

## HIGHLIGHTS

### *Ned's Creek (Gold/Copper-Gold – VAN earning 51%)*

- Additional in-fill drilling of the Contessa area is expected to re-commence in the June quarter (subject to Vango Mining final approval and the continuing impact of COVID-19 restrictions, see VAN's ASX announcement of 10<sup>th</sup> February 2020).
- Lodestar applies for exploration licence 52/3798 within the joint venture area, targeting historic gold anomalies along the southern margin of the Marymia Inlier.

### *Camel Hills (Gold – LSR 100%)*

- Geochemical sampling: 371 samples from a planned 768 soil sample program were recovered before the program was suspended due to COVID-19 related restrictions. Similarly, a planned heritage clearance survey over a large magnetic feature and associated gold anomaly has been postponed.
- Results for 98 samples collected from the Duval gold prospect have been received, reporting a maximum 21.9ppb Au.

### *Imbin Project (Copper-Gold – LSR 100%)*

- Processing of aeromagnetic and gravity data has refined the geological interpretation, highlighting a 50km zone with potential for Besshi-style VHMS and sediment-hosted copper mineralisation.

### *Corporate*

- Reduction in Director's fees of 20% in response to the industry-wide impact of the COVID-19 pandemic on exploration activity.
- As at 31<sup>st</sup> March
  - Cash and marketable securities total \$455,500 at quarter end. Marketable securities consist of 3.7M Vango Mining Limited (ASX:VAN) shares.

### ***Ned's Creek (Gold/Copper-Gold – VAN earning 51%)***

A resumption of drilling funded by joint venture partner Vango Mining Limited (**ASX:VAN**) is expected in the June quarter 2020, subject to final confirmation from Vango and any potential impact from the response to the COVID-19 pandemic. Key targets were identified in the VAN announcement to the ASX dated 10<sup>th</sup> February 2020. In-fill drilling around high-grade gold intersected at Contessa is a priority, with the aim of defining additional gold resources as supplementary feed for Vango's adjacent pre-development Marymia Gold Project.

In summary, Vango's initial drilling comprised 5 RC holes at the Contessa prospect where significant intersections included:

- ***16m at 2.16g/t Au from 84m, including 4m at 9.63g/t Au in VCTRC0003 and***
- ***5m at 2.42g/t Au from 46m within 27m at 1.05g/t Au from 46m in VCTRC0002***

These intersections are located up-plunge and southwest of very high grade gold intersected in Lodestar's drill hole LNRC026 (4m at 78.1g/t Au from 140m, see Lodestar's ASX announcement dated 22<sup>nd</sup> May 2018) and the system is interpreted to form a northeast plunging high grade shoot within a moderately north west dipping shear zone adjacent to the granite contact. The system remains open down-dip and to the north east and the upper mineralised zone has an associated extensive supergene envelope.

Significant base metal mineralisation was also reported from a black shale unit within the shear zone. Hole VCTRC0003 intersected ***3m at 0.22% Cu, 1.42% Pb and 0.39% Zn from 116m including 1m at 0.46% Cu, 2.05% Pb and 0.33% Zn*** indicating potential for volcanic hosted massive sulphide (VHMS) or other styles of copper-lead-zinc mineralisation at Ned's Creek.

Lodestar has recently expanded the Ned's Creek joint venture area with an application for exploration licence 52/3798 covering 37 sq. km of granite-greenstone contact, 17km east of Vango's Marymia Gold Project and 8km along strike from the West Pinnaryn prospect where surface sampling has identified a 500m long As-Sb-Au anomaly and associated silica-pyrite alteration adjacent to the granite contact (see Lodestar's ASX announcements dated 18<sup>th</sup> October 2016 and 30<sup>th</sup> July 2019).

A linear magnetic unit targeted by Plutonic reported a number of low level gold anomalies in RAB drilling, including 4m at 0.18g/t Au and 4m at 0.13g/t Au (see GSWA WAMEX report A45329) in quartz-chlorite-sericite schist. There has been no follow up drilling. Lodestar will complete prospecting and surface sampling as an initial appraisal of the area.

### ***Camel Hills (Gold – LSR 100%)***

A soil sampling program commenced on E09/2100 and E52/3064 (see Figure 1). Of a planned 768 samples, 371 samples were retrieved before COVID-19 related travel restrictions were imposed. Sampling on E09/2100, designed to extend regional geochemistry across major structures forming the boundary of the Errabiddy Shear Zone,

was partly completed. The sampling on E52/3064 was designed to test the historic gold prospect known as Duval, where Lodestar BLEG (bulk leach extractable gold) had identified a low order drainage anomaly (see Lodestar’s ASX announcement dated 30<sup>th</sup> January 2020). A total of 98 samples were collected on a 100m by 50m pattern, covering an area of 800m by 500m. The sampled area forms a low ridge where shallow soil developed on the slopes overlies weakly weathered basement. Results have been received for the Duval prospect sampling, the maximum reported value was 21.9ppb Au and a majority of the samples reported <6ppb Au and are not indicative of significant near-surface mineralisation.

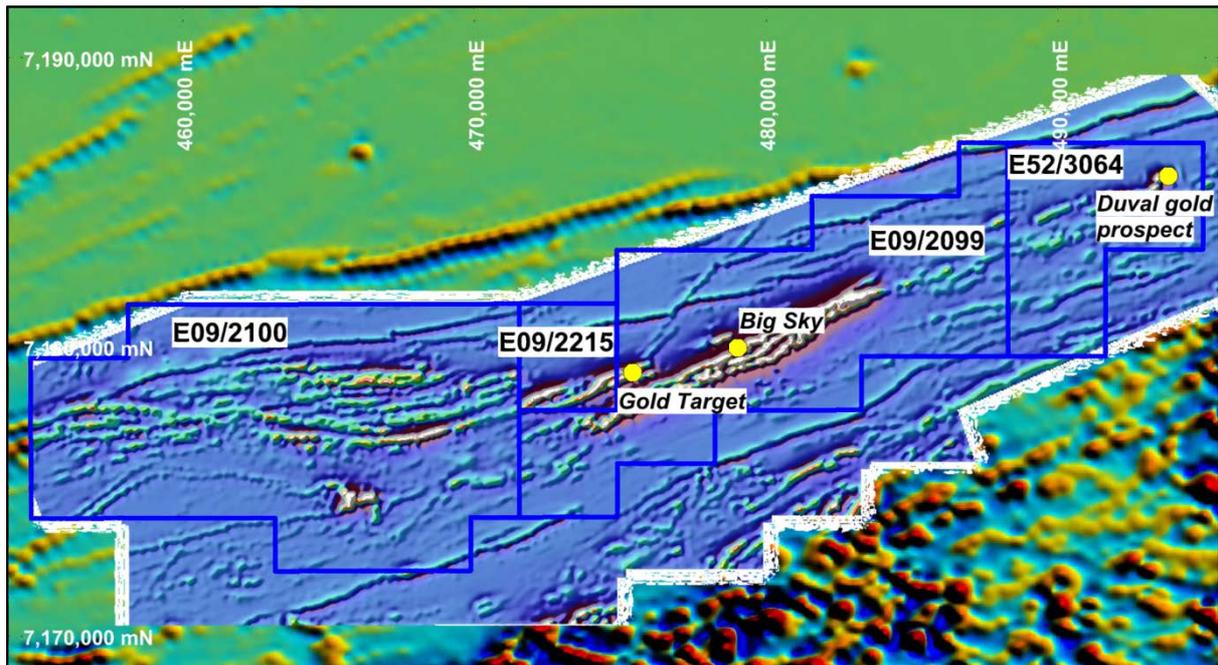


Figure 1 Prospect locations on 1VD aeromagnetic image

Planned activity on E09/2099 yet to be completed is three-fold:

- Extend soil geochemistry 5km along the magnetic contact zone north east of the Big Sky area.
- Test the southern margin of the 10km long Big Sky magnetic feature with BLEG drainage sampling. If gold is present south of the Camel Hills ridge, additional untested structures and magnetic zones sub-parallel to the Big Sky contact become prospective.
- First-pass drilling of a gold-pathfinder element anomaly (see Lodestar’s ASX announcement dated 31<sup>st</sup> October 2019) shown on Figure 1. This area lies on a separate magnetic trend to Big Sky. Extending over 1km, the anomaly is shown in detail in Figure 2, illustrating a close relationship between strong magnetite alteration, gold and base metal pathfinder metals resulting from hydrothermal alteration focused on a major structure. Drilling requires heritage clearance that will follow relaxation of COVID-19 restrictions.

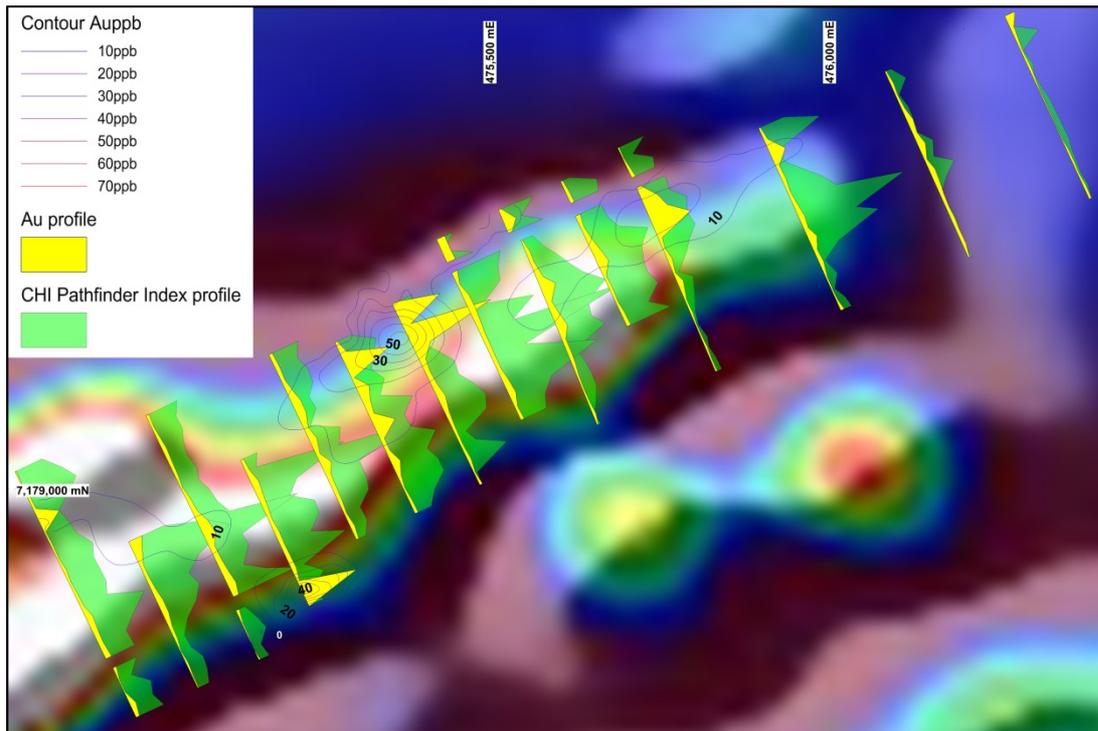


Figure 2 Gold target pending drill testing. >1km long alteration zone with relative abundance of gold and pathfinder elements shown over 1VD aeromagnetic image. The relationship suggests a broad zone of hydrothermal alteration related to a major structure.

### ***Imbin Project (Copper-Gold – LSR 100%)***

Processing of aeromagnetic and gravity data has aided refinement of the geological setting at Imbin. Open file and Lodestar’s aeromagnetic data were merged and processed together with a subset of the 2019 GSWA Little Sandy Desert West gravity survey data. Data processing was carried out by Southern Geoscience Consultants.

The Imbin project can be subdivided into magnetic domains that correspond with major lithological units, as illustrated in Figures 3 and 4.

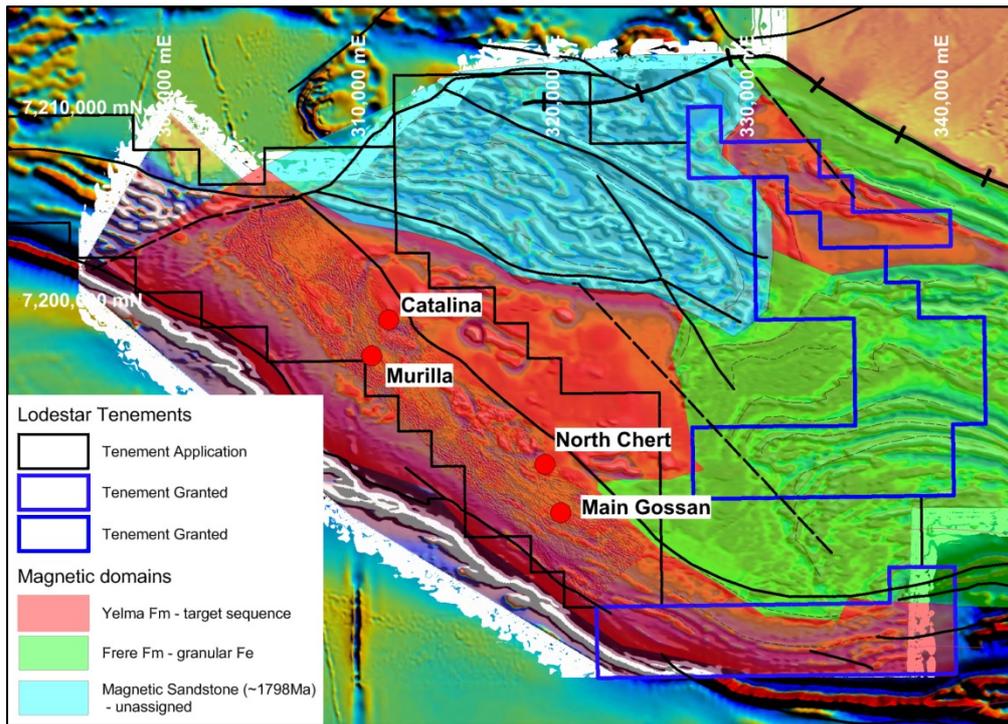


Figure 3 Magnetic domains showing prospective Yelma Formation (red) extending over ~50km.

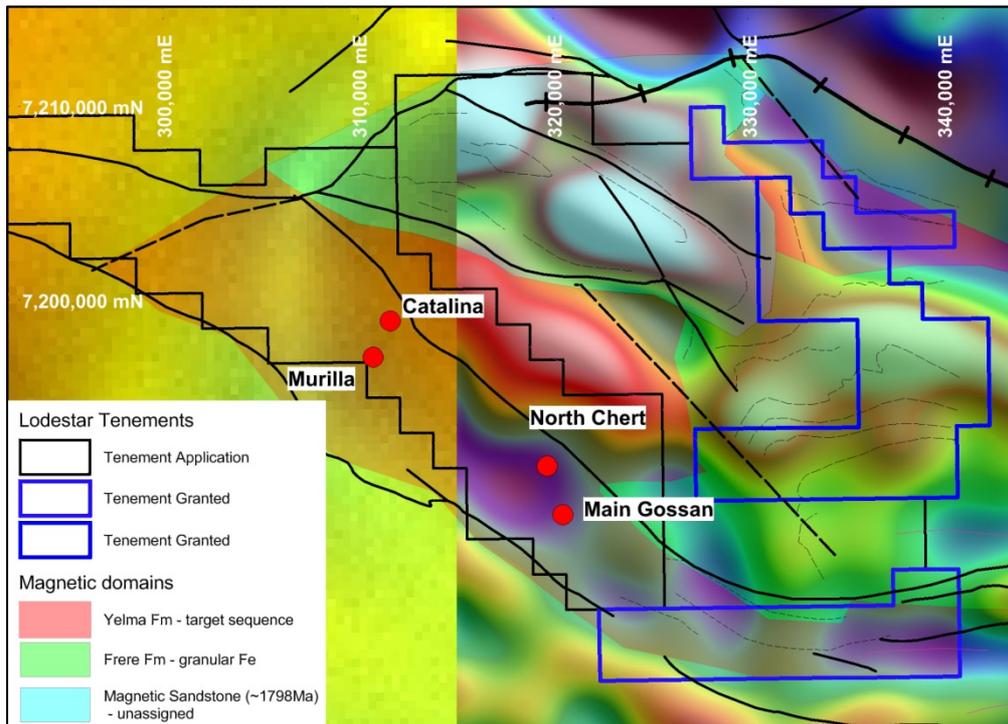


Figure 4 Gravity image showing anomalies underlying the northern margin of the Yelma Formation. The anomalies are believed to represent a mafic-ultramafic, rift-related enclave representing a potential heat source for generating mineralising fluids.

The interpretation provides an initial focus for discriminating between the prospective Yelma Formation sediments of the right age to host VHMS-style mineralisation and younger rocks that post-date the key mineralising events.

Lodestar intends to conduct an initial evaluation this field season, subject to COVID-19 restrictions and access constraints.

### **Corporate**

From 1 April 2020, Directors fees have temporarily been reduced by 20% in response to the industry-wide impact of the COVID-19 pandemic on exploration activity. Lodestar has always maintained low corporate overhead costs and the Board will only review fees in future when it is appropriate to do so.

Cash and liquid assets at quarter end total \$455,500 and comprised cash balance of \$30,000 and 3.7m shares in Vango Mining Limited (**ASX:VAN**) with a valuation at quarter end of \$425,500.

### **Appendix 5B Related Party Disclosures**

The Company makes the following disclosures in relation to the \$124,000 noted as paid to related parties of the Company as detailed in section 6 of the accompanying Appendix 5B to this report.

Payments of salary/superannuation to Directors	\$56,500
Payments of interest on loan funds from Director	\$2,500
Payments for Company Secretarial services to entity related to Director	\$22,500
Payments for Corporate Management to entity related to Director	\$42,500

It is noted that the majority of payments for Company Secretarial services and Corporate Management relate to outstanding liabilities from the prior year.

### **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<sup>th</sup> October 2016 "Multiple Gold Targets Identified at Marymia and Contessa"
- 22<sup>nd</sup> May 2018 "Outstanding RC drill results at Gidgee Flat and Contessa".
- 30<sup>th</sup> July 2019 "June 2019 Quarterly Activities Report".
- 31<sup>st</sup> October 2019 "September 2019 Quarterly Activities Report"

- 30<sup>th</sup> January 2020 “December 2019 Quarterly Activities 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.*

### Contacts

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### About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning 1,560km<sup>2</sup> 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.

## APPENDIX 1: Schedule of Exploration Tenements as at 31 March 2020

Tenement Description	Tenement Numbers	Status	Percentage Interest
<b>Ned's Creek</b>			<b>Subject to JV: Vango Mining earning 51%</b>
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
Pinnyriny	E52/3798	Application	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
<b>Imbin – Troy Creek</b>			
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	Granted	100% - Lodestar Minerals
<b>Camel Hill / Mt Erong</b>			
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 or oil and gas exploration entity quarterly cash flow report

Name of entity

Lodestar Minerals Limited

ABN

32 127 026 528

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(37)	(71)
(b) development	-	-
(c) production	-	-
(d) staff costs	(69)	(206)
(e) administration and corporate costs	(119)	(233)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(1)	(1)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(229)</b>	<b>(517)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	42	303
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>42</b>	<b>303</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	200
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	127	187
3.6	Repayment of borrowings	(116)	(159)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(4)	(8)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7</b>	<b>220</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	210	24
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(229)	(517)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	42	303

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7	220
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>30</b>	<b>30</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	30	210
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>30</b>	<b>210</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	150	127
7.2	Credit standby arrangements	-	-
7.3	Other (provide details if material)	-	-
7.4	<b>Total financing facilities</b>	150	127
7.5	<b>Unused financing facilities available at quarter end</b>		23
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Two unsecured loan facilities from David McArthur, earning interest at 10% pa, repayable within six months unless extended by mutual agreement. Facility dated 31 January 2020 for \$100,000. Facility dated 27 February 2020 for \$50,000.			

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(229)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(229)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	30
8.5 Unused finance facilities available at quarter end (Item 7.5)	23
8.6 Total available funding (Item 8.4 + Item 8.5)	53
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.23

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

No. The Group expects cash flows to decrease considerably in the next two quarters when compared with Q1/2020, particularly as \$124,000 paid to related parties (section 6.1) includes \$74,000 catch-up of amounts previously not paid. Additionally, exploration activities have ceased under exemptions granted for exploration entities by the WA State Government, there is a temporary decrease in Director's salaries and anticipated PAYG stimulus support due to COVID-19.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes. The timing of raising additional capital will depend on the investment markets and planned exploration activities which are currently uncertain due to the COVID-19 (coronavirus) outbreak. If necessary, the Group will delay discretionary expenditure including administration costs and exploration programs that are not contractually committed. With effect from 1 April 2020, Director's fees were reduced by 20%.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The Group's JV partner, Vango Mining Limited ("Vango") is covering all minimum exploration expenditure commitments on Ned's Creek. Under the terms of the earn-in agreement, there is a requirement for Vango to spend \$5m at Ned's Creek over a period of three years, therefore removing the requirement for the Company to presently fund the continuation of these operations.

In addition, the Company has approximately 3.7m Vango shares with a value of approximately \$425,500 available to liquidate, and additionally has access to related party loans if necessary.

## 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.

Date: 30 April 2020

Authorised by: David McArthur – Non-Executive Director  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.