

September 2019 Quarterly Activities Report

Highlights

Ned's Creek Project

- Completion of preparation for upcoming RC drilling at Contessa under the farm-in agreement with Vango Mining Ltd.
- Program expected to commence shortly, following completion of resource drilling at Vango's Marymia project.
- An expanded regional aircore drill program is planned on the Yowereena Mining Leases targeting areas north of the granite contact (subject to pending heritage clearance).

Camel Hills Project (Gold)

- Data review confirms 14km long coincident bulk leach extractable gold (BLEG) and soil gold anomaly with drill-ready targets.
- Recent BLEG sampling confirms gold anomaly in area of the historic Duval prospect.
 - Follow up BLEG sampling completed to define the target.

Imbin Project (Copper-Gold)

- Constructive negotiations with the native title holders are continuing with the aim of securing the grant of pending tenement applications.

NED'S CREEK PROJECT (VAN earning 51%)

A program of RC drilling comprising up to 2,500m is planned for the December quarter, following completion of resource drilling on Vango Mining Ltd's (ASX:VAN) adjacent Marymia project.

The initial focus will be Contessa, targeting the area of the high-grade intersection of 4m at 74g/t Au from 140m (LNRC026) (see Lodestar's ASX announcement dated 22 May 2018) and adjacent areas of significant supergene mineralisation intersected in aircore drilling, including:

- 12m at 1.6g/t Au from 44m
- 20m at 1.6g/t Au from 48m
- 10m at 5.6g/t Au from 55m
- 8m at 3.4g/t Au from 48m
- 12m at 1.3g/t Au from 48m and
- 21m at 3.1g/t Au from 40m (see Lodestar's ASX announcements dated 18th March 2013, 4th June 2013 and 1st December 2016)

A program of aircore drilling is planned to continue and extend drilling along the untested northern contact of the Contessa granite within the Yowereena mining leases, included in the Ned's Creek joint venture. Several of the planned drill traverses lie outside areas cleared by previous heritage surveys and a survey request has been submitted to the relevant native title group. Commencement is subject to heritage clearance and attempts are being made to expedite the approval process to enable drilling to commence in the December quarter.

CAMEL HILLS (E09/2099, E09/2100, E09/2215, E52/3064 – LSR 100%)

A review of the Camel Hills historic regional drainage sampling programs completed between 1989 and 1995 demonstrates a close correlation between previously completed bulk leach extractable gold (BLEG) surveying and Lodestar's soil geochemistry. The first program, conducted by Newmont¹, consisted of 96 samples collected within an area of 34km by 16km and reported maximum gold values of 0.45ppb Au. A second program, conducted by Peregrine², covered a much larger area of the Earabiddy Shear Zone (89km by 31km) and partially overlapped the Newmont survey area. The Peregrine program consisted of 389 samples, reporting a maximum 21.2ppb Au within a 14km long primary target.

The Glenburgh gold deposits (1Moz Au in resources) 60km northwest of Camel Hills were discovered after following up >1ppb Au BLEG drainage anomalies. Drainage samples in the Camel Hills area reporting greater than 1ppb Au are therefore considered significant.

The Newmont and Peregrine data were levelled and combined to assist in the interpretation of Lodestar's regional soil sampling. The combined data indicate a good correlation between soil geochemistry anomalies and the historic BLEG data and confirmed an area extending over 14km strike, corresponding to the area of main magnetic anomalies, as the primary target for future exploration. The eastern end and southern margin of this zone has been subject to only sporadic soil geochemistry. One of the historic prospects, the Duval grid area, 10km northeast of the primary target, represents a secondary target for follow up work (Figure 1).

¹ See DMIRS open file report A28679

² See DMIRS open file report A44628

Within the primary target, Lodestar’s soil geochemistry has identified a 3km long magnetic zone 3.5km west of the high-grade Big Sky prospect as a significant drill target. Sampling completed on a 100m by 20m grid has defined a contiguous +9ppb gold anomaly extending over 660m, with a maximum

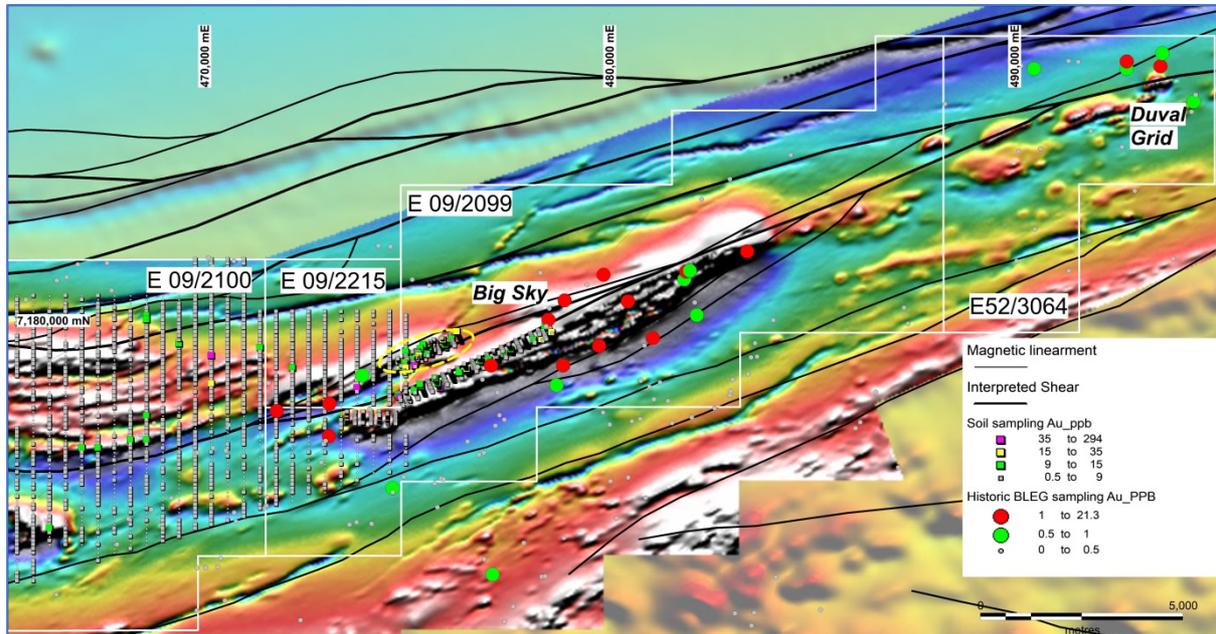


Figure 1 Camel Hills regional geochemistry showing soil and BLEG drainage gold anomalies, background TMI magnetic image, MGA94.

133ppb Au. In addition, historic BLEG sampling on the southern side of the Camel Hills range reported anomalous results from an area where there has been little follow up work. Follow up sampling will be completed to confirm the original results from this area and identify potential structural/magnetic targets for systematic sampling.

Duval Grid

BLEG sampling was completed in the Duval Grid area, in the northeastern extent of the Camel Hills project (see Figure 1), to verify reports of historic gold anomalies and visible gold in panned samples. The area has a stripped weathering profile and sporadic outcrop occurs along gently sloping ridge lines. The prospect has been subjected to surface sampling and RC drilling by Duval Mining Australia³ over a limited area. There is no information on the nature of the target or results of the drilling undertaken by Duval in the 1980’s. Fourteen RC holes that apparently target a discrete magnetic feature were drilled over a 570m strike distance. Soil sampling completed in 2010 by Aurora Minerals Limited in this area, on 400m spaced traverses, reported low-level gold.

Lodestar collected an initial 15 BLEG samples from an area of 2.6km by 4.6km surrounding the drill holes to validate BLEG anomalies defined by Newmont’s sampling in 1989 Two samples in the immediate vicinity of the drilling reported >1ppb Au with a maximum 7.7ppb Au, confirming a local gold anomaly (Figure 2). An additional 16 samples have been collected to refine the area of interest with results currently awaited.

³ Referenced in DMIRS open file report A93121

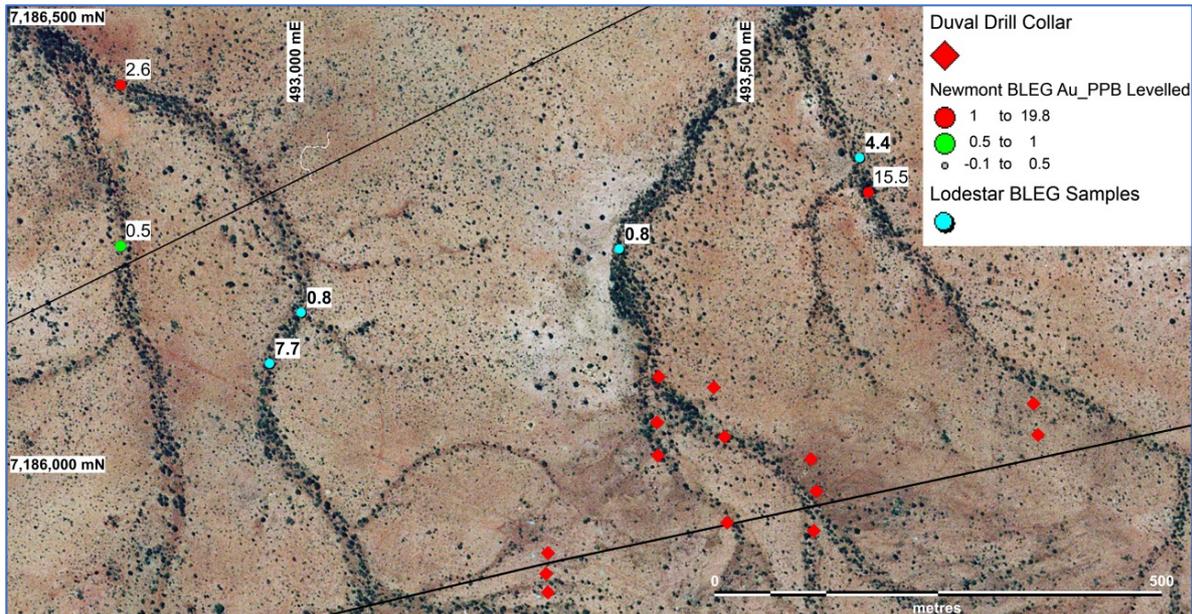


Figure 2 Duval Grid area showing historic data (Duval drilling circa 1980's & Newmont BLEG sampling, 1989) with Lodestar's recent BLEG sampling results within the area of drilling, MGA94.

Contacts

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About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning more than 2,000km² 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 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 area 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 joint venture with Vango Mining Limited earning a 51% interest by expending \$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.

The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated

- *18th March 2013 "Significant Gold Results from Contessa".*
- *4th June 2013 "Significant Gold Discovery at Contessa"*
- *1st December 2016 "Contessa – Brumby Aircore Drilling Results"*
- *22nd May 2016 "Outstanding RC Drill Results at Gidgee Flat and Contessa"*

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.

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 September 2019

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			Subject to JV: Vango Mining to earn 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
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	Application	
Ingebong Hills	E69/3699	Application	
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Billycan Bore	E52/3064	Granted	100% - Lodestar Minerals
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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(27)	(27)
(b) development	-	-
(c) production	-	-
(d) staff costs	(62)	(62)
(e) administration and corporate costs	(47)	(47)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(139)	(139)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	139	139
	(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)	-	-
2.6	Net cash from / (used in) investing activities	139	139

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings	(37)	(37)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(4)	(4)
3.10	Net cash from / (used in) financing activities	9	9

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24	24
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	(139)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	139	139
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9	9
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	33	33

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents 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	33	24
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)	33	24

6. Payments to directors of the entity and their associates

Current quarter \$A'000
55

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

5.5 – Subsequent to 30 September 2019, the Company sold 1,142,857 shares held in Vango Mining for \$217,000.

6.1 - 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.

7. Payments to related entities of the entity and their associates

Current quarter \$A'000

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

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	100	100
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

Unsecured loan agreement with Director earning interest at 10% pa, repayable within six months unless extended by mutual agreement.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	30
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	30
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	110

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: 31 October 2019

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.