,000	1.81%
MR ANTHONYDE NICOLA & MRS TANYA LOUISE DE NICOLA	1,025,000	1.69%
MR PAUL GREGORY BROWN & MRS JESSICA ORIWIA BROWN	1,000,000	1.65%
HAPTELL PTY LTD	900,910	1.48%
KELVERLEY PTY LTD	900,000	1.48%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	863,130	1.42%
MARTIN PETER WAKEFIELD	833,333	1.37%
GENEX RESOURCES PTY LTD	800,000	1.32%
FURINKAZAN CAPITAL PTY LTD	775,000	1.28%
BNP PARIBAS NOMINEES PTY LTD	656,328	1.08%
MRS SHUYING LI	601,959	0.99%
BOND STREET CUSTODIANS LIMITED	600,000	0.99%
FINCLEAR PTY LTD	566,238	0.93%
REBO NOMINEES PTY LTD	550,744	0.91%
BNP PARIBAS NOMS PTY LTD	513,764	0.85%
<b>Total of top 20 shareholdings</b>	<b>25,925,266</b>	<b>42.72%</b>
Other holdings	34,758,490	57.28%
<b>Total fully paid ordinary shares issued</b>	<b>60,683,756</b>	<b>100.00%</b>

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## ADDITIONAL SHAREHOLDER INFORMATION

As at 26 September 2023

### DISTRIBUTION OF SHAREHOLDERS

	NO. OF ORDINARY SHARES	NO. OF HOLDERS
100,001 and over	96	42,899,785
10,001 to 100,000	394	16,037,240
5,001 to 10,000	140	1,153,292
1,001 to 5,000	179	590,371
1 to 1,000	22	3,068
<b>Total</b>	<b>831</b>	<b>60,683,756</b>

There were 32 shareholders with less than an unmarketable parcel of 1,695 shares.

### UNLISTED OPTIONS

	NO. OF OPTIONS
Exercise price of \$0.30 and expiry date of 18 March 2025	10,500,000

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