

December 2019 Quarterly Activities Report

HIGHLIGHTS

Ned's Creek Project (VAN earning 51%)

- 1661m of Phase 1 drilling under the joint venture agreement with Vango Mining Limited comprised
 - Five RC holes for 786m targeting the high-grade gold zone at Contessa
 - Fourteen reconnaissance RC holes for 875m testing the northern contact zone of the granite
 - Drilling was interrupted by significant rainfall and the Christmas - New Year period but is expected to resume as soon as access is available. Assay results have been delayed due to a sample backlog and the bulk of the assay results are now expected to be received by early February 2020.

Camel Hills Project (Gold – LSR 100%)

- Preparations advanced for drilling an untested 1,600m gold-in-soil anomaly:
 - Heritage survey request submitted with survey planned at commencement of field season.
 - Programme of Work approval received.
- BLEG sampling extends gold anomaly in the Duval prospect area.

Imbin Project (Copper-Gold – LSR 100%)

- Two additional tenements granted, taking total area under tenure to 202km².
- Two tenements remain under application and negotiations with the native title holders are progressing.

CORPORATE

- Approximately \$800,000 raised through the issue of 103.5 million shares priced at 0.8c per share with a one-for-three free-attaching unlisted option exercisable at \$0.02 by 30 December 2021.
- Joint venture partner Vango Mining subscribed for 75 million shares, giving Vango a strategic 8.79% interest in Lodestar.
- The funds raised will be used to advance exploration at the Camel Hills project and for working capital purposes.

NED'S CREEK PROJECT (VAN earning 51%)

Drilling commenced on December 3rd and prior to the Christmas break a total of 1661m was completed. The drilling had two objectives;

- Target a zone of very high grade gold intersected in LNRC026 at the Contessa prospect. Five RC holes for 786m were completed immediately south west of LNRC026 testing for extensions to the zone reporting 4m at 74g/t Au from 140m, (Figure 1).
- Test the northern contact of the granite; fourteen shallow RC holes for 875m were completed on three traverses that targeted historic multi-element geochemical anomalies (Figure 2). The geological setting and pathfinder element association in this area is similar to Contessa and other bedrock gold occurrences along the southern contact of the granite and it has not been previously targeted by drilling.

Assay results from the drilling are expected around the end of January – early February, drill hole locations are shown in Figures 1 and 2 and are listed in Table 1.

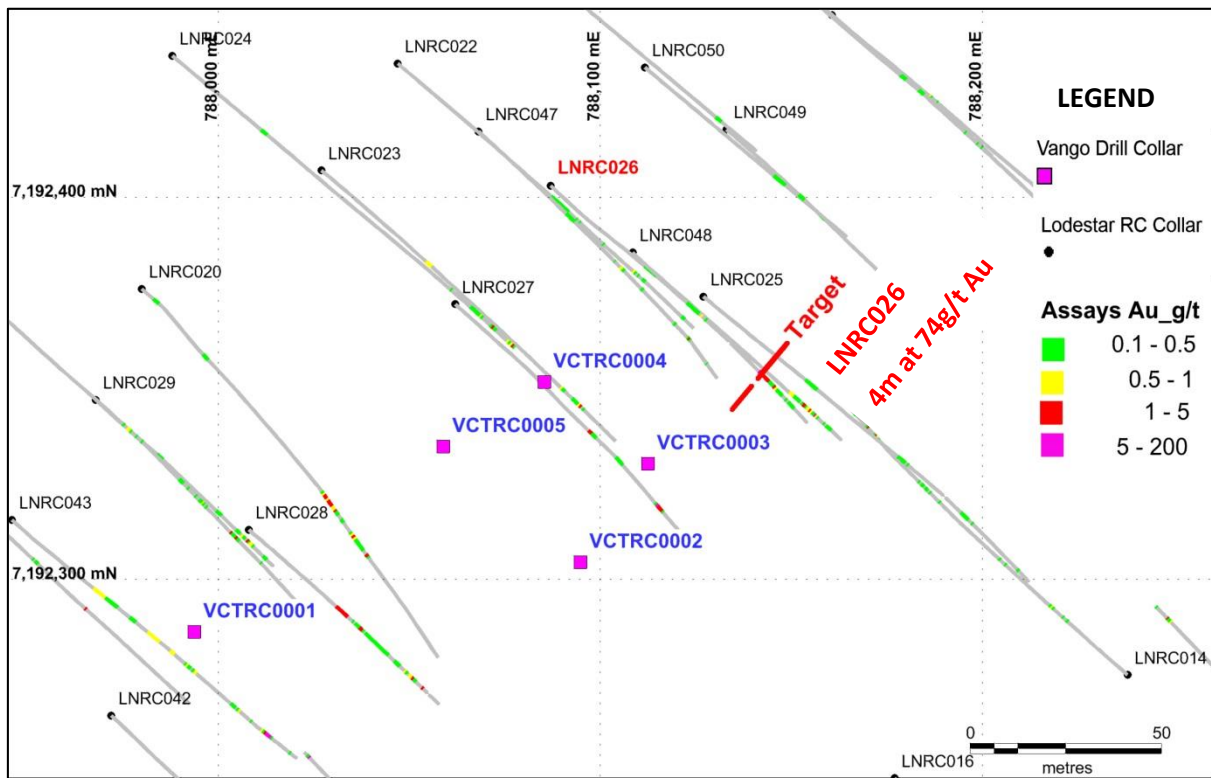


Figure 1 Contessa drill collar plan, showing Vango RC collars with Lodestar RC drill hole traces projected to surface.

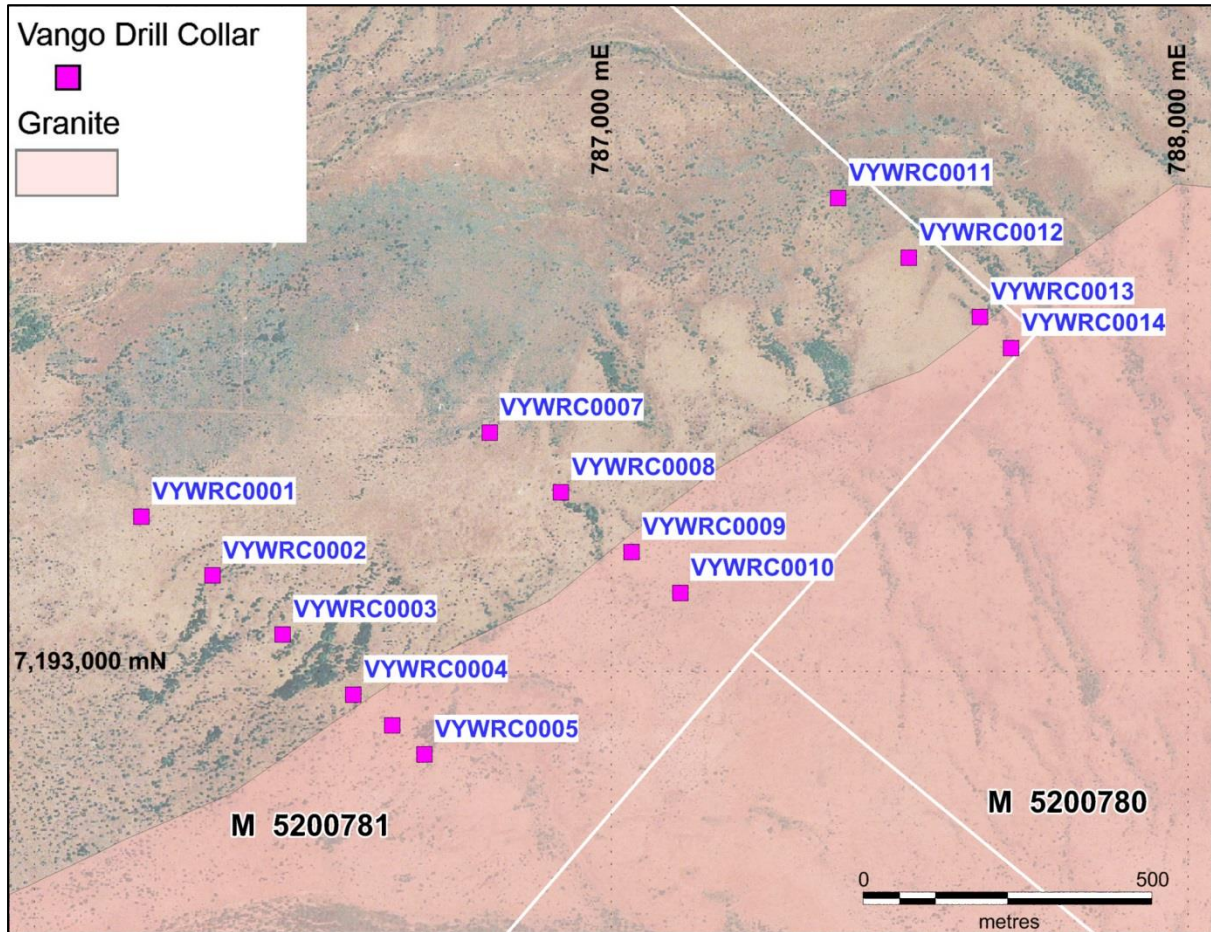


Figure 2 Collar plan of reconnaissance RC drilling, northern granite contact.

Table 1 Drill Collar Data

| Hole_ID | MGA_E | MGA_N | RL | Drill_Type | Total_Depth | Azimuth | Dip |
|-----------|------------|-------------|---------|------------|-------------|---------|-----|
| VYWRC0001 | 786185.166 | 7193268.304 | 581.593 | AC | 48 | 1300 | -60 |
| VYWRC0002 | 786308.104 | 7193166.062 | 581.324 | AC | 42 | 130 | -60 |
| VYWRC0003 | 786429.702 | 7193063.567 | 580.202 | AC | 66 | 130 | -60 |
| VYWRC0004 | 786552.54 | 7192959.154 | 578.975 | AC | 72 | 130 | -60 |
| VYWRC0005 | 786675.321 | 7192855.957 | 577.556 | AC | 72 | 130 | -60 |
| VYWRC0006 | 786620.304 | 7192905.845 | 578.322 | AC | 66 | 130 | -60 |
| VYWRC0007 | 786788.702 | 7193413.976 | 578.767 | AC | 48 | 130 | -60 |
| VYWRC0008 | 786912.444 | 7193310.696 | 577.899 | AC | 72 | 130 | -60 |
| VYWRC0009 | 787034.905 | 7193206.833 | 577.417 | AC | 72 | 130 | -60 |
| VYWRC0010 | 787119.104 | 7193135.681 | 577.596 | AC | 35 | 130 | -60 |
| VYWRC0011 | 787393.003 | 7193820.748 | 575.286 | AC | 42 | 130 | -60 |
| VYWRC0012 | 787515.792 | 7193717.695 | 574.964 | AC | 72 | 130 | -60 |
| VYWRC0013 | 787639.074 | 7193614.706 | 574.574 | AC | 78 | 130 | -60 |

| Hole_ID | MGA_E | MGA_N | RL | Drill_Type | Total_Depth | Azimuth | Dip |
|--------------------------|------------|-------------|---------|------------|-------------|---------|-----|
| VYWRC0014 | 787692.802 | 7193560.764 | 574.521 | AC | 90 | 130 | -60 |
| Contessa Drilling | | | | | | | |
| VCTRC0001 | 787993.699 | 7192286.267 | 572.223 | RC | 120 | 130 | -60 |
| VCTRC0002 | 788094.835 | 7192304.519 | 571.933 | RC | 150 | 130 | -60 |
| VCTRC0003 | 788112.441 | 7192330.316 | 571.896 | RC | 162 | 130 | -60 |
| VCTRC0004 | 788085.313 | 7192351.685 | 572.223 | RC | 180 | 130 | -60 |
| VCTRC0005 | 788058.914 | 7192334.788 | 572.508 | RC | 174 | 130 | -60 |

CAMEL HILLS PROJECT (Gold – LSR 100%)

Preparations underway for first drill program designed to test a 1600m long gold target identified by historic regional drainage (BLEG) sampling and surface geochemistry, with values up to 133ppb Au reported from soil sampling (Figure 3). The target is conformable with a strongly magnetic stratigraphy located 3.5km west of the Big Sky prospect where, in 2015, primary gold was discovered in quartz stringers occupying a magnetic contact zone (see Lodestar’s ASX announcement dated 28th August 2015).

Approval for a program of work comprising an initial phase of up to 47 aircore drill holes has been received. In addition, a heritage survey request has been submitted to complete heritage clearance for the drilling, which is planned to coincide with the beginning of the field season.

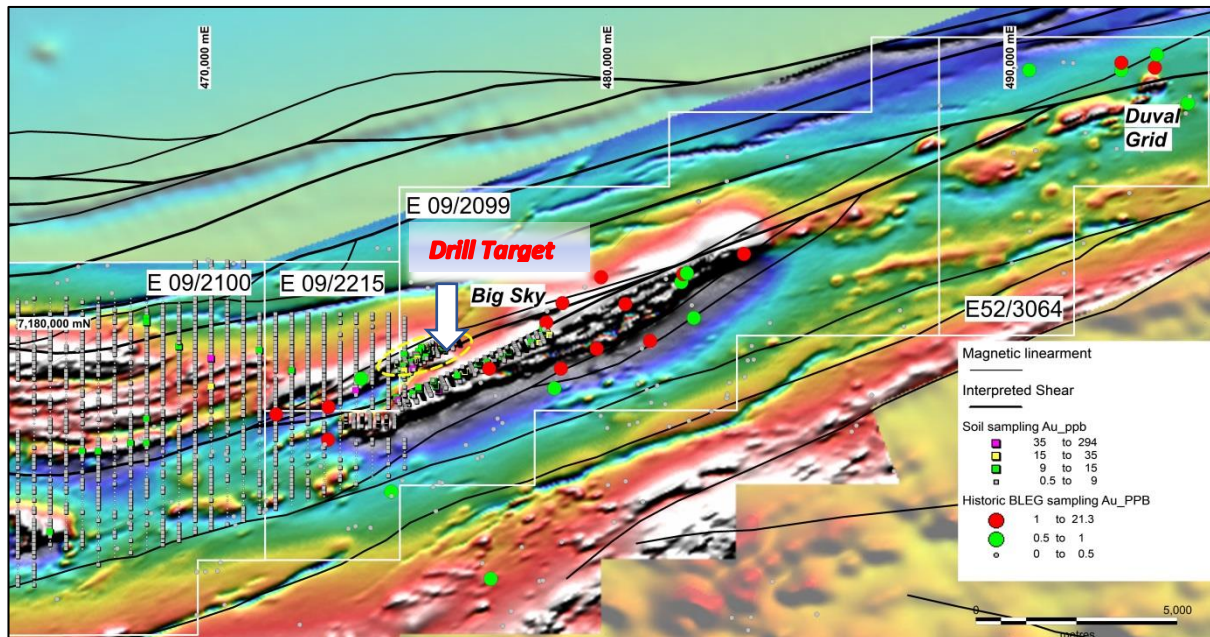


Figure 3 Camel Hills regional geochemistry showing soil and BLEG drainage related gold anomalies and area of planned drilling, background TMI magnetic image, MGA94.

Duval Grid

Additional BLEG sampling over the area of historic drilling at the Duval prospect was completed and results have been received. Significantly, low-level gold anomalies have persisted upslope, south of the Duval drill holes (Figure 4). This area has not been tested by previous sampling and follow-up sampling is planned.

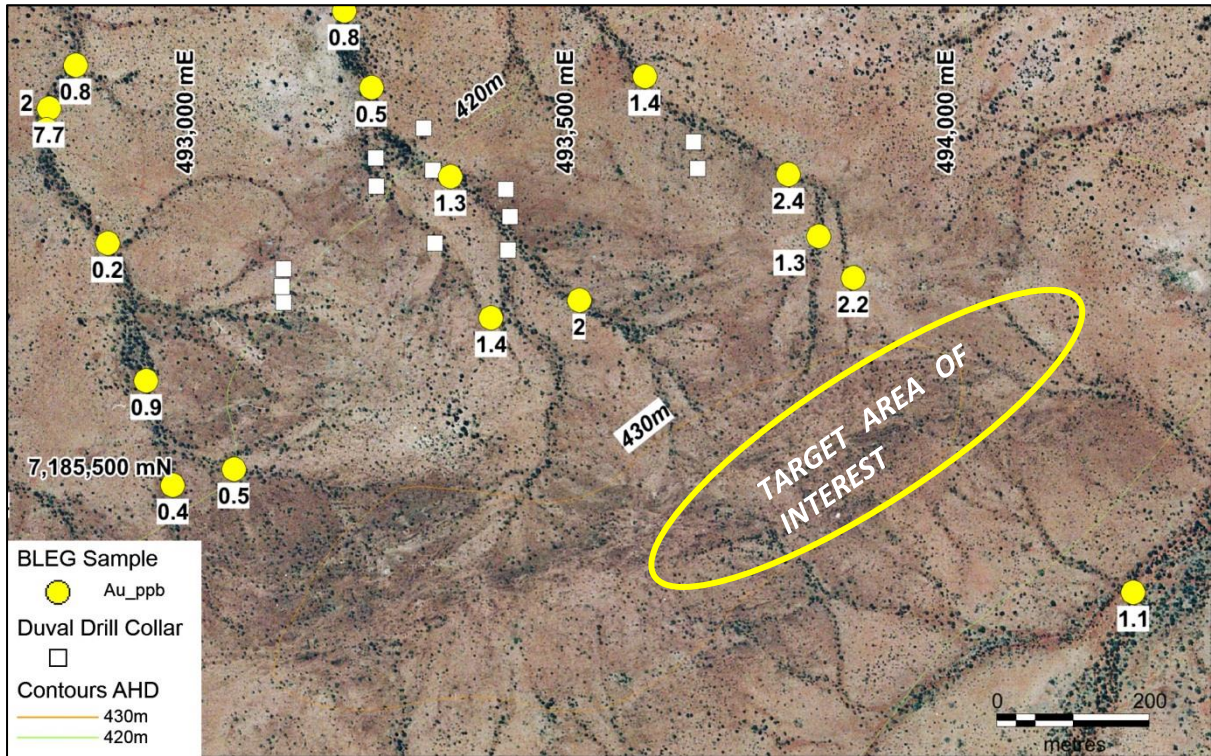


Figure 4 Duval prospect area showing >1ppb Au BLEG anomaly, target area and historic Duval drill holes (MGA94).

Contacts

| Bill Clayton | Media enquiries |
|--|---|
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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’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.

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”.
- 22nd May 2018 “Outstanding RC Drill Results at Gidgee Flat and Contessa”.
- 9th December 2019 “Capital Raising”.

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 December 2019

| 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 |
| 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 | 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 December 2019

| 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 | (7) | (34) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (75) | (137) |
| (e) administration and corporate costs | (64) | (111) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | (3) |
| 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 | (146) | (285) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

Mining exploration entity and oil and gas exploration entity quarterly 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) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | 122 | 261 |
| | (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 | 122 | 261 |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 200 | 200 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | 10 | 60 |
| 3.6 | Repayment of borrowings | (6) | (43) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (lease liabilities right of use assets) | (3) | (7) |
| 3.10 | Net cash from / (used in) financing activities | 201 | 210 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 33 | 24 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (146) | (285) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 122 | 261 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 201 | 210 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 210 | 210 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 | 210 | 33 |
| 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) | 210 | 33 |

In addition to the \$210k, at the date of this report, the Company holds 3,904,411 shares in Vango with a value of approximately \$625,000, which can be liquidated by the Company for working capital purposes.

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 70 |
| 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 | |

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 | Current quarter \$A'000 |
|--|------------------------------------|
| 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 | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | 110 | 110 |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 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. | | |

Unsecured loan agreement with Director earning interest at 10% pa, repayable within six months unless extended by mutual agreement.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 30 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 75 |
| 9.5 Administration and corporate costs | 33 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 138 * |

* The Company has the ability to liquidate Vango shares with an approximate value of \$625,000 which can be liquidated by the Company for working capital purposes.

| 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 | Ned's Creek Tenements – Western Australia* | Gold exploration | 100% | 100% |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | E69/3590 | Gold exploration | - | 100% |
| * Vango Mining Limited earning 51% | | | | |

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 January 2020

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.