LODESTAR MINERALS LIMITED

ABN 32 127 026 528

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2020

CONTENTS

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Lodestar Minerals Limited (referred to hereafter as the 'company') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS

The names of the directors who held office during the whole of the financial year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

William Clayton	Managing Director	Appointed 02 November 2007
Ross Taylor	Non-executive Chairman	Appointed 30 June 2014
David McArthur	Non-executive Director	Appointed 3 September 2018 *Executive Director from* *13 August 2007 to 3 September 2018*

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group consisted of exploration and evaluation of the Group's exploration tenements situated in Western Australia.

OPERATING RESULTS

The loss for the financial year ended 30 June 2020 attributable to members of Lodestar Minerals Limited after income tax was $729,797 (2019: $1,896,090).

The Group has a working capital deficit of $44,998 (2019: deficit of $96,184) and had net cash outflows of $11,423 (2019: net cash outflow of $1,043,259).

The Company remains acutely aware of the current economic climate and continues to implement cost reduction measures across the business.

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2020 (2019: Nil).

REVIEW OF OPERATIONS

HIGHLIGHTS

Ned's Creek Project

Lodestar Minerals Limited's ("Lodestar") exploration is targeting syenite-related gold mineralisation on the margins of the 7km long Contessa granite, where supergene and primary high-grade gold has been discovered over a distance greater than 2 km along the southern contact. Intrusion-related gold deposits are attractive exploration targets due to their potential large scale, low cost operations. Notable examples in Western Australia include Carosue Dam (Saracen), Jupiter (Dacian), Wallaby (GoldFields) and recent discoveries at Hemi (De Grey) and Mandilla (Anglo Australian).

Exploration activities planned for the first half of 2020 at Ned's Creek and the Company's other projects were interrupted due to travel restrictions and health and safety advice in relation to the COVID-19 pandemic. The Company successfully completed phase 1 RC drilling at Contessa, fully funded by farm-in and joint venture partner, Vango Mining Limited ("Vango"). Vango is the owner of the adjacent 1Moz Marymia Gold Project and is in the second year of the farm-in, earning a 51% interest in the project by spending $5M on exploration.

The second phase of drilling, comprising three diamond drill holes targeting the interpreted down-plunge extent of high-grade gold mineralisation at Contessa and a key structure within the Gidgee Flat-Central Park corridor is currently in an advanced stage of preparation.

Vango joins Lodestar as cornerstone investor

In December 2019, Lodestar issued 103,571,429 fully paid ordinary shares to raise approximately $800,000[1]. A placement of 75 million shares, at an issue price of 0.8 cents per share ($600,000), was made to Vango, giving Vango a strategic 8.79% holding in Lodestar. The placement further strengthened the relationship between Lodestar and Vango and provided a strong incentive to maximise potential synergies as the Ned's Creek and Marymia Gold Projects progress.

The remaining 28,571,429 shares were issued to sophisticated investors at an issue price of 0.7 cents per share, to raise $200,000. The placement included a free attaching 1 for 3 unlisted option exercisable at 2 cents by 30 December 2021.

Exploration Completed

Five RC holes completed at Contessa targeted the area up-plunge and southeast of very high-grade gold intersected in LNRC026. Significant results from this program include:

- **16m at 2.16g/t Au from 84m, *including 4m at 9.63g/t Au* in VCTRC0003[2]** and
- **5m at 2.42g/t Au from 46m, *including 2m at 4.94g/t Au*, within 27m at 1.05g/t Au from 46m in VCTRC0002**

In addition to intersecting significant gold at relatively shallow depth, the drilling appears to link deeper, high-grade gold to the extensive supergene gold zone at Contessa.

A sulphidic black shale unit, also from VCTRC0003, reported **significant base metal intersections, including up to 0.46% Cu, 2% Pb and 0.33% Zn,** highlighting potential for VHMS or sediment-hosted base metal mineralisation at Ned's Creek.

[1] See Lodestar's ASX announcement dated 9th December 2019.
[2] See Vango's (ASX:VAN) announcement dated 10th February 2020.

Shallow, wide-spaced RC drilling was carried out on the northern contact of the Contessa granite. Drilling was completed on three 500m spaced traverses to test for geochemical anomalies. Anomalous results of up to 4m at 0.14g/t Au from 8m and 4m at 0.18g/t Au from 56m in hole VYWRC0012 indicate potential gold mineralisation related to the granite contact. In addition, Cu-Ni anomalies were intersected in an ultramafic unit adjacent to the granite contact. VYWRC0009 intersected a 20m interval of 281ppm Cu, 460ppm Zn, 1199ppm Ni from 4m. Coincident Cu Ni anomalies are frequently associated with nickel sulphide mineralisation and the magnitude of the anomalies reported from first-pass drilling is promising.

A FOCUS ON GOLD AND COPPER ALONG THE CAPRICORN CRATON MARGIN

Lodestar's tenement portfolio comprises 1,560 sq. km. in three projects under tenure or application across the northern margin of the Yilgarn Craton, Western Australia (Figure 1). The tenement package spans a distance of 360 kilometres, extending across the mineralised collision zone of the Yilgarn and Pilbara Cratons, known as the Capricorn Orogen.

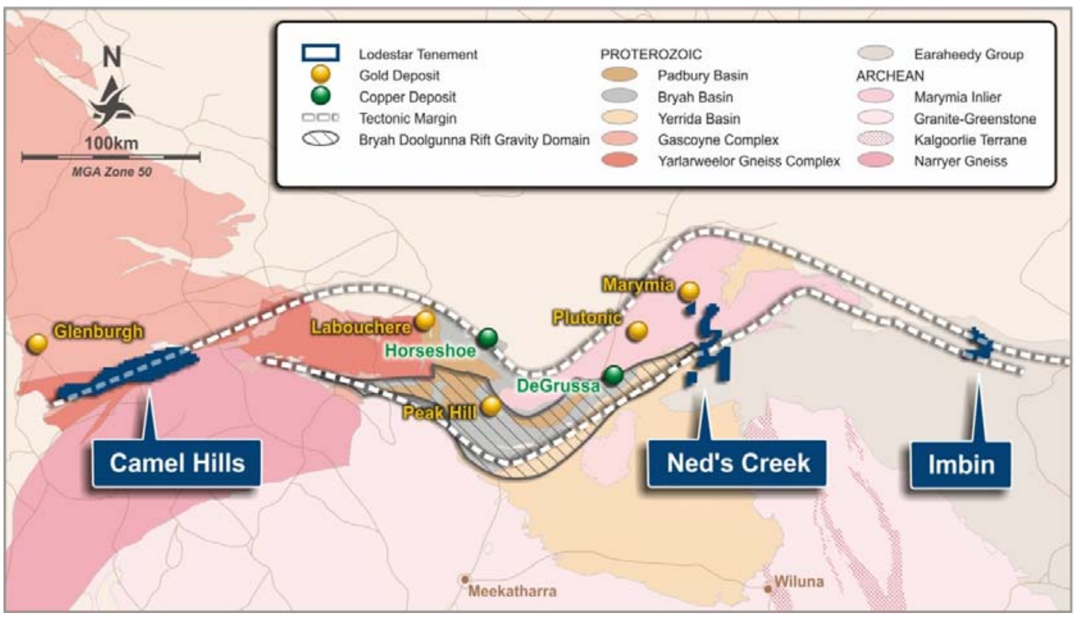

Figure 1. Location of Lodestar's projects on the northern margin of the Yilgarn Craton.

The northern Yilgarn craton margin, including the Plutonic Well greenstone belt of the Marymia Inlier, has an endowment of multi-million-ounce gold deposits and major resources of high-grade copper. The mineralisation at the Plutonic gold deposit (>5Moz Au) has been dated at ~2100Ma, 1850Ma and 1680Ma[3], reflecting multi-phase mineralisation related to major orogenic events on the Yilgarn margin. A study of the ages of ore deposits in the Bryah and Padbury Basins has confirmed the relationship between the major orogenic events and mineralisation; the DeGrussa and Horseshoe Lights (Cu-Au), Peak Hill, Horseshoe and Mikhaburra (Au) deposits are dated between 2005 – 1960Ma corresponding to the Glenburgh Orogeny[4]. These mineralising episodes can be correlated across the northern margin of the Yilgarn and are important in identifying areas of mineral potential. Under-explored exposures of Glenburgh age rocks host mineralisation at the Camel Hills (gold) and Imbin projects (copper – gold), at the western and eastern ends of the Capricorn Orogen, respectively.

[3] Gazely, M.F. (2011), Metamorphism, Geochronology and Stratigraphy of an amphibolite-facies greenstone-hosted gold deposit: Plutonic Gold Mine, Western Australia. Unpublished PhD thesis, Victoria University of Wellington, New Zealand, 164p.

[4] Hawke, M.L., Meffre, S. and Stein, H. (2014), Geochronology of the DeGrussa Cu-Au-Ag volcanic-hosted massive sulphide deposit and comparisons with regional mineralization of the Yerrida, Bryah and Padbury basins, Western Australia. Precambrian Research, Vol. 267, 250-284p.

NED'S CREEK PROJECT – 400 sq km

(E52/2440, E52/2456, E52/2468, E52/2493, E52/2734, E52/3473, E52/3476 and M52/779, M52/780, M52/781 & M52/782 – VAN earning 51%)

The Ned's Creek tenements are located 150 kilometres north east of Meekatharra along geological trend from the Thaduna and DeGrussa copper deposits, 35 km east of the Plutonic gold mine and 20km south of Vango Mining's 1Moz Marymia Gold Project. The tenements flank the Jenkin Fault zone, a major structure that defines the northern boundary of the Bryah-Yerrida volcano-sedimentary basins and extend over 400 sq. km. of the northern Yerrida Basin and under-explored Archaean granite-greenstone basement. The Archaean basement, immediately north of overlying Yerrida sediments, has yielded significant gold discoveries related to a large composite granite/syenite intrusion at Contessa, Central Park and Gidgee Flat (Figure 2).

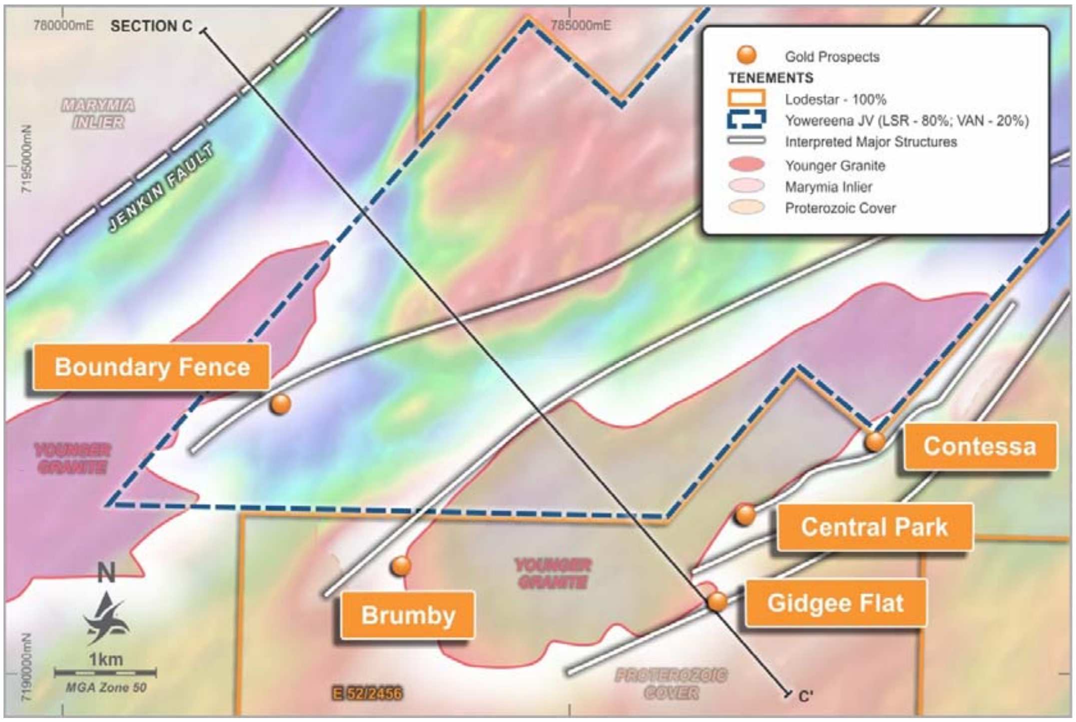

Figure 2. Prospect location plan, showing relationship to granite intrusions. Background TMI magnetic image.

Contessa

Five RC drill holes were completed for 786m at Contessa. The drilling targeted the area immediately southeast of a high-grade gold intersection in Lodestar drill hole LNRC026[5].

Significant results from the program include:

- **16m @ 2.16 g/t Au from 84m including 4m @ 9.63 g/t Au in VCTRC0003 and**
- **5m @ 2.42 g/t Au from 46m including 2m @ 4.94 g/t Au contained within a broader relatively shallow intersection of 27m @ 1.05 g/t Au from 46m in VCTRC0002**

[5] See Lodestar's ASX announcement dated 22nd May 2018.

These results support additional drilling to establish a potential open-pit resource at Contessa and suggest a link exists between the deeper high-grade zone intersected in LNRC026 and extensive supergene gold intersected in Lodestar's earlier exploratory air core drilling (see Figures 3 & 4).

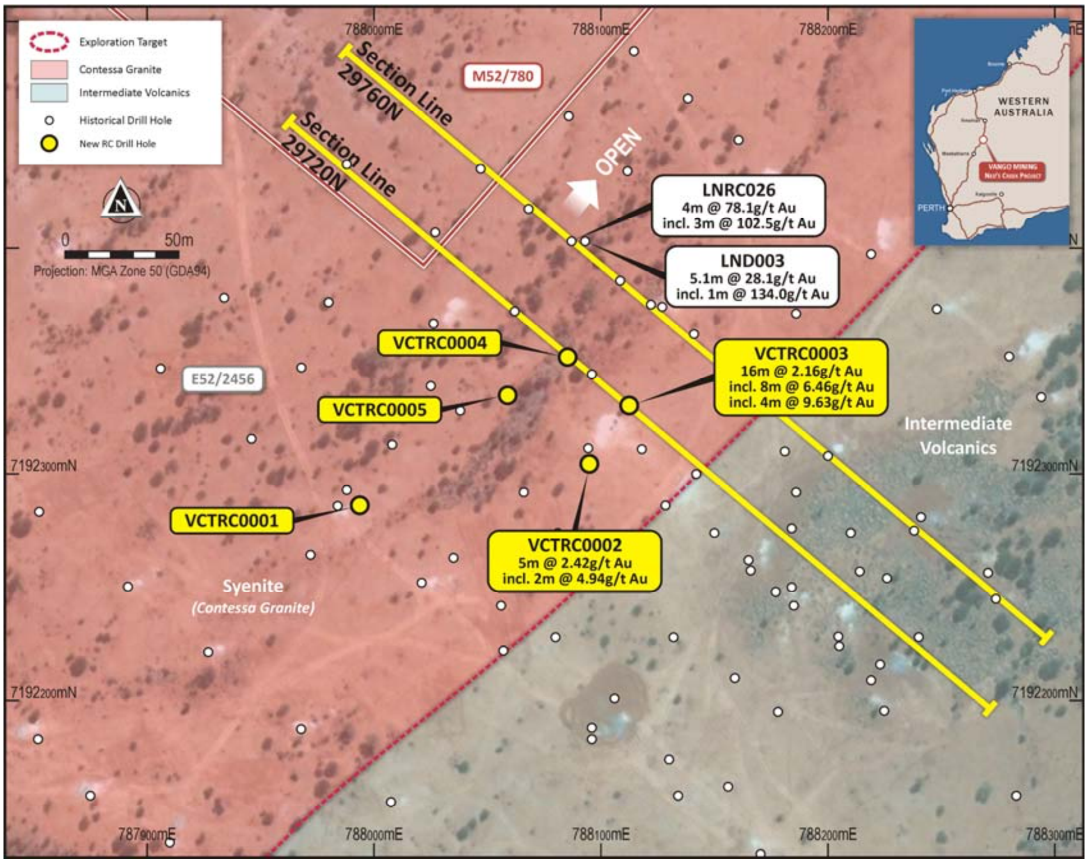

Figure 3. Ned's Creek Contessa prospect, drill hole locations and drill intersections.

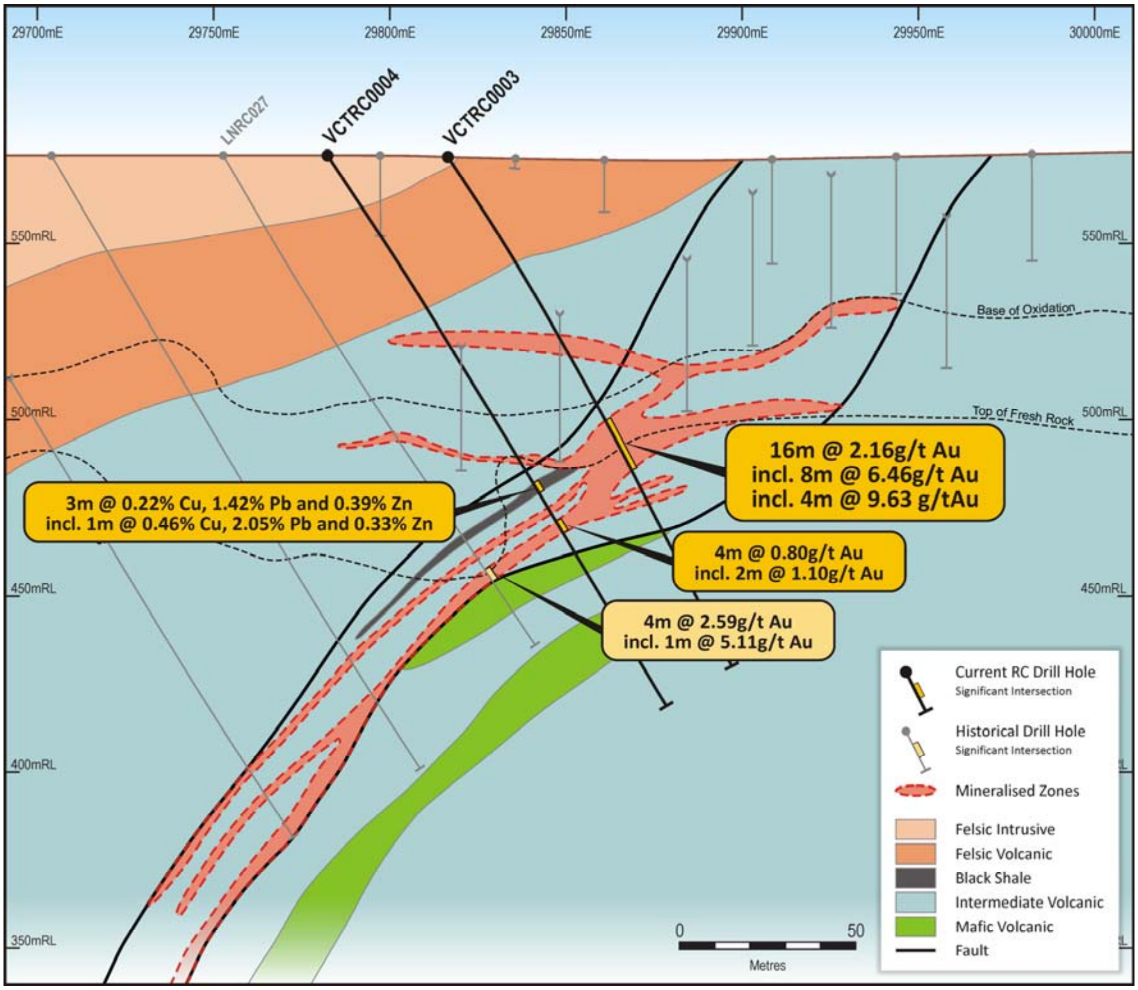

Figure 4. Ned's Creek, Contessa Prospect, interpreted geological cross-section.

In addition to the RC drilling at Contessa, wide spaced, shallow RC drilling was carried out along the northern granite greenstone contact. 14 holes were completed for 875m, on three traverses 500m apart. The drilling represents a first-pass test of a 1.5km interval along the 7km long northern contact to identify geochemical anomalies related to the granite contact.

Gold and base metal anomalies reported from the drilling include:

- up to **4m @ 0.14 g/t Au from 8m and 4m @ 0.18 g/t Au from 56m in hole VYWRC0012 and**
- highly anomalous copper (Cu) with nickel (Ni) was intersected in **VYWRC0009** including a **20m zone from 4m depth of 281ppm Cu, 460ppm Zn and 1199ppm (0.12%) Ni with supporting 1524ppm (0.15%) Cr.** The geochemistry is indicative of ultramafic rocks, a favourable host for nickel sulphide mineralisation that is characteristically associated with coincident Ni-Cu geochemical anomalies. Further drilling is required to establish if the Ni-Cu anomaly is related to nickel sulphide mineralisation at depth.

Follow up drilling of the Contessa prospect and the area between Gidgee Flat and Central Park is at an advanced stage of preparation. A three-hole diamond drilling program is planned. Two holes will test the interpreted down plunge extension of the high-grade gold zone in LNRC026 at Contessa and a third hole will target a major structure within the mafic sequence between Gidgee Flat and Central Park, adjacent to the granite contact[6] (see Figure 5).

[6] See Lodestar's ASX announcement dated 14th August 2020.

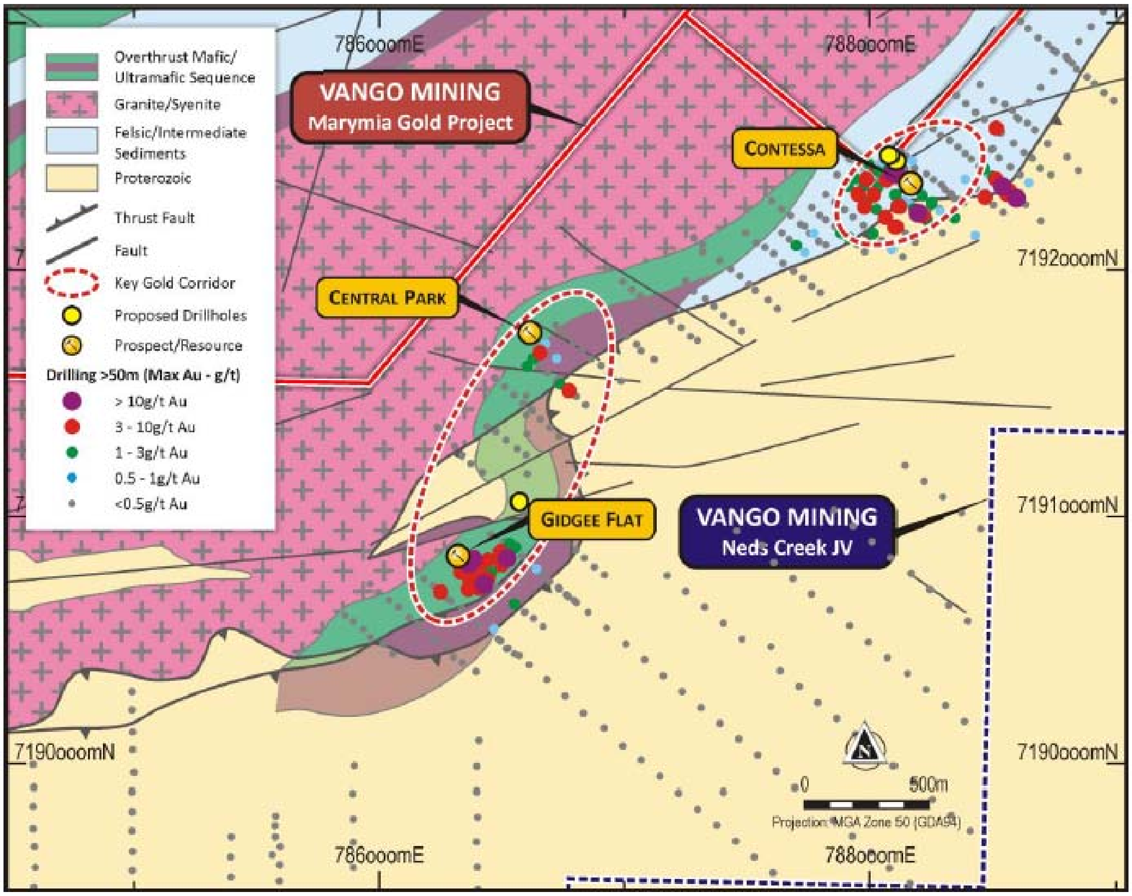

Figure 5. Structural interpretation of the Gidgee Flat to Contessa corridor showing position of planned drill holes.

CAMEL HILLS PROJECT (Gold) – 240 sq km

(E09/2099, E09/2100, E09/2215, Lodestar – 100%)

At Camel Hills, work continued on the definition of targets for first-pass drill testing. Historic regional geochemical data demonstrates a strong correlation with Lodestar's soil geochemistry, in particular highlighting a 12km long magnetic trend that contains the Big Sky prospect and a 600m long gold anomaly located 3km west of Big Sky.

Lodestar carried out partly completed programs of soil geochemistry, extending regional sampling over the structural boundaries of the Errabiddy Shear Zone (ESZ). A total of 271 samples of a planned 768 samples were collected before the program was interrupted by COVID-19 travel restrictions.

Geochemical sampling was also completed over the historic prospect known as Duval, site of 14 RC drill holes anecdotally reported to have intersected visible gold. 31 BLEG (bulk leach extractable gold) samples were collected from active shallow drainages in the area of the prospect. Subsequently, a further 98 soil samples were collected from the low ridge in the area of the prospect. Isolated, low-level gold anomalies were identified but it is considered unlikely that a near-surface gold source of scale is present.

Rock sampling was completed over several areas to check potential sites of mineralisation. A total of 38 samples were collected, of these 15 were sourced from the gold anomaly 3km west of Big Sky (Figure 6). Maximum values of up to 0.4g/t Au were reported from quartz vein samples, confirming a gold source in the area.

Subsequent to the reporting period, Lodestar announced that it had entered into a farm-in agreement with private company GoldFellas Pty Ltd (GoldFellas) to earn up to 49% interest in the tenements by spending up to $800,000 on exploration[7]. The initial phase of the earn–in requires GoldFellas to spend $300,000 on exploration within 6 months to earn a 25% interest in the tenements, with the option to earn a further 24% by spending $500,000 on exploration within 12 months of the option exercise.

A 3,000m first-pass drilling program, to be funded GoldFellas, is being planned to fully test the anomaly and magnetic contact.

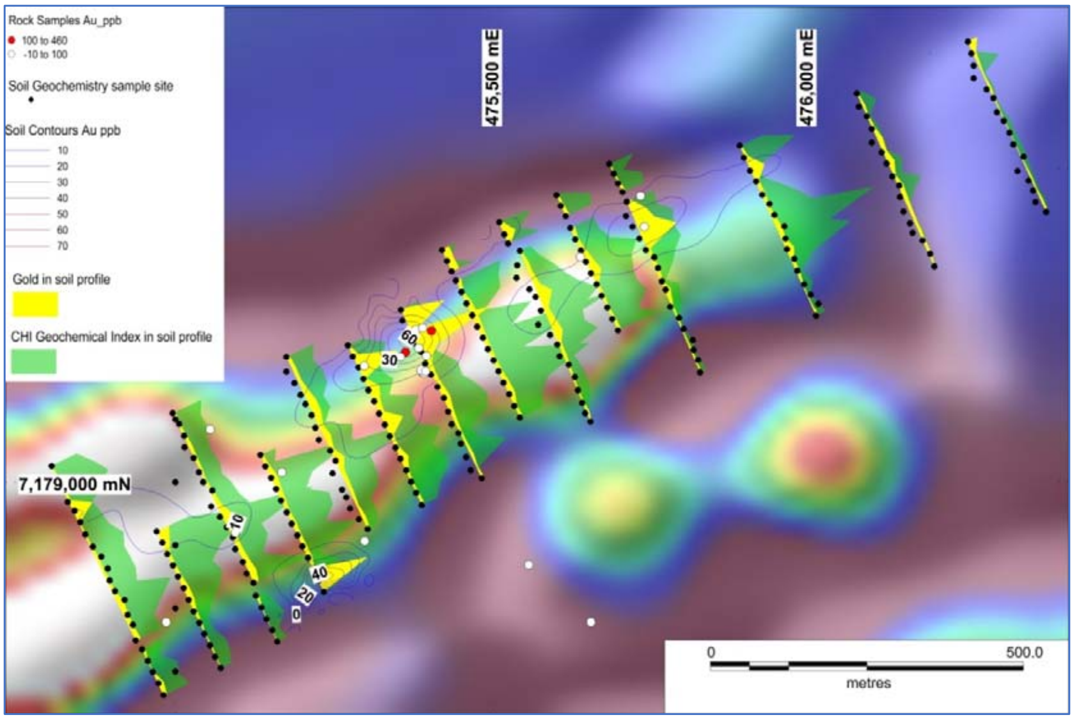

Figure 6. Camel Hills gold anomaly and drill target - rock samples >0.1g/t Au (red) adjacent to gold in soil anomaly and magnetic contact (background 1VD RTP magnetic image, MGA94).

IMBIN PROJECT (Copper-Gold) – 900 sq km

(E69/3483, E09/3590, E09/3699, Lodestar – 100%)

The Imbin project covers an area of 907 sq. km and is located 170km north east of Wiluna. The project geology is interpreted as a sedimentary-mafic package flanking a rift axis along the strongly deformed northern margin of the Earaheedy Basin, prospective for VMS type copper deposits. The geology is believed to be similar in age and tectonic setting to the Bryah Basin, host to Sandfire Resource's DeGrussa and Monty Cu-Au deposits.

Copper mineralisation has been intersected in drill holes targeting a 600m long stratiform siliceous ironstone outcrop at Main Gossan and anomalous copper and gold has been reported from sporadic outcrops and shallow drilling over a 20km strike.

Recently published Little Sandy Well Gravity survey data partly overlies the project area. This data was acquired and processed, together with Lodestar's aeromagnetic data, to improve the understanding of the geological setting and relationships (see Figures 7 & 8).

[7] See Lodestar's ASX announcement dated 11th August 2020.

Significant conclusions from the review are:

- The project can be divided into three magnetic-gravity domains corresponding to:
    - Frere Formation (granular iron formations – gravity and magnetic anomaly)
    - Magnetic chert/sandstone overlying prominent gravity high – this domain also contains unassigned ultramafic units possibly related to rifting on the craton margin.
    - Yelma Formation containing known Cu-Au anomalies and mafic intrusives.
- Exploration should focus on the Yelma Formation; the Frere Formation and magnetic chert probably post-date base metal mineralisation related to major orogenic events on the craton margin.
- Geological relationships are complex, and the interpreted depositional setting requires confirmation by field observation.

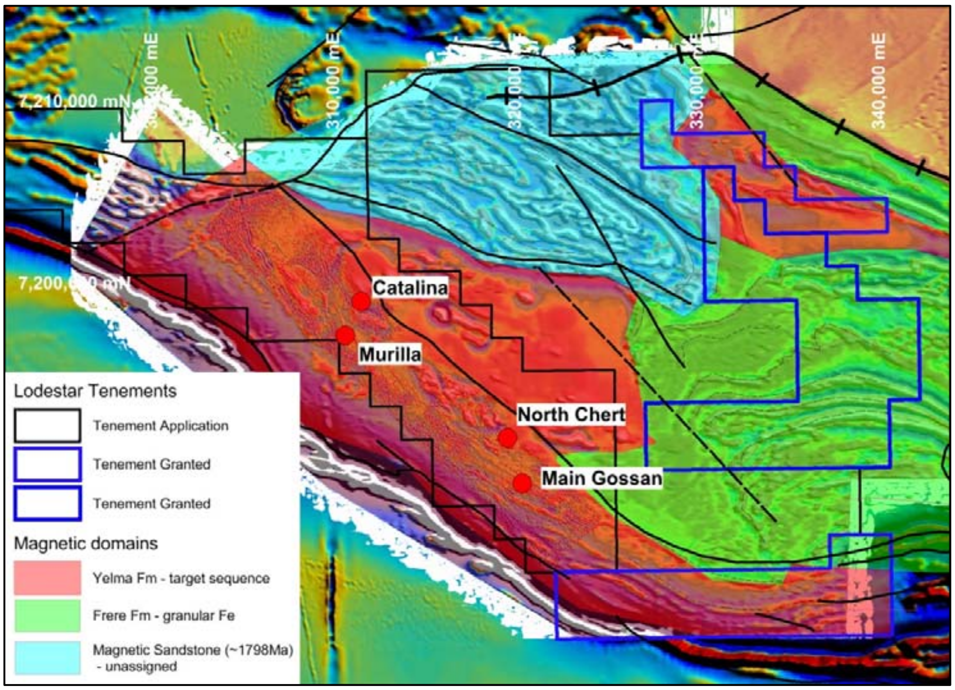

Figure 7 Imbin magnetic domains. The Yelma Formation Cu-Au domain extends over 50km strike distance.

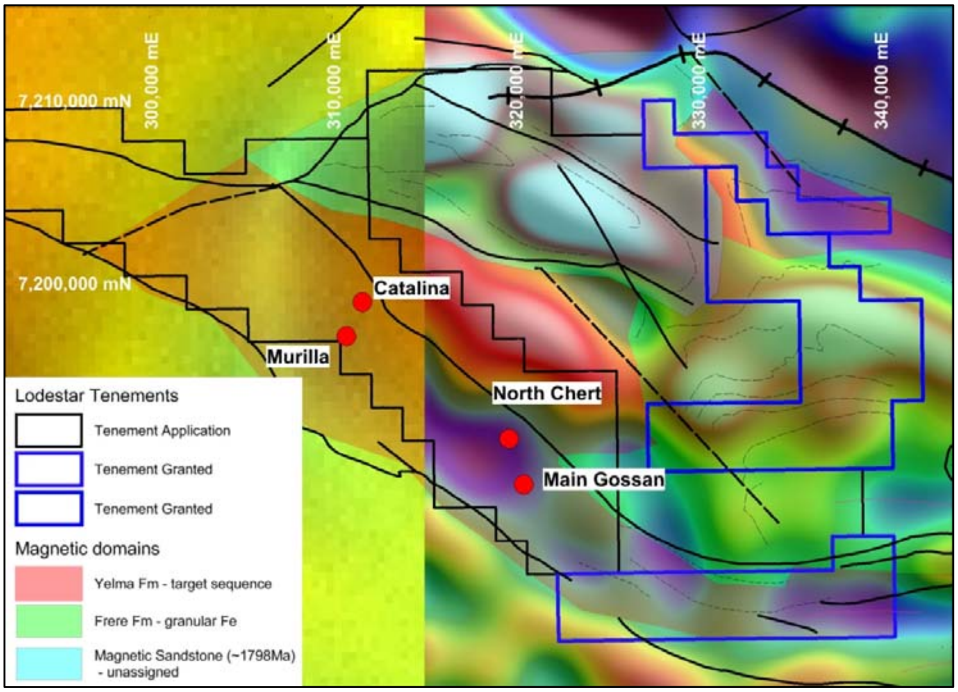

Figure 8. Processed gravity data (eastern half), showing gravity anomalies underlying the northern margin of the Yelma Formation. The anomalies are believed to represent mafic-ultramafic rocks at depth, within a rift-related enclave.

Lodestar is currently in discussions with interested parties to advance exploration on the Imbin project.

TRADITIONAL OWNERS

Lodestar Minerals would not be able to operate successfully without the support of the Traditional Owners and the local communities in which we operate. We continue to build trust and respect between Lodestar Minerals and our key stakeholders through transparency, listening, acting on concerns and looking for innovative and sustainable ways of ensuring that the Traditional Owners are participating in the journey to responsibly and sensitively explore and develop the Peak Hill / Doolgunna region. We are working closely with our Native Title holders to identify mutually supportive initiatives which will see a growing range of business and employment opportunities being developed and importantly ensuring that the local community has the capability and opportunity to grow with the Company.

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:

- *22nd May 2018 "Outstanding RC Drill Results at Gidgee Flat and Contessa".*
- *9th December 2019 "Capital Raising".*
- *11th August 2020 "Camel Hills Farm-out to Fund Major Drilling Program"*
- *14th August 2020 "Diamond Drilling Test Key High-Grade Targets Ned's Creek.*

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the affairs of the Group during the financial year, other than those matters referred to in the overview above.

LIKELY DEVELOPMENTS

The Group is focussed on exploration within its current portfolio of base metals tenement interests and will also continue to assess other opportunities which may offer value enhancing opportunities for shareholders.

ENVIRONMENTAL REGULATIONS

The Group is required to carry out the exploration and evaluation of its exploration tenements in accordance with various Government laws and regulations.

The Group conducts its exploration activities in an environmentally sensitive manner and in compliance with all relevant laws and regulations. The Group is not aware of any significant breaches of these laws and regulations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed in note 6.8 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

INFORMATION ON DIRECTORS

Information on Directors

Name:	Ross Taylor
Title:	Non-Executive Chairman
Qualifications:	BCom (UQ), SIA, ACA.
Experience and expertise:	Mr Taylor is a Chartered Accountant and an investment banking consultant with a thorough knowledge of international financial markets gained whilst working in Australia, London, New York, and Tokyo. He has extensive experience in the global investment banking sector and has held senior positions with Deutsche Bank, Bankers Trust and Barclays Capital.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Management Committee
Interests in shares:	216,456,035
Interests in options:	5,000,000

Name:	William Clayton
Title:	Managing Director
Qualifications:	BSc, MSc, MBA
Experience and expertise:	Mr Clayton has more than 20 years' experience in exploration evaluation of Archaean nickel sulphide deposits, precious metals, and other commodities, working with Outokumpu Australia, Forrestania Gold and LionOre. Mr Clayton completed an MBA, specialising in mineral economics, from Curtin University in 2005 and subsequently worked for geological consultancy CSA Australia Pty Ltd in project evaluation and generation roles in Australia and Africa.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares:	4,103,427
Interests in options:	5,000,000

INFORMATION ON DIRECTORS (continued)

Name	Experience, qualifications and other directorships
Name: Title: Qualifications:	David McArthur Non-Executive Director ACA, BCom.
Experience and expertise:	Mr McArthur has a Bachelor of Commerce Degree from the University of Western Australia. Mr McArthur is a Chartered Accountant, having spent four years with a major international accounting firm, and has over 30 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of numerous public listed companies over the past 30 years. Mr McArthur has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.
Other current directorships:	Interim Managing Director of Xstate Resources Limited Appointed: 3 September 2013 Resigned: 15 July 2019 Reappointed: 26 November 2019 Non-Executive Director of Sacgasco Limited Appointed: 15 November 2016 Resigned: 1 February 2017 Reappointed: 17 August 2020
Former directorships (past 3 years):	Non-Executive Director of Harvest Technology Limited (formerly Smart Marine Systems Limited) from 29 January 2016 until 3 September 2019.
Special responsibilities:	Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Interests in shares: Interests in options:	13,550,007 5,000,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARIES

David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 13 August 2007. Mr McArthur has over 30 years' experience in the corporate management of publicly listed companies.

Jordan McArthur is a Chartered Accountant and was appointed to the position of joint Company Secretary on 17 April 2018. Mr McArthur has ten years corporate and financial experience in Australia and the United Kingdom.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director was:

	Full Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Ross Taylor	4	4	2	2	-	-
Bill Clayton	4	4	2	2	n/a	n/a
David McArthur	4	4	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The small size of the Board means that members of the Board meet informally on a regular basis to discuss company operations, risks, and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full board of the Company.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all Directors and Company Secretaries against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is $17,205 (2019: $15,540) to insure the Directors and Company Secretaries of the Company.

SHARES UNDER OPTION

Unissued ordinary shares of Lodestar Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price cents	Number under option
30-Nov-2018	31-Dec-2021	10	15,000,000
04-Dec-2019	30-Dec-2021	2	3,800,000
16-Dec-2019	30-Dec-2021	2	34,523,809
			53,323,809

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Lodestar Minerals Limited were issued during the year ended 30 June 2020, and up to the date of this report, on the exercise of options granted:

Date options granted	Exercise price cents	Number of shares issued
26-Nov-2016	3	12,237

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

No non-audit services were provided during the year from the auditor of the Company, HLB Mann Judd.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 22.

AUDITOR

HLB Mann Judd (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Directors of Lodestar Minerals Limited for the year ended 30 June 2020. There were no other key management personnel during the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001* and its Regulations.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results achieved. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors. The performance of the Group depends on the quality of its key management personnel. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interest. The Board has considered that it should seek to enhance shareholders' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-Executive Directors' Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payment are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX Listing Rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2008, where the shareholders approved a maximum annual aggregate remuneration of $250,000.

Having regard to the current cash position, the Remuneration and Nomination Committee recommended a 20% temporary reduction in director fees, with effect from 1 April 2020:

- Non-Executive Directors — Reduced by $8,000 p.a. to $32,000 p.a. plus superannuation
- Chairman — Reduced by $12,000 p.a. to $48,000 p.a. plus superannuation

Remuneration structure (continued)

Executive Directors' Remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

There are four components to the executive remuneration and reward framework:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long-service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration
Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration Committee has access to external, independent advice where necessary.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term incentive scheme
The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of key management. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPIs") being achieved. At this stage, the Group does not award any STIs.

Long-term incentive scheme
The long-term incentives ("LTIs") include long-service leave and share-based payments. Share options are awarded to executives and other key management in a manner that aligns this element of remuneration with the creation of shareholder wealth.

The Company has adopted an Employee Incentive Option Plan (Plan). Under the Plan, the Company may grant options to Company eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however, the Board determines appropriate vesting periods to provide rewards over time.

Options granted as compensation
No options were granted as compensation to key management personnel under the Plan during the reporting period. No options granted as compensation in prior years were exercised, forfeited, lapsed or cancelled (2019: nil).

Group performance and link to remuneration
The remuneration of the Group's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Group. The rationale for this approach is that the Group is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

	2020	2019	2018	2017 *	2016
Other income ($)	239,675	265,926	-	-	-
Loss before income tax ($)	(729,797)	(1,896,090)	(2,092,895)	(1,329,256)	(1,866,108)
Net loss attributable to equity holders ($)	(729,797)	(1,896,090)	(2,092,895)	(1,329,256)	(1,866,108)
Share price at year end (cents)	0.90	0.80	2.50	0.90	2.30
Number of listed ordinary shares	852,801,994	749,218,328	725,788,328	453,318,328	386,224,233
Weighted average number of shares	805,256,797	747,612,629	620,627,451	431,403,002	351,638,181
Basic loss per share EPS (cents)	(0.09)	(0.25)	(0.34)	(0.31)	(0.59)
Unlisted options	53,323,809	96,533,702	119,983,702	45,333,702	-
Market capitalisation ($)	7,675,218	5,993,747	18,144,708	4,079,865	8,883,157
Net tangible assets / (liabilities) (NTA) ($)	3,436	(49,179)	978,946	(410,130)	221,484
NTA Backing (cents)	-	(0.01)	0.14	(0.09)	0.06

* Net loss and basic loss per share have been restated for the retrospective change in accounting policy.

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Use of remuneration consultants
No remuneration consultants provided services during the year.

Voting and comments made at the Company's 2019 Annual General Meeting ("AGM")
At the 2019 AGM, 91% of the votes received, supported the adoption of the remuneration report for the year ended 30June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Employment contracts

Remuneration and other terms of employment of the Managing Director is formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary *	Termination Benefit **
Bill Clayton	Ongoing from 1 September 2018	Three months	Three months	$175,000	Twelve months' base salary

* Base salary is exclusive of the superannuation guarantee charge rate applicable at the time (currently 9.50%). Having regard to the current cash position, base salary was temporarily reduced by 20%, to $140,000 effective 1 April 2020, until such time the company is financially able to revert back to contracted salaries.

** Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary for the notice period.

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits		Post employment benefits	Long-term Benefits	Share-based payments	Total
	Cash salary and fees	D&O insurance premiums	Super-annuation	Long service leave	Equity-settled options (A)	
2020	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors						
Ross Taylor	57,000	5,735	5,415	-	-	**68,150**
David McArthur	38,000	5,735	3,610	-	-	**47,345**
Executive Directors						
Bill Clayton	160,357	5,735	15,794	(4,486)	-	**177,400**
	255,357	17,205	24,819	(4,486)	-	**292,895**
2019						
Non-executive Directors						
Ross Taylor	58,333	5,180	5,542	-	55,514	**124,569**
David McArthur	33,334	4,300	3,167	-	55,514	**96,315**
Executive Directors						
Bill Clayton	180,619	5,180	16,229	7,370	55,515	**264,913**
David McArthur (B)	17,219	880	1,636	(6,076)	-	**13,659**
	289,505	**15,540**	**26,574**	**1,294**	**166,543**	**499,456**

(A) The fair value of options granted was determined using the Black-Scholes option pricing model

(B) Effective 1 September 2018, David McArthur resigned as Executive Director and was re-appointed as a Non-executive Director

No proportion of Directors' remuneration was linked to performance for the year ended 30 June 2020 (2019: nil).

No cash bonuses were granted during the year (2019: Nil).

Additional disclosures relating to key management personnel

Shareholdings
The number of shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 30 June 2019	Purchased	Held at 30 June 2020
Ross Taylor	215,456,035	1,000,000	216,456,035
David McArthur	13,550,007	-	13,550,007
Bill Clayton	4,103,427	-	4,103,427
	233,109,469	1,000,000	234,109,469

Option holdings
The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 30 June 2019	Expired	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Ross Taylor	19,989,482	(14,989,482)	5,000,000	5,000,000
David McArthur	12,616,669	(7,616,669)	5,000,000	5,000,000
Bill Clayton	11,195,402	(6,195,402)	5,000,000	5,000,000
	43,801,553	(28,801,553)	15,000,000	15,000,000

Share-based remuneration granted as compensation
For details of share-based payments granted during the year, refer note 6.1.

Other transactions with key management personnel
Details of other transactions with key management personnel not involving direct remuneration are disclosed in note 6.4.

END OF AUDITED REMUNERATION REPORT

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

WILLIAM CLAYTON
Managing Director

22 September 2020
Perth, WA

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Lodestar Minerals Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
22 September 2020

N G Neill
Partner

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

		Consolidated	
		2020	**2019**
	Note	**$**	**$**
Other income	2.2	239,675	265,926
Exploration expenditure expensed through profit or loss		(261,437)	(1,337,661)
Site rehabilitation		-	(6,510)
Other operating expenses		(1,617)	(1,855)
Marketing and business development		(10,253)	(63,947)
Personnel expenses	2.4	(176,315)	(369,566)
General and administration		(80,903)	(163,144)
Professional fees		(155,824)	(206,689)
Depreciation		(10,624)	(14,576)
Amortisation – right of use assets		(15,243)	-
Other losses	2.6	(242,300)	(1,608)
Results from operating activities		**(714,841)**	**(1,899,630)**
Finance income	2.3	-	7,078
Finance costs	2.3	(14,956)	(3,538)
		(14,956)	3,540
Loss before income tax		(729,797)	(1,896,090)
Income tax expense	2.5	-	-
Loss for the year		**(729,797)**	**(1,896,090)**
Total comprehensive loss for the year		(729,797)	(1,896,090)
Total comprehensive loss attributable to owners of the Company		**(729,797)**	**(1,896,090)**
Loss per share (cents per share)			
Basic and diluted	2.8	(0.09)	(0.25)

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

STATEMENT OF FINANCIAL POSITION
As of 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Cash and cash equivalents	4.1	12,144	23,567
Trade and other receivables	4.2	15,231	48,562
Prepayments		4,756	3,784
Other current assets	4.3	242,694	89,197
Total current assets		274,825	165,110
Property, plant and equipment	3.1	32,402	44,946
Right of use assets	3.2	13,973	-
Non-current deposits and bonds	4.3	2,059	2,059
Total non-current assets		48,434	47,005
Total assets		**323,259**	**212,115**
Liabilities			
Trade and other payables	4.4	126,647	103,247
Borrowings	5.2	112,531	81,359
Lease liabilities	5.3	14,336	-
Employee benefits	2.4	59,909	70,288
Site restoration provision		6,400	6,400
Total current liabilities		319,823	261,294
Total liabilities		319,823	261,294
Net assets / (deficiency)		**3,436**	**(49,179)**
Equity			
Share capital	5.1	27,471,519	26,703,737
Reserves		181,173	367,453
Accumulated losses		(27,649,256)	(27,120,369)
Total assets / (deficiency)		**3,436**	**(49,179)**

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

Consolidated	**Issued capital $**	**Options reserves $**	**Accumulated losses $**	**Total equity $**
Balance on 1 July 2018	26,002,315	543,667	(25,567,036)	978,946
Loss after income tax expense for the year	-	-	(1,896,090)	(1,896,090)
Total comprehensive loss for the year	-	-	(1,896,090)	(1,896,090)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 5.1)	701,422	-	-	701,422
Transfer to accumulated losses on expiry of options	-	(342,757)	342,757	-
Share-based payments	-	166,543	-	166,543
Balance on 30 June 2019	**26,703,737**	**367,453**	**(27,120,369)**	**(49,179)**
Balance on 1 July 2019	26,703,737	367,453	(27,120,369)	(49,179)
Loss after income tax expense for the year	-	-	(729,797)	(729,797)
Total comprehensive loss for the year	-	-	(729,797)	(729,797)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 5.1)	767,782	-	-	767,782
Transfer to accumulated losses on expiry of options	-	(200,910)	200,910	-
Share-based payments	-	14,630	-	14,630
Balance on 30 June 2020	**27,471,519**	**181,173**	**(27,649,256)**	**3,436**

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

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Cash received from PAYG cash flow boost		27,281	-
Cash paid to suppliers and employers		(382,175)	(593,504)
Interest paid		(10,337)	(1,230)
Interest received		-	7,078
Payments for exploration and evaluation		(274,794)	(1,349,128)
Net cash used in operating activities	4.1(b)	(640,025)	(1,936,784)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		448,271	114,103
Proceeds from sale of property, plant, and equipment		1,818	-
Payments for property, plant, and equipment		(203)	-
Payments for financial assets at fair value through profit or loss		-	(2,000)
Net cash from investing activities		449,886	112,103
Cash flows from financing activities			
Proceeds from issue of shares and options		200,000	-
Proceeds from exercise of options		367	702,900
Repayment of borrowings		(18,815)	-
Proceeds from related party loans		197,000	131,100
Repayment of loans from related parties		(167,000)	(51,100)
Payment of capital raising costs		(17,955)	(1,478)
Repayment of right of use lease liability		(14,881)	-
Net cash from financing activities		178,716	781,422
Net decrease in cash and cash equivalents		(11,423)	(1,043,259)
Cash and cash equivalents on 1 July 2019		23,567	1,066,826
Cash and cash equivalents on 30 June 2020	4.1(a)	12,144	**23,567**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

SECTION 1 GENERAL INFORMATION

The financial statements cover Lodestar Minerals Limited as a Group consisting of Lodestar Minerals Limited and the entity it controlled at the end of, or during the year. The financial statements are presented in Australian dollars, which is Lodestar Minerals Limited's functional and presentation currency.

Lodestar Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is located at First Floor, 31 Cliff Street, Fremantle, WA, 6160.

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2020. The directors have the power to amend and reissue the financial statements.

1.2 BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.7.

1.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability, to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

1.4 PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 6.6.

1.5 FOREIGN CURRENCIES

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

1.6 GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2020, the Group incurred an operating loss of $729,797 and had net cash outflow from operating activities of $640,025 (including $252,978 of exploration payments). The Group had a net asset position of $3,436 on 30 June 2020.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group's cash flow forecast for the period to 30 September 2021, reflects the Group's ability to meet its working capital requirements and its planned exploration commitments for tenements held. The directors are aware that the Group's ability to continue as a going concern, and thereby pay its debts as and when they fall due, is contingent on the Group securing further working capital from one or more of the following alternatives:

- Capital raising such as:
  - Private placement
  - Entitlements issue
  - Share purchase plan
- Borrowings from related or third parties
- Farming out assets to reduce exploration expenditures

Given the financial position of the Group and its demonstrated ability to raise funds, the Directors have reviewed the Groups' financial position and forecast cash flows and reasonably expect that the Group will be able to raise additional funds to meet future costs and satisfy its business plans for at least the next 12 months. If necessary, the Group will delay discretionary expenditure including administration costs, exploration programs and development expenditure that are not contractually committed. The timing of raising additional capital will depend on the investment markets, current and future planned exploration activities.

The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances. Notwithstanding this assessment, there is material uncertainty regarding the outcomes of the future funding alternatives.

In the event the Group is unable to raise additional funds to meet the Group's planned development expenditure when required, there exists circumstances that give rise to a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

1.7 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to nature of exploration activities and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 6.1.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumption on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer note 6.2.

Fair value of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

1.7 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer note 2.5.

1.8 CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

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

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating loss, tax and loss per share.

2.1 OPERATING SEGMENTS

Accounting Policy

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Lodestar Minerals Limited.

The Group is organised into one operating segment, being base minerals exploration and evaluation in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the CODM) in assessing performance and determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a quarterly basis.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2019.

2.2 OTHER INCOME

Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

	Note	2020 $	2019 $
Other income	(i)	200,000	250,000
PAYG cash flow boost		39,675	-
Co-funded drilling program revenue		-	15,926
		239,675	**265,926**

(i) As announced on 17 July 2019, Vango exercised its option to earn 51% of Ned's Creek. The $200,000 option exercise fee payable by Vango was satisfied via the issue of 1,142,857 fully paid ordinary shares at a value of 17.5 cents per share.

2.3 FINANCE COSTS

Accounting Policy

Interest
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

	Note	2020 $	2019 $
Interest income on deposits		-	(7,078)
Interest expense on financial liabilities measured at amortised cost			
Interest expense on loans received from related parties	5.2	9,619	2,589
Interest expense on premium funding	5.2	722	102
Interest on right of use lease liabilities	5.3	1,168	-
Other finance charges		3,447	847
Total finance costs		14,956	3,538
Net finance costs / (income)		**14,956**	**(3,540)**

2.4 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual and long service leave not expected to settle within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2.4 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS (continued)

Accounting Policy (continued)

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

The table below sets out personnel costs expensed during the year.

	Note	2020 $	2019 $
Directors' remuneration	6.4	292,895	499,456
Other associated personnel expenses		1,601	223
		294,496	499,679
Expensed in exploration and evaluation		118,181	130,113
Expensed in personnel expenses		176,315	369,566
		294,496	**499,679**

The table below sets out employee benefits at the reporting date.

	2020 $	2019 $
Current		
Liability for annual leave	30,300	36,193
Liability for long service leave	29,609	34,095
	59,909	70,288

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the Group does not have an unconditional right to defer settlement. However, based on prior experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2020 $	2019 $
	49,140	56,825

2.5 INCOME TAX EXPENSE

Accounting Policy

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in as transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

2.5 INCOME TAX EXPENSE (continued)

(a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax benefit		
Current period	-	-
Deferred tax benefit		
Origination and reversal of temporary differences	-	-
Deferred tax benefit	-	-
Loss for the period	(729,797)	(1,896,090)
Total income tax benefit / (expense)	-	-
Profit / (loss) excluding income tax	(727,797)	(1,896,090)
Income tax using the Group's domestic tax rate of 27.5% (2019: 27.5%)	(200,694)	(521,425)
Non-deductible expenses	101,435	45,806
Non-assessable income	(65,911)	-
Adjustment for prior periods	6,028	-
Timing differences	(24,457)	(22,981)
Tax losses utilised not previously brought to account	183,599	498,600
Income tax expense	-	-

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits of up to $7,535,611 (2019: $7,352,012) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
ii) the conditions for deductibility imposed by tax legalisation continue to be complied with
iii) no changes in tax legislation adversely affect the Group in realising the benefit, and
iv) satisfaction of either the continuity of ownership or the same business test.

2.5 INCOME TAX EXPENSE (continued)

(c) Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

	2020 $	2019 $
Deferred tax liabilities		
Prepaid expenditure	(1,308)	(1,041)
Property, plant and equipment	(1,161)	(2,043)
Income tax expense	(2,469)	(3,084)
Deferred tax assets		
Capital raising costs – s40-880	35,581	50,437
Borrowing costs – s25-25	-	188
Right of use assets	5,088	-
Intangible assets	31	41
Trade and other payables	-	5,088
Employee benefits	16,475	19,329
Provisions	1,760	1,760
Carry forward tax losses	7,535,611	7,352,012
	7,594,546	7,428,855
Net unrecognised deferred tax assets	7,592,077	7,425,771

2.6 OTHER LOSSES

	Note	2020 $	2019 $
Fair value loss on revaluation of financial asset	4.3	209,684	703
Loss on sale of financial asset		32,311	-
Loss on sale of property, plant and equipment		305	-
Impairment of expected credit loss		-	905
		242,300	1,608

2.7 EXPLORATION AND EVALUATION EXPENDITURE

The exploration and evaluation accounting policy expenses all exploration and evaluation expenditure as incurred. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure prior to securing legal rights to explore an area, is expensed to profit or loss as incurred.

2.8 LOSS PER SHARE

Accounting Policy

Basic earnings per share
Basic earnings per share is calculated by dividing the profit / (loss) attributable to the owners of Lodestar Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2020 $	2019 $
Basic and diluted loss per share		
Loss after income tax attributable to owners of Lodestar Minerals Limited	(729,797)	(1,896,090)
	Cents	**Cents**
Basic loss per share	(0.09)	(0.25)
Diluted loss per share	(0.09)	(0.25)
	Number	**Number**
Weighted average number of ordinary shares		
Issued ordinary shares on 1 July	749,218,328	725,788,328
Effect of shares issued	56,038,469	21,824,301
Weighted average number of ordinary shares on 30 June	805,256,797	747,612,629

SECTION 3 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at the year end.

3.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment of buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on diminishing balance basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Mobile equipment and motor vehicles	8 years
Field equipment	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings / accumulated losses.

3.1 PROPERTY, PLANT AND EQUIPMENT (continued)

	2020 $	2019 $
Field equipment – at cost	35,799	41,594
Less: accumulated depreciation	(29,474)	(31,417)
	6,325	10,177
Communication and computer equipment – at cost	33,242	33,242
Less: accumulated depreciation	(33,242)	(33,242)
	-	-
Mobile equipment and motor vehicles – at costs	66,981	66,981
Less: accumulated depreciation	(40,904)	(32,212)
	26,077	34,769
	32,402	44,946

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Field equipment $	Mobile equipment & motor vehicles $	Computer & comms equipment $	Total $
Balance on 1 July 2018	12,721	46,358	443	**59,522**
Depreciation expense	(2,544)	(11,589)	(443)	**(14,576)**
Balance on 30 June 2019	10,177	34,769	-	**44,946**
Additions	203	-	-	**203**
Disposals	(6,000)	-	-	**(6,000)**
Depreciation write-back on disposals	3,877	-	-	**3,877**
Depreciation expense	(1,932)	(8,692)	-	**(10,624)**
Balance on 30 June 2020	**6,325**	**26,077**	**-**	**32,402**

3.2 RIGHT-OF-USE ASSETS

Accounting Policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	2020 $	2019 $
Land and buildings – right of use	20,660	-
Less: accumulated depreciation	(10,779)	-
	9,881	-
Field equipment – right of use	8,556	-
Less: accumulated depreciation	(4,464)	-
	4,092	-
	13,973	-

Additions to the right-of-use assets during the year were $29,216.

The Group leases land and buildings for its office, a storage facility for its field equipment and has various exploration tenement leases under agreements of between five and fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

SECTION 4 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

4.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalent also includes, bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2020 $	2019 $
Cash and cash equivalents in the statement of cash flows	12,144	23,567

(b) Reconciliation of cash flows from operating activities

	2020 $	2019 $
Cash flows from operating activities		
Loss for the period	(729,797)	(1,896,090)
Adjustments for:		
Equity-settled share-based payment transactions	-	166,543
Finance expense	3,448	-
Depreciation and amortisation	25,867	14,576
Loss on sale of listed shares	241,995	1,550
Loss on sale of property, plant and equipment	305	-
Other income	(200,000)	(250,000)
Change in other receivables	(13,820)	71,271
Change in prepayments	(972)	(17)
Change in trade and other payables	23,400	(57,158)
Change in interest bearing liabilities	19,927	1,461
Change in employee benefits provision	(10,378)	11,080
Net cash used in operating activities	(640,025)	(1,936,784)

4.1 CASH AND CASH EQUIVALENTS

(c) Changes in liabilities arising from financing activities

	Related party loans $	Right of use assets $	Premium funding $	Total $
Balance on 1 July 2018	-		(102)	(102)
Net cash from / (used in) financing activities	80,000	-	-	80,000
Premium funding facility	-	-	102	102
Interest on related party loans	1,359	-	-	1,359
Balance on 30 June 2019	81,359	-	-	81,359
Net cash from / (used in) financing activities	30,000	(14,881)	(18,815)	(3,696)
Premium funding facility	-	-	18,815	18,815
Interest on related party loans	1,172	-	-	1,172
Right of use lease liabilities	-	29,217	-	29,217
Balance on 30 June 2020	112,531	14,336	-	126,867

4.2 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	2020 $	2019 $
Current		
Other receivables	15,231	48,562

Other receivables are non-interest bearing.

Note 6.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

4.3 OTHER FINANCIAL ASSETS

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part, or all, of a financial asset, the carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increase significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, as 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measure on the probably weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

	2020 $	2019 $
Listed ordinary shares – designated at fair value through profit or loss	242,694	89,197
Deposits and bonds	2,059	2,059
	244,753	91,256

4.3 OTHER FINANCIAL ASSETS (continued)

	2020 $	2019 $
Current	242,694	89,197
Non-current	2,059	2,059
	244,753	**91,256**

<u>Reconciliation</u>
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2020 $	2019 $
Opening fair value	91,256	2,059
Additions	800,000	250,000
Disposals	(436,819)	(160,100)
Revaluation	(209,684)	(703)
Closing fair value	244,753	91,256

Refer to note 6.2 for further information on fair value measurement.

4.4 TRADE AND OTHER PAYABLES

Accounting Policy

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

	Note	2020 $	2019 $
Current			
Trade payables		106,035	67,099
Other payables		2,112	4,727
Accrued expenses		18,500	31,421
		126,647	103,247

Refer to Note 6.2 for further information on financial instruments.

SECTION 5 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

5.1 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	2020	2019	2020	2019
Balance on 1 July	**749,218,328**	**725,788,328**	**26,703,737**	**26,002,315**
Issue of fully paid shares for cash	28,571,429	-	200,000	-
Issue of shares in lieu of shares received from Vango	75,000,000	-	600,000	-
Issue of fully paid shares on exercise of options	12,237	23,430,000	367	702,900
Capital raising costs	-	-	(32,585)	(1,478)
Balance on 30 June	**852,801,994**	**749,218,328**	**27,471,519**	**26,703,737**

5.2 LOANS AND BORROWINGS

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

5.2 LOANS AND BORROWINGS (continued)

	Book value 2020 $	Fair value 2020 $	Book value 2019 $	Fair value 2019 $
Current				
Loans received from a related party	112,531	112,531	81,359	81,539
Premium funding	-	-	-	-
Balance	**112,531**	**112,531**	**81,359**	**81,359**

	Loans from a director [(2)] $	Premium funding $
Balance on 1 July 2018	-	(102)
Loans and borrowings received	131,100	-
Financing of premium funding facility	-	-
Interest charged	2,589	102
Less: repaid	(52,330)	-
Balance on 30 June 2019	81,359	-
Loans and borrowings received	200,000	-
Financing of premium funding facility	-	18,755
Interest charged	9,619	722
Less repaid [(1)]	(178,447)	(19,477)
Balance on 30 June 2020	**112,531**	**-**

(1) amounts repaid include interest and loan establishment costs

(2) refer to note 6.4 for further details.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2020 $	2019 $
Total facilities		
Related party loans	150,000	100,000
Used at the reporting date		
Related party loans	110,000	80,000
Unused at the reporting date		
Related party loans	40,000	20,000

5.3 LEASE LIABILITIES

Accounting Policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that to not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used
- residual guarantee
- lease term, or
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	2020 $	2019 $
Current		
Opening balance	-	-
Recognised on 1 July 2019 on adoption of AASB 16	29,217	-
Interest charged	1,168	-
Less principal repayments	(16,049)	-
Lease liabilities included in the consolidated statement of financial position	**14,336**	**-**

Refer to Note 6.2 for further information on financial instruments

SECTION 6 OTHER DISCLOSURES

The disclosures in this section focus on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

6.1 SHARE-BASED PAYMENTS

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase inequity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vet and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met or not, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee, and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

6.1 SHARE-BASED PAYMENTS (continued)

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	2020 $	2019 $
Expensed in personnel expenses (director remuneration)		
Options issued to directors	-	166,543
Capital raising costs within equity		
Options issued to a consultant (1)	14,630	-

(1) On 4 December 2019, the board approved the issue of 3,800,000 unlisted options to a consultant of the company in satisfaction of capital raising costs.

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash.

Options will not be transferable and will not be listed on the ASX unless the offer provides otherwise or the Board in its absolute discretion approves.

6.1 SHARE-BASED PAYMENT PLANS (continued)

Options

On 30 June 2020, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
10-Sep-16	23-Nov-16	31-Oct-19	3	900,000	-	-	(900,000)	-	-
21-Sep-16	27-Oct-16	31-Oct-19	3	5,000,000	-	-	(5,000,000)	-	-
23-Nov-16	23-Nov-16	31-Oct-19	3	18,000,000	-	-	(18,000,000)	-	-
15-Sep-17	15-Sep-17	31-Oct-19	3	13,200,000	-	-	(13,200,000)	-	-
20-Nov-17	20-Nov-17	31-Oct-19	3	6,800,000	-	-	(6,800,000)	-	-
30-Nov-18	05-Dec-18	31-Dec-21	10	15,000,000	-	-	-	15,000,000	15,000,000
04-Dec-19	16-Dec-19	30-Dec-21	2	-	3,800,000	-	-	3,800,000	3,800,000
Total				**58,900,000**	**3,800,000**	**-**	**(43,900,000)**	**18,800,000**	**18,800,000**
Weighted average exercise price (cents)				4.78	2.00	-	3.00	8.38	

At the exercise date, the weighted average remaining contractual life of options outstanding at year end was 1.5 years.

Key valuation assumptions made at valuation date under the Black & Scholes option pricing model are summarised below:

	Number of Options	Exercise Price (cents)	Grant date	Expiry Date	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	15,000,000	10	30-Nov-18	31-Dec-21	3.09	178.70%	2.04%	1.11	1.50
Tranche 2	3,800,000	2	04-Dec-19	30-Dec-21	2.07	148.23%	0.79%	0.39	0.70

6.1 SHARE-BASED PAYMENT PLANS (continued)

Options (continued)
On 30 June 2019, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
25-Nov-15	25-Nov-15	31-Dec-18	5	15,000,000	-	-	(15,000,000)	-	-
10-Sep-16	23-Nov-16	31-Oct-19	3	900,000	-	-	-	900,000	900,000
21-Sep-16	27-Oct-16	31-Oct-19	3	5,000,000	-	-	-	5,000,000	5,000,000
23-Nov-16	23-Nov-16	31-Oct-19	3	18,000,000	-	-	-	18,000,000	18,000,000
15-Sep-17	15-Sep-17	31-Oct-19	3	13,200,000	-	-	-	13,200,000	13,200,000
20-Nov-17	20-Nov-17	31-Oct-19	3	6,800,000	-	-	-	6,800,000	6,800,000
28-Feb-18	07-Mar-18	31-Dec-18	5	5,000,000	-	-	(5,000,000)	-	-
30-Nov-18	05-Dec-18	31-Dec-21	5	-	15,000,000	-	-	15,000,000	15,000,000
Total				**63,900,000**	**15,000,000**	**-**	**(20,000,000)**	**58,900,000**	**58,900,000**
Weighted average exercise price (cents)				3.63	10.00	-	5.00	4.78	

At the exercise date, the weighted average remaining contractual life of options outstanding at year end was 0.89 years.

6.2 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets

<u>Financial assets at amortised cost</u>

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

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

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

6.2 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category. The Group does not have any material expected credit losses.

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

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

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

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

6.2 FINANCIAL INSTRUMENTS (continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of cash and cash equivalents, borrowings, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's Board of Directors who has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the Group's exposure to market risks or the manner it manages and measures the risk from the previous period.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

<u>Interest rate risk sensitivity analysis</u>

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 100 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by $121.

The Group's sensitivity to interest rates has decreased during the year mainly due to the reduction in variable rate debt instruments.

6.2 FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities
The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table include both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2020				
Trade and other payables	n/a	126,647	-	-
Borrowings (including right of use lease liabilities)	9.46	7,735	119,132	-
		134,382	**119,132**	**-**
30 June 2019				
Trade and other payables	n/a	103,247	-	-
Borrowings (including right of use lease liabilities)	10.00	81,359	-	-
		184,606	-	-

6.2 FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the levels within hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis:

	2020 Fair value $	Fair value hierarchy	Valuation technique
Equity investments designated at fair value through profit or loss	242,694	Level 1	Quoted market prices in an active market

Transfers

There have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2020.

Not measured at fair value

The Group has various financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

6.3 CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

To maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the requirements specified by the State Government. These obligations are not provided for in the financial statements and are payable as follows:

6.3 CAPITAL AND OTHER COMMITMENTS (continued)

	2020 $	2019 $
Mineral exploration		
Less than one year [1]	75,000	196,000

[1] Ned's Creek, Yowereena and Camel Hills are omitted from the above as these commitments have been taken up by the JV agreement with Vango to spend a minimum of $4.5m over three years.

Camel Hills (refer note 6.8) is also omitted from the above as these commitments, other than rent and rates, have been taken up by the JV agreement with GoldFellas Pty Ltd to spend up to a minimum of $800,000 over 18 months.

6.4 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2020 $	2019 $
Short-term employee benefits	272,562	305,045
Long-term employee benefits	(4,486)	1,294
Post-employment benefits	24,819	26,574
Share-based payments – options	-	166,543
	292,895	499,456

(b) Other key management personnel transactions

Several key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

6.4 RELATED PARTIES (continued)

David McArthur

Susan McArthur, a related party to David McArthur, provided cash loans to the Company, accruing interest at 10% per annum, pro rata, repayable within six months, if, and when, the company was in a financial position to do so. Interest expense to 30 June 2020 was $9,619 (2019: $2,589) and the balance outstanding was $112,531 (2019: $81,359).

Broadway Management (WA) Pty Ltd, a company for which Mr McArthur is a Director, received $68,000 (2019: $102,000) in repayment for commercial, arms-length consulting services. The balance outstanding on 30 June 2020 was $34,000 (2019: $24,500).

DAS (Australia) Pty Ltd, a company for which Mr McArthur is a Director, received $42,750 (2019: $33,750) in repayment for company secretarial services. The balance outstanding on 30 June 2020 was $16,500 (2019: $3,750).

6.5 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiary in accordance with the accounting policy described in note 1.1:

Name of subsidiary	Place of incorporation	Equity Interest	
		2020	2019
		%	%
Audacious Resources Pty Ltd	Australia	100	100

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation.

6.6 PARENT COMPANY DISCLOSURES

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 30 June 2020, the parent entity of the Group was Lodestar Minerals Limited.

	2020 $	2019 $
Result of the parent entity		
Loss for the year	(729,797)	(1,896,090)
Total comprehensive loss for the year	**(729,797)**	**(1,896,090)**
Financial position of parent entity at year end		
Current assets	274,825	165,110
Total assets	**323,259**	**212,115**
Current liabilities	(313,423)	(254,894)
Total liabilities	**(313,423)**	**(254,894)**
Total equity of the parent entity comprising of:		
Share capital	27,471,519	26,703,737
Equity-settled benefits reserve	181,173	367,453
Accumulated losses	(27,642,856)	(27,113,969)
Total equity / (deficiency)	**9,836**	**(42,779)**

6.7 AUDITORS' REMUNERATION

	2020 $	2019 $
HLB Mann Judd		
Audit and other assurance services		
Audit and review of financial reports	30,750	29,650
Total Auditor's Remuneration	**30,750**	**29,650**

6.8 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 August 2020, the Company announced it had signed a farm-out agreement with GoldFellas Pty Ltd (GoldFellas) to spend $300,000 in exploration over its Camel Hills tenements within six months to earn a 25% interest. Upon earning 25%, GoldFellas have the option to spend a further $500,000 in exploration over a 12-month period to earn a further 24% interest in the tenements.

Other than as disclosed above, no other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

6.9 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

Change in accounting policy
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and low-vale assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a deprecation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The net impact on retained earnings on 1 July 2019 was $nil.

Reconciliation of operating lease commitments previously disclosed as lease liabilities on 1 July 2019
Below is a reconciliation of total operating lease commitments as of 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019:

	1 July 2019 $
Operating lease commitments as disclosed in the 2019 Annual Report	**35,991**
Discounted using the lessee's incremental borrowing rate at the date of initial application	34,213
Add: incremental lease increase, not included in commitment note on 30 June 2019	411
Add: adjustment for amounts not included in commitment note on 30 June 2019	3,027
Less: variable outgoings assessed as service agreements	(7,988)
Lease liabilities as of 1 July 2019	29,663

6.9 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED (continued)

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics
- accounting for leases with a remaining lease term of 12 months as of 1 July 2019 as short-term leases
- excluding any initial direct costs when measuring right-of-use assets
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease, and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

6.10 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised accounting standards and interpretations that have been issued but are not yet effective:

AASB 10 and AASB 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to AASB 3	*Definition of a business*
Amendments to AASB 101 and AASB 108	*Definition of material*
Amendments to references to the Conceptual Framework in Accounting Standards	

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

In the directors' opinion:

1. The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements.
2. The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1.2 to the financial statements.
3. The attached financial statements and notes give a true and fair view of the Group's financial position as of 30 June 2020 and of its performance for the financial year ended on that date; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors.

Bill Clayton
Managing Director

22 September 2020
Perth

INDEPENDENT AUDITOR'S REPORT
To the members of Lodestar Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lodestar Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1.6 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the *Material uncertainty related to going concern* section, we have determined there are no additional key audit matters to be communicated in our report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Lodestar Minerals Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 September 2020

Norman Glad

N G Neill
Partner

CORPORATE GOVERNANCE STATEMENT

The 2020 Corporate Governance Statement is dated as 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year.

Lodestar Minerals Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. The Company and its controlled entity together are referred to as the Group in this statement.

A description of the Group's main Corporate Governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year and comply with the 3rd edition of the ASX Corporate Governance Principles and Recommendations. A copy of the Corporate Governance policies is can be viewed on the Company's web site (www.lodestarminerals.com.au).

Board of Directors

Role of the Board

The matters expressly reserved to the Board of Directors are set out in a written policy and include:

- Establishment of long-term goals of the Group and strategic plans to achieve these goals
- Monitoring the achievement of these goals
- Review of the management accounts and reports to monitor the progress of the Group
- Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance
- Review and approval of the annual and interim financial reports
- Nominating and liaising with the external auditor
- Approving all significant business transactions
- Appointing and monitoring senior management
- All remuneration, development and succession issues
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities
- Overseeing the process for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities
- Ensuring that the Company has a suitably qualified Company Secretary who shall be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board; and
- Ensuring that the Company reports on its measurable objectives in relation to gender diversity and assesses annually both the objectives and progress in achieving gender diversity.

The Board delegates day to day operational matters to the Managing Director and Company Secretary of the Company.

The Board evaluates this policy on an ongoing basis.

Board composition

The Directors' Report contains details of the Directors' skills, experience and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that Executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

Board composition (continued)

The specific skills that the Board collectively bring to the Company include:

- Industry experience/ technical qualification
- Commercial experience
- Public company experience
- Analytical expertise
- Financial expertise
- Risk Management experience
- Strategic planning experience
- Strategic leadership experience
- Corporate Governance expertise
- Communications experience; and
- Interpersonal experience.

The Board comprises one Executive Director, one Non-Executive Director and a Non-Executive Chairman. A written agreement is entered with each Director and Senior Executive of the Company setting out the terms of their employment.

The chair of any sub-committees formed by the Board has specific skills in the area for which they are responsible.

The Board does not have a Director with legal experience, as any legal work is outsourced to external legal advisers.

Directors' details are set out in the Directors' Report.

The Board, through the Remuneration and Nomination Committee, is primarily responsible for identifying potential new Directors and has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent Director is given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director.

The Board ensures that shareholders are provided with all material information in the Board's possession relevant to a decision on whether, or not, to elect or re-elect a Director.

The appointment of the Directors must be approved by a majority of the Shareholders at the first Annual General Meeting after the appointment.

Retirement and re-election of Directors

The Constitution of the Company requires one third of Directors (or the number nearest one third, rounded up), other than the Managing Director, to retire from office at each Annual General Meeting. No Director (other than the Managing Director) shall hold office for a period in excess of three years without seeking re-election.

Directors who have been appointed by the Board are required to retire from office at the Annual General Meeting following their appointment and are not considered in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Independence of Directors

The Board has reviewed the position and association of each of the Directors in office at the date of this report and considers that only Mr McArthur can be deemed independent.

In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

Although Mr Taylor has no material business or contractual relationship to the Company, nor any material pecuniary interest with the Company, he is not considered independent due to his substantial shareholding in the Company. Other than his shareholding, Mr Taylor would satisfy the test for independence.

Director education

All new Directors complete an induction process. The Non-Executive Directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. The Board are specifically provided the opportunity to enhance their financial, regulatory and compliance skills in relation to public companies through external courses.

Independent professional advice

With prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board performance review

The performance of all Directors is assessed through review by the Board as a whole, of a Director's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Directors conducted an internal performance evaluation of the Members of the Board during the reporting period. External advisers were not used.

Director remuneration

Details of the Group's remuneration policies are included in the "Remuneration Report" section of the Directors Report.

Non-Executive Directors will be remunerated by cash payments (including statutory superannuation) and may receive equity performance incentives, but they will not be provided with any benefits for ceasing to be a Director.

Executive Directors are remunerated by both fixed remuneration and equity performance-based remuneration, subject to obtaining all regulatory approvals from shareholders. A reasonable period of notice of termination is required and is detailed in the Executive's employment contract.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant risks including:

- Regular budgeting and financial reporting
- Procedures and controls to manage financial exposures and operational risks
- The Group's business plan
- Corporate strategy guidelines and procedures to review and approve the Group's strategic plans
- Establish and continuously assess a Group Risk Profile which identifies all significant risk to the Group and controls that are in place to minimise or mitigate the risk; and
- Insurance and risk management programs which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Board may consult with the Group's external auditors on external risk matters, or other appropriately qualified external consultants on risk generally, as required. The entity's risk management framework was reviewed by the Board during the financial year.

The Board's review of business risk is also based on reports from the Audit and Risk Management Committee.

The Board receives regular reports about the financial condition and operating results of the consolidated Group. The Managing Director and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Group's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

The Company assesses its exposure to economic, environmental and social sustainability risks. The Board assesses the likely impact of changes and implements strategies to minimise exposure to these specific risks. Due to risk procedures adopted by the Company, it is not believed the Company has a material exposure to these risks.

Due to its size and activities, the Company does not have an internal audit function. The Board has determined that the established internal controls for the Company, combined with the work of the audit and risk management committee, at this stage satisfactorily address the function that would otherwise be dealt with by an internal audit function.

Internal Controls

Procedures have been established at the Board and Executive management levels that are designed to safeguard the assets and interests of the Group and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To ensure these established procedures are being followed, the Directors:

- ensure appropriate follow-up of significant audit findings and risk areas identified
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

Board Committees

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors.

The primary role of the Audit function of the Committee is to:

- Assist the Board in fulfilling its overview of the audit process
- Assist the Board in overviewing financial reporting
- Assist the Board in fulfilling its overview of the systems of internal control which the Board and management have established
- Monitor, review and recommend the adoption of the financial statements of the Company
- Regularly review the adequacy of accounting, internal controls, reporting and other financial management systems and practices of the Company
- Review the financial report and other financial information distributed externally
- Review any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles
- Review audit reports to ensure that if major deficiencies or breakdowns in controls or procedures are identified, appropriate and prompt remedial action is taken by management
- Review the nomination and performance of the auditor
- Liaise with external auditors and ensure that the annual and half-year statutory audits are conducted in an effective manner
- Monitor the establishment of appropriate ethical standards
- Monitor the procedures in place to ensure compliance with the Corporations Act 2001, Australian Accounting Standards, ASX Listing Rules and all other regulatory requirements
- Address any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the ASX and financial institutions; and
- Improve the quality of the accounting function.

The primary role of the risk function of the committee is to assist the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

Risk assessment and risk management are the responsibility of the Company's management. The Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports received from management.

The Committee shall have the following authority and responsibilities:

- Review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes in place for risk management
- Review and discuss with management the Board's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks
- Discuss with the Company's executive team the Company's risk assessment and risk management guidelines, policies and processes, as the case may be. The Risk Committee meets separately at least twice a year with the executive team
- Review disclosure regarding risk contained in the Company's Annual Report
- Review and assess the nature and level of insurance coverage

Audit and Risk Management Committee (continued)

- Review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes in place for risk management
- Review and discuss with management the Board's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks
- Discuss with the Company's executive team the Company's risk assessment and risk management guidelines, policies and processes, as the case may be. The Risk Committee meets separately at least twice a year with the executive team
- Review disclosure regarding risk contained in the Company's Annual Report
- Review and assess the nature and level of insurance coverage
- Initiate and monitor special investigations into areas of corporate risk or breakdowns in internal controls if required
- Discharge any other duties or responsibilities delegated to the Committee by the Board
- Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate
- Retain such outside counsel, experts and other advisors as the committee may deem appropriate in its sole discretion and approve related fees
- Report its actions and any recommendations to the Board; and
- Review at least annually the adequacy of this Charter and recommend any proposed changes to the board for approval.

The Committee consists of the following Non-Executive Directors:

- Mr David McArthur (Committee Chair – Non-Executive Director)
- Mr Ross Taylor (Committee member)

The auditors and the Managing Director are invited to attend Audit and Risk Management Committee meetings at the discretion of the Committee.

The Audit and Risk management committee met twice during the year.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates in accordance with its Charter. The main responsibilities of the Committee are:

- Determine remuneration policies and remuneration of Directors
- Determine remuneration and incentive policies of Key Executives
- Determine the Group recruitment, retention and termination policies and procedures for senior management
- Determine and review incentive schemes
- Ensure all Directors and senior executives have a written agreement setting out the terms of their appointment
- Evaluate senior executive performance on an annual basis
- Determine and review superannuation arrangements of the Group
- Determine and review professional indemnity and liability insurance for Directors and senior management
- Review the Board composition to ensure the Board has the correct balance of skills and expertise
- Appointment of the Managing Director and the Company Secretary

Remuneration and Nomination Committee (continued)

- Approve the recommendation for the appointment of key management personnel presented to the Committee by the Managing Director
- Performance appraisal of the Board members and the Managing Director. This occurred during the 2020 financial year by way of an informal review
- Succession planning for Board members and the Managing Director
- Approve the recommended succession planning for key management personnel presented to the Committee by the Managing Director; and
- Identify, evaluate and recommend candidates for the Board, the position of Managing Director and the position of Company Secretary.

The Remuneration and Nomination Committee can seek independent external advice from consultants with specific industry experience relevant to Lodestar's remuneration assessment. External advice was not obtained during the 2020 financial year.

Specific policies and procedures regarding remuneration determination are contained within the Directors Report.

The Committee consists of the following Non-Executive Directors:

- Mr Ross Taylor (Committee Chair)
- Mr David McArthur (Committee Member)

The Committee did not meet during the year.

Ethical Standards

Code of Conduct

In pursuit of the highest level of ethical standards, the Group has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees. The code stipulates that any unethical behaviour is to be reported to the Group's Managing Director (or in his absence, the Chairman) as soon as possible.

The Code of Conduct is based on respect for the law and the rights of individuals, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

Trading in the Company's Securities by Directors and Employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors are prohibited from short-term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. The Company's Managing Director (or in his place the Chairman) must be notified of any proposed transactions in the Company's shares.

Any Director or employee receiving shares pursuant to the Company's equity-based remuneration scheme (refer to the remuneration report) is not permitted to enter into transactions which limit the economic risk of participating in the scheme.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems.

Continuous Disclosure

The Group has in place a continuous disclosure policy, a copy of which is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who, in consultation with the Board (where practicable) and any other appropriate personnel (including external advisors if deemed appropriate) will consider the information and whether disclosure is required. If disclosure is deemed necessary, an appropriate announcement will be prepared for release to the market as soon as possible.

At least once every 12-month period, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Communication with Shareholders

The Board aims to ensure that Shareholders are kept fully informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- As the Company is a disclosing entity, regular announcements are made to the ASX in accordance with the Group's disclosure policy, including the half-year review, the year-end audited accounts, and an Annual Report
- The Board ensures the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments
- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry or electronically via the website
- Shareholders are provided the opportunity to receive communications electronically through the Company's share registry
- Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001 and the ASX Listing Rules
- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report; and
- The Board seeks feedback from proxy advisers to assess the appropriateness and adequacy of its reporting to shareholders.

The Board reviews this policy and compliance with it on an ongoing basis.

Diversity Policy

The Group is committed to workplace diversity at all levels and recognises the benefits arising from employee and Board diversity. The benefits include a broader pool of high-quality employees, improved employee retention, accessing different perspectives and ideas, and benefitting from all available talent.

The Group recognises that diversity includes matters of age, disability, ethnicity, marital and family status, religion and culture, sexual orientation, and gender identity.

The Group strives to:

- Recruit and manage on the basis of an individual's competence, qualification and skills and performance
- Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff
- Appreciate and respect the unique aspects that an individual brings to the workplace
- Where possible and practicable, increase participation and employment opportunities for indigenous people
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and always recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace
- Take action to prevent discrimination, harassment, vilification or victimisation
- Create awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity; and
- Identify and implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees, and to offer employees opportunities to reach management levels with the Group.

The Board is committed to workplace diversity and has an objective of providing a balanced representation of employees from a diversity stance across the Group. The Board has also implemented strategies to support the framework and objectives of the Diversity Policy and is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanism. For the 2020 financial year, the Boards' objectives were met by the Group. The Board assesses annually the progress and achievement of the objectives.

Pursuant to ASX Corporate Governance Recommendation 1.5, the Company discloses the following information as at the date of this report:

Percentage details	Women	Men
Women and Men employed within the Group	-	100%
Women and Men at senior management level	-	100%
Women and Men employed at Board level	-	100%
Women and Men employed by corporate services provider	60%	40%

ASX Corporate Governance principals and recommendations not followed - "if not, why not" approach

Pursuant to the ASX Listing Rules, the Company advises that it does not comply with the following Corporate Governance Principles and Recommendations, issued by the ASX Corporate Governance Council. Reasons for the Company's non-compliance are detailed below.

Recommendation 2.1 / 8.1

The Nomination and Remuneration Committee should be structured so that it:

- *consists of a majority of Independent Directors*
- *is chaired by an independent chair*
- *has at least three members*

Recommendation 2.4

A majority of the Board of a listed entity should be Independent Directors

Recommendation 2.5

The chair of the Board should be an Independent Director

Recommendations 4.1 / 7.1

The Audit and Risk Management Committee should be structured so that it:

- *consists only of Non-Executive Directors*
- *consists of a majority of Independent Directors*
- *is chaired by an independent chair, who is not chair of the Board*
- *has at least three members*

Only one of the three Directors is independent. In view of the size of the Company and the nature of its activities, the Board considers that the current Board structure is a cost effective and practical means of directing and managing the Company. The Chairman of the Board is Non-Executive, however by virtue of his significant shareholding in the Company is not deemed independent.

While the ASX Principles recommend an ideal structure for the Audit & Risk Management and Nomination & Remuneration Committees, they recognise that for smaller Boards it may not be possible to implement such a structure.

Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with these ASX Principles to be materially detrimental to the Company. This statement is current as of 30 June 2020 and has been approved by the Board.

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 4 September 2020:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 5,000	78	23,260	-
5,001 – 10,000	51	127,174	0.02
10,001 – 100,000	26	209,989	0.02
100,001 – 1,000,000	639	29,390,377	3.45
1,000,001 and over	568	823,051,194	96.51
Total	**1,368**	**852,801,994**	**100.00**

There were 468 holders of less than a marketable parcel of ordinary shares.

2. Substantial shareholders

The substantial shareholders are set out below:

	Number of shares
Ross Jeremy Taylor	216,456,035
Vango Mining Limited	75,000,000

3. Voting rights

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights
No voting rights.

4. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
30-Nov-18	15,000,000	3	31-Dec-21	10
04-Dec-19	3,800,000	5	30-Dec-21	2
16-Dec-19	34,523,809	19	30-Dec-21	2

6. Twenty largest shareholders on 4 September 2020

	Ordinary shares	
Shareholders	Number held	% of issued shares
Ross Jeremy Taylor <Jamanaro A/C>	216,456,035	25.38
Vango Mining Limited	75,000,000	8.79
MAC Equity Partners Pty Ltd	40,950,428	4.80
Black Prince Pty Ltd <Black Prince Super Fund A/C>	30,000,000	3.52
Albert Wueweera	23,562,934	2.76
David Maxwell McArthur	13,550,007	1.59
Real Australia Pty Ltd <The Jehiel Family A/C>	10,859,568	1.27
Robert Bavcevic <Bavcevic Family Invest A/C>	9,181,815	1.08
Julia April Singleton	8,696,784	1.02
Gregory Peter Wilston	8,420,740	0.99
Matthew David Bell	7,861,315	0.92
Peter Howells	7,500,000	0.88
Saltini Pty Ltd <Sheldrick Family S/F A/C>	7,500,000	0.88
Fivemark Capital Pty Ltd	6,884,883	0.81
Leigh Mackay	6,000,000	0.70
Samuel Rotstein	5,097,550	0.60
HS Superannuation Pty Ltd <HS Superannuation Fund A/C>	5,000,000	0.59
Ashley Seton	5,000,000	0.59
William Frank Clayton	4,103,427	0.48
Darren Robert Downs	4,000,000	0.47

8. Tenements listing on 4 September 2020

Tenement description	Tenement number	Status	Percentage interest
Imbin - Troy Creek	E69/3483	Granted	100%
Imbin – Troy Creek	E69/3532	Application	100%
Imbin – Troy Creek	E69/3533	Application	100%
Imbin – Troy Creek	E69/3590	Application	100%
Imbin – Troy Creek	E69/3699	Application	100%
Camel Hills	E09/2099	Granted	100% - GoldFellas earning up to 25%
Camel Hills	E09/2100	Granted	100% - GoldFellas earning up to 25%
Camel Hills	E09/2215	Granted	100% - GoldFellas earning up to 25%
Ned's Creek	E52/2440	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/2456	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/2468	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/2493	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/2734	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/3473	Granted	100% - Vango earning up to 51%
Ned's Creek	E52/3476	Granted	100% - Vango earning up to 51%
Yowereena	M52/779	Granted	100% - Vango earning up to 51%
Yowereena	M52/780	Granted	100% - Vango earning up to 51%
Yowereena	M52/781	Granted	100% - Vango earning up to 51%
Yowereena	M52/782	Granted	100% - Vango earning up to 51%

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr William Clayton
Mr David McArthur

Secretaries

Mr David McArthur
Mr Jordan McArthur

Registered and Principal Office

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Postal Address

PO Box 584
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Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Share Registry

Computershare Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Stock Exchange Listing

Shares: ASX Code LSR

Website and Email

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Email: admin@lodestarminerals.com.au