

## June 2019 Quarterly Activities Report

### Highlights

#### *Ned's Creek Project*

- Vango Mining exercises option to earn 51% in \$5m farm-in.
  - Subsequent to the end of the June quarter, Vango Mining exercised its option to farm-in to Ned's Creek. The farm-in will accelerate drilling intended to advance key gold discoveries towards resource definition.
  - Vango can earn a 51% interest in the project by spending \$5M within three years.
  - Minimum annual spend of \$1M to advance high-grade gold discoveries at Contessa, Gidgee Flat, Central Park and Brumby.
  - Initial focus on high-grade gold drill intersections at Contessa with the objective of defining open pit and high-grade underground resources.
  - Upon Vango earning a 51% interest, Lodestar can elect to contribute to retain a 49% pro-rata interest or revert to a free-carried 20% interest.
  - Significant exploration upside within the Ned's Creek tenements to support Vango's objective of expanding the Marymia resource base through discovery.
  - EIS co-funding for first-pass drilling of the large West Pinnyriny As-Sb-Au geochemical anomaly.
    - Gold discovery opportunity 17km east southeast of Vango Mining's Marymia Project.

#### *Other Projects*

- Follow up work planned for the Camel Hills gold project to include;
  - Additional prospecting and sampling of regional gold surface anomalies, re-processing of aeromagnetic data and ground magnetic surveys to locate prospective magnetic contacts prior to drilling.
- Heritage negotiations currently underway to achieve the grant of the key Imbin copper-gold project tenements.

## **NED'S CREEK PROJECT (VAN earning 51%)**

Lodestar entered into a binding term sheet agreement with emerging gold developer Vango Mining Limited (ASX: VAN, "Vango") in May 2019 (see Lodestar's ASX announcement dated 1<sup>st</sup> May 2019). The agreement granted Vango the option to earn a 51% interest in Lodestar's Ned's Creek tenements by meeting the following commitments;

- Spending \$5 million within three years
- Option fee of \$50,000 plus \$250,000 in Vango shares for an exclusive four month option period.
- \$200,000 payable by the issue of Vango shares on exercise of the option.
- Minimum annual expenditure of \$1 million to advance the high-grade gold discoveries at Contessa, Gidgee Flat, Central Park and Brumby.
- Upon Vango earning a 51% interest, Lodestar may elect to contribute for its pro-rata 49% share or revert to a 20% free-carried interest.

Vango is the owner – operator of the Marymia Project (comprising a growing, high-grade resource of 1.59Mt at 8g/t Au for 410,000oz at Trident<sup>1</sup>, in addition to a significant historic resource) located 20km north of Lodestar's Contessa discovery (Figure 1). Vango aims to establish the Marymia Project as a high-grade gold mining and processing hub and is targeting first production in 2020<sup>2</sup>.

Subsequent to the end of the June quarter, Vango announced it had exercised the option (see Lodestar's ASX announcement dated 17<sup>th</sup> July 2019) and the parties will now enter into a Joint Venture agreement under the terms outlined in the binding term sheet. Lodestar looks forward to continuing its collaborative working relationship with Vango to realise the substantial discovery potential of the Ned's Creek Project. Vango has indicated that the initial focus will be additional drilling of the Contessa prospect with the objective of defining both open pit and high-grade underground resources.

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<sup>1</sup> See Vango's ASX announcement dated 18<sup>th</sup> April 2019.

<sup>2</sup> See Vango's ASX announcement dated 20<sup>th</sup> May 2019.

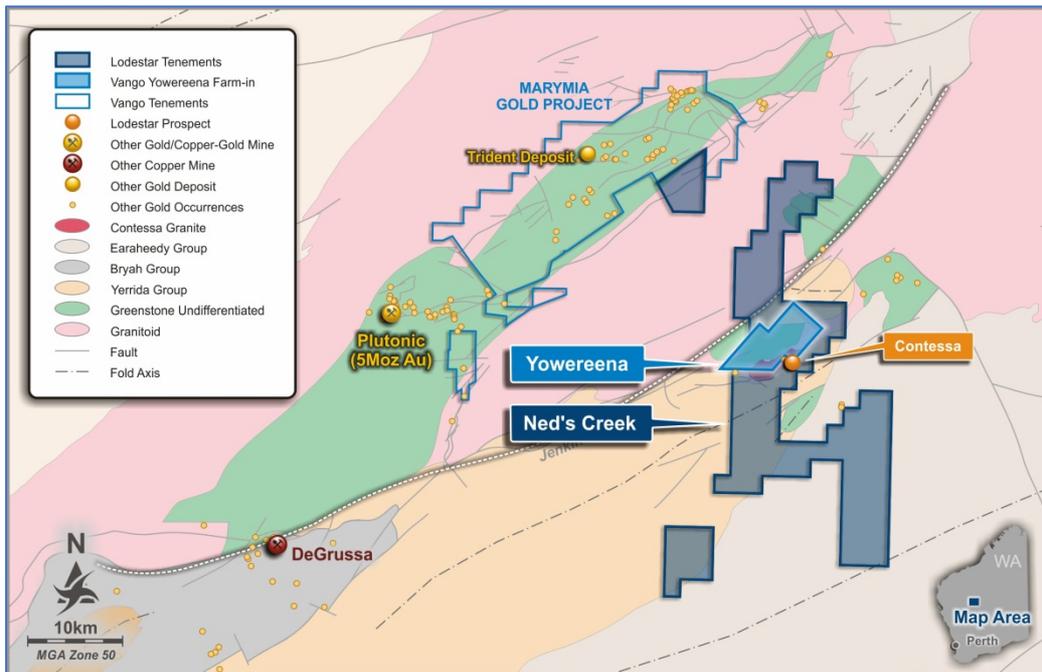


Figure 1 Plan showing the Ned's Creek project tenements in relation to Vango Mining's Marymia Gold Project.

### West Pinnyriny gold target awarded EIS co-funding

The West Pinnyriny target is a large, multi-element geochemical anomaly located on the southern margin of the Marymia Inlier (Figure 2). The anomaly occurs over a major structural discontinuity where the greenstone geometry changes abruptly from a north northwest orientation to the northeast orientation typical of the Marymia Inlier. The contact of the adjacent Marymia Inlier is overthrust from the north onto the greenstone, a structural setting analogous to the strongly mineralised northern margin of the Plutonic Well greenstone belt.

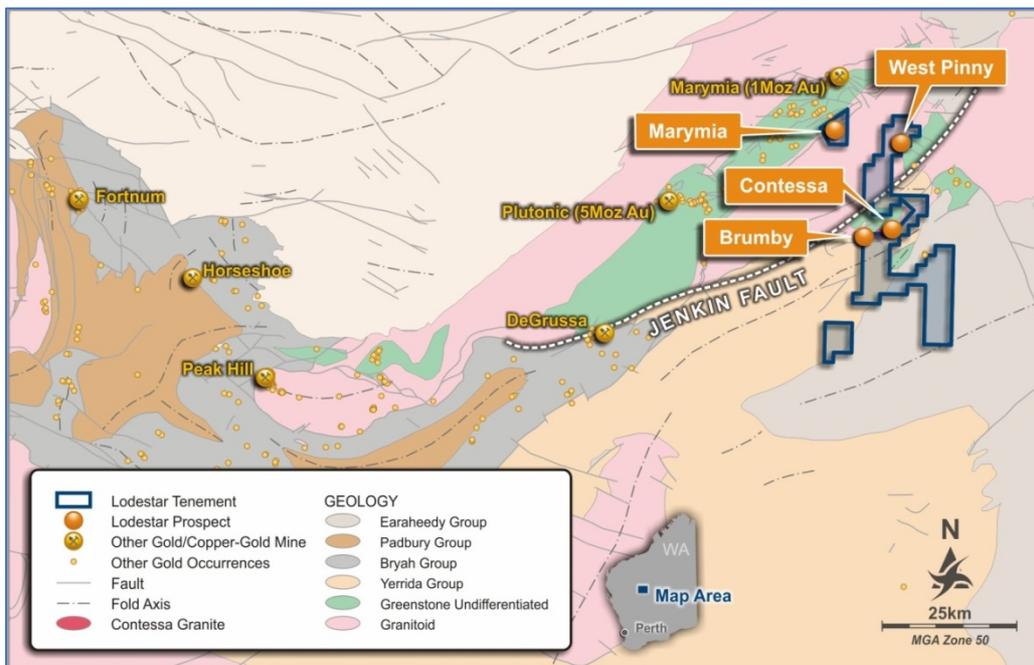


Figure 2 Location of the West Pinnyriny prospect.

An untested As-Sb-Pb-Au anomaly, defined by Lodestar’s bulk soil sampling, extends for over 1,000m in a broadly southwest-northeast orientation and terminates against a north-northeast trending structure (Figure 3). The area was first identified by Resolute Resources Limited<sup>3</sup> who reported rock chip values from outcropping chert anomalous in As, Cu, Pb and Au. Resolute targeted the outcrop with 16 RAB drill holes with five of the drill holes intersecting anomalous low-grade gold near the surface.

The location of Resolute’s drilling is shown in Figure 3; the drilling was limited in scope, only targeting a relatively small outcrop that is located outside the area of the main anomaly.

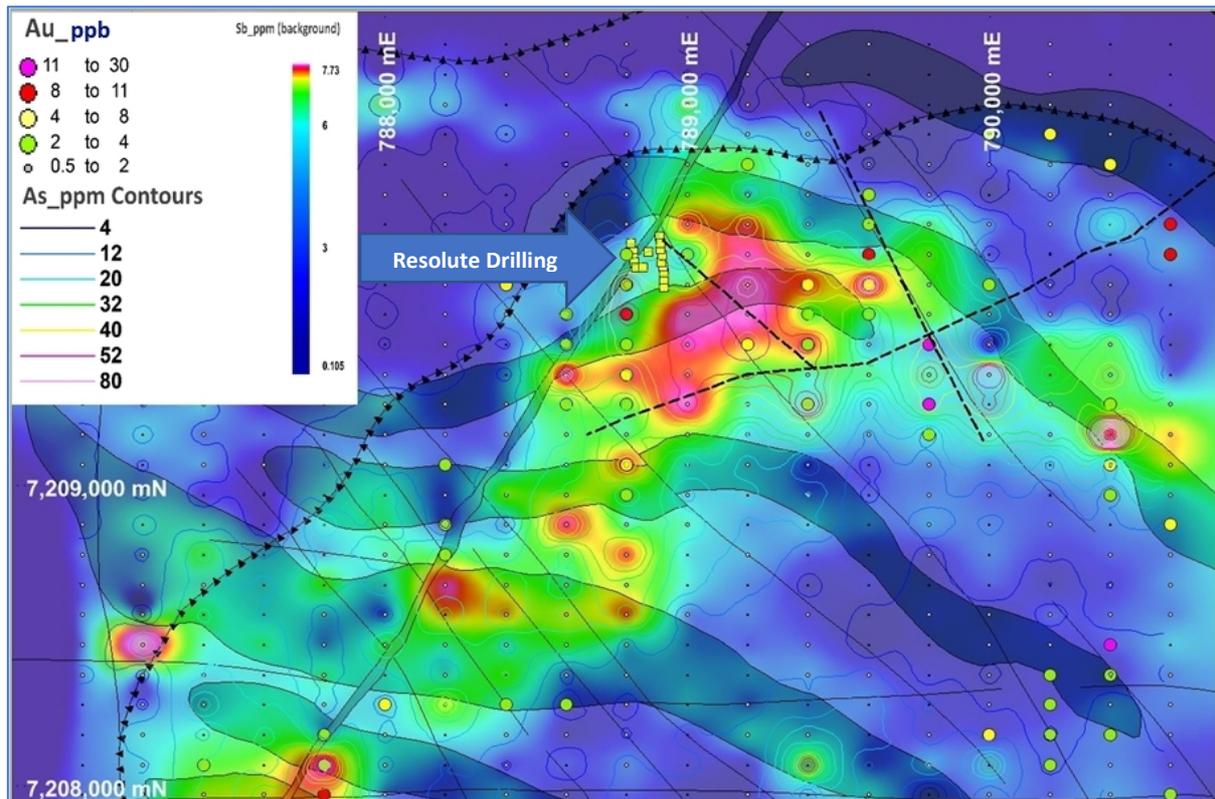


Figure 3 Soil geochemical anomaly, co-incident As-Sb with Au. NE trending structure appears to exert a strong control. Note Resolute RAB drilling (smaller yellow dots) on northwest margin of the main anomaly. Lines annotated with black triangles represent thrust contact. Interpreted mafic magnetic units in green.

Lodestar’s rock sampling from the outcrop area confirmed earlier results, returning a maximum 1.6g/t Au with 233ppm As, 15ppm Pb and 1.02ppm Sb from a quartz breccia vein (Figure 4, see Lodestar’s ASX announcements dated 28<sup>th</sup> April 2016 and 18<sup>th</sup> October 2016). The anomaly represents a well-defined target within a classic WA Archaean greenstone setting consisting of

- A large, co-incident gold and gold pathfinder element geochemical anomaly
- A structurally complex contact zone where gold is present within brittle structures
- Mafic or iron-rich units within the greenstone
- Evidence for associated alteration – silica-sericite-pyrite

First-pass drilling of this anomaly will be planned in conjunction with JV partner Vango Mining.

<sup>3</sup> See open file report WAMEX no. A32637, Department of Mines, Industry Regulation and Safety, Western Australia

Lodestar is pleased to acknowledge the awarding of up to \$65,000 under Round 19 of the EIS drilling co-funding initiative administered by the West Australian Department of Mines, Industry Regulation and Safety to complete first-pass drilling of the West Pinnyriny anomaly.



Figure 4 Foliated chert with cross-cutting mineralised breccia vein striking 330 degrees.

#### **CAMEL HILLS GOLD PROJECT (LSR 100%)**

Follow-up exploration targeting regional gold anomalies is planned for the September quarter, including;

- Follow-up prospecting and surface sampling targeting the regional anomalies
- Reprocessing of aeromagnetic data to improve structural interpretation
- Ground magnetic surveys to locate magnetic units and structural contacts prior to drilling

## Contacts

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## About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning more than 2,000km<sup>2</sup> at the edge of the Pilbara and Yilgarn Cratons. Lodestar has three main projects – Ned’s Creek, Camel Hills and Imbin.

Lodestar’s main focus is Ned’s Creek where it was first to identify the potential for syenite intrusion-related gold mineralisation within a craton margin setting and subsequently has made greenfields gold discoveries at Contessa, Central Park, Gidgee Flat and Brumby. The discoveries are associated with syenite bodies intruding a large shear zone developed along the southern margin of a 6 kilometre long, elongate composite granite intrusion. The Ned’s Creek tenements comprise 7 exploration licences and 4 mining leases having a combined area of 374.5 sq. km. Since the discovery at the Contessa prospect in 2013-2014, drilling to bedrock has tested less than 30% of the perimeter of the intrusion.

In addition to gold targets directly associated with the intrusion there are numerous historic regional gold anomalies requiring systematic exploration.

## Competent Person Statement

*The information in this report that relates to Exploration Results is based on information compiled by Bill Clayton, Managing Director, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated*

- 28<sup>th</sup> April 2016, “March 2016 Quarterly Activities Report”.
- 18<sup>th</sup> October 2016, “Multiple Gold Targets Identified at Marymia and Pinnyriny”
- 1<sup>st</sup> May 2019 “Vango Mining Enters into Option to Farm-in to Ned’s Creek”
- 17<sup>th</sup> July 2019 “Vango Mining Exercises Farm-in Option for Ned’s Creek”

*These announcements are available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*

## APPENDIX 1: Schedule of Exploration Tenements as at 30 June 2019

Tenement Description	Tenement Numbers	Status	Percentage Interest
<b>Ned's Creek</b>			<b>Subject to JV: Vango Mining to earn 51%</b>
7 Mile Well	E52/2440	Granted	100% - Audacious Resources
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources.
Little Well	E52/2468	Granted	100% - Audacious Resources
Yowereena Hill	E52/2493	Granted	100% - Audacious Resources
Yowereena Hill	E52/2734	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3473	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3476	Granted	100% - Lodestar Minerals
Yowereena Hill	M52/779	Granted	80% - Lodestar Minerals: 20% - Vango Mining
Yowereena Hill	M52/780	Granted	80% - Lodestar Minerals: 20% - Vango Mining
Yowereena Hill	M52/781	Granted	80% - Lodestar Minerals: 20% - Vango Mining
Yowereena Hill	M52/782	Granted	80% - Lodestar Minerals: 20% - Vango Mining
<b>Imbin – Troy Creek</b>			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Application	
Ingebong Hills	E69/3590	Application	
Ingebong Hills	E69/3699	Application	
<b>Camel Hill / Mt Erong</b>			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals Voluntary partial surrender of 38 blocks
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals Voluntary partial surrender of 22 blocks
Billycan Bore	E52/3064	Granted	100% - Lodestar Minerals Voluntary partial surrender of 2 blocks
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

LODESTAR MINERALS LIMITED

### ABN

32 127 026 528

### Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(79)	(1,370)
(b) development	-	-
(c) production	-	-
(d) staff costs	(81)	(314)
(e) administration and corporate costs	(93)	(308)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(253)</b>	<b>(1,985)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	50	50
(c) investments	112	112
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>162</b>	<b>161</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	703
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(1)
3.5 Proceeds from borrowings	131	151
3.6 Repayment of borrowings	(52)	(72)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>79</b>	<b>781</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	36	1,067
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(253)	(1,985)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	162	161
4.4 Net cash from / (used in) financing activities (item 3.10 above)	79	781
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>24</b>	<b>24</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	24	36
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>24</b>	<b>36</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

60

6.1 - 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.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

80

80

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Unsecured loan agreement with Director earning interest at 10% pa, repayable within six months unless extended by mutual agreement.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	49
9.2 Development	-
9.3 Production	-
9.4 Staff costs	73
9.5 Administration and corporate costs	49
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>171*</b>

\* The Company notes that the estimated cash outflow for the quarter exceeds the closing cash balance and that the Company has the ability to liquidate financial assets to ensure capability of extinguishing liabilities as and when they fall due.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Ned's Creek Tenements – Western Australia*	Gold exploration	100%	100%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

\* Per announcements to market 1 May 2019 and 17 July 2019 – Lodestar has entered into an agreement with Vango Mining Limited whereby Vango has the ability to earn 51% of the Company's Ned's Creek tenements by spending \$5m in exploration expenditure over a three-year period, with a minimum spend of \$1m per year.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
Director and Company Secretary

Date: 30 July 2019

Print name: David M 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.