



Lodestar Minerals Limited ABN 31 127 026 528

Registered office
Level 2
45 Stirling Highway
Nedlands WA 6009

Tel: +61 8 9389 8799
Fax: +61 8 9389 8327

Postal address
PO Box 985
Nedlands WA 6909

Website
www.lodestarminerals.com.au

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AUSTRALIAN STOCK EXCHANGE LIMITED

EXPLORATION UNDERWAY AT PENFOLD NICKEL PROJECT

Highlights

Lodestar Minerals has commenced exploration at the Penfold Nickel Project located between Kalgoorlie and Coolgardie. Exploration commenced during January.

Work has begun on a detailed EM survey over the eastern ultramafic belt that hosts the Abattoir prospect.

An RC program is set to commence in late January aimed at following up the nickel sulphide intercepts at the Abattoir prospect, including 3m @ 3.1% Ni.

Lodestar Minerals NL ("**Lodestar**") is pleased to announce the company commenced exploration on the Penfold Nickel Project after successfully listing on the ASX on the 21th of December 2007, following the successful raising of \$ 5,000,000 through the issue of 25 million shares at 20 cents each.. Lodestar entered into a sale agreement with Dioro Exploration NL on the 12 October 2007 to acquire the sole and exclusive right to explore for and mine nickel on the Penfold Project tenements.

Since acquiring the nickel rights to the Penfold Project, Lodestar has reviewed all available previous exploration data, highlighting priority exploration targets. Work has begun on a surface moving loop EM survey with an initial focus on the Abattoir and adjacent ultramafic sequences within the Kambalda domain. The aim is to rapidly evaluate the Abattoir prospect whilst generating further targets within the adjacent ultramafic sequences.

An RC drill rig has been sourced to begin in-fill drilling at the Abattoir prospect in late January. An initial program of 680 metres is designed to follow-up historic drilling that intersected nickel mineralisation over a strike length of 180m, within a prospective high Mg ultramafic sequence. Previous drilling reported best intersections of 3m @ 3.1% Ni from DDH-7 and 1m @ 2.7% Ni in DDH-6. Mineralisation appears to be open both along strike and at depth. The project area has had no nickel exploration undertaken in the last 15 years, due to the previous owners focussing on the area's gold potential.

The Penfolds Nickel project is 12 kilometres from Kambalda, in Western Australia, and the tenement area covers three nickel belts, with an estimated 38 kilometre strike length within the Coolgardie and Kambalda tectono- stratigraphic domains. These domains have demonstrated endowment of komatiite hosted nickel sulphides, with the Kambalda domain having produced more than 1 million tonnes of Ni metal.

Yours faithfully

LODESTAR MINERALS NL



David McArthur
Executive Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information provided by Mines and Resources Australia Pty Ltd and compiled by Mr R Grivas, MAIG, MAusIMM an employee of Goodheart Pty Ltd. Mr Grivas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.