



*Actively advancing new prospects
in a West Australian gold region*

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COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Bill Clayton, who is a Competent Person and a Member of the Australian Institute of Geoscientists. Bill Clayton is Managing Director and a full-time employee of Lodestar Minerals Limited. Mr Clayton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Clayton consents to the inclusion in the report of the matters based on his 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".*
- *15th August 2016 "Final RC Results from Contessa – Brumby".*
- *15th July 2014 "Contessa Gold Results and Neds Creek Copper Targets".*
- *29th December 2014 "RC Drilling intersects Significant Gold in Alteration Zone".*
- *30th April 2013 "March 2013 Quarterly Activity and Cash Flow Report".*
- *27th January 2016 "Marymia Drilling Results".*
- *28th April 2016 "March 2016 Quarterly Activities and Cash Flow Report".*

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.

Chasing The Next Major Gold Discovery

**ADVANCING MULTIPLE
EXISTING TARGETS AT
NED'S CREEK PROJECT
ON THE CAPRICORN
TECTONIC MARGIN**

**UPCOMING 10,000M
AIRCORE DRILL
PROGRAM TO DRIVE
NEWSFLOW &
GENERATE MULTIPLE
RC DRILL TARGETS**

**CONSIDER NEW
OPPORTUNITIES TO
GROW EXPLORATION
FOOTPRINT AROUND
KEY TARGET AREAS**

**RECENTLY IDENTIFIED
GOLD TERRANE,
LIMITED HISTORIC
EXPLORATION &
PROSPECTIVE
STRUCTURAL SETTING**

**EXTENSIVE
ALTERATION AND
MINERALISATION
WITHIN A 5KM
CORRIDOR – A LARGE
GOLD SYSTEM**

**MAJOR GOLD
PRODUCING REGION
(10MOZ PLUTONIC
WELL GREENSTONE
BELT) WITH
SIGNIFICANT UPSIDE***

*Guj and Fallon, (2009) An Empirical Analysis of Progressive Value and Risk of Exploration in the Plutonic Marymia Greenstone Belt

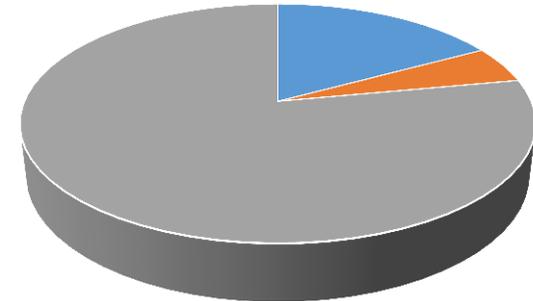
Board and Senior Management

- **Non-Executive Chairman, Ross Taylor**
 - Chartered Accountant and finance professional with extensive experience in global investment banking and financial markets
 - Senior positions held with Deutsche Bank, Bankers Trust and Barclays Capital
 - Largest shareholder in Lodestar
- **Managing Director, Bill Clayton**
 - Geologist with 30 years' experience in Western Australian greenfields exploration and project generation and evaluation roles
 - Previous roles held with LionOre, Forresteria Gold, Outokumpu and CSA Global
- **Executive Director/Co Sec, David McArthur**
 - Accountant with broad range of experience in financial and corporate management of public listed companies gained over the past 28 years

Capital Structure *

ASX code	LSR
Shares on issue	386.22m
Share price	A\$0.011
Market capitalisation	A\$4.2m
Cash (30 Jun 2016)	A\$0.37m
Debt (30 Jun 2016)	Nil
Unlisted options	43.55m
Top 20 shareholders	36%

Lodestar Shareholders

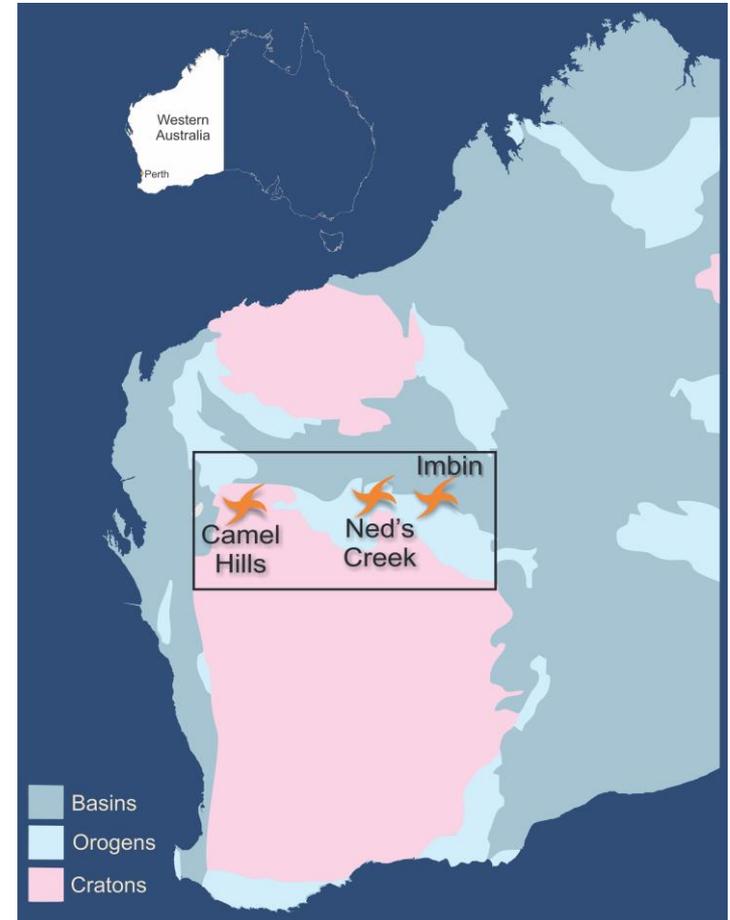


- Ross Taylor
- Directors (ex-Mr Taylor)
- Others

*Prior to fully underwritten entitlements offer to raise \$643,000, see 12 September 2016 ASX announcement

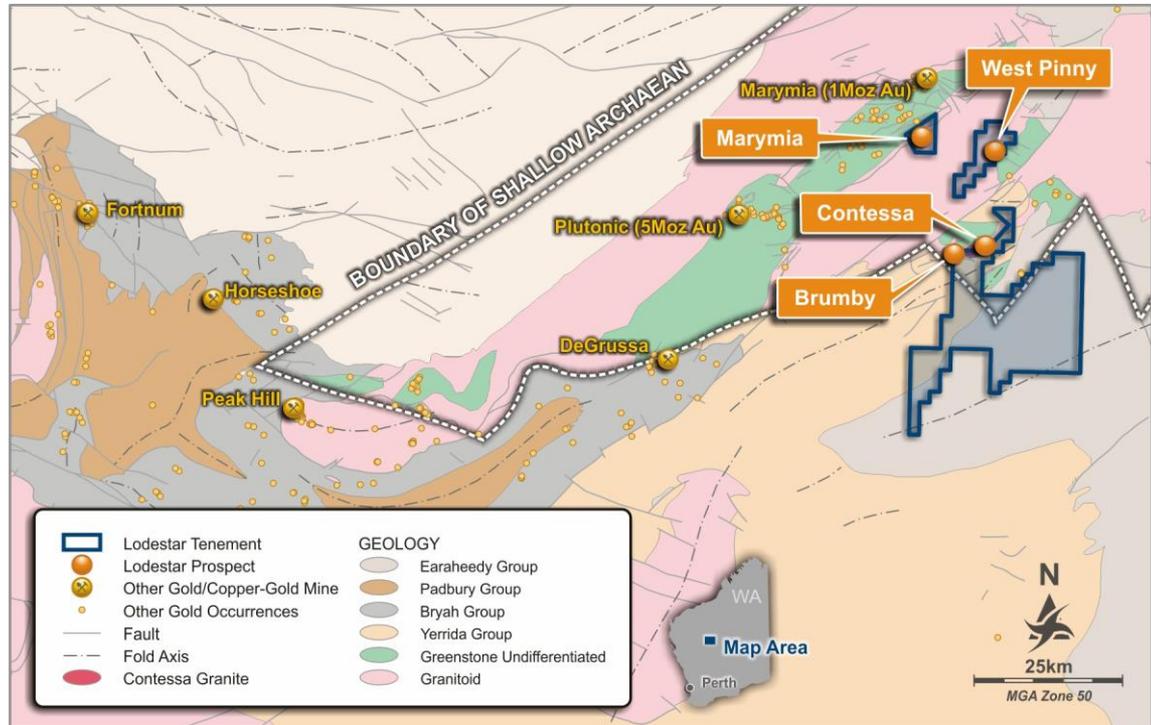
MULTIPLE TARGETS ON THE CAPRICORN TECTONIC MARGIN

- **Ned's Creek** (537km² – LSR 100%)
 - Granted exploration leases in area of good infrastructure, 40km from 5Moz Plutonic mine.
 - Multiple targets identified – ranging from undrilled greenfield targets to advancing earlier discoveries.
 - Greenfield discovery made in 2013 at **Contessa** (21m @ 3g/t Au, 10m @ 5.6g/t Au) with minimal follow-up.
 - Gold anomalism defined over 5km with high-grade hits in aircore drilling.
 - Fault off-set structural setting: important feature of major Eastern Goldfields Province gold systems.
 - Recent 37m mineralised intersection to end of hole at **Brumby** upgrades potential.
 - No historic drilling at **Marymia** and recent aircore program has outlined extensive gold anomalism.
 - **West Pinyrinny** gold targets: historic gold intercepts in 1990's RAB drilling and rock samples to 4g/t gold.
- **Camel Hills** (778km² – LSR 100%)
 - Advancing understanding of 6km long gold structure



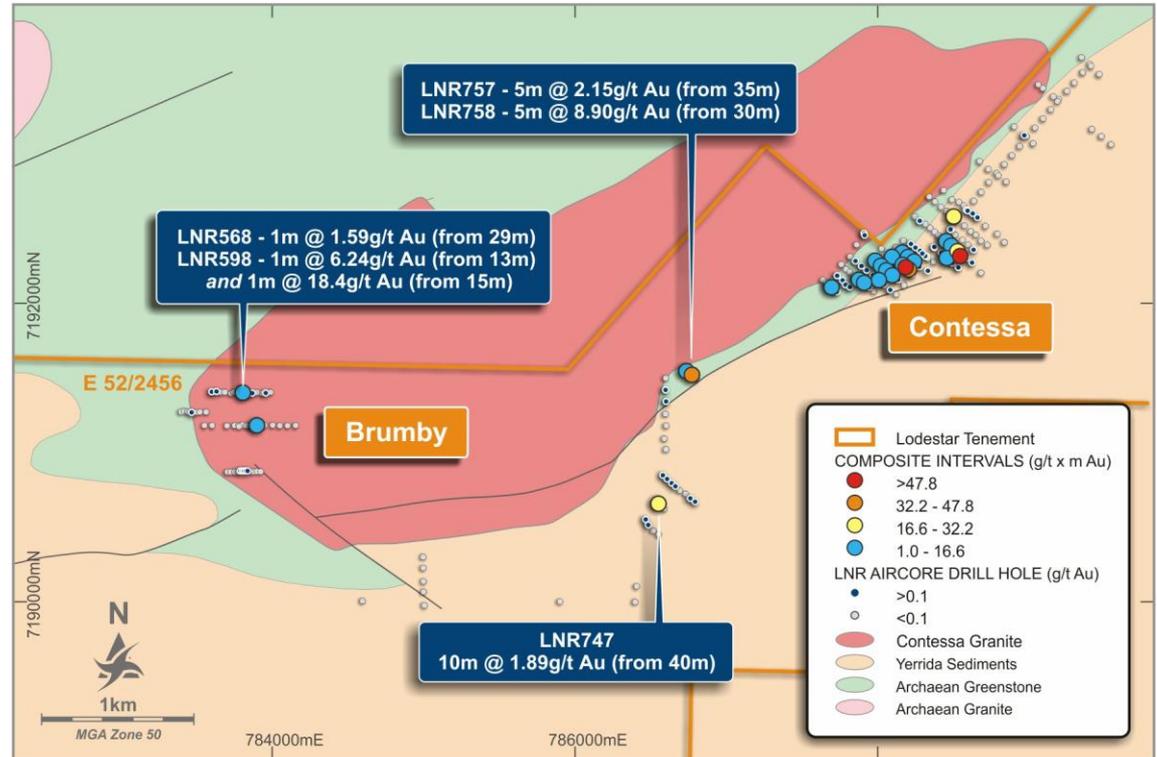
Attractive Setting

- Fold belt >200km in length – a proven gold province.
- Orogenic gold, long-lived collision zone with **multiple mineralising events** (2650Ma to 920Ma).
- Presence of **syenite** has similarities to 1.0Moz Carosue Dam, 1.5Moz Jupiter and 8Moz Wallaby deposits of Eastern Goldfields Terrane.
- Recent interpretation has drawn comparison to the **Abitibi Greenstone Belt** in Ontario, Canada (170Moz production).
- **Multiple gold mining operations** in the past two decades.
- 5km zone of mineralised composite intrusions at Contessa.



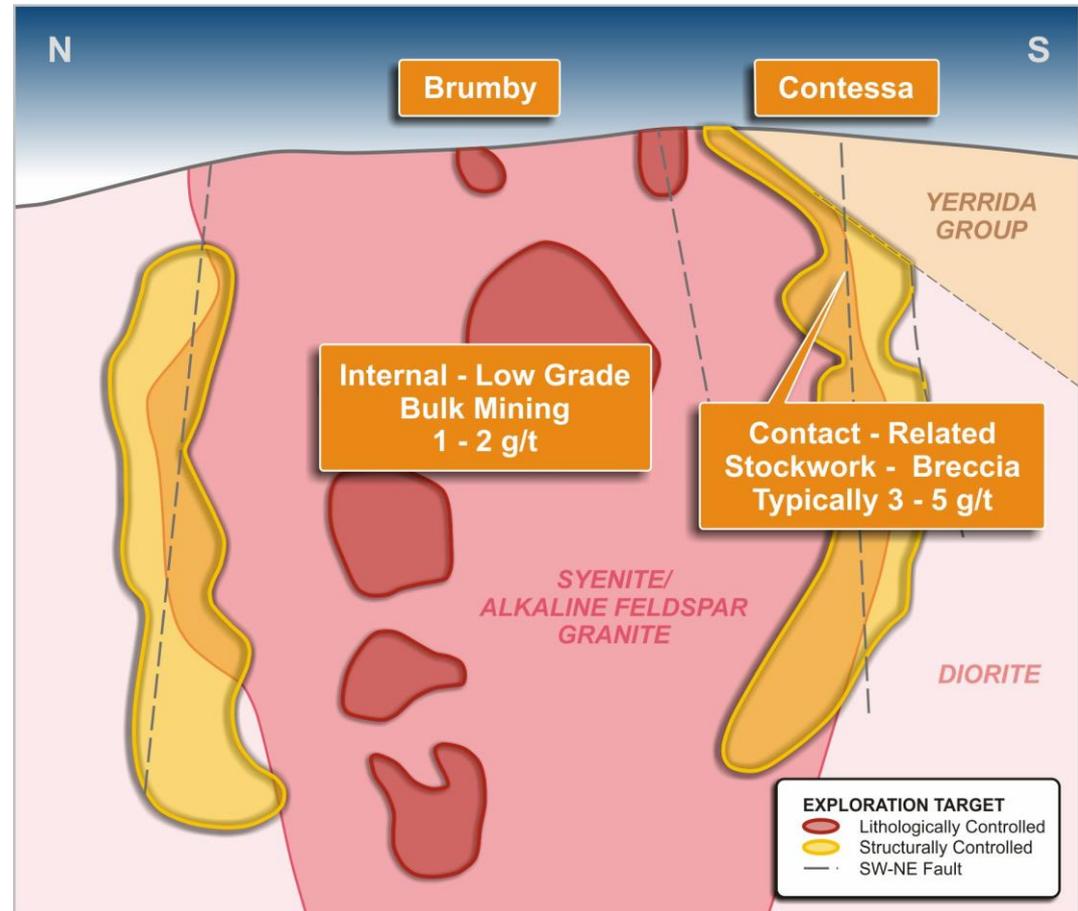
Contessa & Brumby

- Located on a major tectonic boundary (NW & ENE trending Archaean domains).
- **Large System** – extensive gold anomalies (>0.1g/t gold), including high-grade supergene hits, in drilling over 5km.
- **Multiple hosts** – large intrusives (granite, diorite) and mafic rocks.
- Recently identified Brumby geochemical anomalies in rock sampling.
- No meaningful historic exploration prior to Lodestar ownership.
- Area subject to only 10 RC holes with the majority intersecting gold mineralisation >1g/t.



Dual Exploration Targets

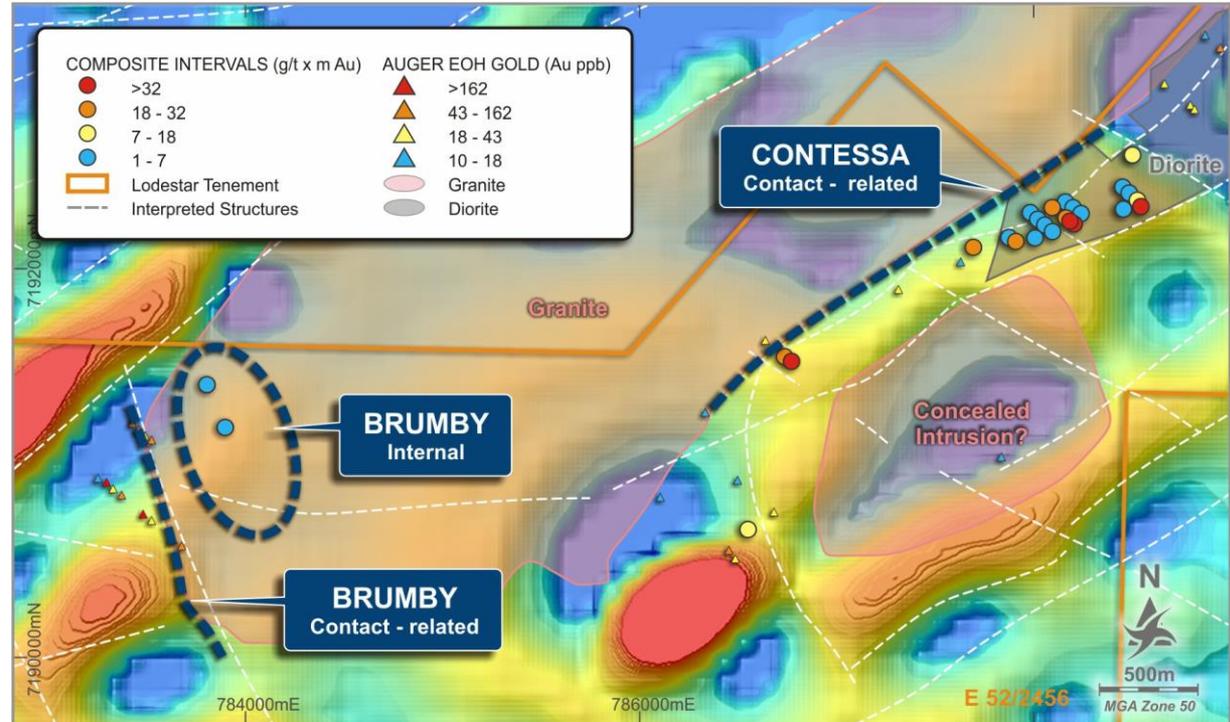
- Syenite hosts low sulphide, pyrite associated gold – **Brumby**.
- Diorite hosts pyrite associated gold – **Contessa**.
- Well documented 170Moz Abitibi Belt analogues:
 - **Type 1** – syenite-hosted, lower grade, bulk tonnage deposits
 - **Type 2** – structurally controlled stockwork, breccia zones, dykes and faults on intrusion margins (higher grade)
- Contessa granite margins are poorly tested by drilling.
- Attractive targets with potential for high grades and bulk tonnage.



Schematic representation of syenite-related gold targets, adapted from Bigot, L., (2012) Gold Mineralisation at the Syenite-Hosted Beattie Gold Deposit at Duparquet, Neoproterozoic Abitibi Belt, Quebec, Canada..

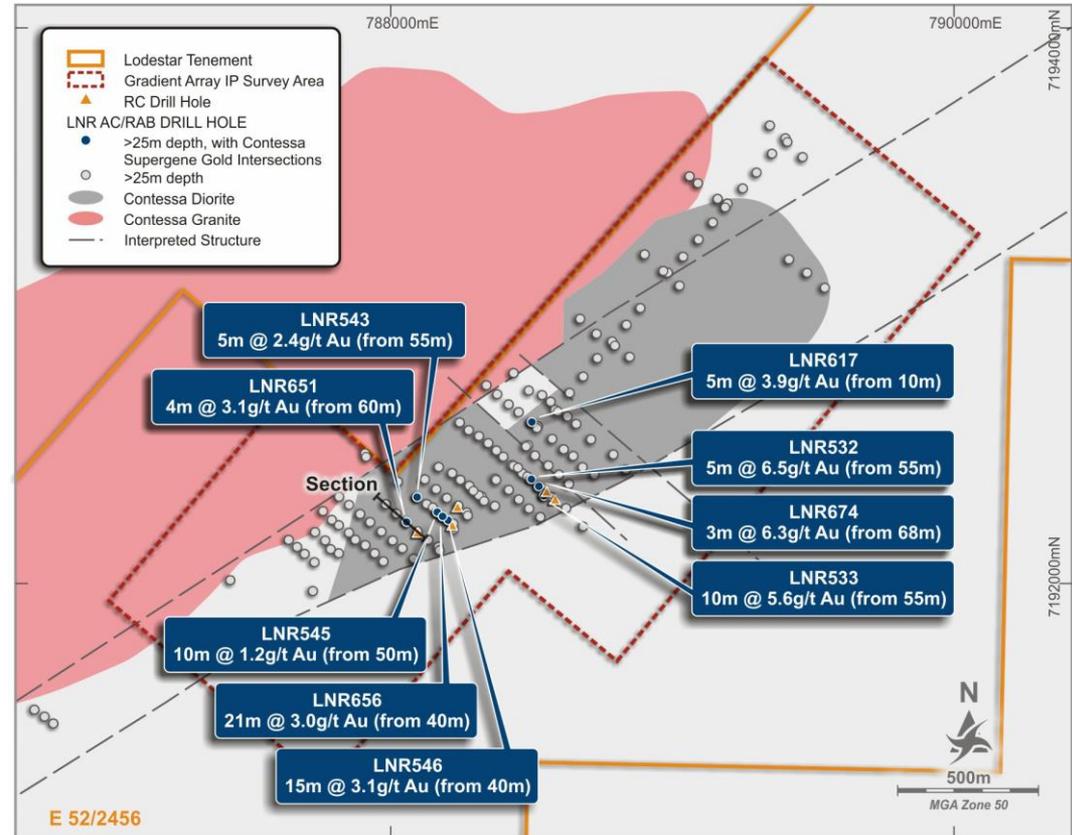
Limited Regional Work

- **Bulk tonnage, lower grade, syenite-hosted “Type 1” targets:**
 - Internal syenite-hosted mineralisation at Brumby (partly tested).
 - Demagnetised zone in granite (untested).
 - Concealed intrusion between major ENE trending shear zones (untested).
- **Higher grade, structurally controlled “Type 2” targets:**
 - Shear zone on southern margin of Contessa granite (partly tested, no drilling for over 1200m).
 - Contact-related mineralisation west of Brumby (untested, auger sampling only).



A Large Gold System

- Lodestar has completed two aircore drill programs and only 2,000m of RC drilling (9 holes) in a 5.8km² prospective area
- High grade supergene drill intercepts in aircore drilling:
 - 21m at 3.0g/t gold from 40m
 - 10m at 1.2g/t gold from 50m
 - 15m at 3.1g/t gold from 40m
 - 10m at 5.6g/t gold from 55m
 - 5m at 6.5g/t gold from 55m
 - 3m at 6.3g/t gold from 68m
- Gold occurs as a supergene blanket at base of complete oxidation.
- Underlying fresh diorite extensively altered and returned narrow intervals of +1g/t gold, with maximum of 1m at 6g/t gold in 2014 RC drilling.

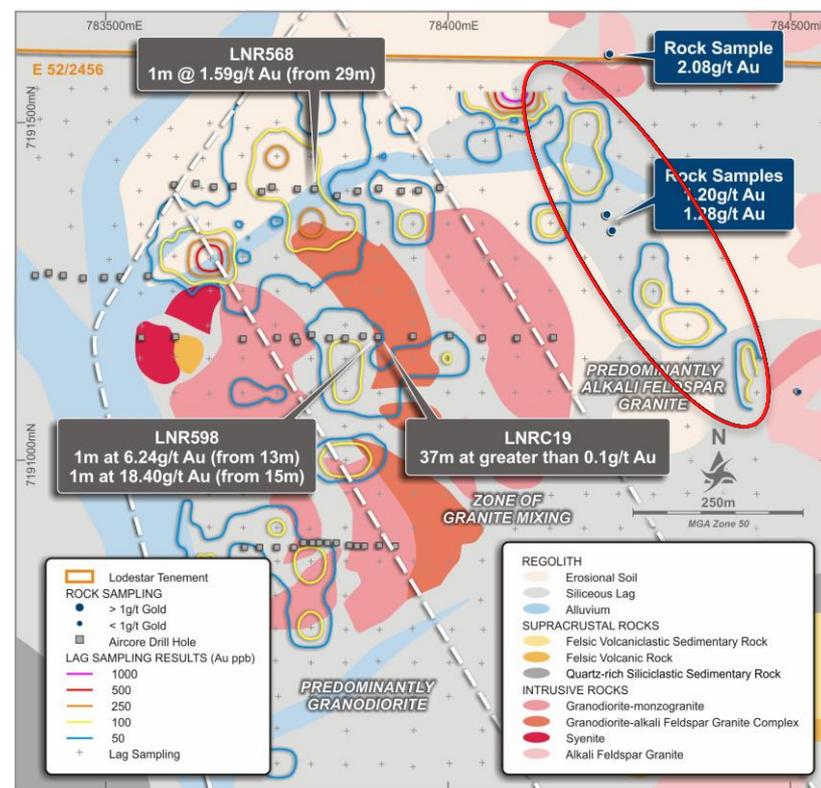
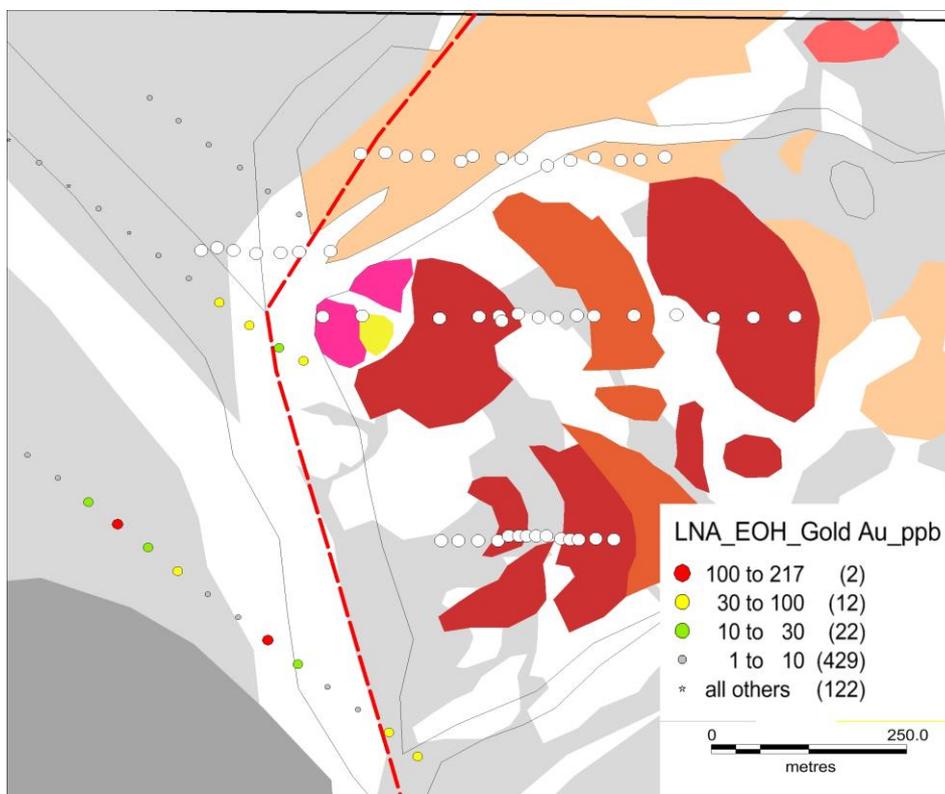


Brumby – Targets

- Brumby granite margins – gold anomaly in auger geochemistry on western project boundary.
- Eastern zone 400m gold in lag and rock chip anomaly up to 2.02g/t gold untested by drilling.

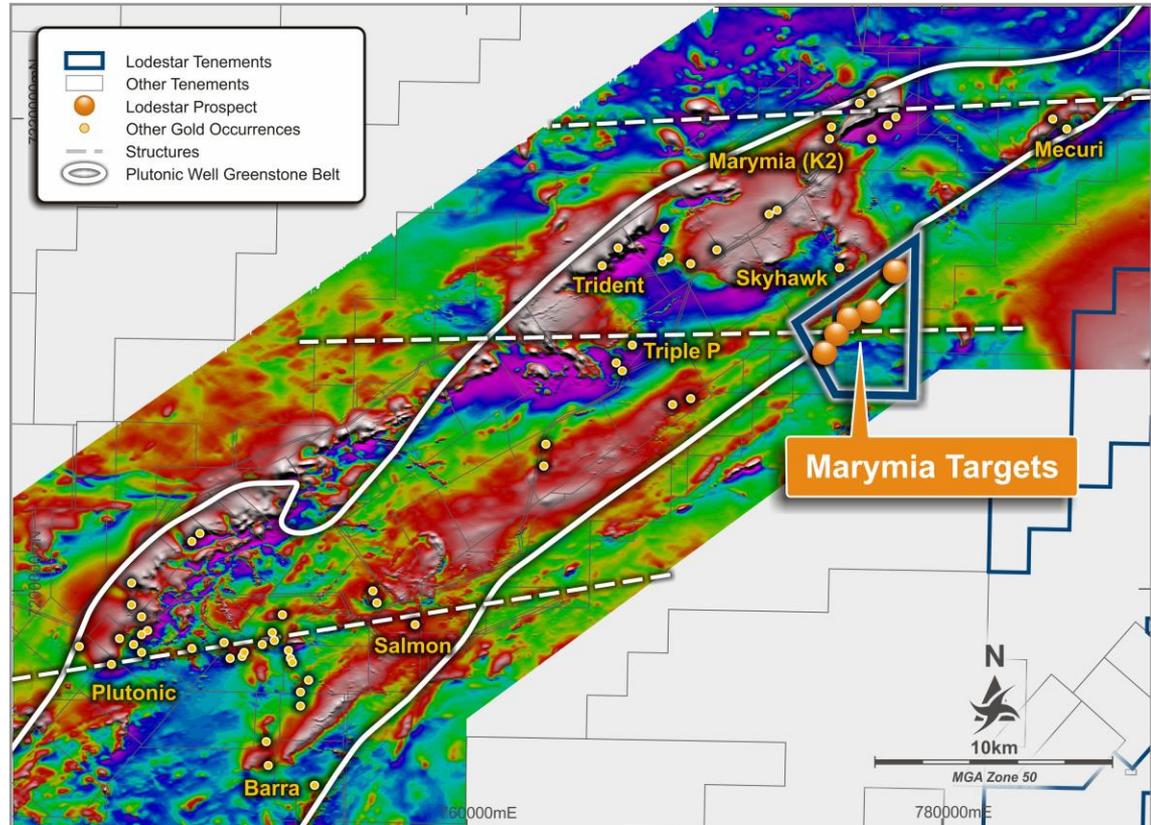
Potential for more extensive mineralisation in central zone – 7m at 0.51g/t in first RC drill hole, 37m of 99m hole returned >0.1g/t gold.

Further evidence of a large gold system with capacity to expand into something bigger.



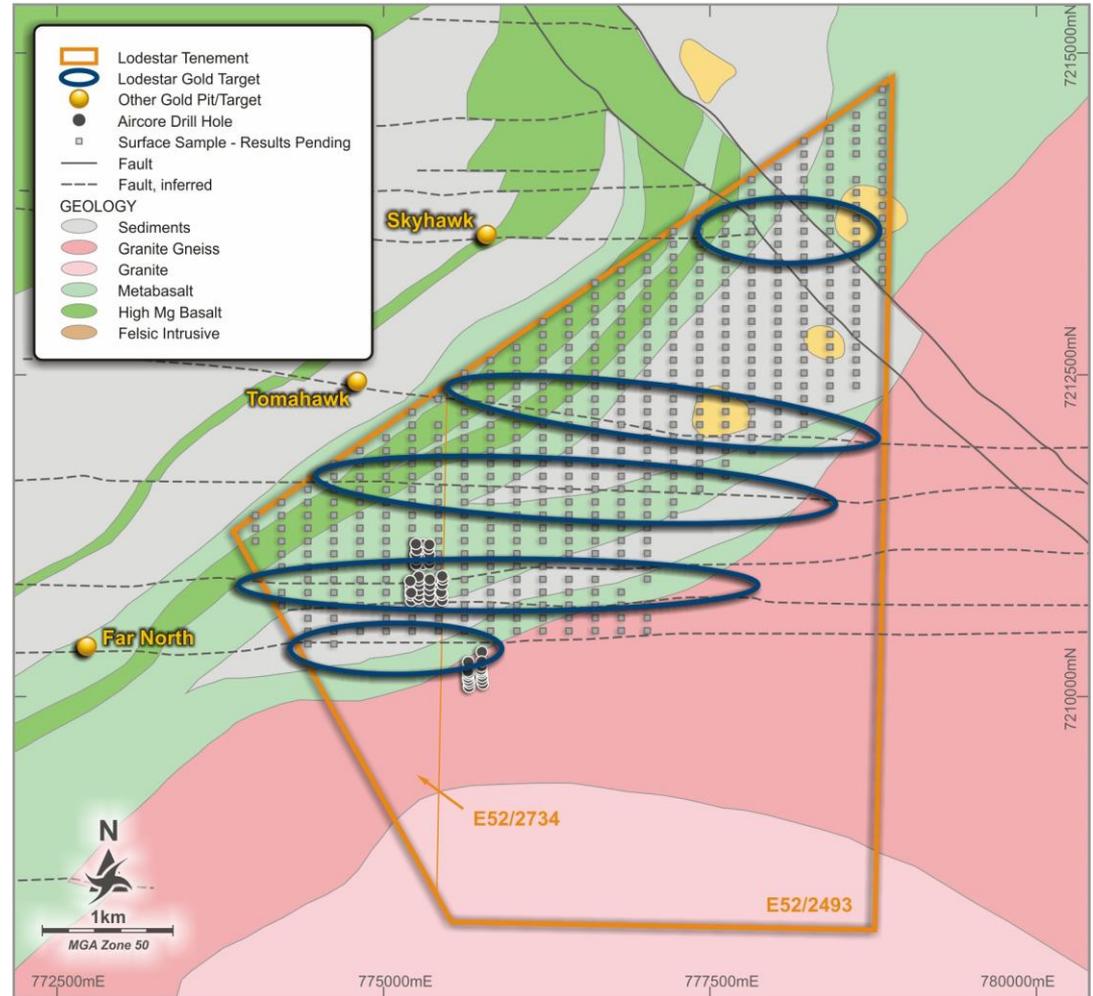
Historic Gold Mining Area

- Southern margin of 10Moz Plutonic Well greenstone belt.
- Marymia gold mine and proximal pits produced >1Moz of gold
- Multiple targets along strike from historic gold operations.
- No historic drilling due to fragmented ownership.
- Gold associated with early thrusts, controlled by east-west trending lineaments and lithological contacts.
- Prospective greenstone stratigraphy stretching 5km and transected by major east – west faulting.
- Review of high resolution magnetics.
- Systematic surface sampling to define drill targets with results imminent.



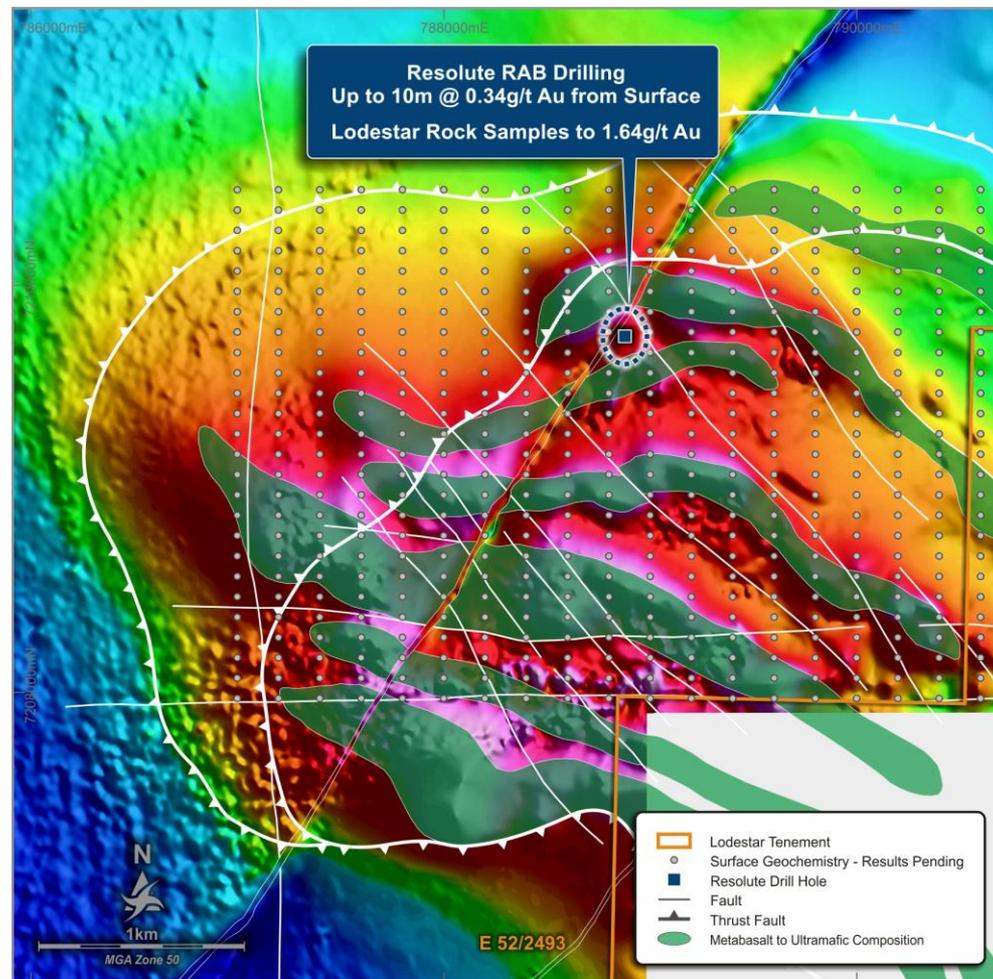
Building An Understanding

- First-pass aircore drilling (2015) targeted area where gold specimens were recovered.
- Shallow-dipping (layer parallel) mineralisation : 5m at 0.45g/t gold; 5m at 0.10g/t gold and maximum 0.9g/t gold and 0.54% Cu in 1m split samples.
- Drilling coincident with east-west structure (pre-dated magnetic interpretation).
- Magnetic interpretation identified five east-west structural targets.
- Auger geochemical sampling completed and 500 samples for gold and multi-elements (5.5km x 1.9km grid), results awaited.
- The most comprehensive exploration undertaken to date.



Geochemical Results Imminent

- Granite thrust over folded greenstone sequence.
- Historic RAB drilling by Resolute reported 10m at 0.34g/t gold¹.
- Rock sampling by Homestake² reported anomalous gold (up to 4g/t Au), arsenic and lead.
- Lodestar's rock sampling confirms gold in the area of drilling – 1.6g/t in quartz veining with anomalous As, Cu, Mo and Sb.
- Gold occurrence is coincident with large (2km long) As-Cu-Sb anomaly in Lodestar's lag sampling over sheared siliceous sediments and mafic rocks.
- Detailed aeromagnetics flown and interpretation completed.
- Gold geochemical sampling completed and results imminent.
- Results to determine next steps.

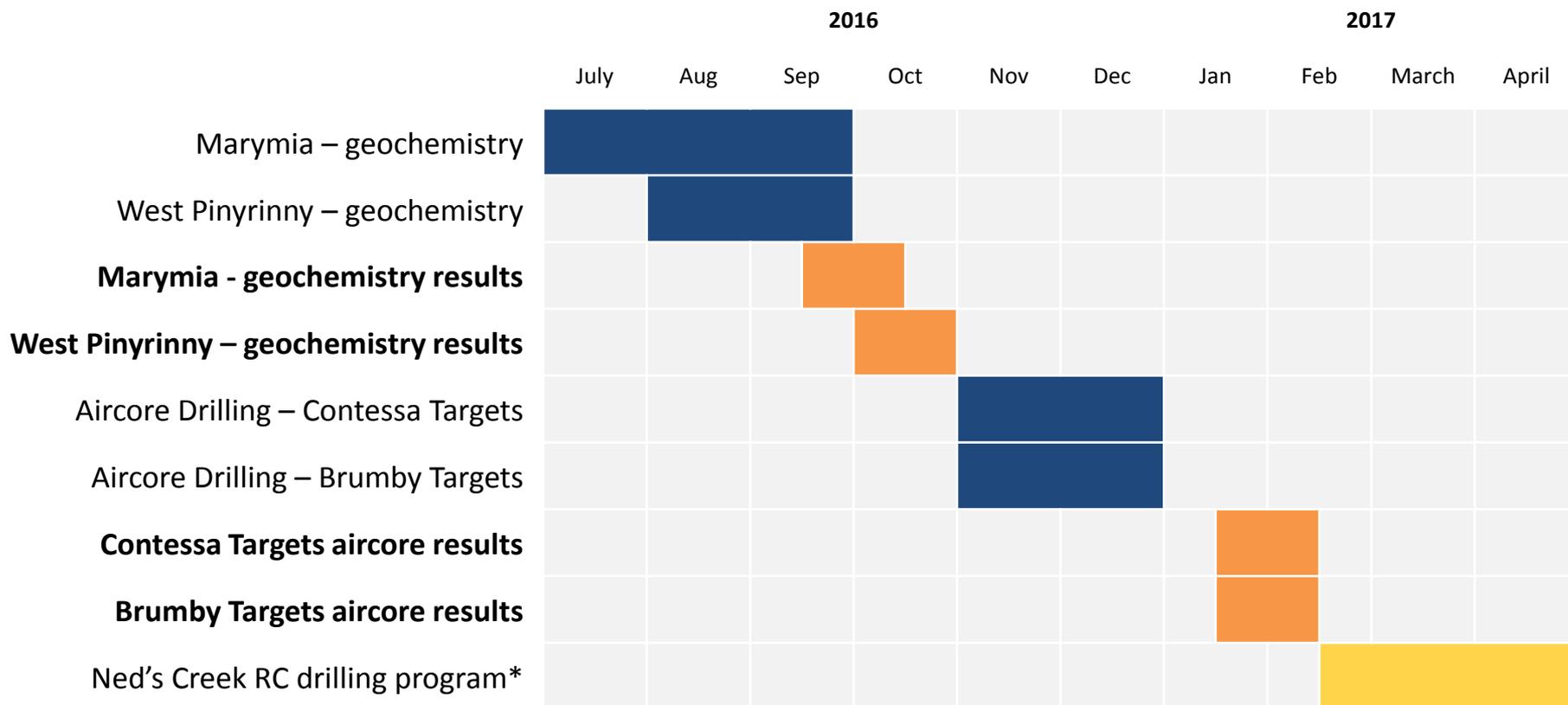


¹ Resolute Resources' Limited report on the Marymia Gold Project, E52/322, 1991. Open file report no. A32637.

² Homestake Gold of Australia Ltd Technical Report No. 923, 2000. Open file report no. A60572.

Target	Technique	Samples/Metres	Cost	Timing
Marymia structural targets	Geochemistry	500	\$26,000	Sept'16
West Pinnyriny	Geochemistry	600	\$30,000	Sept'16
Brumby – multiple targets	AC Drilling	2500m	\$83,000	Nov'16
Contessa – multiple targets	AC Drilling	6600m	\$200,000	Nov'16

Indicative Timeline of Activities



*Timing and location of future RC drill program subject to results, funding and the start of the 2017 field season.

CONSISTENT NEWSFLOW FROM MULTIPLE GOLD TARGETS

- Short-term activities focused on existing high value targets at Ned's Creek.
- Region displays similarity to the Wallaby and Jupiter gold deposits and the 170Moz Abitibi gold belt in Canada
- Multiple targets identified – ranging from undrilled greenfield targets to advancing earlier discoveries.
- Upcoming 10,000m aircore drill program to advance multiple prospects to RC drill ready status.
- Maintain financial discipline by maximising expenditure on exploration through low administration structure.
- Seek opportunities to grow exploration footprint around our key target areas.
- Fully funded for upcoming period of activity ahead of high impact RC drill program planned for early 2017.

