



# ASX ANNOUNCEMENT

30 October 2015

Electronic lodgement

## COMPANY SNAPSHOT

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

### CONTACT DETAILS

Bill Clayton, Managing Director  
+61 8 9423 3200

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Nedlands, WA 6009

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Nedlands, WA, 6909

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www.lodestarminerals.com.au

### CAPITAL STRUCTURE

**Shares on Issue:**  
336,263,158 (LSR)

**Options on Issue:**  
20,750,000 (unlisted)  
34,360,819 (listed - 31 Mar 2016)

ASX: LSR

### PROJECTS

*Peak Hill – Doolgunna:*  
*Camel Hills – gold*  
*Neds Creek – gold*  
*Marymia – gold*  
*Imbin – gold and base metals*



## SEPTEMBER 2015 QUARTERLY ACTIVITIES REPORT HIGHLIGHTS

### CAMEL HILLS PROJECT (GOLD)

- Sustained activity at Big Sky resulting in the discovery of high-grade gold yielding up to 47,050g/t Au in rock chip sampling<sup>1</sup>.
- First pass RAB drilling at Big Sky confirms the presence of bedrock gold mineralisation<sup>1</sup>:
  - 5 metres at 1.1g/t gold from 5 metres in LCR001, including;
    - 1 metre at 5.6g/t gold from 8 metres
- Maiden RC drilling intersects near surface high-grade gold mineralisation<sup>2</sup>;
  - 6 metres at 6.6g/t gold from 13 metres in LCC011, including
    - 1 metre at 33.3g/t gold from 13 metres
  - 6 metres at 20.3g/t gold from 21 metres in LCC012, including
    - 1 metre at 105g/t gold from 21 metres and
    - 1 metre at 12.8g/t gold from 26 metres(Intersections using a 1g/t gold cut-off and up to 3 metres of internal dilution)
  - 1 metre at 23.8g/t gold from surface in LCC011.
- The poorly tested Petter Calc-silicate contact extends for over 12 kilometres in Lodestar's tenements with potential for additional significant discoveries.

### NED'S CREEK PROJECT – MARYMIA (GOLD)

- New gold target identified on southern margin of the Plutonic Well greenstone belt which hosts 10Moz gold of previous production and resources.
- Priority target area has not been tested by previous drilling.
- Location of recovered alluvial gold nuggets suggests the source of mineralisation lies within Lodestar's tenements.
- Deeply weathered and poorly outcropping terrane, initial rock chip sampling reported gold up to 1.5g/t<sup>3</sup>.
- First-pass RAB drilling targeting gold and multi-element geochemical anomalies planned for December quarter 2015 on receipt of approvals.

### CORPORATE

- Placement of 10 million shares at 1c per share to raise \$100,000 to fund maiden RC drilling at Big Sky and working capital.
- Conversion of 33,334 options expiring 31 March 2016 during the quarter.

<sup>1</sup> See Lodestar's ASX announcement dated 28<sup>th</sup> August 2015.

<sup>2</sup> See Lodestar's ASX announcement dated 20<sup>th</sup> October 2015.

<sup>3</sup> See Lodestar's ASX announcement dated 21<sup>st</sup> September 2015.

## CAMEL HILLS

**(E09/2099, E09/2100, E09/2138, E09/2139 & E09/3064 – LSR 100%)**

Lodestar Minerals Limited's Camel Hills tenements are located 170 kilometres northwest of Meekatharra and 60 kilometres south and east of Gascoyne Resources Limited's Glenburgh gold deposits (1M oz. gold in resources - see Figure 1). The tenements cover 924 square kilometres and 90 kilometres of strike over the Errabiddy Shear Zone (ESZ), a 5 to 20 kilometre wide suture that marks the boundary between the Archaean Narryer Terrane to the south and the accreted Palaeoproterozoic Glenburgh Terrane to the north. The ESZ is linked at depth to the Cardilya Fault, a deep crustal fault that marks the major tectonic boundary between the Archaean Yilgarn craton and accreted Palaeoproterozoic terrane.

Lodestar is targeting orogenic gold along the northern Yilgarn margin where mineral systems prospectivity mapping by the Geological Survey of Western Australia (GSWA) identified the ESZ as a favourable site for large-scale gold mineralisation. Historic surface sampling identified strong gold anomalies associated with outcropping gneiss in the Big Sky area and this has been the focus of Lodestar's exploration which has comprised rock chip sampling, shallow trenching, ground magnetic surveying, RAB and RC drilling.

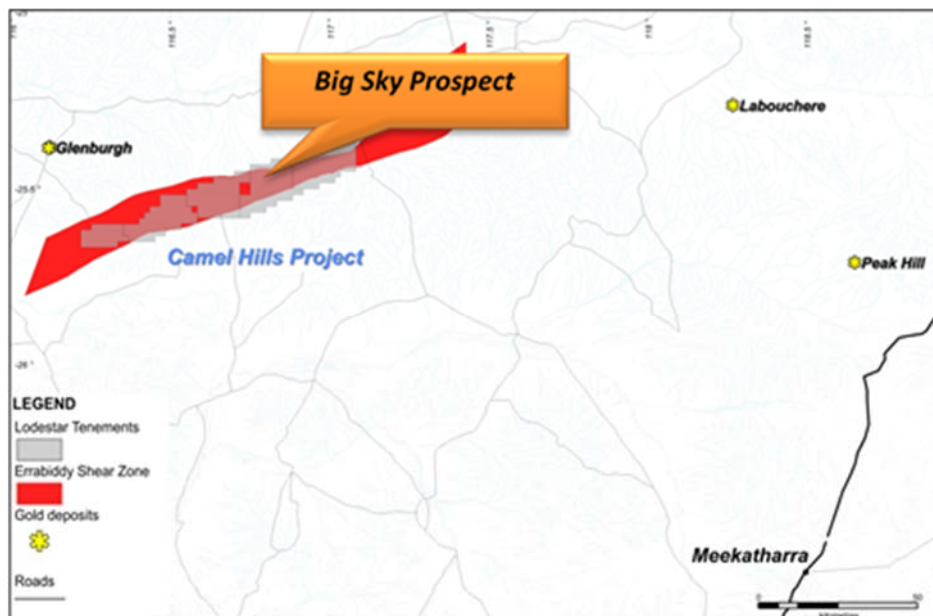


Figure 1 Location Plan - Lodestar's Camel Hills tenements

## WORK COMPLETED

Lodestar carried out intensive exploration over the area identified by strongly anomalous historic gold soil and drainage geochemistry. Exploration was guided by the knowledge that gold is associated with a regional contact between magnetic schists and gneisses of the Petter Calc-silicate and non-magnetic schists of the Quartpot Pelite. The contact is located on the northern side of the Camel Hills ridge at the base of the slope and the area north of the ridge is covered by shallow scree and colluvium that may have reduced the effectiveness of surface geochemical sampling. Nearly all historic drilling was located south of this contact. In high-grade metamorphic terranes shear-hosted lode gold mineralisation can have a relatively short strike length and therefore a small surface footprint.

Surface prospecting of this zone resulted in the discovery of high-grade rock chip samples reporting up to 47,050g/t gold (see appended photographs & Figure 2). A program of shallow trenching and RAB drilling was designed to test the contact over a strike of 600 metres. A magnetometer was used prior to drilling to locate the contact on the ground.

Nine trenches (2,300 metres) and 84 RAB holes (1,814 metres) were completed as part of the first-pass program. Drill and trench traverses were spaced on average 25 metres to 50 metres along strike over the 600 metre target zone (see Figure 2).

The RAB drilling unexpectedly encountered water at shallow depth with resulting significant reduction in sample recoveries and reliability of assay results. A follow-up RC drill program was designed to test gold targets identified by the surface sampling, anomalous RAB and trench sampling results.

A program of 13 RC drill holes (428 metres) was completed in September and the assay results were received in October. Close-spaced drilling of the gold anomaly identified in Trench 1 (see Figure 3) did not confirm the anomaly (reporting a best intersection of 0.9g/t gold in LCC001) and Lodestar is continuing to investigate the source of this mineralisation.

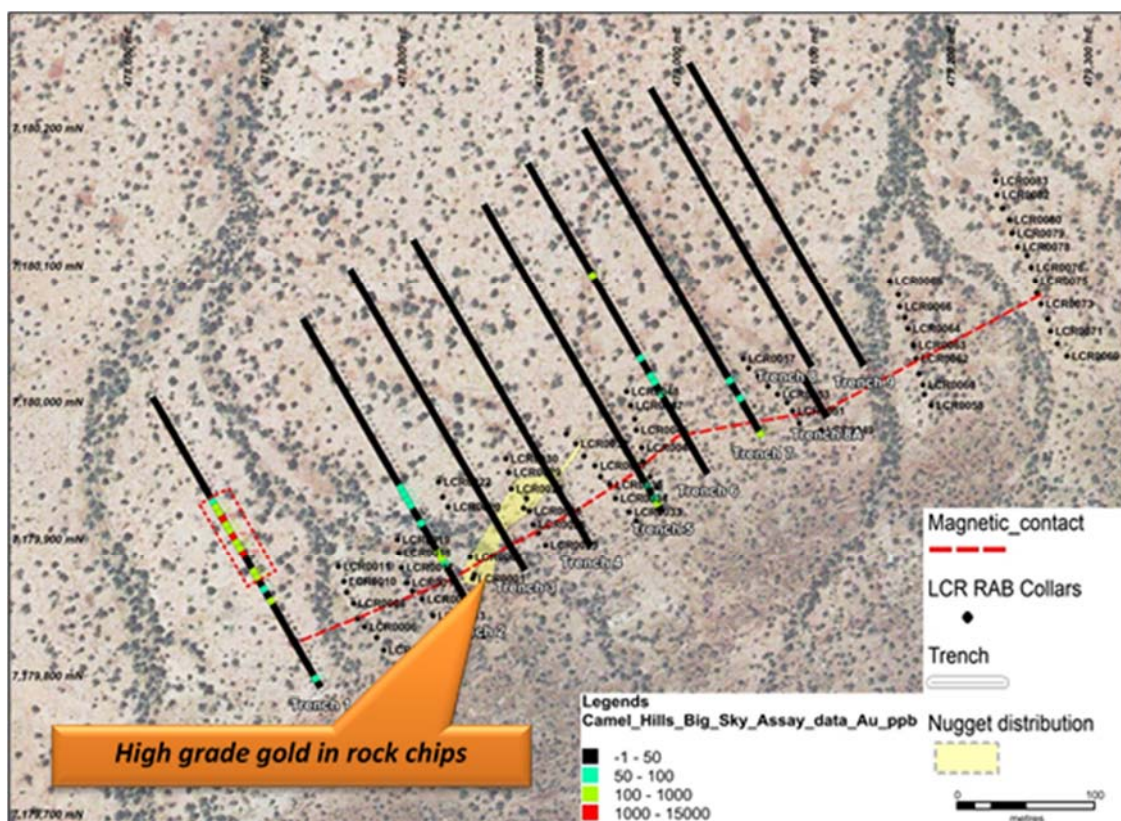


Figure 2 Trench and RAB drill locations showing assay results of the trench sampling (MGA94 Zone 50)

Two RC holes (LLC0011 & LLC0012) were drilled below the site of the anomalous rock chip sampling where earlier anomalous results were reported in LCR001, LCR002 and LCR003<sup>4</sup>. These holes were completed with good recovery of dry samples that reported extremely high-grade gold intersections at shallow depths with best results of **6 metres grading 20.3g/t gold from 21 metres, 6 metres grading 6.6g/t gold from 13 metres and 1 metre at 23.8 g/t from surface**<sup>5</sup> (see Figure 4 and Table 1) and the mineralisation remains open.

<sup>4</sup> See Lodestar's ASX announcement dated 28<sup>th</sup> August 2015.

<sup>5</sup> See Lodestar's ASX announcement dated 20<sup>th</sup> October 2015.

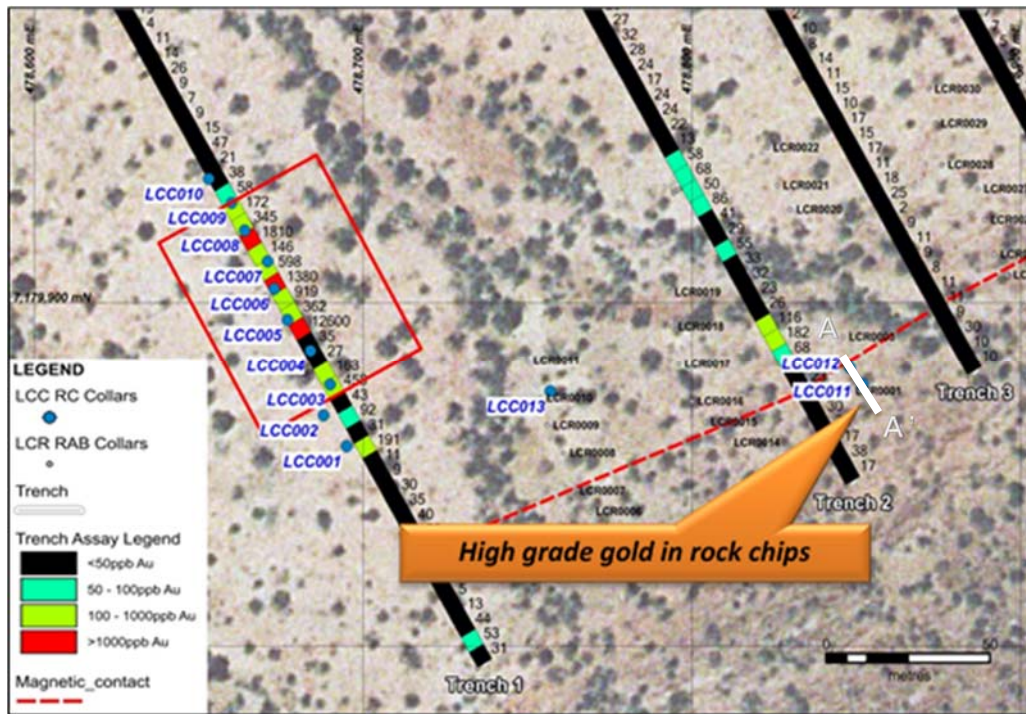


Figure 3 RC Drill hole location plan (MGA94 Zone 50)

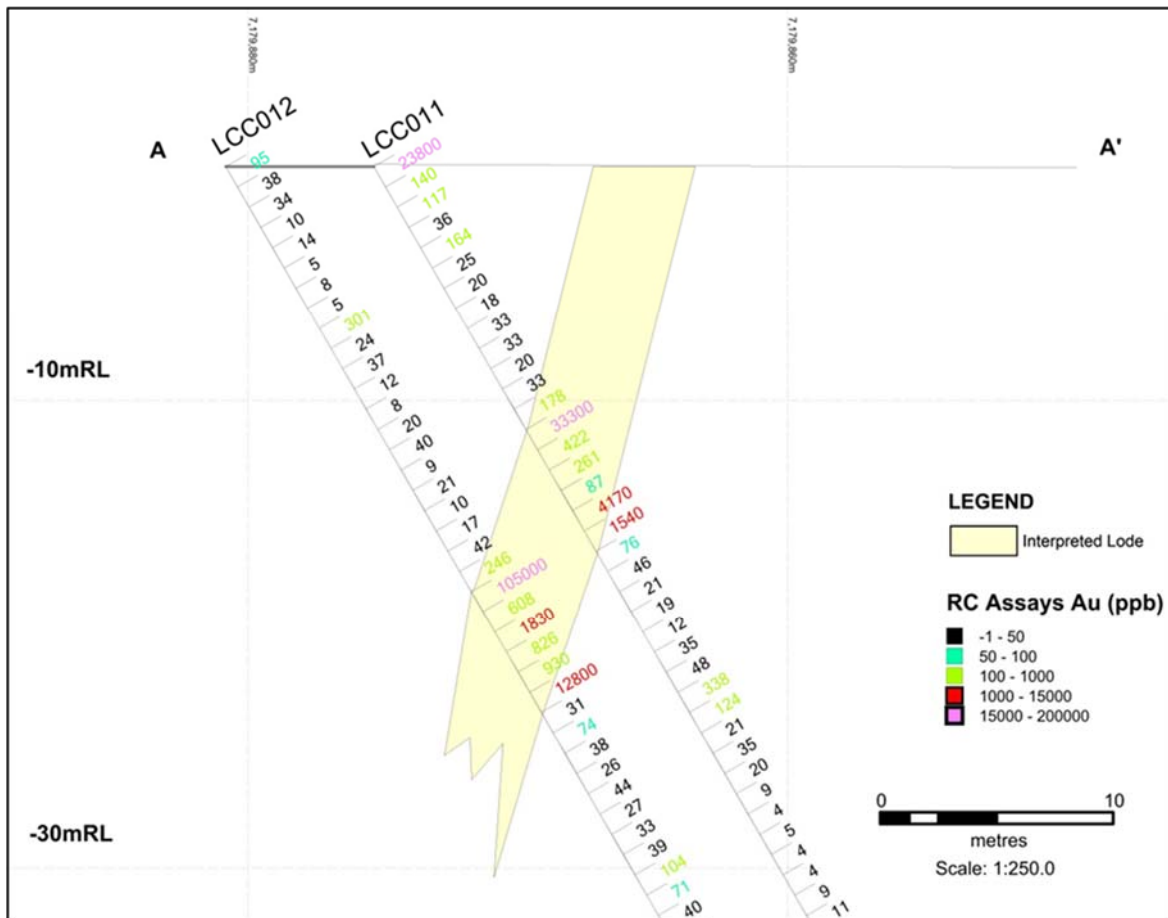


Figure 4 Cross-section showing drill intersections of lode (section A-A', see Figure 3)

The outstanding results from the RC drilling confirm the potential for further high-grade lode gold within the Big Sky region where little exploration and minimal drilling has been completed along the prospective Petter Calc-silicate contact zone.

Lodestar has engaged a leading independent consultant to review the multi-element geochemical data from the drill programs with the aim of analysing variations in the geochemistry. An earlier interpretation, based on widely scattered rock chip sampling, noted similarities to intrusion-related gold systems (a target also identified by the GSWA prospectivity mapping). Multi-element geochemistry can be used to constrain and vector towards mineralisation at Big Sky and along the 12 kilometres of undrilled prospective contact within the Camel Hills tenements.

Follow-up RC drilling is planned as soon as possible, once the review has been completed.

**Table 1 Significant Results in Big Sky RC Drilling, (1m split samples >0.1g/t gold)**

HoleID	Easting	Northing	RL	Depth(m)	Dip	Azimuth	From	To	Au g/t	Au rpt g/t
LCC001	478695	7179858	450	22	-60	150	16	17	0.944	
LCC011	478852	7179876	450	40	-60	150	<b>0</b>	<b>1</b>	<b>23.8</b>	<b>16.7</b>
LCC011							1	2	0.14	
LCC011							2	3	0.117	0.029
LCC011							4	5	0.164	0.122
LCC011							12	13	0.178	
LCC011							<b>13</b>	<b>14</b>	<b>33.3</b>	<b>27.3</b>
LCC011							14	15	0.422	
LCC011							15	16	0.261	
LCC011							<b>17</b>	<b>18</b>	<b>4.17</b>	
LCC011							<b>18</b>	<b>19</b>	<b>1.54</b>	<b>2.36</b>
LCC011							26	27	0.338	
LCC011							27	28	0.124	
LCC012	478848	7179881	450	64	-60	150	8	9	0.301	0.247
LCC012							20	21	0.246	0.151
LCC012							<b>21</b>	<b>22</b>	<b>105</b>	<b>96.5</b>
LCC012							22	23	0.608	
LCC012							<b>23</b>	<b>24</b>	<b>1.83</b>	
LCC012							24	25	0.826	
LCC012							25	26	0.93	
LCC012							<b>26</b>	<b>27</b>	<b>12.8</b>	<b>12.5</b>
LCC012							35	36	0.104	

## NED'S CREEK PROJECT – MARYMIA

**(E52/2734 – LSR 100%; E52/2493 – LSR 100% gold; Australian Mines Ltd earning 51% of base metal rights)**

The Marymia tenements form part of Lodestar's Ned's Creek project, located 170 kilometres north of Meekatharra and cover approximately 5 kilometres of strike along the tectonic southern margin of the Plutonic Well greenstone belt. The newly identified gold target is located 28 kilometres east of the Plutonic Gold Mine, currently operated by Northern Star Resources Limited (see Figure 5).

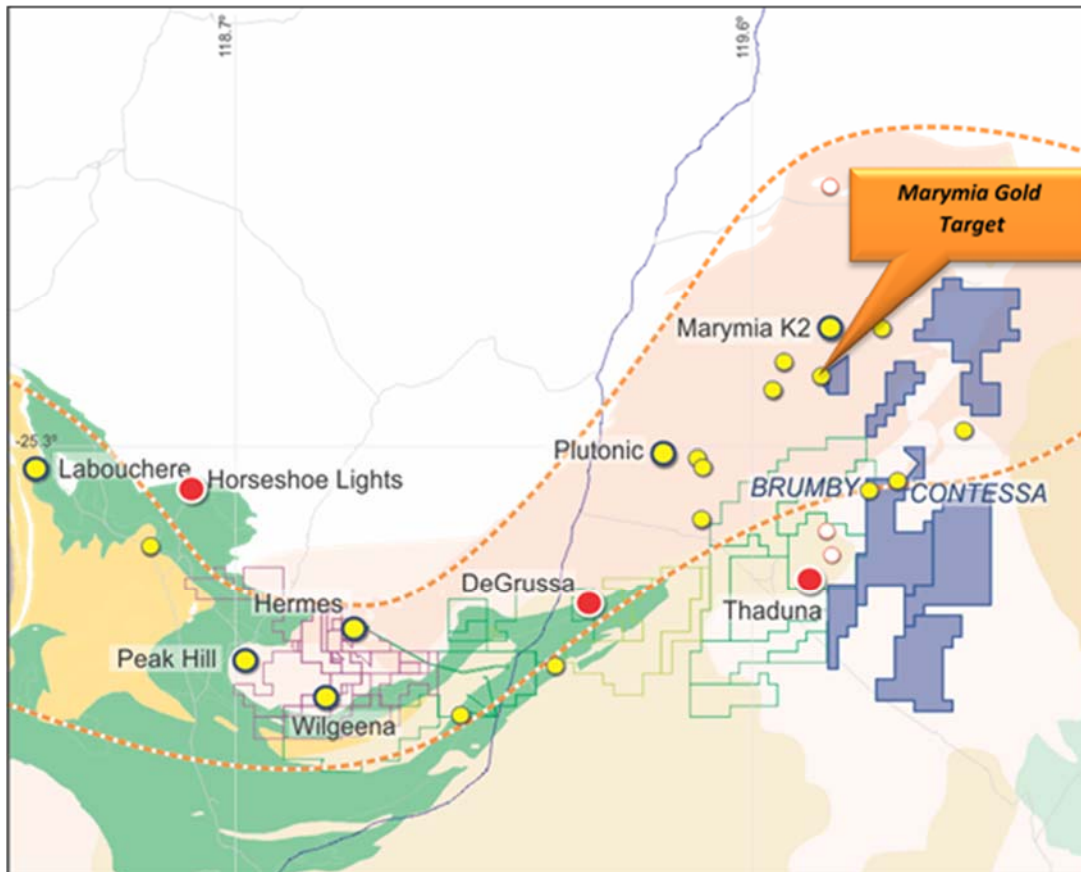


Figure 5 Location Plan - Ned's Creek tenements and the Marymia gold target

Geological interpretation of the southern margin of the greenstone belt by Homestake Gold shows a sequence of mafics, high magnesian (magnetic) basalts and sediments continuing into Lodestar's tenements<sup>6</sup>. Along its southern boundary the greenstone sequence is thrust over gneisses of the Marymia Inlier.

Along strike to the south west of Lodestar's tenements the sheared mafic-sediment contact has been targeted by drilling at the Pigeon and Parrot prospects (see Figure 6) with significant intersections reported (e.g. *Pigeon – 18m at 2.94g/t gold and Parrot – 9m at 2.94g/t gold*<sup>6</sup>) and past production totalling 69,000ozs Au<sup>7</sup>. Deflections in the mafic-sediment contact were regarded as an important local control on mineralisation and this contact was identified as a significant regional target by Homestake.

<sup>6</sup> Sauter P., 2001, Homestake Gold of Australia Limited Annual Report to the Department of Mines and Petroleum, WAMEX ID A62465.

<sup>7</sup> See Dampier Gold (ASX:DAU) ASX announcement dated 14<sup>th</sup> October 2013.

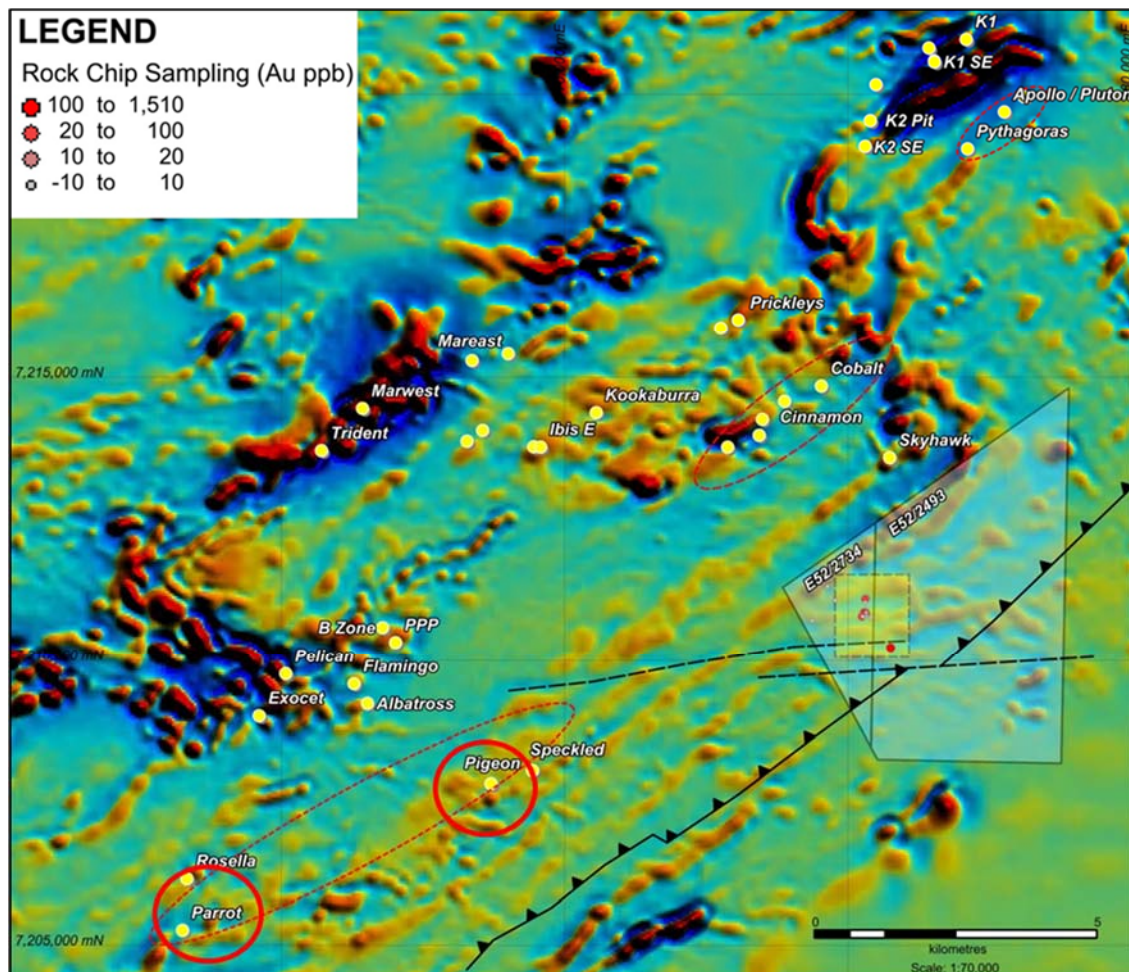


Figure 6 Location of Lodestar's tenements in relation to Homestake's historic Parrot and Pigeon gold prospects (aeromagnetic image RTP 1VD, MGA94 Zone 50)

Lodestar carried out surface sampling and mapping over an area of mafic and sedimentary rocks from which a number of gold nuggets have been recovered. The surface is deeply weathered with scattered lateritised outcrops and a predominantly depositional (transported) regolith cover.

A total of 59 rock and lag samples were collected to in-fill lag sampling completed in November 2014. The in-fill sampling was completed on a 125 metre by 125 metre grid. Anomalous rock chip samples were reported from three sites across the area of interest, with up to 1.5g/t (1500ppb) gold and 850ppb Pb and anomalous pathfinder elements (Bi-Cu-Sn-Te-W) that are associated with Archaean gold deposits<sup>8</sup> (see Figures 7-10).

A program of 3,600 metres of aircore drilling to test the targets defined by the surface sampling is planned. The spatial relationship between gold anomalism, pathfinder element geochemistry and the interpreted position of the mafic-sediment contact has confirmed a robust, early-stage exploration target at Marymia. The highly prospective geological sequence continues for 5 kilometres within Lodestar's tenements and has received minimal exploration.

Subsequent to the end of the September quarter Lodestar received approval for the program of works from the Department of Mines and Petroleum and expects to complete a heritage survey by mid-November. Drilling will follow once clearance is received.

<sup>8</sup> See Lodestar's ASX announcement dated 22<sup>nd</sup> September 2015.

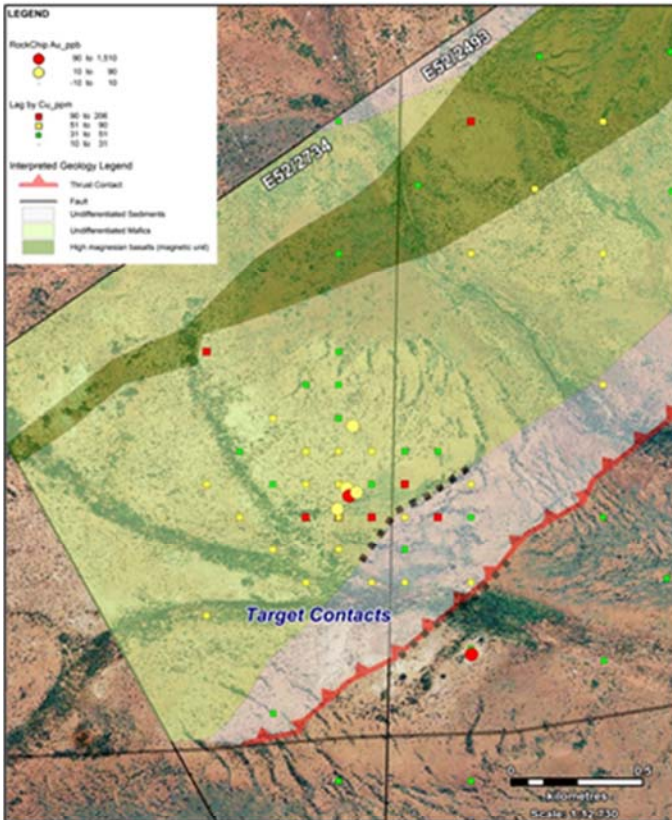


Figure 7 Interpreted geology and gold-copper geochemistry over the mafic-sediment contact.

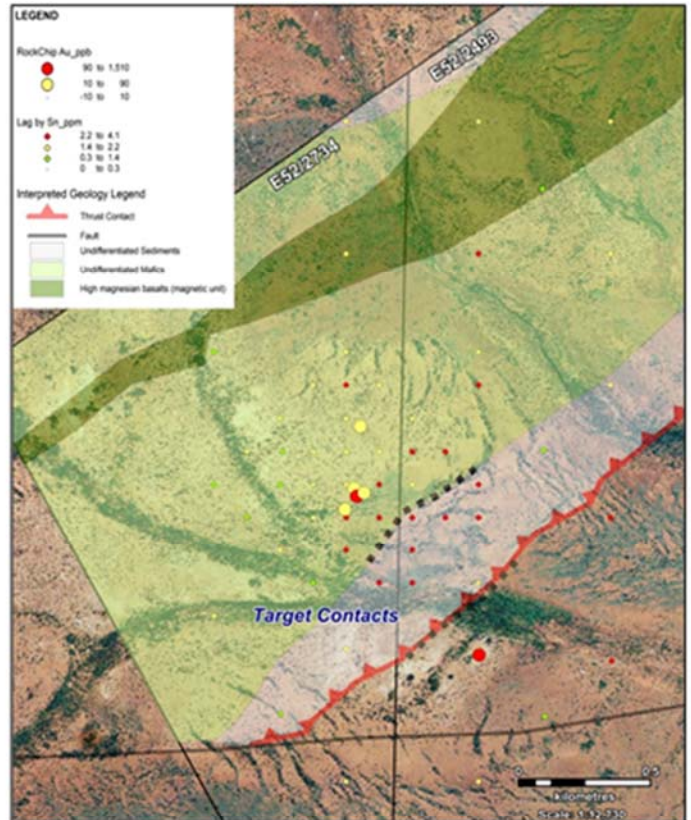


Figure 9 Interpreted geology and gold-tin geochemistry over the target mafic-sediment contact.

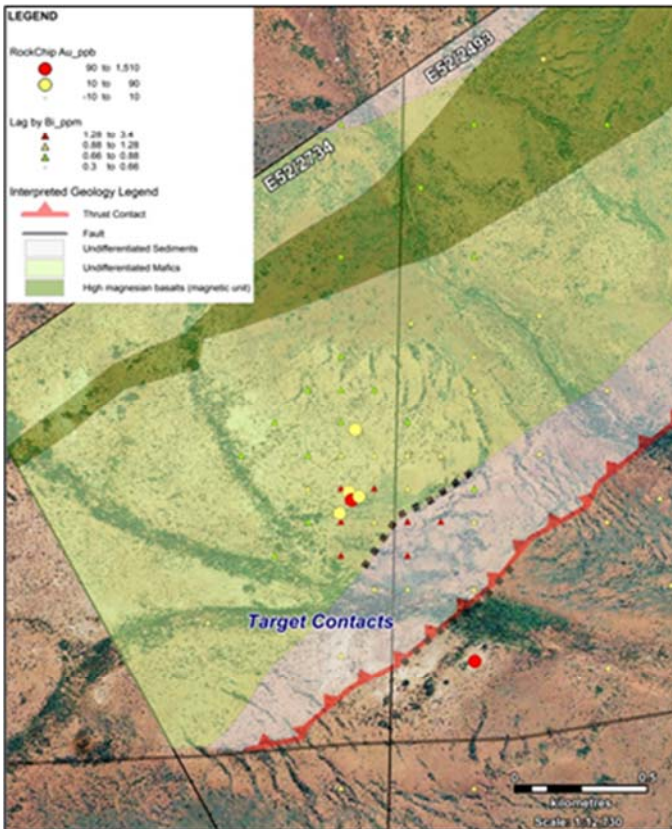


Figure 8 Interpreted geology and gold-bismuth geochemistry over the target mafic-sediment contact.

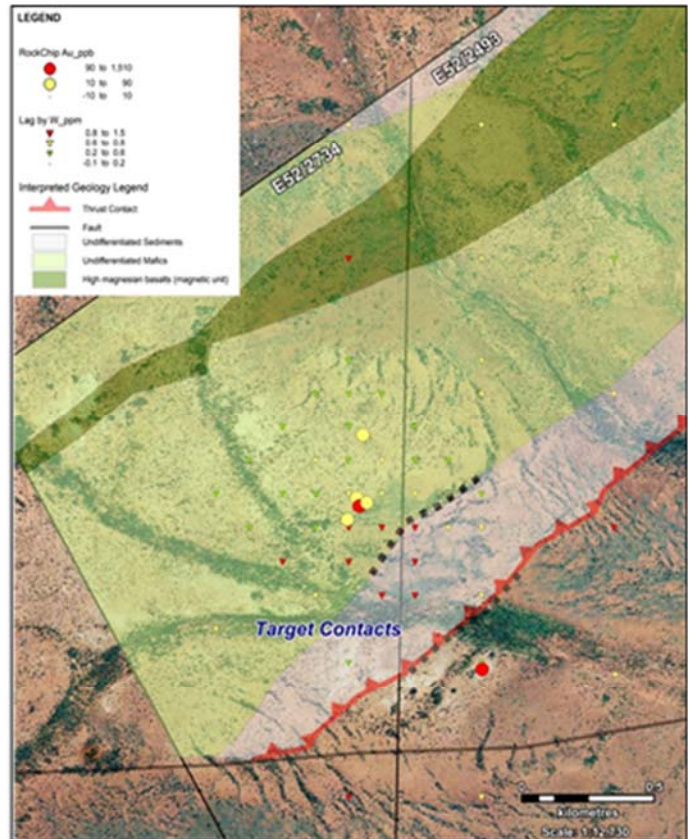


Figure 10 Interpreted geology and gold-tungsten geochemistry over the target mafic-sediment contact.



## CORPORATE

In September Lodestar placed 10 million shares at a price of 1 cent per share to raise \$100,000 in working capital. The Placement was completed in order to fund the successful RC drill program at the Big Sky gold prospect within the Company's wholly-owned Camel Hills Project before the end of the current field season.

At the end of the September quarter, a total of 53,752 of the 36,097,820 outstanding 31 March 2016 options had been converted.

### **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 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 28<sup>th</sup> August 2015 "First-pass drill results from Big Sky Gold Prospect", 21<sup>st</sup> September 2015 "New Priority Gold Target at Marymia" and 20<sup>th</sup> October 2015 "Big Sky RC Drilling results high grade gold". 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



Figure 11 Mineralised rock samples recovered from the Big Sky prospect high-grade outcrop

# 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 2015

### 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	(145)	(145)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(108)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
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>(253)</b>	<b>(253)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(9)
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>(9)</b>	<b>(9)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(262)</b>	<b>(262)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(262)	(262)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	101	101
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	100	100
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs / borrowing costs	(5)	(5)
	<b>Net financing cash flows</b>	<b>196</b>	<b>196</b>
	<b>Net increase (decrease) in cash held</b>	<b>(66)</b>	<b>(66)</b>
1.20	Cash at beginning of quarter/year to date	306	306
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	240	240

**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	65
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 expensed 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

### 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	300	100
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	111
<b>Total</b>	<b>161</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	240	105
5.2 Deposits at call	-	201
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>240</b>	<b>306</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**

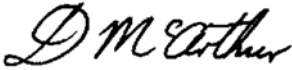
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	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 **	334,579,909	334,579,909	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000 33,334	10,000,000 33,334	1 3	1 3
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 36,044,068 16,000,000	- - 36,044,068 -	<i>Exercise price</i> Various Various 3 cents 5 cents	<i>Expiry date</i> 29 November 2016 8 May 2017 31 March 2016 16 December 2017
7.8 Issued during quarter				
7.9 Exercised during quarter	33,334	33,334	3 cents	31 March 2016
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: 30 October 2015  
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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