



# ASX ANNOUNCEMENT

31 October 2014

Electronic lodgement

## COMPANY SNAPSHOT

**LODESTAR MINERALS LIMITED**  
ABN: 32 127 026 528

### CONTACT DETAILS

Bill Clayton, Managing Director  
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### CAPITAL STRUCTURE

**Shares on Issue:**  
324,526,157 (LSR)

**Options on Issue:**  
9,975,000 (unlisted)  
34,097,820 (listed - 31 Mar 2016)

ASX: LSR

### PROJECTS

**Peak Hill – Doolgunna:**  
Base metals, gold



## SEPTEMBER 2014

## QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

#### NED'S CREEK PROJECT

##### GOLD

##### Contessa

- Drilling of priority targets scheduled to commence end October 2014
  - o First RC drilling of Contessa primary gold targets beneath supergene gold mineralisation intersected in first-pass aircore drilling, including
    - 21 metres at 3.01g/t gold from 40 metres in LNR656
    - 10 metres at 5.6g.t gold from 55 metres in LNR533
    - 10 metres at 1.2 g/t gold from 50 metres in LNR545 and
    - 15 metres at 3.1 g/t gold from 40 metres in LNR546

(See Lodestar's (ASX:LSR) ASX announcements of 18th March 2013 and 4th June 2013)

- o Aircore drilling to target bedrock gold anomalies within a 2.1 kilometre auger gold anomaly related to the Contessa gold system and south west of Contessa at Gidgee Flat.
- o Additional shallow drilling to extend geochemical sampling at the Brumby gold prospect, targeting prospective Archaean stratigraphy on the margin of strongly altered granite anomalous in gold.

##### COPPER

- The Company continues to assess opportunities to advance base metal exploration at Ned's Creek. Discussions with various parties are on-going with the aim of progressing Lodestar's drill-ready copper targets in the eastern part of the major structural and gravity domain referred to as the Thaduna Copper Province.

##### CORPORATE

- Placement raises \$275,100 at 1.3 cents per share with an attached 1 for 3 option (exercisable at 3 cents per share to March 2016).
- Fully underwritten rights issue raises \$1,054,000 at 1.3 cents per share, also with an attached 1 for 3 option.
- The Company is well-funded to immediately commence drilling at Contessa and related targets and to progress new projects at Imbin and Camel Hills.



## PEAK HILL-DOOLGUNNA

### Ned’s Creek (E52/2440, E52/2444, E52/2456, E52/2468 & E52/2733)

Lodestar has 100% interest in the Ned’s Creek tenements that cover 830 square kilometres of the Proterozoic Yerrida Basin and surrounding Archaean greenstone and granite basement. They are located 170 kilometres north east of Meekatharra, 7 kilometres east of the Thaduna-Green Dragon copper mines currently being evaluated by Ventnor Resources and Sandfire Resources and 5 kilometres east of Sipa Resource’s Enigma copper discovery.

The Yerrida Basin contains thick volcano-sedimentary sequences that are bounded by major structures, the Jenkin and McDonald Well Faults and there is good potential for large-scale base metal mineralisation adjacent to these structures.

In 2013 Lodestar discovered significant gold mineralisation at the Contessa Prospect. Contessa lies within a 5 kilometre long gold anomaly overlying Archaean greenstone, within a major structural corridor, on the southern margin of the Marymia Inlier.

## GOLD – CONTESSA

The Contessa gold mineralisation is located on the northern margin of the Kalgoorlie Terrane, a major geological domain within the Yilgarn Craton that has proven endowment of large gold deposits (Figure 1). Mineralisation is hosted by a greenstone sequence that can be traced in aeromagnetic data for 3 kilometres southwest and 5 kilometres northeast of Contessa. The greenstone sequence is located within a north east-trending litho-structural corridor adjacent to a granite contact and comprises interlayered metamorphosed felsic tuffs, mafic-ultramafic volcanic rocks and dolerite. Surface exploration has recovered gold-bearing quartz specimens from the Contessa area, suggesting that the sequence hosts shear-related, lode gold style mineralisation. Quartz vein hosted gold mineralisation was discovered within granite at the Brumby Prospect located 5 kilometres west of Contessa (Figure 2, see Lodestar’s (ASX:LSR) ASX announcement dated 27 November 2012).

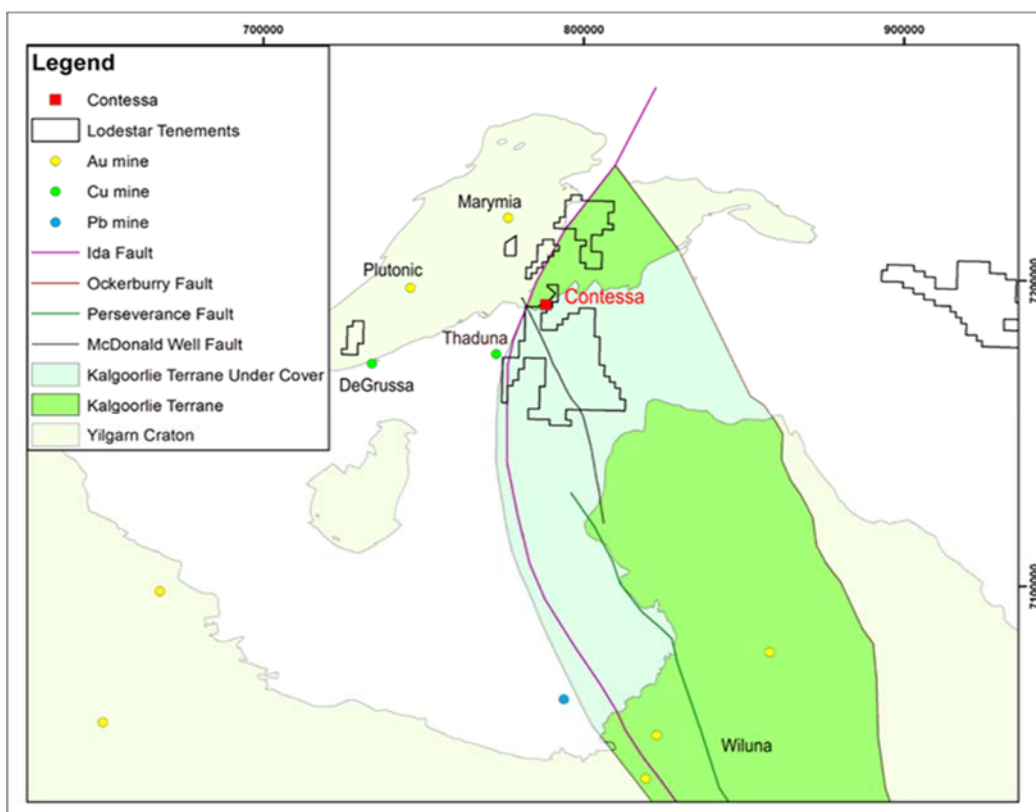


Figure 1 Regional Setting - Contessa prospect located within the Kalgoorlie Terrane of the highly endowed Eastern Goldfields Province

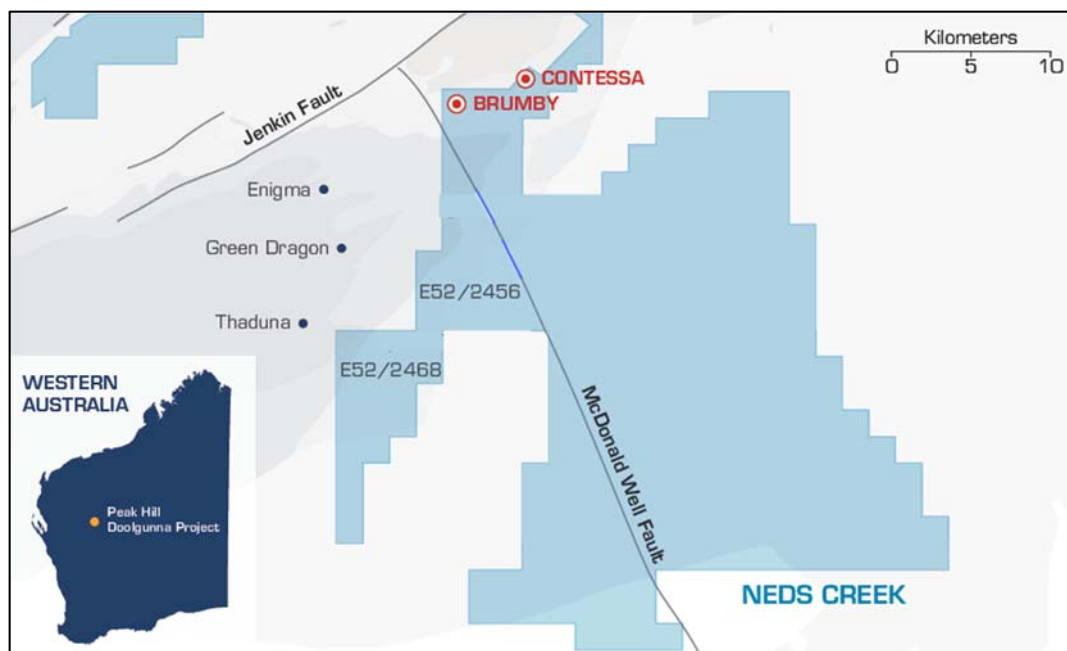


Figure 2 Location Plan - Contessa and Brumby Gold Prospects

In 2013 first-pass aircore drilling at Contessa intersected significant gold mineralisation beneath a low-level gold anomaly in surface lag sampling, including

- 21 metres at 3.01g/t gold from 40 metres in LNR656
- 10 metres at 5.6g/t gold from 55 metres in LNR533
- 10 metres at 1.2g/t gold from 50 metres in LNR545 and
- 15 metres at 3.1g/t gold from 40 metres in LNR546 (see Lodestar's ASX announcements of 18<sup>th</sup> March 2013 and 4<sup>th</sup> June 2013)

These intersections potentially represent the supergene expression of economic gold mineralisation and are excellent targets for follow-up RC drilling. An initial five hole RC drill programme will target primary gold mineralisation on four drill sections and determine the characteristics of the Contessa host sequence (Figures 3 and 4 and see Lodestar's ASX announcement of 9<sup>th</sup> September 2014).

In addition, a programme of approximately 3600 metres of aircore drilling will target the north east trending gold anomaly that extends for more than 5 kilometres along strike from Contessa. The anomaly was refined by shallow geochemical drilling (see Lodestar's ASX announcement of 15<sup>th</sup> July 2014) and contains multiple gold targets at Contessa, Contessa North East and Gidgee Flats (Figure 3). The Contessa North East target extends over 900 metres (defined as >9ppb gold with a maximum of 80ppb gold in a 6 metre composite sample). The Gidgee Flat anomaly extends over 500 metres (defined as >9ppb gold with a maximum of 275ppb gold in a 5 metre composite sample). First-pass aircore drilling will target these gold anomalies in bedrock.

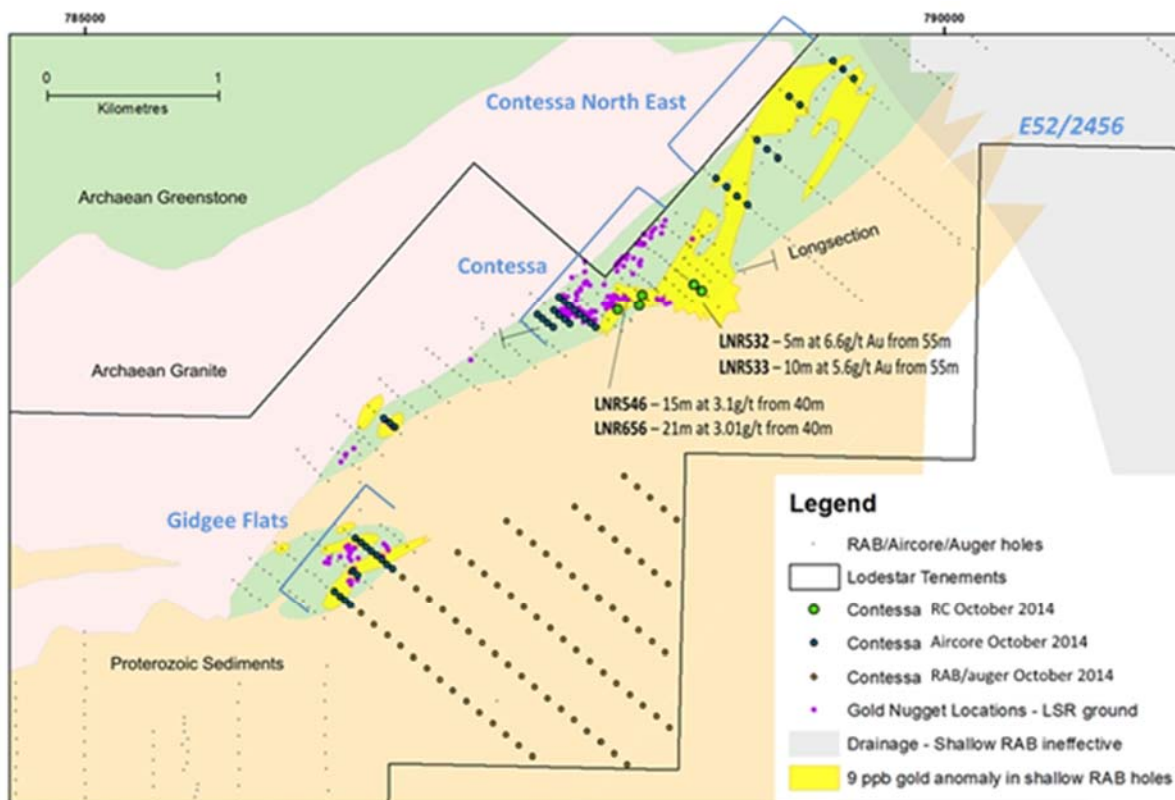


Figure 3 Contessa drill programme and target locations

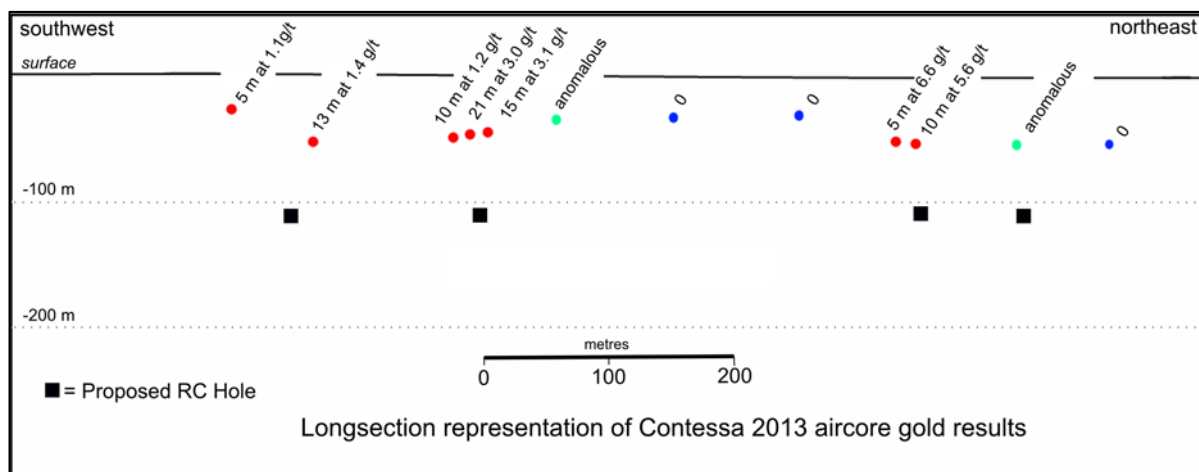


Figure 4 Contessa RC drill targets on long section

Reconnaissance shallow geochemical drilling will be extended into areas concealed by shallow transported cover, including the untested margin of the Brumby Prospect, where Lodestar’s exploration discovered gold mineralised quartz veins and widespread alteration in the western margin of the granite. Initial traverses of drill sampling will test the interpreted continuation of Archaean stratigraphy adjacent to the granite contact (Figure 4), an off-contact position analogous to setting of the Contessa mineralisation.

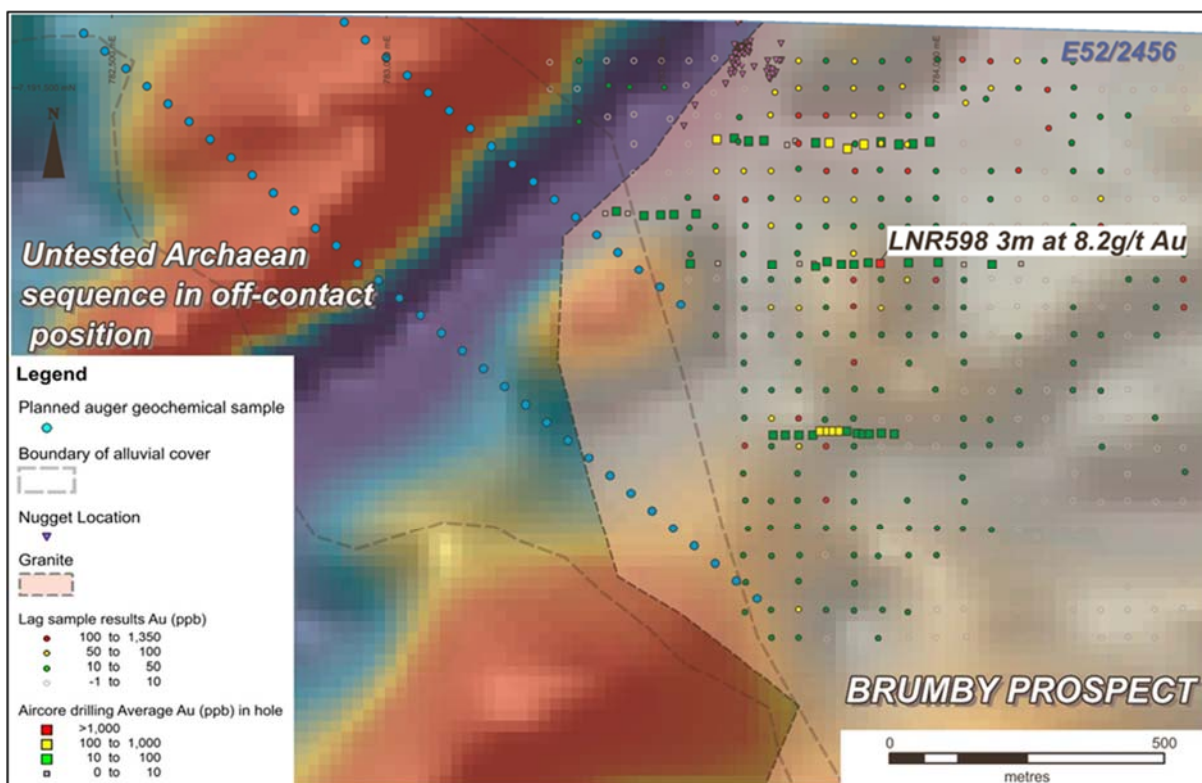


Figure 5 Brumby Prospect – Geochemical sampling of untested Archaean sequence beneath shallow alluvial cover (magnetic image 1VD – RTP northwest shade, GDA94 Zone 50)

**OTHER PROJECTS**

The Imbin (gold-copper) and Camel Hills (gold) projects were identified by Lodestar during a review of the geodynamic setting of the northern Yilgarn margin and form part of an extensive and prospective east-west trending belt of rocks related to the ~2 Ga Glenburgh Orogeny. Historic exploration has reported evidence of mineralisation on both projects. Tenement applications are being processed and it is currently anticipated that exploration activities will commence in the second quarter of 2015.

**CORPORATE**

During the quarter the Company raised \$275,000 through a share placement to sophisticated and professional investors pursuant to s.708 of the Corporations Act (Cwth) 2001 and the Company’s 15% placement capacity under Listing Rule 7.1. The placement, at 1.3 cents per share, included one free option for every three shares applied for, exercisable at 3 cents on or before 31st March 2016.

During October the Company also completed a pro rata, non-renounceable entitlements issue comprising one new share for every three shares held by eligible shareholders at 1.3 cents per share to raise up to \$1,054,710 before costs. The entitlements issue included one free option for every three new shares applied for, exercisable at 3 cents on or before 31st March 2016.

The capital structure at the completion of the entitlements issue is 324,526,157 shares, 34,097,820 listed options and 9,750,000 unlisted options.

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 is a full-time employee of the company. 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 Code 2004 in the ASX announcements dated 27 November 2012 "Encouraging gold results from Brumby Prospect" and JORC Code 2012 in the ASX announcements dated 18 March 2013 "Significant Gold Results from Contessa", 4 June 2013 "Significant Gold Discovery at Contessa", 15 July 2014 "Contessa Gold Results and Ned's Creek Copper" and 9 September 2014 "Lodestar to commence deep drilling at Contessa". The 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.*

# 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")

30 SEPTEMBER 2014

### 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	(95)	76)
(b) development	-	
(c) production	-	
(d) administration	(76)	
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received / (paid)	-	-
1.7 Other -	-	-
<b>Net Operating Cash Flows</b>	<b>(171)</b>	<b>(171)</b>
<b>Cash flows related to investing activities</b>		
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 (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(171)</b>	<b>(171)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(171)	(171)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	240	240
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 – capital raising costs	(37)	(37)
	<b>Net financing cash flows</b>	<b>203</b>	<b>203</b>
	<b>Net increase (decrease) in cash held</b>	<b>32</b>	<b>32</b>
1.20	Cash at beginning of quarter/year to date	226	226
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	258	258

**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	58
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 - 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 capitalised 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	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	316
4.2 Development	-
4.3 Production	-
4.4 Administration	131
<b>Total</b>	<b>447</b>

### 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	258	226
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>258</b>	<b>226</b>

### 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 **	243,394,754	243,394,754	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A	N/A	N/A	N/A
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>	2,500,000 2,250,000 5,000,000 7,053,839	- - - -	<i>Exercise price</i> Various Various 5 cents 3 cents	<i>Expiry date</i> 29 November 2016 8 May 2017 16 December 2017 31 March 2016
7.8 Issued during quarter	7,053,839	-	3 cents	31 March 2016
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
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		

+ 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: 31 October 2014  
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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