

December 2021 Quarterly Activities Report

HIGHLIGHTS

NED'S CREEK JV (VAN earning 51%)

- 3715m RC drilling program completed at Contessa. 14 holes targeting the granite contact at Contessa discovered a new and extensive zone of pervasive silica-sericite-pyrite alteration and associated molybdenite at the granite margin. Assays pending.

EARAHEEDY IMBIN (LSR-100%)

- Key tenement E69/3533 granted. Preliminary Phase 1 program comprising UFF™ geochemistry and surface EM over Cu-Au heli-EM targets submitted for heritage clearance prior to planned drilling.
- UFF™ geochemistry identifies coincident Ag-Pb-Zn anomalies within the Frere arenite, immediately above the regional Frere unconformity. Follow up planned.

NEPEAN NICKEL PROJECT JV (LSR-20%)

- LCT pegmatite potential confirmed by surface sampling reporting up to 1.05% Li (2.2% Li₂O).
- 1129m of diamond drilling completed. NPDD013, targeting a DHEM anomaly, intersected 12.5m of ultramafic-hosted sulphide mineralisation within the under explored Sill 1 of the mine sequence.
- IP survey commences over the northern third of the Nepean Nickel Project, two significant drill targets identified to date.

COOLGARDIE WEST (LSR – 100%)

- Multi-element UFF™ geochemistry program completed with 937 samples collected. Assays pending.

CAMEL HILLS (LSR-100%)

- Soil geochemistry identifies contiguous gold anomaly along strike from Big Sky.

JUBILEE WELL and BULONG (LSR – 100%)

- Agreement in principle reached with the traditional owners for access and heritage protocols. Planned drilling programs to be submitted for approval once the agreements have been ratified.

COMPANY PROJECTS

NED'S CREEK JV (VAN earning 51%)

During the quarter Lodestar completed 3715m of RC drilling at the Contessa prospect specifically targeting the granite contact as a potential source of the extensive gold mineralisation intersected along the granite margin¹. Lodestar, like many West Australian exploration companies, has been affected by significant sample backlogs in commercial laboratories and assay results from the program have been delayed.

14 RC holes targeted the granite contact to a depth of 150m over a strike distance of 700m and successfully intersected the contact on 5 traverses, representing a contiguous strike length of at least 400m. The contact-related alteration at Contessa was previously untested by drilling and remains open along strike and down-dip.

12 vertical RC holes were completed to assess a zone of supergene gold intersected in previous aircore drilling and 3 RC holes were drilled down-dip of previous RC drilling at Central Park, also targeting the granite contact. The Central Park drilling intersected granite dykes intruding the adjacent greenstone and intervals of silica alteration hosting disseminated pyrite mineralisation and the granite contact requires additional drilling to define its position and dip.

Due to time constraints related to Vango Mining's Marymia Gold Project operations, Lodestar resumed the role of operator for the Ned's Creek JV drilling program and costs will be reimbursed from Vango's JV earn-in expenditure commitment.

EARAHEEDY-IMBIN (LSR-100%)

Exploration licence E69/3533, covering an area of 292 sq. km was granted on 30th November. E69/3533 is located on the northern margin of the emerging Earahedy metallogenic province, 70km north east from Rumble Resource's major Chinook Zn-Pb discovery (see Figure 1) and includes a 20km corridor of anomalous Cu-Au geochemistry, the Main Gossan Cu-Ag historic drill intersections (e.g. 36m at 0.76% Cu, including 2m at 4.65% Cu and 3m at 1.97% Cu in TCRC08-02) and 30 heli-EM priority base metal drill targets². Programs of work for initial exploration, including Ultrafine™ fraction (UFF™) multi-element geochemistry and ground geophysics over the priority EM targets have been submitted for heritage clearance with work anticipated to commence at the onset of the field season.

¹ See Lodestar's ASX announcement dated 22nd November 2021.

² See Lodestar's ASX announcement dated 15th December 2021.

anomalies extending over 3km along the north-dipping Frere Arenite. These anomalies and extensions to the Frere unconformity represent targets for in-fill and extensional soil geochemistry prior to drilling.

NEPEAN NICKEL PROJECT JV (LSR-20%: AOU-80%)

Regional exploration continued on the Nepean Nickel Project (“**NNP**”). Auroch Minerals Limited (“**Auroch**”) (**ASX:AOU**), operators of the project, reported positive initial results from surface sampling that demonstrated potential for lithium-caesium-tantalum (**LCT**) bearing pegmatites within the project⁴. The NNP tenements are adjacent to and enclose the significant pegmatite occurrences of Londonderry, Tantalite Hill and Lepidolite Hill south of Coolgardie. Limited surface sampling by Auroch reported up to 1.05% Li (2.2% Li₂O) confirming the presence of lithium-bearing pegmatites within the NNP. Detailed mapping and sampling of the pegmatite intrusions is planned.

Diamond drilling targeted an off-hole down-hole electromagnetic conductor (DHEM) identified from the Nepean Deeps drilling program and regional EM conductors. NPDD013 tested DHEM conductor 1A/1B, intersecting 12.5m of ultramafic-hosted, dominantly iron sulphides, from 576.8m. The sulphides occur within a 76m thick package of ultramafic rocks extending from 534.65m to 610.80m down hole⁵. The ultramafics are assigned to Sill 1 of the Nepean mine sequence, an under explored ultramafic unit west of the mine, previously thought to be devoid of sulphide mineralisation. Two regional EM conductors were tested but no nickel sulphides were observed in drill core. Drilling totalled 1129m for the quarter. A dipole-dipole induced polarisation (IP) survey commenced over the northern third of the NNP⁶. The survey is targeting disseminated to matrix style nickel sulphide mineralisation typical of the Nepean nickel deposit within prospective high Mg ultramafics. The survey, which had completed 12 of a planned 19 survey lines at the end of the quarter, identified two significant bedrock chargeability anomalies⁷. The first anomaly extends over a strike distance of 1.3km, is potentially associated with a dolerite/gabbro unit east of the Nepean ultramafic sequence and represents an attractive target for orogenic gold mineralisation. The second anomaly is present on three lines over the eastern contact of a prospective ultramafic unit and represents a nickel sulphide drill target.

COOLGARDIE WEST (LSR-100%)

Multi-element geochemistry (UFF™) was completed over E15/1813, where the Coolgardie greenstone belt is deflected around the western margin of the Coolarli granite. The greenstone is prospective for gold, nickel and LCT pegmatite mineralisation. 937 samples were collected over the greenstone and a regional gold anomaly reported in historic soil

⁴ See Auroch Minerals ASX announcement dated 8th December 2021.

⁵ See Auroch Minerals ASX announcement dated 25th November 2021.

⁶ See Auroch Minerals ASX announcement dated 17th November 2021.

⁷ See Auroch Minerals ASX announcement dated 7th January 2022.

sampling completed by Resolute Limited. Samples have been submitted for assay and results are pending.

A field visit to the tenement located evidence of prospecting activity, including excavation of greenstone-hosted quartz veining and sub-cropping pegmatites, however there is no public record of this work.



Figure 3 Costean exposing quartz veining (E15/1813).



Figure 4 Old shaft (E15/1813).



Figure 5 Workings on sub-cropping pegmatites (E15/1813).

CAMEL HILLS (LSR-100%)

Multi-element soil geochemistry has identified a contiguous gold anomaly associated with the magnetic contact, northeast of the Big Sky gold occurrence (see Figure 6).

The soil anomaly of >10ppb Au extends over several hundred metres in an area of no previous drilling. Lodestar’s 2020 drill program intersected 3m at 1.5g/t Au from a depth of 16m in LCR159⁸ (end of hole sample) in the area of the survey. Follow up surface sampling is planned.

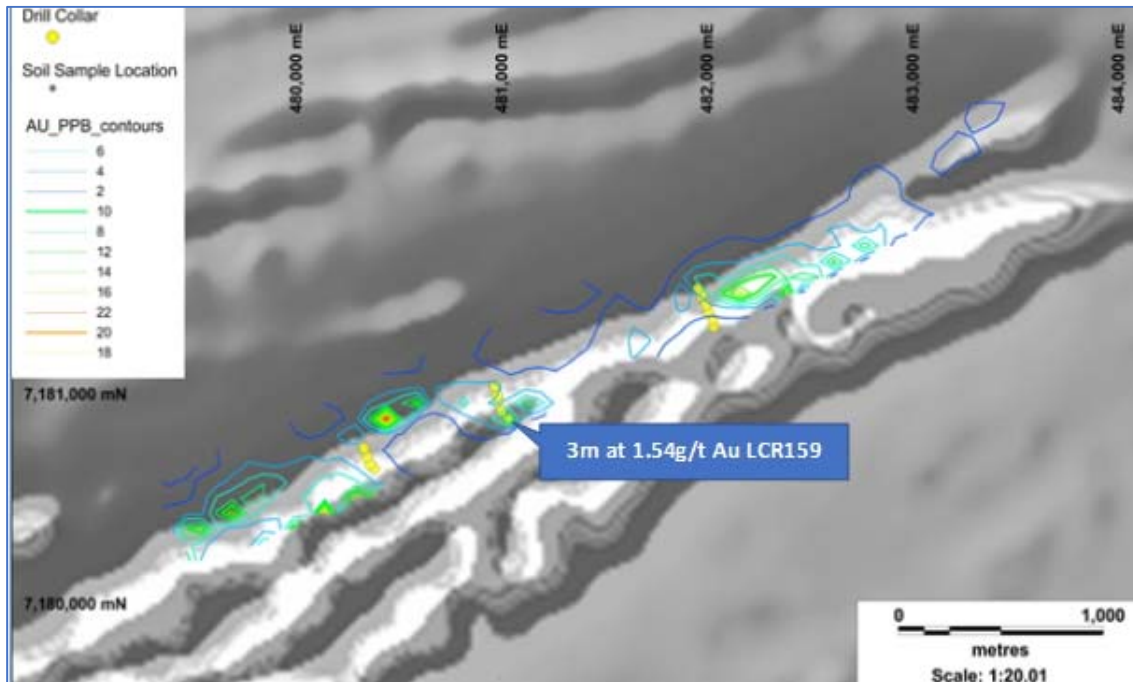


Figure 6 Contoured gold in ppb Au, aeromagnetic image (RTP1VD - MGA94 zone 50).

APPENDIX 5B DISCLOSURES

ASX LR 5.4.1: Exploration expenditure during the quarter was \$1.067m. This includes \$511k of cash calls for the Nepean joint venture with Auroch Minerals Limited and a \$342k Ned’s Creek drilling program on behalf of Vango Mining.

ASX LR 5.4.2: n/a

ASX LR 5.4.3: Tenement schedule attached to activities report.

ASX LR 5.4.5: Payments to related parties totalled \$76k and was in respect of Directors’ salaries and superannuation payments, in addition to payments for corporate management services to Director related entities.

⁸ See Lodestar’s ASX announcement dated 22nd December 2020.

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 and base metal explorer.

Lodestar's projects comprise the advanced Nepean Nickel Project a 20:80 JV with the operator Auroch Minerals, the Ned's Creek JV and the 100% owned Camel Hills, Imbin, Jubilee Well, Bulong and Coolgardie West projects.

The Imbin Project is a major strategic land holding in the emerging Earahedy 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 target Yelma-Frere unconformity

Lodestar discovered multiple zones of syenite intrusion-related gold mineralisation at the Ned's Creek Project on the Yilgarn craton margin, 150km west of Imbin. Vango Mining Limited is earning a 51% interest in the Ned's Creek JV by contributing \$5M of expenditure over 3 years.

Bulong and Jubilee Well are recent acquisitions in highly endowed gold districts; first-pass drill programs are being planned.

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 December 2020 "Camel Hills Aircore Drilling Results".*
- *22nd November 2021 "Exploration Update – Ned's Creek JV".*
- *15th December 2021 "Earahedy-Imbin – Exploration Update".*

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 at 31st December 2021

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	Granted	100% - Lodestar Minerals
Earaheedy-Imbin			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3952	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
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Meekatharra	E09/2215	Surrendered	

Tenement Description	Tenement Numbers	Status	Percentage Interest
Nepean	M15/709	Granted	Nepean JV: Auroch-Lodestar (80:20)
	M15/1809	Granted	Nepean JV: Auroch-Lodestar (80:20)
	M15/1887	Application	Nepean JV: Auroch-Lodestar (80:20)
	M15/1890	Application	Nepean JV: Auroch-Lodestar (80:20)
	E15/1828	Application	Nepean JV: Auroch-Lodestar (80:20)
	P15/5738	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5740	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5741	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5742	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5743	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5749	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5750	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P155963	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/5965	Granted	Nepean JV: Auroch-Lodestar (80:20)
	P15/6681	Application	Nepean JV: Auroch-Lodestar (80-20)
Jubilee Well	E38/3054	Granted	100%
Bulong	P25/2593	Granted	100%
	P25/2594	Granted	100%
	P25/2595	Granted	100%
	P25/2596	Granted	100%
	P25/2626	Granted	100%
	P25/2627	Granted	100%
	P25/2628	Granted	100%
	P25/2629	Granted	100%
Coolgardie West	E15/1813	Application	100%

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 2021

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	(1,067)	(1,584)
(b) development	-	-
(c) production	-	-
(d) staff costs	(70)	(144)
(e) administration and corporate costs	(70)	(178)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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	(1,207)	(1,906)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(12)	(12)
(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	67	124
	(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	55	112

* Loan funds advanced to GoldFellas Pty Ltd for operations commenced prior to consolidation upon acquisition.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	1,000
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	(69)	(69)
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)	(4)	(8)
3.10	Net cash from / (used in) financing activities	927	923

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	284	930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,207)	(1,906)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	55	112

Appendix 5B

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)	927	923
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	59	59

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	284
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)	284

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
6.2	Aggregate amounts of payments to related parties and their associates included in item 2
76	
-	

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.

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

7.	Financing facilities <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>	Total facility amounts at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (provide details if material)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,207)
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)	(1,207)
8.4	Cash and cash equivalents at quarter end (item 4.6)	59
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	57
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.05
	<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?	
	<p>No. The quarter-on-quarter exploration spend varies for Lodestar dependent on various factors and drilling programs. Q2/2022 included a \$511,000 cash call for the Group's 20% working interest in the Nepean project with Auroch Minerals, and a \$400,000 drilling program of Ned's Creek as primary outflows. Lodestar performed the Ned's Creek drilling as operator due to time constraints on JV partner Vango Mining related to their other project operations. The Ned's Creek drilling costs will be recovered under the JV agreement.</p>	
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?	
	<p>Yes. The Company is aware that further capital will be required for continued exploration of its projects. The Board is confident of the ability to raise sufficient capital for these operations when required. The Company also anticipates receiving reimbursement of the drilling program undertaken in its capacity as operator on behalf of JV partner Vango Mining.</p>	

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

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. The Group expects to be able to continue operations based on responses provided 8.8.1 and 8.8.2 above. One of the Company's JV partners, Vango Mining, is responsible for all minimum exploration expenditure commitments on Ned's Creek tenements. Under the terms of the earn-in agreement, there is a requirement for Vango to spend \$5m at Ned's Creek over a period of three years, thereby removing the requirement for the Company to presently fund the continuation of these operations.

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.

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: 31 January 2022

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.