

## MARCH 2018 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

- RC drilling tested bedrock gold targets at Contessa and Gidgee Flat, in the area surrounding previous multi-gram diamond, RC and aircore drill intercepts.
- 23 holes completed for 4,240 metres of drilling including visual confirmation of widespread silica-pyrite alteration within structural settings on the southern margin of the Contessa granite.
- Initial assay results expected early May.

### Contessa

- 12 RC holes tested the structural contact between diorite and the Contessa granite.
- A preliminary drill test of the bedrock target, adjacent to significant supergene gold mineralisation, reported up to 2.3g/t Au in weathered quartz veining in LND001 and 10m at 1.4g/t Au in LNRC020 (see ASX announcements dated 8<sup>th</sup> December 2017 & 27<sup>th</sup> December 2017).
- RC drilling has confirmed extensive silica-pyrite alteration (the host to significant gold mineralisation at Contessa) over a strike length of 160m with brittle (as quartz veining with oxidised sulphides) and ductile (as silica-pyrite alteration zones) mineralisation styles present.

### Gidgee Flat

- 11 RC holes tested beneath strong supergene and transition zone gold mineralisation over a strike distance of 100m, target now extended to 800m.
- RC drilling intersected granitic rocks in the collars of the northernmost holes, placing the Gidgee Flat mineralisation within a structurally modified contact zone intruded by syenite dikes.
- Basaltic rocks on the margin of the granite display locally strong silica – pyrite - sericite alteration, a characteristic of lode-gold style mineralisation & consistent with observations in earlier aircore drilling.
- Proximity of granite contact highlights lack of exploration drilling along 800m strike adjacent to RC drilling – follow up aircore program planned for May.

### Corporate

- In February Lodestar issued 90 million new shares at 2.3 cents per share, raising \$2.07M before costs to fund an aggressive drilling and exploration program planned for the first half of 2018.
- Lead broker to the offer, Mac Equity Partners, was issued 5 million unlisted options exercisable at 5 cents each on or before 31<sup>st</sup> December 2018, as part of the cost of the placement.

Following a successful and oversubscribed capital raising in February, Western Australian gold explorer Lodestar Minerals Limited (“Lodestar” or “the Company”; **ASX:LSR**) completed first phase RC drilling at the Contessa and Gidgee Flat gold discoveries during March and April.

### NEDS CREEK PROJECT (LSR 100%)

RC drilling at Contessa (assisted by Exploration Incentive Scheme co-funding from the West Australian government) and Gidgee Flat comprised 23 drill holes and 4,240m of drilling targeting bedrock and transition zone gold mineralisation intersected in aircore, RC and diamond drilling completed in the fourth quarter of 2017 (see Figure 1 for prospect locations).

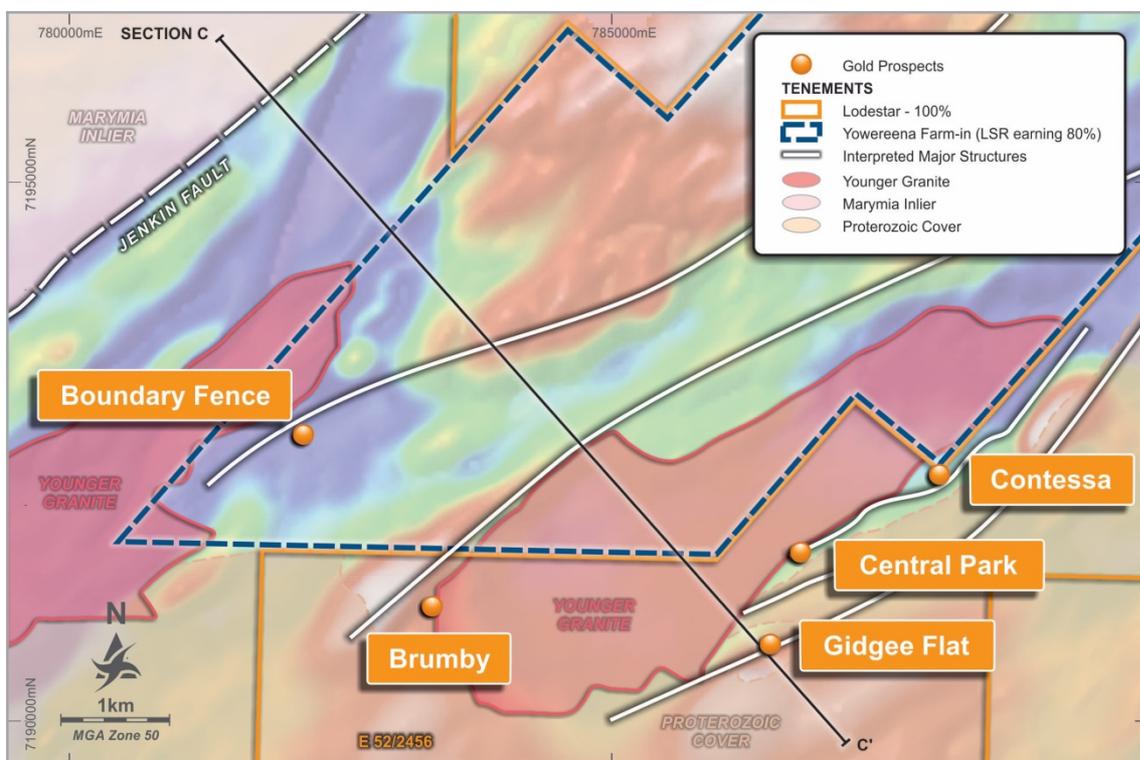


Figure 1 Location of gold prospects - Neds Creek project, on aeromagnetic image.

### Contessa

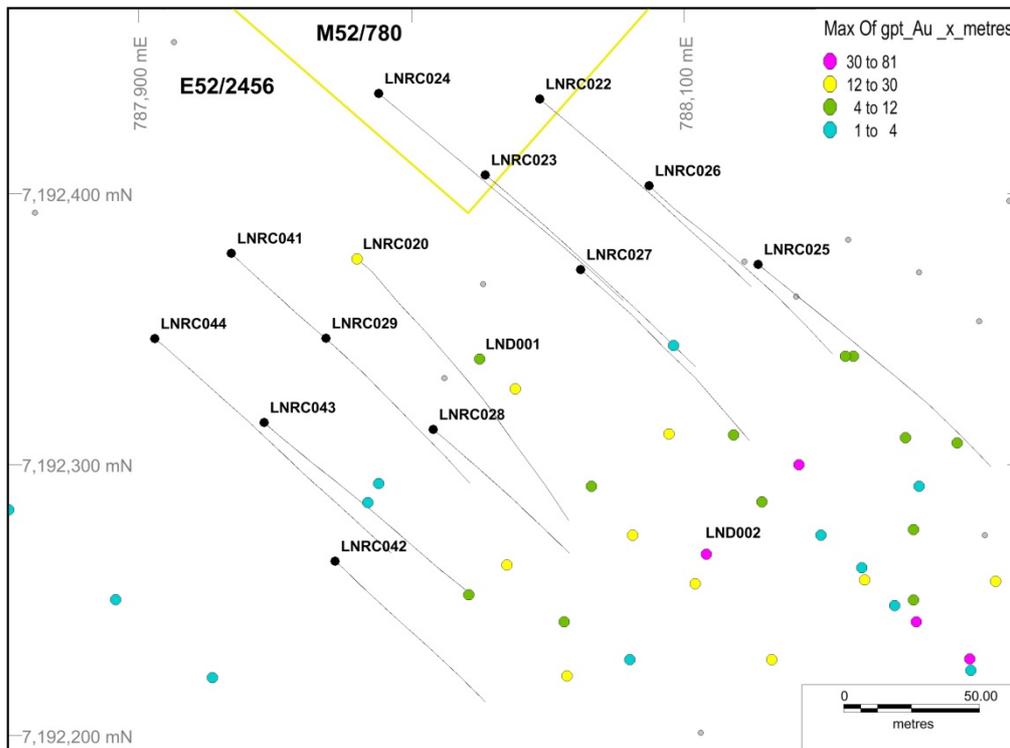
Drilling at Contessa intersected intense silica and chlorite alteration within a zone of strongly deformed rocks between the Contessa granite and adjacent diorite. Drill hole locations, showing the area targeted relative to LND001 and LNRC020, are shown in Figure 2.

Two potential hosts for gold mineralisation were observed, based on assay results from previous drilling, including LND001 and LNRC020 (see Lodestar’s ASX announcements dated 8<sup>th</sup> December 2017 and 27<sup>th</sup> December 2017):

- Brecciated quartz veining, generally strongly stained by iron oxides. As in seen in LND001, the brittle veins are located on the contact between quartz-sericite rocks and weathered feldspar-chlorite rocks, interpreted as diorite.

- Zones of intense silica alteration, that overprint primary rock textures and mineralogy, containing disseminated pyrite. These zones are associated with strong ductile deformation and are variable in their distribution and intensity.

Assay results are awaited with initial results expected in early May.



**Figure 2 Collar plan of Contessa drilling showing hole traces and gold distribution in drilling as g/t Au x metres intersected.**

## Gidgee Flat

At Gidgee Flat 11 RC holes were completed to test beneath strong gold mineralisation intersected in aircore drilling (see Lodestar’s ASX announcement dated 27<sup>th</sup> December 2018). The drilling tested 100m of strike in an area of colluvial surface cover (see Figures 3 and 4).

The Gidgee Flat prospect is coincident with a magnetic anomaly interpreted to represent a concealed ultramafic body. The gold mineralisation occurs on a strong magnetic gradient that was believed to represent alteration and de-magnetisation of the ultramafic, adjacent to a major structure. However drilling intersected granite in the drill collars of LNRC039 and LNRC040, indicating that the magnetic gradient is due to the transition from magnetic ultramafic to non-magnetic granite, placing the granite several hundred metres south of its previously interpreted position.

The RC drilling intersected variably altered, high magnesian basalt, intruded by numerous syenite dykes, adjacent to the granite contact. Locally, the basalt sequence displays silicification, haematite-magnetite, carbonate and epidote alteration often with associated disseminated pyrite, an assemblage commonly found in the environment of lode style gold mineralisation.

Recognition that gold mineralisation is spatially related to the structurally modified granite contact has revealed that earlier aircore drilling has not tested the contact zone as drill traverses have stopped short of the contact. This contact is now a priority target for follow up aircore drilling along strike from the RC drilling and this will be carried out at the earliest opportunity.

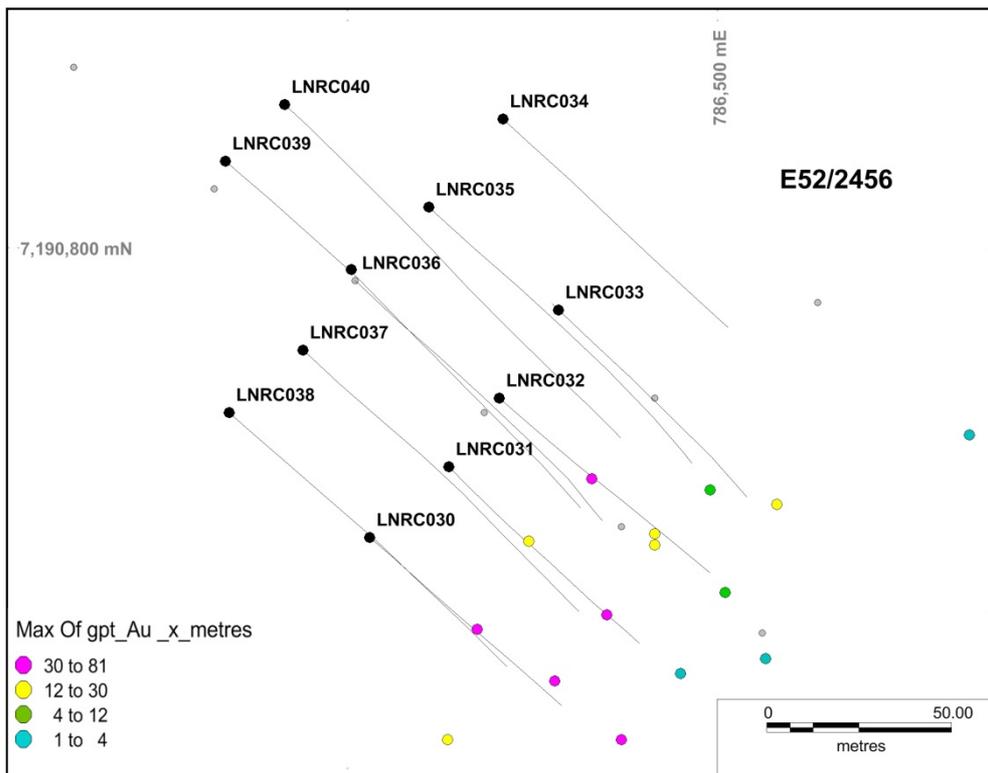


Figure 3 Collar plan of Gidgee Flat drilling showing hole traces and gold distribution as g/t Au x metres intersected.



Figure 4 Soil covered area of RC drilling at Gidgee Flat, looking south.

## JUNE QUARTER 2018 ACTIVITIES

The following activities will be undertaken in the upcoming June quarter 2018:

- Commence follow up to the recently completed RC drill programs, pending assay results.
- Aircore drilling at Boundary Fence, Brumby, Central Park and Gidgee Flat scheduled for early May.
- Regional detailed aeromagnetic survey to be flown over the Yowereena and northern Ned's Creek tenements to improve geological interpretation and drill targeting.

### 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 – and is also earning an 80% interest in Vango Mining’s Yowereena gold project which is adjacent to Ned’s Creek.

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 the Contessa 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 gold project provides Lodestar with access to the unexplored northern margin of the Contessa granite and under explored prospective Archaean greenstone terrane within a region of major gold endowment and production.

## 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 8th December 2017 “Contessa - Final Diamond Drilling Results Support Expanded Drilling Program to Scope Resource Potential” and 27<sup>th</sup> December 2017 “Confirmation of Major Gold System 35km from Plutonic Belt”. 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 31 March 2018

Tenement Description	Tenement Numbers	Status	Percentage Interest
<b>Ned's Creek</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
<b>Imbin – Troy Creek</b>			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Application	
<b>Camel Hill / Mt Erong</b>			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Billycan Bore	E52/3064	Granted	100% - Lodestar Minerals
Meekatharra	E09/2138	Surrendered	0%
Meekatharra	E09/2139	Surrendered	0%
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")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(126)	(899)
(b) development	-	-
(c) production	-	-
(d) staff costs	(74)	(210)
(e) administration and corporate costs	(43)	(209)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	(20)
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>(241)</b>	<b>(1,336)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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 (9 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(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>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,056	2,556
3.2 Proceeds from issue of convertible notes	-	800
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(152)	(202)
3.5 Proceeds from borrowings	-	32
3.6 Repayment of borrowings	(4)	(40)
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>1,900</b>	<b>3,146</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	259	109
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(241)	(1,336)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,900	3,145
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,918</b>	<b>1,918</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	1,918	259
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>1,918</b>	<b>259</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**

82

6.1 - Includes salaries paid to Directors, as well as superannuation paid on behalf of Directors. A percentage of the Managing Director's salary has been expensed to exploration activities. 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**

-

-

-

-

-

-

- 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.

<b>9. Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	559
9.2	Development	-
9.3	Production	-
9.4	Staff costs	50
9.5	Administration and corporate costs	52
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>661</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A		
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

### 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 April 2018

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.