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ASX ANNOUNCEMENT

31st October 2017

LODESTAR MINERALS

SEPTEMBER 2017 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

Contessa

- **First diamond drilling at Contessa - two holes completed subsequent to end of reporting period.**
- **Drilling targeted gold in a quartz vein system associated with a diorite contact, intersecting a zone of ferruginous quartz veining in LND001 (assay results pending).**
- **Interpreted as north-dipping, the contact extends along strike for over 2,000m and has only been effectively tested by two drill holes (LNR906 and LND001).**
- **Contessa shaping up as a major target for systematic RC drilling.**

Yowereena

- **Program of Work approval received for aircore drilling program at the Boundary Fence gold prospect.**
- **Heritage Survey to be completed in October with initial 4,000m drill program planned for November.**

Neds Creek

- **Program of Work submitted for 4,000m of aircore drilling at Gidgee Flat and Central Park to follow up strong gold anomalies.**
- **Drilling expected to follow on from the Yowereena program.**

Corporate

- **Completion of a share placement to raise $500,000 before costs to fund drilling and other activities on the Yowereena farm-in tenements.**
- **Lodestar's Chairman, Mr Ross Taylor elected to convert the full value (A$1.2 million) of the Convertible Note into Lodestar shares under the terms of the Binding Convertible Note Agreement approved by shareholders on the 22nd June 2017.**

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS
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CAPITAL STRUCTURE
Shares on Issue:
518,788,328 (LSR)

Options on Issue:
89,783,702 (listed)
38,800,127 (unlisted)

ASX: LSR

PROJECTS
Peak Hill – Doolgunna:
Camel Hills – gold
Neds Creek – gold
Marymia – gold
West Pinyrinny – gold

Neds Creek Project (LSR – 100%)

CONTESSA

Preparations were completed for the maiden diamond drilling program at the Contessa gold project, drilling was partly co-funded by the WA Government's EIS program.

Diamond drilling targeted mineralised quartz veining reported in two aircore drill holes (see Lodestar's ASX announcement dated 10th July 2017);

- **LNR806** returned 3m at 1.0g/t Au from end of hole samples, terminating in vein quartz.
- **LNR906,** designed to intersect the same zone as LNR806 but drilled towards grid south, reported 4m at 4.35g/t Au from end of hole samples, also terminating in vein quartz.

Samples from LNR906 were re-assayed as 1m samples and reported 0.86g/t Au from 84m to 85m; 1.01g/t Au from 85m to 86m; 4.86g/t Au from 86m to 87m and 5.15g/t Au from 87m to 88m.

The diamond drilling program was completed subsequent to the end of the reporting period. Two holes were drilled to target the vein system and identify the structural setting of the mineralisation. Drill hole details are listed in Table 1.

Table 1 Diamond drill hole locations.

HoleID	Easting (MGA)	Northing (MGA)	mRL	Azimuth	Dip	Precollar (m)	Total Depth (m)
LND001	788025	7192339	574.34	130	-60	80	214.9
LND002	788108	7192267	573.43	310	-60	75	191.5

Hole LND001 was drilled towards grid south to intersect the target 15m below LNR906 (see Figures 1 and 2). The hole intersected a vein system at the contact between felsic schist and diorite. The vein is brecciated, weathered and strongly ferruginous. Some core loss was encountered through the interval, due to the degree of weathering and broken ground. Variably altered diorite was encountered from the contact at 99.05m to the end of hole at 214.9m.

The contact is interpreted to be a fault zone with strong albite and/or K-feldspar alteration in the immediate footwall. The deep weathering and alteration encountered in both holes (fresh rock from between 150m and 170m down hole) is consistent with hydrothermal fluids being focused along a major structure.

Hole LND002 was drilled towards grid north, targeting the same zone, as a scissor hole. LND002 drilled through variably altered diorite to end of hole at 191.5m. The drilling results imply that the contact dips to towards grid north, sub-parallel to LND002, and therefore most of the drilling completed at Contessa to date has not tested the target directly.

Planning for a follow-up drill hole, to be drilled down-dip from LND001 is underway. Sampling and assay of the contact-related vein system is being prioritised to facilitate the commencement of additional systematic drilling without further delay.

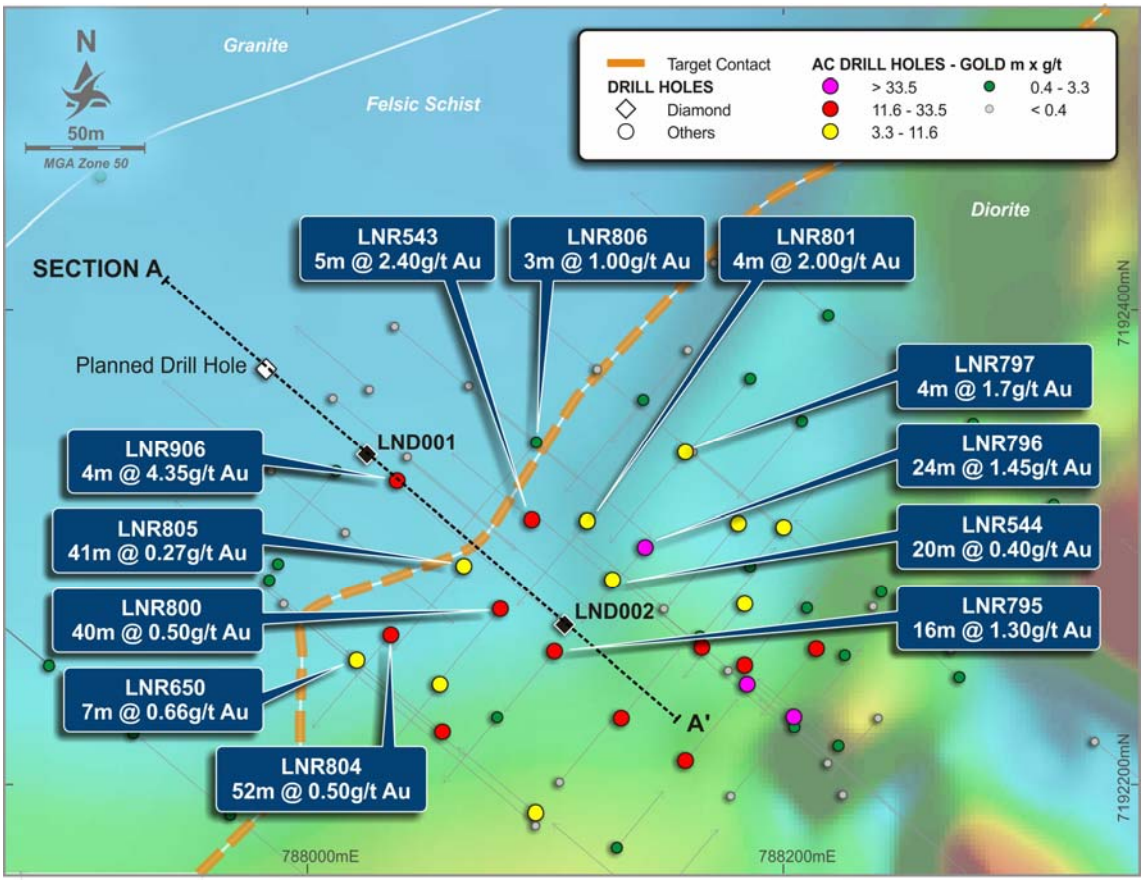

Figure 1 Contessa drill plan showing LND001 and LND002 and drill hole traces on TMI aeromagnetic image. (MGA94).

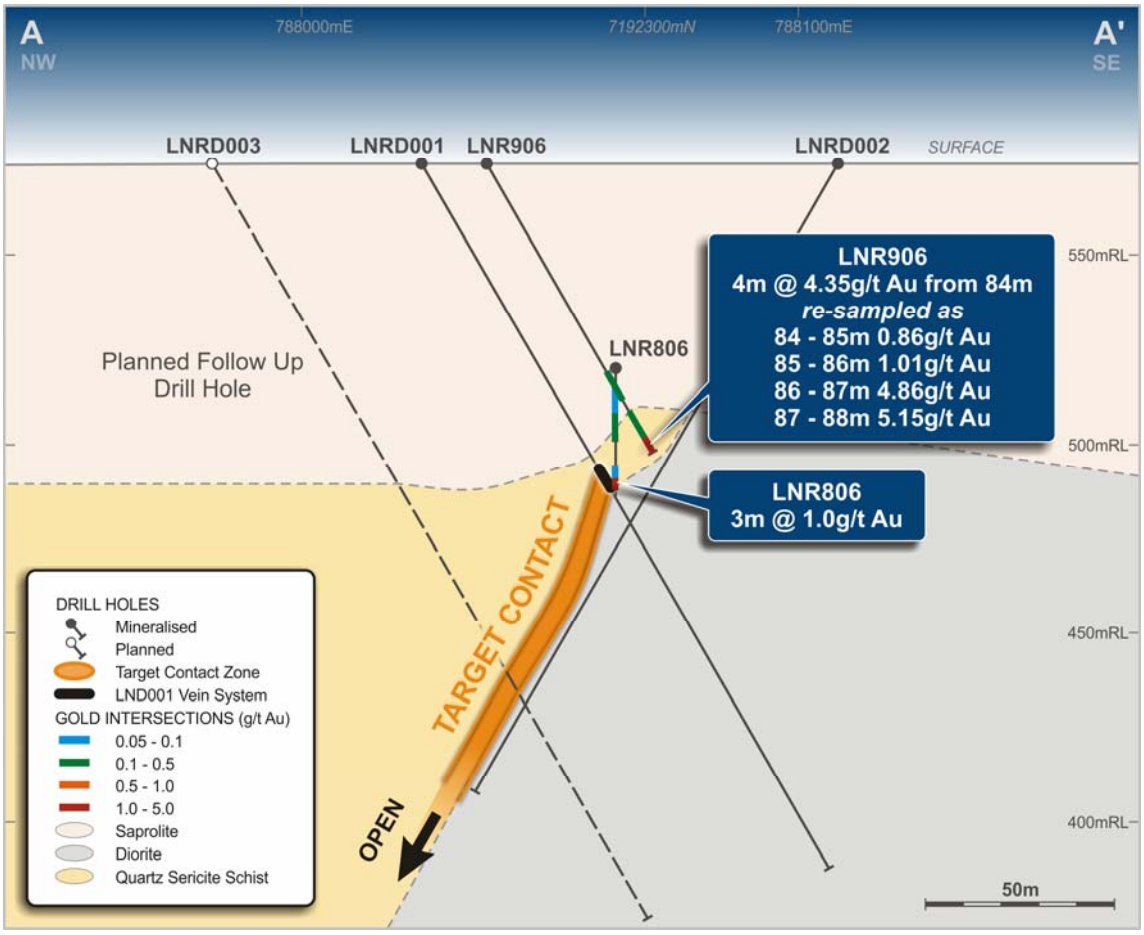

Figure 2 Contessa drill hole section showing intersection and target contact.

YOWEREENA (LSR earning 80%)

An aircore drill program targeting high-grade gold intercepts reported from historic drilling at the Boundary Fence prospect by Marymia Exploration (see Lodestar's ASX announcement dated 14th March 2017) is expected to commence in November. In addition to testing the Boundary Fence area, several drill traverses will target the margin of a nearby elongate granite (believed to belong to the same intrusive suite as the Contessa granite) for shear zone and contact-related gold mineralisation.

Program of Work approval has been received and a heritage survey is scheduled for completion in late October in preparation for the first drilling in the Boundary Fence area since 1997.

NED'S CREEK REGIONAL

A Program of Work has been submitted for 4,000m of follow-up aircore drilling at the Gidgee Flat and Central Park gold anomalies.

Additional sampling of 1 metre samples from mineralised drill holes at both prospects yielded the following significant results:

Table 2 Significant results from 1m sampling of aircore drill holes.

Prospect	HoleID	DepthFrom	DepthTo	Au (g/t)	Comments
Gidgee Flat	**LNR875**	76	77	**0.18**	76m to 84m - Transition zone, goethitic saprock after mafic. Up to 83ppm As, 25ppm Te & 29ppm W. **8m at 2.3g/t gold from 76m**
		77	78	**4.3**	
		78	79	**0.9**	
		79	80	**1.6**	
		80	81	**3.2**	
		81	82	**2.7**	
		82	83	**4.7**	
		83	84	**0.6**	
Central Park	**LNR853**	72	73	**5.9**	Vein quartz, minor pyrite. 0.15% Pb, 15ppm Te & 16ppm W.

The drilling will target the area around LNR875 at Gidgee Flat that remains untested to the north and west and in-fill drill the granite contact gold anomalies identified at Central Park (see Lodestar's ASX announcement dated 10th July 2017).

CORPORATE

On 7th September 2017 Lodestar announced a successful placement of 62.5 million fully paid shares at 0.8 cents per share to raise $500,000 (before costs). The placement included the issue of 31.25 million listed options on a one-for-two basis for zero consideration, with each option exercisable at 3 cents per share on or before 30 September 2019. Funds raised from the placement will be used to expedite drilling and further exploration on the Yowereena tenements where Lodestar is earning an 80% interest.

On 4th October 2017 the Company advised shareholders that Lodestar Chairman, Mr Ross Taylor, had elected to convert the full value of a Convertible Note amounting to A$1,170,000 of loan funds advanced to the Company. The loan will convert into 117,000,000 fully paid ordinary shares issued at $0.01 per share, plus 23,400,000 listed options exercisable at $0.03 each by 31 October 2019. The placement, together with the funds received from Mr Taylor will drive on-going, intensive exploration at Contessa and the regional Ned's Creek gold targets where there are multiple opportunities for further exploration success.

Bill Clayton
Managing Director

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Bill Clayton, Managing Director, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated 14th March 2017 "Farm-in Agreement Enhances Gold Potential at Neds Creek" and 10th July 2017 " Widespread high grade gold results advance Neds Creek targets". These announcements are available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 1: Schedule of Exploration Tenements as at 30 September 2017

Tenement description	Tenement Numbers	Status	Percentage Interest
Camel Hills	E09/2099	Granted	100%
Camel Hills	E09/2100	Granted	100%
Camel Hills	E52/3064	Granted	100%
Camel Hills	E09/2138	Granted	100%
Camel Hills	E09/2139	Granted	100%
Camel Hills	E09/2215	Application	100%
Ned's Creek	E52/2440	Granted	100%
Ned's Creek	E52/2456	Granted	100%
Ned's Creek	E52/2468	Granted	100%
Ned's Creek	E52/2493	Granted	100%
Ned's Creek	E52/2734	Granted	100%
Ned's Creek	E52/3473	Granted	100%
Ned's Creek	E52/3476	Application	100%
Imbin - Troy Creek	E69/3483	Application	100%
Yowereena	M52/779	Vango Mining	0% - Lodestar farm-in to earn up to 80%
Yowereena	M52/780	Vango Mining	0% - Lodestar farm-in to earn up to 80%
Yowereena	M52/781	Vango Mining	0% - Lodestar farm-in to earn up to 80%
Yowereena	M52/782	Vango Mining	0% - Lodestar farm-in to earn up to 80%

JORC Code, 2012 Edition

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sampling and assaying of drill core is underway. The RC precollar of the diamond drill holes was sampled at 1m intervals and samples collected from the cyclone were laid in sequence on the ground in rows of 25. Re-sampling of selected aircore drill holes, using the original bagged 1m samples was also carried out. • Sample representivity is maintained by placing the samples in a pre-numbered calico bag with a corresponding sample book entry. Certified reference materials, field duplicates and laboratory repeat samples are analysed routinely. • Sample results from aircore re-sampling are reported in Table 2. Samples were retrieved from the original samples by spearing consistently down the side of bagged 1 metre samples using a PVC spear. Approximately 2.5kg of material was dried, crushed pulverised and split to produce a 40g charge for fire assay determination of gold and mixed acid digest and ICPMS determination of pathfinder elements.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling – Precollar - 5.5" face sampling hammer. HQ and NQ2 drill core. LND001: precollar to 80m; HQ core to 116.7m; NQ2 core to 214.9m. LND002: precollar to 75m; HQ core to 113.6m: NQ2 to 191.5m. Core orientation using an ACT Mk 2 core orientation tool. Hole surveyed using a multi-shot electronic survey tool. • Previous aircore method used a 3.34" blade bit, and hammer bit used for end of hole samples if in mineralisation. Non-core method, no downhole surveys were recorded.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Precollar sample recoveries and wet samples were monitored and included in Lodestar's drill hole database. Core recoveries recorded, based on geologist's mark-up and measurement of individual core runs and comparison with driller's measurements.. • HQ drilling through upper part of hole to maximise recovery in highly weathered zone. Precollar samples collected from a cyclone at 1 metre intervals and laid in rows of 25 sequentially. Drill sampling equipment was cleaned regularly to minimise contamination. • Drill core and precollar assay results are awaited.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill core and chip samples were routinely geologically logged. The drilling was an initial drill test of the target in weathered rocks and the results are not intended to support Mineral Resource estimation. • Logging is qualitative in nature. • All drill core and precollar samples are geologically logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core sampling and assaying processes are underway and incomplete. Core is being sampled as half core. • Re-assay of aircore samples involves rotary splitting to obtain a 40g sub-sample. • All samples for assay are stored in pre-numbered bags and submitted to Bureau Veritas (UltraTrace) Laboratories for sample preparation and analysis. • Sample preparation for drill samples involves drying the whole sample, crushing to 3mm and pulverising to 90% passing -75 microns. The pulverised sample was split with a rotary sample divider to obtain a 40 gram charge. Duplicate field samples and laboratory repeats are used to monitor satisfactory reproducibility. • Sample size is appropriate for early exploration drilling where mineral grainsize is unknown.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Aircore re-sampling - A 40 gram charge was submitted for fire assay (with ICP-OES finish), the detection limit is 1ppb. Selected pathfinder elements were determined by mixed acid digest and ICP-MS. • No geophysical tools were used to determine any element concentrations. • Laboratory QAQC includes the use of laboratory standards and replicates.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections have not been independently validated at this time. • No twinned holes have been completed. • Field and laboratory data are collected electronically and entered into a relational database. Data collection protocols are recorded in Lodestar's operation manual. • There has been no adjustment to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole locations are fixed by handheld GPS, accuracy is estimated to be +/-5 metres. • Drill hole coordinates were recorded in MGA94 Zone 50 grid. • The topography within prospect areas is generally flat; RL's are averaged from GPS readings of individual drill holes in each area and are subject to significant error. In the Contessa area drill hole collar RL's have been adjusted to the DEM surface derived from a detailed aeromagnetic survey using Bendix/King radar altimeter equipment with a resolution of 0.3m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill holes have variable spacing, generally 40 metres on section and ranging from 80 to 320 metres between sections. • The data is insufficient to establish continuity for Mineral Resource estimation. • Compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Diamond drilling - The target contact is interpreted to dip towards grid north at approximately 60 degrees, based on limited information. • Intersection widths, based on the interpreted northerly dip, are believed to represent 1.15 times true thickness.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored at Lodestar's exploration camp in sealed bags or covered core trays and under supervision prior to dispatch by registered courier or Lodestar staff to Bureau Veritas - UltraTrace Laboratories.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out.

Criteria	Commentary
Mineral tenement and land tenure status	• Contessa is located on E52/2456, within Lodestar's Ned's Creek project. The tenement is owned by Audacious Resources, a wholly-owned subsidiary of Lodestar Minerals and expires on 16/09/2020. The tenement is within the native title claim WC99/46 of the Yugunga-Nya Group. Lodestar has signed a Heritage Agreement with the traditional owners to carry out mineral exploration on the tenement.
Exploration done by other parties	• Exploration commenced at McDonald Well in the late 1960's, WMC explored for Zambian Copper Belt style mineralisation and completed regional geological mapping and sampling, followed by minor percussion drilling. CRA Exploration completed regional mapping and auger sampling, also at McDonald Well. No significant anomalies were identified on the tenements. Minor exploration drilling by Barrick and CRA Exploration east and south of Contessa intersected ultramafic lithologies, confirming the extent of the greenstone sequence in this area. There has been no material exploration by other parties over the Contessa area.
Geology	• The geology of the project area comprises the northern margin of the Proterozoic Yerrida Basin. The geology forms two discrete units; Proterozoic sediments of the Yerrida Basin that are prospective for sediment-hosted copper and base metal mineralisation in black shale and carbonate sequences, with evidence of secondary and primary copper mineralisation in the Thaduna district and Archaean basement rocks on the northern margin of the Yerrida Basin. The basement-sediment contact trends east-west and Lodestar's exploration has identified extensive gold anomalism adjacent to this contact. The basement consists of granite and fringing mafic to intermediate and ultramafic rocks that are not well exposed at surface. The mafic-ultramafic rocks and the adjacent granite that hosts gold mineralisation are thought to be Archaean in age but may be part of the Glenburgh orogenic event along the northern Yilgarn margin. Identification of syenite-hosted, intrusion-related gold mineralisation at Brumby indicates that this region differs in comparison with other lode gold occurrences in the Plutonic Well greenstone belt and the surrounding Proterozoic fold belt and does not form part of the adjacent Marymia Inlier.
Drill hole information	• Tabulated data is provided in Table 1.
Data aggregation methods	• Assay data are reported as 1 metre samples. Where aggregate intersections are stated a 0.1g/t Au cut-off has been applied.
Relationship between mineralisation widths and intercept lengths	• Drilling at Contessa was generally oriented -60 degrees towards 310 degrees, recent aircore drilling and diamond drilling specifically targeted the contact between diorite and felsic schist and was drilled towards 130 degrees and 310 degrees. The geological interpretation implies that the contact and related vein system dips at approximately 60 degrees towards 310 degrees and the intersection widths in LND001 are 1.15 times the true thickness.
Diagrams	• See Figures 2 and 3.
Balanced reporting	• All drill holes are reported in Table 1. Aircore re-sampling was selective and consisted of collecting 1m samples from the original 4m composite samples when significant gold assays were reported in the original composite assay results.
Other substantive exploration data	• None to report.
Further Work	• Extensive zones of anomalous gold greater than 100ppb (0.1g/t) have been identified in drilling at Contessa. The anomalies remain open at depth and along strike along the granite contact. In-fill drilling at Contessa has extended a zone of supergene gold mineralisation in several areas where extensive zones of low grade mineralisation persist into the transition zone below supergene mineralisation. The contact between diorite and felsic schist has been identified as significant bedrock target for follow-up systematic drilling and is believed to be the source of supergene gold.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LODESTAR MINERALS LIMITED

ABN	**Quarter ended ("current quarter")**
32 127 026 528	30 SEPTEMBER 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(299)	(299)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(74)	(74)
	(e) administration and corporate costs	(67)	(67)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(440)**	**(440)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	500	500
3.2	Proceeds from issue of convertible notes	800	800
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(51)	(51)
3.5	Proceeds from borrowings	32	32
3.6	Repayment of borrowings	(36)	(36)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,245**	**1,245**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	109	109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(440)	(440)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,245	1,245
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**914**	**914**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	914	109
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**914**	**109**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	77
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 - Includes salaries paid to directors, as well as superannuation paid on behalf of directors. A percentage of the Managing Director's salary has been expensed to exploration activities. Also, includes corporate and accounting services paid to a company associated with one of the directors.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	1,200	1,170

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Ross Taylor has provided a convertible loan draw down facility for $1,200,000. On 22 June 2017, the loan reverted to a convertible note following approval by shareholders at a general meeting. The note will convert to up to 120,000,000 shares at 0.1 cents per share, maturing within 2 years and accruing interest at 10% per annum. At 30 September 2017, the Company had drawn down $1,170,000. These convertible notes were converted to 117,000,000 fully paid ordinary shares on 3 October 2017. The balance of the draw down facility remains available to the Company should the funds be required.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	390
9.2	Development	-
9.3	Production	-
9.4	Staff costs	74
9.5	Administration and corporate costs	103
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows [(1)]**	**567**

(1) The Company has signed an unsecured convertible loan agreement with its Chairman to advance up to $1,200,000 with interest accruing at 10% per annum, pro rata.

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2017

Director and Company Secretary

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.