



ASX ANNOUNCEMENT

18 September 2014

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED

ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9423 3200

Registered and Principal Office

Level 2, 55 Carrington Street
Nedlands, WA 6009

PO Box 985
Nedlands, WA, 6909

admin@lodestarminerals.com.au

www.lodestarminerals.com.au

CAPITAL STRUCTURE

Shares on Issue:

243,394,754 (LSR)

Options on Issue:

16,803,839 (Unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:

Base metals, gold



REPLACEMENT PROSPECTUS / UNDERWRITER

Lodestar Minerals Limited attaches a Replacement Prospectus lodged with ASIC today. Subsequent to the lodgement of the Prospectus on 11 September 2014 the Company has entered into an agreement with RM Corporate Finance Pty Ltd for the full underwriting of the recently announced entitlements issue. The Replacement Prospectus reflects the additional disclosure related to the appointment of the underwriter.

A material term of the agreement is that if the ASX 200 falls by more than 5% from 17 September 2014, the underwriter may terminate the underwriting Agreement.

David McArthur
Director



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

**REPLACEMENT PROSPECTUS
ENTITLEMENT OFFER**

For a non-renounceable pro rata offer to Eligible Shareholders on the basis of one (1) new Share for each three (3) Shares held at an issue price of 1.3 cents per Share to raise up to \$ 1,054,710. One (1) Option will be issued for no consideration for every three (3) Shares applied for, such Options exercisable at 3 cents on or before 31 March 2016.

The Offer is fully underwritten by RM Corporate Finance Pty Ltd (Underwriter). Refer to Section 6 for details regarding the terms of the Underwriting Agreement.



THIS OFFER CLOSSES AT 5.00 PM AEDT ON WEDNESDAY 15 OCTOBER 2014

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IT SHOULD BE READ IN ITS ENTIRETY**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD
CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

Not for release, publication or distribution, directly or indirectly, in whole or in part, into or within the United States or to U.S. Persons.

This is a Replacement Prospectus dated 18 September 2014. It replaces a prospectus dated 11 September 2014, relating to the Securities of Lodestar Minerals Limited (ACN 127 026 528).

IMPORTANT INFORMATION

This is a replacement prospectus dated 18 September 2014 which replaces a prospectus dated 11 September 2014 (**Original Prospectus**). This Prospectus was lodged with the ASIC on 18 September 2014. The ASIC and ASX take no responsibility for the contents of this Prospectus. No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of the Original Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 2, 55 Carrington Street, Nedlands, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.4).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Acceptances of Securities can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer. If Acceptance is by BPAY there is no need to return the original Entitlement and Acceptance Form.

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

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

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities other than in Australia and New Zealand.

Material changes in Replacement Prospectus

This Prospectus primarily amends the Original Prospectus to the extent necessary to disclose to Shareholders the material terms of the underwriting agreement and the sub-underwriting by Ross Taylor, a Director, or his nominee.

Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

CORPORATE DIRECTORY

<p>Directors</p> <p>Ross Taylor - Non-Executive Chairman</p> <p>Bill Clayton - Managing Director</p> <p>David McArthur - Executive Director</p>	<p>Company Secretary</p> <p>David McArthur</p>
<p>Stock Exchange Listing</p> <p>Australia, ASX Code: LSR</p>	<p>Company Website</p> <p>www.lodestarminerals.com.au</p>
<p>Principal Office</p> <p>Level 2, 55 Carrington Street Nedlands WA 6009 Tel: +61 8 9423 3200 Fax: +61 8 9389 8327</p>	<p>Registered Office</p> <p>Level 2, 55 Carrington Street Nedlands WA 6009 Tel: +61 8 9423 3200 Fax: +61 8 9389 8327</p>
<p>Share Registry*</p> <p>Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000 Tel: +61 8 9323 2000 Fax: +61 8 9323 2033</p> <p>Auditor*</p> <p>KPMG Level 8 235 St Georges Terrace PERTH WA 6000</p>	<p>Solicitors to the Company*</p> <p>Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000</p> <p>Underwriter*</p> <p>RM Corporate Finance Pty Ltd Level 1 143 Hay Street SUBIACO WA 6008</p>

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

PROPOSED TIMETABLE

Lodge Original Prospectus with ASIC	Thursday 11 September 2014
Lodge Appendix 3B and Original Prospectus with ASX	Thursday 11 September 2014
Notice sent to Option holders	Thursday 11 September 2014
Replacement Prospectus lodged with ASIC and ASX	Thursday 18 September 2014
Notice sent to Shareholders	Thursday 18 September 2014
Shares quoted on an "EX" basis	Wednesday 24 September 2014
Record date for determining Entitlements	Friday 26 September 2014
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	Wednesday 1 October 2014
Company announces to ASX despatch has been completed	Wednesday 1 October 2014
Closing Date*	Wednesday 15 October 2014
Shares quoted on a deferred settlement basis*	Thursday 16 October 2014
Notification to ASX and Underwriter of Shortfall*	Friday 17 October 2014
Underwriter (or nominee/s) and sub-underwriter subscribe for Shortfall under terms of Underwriting Agreement	Tuesday 21 October 2014
Issue date of the Securities and lodgement of Appendix 3B with ASX *	Tuesday 21 October 2014
Despatch of holding statements*	Tuesday 22 October 2014
Normal trading (T+3) of Shares commences*	Wednesday 22 October 2014

*Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the date for issue of the Securities and the commencement of quotation of the Shares the subject of the Offer.

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1. Details of the Offer

1.1 The Offer

The Offer under this Prospectus is a non-renounceable pro rata offer to Eligible Shareholders on the basis of one (1) new Share for every three (3) Shares held on the Record Date each at an issue price of 1.3 cents per share. One (1) Option exercisable at 3 cents will be issued for no consideration for every three (3) new Shares applied for under the Offer. The Options will be exercisable by 31 March 2016.

The Company has as at the date of this Prospectus 243,394,754 Shares and 16,803,839 Unlisted Options on issue. On the basis that no Unlisted Options are exercised prior to the Record Date, the Offer is for 81,131,585 new Shares and 27,043,861 Options subject to rounding of fractional Entitlements.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share or Option, such fraction will be rounded up to the nearest whole Share or Option as the context requires.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 5.1 for a summary of the rights attaching to the Shares.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 5.2. All Shares issued on conversion of the Options will rank equally with the Shares on issue at the date of this Prospectus.

There is no minimum subscription under the Offer. The maximum subscription under the offer is \$ 1,054,710.

1.2 Purpose of the Offer

Completion of the Offer will result in an increase in the cash reserves of up to approximately \$1,054,710 (prior to the payment of costs associated with the Offer); assuming that no Unlisted Options are exercised prior to the Record Date. The purpose of the Offer is to raise funds to:

- (a) Over the next 6-9 months to progress the Company's base metal and gold projects in the Doolgunna region, including the highly prospective Contessa Gold discovery and the Imbin and Camel Hills terranes identified by Lodestar's recent review of the northern Yilgarn margin. The exploration focus will be the drilling of advanced targets at Ned's Creek (Contessa Gold) and the commencement of fieldwork at the Imbin and Camel Hills projects as soon as practicable.

Contessa Gold- Immediate Commencement of program

A drilling program will commence in early October 2014 and will comprise an initial five RC drill holes to depths of 200m, targeting primary gold mineralisation below the supergene gold mineralisation discovered in 2013. The Contessa Prospect reported exceptional first-pass aircore drilling results, including:)

- **LNR532** – 5m at 6.6g/t Au from 55m
- **LNR533** - 10m at 5.6g/t Au from 55m
- **LNR543** – 5m at 2.4g/t from 55m
- **LNR545**- 10m at 1.2 g/t from 50 metres

- **LNR546** – 15m at 3.1g/t from 40m
- **LNR651**- 4m at 3.12 g/t from 60 metres
- **LNR656** – 21m at 3.01g/t from 40m
- **LNR674** – 3m at 6.26g/t from 68m

(The exploration results were disclosed under JORC Code 2012 in an ASX release dated 24 September 2013 “Contessa Gold Results and Neds Creek Copper Targets”. The announcement is 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 findings are presented have not been materially modified from the original market announcement.)

Gold-bearing quartz specimens recovered on surface and positive exploration results received to date providing mounting evidence that Contessa forms part of a large gold system suggest potential for a significant lode-style quartz vein hosted discovery nearby.

Contessa lies within a 2.1 kilometre gold anomaly defined by recently completed geochemical sampling.

Additional gold targets within the Contessa and recently identified Gidgee Flats anomalies to be tested by first-pass aircore drilling.

Ned’s Creek

- Additional drilling to advance gold targets in the Contessa area, with the aim of identifying a primary source to ore-grade intercepts reported in first-pass aircore drilling and beneath extensive gold geochemical anomalies identified by Lodestar.
- Drilling within the eastern margin of the Thaduna Copper Province will target strike extensions to the large copper oxide “blanket” identified at the Enigma Prospect on Sipa Resource’s adjacent tenement. The margin represents a proven setting for sediment-hosted replacement and structurally-controlled copper deposits.

Imbin

- Back-arc rift setting of similar age as Bryah Basin, with Cu-Au intersections in historic drilling. The initial programme will include field assessment of the geological setting and drill results, to be followed by drilling programmes.

Camel Hills

- Continental arc setting, large surface gold anomaly within the Errabiddy Shear Zone extends over 19 kilometres, limited historic drilling over 1400 metres intersected wide intervals of low-grade gold mineralisation. Located 60 kilometres south east of Gascoyne Resource’s Glenburgh Project. Field assessment of the geology and alteration system is required prior to drilling.

- (b) Provide additional working capital; and
- (c) Meet the costs of this Offer, including payments of legal fees, document preparation fees, ASX and ASIC fees, the cost of printing and distributing this Prospectus and other miscellaneous expenses.

The funds to be raised under the Offer are proposed to be expended as follows:

Description of Cash Outflows	\$	%
1. Progress Exploration Programmes at the Company's Peak Hill-Doolgunna Projects	950,000	90.1
2. Working Capital	34,710	3.3
3. Expenses of the Offer	70,000	6.6
Total funds to be raised under this Offer	\$1,054,710	100

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events, including exploration success or failure, and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. On completion of the Offer, the Board believes our Company will have sufficient working capital to achieve these objectives.

The Company expects to incur ongoing costs as it carries out its exploration activities at its Peak Hill/Doolgunna tenements. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in this Prospectus), the actual expenditure level may differ to the above estimates.

1.3 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' Entitlements under the Offer until 5:00 pm AEDT on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4 Shortfall Offer

In the event that not all Eligible Shareholders accept their Entitlement in full pursuant to the Offer, those Entitlements will form the Shortfall Offer.

The Offer of any Shortfall Securities is a separate offer made pursuant to this Prospectus and will remain open for a period of time as determined by the Company in consultation with the Underwriter but not exceeding 3 months after the Closing Date. Shortfall Securities will be offered at an issue price of 1.3 cents per Shortfall Share, which is the issue price at which the Offer has been made to Eligible Shareholders, with one (1) Option exercisable at 3 cents issued for no consideration for every three (3) new Shares applied for and issued, being the same ratio as the Offer made to Eligible Shareholders. The Shortfall Securities will have the same rights as the Shares and Options as set out in Sections 5.1 and 5.2.

Shortfall Securities may be allocated to any Eligible Shareholder who applies for Shortfall under the Shortfall Offer at the absolute discretion of the Directors in consultation with the Underwriter. The Directors, in consultation with the Underwriter, reserve the right to extend the Shortfall Offer to persons other than Eligible Shareholders if deemed appropriate.

The Directors do not represent that any application to participate in the Shortfall Offer will be successful. The Company reserves the right, in consultation with the Underwriter, to issue to an applicant for Shortfall Securities a lesser number of Shortfall Securities than the number applied for or reject an application or not proceed with the issuing of the Shortfall Securities or part thereof. If the number of Shortfall Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on any Application Monies refunded.

If Eligible Shareholders wish to apply for Shortfall Securities they should complete the relevant section of the Entitlement and Acceptance Form. Persons other than Eligible Shareholders who wish to apply for Shortfall Securities are required to complete the Shortfall Application Form. Refer to Section 2.3 for instructions as to how to apply for Shortfall Securities.

An applicant will not be allocated any Shortfall Securities if the issue of those Shortfall Shares will result in a person's voting power in the Company exceeding 20%.

1.5 No Rights Trading

The Entitlement to Securities under the Offer is non-renounceable. Accordingly, there will be no trading of Entitlements on ASX and you may not dispose of your Entitlements to subscribe for Securities to another party. If you do not take up your Entitlement to Securities under the Offer by the Closing Date, the Offer to you will lapse and those Securities will form part of the Shortfall Offer.

1.6 Entitlement and Acceptance Forms

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Securities.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.7 Issue and despatch

Securities under the Offer are expected to be issued, and Securityholder statements despatched, on or before the date set out in the proposed timetable in this Prospectus.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

1.8 Application Monies held on trust

All Application Monies received for the Securities will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

1.9 ASX quotation

Application for the Official Quotation of the Securities offered by this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If permission is not granted by ASX for the Official Quotation of the Securities offered by this Prospectus within three months after the date of this Prospectus (or such other period as the ASX allows), the Company will

repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

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

1.10 CHES

The Company participates in the Clearing House Electronic Sub-register System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities, including a notice to exercise the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Computershare Investor Services Pty Limited ACN 078 279 277 and will contain the number of Securities issued to you under this Prospectus and your securityholder reference number.

A CHES statement or Issue Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however a charge may be made for additional statements.

1.11 Residents Outside Australia and New Zealand

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

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

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed

Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.12 Risk Factors

An investment in the Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are outlined in Section 3.

1.13 Taxation Implications

The Directors do not consider it appropriate to give Securityholders advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Securityholders. As a result, Securityholders should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.14 Major activities and financial information

The Company's continuous disclosure notices (i.e. ASX announcements) since 28 October 2013, being the date the Annual Report was lodged with ASX, are listed in Section 5.4.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders and potential investors review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Acceptance and to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.16 Underwriting

The Offer is fully underwritten by RM Corporate Finance Pty Ltd.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (excluding GST) of the full subscription of the Offer (\$47,147.10 excluding GST), as well as reimbursement of expenses and the issue of 2,000,000 Options. The issue of the Options to the Underwriter is subject to Shareholder approval.

Refer to Section 6 for further details of the terms of the Underwriting Agreement.

In addition, Ross Taylor, a Director has agreed to sub-underwrite the Offer to an amount of \$146,900 (or 11,300,000 Shares and 3,766,667 Options). This sub-underwriting is in priority to any remaining commitment of the Underwriter pursuant to the Underwriting Agreement. The Company has been advised that the sub-underwriter has sufficient cash reserves to complete his sub-underwriting commitment. The amount sub-underwritten is in addition to his Entitlement which he has committed to accept in full. No fee is payable or options to be issued by the Company or the Underwriter to the sub-underwriter.

It is noted that in the event no Entitlements are accepted (other than Ross Taylor) and the Underwriter and sub-underwriter are issued the remaining Shares offered under this Prospectus no person will increase their voting power in the Company to above 20%.

1.17 Issue

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

Shares and Options issued pursuant to the Shortfall Offer will be issued at the same time as Securities are issued under the Offer in accordance with the terms of the Underwriting Agreement and in accordance with the timetable set out at the commencement of this Prospectus. Where the number of Shares and Options issued in the Shortfall Offer is less than the number applied for, or where no allotment is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

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

1.18 Details of Substantial Holders

Based on publicly available information as at 18 September 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Ross Jeremy Taylor	29,100,000	11.96

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

In the event Ross Taylor receives all Shares to which he has agreed to sub-underwrite in addition to his full Entitlement (and assuming the issue of all remaining Shares offered under this Prospectus are issued and no Options exercised), Ross Taylor's relevant interest will increase to approximately 15.13%.

1.19 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary, David McArthur, by telephone on 08 9423 3200.

2. Action required by Shareholders

2.1 Acceptance of Securities under this Prospectus

Should you wish to accept all of your Entitlement to Securities and you are not paying by BPAY, then application for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Lodestar Minerals Limited Offer A/C" and lodged at any time after the issue of this Prospectus and received on or before the Closing Date at the Company's share registry by post to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY so they are received by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

2.2 If you wish to take up part of your Entitlement only

Should you wish to only take up part of your Entitlement and you are not paying by BPAY, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Securities you wish to accept and the amount payable (calculated at 1.3 cents per Share and 1:3 attaching Option accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Lodestar Minerals Limited Offer A/C" and lodged at any time after the issue of this Prospectus and received on or before the Closing Date at the Company's share registry by post.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

2.3 Shortfall

If you wish to apply for Shares (and Options) in excess of your Entitlement by applying for Shortfall Securities you may do so by completing the relevant sections of the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Any Shares (and Options) applied for in excess of your Entitlement will be applied for under the Shortfall Offer.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars crossed "Not Negotiable" and made payable to "Lodestar Minerals Limited Offer A/C" and lodged at any time after the issue of this Prospectus and received on or before the Closing Date at the Company's share registry by post.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

If you are not an Eligible Shareholder but wish to apply for Shortfall Securities you may do so by completing the Shortfall Application Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Shortfall Application Form and returning it accompanied by a cheque in Australian dollars crossed "Not Negotiable" and made payable to "Lodestar Minerals Limited Offer A/C" so that it is received on or before the Closing Date, or such later date as determined by the Company in consultation with the Underwriter but not exceeding 3 months after the Closing Date, at the Company's share registry by post.

2.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. In that case, Securities not accepted by the Closing Date will form part of the Shortfall Securities and you will receive no benefits.

2.5 Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement, how to participate in the Offer, or how to complete your Entitlement and Acceptance Form, please contact the Lodestar Minerals Limited Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), from 9.00am to 5.00pm (WST) on Monday to Friday.

3. Risk factors

Activities in the Company, as in any business, are subject to risks, which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Securityholders need to be aware of in evaluating the Company's business and of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Unlisted Options are exercised prior to the Record Date the number of Shares in the Company will increase from 243,394,754 currently on issue to 324,526,339 and the number of Options will increase from 16,801,282 currently on issue to 43,844,289. This means that each Share (and Option) will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share (or Option) will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this Prospectus being lodged of \$0.018 on 17 September 2014 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

3.2 Future capital requirements

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

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

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

3.3 Reliance on key personnel

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

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

3.4 Environmental management

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

3.5 Exploration, development, mining and processing risks

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

- (a) the discovery and/or acquisition of economically recoverable ore resources;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;
- (h) native title risks (see Sections 3.6 and 3.7 below); and
- (i) adverse weather conditions over a prolonged period which may adversely affect exploration and mining operations and the timing of revenues.

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

3.6 Native Title

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

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

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

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

3.7 Native Title access and mining negotiations

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

3.8 Operational and technical risks

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

- (a) geological and hydrogeological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) alterations to joint venture programs and budgets;
- (d) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (e) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (g) the supply and cost of skilled labour;
- (h) unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and
- (i) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals (including clearance of work programs pursuant to the existing and any future access agreements entered into with the registered Aboriginal Land Council and the Native Title claimants).

3.9 Title, Tenure and Access

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

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

3.10 Resource estimates

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

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

3.11 Taxation and government regulations

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

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

3.12 Regulatory Changes

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

3.13 Insurance

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

3.14 Commodity prices

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

3.15 Economic factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and Share price can be affected by these factors, which are beyond the control of the Company and its Directors.

3.16 Share market

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

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

Investors should recognize that the price of the Securities may fall as well as rise. Many factors will affect the price of the Securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of the Company's Securities.

3.17 Investment Speculative

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

4. Effect of the Offer

4.1 Capital structure on completion of the Offer

	Number of Shares	Number of Unlisted Options
Balance at the date of this Prospectus	243,394,754	16,803,839 ⁽²⁾
To be issued under the Offer ⁽¹⁾	81,131,585	27,043,861
Balance after the Offer	324,526,339	43,847,700

⁽¹⁾ The number of Securities to be issued under the Offer assumes that no Unlisted Options are exercised before the Record Date and remains subject to rounding of individual Entitlements.

⁽²⁾ 1,000,000 \$0.15 Options exercisable by 29 November 2016
750,000 \$0.20 Options exercisable by 29 November 2016
750,000 \$0.30 Options exercisable by 29 November 2016
1,000,000 \$0.15 Options exercisable by 8 May 2017
750,000 \$0.20 Options exercisable by 8 May 2017
500,000 \$0.30 Options exercisable by 8 May 2017
5,000,000 \$0.05 Options exercisable by 16 December 2017
7,053,839 \$ 0.03 Options exercisable by 31 March 2016

The capital structure on a fully diluted basis as at the date of this Prospectus is 260,198,593 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Unlisted Options are exercised prior to the Record Date) would be 368,374,039 Shares.

Shareholders should note that if they do not participate in the Offer, their holdings will be diluted by 25% as compared to their holdings and number of Shares on issue as at the date of the Prospectus (assuming all Shares offered under this Prospectus are issued and no Unlisted Options are exercised prior to the Record Date) and by approximately 31% (assuming all Options offered under this Prospectus are issued and subsequently exercised).

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

4.2 Pro forma statement of financial position

To illustrate the effect of the Offer on the Company, a pro forma statement of financial position has been prepared based on the unaudited statement of financial position at 30 June 2014. The pro forma statement shows the effect of the Offer as if it had been made on 30 June 2014 at full subscription. The pro forma includes the Company's recent placement of 21,161,539 shares (and 7,053,839 attaching options) at an issue price of 1.3 cents per share to raise \$ 275,100.

BALANCE SHEET As at 30 June 2014	Unaudited 30 June 2014 \$	Adjustments \$	Pro forma 30 June 2014 \$
Current Assets			
Cash and cash equivalents	226,373	1,259,810	1,486,183
Trade and other receivables	129	-	129
Other current assets	<u>5,563</u>	<u>-</u>	<u>5,563</u>
Total Current Assets	<u>232,065</u>	<u>1,259,810</u>	<u>1,491,875</u>
Non-Current Assets			
Receivables	59,800	-	58,800
Plant and equipment	43,037	-	43,037
Deferred exploration and evaluation expenditure	<u>987,279</u>	<u>-</u>	<u>987,279</u>
Total Non-Current Assets	<u>1,090,116</u>	<u>-</u>	<u>1,090,116</u>
Total Assets	<u>1,322,181</u>	<u>1,259,810</u>	<u>2,581,991</u>
Current Liabilities			
Trade and other payables	69,667	-	69,667
Provisions	<u>60,963</u>	<u>-</u>	<u>60,963</u>
Total Current Liabilities	<u>130,630</u>	<u>-</u>	<u>130,630</u>
Total Liabilities	<u>130,630</u>	<u>-</u>	<u>130,630</u>
Net Assets	<u>1,191,551</u>	<u>1,259,810</u>	<u>2,451,361</u>
Equity			
Issued capital	19,271,006	1,329,810	20,600,816
Reserves	277,868	-	277,868
Accumulated losses	<u>(18,357,323)</u>	<u>(70,000)</u>	<u>(18,427,323)</u>
Total Equity	<u>1,191,551</u>	<u>1,259,810</u>	<u>2,451,361</u>

Basis of Preparation

The pro forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide 230 relating to Disclosing non-IFRS Financial Information (issued December 2011). The pro forma statement of financial position is based on the unaudited statement of financial position as at 30 June 2014 that has been adjusted to reflect the following material transactions:

- (a) the issue of 81,131,585 Shares (and 27,043,861 attaching Options) pursuant to this Prospectus to raise \$1,054,710 before costs of the Offer of \$70,000 ;
- (b) a placement of \$275,100 (as announced on 22 August 2014); and

4.3 Market price of Shares

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

Shares:

Highest: \$0.033 per Share on 7 July 2014

Lowest: \$0.007 per Share on 19 June 2014

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.018 per Share on 17 September 2014.

4.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Additional information

5.1 Rights attaching to Shares

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

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

- (a) General meeting and notices

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

(b) Voting Rights

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

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

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

(c) Issue of further shares

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

(d) Variation of rights

At present, the Company has only issue ordinary shares.

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

(e) Transfer of shares

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

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

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

(f) Partly paid shares

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

(g) Dividends

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

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

(h) Winding up

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

(i) Dividend reinvestment and share plans

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

(j) Directors

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

(k) Powers of the Board

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

(l) Share buy backs

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

(m) Unmarketable parcels

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

(n) Capitalisation of profits

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

(o) Capital reduction

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

(p) Preference shares

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

5.2 Terms and conditions of Options

- (a) The Options are exercisable at 3 cents each any time on or before 31 March 2016 ("Expiry Date").
- (b) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (c) The notice attached to the certificate has to be completed when exercising the Options ("Notice of Exercise").
- (d) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (e) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.
- (f) Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (g) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been allotted and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (h) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (i) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

5.3 Directors' Interest and Remuneration

As at the date of this Prospectus, the relevant interest of each Director in Securities and their respective Entitlement is as follows:

Director	Shares	Unlisted Options	Entitlement to Shares under the Offer	Entitlement to Options under the Offer
Ross Taylor ¹	29,100,000	-	9,700,000	3,233,333
David McArthur	9,000,000	-	3,000,000	1,000,000
Bill Clayton	2,165,000	2,500,000	721,666	240,555

Note:

1 In addition Ross Taylor has agreed to sub-underwrite an additional 11,300,000 Shares (and 3,766,667 Options).

It is the current intention of the Directors to take up their Entitlements in relation to the Offer.

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Current	2014	2013
Bill Clayton	\$142,350	\$134,387	\$263,362
David McArthur	\$ 65,700	\$71,065	\$96,269
Ross Taylor	\$ 21,900	\$-	\$-

5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

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

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

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

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

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see section 5.5 below).

5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2013, being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company on 28 October 2013;
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report being 28 October 2013 and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
30/10/13	September 2013 Quarterly Report.
6/11/13	Appendix 3(Y) David McArthur
28/11/13	Annual General Meeting Presentation
28/11/13	Results of Annual General Meeting
17/12/13	Appendix 3(B) Issue of 5,000,000 Options
31/01/14	December 2013 Quarterly Report

Date Lodged	Subject of Announcement
3/2/14	Clarification December 2013 Quarterly Report
7/2/14	Appendix 3(Y) Bill Clayton
24/2/14	31 December 2013 Interim Financial Report
15/4/14	Exploration to target extensions at Contessa Gold Discovery
30/4/14	March 2014 Quarterly Report
9/5/14	Appendix 3(Y) David McArthur
9/5/14	Appendix 3(Y) Tim Clifton
12/5/14	Appendix 3(Y) Bill Clayton
22/5/14	Appendix 3(Y) Tim Clifton
26/6/14	Section 604 notice Ross Taylor
30/6/14	Board changes
1/7/14	Appendix 3(Z) Tim Clifton
1/7/14	Appendix 3(X) Ross Taylor
4/7/14	Response to ASX query
15/7/14	Contessa Gold Results and Neds Creek Copper Targets
17/7/14	Corporate presentation
31/7/14	June 30 Quarterly Report
20/8/14	Trading halt
22/8/14	Private Placement and Entitlements Issue
2/9/14	Appendix 3(B)
2/9/14	Notice under S 708A
9/9/14	Lodestar to commence deep drilling at Contessa

Date Lodged	Subject of Announcement
11/9/14	Appendix 3(B) Entitlements Issue
11/9/14	Entitlements Offer - Prospectus

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 2, 55 Carrington Street, Nedlands, Western Australia;

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents provided by the Directors to the issue of this Prospectus.

5.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.7 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

5.8 Directors' interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

5.9 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

RM Corporate Finance Pty Ltd acts as underwriter to the Offer in respect of this Prospectus. RM Corporate Finance Pty Ltd will be paid approximately \$47,147.10 (excluding GST) as well as be issued 2,000,000 Options for services in relation to this Prospectus. In the two years immediately preceding the date of this Prospectus, RM Corporate Finance Pty Ltd has been paid no fees by the Company.

5.10 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

RM Corporate Finance Pty Ltd has given its written consent to being named as underwriter of the Offer in this Prospectus. RM Corporate Finance Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5.11 Expenses of Offer

In the event that all Securities offered under this Prospectus are issued, the total expenses of the Offer are estimated to be approximately \$70,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC	2,290
ASX fees	7,119
Underwriting Fees	47,147.10
Printing, mailing and other expenses	13,443.90
Total	70,000

6. Underwriting Agreement

By an agreement between RM Corporate Finance Pty Ltd (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (excluding GST) of the value of the Underwritten Amount, as well as reimbursement of expenses and the issue of 2,000,000 Options.

All definitions and clauses referred to in the below summary are as applied in the Underwriting Agreement.

The obligation of the Underwriter to fully underwrite the Offer for the Underwritten Amount is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if prior to the issue date under the Offer:

- (a) (default) the Company is in default of any of the obligations under the Underwriting Agreement or breaches any warranty, representation or undertaking given under the Underwriting Agreement which:
 - a. is incapable of remedy or is not remedied by the date Valid Applications are required to be lodged in accordance with the Underwriting Agreement; and
 - b. in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;
- (b) (material change) a material and adverse change occurs after the date of the Underwriting Agreement in the:
 - a. financial position of the Company or a Subsidiary; or
 - b. the industry in which the Company or a Subsidiary operates;
- (c) (contravention) the Company contravenes any of the following, which in the reasonable opinion of the Underwriter has a material adverse effect on the Offer:
 - a. any law, regulation, authorisation, ruling, consent, judgment, order or decree of any Governmental Agency;
 - b. its Constitution or another constituent document;
 - c. an Encumbrance or document which is binding on:
 - i. the Company or a Subsidiary; or
 - ii. an asset of the Company or a Subsidiary;
- (d) (solvency) an Insolvency Event occurs in relation to the Company or a Subsidiary;
- (e) (ASX Fall) if the ASX 200 falls by more than 5% from the date the Underwriting Agreement is signed by both parties (i.e. to 5,130 or lower);

- (f) (war) an outbreak of new hostilities or a state of war, whether declared or not, arises after the date of this Agreement, or an escalation of hostilities already in existence occurs, involving:
- a. Australia;
 - b. Japan;
 - c. any member country of the European Community;
 - d. the United States of America;
 - e. any of the member states of the former Union of Soviet Socialist Republics;
 - f. Indonesia;
 - g. Peoples' Republic of China;
 - h. New Zealand;
 - i. Hong Kong;
 - j. Taiwan;
 - k. Singapore; or
 - l. Malaysia;

which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer; or

- (g) (dishonest director) after the date of the Underwriting Agreement a director of the Company or a Subsidiary commits or is convicted of a criminal offence or becomes a bankrupt which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

7. Authorisation

This Prospectus is authorized by each of the Directors of the Company.

This Prospectus is signed for and on behalf of the Company by:



David McArthur
Director

Dated: 18 September 2014

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid acceptance of Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

AEDT means Australian Eastern Daylight Time, being the time in Melbourne, Victoria.

Annual Report means the financial report lodged by the Company with ASIC in respect of the year ended 30 June 2014 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2014, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2014.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Monies means application monies for Shares (and attaching Options) received by the Company from an Applicant.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

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

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System,

Closing Date means 5.00 pm (AEDT) the date identified as such in the proposed timetable.

Company or **LSR** means Lodestar Minerals Limited ABN 32 127 026 528

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

Corporations Act means Corporations Act (Cth) 2001.

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

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement of Securities under the Offer as set out in Section 1.1.

Entitlement and Acceptance Form means the entitlement and acceptance form sent with this Prospectus that sets out the Entitlement of Shareholders to subscribe for Securities pursuant to the Offer.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the Listing Rules of ASX.

Offer means the offer in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation on ASX.

Option means an option to acquire a Share.

Optionholder means the holder of Options.

Prospectus means this prospectus.

Record Date means 7.00 pm (Sydney time) on the date identified in the proposed timetable.

Section means a section of this Prospectus.

Security means a Share or Option or both as the context requires.

Securityholders means a holder of Shares or Options.

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

Shareholder means a holder of Shares.

Shortfall Offer has the meaning in Section 1.4.

Shortfall Securities means Securities not subscribed for by Eligible Shareholders under the Offer.

Unlisted Options means the Options set out in Section 4.1 for which Official Quotation has not been sought.

Underwriter means RM Corporate Finance Pty Ltd.

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter dated 17 September 2014 and summarised in Section 6 of this Prospectus.