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ASX ANNOUNCEMENT

20th October 2015

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

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CAPITAL STRUCTURE
Shares on Issue:
334,546,575 (LSR)

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

ASX: LSR

PROJECTS
Peak Hill – Doolgunna:
Camel Hills – gold
Neds Creek – gold
Marymia – gold
Imbin – gold and base metals

EXTREMELY HIGH-GRADE GOLD UP TO 105g/t IN RC DRILLING AT BIG SKY

HIGHLIGHTS

- First RC drilling at Big Sky returns several shallow, high grade gold intersections including;
  - **6 metres at 6.6g/t gold from 13 metres in LCC011**, including
    - ***1 metre at 33.3g/t gold from 13 metres***
  - **6 metres at 20.3g/t gold from 21 metres in LCC012**, including
    - ***1 metre at 105g/t gold from 21 metres*** *and*
    - ***1 metre at 12.8g/t gold from 26 metres***

    (Intersections using a 1g/t gold cut-off and up to 3 metres of internal dilution)
  - **1 metre at 23.8g/t gold from surface in LCC011.**
- Mineralisation remains open in all directions and high grades are consistent down-dip.
- Gold mineralisation occurs within bedrock as a steeply dipping high-grade lode at the contact of the magnetic Petter Calc-silicate unit.
- This prospective and under-explored contact can be traced for 12 kilometres within Lodestar's broader Camel Hills project area (924km^2) and will continue to be a key area of future exploration focus.
- These outstanding initial RC drill results demand follow up drilling to be undertaken once a review of all data is completed to enhance future drill targeting.

West Australian gold and base metal explorer Lodestar Minerals Limited (ASX:LSR) advises that results of the maiden RC drilling program at the Big Sky prospect on the Company's wholly-owned Camel Hills gold project have been received.

Camel Hills is located within the Errabiddy Shear Zone at the boundary of the Archaean Narryer Terrane and Palaeoproterozoic rocks of the Glenburgh Terrane, 200 kilometres northwest of Meekatharra (see Figure 1). Previous explorers identified strongly anomalous gold in soil and stream samples over a 6 kilometre by 2 kilometre area, centred on the Camel Hills tenement E09/2099[1].

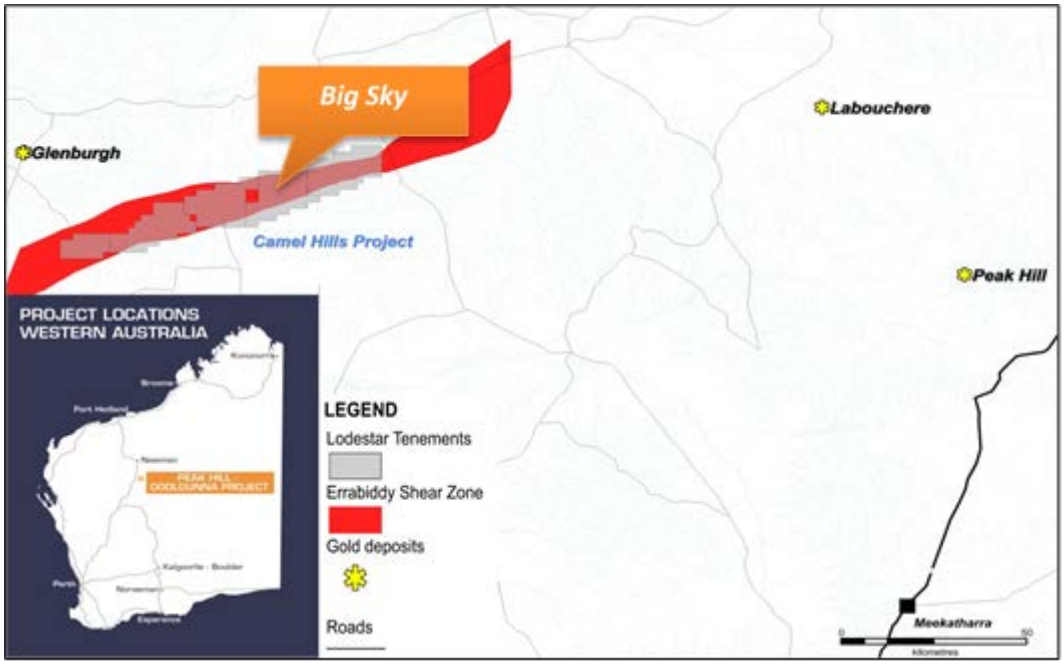

Figure 1 Location of the Camel Hills tenements and the Big Sky prospect

The results include intersections of shallow, high grade gold grading up to 105 g/t, achieved below the discovery vein where visible gold was identified at surface and high-grade rock chip samples up to 47,050g/t gold were recovered (see Lodestar's ASX announcement dated 28th August 2015).

Two RC holes tested below the discovery; following earlier RAB drilling that encountered a shallow water table which resulted in significant sample loss. RC drilling provided dry samples and consistently good sample recovery throughout the drill holes.

Drilling intersected a steeply dipping lode from 13 metres down hole depth and over a down-hole width of 6 metres. The lode remains open at depth and along strike. Details of significant drill intersections (see Table 1), drill collar locations (see Figure 2), a cross-section showing significant intersections (see Figure 3) and all drill location and assay data (see Annexure 1) are contained later in this announcement.

[1] See Desert Mines and Metals Limited (ASX:DSN) ASX release dated 22nd April 2013.

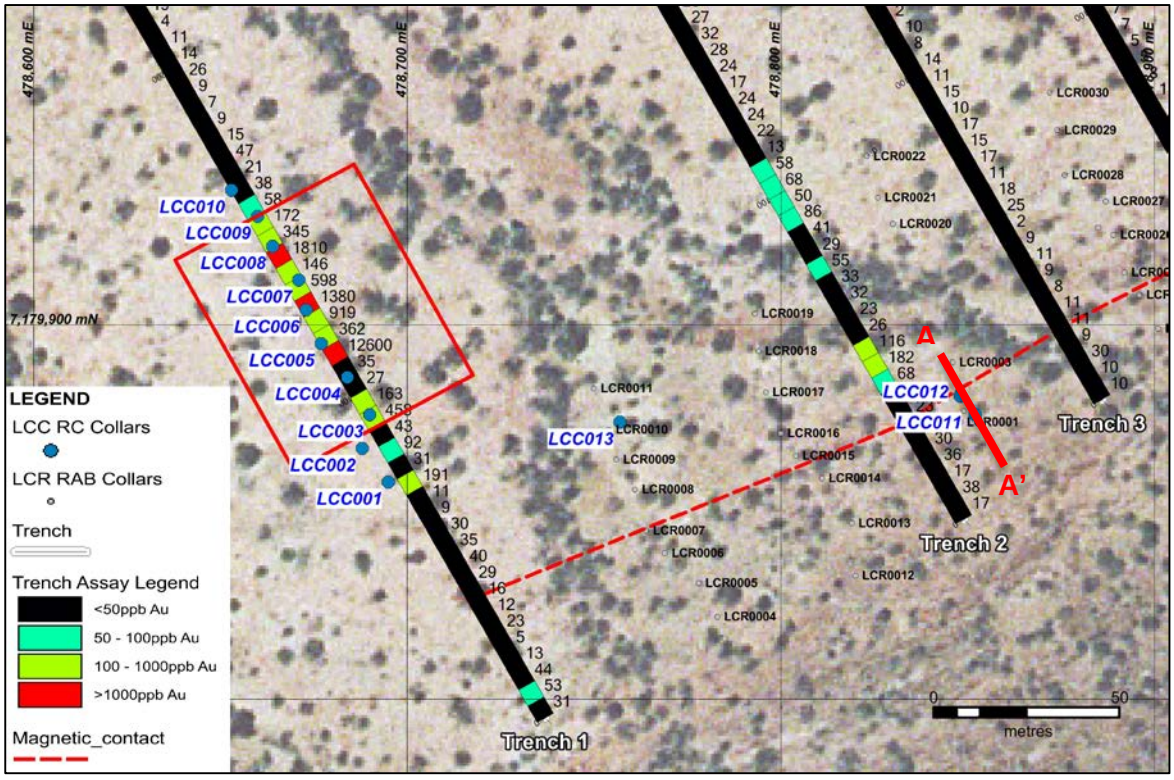

Figure 2 Drill hole collar location plan (MGA94 Zone 50)

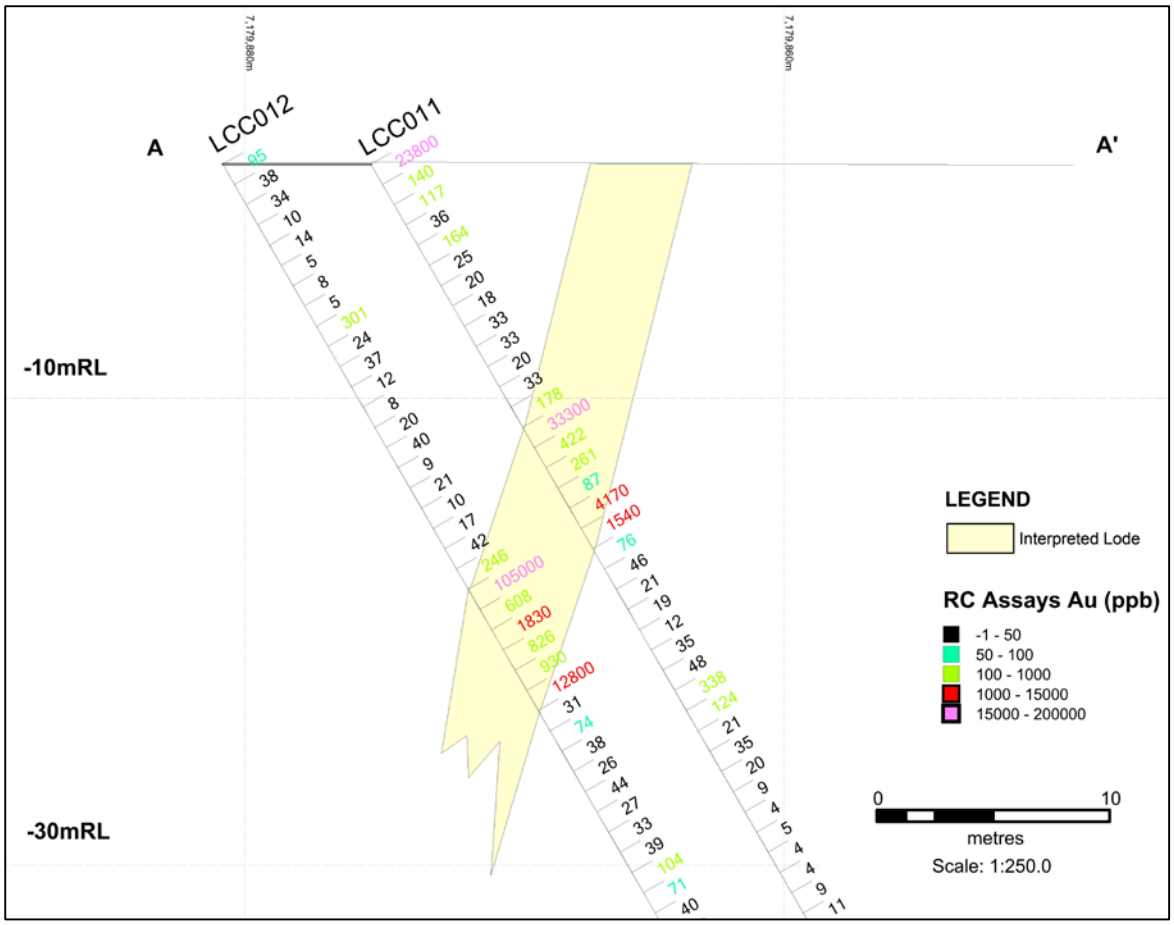

Figure 3 Cross - section showing drill intersections of lode (section A-A', see Figure 2).

HoleID	Easting	Northing	RL	Depth(m)	Dip	Azimuth	From	To	Au g/t	Au rpt g/t
LCC001	478695	7179858	450	22	-60	150	16	17	0.944	
LCC011	478852	7179876	450	40	-60	150	**0**	**1**	**23.8**	**16.7**
LCC011							1	2	0.14	
LCC011							2	3	0.117	0.029
LCC011							4	5	0.164	0.122
LCC011							12	13	0.178	
LCC011							**13**	**14**	**33.3**	**27.3**
LCC011							14	15	0.422	
LCC011							15	16	0.261	
LCC011							**17**	**18**	**4.17**	
LCC011							**18**	**19**	**1.54**	**2.36**
LCC011							26	27	0.338	
LCC011							27	28	0.124	
LCC012	478848	7179881	450	64	-60	150	8	9	0.301	0.247
LCC012							20	21	0.246	0.151
LCC012							**21**	**22**	**105**	**96.5**
LCC012							22	23	0.608	
LCC012							**23**	**24**	**1.83**	
LCC012							24	25	0.826	
LCC012							25	26	0.93	
LCC012							**26**	**27**	**12.8**	**12.5**
LCC012							35	36	0.104	

Table 1 Significant results in Drilling (1m split samples >0.1g/t gold)

RC drilling also tested a significant gold anomaly defined by shallow trenching (see Lodestar's ASX release dated 3rd September 2015). Drilling was completed on a single traverse corresponding to the trace of the trench (see Figure 2). A total of 10 holes were completed along the traverse with the best intersection of 0.9g/t gold reported from LCC001. The drill program did not identify the cause of this anomaly and Lodestar will evaluate the results and continue to investigate the source of mineralisation.

The outstanding results from the RC drilling confirm the potential for further high-grade lode gold within the Big Sky region where little exploration and minimal drilling has been completed along the prospective Petter Calc-silicate contact zone. The results demand follow up drilling which will be planned following the compilation and interpretation of multi-element geochemical data to enhance drill targeting.

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 dated 28th August 2015 "First-pass drill results from Big Sky Gold Prospect" and 3rd September 2015 "Trenching Results Define New Gold Target at Big Sky". This announcement is 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.

About Camel Hills

The Camel Hills project is located 170 kilometres northwest of Meekatharra and 60 kilometres south and east of Gascoyne Resource's Glenburgh gold deposits (1Moz Au). 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. Re-worked craton margins are a favourable location for the formation of world-class orebodies, including orogenic gold deposits (e.g. Tropicana). The Errabiddy Shear Zone was 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 area. Limited drilling completed by previous explorers is not regarded as a conclusive test of the gold potential at Camel Hills.

JORC CODE 2012

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Reverse circulation (RC) drill holes were sampled at 1 metre intervals from a cyclone and cone splitter; a 5.5 inch face-sampling hammer bit produced samples of approximately 30 – 35kilograms per 1 metre interval. The bulk sample is retained in plastic bags and a 2.5kg to 3kg split sample was submitted for assay. • Sampling was carried out using a face-sampling hammer bit to minimize contamination, as no wet samples were encountered there was minimal loss of fine material. Drill sampling equipment was cleaned regularly to minimise contamination. • RC chips were collected via a fixed cone splitter mounted to the rig beneath a 1350cfm cyclone. • The split sample is pulverized with a final split to produce a 40g charge for analysis of Au and S by aqua regia digest and ICP-MS and ICP-OES, respectively.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• RC drilling to a maximum depth of 64m using a 5.5 inch face-sampling hammer bit. Maximum drill spacing of 10 metres to ensure vertical overlap of drill holes along the traverse.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Qualitative estimation of sample recoveries, with poor recovery and/or wet samples recorded in the data logs. • Use of a face-sampling hammer bit and drilling of dry samples. • No relationship between sample recovery and grade has been observed, samples were dry and recoveries were good with minimal loss of fine material.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• All RC samples are geologically logged in 1 metre intervals and the data recorded in a digital relational database after data validation. As this drilling forms part of an early stage exploration project there is insufficient information to support a Mineral Resource estimation. • Logging is based on subjective visual estimation and identification and is qualitative in nature. • All RC drill holes are geologically logged to the end of hole.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC samples submitted for assay are dried, crushed and pulverized to 90% passing -75 microns. The pulverized sample is split with a rotary sample divider to produce a 40g charge. All samples submitted for assay were collected through the cyclone/splitter as dry samples. All samples are stored in pre-numbered bags and submitted to Ultra Trace Laboratories for sample preparation and assay. • Duplicate analyses are performed by the laboratory to identify sub- sampling errors. Lodestar routinely submits field duplicates and certified reference standards for assay. • The results of duplicate and reference standards samples are included in the laboratory report and are evaluated to identify sampling errors. • Sample size is appropriate for early stage exploration drilling when the grain size characteristics of mineralisation have not been defined.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• A 40g charge is digested with aqua regia and gold determined by ICP-MS, the detection limit is 1 ppb. This is a partial digest although it is extremely efficient for the extraction of gold. Sulphur was analysed from the aqua regia solution by ICP-OES. • No geophysical tools were used to determine any element concentrations. • Laboratory QAQC involves the use of internal laboratory standards and replicate samples. Lodestar's certified reference standards (1 in 50) and field duplicates (1 in 50) were inserted throughout the program. Results indicate that ample assay values are accurate and repeatable.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections have not been independently validated at this time. • No twinned holes have been completed. • Field and laboratory data were collected electronically and entered into a relational database. Data collection protocols are recorded in Lodestar's operations manual. • There has been no adjustment to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collar locations are fixed by handheld Garmin GPSmap 62s, accuracy is estimated to be ± 5 metres. Down hole surveys were not completed in this program. • Drill hole coordinates were recorded in MGA94 Zone 50 grid. • Topography is gently sloping; an average of GPS elevations has been applied.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill holes are spaced at 10 metres along the traverse to test a geochemical anomaly, samples were collected every metre down the hole. • The data is insufficient to establish continuity for Mineral Resource estimation. • Sample compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The RC drilling method does not provide structural information. The orientation of the underlying geology or structures has not been established. Drilling is oriented perpendicular to the strike of lithology, major structures and foliation as determined from local mapping.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored at Lodestar's exploration camp in sealed bags prior to being delivered to Ultra Trace Laboratories by Lodestar staff.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Big Sky prospect is located on E09/2099, within Lodestar's Camel Hills project. The tenement is wholly-owned by Lodestar Minerals. The tenement lies within Native Title Determination Claim WAD 6033/98 of the Wajarri Yamatji People. • E52/2099 expires on 20/05/2020.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Gold exploration commenced at Camel Hills in the early 1990's, Newmont completed regional BLEG sampling of drainages, reporting visible gold from several creeks. A number of explorers have since completed in-fill stream and soil geochemistry, ultimately defining a strong surface gold anomaly in the Camel Hills-Big Sky area. This anomaly was partly tested by widely spaced RC drilling completed by Desert Mines and Metals Limited in 2013. Regional drainage sampling and prospectivity analysis of the Glenburgh 1:250 000 sheet by the GSWA indicates a large, low-level gold anomaly related to a strongly magnetic unit, mapped as the Petter Calc-silicate, within highly metamorphosed terrane of the Errabiddy Shear Zone at the northern boundary of the Yilgarn Craton.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The project area lies within the Errabiddy Shear Zone, at the northern margin of the Yilgarn Craton. The Errabiddy Shear Zone is linked at depth to the Cardilya Fault, a deep crustal structure that separates the Archaean Narryer Terrane from the Palaeoproterozoic Gascoyne Province to the north. • The Errabiddy Shear Zone comprises the Warrigal Gneiss and the Camel Hill Metamorphics. The Camel Hills Metamorphics can be sub-divided into the Petter Calc-silicate and the Quartpot Pelite, the sequence is metamorphosed to upper amphibolite to granulite facies and the Quartpot Pelite displays evidence of widespread partial melting. Gold mineralisation appears to be related to the contact between strongly magnetic Petter Calc-silicate and the Quartpot Pelite.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified*	• Tabulated sample data is provided in Annexure 1, attached.

Criteria	JORC Code explanation	Commentary
	on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Assay data are reported as 1 metre sample intervals. No cutting of high grades has been applied.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Drill holes are oriented at -60 degrees towards 150 degrees (magnetic) at Big Sky, perpendicular to the interpreted strike of the host sequence. The dominant structures mapped at surface dip at 80 to 85 degrees to the north and therefore intercept lengths would approximate twice the true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See Figures 2 and 3 and Table 1.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All drill sample intervals are reported in Schedule 1.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• None to report.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Multi-element assay data from drill samples will be used to map alteration intensity within the prospect area to assist targeting of follow-up RC drilling. The contact between the Petter Calc-silicate and Quartpot Pelite appears to be the primary structural control on lode mineralisation near the southern boundary of the Errabiddy Shear Zone. The extensions to this contact require systematic exploration.

ANNEXURE 1

RC Drill hole locations and Assay Results > 0.1g/t (100ppb) gold

HoleID	Easting	Northing	RL	Depth(m)	Dip	Azimuth	From	To	Au (ppb)
LCC001	478695	7179858	450	22	-60	150	16	17	944
LCC002	478688	7179867	450	22	-60	150	0	22	*nsi*
LCC003	478690	7179876	450	22	-60	150	0	22	*nsi*
LCC004	478684	7179886	450	22	-60	150	0	22	*nsi*
LCC005	478677	7179895	450	22	-60	150	0	22	*nsi*
LCC006	478673	7179904	450	22	-60	150	0	22	*nsi*
LCC007	478671	7179912	450	64	-60	150	0	64	*nsi*
LCC008	478664	7179921	450	22	-60	150	0	22	*nsi*
LCC009	478660	7179929	450	64	-60	150	0	64	*nsi*
LCC010	478653	7179936	450	22	-60	150	0	22	*nsi*
LCC011	478852	7179876	450	40	-60	150	0	1	23800
LCC011							1	2	140
LCC011							2	3	117
LCC011							4	5	164
LCC011							12	13	178
LCC011							13	14	33300
LCC011							14	15	422
LCC011							15	16	261
LCC011							16	17	87
LCC011							17	18	4170
LCC011							18	19	1540
LCC011							26	27	338
LCC011							27	28	124
LCC012	478848	7179881	450	64	-60	150	8	9	301
LCC012							20	21	246
LCC012							21	22	105000
LCC012							22	23	608
LCC012							23	24	1830
LCC012							24	25	826
LCC012							25	26	930
LCC012							26	27	12800
LCC012							35	36	104
LCC013	478757	7179874	450	20	-90	0	0	20	*nsi*

nsi – no significant intersection