



ASX ANNOUNCEMENT

28 April 2016

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED

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CAPITAL STRUCTURE

Shares on Issue:

386,224,233 (LSR)

Options on Issue:

43,550,127 (unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:

Camel Hills – gold

Neds Creek – gold

Marymia – gold

Imbin – gold and base metals



MARCH 2016 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

CAMEL HILLS – BIG SKY

- Big Sky high-grade gold lode and auger anomaly tested over 150 metres by 22 RC drill holes.
- Best intersection of 4 metres at 3g/t gold from 52 metres in LCC017.

NED'S CREEK - MARYMIA

- Gold target lies on a major east-west structure and such structures have been important in localising gold mineralisation within the Plutonic Well Greenstone Belt (e.g. Plutonic).
- Geochemical alteration indices from drill samples vector towards local WNW structure (part of the east-west fault system) and this structure is poorly tested by Lodestar's drilling.
- Follow-up geochemistry over east-west structural targets identified in reviews of aeromagnetics, drill hole geochemistry and historic soil sampling is planned for the June quarter.
- Re-sampled drill holes reported maxima of up to 0.9g/t gold and 0.54% Cu in shallowly north-dipping zone.

NED'S CREEK - WEST PINNYRINY

- Spot sampling of outcrops in area of historic drilling confirm gold anomaly - maximum 1.6g/t gold with elevated As, Cu, Mo, Sb in quartz breccia.
- Element suite corresponds to Lodestar's large lag sampling anomaly in this area and follow-up geochemical sampling is planned for the June quarter.
- Detailed aeromagnetic survey to commence late April.

NED'S CREEK - CONTESSA

- Gradient array IP and detailed aeromagnetic surveys to commence over the Contessa gold target in late April.
- The surveys will test for sulphide-related gold mineralisation targets associated with the Contessa diorite.

CAMEL HILLS (LSR 100%)**BIG SKY****(E09/2099)**

The Camel Hills tenements are located 170 kilometres northwest of Meekatharra, Western Australia and 60 kilometres south and east of Gascoyne Resources Limited's Glenburgh gold deposits (1M oz resources, see Figure 1). The tenements cover 924km² and 90km of strike covering the Errabiddy Shear Zone (ESZ), a 5km to 20 km wide structure that marks the boundary between the Archaean Narryer Terrane to the south and the accreted Palaeoproterozoic Glenburgh Terrane to the north. The ESZ is linked at depth to the Cardilya Fault, a deep crustal fault that marks the major tectonic boundary between the Archaean Yilgarn Craton and accreted Palaeoproterozoic terrane.

Lodestar is targeting orogenic gold in the Camel Hills area, along the northern Yilgarn margin where mineral systems prospectivity mapping by the Geological Survey of Western Australia identified the ESZ as a favourable site for large-scale gold mineralisation. Historic surface sampling identified strong gold anomalies associated with outcropping gneiss in the Big Sky area and this has been the most recent focus of Lodestar's exploration, which has comprised rock sampling, shallow trenching, ground magnetic surveying, auger sampling and RAB and RC drilling.

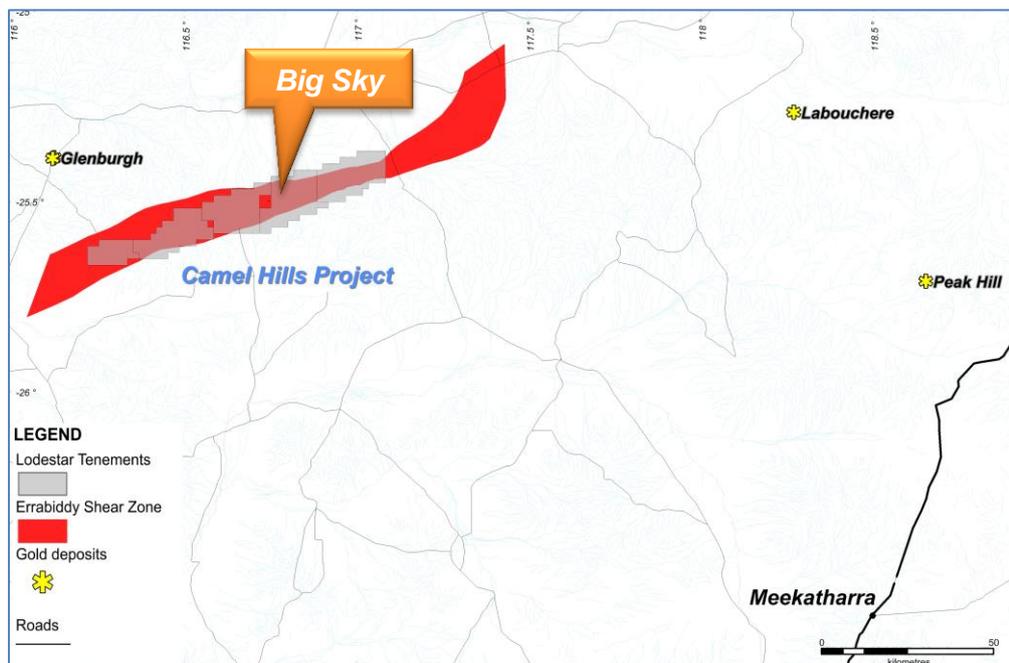


Figure 1 Location Plan - Big Sky gold prospect

WORK COMPLETED

A program of 1,525 metres of RC drilling was completed at Big Sky in March to test a high-grade gold discovery and surrounding auger gold anomaly (see Lodestar's ASX announcements dated 2 February 2016, 31 March 2016 and 20 April 2016).

The RC drilling tested around the discovery gold intersections in LCC011 and LCC012 and 150 metres along the auger anomaly, south west of the discovery lode, to a maximum down hole depth of 155 metres.

The RC drilling failed to repeat the high-grade mineralisation identified in LCC011 and LCC012, with the best intersection of 4 metres at 3g/t gold from 52 metres reported from a 4 metre composite sample in LCC017, down-dip from the discovery drill holes. Repeat sampling of selected RC intervals will assess whether the sampling method adopted for the RC drilling is representative in regard to coarse free gold observed in the discovery lode.

Numerous anomalous drill assay values of greater than 100ppb (0.1g/t) gold occur along the magnetic Pether-calcisilicate contact, confirming that contact acts as an important control on mineralisation. Untested regional stream gold anomalies occur along the same magnetic contact, south west of the Big Sky target and will be subject to follow-up sampling in the June quarter.

NED'S CREEK (LSR 100%)

MARYMIA

(E52/2493 & E52/2734)

The Marymia tenements are located within the Ned's Creek project and overlie the southern margin of the Plutonic Well greenstone belt, 200km northeast of Meekatharra. The tenements are 10km south of the historic Marymia gold mine and 30km east of Northern Star Resources Limited's Plutonic gold operations (see Figure 2). Gold exploration in the Plutonic Well greenstone belt commenced in the 1980's and to date an endowment of more than 10Moz of gold in production and resources has been defined.

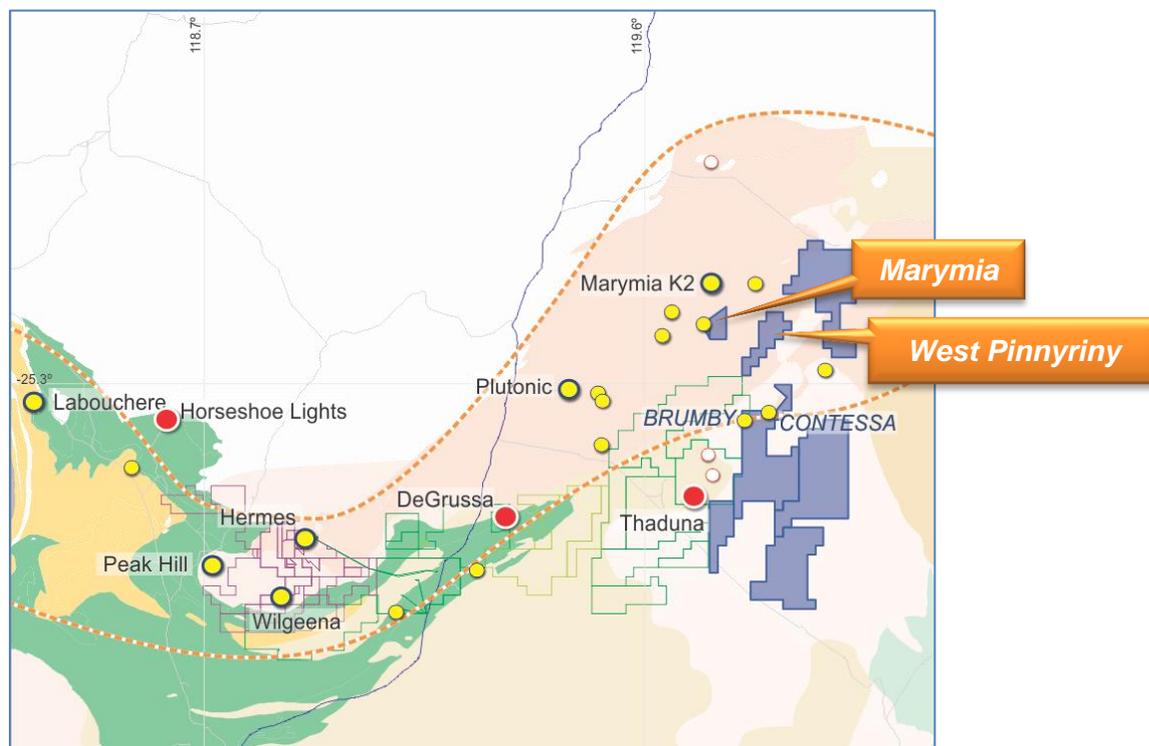


Figure 2 Location Plan showing Marymia & West Pinnyriny gold prospects

WORK COMPLETED

Following an initial program of aircore drilling completed in December 2015, the Marymia regional aeromagnetic data and down hole geochemical data have been reviewed with the aim of integrating regional and local data to identify potential targets within the 5km of prospective greenstone contained within Lodestar's tenements.

A review of the Plutonic Well detailed aeromagnetic data has identified a major east–west fault intersecting the greenstone belt in the area of the Marymia target (see Figure 3). East-west structures are recognised as a key feature in localising gold mineralisation where they intersect northeast trending gold-bearing corridors within the greenstone belt¹. The presence of this major

¹ Source Dampier Gold Prospectus dated 19th July 2010, p44.

structure, together with evidence of gold mineralisation in the immediate locality, are regarded as significant at this phase of target generation.

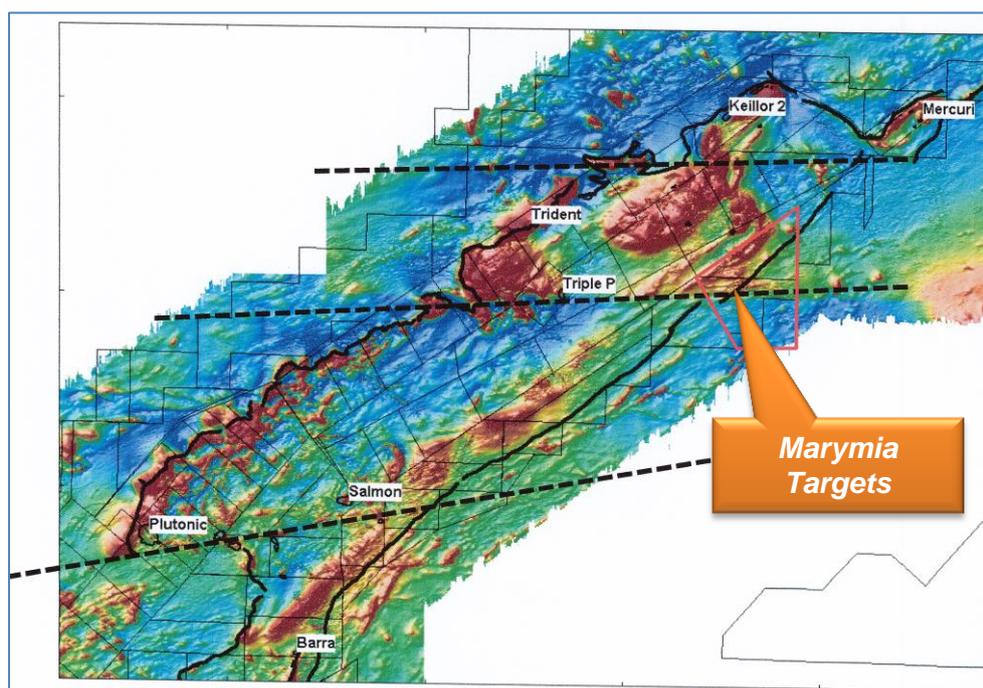


Figure 3 Aeromagnetic image of the Plutonic Well greenstone belt showing interpreted boundaries and major east-west structures (RTP- AMG Zone 50).

Interpretation of aeromagnetic data at the prospect scale has identified conceptual targets related to the east-west fault and intersections with the main northeast trending lithostructural units (see Figure 4).

Bottom of hole samples from the aircore drilling were analysed for a range of multi-elements to identify rock types and determine whether alteration vectors to mineralisation were present. The host to low-grade oxidized copper and gold mineralisation intersected in aircore drilling at Marymia is an intermediate rock (thought to be intrusion-related) within mafic amphibolites mapped by the GSWA.

A key feature of the geochemistry review is the identification of a north west-trending brittle fault (see Figure 5) that is probably related to the series of east-west faults identified in the aeromagnetic interpretation. Alteration vectors to mineralisation show a consistent increase towards the brittle fault zone. The fault zone is characterised by deep weathering and has not been effectively tested by Lodestar's drilling. Elsewhere in the Plutonic Well Greenstone Belt the intersection of similar east-west structures with lithological or structural contacts represents a potential site for mineralisation.

The east-west structural trend has been independently identified in geological mapping, the aeromagnetic interpretation and the review of down hole geochemistry. In view of the importance of these structures Lodestar will expand exploration beyond the area of initial drilling and carry out detailed geochemical sampling over the identified targets and main lithostructural contacts.

Resampling of anomalous intersections reported from the 5 metre composite samples has been completed. The 1 metre split samples have confirmed the original anomalies, reporting grades of up to 924ppb (0.9g/t) gold and 5,400ppm (0.54%) copper. The anomalous intervals form a

shallowly north-dipping zone trending towards the brittle fault zone noted above. The results are reported in Table 1.

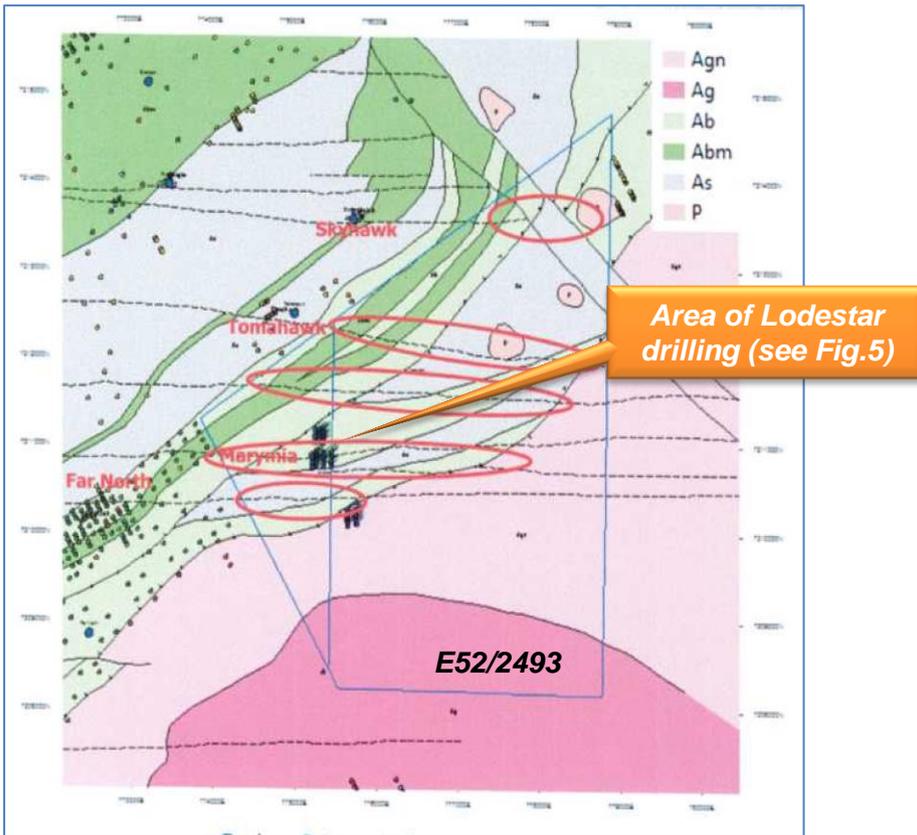


Figure 4 Marymia gold targets (shown in red) related to east-west trending structures derived from the aeromagnetic interpretation, intersecting northeast trending lithostructural units.

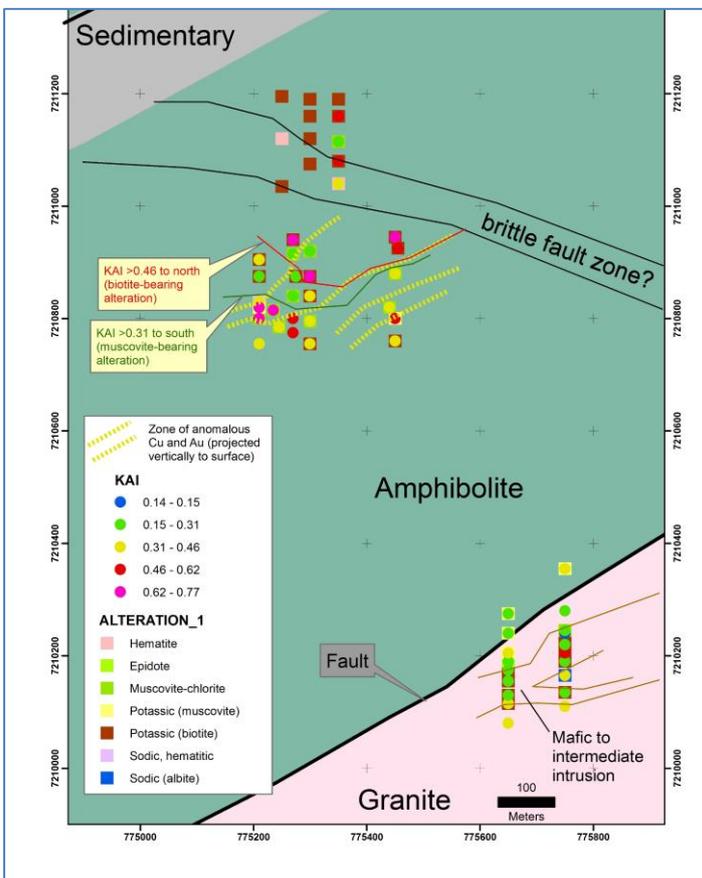


Figure 5 Distribution of alteration mineralogy, Marymia gold prospect (MGA94 Zone 50).

Table 1 Results of 1m re-split sampling, Marymia aircore drilling.

HoleID	Easting	Northing	RL	Depth	Dip	Azimuth	From	To	Au_ppb	Cu_ppm
LMR046	775272	7210839	640	60	-60	180	25	26	6	308
							26	27	2	505
							27	28	5	450
							28	29	8	456
							29	30	1	453
LMR047	775275	7210879	640	60	-60	180	45	46	2	331
							46	47	-1	737
							47	48	924	3960
							48	49	86	2910
							49	50	6	656
LMR055	775353	7210876	640	60	-60	180	30	31	11	747
							31	32	1	968
							32	33	5	1180
							33	34	113	1430
							34	35	57	1950
							35	36	-1	149
							36	37	-1	242
							37	38	82	1580
							38	39	2	848
39	40	29	1050							
LMR062	775450	7210944	640	60	-60	180	55	56	9	207
							56	57	24	636
							57	58	24	2910
							58	59	447	5400
							59	60	16	278
LMR093	775350	7211080	640	81	-60	180	65	66	-1	19
							66	67	5	154
							67	68	107	263
							68	69	341	262
							69	70	6	106
LMR092	775351	7211042	640	81	-60	180	65	66	145	94
							66	67	119	105
							67	68	17	124
							68	69	-1	87
							69	70	5	86

WEST PINNYRINY (E52/2493)

Preliminary spot sampling was completed in the area of Resolute's historic drilling and surface sampling² that reported anomalous gold. Seven rock chip samples reported a maximum 1640ppb (1.6g/t) gold with associated elevated As, Cu, Mo, and Sb (see Table 2) from brecciated quartz veining. Quartz veining is associated with outcropping cherty sediments and strongly deformed

² Resolute Resource's Limited Report on the Marymia Gold project, E52/322. Open file report no. A32637, Department of Mines and Petroleum, Western Australia.

schistose rocks. The sequence dips to the north at 40 degrees and appears to be overthrust by granite-gneiss of the Marymia Inlier. The aeromagnetic data suggest that much of the area is underlain by magnetic units, likely to be mafic-ultramafic greenstone sequences similar to those that host significant gold in the Plutonic Well greenstone belt.

West Pinnaryny was identified by Lodestar’s regional lag geochemical sampling as a large Cu-As-Sb anomaly (see Lodestar’s ASX release dated 30th January 2015). The anomaly is coincident with the historic gold mineralisation at West Pinnaryny and represents a priority target for follow-up. Lodestar has planned a detailed aeromagnetic survey over the West Pinnaryny area, commencing late April and will complete detailed in-fill sampling over the area to define targets for drilling.

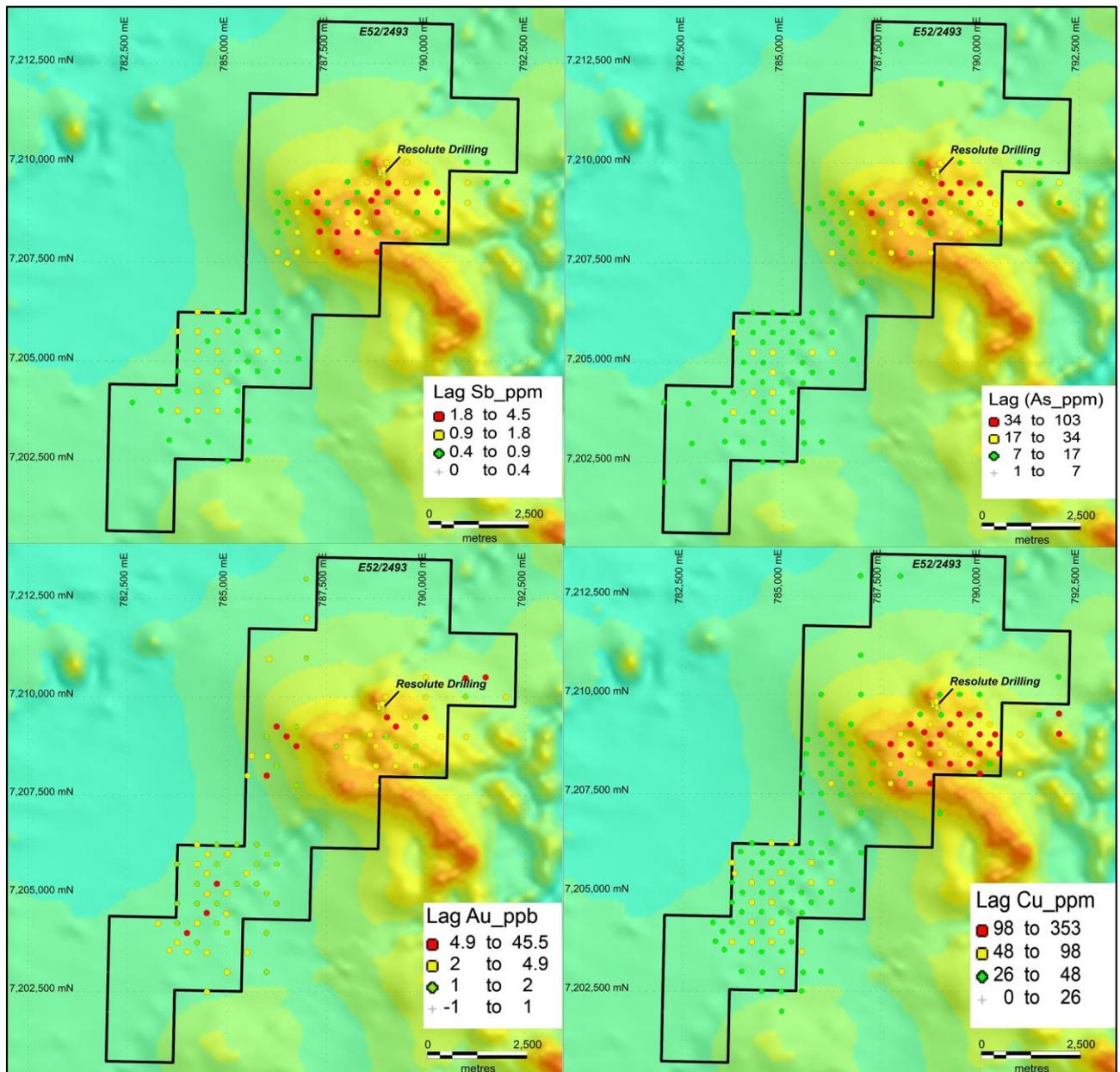


Figure 6 Multi-element lag sampling anomaly on E52/2493, co-incident with the Resolute anomalous gold in drilling. Aeromagnetic image RTP with NE shade (MGA94 Zone 50).

Table 2 Rock chip samples from West Pinnaryny.

SampleID	Easting	Northing	Au_ppb	Ag_ppm	As_ppm	Bi_ppm	Cr_ppm	Cu_ppm	Fe_pct	Mn_ppm	Mo_ppm	Ni_ppm	Pb_ppm	Sb_ppm	Te_ppm	W_ppm
LSR102194	788819	7209801	13	-0.05	87.4	-0.02	65	141	14.4	241	0.4	24	34	0.36	-0.02	-0.1
LSR102195	788830	7209712	417	0.1	326	0.14	60	121	10.1	329	4.2	20	86	8.38	0.12	-0.1
LSR102196	788886	7209713	-1	-0.05	10.6	0.1	20	7	1.13	201	1.6	13	2	0.26	0.04	-0.1
LSR102197	788868	7209716	1640	0.7	233	0.16	40	70	12.3	303	1.4	12	15	1.02	0.14	0.2
LSR102198	788530	7209994	1	-0.05	3	0.02	20	7	1.57	236	0.8	8	-1	0.08	0.02	9.2
LSR102199	788531	7209995	16	-0.05	4.6	0.04	20	8	2.13	140	0.8	10	2	0.1	0.04	0.3
LSR102200	788532	7209996	2	-0.05	2.4	0.06	55	75	8.21	124	1.4	54	17	0.08	-0.02	0.1

CONTESSA (E52/2456)

Detailed aeromagnetic and gradient array IP surveys have been planned for the Contessa gold target where RC drilling in 2014 intersected widespread pyrite alteration within a composite diorite intrusion. The widely-spaced RC drilling targeted supergene gold mineralisation intersected in Lodestar's earlier aircore drilling.

Each of the five RC holes intersected zones of pyrite mineralisation below the base of weathering with associated elevated Au, Bi, Mo and Te \pm Ag, As and Cu, up to a maximum 1 metre at 6.13g/t gold from 195 metres in LNRC013 (see Lodestar's ASX release dated 29th December 2014), confirming the widespread nature of the mineralising event. Currently the orientation and extent of the sulphides is unknown, however gold nuggets recovered at surface and extensive supergene ore-grade gold anomalism at Contessa indicates potential for significant bedrock gold mineralisation. The association of gold and sulphide mineralisation observed in RC drilling suggests that the IP method may be of use in detecting concentrations of pyrite mineralisation that represent bedrock gold targets.

The IP survey is expected to commence late April, will take approximately 15 days to complete and will cover 3400 metres of strike along the Contessa diorite, including the area of RC drilling and supergene mineralisation, with the aim of identifying concentrations of sulphide mineralisation in bedrock (Figure 7). The aeromagnetic survey will commence at around the same time.

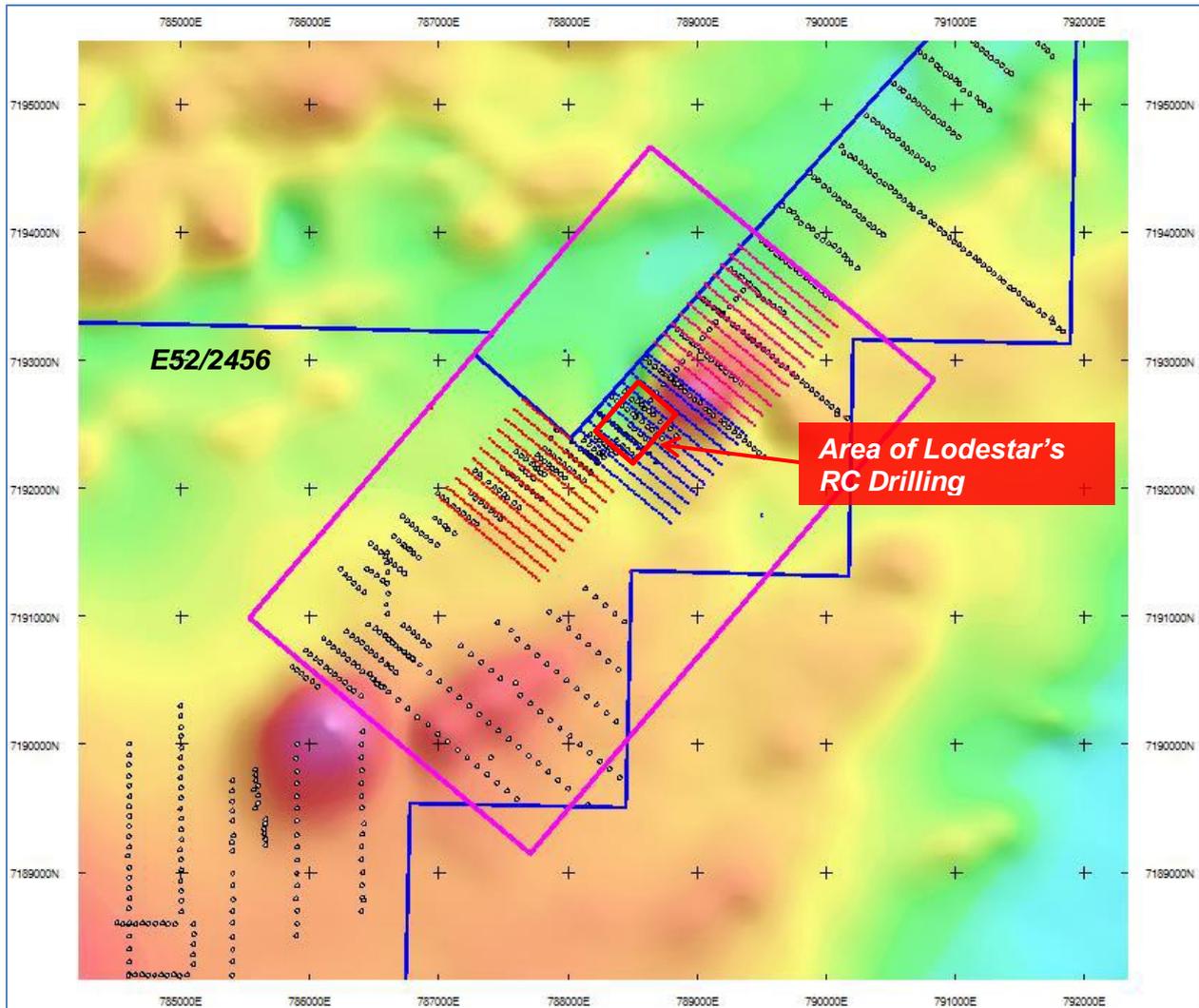


Figure 7 Contessa gradient array IP survey area showing Lodestar drilling and planned traverses, aeromagnetic survey area outlines in purple. Background TMI aeromagnetic image (MGA94 Zone 50).

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 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 29th December 2014 “RC Drilling Intersects Gold Mineralisation Associated with Extensive Alteration Zone”, 30th January 2015 “December 2014 Quarterly Activities Report”, 20th October 2015 “Big Sky RC Drilling results high-grade gold”, 27th January 2016 “Marymia Drilling Results and Camel Hills Update”, 2nd February 2016 “Auger sampling extends Big Sky Gold Target”, 31st March 2016 “Big Sky Initial RC Drilling Results” and 20th April 2016 “Final Gold Results from Big Sky RC Drilling”. 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 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.

Table 3 Tenement status as at 31st March 2016

Project	Tenement	LSR Interest	Status
CAMEL HILLS	E09/2099	100%	Granted
CAMEL HILLS	E09/2100	100%	Granted
CAMEL HILLS	E52/3064	100%	Granted
CAMEL HILLS	E09/2138	100%	Application
CAMEL HILLS	E09/2139	100%	Application
NED'S CREEK	E52/2440	100%	Granted
NED'S CREEK	E52/2456	100%	Granted
NED'S CREEK	E52/2468	100%	Granted
NED'S CREEK	E52/2492	100%	Granted
NED'S CREEK	E52/2493	100%	Granted
NED'S CREEK	E52/2733	100%	Granted
NED'S CREEK	E52/2734	100%	Granted
IMBIN	E69/3254	100%	Granted
IMBIN	E69/3255	100%	Granted
IMBIN	E69/3261	100%	Granted
IMBIN	E69/3263	100%	Granted
IMBIN	E69/3271	100%	Granted
IMBIN	E69/3265	100%	Granted

JORC Code, 2012

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> • Rock samples were collected from <i>in situ</i> outcrop as 2.5 kg composite rock chip samples. Re-sampling of Marymia aircore drill samples was completed by passing the entire bagged bulk 1 metre sample interval through a through a 3-stage sample splitter to obtain a 1.5 to 2.5kg sample for analysis. • Samples are placed in pre-numbered calico bags with a corresponding sample book entry. Certified reference materials, and laboratory repeat samples are analysed routinely.
Drilling techniques	<ul style="list-style-type: none"> • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> • Re-sampling of aircore drill hole 5 metre composite samples.
Drill sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> • Not applicable
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Not applicable.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the <i>in situ</i> material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Not applicable. • A bagged 1 metre sample was riffle split to obtain a sample for assay. Some clumping of dry material had occurred and therefore the sub-samples were not completely homogeneous. • Sample preparation involves drying, crushing and grinding of up to 2.5kg to 90% passing minus 75 microns. 40g sub-sample collected by rotary splitter for assay. Replicate samples are included in the assay report. • Field duplicates were not submitted

Criteria	JORC Code explanation	Commentary
		<p>for this program.</p> <ul style="list-style-type: none"> The sampling method is suitable for the oxidised and low-grade gold material reported from the earlier drilling.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> A nominal 40 gramme charge is digested with aqua regia and gold is determined by ICP-MS (Method AR001). This is a partial digest although it is extremely efficient for the extraction of gold. Multi-elements are analysed from the aqua regia solution by ICP-AES/MS (method AR101). No certified reference material standards or duplicates were submitted with the rock chip or drill hole split samples.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> There has been no independent verification of geochemical data. Not applicable. Field and laboratory data are collected electronically and entered into a relational database. Data collection protocols are recorded in Lodestar's operation manual. There has been no adjustment to assay data.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Sample locations were determined with a handheld GPS. Accuracy is +/-10 metres or less. Sample coordinates were recorded in GDA94 Zone 50 grid. Local elevation is recorded from the GPS; although this is subject to significant error it is unlikely to impact the validity of surface data.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Sample spacing is variable, drilling was completed on an 80 metre by 40 metre grid. The sampling is part of an early exploration geochemical sampling programme with no relevance to resource estimation. No compositing was applied for the geochemical programme.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Regional sampling programme not intended to define mineralisation or mineralisation-controlling structures.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are stored at Lodestar's exploration camp under supervision prior to dispatch by licenced courier service (TOLL IPEC/Sadliers Nexus) or Lodestar staff to Bureau Veritas (Ultratrace) Laboratories.
Audits or Reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews have been carried out.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The Marymia and West Pinnyriny gold targets are located on E52/2493 and E52/2734, within Lodestar's Ned's Creek project. The tenements are wholly-owned by Lodestar Minerals and its subsidiary entity, Audacious Resources. The tenements lie within the Gingirana (WAD6002/2003) native title claim and are included in the Exploration and Prospecting Deed of Agreement between Lodestar and Gingirana Pty Ltd. • E52/2493 expires on 16/09/2020 and E52/2734 expires on 23/08/2017.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • First reported gold exploration commenced in the late 1980's when Resolute carried out reconnaissance mapping, rock and drainage sampling. No anomalies were reported from the area of the Marymia drilling. Homestake Gold Australia Limited completed reconnaissance drilling in the period 1999 - 2000, most of the drilling occurred outside Lodestar's tenements. First-pass RAB drilling by Resolute targeting a low-level gold in soil anomaly reported anomalous gold intersections at their West Pinnyriny prospect.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The project area lies on the southern margin of the Plutonic Well greenstone belt. The geology comprises a north east trending sequence of mafic volcanics or mafic tuffs, strongly sheared (mylonitic) quartzite, carbonaceous shale and undifferentiated felsic rocks. The contacts between major units are believed to be thrust faulted, with movement towards the south east. • Mineralisation commonly occurs near the intersection of northeast-trending lithostratigraphic units and east – west faulting. Gold mineralisation is structurally controlled, is believed to be early (D₁/D₂) and is predominantly hosted by mafic-ultramafic and BIF lithologies.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • Drill and rock sample information listed in Tables 1 and 2 respectively.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short</i> 	<ul style="list-style-type: none"> • No data aggregation methods are applied.

Criteria	JORC Code explanation	Commentary
	<p><i>lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • Not applicable.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • None to report.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • A number of gold targets have been identified by interpretation of aeromagnetic data and surface sampling. Further work, including in-fill geochemical sampling and acquisition of detailed aeromagnetic data is required before planning exploration drill programs. • The target areas are shown on Figures 4 and 6.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

LODESTAR MINERALS LIMITED

ABN

32 127 026 528

Quarter ended ("current quarter")

31 MARCH 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(108)	(513)
(b) development	-	-
(c) production	-	-
(d) administration	(89)	(412)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes received / (paid)	-	-
1.7 Other –	-	-
Net Operating Cash Flows	(197)	(864)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(9)
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 (provide details if material)	-	-
Net investing cash flows	-	(9)
1.13 Total operating and investing cash flows (carried forward)	(197)	(873)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(197)	(873)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	888	1,487
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	160
1.17	Repayment of borrowings	(60)	(60)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs / borrowing costs	(25)	(68)
	Net financing cash flows	803	1,519
	Net increase (decrease) in cash held	606	646
1.20	Cash at beginning of quarter/year to date	346	306
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	952	952

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	71
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.17 - \$60,000 is repayment of loan from one of the directors with interest accrued at 7% per annum (1.5).
1.23 - 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. A percentage of the Managing Director's salary has been expensed to exploration activities.

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

None

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

None

+ 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	300	100
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	212
4.2 Development	-
4.3 Production	-
4.4 Administration	101
Total	313

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.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	952	346
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	952	346

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 <i>(description)</i>	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 **	374,450,548	374,450,548	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	22,293,518	22,293,518	3	3
7.5 +Convertible debt securities <i>(description)</i>	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>(description and conversion factor)</i>	7,800,127 15,000,000 16,000,000 2,250,000 2,500,000 11,773,685	- - - - - 11,773,685	6 cents 5 cents 5 cents Various Various 3 cents	31 December 2018 31 December 2018 16 December 2017 8 May 2017 29 November 2016 31 March 2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	22,293,518	22,293,518	3 cents	31 March 2016
7.10 Expired during quarter	N/A	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		

7.7 11,773,685 options expiring on 31 March 2016 were converted to fully paid shares on 1st and 7th April 2016.

+ 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 Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 28 April 2016
Company Secretary

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 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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