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31 July 2008

ASX Limited

Dear Sir / Madam

The following summarises the results of activity for Lodestar Minerals Limited for the quarter ended 30 June 2008:

HIGHLIGHTS

Penfold Nickel Project – Electromagnetic (EM) Survey

Drill Targets Identified

The Abattoir moving loop EM survey was completed during June. A total of 15 low amplitude anomalies (conductors) were identified by the survey. Generally the anomalies represent subtle conductors with modelled depths of at least 200m; four of the anomalies are spatially associated with the Abattoir ultramafic and represent targets for future drilling.

Program continuing

The geophysics team re-located to the Mount Marion North area to complete an initial EM survey over an area of highly anomalous Cu geochemistry associated with the Saddle Hills ultramafic sequence. The survey is expected to be completed by the end of July, when results will be assessed.

EXPLORATION ACTIVITIES

Abattoir Ultramafic Sequence

A total of 66.5 line kilometres of moving loop EM geophysical surveys (200m line spacing, 200m loops and 100m station spacing) was completed over the Abattoir ultramafic during the quarter, bringing the first phase of the EM program to a close. The survey tested approximately 10 kilometres of strike of the ultramafic and adjacent stratigraphy. The results of the EM survey are still being assessed, with initial feedback indicating that 15 anomalies of varying quality have been identified. Conductors 2, 6, 9-10-11, and 14 have a close spatial relationship with the high magnesium (serpentinised) ultramafic sequence and are therefore regarded, on geological criteria, as higher priority targets for nickel sulphide mineralisation (Table 1). Conductor 2 is located approximately one kilometre north of the Abattoir prospect, where recent RC drilling intersected minor nickel sulphide mineralisation hosted by serpentinised cumulate ultramafic (Figure 1). Several of the conductors are located along the Abattoir Shear on the western margin of the ultramafic sequence, in a setting analogous to that of the Samphire gold deposit and may represent sulphide - associated gold targets. Additional geophysical modelling of the anomalies is required before nickel sulphide drill targets can be finalised and this work will be completed as the EM program progresses. All of the anomaly sites have been ground checked and a number of surface samples were submitted for analysis (results awaited).

Mt Marion North (Saddle Hills Ultramafic Sequence)

In June, a moving loop EM survey commenced over the eastern limb of the Saddle Hills ultramafic sequence, an area that is characterised by strongly anomalous Cu in surface geochemistry. The Cu anomaly extends over a strike length of one kilometre, with Cu values ranging up to 740 ppm. A Cu anomaly of this size and magnitude suggests a sulphide source, possibly related to the underlying ultramafic sequence. The survey represents approximately 47 line kilometres and will test 5 strike kilometres of prospective ultramafic stratigraphy (Figure 2).

Reconnaissance Drilling

Statutory approvals have been received for a reconnaissance drilling program north of Location 53, over aeromagnetic features suggestive of ultramafic lithologies. The area is being gridded and cleared in preparation for drilling during the next quarter.

PLANNED ACTIVITIES FOR NEXT QUARTER

- The results of the EM programs completed over the Abattoir and Saddle Hills ultramafic sequences will be assessed, with targets to be prioritised for drilling during the next quarter.
- The reconnaissance RAB drilling program is scheduled to commence during August.

ANOMALY ID	EAST_AMG	NORTH_AMG	EAST_GDA	NORTH_GDA	Geological Ranking	Geological Setting
1	358763.065	6568342.692	358900	6568500	3	Hangingwall to UM, high Mg basalt - Abattoir Shear
2	359463.051	6567342.761	359600	6567500	1	Abattoir high Mg ultramafic, minor historic shallow drilling
3	358763.059	6567342.709	358900	6567500	3	Contact between graphitic sediments and high Mg basalt - Abattoir Shear
4	358863.056	6567142.715	359000	6567300	3	Contact between graphitic sediments and high Mg basalt - Abattoir Shear
5	358763.049	6565742.708	358900	6565900	3	Distal hangingwall in graphitic sediments
6	360163.033	6565342.707	360300	6565500	1	Proximal footwall to high Mg ultramafic - no drilling
7	360963.036	6564342.718	361100	6564500	3	Distal footwall to high Mg ultramafic - black shale(?), conductor on adjacent lines
8	360963.037	6564142.72	361100	6564300	3	Distal footwall to high Mg ultramafic - black shale(?), conductor on adjacent lines
9	360163.051	6563542.722	360300	6563700	2	Internal ultramafic
10	360163.053	6563342.722	360300	6563500	2	Internal ultramafic
11	360363.053	6563142.723	360500	6563300	1	Internal ultramafic, footwall
12	361063.063	6560742.718	361200	6560900	3	Distal footwall to high Mg ultramafic - black shale(?), conductor on adjacent lines
13	361063.067	6560542.72	361200	6560700	3	Distal footwall to high Mg ultramafic - black shale(?), conductor on adjacent lines
14	360063.086	6559742.715	360200	6559900	2	Proximal hangingwall, Abattoir Shear, identical setting to Samphire Deposit?
15	359613.077	6559342.723	359750	6559500	3	Distal hangingwall, no outcrop - probably sediments

Table 1 Summary of EM anomaly characteristics

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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.

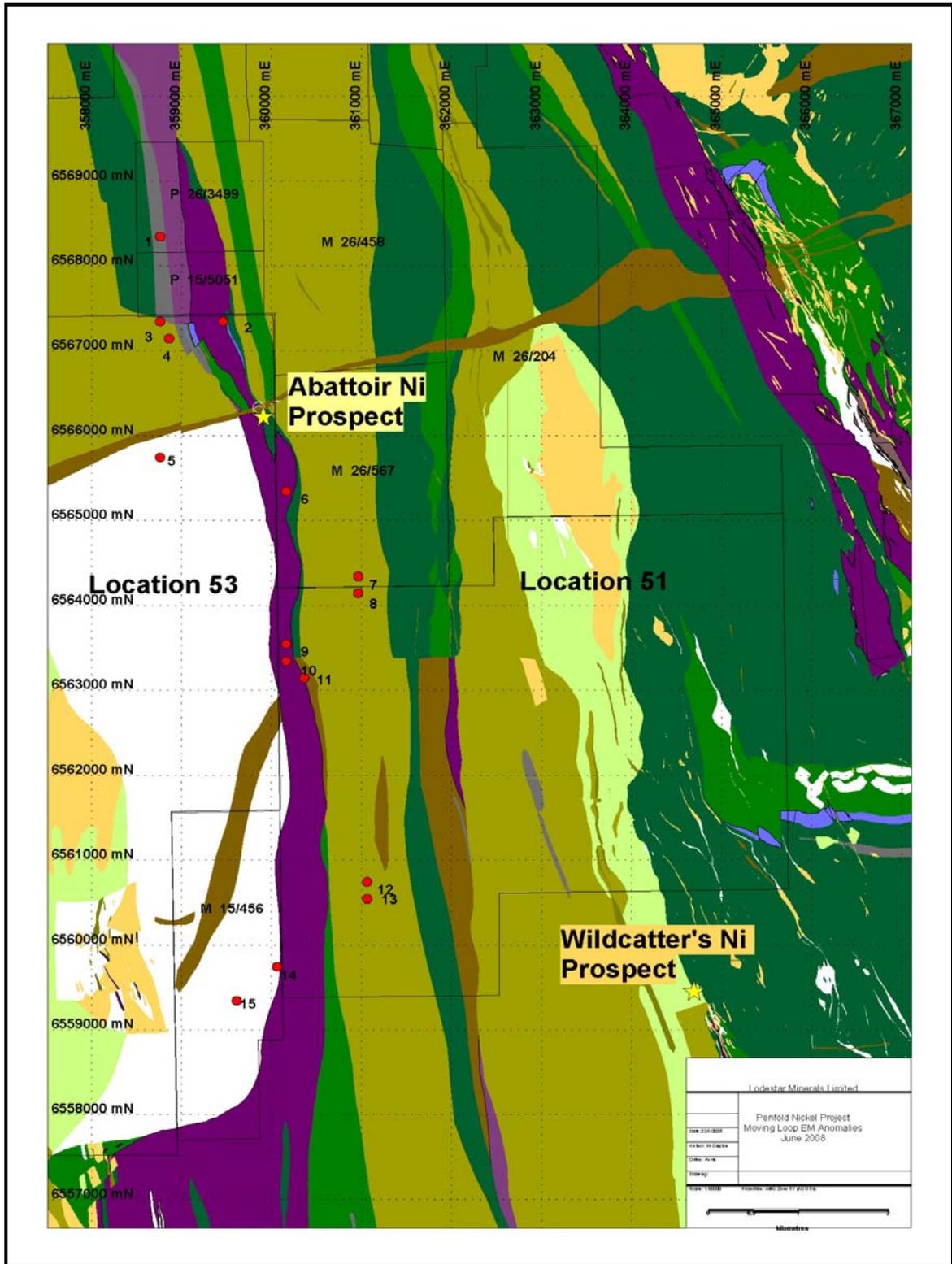


Figure 1 Location plan showing Abattoir EM anomalies

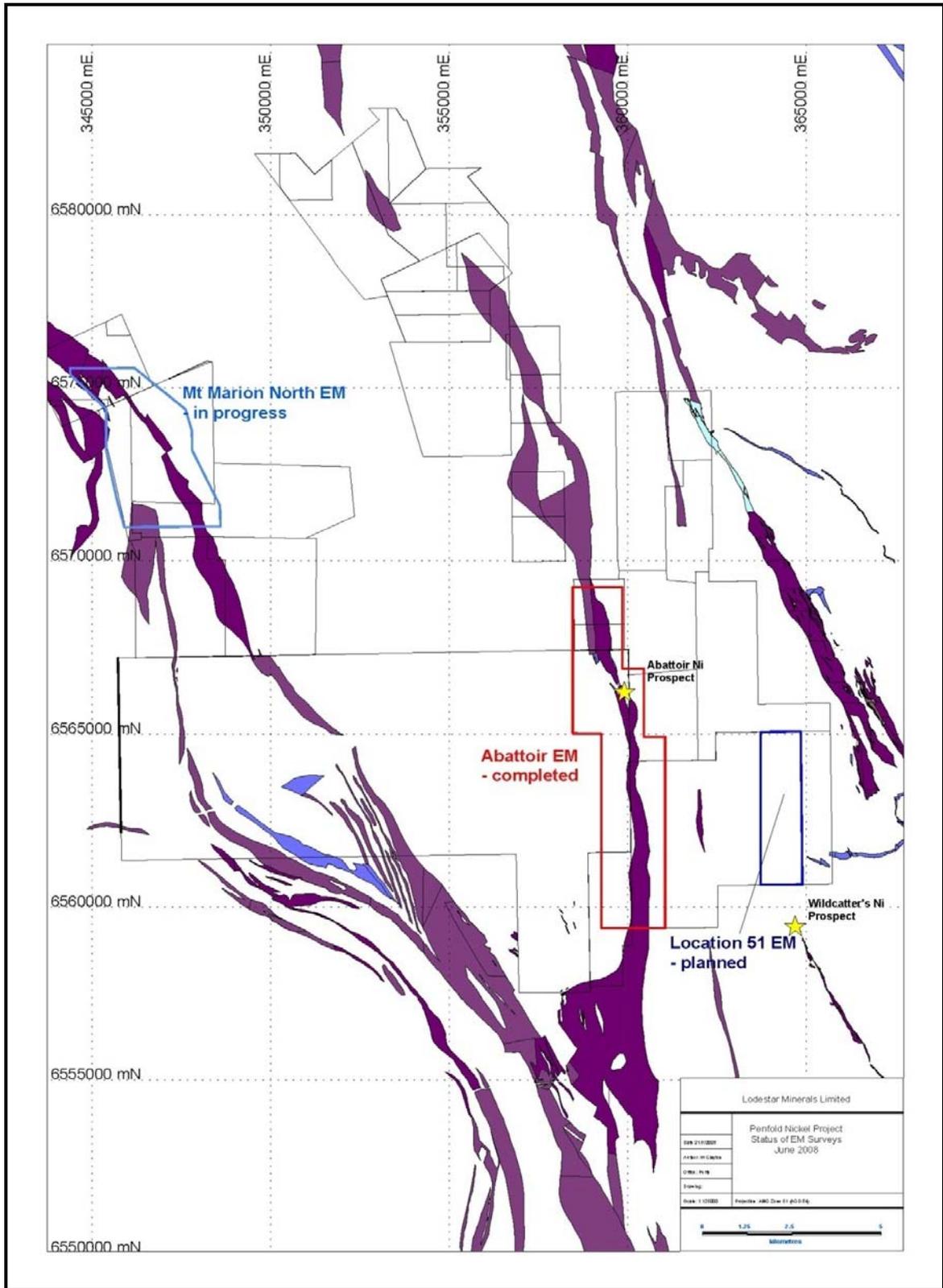


Figure 2 EM status plan

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 2008

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	(288)	(487)
(b) development	-	-
(c) production	-	-
(d) administration	(525)	(754)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	65	137
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	(748)	(1,104)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
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	(505)	(500)
Net investing cash flows	(505)	(504)
1.13 Total operating and investing cash flows (carried forward)	(1,253)	(1,608)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,253)	(1,608)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	7	5,000
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	-	(275)
	Net financing cash flows	7	4,725
Net increase (decrease) in cash held			
		(1,246)	3,117
1.20	Cash at beginning of quarter/year to date	4,363	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,117	3,117

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	57
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 and director-related entities during the quarter, along with superannuation paid on behalf of directors. Also included is office rental expenses paid to a related entity.
Includes \$330k stamp duty and fees related to tenement acquisition

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	265
4.2 Development	-
Total	265

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	3,117	4,363
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,117	4,363

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 Listed options	0	0	<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 Expired during quarter	Nil	N/A	N/A	N/A
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 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 2008
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.

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