

March 2019 Quarterly Activities Report

Highlights

- Limited exploration activities were undertaken at the Ned's Creek Project during the quarter due to funding considerations.
- Productive discussions continued with several parties in relation to potential joint venture and/or new funding to advance key projects to meet immediate and medium term objectives.
- Subject to the outcomes of these discussions, the next steps in the exploration programs across Lodestar's key projects are as follows:

Ned's Creek

- Additional exploration drilling and trial geophysical surveys targeting significant gold mineralisation as outlined in the December 2018 quarterly report. The 2.4km long Gidgee Flat to Contessa zone has demonstrated potential to host ore-grade mineralisation and the opportunity to transition from explorer to producer remains foremost amongst these objectives.
- To carry out regional exploration programs targeting the 6km long untested northern portion of the Contessa granite contact.
- Systematic evaluation of widespread gold and multi-element geochemical anomalies across the Ned's Creek project that require first-pass drilling.

Camel Hills

- To evaluate the significant gold potential identified by Lodestar's regional geochemical surveys.

Imbin

- To commence exploration for Besshi-type Cu-Au VMS mineralisation within the volcano-sedimentary sequence believed to be age equivalent to the Bryah Basin. Historic exploration identified coincident Cu-Au geochemical anomalies typical of Bryah Cu-Au systems with sediment-hosted copper mineralisation intersected in drilling.
- Lodestar has recently increased its tenure and now controls a contiguous area of 909 sq. km and 55km of prospective strike.

Following active and successful exploration campaigns in 2018, the Company recognises the need to secure sufficient funding to advance multiple opportunities within its exploration portfolio, particularly at the Ned’s Creek Project. The bedrock drilling successes at Ned’s Creek in 2018 have meant that exploration spending has been strongly focused towards drilling programs targeting the southern margin of the Contessa granite. The exploration to date has significantly de-risked Ned’s Creek as a gold project, however many more targets are still to be drill tested and there is a need to maintain higher funding levels to achieve our objectives while avoiding significant shareholder dilution.

In addition, the Company believes that the value of the Camel Hills and Imbin projects is not being recognised because, due to funding constraints, only low-intensity exploration has been possible. Lodestar has received expressions of interest from several parties with a view to potential farm-in arrangements and is in ongoing discussions with the aim of realising the inherent value of our projects for the benefit of shareholders.

NED’S CREEK PROJECT (Lodestar – 100%)

Lodestar is targeting intrusion-related gold mineralisation on the margins of a 6km long granite intrusion (the Contessa Granite) located within the major deformation zone at the northern margin of the Yilgarn Craton. This zone, comprising the Glenburgh and Capricorn Orogens, is an established and highly endowed gold producing district, including the +1Moz deposits of Plutonic, Peak Hill, Fortnum and Glenburgh. The Ned’s Creek project is located approximately 35km east of the Plutonic mine and 25km south of Vango Mining Limited’s (ASX:VAN) Marymia Gold Project (see Figure 1).

No significant on-ground exploration activity has occurred during the reporting period. The upcoming work program and targets identified in the December 2018 quarterly report (see Lodestar’s ASX announcement dated 31st January 2019) remain valid and await completion.

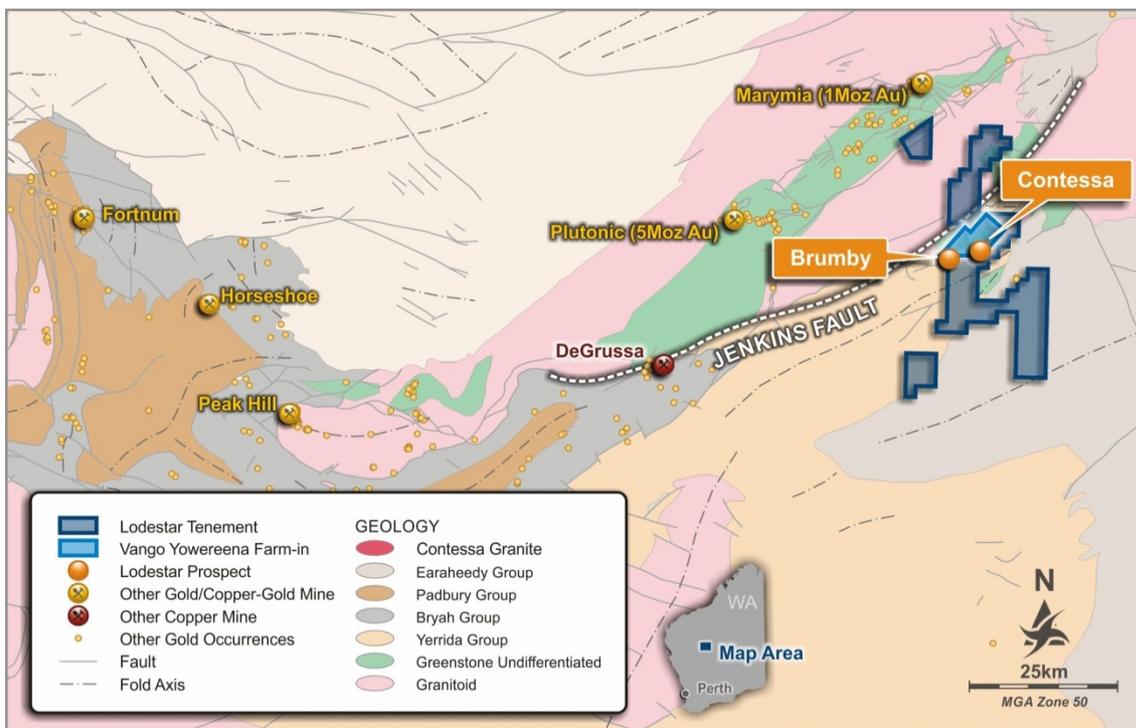


Figure 1 Location Plan - Ned’s Creek project.

IMBIN PROJECT (Lodestar – 100%)

The Imbin project covers 900 sq. km of the eastern continuation of the Capricorn Orogen, including 50km of the siliciclastic – mafic sequence being targeted for Besshi-style VMS mineralisation. It is a large mineral system with gold and base metal anomalies in historic drilling over a distance of 17km. Around 80% of the Imbin terrane is under shallow sand cover and essentially unexplored.

Age dating suggests that this succession is of similar age to rocks in the Bryah Basin, where Sandfire Resources Limited (**ASX:SFR**) discovered the DeGrussa and Monty copper-gold deposits. There is a strong gold-copper association noted for VMS mineralisation in the Bryah Basin. Both the DeGrussa and Horseshoe Lights deposits have significant gold enrichment in the oxide zone and the gold-copper association reported from the Imbin terrane is highly relevant to the exploration model being proposed (see Lodestar’s ASX announcement dated 17th July 2014).

During the quarter, Lodestar completed a high resolution aeromagnetic survey over the northern area of E69/3483 (see Figure 2) to delineate the interpreted eastern extension of the prospective terrane, now believed to extend over an additional 8km strike length. Following acquisition of the aeromagnetic data Lodestar applied for vacant ground immediately north of E69/3483. The aeromagnetic data will undergo further processing and interpretation to assist geological interpretation.

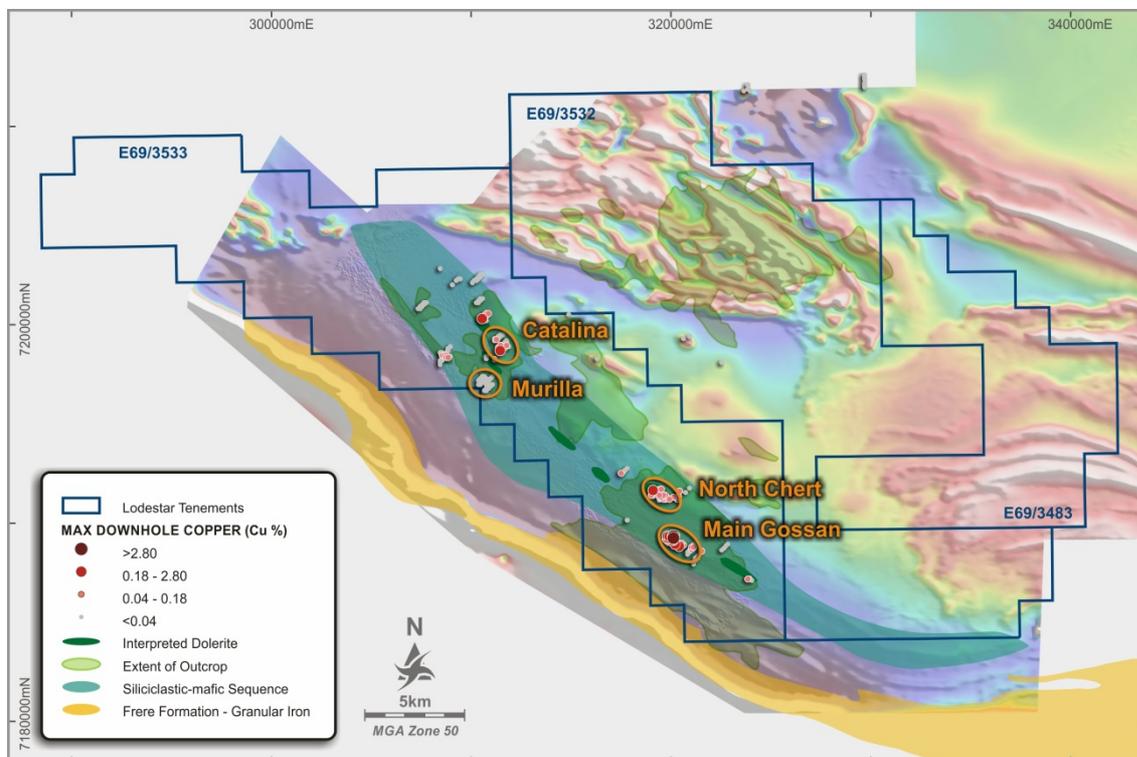


Figure 2 Imbin Project, showing the location of E69/3483 and copper in historic drilling (MGA Zone 51).

CAMEL HILLS PROJECT (Lodestar – 100%)

The Camel Hills gold project is located at the western end of the Capricorn Orogen (a major deformation zone along the northern boundary of the Yilgarn Craton) and 60km east of the 1Moz Glenburgh gold deposits. The tenements cover 40km of a major structure – the Errabiddy Shear Zone – and the target is large scale, lode style gold mineralisation.

The area is identified as an 18km long low-level gold anomaly in Geological Survey of Western Australia (GSWA) sampling co-incident with the Errabiddy Shear Zone. GSWA identified the Errabiddy Shear Zone as a favourable site for large scale gold mineralisation. Sampling by previous explorers within this zone defined a 6km by 2km soil and drainage gold anomaly coincident with a sheared contact on the northern boundary of a strongly magnetic unit.

Sampling of outcrop in 2015 confirmed the existence of bonanza gold grades up to 47,050g/t Au (see Lodestar’s ASX announcement dated 28th August 2015). Lodestar completed regional sampling in 2018. The multi-element geochemical program was carried out on a 400m by 100m grid over the prospective magnetic units that extend 24km west of the Big Sky area. This work, in addition to historic regional drainage sampling, identified a large area of gold anomalism that represents a target for first-pass drilling.

A number of gold anomalies identified in areas of superficial cover also require field investigation and follow up sampling. No on-ground exploration activities were completed during the quarter.

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 more than 2,000km² at the edge of the Pilbara and Yilgarn Cratons. Lodestar has three main projects – Ned’s Creek, Camel Hills and Imbin – and has an 80% interest (VAN – 20%) in the Yowereena gold project which is adjacent to Ned’s Creek.

Lodestar’s main focus is Ned’s Creek where it was first to identify the potential for syenite intrusion-related gold mineralisation within a craton margin setting and subsequently 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 gold project provides Lodestar with access to the unexplored northern margin of the Contessa granite and under-explored prospective Archaean greenstone terrane within a region of major gold endowment and production.

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

- *17th July 2014 "Lodestar Corporate Presentation".*
- *28th August 2015 "First – Pass Drill Results from Big Sky Gold Prospect"*
- *31st January 2019 "December 2018 Quarterly Activities and Cash Flow Report"*

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 31 MARCH 2019

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			
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
Imbin – Troy Creek			
Ingebong Hills	E69/3483	Granted	
Ingebong Hills	E69/3532	Application	100% - Lodestar Minerals
Ingebong Hills	E69/3533	Application	
Ingebong Hills	E69/3590	Application	
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Billycan Bore	E52/3064	Granted	100% - Lodestar Minerals
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LODESTAR MINERALS LIMITED

ABN

32 127 026 528

Quarter ended ("current quarter")

31 MARCH 2019

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	(57)	(1,291)
(b) development	-	-
(c) production	-	-
(d) staff costs	(74)	(233)
(e) administration and corporate costs	(27)	(215)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(158)	(1,732)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) 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	-	(1)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	703
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(1)
3.5 Proceeds from borrowings	20	20
3.6 Repayment of borrowings	(20)	(20)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	702

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	194	1,067
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(158)	(1,732)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	702
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	36	36

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	36	194
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)	36	194

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

60

6.1 - 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.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	150
9.2	Development	-
9.3	Production	-
9.4	Staff costs	73
9.5	Administration and corporate costs	38
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	261*

* The Company notes that the estimated cash outflow for the quarter exceeds the current cash balance and that funding arrangements are currently being negotiated to ensure capability of extinguishing liabilities as and when they fall due.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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.

Sign here: 
Director and Company Secretary

Date: 30 April 2019

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.