



ASX ANNOUNCEMENT

20 October 2015

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED

ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9423 3200

Registered and Principal Office

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Nedlands, WA 6009

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Nedlands, WA, 6909

info@lodestarminerals.com.au

www.lodestarminerals.com.au

CAPITAL STRUCTURE

Shares on Issue:

334,579,909 (LSR)

Options on Issue:

20,750,000 (unlisted)

36,044,068 (listed - 31 Mar 2016)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:

Camel Hills – gold

Neds Creek – gold

Marymia – gold

Imbin – gold and base metals



DISPATCH OF 2015 ANNUAL REPORT AND NOTICE OF AGM

Attached is copy of the 2015 Annual Report together with the Notice of Annual General Meeting, Proxy Form and Explanatory Memorandum which have been dispatched to shareholders.

A copy of the Annual Report and Notice of Annual General Meeting is also available on our website www.lodestarminerals.com.au

For and on behalf of the Board



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Wednesday 25 November 2015

Time of Meeting

11:00 am (WST)

Place of Meeting

**Level 2, 55 Carrington Street
Nedlands, Western Australia**

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Lodestar Minerals Limited ("**Company**") will be held at 11:00 am (WST) on Wednesday, 25 November 2015, at Level 2, 55 Carrington Street, Nedlands, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 4:00 pm (WST) on Monday, 23 November 2015.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report for the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained within the Company's annual financial report for the financial year ended 30 June 2015."

Note 1: The vote on this resolution is advisory only and does not bind the Directors of the Company.

Note 2: If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election. Less than 25% of shareholder voted against the remuneration report at the 2014 Annual General Meeting.

Voting Prohibition Statement:

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member,

(collectively, a "**Prohibited Voter**").

However, a Prohibited Voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 2: Re-election of Director - Mr Ross Taylor

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Ross Taylor, a Director, retires by rotation in accordance with clause 7.3 of the Company’s constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is re-elected as a Director.”

Resolution 3: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed recipients of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Resolution 4: Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 10,000,000 fully paid ordinary shares on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any persons who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5: Issue of Options to Related Party – Mr Bill Clayton

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Director Options to Mr Bill Clayton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Bill Clayton, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy
- (d) is the Chair of the Meeting; and
- (e) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 6: Issue of Options to Related Party – Mr Ross Taylor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Director Options to Mr Ross Taylor (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Ross Taylor, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 7: Issue of Options to Related Party – Mr David McArthur

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Director Options to Mr David McArthur (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr David McArthur, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By Order of the Board



D M McARTHUR
Company Secretary

Dated: 13 October 2015

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Annual General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 4:00pm (WST) on Monday, 23 November 2015 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one- half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Mr David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015, together with the declaration of the Directors, the Directors’ report, the Remuneration Report and the auditor’s report.

A copy of the Company’s 2015 Annual Report is available on the Company’s ASX platform (ASX: LSR) and on the website www.lodestarminerals.com.au. Alternatively, a hard copy will be made available upon request.

The Company’s auditor, KPMG, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor’s report, the Company’s accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company’s auditor about:

- (a) the preparation and content of the auditor’s report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the Company Secretary.

RESOLUTION 1: Adoption of the Remuneration Report

General

The Corporations Act requires that at a listed company’s annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company’s remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors’ report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

- (a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***
If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- (b) ***If you appoint the Chair as your proxy***
If you elect to appoint the Chair where he/ she is also a member of the Key Management Personnel whose remunerations details are included in the Remuneration Report, or a Closely Related Party of such a member, ***you must direct the Chair how they are to vote***. Undirected proxies granted to these persons will be voted in favour of all Resolutions.
- (c) ***If you appoint any other person as your proxy***
You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form. Undirected proxies granted to these persons will be voted at their discretion.

RESOLUTION 2: Re-election of Director – Mr Ross Taylor

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Clause 7.3 of the Company's Constitution requires that at every Annual General Meeting of the Company one-third of the Directors (rounded up to the nearest whole number) shall retire from office. The Directors to retire are those who have been longest in office since their last election. A Director who retires by rotation under clause 7.3(a) is eligible for re-election.

The Company currently has 3 Directors and accordingly 1 must retire.

Mr Ross Taylor, the Director longest in office since his last election, retires by rotation and seeks re-election as a Director.

Information about Mr Ross Taylor is set out in the Company's 2015 Annual Report.

The Board unanimously supports the re-election of Mr Ross Taylor.

RESOLUTION 3: Approval of 10% Placement Capacity – Shares

General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$7.36 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code LSR) and the Options (ASX: LSRO)

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4.; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- B is 10%.
- C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable "A"		<u>DILUTION</u>		
		\$0.011 50% decrease in Issue Price	\$0.022 Issue price	\$0.044 100% Increase in Issue Price
Current Variable A	10% Voting Dilution	33,457,991 Shares	33,457,991 Shares	33,457,991 Shares
334,579,909 Shares	Funds Raised	\$368,038	\$ 736,076	\$ 1,472,152
50% Increase In Current Variable A	10% Voting Dilution	50,186,986 Shares	50,186,986 Shares	50,186,986 Shares
501,869,864 Shares	Funds Raised	\$ 552,057	\$ 1,104,114	\$ 2,208,227
100% Increase In Current Variable A	10% Voting Dilution	66,915,982 Shares	66,915,982 Shares	66,915,982 Shares
669,159,818 Shares	Funds Raised	\$ 736,076	\$ 1,472,152	\$ 2,944,303

* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (a) The current shares on issue are the Shares on issue as at 2 October 2015.
- (b) No options are exercised into Shares before the date of issue of the Equity Securities.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. That is why the voting dilution is shown in each example as 10%.
- (d) The issue price set out above is the closing price of the Shares on the ASX on 2 October 2015.
- (e) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (f) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (g) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (h) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company may use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments in which circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company obtained approval under Listing Rule 7.1A on 25 November 2014. The Company has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

As the Company has previously sought shareholder approval for the additional placement capacity under Listing Rule 7.1A, the following information is provided in relation to all issues of equity securities in the 12 months prior to the date of the Annual General Meeting, pursuant to the requirements of Listing Rule 7.3A6(a) and 7.3A6(b):

A total of 91,133,347 ordinary shares have been issued representing 28.1% of the equity securities on issue at the commencement of the 12 month period preceding the date of the Annual General Meeting.

Date of Issue:	17/10/14
Number issued:	81,133,347
Class:	Fully paid ordinary
Terms:	Fully paid ordinary shares plus 27,044,449 options exercisable at 3 cents each by 31 march 2016
Name of applicants:	Entitlements issue
Price:	1.3 cents per share (free attaching 1:3 option)
Discount to market:	No discount to market
Total cash received:	\$ 1,054,733
Intended use of cash	Drilling program at the Company's gold prospect areas and administration costs associated with the corporate and compliance functions of the Perth office.

Date of Issue:	11/09/15
Number issued:	10,000,000
Class:	Fully paid ordinary
Terms:	Placement
Name of applicants:	Sophisticated investors
Price:	1.0 cent per share
Discount to market:	28.57%
Total cash received:	\$100,000
Intended use of cash	Drilling program at the Company's gold prospect areas and administration costs associated with the corporate and compliance functions of the Perth office.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

RESOLUTION 4: Ratification of Prior Issue of Shares

On 11 September 2015, the Company issued 10,000,000 Shares at an issue price of \$0.01 per Share raise \$100,000.

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, during any 12 month period any equity securities which, when aggregated with the number of other securities issued within that 12 month period exceeds 15% of the number of ordinary shares on issue at the beginning of that 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 4 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 10,000,000 Shares were issued;
- (b) the issue price was \$0.01 per Share;
- (c) the Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised under the Placement will be used for working capital.

RESOLUTIONS 5, 6 and 7: Issue of Options to Related Parties

The Company has agreed, subject to shareholder approval, to issue a total of 15,000,000 Options (**Director Options**) to its Directors as set out below:

- (a) Mr Bill Clayton – 5,000,000 Options;
- (b) Mr Ross Taylor – 5,000,000 Options; and
- (c) Mr David McArthur – 5,000,000 Options,

(together, the **Related Parties**) on the terms and conditions set out in Appendix 1.

For a public company to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit, and Mr Bill Clayton, Mr Ross Taylor and Mr David McArthur are Related Parties of the Company by virtue of being Directors.

In addition, Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies. It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

Section 195 of the Corporations Act

Section 195(1) of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

If there is not a quorum of directors who are eligible to vote on a matter because of the operation of Section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

The voting prohibition in section 195(1) of the Corporations Act does not apply to a proposal to call a general meeting to consider a matter in which one or more directors have a material personal interest - that is, a director with a material personal interest may consider and vote on such a proposal.

Each of the Directors, being Mr Bill Clayton, Mr Ross Taylor and Mr David McArthur have a material personal interest in the outcome of Resolutions 5 to 7 because they will be receiving Director Options.

The Directors have exercised their right under section 195(4) of the Corporations Act to call the Meeting and put the matters the subject of Resolutions 5 to 7 to Shareholders.

Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the Related Parties are Mr Bill Clayton, Mr Ross Taylor and Mr David McArthur by virtue of being Directors.
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties in the aggregate is 15,000,000 Director Options, being 5,000,000 Director Options to each of Messrs Clayton, Taylor and McArthur;
- (c) The Director options will be exercisable at \$0.05 per Option on or before 31 December 2018;
- (d) the Director Options will otherwise be issued on the terms and conditions outlined in Appendix 2;
- (e) the Director Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (f) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (g) the value of the Director Options is \$315,616 and the pricing methodology is set out in Appendix 2;
- (h) the relevant interest of the Related Parties in securities of the Company is set out below:

Mr Bill Clayton - 3,286,667 shares

- 2,500,000 unlisted options exercisable at 15-30 cents by 29 November 2016
- 5,000,000 unlisted options exercisable at 5 cents by 31 December 2017
- 240,556 listed options exercisable at 3 cents each by 31 March 2016

Mr Ross Taylor - 56,100,001 shares

- 3,000,000 unlisted options exercisable at 5 cents by 31 December 2017
- 10,920,447 listed options exercisable at 3 cents each by 31 March 2016

Mr David McArthur - 12,000,002 shares

- 3,000,000 options exercisable at 5 cents by 31 December 2017
- 1,000,000 listed options exercisable at 3 cents each by 31 March 2016

(i) the Related Parties receive the following remuneration for the current financial as follows:

- (i) Bill Clayton- \$164,250
- (ii) Ross Taylor- \$54,750
- (iii) David McArthur- \$76,650 (Includes \$ 43,800 paid as Company Secretary).

In the previous financial year, the Related Parties received the following from the Company (paid and payable):

- (i) Bill Clayton -\$156,816
- (ii) Ross Taylor - \$46,762
- (iii) David McArthur- \$74,250 (Includes \$ 43,700 paid as Company Secretary)

Other than as set out in this Explanatory Statement, the Related Parties have not received any other emoluments from the Company;

(j) if the Director Options granted to the Related Parties are exercised, a total of 15,000,000 Shares would be issued. This will increase the number of Shares on issue from 334,579,909 to 349,579,909 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing shareholders would be diluted by 4.3% (Clayton 1.43%, Taylor 1.43% and McArthur 1.43%).

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

(k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	PRICE	DATE
HIGHEST	\$0.026	29/09/2015
LOWEST	\$0.006	02/04/2015
LATEST	\$0.022	02/10/2015

(l) the primary purpose of the issue of the Director Options is to provide a market linked incentive to the Related Parties to motivate and reward their performance in their respective roles as Directors;

(m) the Board acknowledges the grant of Related Party Options to Mr Bill Clayton, Mr Ross Taylor and Mr David McArthur is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations, however the Board considers the grant of Related Party Options to Mr Bill Clayton, Mr Ross Taylor and Mr David McArthur reasonable in the circumstances for the reason set out in paragraph (n);

(n) Mr Bill Clayton declines to make a recommendation to Shareholders in relation to Resolution 5 due to Mr Bill Clayton's material personal interest in the outcome of the Resolution on the basis that Mr Bill Clayton is to be granted Director Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 6 and 7, Mr Bill Clayton recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the grant of Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;

- (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Director Options upon the terms proposed;
- (o) Mr Ross Taylor declines to make a recommendation to Shareholders in relation to Resolution 6 due to Mr Ross Taylor's material personal interest in the outcome of the Resolution on the basis that Mr Ross Taylor is to be granted Director Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 5 and 7, Mr Ross Taylor recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (p) Mr David McArthur declines to make a recommendation to Shareholders in relation to Resolution 7 due to Mr David McArthur's material personal interest in the outcome of the Resolution on the basis that Mr David McArthur is to be granted Director Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 5 and 6, Mr David McArthur recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (q) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise prices and expiry dates of those Director Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolutions.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

GLOSSARY

10% Placement Capacity has the meaning given in Resolution 3 of the Explanatory Statement.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Lodestar Minerals Limited -ABN 32 127 026 528

Directors means the current directors of the Company.

Directors Options means options exercisable at 5 cents each on or before 16 December 2017

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Options means options exercisable at 3 cents each on or before 31 March 2016.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in Resolution 3 of the Explanatory Statement.

WST means Australian Western Standard Time (Perth, Western Australia).

Instructions for Completing ‘Appointment of Proxy’ Form

1. **(Changes to Proxy Voting):** Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:
 - (a) if proxy holders vote, they must cast all directed proxies as directed;
 - (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed; and

Further details on these changes are set out below.

2. **(Appointing a Proxy):** A member with two or more votes entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
3. **(Proxy vote if appointment specifies way to vote):** Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
 - (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
4. **(Transfer of non-chair proxy to chair in certain circumstances):** Section 250BC of the Corporations Act provides that, if:
 - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
 - (b) the appointed proxy is not the chair of the meeting;
 - (c) at the meeting, a poll is duly demanded on the resolution; and
 - (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

5. **(Signing Instructions):**
 - (a) **(Individual):** Where the holding is in one name, the member must sign.
 - (b) **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - (c) **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

- (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
- 6. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
- 7. **(Voting in person):**
 - (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.
 - (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting
- 8. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):
 - (a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;
 - (b) By mail to PO Box 985, Nedlands, WA, 6909.
 - (c) By Facsimile to +61 8 9389 8327;
 - (d) By scan and email to david.mcarthur@broadwaymgt.com.au

so that it is received at least 48 hours prior to commencement of the General Meeting. Proxy Forms received later than this time will be invalid.

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

APPENDIX 1

The material terms and conditions of the Director Options referred to in Resolutions 5-7 are as follows:

- (a) The Options will be issued in 1 tranche with an exercise price of \$0.05 (“Exercise Price”):
- (b) The Options are exercisable at any time on or before 31 December 2018 (“Expiry Date”).
- (c) The options will be unlisted.
- (d) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (e) The notice attached to the certificate has to be completed when exercising the Options (“Notice of Exercise”).
- (f) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (g) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company’s then existing Shares.
- (h) Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (i) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been allotted and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (j) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (k) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

APPENDIX 2

Valuation of Options to be issued to Directors

The Company has valued the Options to be issued to Directors (“Director Options”) using the Black-Scholes option model and based on the assumptions as set out in the table below, with the Director Options ascribed a value as follows:

Assumptions:

Value date	2 October 2015
Share price	\$0.022
Exercise price	\$0.05
Term	3 years
Volatility	250%
Risk free interest rate	2.6%
Indicative value per Option	\$0.021

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (*Company*),
Insert name of Shareholder Company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at an annual general meeting of the members of Lodestar Minerals Limited to be held on Wednesday, 25 November 2015 commencing at 11.00 am (WST) and at any adjournments of that general meeting.

DATED

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Lodestar Minerals Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9389 8327

PROXY FORM

APPOINTMENT OF PROXY

LODESTAR MINERALS LIMITED

ABN 32 127 026 528

ANNUAL GENERAL MEETING

I/We

Address

being a Member of Lodestar Minerals Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the Annual General Meeting as your proxy.)

OR the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 11.00 am (WST) on Wednesday, 25 November 2015 at Level 2, 55 Carrington Street, Nedlands, Western Australia, and at any adjournment of that meeting.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 - Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Re-Election of Director - Ross Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Issue of Options to Related Party - B Clayton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Issue of Options to Related Party - R Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 - Issue of Options to Related Party - D McArthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____%.

Signature of Member(s)

Date: _____

Individual or Member 1

Sole Director/Company Secretary

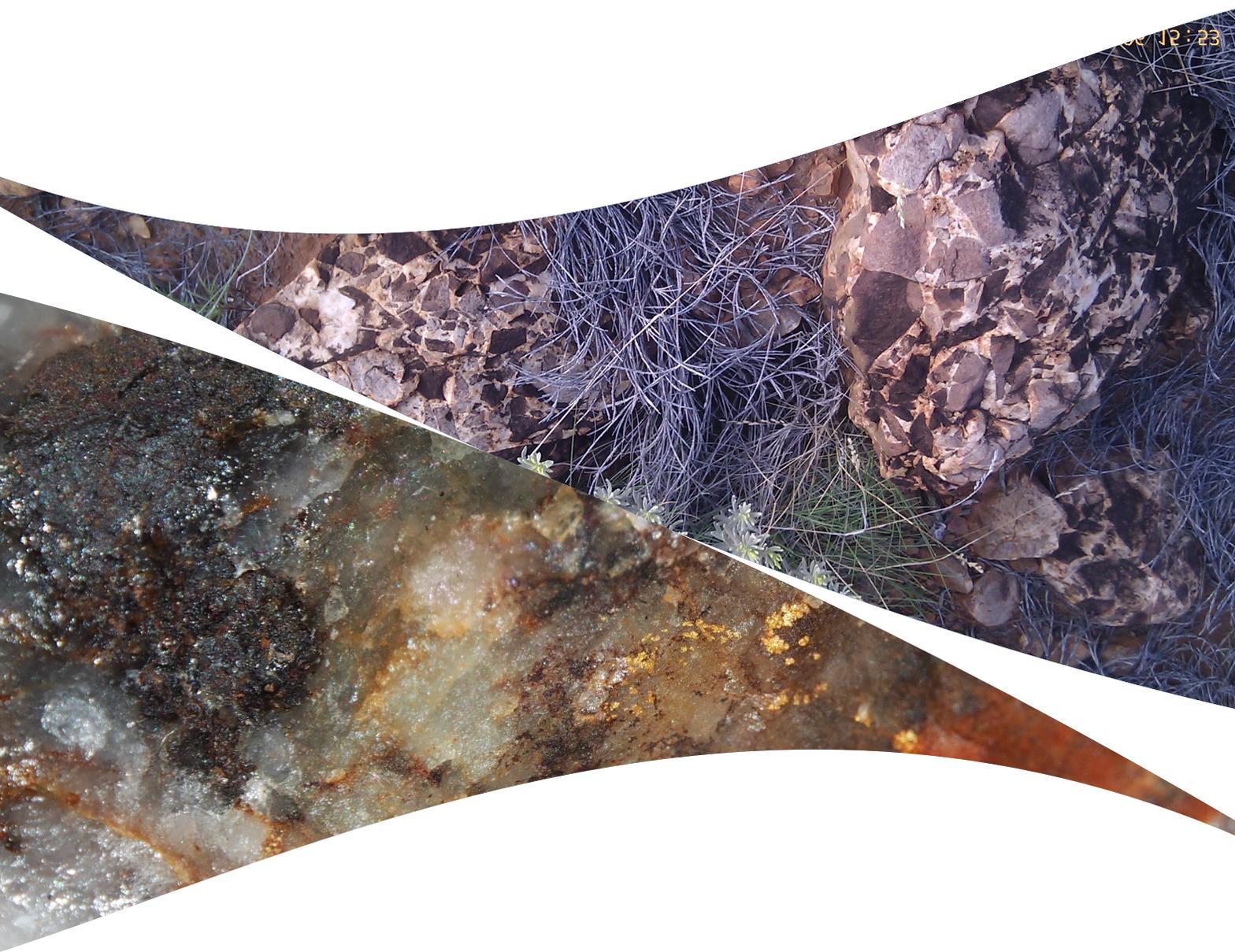
Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Phone (daytime):** _____ **Date:** _____



ANNUAL REPORT 2015

Lodestar Minerals Limited

ABN 32 127 026 528

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CORPORATE DIRECTORY

DIRECTORS AND COMPANY SECRETARY:

Ross Taylor
Non-executive Chairman

William Clayton
Managing Director

David McArthur
Executive Director and Company Secretary

SHARE REGISTRY:

Computershare Investor Services Pty Ltd
Level 11
172 St George's Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

REGISTERED & PRINCIPAL OFFICE:

Level 2, 55 Carrington Street
NEDLANDS WA 6009

Po Box 985
NEDLANDS WA 6909

Telephone: +61 8 9423 3200
Facsimile: +61 8 9389 8327

BANKERS:

ANZ Banking Group Limited
Level 6, 77 St Georges Terrace
PERTH WA 6000

SOLICITORS:

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

AUDITORS:

KPMG
Level 8, 235 St George's Terrace
PERTH WA 6000

DOMICILE AND COUNTRY

OF INCORPORATION:

Australia

WEBSITE AND EMAIL:

www.lodestarminerals.com
info@lodestarminerals.com.au

SECURITIES EXCHANGE:

Lodestar Minerals Limited shares are listed on the
Australian Securities Exchange (ASX) – code LSR

REVIEW OF OPERATIONS

HIGHLIGHTS

Lodestar has defined two high priority gold targets at Contessa (Ned's Creek) and Big Sky (Camel Hills) through greenfields discovery and regional project generation. Both areas have excellent potential for realising Lodestar's primary objective of discovering and defining an economic gold or base metal resource.

At Contessa, aircore and shallow RAB drilling has outlined a regionally significant gold anomaly and associated supergene gold mineralisation. A maiden RC drilling programme of five holes, completed in 2014 to test beneath the main supergene zones, intersected narrow intervals of >1g/t gold (to a maximum 6g/t gold) within an extensively altered diorite intrusion. The alteration mineralogy, metal associations, host lithology and structural setting bear a close resemblance to major lode gold deposits of the Eastern Goldfields Terrane, Western Australia's major gold producing region. As it is not uncommon for supergene gold mineralisation to be displaced from its primary source in deeply weathered profiles, the limited RC drilling completed to date has not down-graded the opportunity at Contessa. In-fill close-spaced drilling around the supergene mineralisation and nearby structural contacts is required.

Three key Camel Hills tenements, which include the Main Grid prospect identified by previous explorers, were granted in 2015. Lodestar achieved a negotiated native title agreement with the traditional owners and shortly after grant carried out a heritage survey and received approval for the maiden drill programme to test a prospective contact zone, defined by extensive soil and rock chip gold anomalies, for lode gold mineralisation. The Camel Hills target (known as the Big Sky prospect, formerly known as "Main Grid") was tested by shallow RAB drilling and trenching, completed in July-August 2015.

The grant of the Camel Hills tenements, and recently the Imbin tenements, expands Lodestar's tenement portfolio across the under-explored tectonic northern margin of the Yilgarn Craton to 3,000 square kilometres. The geodynamic environment along this margin, as advanced by the work of the Geological Survey of Western Australia (GSWA) and the Centre for Exploration Targeting (CET) at the University of Western Australia and as demonstrated by on-going exploration success, is favourable for the development of major base metal and gold deposits. Outlying extensions of the Bryah-age metamorphosed arc and rift sequences identified by Lodestar, traced west (Camel Hills) and east (Imbin) from the Bryah Basin, have received very limited exploration to date.

In June 2015 Lodestar signed a farm-out agreement with Australian Mines Limited (ASX code: AUZ) allowing AUZ to earn up to 51% of all mineral rights, excluding gold, on the Neds Creek tenements by spending \$1M on exploration within two years of signing the agreement. The farm-out allows Lodestar to focus on evaluating advanced gold targets at Camel Hills and Contessa, whilst maintaining a significant interest in any base metal discovery at Ned's Creek. The Contessa and Brumby gold discoveries are excluded from the agreement.

Contessa

- A maiden, five hole RC drilling programme, completed over a strike length of 400m to test supergene gold mineralisation, intersected gold of >1g/t, hosted by a large diorite intrusion, in all five holes;
 - Results included
 - **LNRC010**
 - 2m at 1.86g/t Au from 40m and
 - 1m at 1.92g/t Au from 46m
 - **LNRC011**
 - 5m at 3.43g/t Au from 15m
 - 3m at 3.88g/t Au from 54m and
 - 3m at 1.56g/t Au from 71m
 - **LNRC012**
 - 5m at 9.33g/t Au from 64m (including 1m at 37.5g/t Au from 67m) and
 - 1m at 3.58g/t Au from 76m

- **LNRC013**
 - 1m at 1.13g/t Au from 69m
 - 1m at 1.09g/t Au from 84m
 - 1m at 1.76g/t Au from 153m
 - 1m at 2.4g/t Au from 169m and
 - 1m at 6.13g/t Au from 195m
- **LNRC014**
 - 1m at 2.18g/t Au from 180m and
 - 1m at 1.35g/t Au from 186m

(see Lodestar's (ASX:LSR) ASX release dated 29th December 2014)

- An independent review of the Contessa area noted similarities with the regional structural setting of major gold camps of the Eastern Goldfields Province, highlighting the potential for a significant discovery.
- The Company continues to assess options for funding systematic exploration to test the multiple gold targets at Contessa, including farm-out and joint venture.

Camel Hills

- An 18 kilometre gold anomaly identified in GSWA drainage sampling overlies a regional structure within the 100 kilometre long Errabiddy Shear Zone, between the Palaeoproterozoic Glenburgh Terrane and Archaean Narryer Terrane.
- Strongly anomalous historic soil and drainage samples reported by previous explorers defined a 6 kilometre by 2 kilometre gold target coincident with a linear magnetic anomaly and sheared contact.
- Lodestar discovered high-grade gold (to 47,000g/t gold) in quartz veining adjacent to the historic soil and drainage anomalies.
- 1812m of RAB drilling and 2060m of shallow trenching were completed in August 2015 targeting shear-hosted lode gold mineralisation.
- RAB drill intersections include
 - 5m at 1.1g/t gold from 5m (including 1m at 5.65g/t gold from 8m) – LCR001
 - 5m at 1.3g/t gold from 10m and 2m at 2.05g/t gold from 25m – LCR002
 - 5m at 1.34g/t gold from 25m – LCR003
 - 5m at 1.37g/t gold from 5m – LCR012
- Trench sampling returned a 65m wide anomaly at >0.1g/t gold, including 5m at 12.6g/t gold, this anomaly represents a priority target for follow-up RC drilling.

(see Lodestar's (ASX:LSR) ASX releases dated 28th August 2015 and 3rd September 2015)

GREATER PEAK HILL – DOOLGUNNA PROJECT

Lodestar’s tenement portfolio includes approximately 3,000 square kilometres under tenure across the northern margin of the Yilgarn Craton, Western Australia (Figure 1). The acquisition of the Camel Hills and Imbin projects over the past two years is the result of Lodestar’s commitment to project generation with a strong focus on revealing the potential of this under-explored terrane. The tenement package spans a distance of 580 kilometres, extending across the collision zone of the Yilgarn and Pilbara Cratons, known as the Capricorn Orogen.

Ancient craton margins have potential to host large base metal and precious metal deposits; the associated deep crustal structures can promote the transfer of fluids and magma from fertile upper mantle to the upper crust over extended periods. Craton margins are sites of repeated crustal re-working that re-activate first-order structures, transferring metal-bearing fluids into favourable structural sites in the upper crust.

The Bryah Basin and flanking Marymia Inlier, containing the Plutonic Well greenstone belt, have an endowment of multi-million ounce gold deposits and growing resources of copper (Figure 2). The mineralisation at the Plutonic gold deposit (5Moz Au) has been dated at ~2100Ma, 1850Ma and 1680Ma¹, reflecting multi-phase mineralisation related to major orogenic events on the Yilgarn margin. A recent study of the ages of ore deposits in the Bryah and Padbury Basins has confirmed this relationship between 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 Orogeny². Correlation of these mineralising episodes across the northern margin of the Yilgarn is important in identifying areas of similar mineral potential and rocks of Glenburgh age are known to occur at Camel Hills and Imbin.

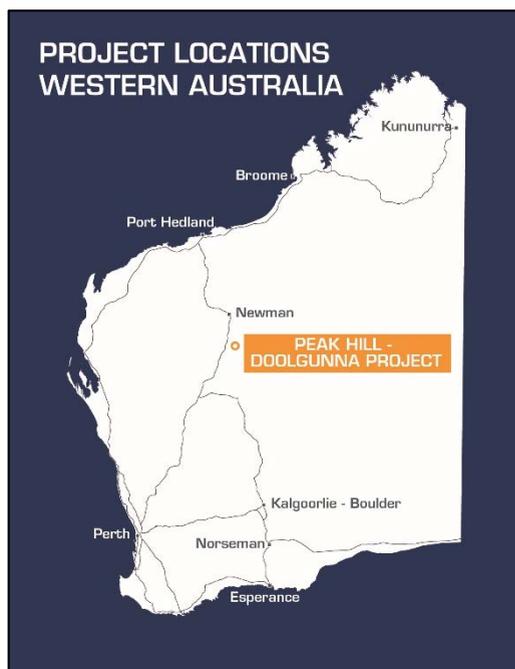


Figure 1 Location of Lodestar's projects

The Bryah Basin and flanking Marymia Inlier, containing the Plutonic Well greenstone belt, have an endowment of multi-million ounce gold deposits and growing resources of copper (Figure 2). The mineralisation at the Plutonic gold deposit (5Moz Au) has been dated at ~2100Ma, 1850Ma and 1680Ma¹, reflecting multi-phase mineralisation related to major orogenic events on the Yilgarn margin. A recent study of the ages of ore deposits in the Bryah and Padbury Basins has confirmed this relationship between 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 Orogeny². Correlation of these mineralising episodes across the northern margin of the Yilgarn is important in identifying areas of similar mineral potential and rocks of Glenburgh age are known to occur at Camel Hills and Imbin.

¹ 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.

² 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. Accessed on 26th June 2015 at http://www.segweb.org/SEG/Events/Conference_Website_Archives/2014/Abstracts/data/papers/abstracts/0393-000068.pdf

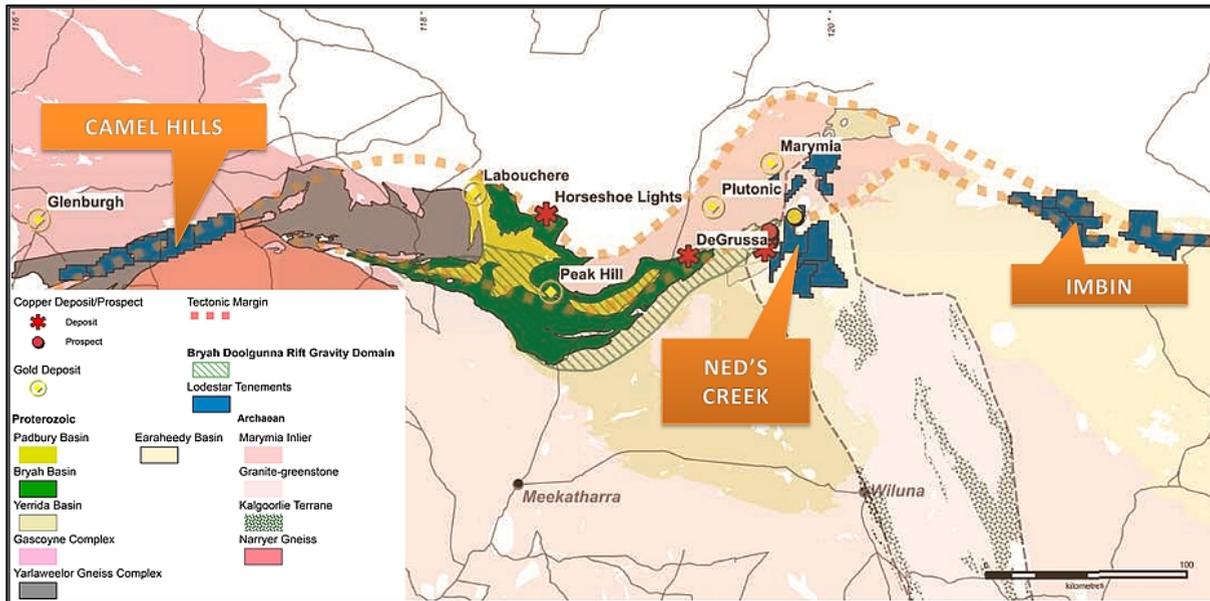


Figure 2 Lodestar's projects span 580 kilometres of the northern Yilgarn margin, major mineral deposits shown.

NED'S CREEK PROJECT

(E52/2440, E52/2444, E52/2456, E52/2468, E52/2492, E52.2493, E52/2733, E52/2734)

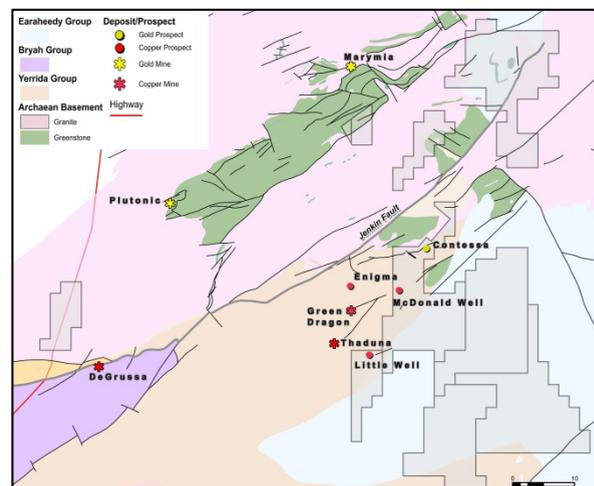
The Ned's Creek tenements are located 150 kilometres north east of Meekatharra along geological trend from the Thaduna and DeGrussa copper deposits. The tenements flank the Jenkin Fault zone, a regional structure that defines the northern boundary of the Bryah-Yerrida volcano-sedimentary sequence and extend over 830 square kilometres of the northern Proterozoic Yerrida Basin. They are located 3 kilometres east of the Thaduna and Green Dragon copper deposits, currently being evaluated by Sandfire Resources NL (Figure 3).

The north eastern Yerrida Basin contains thick sedimentary sequences interleaved with mafic volcanics related to a rifting phase of basin development. Basin geometry and stratigraphy is controlled by large-scale structures, the Jenkin and McDonald Well Faults. This setting is analogous to many of the world's major Proterozoic sediment-hosted base metal camps, highlighting the potential of this region to host large base metal deposits.

Lodestar signed a farm-out agreement with Australian Mines Limited (ASX:AUZ) on 11th June 2015. The farm-out agreement allows AUZ to earn up to 80% of the base metal rights on the Ned's Creek tenements by spending \$150,000 within six months of signing the agreement, \$1,000,000 within two years and \$3,000,000 within four years. The gold rights are retained by Lodestar and the Contessa and Brumby discoveries are excluded from the deal. Australian Mines expects to drill test the first base metal targets before the end of 2015.

The Contessa gold discovery in 2013 confirmed the potential for significant gold mineralisation within the Ned's Creek tenements. In the past 24 months Lodestar has extended geochemical coverage along the 7 kilometres of the Contessa trend. Numerous surface gold anomalies have been targeted by first-pass aircore drilling and results indicate that more intensive follow-up drilling is justified. A maiden RC drill program, completed at Contessa in November 2014, identified bedrock gold mineralisation hosted by a large diorite intrusion.

Figure 3 Location of the Ned's Creek tenements



Contessa Gold Target (E52/2456)

The Contessa prospect is a significant gold occurrence with characteristics similar to lode gold deposits of the Archaean greenstone belts of Western Australia. The Contessa prospect lies at a major structural discontinuity, near the intersection of the Kalgoorlie Terrane (dominated by NNW structures) with the Marymia Inlier (dominated by ENE structures, Figure 4) and is 30 kilometres from Northern Star's Plutonic gold mine.

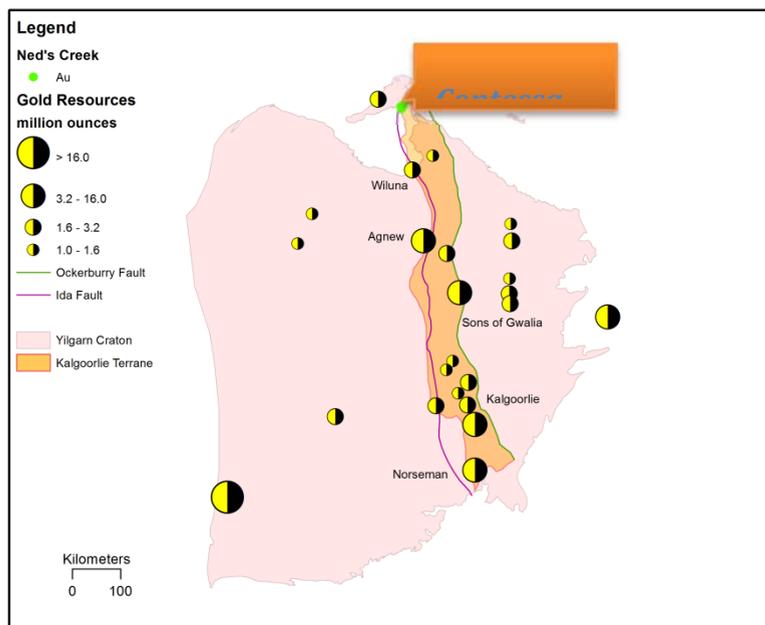


Figure 4 Regional tectonic setting of Contessa showing major Archaean gold deposits of Western Australia, dominated by the Kalgoorlie Terrane.

Lodestar completed 5 RC drill holes to a maximum depth of 214 metres, together with 50 aircore holes and 127 shallow RAB holes for a total of 5,828 metres of drilling.

Wide-spaced aircore drilling tested surface gold anomalies south west and north east of Contessa, along the Contessa Trend (Figures 5 and 6). The drill results confirmed the presence of widespread ore-grade supergene gold mineralisation within a poorly tested sequence adjacent to the contact with granite. Systematic drilling of 1000 metres of untested strike southwest of Contessa is required to evaluate the significance of these results. Results from the aircore drilling include;

- **LNR758 – 5m at 8.89g/t Au from 30m**
- **LNR757 – 5m at 2.15g/t Au from 35m**
- **LNR747 – 10m at 1.89g/t Au from 40m**
- **LNR741 – 5m at 1.4g/t Au from 60m and 5m at 1.56g/t from 80m**
- **LNR732 – 5m at 1.83g/t Au from 45m and**
- **LNR731 – 5m at 1.02g/t Au from 90m**

(see Lodestar's (ASX:LSR) ASX announcement dated 24th November 2014)

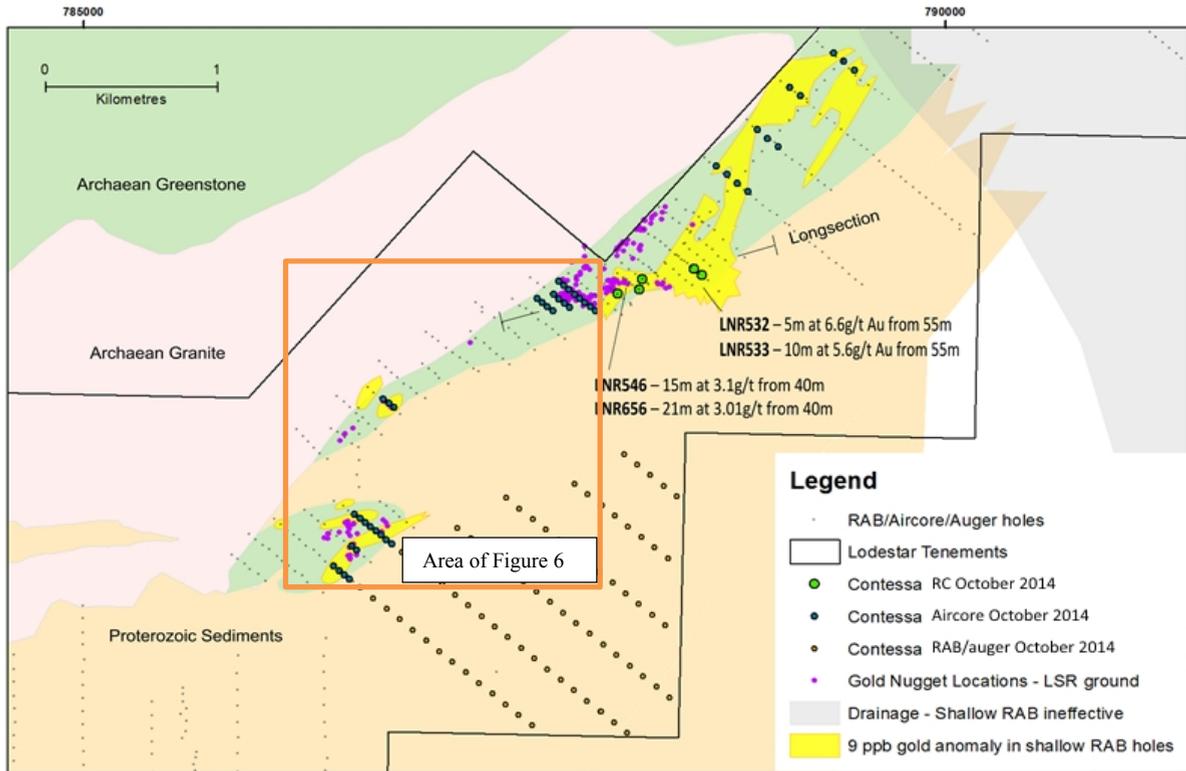


Figure 5 Contessa Trend - Gold anomalies targeted by aircore drilling

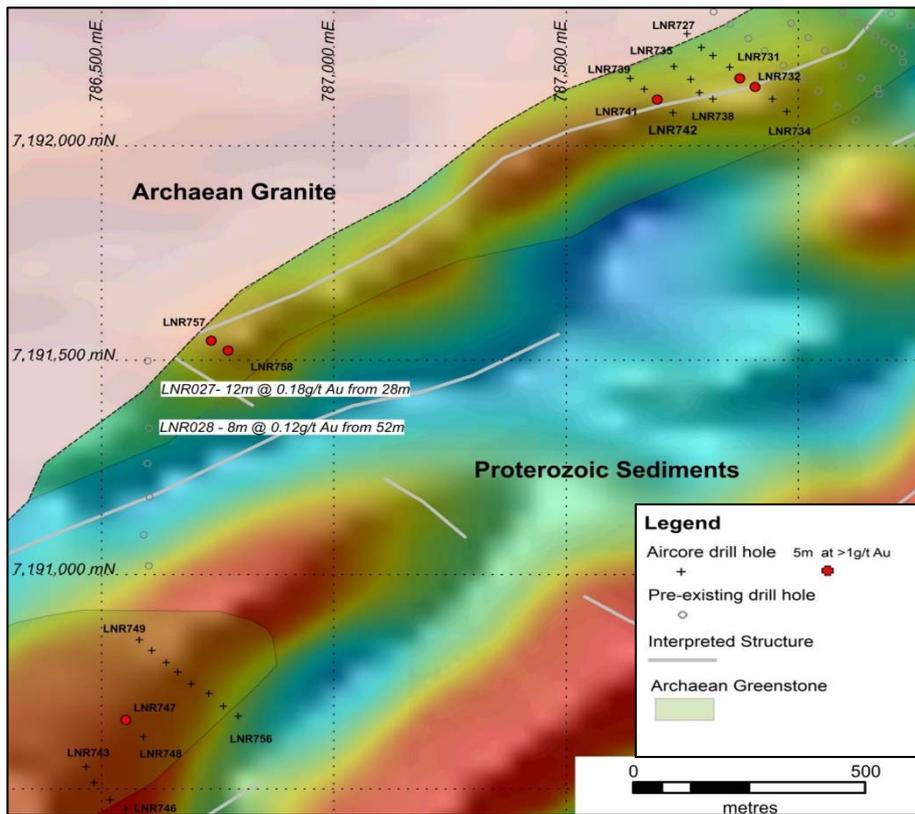


Figure 6 Location of aircore drilling with >1g/t intercepts, background aeromagnetic image 1VDRTP.

Five RC drill holes completed at Contessa intersected widespread alteration (silicification and disseminated pyrite mineralisation) and narrow intervals of >1g/t Au within the bedrock underlying the supergene gold mineralisation. In fresh rock gold is closely associated with elevated sulphide and Bi-Mo-Ag-Te, characteristic of many Archaean greenstone gold systems. The mineralisation is hosted by a large diorite intrusion, at least 2 kilometres long and incompletely defined by drilling. Supergene mineralisation can be displaced from the primary source in deeply weathered terranes and scale of anomalies at Contessa indicates that the potential to discover a significant lode gold system within the Contessa litho-structural corridor is high. Drill targeting has been guided by geochemistry to date; structural positions that frequently host lode mineralisation, such as the contacts of the diorite and granite have not been specifically targeted and remain untested. Concentrations of pyrite (sulphide) may be detectable using geophysical exploration methods that have not been applied at Contessa.

Following the RC drilling Lodestar commissioned a review of Contessa to interpret and integrate the geology, structural setting and exploration results. The important outcomes of the review are:

- Contessa is believed to occupy a fault over-step between two major east-northeast trending shear zones. The fault over-step is a very favourable environment for orogenic and intrusion-related gold; examples within the Kalgoorlie Terrane include the St. Ives deposits (4.7Moz Au).
- Untested structural, geochemical, magnetic and conductivity related targets within this structural domain were identified for follow-up drilling (Figure 7).

Lodestar continues to investigate options for funding a systematic test of multiple Contessa targets, including farm-out and joint venture.

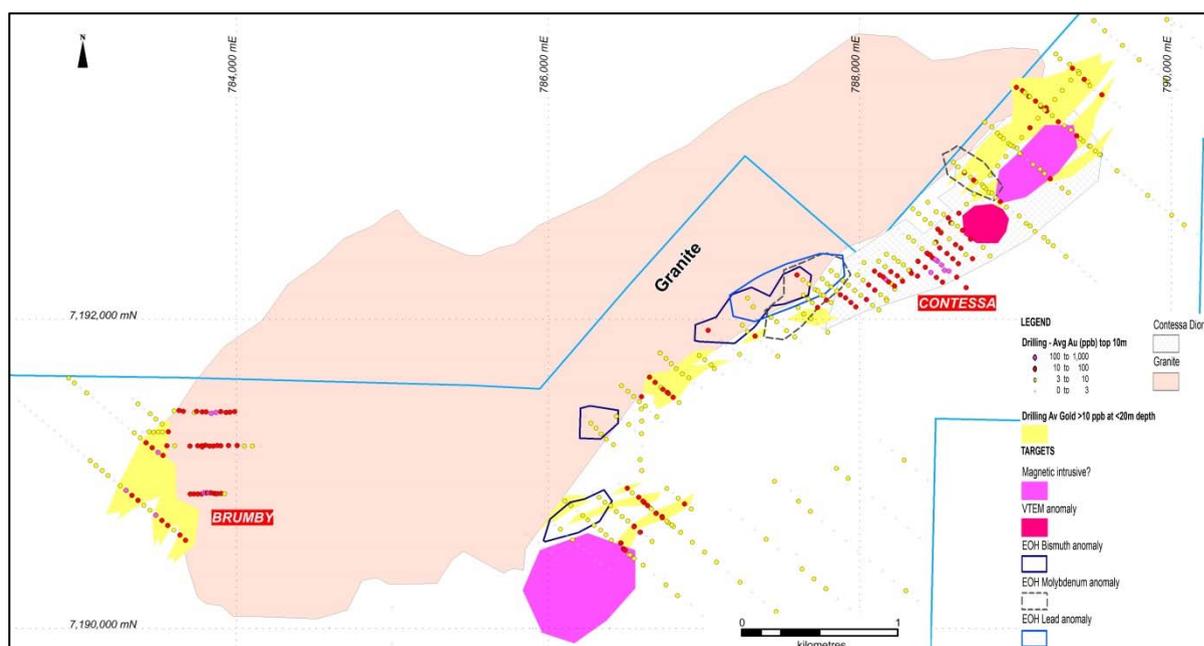


Figure 7 Contessa drill targets within the Contessa Trend, showing the spatial association between the Contessa diorite, magnetic anomalies and gold.

Marymia Geochemical Sampling (E52/2493 and E52/2734)

130 lag samples were collected over previously defined geochemical anomalies on E52/2493 and E52/2734 (Figures 8 and 9). The samples in-fill earlier lag geochemistry in areas where aeromagnetic interpretation and GSWA mapping indicate continuity of Archaean greenstone stratigraphy onto Lodestar’s tenements. Anomalous areas identified in Lodestar’s earlier regional sampling were infilled to a sample density of 250 x 500 metres.

E52/2493 includes 4 kilometres of the southern structural boundary of the Plutonic Well Greenstone Belt and partly overlies the northern extension of the Baumgarten Greenstone Belt. Both the Plutonic Well and Baumgarten Greenstone Belts are prospective for gold, with the Plutonic Well Greenstone Belt having a gold endowment (production plus resources) in excess of 10 million ounces.

Field mapping and outcrop sampling will be completed before first-pass drilling of selected anomalous areas.

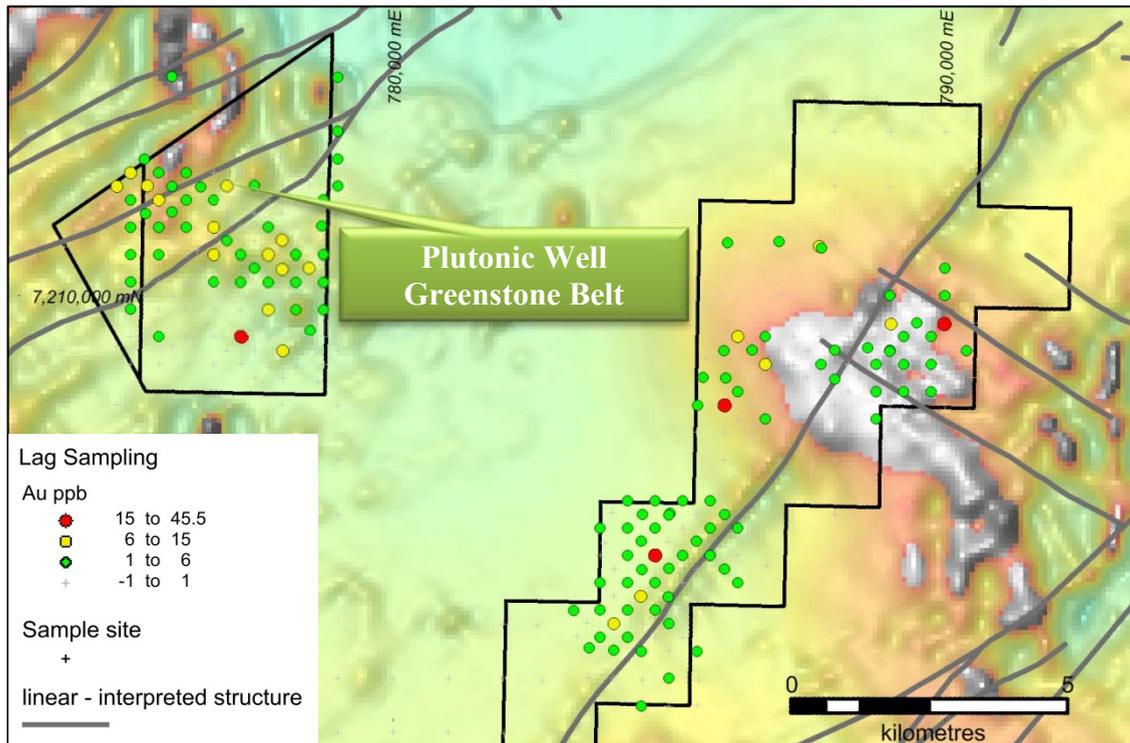


Figure 8 Lag Sampling - gold results (background TMI aeromagnetic image)

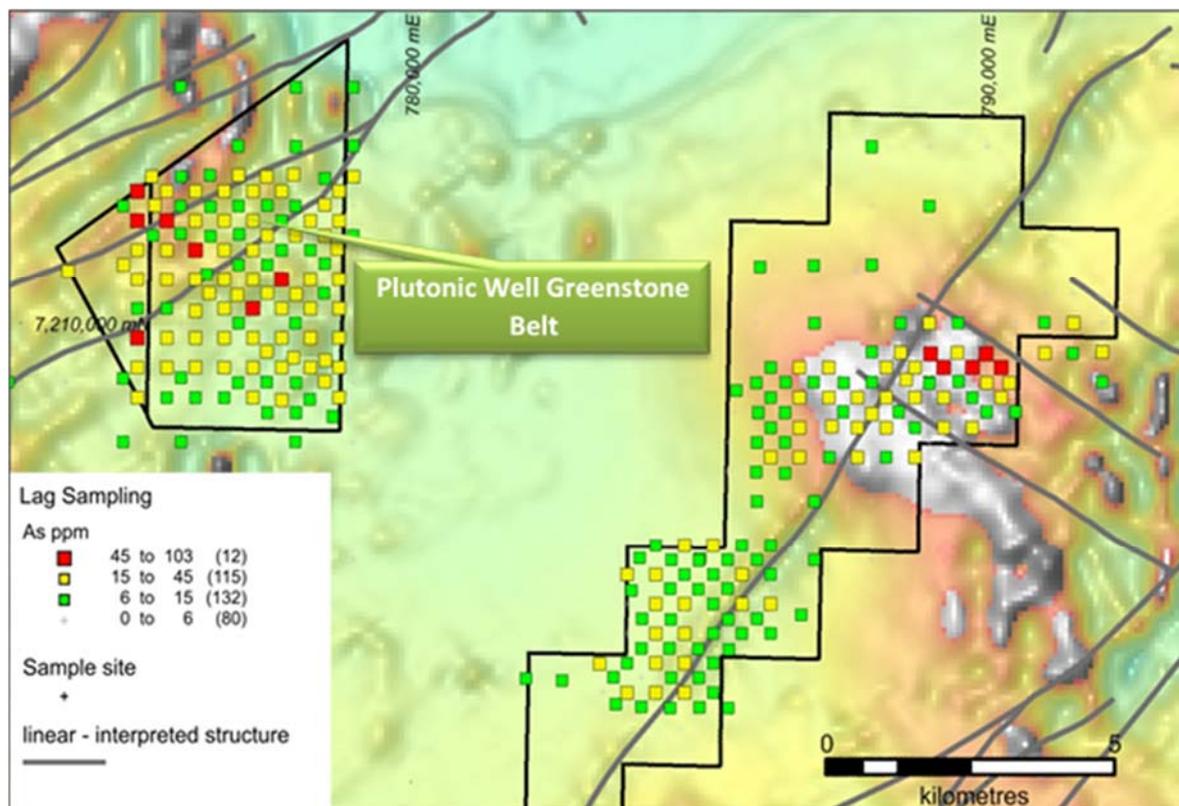


Figure 9 Lag Sampling - arsenic results (background TMI aeromagnetic image)

Camel Hills

(E09/2099, E52/2100 and E52/3064)

The Camel Hills Project is located in the Gascoyne Province, 200 kilometres northwest of Meekatharra. The project straddles the boundary of the Archaean Narryer Terrane and the Palaeoproterozoic Glenburgh Terrane. Granite intrusions on the southern margin of the Glenburgh Terrane (named the Dalgaringa Supersuite) share characteristics with Andean-type intrusions that formed in a continental margin arc setting. The Dalgaringa Supersuite has been dated at ~2000Ma, an age equivalent to mineralisation within the Bryah Basin. The gold mineralising event at the Glenburgh gold project (1Moz Au) of Gascoyne Resources, located 60 kilometres west northwest of Camel Hills, is also dated at ~2000Ma.

The Camel Hills tenements (including applications) cover 90 kilometres of the east northeast-trending Errabiddy Shear Zone (ESZ), a major structure that marks the boundary between the Narryer and Glenburgh Terranes. Deep seismic profiling of the contact between the Glenburgh Terrane and the Archaean Yilgarn Craton shows the ESZ to be linked at depth with the Cardilya Fault, a first-order structure defining the boundary between these two cratonic blocks (Figure 10). Mineral systems analysis of the Gascoyne Province by the GSWA noted the potential for orogenic and intrusion-related gold mineralisation associated with the ESZ.

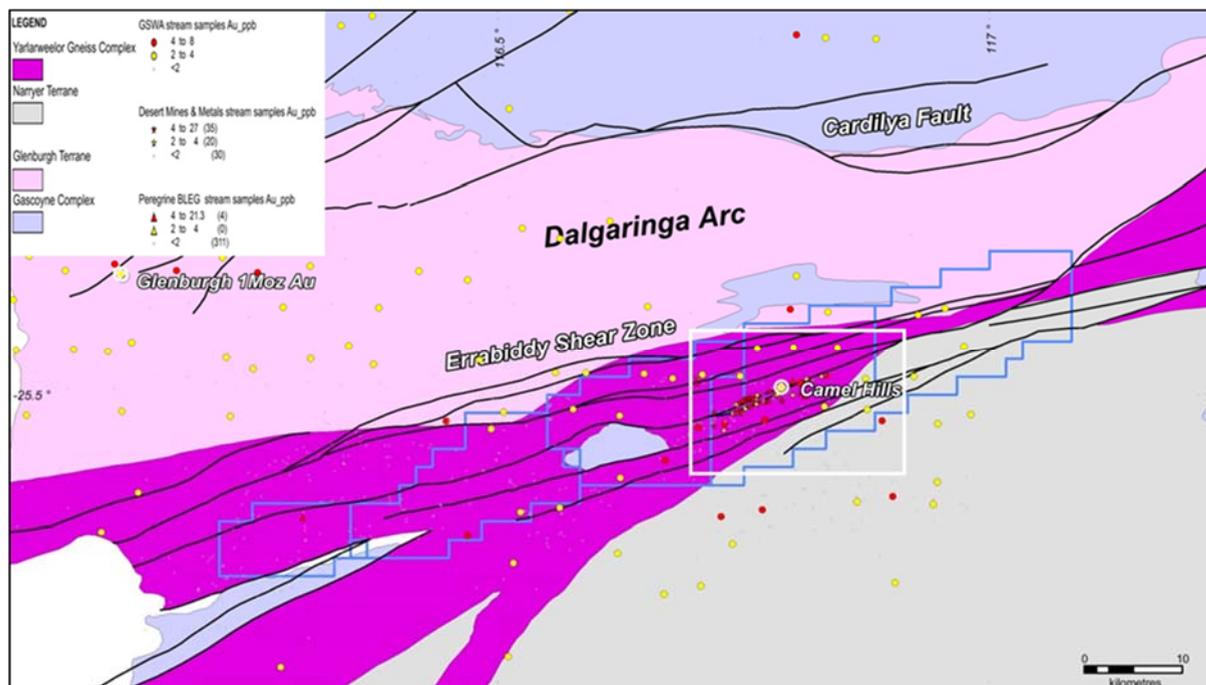


Figure 3 Camel Hills gold anomaly in regional drainage sampling, showing major structures.

Lodestar is exploring for shear-hosted gold in the high-grade metamorphic sequence at Camel Hills. Detailed soil geochemistry by previous explorers was completed over a 4.2 kilometre area within the Camel Hills drainage anomaly (Figure 11). The soil sampling produced contiguous anomalies, up to a maximum of 907ppb Au that were tested by widely-spaced RC drilling in 2013. A program of 11 RC holes tested the soil anomaly over 1400 metres, reporting a maximum 2m at 0.36g/t Au and more significantly, 75m at 54ppb indicative of widespread low-level gold similar to the halo observed around the lodes at the Glenburgh deposit. However, the RC drilling only tested the adjacent soil anomaly and did not test the shear zone that extends more than 100 metres across strike.

The discovery of high-grade gold in quartz veining, on the contact between the Petter Calc-silicate and the Quartpot Pelite, has confirmed the potential for lode gold mineralisation and odestar has specifically targeted the contact zone around the soil anomaly, north of historic drilling, with the aim of identifying a shear-hosted lode gold system. Eight traverses of shallow RAB drilling were completed over 600m of the target contact zone together with nine lines of trench sampling that extended the sample coverage further to the north, across an area of colluvial cover where soil geochemistry may be ineffective.

The results of this work are very encouraging with gold mineralisation intersected in several shallow RAB drill holes and a zone of anomalous gold, 65 metres wide, reported from Trench 1. This zone includes a 5 metre interval that reported 12.6g/t gold. The width of the anomaly suggests that it may be the expression of a significant lode system and follow-up drilling is a priority. The results of Lodestar's exploration are summarised in Figure 12 (see Lodestar's (ASX:LSR) ASX releases dated 28th August 2015 and 3rd September 2015).

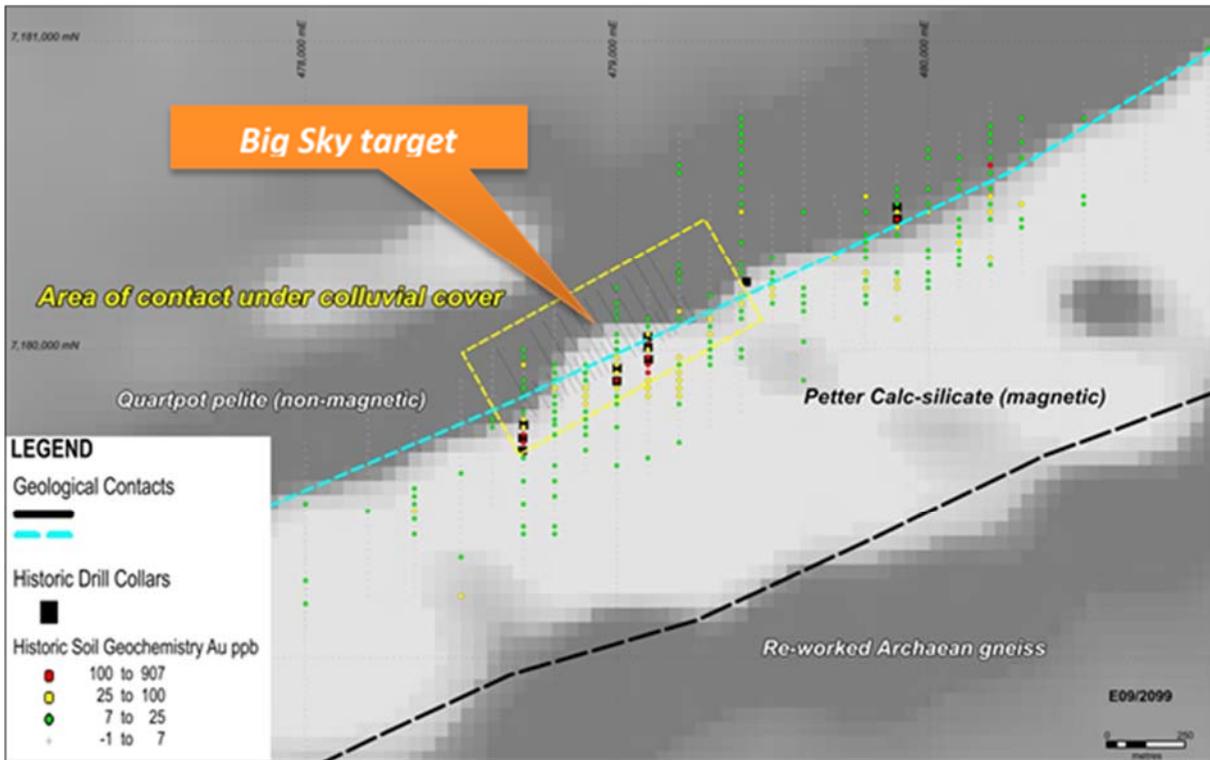


Figure 4 Distribution of historic soil sampling and drilling over the Big Sky target area. Lodestar has tested the contact between strongly deformed magnetic and non-magnetic units with a combination of RAB drilling and trenching.

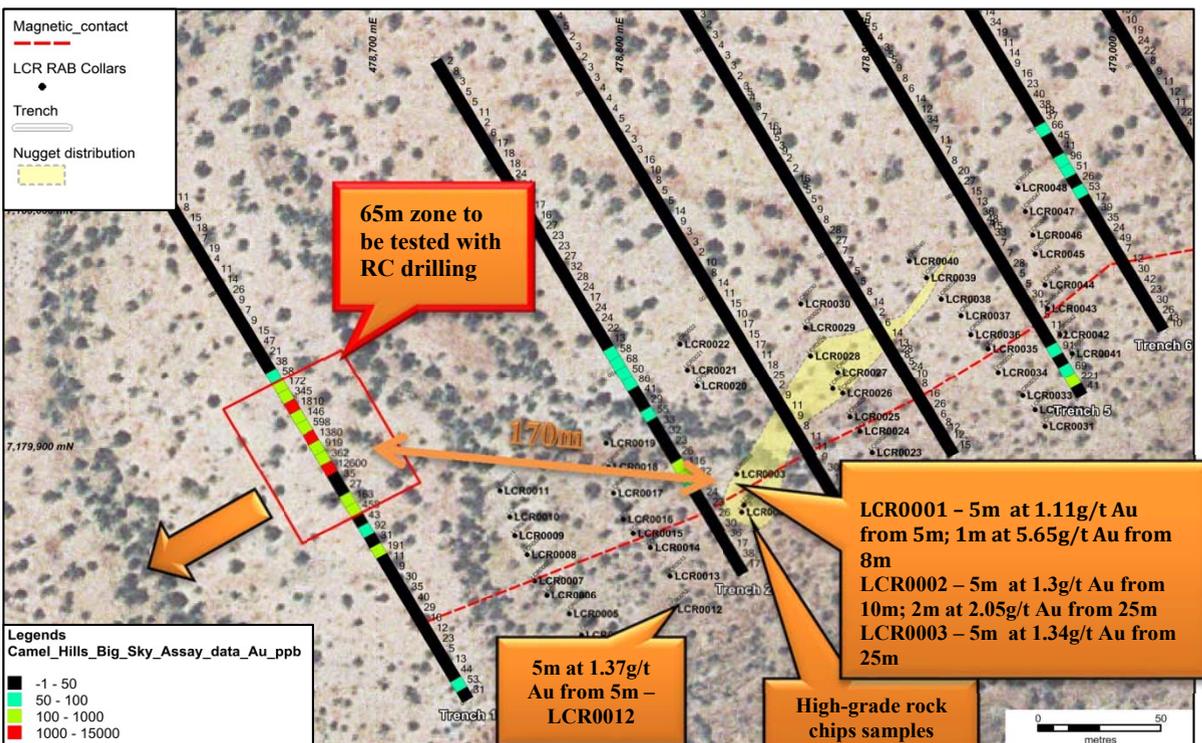


Figure 12 Big Sky trenching and RAB drilling results.

Imbin

(E69/3254, E69/3255, E69/3261, E69/3263, E69/3265, E69/3271)

The Imbin Project is located 260 kilometres northeast of Wiluna. Recent dating of the Frere Iron Formation in this region gave ages similar to those expected for the Bryah Basin, implying that the rocks stratigraphically below the Frere Formation (i.e. the Troy Creek Beds within Lodestar's tenements) are Bryah Basin age equivalents.

The Bryah Basin hosts a number of significant copper and gold deposits, including the DeGrussa and Monty discoveries of Sandfire Resources NL. Equivalent age rocks along the northern margin of the Yilgarn Craton may have similar prospectivity. Historic gold and copper prospects in the Imbin region have added significance when considered in the context of the tectonic setting, gold and copper endowment and metal associations of the Bryah Basin.

Six tenements cover approximately 70 kilometres of strike of a belt of deformed sedimentary rocks with intercalated Bryah-age felsic rocks and mafic intrusives. Large gravity anomalies within the belt are interpreted as mafic rocks associated with volcanic activity related to rifting, and the sequence is referred to as the Imbin Rift (Figure 13). The Imbin Rift is considered highly prospective for the discovery of volcanic hosted massive sulphide, sediment hosted copper and orogenic gold mineralisation and Lodestar has identified high value walk-up gold and base metal targets.

Historic exploration has identified gossanous ironstones developed in pyritic carbonaceous shale, dolomitic siltstone and pyritic chert. The most intensive work has been completed around the Main Gossan (Figure 14) which is anomalous in Au, As, Cu, Ag and Pt. Diamond drilling beneath the gossan intersected disseminated and massive copper sulphide mineralisation in shales, with anomalous gold. Reconnaissance exploration along the exposed western end of the Imbin Rift has identified extensive gold and copper anomalies that collectively extend over 17 kilometres and are indicative of a large mineral system. Gold has been an important pathfinder in exploration for volcanic-hosted Cu-Au mineralisation in the Bryah Basin and the significance of the extensive anomalies at Imbin is yet to be determined.

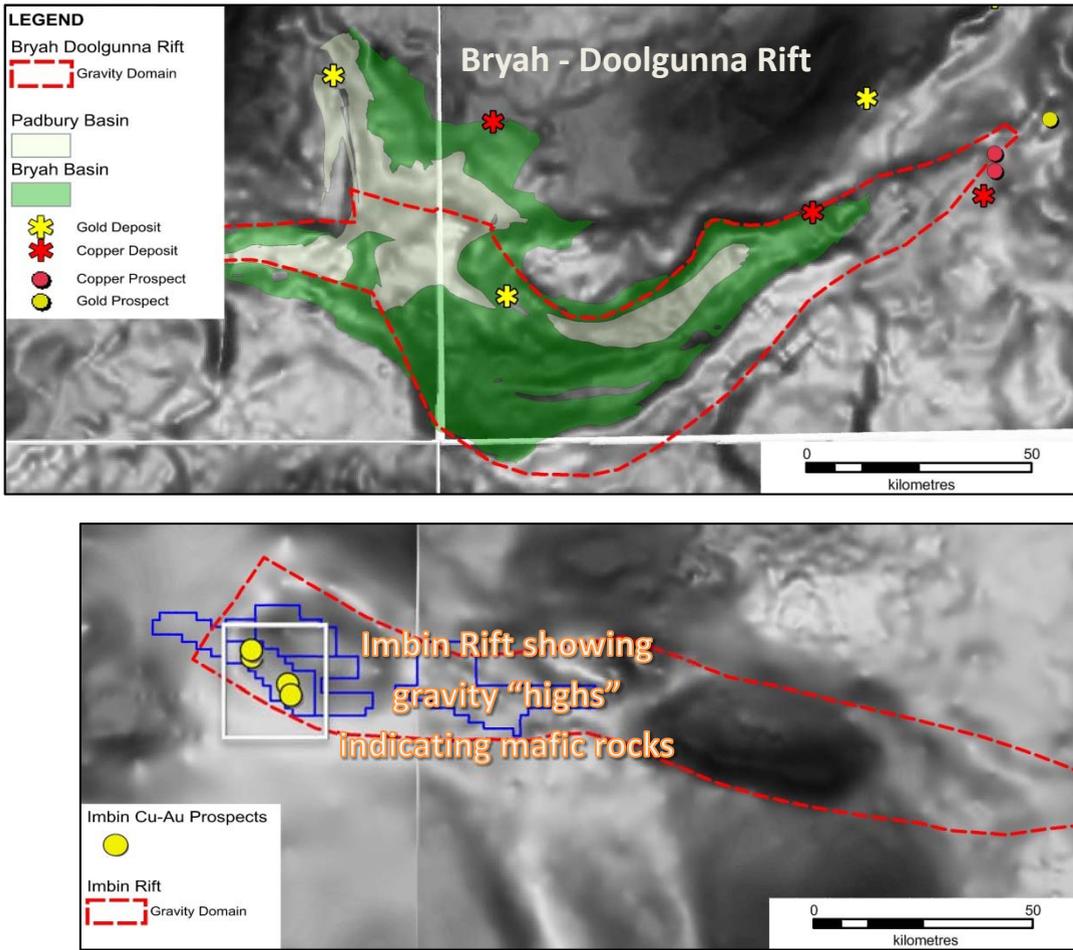


Figure 5 Comparison of the Bryah-Doolgunna Rift and interpreted Imbin Rift at the same scale (background regional gravity image)

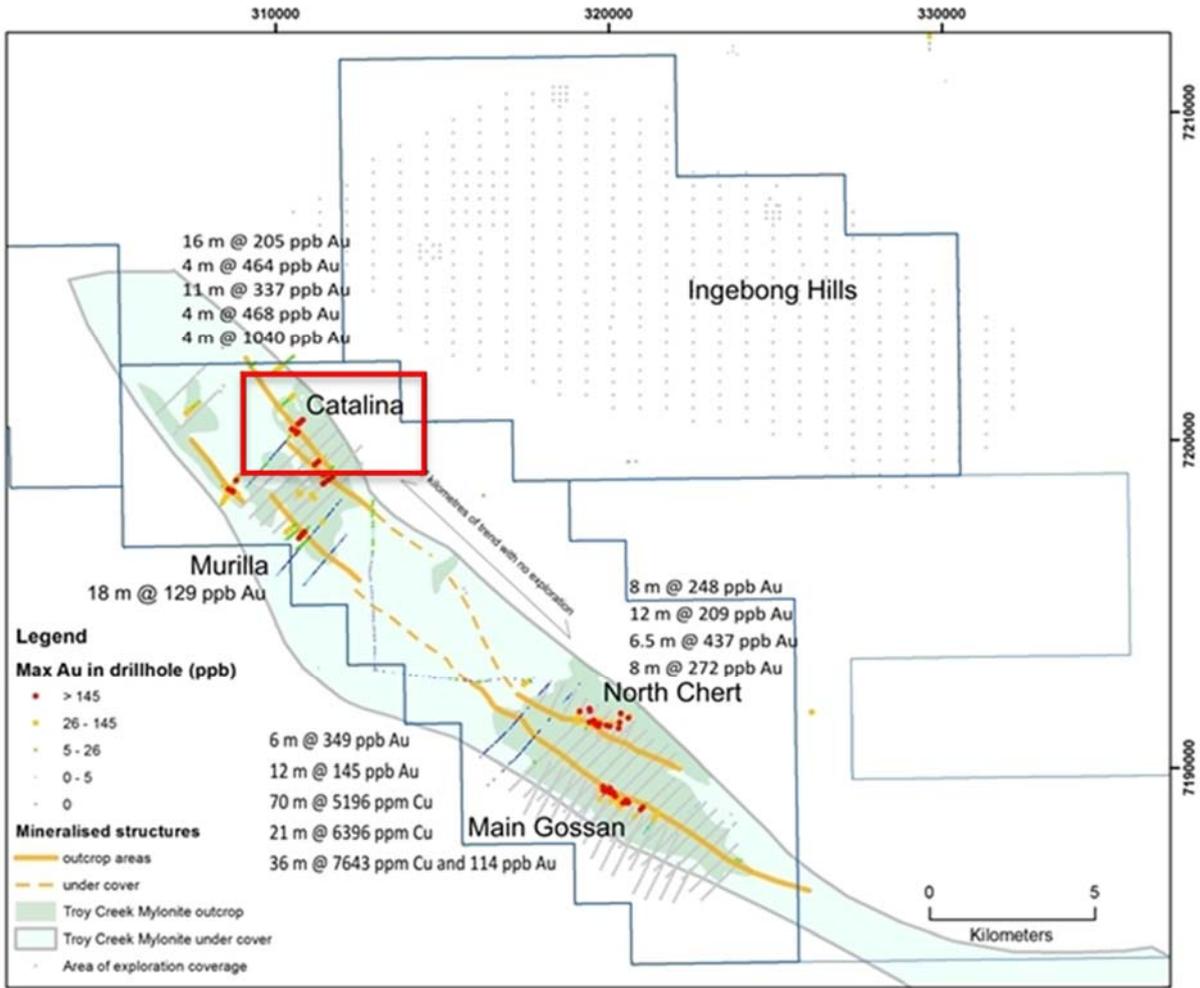


Figure 6 Significant anomalies in historic drilling.

The Catalina prospect (Figure 15) is an untested potential high value walk-up drill target that illustrates the sporadic nature of historic exploration on the Imbin project. Anomalous gold and copper in reconnaissance drilling is located immediately north of a concealed magnetic anomaly that may represent a mafic intrusive or extrusive sequence within the sediment-dominated back-arc rift setting. The mafic-sediment interface is a target for volcanic-hosted sulphide mineralisation and yet there has been little systematic follow-up to assess the significance of these anomalies.

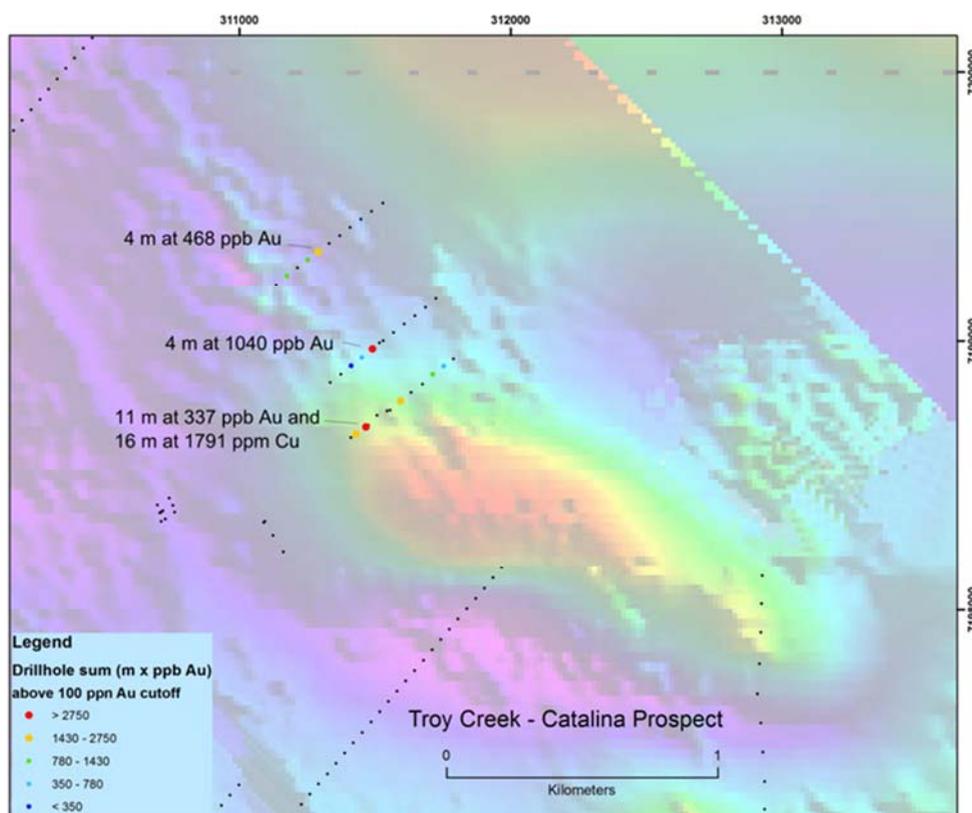


Figure 7 Catalina Prospect showing anomalous drill results over aeromagnetic image.

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 24th November 2014 "Contessa Drilling Update", 29th December 2014 "RC Drilling Intersects Significant Gold in Alteration Zone", 30th January 2015 "December 2014 Quarterly Activities and Cash Flow Report", 28th August 2015 "First-pass drill results from Big Sky Gold Prospect" and 3rd September 2015 "Trenching Results Define New Gold Target at Big Sky". The 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.

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Group, comprising Lodestar Minerals Limited (the Company) and its subsidiary, for the financial year ended 30 June 2015 and the auditor's report thereon.

1. DIRECTORS

The directors of the Group at any time during or since the end of the financial year were:

Name	Period of Directorship
Executive	
William Clayton	Director since 2 November 2007
David McArthur	Director since 13 August 2007
Non-executive	
Ross Taylor	Director since 30 June 2014

Ross Taylor

Non-Executive Chairman

Experience and expertise

Mr. Taylor is a Chartered Accountant and an investment banking consultant with a thorough knowledge of international financial markets gained while 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.

Mr Taylor was appointed Chairman on 30 June 2014.

Other current directorships

None

Former directorships in the past three years

None

Special responsibilities

Member of the Audit and Risk Management Committee
Chair of the Remuneration and Nomination Committee

1. DIRECTORS (continued)

William Clayton

Managing Director

Experience and expertise

Mr Clayton has more than 20 years' experience in exploration evaluation of Archaean nickel sulphide deposits in Western Australia. Following project geologist roles supervising drilling programs on the Mount Keith and Goliath-Yackabindie nickel sulphide deposits he joined Outkumpu Australia in 1992 as exploration geologist and carried out regional mapping and drilling campaigns throughout the Forrestania greenstone belt, later moving to the role of underground mine geologist.

In 1996 he joined Forrestania Gold and shortly after participated in the discovery of the Emily Ann deposit. This led to key supervisory roles with LionOre in the evaluation of the Maggie Hays, Emily Ann and Waterloo-Amorac deposits. He 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 in the past three years

None

Special responsibilities

None

David McArthur

Executive Director and Company Secretary

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 32 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of a number of public listed companies over the past 29 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

Non-executive Director	Xstate Resources Limited	4 September 2013 to current
Non-executive Director	Renewable Heat & Power Limited	14 August 2013 to current

Former directorships in the past three years

Executive Director	Bullabulling Gold Limited	15 September 2011 to 2 July 2013
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Special responsibilities

Chair of the Audit and Risk Management Committee
Member of the Remuneration and Nomination Committee

All directors held their positions as a director throughout the entire financial year unless otherwise stated.

2. COMPANY SECRETARY

David McArthur is a chartered accountant and was appointed to the position of company secretary on 13 August 2007. Mr McArthur has over 29 years' experience in the corporate management of publicly listed companies.

3. DIRECTORS' MEETINGS

The number of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

Director	Full meetings of directors		Meetings of audit and risk management committee	
	No. of meetings attended	No. of meetings held whilst a director	No. of meetings attended	No. of Meetings held whilst a director
Ross Taylor	3	3	2	2
William Clayton	3	3	-	-
David McArthur	3	3	2	2

4. PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was base metal exploration and evaluation.

There was no significant change in the nature of the activity of the Group during the year.

5. OPERATING AND FINANCIAL REVIEW

Overview

Lodestar Minerals Limited is listed on the Australian Securities Exchange (ASX: LSR) and has approximately 324.5 million shares on issue. The Group's primary asset is the Peak Hill-Doolgunna Project located near Meekatharra in Western Australia.

The Peak Hill-Doolgunna Project forms the core of Lodestar's project portfolio and represents a strategic landholding of 1,169 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault system that is adjacent to the DeGrussa Cu-Au deposit. Lodestar believes the region has potential to host a number of styles of gold and base metal deposit and is conducting an aggressive exploration program to assess the potential of the under-explored north Murchison base metal province.

Australian Mines Limited farm-in

During the period the Company entered into an agreement with Australian Mines Limited ("AUZ") pursuant to which AUZ will farm-in to a number of Audacious Resources' ("AUD") Ned's Creek exploration tenements. Under the agreement, subject to satisfaction of certain conditions:

- AUZ may acquire a 51% share in the rights of all minerals excluding gold in the tenements by:
 - Expending (or causing to be expended) \$1,000,000 of expenditure (stage 1 expenditure requirement) within 24 months of the earn-in commencement date; and
 - Paying \$100,000 to AUD upon execution of this agreement by all parties, such payment not forming part of the expenditure incurred in satisfying the stage 1 expenditure requirement;
 - Paying \$250,000 to AUD within 14 days of the date that is 6 months after the earn-in commencement date, such payment not forming part of the expenditure incurred in satisfying the stage 1 expenditure requirement.

5. OPERATING AND FINANCIAL REVIEW (continued)

- AUZ must ensure that it expends not less than \$150,000 on expenditure within 6 months of the earn-in commencement date;
- AUZ must notify AUD in writing as soon as practicable (and in any event within 30 days) of satisfying the stage 1 expenditure requirement, which notice must:
 - Specify the date on which AUZ satisfied the stage 1 expenditure requirement; and
 - Confirm AUZ's election to either:
 - Proceed with the stage 2 earn-in
 - Not proceed with the stage 2 earn-in and commence the joint venture with AUD on the basis of respective percentage shares of AUZ (51%) and AUD (49%); or
 - Withdraw from this agreement, in which case AUZ will not earn any joint venture interest.

The Group's immediate strategy is to progress the drilling exploration program of the Camel Hills project and over the next twelve months to maintain exploration of the Company's remaining tenements, continually reviewing the tenement portfolio to match expenditure commitments and exploration budgets.

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.

Other than exploration and development activities as detailed in the Review of Operations, there have been no other significant operations by the Group during the year ended 30 June 2015.

Financial results

The loss for the financial year ended 30 June 2015 attributable to members of Lodestar Minerals Limited after income tax was \$1,372,120 (2014: \$1,693,984).

During the financial years 2011 to 2015, there were no dividends paid or other returns of capital made by the Company to its shareholders.

Net loss amounts for 2011 to 2015 have been calculated in accordance with Australian Accounting Standards (AASBs).

Review of Financial Condition

During the year the net assets of the Group reduced by \$32,404 from \$1,191,551 at 30 June 2014 to \$1,159,147 at 30 June 2015.

Significant changes in the state of affairs

In the opinion of the directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the operations report.

6. DIVIDENDS

The directors recommend that no dividend be provided for the year ended 30 June 2015.

7. SUBSEQUENT EVENTS

Other than the matters disclosed in note 28 of the notes to the consolidated financial statements, there have been no matters or circumstance 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.

8. LIKELY DEVELOPMENTS

The Group will continue to pursue the exploration and evaluation of resources over its base metal tenement interests and assess corporate growth opportunities.

9. ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in relation to its exploration activities and aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. There have been no breaches during the period covered by this report.

10. DIRECTORS' INTERESTS

The relevant interest of each director in shares and options issued by the Group, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options over ordinary shares
Ross Taylor	56,100,001	13,920,449
William Clayton	3,286,667	7,740,556
David McArthur	12,000,002	4,000,003

11. SHARE OPTIONS

Options granted to directors of the Group

During, or since the end of the reporting period, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and senior executives as part of their remuneration:

	Number of options granted	Exercise price per option cents	Expiry date
Executive directors			
Bill Clayton	5,000,000	5	16 December 2017
David McArthur	3,000,000	5	16 December 2017
Non-executive directors			
Ross Taylor	3,000,000	5	16 December 2017

The options tabled above were provided at no cost to the recipients.

11. SHARE OPTIONS (continued)

Unissued shares under options

At the date of this report unissued ordinary shares of the Group under option are:

Expiry date	Exercise price cents	Number of Shares
31 Mar-2016	3	36,077,402
29-Nov-2016	15	1,000,000
29-Nov-2016	20	750,000
29-Nov-2016	30	750,000
08-May-2017	15	1,000,000
08-May-2017	20	750,000
08-May-2017	30	500,000
16-Dec-2017	5	16,000,000
		56,827,402

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or termination of the individual's employment in accordance with the Group's employee share option plan rules.

These options do not entitle the holder to participate in any share issue of the Company.

Further details in relation to share-based payments to directors are included in the Remuneration report.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
20,418	3 cents

12. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium of \$13,320 (2014: \$15,540) to insure the directors and key management of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

12. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS (continued)

The Group has agreed to indemnify each of the directors and the company secretary of the Company and its controlled entity, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and company secretary of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

No agreements have been entered into to indemnify the Group's auditors against any claims by third parties arising from their report on the Annual Financial Statements.

13. NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for non-audit services provided during the year are set out below:

	2015 \$	2014 \$
Taxation Services		
<i>KPMG Australia</i>		
Taxation compliance services	14,000	12,500
Total remuneration from non-audit services	14,000	12,500

14. REMUNERATION REPORT - AUDITED

(a) Principles of Compensation

Remuneration is referred to as compensation in parts of this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Group.

The Group has a Remuneration Policy that aims to provide remuneration that is fair and equitable in terms of external competitiveness. The policy is determined by the Board and administered by management at its discretion.

The policy relates individual remuneration to individual performance, the individual's position in the relevant salary market and the need for the organisation to retain and motivate the individual. No remuneration is directly linked with the overall financial performance of the Group.

To give effect to this policy the Group reviews available information that measures the remuneration levels in the various labour markets in which it competes.

The expectation of the Group is that, for a particular grade of employee, the total fixed compensation will be at the median level of the relevant market.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the remuneration and nominations committee through a process that considers individual performance and industry remuneration levels. In addition, available independent information is reviewed to ensure the director's compensation is competitive in the market place.

Short-term incentive

Directors may receive short-term incentives for the successful implementation of board approved projects. No such incentives have been paid.

Long-term incentive

Subject to shareholder approval, directors may receive options at various times for their ongoing commitment and contribution to the Group.

Consequences of performance on shareholder wealth

The overall level of key management personnel compensation takes into account the performance of the Group over a number of years.

Performance in respect of the current financial year and the previous four financial years is detailed below:

Shareholder returns	2015	2014	2013 Restated	2012 Restated	2011 Restated
Net loss attributable to equity holders (\$)	(1,372,120)	(1,693,984)	(3,663,148)	(7,028,628)	(1,785,258)
Basic EPS (cents)	(0.46)	(0.76)	(2.11)	(6.67)	(2.18)
Change in share price (cents)	0.1	-	(2.0)	(2.1)	(3.0)

14. REMUNERATION REPORT – AUDITED (continued)

(a) Principles of Compensation (continued)

Consequences of performance on shareholder wealth (continued)

As the Group is still in the exploration phase of its operations, and as such does not generate revenue, the financial performance set out in the table above is not considered by the board as a good indicator for determining appropriate levels of remuneration.

Service contracts

Under a service contract approved by the remuneration and nominations committee of the Board on 15 June 2012 and effective from 1 July 2012, Mr Bill Clayton received executive remuneration of \$250,000 p.a. plus superannuation. Effective from 1 August 2013, Mr Clayton's executive remuneration was reduced to a total package of \$230,000 p.a. inclusive of superannuation. In view of the need to preserve cash and in light of the current financial climate and market conditions, Mr Clayton's executive remuneration was further reduced to a total package of \$130,000 p.a. inclusive of superannuation, effective from 1 December 2013.

Effective 19 September 2014, the Board implemented an increase in Mr Clayton's executive remuneration from \$130,000 p.a. inclusive of superannuation to \$164,250 p.a. inclusive of superannuation.

Under a service contract approved on 5 January 2012 and effective from 1 January 2012, Mr David McArthur receives \$50,000 p.a. plus superannuation for his role as Company Secretary.

Effective 1 June 2013 Mr McArthur's total remuneration was reduced from \$95,000 p.a. plus superannuation (comprising \$50,000 plus superannuation as Company Secretary and \$45,000 plus superannuation directors' fees) to \$81,500 p.a. plus superannuation. This was further reduced to \$60,000 p.a. plus superannuation, effective 1 December 2013. This comprises payment of \$20,000 p.a. plus superannuation for directors' fees (previously \$31,500 plus superannuation) and \$40,000 plus superannuation for management fees for his role as Company Secretary (previously \$50,000 plus superannuation).

Effective 19 September 2014, the Board implemented an increase in Mr McArthur's total remuneration from \$60,000 p.a. plus superannuation to \$70,000 p.a. plus superannuation. This comprises payment of \$30,000 p.a. plus superannuation for director's fees (previously \$20,000 p.a. plus superannuation) and \$40,000 p.a. plus superannuation for management fees for his role as Company Secretary.

Messrs Clayton and McArthur's service contracts are open ended, with a 12 month termination clause by the Company. The Company can waive the notice period by payment of 12 months remuneration. Messrs Clayton and McArthur must give the company 3 months' notice of termination.

Executive and non-executive directors

The compensation for all non-executive directors, as approved by shareholders, is not to exceed \$250,000 per annum in total, and is set based on a comparison of fees paid to other directors of comparable companies.

Effective 1 June 2013 the remuneration of the non-executive Chair of the Board was reduced from \$55,000 p.a. plus superannuation to \$38,500 p.a. plus superannuation. Also effective 1 June 2013, non-executive director's fees were reduced from \$45,000 p.a. plus superannuation to \$31,500 p.a. plus superannuation. In view of the need to preserve cash and in light of the current financial climate and market conditions, non-executive Chair and non-executive director's fees were further reduced to \$20,000 p.a. plus superannuation.

Effective 19 September 2014, the Board approved an increase in Mr Taylor's remuneration as non-executive Chair from \$20,000 p.a. plus superannuation to \$40,000 p.a. plus superannuation. Effective 17 October 2014 Mr Taylor's non-executive Chair fees were further increased to \$50,000 p.a. plus superannuation.

Non-executive directors do not receive cash performance related compensation. Directors' fees cover all main board activities and include statutory superannuation. No fees are paid for committee membership.

Director's fees for Mr Clayton and Mr McArthur are included as part of their service contracts.

14. REMUNERATION REPORT – AUDITED (continued)

(b) Directors' and senior executives' remuneration

Details of the nature and amount of each element of the compensation of each of the directors and key management personnel of the Company and the Group are shown below:

Name	Short-term employee benefits			Post-employment benefits	Other long term benefits	Share based payments		Total
	Salary and fees (A) \$	Non-monetary benefits (B) \$	Total			Options	(D) \$	
Non-executive directors								
Ross Taylor	2015	42,705	4,440	47,145	4,057	-	28,500	79,702
	2014	-	-	-	-	-	-	-
Executive directors								
William Clayton	2015	143,211	4,440	147,651	13,605	9,786	50,781	221,823
	2014	121,179	5,180	126,359	14,839	13,207	12,095	166,500
David McArthur	2015	67,808	4,440	72,248	6,442	2,374	28,500	109,564
	2014	68,771	5,180	73,951	5,454	2,294	-	81,699
Sub-total executive directors' remuneration (D)	2015	211,019	8,880	219,899	20,047	12,160	79,281	331,387
	2014	189,950	10,360	200,310	20,293	15,501	12,095	248,199
Total current directors' remuneration	2015	253,724	13,320	267,044	24,104	12,160	107,781	411,089
	2014	189,950	10,360	200,310	20,293	15,501	12,095	248,199

14. REMUNERATION REPORT – AUDITED (continued)

(b) Directors' and senior executives' remuneration (continued)

Name	Short-term employee benefits			Post-employment benefits	Other long term benefits	Share based payments	Total
	Salary and Fees (A) \$	Non-monetary Benefits (B) \$	Total \$				
Former directors							
Tim Clifton	2015	-	-	-	-	-	-
	2014	27,708	5,180	2,563	-	-	35,451
Sub-total former directors' remuneration (E)	2015	-	-	-	-	-	-
	2014	27,708	5,180	2,563	-	-	35,451
Total directors' remuneration	2015	253,724	13,320	24,104	12,160	107,781	411,089
	2014	217,658	15,540	22,856	15,501	12,095	283,650

Notes in relation to the table of directors' and senior executives' remuneration

- (A) Includes annual leave
- (B) Non-monetary benefits relates to Directors and Officers Liability insurance
- (C) Includes long service leave
- (D) The fair value of options granted was determined using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period
- (E) The Group does not employ any executive officers other than the directors.

14. REMUNERATION REPORT – AUDITED (continued)

(c) Equity instruments

Exercise of options granted as compensation

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Options expired

No options expired during the reporting period. (30 June 2014: no options expired).

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company, held by each key management person is detailed below:

	Granted or “vested” \$ (A)	Value of options exercised in year \$
Executive directors		
William Clayton	50,781	-
David McArthur	28,500	-
Non-executive directors		
Ross Taylor	28,500	-

(A) The value of options granted in the year is the fair value of the options calculated at the grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above.

14. REMUNERATION REPORT – AUDITED (continued)

(c) Equity instruments (continued)

All options refer to options over ordinary shares of Lodestar Minerals Limited, which are exercisable on a one-for-one basis

Options and rights over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to key management personnel during the reporting period are as follows:

	Number of options granted during 2015	Grant date	Fair value per option at grant date cents	% vested in year (A)	% forfeited in year	Date on which grant vests	Exercise Price per option cents	Expiry date	Number of options vested during 2015
Executive directors									
Bill Clayton	5,000,000	25-Nov-14	0.95	100	-	25-Nov-14	5.0	16-Dec-17	5,000,000
David McArthur	3,000,000	25-Nov-14	0.95	100	-	25-Nov-14	5.0	16-Dec-17	3,000,000
Non-executive directors									
Ross Taylor	3,000,000	25-Nov-14	0.95	100	-	25-Nov-14	5.0	16-Dec-17	3,000,000

(A) The percentage vested in the year represents the number of options that become unconditional due to the recipient satisfying specified vesting conditions;

14. REMUNERATION REPORT – AUDITED (continued)

(d) Unlisted options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Granted as com- pensation	Exercised	Held at 30 June 2015	Vested and Exercisable At 30 June 2015
Directors					
William Clayton	2,500,000	5,000,000	-	7,500,000	7,500,000
David McArthur	-	3,000,000	-	3,000,000	3,000,000
Ross Taylor ⁽¹⁾	-	3,000,000	-	3,000,000	3,000,000
	Held at 1 July 2013	Granted as com- pensation	Exercised	Held at 30 June 2014	Vested and Exercisable At 30 June 2014
Directors					
William Clayton	2,500,000	-	-	2,500,000	1,750,000
David McArthur	-	-	-	-	-
Ross Taylor	-	-	-	-	-

14. REMUNERATION REPORT – AUDITED (continued)

(e) Movements in shares

The movement during the reporting period in the number of ordinary shares in Lodestar Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Purchases	* Other changes	Held at 30 June 2015
Directors				
Ross Taylor	29,100,000	27,000,001		56,100,001
William Clayton	2,165,000	1,121,667	-	3,286,667
David McArthur	9,000,002	3,000,000	-	12,000,002
	Held at 1 July 2013	Purchases	* Other changes	Held at 30 June 2014
Directors				
Ross Taylor	-	-	29,100,000	29,100,000
William Clayton	915,000	1,250,000	-	2,165,000
David McArthur	6,000,001	3,000,001	-	9,000,002
Tim Clifton	5,940,131	2,652,000	(8,592,131)	-
Mark Pitt	1,641,866	-	(1,641,866)	-

* Other changes represent shares held on date of appointment or resignation.

No shares were granted to key management personnel during the reporting period as compensation in 2014 or 2015.

This is the end of the Remuneration Report – Audited.

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration forms part of the directors' report for the financial year ended 30 June 2015.

This Directors' Report is made with a resolution of the directors.



WILLIAM CLAYTON

Director

Dated at Perth, Western Australia this 14th day of September 2015.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lodestar Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

14 September 2015

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of Lodestar Minerals Limited (the “Company”) is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the Australia Securities Exchange (ASX) Corporate Governance Principles and Recommendations (*Third Edition*), unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Group makes the following disclosures in relation to each of the Recommendations.

1. BOARD OF DIRECTORS

(a) Role of the Board

The primary role of the Board is to oversee and approve the Group’s strategic direction, to oversee the Group’s management and business activities and to report to shareholders. The roles and responsibilities of the Board are formalised in written policies. All documents can be accessed on the Company’s website at www.lodestarminerals.com.au under the Corporate Governance section.

The Board evaluates these policies on an ongoing basis.

In addition to matters required by law to be approved by the Board, the responsibilities include, but are not limited to:

- the establishment of the long term goals of the Group and strategic plans to achieve those goals;
- monitoring the achievement of these goals;
- the review of management accounts and reports to monitor the progress of the Group;
- the review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance;
- the review and approval of the annual and half-year financial reports;
- nominating and monitoring the external auditor;
- approving all significant business transactions;
- appointing and monitoring senior management;
- all remuneration, development and succession issues;
- ensuring that 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.

Responsibility for management of Lodestar’s day to day business activities is delegated to the Managing Director who is accountable to the Board.

1. BOARD OF DIRECTORS (continued)

(b) Board composition and expertise

The names of the directors of the Company in office at the date of this statement are set out in the directors' report. The directors' report also contains details of each director's skill, 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 Company's business with excellence.

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

- Industry Experience
- Commercial Experience
- Public Company Experience
- Analytical
- Financial
- Risk Management
- Strategic Planning
- Strategic Leadership
- Corporate Governance
- Communications
- Inter personal

The Board does not have a director with legal experience, as any legal work is out sourced to external lawyers.

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

The Board currently comprises three directors - one non-executive Chairman and two executive directors. A written agreement is entered into with each Director and Senior Executive setting out the terms of employment.

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial and financial skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) which the Board is looking to achieve in its membership. The Board is primarily responsible for identifying potential new directors but 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 who must stand for election at the next annual general meeting of shareholders.

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.

(c) Retirement and re-election of directors

The Constitution of the Company requires one third of directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board since the last Annual General Meeting are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of directors to retire at that Annual General Meeting. Retiring directors are eligible for re-election by shareholders.

1. BOARD OF DIRECTORS (continued)

(d) Independence of directors

The Board has reviewed the position and association of each of the three directors in office at the date of this report and considers that none of the directors 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 with the Company, nor any material pecuniary interest with the Company, he is not considered independent due to his significant shareholding in the Company. Other than his shareholding, Mr Taylor does satisfy the definition of independent.

(e) Director education

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

(f) Independent professional advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior approval of the Chairperson, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

(g) Board Performance Review

There is no formal appraisal system in place for Board performance on a director by director basis. 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 Company has not conducted a performance evaluation of the members of the Board during the reporting period. However, the Board conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

(h) Conflict of Interest

Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

(i) Directors' remuneration

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

Non-executive Directors will be remunerated by cash benefits alone (including statutory superannuation) and will not be provided with any benefits for ceasing to be a Director. Executive Directors may be remunerated by both fixed remuneration and equity performance based remuneration. A reasonable period of notice of termination will be required and will be detailed in the Executive's employment contract.

2. BOARD COMMITTEES

(a) Board committees and membership

The Board currently has two standing committees to assist in the discharge of its responsibilities. These are the:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

To facilitate the execution of its responsibilities, the Board's Committees provide a forum for a more detailed analysis of key issues. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees. Current membership of the committees' of the Lodestar Minerals Board, are set out below:

(b) Audit and Risk Management Committee

The audit and risk management committee consists of one non-executive director and one executive director. The role of the audit and risk management committee is documented in a Charter which is approved by the Board of Directors. The Chairman may not be the Chairman of the Board. The role of the committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the audit and risk management committee for the Company at the date of this report were:

- Mr Ross Taylor – non-executive Chairman
- Mr David McArthur – executive director and company secretary (Committee Chair)

The external auditors and the managing director are invited to audit and risk management committee meetings at the discretion of the committee. The committee met twice during the year and committee members' attendance record is disclosed in the table of directors' meetings.

The responsibilities of the audit and risk management committee are:

- to review the financial report and other financial information distributed externally;
- to monitor corporate risk assessment processes;
- to review any new accounting policies ensuring compliance with Australian Accounting Standards and generally accepted accounting principles;
- to review audit reports ensuring that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- to review the nomination and performance of the auditor;
- to liaise with the external auditors ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- to monitor the establishment of an appropriate internal control framework and consider enhancements;
- to monitor the establishment of appropriate ethical standards;
- to monitor the procedures in place ensuring compliance with the Corporations Act 2001, the Australian Securities Exchange Listing Rules and all other regulatory requirements;
- to address any matters outstanding with auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the Australian Securities Exchange and other financial institutions; and
- to improve the quality of the accounting function.

The audit and risk management committee reviews the performance of the external auditors on an annual basis and meets with them during the year.

2. BOARD COMMITTEES

(c) Remuneration and Nomination Committee

The remuneration and nomination committee consists of one non-executive director and one executive director.

- Mr Ross Taylor – non-executive Chairman (Committee Chair);
- Mr David McArthur – executive director and company secretary;

Details of directors' attendance at remuneration and nomination committee meetings are set out in the directors' report.

The remuneration and nomination committee operates in accordance with its Charter. The main responsibilities of the committee are:

- to review the size and composition of the Board;
- to review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- to review and consider succession planning for the managing director, the chairman and other directors;
- to develop criteria and procedures for the identification of candidates for appointment as directors and make recommendations to the Board;
- to make recommendations to the Board regarding any directors who should not continue in office;
- to nominate for approval by the Board external experts;
- to determine remuneration policies and remuneration of directors;
- to determine the Company recruitment, retention and termination policies and procedures for senior management;
- to determine and review incentive schemes;
- to determine and review superannuation arrangements of the Company; and
- to determine and review professional indemnity and liability insurance for directors.

Further details of remuneration arrangements in place for the directors and executives are set out in the Directors' Report.

3. MANAGING BUSINESS RISK

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Group maintains policies and practices designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures and controls to manage financial exposures and operational risks;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and
- insurance and risk management programmes 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 Company's risk profile is reviewed annually. The Board may consult with the Company's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

3. MANAGING BUSINESS RISK (continued)

The Company assess 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 risks.

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 committee and the risk management committee, satisfactorily address the function that would otherwise be dealt with by an internal audit function.

(a) Internal controls

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the executive directors perform the following procedures:

- 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.

(b) CEO and CFO assurance on corporate reporting

The Board receives monthly management reports detailing the financial condition and operational results of the consolidated group. The Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) annually provide a formal statement, in accordance with section 295A of the Corporations Act, to the Board that in all material respects and to the best of their knowledge and belief:

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

(c) Environmental regulation

The Company has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2015.

4. ETHICAL STANDARDS

All directors and executives are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance and reputation of the Company and its controlled entities.

(a) Code of Conduct

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of directors and employees in the conduct of the Company's affairs. This Code is provided to all directors and employees. The Board monitors implementation of this Code. Unethical behaviour is to be reported to the Chairman as soon as practicable.

The Code of Conduct is based on respect for the law, 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.

The Group has advised each director, manager and employee that they must comply with the Group's Ethical Standards.

4. ETHICAL STANDARDS

(b) Trading in Company securities by directors and employees

The Board has adopted a policy in relation to dealings in the securities of the Company which applies to all directors and employees. Under the policy, directors are prohibited from short term or “active” trading in the Company’s securities and directors and employees are prohibited from dealing in the Company’s securities whilst in possession of price sensitive information. The Chairman (or in his place the Managing Director) must also be notified of any proposed transaction.

This policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Company’s risk management systems.

5. DIVERSITY POLICY

The Company has a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees’ backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Remuneration and Nomination Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.

The key elements of the diversity policy are as follows:

- increased gender diversity throughout the Group when a position becomes available
- annual assessment of the board gender diversity objectives and performance against objectives by the board and nomination committee

Due to the size of the Company and there being no requirement to increase staff levels, there has been limited opportunity to implement the diversity policy. As a result, the Company has not yet met its objectives. However, the Company outsources its corporate and accounting services to Broadway Management (WA) Pty Ltd where 75% of its employees are represented by female members. Should a position become vacant, the Company will consider filling any new board appointment or key management personnel position with a suitably qualified female applicant.

Pursuant to *Recommendation 3.4* of the Recommendations, the Company discloses the following information as at the date of this report:

	2015		2014	
	Women	Men	Women	Men
Gender representation				
Group representation	0%	100%	0%	100%
Board representation	0%	100%	0%	100%
Senior management representation	0%	100%	0%	100%
Corporate services provider representation	75%	25%	75%	25%

6. COMMUNICATION WITH SHAREHOLDERS

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

- as the Company is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Company's continuous disclosure policy, including quarterly cash flow reports, half-year reviewed accounts, year-end audited accounts and an annual report;
- the Board ensures the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- shareholders are advised in writing of key issues affecting the Company;
- any proposed major changes in the Company's affairs are submitted to a vote of shareholders, as required by the Corporations Act 2001 and the Australian Securities Exchange 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 Company's strategies and goals. All shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Company; and
- the external auditor is required to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

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

(a) Continuous Disclosure

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

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

The procedure adopted by the Company 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, will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in 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.

ASX PRINCIPLES COMPLIANCE STATEMENT

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

A majority of the Board should be independent directors

Recommendation 4.2

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*

Recommendation 8.2

The remuneration and nomination 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*

None 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 and risk management and remuneration and nomination 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.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
Cash and cash equivalents	13a	306,272	226,373
Other receivables	11	5,193	15,134
Prepayments	12	5,471	5,563
Total current assets		316,936	247,070
Trade and other receivables	11	21,800	59,800
Property, plant and equipment	14	29,295	43,037
Capitalised exploration and evaluation expenditure	15	931,959	987,279
Total non-current assets		983,054	1,090,116
Total assets		1,299,990	1,337,186
Liabilities			
Trade and other payables	16	62,010	84,672
Employee benefits	17	55,651	45,462
Total current liabilities		117,661	130,134
Employee benefits	17	23,182	15,501
Total non-current liabilities		23,182	15,501
Total liabilities		140,843	145,635
Net assets		1,159,147	1,191,551
Equity			
Share capital	19a	20,485,965	19,271,006
Reserves		402,625	277,868
Accumulated losses		(19,729,443)	(18,357,323)
Total equity attributable to equity holders of the Company		1,159,147	1,191,551

The notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Administrative expenses	6	(553,890)	(408,229)
Exploration expenditure impaired	15	(41,679)	(328,568)
Exploration expensed		(579,863)	(710,229)
Other expenses	6	(205,497)	(271,925)
Results from operating activities		(1,380,929)	(1,718,951)
Finance income	7	8,809	24,967
Net finance income		8,809	24,967
Loss before income tax		(1,372,120)	(1,693,984)
Income tax expense	10	-	-
Loss from continuing operations		(1,372,120)	(1,693,984)
Loss for the year		(1,372,120)	(1,693,984)
Other comprehensive income			
Total items that will not be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year		(1,372,120)	(1,693,984)
Loss attributable to owners of the Company		(1,372,120)	(1,693,984)
Total comprehensive loss attributable to owners of the Company		(1,372,120)	(1,693,984)
Loss per share			
Basic and diluted (cents per share)	8	(0.46)	(0.76)

The notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Attributable to equity holders of the Company			
	Share capital \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2014	19,271,006	277,868	(18,357,323)	1,191,551
Total comprehensive income for the year				
Loss after income tax expense for the year	-	-	(1,372,120)	(1,372,120)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,372,120)	(1,372,120)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of 102,292,942 fully paid ordinary shares at 1.3 cents	1,329,810	-	-	1,329,810
Issue of 20,418 fully paid ordinary shares converted from options at 3 cents each	613	-	-	613
Share-based payment transactions	-	124,757	-	124,757
Capital raising costs	(115,464)	-	-	(115,464)
Total contributions by and distributions to owners	1,214,959	124,757	-	1,339,716
Total changes in ownership interests in subsidiaries	-	-	-	-
Total transactions with owners	1,214,959	124,757	-	1,339,716
Balance at 30 June 2015	20,485,965	402,625	(19,729,443)	1,159,147

The notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Attributable to equity holders of the Company			
	Share capital	Equity-settled benefits reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	19,271,006	204,350	(16,663,339)	2,812,017
Total comprehensive income for the year				
Loss after income tax expense for the year	-	-	(1,693,984)	(1,693,984)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,693,984)	(1,693,984)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share-based payment transactions	-	73,518	-	73,518
Total contributions by and distributions to owners	-	73,518	-	73,518
Total changes in ownership interests in subsidiaries	-	-	-	-
Total transactions with owners	-	73,518	-	73,518
Balance at 30 June 2014	19,271,006	277,868	(18,357,323)	1,191,551

The notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(537,487)	(696,621)
Interest received		8,644	26,171
Payments for exploration, evaluation and development		(583,217)	(688,424)
Net cash used in operating activities	13(b)	(1,112,060)	(1,358,874)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,000	-
Acquisition of property, plant and equipment		(3,200)	(23,971)
Net cash used in investing activities		(1,200)	(23,971)
Cash flows from financing activities			
Proceeds from issue of shares		1,295,423	-
Capital raising costs		(102,264)	-
Net cash from financing activities		1,193,159	-
Net increase / (decrease) in cash and cash equivalents		79,899	(1,382,845)
Cash and cash equivalents at 1 July		226,373	1,609,218
Cash and cash equivalents at 30 June	13(a)	306,272	226,373

The notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. REPORTING ENTITY

Lodestar Minerals Limited (the "Company") is domiciled in Australia. The Company's registered office is at Level 2, 55 Carrington Street, Nedlands, Perth, Western Australia. These consolidated financial statements comprise the Company and its subsidiary (collectively the "Group" and individually as "Group Entities").

The Group is primarily involved in the mineral exploration industry in Australia and is a for profit entity.

2. BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of the Directors on 14 September 2015.

Details of the Group's accounting policies, including changes during the year, are included in notes 30 and 31.

(a) Going Concern

The directors have prepared the financial report on a going concern basis, which contemplates the realisation of assets and payment of liabilities in the normal course of business. The Group has a working capital surplus of \$199,275 and net cash inflows for the 30 June 2015 financial year of \$79,899 (after \$579,864 of exploration expenditure). The Group incurred a loss for the year of \$1,372,120 (including \$621,542 in exploration expenditure expensed or written off in the period).

The directors are aware that the Group's ability to continue as a going concern, and thereby be able to pay its debts as and when they fall due, is dependent on the Group securing further working capital sourced from one or more of the following alternatives:

- Capital market raising such as:
 - Private placement
 - Entitlements issue
 - Share purchase plan
- Borrowings from related or third parties (refer note 18)
- Farming out assets to reduce expenditure obligations

The timing of raising additional capital will depend on the investment markets, current and future planned exploration and development activities. It is also noted that \$250,000 is expected from Australian Mines Limited in early December 2015 in relation to the farm-out agreement referred to in the Directors' Report. Whilst there is uncertainty regarding the outcomes of funding alternatives, if necessary the Group will delay discretionary exploration, none of which is contractually binding, and the directors can also institute cost saving measures to further reduce corporate and administration costs.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the Group was not to continue as a going concern.

Given the above financial position of the Group, 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 within its business plans for at least the next 12 months. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements, assumptions and estimation uncertainties

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- (i) *Note 2(a) - Going concern*

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2015 is included in the following notes:

- (i) *Note 15 - Capitalised exploration and evaluation costs*
- (ii) *Note 10 - Recognition of tax losses*
- (iii) *Note 17 - Employee entitlements*

(c) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurable date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

(c) Measurement of fair values (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurable date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Further information about the assumptions made in measuring fair values is included in the following note 21.

5. OPERATING SEGMENTS

Information about reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in one operating segment being base minerals exploration and evaluation.

Reportable segments disclosed are based on aggregating tenements where the evaluation and exploration interests are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral; and
- exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, shared geological data and knowledge across the tenements.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating tenements, are determined in accordance with *AASB 8 Operating Segments*.

Reconciliation of reportable segment loss, assets and liabilities and other material items

	2015	2014
	\$	\$
Profit / (Loss) before income tax		
Total (loss) / profit for reportable segments	(627,830)	(1,044,678)
Central administration and directors' remuneration	(753,099)	(674,273)
Finance income	8,809	24,967
Consolidated loss before income tax	(1,372,120)	(1,693,984)
Income tax expense	-	-
	(1,372,120)	(1,693,984)

5. OPERATING SEGMENTS (continued)

Reconciliation of reportable segment loss, assets and liabilities and other material items (continued)

	2015	2014
	\$	\$
Assets		
Total assets for reportable segments	952,033	1,010,441
Cash and cash equivalents	306,272	226,373
Term deposits	21,800	59,800
Other assets	19,885	40,572
Consolidated total assets	1,299,990	1,337,186
Liabilities		
Total liabilities for reportable segments	(17,180)	(64,590)
Employee entitlements	(78,833)	(60,963)
Other liabilities	(44,830)	(20,082)
Consolidated total liabilities	(140,843)	(143,635)

6. EXPENSES

Loss before income tax from continuing operations includes the following specific expenses:

		2015	2014
	Note	\$	\$
Personnel expenses			
Wages and salaries (staff)		19,074	11,298
Directors and executives remuneration	26(a)	411,089	283,650
Contributions to defined contribution plans		1,812	1,045
Other associated personnel expenses		-	2,284
		431,975	298,277
Expensed in exploration and evaluation		85,239	63,273
Expensed in administrative expenses		346,736	235,004
Personnel expenses included in Administrative Expenses		431,975	298,277

6. EXPENSES (continued)

	Note	2015 \$	2014 \$
Administrative expenses			
Personnel expenses		346,736	235,004
Advertising and publicity		5,926	8,586
Communication and information services		35,291	12,252
Office administration		118,352	116,103
Bank charges		961	1,110
Share registry and statutory fees		46,624	35,174
		553,890	408,229
Other expenses			
Professional fees		185,215	247,481
Depreciation	14	14,036	13,968
Loss on disposal of property, plant and equipment		906	-
Travelling expenses		5,340	10,476
		205,497	271,925

7. FINANCE INCOME

	2015 \$	2013 \$
Interest income on bank deposits	8,809	24,967

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2015 has been based on the following loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Loss attributable to ordinary shareholders (basic)

	2015 \$	2014 \$
Loss for the period	(1,372,120)	(1,693,984)

Weighted average number of ordinary shares (basic)

	2015 Number	2014 Number
Issued ordinary shares at 1 July	222,233,215	222,233,215
Effect of shares issued during the period	75,149,335	-
	297,382,550	222,233,215

(b) Diluted loss per share

The calculation of diluted loss per share at 30 June 2015 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Weighted average number of ordinary shares (diluted)

	2015 Number	2014 Number
Weighted average number of ordinary shares (basic)	297,382,550	222,233,215
Effect of share options on issue	-	-
	297,382,550	222,233,215

At 30 June 2015, 22,750,000 options (2014: 9,750,000 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

9. SHARE BASED PAYMENT PLANS

(a) Description of the share-based payment arrangements

At 30 June 2015 the Group has the following share-based payment arrangements:

Equity-settled share option programme

An employee option plan has been established which enables the Group to issue key management personnel and consultants options over the ordinary shares of the Company. The options, issued for nil consideration, are issued in accordance with guidelines established by the directors of the Group. The options cannot be transferred and will not be quoted on the ASX. There are no voting rights attached to the options unless converted into ordinary shares. All options to date are granted at the discretion of the directors.

At the 2011 AGM on 28 November 2011, shareholders approved the issue of 2,500,000 options to Mr Bill Clayton, with a calculated value of between 6.25 and 7.21 cents each. The value of each tranche of options is expensed to profit and loss over their respective vesting periods, 50% as directors' remuneration and 50% as exploration expenditure.

On 8 May 2012, the Company issued, for no consideration, 2,250,000 options with a calculated fair value of between 2.65 and 3.18 cents each, to a consultant. On 16 December 2013, a further 5,000,000 options with a calculated fair value of 0.95 cents each were issued to the consultant for no consideration. The value of each tranche of options was recognised as exploration expenditure over their respective vesting periods.

At the Annual General Meeting held on 25 November 2014, shareholders approved the issue of 11,000,000 unlisted options to key management personnel as part of their remuneration with a calculated value of 0.95 cents each.

The Company also issued 2,000,000 listed options for no consideration to a consultant for services rendered. The options are exercisable at 3 cents by 31 March 2016 with a calculated value of 0.66 cents each.

When exercisable, each option is converted into one ordinary share within ten days after the receipt of a properly executed notice of exercise and application monies. The Group will issue to the option holder the number of shares specified in that notice. The Group will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options. Options may not be transferred other than to an associate of the holder.

The key terms and conditions relating to the grant of existing share options are as follows. All options are to be settled by the physical delivery of shares.

Tranche	Grant date	Number of instruments	Vesting conditions	Contractual life of options
1	28 November 2011	1,000,000	12 months from date of issue	5 years
2	28 November 2011	750,000	24 months from date of issue	5 years
3	28 November 2011	750,000	36 months from date of issue	5 years
4	8 May 2012	1,000,000	Vested upon granting	5 years
5	8 May 2012	750,000	24 months from date of issue	5 years
6	8 May 2012	500,000	36 months from date of issue	5 years
7	16 December 2013	5,000,000	Vested upon granting	4 years
8	25 November 2014	11,000,000	Vested upon granting	3 years
9	25 November 2014	2,000,000	Vested upon granting	1.35 years
		22,750,000		

9. SHARE-BASED PAYMENT PLANS (continued)

(b) Measurement of fair values

The fair value of services received in return for share options granted was based on the fair value of share options on the date granted, measured using the Black-Scholes options pricing model.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

<i>Fair value of share options and assumptions</i>	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8	Tranche 9
Fair value at grant date	7.21 cents	6.83 cents	6.25 cents	3.18 cents	2.97 cents	2.65 cents	0.95 cents	0.95 cents	0.66 cents
Share price	9.90 cents	9.90 cents	9.90 cents	5.00 cents	5.00 cents	5.00 cents	1.1 cents	1.4 cents	1.4 cents
Exercise price	15 cents	20 cents	30 cents	15 cents	20 cents	30 cents	5 cents	5 cents	3 cents
Expected volatility	104%	104%	104%	105.25%	105.25%	105.25%	181.53%	150%	150%
Option life	5 years	4 years	3 years	1.35 years					
Vesting period	1 year	2 years	3 years	- years	2 years	3 years	- years	On granting	On granting
Risk free rate	4.01%	4.01%	4.01%	3.42%	3.42%	3.42%	2.71%	2.51%	2.51%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

9. SHARE-BASED PAYMENT PLANS (continued)

(c) Reconciliation of outstanding share options

The number and weighted average exercise prices of share options were as follows:

	Weighted average exercise price 2015	Number of options 2015	Weighted average exercise price 2014	Number of Options 2014
Outstanding at 1 July	12.6 cents	9,750,000	20.5 cents	4,750,000
Expired during the period	-	-	-	-
Exercised during the period	-	-	-	-
Granted during the period	4.7 cents	13,000,000	5.0 cents	5,000,000
Outstanding at 30 June	8.1 cents	22,750,000	12.6 cents	9,750,000
Exercisable at 30 June	8.1 cents	22,750,000	10.0 cents	8,500,000

The options outstanding at 30 June 2015 have an exercise price between 3 and 30 cents (2014: between 5 and 30 cents) and a weighted average contractual life of 2.14 years (2014: 3.06 years).

13,000,000 options were granted during the year (2014: 5,000,000 options granted)

No options were exercised during the year (2014: no options exercised).

No options expired during the year (2014: No options expired).

(e) Amount expensed to profit or loss

	2015 \$	2014 \$
Granted in 2011		
Personnel expenses	1,641	6,048
Exploration expenditure	1,640	6,047
Granted in 2012		
Exploration expenditure	3,776	13,923
Granted in 2015		
Personnel expenses	104,500	47,500
Total expense recognised as employee costs	111,557	73,518
Share options granted in 2015		
Capital raising costs	13,200	-

10. INCOME TAXES

(a) Amounts recognised in profit or loss

	2015 \$	2014 \$
Current tax benefit		
Current period	(240,108)	(413,543)
Deferred tax benefit		
Origination and reversal of temporary differences	240,108	413,543
Tax expense on continuing operations	-	-

(b) Reconciliation of effective tax rate

	2015 \$	2014 \$
Loss for the period	(1,372,120)	(1,693,984)
Total income tax expense	-	-
Loss excluding income tax	(1,372,120)	(1,693,984)
Income tax using the Company's domestic tax rate of 30% (2014: 30%)	(411,636)	(508,195)
Non-deductible expenses	37,613	22,206
Capital gain	105,000	-
Tax losses not brought to account	269,023	485,989
	-	-

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits of \$5,799,659 (2014: \$5,523,866) attributable to tax losses have not been brought to account because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

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 legislation continue to be complied with;
- iii) no changes in tax legislation adversely affect the Company in realising the benefit; and
- iv) satisfaction of either the continuity of ownership or the same business test.

10. INCOME TAXES (continued)

(c) Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	-	-	6,215	864	6,215	864
Exploration and evaluation expenditure	-	-	279,588	296,184	279,588	296,184
Trade and other receivables	-	-	88	39	88	39
Black hole deductible costs	(60,757)	(60,082)	-	-	(60,757)	(60,082)
Trade and other payables	(6,435)	(6,338)	-	-	(6,435)	(6,338)
Employee benefits	(23,650)	(18,289)	-	-	(23,650)	(18,289)
Carry forward tax losses	(195,049)	(212,378)	-	-	(195,049)	(212,378)
Tax (assets) / liabilities	(285,891)	(297,087)	285,891	297,087	-	-
Set-off tax	285,891	297,087	(285,891)	(297,087)	-	-
Net tax (assets) / liabilities	-	-	-	-	-	-

11. OTHER RECEIVABLES

	2015	2014
	\$	\$
Bank interest income	294	129
GST and PAYG receivable	4,899	15,005
Deposits	21,800	59,800
	26,993	74,934
Current	5,193	15,134
Non-current	21,800	59,800
	26,993	74,934

Information about the Group's exposure to credit and market risks is included in note 21(b).

12. PREPAYMENTS

	2015	2014
	\$	\$
Insurance	536	351
Rent and outgoings	-	1,822
Other	2,348	803
Current deposits	2,587	2,587
Less than one year	5,471	5,563

13. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21(b)(iv).

	2015	2014
	\$	\$
Cash and cash equivalents in the statement of cash flows	306,272	226,373

The perceived credit risk is low as cash and cash equivalents are with authorised deposit taking institutions.

13. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of cash flows from operating activities

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Loss for the period		(1,372,120)	(1,693,984)
Adjustments for:			
Depreciation	14	14,036	13,968
Loss on disposal of property, plant and equipment		906	-
Exploration and evaluation expenditure impaired	15	41,679	328,568
Exploration expensed through profit or loss		19,058	19,971
Equity-settled share-based payment transactions		141,140	53,547
		(1,155,301)	(1,277,930)
Change in operating assets and liabilities:			
Increase / (decrease) in other receivables		47,941	(17,796)
(Decrease) / increase in trade and other payables		(22,662)	(47,320)
(Decrease) / increase in prepayments		92	2,809
Increase / (decrease) in employee benefits provisions		17,870	(18,637)
Net cash used in operating activities		(1,112,060)	(1,358,874)

14. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings \$	Computer equipment \$	Field equipment \$	Total \$
Gross carrying amount				
Balance at 1 July 2013	17,284	33,474	7,471	58,229
Additions	-	-	23,971	23,971
Balance at 30 June 2014	17,284	33,474	31,442	82,200
Balance at 1 July 2014	17,284	33,474	31,442	82,200
Additions	-	-	3,200	3,200
Disposals	(6,938)	-	-	(6,938)
Balance at 30 June 2015	10,346	33,474	34,642	78,462
Depreciation and impairment losses				
Balance at 1 July 2013	6,082	16,714	2,399	25,195
Depreciation for the year	3,153	4,934	5,881	13,968
Balance at 30 June 2014	9,235	21,648	8,280	39,163
Balance at 1 July 2014	9,235	21,648	8,280	39,163
Depreciation for the year	2,818	4,930	6,288	14,036
Disposals	(4,032)	-	-	(4,032)
Balance at 30 June 2015	8,021	26,578	14,568	49,167
Carrying amounts				
Balance at 30 June 2014	8,049	11,826	23,162	43,037
Balance at 30 June 2015	2,325	6,896	20,074	29,295

15. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2015	2014
	\$	\$
Costs carried forward in respect of areas of interest:		
Exploration and evaluation expenditure	931,959	987,279
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	987,279	1,315,847
Joint venture receipt	(13,641)	-
Written off	(41,679)	(328,568)
	931,959	987,279

The joint venture receipt is the capitalised exploration share of the tenements that have been farmed-out to Australian Mines Limited as per note 23.

The ultimate recovery of capitalised exploration and evaluation expenditure is primarily dependent upon the successful development and commercial exploitation, or alternatively, sale of the areas of interest.

16. TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Current		
Trade payables	32,224	57,498
Non-trade payables and accrued expenses	29,786	27,174
	62,010	84,672

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 21.

17. OTHER EMPLOYEE BENEFITS

	2015	2014
	\$	\$
Salary accrual	15,214	10,000
Liability for annual leave	39,017	34,537
Liability for superannuation	1,420	925
Provision for long service leave	23,182	15,501
	78,833	60,963
Current	55,651	45,462
Non-current	23,182	15,501
	78,833	60,963

For details on the related employee benefit expenses, see note 6.

18. BORROWINGS

On 9 June 2015, the Company entered into a loan facility agreement for up to \$300,000 with Asymmetric Arbitrage Limited. The term of the agreement is 1 year from the date of the first draw-down notice. Interest on the loan will be at a flat 25% of the loan drawn, payable when all outstanding monies are repaid.

Repayment of the loan, plus interest, crystallises when the Group receives revenue from the sale of gold product and shall be repaid at the end of the month following the sale of such product.

19. CAPITAL AND RESERVES

(a) Share capital

	Ordinary Shares			
	2015 Number	2014 Number	2015 \$	2014 \$
On issue at 1 July	222,233,215	222,233,215	19,271,006	19,271,006
Issue of fully paid ordinary shares at 1.3 cents each for cash	99,600,634	-	1,294,810	-
Issue of fully paid ordinary shares at 1.3 cents each in lieu of consulting services	2,692,308	-	35,000	-
Issue of fully paid ordinary shares converted from options at 3 cents each	20,418	-	613	-
Capital raising costs	-	-	(115,464)	-
On issue at 30 June	324,546,575	222,233,215	20,485,965	19,271,006

19. CAPITAL AND RESERVES (continued)

(b) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new shares issued by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

The Company has also issued share options (see note 9).

(c) Options

At the date of this report, there are 56,827,402 options on issue in Lodestar Minerals Limited. The exercise price ranges from 3 cents to 30 cents, and the exercise dates range from March 2016 to December 2017.

(d) Nature and purpose of reserves

Equity-based benefits reserve

The equity-based benefits reserve represents the cost of options that have been granted as share-based payments but not exercised. This reserve will be transferred to accumulated losses should these options be exercised, or reversed through profit or loss should certain vesting conditions not be met.

20. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year.

The Group entities are not subject to externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amounts			Fair Values			
	Non-current assets	Current assets		Level 1	Level 2	Level 3	Total
	Other receivables	Other receivables	Cash and cash equivalents	Total			
30 June 2015							
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	306,272	306,272	-	-	-
Other receivables	21,800	5,193	-	26,993	-	-	-
	21,800	5,193	306,272	333,265	-	-	-
30 June 2014							
Financial assets not measured at fair value							
Cash and cash equivalents	-	-	226,373	226,373	-	-	-
Other receivables	59,800	15,134	-	74,934	-	-	-
	59,800	15,134	226,373	301,307	-	-	-

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Carrying amounts and fair values (continued)

	Carrying Amount		Fair Values			
	Non-current liabilities	Current liabilities	Level 1	Level 2	Level 3	Total
30 June 2015						
Financial liabilities not measured at fair value						
Trade and other payables	-	62,010	-	-	-	-
30 June 2014						
Financial liabilities not measured at fair value						
Trade and other payables	-	69,667	-	-	-	-

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

(i) Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports to the Board of Directors on its activities.

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 regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Cash and cash equivalents

The Group held cash and cash equivalents of \$306,272 at 30 June 2015 (2014: \$226,373). The cash and cash equivalents are held with authorised banking institutions and only with counterparties that have an acceptable credit rating.

Other receivables

As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. None of the receivables are past due.

At 30 June 2015, the maximum exposure to credit risk for other receivables by geographic region was as follows:

	Carrying amount	
	2015	2014
	\$	\$
Australia	26,993	74,934

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Credit risk (continued)

At 30 June 2015, the maximum exposure to credit risk for other receivables by type of counterparty was as follows:

	Carrying amount	
	2015	2014
	\$	\$
Authorised banking institutions and government agencies	26,993	36,994
Security bonds	-	38,000
	26,993	74,934

Management does not expect any counterparty to fail to meet its future obligations and therefore the Group has not established an allowance for impairment that represents their estimate of incurred losses in respect of intercompany loans and receivables and investments.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	6 months or less
	\$	\$	\$
30 June 2015			
Non-derivative financial liabilities			
Trade and other payables	62,010	62,010	62,010
30 June 2014			
Non-derivative financial liabilities			
Trade and other payables	69,667	69,667	69,667

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to foreign currency risk.

Interest rate risk

The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to management of the Group is as follows:

	Carrying amount	
	2015	2014
	\$	\$
Variable rate instruments		
Financial assets	328,072	248,173

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2013.

	Profit or loss	
	100 bp increase	100 bp decrease
	\$	\$
30 June 2015		
Variable rate instruments	3,281	(3,281)
Cash flow sensitivity	3,281	(3,281)
30 June 2014		
Variable rate instruments	2,482	(2,308)
Cash flow sensitivity	2,482	(2,308)

At the reporting date the Group did not hold any variable rate financial liabilities.

22. SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2015 %	2014 %
Audacious Resources Pty Ltd	Mineral exploration	Australia	30 June	100	100

23. JOINT OPERATIONS

On 11 June 2015, Lodestar Minerals entered into a farm-out agreement with Australian Mines Limited ("AUZ") in relation to the non-gold interests over its Ned's Creek and Marymia tenements held under the name of its 100% owned subsidiary, Audacious Resources Pty Ltd ("AUD").

Tenement Number	June 2015 Beneficial Interest	June 2014 Beneficial Interest	Operator
E52/2440	100%	100%	Australian Mines Limited
E52/2444	100%	100%	Australian Mines Limited
E52/2456	100%	100%	Australian Mines Limited
E52/2468	100%	100%	Australian Mines Limited
E52/2492	100%	100%	Australian Mines Limited
E52/2493	100%	100%	Australian Mines Limited

Under the agreement, subject to satisfaction of certain conditions:

- AUZ may acquire a 51% share in the rights of all minerals excluding gold in the tenements by:
 - Expending (or causing to be expended) \$1,000,000 of expenditure (stage 1 expenditure requirement) within 24 months of the earn-in commencement date; and
 - Paying \$100,000 to AUD upon execution of this agreement by all parties, such payment not forming part of the expenditure incurred in satisfying the stage 1 expenditure requirement;
 - Paying \$250,000 to AUD within 14 days of the date that is 6 months after the earn-in commencement date, such payment not forming part of the expenditure incurred in satisfying the stage 1 expenditure requirement.
- AUZ must ensure that it expends not less than \$150,000 on expenditure within 6 months of the earn-in commencement date;

23. JOINT OPERATIONS (continued)

- AUZ must notify AUD in writing as soon as practicable (and in any event within 30 days) of satisfying the stage 1 expenditure requirement, which notice must:
 - Specify the date on which AUZ satisfied the stage 1 expenditure requirement; and
 - Confirm AUZ's election to either:
 - Proceed with the stage 2 earn-in
 - Not proceed with the stage 2 earn-in and commence the joint venture with AUD on the basis of respective percentage shares of AUZ (51%) and AUD (49%); or
 - Withdraw from this agreement, in which case AUZ will not earn any joint venture interest.

Following the acquisition of the initial 51%, AUZ may elect to acquire an additional 29% interest (taking the total to 80%) in the tenements by spending a further \$2 million on exploration within a further 24 months period.

Once AUZ has satisfied its earn-in obligations, with a resulting joint venture interest of either 51% or 80%, Lodestar may elect to contribute on a pro-rata basis or dilute their interest according to standard industry formula.

24. COMMITMENTS

	2015	2014
	\$	\$
Office rent		
Less than one year	9,108	87,684
Between one and five years	9,468	-
	18,576	87,684
Mineral exploration		
Not later than one year	1,118,500	585,250

\$478,500 of the above mineral exploration commitment is to be met by the farminee to the Ned's Creek and Marymia tenements (refer note 23).

25. CONTINGENCIES

The Group has no contingent assets or liabilities.

26. RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Key management personnel compensation

Key management personnel compensation comprised the following.

	Note	2015 \$	2014 \$
Short term employee benefits		279,204	248,699
Post-employment benefits		24,104	22,856
Share-based payments	9	107,781	12,095
		411,089	283,650

Compensation of the Group's key management personnel includes salaries, fees, non-cash benefits and contributions to a post-employment defined contributions plan (see note 6).

(b) Key management personnel transactions

Certain key management personnel and directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

One of these entities (as detailed below) transacted with the Group in the reporting period. The terms and conditions of the transaction with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to entities over which key management personnel have control or significant influence were as follows:

	Transaction value year ended 30 June		Balance outstanding as at 30 June	
	2015 \$	2014 \$	2015 \$	2014 \$
Key management person				
Transaction				
David McArthur Management fee	83,133	84,167	7,700	6,667
Total and current liabilities			7,700	6,667

The Company paid a management fee to Broadway Management Pty Ltd, a company associated with Mr McArthur, for the management of the accounting, financial reporting and statutory compliance functions of the Company.

The Company has entered into a loan with Asymmetric Arbitrage (refer note 18). The loan is secured against the Camel Hills tenements if drawn and has been personally guaranteed by the Chairman of the Company.

27. AUDITORS' REMUNERATION

	2015	2014
	\$	\$
KPMG Australia		
Audit and other assurance services		
Audit and review of financial reports	33,532	33,010
Taxation services		
Taxation compliance services	14,000	12,500
Total auditors' remuneration	47,532	45,510

28. SUBSEQUENT EVENTS

On 21st July 2015 the Company received \$100,000 from Asymmetric Arbitrage as part of its draw down facility.

On 9 September 2015, the joint venture partner decided not to apply for an extension of term and surrendered tenement E52/2444.

On 11 September 2015, the Company issued 10 million fully paid ordinary shares to raise \$100,000.

Other than disclosed above, there have been no matters or circumstance 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.

29. PARENT COMPANY DISCLOSURES

As at, and throughout the financial year ended 30 June 2015, the parent entity of the Group was Lodestar Minerals Limited.

	2015	2014
	\$	\$
Result of the parent entity		
Loss for the period	(1,372,120)	(6,832,978)
Other comprehensive income	-	-
Total comprehensive income for the period	(1,372,120)	(6,832,978)
Financial position of parent entity at year end		
Current assets	316,936	247,070
Total assets	1,299,990	1,337,186
Current liabilities	117,661	130,134
Total liabilities	140,843	145,635
Total equity of the parent entity comprising of:		
Share capital	20,485,965	19,271,006
Equity-settled benefits reserve	402,625	277,868
Accumulated losses	(19,729,443)	(18,357,323)
Total equity	1,159,147	1,191,551
Commitments		
Office rent		
Less than one year	9,108	87,684
Between one and five years	9,468	-
	18,576	87,684
Mineral exploration		
Not later than one year	575,000	-

30. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except share-based payments which are measured at fair value.

31. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the Group has consistently applied the accounting policies set out in note 32 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2014.

AASB 1031 *Materiality (December 2013)* and AASB 2013-9 *Amendments to AASB 1031 Part B*

Revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework for the Preparation and Presentation of Financial Statements* (issued December 2013) that contain guidance on materiality. These changes have no impact on the financial statements.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*

AASB 2012-3 address inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group.

AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

Narrow-scope amendments to AASB 136 *Impairment of Assets* include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments have no impact on the Group.

AASB 2014-1 *Amendments to Australian Accounting Standards arising from Annual Improvements 2010-2012 and 2011-2013 Cycles*

The change amends a number of pronouncements as a result of the 2010-2012 and 2011-2013 annual improvements cycles. These changes did not impact the financial statements.

Interpretation 21 ‘Levies’

Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. These amendments have no impact on the Group.

32. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in note 31, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been reclassified or re-presented, as a result of a change in accounting policy regarding the exploration expenditure no longer being capitalised.

(a) Basis of consolidation

(i) *Subsidiaries*

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income

Interest income is recognised using the effective interest method.

(c) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are 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 as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) *Share-based payment transactions*

The share option programme allows Group employees to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the options granted is measured using the Black-Scholes formula; taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(iv) *Other long-term employee benefits*

The Group's net obligations in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and period periods. That benefit is discounted to determine the present value. Re-measurements are recognised in profit or loss in the period in which they arise.

32. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using the tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax consolidation

The Company and its wholly-owned Australian resident entity are not a consolidated group for tax purposes.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

32. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over the estimated useful lives.

Depreciation is recognised in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Method	2015	2014
Plant and equipment	Straight line	20%	20%
Fixtures and fittings	Straight line	20%	20%

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

(f) Exploration and evaluation assets

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs, which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned, or the Directors decide that it is not commercially viable, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

32. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets

(i) **Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Group initially recognises loans, receivables and deposits on the date when they are originated. All other financial assets are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and other receivables.

(ii) **Non-derivative financial assets – measurement**

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(iii) **Non-derivative financial liabilities - measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iv) **Share capital**

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than DTA's, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

32. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the true value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site Restoration

In accordance with the Group's published environment policy and applicable legal requirements, a provision for site restoration in respect of contaminated and disturbed land, and the related expense, is recognised when the land is contaminated or disturbed.

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new accounting standards and interpretations that have recently been issued or amended but are not yet mandatory for annual periods beginning after 1 July 2014, have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new or amended accounting standards and interpretations, most relevant to the Group, are set out below.

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB 9	Financial Instruments (December 2014)	<p>The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 <i>Financial Instruments: Recognition and Measurement</i>. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.</p> <p>This new version supersedes AASB 9 (December 2009) and AASB 9 (December 2010). The new version of AASB 9 includes:</p> <ul style="list-style-type: none"> • requirements for impairment of financial assets; and • limited amendments to classification and measurement of financial assets, including introduction of a measurement category of 'fair value through other comprehensive income' for debt instruments. 	1 January 2018	1 July 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)			

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB 15 AASB 2015-5	Revenue from Contracts with Customers Amendments to Australian Accounting Standards arising from AASB 15	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; and replaces: (a) AASB 111 <i>Construction Contracts</i> (b) AASB 118 <i>Revenue</i> (c) IFRIC 13 <i>Customer Loyalty Programmes</i> (d) IFRIC 15 <i>Agreements for the Construction of Real Estate</i> (e) IFRIC 18 <i>Transfers of Assets from Customers</i> (f) IFRIC 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2017	1 July 2017
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments: Part C</i>	Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i> .	Part C - reporting periods beginning on or after 1 January 2015	Part C – period beginning 1 July 2015
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	Amends AASB 11 <i>Joint Arrangements to provide guidance on the accounting for acquisitions of interests in a joint operation where the operation constitutes a business</i> .	1 January 2016	1 July 2016

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 January 2016	1 July 2016
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i>	Amends AASB 127 <i>Separate Financial Statements</i> , to allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements: <ul style="list-style-type: none"> • at cost, • in accordance with AASB 9 <i>Financial Instruments</i>, or • using the equity method as described in AASB 128 <i>Investments in Associates and Joint Ventures</i>. <p>The accounting policy option must be applied for each category of investment.</p>	1 January 2016	1 July 2016
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Addresses a conflict between the requirements of AASB 128 <i>Investments in Associates and Joint Ventures</i> and AASB 10 <i>Consolidated Financial Statements</i> and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.	1 January 2016	1 July 2016
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. Key amendments include: <ul style="list-style-type: none"> • AASB 5 – Change in methods of disposal; • AASB 7 – Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; • AASB 119 – Discount rate: regional market issue; and • AASB 134 – Disclosure of information 'elsewhere in the interim financial report'. 	1 January 2016	1 July 2016

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	Amends AASB 101 <i>Presentation of Financial Statements</i> to provide clarification regarding the disclosure requirements in AASB 101. Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.	1 January 2016	1 July 2016
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.	1 July 2015	1 July 2015

DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Lodestar Minerals Limited (the "Company"):
 - (a) the consolidated financial statements and notes, and the Remuneration Report set out in section 14 in the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
- 3 The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Perth this 14th day of September 2015.



WILLIAM CLAYTON
Director



Independent auditor's report to the members of Lodestar Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Lodestar Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion expressed above, attention is drawn to note 2(a) in the financial report. The matters set forth in note 2(a) indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in Section 14 of the directors' report for the year ended 30 June 2015. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lodestar Minerals Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner
Perth
14 September 2015

STOCK EXCHANGE INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1. SHAREHOLDER INFORMATION

(a) Distribution of fully paid ordinary shares at 31 August 2015

Category			Number of Shareholders	Shares held
1	-	5,000	3,530	3,318,751
5,001	-	10,000	233	1,713,620
10,001	-	100,000	717	23,044,343
100,001	-	1,000,000	323	113,587,503
1,000,001	and	over	67	182,882,358
			4,870	324,546,575

(b) Distribution of options at 31 August 2015

Category			Number of Option holders	Options held
1	-	5,000	269	304,343
5,001	-	10,000	36	259,362
10,001	-	100,000	96	3,081,509
100,001	-	1,000,000	43	14,857,743
1,000,001	and	over	7	17,574,445
			451	36,077,402

(c) Marketable Parcel

The number of shareholders holding less than a marketable parcel of ordinary shares is 4,325.

(d) Voting rights

Ordinary shares

There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options

There are no voting rights attached to the options.

1. SHAREHOLDER INFORMATION (continued)

(e) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Name	Ordinary shares Number of Shares
Ross Jeremy Taylor	51,678,004

(f) Listed 31 March 2016 Options

There are 36,077,402 options held by 451 holders on issue that are exercisable at \$0.03 on or before 31 March 2016.

(g) Unlisted 31 March 2016 Options

There are 2,000,000 options held by 1 holder on issue that are exercisable at \$0.05 on or before 31 March 2016.

(h) Unlisted 29 November 2016 Options

There are 2,500,000 options held by 1 holder on issue that are exercisable at \$0.15 - \$0.30 on or before 29 November 2016.

(i) Unlisted 8 May 2017 Options

There are 2,250,000 options held by 1 holder on issue that are exercisable at \$0.15 - \$0.30 on or before 8 May 2017.

(j) Unlisted 16 December 2017 Options

There are 16,000,000 options held by 4 holders on issue that are exercisable at \$0.05 on or before 16 December 2017.

(k) Shareholders

The twenty largest shareholders hold 36.50% of the total issued ordinary shares in the Company as at 31 August 2015.

(l) Listed Option holders

The twenty largest 31 March 2016 option holders hold 71.48% of the total issued 31 March 2016 options in the Company as at 31 August 2015.

2. TOP TWENTY SHAREHOLDERS AS AT 31 AUGUST 2015

Name	Ordinary shares	
	Number of Shares	Percentage of issued shares
1 Mr Ross Jeremy Taylor <Jamanaro A/C>	35,203,126	10.85
2 J P Morgan Nominees Australia Limite	16,324,878	5.03
3 Robert John McArthur Anderson	8,100,000	2.50
4 Dasmac (WA) Pty Ltd	6,934,872	2.14
5 Mr Ross Jeremy Taylor and Mrs Natasha Tanya Taylor <Jamanaro Super Fund A/C>	5,284,375	1.63
6 Cave Glen Pty Ltd <Sandra Wise Super Fund A/C>	5,000,000	1.54
7 HS Superannuation Pty Ltd <HS Superannuation Fund A/C>	5,000,000	1.54
8 Dr Colin Rose	4,051,854	1.25
9 Mr David Maxwell McArthur	3,211,907	0.99
10 Mrs Sharon Anne Clayton	3,166,667	0.98
11 Mr Mark Phillip Jones	3,166,667	0.98
12 HSBC Custody Nominees (Australia) Limited	3,037,226	0.94
13 Mr Matthew David Bell	2,880,365	0.89
14 Mr Steven Lyle Hadjifotis	2,698,617	0.83
15 Mrs Sonia Hadjifotis & Mr Chris Hadjifotis	2,687,768	0.83
16 Mr Brian Richards <Brian Richards S/Fund A/C>	2,500,000	0.77
17 Mr Matthew Charles Newham	2,492,519	0.77
18 Mr Ian William Adams	2,350,000	0.72
19 Mrs Rosilyn May Watson & Mr Dennis Trevor Costin <Rosilyn Watson S/F A/C>	2,256,000	0.70
20 Sassey Pty Ltd <Avago Super Fund A/C>	2,003,210	0.62
	118,350,051	36.50

3. TOP TWENTY 31 MARCH 2016 OPTION HOLDERS AS AT 31 AUGUST 2015

Name	31 March 2016 Options	
	Number of Shares	Percentage of issued shares
1 Mr Ross Jeremy Taylor <Jamanaro A/C>	8,019,232	21.62
2 Mr Luigi Costa	3,140,000	8.46
3 Mr Ross Jeremy Taylor and Mrs Natasha Tanya Taylor <Jamanaro Super Fund A/C>	1,916,494	5.17
4 Cave Glen Pty Ltd <Sandra Wise Super Fund A/C>	1,666,667	4.49
5 Bobarino Pty Ltd	1,500,000	4.04
6 Geoff Stevens <The Stevens Family S/F A/C>	1,282,052	3.46
7 Mr Ross Jeremy Taylor	984,723	2.65
8 Mr Steven Wallace Tweedie	900,000	2.43
9 Sassey Pty Ltd <Avago Super Fund A/C>	734,404	1.98
10 Ival Pty Ltd <Alimar Super A/C>	731,057	1.97
11 Mr Leigh Mackay	708,974	1.91
12 Mr Paul Joseph Cranney	641,025	1.73
13 Mr Garth Armstrong	627,693	1.69
14 Mr Christopher Brown	621,615	1.68
15 DASMAL (WA) Pty Ltd	577,908	1.56
16 Bluedale Pty Ltd <Comb Super Fund A/C>	513,333	1.38
17 Gurney Capital Nominees Pty Ltd	513,333	1.38
18 Mr Terrence Charles Indersmith <TC Indersmith Family A/C>	513,333	1.38
19 Ravina QLD Pty Ltd	513,333	1.38
20 HP Superannuation Pty Ltd <HS Superannuation Fund A/C>	416,667	1.12
	26,521,843	71.48

4. TENEMENTS LISTING AT 10 SEPTEMBER 2015

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			
Marymia	E52/2440 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerrena Hill	E52/2456 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Little Well	E52/2468 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerreena Hill	E52/2492 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerreena Hill	E52/2493 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Marymia	E52/2733	Granted	100%
Yowerrena Hill	E52/2734	Granted	100%
Imbin – Troy Creek			
Mount Salvado	E69/3254	Granted	100%
Troy Creek	E69/3255	Granted	100%
Ingebong Hills	E69/3261	Granted	100%
Troy Creek	E69/3263	Granted	100%
Slate Bluff	E69/3265	Granted	100%
Pierre Spring	E69/3271	Granted	100%
Camel Hill / Mt Erong			
Camel Hills	E09/2099	Granted	100%
Mount Erong	E09/2100	Granted	100%
Billycan Bore	E52/3064	Granted	100%

⁽¹⁾ Australian Mines Limited (ASX: AUZ) earning up to 51% of the non-gold rights (see Lodestar's ASX release dated 11th June 2015).



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