

## June 2020 Quarterly Activities Report

### Highlights

#### *Ned's Creek (VAN earning 51%)*

- Site works underway in preparation for diamond drill program scheduled to commence in August.
- After a recent site visit by Vango and Lodestar geologists and a review of the structural setting of the Gidgee to Central Park corridor, the significance of the target has been upgraded. An initial program of diamond drilling, forming part of Vango's Stage 1 assessment of priority targets, will include;
  - Two holes at Contessa targeting the interpreted down-plunge position of the high-grade gold zone.
  - A third hole targeting a major east northeast trending fault intersecting the granite contact 2km southwest of Contessa. The hole will test the potential for a significant expansion of the gold system between Gidgee Flat and Central Park prospects.
- Further details of the program will be provided prior to commencement of drilling.

#### *Camel Hills (Gold – LSR 100%)*

- Geochemical sampling continued along the Big Sky contact zone and over regional gold targets.
- Low-level gold anomalies in rock samples have confirmed the presence of mineralised veins within the >1km long drainage and soil gold anomaly located 2km west of Big Sky prospect. Additional sampling is planned to refine targets prior to first-pass drilling.

**Ned's Creek (VAN earning 51%)**

Drilling funded by joint venture partner Vango Mining Limited (**ASX:VAN**) is scheduled to resume from the fourth week in August. Drilling has recently commenced on Vango Mining's Marymia Gold Project (see Vango's ASX release dated 28<sup>th</sup> July 2020) and a diamond drill rig is expected to be deployed to Ned's Creek as part of Vango's Stage 1 assessment of priority targets. Diamond coring will allow maximum structural detail to be obtained to guide future exploration.

Initial targets at Ned's Creek include the interpreted down-plunge position of high grade gold mineralisation intersected at Contessa and an exploration hole targeting the area between the Gidgee Flat and Central Park prospects, located 2 km southwest of Contessa (Figure 1).

The exploration hole is intended to test a faulted offset of the granite contact as a key focus for syenite-related intrusives and gold mineralising fluids. If confirmed, it will provide a link between Gidgee Flat and the Central Park prospect, 800m to the northeast. The hole will test the concept that the prospects, where gold mineralisation is associated with late intrusives and widespread hydrothermal alteration adjacent to the granite contact, represent the lateral extremities of a continuous, large gold system.

Further details of the program will be provided prior to the commencement of drilling.

Elsewhere on the project work is continuing to advance regional gold targets for first-pass and follow-up drilling.

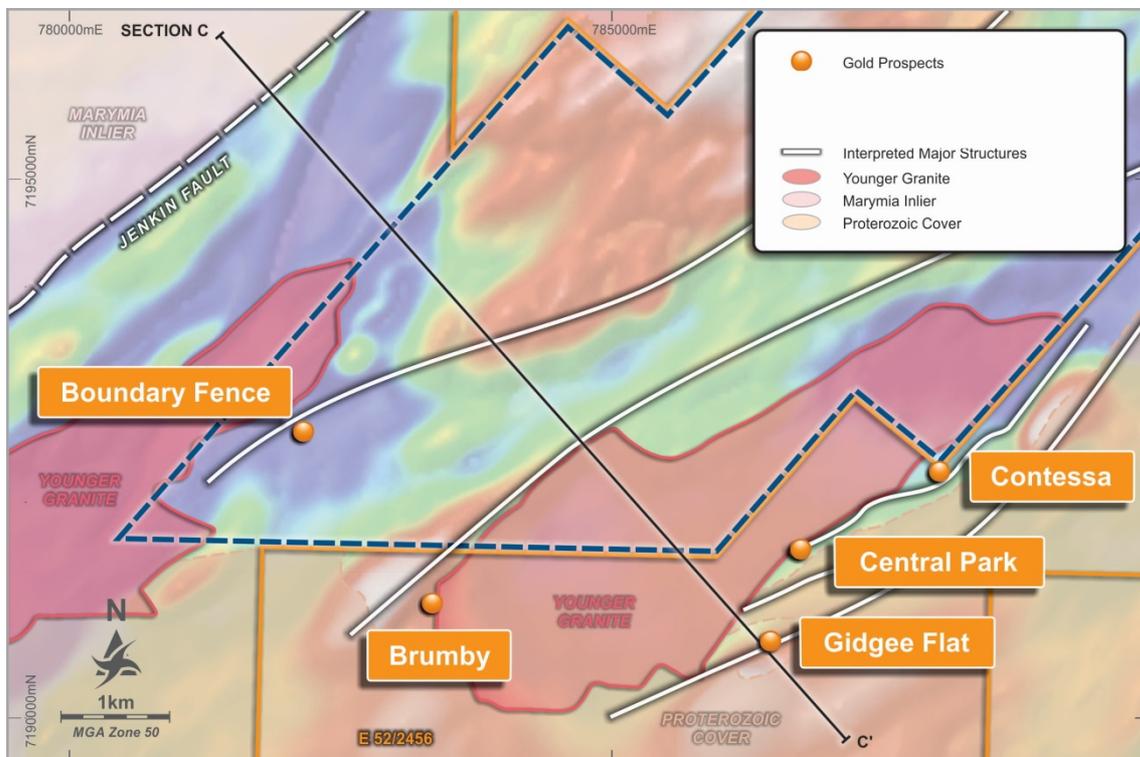


Figure 1 Ned's Creek prospect location plan.

### Camel Hills (Gold LSR 100%)

A total of 38 rock samples were collected throughout the project, commencing over the gold and multi-element soil anomaly located 2km west of the Big Sky prospect on E09/2099. This area forms a gentle slope with scattered outcrops of schist and abundant quartz scree.

Two samples of laminated quartz veining reported anomalous gold values of 0.33g/t and 0.45g/t Au. These samples are coincident with the gold in soil anomalies and the magnetic contact zone (Figure 2), a similar setting to the Big Sky prospect.

Additional sampling will be carried out now that a potential source of the gold anomaly in the drainage and soil geochemistry has been identified.

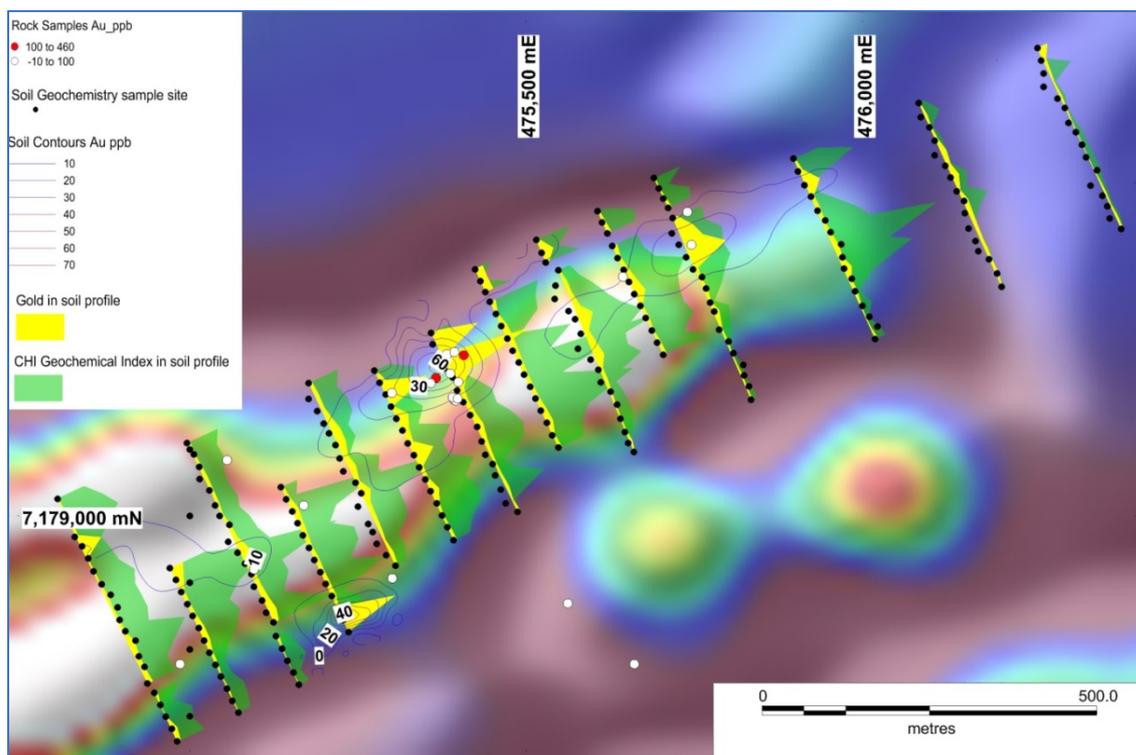


Figure 2 Camel Hills regional gold target - Rock samples >0.1g/t Au (red) adjacent to gold in soil anomaly and magnetic contact (background 1VD RTP magnetic image, MGA94).

### Corporate

As noted in the previously quarterly report, from 1 April 2020, Directors fees have temporarily been reduced by 20% in response to the industry-wide impact of the COVID-19 pandemic on exploration activity. Lodestar has always maintained low corporate overhead costs and the Board will only review fees in future when it is appropriate to do so.

Cash and liquid assets at quarter end total \$254,700 and comprised cash balance of \$12,000 and 2.43m shares in Vango Mining Limited with a valuation at quarter end of \$244,700.

### Appendix 5B Related Party Disclosures

The Company makes the following disclosures in relation to the \$49,000 noted as paid to related parties of the Company as detailed in section 6 of the accompanying Appendix 5B to this report.

Payments of salary/superannuation to Directors	\$41,600
Payments of interest on loan funds from Director	\$3,900
Payments for Company Secretarial services to entity related to Director	\$3,750

### Contacts

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### About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning 1,560km<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 the Ned’s Creek Gold Project where it has identified syenite intrusion-related gold mineralisation within a craton margin setting and has made greenfields gold discoveries at the Contessa, Central Park and Gidgee Flat prospects. Contessa is one of many partly explored gold anomalies located within a large shear zone developed along the southern margin of a 6 kilometre long, elongate composite granite intrusion. The Yowereena area north of Contessa includes the unexplored northern margin of the Contessa granite and under-explored prospective Archaean greenstone terrane within a region of major gold endowment and production.

The Ned’s Creek project is subject to a Farm-In and Joint Venture with Vango Mining Limited whereby Vango are earning a 51% interest by spending \$5M over 3 years.

### 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.*

## APPENDIX 1: Schedule of Exploration Tenements as at 30 June 2020

Tenement Description	Tenement Numbers	Status	Percentage Interest
<b>Ned's Creek</b>			<b>Subject to JV: Vango Mining earning 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>Ned's Creek</b>			<b>Not Subject to JV</b>
Pinyrinny	E52/3798	Application	
<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	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3699	Granted	100% - Lodestar Minerals
<b>Camel Hill / Mt Erong</b>			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Billycan Bore	E52/3064	Surrendered	
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lodestar Minerals Limited

ABN

32 127 026 528

Quarter ended ("current quarter")

30 June 2020

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	(49)	(120)
(b) development	-	-
(c) production	-	-
(d) staff costs	(81)	(287)
(e) administration and corporate costs	(33)	(266)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	27	27
1.8 Other (provide details if material)	-	(1)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(140)</b>	<b>(657)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	2	2
	(d) investments	144	447
	(e) 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</b>	<b>Net cash from / (used in) investing activities</b>	<b>146</b>	<b>449</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	200
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	10	197
3.6	Repayment of borrowings	(27)	(186)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(7)	(15)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(24)</b>	<b>196</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	30	24
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(140)	(657)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	146	449

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	196
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>12</b>	<b>12</b>

<b>5.</b>	<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	12	30
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12</b>	<b>30</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	49
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	150	110
7.2 Credit standby arrangements	-	-
7.3 Other (provide details if material)	-	-
7.4 <b>Total financing facilities</b>	150	110
7.5 <b>Unused financing facilities available at quarter end</b>		40
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>Two unsecured loan facilities from David McArthur, earning interest at 10% pa, repayable within six months unless extended by mutual agreement.</p> <ul style="list-style-type: none"> <li>- Facility dated 31 January 2020 for \$100,000.</li> <li>- Facility dated 27 February 2020 for \$50,000.</li> </ul>	

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(140)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(140)
8.4 Cash and cash equivalents at quarter end (item 4.6)	12
8.5 Unused finance facilities available at quarter end (item 7.5)	40
8.6 Total available funding (item 8.4 + item 8.5)	52
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.37
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Yes
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Yes. The timing of raising additional capital depends on investment markets and scale of planned exploration activities, which are currently uncertain due to the COVID-19 (coronavirus) outbreak. If necessary, the Group will delay discretionary expenditure including administration costs and exploration programs that are not contractually committed.

The Company also holds 2.43m Vango shares with a value at quarter end of approximately \$245,000 available to liquidate, and additionally has access to related party loans, if necessary.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Group's JV partner, Vango Mining Limited ("Vango") is covering all minimum exploration expenditure commitments on Ned's Creek. Under the terms of the earn-in agreement, there is a requirement for Vango to spend \$5m at Ned's Creek over a period of three years, therefore removing the requirement for the Company to presently fund the continuation of these operations.

As disclosed in note 2 above, the Company has access to related party loans and may sell part, or all, of its investment in Vango.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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.

Date: 31 July 2020

Authorised by: Bill Clayton – Managing Director  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.