



ASX ANNOUNCEMENT

31 July 2014

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

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CAPITAL STRUCTURE

Shares on Issue:
222,233,215 (LSR)

Options on Issue:
9,750,000 (Unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold



JUNE 2014

QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

NED'S CREEK PROJECT

Gold

- Geochemical RAB drilling programme doubles the strike extent of the Contessa gold anomaly to 2.2 kilometres.
- The Contessa gold anomaly lies within a larger zone of low-level gold, molybdenum, bismuth ± silver extending for over 5 kilometres, representing a mineralising system of significant scale. Mineralisation was tested over a 700 metre strike and remains open in all directions, following a maiden aircore drill programme in 2013.
- Follow-up systematic aircore-RC drilling of multiple targets in the coming quarter intended to confirm the presence of a large primary gold system implied by the magnitude of near-surface geochemical anomalies.

Copper

- A review completed by consultant Dr Jon Hronsky identified four significant, untested copper targets prospective for sediment-hosted deposits, located on district-scale structures within the Neds Creek tenements.
- Dr Hronsky's review, coupled with recent drilling results on similar structures on adjacent tenements, has given Lodestar increased confidence in the sediment-hosted exploration model it is pursuing at Ned's Creek.
- The Company has entered discussions with a number of parties with the aim of accelerating copper exploration on the Ned's Creek tenements.



PEAK HILL-DOOLGUNNA

Ned’s Creek (E52/2440, E52/2444, E52/2456, E52/2468 & E52/2733)

The Ned’s Creek tenements cover 830 square kilometres of the Proterozoic Yerrida Basin and surrounding Archaean greenstone and granite basement. They are located 170 kilometres north east of Meekatharra, 7 kilometres east of the Thaduna-Green Dragon copper mines currently being evaluated by Ventnor Resources and Sandfire Resources and 5 kilometres east of Sipa Resource’s Enigma copper discovery.

The Yerrida Basin contains thick volcano-sedimentary sequences that are bounded major structures, the Jenkin and McDonald Well Faults and there is good potential for large-scale base metal mineralisation adjacent to these structures.

During 2013 Lodestar discovered significant gold mineralisation at the Contessa Prospect. Contessa lies within a 5 kilometre long gold anomaly overlying Archaean greenstone, within a major structural corridor, on the southern margin of the Marymia Inlier.

GOLD – CONTESSA

A programme of 5374 metres (463 holes) of shallow RAB drilling was completed, targeting extensions to gold anomalism at the Contessa prospect on Lodestar’s 100%-owned Neds Creek tenements. The Contessa gold mineralisation is located on the northern margin of the Kalgoorlie Terrane, a major geological domain within the Yilgarn Craton that has proven endowment of large gold deposits (Figure 1). Mineralisation is hosted by a greenstone sequence that can be traced in aeromagnetic data for 3 kilometres southwest and 5 kilometres northeast of Contessa. The greenstone sequence is located within a north east-trending litho-structural corridor and comprises interlayered metamorphosed felsic tuffs, mafic-ultramafic volcanic rocks and dolerite.

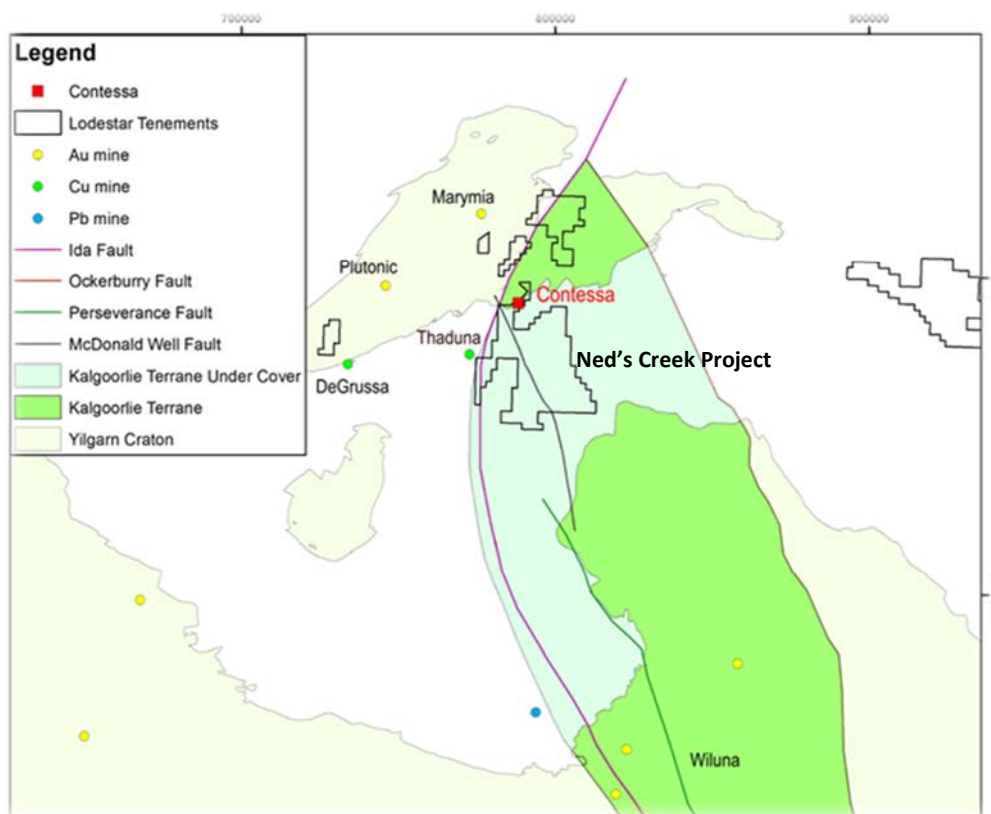


Figure 1 Regional Setting - Contessa prospect located within the Kalgoorlie Terrane of the Eastern Goldfields



First-pass aircore drilling at Contessa in 2013 intersected significant gold mineralisation beneath a low-level gold anomaly in surface lag sampling, including

- 21 metres at 3.01g/t gold from 40 metres in LNR656
- 10 metres at 5.6g/t gold from 55 metres in LNR533
- 10 metres at 1.2g/t gold from 50 metres in LNR545 and
- 15 metres at 3.1g/t gold from 40 metres in LNR546 (see Lodestar's (ASX:LSR) ASX announcements of 18th March 2013 and 4th June 2013).

The recent programme was designed to extend the Contessa anomaly using near surface multi-element geochemistry, prior to follow-up aircore and RC drilling within the Contessa area.

RAB drilling was completed on a line spacing of 160 metres to the southwest of Contessa and 320 metre line spacing to the northeast, with a hole spacing of 50 metres and average depths of 11 metres. Two 5 metre composite samples were collected per hole. Drilling to the southwest, and up to 1.2 kilometres to the north-east, of Contessa effectively sampled saprolite derived from the underlying bedrock, whereas drilling further to the northeast was not effective due to transported cover. Deeper drilling is required to test this region.

The geochemical programme confirmed that the mineralising system, expressed as low-level anomalous gold, molybdenum, bismuth ± silver, extends for more than 5 kilometres (the Contessa Trend - Figures 2 and 3, the results of the programme were released in Lodestar's ASX announcement of 15th July 2014) and contains multiple gold targets. Follow-up drilling is required at Contessa, Contessa North East and Gidgee Flat.

The Company believes that the Contessa region represents a highly attractive exploration target that can be rapidly evaluated by staged programmes of RC and aircore drilling. The Company is reviewing options for funding this activity.

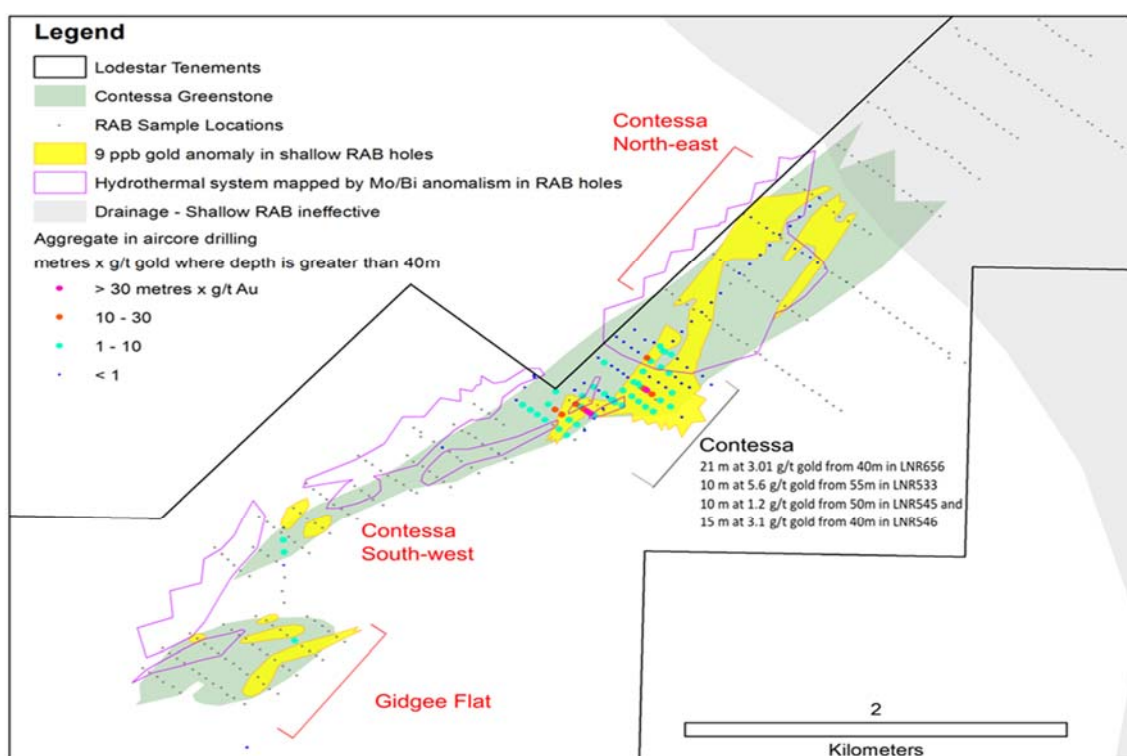


Figure 2 Geochemical sampling results Contessa Trend – 5m composite samples in drilling

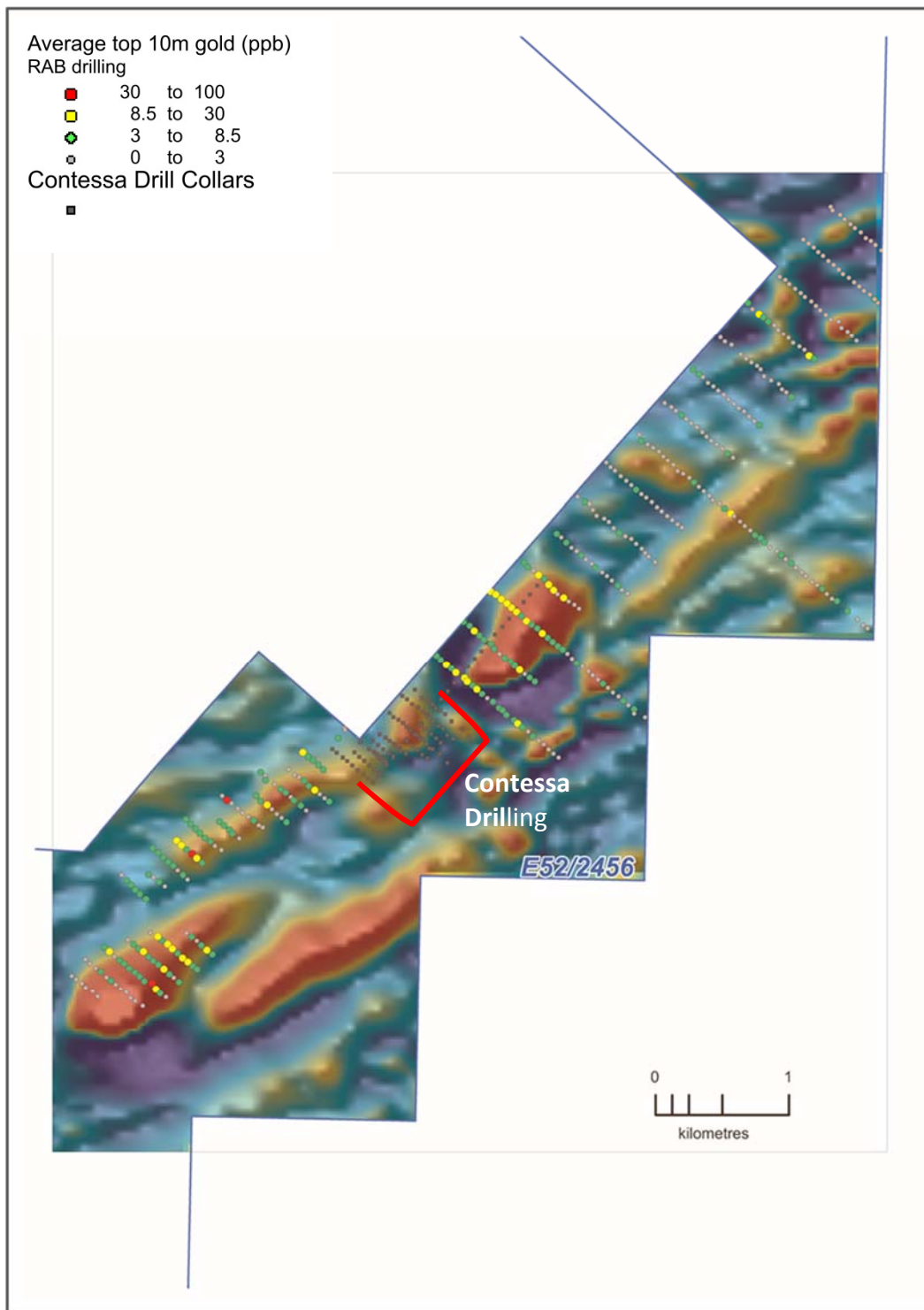


Figure 3 Geochemical sampling results on aeromagnetic image (1VD-NW Shade) showing the extent of the greenstone sequence on the Contessa Trend.



NED'S CREEK COPPER

Lodestar engaged consultant Dr Jon Hronsky of Western Mining Services to complete a review of the northern Yilgarn margin. The main aims of the study were;

- To establish the key characteristics of prospective tectonic basin margin settings at a regional scale and
- Identify copper targets within Lodestar's Neds Creek tenements

In the Ned's Creek area, interpretation of the regional gravity dataset has identified key components of the Bryah and adjacent Yerrida Basins and placed the epigenetic copper occurrences of the Thaduna district in a revised context, the major outcomes being:

- The Bryah Basin is focussed on the Bryah-Doolgunna Rift, which extends significantly further to the east than the current mapped boundaries of the Bryah Basin and incorporates part of the adjacent Yerrida Basin. The Bryah-Doolgunna Rift is recognised as an extensive gravity high attributed to abundant mafic and ultramafic rocks of the Narracoota Formation.
- Outside of the Bryah-Doolgunna Rift, the adjacent Yerrida Basin represents a more distal facies of the rift environment, (with a mafic component indicated by the gravity response) and hosts the Thaduna Copper Province (see Figure 4). The boundaries of the major gravity domains represent major structures that penetrate deep within the crust and have been active during basin evolution. These are important in transferring mineralising fluids to higher levels.
- The Thaduna Copper Province (TCP) which contains the Thaduna, Enigma and Green Dragon prospects and numerous minor prospects, is characterised by epigenetic copper mineralisation that has a spatial association with major structures. The sedimentary sequence, structural setting and basin environment within the Thaduna Copper Province is similar to that in productive sediment-hosted copper provinces elsewhere. In general, the sediments within the TCP are poorly exposed and have received limited drilling.
- Major structures are most likely to host the large-scale epigenetic copper mineralisation that Lodestar is seeking.
- Twenty kilometres of the prospective southern tectonic margin of the Thaduna Copper Province is located on Lodestar's ground where it is largely concealed by surficial cover and is untested by drilling.

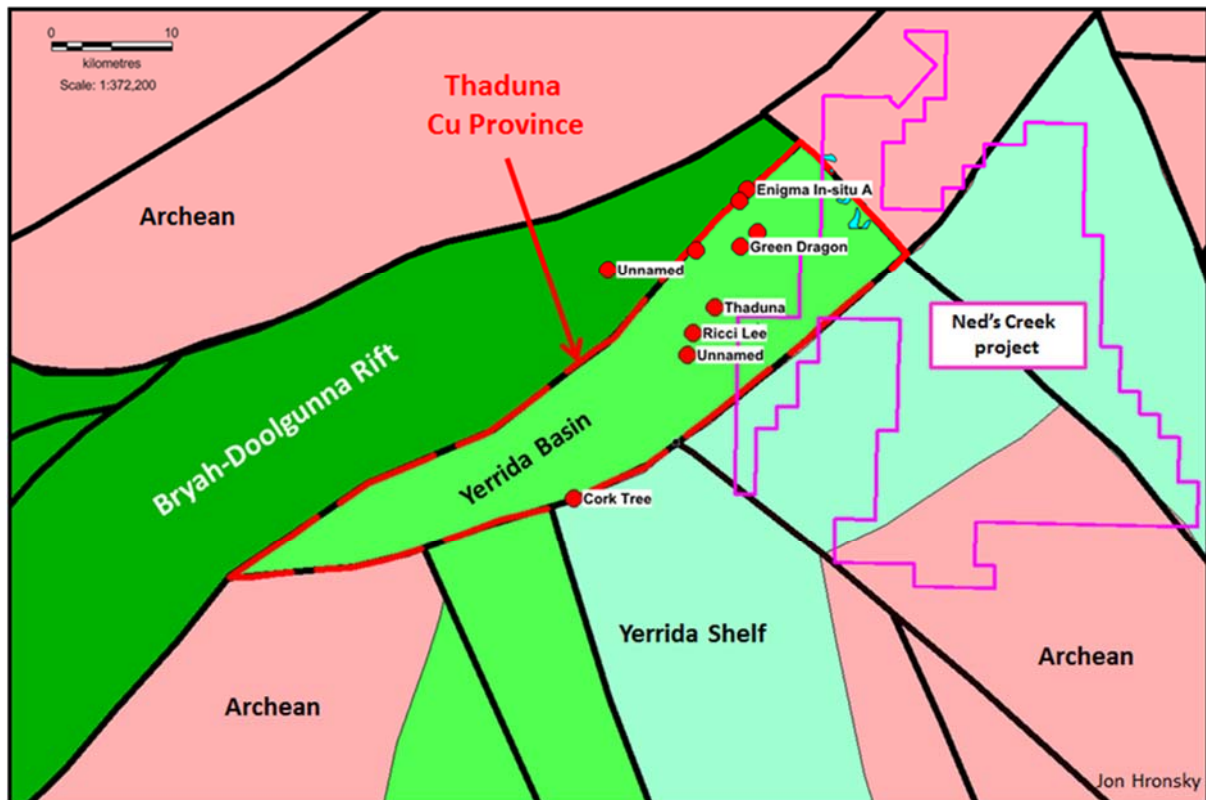


Figure 4 The Thaduna Copper Province defined by interpretation of gravity data

Copper Targets

Dr Hronsky's review highlighted four significant structural targets in Lodestar's tenements overlying the eastern part of the Thaduna Copper Province (Figure 5):

- Lodestar's surface geochemistry and drilling programmes have defined a significant antimony and base metal anomaly (see Lodestar's ASX release dated 31 October 2012) associated with the intersection of the northwest-trending McDonald Well Fault (which defines the north-eastern extent of the Bryah-Doolgunna Rift and the Thaduna Copper Province) and a major synclinal axis. Carbonaceous shale-hosted copper mineralisation of the Mount Isa or Nifty style is the target.
- Three additional targets are located at the intersections of district-scale structures on the southern margin of the Thaduna Copper Province. These targets lie beneath surficial cover and have potential to host significant structurally-controlled mineralisation. They can be rapidly and effectively tested by wide-spaced RAB drilling to locate secondary copper dispersion from a sulphide source.

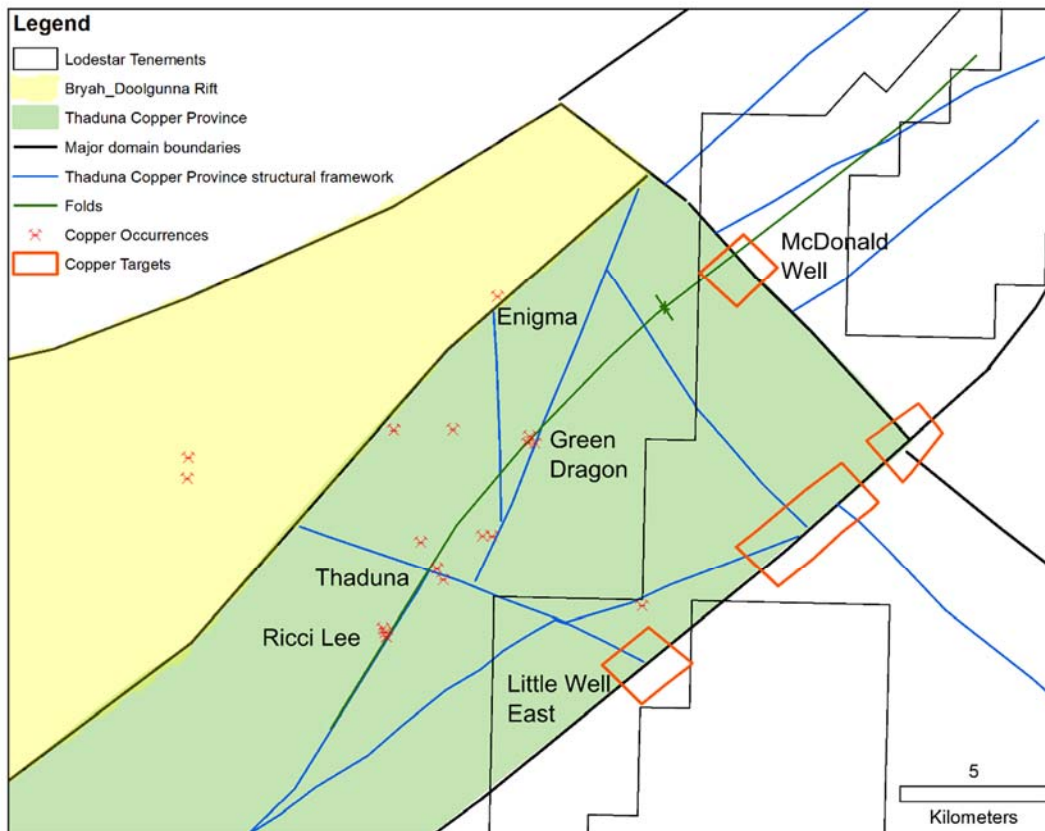


Figure 5 Regional copper targets overlie major structural positions on the tectonic margins of the Thaduna Copper Province

TROY CREEK – IMBIN

Dr Hronsky's review of the northern Yilgarn margin included the Imbin tenements under application by Lodestar (Figure 6). Gravity "highs" aligned with the prevailing west northwest structural trend are shown in Figure 7. The gravity features imply the presence of mafic rocks within a rift setting comprised predominantly of sedimentary rocks and elevate the copper potential of this under-explored area.

The "Imbin Rift" shown in Figure 7 is defined by the gravity anomalies, a large volume of Bryah Basin age felsic intrusive and volcanic rocks and probable mafic volcanics and intrusives within a thick sedimentary sequence. The rift sequence is exposed to varying degrees in an inlier that extends over a distance of 100 kilometres, Lodestar's applications cover approximately 80 kilometres of strike.

The western half of the project includes the known prospects at Main Gossan, North Chert, Murilla and Catalina. Historic drilling has returned encouraging copper and gold results (see Figure 8 and Lodestar's ASX release dated 17 July 2014) over a wide area. The Imbin geochemical anomalies are compelling when considered in the context of VHMS exploration in the Bryah Basin, where gold has proven an important vector to base metal mineralisation.

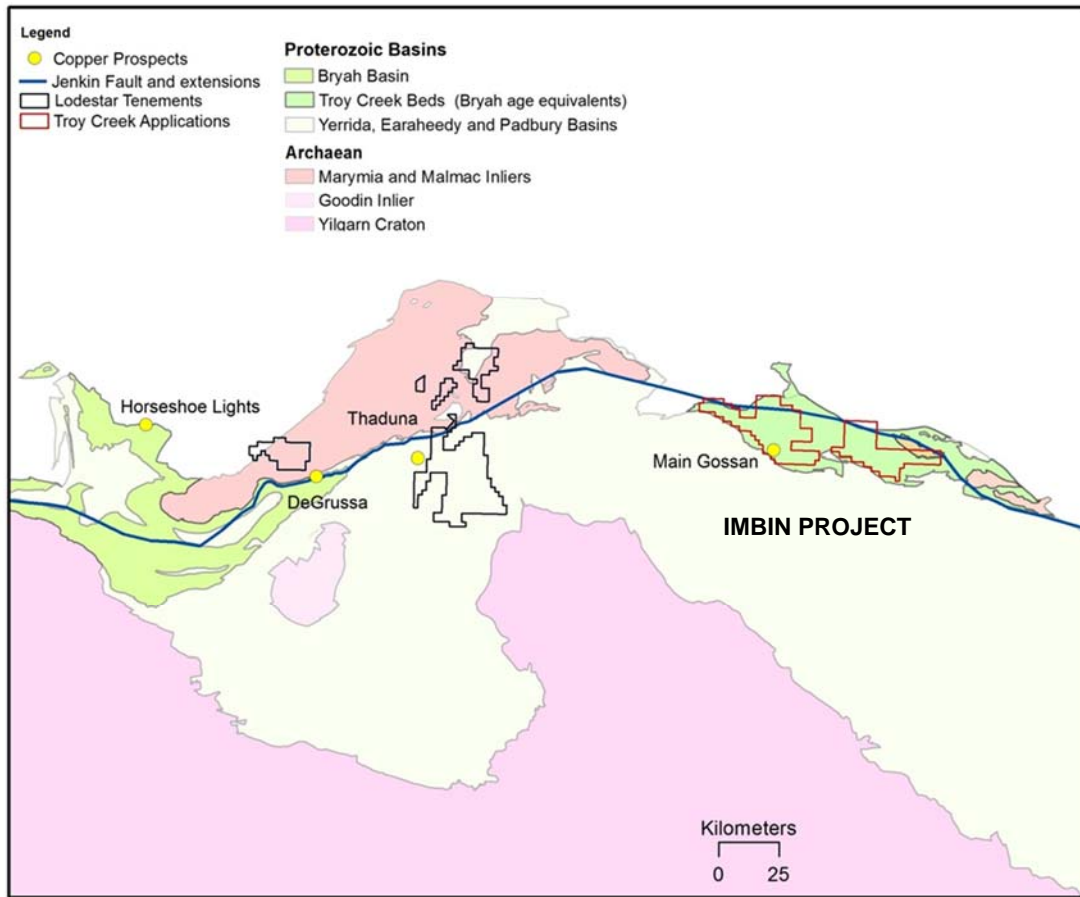


Figure 5 Lodestar's Imbin tenement applications

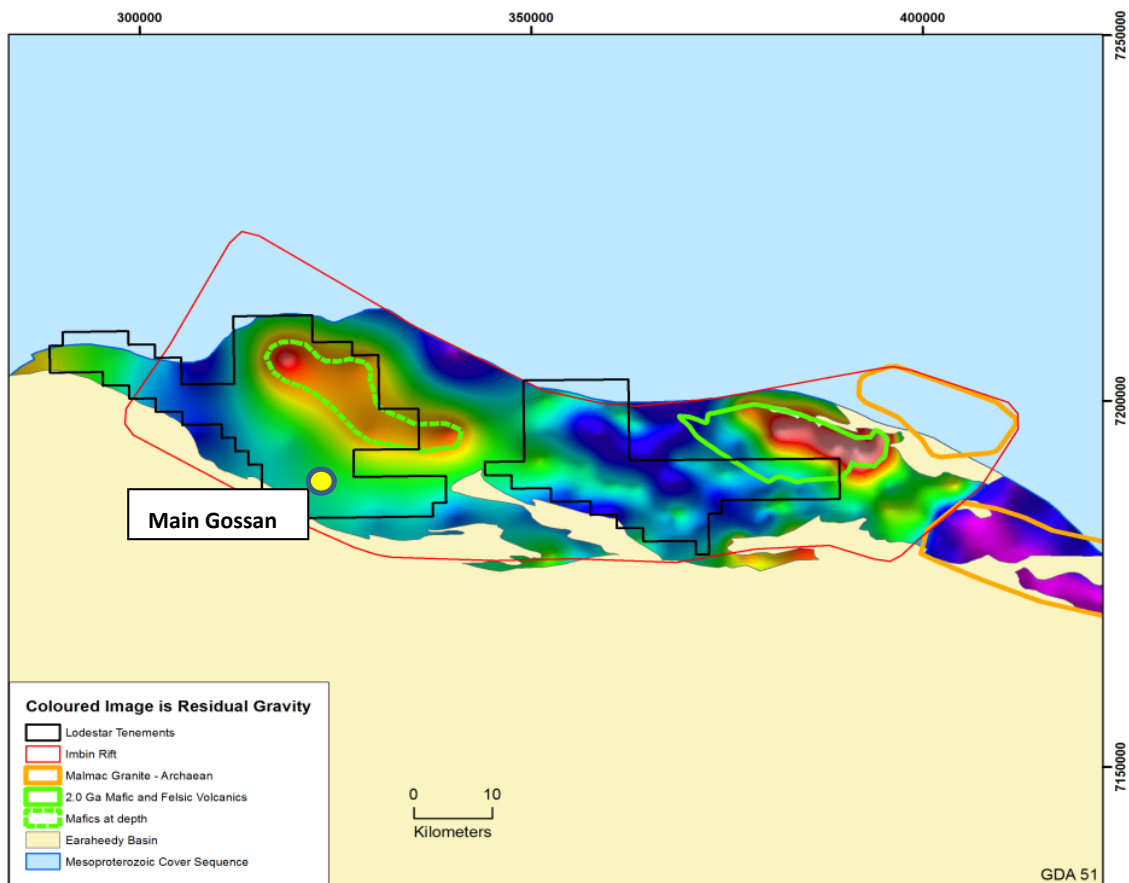


Figure 7 Imbin "Rift" showing gravity "highs" (red), indicating mafic rocks at depth within the interpreted rift sequence

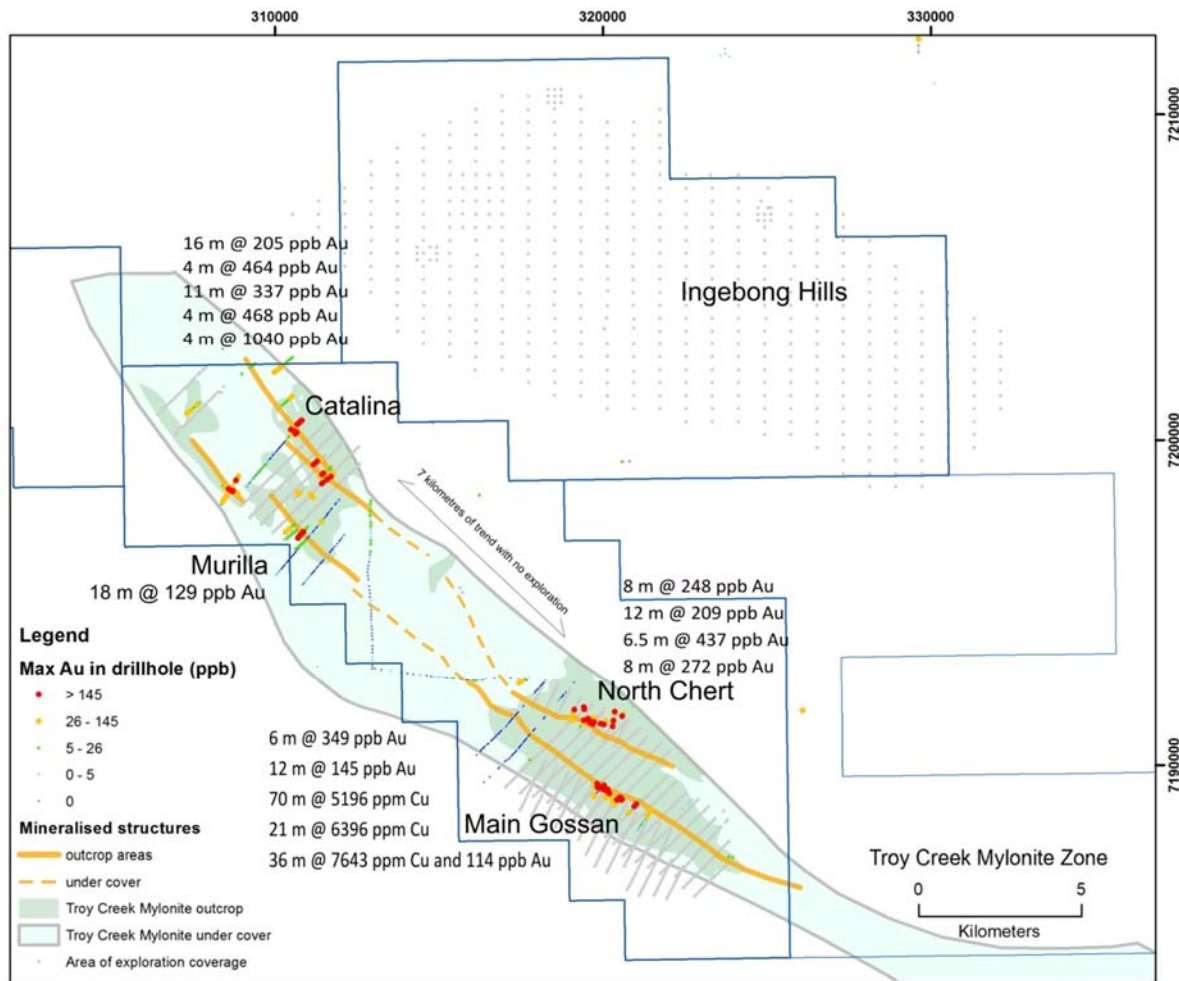


Figure 8 District-scale anomalous drill intercepts, grey dots are soil sample sites

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 is a full-time employee of the company. 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 Code 2004 in the ASX announcements dated 31 October 2012 “Quarterly Activities Report” and 18 March 2013 “Significant Gold Results from Contessa” and JORC Code 2012 in the ASX announcements dated 4 June 2013 “Significant Gold Discovery at Contessa”, 15 July 2014 “Contessa Gold Results and Ned’s Creek Copper” and 17 July 2014 “Lodestar Corporate Presentation”. The 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 30 June 2014

Project/Tenement	Location	Interest at Beginning Quarter	Interest at End Quarter	Acquired during Quarter	Disposed during Quarter	Registered Holder
PEAK HILL						
Robinson Range	W. Australia					
E52/2403		100%	0%	-	100%	
E52/2512		100%	100%	-	-	Money, Glenn
Ned's Creek	W. Australia					
E52/2440		0%	100%	100%	-	Audacious Resources Pty Ltd ⁽¹⁾
E52/2444		0%	100%	100%	-	Audacious Resources Pty Ltd
E52/2733		100%	100%	-	-	Lodestar Minerals
E52/2456		0%	100%	100%	-	Audacious Resources Pty Ltd
Yowereena Hill	W. Australia					
E52/2492		0%	100%	100%		Audacious Resources Pty Ltd
E52/2493		0%	100%	100%	-	Audacious Resources Pty Ltd
E52/2734		100%	100%	-	-	Lodestar Minerals
Little Well	W. Australia					
E52/2468		0%	100%	100%	-	Audacious Resources Pty Ltd

⁽¹⁾ Audacious Resources Pty Ltd is a wholly-owned subsidiary of Lodestar Minerals Limited

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 JUNE 2014

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	(253)	(689)
(b) development	-	-
(c) production	-	-
(d) administration	(164)	(696)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received / (paid)	-	-
1.7 Other -	-	-
Net Operating Cash Flows	(414)	(1,359)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(24)
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)	-	-
Net investing cash flows	(2)	(24)
1.13 Total operating and investing cash flows (carried forward)	(416)	(1,383)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(416)	(1,383)
	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 – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(416)	(1,383)
1.20	Cash at beginning of quarter/year to date	642	1,609
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	226	226

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	69
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 capitalised 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

+ 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	-
4.2 Development	-
4.3 Production	-
4.4 Administration	174
Total	174

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	226	142
5.2 Deposits at call	-	500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	226	642

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	E52/2403		100%	-
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 **	222,233,215	222,233,215	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A	N/A	N/A	N/A
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 5,000,000	- - -	<i>Exercise price</i> Various Various 5 cents	<i>Expiry date</i> 29 November 2016 8 May 2017 16 December 2017
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
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: 31 July 2014
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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