

**LODESTAR MINERALS LIMITED**  
**ABN 32 127 026 528**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of one (1) Share for every six (6) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to \$643,707 (based on the number of Shares on issue as at the date of this Prospectus). One (1) Option will be issued for no consideration for every three (3) Shares applied for and issued, such options exercisable at 3 cents each on or before 31 October 2019. **(Offer)**.

The Offer is fully underwritten by Asymmetric Arbitrage Ltd **(Underwriter)**. Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Ross Taylor  
(Non- Executive Chairman)

Bill Clayton  
(Managing Director)

David McArthur  
(Executive Director)

### Company Secretary

David McArthur

### Registered Office

Level 2, 55 Carrington Street  
Nedlands WA 6009

Telephone: + 61 8 94233200

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

Website:

[www.lodestarminerals.com.au](http://www.lodestarminerals.com.au)

### Share Registry\*

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Telephone: +61 8 93898033

Facsimile: +61 8 92623723

### Solicitors\*

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

### Underwriter

Asymmetric Arbitrage, Ltd  
Suite 20, 460 Stirling Hwy,  
Cottesloe WA 6010

### Auditor

KPMG  
Level 8, 225 St Georges Terrace  
Perth WA 6000

\*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	21 September 2016
Lodgement of Prospectus & Appendix 3B with ASX	21 September 2016
Notice sent to Optionholders	22 September 2016
Notice sent to Shareholders	23 September 2016
Shares quoted on an "Ex" basis	26 September 2016
Record Date for determining Entitlements	27 September 2016
Prospectus and Entitlement and Acceptance form despatched to Eligible Shareholders.	30 September 2016
Last day to extend Offer Closing Date	11 October 2016
Closing Date*	14 October 2016
Shares and Options quoted on a deferred settlement basis	17 October 2016
ASX notified of under subscriptions	19 October 2016
Issue date/Shares and Options entered into Shareholders' security holdings	21 October 2016
Quotation of Shares and Options issued under the Offer*	24 October 2016

\*The Directors may extend the Closing Date subject to the Listing Rules. As such the date the Shares are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 21 September 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares and Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### 3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### 3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 4 of this Prospectus.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) Shares for every six (6) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per Share. One (1) Option will be issued for no consideration for every three (3) Shares applied for and issued under the Offer. The Options will be exercisable at 3 cents on or before 31 October 2019.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 64,370,705 Shares will be issued pursuant to this Offer to raise up to \$643,707.

As at the date of this Prospectus the Company has 43,550,127 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

### **4.2 What Eligible Shareholders may do**

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement; or
- (b) take up a proportion of their Entitlement and allow the balance to lapse;
- (c) take up all of their Entitlement and apply for Shortfall under the Shortfall Offer (if any); or
- (d) do nothing, whereby your Entitlement will form part of the Shortfall and be dealt with in the manner set out in Section 4.9.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **4.3 Acceptance**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form unless applying for any Shortfall under the Shortfall Offer.



You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per Share); or
- (c) if you wish to apply under the Shortfall Offer, you must apply for your full Entitlement as set out in (a) above and also complete the additional section of your Entitlement and Acceptance Form for the additional Shortfall. Refer to Section 4.9 for information on the Shortfall Offer.
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### 4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to Lodestar Minerals Limited Entitlement Offer – Entitlement Issue Account” and crossed “Not Negotiable”. Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry no later than 5.00pm WST on the Closing Date.

#### 4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

#### 4.6 Minimum subscription

There is no minimum subscription to the Offer.

#### 4.7 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to section 8.4 of this Prospectus for details of the terms of the underwriting.

#### 4.8 Effect on control of the Company and potential dilution to Shareholders

The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

The number of Shares that may be held by the Underwriter and its voting power is set out in the table below and shows the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer, and as announced on 12 September 2016, it is the present intention of the Directors to take up their Entitlements (representing 22.56% of the Offer). The underwriting obligation and therefore voting power of the Underwriters will change by a corresponding amount for the amount of Entitlements taken up under the Offer and applications for the Shortfall from Eligible Shareholders.

Event	Shares held by Underwriter	Voting power of Underwriter
As at date of Prospectus	Nil	Nil
If Offer is fully subscribed	Nil	Nil
If Offer is 75% subscribed	16,092,676	3.57%
If Offer is 50% subscribed	32,185,352	7.14%
If Offer is 22.56% subscribed	49,847,760	11.06%

For the reasons outlined above, the Offer is therefore not expected to have an effect on control of the Company.

Shareholders should note however that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 14.28% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	25,000,000	6.47%	4,166,667	25,000,000	5.55%
Shareholder 2	15,000,000	3.88%	2,500,000	15,000,000	3.32%
Shareholder 3	10,000,000	2.58%	1,666,667	10,000,000	2.21%
Shareholder 4	5,000,000	1.29%	833,334	5,000,000	1.10%
Shareholder 5	1,000,000	0.26%	166,667	1,000,000	0.22%

**Note:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

#### 4.9 Shortfall Offer

Any Entitlement not taken up Eligible Shareholders pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01 being the price at which Shares have been offered under the Offer. Applicants for Shortfall Shares will also receive one Option for every three Shares applied for and received on the same terms of the Offer.

Eligible Shareholders are invited to apply for Shares and Options over and above their Entitlement by completing the relevant section in their Entitlement and Acceptance Form. The Directors, in consultation with the Underwriter, will determine the allocation of the Shortfall, with priority given to Eligible Shareholders who apply for shortfall, and then to the Underwriter or sub-underwriters, but not so any Shareholder acquires a known voting power greater than twenty per cent (20%).

#### 4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

ASX quotation will not be sought for the Options being issued.

#### **4.11 Issue**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares and Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.12 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.13 Enquiries**

Any questions concerning the Offer should be directed to David McArthur, Company Secretary, on 08 9423 3200.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$643,707 (before costs).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Exploration expenditure and working capital	584,281	90.76
2.	Expenses of the Offer <sup>1</sup>	59,426	9.24
	<b>Total</b>	<b>\$643,707</b>	<b>100%</b>

#### Notes:

1. Refer to section 8.7(d) of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including changes in regulations or introduction of new technologies) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$584,281 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 386,224,233 as at the date of this Prospectus to 450,594,938 Shares; and
- (c) increase the number of options on issue from 43,550,127 as at the date of this Prospectus to 70,007,028 options (including options issued to the Underwriter).

### 5.3 Pro-forma statement of financial position

The audited statement of financial position as at 30 June 2016 and the pro-forma statement of financial position as at 30 June 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and

pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards ap

	Audited 30 June 2016	PRO FORMA ADJUSTMENTS	PROFORMA 30 June 2016
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	375,702	584,281	959,983
Trade and other receivables	30,483		30,483
Other assets	1,452		1,452
<b>TOTAL CURRENT ASSETS</b>	<b>407,617</b>	<b>584,281</b>	<b>991,898</b>
<b>NON-CURRENT ASSETS</b>			
Capitalized exploration and evaluation expenditure	749,612		749,612
Property and equipment	23,367		23,367
<b>TOTAL NON-CURRENT ASSETS</b>	<b>772,979</b>		<b>772,979</b>
<b>TOTAL ASSETS</b>	<b>1,180,596</b>	<b>584,281</b>	<b>1,764,877</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	133,127		133,127
Employee benefits	43,278		43,278
<b>TOTAL CURRENT LIABILITIES</b>	<b>176,405</b>		<b>176,405</b>
<b>NON- CURENT LIABILITIES</b>			
Employee benefits	33,095		33,095
<b>TOTAL NON- CURENT LIABILITIES</b>	<b>33,095</b>		<b>33,095</b>
<b>TOTAL LIABILITIES</b>	<b>209,500</b>		<b>209,500</b>
<b>NET ASSETS</b>	<b>971,096</b>	<b>584,281</b>	<b>1,555,377</b>
<b>EQUITY</b>			
Share capital	22,069,369	584,281	22,653,650
Reserves	686,425		686,425
Accumulated losses	(21,784,698)		(21,784,698)
<b>TOTAL EQUITY</b>	<b>971,096</b>	<b>584,281</b>	<b>1,555,377</b>

**Basis of Preparation:** The pro forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide 230 relating to Disclosing non-IFRS Financial Information. The pro forma statement of financial position is based on the audited statement of financial position as at 30 June 2016 that has been adjusted to reflect the issue of 64,370,705 Shares pursuant to this Prospectus to raise \$643,707 before costs of the Offer of \$59,426.

## 5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

### Shares

	Number
Shares currently on issue	386,224,233
Shares offered pursuant to the Offer	64,370,705
<b>Total Shares on issue after completion of the Offer</b>	<b>450,594,938</b>

### Options

	Number
Unquoted Options currently on issue:	
Exercisable at 15-30 cents by 29 November 2016	2,500,000
Exercisable at 15-30 cents by 8 May 2017	2,250,000
Exercisable at 5 cents by 16 December 2017	16,000,000
Exercisable at 5 cents by 31 December 2018	15,000,000
Exercisable at 6 cents by 30 December 2018	7,800,127
Options to be issued pursuant to the Offer:	
Exercisable at 3 cents by 31 October 2019	21,456,901
Options to be issued to the Underwriter:	
Exercisable at 3 cents each by 31 October 2019 <sup>1</sup>	5,000,000
<b>Total Options on issue after completion of the Offer</b>	<b>70,007,028</b>

#### Notes:

1. Under the Underwriting Agreement the Underwriter is due a fee of 5,000,000 options on the same terms as the options issued under the Offer.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 429,774,360 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 520,601,966 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

## 5.5 Details of substantial holders

Based on publicly available information as at 10 September 2016, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Ross Taylor	71,920,450	18.62%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

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## 6. RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OPTIONS

### 6.1 Shares:

The rights attaching to Shares are set out in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. The Constitution may be inspected free of charge during normal business hours at the registered office of Company at Level 2, 55 Carrington Street, Nedlands WA.

The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

#### (a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

#### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of the vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are two or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

#### (c) Issue of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

#### (d) Variation of rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.



(e) **Transfer of shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within five Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Partly paid shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) **Winding up**

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares when the winding up begins.

(i) **Dividend reinvestment and share plans**

The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) **Directors**

The Constitution states that the minimum number of Directors is three.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

(l) **Share buy backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on terms and at times determined by the Directors.

(m) **Unmarketable parcels**

The Constitution permits the Board to sell the shares held by a shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the shareholder notice of the intended sale. If a shareholder does not want his shares sold, he may notify the Company accordingly.

(n) **Capitalisation of profits**

The Company may capitalize profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) **Capital reduction**

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital.

(p) **Preference shares**

The Company may issue preference shares including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

## 6.2 **Terms and conditions of Options**

- (a) The Options are exercisable at 3 cents each any time on or before 31 October 2019 ("Expiry Date").
- (b) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (c) The notice attached to the certificate has to be completed when exercising the Options ("Notice of Exercise").

- (d) Options may be exercised by the holder completing and forwarding to the company a notice of exercise and payment of the exercise price for each option being exercised prior to the expiry date.
- (e) All Shares issued upon exercise of the Options will rank pari passu in all respects with the company's then existing Shares.
- (f) Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 15 business days after the receipt of a properly executed notice of exercise and payment for the exercise price of each Option being exercised. The company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (g) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been allotted and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (h) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the exercise price.
- (i) if at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

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## **7. RISK FACTORS**

### **7.1 Introduction**

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business.

An investment in Securities is subject to numerous risks. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some risks are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in Securities, investors should have regard to (among other things) the risks listed below and the disclaimers outlined in this Prospectus.

The Securities offered pursuant to the Offer involve investors being exposed to risk. The Board strongly recommends that potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Securities pursuant to the Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Board.

The risks identified in this section, or other risk factors, may have a material impact on the Company's financial performance and the market price of the Company's Shares.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

### **7.2 Exploration, development, mining and processing risks**

The Company has announced on 12 September 2016 that the funds raised from the Offer are intended to be used to undertake a new exploration program on the Contessa and Brumby gold targets at the Company's Ned's Creek project.

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore resources;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;

- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;
- (h) native title risks (see Sections 7.6 and 7.7 below); and
- (i) adverse weather conditions over a prolonged period which may adversely affect exploration and mining operations and the timing of revenues.

Whether or not the exploration drilling program will be successful or income will ultimately result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

### **7.3 Future capital requirements**

The Company's growth through pursuit of its current activities will require ongoing expenditure. There can be no guarantees that the funds raised through this Prospectus together with cash reserves will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund activities after the substantial exhaustion of the net proceeds of the Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity raising may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

### **7.4 Reliance on key personnel**

The Company is reliant on its management. The loss of one or more of these individuals could adversely affect the Company.

In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although the Company expects to be able to do so in the future, there can be no assurance that the Company will be able to attract and retain skilled and experienced personnel and consultants.

### **7.5 Environmental management**

The Company's exploration activities are and will be subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and more stringent environmental assessments of proposed projects. Environmental regulations could adversely affect the viability of the Company's projects. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.

## **7.6 Native Title**

The Native Title Act 1993 (Cth) recognizes and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future regime was established by the Native Title Act. The existence of a claim is not an indication that Native Title in act exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

## **7.7 Native Title access and mining negotiations**

The Company may, from time to time, need to negotiate with any native title claimant for access rights to tenements. In addition, agreement will need to be reached with native title claimants and/or holders in the event of mining. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. The Company may also participate in hearings to determine whether native title exists in certain areas in which it has an interest. The participation and outcome of any such proceedings may also entail significant delays and costs which may impact on the timing and conduct of the Company's operations.

## **7.8 Operational and technical risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) geological and hydrogeological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) alterations to joint venture programs and budgets;
- (d) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (e) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;

- (f) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (g) the supply and cost of skilled labour;  
  
unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and
- (h) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals (including clearance of work programs pursuant to the existing and any future access agreements entered into with the registered Aboriginal Land Council and the Native Title claimants).

## **7.9 Title, Tenure and Access**

All mining tenements which the Company has or may acquire either by application, sale and purchase or farm-in are regulated by the applicable governmental mining legislation. There is no guarantee that applications will be granted as applied for, or that various conditions may be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of tenement to the Company.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable governmental mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

## **7.10 Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the Company's operations.

## **7.11 Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example Corporations Act, accounting standards and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Company.

## **7.12 Regulatory Changes**

Changes in laws and government policies in Australia and its States and Territories where the Company operates concerning environmental taxation, land access, infrastructure creation and access, accounting policies and other matters in which the Company would be an affected party may have either a beneficial or an adverse impact on the financial performance of the Company.

## **7.13 Insurance**

The Company has a policy of obtaining insurance for operational risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that the Company will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any such claims.

## **7.14 Commodity prices**

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for particular commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

## **7.15 Economic factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The

Company's future possible revenues and Share price can be affected by these factors, which are beyond the control of the Company and its Directors.

## **7.16 Share market**

Share market conditions may affect the price at which the Company's Securities trade regardless of operating performance. Share market conditions are affected by many factors, such as:

- (a) general economic outlook;
- (b) movements in, or outlook in, interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;
- (e) changes in investor sentiment towards particular market sectors;
- (f) the demand for, and supply of, capital.

Investors should recognize that the price of the Securities may fall as well as rise. Many factors will affect the price of the Securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of or escalation in, any war,



armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of the Company's Securities.

#### **7.17 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

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## 8. ADDITIONAL INFORMATION

### 8.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC (being the 30 June 2016 report lodged on 20 September 2016); and
  - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in

section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

No documents have been lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC.

The ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

Announcements are also available through the Company's website at [www.lodestarminerals.com.au](http://www.lodestarminerals.com.au).

## 8.2 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.026 per Share	11 July 2016
Lowest	\$0.01 per Share	6 September 2016
Last	\$0.011 per Share	20 September 2016

## 8.3 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

## 8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 64,370,705 Shares and 21,456,901 Options (**Underwritten Securities**) being a total value of \$643,707 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the total value of the Underwritten Securities plus the issue of 5,000,000 Options exercisable at 3 cents by 31 October 2019 (on the same terms and conditions as the Options issued under the Offer).

The lodgement of this Prospectus satisfies the last of the conditions of the Underwriting Agreement and the Underwriting Agreement is therefore unconditional.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (b) **(Copies of Prospectus)**: the Company fails to comply with the requirement to provide copies of the Prospectus to the Underwriter pursuant to the Underwriting Agreement and such failure is not remedied within 2 days; or
- (c) **(No Official Quotation)**: Official Quotation for all the Shares has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (d) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by the Corporations Act; or
- (e) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (f) **(Restriction on allotment)**: the Company is prevented from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (g) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (h) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;

## 8.5 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) as an inducement to become, or to qualify as, a Director; or
- (d) for services provided in connection with:

- (i) the formation or promotion of the Company; or
- (ii) the Offer.

### ***Security holdings***

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement
Ross Taylor	71,920,450	8,000,000	11,986,741
David McArthur	11,700,005	8,000,000	1,950,000
Bill Clayton	3,517,223	12,500,000	586,204

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements

### ***Remuneration***

The remuneration of an executive Director is 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.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, 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 following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2017	2016
Ross Taylor	\$54,440	\$54,440
Bill Clayton	\$154,440	\$154,440
David McArthur	\$74,440	\$74,440

## **8.6 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

Asymmetric Arbitrage, Ltd will be paid an underwriting fee of approximately \$38,622 together with the issue of 5,000,000 Options exercisable at 3 cents by 31 October 2019. During the 24 months preceding lodgement of this Prospectus with the ASIC, Asymmetric Arbitrage has been paid fees totalling \$30,000 by the Company.

## 8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Asymmetric Arbitrage, Ltd has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named; and
- (d) KPMG has given its written consent to being named as the auditors of the Company. KPMG has not authorised the issue of the Prospectus. Accordingly, it makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus. KPMG has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$ (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,350
ASX fees	6,014
Underwriting fees	38,622
Printing and miscellaneous	12,440
<b>Total</b>	<b>\$59,426</b>

### Notes:

1. Assumes Offer is fully subscribed or all Shortfall placed.

## 8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9423 3200 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.lodestarminerals.com.au](http://www.lodestarminerals.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 8.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## 8.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.



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9. **DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**David McArthur**  
**Director**  
**For and on behalf of**  
**LODESTAR MINERALS LIMITED**

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## 1. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares and Options under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Lodestar Minerals Limited (ABN 32 127 026 528).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Lodgement Date** means the date so specified in the Timetable or such other date as the Underwriter and the Company agree in writing.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official List** means the Official List of the ASX.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Relevant Company** means the Company and each subsidiary of the Company.

**Securities** means Shares and Options offered under the Offer.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Notice Deadline Date** means the date specified in the Timetable as the date by which the Company must give each Underwriter written notice of the Shortfall Shares accompanied by a certificate.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 4.9 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Timetable** means the timetable approved by ASX and set out in Section 2 of this Prospectus.

**WST** means Western Standard Time as observed in Perth, Western Australia.