



ASX ANNOUNCEMENT

31 July 2012

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9481 5455

Office

Level 2, 83 Havelock Street
West Perth, WA 6005

PO Box 985
Nedlands, WA, 6909

admin@lodestarminerals.com.au

www.lodestarminerals.com.au

CAPITAL STRUCTURE

Shares on Issue:
116,489,477(LSR)

Options on Issue:
9,250,000 (Unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold

Penfold:
Nickel

Kimberley:
Nickel, copper, PGM's



NEDS CREEK EXPLORATION IDENTIFIES IMPORTANT NEW STRUCTURE

- Identification of a regional structure, named the McDonald Well Fault, trending through the Ned's Creek Project area reinforces the potential for the development of major hydrothermal mineralising systems.
- The McDonald Well Fault is a major north-west trending structure that forms the eastern tectonic control of the Yerrida Basin and defines the eastern limit of deep-water sedimentation within it. It is a deep seated structure, of similar scale to the Jenkin and Goodin Faults, with the potential to provide a focus for the development of hydrothermal mineralising systems.
- The basin tectonic margin setting mapped within the Ned's Creek Project area has analogues in many major Proterozoic base metal provinces.
- Significant copper deposits, in structures parallel to and related to the McDonald Well Fault, occur in the immediate region (Thaduna).
- The current exploration focus is within and adjacent to an area of extensive copper anomalism (7 km x 1.5 km) defined from RAB drilling, associated with hydrothermal breccia zones in shales lying adjacent to and along the McDonald Well Fault. Drill target definition is in progress.
- A significant new area of interest is developing at Little Well, west of the McDonald Fault. Historic data shows a strong Cu-Zn anomaly (McDonald Well Fault parallel) in soils extending more than 2 km on Lodestar's ground and open southwards. Geochemical soil sampling is underway.



BACKGROUND

Lodestar Minerals Limited (**ASX: LSR**) is exploring for copper, gold and base metals on tenements, located 150 kilometres north east of Meekatharra, Western Australia. The Project comprises 3 areas, the Ned's Creek, Marymia and Western tenement blocks (Figure 1), that together cover an area of 2300 square kilometres along the Jenkins Thrust Belt, a corridor of extensive faulting which forms the northern tectonic margin to the Yerrida and Bryah Basins.

The Neds Creek Area is located over the north eastern margin of the Yerrida Basin in the immediate region of the Thaduna copper deposit (Ventnor Resources) and the Enigma copper prospect (Sipa Resources). The geological sequence in the Neds Creek Area is continuous with the geology hosting these copper occurrences, and Lodestar is exploring for similar sediment-hosted and structurally controlled deposits.

The Marymia Area is located on the north eastern margin of the Marymia granite-greenstone terrain (Achaean age) and cover a sequence of overlying Proterozoic sediments. The Area is prospective for lode gold and sediment-hosted lead-zinc-copper mineralisation.

The Western Area lies along the Jenkins Fault corridor adjacent to Sandfire's tenement which hosts the DeGrussa Cu-Au deposit. The Area is prospective for Proterozoic copper-gold and lode gold deposits.

Lodestar's managing director, Bill Clayton, said "Lodestar's focus is firmly directed towards exploration for base metals and gold on its key exploration assets in the Proterozoic rocks of the Yerrida and Bryah Basins, Western Australia".

"The Company holds one of the most extensive land positions in the region, covering the extensions to major structural trends that have been influential in the emplacement of significant copper and copper-gold deposits at Thaduna, Green Dragon and De Grussa".

"During the Quarter the main activities centered on the Neds Creek Project Area with some exciting developments in our understanding of the geological setting. These developments, together with the results from earlier RAB drilling programmes, have re-enforced our confidence in the exploration potential of the area".



“The most significant development is the identification, through mapping, geochemistry and geophysics, of the previously un-recognized McDonald Well Fault. This structure, which runs through the Neds Creek tenements, forms the tectonic margin to the Yerrida Basin. It was an active fault during formation of the Basin, controlling sedimentation and most importantly, providing a deep seated structure for hydrothermal and mineralizing activity. Our mapping has confirmed the presence of significant hydrothermal veining and brecciation in the region of copper anomalism, suggesting the local influence of this major structure”.

“It is our view that the McDonald Well Fault forms a structural corridor which is potentially as significant as the Jenkin Fault corridor along the northern margin of the Basin. The structural setting of Neds Creek has precedents in many of the major base metal provinces and therefore represents a key exploration opportunity for the Company”.

Geochemical sampling, mapping and data review activities during the Quarter provided further definition to the previously reported extensive RAB copper anomalies lying along the McDonald Well Fault. This work will continue, with a focus on drill target definition through detailed mapping, soil geochemistry and rock chip sampling of breccia and ironstone outcrops. We have an exciting six months ahead and it is anticipated that drill target definition, in the area of the existing anomalies, will be largely completed by the end of the next Quarter”.

“In addition, the review has led to the development of an exciting new Cu-Zn prospect at Little Well, which lies along a McDonald Well parallel structure to the west of the McDonald Well Fault, where in-fill sampling has already commenced”.

“We believe that the identification of the McDonald Well Fault as a major tectonic boundary has favourable implications for the discovery of economic mineralisation and represents a successful progression of our recent work. The age and geological influence of this structure is similar to that of the Jenkin Fault, which appears to control the location of mineralization at De Grussa. The importance of the Neds Creek copper anomalies has been elevated by the interpretation of their regional setting against the McDonald Well Fault, and they have been assigned a high priority for further work to define drill targets”.



PEAK HILL-DOOLGUNNA

Ned's Creek (E56/2440, E52/2444, E52/2456 and E52/2468)

McDonald Well

Aircore drilling, completed in March 2012 over regional soil geochemical targets, identified two significant copper anomalies within a broad zone extending over 7 kilometres by 1.5 kilometres at McDonald Well.

Mapping and analysis of geophysical and geochemical data from McDonald Well, conducted during the Quarter, established that the anomalous areas are closely associated with a major north westerly trending structural zone which has been named the McDonald Well Fault.

The McDonald Well Fault is a major regional structure which has been shown to define the eastern limit to deep-water sedimentation in the Yerrida Basin and to form the eastern tectonic basin margin (in contrast to a non-structural on-lap margin) during basin development.

It occupies a similar structural setting (basin tectonic margin) to the Jenkin Fault which forms the northern margin of the Yerrida Basin, and has a similar influence on sedimentation during development of the Basin.

Basin controlling structures such as the Jenkin and McDonald Well Faults form deep seated tectonic corridors which provide a focus and channel way for hydrothermal mineralizing activity and the development of substantial ore bodies (e.g. De Grussa Cu-Au deposit lies within the Jenkins Fault corridor).

The identification of a major structure, with associated growth faulting geological indicators, trending through the Ned's Creek Project Area reinforces the strong exploration potential within the tenements and is analogous with the geological setting observed in many major Proterozoic base metal provinces.

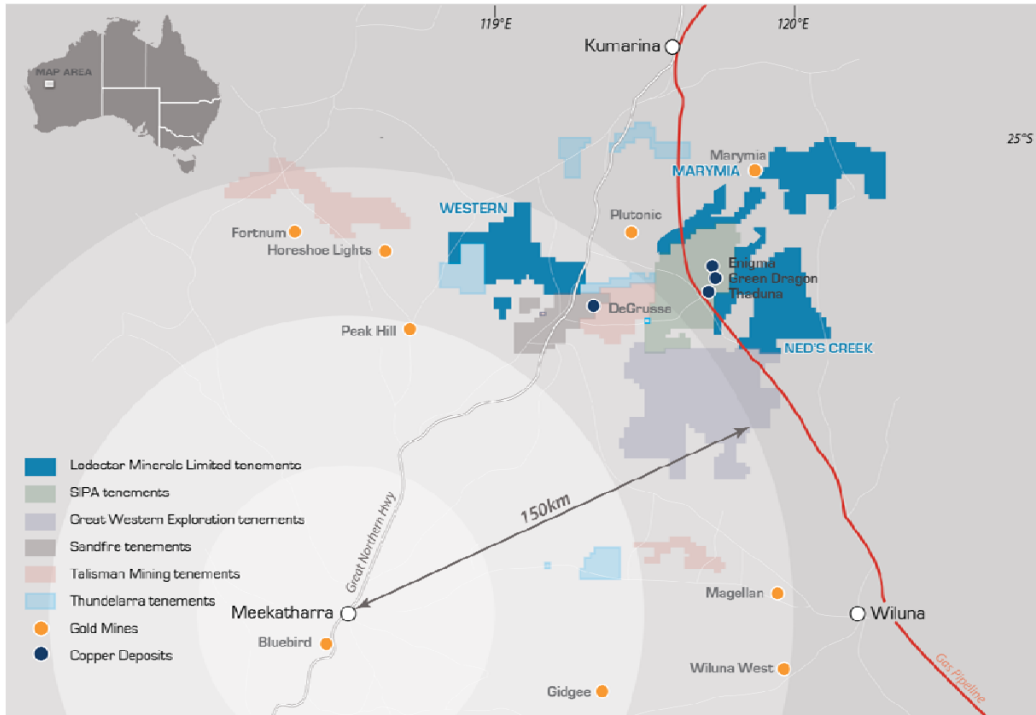


Figure 1 Location Plan – Lodestar’s Peak Hill-Doolgunna tenements

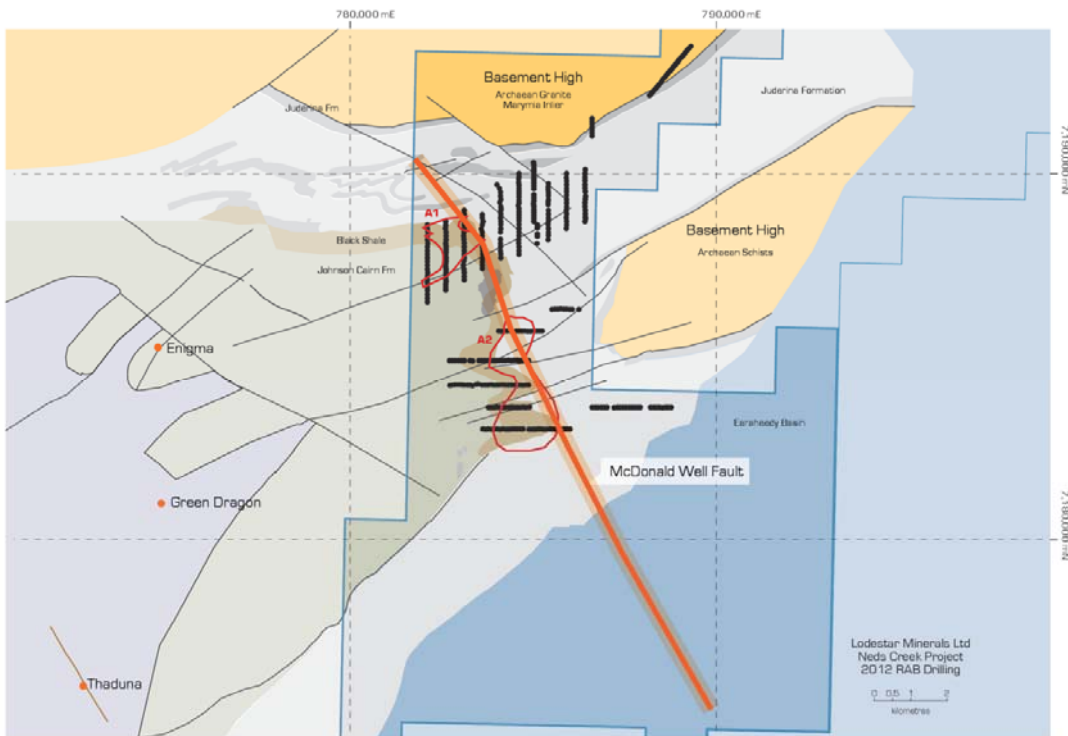


Figure 2 Neds Creek tenements showing trace of McDonald Well Fault, Lodestar drilling (black dots) and the A1 & A2 anomalies (red outlines) representing >300ppm Cu in drilling.



Significant strongly structurally controlled copper occurrences and deposits are recorded in the immediate region of the Ned's Creek project Area with the Thaduna copper deposit being the largest. Thaduna lies within a north westerly trending zone of shearing which is parallel, and possibly a related/contemporaneous structure, to the McDonald Well Fault.

Broadly spaced RAB drilling (partial coverage on 80x 800 metre centres) completed to date in the vicinity of the McDonald Well Fault has produced encouraging copper anomalous results. Extensive copper anomalism has been outlined over 7 kilometres by 1.5 kilometres and is open along strike of the McDonald Well Fault trend (Figure 2). Elevated copper results are associated with evidence of hydrothermal activity (brecciation, silicification and veining) in sulphidic black shales. The anomalism lies adjacent to outcropping zones of intense brecciation and quartz veining associated with the Fault.

In-fill geochemical lag sampling has commenced to provide better definition within existing large copper anomalies for drill targeting. This work is proceeding together with lag sampling along the trend of the structural corridor defined by the McDonald Fault. Related structures which provide zones of potential fluid flow/hydrothermal activity are also being targeted for evaluation.

Little Well

Work conducted during the Quarter has identified the Little Well area as a significant new prospect. Little Well lies 10 kilometres south west of the McDonald Well prospect and 1.8 kilometres south east of the Thaduna copper mine (location shown on Figure 3). Historic lag geochemistry in the Little Well area has revealed a strong north-west oriented (McDonald Fault parallel) Cu-Zn anomaly extending over more than 2 kilometres on Lodestar's ground and open to the south within Lodestar's tenements. The anomaly lies along a southerly trend extending from the Green Dragon copper mine 6 kilometres to the north

Infill and extension lag geochemical sampling is in progress to define the limits of the system and to provide more detailed information for drill targeting.

Marymia (E52/2492, E52/2493, E52/2544, E52/2558 & E69/2662)

The Marymia tenements include the north eastern extension of the Archaean Marymia Inlier and overlying Proterozoic sediments (Figure 3). The sediments form a basin 100 square kilometres in area intruded by dolerite sills and ring dykes and truncated by the Jenkin Fault on the south east margin.



In-fill sampling to enable better definition of base metal anomalies identified in earlier sampling data has been undertaken. A total of 373 lag samples were collected during the Quarter in the western half of E52/2492, (Transformer Prospect - Figures 3 & 4), reducing the sample spacing to 500m. Results are pending.

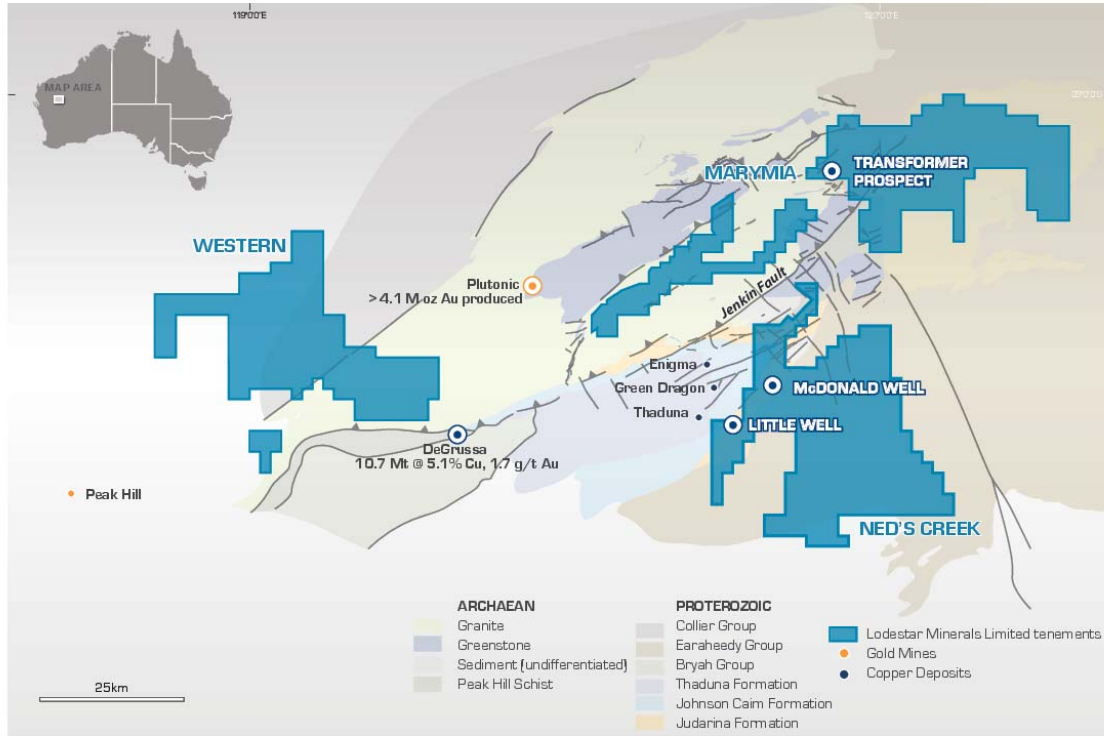


Figure 3 Regional Geology showing McDonald Well, little Well and Transformer prospects

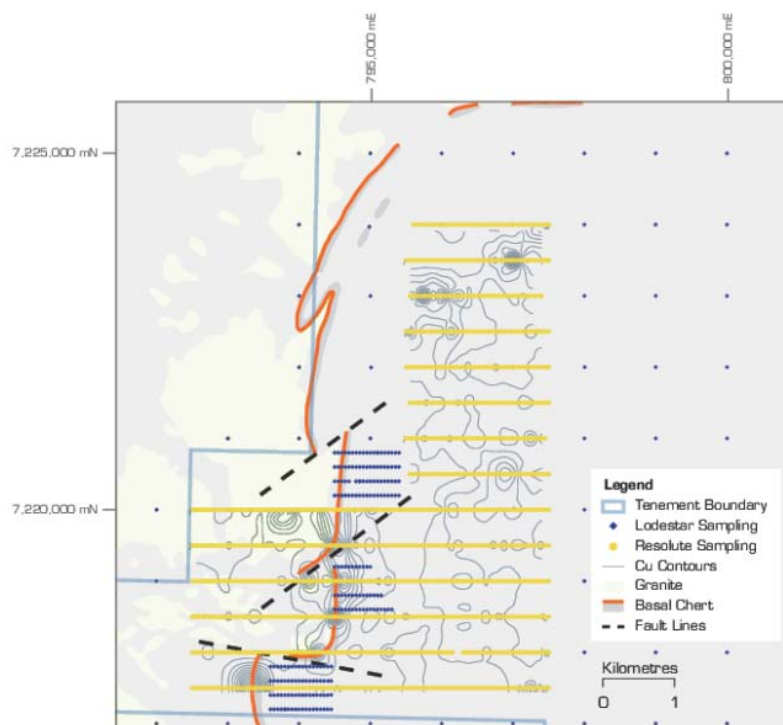


Figure 4 Historic and Lodestar lag sampling, showing concentration of copper anomalies over 2.5 kilometres, along the chert contact.

Kimberley Project

Lodestar has a farm-out agreement with Pindan Exploration Company (PEC), a wholly-owned subsidiary of Panoramic Resources Pty Ltd (ASX: PAN), over the Kimberley project tenements. The project is prospective for magmatic Ni-Cu-PGE mineralization and the tenements contain several gossans identified in historic exploration reports. PEC completed regional detailed gravity and VTEM surveys over a large area of the East Kimberley region surrounding the Savannah nickel mine. Several targets identified on Lodestar’s tenements were selected for follow-up surface electromagnetic (EM) geophysical surveys that were completed in 2011.

The first drill testing of these anomalies was completed during the May - June period and results are awaited.

Penfold Project (Nickel)

No Activity. Lodestar has offered the project for joint venture or sale.

**Contact:****Company**

Bill Clayton
Managing Director
Lodestar Minerals Ltd
Tel: +61 8 9423 3200

Media

Colin Hay
Professional Public Relations
Tel: +61 9388 0944

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Bill Clayton, Managing Director, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

About Lodestar Minerals:

Lodestar Minerals Limited is a Perth-based explorer with projects in the Kimberley, Peak Hill and Kalgoorlie regions. Lodestar acquired the Peak Hill-Doolgunna project in March 2010. The Peak Hill-Doolgunna project forms the core of Lodestar's project portfolio and represents a strategic landholding of 2300 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault system that is adjacent to the recently discovered DeGrussa Cu-Au deposit. Lodestar believes the region has potential to host a number of styles of base metal deposit and is embarking on an aggressive exploration program to assess the potential of the under-explored north Murchison base metal province.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

LODESTAR MINERALS LIMITED

ABN

32 127 026 528

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	25
1.2 Payments for		
(a) exploration and evaluation	(273)	(1,926)
(b) development	-	-
(c) production	-	-
(d) administration	(133)	(710)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	66
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(390)	(2,545)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(29)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(7)	(29)
1.13 Total operating and investing cash flows (carried forward)	(397)	(2,574)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(397)	(2,574)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(139)
	Net financing cash flows	-	2,061
	Net increase (decrease) in cash held	(397)	(513)
1.20	Cash at beginning of quarter/year to date	1,480	1,596
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,083	1,083

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	154
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 - Includes salaries paid to directors, as well as superannuation paid on behalf of directors. Also includes corporate and accounting services paid to a company associated with one of the directors. A percentage of the Managing Directors salary has been capitalised to exploration activities.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	508
4.2 Development	-
4.3 Production	-
4.4 Administration	237
Total	745

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,083	1,480
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,083	1,480

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities **	116,489,477	116,489,477	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 *Convertible debt securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	4,500,000 2,500,000 2,250,000	4,500,000 2,500,000 -	<i>Exercise price</i> 40 cents Various Various	<i>Expiry date</i> 31 August 2012 29 November 2016 8 May 2017
7.8 Issued during quarter	2,250,000	-	Various	8 May 2017
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Cancelled during quarter	N/A	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	N/A		
7.12 Unsecured notes <i>(totals only)</i>	Nil	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Director

Date: 31 July 2012

Print name: David McArthur

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==