

June 2021 Quarterly Activities Report

HIGHLIGHTS

NEPEAN NICKEL PROJECT (20:80 LSR:AOU)

- Extensive high MgO, fertile ultramafic sequence confirmed by 2260m combined regional aircore and RC drilling program¹ with intersections of visible sulphide mineralisation coincident with elevated nickel.
- High power moving loop EM survey commenced over Nepean ultramafic sequence.
- Three hole, 730m diamond drilling² program targeting;
 - discrete EM conductor south of historic Nepean mine (assays pending)
 - near-mine high-grade, nickel in RC drilling to advance metallurgical test work and
 - Nickel hit in regional shallow aircore drilling (assays pending)

JV COMMITS TO 3000m NEPEAN DEEPS EXPLORATION DRILLING

- Planning commenced for a 3,000m diamond drill program targeting extensions to high-grade nickel mineralisation below the historic Nepean mine workings³. Potential for significant discovery below flat-lying pegmatite.

EARAHEEDY-IMBIN BASE METALS (LSR-100%)

- Land Access Agreement signed with the Birriliburu traditional owners⁴
- NRG Excite© heli-EM survey (subject to weather-related delay) completed subsequent to end of June quarter. Multiple conductors identified.
- Regional soil geochemistry program commenced subsequent to end of June quarter.
- Imbin tenements to be granted on signing of State Deeds.

JUBILEE WELL GOLD (LSR-100%)

- POW approval received for initial RC drill program targeting historic gold anomalies in drilling, 2km north of AngloGold's Golden Delicious mine under development.
- Negotiations underway to secure a land access agreement with traditional owners.

BULONG GOLD (LSR-100%)

- POW approval received for up to 5,000m aircore drilling program.
- Negotiations underway to secure land access agreement with traditional owners.

PROJECT ACQUISITION (GOLD/NICKEL)

- Lodestar builds presence in the Coolgardie greenstone belt with the acquisition of application E15/1813⁵. The tenement includes ~5km strike of underexplored greenstone with potential for gold, nickel and LCT pegmatites.

¹ See Auroch Mineral's (ASX:AOU) ASX announcement dated 28th April 2021.

² See Auroch Mineral's ASX announcement dated 25th May 2021.

³ See Auroch Mineral's ASX announcement dated 23rd June 2021.

⁴ See Lodestar's ASX announcement dated 17th May 2021.

NEED'S CREEK JV (GOLD, Vango earning 51%)

- Confirm YR3 drilling program on receipt of recently completed aeromagnetic and gravity compilation.

NEPEAN NICKEL PROJECT JV (LSR-20%)

Auroch Minerals (ASX:AOU), operators of the Nepean Nickel Project (see Figure 1), commenced regional exploration to locate targets within the more than 10km of highly prospective ultramafics along strike from the historic high grade Nepean nickel mine. The Nepean ultramafic sequence has received minimal systematic exploration since the operation closed in 1987, leaving a major opportunity for additional discoveries using the latest high-powered EM geophysics and targeted drilling.

The work program comprised aircore and RC drilling, regional moving loop EM surveying and follow up diamond drilling of selected targets.

Regional aircore and RC drilling targeted several magnetic anomalies typically associated with thickened zones of high MgO, serpentinised ultramafic (a common host for disseminated nickel sulphides and basal accumulations of massive nickel sulphides). A total of 1110m of aircore drilling (31 holes) and 1150m of RC drilling (7 holes) were completed with disseminated sulphide mineralisation reported from several holes.

The drilling successfully confirmed the continuation of fertile, high MgO ultramafics along strike from the Nepean mine and identified preliminary targets for follow up exploration. These targets, defined by zones of sulphide mineralisation in high MgO ultramafic coincident with significant nickel assays, include;

- 4m at 0.49% Ni from 25m (NPRC057)
- 7m at 0.33% Ni from 86m (NPRC048) and
- 39m at 0.44% Ni from 19m (NPRC040)
- 1m at 0.60% Ni from 67m (EOH sample, NPAC004)

A high-powered moving loop EM (MLEM) survey commenced over the Nepean ultramafic belt. The EM method is designed to identify electrical conductors representing potential massive sulphide bodies at depth and discrete conductors were identified as priority targets for diamond drilling.

A three hole (730m) diamond drilling program tested targets related to the MLEM survey, near-mine, shallow high grade nickel reported in earlier RC drilling⁵ and a regional nickel anomaly in shallow drilling (NPAC004).

The first diamond drill hole targeted a strong (4,000-8,000S) MLEM conductor located approximately 1km south of the Nepean mine. The drill hole intersected a thick sequence of ultramafic rocks from 92m to 253m down hole and continued to a depth of 398m. Cumulate ultramafic overlies the basal contact at 253m, marked by 2m wide sedimentary unit containing around 10% sulphides. Down hole EM logging has confirmed that the sedimentary unit is consistent with the modelled position of the MLEM conductor.

The second diamond hole tested below NPAC004 (1m at 0.6% Ni from 67m). The ultramafic – basalt contact was intersected at 180m and the hole continued to 255m. The hole was cased for DHEM survey.

The third diamond hole targeted a zone of shallow, high-grade nickel mineralisation reported in recent RC drilling in proximity to the historic mine workings. Designed as a metallurgical test hole, NPDD007 intersected a 10m zone of sulphide mineralisation from 66m, with a 3.4m interval of “triangular textured ore” typical of the Nepean ore zone, intersected from 72.4m down hole.

⁵ See Lodestar’s ASX announcement dated 9th April 2021.

⁶ See Auroch’s ASX announcement dated 31st March 2021.

NPDD007 confirmed a zone of shallow, high grade nickel from an interval of “triangular textured ore” that assayed **4.64m at 2.99% Ni and 0.13% Cu from 71.58m⁷**. Auroch’s shallow drilling adjacent to the Nepean mine workings will assess the potential for an open pit development in parallel with the ongoing regional exploration program.

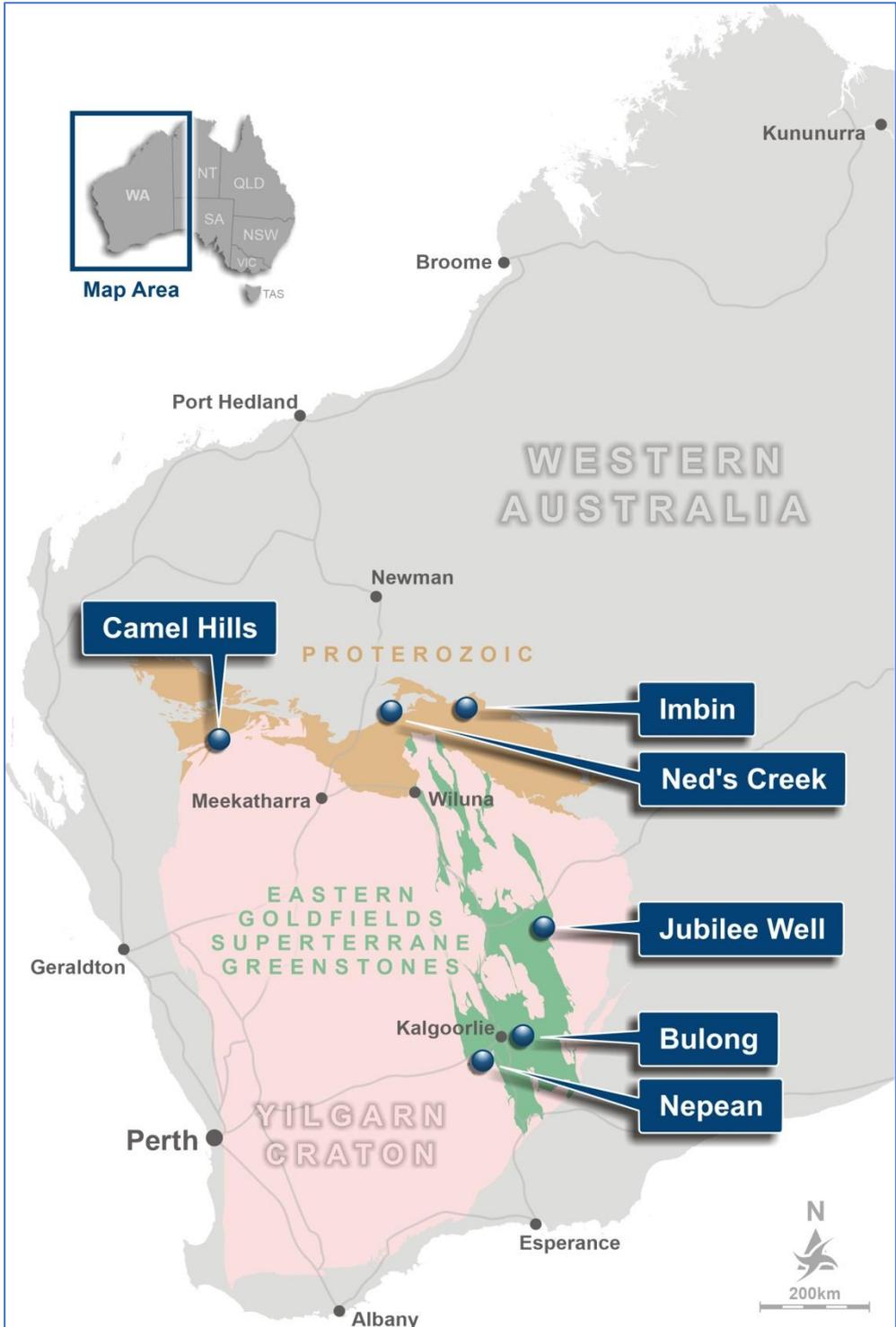


Figure 1 Location Plan - Lodestar Projects

⁷ See Auroch’s ASX announcement dated 29th July 2021.

EARAHEEDY-IMBIN BASE METAL PROJECT (LSR-100%)

The Imbin project is located in the emerging Earaheedy metallogenic province, 70km north east of Rumble Resource’s major Zn-Pb discovery (see Figure 2).

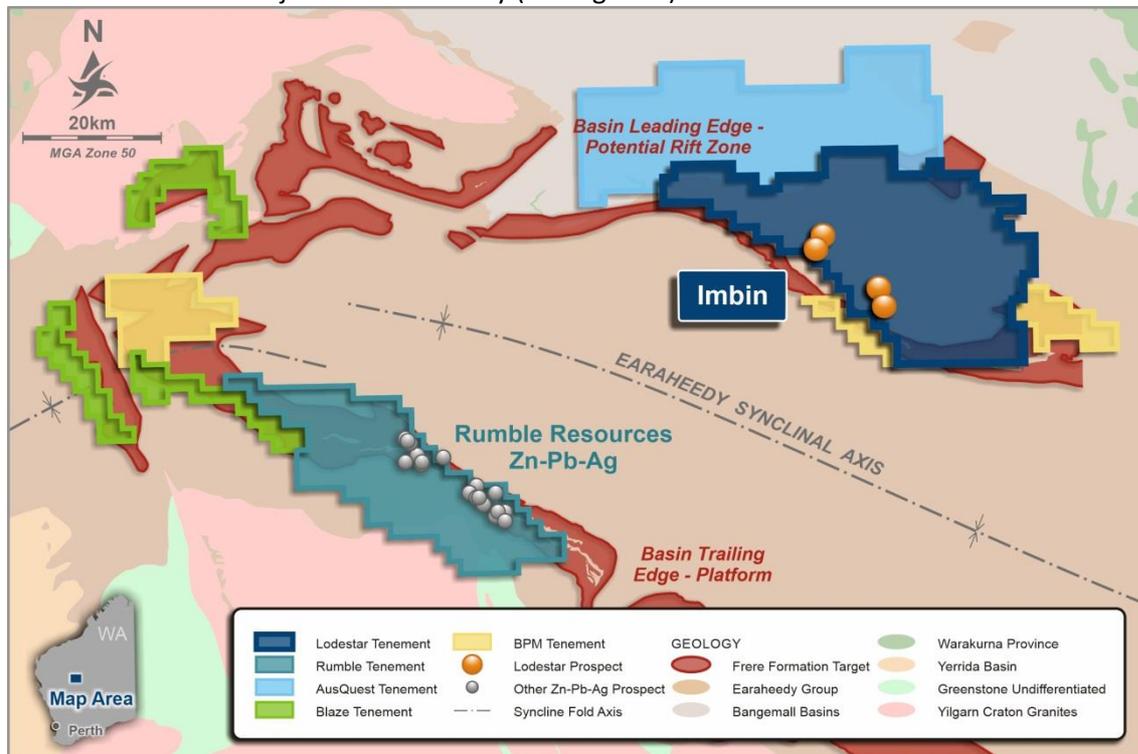


Figure 2 Location Plan - Imbin Project on northern margin of the Yilgarn Craton.

A land access and mineral exploration agreement was signed with the Birriburu traditional owners of the Imbin region. The two tenement applications remaining will be granted on signing of a State Deed agreement and the process is in place to achieve this in the shortest possible timeframe.

The planned NRG Excite© heli-EM survey (see Lodestar’s ASX announcement dated 8th July 2021) was delayed by weather conditions prevailing in southern Western Australia, however the survey has now been completed and preliminary results received.

The EM survey is intended to locate conductors representing potential massive-matrix sulphide bodies at depth.

Preliminary results from the heli-EM indicate numerous conductors. Several discrete conductors show a spatial relationship to mapped, geochemically anomalous gossanous outcrops and mafic rocks intersected in drilling and these are likely to represent walk up drill targets. Further details will be provided once a review of the data has been completed.

Surface sampling over a 10km expanse of the Frere unconformity commenced subsequent to the end of the June quarter, the program has been interrupted by an equipment breakdown however it will resume as soon as possible.

EASTERN GOLDFIELDS (BULONG-JUBILEE WELL, LSR-100%)

Statutory approvals for planned aircore and RC drilling programs of work (POW’s) have been received for both the Bulong and Jubilee Well projects. Land access negotiations are underway with the traditional owners on both project areas and Lodestar is seeking timely resolution of the negotiations to allow ground disturbing activity to commence.

Public domain airborne magnetic data has been re-processed and re-imaged to assist the geological

interpretation over the Jubilee Well area.

PROJECT ACQUISITION - COOLGARDIE E15/1813

Lodestar announced the acquisition of tenement application E15/1813, located 20km north of the Nepean Nickel Project JV with Auroch Minerals⁸. The tenement covers an area of 82sq km and includes 5km of the Coolgardie greenstone consisting of basalt, ultramafic and mafic intrusives adjacent to the Calooli Monzogranite.

There is little record of any historic exploration over the greenstone or monzogranite contact and the tenement has potential for gold, nickel and LCT pegmatites. First-pass regional geochemical sampling is planned on grant of the tenement.

NED’S CREEK JV (Vango earning 51%)

Vango has compiled regional aeromagnetic and gravity data over selected areas of the JV tenements, this data is being reviewed by Vango’s consultants prior to finalising the YR3 drilling program.

PLANNED ACTIVITIES

- **Nepean**
 - *“Nepean Deeps” diamond drilling and DHEM program targeting areas below the historic mine workings. On-going regional RC drilling programs.*
- **Imbin**
 - *Drill target definition – Review heli-EM results.*
 - *Finalise access, commence and continue ground operations including surface geochemistry, mapping and drilling.*
- **Jubilee Well**
 - *Secure land access agreement to drill target on Golden Delicious trend.*
- **Bulong**
 - *Secure land access agreement to carry out reconnaissance drilling of structural targets.*
- **Camel Hills**
 - *Commence surface geochemistry over 6km long Big Sky trend.*
- **Ned’s Creek JV**
 - *Confirm YR3 drilling program, expected to commence September Qtr.*

Contacts

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About Lodestar

Lodestar Minerals is an active Western Australian gold and base metal explorer with a prospective tenement package spanning 1,560km² at the edge of the Pilbara and Yilgarn Cratons. With recent acquisitions Lodestar’s projects comprise the Nepean Nickel Project JV, Ned’s Creek JV, Camel Hills, Imbin, Jubilee Well and Bulong.

⁸ See Lodestar’s ASX announcement dated 21st June 2021.

Lodestar's primary focus to 2019 was the Ned's Creek Gold Project where it identified syenite intrusion-related gold mineralisation within a craton margin setting and made greenfields gold discoveries at the Contessa, Central Park and Gidgee Flat prospects. 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 expenditure of \$5M over 3 years.

The Imbin project represents a significant land holding in the emerging Earraheedy province, site of Rumble Resource's recent major Zn-Pb discoveries. The Imbin project is located on the northern margin of the prospective basin and is the site of significant historic copper intersections in drilling and up to 20km of strike of the mineralised Yelma-Frere unconformity.

Bulong and Jubilee Well are recent acquisitions with strong evidence of mineralisation in highly endowed gold districts; first-pass drill programs are planned.

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 these announcements that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated

- *9th April 2021 "Jubilee Well Acquisition – Along Strike from Sunrise Dam".*
- *17th May 2021 "Imbin Project Land Access Agreement Signed".*
- *21st June 2021 "Lodestar Adds to Coolgardie Nickel-Gold Position"*
- *8th July 2021 "Landmark Airborne EM Survey Commences at Imbin Project".*

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 2021

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			Subject to JV: Vango Mining earning 51%
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
Ned's Creek			Not Subject to JV
Pinyrinny	E52/3798	Application	
Imbin – Troy Creek			
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
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals (40% compulsory surrender)
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals (40% compulsory surrender)
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals

Tenement Description	Tenement Numbers	Status	Percentage Interest
Nepean	M15/709	Granted	Nepean JV: Auroch-Lodestar (80:20)
	M15/1809	Granted	Nepean JV: Auroch-Lodestar (80:20)
	M15/1887	Application	
	M15/1890	Application	
	P15/5625	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5629	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5738	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5740	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5741	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5742	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5743	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5749	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5750	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5963	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5965	Granted	Nepean JV: Auroch-Lodestar (80:20)
Jubilee Well	E38/3054	Granted	100%
Bulong	P25/2593	Granted	100%
	P25/2594	Granted	100%
	P25/2595	Granted	100%
	P25/2596	Granted	100%
	P25/2626	Granted	100%
	P25/2627	Granted	100%
	P25/2628	Granted	100%
	P25/2629	Granted	100%
Coolgardie	E15/1813	Application	

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(28)	(174)
(b) development	-	-
(c) production	-	-
(d) staff costs	(75)	(253)
(e) administration and corporate costs	(39)	(285)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	36
1.8 Other (Farm-out funds received)	-	50
1.9 Net cash from / (used in) operating activities	(142)	(637)
2. Cash flows from investing activities		
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	-	-
	(d) investments	-	211
	(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) *	-	(367)
2.6	Net cash from / (used in) investing activities	-	(156)

* Loan funds advanced to GoldFellas Pty Ltd for operations commenced prior to consolidation upon acquisition.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,959
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	(1)	(106)
3.5	Proceeds from borrowings	-	38
3.6	Repayment of borrowings	-	(164)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(4)	(16)
3.10	Net cash from / (used in) financing activities	(5)	1,711

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,077	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(142)	(637)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(156)

Appendix 5B

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
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	1,711
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	930	930

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	1,077
5.2	Call deposits	-
5.3	Bank overdrafts	-
5.4	Other (provide details)	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	930

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1
6.2	Aggregate amount of payments to related parties and their associates included in item 2

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.

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

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (provide details if material)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(142)
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)	(142)
8.4 Cash and cash equivalents at quarter end (item 4.6)	930
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	930
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6.55
<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?	
N/A	
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?	
N/A	
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?	
N/A	
<i>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.</i>	

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: 30 July 2021

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 – e.g. 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.