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28 October 2009

ASX Limited

Dear Sir / Madam

The following summarises the results of activity for the quarter ended 30 September 2009:

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2009

HIGHLIGHTS

- **Electromagnetic (EM) target identified on the Wildcatters North trend, 5.2 km north of the Wildcatters nickel deposit. Drilling planned for the December quarter.**
- **The review of the Abattoir prospect continues; additional surface sampling from the interior of the ultramafic has confirmed a nickel – copper anomaly (gossan sample) reported by Placer in 1971, assaying 1% Ni and 1110ppm Cu.**
- **A surface sampling program comprising 150 samples has been completed on tenements and East Locations 51 and 53, on the eastern margin of the Penfold project. Assay results from phase 1 of the sampling program have been received.**
- **Applications have been submitted for four exploration licences covering identified Cu-Ni gossans and layered mafic-ultramafic intrusions prospective for Ni-Cu-PGE mineralisation, in the Halls Creek region, Western Australia.**
- **At September 30th 2009 Lodestar had cash reserves of \$2.26 million. Lodestar continues to seek and review projects suitable for farm-in or acquisition.**

PENFOLD NICKEL PROJECT

Wildcatters Moving Loop EM Survey (East Location 51)

A moving loop HT SQUID electromagnetic (EM) survey has been completed over the northern continuation of the Wildcatters' ultramafic sequence on Location 51 (Figures 1 and 2). The survey has identified a large (>400m strike), moderately conductive target associated with the eastern contact of the poorly exposed ultramafic sequence.

Following in-fill survey traverses on a 100m line spacing, the conductor was modelled by the company's geophysical consultants and resolves as a steeply west dipping plate (approximately -80deg) with a depth to top of ~ 80m and down – dip extent of 500m, with a conductance of 400 -600S. The conductor is located approximately 5.2 km north of the Wildcatters nickel deposit. There is no outcrop in the area of the conductor and historic drilling, principally for gold, is widely spaced and has not effectively tested the conductor or the contact of the ultramafic sequence.

The Wildcatters nickel deposit (which lies outside Lodestar's Penfold project) is hosted by a narrow, sheared and talc carbonate altered ultramafic and includes intersections of massive sulphide mineralisation (e.g. WD3175-3 reported 1.75m at 4.07% Ni including 0.55m at 11.56% Ni, Newmont (1989)).

Sampling

Re-sampling of widely spaced historic shallow drilling has been completed in the area of the conductor.

Three traverses of soil sampling have been completed over the surface projection of the conductor. The surface above the conductor is comprised of transported alluvium which is expected to limit the effectiveness of conventional base metal soil geochemistry.

Assay results for the sampling on Location 51 are awaited.

Planned Activities

An initial program of RAB/aircore drilling is planned for November to obtain geological and geochemical information over the target conductor.

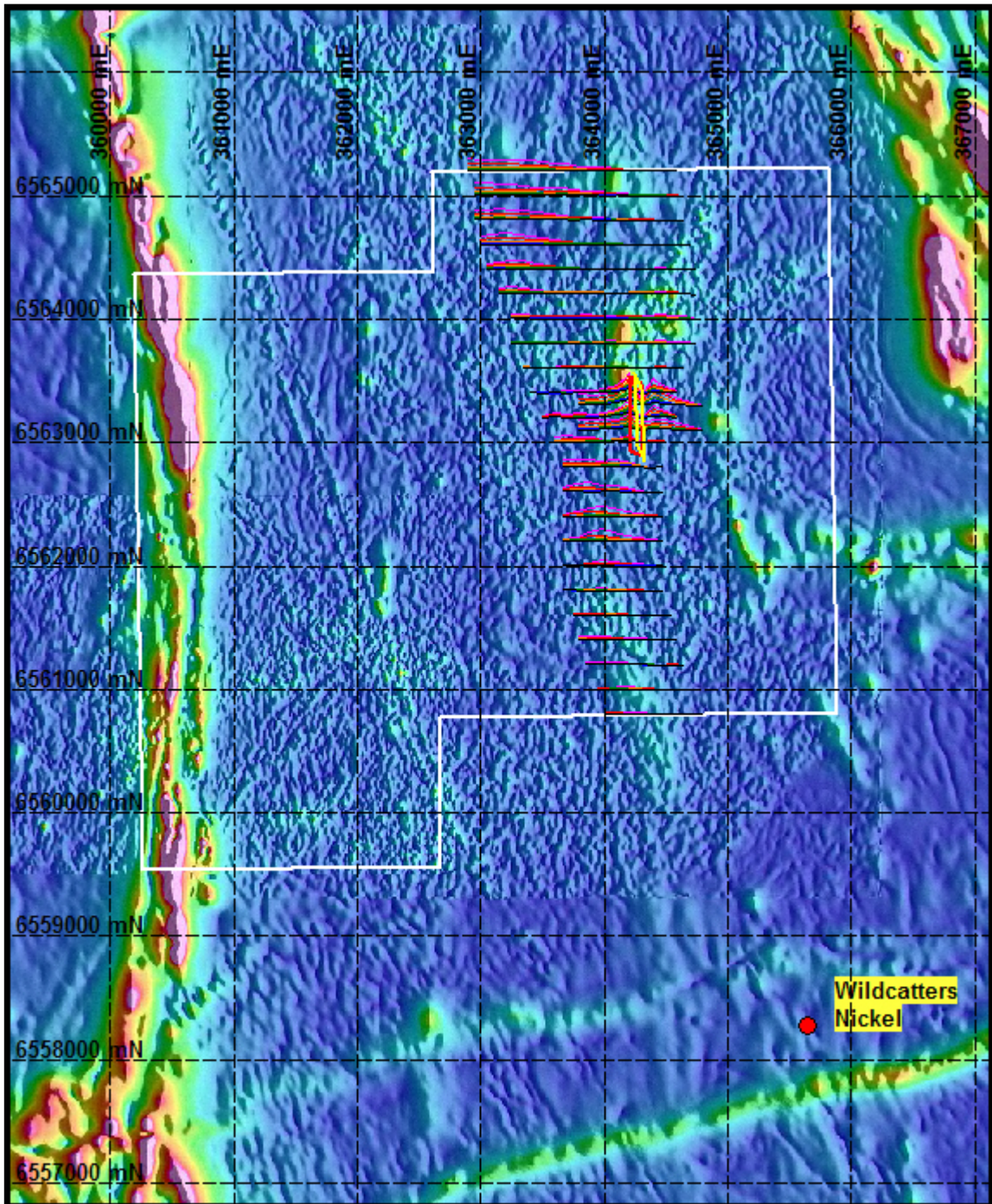


Figure 1 Moving Loop EM survey Location 51, showing location of conductor, plate model and anomaly profiles over aeromagnetic image (MGA94 Zone 51)

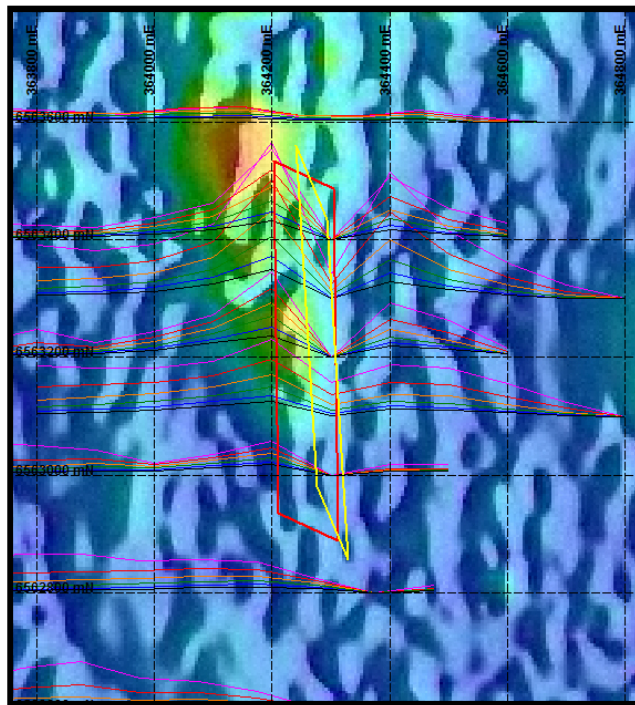


Figure 2 Enlargement of conductor in Figure 1

Abattoir Prospect Review

A number of samples of outcrop and historic drill cuttings have been collected from the internal area of the ultramafic. Analytical results are summarised below

Table 1 Summary of Abattoir sample results

Sample Class	Ni_ppm	Cu_ppm	Cr_ppm	Al_%	Fe_%	Pt_ppb	Pd_ppb	Au_ppb
Olivine orthocumulate	2200 – 2500	8 -24	4800 – 5600	0.6 - 0.9	5.7 -7	<1 – 3	<1 – 2	2 – 9
Olivine spinifex	1580 – 2340	48 – 76	1700 – 2500	2.49 – 3.25	7 – 9.2	4 – 8	5 – 8	2 – 8
Proterozoic dolerite (Celebration dyke)	204	100	360	8.33	7.10	3	2	2
Gossan (Placer results)	10000 (8230)	1110 (1420)	1.74%	2.78	47.8	66	95	2

The sampling was intended to check weakly to moderately weathered drill cuttings for geochemical classification and a ferruginous outcrop that had reportedly returned anomalous Ni and Cu assays during the Placer exploration era.

The assay results have clearly identified several different rock types; the main points of interest are -

- The samples of ultramafic from deeper (RC) Normandy Poseidon drilling indicate a relatively fractionated olivine orthocumulate lithology in the central zone of the sequence

- Normandy Poseidon holes intersected the cross – cutting dolerite; this has a geochemical signature that is distinctly different to the Abattoir ultramafic. The dolerite has low Ni, Cu, S and Cr values and is unlikely to have contributed significantly to enhanced Cu levels in the weathering profile above the ultramafic. Thus Cu enrichment in the ultramafic is potentially related to primary sulphide mineralisation in the underlying fresh ultramafic.
- A “gossan” surface (foliated lateritised ultramafic) sample from the central area of the ultramafic (359850E 6566428N MGA94) has confirmed earlier Placer results from the same area of 8230ppm Ni and 1420ppm Cu.

The recent surface sample data, together with reported results from earlier, limited drilling in the central and western part of the ultramafic (e.g. 26m @ 1.65% Ni (PDH8) and 16m @ 0.98% Ni and 770ppm Cu (DDHAU1) indicate that additional drilling is required to test the internal and footwall zones of the Abattoir ultramafic for disseminated style mineralisation.

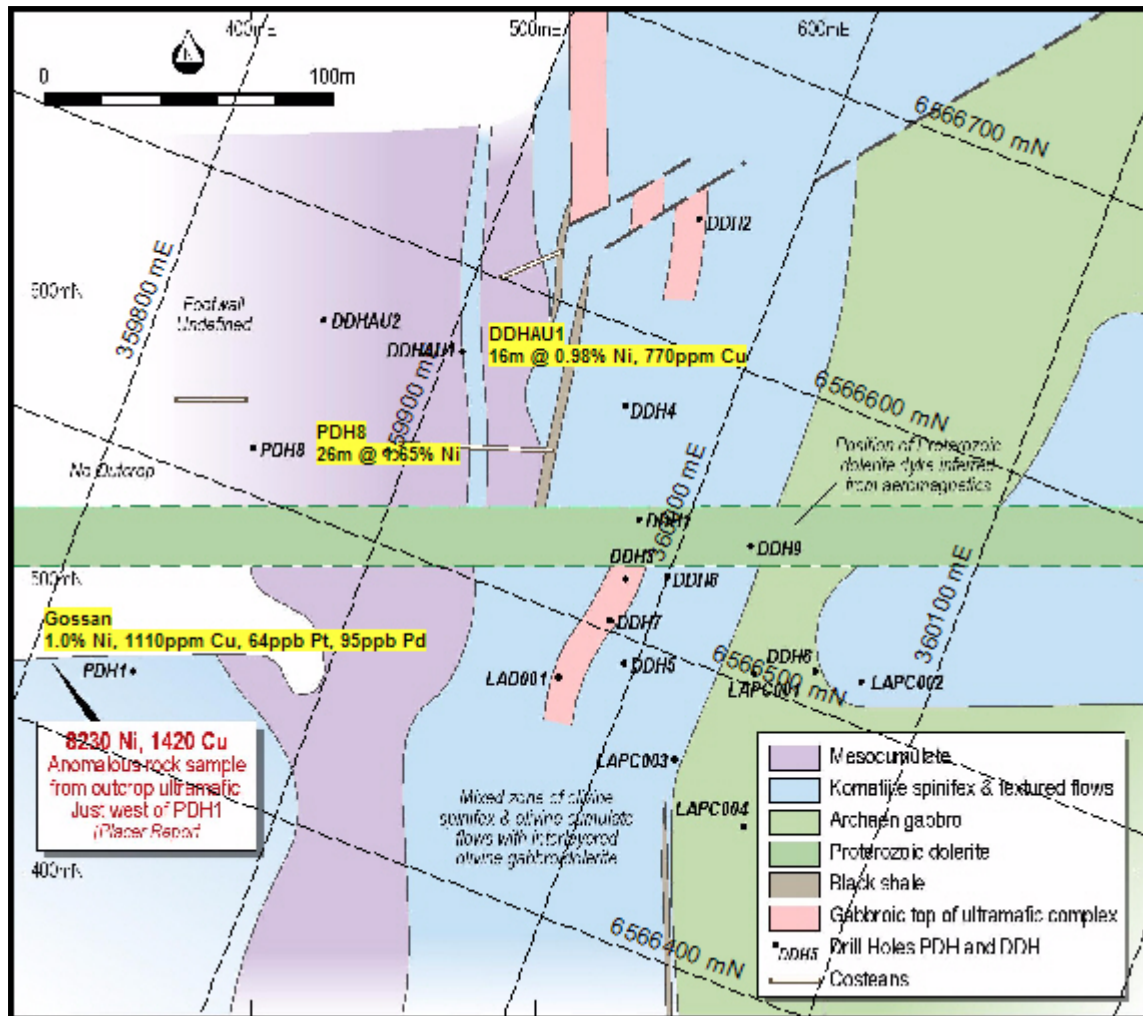


Figure 3 Location of drill collars and gossan sample - Abattoir prospect (MGA94 Zone 51)

Surface Sampling (Eastern Project Area)

Re-sampling was carried out to check historic gold drilling that intersected ultramafic rock types on the eastern margin of the project (Kambalda geological domain). A sample showing evidence of oxidised Cu mineralisation was recovered from a historic RAB drill hole on East Location 51 on the eastern contact of the Bluebush North (BBN) ultramafic sequence and metasediments (west of the Wildcatters sequence (Figure 4)). The assay results are listed below:

Table 2 Summary of anomalous samples - Bluebush North

Sample ID	Pt_ppb	Pd_ppb	Ni_ppm	Cu_ppm	Zn_ppm	Cr_ppm	As_ppm
E220176	39	21	1040	972	1310	1330	1940
E220179 (vein quartz)	9	53	132	776	192	160	1420
E220180	50	31	812	512	882	1180	1450

The BBN sampling identified weathered ultramafic weakly anomalous in Cu, Zn and As with elevated Pt and Pd. Additional samples of outcropping ferruginous material were collected from the area during phase 2 to check the characteristics of the anomaly. Assay results are awaited.

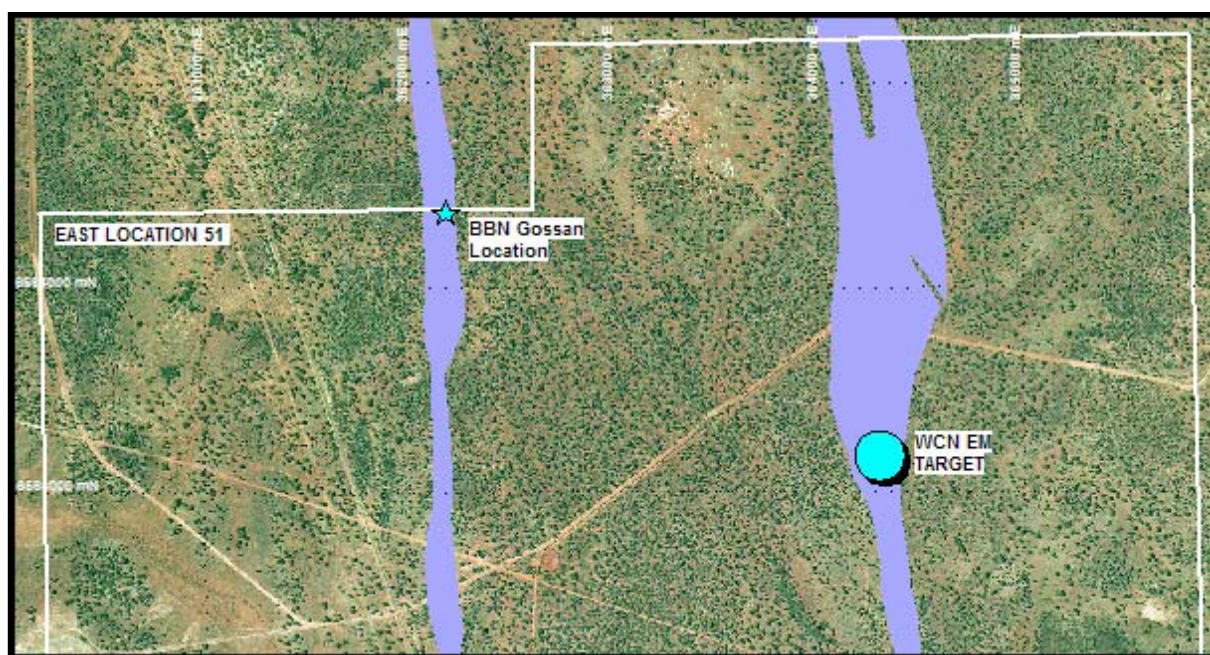


Figure 4 Sample location E220179, showing interpreted ultramafic units, MGA94 Zone 51

Applications for Exploration Licences, Kimberley

Applications have been submitted for four exploration licences with a combined area of 215 square kilometres (E80/4287 – E80/4289 and E80/4302). The applications cover prospective areas of the Corridor Gabbro, West Robin Soak and Springvale/Wilagee layered mafic-ultramafic intrusions. Gossans reporting low to moderate concentrations of Cu and Ni have been identified on each of the licence areas.

Planned Activities for Next Quarter

- Continue the eastern ultramafic re-sampling and geological assessment
- RAB drilling of the Wildcatters North EM target and the western margin of the Abattoir ultramafic sequence.

Yours faithfully

LODESTAR MINERALS LIMITED

A handwritten signature in blue ink, appearing to read 'B. Clayton', is positioned above the printed name.

BILL CLAYTON

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Mr Bill Clayton, Managing Director, who is a member of the Australian Institute of Geologists, and has sufficient experience of relevance to the styles of mineralisation and 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 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(137)	(137)
(b) development	-	-
(c) production	-	-
(d) administration	(92)	(92)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	16
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	(213)	(213)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(213)	(213)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(213)	(213)
	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	(213)	(213)
1.20	Cash at beginning of quarter/year to date	2,544	2,544
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,331	2,331

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	83
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	239
4.2 Development	-
Total	239

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	2,331	2,544
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,331	2,544

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: 
Director

Date: 28 October 2009

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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