

21 April 2023

March 2023 Quarterly Activities Report

HIGHLIGHTS

KANGAROO HILLS LITHIUM PROJECT (LSR – 20%) – Lithium

- **Shallow spodumene bearing intercepts have been confirmed from the Phase 1 reverse circulation (RC) drilling programme (Figure 3), with standout down-hole results including:**
 - o 29m @ 1.36% Li₂O from 38m (KHRC011)
 - o 7m @ 1.00% Li₂O from 198m (KHRC002)
 - o 2m @ 1.68% Li₂O from 1m (KHRC001)

EARAHEEDY (LSR – 100%) – Base Metals, Gold

- 5,000m aircore drilling programme planned to target strong base metal and gold anomalies
- Ultrafine (UFF+) soil sampling programme completed
- Flora survey completed over drilling target areas

CORPORATE

- **Appointment of Ed Turner as Managing Director on 28 February 2023**

KANGAROO HILLS JV PROJECT (LSR – 20%, FBM – 80%, Lithium)

During the quarter Future Battery Minerals Limited (**ASX:FBM**) (“**FBM**”) (formerly Auroch Minerals Limited (**ASX:AOU**)) completed 14 RC holes for 3,440m at the Kangaroo Hill Lithium Project (**KHLP**) in Western Australia¹. Subsequent to the end of the quarter AOU changed its name to Future Battery Minerals Limited (**ASX:FBM**)².

The phase 1 reverse circulation (**RC**) exploration programme targeting Lithium–Caesium–Tantalum (LCT) pegmatites at KHLP. This programme was the first lithium specific exploration drilling programme conducted by FBM in WA. Commencing in mid–January, the programme tested three high priority LCT pegmatite targets. Drilling depths ranging between 150–270m.

The majority of drill holes were angled and orientated to the east; however, a small number of holes were orientated to the north to better understand the geometry of the pegmatites.

Significantly, KHRC011 intercepted a 35m thick pegmatite. Following observations made by the geological team the pegmatite intercept was marked for priority analysis. The assay returned a spectacular intercept of **29m @ 1.36% Li₂O from 38m***.

* Intercept is down hole depth.

¹ Refer to Auroch Announcement 20 March 2023 (**ASX:FBM**)

² Refer to Future Battery Minerals Announcement 27 March 2023 (**ASX:FBM**)

The vertical depth of the intercept is a shallow 35m, highlighting the potential for a large-scale shallow lithium rich pegmatite. Importantly, hole KHRC011 was added late to the drill programme after in-field drilling observations lead the geology team to believe there was potential for a shallow pegmatite present further east of the originally planned drill holes. The thickness of the intercept exceeded expectations and at present the mineralised pegmatite remains open to the east, north and south (Figure 1). Peak assay within the mineralised zone is 2.91% Li₂O @ 49m, with grades consistently >1% Li₂O from 46m to 67m. The mineralogy was confirmed to be spodumene dominant using Raman spectrometry. The pegmatite is interpreted to be relatively flat lying, aiding predictive targeting. Additional RC drilling is required to determine the scale and depth of this discovery and Phase 2 drilling commenced in April.

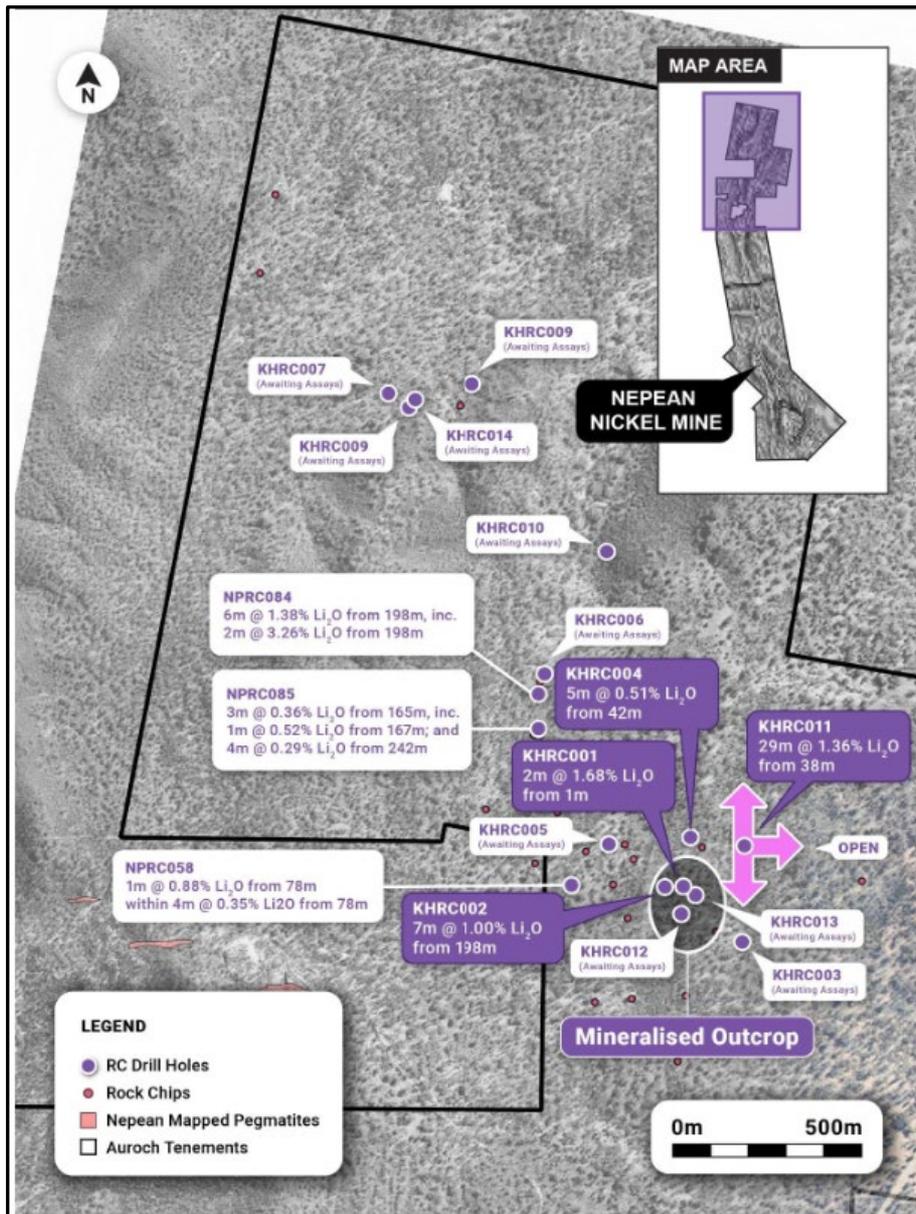


Figure 1: Kangaroo Hill LCT Prospect, showing mapped pegmatite locations and Auroch Phase 1 RC exploration drilling.

EARAHEEDY-IMBIN PROJECT (LSR – 100%, Base Metals, Gold)

The Earahedy-Imbin Project is located approximately 200km north of Wiluna on the opposite side of the Earahedy Basin to Rumble Resources Chinook base metal discovery (Figure 2).

During the quarter LSR completed an ultrafine (UFF+) soil sampling programme, a flora survey and planned a 5,000m aircore programme targeting seven different sites (Figure 3). The soil samples were taken on either 200m x 200m, 200m x 400m or 400m x 400m grids over an area with no previous exploration activities. The samples were sent to LabWest for ultrafine analysis. This analysis takes the smallest fraction of the samples (<2 µm) and runs it for multi element analysis. Assays are pending.

A planned heritage clearance for the aircore drilling has been delayed several times due to heavy rain and is now planned for early May. Aircore drilling will immediately follow. These targets were defined by both electromagnetic (EM) anomalies and soil geochemistry anomalies using ultrafine (UFF+) multi-element assaying methods developed by the CSIRO who also analysed and interpreted the assay data for LSR³.

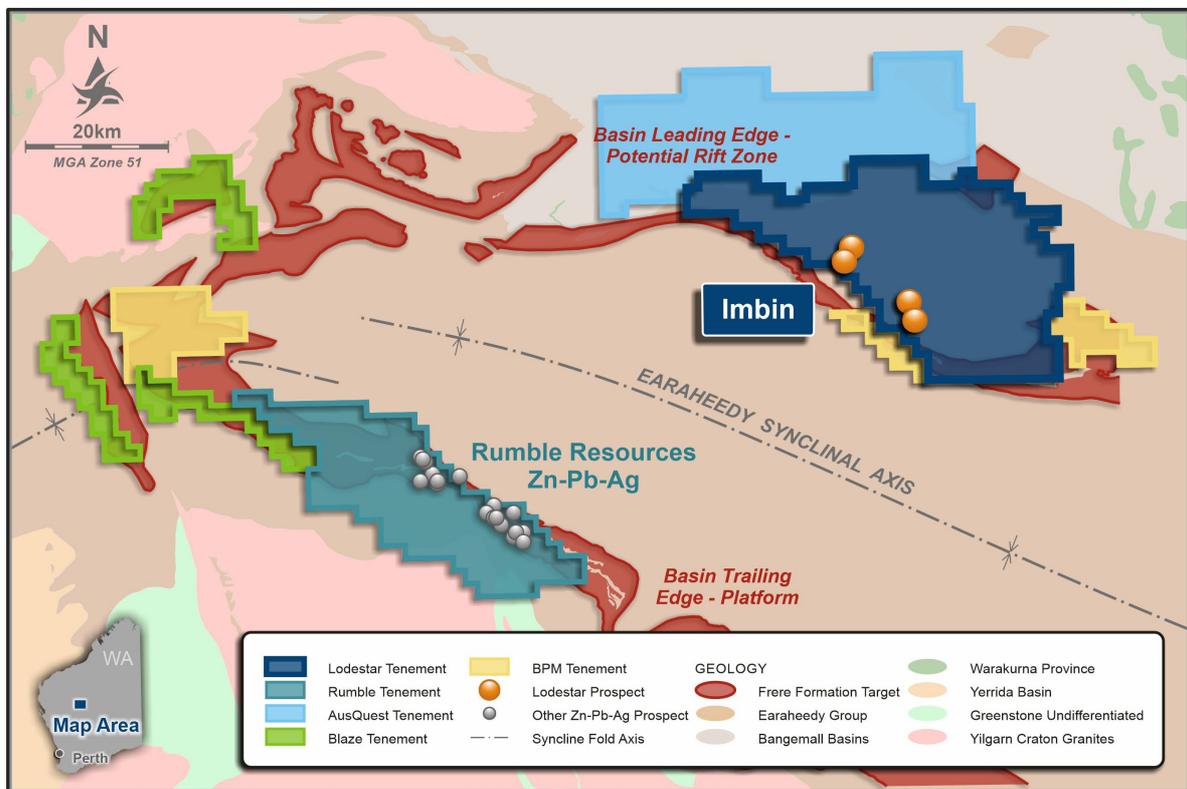


Figure 2: Earahedy-Imbin Project location

³ Refer to Lodestar Minerals Announcement 23 December 2022 (ASX:LSR)

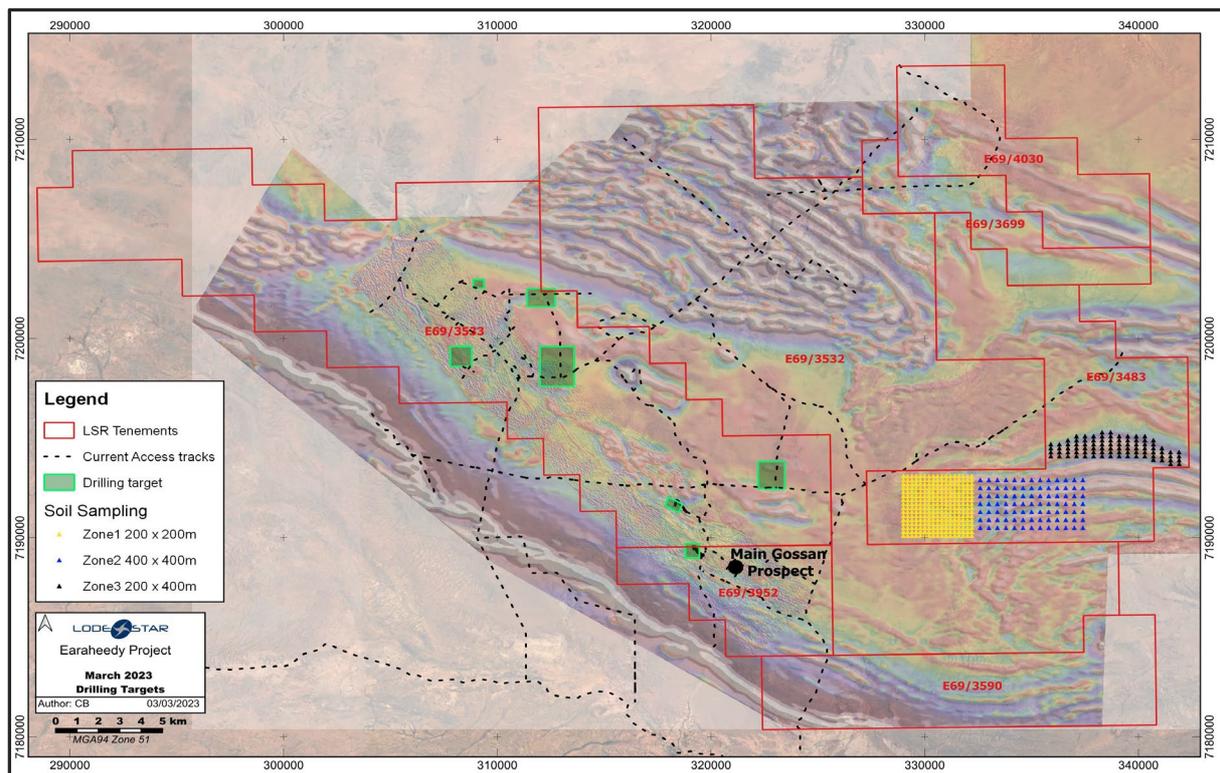


Figure 3: Drilling targets and soil sampling locations

CORPORATE

Mr Ed Turner was appointed as Managing Director on 28 February 2023. Mr Turner previously joined Lodestar on 2 December 2022 as a Non-executive Director.

Concurrent with the appointment of Ed as Managing Director, Ross Taylor moved from Executive Chairman to Non-Executive Chairman.

Mr Turner has 35 years of experience in the mining industry. He is a geologist with extensive experience in exploration management, underground mining, resource development, capital raisings, and commercial acquisitions and divestments. He has worked in precious metals, base metals, uranium and lithium in Australia, Africa, Eastern Europe, and South America. Recent Executive roles have included CEO of Galena Mining Ltd and CEO of Kingwest Resources Ltd.

APPENDIX 5B DISCLOSURES

ASX LR 5.4.1: Exploration expenditure during the quarter totalled \$107k.

ASX LR 5.4.3: Tenement schedule is attached to activities report.

ASX LR 5.4.5: Payments to related parties totalled \$91k and was in respect of Directors' salaries and superannuation payments, in addition to payments for corporate management services to Director related entities.

UPCOMING NEWS FLOW FOR THE JUNE 2023 QUARTER

- Nepean JV – Kangaroo Hill Prospect drilling results
- Earraheedy-Imbin aircore drilling
- Earraheedy-Imbin soil geochemistry results

This announcement has been approved for release by the Board of the Company.

Contacts

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About Lodestar

Lodestar Minerals is an active Western Australian base metal, lithium and gold explorer. Lodestar's projects comprise the 100%, Earraheedy-Imbin, Jubilee Well and Coolgardie West projects as well as the Kangaroo Hills JV Project, the Nepean JV Project, and the Ned's Creek JV Project (Figure 4).

The Earraheedy-Imbin Project is a major strategic land holding in the emerging Earraheedy Province, site of Rumble Resource's recent and potentially world-class Zinc-Lead discoveries. The Imbin Project is located on the northern margin of the prospective basin and is the site of significant historic copper intersections in drilling and approximately 20km of strike of the targeted Yelma-Frere unconformity.

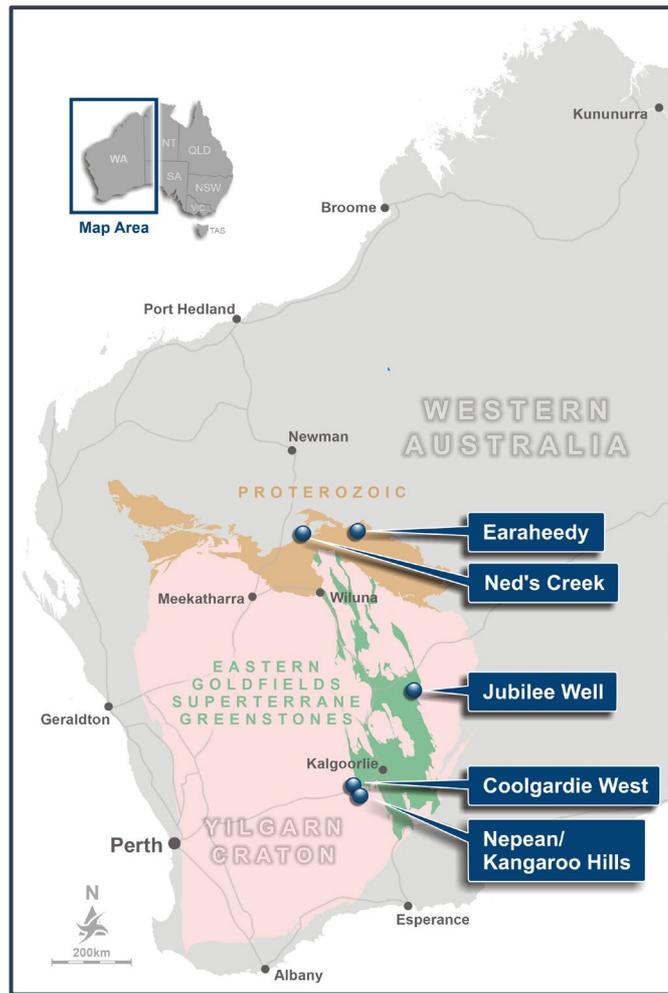


Figure 4: Lodestar project locations

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Ed Turner who is a full-time employee for Lodestar and a Member of the Australasian Institute of Geoscientists. Mr Turner 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 Turner consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

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.

APPENDIX 1: Schedule of Exploration Tenements as of 20 April 2023

Tenement description	Tenement number	Status	Percentage interest
Ned's Creek			Subject to JV: Vango Mining earning 51%
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources
Yowereena Hill	E52/2734	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3473	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3476	Granted	100% - Lodestar Minerals
Yowereena Hill	M52/779	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/780	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/781	Granted	80% - Lodestar Minerals - 20% Vango Mining
Yowereena Hill	M52/782	Granted	80% - Lodestar Minerals - 20% Vango Mining
Ned's Creek			Not Subject to JV
Pinyrinny	E52/3798	Granted	100% - Lodestar Minerals
Earaheedy-Imbin			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3590	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3699	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3952	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/4030	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/4152	Application	
Ingebong Hills	E69/4153	Application	

Tenement description	Tenement number	Status	Percentage interest
Nepean			
	M15/709	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	M15/1809	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5738	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5740	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5741	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5742	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5743	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5749	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5750	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5963	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	P15/5965	Granted	Nepean JV: Auroch Minerals – Lodestar Minerals (80:20)
	M15/1887	Application	
	M15/1890	Application	
	P15/6681	Application	
	E15/1828	Application	
Jubilee Well	E38/3054	Granted	100% - Lodestar Minerals
Coolgardie West	E15/1813	Application	

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lodestar Minerals Limited

ABN

32 127 026 528

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(107)	(771)
(b) development	-	-
(c) production	-	-
(d) staff costs	(179)	(407)
(e) administration and corporate costs	(67)	(291)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Farm-out funds received)	-	-
1.9 Net cash from / (used in) operating activities	(353)	(1,458)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment	-	(97)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(97)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(1)	(8)
3.10	Net cash from / (used in) financing activities	(1)	(8)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	717	1,926
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(353)	(1,458)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(97)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	(8)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	363	363

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	363	717
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	363	717

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amounts of payments to related parties and their associates included in item 1	91
6.2	Aggregate amounts of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amounts at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	550	-
7.2 Credit standby arrangements	-	-
7.3 Other (provide details if material)	-	-
7.4 Total financing facilities	550	-
7.5 Unused financing facilities available at quarter end		550
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>During April 2023, the Company raised \$550,000 through loan facilities with sophisticated investors. The unsecured loans are for a minimum period of 3 months, however, can be extended for up to 12 months. Interest on the loans is 12%p.a.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(353)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(353)
8.4 Cash and cash equivalents at quarter end (item 4.6)	363
8.5 Unused finance facilities available at quarter end (item 7.5)	550
8.6 Total available funding (item 8.4 + item 8.5)	913
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.59
<i>Note: if the entity has reported positive relevant outgoings (i.e., a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 April 2023

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.