



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2015

LODESTAR MINERALS LIMITED

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LODESTAR MINERALS LIMITED CORPORATE DIRECTORY

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr William Clayton
Mr David McArthur

Secretary

Mr David McArthur

Registered and Principal Office

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Share Registry

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ASX Code

Shares: LSR

Country of Incorporation and Domicile

Australia

LODESTAR MINERALS LIMITED DIRECTORS' REPORT

For the six months ended 31 December 2015

DIRECTORS' REPORT

The Directors of Lodestar Minerals Limited ("the Company") present their report together with the consolidated interim financial report for the six months ended 31 December 2015 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive Mr Ross Taylor <i>Chairman of the Board, Non-executive Director and Chairman of the Remuneration & Nomination Committee</i>	Appointed 30 June 2014
Executive Mr William Clayton <i>Managing Director</i>	Appointed 2 November 2007
Mr David McArthur <i>Executive Director, Company Secretary & Chairman of the Audit & Risk Management Committee</i>	Appointed 13 August 2007

2. OPERATING AND FINANCIAL REVIEW

Overview

Lodestar Minerals Limited is listed on the Australian Securities Exchange (ASX: LSR) and has approximately 352.2 million shares on issue. The Company 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 to realise Lodestar's primary objective of discovering and defining an economic gold or based metal resource.

Significant events of 2015

- Granting of new tenements over the Camel Hills and Imbin projects.
 - Heritage Agreement reached with the Wajarri People traditional owners and claimants of the Camel Hills Project tenement area. Heritage survey completed at Big Sky, followed by first-pass RAB and follow-up RC drilling resulting in the discovery of vein-hosted, high-grade gold.
 - Signing of a farm-out agreement with Australian Mines Limited which gave Australian Mines the right to earn-in to the base metal rights on a number of the Ned's Creek project tenements. Australian Mines signed the agreement on 11th June 2015 and subsequently withdrew from the agreement on 7th December 2015, after testing each of their two targets, defined from geophysical surveys, with a single RC drill hole.
 - Completion of a heritage survey on the Marymia tenements followed by the first pass aircore drilling over three gold targets. The drilling reported several low-level gold intercepts in 5 metre composite samples.
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LODESTAR MINERALS LIMITED

DIRECTORS' REPORT

For the six months ended 31 December 2015

2. OPERATING AND FINANCIAL REVIEW (continued)

Exploration

In 2015 exploration focused on the evaluation of new gold targets at Big Sky (Camel Hills Project) and Marymia (Ned's Creek Project).

Camel Hills

At Camel Hills, prospecting located visible gold hosted by narrow quartz veining, rock samples from the vein reported up to 47,050g/t gold. The discovery is located within an area of significant gold anomalism, defined by historic soil and drainage sampling that extends over a distance of 600 metres. Wide-spaced RC drilling by previous explorers had partly tested the gold anomalies but had failed to intersect high-grade gold mineralisation.

Lodestar planned a program of shallow trenching and RAB drilling over the 600 metre long target in the belief that historic geochemical sampling had been compromised by the presence of transported colluvial cover at the base of the Camel Hills ridge and was not representative of underlying bedrock. 2300 metres of trenching and 1814 metres of RAB drilling was completed. The RAB drilling was adversely affected by an unexpectedly shallow water table with significant sample loss reported in critical drill holes. The best results from RAB drilling were in the area of the vein outcrop and included –

- 5 metres at 1.1g/t gold from 5 metres
- 5 metres at 1.3g/t gold from 10 metres
- 5 metres at 1.34g/t gold from 25 metres and
- 2 metres at 2.05g/t gold from 25 metres

A follow-up RC drill program targeted the area of significant RAB drill results and reported high-grade gold mineralisation below the vein outcrop:

- 6 metres at 6.6g/t gold from 13 metres, including 1 metre at 33.3g/t gold from 13 metres and
- 6 metres at 20.3g/t gold from 21 metres, including 1 metre at 105g/t gold from 21 metres.

A second phase of RC drilling was deferred to allow further assessment of the potential of the vein area.

Orientation sampling completed by Lodestar has highlighted the difficulty in using geochemical exploration in areas where particulate gold is dispersed in a very shallow weathering profile. Lodestar incorporated multi-element geochemistry into the sampling protocol to map the intensity of hydrothermal alteration as an indicator of gold mineralisation. The review of multi-element geochemical data obtained from RAB and RC drilling indicated an area south west of the vein outcrop as having the greatest potential to host repetitions of the quartz lode system and this area was targeted with an auger sampling program in December 2015.

1072 samples from the auger sampling program were submitted for assay, with the results expected in January 2016.

Marymia

At Marymia, surface sampling and first-pass aircore drilling was completed over an area where near-surface gold had been recovered by prospectors. The prospect is located on the southern margin of the Plutonic Well greenstone belt, 35 km east of the Plutonic gold mine and 9 kilometres south of the former Marymia gold operations. The Plutonic Well greenstone belt is a very significant gold producer with more than 10Moz gold in production and resources.

106 rock and lag geochemical samples were collected over the prospect area, returning a best initial result of 1.5 g/t gold. Follow-up sampling of the same ironstone outcrop reported up to 3.3g/t gold.

A program of aircore drilling to test the surface gold anomalies was completed in December 2015. A total of 59 holes were drilled for 3,464 metres. Samples have been submitted for assay and results are expected in January 2016. Big Sky and Marymia are priority gold targets that will be tested by additional drilling in 2016 if the very positive results of first-pass exploration are confirmed. Additional exploration is required along strike from these prospects to evaluate the potential of the respective host sequences.

LODESTAR MINERALS LIMITED

DIRECTORS' REPORT

For the six months ended 31 December 2015

2. OPERATING AND FINANCIAL REVIEW (continued)

Exploration (continued)

Marymia (continued)

A program of aircore drilling to test the surface gold anomalies was completed in December 2015. A total of 59 holes were drilled for 3,464 metres. Samples have been submitted for assay and results are expected in January 2016.

Camel Hills and Marymia are priority gold targets that will be tested by additional drilling in 2016 if the very positive results of first-pass exploration are confirmed. Additional exploration is required along strike from these prospects to evaluate the potential of the respective host sequences.

Financial Position

For the six months ended 31 December 2015, the Group incurred a loss of \$1,268,054 (2014: loss \$1,051,622) and had a net working capital surplus of \$35,185 (2014: surplus \$199,275). The working capital surplus includes the partial draw down of a loan facility (\$100,000) and loans received from a director (\$60,000).

The Company had a net cash inflow of \$39,368 (2014: inflow \$368,740) after a successful capital raising.

Placement of shares

On 11 September 2015, the Company placed 10 million shares at 1 cent raising \$100,000 and on 22 December 2015, placed an additional 15,600,256 shares at 3 cents raising \$468,007 (7,800,127 free attaching options were also issued). These placements were primarily made to long term supporters of the Company. During the six months shareholders have shown their continued support by converting 2,010,199 options to fully paid ordinary shares at 3 cents each raising \$60,306.

At the annual general meeting on 25 November 2015, shareholders approved the issue of 15,000,000 Director options exercisable at 5 cents by 31 December 2018.

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 30th January 2015 "December 2014 Quarterly Activities and Cash Flow Report", 28th August 2015 "First-pass drill results from Big Sky Gold Prospect", 3rd September 2015 "Trenching Results Define New Gold Target at Big Sky", 21st September 2015 "New Priority Gold Target at Marymia" and 20th October 2015 "Big Sky RC Drilling results high-grade gold". 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.

**LODESTAR MINERALS LIMITED
DIRECTORS' REPORT**

For the six months ended 31 December 2015

3. DIVIDENDS

The directors recommend that no dividend be provided for the six months ended 31 December 2015.

4. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Lodestar Minerals Limited support and have adhered to the principles of corporate governance. The Group's corporate governance statement is contained within the 30 June 2015 Annual Report and can be viewed on the Company's website.

5. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters disclosed in note 5.3 of the notes to the condensed consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

6. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in the Directors' Report.

This report is made in accordance with a resolution of the Directors.



DAVID MCARTHUR

Director

Dated at Perth, Western Australia this 4th day of March 2016.



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 review for the half-year ended 31 December 2015 there have been:

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

KPMG.

KPMG

A handwritten signature in blue ink, appearing to be 'R Gambitta', with a flourish at the end.

R Gambitta
Partner

Perth

4 March 2016

LODESTAR MINERALS LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 \$	30 June 2015 \$
Assets			
Cash and cash equivalents		345,640	306,272
Trade and other receivables		17,540	5,193
Prepayments		44,013	5,471
Total current assets		407,193	316,936
Capitalised exploration and evaluation expenditure	3.1	749,612	931,959
Trade debtors and other receivables		21,800	21,800
Property and equipment		28,715	29,295
Total non-current assets		800,127	983,054
Total assets		1,207,320	1,299,990
Liabilities			
Trade and other payables		141,312	62,010
Borrowings		185,352	-
Employee benefits		45,344	55,651
Total current liabilities		372,008	117,661
Employee benefits		30,679	23,182
Total non-current liabilities		30,679	23,182
Total liabilities		402,687	140,843
Net assets		804,633	1,159,147
Equity			
Issued capital		21,102,505	20,485,965
Reserves		699,625	402,625
Accumulated losses		(20,997,497)	(19,729,443)
Total equity attributable to equity holders of the Company		804,633	1,159,147

Notes to the condensed consolidated financial statements are included on pages 12 to 19.

LODESTAR MINERALS LIMITED
FINANCIAL STATEMENTS

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Finance income	2.2	700	3,822
Expenses			
Exploration expensed through profit or loss		(512,658)	(511,326)
Exploration and evaluation expenditure impaired		(182,347)	(41,679)
Personnel expenses	5.3	(407,447)	(266,276)
Administrative expenses		(56,122)	(129,779)
Professional fees		(72,588)	(93,863)
Finance expenses	2.2	(30,352)	-
Other expenses		(7,240)	(12,521)
Results from operating activities		(1,268,054)	(1,051,622)
Loss before income tax		(1,268,054)	(1,051,622)
Income tax expense		-	-
Loss for the period from continuing operations		(1,268,054)	(1,051,622)
Loss for the period		(1,268,054)	(1,051,622)
Total comprehensive loss for the period		(1,268,054)	(1,051,622)
Loss attributable to owners of the Company		(1,268,054)	(1,051,622)
Total comprehensive profit loss attributable to owners of the Company		(1,268,054)	(1,051,622)
Loss per share (cents per share)			
Basic and diluted (cents per share)		(0.38)	(0.39)

Notes to the condensed consolidated financial statements are included on pages 12 to 19.

LODESTAR MINERALS LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	Share Capital	Share-based Payments reserve	Accumulated Losses	Total
		\$	\$	\$	
Balance at 1 July 2015		20,485,965	402,625	(19,729,443)	1,159,147
Total comprehensive income for the year					
Loss for the year		-	-	(1,268,054)	(1,268,054)
Other comprehensive income for the year					
Total other comprehensive loss for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(1,268,054)	(1,268,054)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	4.1	628,314	-	-	628,314
Share-based payment transactions		-	297,000	-	297,000
Capital raising costs		(11,774)	-	-	(11,774)
Total contributions by and distributions to owners		616,540	297,000	-	913,540
Total transactions with owners		616,540	297,000	-	913,540
Balance at 31 December 2015		21,102,505	699,625	(20,997,497)	804,633

Notes to the condensed consolidated financial statements are included on pages 12 to 19.

LODESTAR MINERALS LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Note	Share capital	Share-based payments reserve	Accumulated losses	Total
		\$	\$	\$	
Balance at 1 July 2014		19,271,006	277,868	(18,357,323)	1,191,551
Total comprehensive loss for the period					
Loss for the year		-	-	(1,051,622)	(1,051,622)
Other comprehensive loss for the period					
Total other comprehensive loss for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(1,051,622)	(1,051,622)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issue of ordinary shares	4.1	1,330,367	-	-	1,330,367
Share-based payment transactions		-	162,408	-	162,408
Capital raising costs		(121,664)	-	-	(121,664)
Total contributions by and distributions to owners		1,208,703	162,408	-	1,371,111
Total transactions with owners		1,208,703	162,408	-	1,371,111
Balance at 31 December 2014		20,479,709	440,276	(19,408,945)	1,511,040

Notes to the condensed consolidated financial statements are included on pages 12 to 19.

LODESTAR MINERALS LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Cash paid to suppliers and employees	(268,741)	(307,876)
Interest received	883	3,382
Payments for exploration, evaluation and development	(427,679)	(519,868)
Net cash used in operating activities	(695,537)	(824,362)
Cash flows from investing activities		
Payments for property, plant and equipment	(6,635)	-
Net cash used in investing activities	(6,635)	-
Cash flows from financing activities		
Proceeds from borrowings	160,000	-
Borrowing costs	(5,000)	-
Proceeds from issue of shares and options	628,313	1,295,367
Capital raising costs	(41,773)	(102,265)
Net cash from financing activities	741,540	1,193,102
Net increase in cash and cash equivalents	39,368	368,740
Cash and cash equivalents at 1 July	306,272	226,373
Cash and cash equivalents at 31 December	345,640	595,113

Notes to the condensed consolidated financial statements are included on pages 12 to 19.

LODESTAR MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

SECTION 1 BASIS OF PREPARATION

In preparing the condensed consolidated financial statements, Lodestar Minerals Limited has made a number of changes in structure, layout and wording in order to make the financial statements less complex and more relevant for shareholders and other users. We have grouped notes into sections under five key categories:

1. Basis of preparation
2. Results for the year
3. Assets and liabilities relating to exploration and evaluation
4. Equity and funding
5. Other disclosures

Lodestar Minerals Limited (the "Company") is a for-profit, listed public company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiary (together referred to as the "Group"). The Group is primarily involved in the mineral exploration industry in Australia.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015 which is available upon request from the Company's registered office at Level 2, 55 Carrington Street, Nedlands, WA, 6009 or at www.lodestarminerals.com.au.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2015.

1.1 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report was approved by the Board of Directors on 4 March 2016.

1.2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015. The following changes in accounting policy are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2016.

AASB 2015-3 '*Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality*'. The change completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations. These changes do not impact the financial statements.

Prior year presentation has been reclassified where necessary to conform with current year presentation.

LODESTAR MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.3 GOING CONCERN

The directors have prepared the condensed consolidated interim 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 \$35,185 and net cash inflows of \$39,368 (after \$427,679 of exploration expenditure). The Group incurred a loss of \$1,268,054 (including \$695,004 in exploration expenditure expensed or written off in the period) for the six months ended 31 December 2015.

The Company has listed options that expire on 31 March 2016 exercisable at 3.0 cents. The share price at the date of signing this interim financial report is 3.4 cents. If all the options are exercised, the Company will receive approximately \$1,000,000 in working capital. Asymmetric Arbitrage Limited have underwritten \$500,000 of shortfall that may result from the non-exercise of options on 31 March 2016. The underwriting agreement is subject to due diligence processes and customary termination clauses.

In addition to the expected funds raised through the underwriting referred to above, 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 4.2)
- 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. 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 condensed consolidated interim 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.

1.4 JUDGEMENTS AND ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

LODESTAR MINERALS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segment information.

2.1 OPERATING SEGMENTS

Information about reportable segments

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

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

	31 December 2015 \$	31 December 2014 \$
Loss before income tax		
Total loss for reportable segments	(699,091)	(556,166)
Central administration and directors' remuneration	(539,311)	(499,278)
Finance expense	(30,352)	-
Finance income	700	3,822
Consolidated loss before income tax	(1,268,054)	(1,051,622)
	31 December 2015 \$	30 June 2015 \$
Assets		
Total assets for reportable segments	771,600	952,033
Cash and cash equivalents	345,640	306,272
Term deposits	21,800	21,800
Other assets	68,280	19,885
Consolidated total assets	1,207,320	1,299,990
Liabilities		
Total liabilities for reportable segments	(102,159)	(17,180)
Employee benefits	(76,023)	(78,833)
Other liabilities	(224,505)	(44,830)
Consolidated total liabilities	(402,687)	(140,843)

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2015.

LODESTAR MINERALS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2 NET FINANCE COSTS

	31 December 2015 \$	31 December 2014 \$
Interest income on deposits	700	3,822
Interest expense on financial liabilities measured at amortised cost		
Interest expense on borrowings	(25,352)	-
Transaction costs on draw down facility	(5,000)	-
	(30,352)	-
Net finance (cost) / income recognised in profit or loss	(29,652)	3,822

LODESTAR MINERALS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SECTION 3 ASSETS AND LIABILITIES RELATING TO EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at 31 December 2015.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Group has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and concluded that impairment indicators did exist at period end due to the relinquishment of tenements. In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

3.1 CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 December	30 June
	2015	2015
	\$	\$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	749,612	931,959
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	931,959	987,279
Joint venture receipt	-	(13,641)
Impaired	(182,347)	(41,679)
	749,612	931,959

Exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

3.2 COMMITMENTS

Commitments for approved mineral exploration expenditure are scheduled as follows:

	31 December	30 June
	2015	2015
	\$	\$
Mineral exploration		
Not later than one year	1,127,834	1,118,500

Included in this amount is \$371,000 for which exemption from expenditure has been sought due to ongoing native title negotiations.

LODESTAR MINERALS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SECTION 4 EQUITY AND FUNDING

This section focuses on the share capital, options and debt funding available to the Group at period end.

4.1 CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2015	2014	2015	2014
Balance at 1 July	324,546,575	222,233,215	20,485,965	19,271,006
Issue of fully paid ordinary shares for cash	25,600,256	99,600,634	568,008	1,294,810
Placement of fully paid ordinary shares in lieu of consulting services	-	2,692,308	-	35,000
Issue of fully paid ordinary shares converted from options	2,010,199	18,557	60,306	557
Capital raising costs	-	-	(11,774)	(121,664)
Balance at 31 December	352,157,030	324,544,714	21,102,505	20,479,709

Options

On 25th November 2015 15,000,000 options were issued to the Directors of the Company with an exercise price of 5 cents, expiring on 31st December 2018 (refer note 5.1).

At the date of this report, there are 77,617,330 (2014: 56,829,263) options on issue in Lodestar Minerals Limited. The exercise price ranges from 3 cents to 30 cents, and the exercise dates range from November 2016 to December 2018.

4.2 LOANS AND BORROWINGS

On 9 June 2015, the Company entered into a drawdown facility agreement with Asymmetric Arbitrage Limited whereby the Company could draw down loan funds of up to \$300,000. Under the terms of the agreement, interest is fixed at \$25,000 and payable within 12 months of the first draw down amount and is secured against the Camel Hills tenements. On 21 July 2015, the Group drew down \$100,000 of the facility. A director of the Company has personally guaranteed the drawdown facility with no recourse to Lodestar.

The Company also received a \$60,000 (2014: \$ nil) short-term loan from a director of the Company. The loan bears interest at 7% and is repayable within one year. The proceeds from these loans have been used to meet short-term expenditure needs. The loan was repaid in full in early January 2016.

LODESTAR MINERALS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SECTION 5 OTHER DISCLOSURES

The disclosures in this section focus on share schemes in operation and financial risk management of the Group and other mandatory disclosures, such as details of related party transactions.

5.1 SHARE-BASED PAYMENT PLANS

On 25 November 2015 shareholders approved the issue of 15,000,000 options to key management personnel with a calculated value of 1.98 cents each.

The fair value of each tranche of options is recognised as directors' remuneration as all options vested on their grant date.

The amount expensed to profit or loss based on the number and fair value of share options are as follows:

		31 December 2015	31 December 2014
	Note	\$	\$
Expensed in personnel expenses (director remuneration)			
Options issued to directors	5.2	297,000	140,781

During the reporting period 1,000,000 options were exercised by a director. No options expired.

5.2 RELATED PARTIES

(a) Key management personnel compensation

Key management personnel compensation included in 'personnel expenses' and 'share-based payments' (note 5.1), comprises the following:

		31 December 2015	31 December 2014
	Note	\$	\$
Short term employee benefits		149,108	125,438
Post-employment benefits		12,825	11,279
Long-term benefits		-	17,122
Share-based payments – options and rights	5.1	297,000	140,781
		458,933	294,620
Expensed in exploration and evaluation		(51,486)	(28,344)
		407,447	266,276

LODESTAR MINERALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5.2 RELATED PARTIES (continued)

(b) Key management personnel transactions

A number of short-term loans totalling \$60,000 were obtained from David McArthur between 25 November 2015 and 15 December 2015. The loans bear interest at 7% p.a. for the period of the loan and are repayable within one year. The loans were deemed to be on normal commercial terms and conditions (refer note 4.2).

5.3 SUBSEQUENT EVENTS

There have been no matters or circumstance that have arisen since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

LODESTAR MINERALS LIMITED DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the opinion of the directors of Lodestar Minerals Limited ("the Company"):

- (a) the condensed consolidated financial statements and notes set out on pages 7 to 19, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

Signed in accordance with a resolution of the directors.

Dated at Perth this 4th day of March 2016.



DAVID MCARTHUR
Managing Director



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

Report on the financial report

We have reviewed the accompanying interim financial report of Lodestar Minerals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 5.3 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lodestar Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Lodestar Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion expressed above, attention is drawn to note 1.3 in the interim financial report. The matters set forth in note 1.3, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

KPMG.

KPMG

R Gambitta
Partner

Perth

4 March 2016