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ASX Limited

Electronic Lodgement

DRILLING TO COMMENCE AT PEAK HILL- DOOLGUNNA

- **Drilling of the McDonald Well VTEM targets scheduled to commence on 22 January.**
- **In-fill moving loop EM survey at McDonald Well identifies 11 new targets for drilling.**
- **Extensive 2011 exploration program to commence this month with RC drilling, geophysics and geochemical sampling covering all project areas in the 2000 square kilometre holding**
- **Regional geochemical sampling reveals anomalous results (10ppm Ag, 805ppm Pb) in stream float sample from Marymia tenements.**

Lodestar Minerals Limited (Lodestar) is pleased to advise that the Neds Creek RC drilling program is imminent, with a contractor scheduled to arrive on site on January 22nd. The five hole, 800m program will test five modelled VTEM targets within basal units of the Yerrida Basin. Evaporite and red bed units mapped within the basin, together with widespread anomalous copper in rock samples collected by Western Mining Corporation; multi-element anomalies in sampling completed by CRA and the nearby Thaduna copper deposits indicate that the sequence has the potential to host sediment-hosted copper mineralization in structural sites or as stratiform ore bodies.

The drilling comprises the initial phase of a comprehensive work program to test numerous structures, associated VTEM targets and historic geochemical anomalies in the McDonald Well area and extend regional target generation into adjacent tenements.

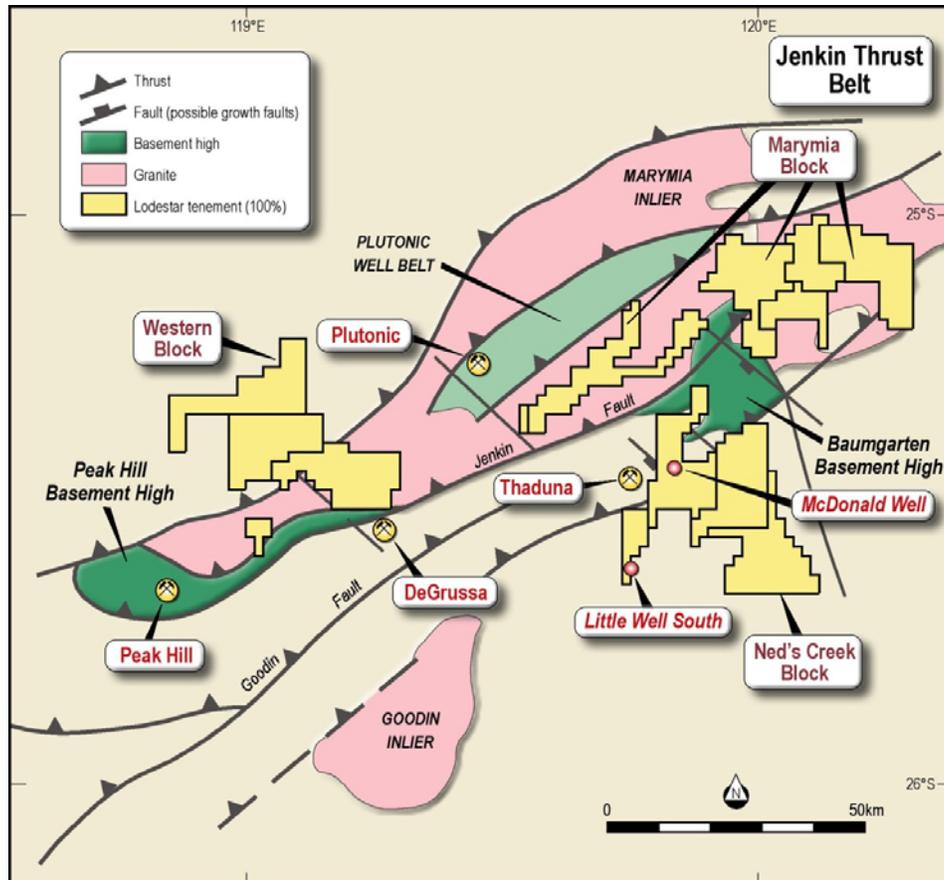


Figure 1 Location Plan - Peak Hill-Doolgunna Project

The results of moving loop in-fill electromagnetic surveys completed over 11 VTEM anomalies in the McDonald Well area during the December quarter have confirmed the existence of the anomalies and these are currently being modeled to define drill targets. A second phase of drilling will comprise the additional 11 targets located adjacent to major structures and shale units that are potential sites of sediment-hosted base metal mineralization. Permit applications for access and clearing for the proposed second phase drilling will be submitted as soon as the modeled data is received, with the applications expected to be lodged by the end of January.

Regional geochemical sampling will commence in January. The first phase of geochemical lag sampling will be conducted over E52/2456 (Neds Creek, McDonald Well prospect) on 400m x 800m grid spacing. This program will provide multi-element geochemical coverage of the majority of the tenement (16km x 6km) not covered by alluvium and will complement the geophysical targeting and extend historic geochemical exploration. Geochemical targeting will be based on a broad suite of indicator elements for base metals and gold. The regional coverage will be progressively extended into the adjacent Marymia and Neds Creek tenements.

A stream float sample collected during recent regolith mapping at the Marymia tenements returned anomalous base metal geochemistry in preliminary results, including 10ppm Ag and 805ppm Pb. The sample consisted of siliceous brecciated sediments located within E52/2492 (Figure 2). This result illustrates:

1. The widespread development of brittle structures (breccias) related to faulting within the basin sedimentary sequence and
2. The potential of these structures to host mineralizing fluids

and further highlights the exploration potential of the Marymia Inlier – Proterozoic boundary. Systematic geochemical sampling and VTEM surveys are scheduled to commence over E52/2492 in the coming months.

Calendar year 2011 exploration program:

Commencing in January, Lodestar is preparing an active exploration program on the Peak Hill-Doolgunna Project (Figure 2) for the 2011 calendar year;

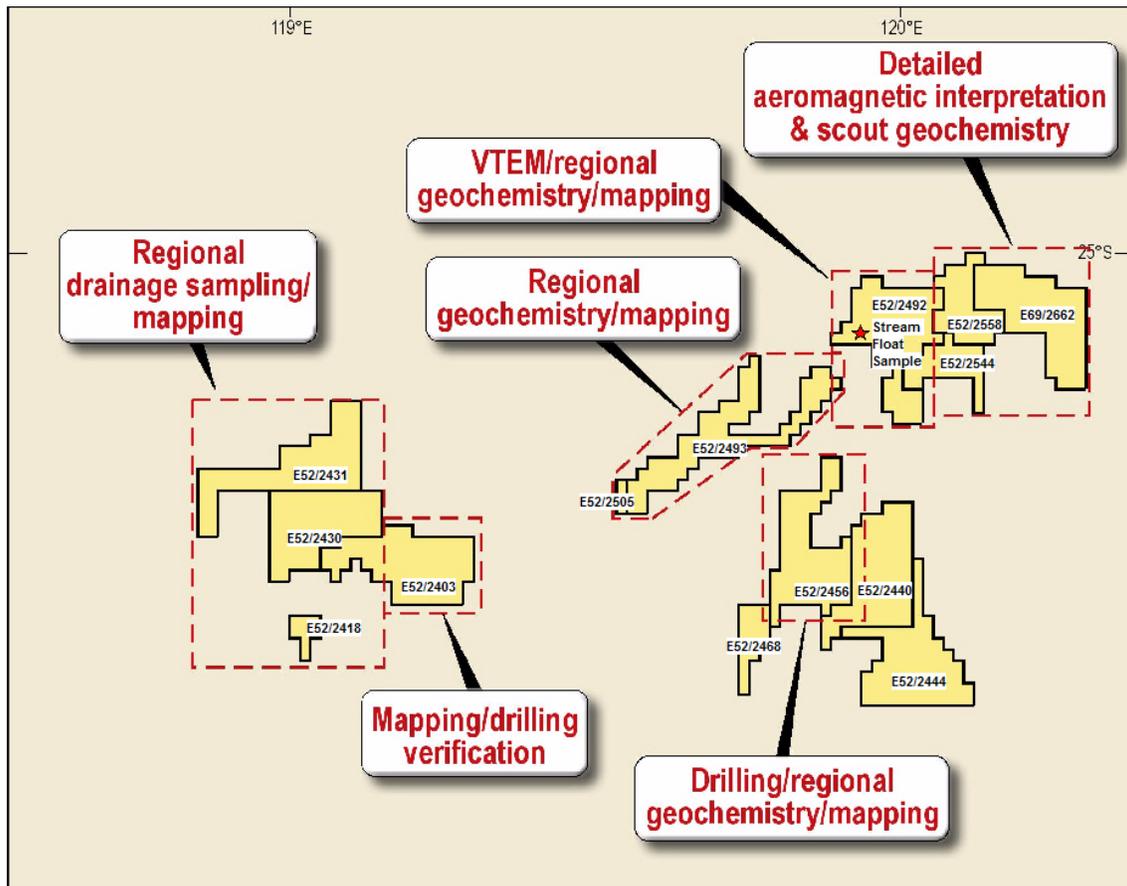


Figure 2 Summary of Work Programs for 2011

KEY OBJECTIVES

Neds Creek – McDonald Well:

- *Complete initial drill program and down hole EM surveys, targeting sediment-hosted sulphides*
- *Second phase drilling of 11 additional VTEM targets modeled from surface EM*
- *Extend geochemical coverage over major structures, VTEM anomalies and lithological units e.g. shale, basin margins*
- *Geological mapping*
- *Further drilling as targets are identified.*

Marymia:

- *Complete geochemical sampling over E52/2492 & E52/2493*
- *Geological mapping over the Jenkin Thrust extension- E52/2492*
- *Complete VTEM over Jenkin Thrust extension – E52/2492*
- *Detailed aeromagnetic interpretation over E52/2544; E52/2558 and E69/2662 (under sand cover) prior to scout RAB/auger sampling*
- *Detailed drilling program of identified targets.*

Western Project:

- *Regional geochemical drainage sampling to give tenement-wide coverage (in negotiation with native title holders regarding access)*
- *Geological mapping and verification of drilling data on E52/2403 (under transported cover)*
- *Identification of proposed drill targets.*
- *The Company is in discussions with the native title owners to conduct cost effective exploration.*

Yours Sincerely,



Bill Clayton
Managing Director

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 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.

About Lodestar Minerals:

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 system 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 and under - explored north Murchison base metal province.