

CAMEL HILLS FARM OUT TO FUND MAJOR DRILLING PROGRAM OVER KEY GOLD TARGETS

- Up to \$800,000 exploration funding to earn up to 49% interest in the Camel Hills project tenements.
- Initial earn-in agreement for 25% interest in Camel Hills project tenements for \$300,000 exploration funding within 6 months.
- Option to acquire further 24% interest in the tenements for additional \$500,000 exploration funding within 12 months of option signing.
- Up to 4,000m of aircore and/or RC drilling to evaluate key high grade gold targets within the Errabiddy Shear Zone where Lodestar has previously reported high-grade gold up to 47,050g/t Au in rock chips¹ and significant drill intersections including;
 - 6m at 6.6g/t Au from 13m in LCC011 (incl. 1m at 33.3g/t Au from 13m) and
 - 6m at 20.3g/t Au from 21m in LCC012 (incl. 1m at 105g/t Au from 21m and 1m at 12.8g/t Au from 26m)²
- Targets include 800m long >10ppb Au soil anomaly "Constellation", 2km west of the Big Sky prospect.
- Drilling will commence as soon as heritage and program of work clearances are completed and contractors engaged.

Lodestar Minerals Limited (**ASX:LSR**) ("**Lodestar**" or "**the Company**") wishes to advise that it has entered into a farm out agreement in relation to its highly prospective Camel Hills gold tenements.

The agreement is with GoldFellas Pty Ltd ("**GoldFellas**"), a recently incorporated private company of experienced gold prospectors, resource industry executives, stockbrokers, lawyers and investor relations consultants.

Pursuant to the farm out agreement, GoldFellas must spend \$300,000 in exploration over the Camel Hills tenements within a 6-month period to earn a 25% interest in the tenement. Upon earning 25%, GoldFellas have the option to spend a further \$500,000 in exploration over a 12-month period to earn a further 24% interest in the tenements.

A drilling contractor will be secured to test high priority targets as soon as possible, following completion of heritage clearance and program of work approvals.

Lodestar's Camel Hills project is located within the Errabiddy Shear Zone 200km north west of Meekatharra, Western Australia and 60km east of Gascoyne Resource's 1Moz Glenburgh Gold Project, Limited (Figure 1). The Errabiddy Shear Zone forms part of the north western margin of the Yilgarn

¹ See Lodestar's ASX release dated 28th August 2015

² See Lodestar's ASX release dated 20th October 2015

Craton. Reworked craton margins are a favourable setting for many large-scale gold and base metal deposits, where long-lived crustal scale structures can act as conduits for the transfer of heat and mineralising fluids from the upper mantle.

The Errabiddy Shear Zone (“ESZ”) is a 5km to 20km wide major crustal suture that is linked at depth to the Cardilya Fault, the primary tectonic boundary between the Archaean Yilgarn Craton and accreted Palaeoproterozoic Glenburgh terrane. Research and prospectivity mapping by the GSWA has revealed significant potential for intrusion-related and orogenic gold along the southern margin of the Glenburgh Terrane in the area of the ESZ³. The Camel Hills project covers a 35km strike distance over the shear zone.

Lodestar has discovered significant gold mineralisation at Camel Hills and Ned’s Creek, where Vango Mining is earning a 51% interest by funding \$5M of exploration over 3 years.

Imbin Project Update:

Lodestar also wishes to advise that with the ongoing renewed interest in the resource sector, the company is in discussions with a number of parties in relation to its Imbin gold-copper project.

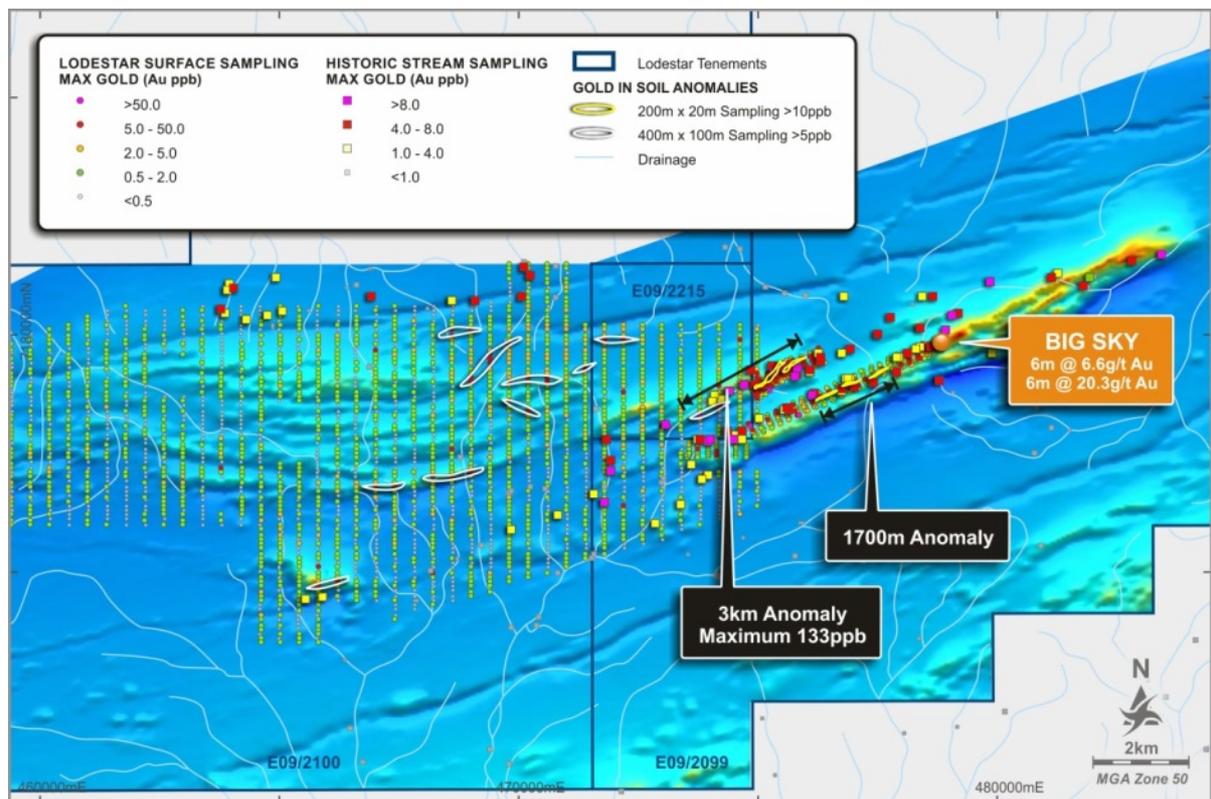


Figure 1 Camel Hills Project tenements, prospect location and gold anomalies identified in surface sampling (background magnetic image).

³ Aitken, A.R.A., Joly, A., Dentith, M.C., Johnson, S. P., Thorne, A. M. and Tyler, I. M., 2014. 3D architecture, structural evolution and mineral prospectivity of the Gascoyne province: Geological Survey of Western Australia, Report 123, 94p.

The discovery of high-grade gold at the Big Sky prospect in 2015, where rock chip samples containing visible gold reported up to 47,050 g/t Au (Figure 2), demonstrated that the shear zone is host to shallow high-grade mineralisation. Results from Lodestar's RC drilling included:

- **6m at 6.6g/t Au from 13m in LCC011 (including 1m at 33.3g/t Au from 13m); and**
- **6m at 20.3g/t Au from 21m in LCC012 (including 1m at 105g/t Au from 21m and 1m at 12.8g/t Au from 26m)**

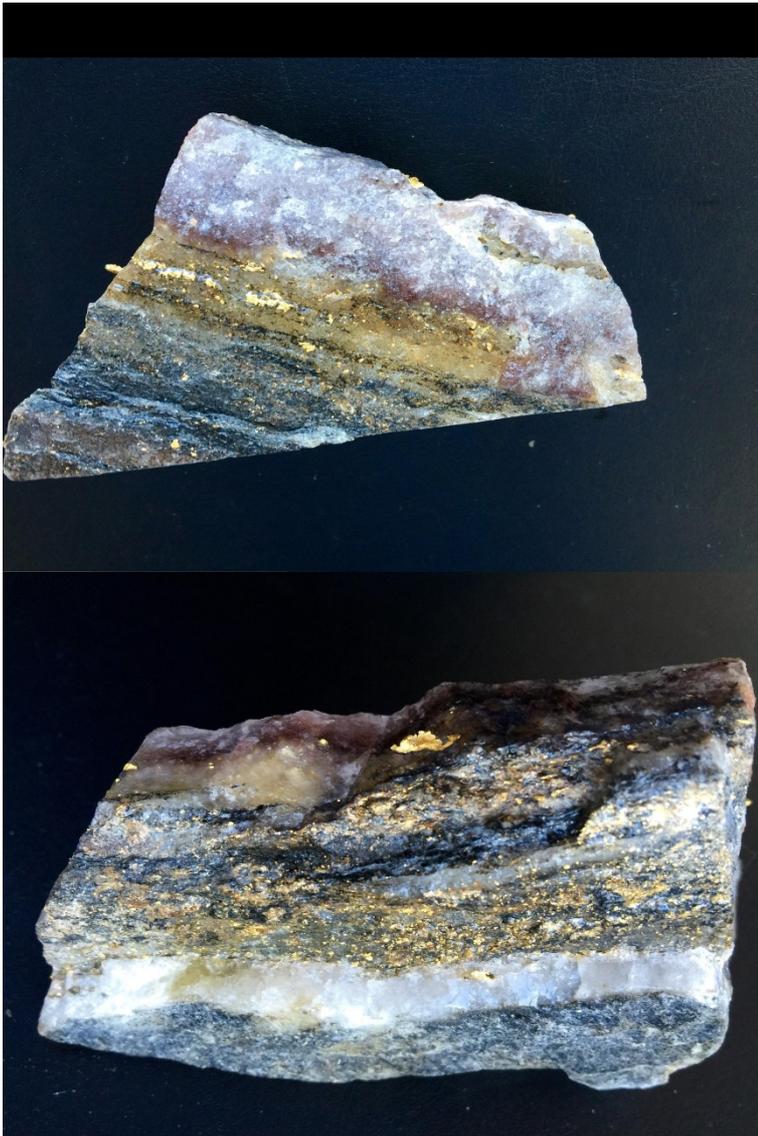


Figure 2 Gold in quartz-biotite veins obtained from the Big Sky prospect, (478850E 7179880N MGA94).

Gold is hosted in quartz veining at the structural contact between east northeast trending magnetic and non-magnetic schists. This structure is clearly visible in aeromagnetic data (Figure 1) extending for over 12km and significant gold anomalies identified to date are associated with this contact.

The priority target for first-pass drilling is the 800m long “Constellation” soil anomaly (>10ppb Au with a maximum 133ppb Au), located 2km west of Big Sky (Figure 3). Drilling will target high grade gold associated with the magnetic contact and secondary targets along the same zone.

Further details of the planned program will be released once the schedule has been finalised.

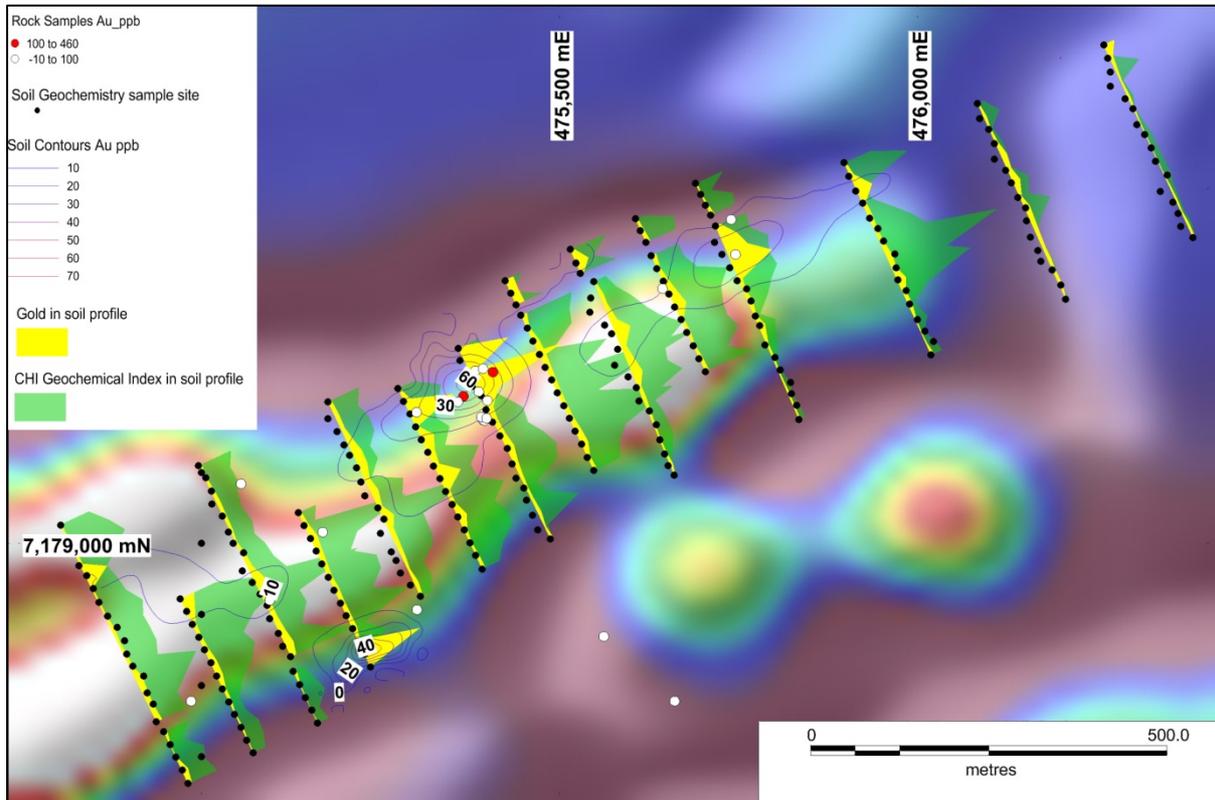


Figure 3 Drill target at the Constellation prospect, an extensive gold in soil anomaly developed along the magnetic contact (background 1VD aeromagnetic image, MGA94).

This announcement was authorised for release by the Board.

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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 has discovered syenite intrusion-related gold mineralisation at Ned’s Creek and very high grade, lode style gold mineralisation on the Camel Hills project. Both projects are located within a craton margin setting.

The Ned’s Creek project (now in joint venture with Vango Mining Limited) includes 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 (interpreted as the Eastern Goldfields Province) 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 Company is also in discussions with a number of parties in relation to its Imbin gold/copper project.

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

- 28th August 2015 “First Pass Drill Results from Big Sky Gold Prospect”
- 20th October 2015 “Extremely high grade gold up to 105g/t Au in RC Drilling at Big Sky”

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.