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ASX Limited

By Electronic Lodgement

14th October 2010

- **LODESTAR SIGNS FARM OUT AGREEMENT WITH PINDAN EXPLORATION COMPANY PTY LTD TO FUND EXPLORATION ON THE KIMBERLEY (Nickel-Copper) PROJECT**
- **PEAK HILL-DOOLGUNNA EXPLORATION UPDATE**

Lodestar Minerals Limited (Lodestar - ASX Code: LSR) is pleased to announce that the Company has entered into a Farm – out and Joint Venture Agreement with Pindan Exploration Company Pty Ltd (PEC: PEC is a wholly owned subsidiary of Panoramic Resources Limited – ASX code: PAN) for a farm - out related to the Company's Kimberley Project in northern Western Australia. The Farm - out Agreement is subject to conditions precedent requiring ministerial consent under section 64 (1) of the Mining Act (1978).

The Agreement allows Panoramic to earn an 80% equity in the Kimberley Project by expenditure of \$1 million over three years. Upon satisfaction of the earn-in expenditure the companies will form a Joint Venture and each joint venture party will contribute to expenditure in proportion to its interest or can elect to dilute, subject to conditions. If either party dilutes to an interest of 10% or less then that party will be deemed to have withdrawn from the Joint Venture and its residual interest will be assigned to the other party for a consideration on commercial terms specified under the agreement.

The Board of Lodestar is pleased to have a company of PEC's stature and technical ability associated with the Kimberley Project. The project comprises four granted exploration licences covering an area of 185 square kilometres located between the town of Halls Creek and Panoramic Resource's Savannah Ni-Cu mine (Figure 1) and includes a number of previously identified nickel – copper gossans associated with mafic-ultramafic intrusions. The farm - in with PEC will deliver timely and effective exploration of Lodestar's Kimberley tenements and will allow Lodestar to progress the Peak Hill – Doolgunna Project, where fieldwork is expected to commence shortly.

PEAK HILL-DOOLGUNNA EXPLORATION UPDATE

Lodestar has signed a Heritage Agreement with the Yamatji Land and Sea Council (representing the Yungunga Nya native title claimants) and has submitted a heritage notice for the Neds Creek drilling and geochemical programs. In-fill surface EM (electromagnetic) surveys will shortly commence over a number of less well defined VTEM anomalies in the Neds Creek area. This work is expected to generate additional drill targets that can be tested as part of an extended upcoming drilling program.

Yours Sincerely,



Bill Clayton
Managing Director

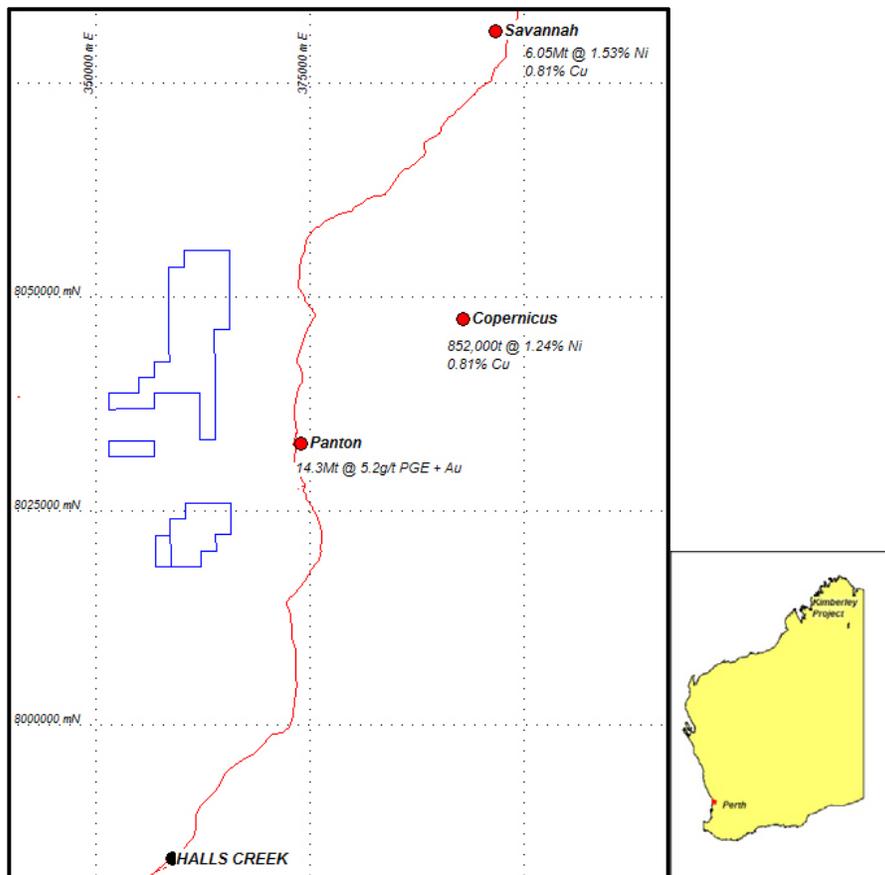


Figure 1 Location Plan - Kimberley Project Tenements

Lodestar Minerals Limited is a Perth – based explorer with projects in the Kimberley, Peak Hill and Kalgoorlie regions. Lodestar acquired the Peak Hill – Doolgunna project in March 2010. The Peak Hill – Doolgunna project forms the core of Lodestar’s project portfolio and represents a strategic landholding of 2000 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault that is adjacent to the recently discovered DeGrussa Cu-Au deposit. Lodestar is embarking on an aggressive exploration program to assess the excellent potential of the emerging north Murchison base metal province.

Competent Person’s Statement

The information in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Bill Clayton who is a member of the Australian Institute of Geoscientists. Bill Clayton is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves”. Bill Clayton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.