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29 April 2011

ASX LIMITED

Electronic Lodgement

Dear Sir / Madam

The following summarises the results of activity for the quarter ended 31 March 2011:

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2011**

HIGHLIGHTS

- Phase I RC drilling completed at McDonald Well, wide intervals anomalous in ore-associated elements (Cu-Zn-Ag ± Au) intersected in three of the VTEM targets. Phase II drilling to commence on completion of heritage surveys.
- A VTEM survey completed over the Marymia tenements identifies late-time (bedrock) conductors adjacent to secondary faults, upstream from a float sample reporting anomalous Ag-Pb (see December 2010 quarterly report). First-pass soil sampling is now completed over the anomalies and results are awaited. Drill targets defined by the VTEM anomalies will be tested once statutory approvals are received.
- Regional lag geochemical sampling completed over 70% of the planned survey area (440 square kilometres) at Ned's Creek and Marymia for gold and base metals. 650 samples submitted for analysis and results are awaited.
- Initial drill targets identified on the Western Tenements.
- Cash – At March 31st 2011 Lodestar had cash reserves of \$2,192,000.

PEAK HILL-DOOLGUNNA

During the quarter the Company completed the first phase of RC drilling and carried out a reconnaissance gravity survey in the McDonald Well area; the regional lag geochemical sampling commenced, covering an area of 440 square kilometres and a VTEM (versatile time domain electromagnetic) survey was completed over the Marymia tenements covering the north eastern extension of the Jenkin Fault zone (Figure 1). The Company is now well advanced in the process of acquiring good quality geochemical and geophysical data needed for exploration targeting at the prospect scale.

- Five RC drill holes were completed at McDonald Well for 1030m. The drilling tested five conductors identified from the VTEM survey flown in 2010 over Lodestar's tenements adjacent to the Thaduna copper deposits. Three targets associated with black shale of the Johnson Cairn Formation were intersected by holes LNRC001, LNRC002, LNRC004 & LNRC005 and returned broad, anomalous zones of ore-associated elements Cu-Zn-Ag and Bi, Sb and As (see Lodestar's ASX releases dated 22nd and 25th February 2011). The black shale extends over 15 kilometres of strike within E52/2456 and these early results are considered encouraging for base metal exploration within a potential stratigraphic host for sediment-hosted Cu mineralisation. The planned second phase of drilling will test both EM (electromagnetic) and geochemical targets generated from the recently completed lag sampling.
- Geochemical lag sampling commenced over the McDonald Well tenement (E52/2456) and western Marymia tenements (E52/2493 & E52/2492). The program is the most comprehensive surface geochemical survey to be completed in the Ned's Creek and Marymia areas and will provide an excellent foundation for exploration targeting of gold and base metals. At the end of the March quarter first-pass sampling had been completed over E52/2456 (400m x 400m grid) and E52/2493 (1km x 1km grid) and 650 samples submitted for analysis.
- A VTEM survey was completed over the north eastern extension of the Jenkin Fault and adjacent sedimentary and granite-greenstone terrane. This area has received no previous exploration for base metals and includes deformed Proterozoic sediments intruded by a mafic sill complex, within a basin approximately 20 kilometres long. The geological setting is consistent with intra-cratonic rifting and high heat flow driving fluid circulation; faults act as important conduits for transporting mineralising fluids from deeper levels to the seafloor or chemically reactive layers within the basin. Exploration targets include SEDEX and structural/replacement style base metal mineralisation.

The VTEM survey covered an area of 270 square kilometres (1432 line kilometres flown on 200m flight lines oriented west-east). The primary targets identified from the preliminary VTEM data are two late-time anomalies located on the south western margin of the basin (Figure 2). The late time anomalies lie beneath shallow overburden and are related to deeper conductors below the base of weathering, near the base of the sedimentary sequence. They appear to be constrained by east to north east striking faults developed as splays off a nearby regional north east striking fault.

There is no historic geochemical data for this area, however the anomalies are located upstream from a stream float sample anomalous in Ag-Pb (see Lodestar's December 2010 quarterly report). The float sample is thought to have originated from faults intersecting the sedimentary sequence and provides strong evidence for the existence of mineralising fluids in adjacent structures (SEDEX deposits typically have a Zn-Pb-Ag association).

Modelling of the VTEM anomalies indicates shallow east-dipping conductors consistent with geological dips of 10° - 30° to the east. An initial program of four RC holes has been planned to test the northern, southern and secondary anomalies (Targets A, B & C, Figure 2), drilling will commence once the necessary statutory approvals have been received. The interpretation of the preliminary VTEM data is continuing, with a number of mid- to early - time anomalies identified.

Soil sampling has been completed over the area of the late-time VTEM anomalies; 200 samples were collected on a 200m x 50m grid as a first-pass program. Analytical results are expected in coming weeks.

- **Western Tenements**

A program of regional RAB/aircore drilling is planned to evaluate targets on the Western Tenements, these include;

- A multi-element (As-Cu-Zn-Co-Fe) anomaly in the GSWA regional geochemical data. The anomaly has not been tested by previous exploration and lies adjacent to the faulted contact between the Bangemall Group sediments and Marymia Inlier and extends over 8 kilometres along the fault, a major north-dipping thrust zone separating younger Bangemall sediments from the underlying and older Marymia granite-greenstone, Figure 3.
- Additional drill testing of the historic Chieftain and Leopard prospects is planned (Figure 4). The prospects are associated with interpreted mafic units (magnetic layering), north-west trending structures and multi-element geochemical anomalies. In addition, the composition of the underlying bedrock has not been satisfactorily resolved and within E52/2403 the potential for thrust-faulted repetition of Palaeo-Proterozoic volcanic rocks (that are associated with VMS-style mineralisation in the Narracoota Volcanics of the adjacent Bryah Basin), will be conclusively tested.

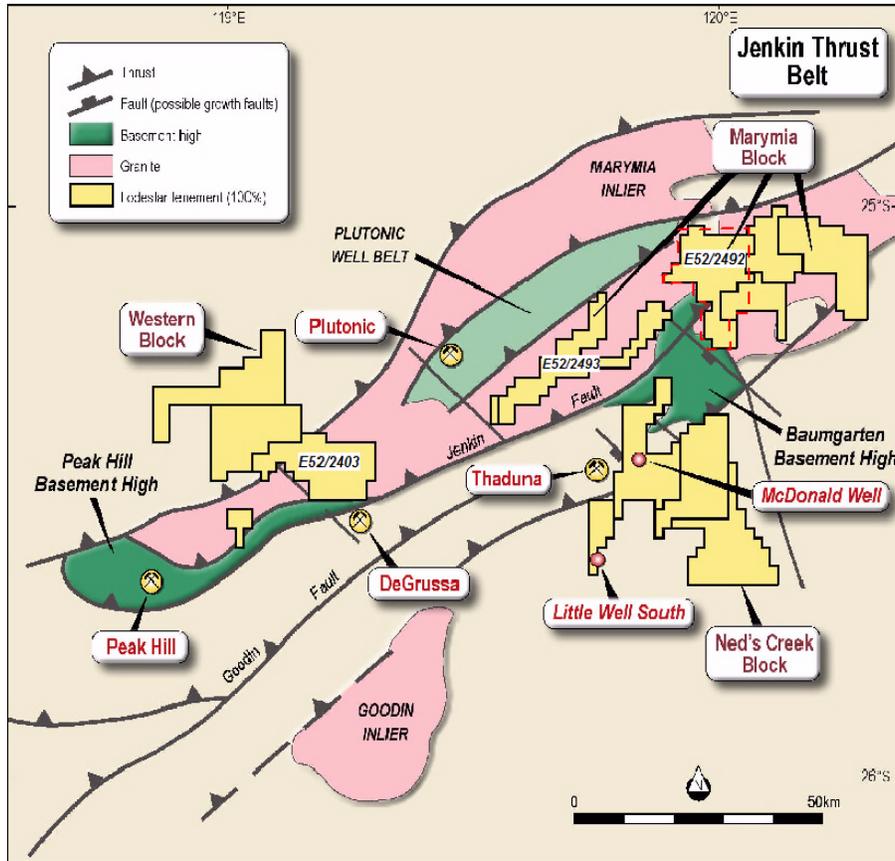


Figure 1 Tenement location, showing area of VTEM survey (red dashed line)

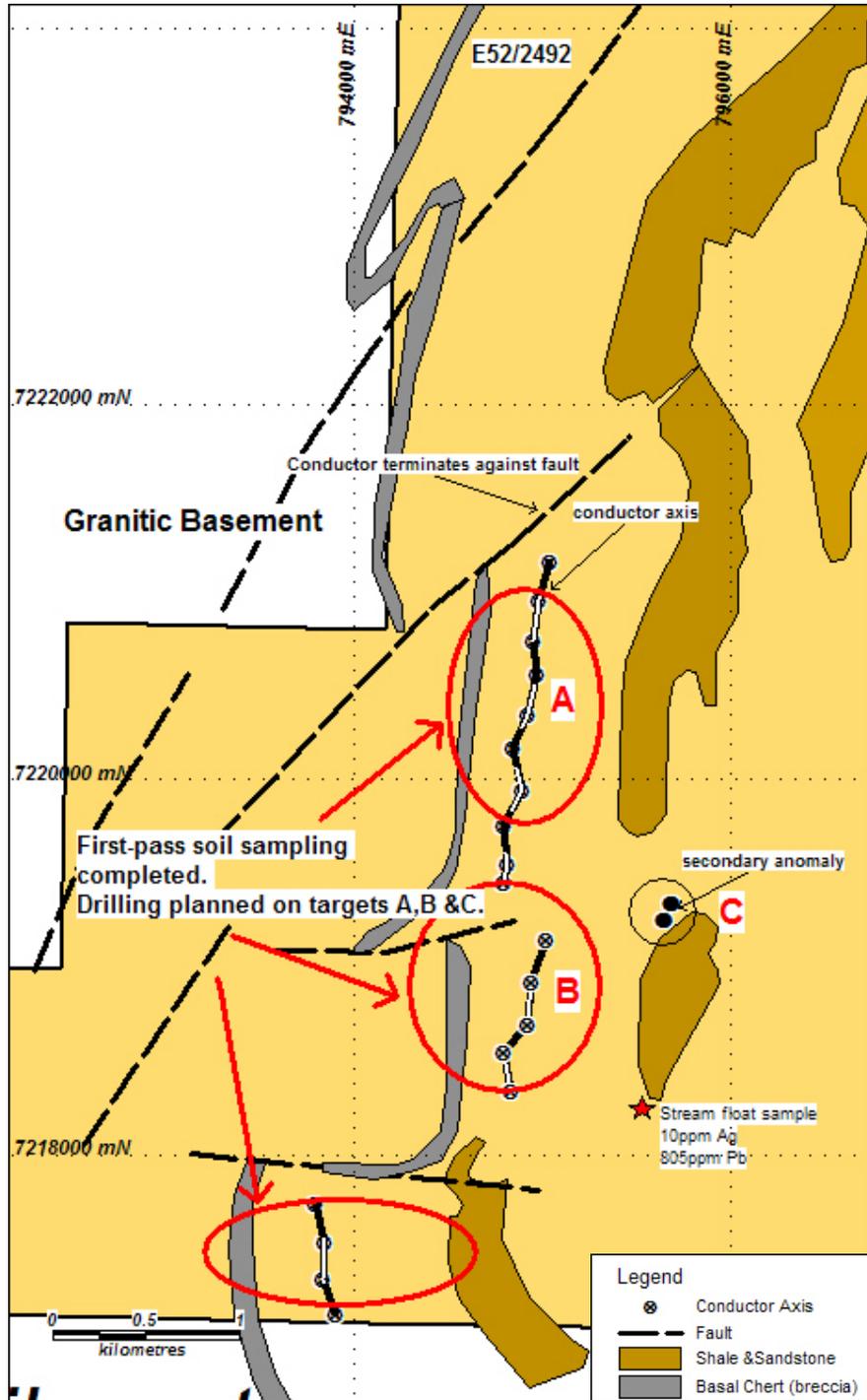


Figure 2 E52/2492 - Marymia late-time VTEM conductors shown on aeromagnetic image(TMI first vertical derivative).
Grid MGA94 Zone 50

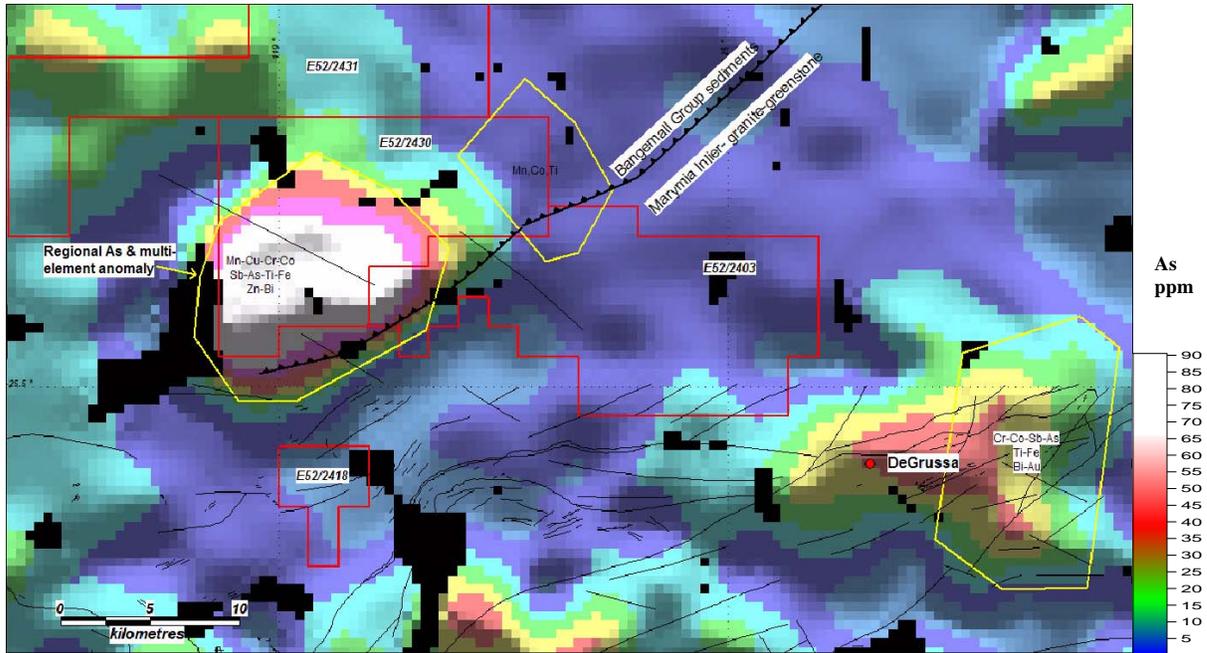


Figure 3 GSWA geochemical data shows strong (As) & multi-element anomaly on Bangemall-Marymia Inlier contact and intersecting NW trending structures. Note As & multi-element anomaly developed adjacent to the DeGrussa Cu-Au deposit. Grid MGA94 Zone 50

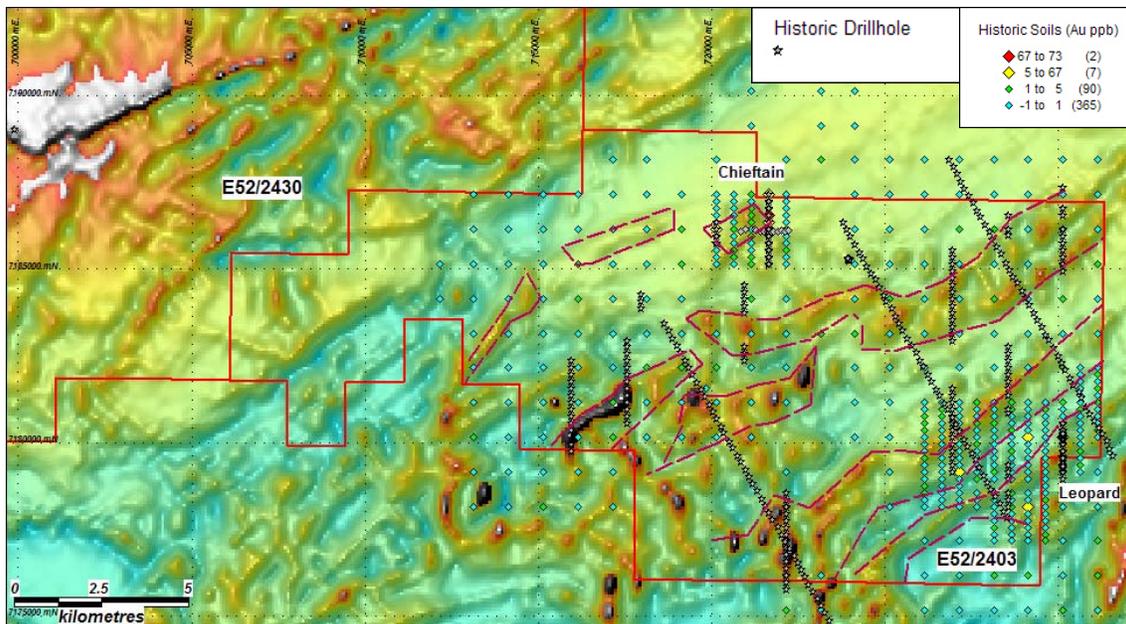


Figure 4 E52/2403 Western Tenements - Chieftain & Leopard prospects with historic drilling, over aeromagnetics. Layered magnetic units are shown as magenta outlines. Grid MGA94 Zone 50

KIMBERLEY PROJECT

(PEC earning 80%)

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 area is prospective for magmatic Ni-Cu-PGE mineralisation and contains several gossans identified in historic exploration reports. PEC have now completed regional detailed gravity and VTEM surveys over a large area of the East Kimberley region surrounding the Savannah nickel mine, including Lodestar's tenements, and intend to commence drilling selected targets during 2011. Further details of the drilling program will be released when they are available.

Yours sincerely,



Bill Clayton
Managing Director

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 2200 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 is embarking on an aggressive exploration program to assess the excellent potential of the emerging and 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")

31 March 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(459)	(753)
(b) development	-	-
(c) production	-	-
(d) administration	(200)	(503)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	64
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	(630)	(1,192)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(8)	(8)
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	(8)	(8)
1.13 Total operating and investing cash flows (carried forward)	(638)	(1,200)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(638)	(1,200)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,208
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	-	(119)
	Net financing cash flows	-	2,089
	Net increase (decrease) in cash held	(638)	889
1.20	Cash at beginning of quarter/year to date	2,830	1,303
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,192	2,192

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	121
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.

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	470
4.2 Development	-
4.3 Production	-
4.4 Administration	152
Total	622

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	2,192	2,830
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,192	2,830

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 **	88,989,477	88,989,477	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	N/A	N/A	<i>Exercise price</i> N/A	<i>Expiry date</i> N/A
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	0	0	N/A	N/A
7.10 Cancelled during quarter	500,000 500,000 500,000	500,000 500,000 500,000	20 cents 30 cents 40 cents	} 26 November 2013
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: 29 April 2011

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.

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