



ASX ANNOUNCEMENT

9th May 2016

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED

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CAPITAL STRUCTURE

Shares on Issue:

386,224,233 (LSR)

Options on Issue:

43,550,127 (unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:

Camel Hills – gold

Neds Creek – gold

Marymia – gold

Imbin – gold and base metals



IP SURVEY UNDERWAY AT CONTESSA GOLD PROSPECT

- Detailed gradient array IP geophysical survey underway and aeromagnetic survey completed at Contessa.
- IP survey testing 3km area of the Contessa shear zone where previous drilling has intersected extensive supergene gold mineralisation.
- IP survey designed to identify areas of gold-bearing sulphide mineralisation in areas showing high chargeability and co-incident magnetic lows.
- Results will increase geological understanding of the Contessa area and improve drill targeting.

West Australian gold explorer Lodestar Minerals Limited (ASX:LSR, "Lodestar" or "the Company") advises that a detailed gradient array induced polarisation (IP) survey has commenced at the Contessa gold prospect on the Company's 100%-owned Ned's Creek project (see Figure 1), located 170 km north of Meekatharra, Western Australia.

Contessa is located at a major structural discontinuity between Archaean basement of the Kalgoorlie Terrane and the Marymia Inlier. A complex geology lies within the north east-trending, gold mineralised shear zone, including mafic-ultramafic units and ellipsoidal, gold-bearing diorite and granite intrusions. Outcrop of the target sequence adjacent to the sheared southern granite margin is poor and large areas remain untested by drilling.

The large size of the Contessa anomaly and the association of sulphide-hosted gold mineralisation with pyrite, recognised in Lodestar's RC drill program in 2014, indicate that detailed aeromagnetic and IP surveys can be cost-effective methods for identifying bedrock gold targets.

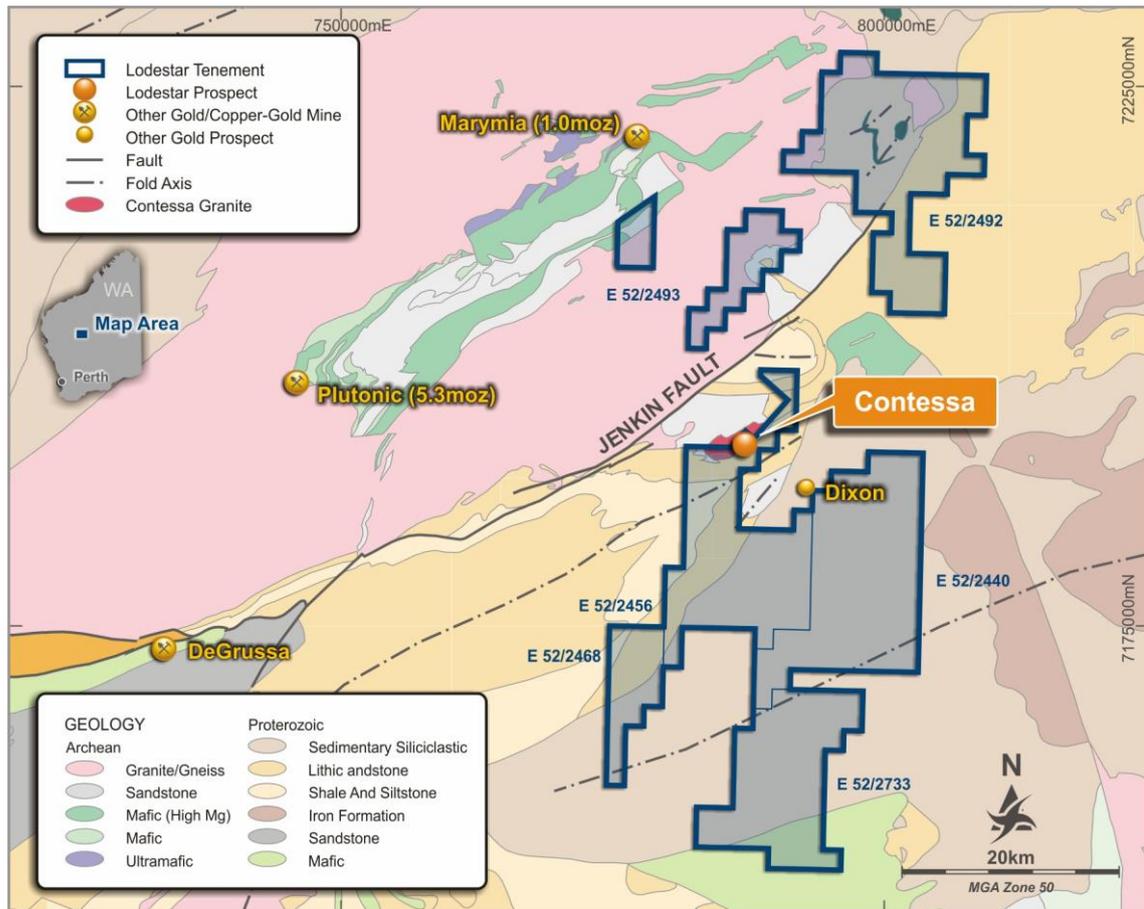


Figure 1 Location of Contessa gold prospect, Ned's Creek project.

Aircore drilling of a Bi-Mo lag sampling anomaly at Contessa in mid-2013 encountered extensive supergene gold mineralisation including;

- **21m at 3.01g/t gold from 40m in LNR656¹,**
- **10m at 5.6g/t gold from 55m in LNR533,**
- **10m at 1.2g/t gold from 50m in LNR545 and**
- **15m at 3.1g/t gold from 40m in LNR546**

In 2014 five widely spaced RC drill holes tested beneath the supergene gold mineralisation and intersected zones of silica-pyrite alteration up to 10m thick containing elevated gold, including narrow intervals at >1g/t gold² (see Figures 2 and 3). The alteration and gold are hosted by a composite diorite intrusion greater than 2km long. The multi-element signature of this alteration contains elevated Mo and Bi and corresponds to the large geochemical anomaly developed near surface (see Table 1).

¹ Refer Lodestar's ASX releases dated 18 March 2013 and 4 June 2013.

² Refer Lodestar's ASX release dated 29 December 2014.

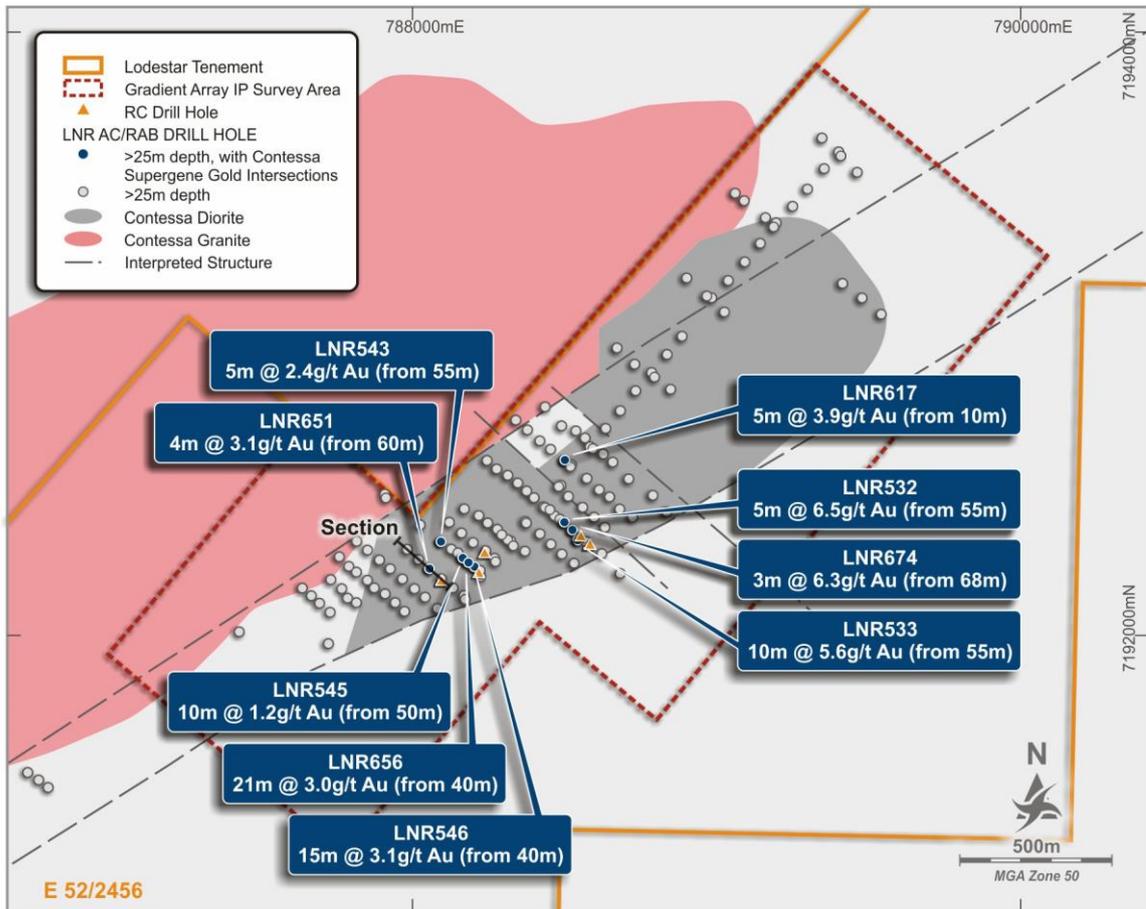


Figure 2 IP survey at Contessa gold prospect.

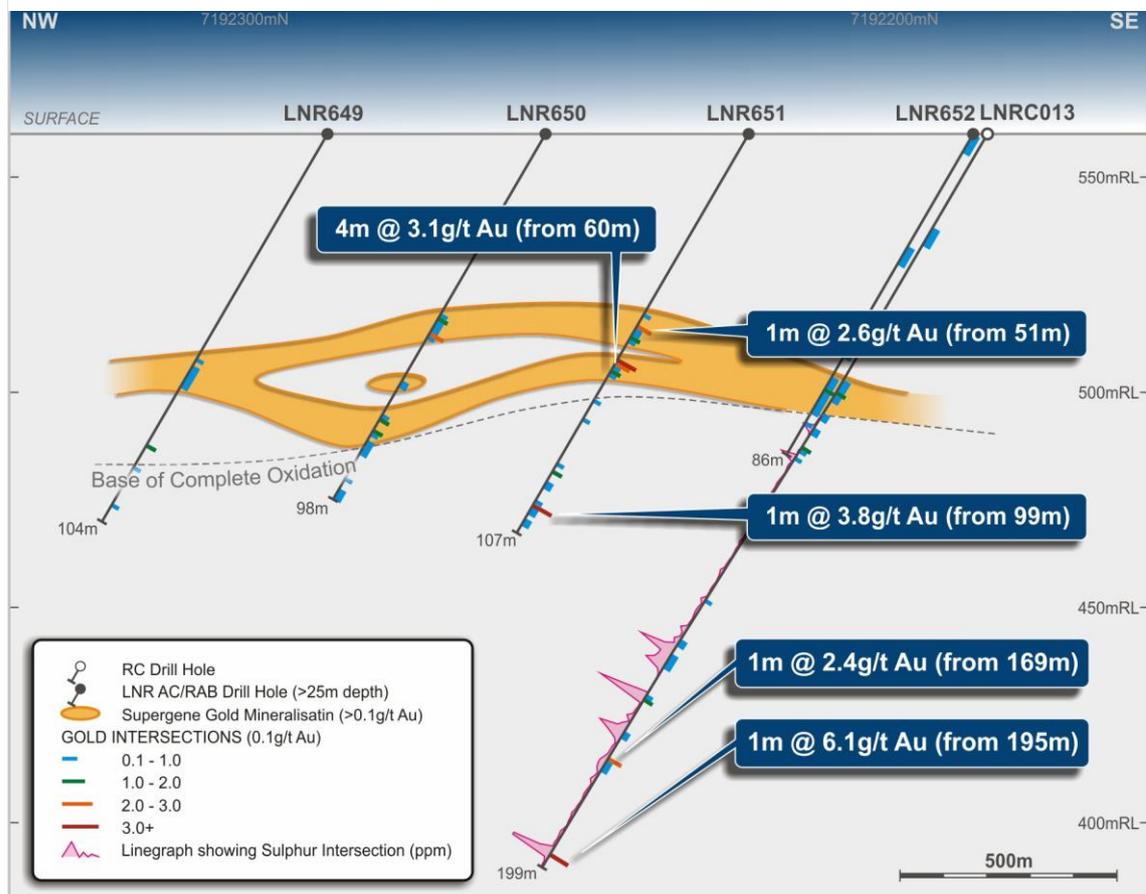


Figure 3 Drill section showing relationship between sulphur distribution (pyrite alteration) and gold mineralisation.

HoleID	From	To	Ag_ppm	As_ppm	Au_ppb	Bi_ppm	Mo_ppm	S_ppm
LNRC011	110	111	1.15	47.8	435	1.96	6.1	24200
LNRC011	112	113	0.7	48.2	681	1.84	21.7	14800
LNRC011	158	159	0.45	258	126	0.2	6.4	15500
LNRC013	140	141	0.3	6.2	21	3.42	30.6	16600
LNRC013	153	154	1.65	5.4	1760	0.7	3.3	22000
LNRC013	162	163	0.65	9.2	377	0.72	4.3	11900
LNRC013	169	170	0.3	4.2	2400	0.66	4.7	1550
LNRC013	195	196	4.15	15.2	6130	1.96	6	18600
LNRC014	85	86	0.7	75.8	157	0.6	11.7	13600
LNRC014	89	90	4.35	182	386	1.18	3.5	45100
LNRC014	141	142	2.45	439	249	0.76	48.2	20500
LNRC014	144	145	0.4	294	105	0.34	46.3	12300
LNRC014	146	147	0.55	300	338	0.38	34.8	16300
LNRC014	180	181	1.3	49.8	2180	0.26	7.6	14400

Table 1 Multi-element character of pyrite alteration zones.

Extensive pyritic alteration (locally up to 10% pyrite) is evidence of a large hydrothermal system operating within the intrusion at the time of gold mineralisation and indicates potential for the formation of economic lode-style mineralisation within preferred structural sites.

The IP survey is intended to detect concentrations of sulphides associated with gold mineralisation in the bedrock, as chargeability anomalies. The survey will cover the granite margin and diorite body in detail over a distance of 3km, including the sheared margins that are potential targets for lode style gold mineralisation.

The aeromagnetic survey was carried out over the same area to improve the interpretation of the main structural features and geological units and will assist in the definition of IP targets for follow up drilling.

Lodestar will provide a further update once the data interpretation is completed.

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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

- *18 March 2013 “Gold Results from Composite Sampling of Aircore Drilling at Contessa”*
- *4 June 2013 “Significant Gold Discovery at Contessa” and*
- *29 December 2014 “RC Drilling intersects Significant Gold in Alteration Zone”*

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.