

December 2020 Quarterly Activities Report

HIGHLIGHTS

Ned's Creek (VAN earning 51%)

- Phase 2 RC and diamond drilling completed.
- The four-hole RC program reported significant results from three holes, extending the strike of the supergene zone to 70m¹;
 - 11m at 2.29g/t Au from 52m in VCTRC0015
 - 5m at 1.06g/t Au from 47m in VCTRC0014 and
 - 3m at 3.61g/t Au from 46m in VCTRC0012
- Three diamond drill holes were completed at Contessa and another targeted a structural zone north east of the Gidgee Flat prospect. Assay results are pending.
- Vango awarded WA government funding under Round 22 of the EIS scheme to extend diamond drilling of the Gidgee Flat structural target in 2021.

Camel Hills (GoldFellas earning up to 49%)

- First-pass aircore drilling of the Constellation gold anomaly completed. Significant mineralisation was not identified at this location.
- Wide-spaced reconnaissance drilling along the previously untested, north eastern extension of the Camel Hills magnetic anomaly reported
 - 3m at 1.54g/t Au from 16m in LCR159 (hole ended in mineralisation)²
- The untested gold potential along this 5km zone will be assessed by systematic geochemical sampling.

CORPORATE

Subsequent to the end of the reporting period Lodestar completed a capital raising to raise \$839,350 by issuing 59,953,574 ordinary shares at 1.4 cents per share. The issue included one free attaching unlisted option exercisable at 3 cents by 31st December 2022 for every 2 shares³.

Lodestar is now funded to carry out a comprehensive evaluation of the Imbin Cu-Au corridor, to include;

- Field confirmation of historic mapping and geological interpretation.
- Phase 1 airborne EM survey over the 20km long Imbin corridor to identify potential high value drill targets.

¹ See Vango Mining's (ASX:VAN) ASX announcements dated 10th February 2020 and 23rd November 2020

² See Lodestar's ASX announcement dated 22nd December 2020

³ See Lodestar's ASX announcement dated 14th January 2021

NED'S CREEK PROJECT (VAN earning 51%)

Contessa

Vango Mining Limited's ("Vango") (ASX:VAN) drilling has focussed on defining and extending zones of supergene and primary mineralisation at the Contessa prospect. At Contessa, 10 drill holes were completed for 852m of RC drilling and 498.6m of diamond core. The RC drilling included water bores to meet requirements for diamond drilling. Four RC holes (VCTRC0012 to VCTRC0015) targeted the supergene zone with significant results listed below (see Figures 1 and 2);

VCTRC0012 – 3m at 3.61g/t Au from 46m, including 1m at 8.35g/t Au from 46m⁴

VCTRC0014 – 5m at 1.06g/t Au from 47m and

VCTRC0015 - 11m at 2.29g/t Au from 52m, including 1m at 15.18g/t Au from 54m

These results are consistent with Vango's previously reported RC drilling at Contessa, extending the strike of the mineralisation in RC drilling to 70m and are further evidence of open-pit resource potential as supplementary feed for Vango's adjacent Marymia gold project.

Three diamond drill holes were completed to test the down-dip, down-plunge extent of high-grade gold intersected in **LNRC026 (4m at 74g/t Au from 140m)⁵**. Assay results from these holes are pending and future work will be planned by Vango once all data has been reviewed.

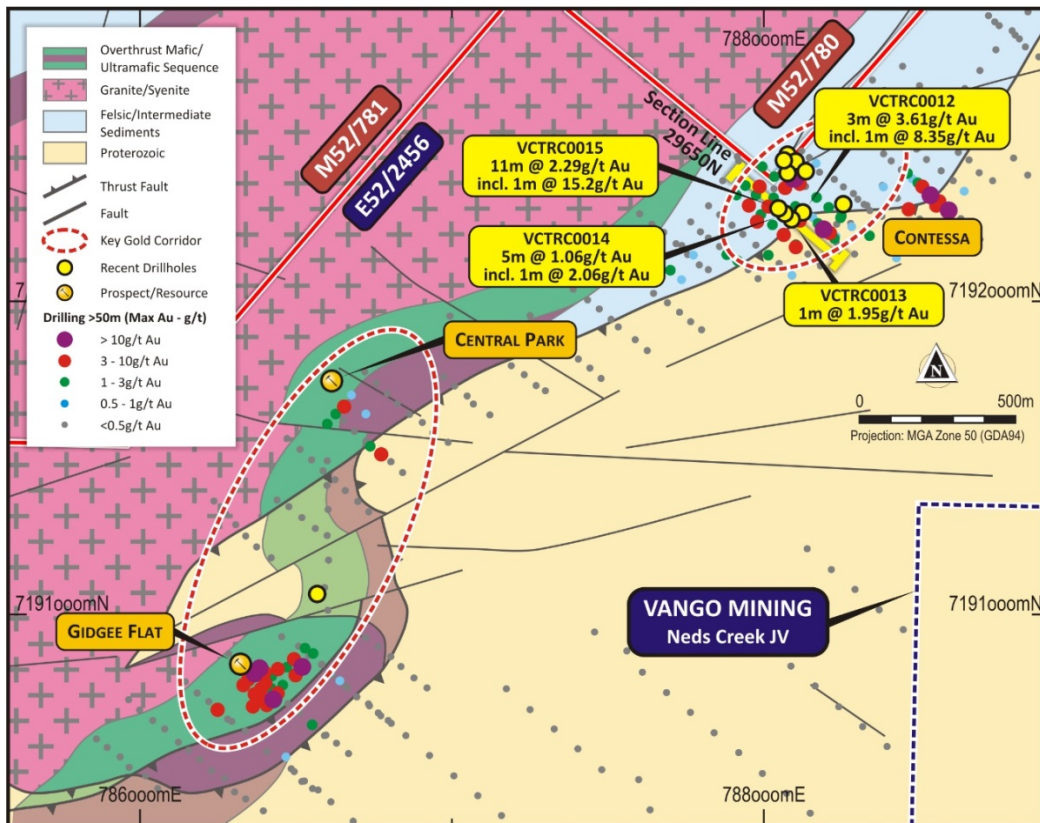


Figure 1 Contessa and Gidgee Flat prospects showing drilling completed

⁴ See Vango's ASX announcement dated 23rd November 2020

⁵ See Lodestar's ASX announcement dated 22nd May 2018

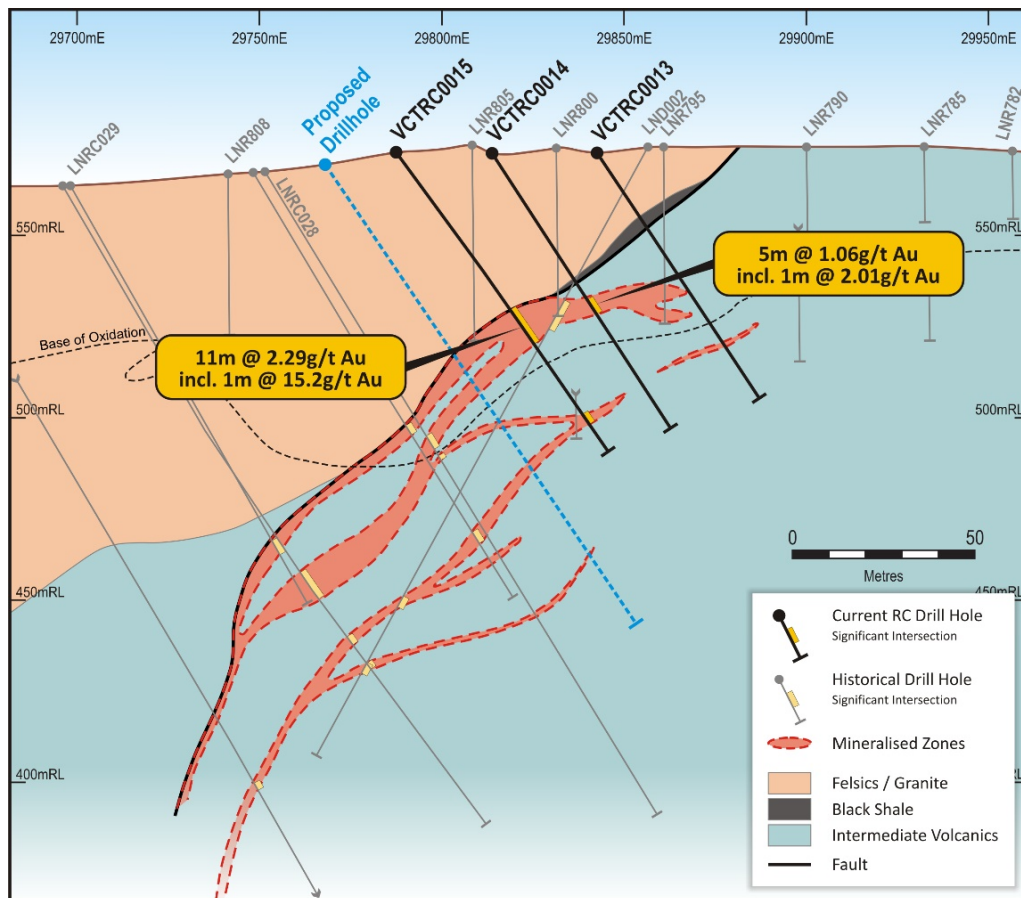


Figure 2 Conessa Prospect RC drilling and geological interpretation, cross-section 29650mN

Gidgee Flat – Central Park

Extensive syenite-related gold mineralisation in drilling at Gidgee Flat and Central Park prospects is spatially associated with the granite-mafic contact. A major structural displacement of this contact between the two prospects presented a high priority exploration target.

A single diamond drill hole targeted the flexure zone, north east of the Gidgee Flat prospect (see Figure 2). The hole (VGFRCD001) comprised an 80m RC precollar and a 219.9m diamond tail. The hole intersected quartz veining and intensely silica altered syenite overlying chlorite altered metasediments and chlorite-albite altered mafic units on the Central Park (northern) side of the fault. The fault is expressed as intense silicification together with chlorite-albite alteration over a 20m interval, passing into alkali feldspar granite, with the hole terminating in the granite at 299.9m. The southern granite-mafic contact (the equivalent of Gidgee Flat contact) was not intersected but will be tested by follow up diamond drilling under the planned Exploration Incentive Scheme (EIS) co-funded drilling program.

Vango was awarded up to \$150,000 (50% of drilling costs) in Round 22 of the EIS to complete two deep diamond drill holes targeting syenite-related gold mineralisation in the Gidgee Flat – Central Park corridor. Assay results from Vango’s diamond drilling are pending.

Camel Hills Project (GoldFellas earning up to 49%)

Lodestar entered into a farm-in agreement with private company GoldFellas Limited (“GoldFellas”) to explore the Camel Hills project. Under the terms of the agreement GoldFellas can earn a 49% interest in the tenements by spending up to \$800,000 on exploration. The initial phase of the earn-in required GoldFellas to spend \$300,000 on exploration within 6 months of signing the agreement to

earn a 25% interest⁶. Lodestar completed rock sampling, a heritage survey and aircore drilling over the project.

A first-pass aircore drilling program was completed over the Constellation soil gold anomaly (see Figure 3), an extensive +10ppb gold in soil and adjacent BLEG drainage anomaly⁷. Drilling was completed on traverses 50m to 100m apart with drill hole spacing varying from 20m to 40m on traverse. A total of 76 drill holes were completed for 1425m with an average hole depth of 19m due to a combination of shallow weathering and the capacity of the drill rig.

The Camel Hills area has a stripped weathering profile, abundant outcrop on the main ridges and generally a very shallow depth of weathering (to several metres below surface). Drilling was carried out using a hammer bit and close-spaced drilling was required to compensate for the shallow depth of the drill holes.

The Constellation area consists of steeply north-dipping, strongly deformed quartz biotite feldspar schists containing minor, discontinuous bands of calc-silicate rocks and multiple conformable quartz veins ranging from millimetres to 30cm wide. The sequence is intruded by dolerite and pegmatite dykes.

Of the 76 holes completed at Constellation, 36 holes reported greater than 10ppb Au in the interval 0-4m (to a maximum 100ppb Au), supporting the extensive low-level gold values identified by the soil geochemistry. The anomaly is attributed to extensive, but narrow and discontinuous, quartz veining containing low level gold and the target is considered to be adequately tested.

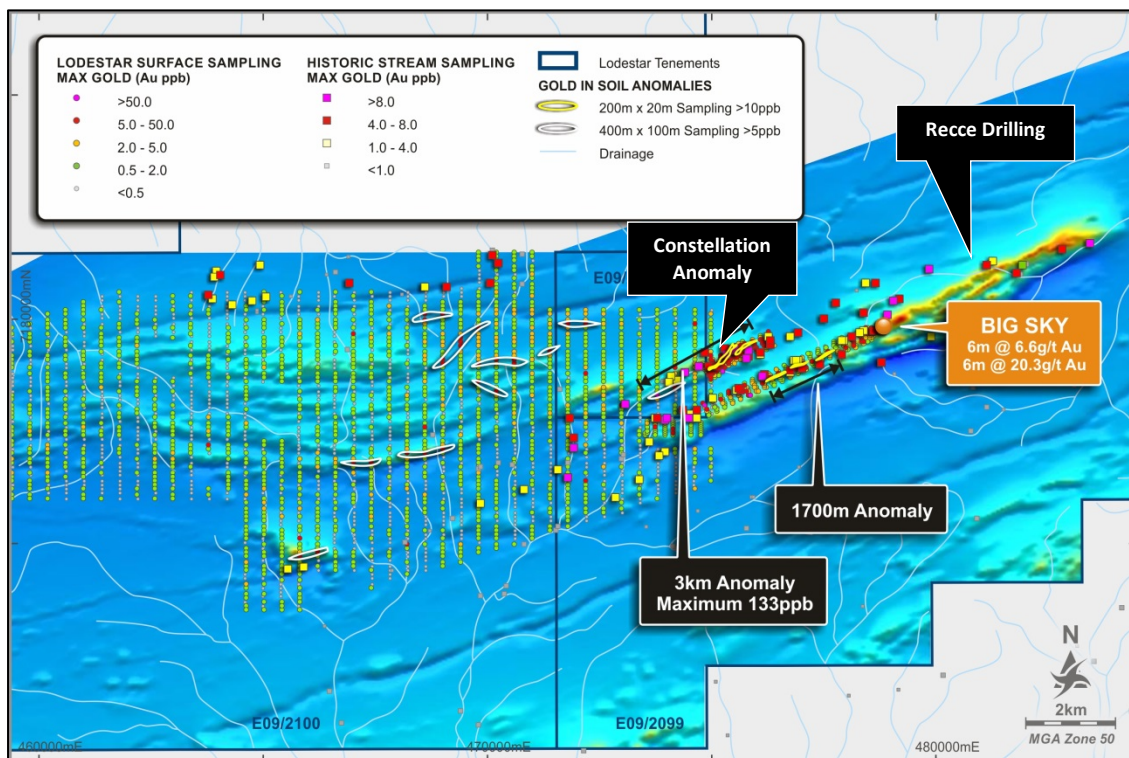


Figure 3 Gold anomalies and aircore drill targets on TMI magnetic image.

Additional drilling was carried out on three wide spaced traverses located 2.2km north east of the Big Sky prospect to test the magnetic contact. 15 holes were completed to an average depth of 14m for a total of 204m. Drilling was carried out on three traverses 700m to 1000m apart with holes

⁶ See Lodestar’s ASX announcement dated 11th August 2020

⁷ See Lodestar’s ASX announcement dated 31st October 2019

spaced at 50m on each traverse. At this spacing it is expected that bedrock anomalies will be poorly defined, however one hole LCR159, reported a significant intersection of **3m at 1.54g/t Au from 16m** (ending in mineralisation). This result, from an arbitrarily placed drill hole in a previously untested area, confirms the potential of this major structural target.

Geochemical sampling over the 5km length of the north eastern extent of the Camel Hills magnetic anomaly is planned.

Imbin Project

Lodestar’s Imbin project is located 200km east of the Proterozoic Bryah Basin, host to the significant VMS style DeGrussa and Horseshoe Lights Cu-Au deposits. The Imbin project covers 900 sq km and includes a 20km corridor of Cu-Au anomalies defined by historic shallow drilling and surface sampling, including significant historic drill intersections from the Main Gossan prospect⁸. The geology comprises a complex sedimentary-mafic sequence of similar age to mineralising events within the Bryah Basin⁹ and geological similarities between the regions have been previously noted¹⁰.

Work will comprise;

- Conclusion of a land access agreement with representatives of the traditional owners.
- Fieldwork to review geological relationships and historic mapping.
- Airborne EM to identify conductors that may represent high value, massive sulphide drill targets.
- Drilling of conductors will be expeditiously undertaken with the aim of rapidly evaluating the 20km long Imbin corridor.

Corporate

Subsequent to the end of the reporting period Lodestar completed a capital raising to raise \$839,350 by issuing 59,953,574 ordinary shares at 1.4 cents per share. The issue included one free attaching unlisted option exercisable at 3 cents by 31st December 2022 for every 2 shares¹¹.

Appendix 5B Related Party Disclosures

The Company makes the following disclosures in relation to the \$66,000 noted as paid to related parties of the Company as detailed in section 6 of the accompanying Appendix 5B to this report.

Payments of salary/superannuation to Directors	\$47,500
Payments of interest on loan funds from Director	\$900
Payments for Company Secretarial services to entity related to Director	\$6,000

⁸ See Empire Resources (ASX:ERL) ASX announcement dated 5th November 2008.

⁹ Hawke, M. et al., 2015. Geochronology of the DeGrussa volcanic-hosted massive sulphide deposit and associated mineralisation of the Yerrida, Bryah and Padbury Basins, Western Australia. J Precam, Res. 267 250-284.

¹⁰ Bunting, J. A. 1986. Geology of the Eastern Part of the Nabberu Basin Western Australia. Geological Survey of Western Australia Bull 131, p11-12.

¹¹ See Lodestar’s ASX announcement dated 14th January 2021

Contacts

Bill Clayton	Media enquiries
Managing Director info@lodestarminerals.com.au +61 8 9435 3200	Michael Vaughan, Fivemark Partners michael.vaughan@fivemark.com.au +61 422 602 720

About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning 1,560km² at the edge of the Pilbara and Yilgarn Cratons. Lodestar has three main projects – Ned’s Creek, Camel Hills and Imbin.

Lodestar’s main focus is the Ned’s Creek Gold Project where it has identified syenite intrusion-related gold mineralisation within a craton margin setting and has made greenfields gold discoveries at the Contessa, Central Park and Gidgee Flat prospects. Contessa is one of many partly explored gold anomalies located within a large shear zone developed along the southern margin of a 6 kilometre long, elongate composite granite intrusion. The Yowereena area north of Contessa includes the unexplored northern margin of the Contessa granite and under-explored prospective Archaean greenstone terrane within a region of major gold endowment and production.

The Ned’s Creek project is subject to a Farm-In and Joint Venture with Vango Mining Limited whereby Vango are earning a 51% interest by expending \$5M over 3 years.

The Camel Hills project in the Gascoyne Mineral Field includes the high grade Big Sky gold discovery and is subject to a Farm-In agreement with private company GoldFellas Pty Ltd. GoldFellas are earning up to a 49% interest in the Camel Hills tenements by contributing \$800,000 of exploration expenditure.

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

- 22nd May 2018 “Outstanding RC Drill Results at Gidgee Flat and Contessa”.
- 31st October 2019 “September 2019 Quarterly Activities and Cash Flow Report”.
- 22nd December 2020 “Camel Hills Aircore Drilling Results”.

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 announcements. 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 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 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(53)	(85)
(b) development	-	-
(c) production	-	-
(d) staff costs	(56)	(111)
(e) administration and corporate costs	(41)	(88)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	8	36
1.8 Other (Farm-out funds received)	-	50
1.9 Net cash from / (used in) operating activities	(143)	(202)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	100	211
	(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	100	211
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	31	38
3.6	Repayment of borrowings	(20)	(39)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(2)	(6)
3.10	Net cash from / (used in) financing activities	9	(7)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	48	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(143)	(202)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	100	211

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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9	(7)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14	14

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	14	48
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)	14	48

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	54
6.2	Aggregate amount 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 amount 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	150	120
7.2 Credit standby arrangements	-	-
7.3 Other (provide details if material)	-	-
7.4 Total financing facilities	150	120
7.5 Unused financing facilities available at quarter end		30
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.	
	A \$150,000 unsecured loan facility with Susan McArthur until 19 January 2022, earning interest at 10% pa, payable quarterly in arrears	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(143)
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)	(143)
8.4 Cash and cash equivalents at quarter end (item 4.6)	14
8.5 Unused finance facilities available at quarter end (item 7.5)	30
8.6 Total available funding (item 8.4 + item 8.5)	44
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.31
<i>Note: if the entity has reported positive relevant outgoings (ie 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?	
	Yes
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?	
	Yes. As announced on 21 January 2021, the Company placed 59,953,574 fully paid ordinary shares to raise \$839,350.
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?	
	Yes.
<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: 29 January 2021

Authorised by: Bill Clayton – Managing Director
(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.

APPENDIX 1: Schedule of Exploration Tenements as at 31 December 2020

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			Subject to JV: Vango Mining earning 51%
7 Mile Well	E52/2440	Granted	100% - Audacious Resources
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources.
Little Well	E52/2468	Granted	100% - Audacious Resources
Yowereena Hill	E52/2493	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	Application	
Imbin – Troy Creek			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Application	
Ingebong Hills	E69/3590	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3699	Granted	100% - Lodestar Minerals
Camel Hill / Mt Erong			(GoldFellas earning initial 25% interest)
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals