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ASX Limited

Electronic Lodgement

PEAK HILL - DOOLGUNNA PROJECT: Multi – element geochemical anomalies at McDonald Well significantly enhance recently identified VTEM anomalies

- ***B12 VTEM anomaly has apparent associated dispersion halo of As-Sb-Bi-Mo with associated Cu and Zn covering an area of approximately 800m x 500m south of the VTEM anomaly***
- ***B20 VTEM anomaly is associated with a combined Cu-Zn-As anomaly immediately east of the conductor***

Lodestar Minerals Limited (Lodestar, ASX code: LSR) is pleased to advise that a review of historic geochemical sampling data has identified a number of multi-element geochemical anomalies at the McDonald Well copper prospect on E52/2456. The geochemical anomalies are co-incident with several of the VTEM (versatile time domain electromagnetic) anomalies reported by Lodestar (see Lodestar's announcement to the ASX dated 29th June 2010) and significantly enhance the potential of these priority exploration targets.

Introduction

The Peak Hill - Doolgunna region hosts Sandfire Resource's DeGrussa – Conductor 1 deposit (7.13Mt at 5.2% Cu and 1.9g/t Au), Sipa Resource's Thaduna Copper project adjacent to Lodestar's Ned's Creek tenements and the Northling copper prospect being explored by Dominion Mining, (Figure 1).

Lodestar conducted extensive VTEM surveys over areas of the Peak Hill – Doolgunna project during the initial phase of regional exploration for sediment-hosted stratabound copper mineralisation or structurally emplaced variants. A review of historic geochemical data is progressing concurrently with the VTEM geophysics program and continues to generate quality exploration targets.

Historic Geochemistry

A review of historic auger sampling completed over the sedimentary sequence of the McDonald Well prospect by CRA in 1989-1990 has revealed a number of multi-element geochemical anomalies associated with recently identified discrete VTEM conductors (Figure 2). The geochemical anomalies have been classified as multi-element **As-Sb-Mo-Bi**; **As** and **Cu**. Figure 2 illustrates the overlapping distribution of these anomaly types;

- A large As-Sb-Mo-Bi-Cu anomaly is associated with the modelled **B12** VTEM conductor at the northern end of the survey with maximum values of **199ppm Cu; 74ppm Zn; 90ppm As; 5.2ppm Sb; 1.16ppm Bi and 10.8ppm Mo.** The anomaly has a roughly triangular shape with the apex located over the B12 conductor.
- A combined **Cu (maximum 502ppm)**, **Zn (maximum 353ppm)** and **As (maximum 76ppm)** anomaly with lesser Sb-Mo-Bi, is associated with the **B20** VTEM anomaly near the southern margin of the survey. This area coincides with siliceous ironstone mapped by WMC (Western Mining) and may be related to a fault structure.
- Additional multi-element geochemical anomalies are associated with less well defined VTEM targets near McDonald Well.

Conclusion

- Co-incident multi-element geochemical anomalies identified in historic auger sampling are indicative of a sulphide origin and provide confirmatory evidence of the potential of the McDonald Well VTEM conductors, further enhancing adjacent and nearby VTEM conductors as priority drill targets

- Large areas of the Ned's Creek tenements and the McDonald Well area remain untested by geochemistry and additional geochemical programs are planned to in-fill areas that are amenable to surface sampling

Lodestar is highly encouraged by the opportunity presented by our evolving understanding of the McDonald Well area and is working to achieve the commencement of field programs as soon as practicable.

Yours Sincerely,

Bill Clayton
Managing Director

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.

Table 1 Auger sampling statistics - McDonald Well

Element	Cu ppm		Zn ppm		As ppm		Sb ppm		Mo ppm		Bi ppm	
	Min	*Max*	*Min*	*Max*	*Min*	*Max*	*Min*	*Max*	*Min*	*Max*	*Min*	*Max*
Range	*16*	*502*	*9*	*353*	*3*	*110*	*0.05*	*5.2*	*0.21*	*10.8*	*0.1*	*1.21*

Note: Interpretation is based on open file data - Auger samples were collected by CRA and submitted to Analabs Laboratory Welshpool for ICPOES/MS determination. Sample size, depth, regolith affiliation and QA/QC procedures were not reported.

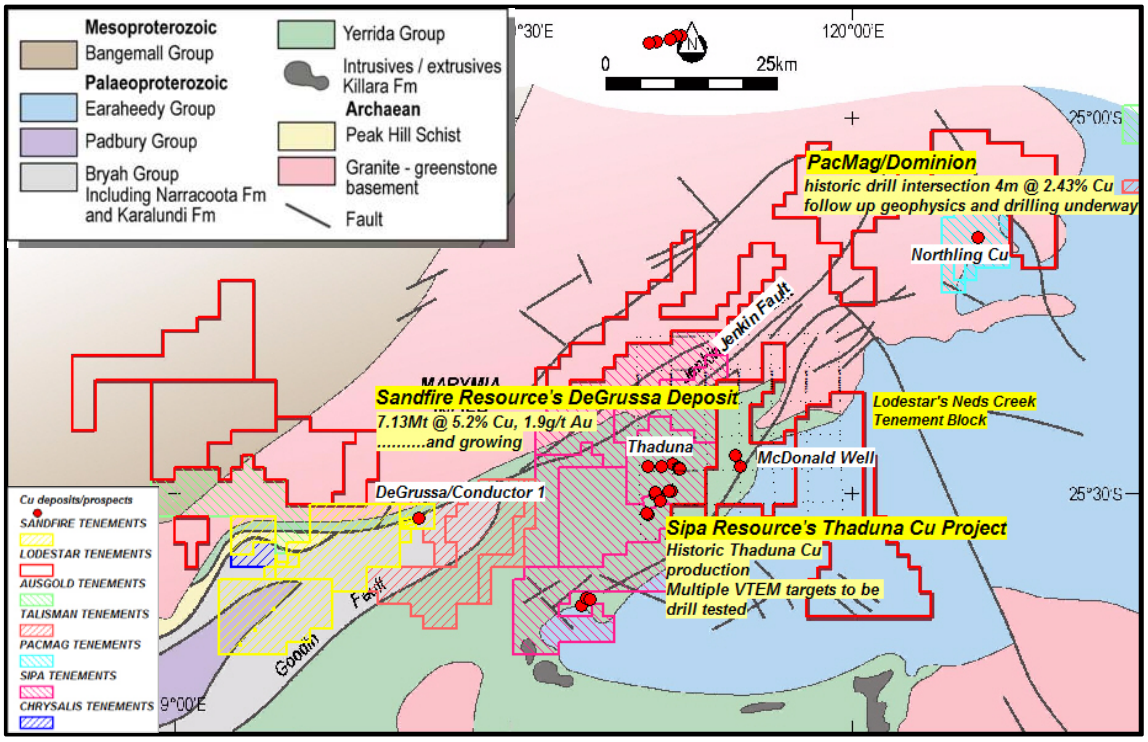

Figure 1 Regional Geology, Copper Deposits/prospects and Tenements

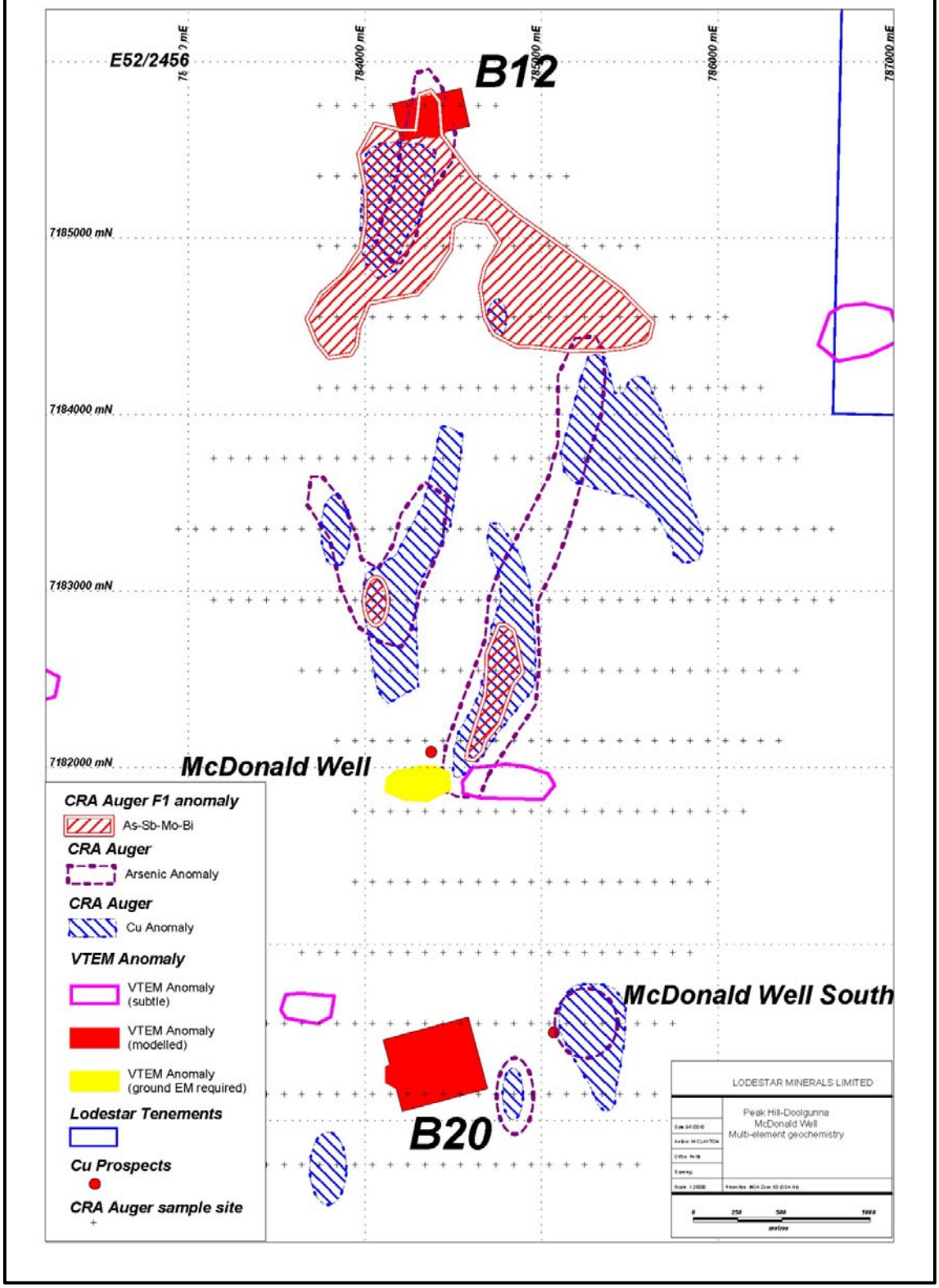

Figure 2 McDonald Well multi - element geochemical anomalies and VTEM conductors