

30 April 2010

ASX Limited

Dear Sir / Madam

The following summarises the results of activity for the quarter ended 31 March 2010:

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31st MARCH 2010

HIGHLIGHTS

- **Acquisition of the Peak Hill - Doolgunna project received shareholder approval on 5th March 2010. Lodestar positioned as a multi-commodity explorer, with a strategic landholding in an emerging, high grade Cu-Au province.**
- **VTEM survey commenced at the Peak Hill – Doolgunna project in March 2010**
 - **Multiple discrete anomalies associated with regional northeast trending structural zones adjacent to Sipa Resource’s Thaduna Copper Project**
 - **Multiple discrete anomalies associated with historic exploration targets – K42 and Little Well South copper prospect (historic intersection of 4m at 0.81% Cu in RAB drilling)**
- **Drill testing of the Wildcatters North EM conductor and the footwall zone of the Abattoir prospect at the Penfold nickel project completed in January 2010.**
- **Farm-in partners being sought for the Penfolds and Halls Creek nickel projects**
- **At March 31st 2010 Lodestar had cash reserves of \$1.7 million.**



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PEAK HILL – DOOLGUNNA PROJECT

Lodestar announced to the Australian Stock Exchange (ASX) on the 10th December 2009 that it had entered a purchase agreement to acquire a tenement package covering 2,056 square kilometres in the Northern Murchison Goldfield. The acquisition was approved by a meeting of shareholders on 5th March 2010.

The acquisition has a number of significant implications for Lodestar, including

- **STRATEGIC LANDHOLDING IN AN UNDER EXPLORED BASE METAL-COPPER-GOLD PROVINCE** - The discovery of the 7Mt DeGrussa Cu-Au deposit in 2009 highlighted the exploration potential of the under explored northern Murchison goldfield and the region has entered a new and major phase of exploration activity. Lodestar's strategic landholding extends over 130 kilometres of strike along the Jenkin Fault zone, a bounding structure to a north east trending belt of copper mineralisation that includes the DeGrussa, Red Bore, Thaduna and Northling discoveries, highlighting the potential of Lodestar's tenements.
- **MULTI – COMMODITY EXPLORER** - Lodestar has become a multi-commodity explorer, with the addition of gold, base metals and uranium to its portfolio of nickel tenements. The acquisition of the Peak Hill – Doolgunna project has increased Lodestar's tenements under management by 500%.
- **WELL DEFINED EXPLORATION OBJECTIVES** –Peak Hill-Doolgunna- Historic gold targets, an untested uranium radiometric anomaly and initial evaluation of VTEM base metal targets by surface geochemistry and surface EM methods where appropriate.
- **ALLOCATION OF RESOURCES** - Lodestar will allocate available resources to the Peak Hill – Doolgunna project by seeking farm-in partners for its nickel-focussed Penfold (Kalgoorlie) and Halls Creek projects.

VTEM SURVEY

Exploration on the Peak Hill – Doolgunna tenements commenced in March with a contract for an 1800 line kilometre airborne VTEM (versatile time domain electromagnetic) survey over two priority areas; the Western Block (E52/2403 and E52/2512) northwest of the DeGrussa discovery and the Ned's Creek Block (E52/2468 and E52/2456) immediately east of Sipa Resource's Thaduna Copper Project (Figure 1). VTEM is being applied successfully by a number of explorers over adjacent tenements in the search for conductive base metal sulphides. Preliminary results were received subsequent to the end of the reporting period and reported to the ASX on 16th April 2010. The survey targeted sediment-hosted and/or structurally emplaced copper-base metal mineralisation. The Ned's Creek Block (Figure 2) joins the eastern boundary of Sipa's Thaduna Copper Project and the VTEM survey has



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identified numerous anomalies spatially associated with major north east trending structures, parallel to the Jenkin Fault Zone, in the northern and southern areas of E52/2456 and E52/2468. Numerous VTEM anomalies have been identified in the two areas flown with reconnaissance lines to test historic exploration targets; the K42 magnetic anomaly and the Little Well South copper prospect (4m at 0.81% Cu in shallow drilling), where limited in-fill VTEM has been completed. The VTEM survey has clearly identified multiple discrete anomalies, in addition to more extensive features related to conductive geological units.

The Western Block VTEM survey data is dominated by a major north northwest trending drainage channel (Figure 3). Two anomalies have been identified in the data; T1, coincident with the unresolved "Chieftain" 80ppb gold in soil anomaly and T2, located on the sheared contact between the Marymia Inlier and the Bangemall Group sediments. The target magnetic/structural zones of the Western Block, on the margin of the Jenkin Fault zone, are relatively unresponsive, which is consistent with a geological interpretation of fragmented Archaean greenstone within granite/gneiss of the Marymia Inlier underlying E52/2403 and E52/2512.

The VTEM survey has tested approximately 19% of Lodestar's 2000 square kilometre tenement area (only 4 of a total of 13 tenements) and proved to be very effective in identifying potential base metal targets for follow up evaluation. The individual VTEM anomalies will be assessed and prioritised when the final results are received.



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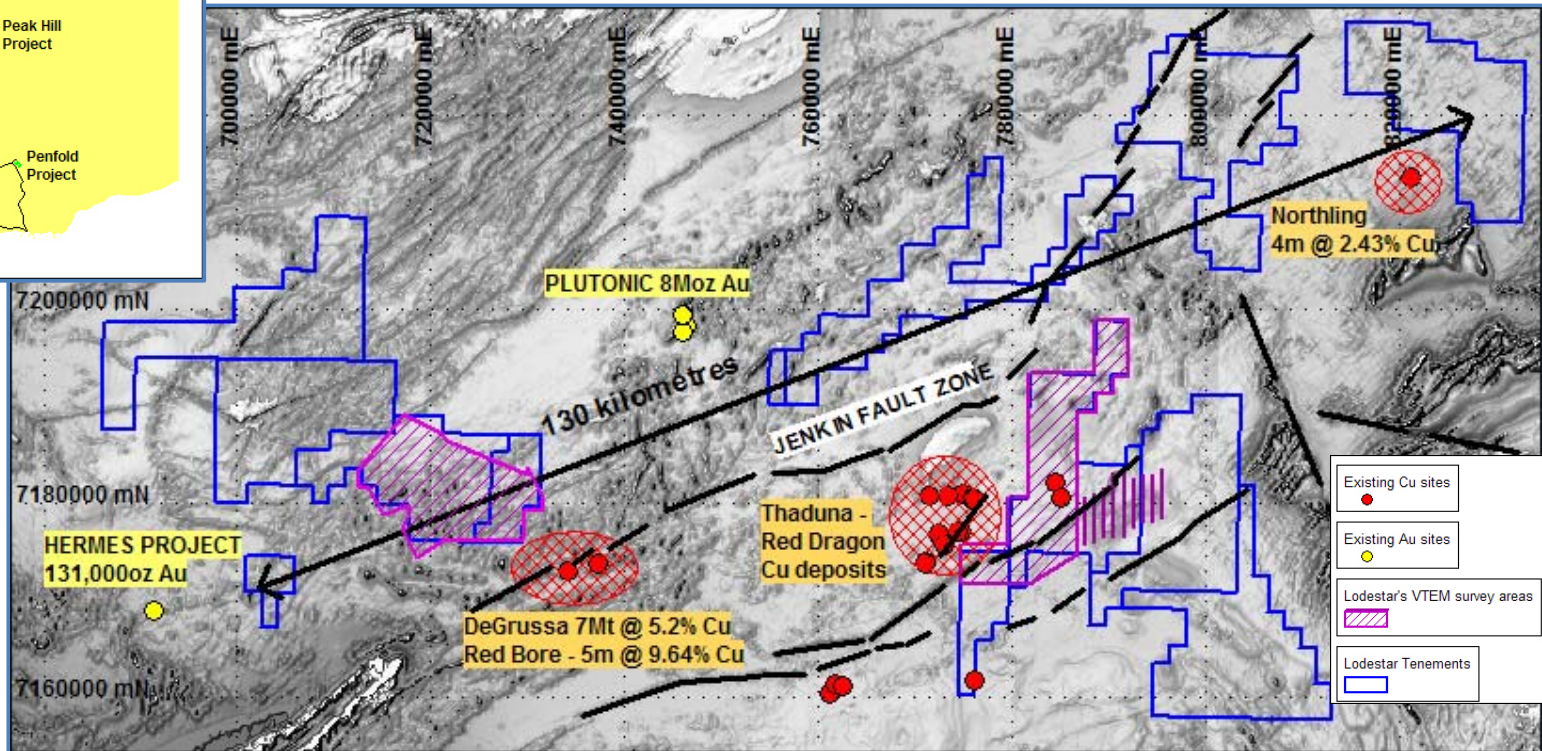
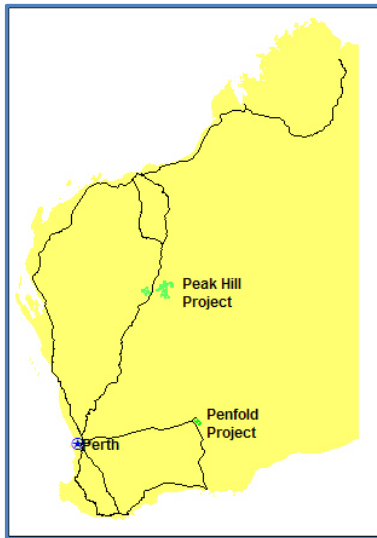
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PEAK HILL – DOOLGUNNA PROJECT



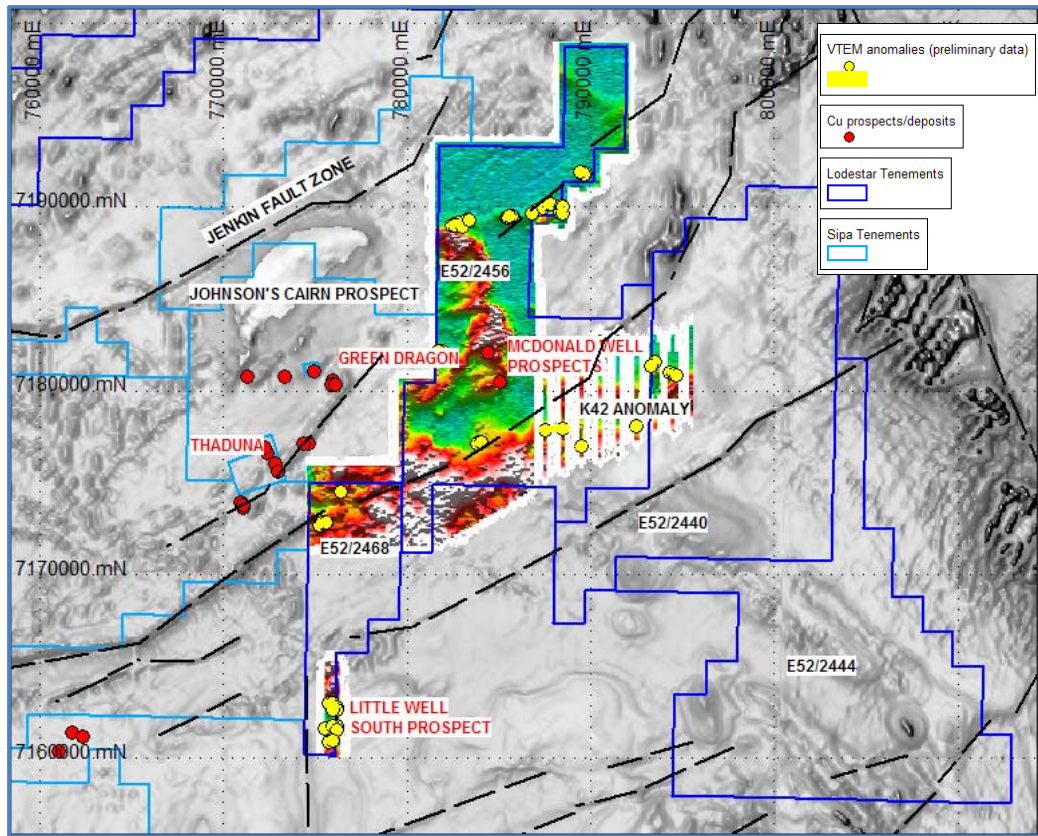


Figure 2 NED'S CREEK BLOCK Preliminary VTEM data CH40 image over TMI aeromagnetic image, showing VTEM anomalies (yellow) (aeromagnetic data copyright Geoscience Australia 2003) GDA94 Zone 50

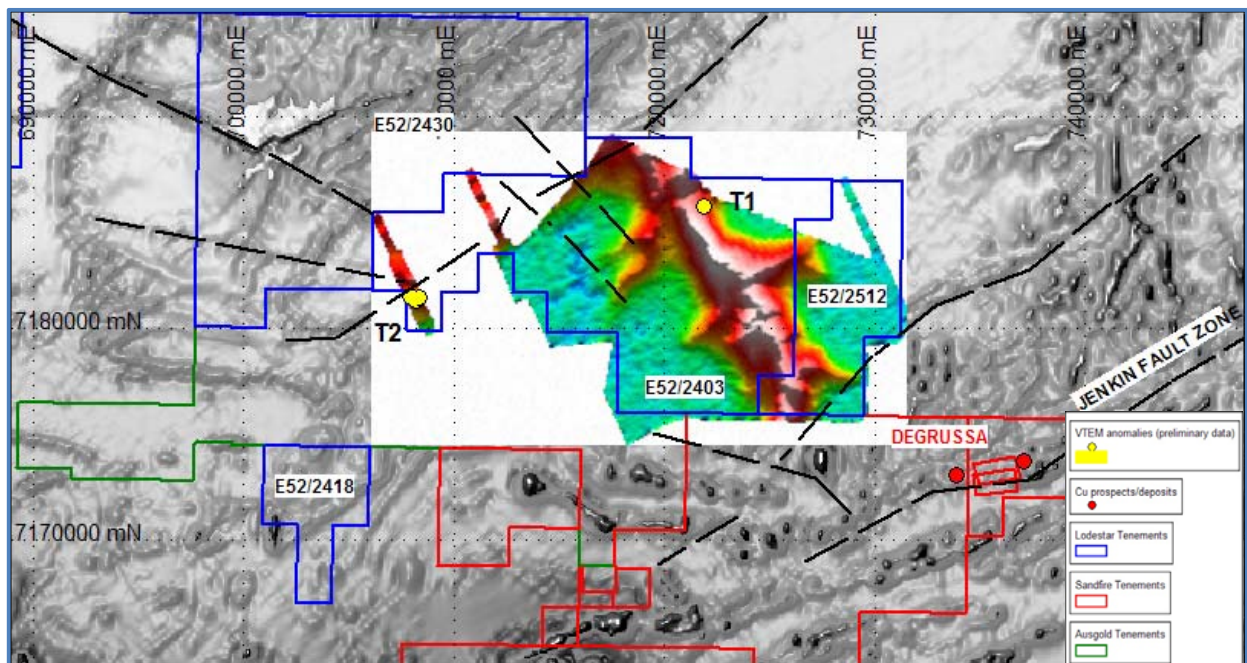


Figure 2 WESTERN BLOCK Preliminary VTEM data CH40 superimposed on aeromagnetic image, showing VTEM anomalies (yellow) (aeromagnetic data copyright Geoscience Australia 2003) MGA(\$ Zone 50.

PENFOLD NICKEL PROJECT

Abattoir Prospect (East Location 53) – Footwall Zone

- Historic anomalous surface and drill hole samples have been confirmed by RAB drilling. LPR181 intersected 17m at 1.55% Ni and 824ppm Cu, including 1m at 2.59% Ni and 2710ppm Cu and adjacent hole LPR182 intersected 1m at 1.43% Ni and 494ppm Cu from the bottom of hole sample at 34m.

Three traverses of RAB drilling were completed over the western footwall contact of the Abattoir ultramafic to test an area of anomalous surface sample and historic drill hole intersections.

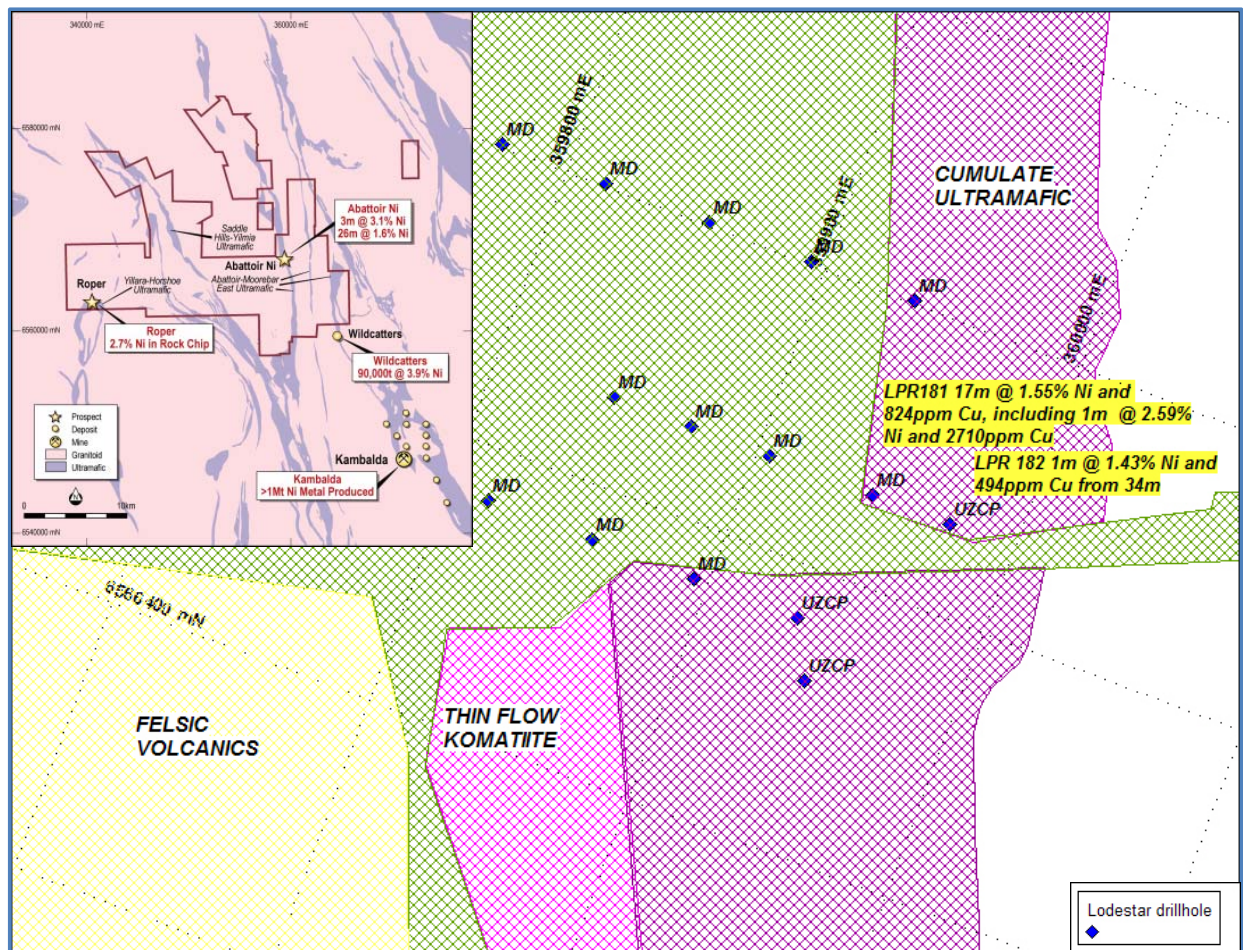


Figure 3 Abattoir nickel prospect RAB drilling MGA94 Zone 51



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The drilling demonstrated that the Proterozoic New Celebration dolerite intrudes a significant area of the footwall ultramafic contact in this area (Figure 2). Two holes (LPR181 and LPR182), collared in the area of historic anomalous surface and drill hole samples returned elevated values of nickel and copper from ultramafic on the margin of the Proterozoic dolerite. LPR181 returned 17m at 1.55% Ni and 824ppm Cu including a maximum 2.59% Ni over a 1m interval. LPR182 returned 1m at 1.43% Ni and 494ppm Cu from the bottom of hole sample at 34m depth. These intersections occur within the oxide zone and the primary source of the anomalies has yet to be identified.

Wildcatters North (WCN) EM Conductor (East Location 51)

Three traverses of drilling on a 100m by 25m grid were completed across the surface projection of the of the Wildcatters North EM conductor identified in October 2009. RAB drilling was chosen as the most cost effective method of testing the conductor because of the relatively shallow depth to the top of the target (80m).

The drilling intersected a sequence, from east to west, of high magnesian basalt, tremolite-chlorite ultramafic, sulphidic chert/carbonaceous shale and tremolite–chlorite–talc ultramafic. The sulphidic chert/carbonaceous shale unit was intersected by two traverses of drilling in a position that coincides with the top of the conductor and therefore it is believed to be the source of the EM anomaly. No anomalous nickel or copper values were reported from the ultramafic sequence or the shale unit.

Planned Activities for Next Quarter

- Final results of the Peak Hill – Doolgunna VTEM survey will be received and EM targets prioritised for surface exploration programs that will include field checking, surface geochemistry and surface electromagnetic surveys prior to drilling.
- Commencement of gold and uranium exploration programs over the Western Block tenements, including field checks and surface geochemical programs in areas where there is minimal transported cover.



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Yours faithfully

LODESTAR MINERALS LIMITED

A handwritten signature in blue ink, appearing to read "Bill Clayton", is written over a light blue circular stamp.

BILL CLAYTON

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Mr Bill Clayton, Managing Director, who is a member of the Australian Institute of Geologists, and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2004 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

LODESTAR MINERALS LIMITED

ACN or ARBN

127 026 528

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(49)	(377)
(b) development	-	-
(c) production	-	-
(d) administration	(336)	(550)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	48
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(368)	(879)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities (repaid to shareholders)	(104)	(104)
1.11 Loans repaid by other entities	-	-
1.12 Other – cash acquired through business acquisition	114	114
Net investing cash flows	10	10
1.13 Total operating and investing cash flows (carried forward)	(358)	(869)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(358)	(869)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(358)	(869)
1.20	Cash at beginning of quarter/year to date	2,033	2,544
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,675	1,675

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	94
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.2 – An adjustment between exploration and administration of \$120k relates to project assessment costs prior to the acquisition of Audacious Resources Pty Ltd, reported as exploration in the December quarter and now reversed to administration pursuant to Accounting Standards requirements.

The higher overall administration expenditure for the quarter reflects all the costs associated with the acquisition of Audacious Resources Pty Ltd.

1.23 - Includes salaries paid to directors, as well as superannuation paid on behalf of directors. Also included is office rent and office running expenses.

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

Issue of 13.5 million ordinary shares for the acquisition of Audacious Resources Pty Ltd.
Issue of 1.5 million shares for the acquisition of tenements.

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

N/A

+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
Total	350

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.2

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,675	2,033
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,675	2,033

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	Acquisition	0%	100%

+ 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	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 **	65,000,003	65,000,003	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,000,000	15,000,000	6 cents	
7.5 +Convertible debt securities	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>Exercise price</i>	<i>Expiry date</i>
Listed options	0	0	N/A	N/A
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	0	0	N/A	N/A
7.10 Expired during quarter	Nil	N/A	N/A	N/A
7.11 Debentures (totals only)	Nil	N/A		
7.12 Unsecured notes (totals only)	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 Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Director

Date: 30 April 2010

Print name: David 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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