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14 000M DRILLING PROGRAM TO TEST MCDONALD WELL AND MARYMIA BASE METAL TARGETS AT LODESTAR'S PEAK HILL-DOOLGUNNA PROJECT IN WA

HIGHLIGHTS

- **12,000m drilling program planned to test multiple copper, gold and base metal anomalies at its McDonald Well prospect at the flag-ship Peak Hill – Doolgunna project.**
- **2000m drilling program to test geochemical anomalies and VTEM (versatile time domain electromagnetic) conductors at the Transformer prospect (Marymia – E52/2492).**
- **A soil sampling program designed to refine multi-element anomalies identified in the regional lag data is continuing along strike from the Transformer prospect.**

Western Australian gold and base metals explorer, Lodestar Minerals Limited (**ASX: LSR**, "**Lodestar**" or the "**Company**") is pleased to advise that a 280 hole RAB and RC drilling program is planned to test multiple geochemical and EM (electromagnetic) conductor targets at the Company's flagship Peak Hill - Doolgunna project in the Murchison region of Western Australia (Figure 1). The drilling program is scheduled to commence in late August 2011, subject to receiving statutory and Aboriginal Heritage clearances.

McDonald Well (E52/2456)

An intensive drilling campaign is planned to target sediment–hosted copper and base metal (SEDEX) mineralisation in the McDonald Well area (E52/2456), located 14 kilometres north-east of Sipa Resources' (ASX: SRI) Thaduna copper deposit. SEDEX deposits are base metal sulphide deposits that are commonly hosted by organic-rich sediments (carbonaceous shales).

The McDonald Well prospect is located on the north eastern margin of the Yerrida Basin within a sequence of folded sediments that are traversed by prominent northwest and east northeast trending structures. In SEDEX systems discharge of metal-bearing hydrothermal fluids is commonly focussed at the intersection of faults that control local basin architecture.

At McDonald Well anomalous copper and pathfinder elements (As, Cd, Mo, Sb, Sn, Te) are associated with a carbonaceous shale unit at the interface of the Juderina and Johnson Cairn Formations (Figure 2) extending over a strike distance of approximately 7 kilometres. The RAB drilling program of 240 holes is designed to test priority geochemical (multi-element) and associated EM and magnetic targets.

Three of the stronger EM conductors (B8, B14A and B18A) are located down-plunge of copper anomalies and are targeted for deeper RC drilling.

Other targets to be tested by the RAB program include

- A gold anomaly with values of up to 374ppb Au reported in lag samples; the anomaly is associated with a northwest trending magnetic feature that is also evident as a broader halo in the copper data (Figure 2)

- A strong Bi, Mo, Ag anomaly, identified in lag sampling, associated with a northeast trending structure at the intersection with the granite – sediment contact (Figure 2)

Marymia (E52/2492) – Transformer Prospect

The T1 and T2 VTEM conductors identified at the Transformer prospect (see Lodestar's ASX release dated 10 June 2011) will also be tested by RAB and RC drilling.

RAB drilling will test geochemical soil anomalies up-dip from the conductors, while the conductors themselves will be tested by deeper RC drilling (Figure 3).

Currently, additional soil sampling is being completed over an area on the northern margin of the sedimentary sequence where 1 kilometre-spaced lag sampling has identified coincident Ag, As, Bi, Mo, Pb and Sn anomalies over a strike distance of 4 kilometres. These elements are part of a suite of ore-forming and associated elements that are characteristic of SEDEX-style mineralisation.

Aboriginal heritage clearance applications have been lodged for all proposed work at McDonald Well and Marymia, and drilling will commence once clearance has been received.

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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 Western Australian 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 2000 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 is embarking on an aggressive exploration program to assess the excellent potential of the emerging and under-explored north Murchison base metal province.

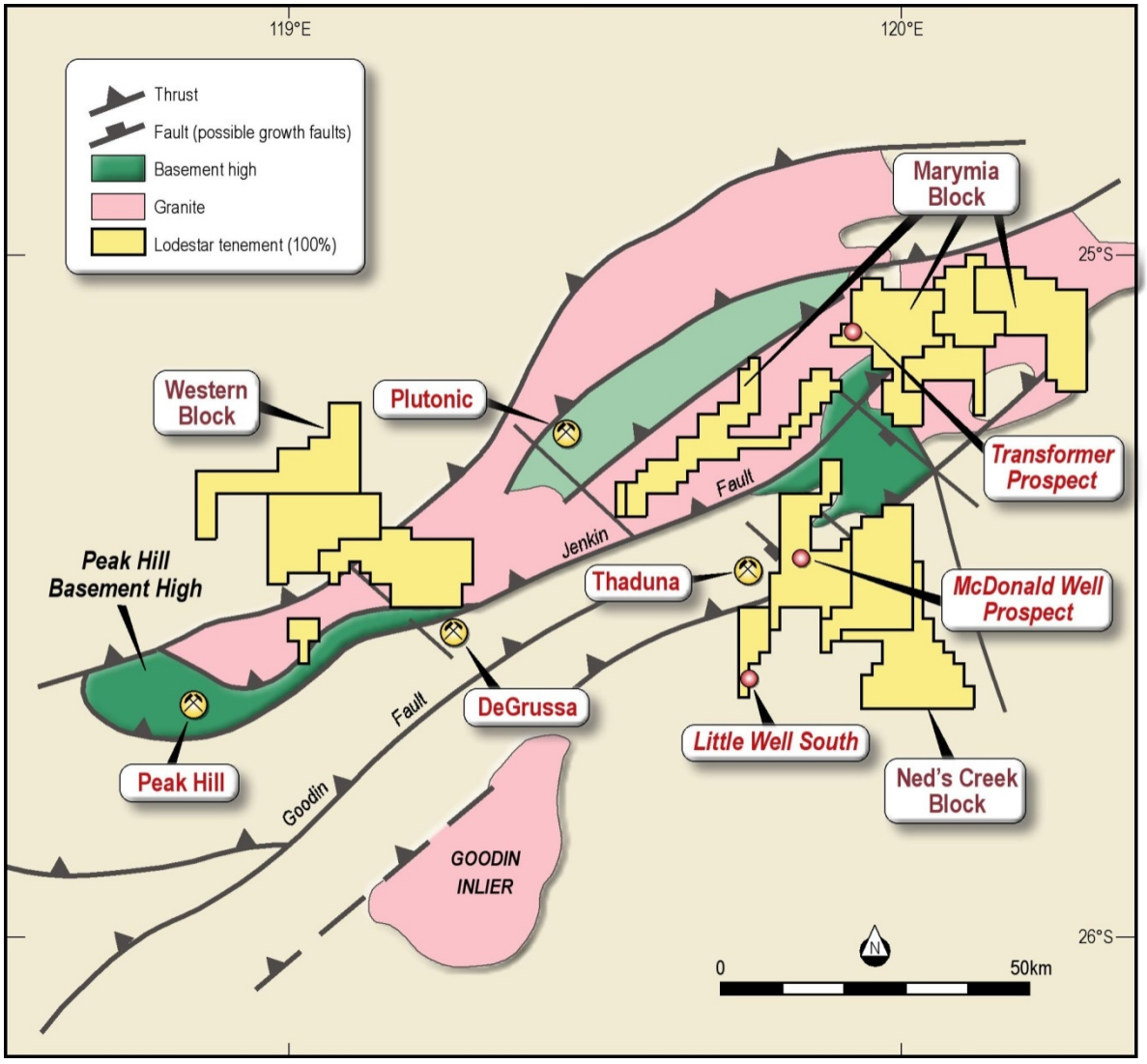

Figure 1 Location Plan, Ned's Creek and Marymia Tenements, Peak Hill-Doolgunna Project

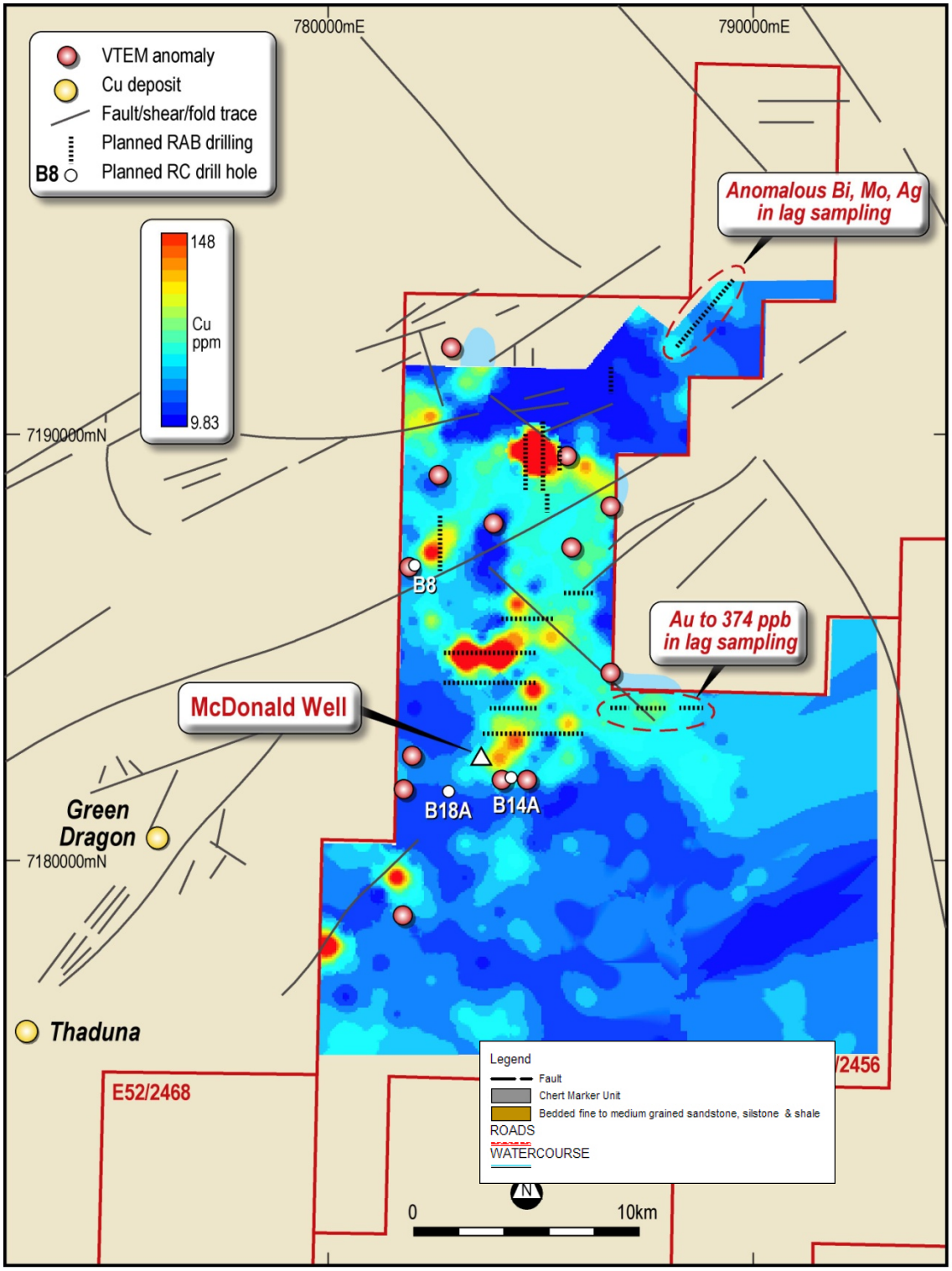

Figure 2 Planned drill program, McDonald Well showing copper distribution

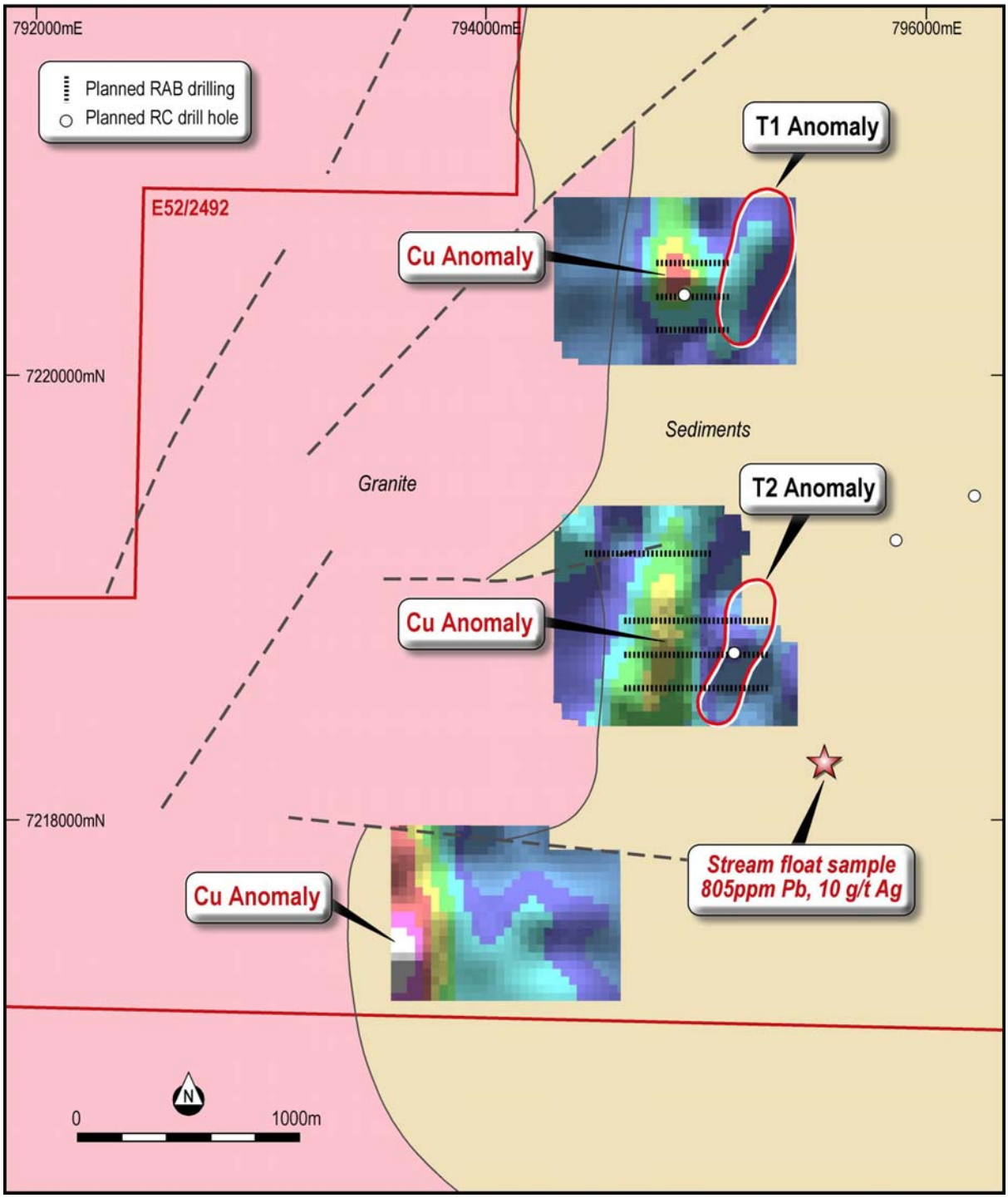

Figure 3 Planned drill program, Transformer prospect