



Lodestar Minerals Limited ABN 31 127 026 528

Registered office
Level 2
45 Stirling Highway
Nedlands WA 6009

Tel: +61 8 9423 3280
Fax: +61 8 9389 8327

Postal address
PO Box 985
Nedlands WA 6909

Website
www.lodestarminerals.com.au

31 July 2009

ASX Limited

Dear Sir / Madam

The following summarises the results of activity for Lodestar Minerals Limited for the quarter ended 30 June 2009:

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30TH JUNE 2009**

HIGHLIGHTS

- **Commencement of moving loop EM survey over the Wildcatters' North ultramafic sequence.**
- **Review of the Abattoir moving loop EM survey identifies untested EM anomalies adjacent to the ultramafic sequence.**
- **Review of Lodestar's Abattoir drilling reveals that most of the historic drilling has been concentrated along the eastern, hangingwall contact.**
- **At June 30th 2009 Lodestar had cash reserves of \$2.49 million. Lodestar continues to seek and review projects suitable for farm-in or acquisition.**

PENFOLD NICKEL PROJECT

Wildcatters Moving Loop EM Survey

A moving loop electromagnetic (EM) survey has commenced over the northern continuation of the Wildcatters' ultramafic sequence on Location 51. The southern boundary of Location 51 is approximately 3 kilometres north of the Wildcatters nickel occurrence. To date only six lines of the planned 23 line survey have been completed due to wet conditions (Figure 1). The survey has been suspended temporarily and will resume once the ground conditions allow planned daily production rates to be achieved.

Abattoir - Moving Loop Survey Review

The EM data collected over the Abattoir ultramafic sequence in 2008 has been reviewed by the Company's geophysical consultants. The review has confirmed two moderate to strong discrete anomalies located adjacent to the western margin of the Abattoir ultramafic sequence; at present these remain poorly defined and they require in-fill surveys to model their orientation and depth (Figure 1). There is no historic drill information or outcrop in the vicinity of the anomalies and their source is unknown.

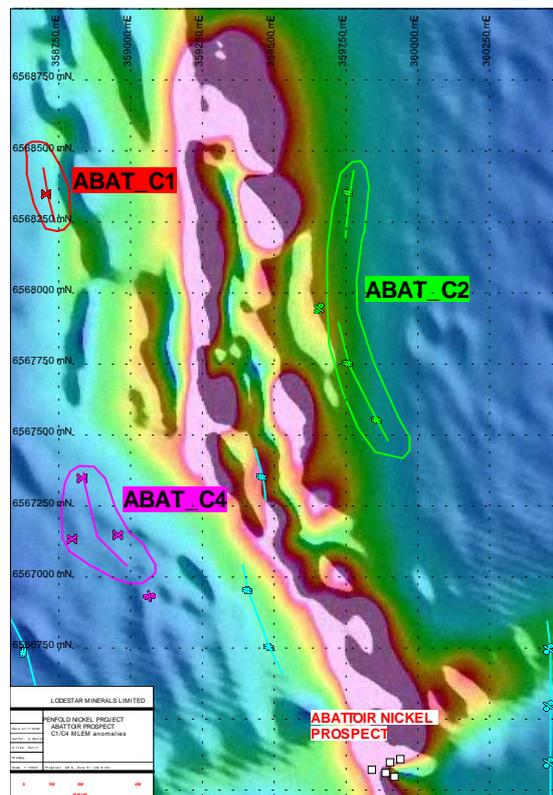


Figure 1 Abattoir ultramafic sequence; C1 & C4 conductor locations on aeromagnetic image

A sampling traverse across the ultramafic sequence has shown the western margin of the ultramafic to consist of fractionated komatiite thin flows and high magnesian basalts interspersed with minor talc carbonate altered, former olivine cumulate ultramafic.

Abattoir – Drilling Review

The Lodestar drilling program completed in 2008 was re-examined following identification of the C1 and C4 EM conductors.

The distribution of major and minor elements in drill holes LAPC001 to LAPC004 indicates that the olivine cumulate and dolerite/gabbro units intersected on the eastern margin of the ultramafic are related (the dolerite is not intrusive as previously thought) and the Abattoir ultramafic faces to the east. This observation is important, as nearly all the drilling below the depth of weathering has been focussed on the eastern contact of the ultramafic and the basal contact of the ultramafic sequence has not been defined.

Historic data reported from the interior of the ultramafic sequence includes 26m at 1.65% Ni in PDH8 (Placer, 1970, unconfirmed) and 16m at 0.98% Ni, 770ppm Cu in DDHAU1 (Poseidon Exploration, 1991). Both intersections occur within the zone of weathering. DDHAU1 was drilled towards grid south, parallel to stratigraphy, to test the ultramafic/Proterozoic dolerite contact and therefore did not test the ultramafic effectively.

Mt Marion EM Target – Drill Hole Re-sampling

LMPC007 was re-sampled as 1m split samples between 145m and 232m and analysed for Au, Pt, Pd, Ni, Cu, Cr and S. The interval of the target EM conductor (160m to 190m) reported a maximum 0.79% S but the ore-related elements are not anomalous throughout this zone. Sulphur abundance increases below 190m, coinciding with a lithological change from mafic to more Mg and Cr – rich melagabbro/dolerite. Maximum S abundances of 1.14%, 1.23% and 3.01% occur at depths of 224m, 233m and 235m respectively. The interval from 224m to 228m contains anomalous Pt and Pd (to 101ppb Pt and 71ppb Pd, 224m – 225m) and locally elevated Cu values occur throughout this unit.

Four samples from LMPC007 were submitted for microscopic examination to determine the texture and composition of the sulphide minerals. One sample was selected from a biotite-altered shear zone intersected at 153m – 154m; the remaining samples were collected from the melagabbro unit containing elevated S, Cu and/or Pt and Pd. Assay results are listed below.

TABLE 1						
RE-SAMPLING LMPC007 – MT MARION (Submitted for Microscopic Examination)						
Sample depth	Pt ppb	Pd ppb	Ni ppm	Cu ppm	Cr ppm	S ppm
152 – 153m	8	7	230	52	340	950
200 – 201m	2	1	186	396	140	8850
208 – 209m	3	1	380	790	180	5950
224 – 225m	101	71	246	216	560	7300

In summary, the target EM conductor has been intersected by LMPC007, but due to the widespread development of disseminated mineralisation within the gabbroic sequence it has not been possible to visually identify the target in drill cuttings. LMPC007 failed to intersect mineralisation of economic significance, although pyrrhotite and traces of pentlandite and chalcopyrite have been confirmed.

The gabbroic sequence intersected by LMPC007 is not a typical host for komatiite – associated nickel sulphide mineralisation. However, the geological setting of the conductor, within a major structural zone with potential to host remobilised mineralisation, proximity to the Mt Marion ultramafic sequence and indications of complex, stronger conductors situated down-plunge to the north of LMPC007 suggest that this target has untested potential.

Regional – Reprocessing of aeromagnetic data

The regional aeromagnetic dataset has been re-processed to highlight zones of thickening or higher magnetic response within the ultramafic sequence. These areas represent potential targets for more detailed evaluation.

PLANNED ACTIVITIES FOR NEXT QUARTER

- Continuation of the Wildcatters EM survey, as ground conditions allow
- Continuation of the Wildcatters ultramafic re-sampling and geological assessment
- Low intensity exploration to check recently identified aeromagnetic features

Bill Clayton
Managing Director
T: 9423 3280

Peter Harris
Professional Public Relations
T: 9388 0944

Yours faithfully
LODESTAR MINERALS LIMITED



BILL CLAYTON
Managing Director

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

LODESTAR MINERALS LIMITED

ACN or ARBN

127 026 528

Quarter ended ("current quarter")

30 June 2009

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	-	-
1.2 Payments for		
(a) exploration and evaluation	(126)	(732)
(b) development	-	-
(c) production	-	-
(d) administration	(69)	(477)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	143
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	(178)	(1,066)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
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 – payment of refundable deposit	-	500
Net investing cash flows	-	493
1.13 Total operating and investing cash flows (carried forward)	(178)	(573)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(178)	(573)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(178)	(573)
1.20	Cash at beginning of quarter/year to date	2,722	3,117
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,544	2,544

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	97
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes salaries paid to directors, as well as superannuation paid on behalf of directors. Also included is office rent and office running expenses.

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

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

+ See chapter 19 for defined terms.

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	142
4.2 Development	-
Total	142

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.2

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,544	2,722
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,544	2,722

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	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 **	50,000,003	49,316,245	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	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>Exercise price</i>	<i>Expiry date</i>
Listed options	0	0	N/A	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 Expired during quarter	Nil	N/A	N/A	N/A
7.11 Debentures (totals only)	Nil	N/A		
7.12 Unsecured notes (totals only)	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 Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2009
Director

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

== == == == ==