Lodestar Minerals Limited ABN 32 127 026 528
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LODESTAR MINERALS

ASX ANNOUNCEMENT

28 October 2013

DISPATCH OF 2013 ANNUAL REPORT AND NOTICE OF AGM

Attached is copy of the 2013 Annual Report together with the Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form which have been dispatched to shareholders.

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

For and on behalf of the Board

David McArthur
Company Secretary

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS
Bill Clayton, Managing Director
+61 8 9481 5455

Principal Office
Level 2, 83 Havelock Street
West Perth, WA 6005

Registered Corporate Office
Level 2, 55 Carrington Street
Nedlands, WA 6009

PO Box 985
Nedlands, WA, 6909

admin@lodestarminerals.com.au

www.lodestarminerals.com.au

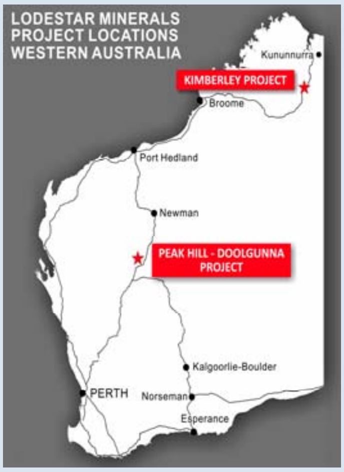
CAPITAL STRUCTURE
Shares on Issue:
222,233,215 (LSR)

Options on Issue:
4,750,000 (Unlisted)

ASX: LSR

PROJECTS
Peak Hill – Doolgunna:
Base metals, gold

Kimberley:
Nickel, copper, PGM's



LODESTAR MINERALS LIMITED

ABN 32 127 026 528

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Thursday 28 November 2013

Time of Meeting

11.00 am (WST)

Place of Meeting

Level 2, 55 Carrington Street
Nedlands, Western Australia

LODESTAR MINERALS LIMITED
ABN 32 127 026 528

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Lodestar Minerals Limited ("**Company**") will be held at 11.00 am (WST) on Thursday 28 November 2013 at Level 2, 55 Carrington Street, Nedlands, Western Australia.

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

AGENDA

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

ORDINARY BUSINESS

2013 Accounts

To receive and consider the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2013 and the Directors' declaration on the accounts.

Non-binding Ordinary Resolution 1: Directors' Remuneration Report

To receive and consider the Directors' Remuneration Report for the year ended 30 June 2013 and, if thought fit, to pass, with or without amendment, the following Resolution as a non-binding Resolution:

> *"That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Directors' Remuneration Report contained within the Directors' Report for the financial year ended 30 June 2013 be adopted."*

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

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

Voting Prohibition Statement:

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

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member,

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

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

(c) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

the Prohibited Voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Ordinary Resolution 2: Re-election of Director - Mr David McArthur

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

> *"That Mr David McArthur, who retires by rotation in accordance with clause 7.3 of the Company's constitution, and being eligible, be re-elected as a Director."*

Special Resolution 3: Approval of 10% Placement Capacity

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

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

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

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

By Order of the Board

D McArthur

D M McARTHUR
Company Secretary

Dated: 18 October 2013

ENTITLEMENT TO ATTEND AND VOTE

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

The Company's Directors have determined that all Shares of the Company that are quoted on ASX at 5:00pm (Sydney Time) on 26 November 2013 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

(a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

CORPORATE REPRESENTATIVE

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

ENQUIRIES

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

LODESTAR MINERALS LIMITED
ABN 32 127 026 528

EXPLANATORY MEMORANDUM

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

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

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

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2013 and the Directors' declaration on the accounts.

A copy of the Company's 2013 Annual Report is available on the Company's ASX platform (ASX: LSR) and on the website www.lodestarminerals.com.au. Alternatively, a hard copy will be made available upon request.

There is no requirement for Shareholders to approve the Annual Financial Statements.

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

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

(a) the preparation and content of the auditor's report;

(b) the conduct of the audit;

(c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

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

NON-BINDING ORDINARY RESOLUTION 1: Directors' Remuneration Report

General

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

The Company’s Remuneration Report did not receive a “no” vote of 25% or more at the Company’s previous annual general meeting.

Proxy restrictions

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

(a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

(b) ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the Proxy Form to acknowledge that the Chair may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel***.

(c) ***If you appoint any other person as your proxy***

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form.

ORDINARY RESOLUTION 2: Re-election of Director – Mr David McArthur

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

Accordingly, Mr David McArthur retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Information about Mr McArthur is set out in the Company’s 2013 Annual Report.

Recommendation

The directors (other than Mr McArthur because of his interest in this Resolution) recommend that Shareholders vote in favour of Resolution 2.

SPECIAL RESOLUTION 3: Approval of 10% Placement Capacity – Shares

General

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

The Company is an Eligible Entity.

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

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

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

ASX Listing Rule 7.1A

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

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

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately $3.7 million.

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

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

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

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid shares that became fully paid in the previous 12 months;

(iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4.; and

(iv) less the number of Shares cancelled in the previous 12 months.

B is 10%.

C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

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

(a) **Minimum Price**

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

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) **Date of Issue**

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

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(c) **Risk of voting dilution**

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

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

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

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

Variable "A"		$0.0075 50% decrease in Issue Price	$0.015 Issue price	$0.03 100% Increase in Issue Price
		DILUTION		
Current Variable A **222,233,215 Shares**	**10% Voting Dilution**	22,223,321 Shares	22,223,321 Shares	22,223,321 Shares
	Funds Raised	$166,675	$ 333,350	$ 666,700
50% Increase In Current Variable A **333,349,822 Shares**	**10% Voting Dilution**	33,334,982 Shares	33,334,982 Shares	33,334,982 Shares
	Funds Raised	$ 250,012	$ 500,025	$ 1,000,050
100% Increase In Current Variable A **444,466,430 Shares**	**10% Voting Dilution**	44,446,643 Shares	44,446,643 Shares	44,446,643 Shares
	Funds Raised	$ 333,350	$ 666,700	$ 1,333,400

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

The table above uses the following assumptions:

(a) The current shares on issue are the Shares on issue as at 4 October 2013.

(b) No options are exercised into Shares before the date of issue of the Equity Securities.

(c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. That is why the voting dilution is shown in each example as 10%.

(d) The issue price set out above is the closing price of the Shares on the ASX on 4 October 2013.

(e) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

(f) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

(g) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

(h) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

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

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

(i) as cash consideration in which case the Company may use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital.

(ii) as non-cash consideration for the acquisition of new resources, assets and investments, in which circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

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

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

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

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

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

The Company obtained approval under Listing Rule 7.1A on 27 November 2012. The Company has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

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

A total of 90,743,738 ordinary shares have been issued representing 69% of the equity securities on issue at the commencement of the 12 month period preceding the date of the Annual General Meeting.

Date of Issue:	**3/12/12**
Number issued:	25,000,000
Class:	Fully paid ordinary
Terms:	Fully paid ordinary shares
Name of applicants:	Placement to sophisticated shareholder clients of Blackswan Equities. No shares placed to related parties.
Price:	3.5 cents per share
Discount to market:	12.5% on 3/12/12
Total cash received:	$ 875,000
Use of cash consideration:	Exploration carried out (lag sampling, stream sampling, rock chip sampling, reconnaissance mapping, RC drilling, RAB drilling, assaying, data compilation, data interpretation- as detailed in the previously released quarterly reports and the Annual Report) at the Company's Peak Hill/ Doolgunna copper/gold prospect areas and administration costs associated with the corporate and compliance functions of the Perth office. Further details of expenditure are contained in the 30 June 2013 Annual Report.
Intended use of remaining: cash	On an assumed " first in first out" basis for the use of cash, there is no remaining cash from this issue.

Date of Issue:	**12/12/12- 21/2/13 (Entitlements issue plus issue of shortfall)**
Number issued:	65,743,738 (30,303,594 entitlements issued 12/12/12: 20,071,428 shortfall issued 21/12/12 and 15,368,716 shortfall issued 21/2/2013)
Class:	Fully paid ordinary
Terms:	Fully paid ordinary shares
Name of applicants:	Entitlements Issue to existing shareholders
Price:	3.5 cents per share
Discount to market:	2.8% on 12/12/12, 2.8% 21/12/12 and 10.26% 21/2/13.
Total cash received:	$ 2,301,030
Use of cash consideration:	Exploration carried out (lag sampling, stream sampling, rock chip sampling, reconnaissance mapping, RC drilling, RAB drilling, assaying, data compilation, data interpretation- as detailed in the previously released quarterly reports and the Annual Report) at the Company's Peak Hill/ Doolgunna copper/gold prospect areas and administration costs associated with the corporate and compliance functions of the Perth office. Further details of expenditure are contained in the 30 June 2013 Annual Report. A total of $ 691,812 has been spent.
Intended use of remaining: cash	Exploration at the Peak Hill/ Doolgunna areas of interest and Perth office administration as per above. On an assumed "first in first out" basis for the use of cash, at 30 June 2013 $ 1,609,218 remains unspent, being the difference between the amount raised and the amount spent.

<u>Voting Exclusion</u>

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

GLOSSARY

$ means Australian dollars.

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

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

ASX Listing Rules means the Listing Rules of ASX.

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

Company means Lodestar Minerals Limited **-** ABN 32 127 026 528

Directors means the current directors of the Company.

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

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

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

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

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

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

Shareholder means a holder of a Share.

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

Instructions for Completing ‘Appointment of Proxy’ Form

1. (**Changes to Proxy Voting**): Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

   (a) if proxy holders vote, they must cast all directed proxies as directed;

   (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed; and

   (c) the Chair is able to vote undirected proxies in the non-binding vote on the Remuneration Report where the Shareholder provides express authorisation for the Chair to exercise the proxy.

   Further details on these changes are set out below.

2. (**Appointing a Proxy**): A member with two or more votes entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member’s voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

3. (**Proxy vote if appointment specifies way to vote**): Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

   (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);

   (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;

   (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

   (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

4. (**Transfer of non-chair proxy to chair in certain circumstances**): Section 250BC of the Corporations Act provides that, if:

   (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;

   (b) the appointed proxy is not the chair of the meeting;

   (c) at the meeting, a poll is duly demanded on the resolution; and

   (d) either of the following applies:

      (i) the proxy is not recorded as attending the meeting;

      (ii) the proxy does not vote on the resolution,

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

5. (**Chair's votes on undirected proxies for Remuneration Reports**): Section 250R(5) of the Corporations Act provides:

   A member of the Key Management Personnel or a Closely Related Party of such a member (the **voter**) may cast a vote on an advisory resolution to adopt a remuneration report as a proxy if the vote is not cast on their behalf and either:

   (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on the resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

6. (**Signing Instructions**):

(a) (**Individual**): Where the holding is in one name, the member must sign.

(b) (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.

(c) (**Power of Attorney**): If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

(d) (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

7. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

8. (**Voting in person**):

(a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

(b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting

9. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):

(a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;

(b) By mail to PO Box 985, Nedlands, WA, 6909.

(c) By Facsimile to +61 8 9389 8327;

(d) By scan and email to davidm@broadwaymgt.com.au

so that it is received at least 48 hours prior to commencement of the Annual General Meeting.

Proxy Forms received later than this time will be invalid.

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

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

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

the Company has appointed:

……………………..……………………………………………………………………..……….…,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the annual general meeting of the members of Lodestar Minerals Limited to be held on 28 November 2013 commencing at 11.00 am (WST) and at any adjournments of that annual general meeting.

DATED ………………………………………………………. 2013

Please sign here

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

....…………….……	....……………………
Signed by authorised representative	Signed by authorised representative
....……...	....………………….
Name of authorised representative (print)	Name of authorised representative (print)
....………..…	....…………………….
Position of authorised representative (print)	Position of authorised representative (print)

Instructions for Completion

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

PROXY FORM

APPOINTMENT OF PROXY
LODESTAR MINERALS LIMITED
ABN 32 127 026 528

ANNUAL GENERAL MEETING

I/We ______________________

Address ______________________

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

Appoint ______________________

Name of proxy

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit (except for Resolution 1 which requires the below express authorisation), at the Annual General Meeting to be held at 11.00 am (WST) on 28 November 2013 at Level 2, 55 Carrington St, Nedlands, Perth, Western Australia, and at any adjournment of that meeting.

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

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Adoption of Remuneration Report*	☐	☐	☐
Ordinary Resolution 2 – Re-election of Director - David McArthur	☐	☐	☐
Special Resolution 3 – Approval of 10% placement capacity	☐	☐	☐

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

***Important for Resolution 1**

If a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such a member is your proxy you must direct (in writing) your proxy how to vote on Resolution 1 unless that person is also the Chair in which case you must, in the absence of a direction how to vote, expressly authorise the Chair to exercise the proxy by marking the box below.

☐ I/we direct the Chair to vote in accordance with their voting intentions on Resolution 1 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

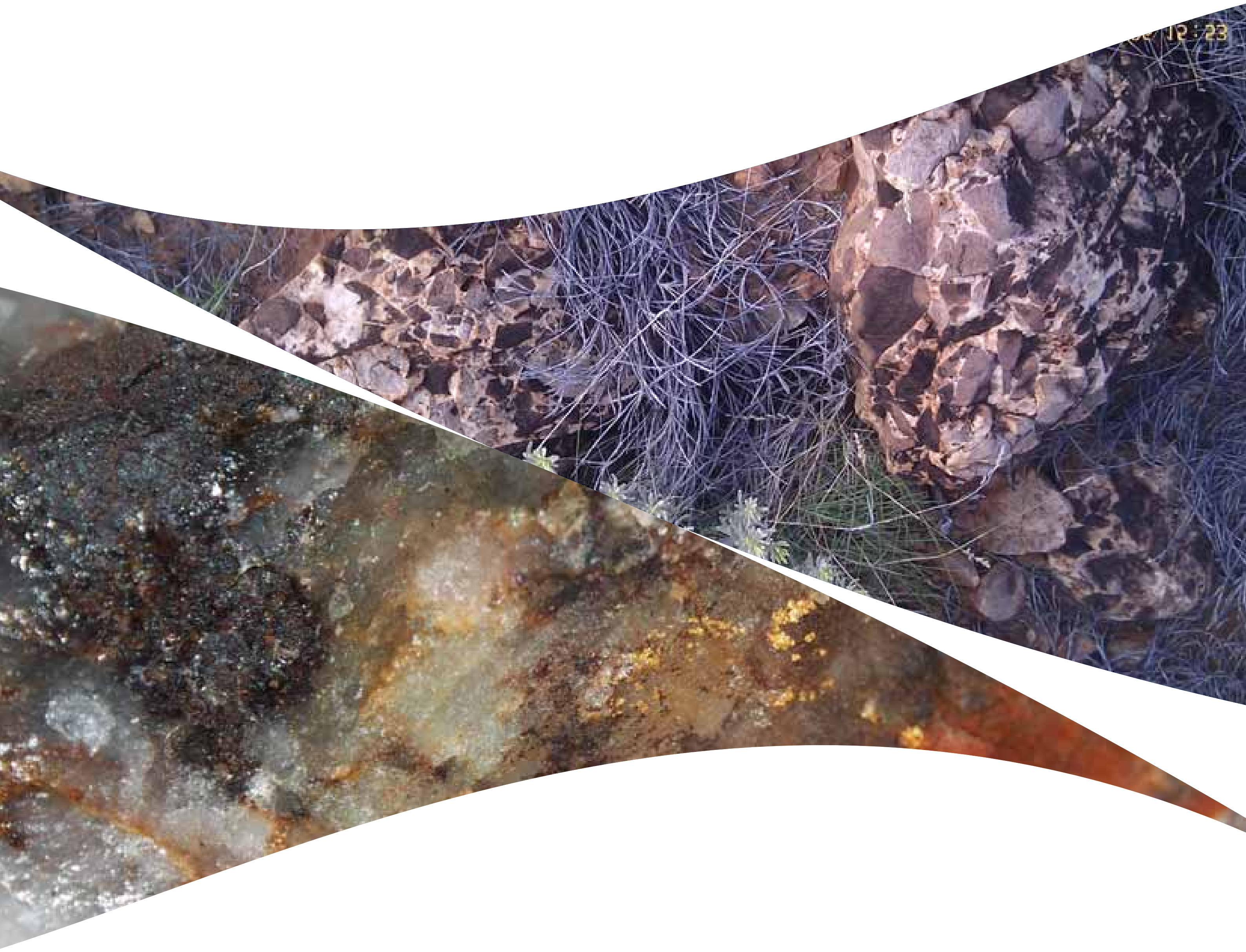
If you do not mark this box, and you have not directed the Chair how to vote on Resolution 1, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

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

Signature of Member(s):____ **Date:** ___________________________

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: _____________________ **Contact Ph (daytime):** _________________ **Date:** ____________________



ANNUAL REPORT 2013

Lodestar Minerals Limited

ABN 32 127 026 528

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DIRECTORS AND COMPANY SECRETARY:
Tim Clifton
Non-Executive Chairman

William Clayton
Managing Director

David McArthur
Executive Director and Company Secretary

REGISTERED OFFICE:
Level 2, 55 Carrington Street
NEDLANDS, WA, 6009

PO BOX 985, NEDLANDS
WA 6909

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

SHARE REGISTRY:
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH, WA 6000

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

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

DOMICILE AND COUNTRY OF INCORPORATION:
Australia

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

PRINCIPAL OFFICE:
Level 2, 83 Havelock Street,
WEST PERTH, WA 6005

Telephone: +61 8 9481 5455
Facsimile: +61 8 9481 5466

WEBSITE AND EMAIL:
www.lodestarminerals.com.au
info@lodestarminerals.com.au

BANKERS:
ANZ Banking Group Limited
Business Relationship Banking
Level 6, 77 St Georges Terrace
PERTH, WA 6000

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

HIGHLIGHTS

Exploration

Lodestar maintained a strong exploration focus on the Neds Creek tenements, targeting sediment-hosted copper, base metal and gold mineralisation, along the northern margin of the Yerrida Basin (Figure 1).

Extensive surface geochemical sampling, geological mapping and regional drilling was completed at McDonald Well, Little Well and the area between Brumby and Contessa (Figure 2), culminating in the discovery of gold mineralisation in the first systematic aircore drilling programme at the Contessa Prospect.

Contessa and the sequence in which it occurs, has received minimal historic exploration and is at an early stage of evaluation. Exploration completed by Lodestar indicates that Contessa forms part of a large gold mineralising system that can be traced along the margins of a granite stock for 5 kilometres. Continued exploration of this zone is a high priority, with the objective of locating a primary source of gold at Contessa and extending the drilling along strike to test the entire Contessa trend.

Significant results include:

Contessa – a newly identified gold trend

83 holes were completed for a total of 6337m.

- First round aircore drilling at Contessa returned the following gold intercepts
    - 5 metres at 6.6 g/t gold from 55 metres in LNR532
    - 10 metres at 5.6 g/t gold from 55 metres in LNR533
    - 5 metres at 2.4 g/t gold from 55 metres in LNR543
    - 10 metres at 1.2 g/t gold from 50 metres in LNR545 and
    - 15 metres at 3.1 g/t gold from 40 metres in LNR546
- Second round in-fill aircore drilling at Contessa included the following significant intercepts
    - 21 metres at 3.01 g/t gold from 40 metres in LNR 656, including
        - 4 metres at 5.18 g/t gold from 47 metres
        - 3 metres at 5.88 g/t gold from 53 metres and
        - 1 metre at 13.1 g/t gold from 59 metres
    - 4 metres at 3.12 g/t gold from 60 metres in LNR651, including
        - 1 metre at 8.01 g/t gold from 60 metres
    - 3 metres at 6.26 g/t gold from 68 metres in LNR674, including
    - 1 metre at 10.6 g/t gold from 68m

Drilling on an 80m line spacing has defined a 0.1 g/t gold anomaly extending over 750 metres. The anomaly remains open to the south west and north east

Brumby

50 holes were completed for a total of 1504m.

- High-grade gold reported from quartz vein samples (up to 24 g/t gold) with visible gold at the Brumby Prospect
- First round aircore drilling tested an extensive lag gold anomaly within granite and produced a best intersection of
    - 3 metres at 8.2 g/t gold from 13 metres in LNR598, including
        - 1 metre at 18.4 g/t gold from 15 metres
- The prospective granite margin, analogous to the position of Contessa, lies under alluvial cover and has not been tested systematically

The discovery of gold mineralisation at Contessa and Brumby is the first step in evaluating an entirely new gold trend located within a major gold producing district. The Contessa trend is interpreted to extend over 10 kilometres from Brumby in the west to the eastern boundary of E52/2456.

Little Well

128 holes were completed for a total of 6182m.

Lag geochemical sampling and wide-spaced reconnaissance aircore drilling was completed at Little Well (Figure 2) following the discovery of a small copper oxide bearing gossan. The best drill results were obtained from an area 3.5 kilometres south east of the Ventnor Resources owned Thaduna copper mine

- 2 metres at 0.41% copper from 37 metres in LNR460, including
    - 1 metre at 0.65% copper from 37 metres
- 3 metres at 0.13% copper from 26 metres in LNR498 and
- 5 metres at 0.15% copper from 55 metres in LNR515, hole ended in mineralisation at 60 metres

Disseminated chalcopyrite and chlorite alteration, similar to the alteration envelope surrounding the Thaduna copper lodes, is associated with elevated copper. The mineralisation is hosted by iron-rich sediments of the Thaduna Formation. Similar red-bed sequences are recognised as an important source of copper in many major sediment-hosted copper producing regions.

McDonald Well

75 holes were completed for a total of 5475m.

Aircore drilling tested three large copper and multi-element lag geochemical anomalies coincident with major structures that intersect potential host-rock sequences. Seven widely spaced traverses of drilling were completed, with holes spaced on 80 to 200 metre centres.

Significant results include the following intersections from McDonald Well South

- 12 metres at 444ppm copper from 50 metres in LNR683
- 20 metres at 364ppm copper from 60 metres in LNR686
- 7 metres at 417ppm copper from 55 metres in LNR689 and
- 2 metres at 1120ppm copper from 60 metres in LNR699

All anomalous results above were reported from end of hole intervals and occur within a halo of elevated Ag, Mo, Sb and Te.

INTRODUCTION

Lodestar's Peak Hill – Doolgunna project tenements extend for 100 kilometres along the northern margin of the Yerrida Basin (Figure 1), a major terrain boundary within the Doolgunna district. Historic and recent copper discoveries at Thaduna, DeGrussa and Enigma lie adjacent to this margin, reflecting distinct mineralising events within a prospective north east trending volcanosedimentary sequence that continues into Lodestar's Neds Creek tenements. The sediments of the basin margin share important characteristics with documented sedimentary sequences in major Proterozoic sediment-hosted copper provinces.

Exploration continued at Neds Creek throughout the 2013 financial year to define and test several large base metal anomalies with first-pass drilling. Detailed geological mapping has significantly improved the Company's understanding of the regional relationships, confirming that the dolomite-sandstone unit that hosts Sipa Resource's neighbouring Enigma copper prospect extends into Lodestar's tenements.

Follow up of gold anomalies in geochemical lag and rock sampling and scout drilling resulted in the discovery of gold mineralisation in aircore drilling at Contessa.

INTRODUCTION (continued)

The success at Contessa, which is part of a newly identified, extensive and under explored gold mineralised trend, has necessitated a re-alignment of priorities in order to concentrate efforts on this high priority target.

As a result Lodestar has relinquished several of its outlying Peak Hill–Doolgunna tenements, where regional geochemical sampling did not produce anomalous results or extensive cover made surface exploration ineffective. Following a review of the geophysical data and after re-assaying selected drill intersections for a range of platinum group metals, Lodestar also relinquished its interest in the Kimberley project tenements.

Lodestar will continue to advance the Peak Hill-Doolgunna project with an immediate focus on evaluating the Contessa Gold Trend. Orientation surface sampling and regional geochemical sampling programmes are planned with the aim of rapidly defining additional drill targets.

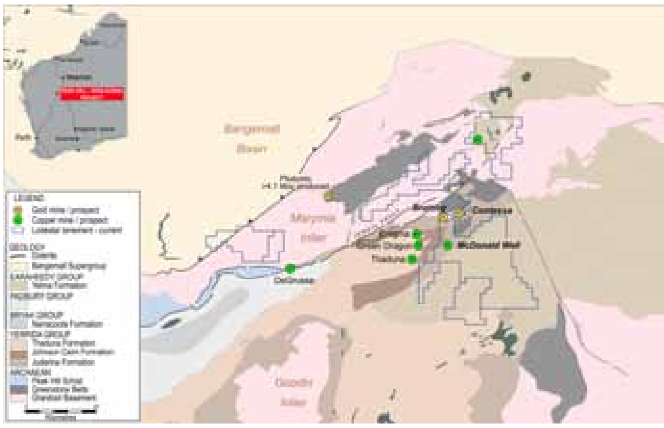

Figure 1 Lodestar's Peak Hill-Doolgunna Project tenements

PEAK HILL-DOOLGUNNA PROJECT

The Peak Hill-Doolgunna project is located 150 kilometres north east of Meekatharra in the northern Murchison district. The project spans a distance of 100 kilometres in an east north easterly direction, along the northern margin of the Yerrida Basin. The tenements flank the Jenkin Fault zone, a regional deformation zone that marks the northern boundary of the Bryah – Yerrida volcanosedimentary succession against crystalline basement. This zone is a major tectonic boundary that influenced basin architecture and these first-order structures play an important role in the development of the large hydrothermal mineralising systems recognised in major Proterozoic base metal provinces.

Lodestar's Peak Hill-Doolgunna project is divided into three tenement blocks comprising the Neds Creek, Marymia and Western project areas, having a combined area of 1,469 square kilometres.

Neds Creek

Contessa

The Neds Creek tenements include the northern and eastern margins of the Yerrida Basin and an area of exposed granite basement to the north. Dampier Gold's Boundary Fence prospect is located 900 metres north of the Neds Creek tenements. Geochemical sampling along the basin margin identified gold anomalism within the granite and a programme of in-fill sampling, prospecting and geological mapping was completed. Rock chip sampling within the Brumby area (Figure 2) returned high gold values (up to 24 g/t gold), confirming that the area represented a priority gold target. Earlier scout drilling at Contessa, 5 kilometres to the east, had tested a bismuth-molybdenum anomaly and reported a number of intersections of anomalous gold (maximum 3 metres at 311ppb gold from 60 metres in LNR020). Additional lag sampling was completed and the first drilling programme to test the Brumby and Contessa anomalies commenced in January 2013.

Figure 2 Neds Creek project, showing prospect locations (red = gold, blue = copper)

Neds Creek

Contessa (continued)

Significant intercepts from the aircore drilling are listed below, and hole locations are shown in Figure 3.

- LNR532 – 5m at 6.6g/t Au from 55m
- LNR533 – 10m at 5.6g/t Au from 55m
- LNR543 – 5m at 2.4g/t Au from 55m
- LNR545 – 10m at 1.2g/t Au from 50m
- LNR546 – 15m at 3.1g/t Au from 40m
- LNR656 - 21m at 3.01 g/t Au from 40m, including
  - 4m at 1.86 g/t Au from 40m
  - 4m at 5.18g/t Au from 47m
  - 3m at 5.88 g/t Au from 53m and
  - 1m at 13.1g/t Au from 59m
- LNR651 – 4m at 1.24 g/t Au from 51m
4m at 3.12 g/t Au from 60m including
  - 1m at 8.01 g/t Au from 60m
1m at 1.09 g/t Au from 90m and
2m at 2.32 g/t Au from 99m
- LNR650 – 1m at 1.62 g/t Au from 49m
1m at 2.63 g/t Au from 53m
1m at 1.21 g/t Au from 76m and
1m at 1.07 g/t Au from 79m
- LNR659 – 2m at 1.69 g/t Au from 51m
- LNR660 – 2m at 1.21 g/t Au from 104m
- LNR661 – 1m at 1.67 g/t Au from 79m
- LNR673 – 2m at 1.71 g/t Au from 68m and
- LNR674 – 3m at 6.26 g/t Au from 68m, including
  - *1m at 10.6g/t Au from 68m*

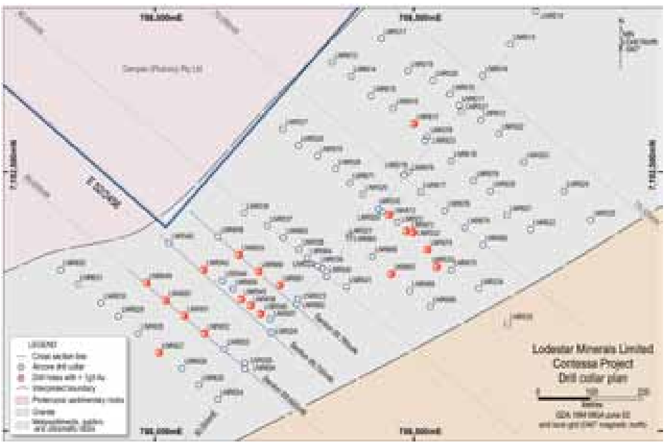

Figure 3 Collar location plan showing significant gold intercepts

Brumby

Drilling was completed on four traverses over an area of 500 metres by 500 metres. The drilling targeted a 900 metre by 400 metre lag geochemical gold anomaly of >20ppb Au developed over granite. Drill traverses were completed on a 200m line spacing to test for gold mineralisation in a stockwork vein system. Drilling demonstrated the granite to be widely anomalous in gold. The wide distribution of anomalous gold and the local development of high-grade veins are indicative of a significant gold mineralising system.

The contact of the granite with enveloping sediments has received minimal testing. As this is the position believed to host mineralisation at Contessa, additional drilling of the contact zone is required to fully evaluate the potential at Brumby.

Little Well

The Little Well area is located south east of the Thaduna copper mine (see Figure 2). The area forms part of an extensive plain with minimal outcrop. A small copper-stained gossan was located during lag geochemical sampling and a first-pass drilling programme was designed to test lag geochemical anomalies, structural positions interpreted from aeromagnetic data and the area of the gossan.

Regional drilling was completed on lines spaced 400 metres to 700 metres apart. Drilling intersected minor disseminated chalcopyrite mineralisation, unrelated to the gossan, within an extensive sequence of haematitic sediments. These sediments are analogous to the red bed sediments associated with many deposits in sediment-hosted copper provinces and reinforce the potential within the northern Yerrida Basin for this style of mineralisation. Drilling beneath the gossan returned up to 0.17% copper from the oxide zone only.

McDonald Well

Lodestar has completed detailed geochemical lag sampling, geological mapping and regional wide-spaced drilling over the McDonald Well area in addition to electromagnetic and gravity geophysical surveys. Work completed during 2013 consisted of in-fill lag geochemical sampling to refine earlier identified multi-element anomalies, detailed geological mapping to improve the interpretation of the geochemistry and better understand regional geological relationships, followed by aircore drilling.

McDonald Well (continued)

Drilling at McDonald Well tested large, multi-element geochemical anomalies coincident with major structures identified from geological mapping and interpretation of aeromagnetic data. The drill programme also tested, for the first time, the dolomite-sandstone sequence that hosts Sipa Resource's Enigma Prospect, 5 kilometres to the west (Figures 4 and 5).

Seven widely spaced traverses of drilling were completed, with holes spaced on 80 to 200 metre centres. Anomalous intersections from variably weathered and pyritic carbonaceous shale and siltstone adjacent to the identified structures include

- LNR643 - 10 metres at 770ppm Cu from 40 metres
- LNR647 - 15 metres at 818ppm Cu from 40 metres
- LNR683 - 12 metres at 444ppm Cu from 50 metres
- LNR686 - 20 metres at 364ppm Cu from 60 metres
- LNR688 - 20 metres at 803ppm Cu from 10 metres
- LNR689 - 7 metres at 417pm Cu from 55 metres
- LNR699 - 2 metres at 1120ppm Cu from 60 metres
- LNR706 - 5 metres at 2560ppm Cu from 30 metres

These results are significant in the context of a deep weathering profile, (where there is strong leaching of metals to depths of 80 to 100 metres) and follow up drilling is required.

A single line of reconnaissance drilling was completed on 200 metre hole spacing. The drilling intersected highly weathered silicified dolomite breccia and rarely, massive dolomite. Several of the scout drill holes reported anomalous copper (greater than 200ppm) associated with zinc, within wide intervals of elevated copper of greater than 100ppm.

The dolomite sequence is an important regional target for copper and base metal mineralisation and preliminary results justify continued exploration of this extensive stratigraphic unit within the Neds Creek tenements

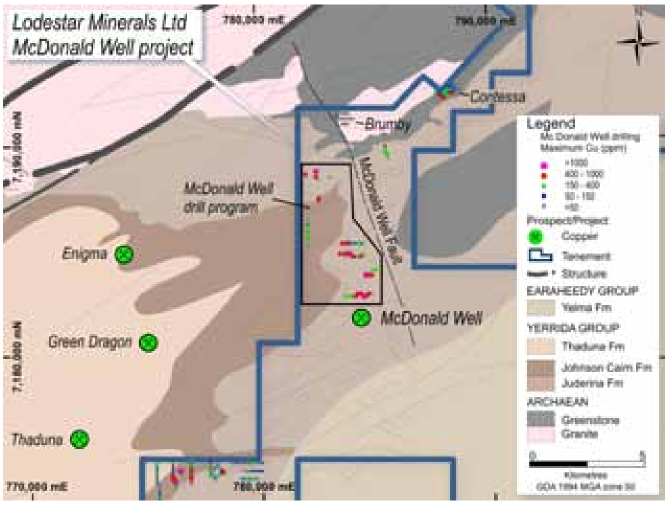

Figure 4 Anomalous drill intersections McDonald Well

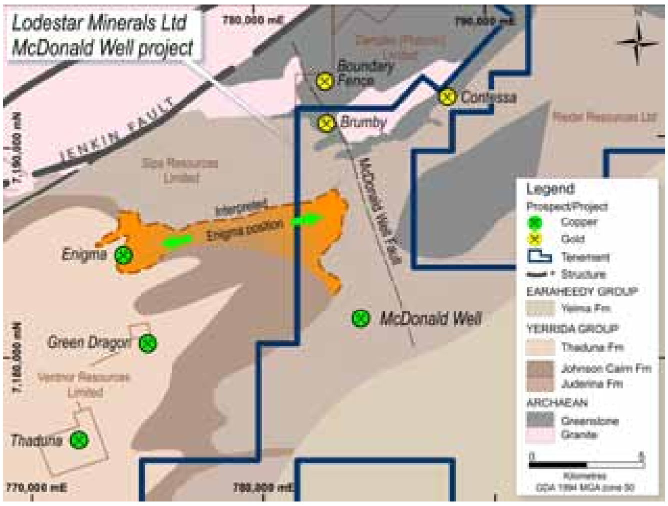

Figure 5 interpreted target dolomite unit in the "Enigma position" at McDonald Well

The exploration results and information referred to above were released to the market in an announcement dated 24 September 2013. The Company confirms that it is not aware of any new information or data that materially affects the information or results included above.

The Directors present their report together with the financial report of the Group, comprising Lodestar Minerals Limited (the Company) and its subsidiary, for the financial year ended 30 June 2013 and the auditor's report thereon.

1. DIRECTORS

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

Tim Clifton
William Clayton
David McArthur
Mark Pitt

Mark Pitt was a director from the beginning of the financial year until his resignation on 1 July 2013.

Tim Clifton

Non-Executive Chairman
Appointed: 1 May 2012

Experience and expertise

Mr Clifton has been involved in the resources industry in Australia and overseas for more than 40 years. He holds qualifications in law and geology and has experience in exploration, mining and corporate activities. Mr Clifton is a former Managing Director of Perilya Limited, where he led the company's transformation from explorer to diversified miner.

Mr Clifton was appointed Chairman on 1 May 2012.

Other current directorships

Non-executive chairman	Strike Energy Limited	19 August 2010 to current
Non-executive director	Strike Energy Limited	13 August 2008 to 18 August 2010

Former directorships in the past three years

None

Special responsibilities

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

Interest in shares and options

5,940,131 ordinary shares

1. DIRECTORS (continued)

William Clayton

Managing Director

Appointed: 2 November 2007

Experience and expertise

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

Experience and expertise

In 1996 he joined Forrestania Gold and shortly after participated in the discovery of the Emily Ann deposit. This led to key supervisory roles with LionOre in the evaluation of the Maggie Hays, Emily Ann and Waterloo-Amorac deposits. He completed an MBA, specialising in mineral economics, from Curtin University in 2005 and subsequently worked for geological consultancy CSA Australia Pty Ltd in project evaluation and generation roles in Australia and Africa.

Other current directorships

None

Former directorships in the past three years

None

Special responsibilities

None

Interest in shares and options

915,000 ordinary shares

2,500,000 options

David McArthur

Executive Director and Company Secretary

Appointed: 13 August 2007

Experience and expertise

Mr McArthur has a Bachelor of Commerce Degree from the University of Western Australia. Mr McArthur is a Chartered Accountant, having spent four years with a major international accounting firm, and has 31 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of a number of public listed companies over the past 28 years.

Mr McArthur has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.

Other current directorships

None

Former directorships in the past three years

Executive Director	Xstate Resources Limited	September 2006 to 8 July 2010
Executive Director	Bullabulling Gold Limited	15 September 2011 to 2 July 2012

Special responsibilities

Member of the Audit and Risk Management Committee

Member of the Remuneration and Nomination Committee

Interest in shares and options

6,000,001 ordinary shares

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

2. COMPANY SECRETARY

David McArthur is a chartered accountant and was appointed to the position of company secretary on 13 August 2007. Mr McArthur has 28 years' experience in the corporate management of publicly listed companies.

3. DIRECTORS' MEETINGS

The number of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

Director	Full meetings of directors		Meetings of audit and risk management committee	
	No. of meetings attended	no. of meetings held whilst a director	no. of meetings attended	no. of meetings held whilst a director
Tim Clifton	5	5	2	2
William Clayton	5	5	2	2
David McArthur	5	5	2	2
Mark Pitt	5	5	2	2

4. PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was exploration and evaluation of copper / gold, nickel and other base metal interests.

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

5. OPERATING AND FINANCIAL REVIEW

Overview

Lodestar Minerals Limited is listed on the Australian Securities Exchange (ASX: LSR) and has approximately 222.2 million shares on issue. The Group's primary asset is the Peak-Hill-Doolgunna Project located near Meekatharra in Western Australia.

The Peak Hill-Doolgunna Project forms the core of Lodestar's project portfolio and represents a strategic landholding of 1460 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault system that is adjacent to the DeGrussa Cu-Au deposit. Lodestar believes the region has potential to host a number of styles of gold and base metal deposit and is conducting an aggressive exploration program to assess the potential of the under-explored north Murchison base metal province.

Other than exploration and development activities as detailed in the quarterly reports released to the market, there have been no other significant operations by the Group during the year ended 30 June 2013.

Financial results

For the financial year ended 30 June 2013, the loss for the Group after providing for income tax amounted to $2,030,694 (2012: $6,146,785)

5. OPERATING AND FINANCIAL REVIEW (continued)

Financial results (Continued)

As outlined in the Operations Report, management has reviewed geophysical data received from its exploration activities and decided to surrender a number of its tenements. This resulted in an impairment of $1,323,626 in capitalised exploration expenditure. The Group's strategy over the next twelve months will be to maintain exploration of the Ned's Creek tenements and to continually review the tenement portfolio to match expenditure commitments and exploration budgets.

The financial position of the Group is subject to additional funds being sourced by way of capital raising or third party joint venture contributions expenditure to continue to carry on its exploration activities. The timing of raising additional capital or the joint venture of exploration activities will depend on investment markets, exploration results, current and future planned exploration and development activities. The Board considers that the quality of its projects in the Peak Hill-Doolgunna region will enable the Group to raise further capital to fund its exploration and development activities.

Shareholder returns

Shareholder returns		2013	2012	2011	2010	2009
Net loss attributable to equity holders	($)	(2,030.694)	(6,146,785)	(557,530)	(1,141,320)	(572,845)
Basic EPS (cents)		(1.17)	(5.84)	(0.68)	(2.07)	(1.15)
Net tangible assets (NTA)	($)	8,164,864	6,650,515	10,618,048	9,024,339	8,302,061
NTA Backing (cents)		3	5.70	11.93	13.77	16.60

Net loss amounts for 2009 to 2013 have been calculated in accordance with Australian Accounting Standards (AASBs).

Significant changes in the state of affairs

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

6. DIVIDENDS

The directors recommend that no dividend be provided for the year ended 30 June 2013.

7. EVENTS SUBSEQUENT TO REPORTING DATE

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

8. LIKELY DEVELOPMENTS

The Group will continue exploration activities over its gold, copper and other base metal tenement interests. The Group will assess corporate growth opportunities.

9. DIRECTORS' INTERESTS

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

Director	Ordinary shares	Options over ordinary shares
Tim Clifton	5,940,131	-
William Clayton	915,000	2,500,000
David McArthur	6,000,001	-

10. SHARE OPTIONS

Options granted to directors of the Group

The Group has not granted options over unissued ordinary shares in the Company during or since the end of the financial year.

Unissued shares under options

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

Expiry date	Exercise price cents	Number of shares
29-Nov 16	15	1,000,000
29-Nov 16	20	750,000
29-Nov 16	30	750,000
08-May 17	15	1,000,000
08-May 17	20	750,000
08-May 17	30	500,000
		4,750,000

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

Shares issued on exercise of options

During or since the end of the financial year, no shares were issued as a result of the exercise of options.

11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreed to indemnify each of the directors and the company secretary of the Company against all liabilities to another person (other than the Group) that may arise from their position, except where the liability arises out of conduct involving fraud, negligence or a lack of good faith.

During the financial year, Lodestar Minerals Limited paid a premium of $10,658 (2012: Nil) to insure the directors and the Company executives of the Group.

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

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

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

12. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year by the audit firm (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

13. ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in relation to its exploration activities and aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any significant breaches during the period covered by this report.

14. REMUNERATION REPORT - AUDITED

Principles of Compensation

Remuneration is referred to as compensation throughout this report.

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

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

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

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

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

Other than options, the directors do not receive performance related compensation, short or long term incentives, nor any other benefits.

Fixed compensation

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

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

Short-term incentive

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

Long-term incentive

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

Consequences of performance on shareholder wealth

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

Principles of Compensation (continued)

Consequences of performance on shareholder wealth (continued)

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

Shareholder returns		2013	2012	2011	2010	2009
Net loss attributable to equity holders	($)	(2,030,694)	(6,146,785)	(557,530)	(1,141,320)	(572,845)
Basic EPS (cents)		(1.17)	(5.84)	(0.68)	(2.07)	(1.15)
Change in share price (cents)		(2.0)	(2.1)	(3.0)	4.3	(4.0)

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to its shareholders. The measures of performance of the Company set out in the table above have been taken into consideration in determining appropriate levels of remuneration.

Service contracts

Under a service contract approved by the remuneration and nominations committee of the Board on 15 June 2012 and effective from 1 July 2012, Mr Bill Clayton receives executive remuneration of $250,000 p.a. plus superannuation. Effective from 1 August 2013, Mr Clayton's executive remuneration was reduced to a total package of $230,000 p.a. inclusive of superannuation.

Mr Clayton's service contract is open ended, with a 12 month termination clause by the Company. The Company can waive the notice period by payment of 12 months' remuneration. Mr Clayton must give the Company 3 months' notice of termination. Mr Clayton has received written advice of the termination of his contract effective 1 August 2013 and he will work through his termination period of 12 months from this date. When the termination period has 3 months to run, an assessment will be made as to whether or not a new contract should be entered into with a 3 month termination benefit.

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

Effective 1 June 2013 Mr McArthur's total remuneration was reduced from $95,000 p.a. plus superannuation to $81,500 p.a. plus superannuation. This includes payment to Mr McArthur as the Company Secretary and Executive Director. Mr McArthur's service contract is open ended, with a 12 month termination clause by the Company. The Company can waive the notice period by payment of 12 months remuneration. Mr McArthur must give the company 3 months' notice of termination. Mr McArthur has received written advice of the termination of his contract effective 1 August 2013 and he will work through his termination period of 12 months from this date. When the termination period has 3 months to run, an assessment will be made as to whether or not a new contract should be entered into with a 3 month termination benefit.

14. REMUNERATION REPORT – AUDITED (continued)

Executive and non-executive directors

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

Effective 1 June 2013 the remuneration of the non-executive Chair of the Board was reduced from $55,000 p.a. plus superannuation to $38,500 p.a. plus superannuation. Also effective 1 June 2013, non-executive director's fees were reduced from $45,000 p.a. plus superannuation to $31,500 p.a. plus superannuation.

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

Presently, Mr Clifton receives non-executive director's fees of $38,500 p.a. plus superannuation.

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

Directors' and senior executives' remuneration - audited

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

Name		Short-term employee benefits			Post employment benefits	Share based payments		
		Salary and fees $	Non-monetary benefits $	Total $	Super-annuation $	Options $	Total $	Options as % of re-muneration %
Non-executive director								
Tim Clifton [1]	2013	53,625	2,665	56,290	4,826	-	61,116	-
	2012	8,509	-	8,509	766	-	9,275	-
Executive directors								
William Clayton	2013	263,462	2,664	266,126	22,500	25,576	314,202	8.14
	2012	221.912	-	221,912	18,000	84,639	324,551	26.08
David McArthur	2013	96,269	2,665	98,934	8,449	-	107,383	-
	2012	90,734	-	90,734	8,100	-	98,834	-
Sub-total Executive	2013	359,731	5,329	365,060	30,949	25,576	421,585	6.07%
Directors' remuneration	2012	312,646	-	312,646	26,100	84,639	423,385	20.00%
Total current Directors'	2013	413,356	7,994	421,350	35,775	25,576	482,701	5.30%
remuneration	2013	321,155	-	321,155	26,866	84,639	432,660	19.56%

* Salary and fees are inclusive of annual leave accrual.

(1) Appointed 1 May 2012

14. REMUNERATION REPORT – AUDITED (continued)

Directors' and senior executives' remuneration - audited (continued)

Name		Short-term employee benefits: Salary and fees $	Short-term employee benefits: Non-monetary benefits $	Short-term employee benefits: Total $	Post employment benefits: Super-annuation $	Share based payments: Options $	Total $	Options as % of re-muneration %
Former directors								
Mark Pitt [(2)]	2013	43,875	2,664	46,539	3,949	-	50,488	-
	2012	45,000	-	45,000	4,050	-	49,050	-
Rhod Grivas [(3)]	2013	-	-	-	-	-	-	-
	2012	62,500 [(4)]	-	62,500	3,375	-	65,875	-
Sub-total former	2013	43,875	2,664	46,539	3,949	-	50,488	-
Directors remuneration	2012	107,500	-	107,500	7,425	-	114,925	-
Total directors'	2013	457,231	10,658	467,889	39,724	25,576	533,189	4.80%
Remuneration	2012	428,655	-	428,655	34,291	84,639	547,585	15.46%

[(2)] Resigned 1 July 2013

[(3)] Resigned 1 May 2012

[(4)] During 2012 Mr Grivas received $25,000 for consulting services to the Company

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

a) the Group does not employ any executive officers other than the directors;

b) the fair value of options granted was determined using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

c) the directors of the Group do not receive performance related remuneration.

14. REMUNERATION REPORT – AUDITED (continued)

Equity instruments – audited

All options refer to options over ordinary shares which are exercisable on a one-for-one basis.

Options and rights over equity instruments granted as compensation - audited

There were no options over ordinary shares in the Company that were granted as compensation during the reporting period.

Details of vesting profiles of the options previously granted as remuneration to each key management person of the Group are as follows:

	Tranche	Number of options granted	Grant date	Fair value per option at grant date cents	% vested in year (A)	% lapsed in year (B)	Financial years in which grant vests	Exercise price per option cents	Expiry date	Number of options vested during 2013
Executive directors										
William Clayton	1	1,000,000	29-Nov-11	7.21	100	-	01-Jul-12	15	29-Nov-16	1,000,000
	2	750,000	29-Nov-11	6.83	-	-	01-Jul-13	20	29-Nov-16	-
	3	750,000	29-Nov-11	6.25	-	-	01-Jul-14	30	29-Nov-16	-
David McArthur	4	1,500,000	12-Oct-07	6.57	-	100	01-Jul-07	40	31-Aug-12	-
Non-executive directors										
Mark Pitt	5	1,500,000	12-Oct-07	6.57	-	100	01-Jul-07	40	31-Aug-12	-

(A) The amount vested in the year represents the expense recognised in accordance with the accounting standards;

(B) The percentage lapsed in the year represents the reduction from the maximum number of options available to vest due to the expiration of the options.

Exercise of options granted as compensation – audited

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

Options expired

On 31 August 2012, 4,500,000 options issued on 12 October 2007 with an exercise price of 40 cents each expired. (30 June 2012: Nil)

Equity instruments – audited (continued)

Analysis of movements in options - audited

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

	Granted $ (A)	Value of options exercised in year $ (B)	Lapsed in year $ (C)
Executive directors			
William Clayton	25,576	-	309,009

A. The value of options granted in the year is the fair value of the options calculated at the grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period which will be from 26 November 2008 to the vesting date of 29 November 2016.

B. The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

C. The value of the options that lapsed during the year represents the benefit forgone and is calculated at grant date using the Black-Scholes option-pricing model.

This is the end of the Remuneration Report – Audited.

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration forms part of the directors' report for the financial year ended 30 June 2013.

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

WILLIAM CLAYTON
Director
Dated at Perth, Western Australia this 3rd day of September 2013.

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

To: the directors of Lodestar Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

3 September 2013

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Liability limited by a scheme approved under Professional Standards Legislation.

The Board of Directors of Lodestar Minerals Limited (the Board) is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Lodestar Minerals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the Australian Securities Exchange (ASX) Corporate Governance Council June 2010 amendments to the August 2007 "Corporate Governance Principles and Recommendations (Second Edition)" ("the Recommendations"), unless otherwise stated.

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

1. BOARD OF DIRECTORS

(a) Role of the Board

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

The Board evaluates these policies on an ongoing basis.

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

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

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

1. BOARD OF DIRECTORS (continued)

(b) Board composition and expertise

The names of the directors of the Company in office at the date of the statement are set out in the directors' report. The directors' report also contains details of each director's skill, experience and education. The Board seeks to establish a Board that consists of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Company's business with excellence.

The Board currently comprises three directors - one non-executive Chairman and two executive directors.

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial and financial skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) which the Board is looking to achieve in its membership. The Board is primarily responsible for identifying potential new directors but has the option to use an external consulting firm to identify and approach possible new candidates for directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent director is given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

(c) Retirement and re-election of directors

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

(d) Independence of directors

The Board has reviewed the position and association of each of the three directors in office at the date of this report and considers that one director is independent. In considering whether a director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The Board considers that Mr Clifton meets the criteria in Principle 2. He has no material business or contractual relationship with the Company, other than as a director, and no conflicts of interest which could interfere with the exercise of independent judgement. Accordingly, he is considered to be independent.

(e) Director education

The non-executive director is given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and is given access to continuing education opportunities to update and enhance his skills and knowledge.

(f) Independent professional advice

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

1. BOARD OF DIRECTORS (continued)

(g) Board Performance Review

There is no formal appraisal system in place for Board performance on a director by director basis. The performance of all directors is assessed through review by the Board as a whole of a director's attendance at, and involvement in, Board meetings, his performance and other matters identified by the Board or other directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a director's performance.

The Company has not conducted a performance evaluation of the members of the Board during the reporting period. However, the Board conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

(h) Conflict of Interest

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

(i) Directors' remuneration

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

2. BOARD COMMITTEES

(a) Board committees and membership

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

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

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

(b) Audit and Risk Management Committee

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

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

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

- Mr Tim Clifton – independent non-executive Chairman
- Mr David McArthur – executive director and company secretary

2. BOARD COMMITTEES (continued)

(b) Audit and Risk Management Committee (continued)

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

The responsibilities of the audit and risk management committee are:

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

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

(c) Remuneration and Nomination Committee

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

- Mr Tim Clifton – independent non-executive Chairman (Chair of remuneration and nomination committee);
- Mr David McArthur – executive director and company secretary;

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

2. BOARD COMMITTEES (continued)

Remuneration and Nomination Committee (continued)

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

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

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

3. MANAGING BUSINESS RISK

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

- regular budgeting and financial reporting;
- procedures and controls to manage financial exposures and operational risks;
  the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and
- insurance and risk management programmes which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Company's risk profile is reviewed annually. The Board may consult with the Company's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

(a) Internal controls

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

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

(b) CEO and CFO assurance on corporate reporting

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

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

(c) Environmental regulation

The Company has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2013.

4. ETHICAL STANDARDS

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

(a) Code of Conduct

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

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

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

(b) Trading in Company securities by directors and employees

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

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

5. DIVERSITY POLICY

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

The key elements of the diversity policy are as follows:

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

Due to the size of the Company and there being no requirement to increase staff levels, there has been limited opportunity to implement the diversity policy. As a result, the Company has not yet met its objectives. However, the Company outsources its corporate and accounting services to Broadway Management (WA) Pty Ltd where 78% of its employees are represented by female members. Should a position become vacant, the Company will consider filling any new board appointment or key management personnel position with a suitably qualified female applicant.

5. DIVERSITY POLICY (continued)

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

	Women	Men
Percentage of women and men employed within the Group	0%	100%
Percentage of women and men employed at the senior management level	0%	100%
Percentage of women and men employed at the Board level	0%	100%
Percentage of women and men employed by corporate services provider	78%	22%

The Diversity Policy can be accessed on the Company's website at www.lodestarminerals.com.au under the Corporate Governance section.

6. COMMUNICATION WITH SHAREHOLDERS

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

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

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

(a) Continuous Disclosure

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

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

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel, will consider the information and whether disclosure is required and prepare an appropriate announcement.

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

ASX PRINCIPLES COMPLIANCE STATEMENT

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

Recommendation 2.1

A majority of the Board should be independent directors

Recommendation 4.2

The audit and risk management committee should be structured so that it:

- *consists only of non-executive directors*
- *consists of a majority of independent directors*
- *is chaired by an independent chair, who is not chair of the Board*
- *has at least three members*

Recommendation 8.2

The remuneration and nomination committee should be structured so that it:

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

One of the three directors is independent. In view of the size of the Company and the nature of its activities, the Board considers that the current Board structure is a cost effective and practical means of directing and managing the Company.

While the ASX Principles recommend an ideal structure for the audit and risk management and remuneration and nomination committees, they recognise that for smaller Boards it may not be possible to implement such a structure.

Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with these ASX Principles to be materially detrimental to the Company.

	Note	2013 $	2012 $
Assets			
Cash and cash equivalents	16a	1,609,218	1,083,282
Other receivables	14	1,333	-
Prepayments	17	8,372	10,811
Total current assets		1,618,923	1,094,093
Other receivables	14	40,800	25,803
Property, plant and equipment	12	33,034	36,618
Exploration and evaluation	13	6,668,694	5,759,192
Total non-current assets		6,742,528	5,821,613
Total assets		8,361,451	6,915,706
Liabilities			
Trade and other payables	18	116,987	201,758
Employee benefits	19	79,600	63,433
Total current liabilities		196,587	265,191
Total liabilities		196,587	265,191
Net assets		8,164,864	6,650,515
Equity			
Share capital	20	19,271,006	15,767,077
Reserves	20	204,350	472,245
Accumulated losses		(11,310,492)	(9,588,807)
Total equity attributable to equity holders of the Company		8,164,864	6,650,515

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Continuing operations			
Other income		841	25,235
Administrative expenses	8	(559,784)	(581,329)
Exploration expenditure written off	13	(1,323,626)	(5,431,584)
Other expenses	9	(192,975)	(219,590)
Results from operating activities		(2,075,544)	(6,207,268)
Finance income	10	44,850	60,483
Net finance income		44,850	60,483
Loss before income tax		(2,030,694)	(6,146,785)
Income tax expense	11	-	-
Loss from continuing operations		(2,030,694)	(6,146,785)
Loss after income tax expense for the year		(2,030,694)	(6,146,785)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Total items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income		-	-
Total comprehensive loss for the year		(2,030,694)	(6,146,785)
Loss attributable to owners of the Company		(2,030,694)	(6,146,785)
Total comprehensive loss attributable to owners of the Company		(2,030,694)	(6,146,785)
Loss per share			
Basic and diluted (cents per share)	21	(1.17)	(5.84)

The notes are an integral part of these financial statements.

		Attributable to equity holders of the Company			
	Note	Share capital $	Equity-settled benefits reserve $	Accum-ulated losses $	Total $
Balance at 1 July 2012		15,767,077	472,245	(9,588,807)	6,650,515
Total comprehensive income for the year					
Loss after income tax expense for the year		-	-	(2,030,694)	(2,030,694)
Total other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(2,030,694)	(2,030,694)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares		3,701,030	-	-	3,701,030
Capital raising costs		(197,101)	-	-	(197,101)
Share-based payment transactions	22	-	41,114	-	41,114
Transfer between reserves		-	(309,009)	309,009	-
Total contributions by and distributions to owners		3,503,929	(267,895)	309,009	3,545,043
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		3,503,929	(267,895)	309,009	3,545,043
Balance at 30 June 2013		19,271,006	204,350	(11,310,492)	8,164,864

The notes are an integral part of these financial statements.

		Attributable to equity holders of the Company			
	Note	Share capital $	Equity-settled benefits reserve $	Accum-ulated losses $	Total $
Balance at 1 July 2011		13,706,527	353,543	(3,442,022)	10,618,048
Total comprehensive income for the year					
Loss after income tax expense for the year		-	-	(6,146,785)	(6,146,785)
Total other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(6,146,785)	(6,146,785)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares		2,200,000	-	-	2,200,000
Capital raising costs		(139,450)	-	-	(139,450)
Share-based payment transactions	22	-	118,702	-	118,702
Total contributions by and distributions to owners		2,060,550	118,702	-	2,179,252
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		2,060,550	118,702	-	2,179,252
Balance at 30 June 2012		15,767,077	472,245	(9,588,807)	6,650,515

The notes are an integral part of these financial statements.

	Note	2013 $	2012 $
Cash flows from operating activities			
Cash receipts from customers		-	25,235
Cash paid to suppliers and employees		(763,580)	(633,462)
Net cash used in operating activities	16(b)	(763,580)	(608,227)
Cash flows from investing activities			
Interest received		43,516	66,446
Acquisition of property, plant and equipment		(7,708)	(29,308)
Payments for exploration, evaluation and development		(2,250,221)	(2,002,278)
Net cash used in investing activities		(2,214,413)	(1,965,140)
Cash flows from financing activities			
Proceeds from issue of shares		3,701,030	2,200,000
Capital raising costs		(197,101)	(139,450)
Net cash from financing activities		3,503,929	2,060,550
Net increase / (decrease) in cash and cash equivalents		525,936	(512,817)
Cash and cash equivalents at 1 July		1,083,282	1,596,099
Cash and cash equivalents at 30 June	16(a)	1,609,218	1,083,282

The notes are an integral part of these financial statements.

1. REPORTING ENTITY

Lodestar Minerals Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 2, 55 Carrington Street, Nedlands, Perth, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group Entities"). The Group is primarily involved in the mineral exploration industry in Australia and is a for profit entity.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of the Directors on 3 September 2013.

(b) Basis of measurement

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

(c) Going concern

The consolidated year-end financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Additional funds will need to be sourced for the Company to continue to carry on its business. The ability of the Group to continue funding its exploration and development activities is dependent on the Group securing further working capital by additional equity or financing facilities. The timing of raising additional capital will depend on investment markets, current and future planned exploration and development activities.

Whilst there is uncertainty regarding the outcomes of funding alternatives, the Board considers that the quality of its project will enable it to raise further capital to fund its exploration and development activities. In addition, the Company has the capacity to delay or cancel a number of expenses that are discretionary in nature, including administrative costs and exploration programs that are not contractually binding.

The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to raise the funds that it requires to carry on business.

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

2. BASIS OF PREPARATION (continued)

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other factors, including expectations of future events, management believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equate to the actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Critical judgements

(i) Going concern

A key assumption underlying the preparation of the financial statements is that the entity will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgement has been required in assessing whether the entity is a going concern as set out in note 2(c).

Estimates and assumptions

(i) Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity may either sell the tenement or commence commercial production in the future, from which time the costs will be amortised in proportion with the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. The carrying amounts of exploration and evaluation assets are set out in note 13.

(ii) Recognition of tax losses

In accordance with the Group's accounting policies for deferred taxes (refer note 3(i)), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation will take place, or alternatively judgements about commodity prices, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets. The Group currently recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which they can be utilised.

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements (continued)

Estimates and assumptions (continued)

(iii) Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment (see note 3(e). If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. The carrying amount of such assets is set out in notes 12 and 13.

(iv) Share-based payment transactions

As set out in note 22, the consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(f) Changes in accounting policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(f), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES

(b) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group has the following non-derivative financial liabilities: trade and other payables.

(iii) Share capital

Ordinary Shares

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

(ii) Depreciation

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

Depreciation is recognised in profit or loss.

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

	Method	2013	2012
Plant and equipment	Straight line	20%	20%
Fixtures and fittings	Straight line	20%	20%

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

(d) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure may be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(e) Impairment of non-financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(iii) Share-based payment transactions

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

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

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the true value of money and the risks specific to the liability.

Site Restoration

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

(h) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the consolidated statement of profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets. All borrowing costs are recognised in the consolidated statement of profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Tax consolidation

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

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(m) New accounting standards and interpretations not yet adopted

A number of new accounting standards and interpretations that have recently been issued or amended but are not yet mandatory for annual periods beginning after 1 July 2012, have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new or amended accounting standards and interpretations, most relevant to the Group, are set out below.

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the Group's financial assets, and no impact on the Group's financial liabilities.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. The Group does not need to change its consolidation conclusion as there are no investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.

- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group may need to reclassify its joint arrangements, which may lead to changes in current accounting for these interests.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) New standards and interpretations not yet adopted (continued)

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 13 Fair Value Measurement

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance tha is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Group is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iv) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and long-term employee benefits to clarify the distinction between the two The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The directors do not anticipate that the amendments to AASB 119 will have a significant effect on the Group's consolidated financial statements. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables

Other receivables are short-term in nature. As a result, the fair value of these instruments is considered its carrying value.

Non-derivative financial liabilities

Trade and other payables are short term in nature. As a result, the fair value of these instruments is considered its carrying value.

Share-based payment transactions

The fair value of stock options is based on market value, if available. If market value is not available, then the fair value of stock options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

(a) Credit Risk

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2013 **$**	**2012** **$**
Other receivables	42,133	25,803
Cash and cash equivalents	1,609,218	1,083,282
	1,651,351	1,109,085

None of the Group's receivables are past due.

Cash and cash equivalents

The Group limits its exposure to credit risk by only depositing with authorised banking institutions and only with counterparties that have an acceptable credit rating.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

Trade and other receivables

As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The maximum exposure to credit risk for other receivables at the reporting date by geographic region was:

	Carrying amount	
	2013 $	2012 $
Australia	42,133	25,803

The maximum exposure to credit risk for other receivables at the reporting date by type of counterparty was:

	Carrying amount	
	2013 $	2012 $
Authorised banking institutions and government agencies	23,133	25,803
Security bonds	19,000	-
	42,133	25,803

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

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

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

	Carrying amount $	Contractual cash flows $	6 months or less $
30 June 2013			
Non-derivative financial liabilities			
Trade and other payables	116,987	116,987	116,987
30 June 2012			
Non-derivative financial liabilities			
Trade and other payables	202,060	202,060	202,060

(c) Market risk

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

(i) Foreign currency risk management

The Group is not exposed to foreign currency risk.

(ii) Interest rate risk

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

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amount	
	2013 $	2012 $
Variable rate instruments		
Financial assets	1,631,017	1,083,282

Fair value sensitivity analysis for fixed rate instruments

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

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2012

	Profit or loss	
	100 bp increase $	100 bp decrease $
30 June 2013		
Variable rate instruments	16,310	(16,310)
Cash flow sensitivity	16,310	(16,310)
30 June 2012		
Variable rate instruments	11,051	(11,051)
Cash flow sensitivity	11,051	(11,051)

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

(d) Capital risk management

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

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

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

(e) Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy.

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

The fair value of the financial assets and liabilities at balance date of the Group approximate the carrying amounts in the financial statements.

6. OPERATING SEGMENTS

Information about reportable segments

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

The Group currently operates in two operating segments being copper/gold and nickel exploration and evaluation.

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

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

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

	Copper / Gold		Nickel		Total	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Reportable segment loss before income tax	-	-	(1,323,626)	(5,431,584)	(1,323,626)	(5,431,584)
Reportable segment assets	6,668,694	5,721,705	-	37,487	6,668,694	5,759,192
Other materials items:						
Impairment loss on exploration and evaluation	-	-	(1,323,626)	(5,431,584)	(1,323,626)	(5,431,584)
Capitalised exploration and evaluation expenditure - additions	2,207,705	2,083,764	25,422	13,191	2,233,127	2,096,955
Reportable segment liabilities	(62,755)	(108,175)	-	-	(62,755)	(108,175)

6. OPERATING SEGMENTS (continued)

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

	2013 $	2012 $
Profit / (Loss) before income tax		
Total (loss) / profit for reportable segments	(1,323,626)	(5,431,584)
Unallocated amounts: other corporate expenses	(751,918)	(775,684)
Finance income	44,850	60,483
	(2,030,694)	(6,146,785)
Assets		
Total assets for reportable segments	6,668,694	5,759,192
Other assets	1,692,757	1,156,514
	8,361,451	6,915,706
Liabilities		
Total liabilities for reportable segments	(62,755)	(108,175)
Other liabilities	(133,832)	(157,016)
	(196,587)	(265,191)

	Reportable segment totals $	Adjustments $	Consolidated totals $
Other material items 2013			
Capitalised exploration and evaluation expenditure - additions	2,233,127	-	2,177,429
Impairment of exploration and evaluation	(1,323,626)	-	(1,443,675)
Other material items 2012			
Capitalised exploration and evaluation expenditure - additions	2,096,955	-	2,096,955
Impairment of exploration and evaluation	(5,431,584)	-	(5,431,584)

7. PERSONNEL EXPENSES

	Note	2013 $	2012 $
Wages and salaries (staff)		123,944	57,167
Directors and executives remuneration	25(a)	533,189	547,585
Contributions to defined contribution plans		9,595	5,145
(Decrease) / increase in liability for annual leave		(4,397)	4,397
Other associated personnel expenses		2,497	25,871
		664,828	640,165
Capitalised to exploration and evaluation		299,728	219,278
Expensed in administrative expenses	8	365,100	420,887
Personnel expenses included in Administrative Expenses		664,828	640,165

$25,506 of other associated personnel expenses reported in the prior year related to recruitment costs.

8. ADMINISTRATIVE EXPENSES

Personnel expenses	7	365,100	420,887
Advertising and publicity		26,516	41,546
Communication and information services		18,140	9,471
Office administration		102,234	58,317
Bank charges		1,152	974
Share registry and statutory fees		46,642	50,134
		559,784	581,329

9. OTHER EXPENSES

Professional fees		177,336	192,836
Depreciation and amortisation	12	11,292	6,190
Travelling expenses		4,347	20,564
		192,975	219,590

10. FINANCE INCOME

	2013 $	2012 $
Interest income on bank deposits	44,850	60,483
Net finance income recognised in consolidated statement of profit or loss	44,850	60,483

11. INCOME TAX EXPENSE

	2013 $	2012 $
Current tax benefit		
Current period	(1,013,658)	(816,326)
Deferred tax benefit		
Origination and reversal of temporary differences	1,013,658	816,326
Total income tax expense	-	-

Numerical reconciliation between tax expense and pre-tax accounting loss

	2013 $	2012 $
Loss for the period	(2,030,694)	(6,146,785)
Total income tax expense	-	-
Loss excluding income tax	(2,030,694)	(6,146,785)
Income tax using the Company's domestic tax rate of 30% (2012: 30%)	(609,208)	(1,844,036)
Non-deductible expenses	12,690	35,739
Tax losses not brought to account	596,518	1,808,297
	-	-

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits of $3,525,349 (2012: $2,782,885) attributable to tax losses have not been brought to account because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

11. INCOME TAX EXPENSE (continued)

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

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

ii) the conditions for deductibility imposed by tax legislation continue to be complied with;

iii) no changes in tax legislation adversely affect the Company in realising the benefit; and

iv) satisfaction of either the continuity of ownership or the same business test.

12. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings $	Computer equipment $	Field equipment $	Total $
Gross carrying amount				
Balance at 1 July 2011	4,521	16,019	673	21,213
Additions	6,468	16,733	6,107	29,308
Balance at 30 June 2012	10,989	32,752	6,780	50,521
Balance at 1 July 2012	10,989	32,752	6,780	50,521
Additions	6,295	722	691	7,708
Balance at 30 June 2013	17,284	33,474	7,471	58,229
Depreciation and impairment losses				
Balance at 1 July 2011	1,718	5,924	71	7,713
Depreciation for the year	1,010	4,300	880	6,190
Balance at 30 June 2012	2,728	10,224	951	13,903
Balance at 1 July 2012	2,728	10,224	951	13,903
Depreciation for the year	3,354	6,490	1,448	11,292
Balance at 30 June 2013	6,082	16,714	2,399	25,195
Carrying amounts				
Balance at 30 June 2012	8,261	22,528	5,829	36,618
Balance at 30 June 2013	11,202	16,760	5,072	33,034

13. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2013 $	2012 $
Costs carried forward in respect of areas of interest:		
Exploration and evaluation expenditure	6,668,694	5,759,192
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	5,759,192	9,093,821
Additions	2,233,128	2,096,955
Written off	(1,323,626)	(5,431,584)
	6,668,694	5,759,192

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

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

14. OTHER RECEIVABLES

	2013 $	2012 $
Bank interest income	1,333	-
Deposits	40,800	25,803
	42,133	25,803
Current	1,333	-
Non-current	40,800	25,803
	42,133	25,803

15. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Property, plant and equipment	-	-	2,611	1,558	2,611	1,558
Exploration and evaluation expenditure	-	-	1,688,901	1,270,588	1,688,901	1,270,588
Trade and other receivables	-	-	400	-	400	-
Black hole deductible costs	(86,831)	(55,741)	-	-	(86,831)	(55,741)
Trade and other payables	(7,500)	(9,000)	-	-	(7,500)	(9,000)
Employee benefits	(23,880)	(19,030)	-	-	(23,880)	(19,030)
Carry forward tax losses	(1,573,701)	(1,188,375)	-	-	(1,573,701)	(1,188,375)
Tax (assets) / liabilities	(1,691,912)	(1,272,146)	1,691,912	1,272,146	-	-
Set-off tax	1,691,912	1,272,146	(1,691,912)	(1,272,146)	-	-
Net tax (assets) / liabilities	-	-	-	-	-	-

16. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 5.

	2013 $	2012 $
Cash and cash equivalents in the statement of cash flows	1,609,218	1,083,282

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

16. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of cash flows from operating activities

	Note	2013 $	2012 $
Cash flows from operating activities			
Loss for the period		(2,030,694)	(6,146,785)
Adjustments for:			
Depreciation	12	11,292	6,190
Finance income	10	(44,850)	(60,483)
Exploration and evaluation expenditure written off	13	1,323,626	5,431,584
Equity-settled share-based payment transactions		12,789	118,702
Annual leave expense		-	27,044
		(727,837)	(623,748)
Change in operating assets and liabilities:			
Decrease in other receivables		(14,997)	(7,881)
(Decrease) / increase in trade and other payables		(39,351)	29,072
Increase / (decrease) in prepayments		2,438	(1,583)
Increase / (decrease) in employee benefits provisions		16,167	(4,087)
		(763,580)	(608,227)
Interest paid	10	-	-
Income taxes paid	11	-	-
Net cash used in operating activities		(763,580)	(608,227)

17. PREPAYMENTS

	Note	2013 $	2012 $
Insurance		344	327
Rent and outgoings		-	1,267
Other		3,099	9,217
Current deposits		4,929	-
Less than one year		8,372	10,811

18. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Current		
Trade payables	69,001	156,587
Non-trade payables and accrued expenses	47,986	45,171
	116,987	201,758

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 5.

19. EMPLOYEE BENEFITS

	2013 $	2012 $
Current		
Salary accrual	4,709	-
Liability for annual leave	74,891	63,433
	79,600	63,433

20. CAPITAL AND RESERVES

(a) Share capital

	Ordinary Shares			
	2013 Number	2012 Number	2013 $	2012 $
On issue at 1 July	**116,489,477**	**88,989,477**	**15,767,077**	**13,706,527**
23-Nov-11 Issue of 12,876,500 shares at 8 cents each	-	12,876,500	-	1,030,120
30-Nov-11 Issue of 14,623,500 shares at 8 cents each	-	14,623,500	-	1,169,880
05-Nov-12 Placement of 15,000,000 shares at 3.5 cents each	15,000,000	-	525,000	-
03-Dec-12 Placement of 25,000,000 shares at 3.5 cents each	25,000,000	-	875,000	-
12-Dec-12 Entitlement issue of 30,303,594 shares at 3.5 cents each	30,303,594	-	1,060,625	-
20-Dec-12 Entitlement issue of 20,071,428 shares at 3.5 cents each	20,071,428	-	702,500	-
18-Feb-13 Entitlement issue of 3,368,716 shares at 3.5 cents each	3,368,716	-	117,905	-
21-Feb-13 Entitlement issue of 12,000,000 shares at 3.5 cents each	12,000,000	-	420,000	-
Capital raising costs	-	-	(197,101)	(139,450)
On issue at 30 June	222,233,215	116,489,477	19,271,006	15,767,077

(b) Ordinary shares

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

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

All issued shares are fully paid.

The Company has also issued share options (see note 22).

(c) Reserves

Equity-based benefits reserve

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

21. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $2,030,694, (2012: $6,146,785) and a weighted average number of ordinary shares outstanding of 173,456,182 (2012: 105,314,984) calculated as follows:

Loss attributable to ordinary shareholders

	2013 $	2012 $
Loss for the period	(2,030,694)	(6,146,785)

Weighted average number of ordinary shares (basic)

	2013 Number	2012 Number
Issued ordinary shares at 1 July	116,489,477	88,989,477
Effect of shares issued during the period	56,966,705	16,325,507
	173,456,182	105,314,984

(b) Diluted loss per share

The calculation of diluted loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $2,030,694 (2012: $6,146,785) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 173,456,182 (2012: 105,314,984) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013 Number	2012 Number
Weighted average number of ordinary shares (basic)	173,456,182	105,314,984
Effect of share options on issue	-	-
	173,456,182	105,314,984

At 30 June 2013, 4,750,000 options (2012: 9,250,000 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

22. SHARE-BASED PAYMENT PLANS

(a) Description of the share-based payment arrangements

At 30 June 2013 the Group has the following share-based payment arrangements.

Equity-settled share option programme

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

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

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

When exercisable, each option is converted into one ordinary share within fourteen days after the receipt of a properly executed notice of exercise and application monies. The Group will issue to the option holder the number of shares specified in that notice. The Group will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options.

Options may not be transferred other than to an associate of the holder.

The fair value of services received for share options granted is based on the fair value of options granted, measured using the Black-Scholes formula.

(b) Terms and conditions of share-option programme

The terms and conditions relating to the grant of existing share options are as follows:

Tranche	Grant date	Number of instruments	Vesting conditions	Contractual life of options
1	28 November 2011	1,000,000	12 months from date of issue	5 years
2	28 November 2011	750,000	24 months from date of issue	5 years
3	28 November 2011	750,000	36 months from date of issue	5 years
4	8 May 2012	1,000,000	Vested upon granting	5 years
5	8 May 2012	750,000	24 months from date of issue	5 years
6	8 May 2012	500,000	36 months from date of issue	5 years
		4,750,000		

22. SHARE-BASED PAYMENT PLANS (continued)

(c) Disclosure of share option programme

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

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of Options 2012
Outstanding at 1 July	30.0 cents	9,250,000	33.2 cents	7,000,000
Expired during the period	40.0 cents	(4,500,000)	30.0 cents	-
Granted during the period	-	-	20.0 cents	2,250,000
Outstanding at 30 June	20.5 cents	4,750,000	30.0 cents	9,250,000
Exercisable at 30 June	16.4 cents	2,750,000	35.5 cents	5,500,000

The options outstanding at 30 June 2013 have an exercise price between 15 and 30 cents (2012: between 15 and 40 cents) and a weighted average contractual life of 3.63 years (2012: 2.46 years).

No options were granted during the year (2012: 2,250,000 options granted)

No options were exercised during the year (2012: no options exercised).

4,500,000 options expired during the year (2012: no options expired).

(d) Inputs for measurement of grant date fair values

The fair value of services received in return for share options granted was based on the fair value of share options on the date granted, measured using the Black-Scholes options pricing model. Expected volatility was estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Fair value of share options and assumptions	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Fair value at grant date	7.21 cents	6.83 cents	6.25 cents	3.18 cents	2.97 cents	2.65 cents
Share price	9.90 cents	9.90 cents	5.00 cents	5.00 cents	5.00 cents	5.00 cents
Exercise price	15 cents	20 cents	30 cents	15 cents	20 cents	30 cents
Expected volatility	104%	104%	104%	105.25%	105.25%	105.25%
Option life	5 years	5 years	5 years	5 years	5 years	5 years
Vesting period	1 year	2 years	3 years	- years	2 years	3 years
Risk free rate	4.01%	4.01%	4.01%	3.42%	3.42%	3.42%

22. SHARE-BASED PAYMENT PLANS (continued)

(e) Amount expensed to profit or loss

	Note	2013 $	2012 $
Granted in 2011		12,788	42,320

50% of the value of each tranche of options is recognised as personnel expenses over their respective vesting periods and 50% recognised as capitalised exploration expenditure.

23. COMMITMENTS

	2013 $	2012 $
Office rent		
Less than one year	83,508	90,800
Between one and five years	87,684	181,600
	171,192	272,400
Mineral exploration		
Not later than one year	607,000	966,000

24. CONTINGENCIES

The Group has no contingent assets or liabilities.

25. RELATED PARTIES

(a) Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 8) is as follows:

		2013 $	2012 $
Short term employee benefits		467,889	428,655
Post-employment benefits		39,724	34,291
Share-based payments	22	25,576	84,639
		533,189	547,585

(b) Individual directors and executives compensation

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Key management personnel and director transactions

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

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

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

		Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2013 $	2012 $	2013 $	2012 $
Key management person	*Transaction*				
David McArthur	Management fee	90,000	82,500	15,000	7,500
Total and current liabilities				15,000	7,500

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

25. RELATED PARTIES (continued)

(d) Options and rights over equity instruments

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

	Held at 1 July 2012	Granted as compensation	Exercised	* Other changes	Held at 30 June 2013	Vested during the year	Vested and exercisable at 30 June 2013
Directors							
William Clayton	2,500,000	-	-	-	2,500,000	1,000,000	1,000,000
David McArthur	1,500,000	-	-	(1,500,000)	-	-	-
Tim Clifton	-	-	-	-	-	-	-
Mark Pitt	1,500,000	-	-	(1,500,000)	-	-	-

	Held at 1 July 2011	Granted as compensation	Exercised	* Other changes	Held at 30 June 2012	Vested during the year	Vested and exercisable at 30 June 2012
Directors							
William Clayton	1,500,000	2,500,000	-	(1,500,000)	2,500,000	-	-
David McArthur	1,500,000	-	-	-	1,500,000	-	1,500,000
Tim Clifton	-	-	-	-	-	-	-
Mark Pitt	1,500,000	-	-	-	1,500,000	-	1,500,000
Rhod Grivas(1)	1,500,000	-	-	(1,500,000)	-	-	-

* Other changes represent options that were cancelled and replaced or lapsed unexercised.

(1) Rhod Grivas resigned on 1 May 2012

25. RELATED PARTIES (continued)

(e) Movements in shares

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

	* Held at 1 July 2012	Purchases	* Other changes	Received on exercise of options	Sales	Held at 30 June 2013
Directors						
William Clayton	610,000	305,000	-	-	-	915,000
David McArthur	3,625,001	2,375,000	-	-	-	6,000,001
Tim Clifton (2)	4,627,631	1,312,500	-	-	-	5,940,131
Mark Pitt	344,578	1,297,288	-	-	-	1,641,866

	Held at 1 July 2011	Purchases	* Other changes	Received on exercise of options	Sales	Held at 30 June 2012
Directors						
William Clayton	510,000	100,000	-	-	-	610,000
David McArthur	3,425,000	200,001	-	-	-	3,625,001
Tim Clifton (2)	-	-	4,627,631	-	-	4,627,631
Mark Pitt	344,577	1	-	-	-	344,578
Rhod Grivas (1)	241,021	1	(241,022)	-	-	-

* Shares held on date of appointment or on date of resignation.

(1) Rhod Grivas resigned on 1 May 2012

(2) Tim Clifton was appointed on 1 May 2012

No shares were granted to key management personnel during the reporting period as compensation in 2012 or 2013.

25. RELATED PARTIES (continued)

(f) Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 7.

26. GROUP ENTITIES

Name	Place of incorporation	Financial year end	2013 %	2012 %
Parent entity				
Lodestar Minerals Limited	Australia	30 June		
Subsidiary				
Audacious Resources Pty Ltd	Australia	30 June	100	100

27. AUDITORS' REMUNERATION

	2013 $	2012 $
KPMG Australia		
Audit and other assurance services		
Audit and review of financial reports	39,699	51,830
	39,699	51,830
Taxation services		
Taxation compliance services	11,000	13,500
	11,000	13,500
Total remuneration of KPMG Australia	50,699	65,330
Non-KPMG audit firms		
Taxation services		
Tax advice on employee share schemes	1,632	-
Total remuneration of Non-KPMG audit firms	1,632	-
Total auditors' remuneration	52,331	65,330

28. PARENT COMPANY DISCLOSURES

As at, and throughout the financial year ended 30 June 2013, the parent entity of the Group was Lodestar Minerals Limited.

	2013 $	2012 $
Result of the parent entity		
Loss for the period	(2,029,809)	(6,142,785)
Other comprehensive income	-	-
Total comprehensive income for the period	(2,029,809)	(6,145,785)
Financial position of parent entity at year end		
Current assets	1,618,923	1,094,395
Total assets	8,361,451	6,915,124
Current liabilities	196,587	265,493
Total liabilities	196,587	265,493
Total equity of the parent entity comprising of:		
Share capital	19,271,006	15,767,077
Equity-settled benefits reserve	204,350	472,245
Accumulated losses	(11,310,492)	(9,589,692)
Total equity	8,164,864	6,649,630
Commitments		
Office rent		
Less than one year	83,508	90,800
Between one and five years	87,684	181,600
	171,192	272,400
Mineral exploration		
Not later than one year	141,000	297,000

29. SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

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

(a) the consolidated financial statements and notes, and the Remuneration Report set out in section 13 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) as set out in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2013

3 The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Perth this 3rd day of September 2013.

WILLIAM CLAYTON
Director

KPMG

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

Report on the financial report

We have audited the accompanying financial report of Lodestar Minerals Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 14 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lodestar Minerals Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

3 September 2013

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

1. SHAREHOLDER INFORMATION

(a) Distribution of fully paid ordinary shares at 31 August 2013

Category			Number of Shareholders	Shares held
1	-	5,000	3,669	3,526,933
5,001	-	10,000	251	1,843,778
10,001	-	100,000	763	23,309,815
100,001	-	1,000,000	248	84,328,524
1,000,001	and	over	39	109,224,165
			4,970	222,233,215

(b) Marketable Parcel

The number of shareholders holding less than a marketable parcel of ordinary shares is 4,485.

(c) Voting rights

Ordinary shares

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

Options

There are no voting rights attached to the options.

(d) Substantial shareholders

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

Name	Ordinary shares Number of Shares
Ross Jeremy Taylor	26,767,500

(e) Unlisted 29 November 2016 Options

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

(f) Unlisted 8 May 2017 Options

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

(g) Shareholders

The twenty largest shareholders hold 40.25% of the total issued ordinary shares in the Company as at 31 August 2013.

2. TOP TWENTY SHAREHOLDERS AS AT 31 AUGUST 2013

	Name	Ordinary shares	
		Number of Shares	Percentage of issued shares
1	Ross Jeremy Taylor <Jamanaro A/C>	15,542,500	6.99
2	JP Morgan Nominees Australia Limited <Cash Income A/C>	9,985,265	4.49
3	Mr Ross Jeremy Taylor	8,862,500	3.99
4	Robert John McArthur Anderson	8,100,000	3.64
5	Calm Holdings Pty Ltd <The Clifton Super Fund>	5,940,131	2.67
6	Dasmac (WA) Pty Ltd	5,201,153	2.34
7	Mr Glenn Griffin Money	5,124,475	2.31
8	HS Superannuation Pty Ltd <HS Superannuation Fund A/C>	3,750,000	1.69
9	HSBC Custody Nominees (Australia) Limited	3,087,451	1.39
10	Piat Corp Pty Ltd	2,500,000	1.12
11	Yarramup Pty Ltd <Capulet Super Fund A/C>	2,416,250	1.09
12	NEFCO Nominees Pty Ltd	2,399,628	1.08
13	Mr Ross Jeremy Taylor and Mrs Natasha Tanya Taylor <Jamanaro Super Fund A/C>	2,362,500	1.06
14	Worldstar Investments Pty Ltd <The Grey Super Fund A/C>	2,187,500	0.98
15	S & Y Ashton Nominees Pty Ltd <Ashton Super Fund A/C>	2,150,000	0.97
16	Skycastle Pty Ltd	2,122,905	0.96
17	Quarrytech Consulting Pty Ltd <Bartlett Family A/C>	2,000,000	0.90
18	Mr Ianaki Semerdziev	1,955,000	0.88
19	Magaurite Pty Ltd <Peter Nelson Super Fund A/C>	1,915,817	0.86
20	Mr Mark Phillip Jones	1,875,000	0.84
		89,478,075	40.25

3. TENEMENTS LISTING AT 31 AUGUST 2013

Tenement Description	Tenement Numbers	Status	Percentage Interest
Peak Hill			
Robinson Range	E52/2403	Granted	100%
Marymia	E52/2440	Granted	100%
Marymia	E52/2444	Granted	100%
Yowerrena Hill	E52/2456	Granted	100%
Little Well	E52/2468	Granted	100%
Yowerrena Hill	E52/2492	Granted	100%
Yowerrena Hill	E52/2493	Granted	100%
Thaduna	E52/2505	Granted	100%
Robinson Range	E52/2512	Granted	100%
Marymia	E52/2733	Granted	100%
Yowerrena Hill	E52/2734	Granted	100%