



ASX ANNOUNCEMENT

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COMPANY SNAPSHOT

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CAPITAL STRUCTURE

Shares on Issue:

386,224,233 (LSR)

Options on Issue:

43,550,127 (unlisted)

ASX Code: LSR

PROJECTS

Peak Hill – Doolgunna:

Camel Hills – gold

Ned's Creek – gold

Marymia – gold

Imbin – gold and base metals



JUNE 2016 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

NED'S CREEK – CONTESSA

- Gradient array IP and aeromagnetic surveys completed in May.
- Strong IP anomaly identified over a distance of 150m and in close proximity to supergene gold mineralisation.
- Four hole RC drill program completed in early July successfully tested the target zone to depths of up to 249 metres.
- Alteration and sulphide mineralisation intersected in all four holes confirms IP anomaly and first assay results expected by the end of week commencing 18th July.

NED'S CREEK – BRUMBY

- Detailed geological mapping and review completed in conjunction with independent geological consultant.
- Review identified multiple intrusive phases at Brumby and will develop understanding of controls on gold mineralisation.
- One RC hole completed following the completion of drill program at Contessa.

NED'S CREEK – WEST PINNYRINY

- Detailed aeromagnetic survey completed in May.
- Detailed soil sampling program underway to assess gold and base metal potential and assist future drill targeting.

CAMEL HILLS – BIG SKY

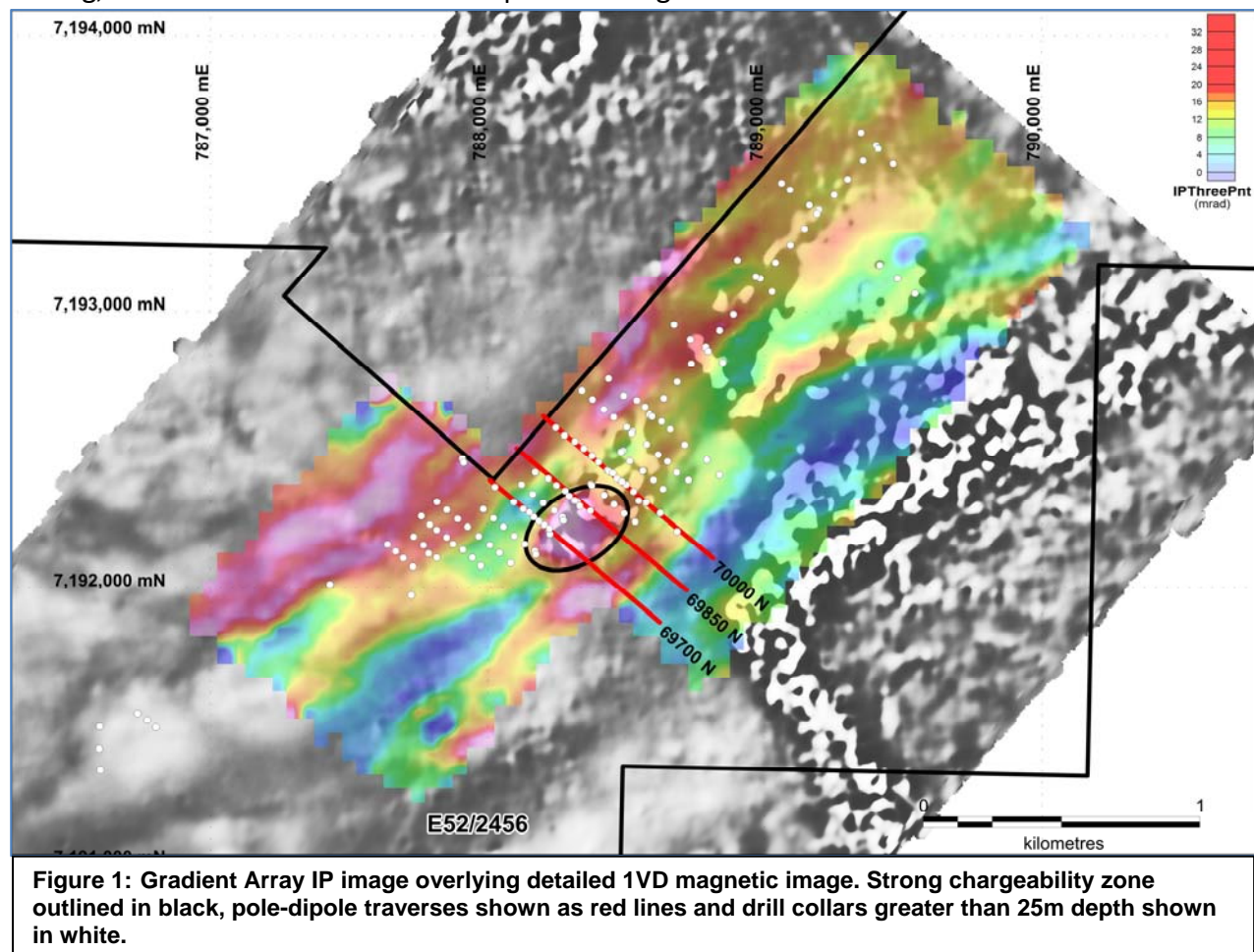
- Final results from 22 hole RC drill program returned with best intersection of 4 metres at 3g/t gold from 52 metres in LCC017.
- Results of follow-up screen fire assaying of selected RC drill samples are awaited.
- Geochemical sampling along the structural contact extending 6km southwest of Big Sky is planned.

**NED'S CREEK (LSR 100%)
CONTESSA
(E52/2456)**

Detailed aeromagnetic and gradient array IP surveys¹ were completed at the Contessa gold target in May with the aim of identifying bedrock gold mineralisation beneath the extensive supergene gold mineralisation intersected by Lodestar's previous drilling.

The IP survey was carried out to detect concentrations of sulphides associated with gold mineralisation in the bedrock, as chargeability anomalies. The survey covered 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 to further refine the drill targets generated by the IP survey.

A clear drill target was identified by this work (see Figure 1). The anomaly extends for a distance of 150m and lies at a depth of 150m to 200m. It is situated below and to the south-east of Lodestar's previous drilling which identified a large area of supergene gold mineralisation. The interpreted target had the potential to be an area of bedrock gold mineralisation adjacent to a significant supergene dispersion anomaly. The proximity of the supergene gold and bedrock IP anomalies, together with the observed association of pyrite alteration and gold mineralisation in first phase RC drilling, warranted immediate follow-up drill testing.



¹ Refer Lodestar ASX releases dated 9 May 2016 and 2 June 2016.

In June, Ausdrill Northwest was contracted to complete a four-hole RC drill program at Contessa to test this anomaly. The program was successfully completed in early July ahead of a large rain event.

Drilling was successful in intersecting the zone identified by the IP and aeromagnetic survey results². Encouragingly, the material logged from drilling was consistent with Lodestar's expectations and displayed similar visual characteristics to the material logged in Lodestar's last RC drill program in 2014. Alteration and sulphide mineralisation within diorite host rocks was logged in all four holes and assays to determine gold content are currently awaited.

Due to the rain event following the completion of drilling, at this time it has only been possible to transport approximately half of the assays to Perth for assaying. It is expected the results of the initial assays will be available by the end of the week commencing 18th July. The timing of the remaining assays remains subject to weather conditions, however Lodestar is hopeful of returning these results by early August.

Contessa was a greenfield gold discovery made by Lodestar in 2013. An initial surface sampling program identified a 6km gold and Bi-Mo anomaly overlying granite-greenstone. Subsequent aircore drilling over a 700m strike (within the 6km anomaly) intersected widespread alteration and supergene gold mineralisation, confirming the presence of a large gold system.

A five-hole program of wide-spaced RC drilling was then conducted in late 2014 and was successful in intersecting significant supergene and primary gold intercepts over a strike length of 400m. Significant intersections from this program included 5m at 9.33 g/t gold from 64m and 1m at 6.13 g/t gold from 195m³.

These early results suggested good potential for more strongly developed bedrock mineralisation in the Contessa area. Lodestar then applied IP and aeromagnetic surveys to further refine this area and more effectively and economically target bedrock gold mineralisation.

BRUMBY **(E52/2456)**

Following completion of the four holes at Contessa, the Ausdrill Northwest RC rig was mobilised to Brumby to complete a single drill hole. The decision was opportunistic and meant the additional hole had a significantly lower overall marginal cost compared to mobilising the rig at a later date.

During the quarter Lodestar and its independent geological consultant Walter Witt completed a detailed on-the-ground geological review.

Initial field inspection indicated that the granite in the Brumby prospect area bears compositional similarities with "mafic" granites associated with significant gold mineralisation in the Eastern Goldfields Province of Western Australia. Detailed geological mapping of the Contessa/Brumby granite followed and a review of detailed surface lag geochemistry completed by Lodestar in 2013 is underway to determine relationships between granite composition, structure and geochemical zonation and identify targets for future drilling.

² Refer Lodestar ASX release dated 5 July 2016.

³ Refer Lodestar ASX release dated 29 December 2014 for full results.

A detailed update of the outcomes of this review will be provided on completion.

The recently completed RC drill hole targeted an area where an intersection of 3m at 8.2g/t gold from 13m in LNR598⁴ was achieved in previous shallow RAB drilling. The objective of the RC holes is to test the depth extent of mineralisation and alteration and the possibility that structurally controlled, flat-lying mineralised vein systems occurring within the granite body would not be intersected by shallow drilling.

WEST PINNYRINY (E52/2493)

During the quarter Lodestar's independent geological consultant Walter Witt conducted an on-the-ground visit to the West Pinnyriny gold target. The geological interpretation of this area is on-going and will complement the detailed aeromagnetic survey completed in April to provide critical information on structural and stratigraphic relationships in the area where regional lag sampling has defined a large Cu-As-Sb geochemical anomaly. Historic RAB drilling has reported anomalous gold from the same area⁵ and Lodestar's surface sampling subsequently confirmed anomalous gold in rock chip samples collected from the vicinity of historic anomalous drill holes⁶.

A detailed surface sampling program is planned to in-fill the area covered by the aeromagnetic survey to define discrete geochemical anomalies for drill testing. The sampling program commenced in July and although delayed by recent widespread heavy rainfall in the region, is expected to be completed next quarter.

CAMEL HILLS (LSR 100%) BIG SKY (E09/2099)

The assay results from the final 14 holes from a 22 hole RC drill program completed at Big Sky were returned early in the June quarter. The program was designed to test an auger-generated gold anomaly on close spacing. The best result from the final 14 holes was 4m at 3.0 g/t gold from 52 metres in LCC017⁷ The results for follow-up screen fire assay analysis of selected RC drill samples are awaited.

Exploration completed at the Big Sky prospect has demonstrated an extensive low-level (and locally high grade) gold anomaly associated with an east northeast trending structural contact within the strongly deformed Camel Hill Metamorphics. This contact can be traced for 6km southwest of Big Sky in the aeromagnetic data and historic drainage sampling has identified several areas anomalous in gold. The results at Big Sky have confirmed that this structure is a significant regional gold target with relatively little systematic sampling along its length. Lodestar plans to complete first-pass surface sampling in areas reporting historic gold anomalies next quarter.

⁴ Refer Lodestar ASX release dated 30 April 2013.

⁵ Resolute Resources Limited's Report on the Marymia Gold project, E52/322. Open file report no. A32637, Department of Mines and Petroleum, Western Australia.

⁶ Refer Lodestar's ASX release dated 28 April 2016.

⁷ Refer Lodestar's ASX releases dated 31 March 2016 and 20 April 2016

Bill Clayton

Managing Director

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 as follows;

- *9th May 2016 "Contessa IP Survey Commences"*
- *2nd June 2016 "New Bedrock Gold Drill Target at Contessa"*
- *5th July 2016 "Completion of RC Drilling at Contessa"*
- *29th December 2014 "RC Drilling intersects Significant Gold in Alteration Zone".*
- *30th April 2013 "March 2013 Quarterly Activity and Cashflow Report"*
- *28th April 2016 "March 2016 Quarterly Activities Report"*
- *31st March 2016 "Big Sky Initial RC Drilling Results" and*
- *20th April 2016 "Final Gold Results from Big Sky RC Drilling"*

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.