

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

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CAPITAL STRUCTURE

Shares on Issue:
 88,989,477 (LSR)

Options on Issue:
 4,500,000 (Unlisted)

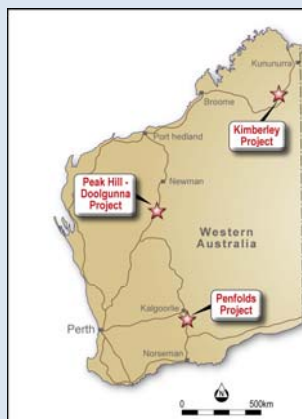
ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
 Base metals, gold

Penfold:
 Nickel

Kimberley:
 Nickel, copper, PGM's



JUNE 2011 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Preparations underway for 14000m program of RAB and RC drilling to test targets at McDonald Well and Transformer prospects in the next quarter.
- First – pass regional geochemical program completed - sampling identifies copper and base metal anomalies at Neds Creek (McDonald Well prospect) and Marymia (Transformer prospect) – to date 1355 samples have been submitted for multi-element analysis.
- Interpretation of the regional geochemistry is continuing and additional detailed soil sampling over the Transformer prospect and the northern part of Marymia (E52/2492) is underway to refine multi-element base metal anomalies.
- Cash – At June 30th 2011 Lodestar had cash reserves of \$1,596,000.

PEAK HILL-DOOLGUNNA

Neds Creek (E56/2440, E52/2444, E52/2456 and E52/2468)

The Neds Creek tenements comprise part of Lodestar's 2200 square kilometre tenure in the Peak Hill – Doolgunna district (Figure 1). The tenements are located approximately 12 kilometres north east of the Thaduna copper deposits (a group of fault-hosted copper deposits and occurrences within sediments of the Yerrida Basin) and cover the north eastern margin of the Yerrida Basin. The Jenkin Fault forms the northern boundary to the sedimentary sequence.

Exploration is targeting a primary source of copper mineralisation (sediment-hosted copper) within folded sediments of the lower Yerrida Basin. Phase 1 RC drilling identified broad intervals of anomalous base and indicator metals within the weathering zone overlying a black shale unit. VTEM (versatile time domain electromagnetic) and surface EM surveys have defined the extent of the black shale unit over at least 7 kilometres of strike within the central area of E52/2456.

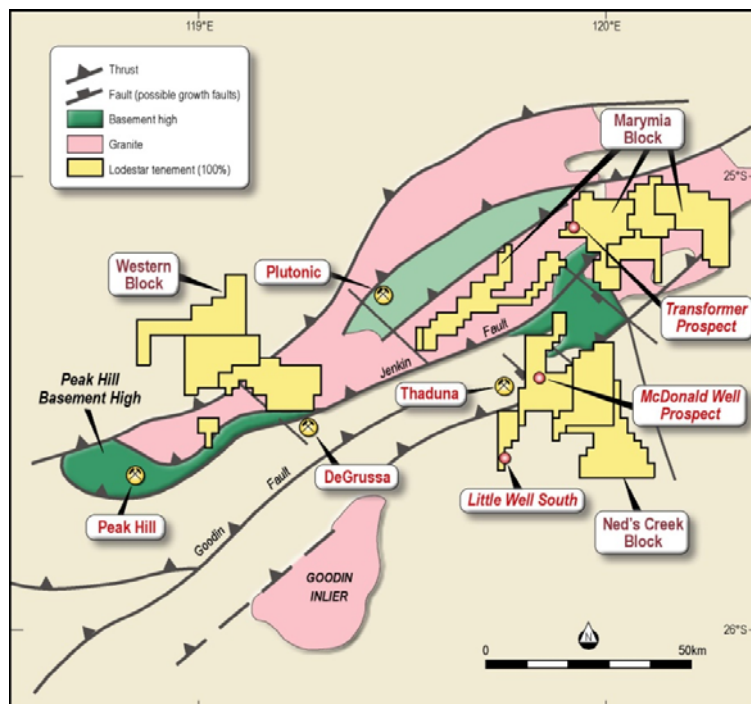


Figure 1 Location Plan - Peak Hill-Doolgunna tenements

The results of geochemical lag sampling over McDonald Well area (E52/2456) have been compiled and highlight extensive copper and base metal anomalies coincident with both the black shale unit and northeast and northwest trending regional structures (Figure 2). A RAB drilling program of 12000m will focus on testing the upper and lower contacts of the black shale unit related to the copper and related-element anomalies.

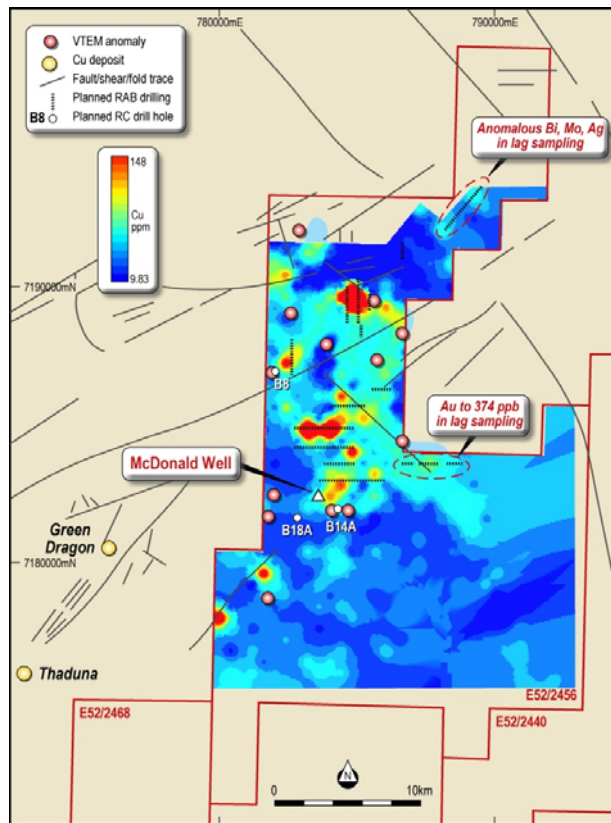


Figure 2 Copper distribution - McDonald Well area, showing planned drilling program

Deeper RC drilling will target three of the strongest EM conductors (potential sulphide targets) defined by surface EM surveys, down-plunge from geochemical anomalies.

The RAB drilling will also target two other geochemically distinct targets (Figure 2)

- A broad Au + Cu anomaly related to a northwest trending structure, 4 kilometres to the north east of McDonald Well. Lag sampling identified anomalous gold values up to 374ppb.
- A multi-element Bi, Mo and Ag anomaly located on the sediment-granite contact at the northern margin of the sample grid. The area is located near the intersection of northwest and northeast trending structures.



Weathered granite outcrop in the area of Bi, Mo, Ag anomaly

Marymia (E52/2492, E52/2493, E52/2544, E52/2558 & E69/2662)

The Marymia tenements include the north eastern extension of the Marymia Inlier and overlying Proterozoic sediments. The sediments form a basin structure of 100 square kilometres in area and are truncated by the Jenkin Fault on the south east margin.

A VTEM survey and regional geochemistry have been completed over E52/2492 and E52/2544. The VTEM survey identified two discrete late-time conductors on the southwestern margin of the basin (named the Transformer prospect), subsequently soil geochemistry has demonstrated base metal anomalies in the area of the T1 and T2 conductors (Figures 3 to 5).

A regional geochemical sampling program was completed on a 1 kilometre grid across the Proterozoic sediments and adjacent structures. The geochemistry identified a number of base metal anomalies, including a 4 kilometre zone on the northern margin of the basin with elevated Pb-Ag (As-Bi-In-Sn) (Figures 3 to 5). The anomaly is parallel to the strike of the sedimentary sequence and is currently being in-fill sampled on 200m lines.

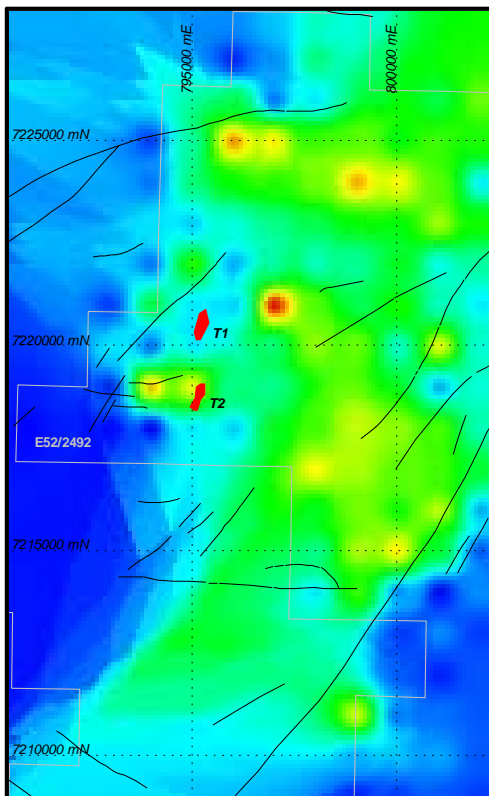


Figure 3 Pb distribution - E52/2492

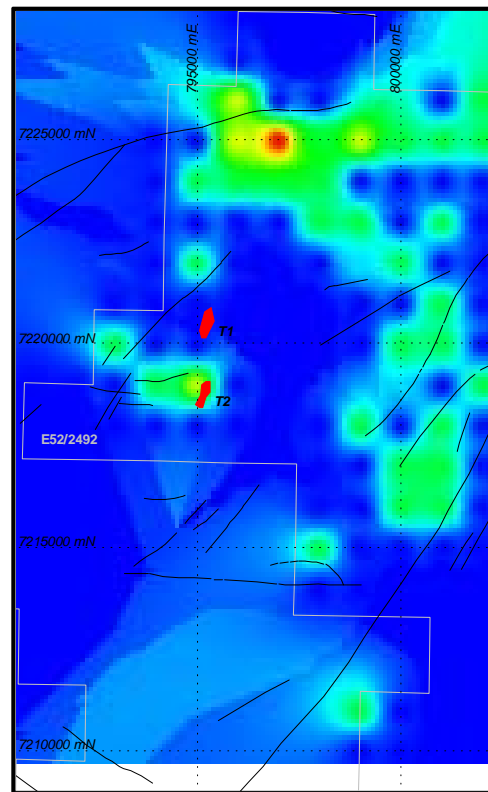


Figure 4 Ag distribution - E52/2492

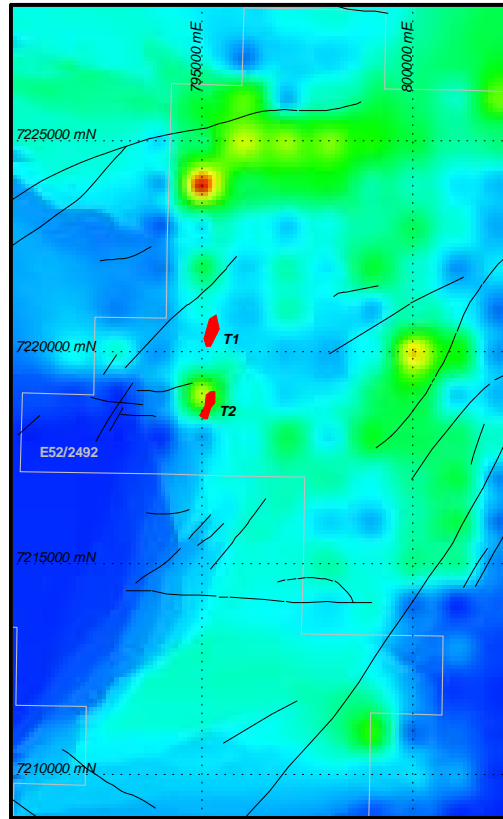


Figure 5 Chalcophile (sulphide-associated) multi-element function - E52/2492

Additional soil sampling has been completed in the area of the T1 and T2 conductors and preparations are underway for a 2500m combined RAB and RC drilling program to test the conductors and the wider area.



**Strongly leached outcrop
in the area of the Pb-Ag
anomaly,
northern E52/2492**



View of the Transformer prospect area

KIMBERLEY PROJECT

No activity.

Lodestar has a farm-out agreement with Pindan Exploration Company (PEC) - a wholly-owned subsidiary of Panoramic Resources Pty Ltd (ASX: PAN), over the Kimberley project tenements. The area is prospective for magmatic Ni-Cu-PGE mineralisation and contains several gossans identified in historic exploration reports. PEC have now completed regional detailed gravity and VTEM surveys over a large area of the East Kimberley region surrounding the Savannah nickel mine, including Lodestar's tenements, and intend to commence drilling selected targets during 2011.

PENFOLD PROJECT

No activity. Lodestar has offered the project for joint venture or sale.

Yours sincerely,



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 2004 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 Perth-based explorer with projects in the Kimberley, Peak Hill and Kalgoorlie regions. Lodestar acquired the Peak Hill-Doolgunna project in March 2010. The Peak Hill-Doolgunna project forms the core of Lodestar's project portfolio and represents a strategic landholding of 2200 square kilometres covering 120 kilometres of the Jenkin Thrust Belt, a regional fault system that is adjacent to the recently discovered DeGrussa Cu-Au deposit. Lodestar believes the region has potential to host a number of styles of base metal deposit and is embarking on an aggressive exploration program to assess the potential of the under-explored north Murchison base metal province.

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 2011

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	(520)	(1,273)
(b) development	-	-
(c) production	-	-
(d) administration	(99)	(602)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	87
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(596)	(1,788)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(8)
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	-	(8)
1.13 Total operating and investing cash flows (carried forward)	(596)	(1,796)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(596)	(1,796)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	2,208
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	-	(119)
	Net financing cash flows	-	2,089
	Net increase (decrease) in cash held	(596)	293
1.20	Cash at beginning of quarter/year to date	2,192	1,303
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,596	1,596

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	121
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.

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

N/A

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

N/A

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	336
4.2 Development	-
4.3 Production	-
4.4 Administration	179
Total	515

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	1,596	2,192
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,596	2,192

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 **	88,989,477	88,989,477	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	N/A	N/A	<i>Exercise price</i> N/A	<i>Expiry date</i> N/A
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Cancelled 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: 
Director

Date: 28 July 2011

Print name: David 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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