



ASX ANNOUNCEMENT

31 January 2014

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

Bill Clayton, Managing Director
+61 8 9481 5455

Principal Office

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West Perth, WA 6005

Registered Corporate Office

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CAPITAL STRUCTURE

Shares on Issue:
222,233,215 (LSR)

Options on Issue:
9,750,000 (Unlisted)

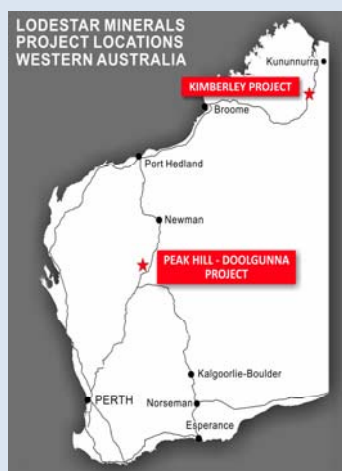
ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold

Kimberley:

Nickel, copper, PGM's



DECEMBER 2013

QUARTERLY ACTIVITIES REPORT

EXPLORATION

Ned's Creek Project

- Interpretation work on the regional setting of the Ned's Creek Project has established that it sits within the northern part of the highly endowed Kalgoorlie Terrane. This setting enhances the significance of the Contessa and McDonald Well East gold prospects as high priority gold opportunities requiring full evaluation.

Other Activities

- The Company has lodged applications for new tenements that lie within highly prospective, mineralised Proterozoic metamorphic belts in Western Australia.
 - Troy Creek – (Cu, Au)
Historic gold and copper anomalies occur within an extensive belt of complexly folded and sheared sediments and mafic intrusives to the north of the Earahedy Basin, 150 kilometres east of Ned's Creek.
 - Fraser Range - (Ni, Cu)
Applications lodged for areas on the northern flanks of the Fraser Range gravity high. The applications are subject to competition and will be decided by ballot.

CORPORATE

- Cost reductions achieved to minimise the Company's business expenses.
- The Company notes recent corporate transactions within the Doolgunna region that indicate a continuing high level of interest in the exploration potential of the district. Measures to accelerate exploration on the Ned's Creek tenements are being actively pursued.



PEAK HILL-DOOLGUNNA

Ned's Creek (E52/2440, E52/2444, E52/2456, E52/2468 & E52/2733)

The Ned's Creek tenements cover 830 square kilometres of the Proterozoic Yerrida Basin and surrounding Archaean greenstone and granite basement. They are located 170 kilometres north east of Meekatharra and 7 kilometres east of the Thaduna-Green Dragon copper mines, currently being evaluated by Ventnor Resources and Sandfire Resources (Figure 1).

The Yerrida Basin contains thick volcano-sedimentary sequences that are bounded by large scale structures, the Jenkin and McDonald Well Faults, and there is good potential for large scale base metal mineralisation adjacent to these structures.

The adjacent Archaean greenstone basement has potential to host significant gold mineralisation, as much of the greenstone on Lodestar's tenements is located within the Wiluna Domain of the productive Kalgoorlie Terrane.

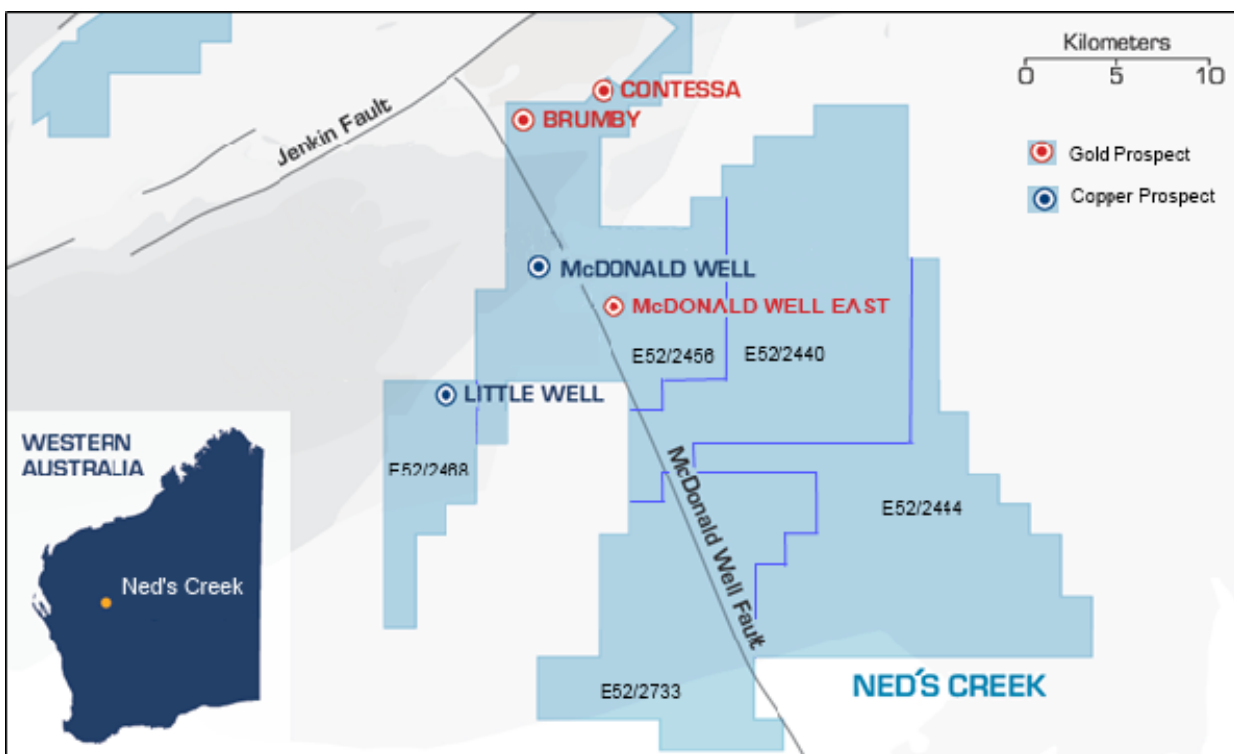


Figure 1 Location Plan showing the main Ned's Creek prospects (Gold-red, Copper-blue)

Exploration by Lodestar at Ned's Creek during 2103 encountered significant results in aircore drilling on 80m spaced sections at the Contessa prospect (including 21m at 3.01 g/t Au from 40m in LNR656; 10m at 5.6g/t Au from 55m in LNR533; 10m at 1.2g/t Au from 50m in LNR545; and 15m at 3.1g/t Au from 40m in LNR546 - previously reported, see Lodestar's (ASX:LSR) ASX announcements dated 25th March and 4th June 2013).

During the quarter a detailed review of the regional setting of the Contessa and McDonald Well East prospects was completed, to determine which geological terrane hosts the mineralisation, the metal endowment of that terrane, and the implications of this for the significance of the 2013 results.



This review, based on work completed by others and interpretation of regional aeromagnetics, gravity and geochronology, concluded that the rocks at Contessa and McDonald Well East are part of the Wiluna Domain of the productive Kalgoorlie Terrane, Australia’s most prolific gold producing region, and that the McDonald Well Fault is a probable extension of the Perseverance Fault, a major mineralisation controlling structure in the northern part of the Kalgoorlie Terrane. The regional tectonic setting of the Ned’s Creek project in relation to the major gold resources of the Yilgarn Craton is shown in Figure 2.

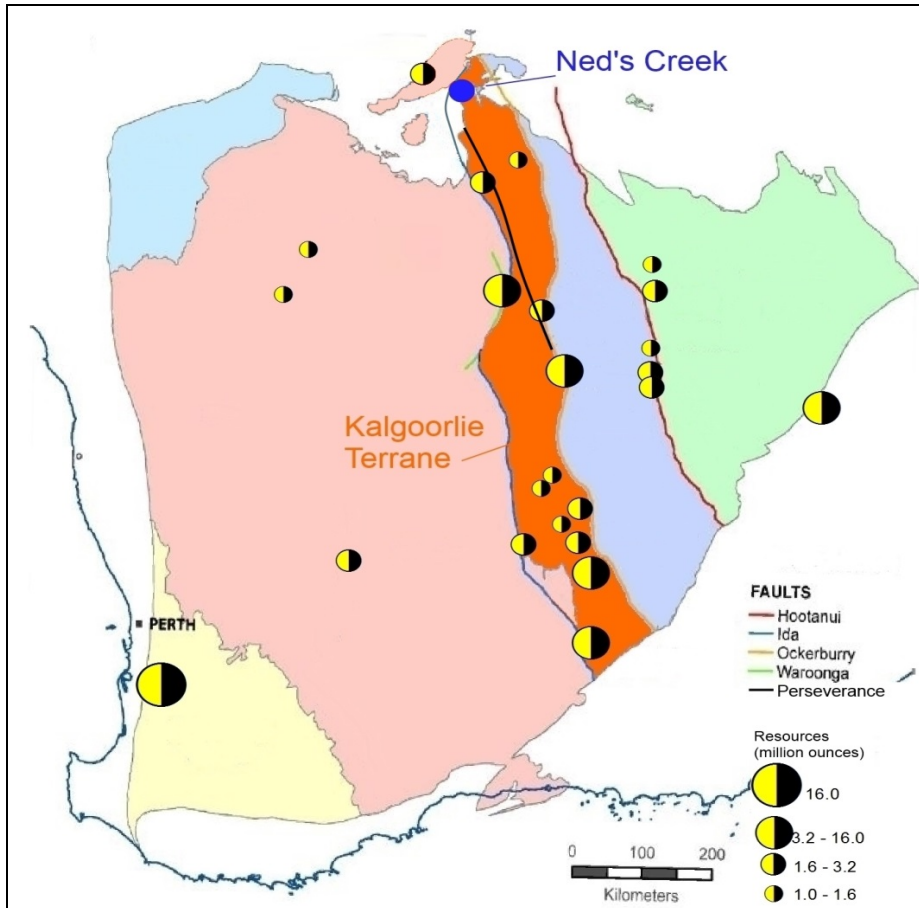


Figure 2 Regional Tectonic Setting of the Ned’s Creek Project

The combined strike extent of regional surface gold anomalies at Contessa and McDonald Well East exceeds 18 kilometres and is open (Figure 3). Drilling is limited and there has been no follow up of the significant results encountered in the 80 metre spaced aircore traverses at Contessa. Away from Contessa, most of the gold anomalous trends are undrilled.

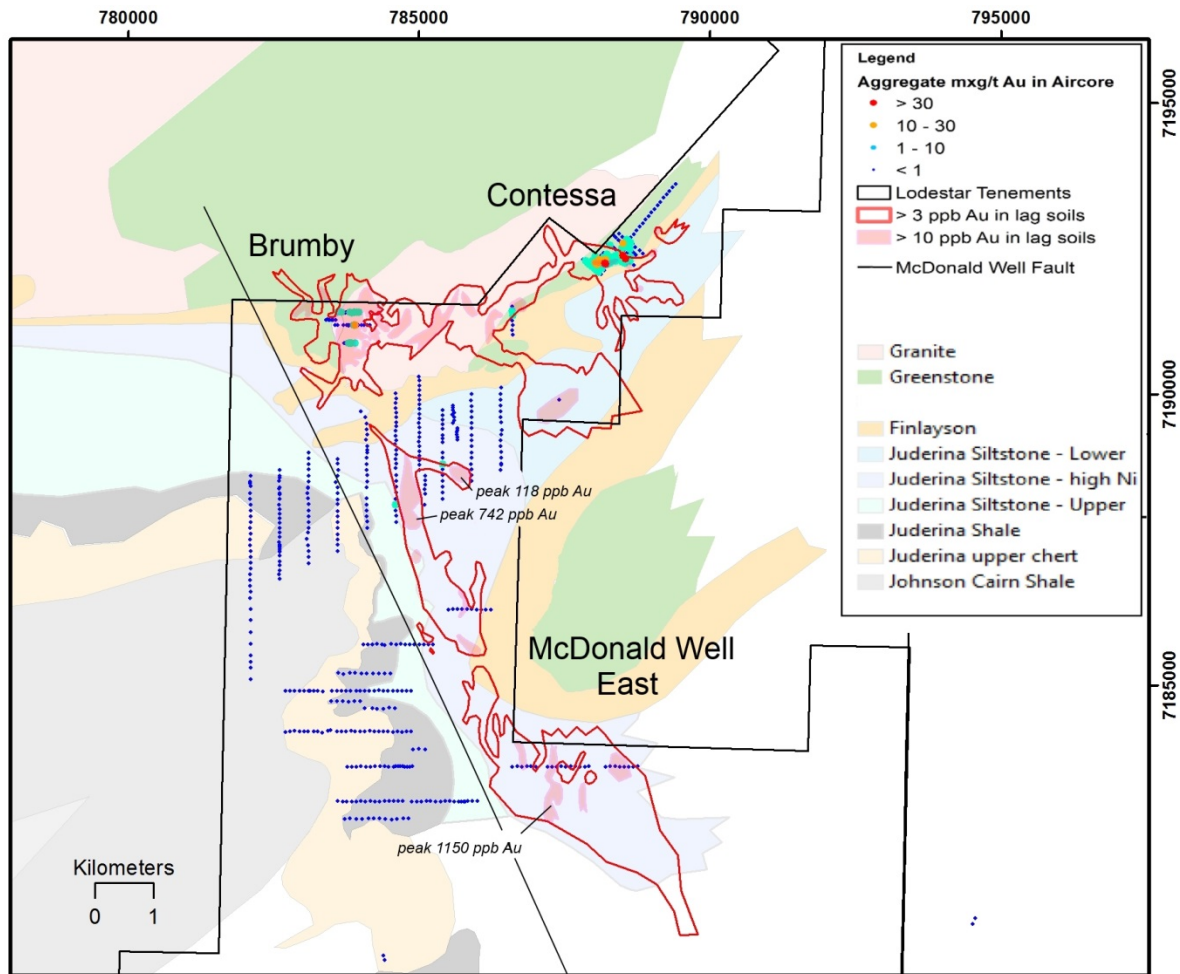


Figure 3 McDonald Well East gold anomaly aligned with the McDonald Well Fault (MGA Zone 50)

The outstanding results achieved in the first pass aircore drilling at Contessa are enhanced by the recognition that they are within the Wiluna Domain of the productive Kalgoorlie Terrane that hosts many world-class gold deposits.

Lodestar has defined a large zone of gold anomalism in a terrane with clear evidence of geological processes that can produce very large deposits, and early drilling has produced excellent results. Proper exploration of this system is required and the Company is working on funding mechanisms to achieve this.

TENEMENT APPLICATIONS

Applications have been submitted recently for a number of exploration licences at Troy Creek and Fraser Range, both areas of high mineral potential.

Troy Creek

The Troy Creek region is located 260 kilometres northeast of Wiluna. Recent dating of the Frere Iron Formation in this region gave ages similar to those expected for the upper Bryah Basin, implying that the rocks stratigraphically below the Frere may be Bryah Basin age equivalents. The Bryah Basin hosts a number of significant copper and gold deposits, including the DeGrussa discovery of Sandfire Resources NL, and equivalent age rocks along the northern margin of the Yilgarn Craton may have similar prospectivity.



Troy Creek has been subject to sporadic exploration dating back to 1990. Exploration completed by Sons of Gwalia, Aztec, Stockdale, Mount Isa Mines (MIM) and most recently Empire Resources, has targeted sediment-hosted base metal (Cu-Pb-Zn-Au), diamonds, shear-hosted epigenetic gold, shale-hosted Au-PGM and IOCG (Cu-U-Au) deposits.

Two applications cover approximately 40 kilometres of strike of a belt of strongly deformed sedimentary and mafic intrusive rocks (the Troy Creek Schists) that are partly exposed to the north of the Earacheedy Basin.

Historic exploration has identified a number of gossanous ironstones developed in pyritic carbonaceous shale, dolomitic siltstone and pyritic chert. The gossans are associated with steeply dipping shear zones and where drilled, display silica-sericite-carbonate-sulphide alteration. The most intensive work has been completed around the Main Gossan (Figure 4) which is anomalous in Au, As, Cu, Ag and Pt. Wide spaced diamond drilling of the gossan completed by Aztec intersected disseminated and massive sulphide mineralisation anomalous in copper and gold. Follow-up drilling has generally been shallow, of limited extent and has not systematically tested geochemical anomalies or potential extensions to mineralisation.

Collectively, the prospects identified at Troy Creek are evidence of a large mineralised zone related to a major northwest trending shear zone and extend over at least 19 kilometres. Lodestar will complete a review of all historic data to confirm exploration targets.

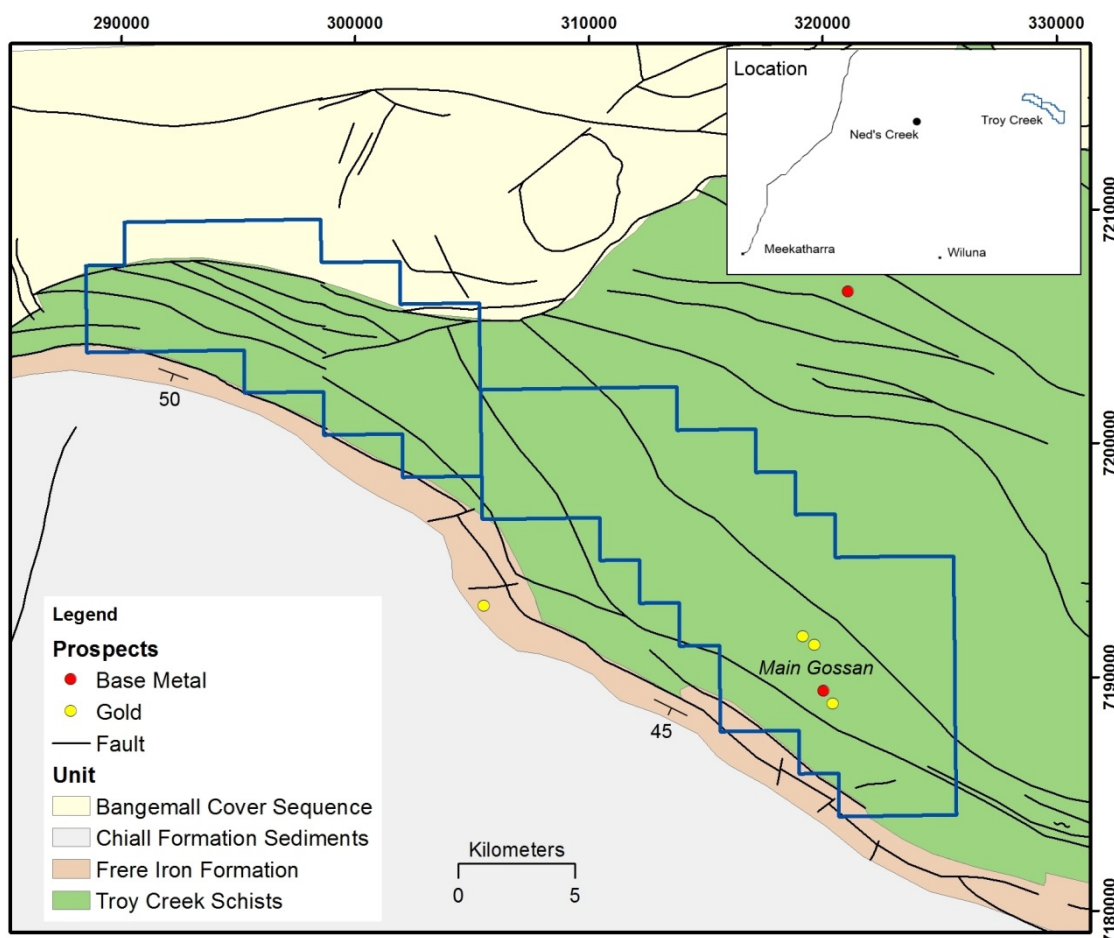


Figure 4 Troy Creek prospect locations - GDA94 Zone 51. Geology based on Nabberu 1:250 000 sheet SG 51-5.



Fraser Range

Lodestar applied for seven exploration licences within the Fraser Range Metamorphic Belt that hosts Sirius Resource's Nova-Bollinger Ni-Cu deposit (10.2Mt at 2.4% Ni, 1.0% Cu and 0.08% Co; source Sirius Resources, 20th March 2013). The applications lie on the northern extension of the Fraser Range gravity high, approximately 100 kilometres north of the Nova discovery (Figure 5). Nova represents a new style of potentially large, mafic-intrusive hosted nickel sulphide deposit in a relatively unexplored and extensive province. The tenement applications are subject to competition and the outcome will be determined by ballot.

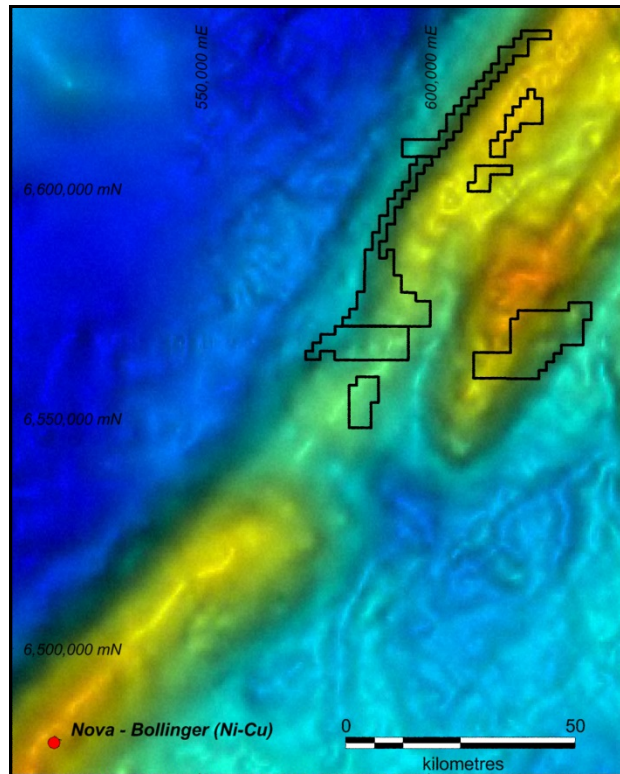


Figure 5 Location Plan - Fraser Range tenement applications on gravity image, showing the outline of the Fraser Range gravity high (GDA94 Zone 51).



CORPORATE

The Company has implemented measures to minimise expenditure and is investigating means of progressing exploration on its promising gold targets at Ned's Creek. The Company is aware of recent corporate activity in the Doolgunna region and a number of options for funding exploration at Ned's Creek are being considered.

A handwritten signature in blue ink, appearing to read 'Bill Clayton'.

Bill Clayton Managing Director

Bill Clayton
Managing Director
Lodestar Minerals Limited
Tel: +61 8 9481 5455

Competent Person's Statement

The information in this report that relates to exploration results is based on information compiled by Bill Clayton, a Competent Person, who is a member of the Australian Institute of Geoscientists. The information in this announcement that relates to previously released exploration results was disclosed under JORC Codes 2004 and 2012 for the Contessa Prospect. This information is extracted from reports entitled "Significant Gold Results from Contessa", created on 25th March 2013 and "Significant Gold Discovery at Contessa" created on 4th June 2013 and is available to view on www.lodestarminerals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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.

Bill Clayton is Managing Director and a full-time employee of the Company. Bill Clayton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Bill Clayton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



APPENDIX 1 Schedule of Exploration Tenements as at 31st December 2013

Tenement Number	Registered Holder	Date Granted	Area (Graticular Blocks)	Notes
E52/2403	Lodestar Minerals Limited – 100%	11/12/2009	54	
E52/2512	Money, Glenn – 100%	9/9/2010	16	1
E52/2440	Money, Glenn – 100%	20/8/2010	70	1
E52/2444	Money, Glenn - 100%	17/9/2010	70	1
E52/2456	Money, Glenn – 100%	17/9/2010	66	1
E52/2468	Money, Glenn – 100%	17/9/2010	17	1
E52/2492	Money, Glenn – 100%	20/8/2010	70	1
E52/2493	Money, Glenn – 100%	17/9/2010	23	1,2
E52/2733	Lodestar Minerals Limited -100%	23/10/2012	50	
E52/2734	Lodestar Minerals Limited – 100%	24/8/2012	3	

1 – tenements are currently being transferred to Lodestar Minerals

2 – partial surrender in 2013, area reduced by 67%

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")

31 DECEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(140)	(399)
(b) development	-	-
(c) production	-	-
(d) administration	(197)	(378)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received / (paid)	-	-
1.7 Other -	-	-
Net Operating Cash Flows	(333)	(762)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(22)
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	-	(22)
1.13 Total operating and investing cash flows (carried forward)	(333)	(784)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(333)	(784)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(333)	(784)
1.20	Cash at beginning of quarter/year to date	1,158	1,609
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	825	825

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	100
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. A percentage of the Managing Director's salary has been capitalised to exploration activities.

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

None

- 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

None

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	40
4.2 Development	-
4.3 Production	-
4.4 Administration	127
Total	167

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	125	458
5.2 Deposits at call	700	700
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	825	1,158

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 **	222,233,215	222,233,215	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A	N/A	N/A	N/A
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>	2,500,000 2,250,000 5,000,000	- - -	<i>Exercise price</i> Various Various 5 cents	<i>Expiry date</i> 29 November 2016 8 May 2017 16 December 2017
7.8 Issued during quarter	5,000,000	-	5 cents	16 December 2017
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Expired 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:  Date: 31 January 2014
Company Secretary

Print name: David M 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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