



ASX ANNOUNCEMENT

22 July 2015

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9423 3200

Registered and Principal Office
Level 2, 55 Carrington Street
Nedlands, WA 6009

PO Box 985
Nedlands, WA, 6909

admin@lodestarminerals.com.au

www.lodestarminerals.com.au

CAPITAL STRUCTURE

Shares on Issue:
324,546,575 (LSR)

Options on Issue:
20,750,000 (unlisted)
36,077,402 (listed - 31 Mar 2016)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold



JUNE 2015

QUARTERLY ACTIVITIES REPORT HIGHLIGHTS

CAMEL HILLS PROJECT (GOLD)

- Lodestar (ASX Code: LSR, the “Company”) received approvals for trench sampling and drilling at the Big Sky priority gold target.
- Subsequent to end of quarter, shallow trench sampling commenced; RAB drilling to commence early August.
- Historic sampling in the Big Sky area has reported extensive gold in soil anomalies with up to 970ppb (0.97g/t) gold¹, up to 2.8g/t gold in rock samples² and 0.36g/t over 2m (with wide intercepts of elevated gold) in drilling³.
- The Big Sky target is associated with a strongly sheared, east northeast trending contact between a magnetic and a non-magnetic sequence, with potential to host structurally-controlled lode gold mineralisation. This contact is located immediately north of historic drilling and has not been conclusively tested.

NED'S CREEK PROJECT

- The Company entered into a farm out agreement with Australian Mines Limited (ASX Code: AUZ) to advance base metal exploration on the Ned’s Creek project (Lodestar’s Contessa and Brumby gold discoveries are excluded from the agreement).
- Lodestar retains the right to contribute on a pro rata basis after AUZ has satisfied its earn-in obligations and attains an interest of 51%.
- If the farm out and joint venture agreements proceed to their full conclusion, the farm out will be worth \$3.3 million.

¹ Aurora Minerals Limited 26th July 2012, ASX Announcement - Quarterly Activities and Cashflow Report

² Aurora Minerals Limited 31st July 2009, ASX Announcement - Quarterly Activities and Cashflow

³ Desert Mines and Metals Limited 22nd April 2013, ASX Announcement - Camel Hills Drilling Update



CAMEL HILLS

(E09/2099, E09/2100, E09/2138, E09/2139 & E52/3064)

Lodestar applied for 924 square kilometres (90 kilometres of strike) over the Errabiddy Shear Zone in the Gascoyne Province of Western Australia. The three key tenements have now been granted and a negotiated native title agreement signed with the traditional owners.

The tenements are located 170 kilometres northwest of Meekatharra and 60 kilometres south and east of Gascoyne Resource's Glenburgh gold deposits (Figure 1). The Errabiddy Shear Zone is 5 to 20 kilometres wide and is linked at depth to the Cardilya Fault, a major tectonic boundary between the Archaean Narryer Terrane and the accreted Palaeoproterozoic Glenburgh Terrane to the north.

The shear zone has been reactivated during the collision of the Yilgarn and Pilbara cratons and is intensely deformed. Recent mineral systems prospectivity mapping by the GSWA has identified the Errabiddy Shear Zone as a favourable site for large-scale gold mineralisation, this view is supported by historic surface sampling that has identified strong gold anomalies associated with outcropping gneiss in the Main Grid (re-named Big Sky) area. Limited drilling completed by previous explorers is not regarded as a conclusive test of the gold potential at Camel Hills.

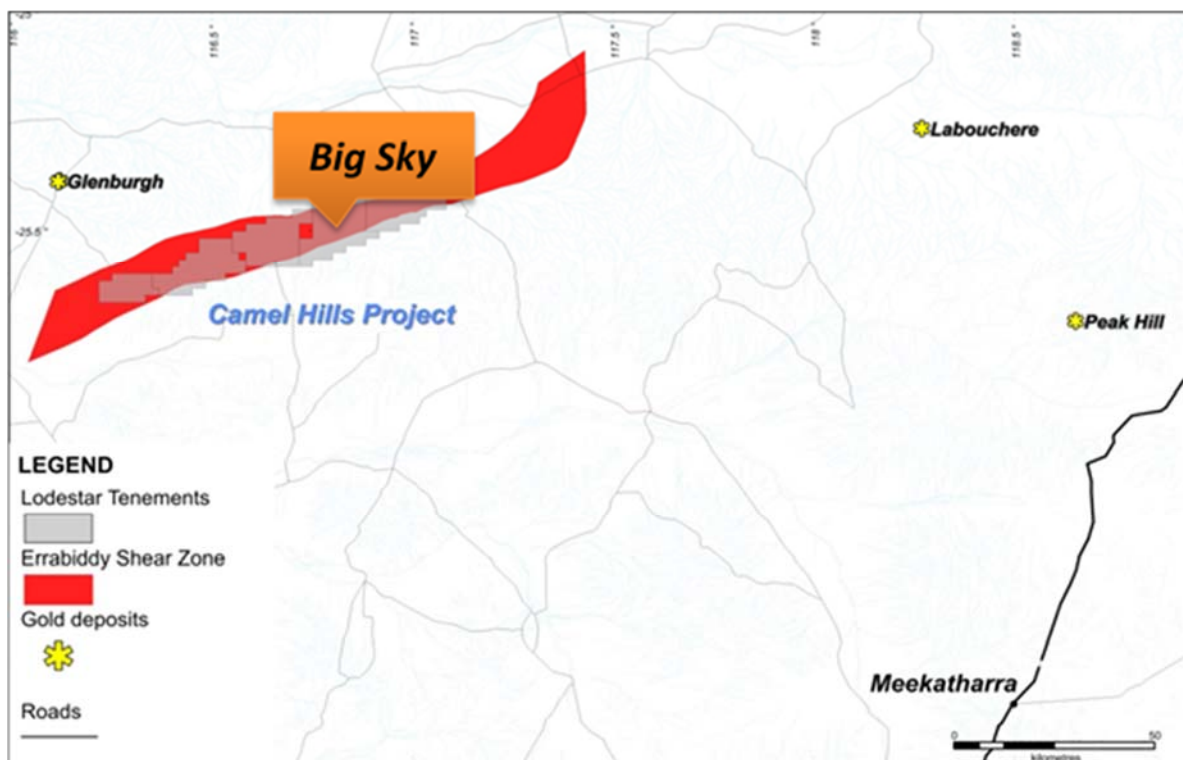


Figure 1 Location Plan - Lodestar's Camel Hills tenements

Lodestar is targeting a large orogenic gold system within the Errabiddy Shear Zone, part of a major crustal suture at the northern margin of the Yilgarn Craton.

Re-worked craton margins are fundamental structures that act as a deep plumbing system, allowing long-lived, repeated transfer of fluids and heat from the upper mantle to the upper crust. These margins are a favourable location for the formation of world-class orebodies (e.g. Tropicana gold deposit located on the southeast margin of the Yilgarn Craton).



Work Completed

In preparation for testing the Big Sky gold target a heritage survey was completed over the target area. Lodestar subsequently received approval for the planned programme of work and heritage clearance. The details of the work programme were discussed in Lodestar’s ASX announcement of 24th June 2015.

Trench sampling totalling approximately 2900 metres commenced early July and is in progress. Individual trenches are up to 280 metres in length and will test a wide area across a shear zone partly concealed by shallow colluvial cover. Planned drill traverses between the trenches are more tightly focused on the contact between magnetic and non-magnetic rocks (Figure 2) where shallow, close-spaced RAB drilling is targeting a lode gold system.

Observation of geological structures in the vicinity of the target indicates that lodes may have short strike lengths and be steeply plunging. The combination of trench sampling and drilling will provide close-spaced coverage of the prospective contact on average 25 metre line spacing, over a strike distance of approximately 600 metres.

This programme is a scoping investigation of an auriferous contact zone defined by historic soil, drainage and rock chip sampling. The limited and widely spaced historic drilling that tested these anomalies is believed to be located south of the prospective contact and may have intersected the margin of a lode gold system.

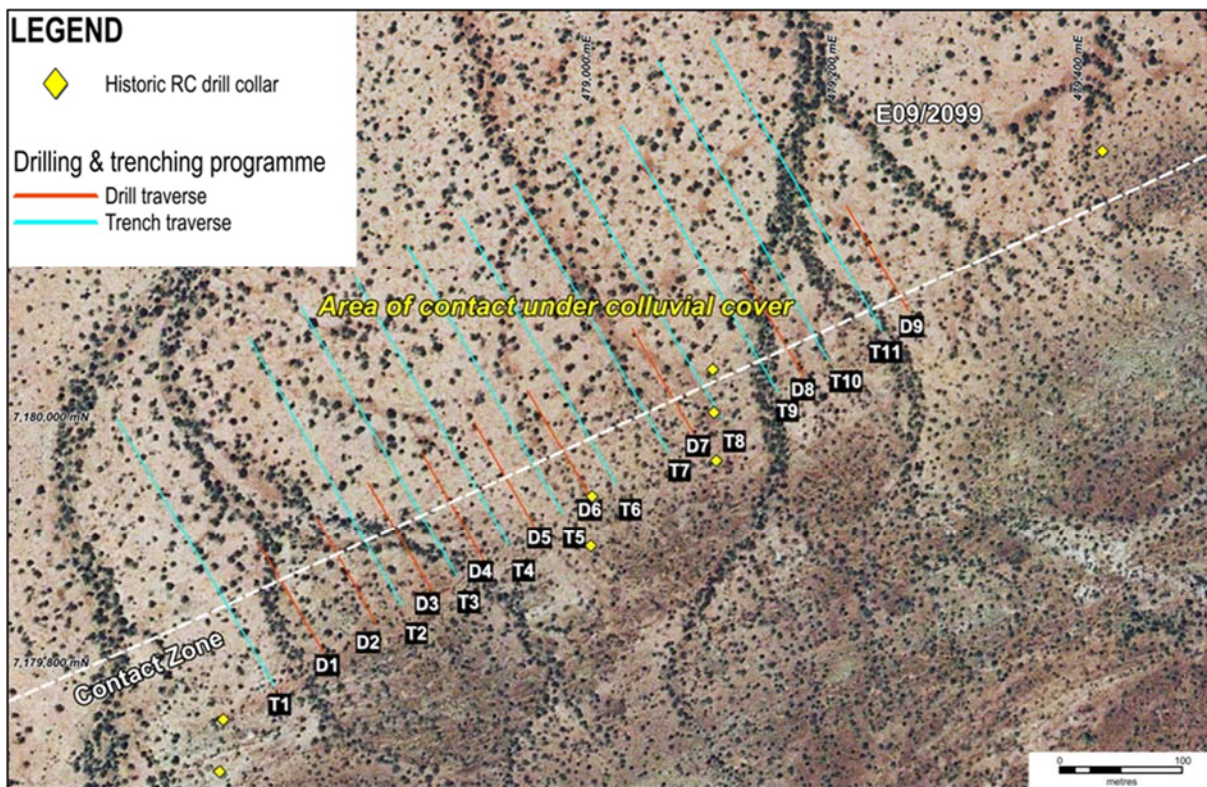


Figure 2 Planned test of auriferous shear zone, Big Sky prospect

Activity	July	August	September
Trenching			
Drilling			
Sample Dispatch			
Results			

Table 1 Planned timeline of activities, Big Sky



NED'S CREEK

(E52/2440; E52/2444; E52/2456; E52/2468; E52/2492; E52/2493; E52/2733 & E52/2734)

On 11th June 2015 Lodestar signed a farm out agreement with Australian Mines Limited (ASX Code: AUZ) in relation to the non-gold interests over the Ned's Creek and Marymia tenements E52/2440, E52/2444, E52/2456, E52/2468, E52/2492 and E52/2493 within the Ned's Creek project (see Lodestar's announcement to the ASX dated 11th June 2015).

The key terms of the agreement are as follows:

- AUZ paid \$100,000 to Lodestar on signing of the agreement.
- AUZ has the right to withdraw within six months of signing the agreement subject to spending a minimum of \$150,000 on exploration.
- If AUZ exercises its option to continue following the \$150,000 minimum expenditure, it must make a cash payment of \$250,000 to Lodestar.
- AUZ can earn a 51% interest in the base metal rights (all minerals excluding gold) by spending \$1M on exploration within 24 months of signing, AUZ may acquire an additional 29% interest (taking the total to 80%) by spending a further \$2M on exploration within a following 24 month period. Under this agreement "all minerals excluding gold" means any mineralisation where gold either is absent or, if present, is not the dominant mineral within a maiden Mineral Resource. Lodestar's Contessa and Brumby gold discoveries are excluded from the farm out agreement.
- Once AUZ has satisfied its earn-in obligations, with either a 51% or 80% interest, Lodestar may elect to contribute on a pro rata basis or dilute their interest according to standard industry formula.

The farm out agreement allows Lodestar to focus on testing its advanced, large-scale gold targets at Big Sky and Contessa, whilst maintaining a significant interest in any base metal discovery at Ned's Creek.

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.



About Lodestar Minerals

Lodestar Minerals Limited is a Western Australian active explorer with projects in the Peak Hill district and bordering the northern Yilgarn margin. The Ned's Creek project forms the core of Lodestar's project portfolio and represents a strategic landholding of 830 square kilometres over the north eastern margin of the Yerrida Basin and the Jenkin Fault, a fundamentally significant regional fault system that is adjacent to the DeGrussa Cu-Au deposit.

The Ned's Creek tenements are located 170 kilometres north east of Meekatharra, 7 kilometres east of the Thaduna-Green Dragon copper mines being evaluated by Ventnor Resources and Sandfire Resources and 5 kilometres east of Sandfire Resources and Sipa Resources' Enigma copper discovery. The Yerrida Basin contains thick volcano-sedimentary sequences that are bounded by major structures, the Jenkin and McDonald Well Faults and there is good potential for large-scale base metal and gold mineralisation adjacent to these structures.

In 2013 Lodestar discovered significant gold mineralisation at the Contessa prospect. Contessa lies within a 5 kilometre long gold anomaly overlying Archaean greenstone, on the southern margin of the Marymia inlier. Lodestar believes that this structural position marks a major crustal break, a highly favourable environment for magma-driven metal accumulation during cyclic reactivation of a former continental margin represented by the northern boundary of the Yilgarn Craton.

The region has potential to host a number of styles of base metal and gold deposits and Lodestar has embarked on an aggressive exploration program to assess the potential of Ned's Creek and the tectonic margin of the northern Yilgarn Craton.

Lodestar is specifically targeting palaeo-arc and back arc settings of similar age to the Bryah Basin at Camel Hills and Imbin where historic exploration has identified gold and copper mineralisation, respectively. The Camel Hills and Imbin projects have recently proceeded to grant of the key tenements and exploration is underway at Camel Hills.


APPENDIX 1: Schedule of Exploration Tenements as at 22 July 2015

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			
Marymia	E52/2440 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Marymia	E52/2444 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerrena Hill	E52/2456 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Little Well	E52/2468 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerreena Hill	E52/2492 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Yowerreena Hill	E52/2493 ⁽¹⁾	Granted	100% - Farmee may earn up to 51% of all non-gold mineral rights
Marymia	E52/2733	Granted	100%
Yowerrena Hill	E52/2734	Granted	100%
Imbin – Troy Creek			
Mount Salvado	E69/3254	Granted	100%
Troy Creek	E69/3255	Granted	100%
Ingebong Hills	E69/3261	Granted	100%
Troy Creek	E69/3263	Granted	100%
Slate Bluff	E69/3265	Granted	100%
Pierre Spring	E69/3271	Granted	100%
Camel Hill / Mt Erong			
Camel Hills	E09/2099	Granted	100%
Mount Erong	E09/2100	Granted	100%
Billycan Bore	E52/3064	Granted	100%

⁽¹⁾ Australian Mines Limited (ASX: AUZ) earning up to 51% of the non-gold rights (see Lodestar's ASX release dated 11th June 2015).

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 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(104)	(688)
(b) development	-	-
(c) production	-	-
(d) administration	(121)	(536)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received / (paid)	-	-
1.7 Other – Acceptance of Farm-out agreement	100	100
Net Operating Cash Flows	(122)	(1,115)
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	2	2
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	2
1.13 Total operating and investing cash flows (carried forward)	(120)	(1,113)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(120)	(1,113)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,295
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	-	(102)
	Net financing cash flows	-	1,193
	Net increase (decrease) in cash held	(120)	80
1.20	Cash at beginning of quarter/year to date	426	226
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	306	306

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	95
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 expensed 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

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	300	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	145
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	245

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	105	76
5.2 Deposits at call	201	350
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	306	426

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			

+ 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 **	324,546,575	324,546,575	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	189	189	3	3
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 36,077,402 16,000,000	- - 36,077,402 -	<i>Exercise price</i> Various Various 3 cents 5 cents	<i>Expiry date</i> 29 November 2016 8 May 2017 31 March 2016 16 December 2017
7.8 Issued during quarter				
7.9 Exercised during quarter	189	189	3 cents	31 March 2016
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: 22 July 2015
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.

== == == == ==