ASX ANNOUNCEMENT **13 October 2011**

COMPANY SNAPSHOT

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CAPITAL STRUCTURE
Shares on Issue:
88,989,477 (LSR)

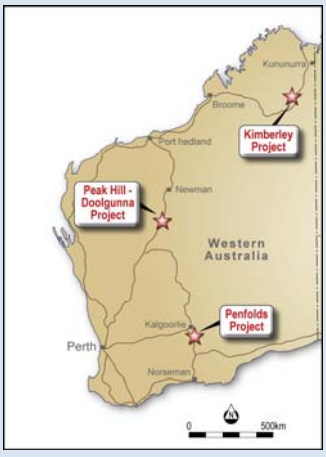
Options on Issue:
7,000,000 (Unlisted)

ASX: LSR

PROJECTS
Peak Hill – Doolgunna:
Base metals, gold

Penfold:
Nickel

Kimberley:
Nickel, copper, PGM's



LODESTAR MINERALS IDENTIFIES LARGE NEW DRILLING TARGET AT NED'S CREEK

- **Recent sampling of outcropping quartz veining bearing visible sulphide mineralisation has returned anomalous values of gold, silver and other minerals. Maximum values for the two samples analysed to date are 17.9 g/t Ag, 0.46g/t Au, 798ppm Bi, 569 ppm Mo and 798 ppm Pb.**

- **The veins were discovered during follow up of earlier regional lag geochemical sampling that identified a Bi-Mo-Ag anomaly extending over 2.5 kilometres, parallel to the contact between granite and sediments of the Yerrida Basin. A major north west trending structure is interpreted to intersect the granite-sediment contact in this area.**

- **The Bi-Mo-Ag anomaly represents a new target at Neds Creek, within Lodestar's highly prospective Peak Hill – Doolgunna project area and is located on the same east northeast structural corridor that hosts Sipa Resource's Enigma copper anomaly and lag sample copper anomalies within Lodestar's tenement E52/2456 (Figure 1). A single line of RAB drilling, planned prior to the discovery of the mineralised veins, will provide a preliminary test of the anomaly. There is no evidence of previous drilling in the area.**

Western Australian gold and base metals explorer, Lodestar Minerals Limited (ASX Code: **LSR**), (”Lodestar”, or the “Company”) is pleased to advise that recent sampling of outcropping quartz veining located at the Neds Creek prospect in the Company’s Peak Hill - Doolgunna Project has returned highly anomalous results for gold, silver, bismuth, molybdenum, lead and tellurium (Table 1; the “Contessa” anomaly).

The veining is associated with Bi–Mo and Ag anomalies evident in regional lag geochemical samples and occurs within the Marymia granite in close proximity to the granite-sediment contact. The relationship between the quartz veining, lag geochemistry and interpreted geology and aeromagnetic data is shown in Figures 2 & 3. Two discrete gold anomalies of 35ppb and 40ppb Au, also located within granite south west of the Contessa area, are untested.

In-fill soil sampling over the area of the Contessa anomaly, on a 200m by 50m grid, is now complete. The in-fill sampling includes the area of the vein outcrop and the extension of the Ag and Bi-Mo anomalies to the north east where shallow cover is present. Photographs of the outcrop and recent samples are shown in Figures 4 to 6.

Table 1 Initial assays, Contessa prospect

Sample Number	MGA North	MGA East	Au (ppb)	Ag (ppm)	Bi (ppm)	Mo (ppm)	Pb (ppm)	Te (ppm)
R407075	7192315	787669	464	10.1	108	529	798	1
R407081	7192378	787570	87	17.9	798	569	722	0.7

Rock samples were crushed and pulverised and analysed using a 25g sample, aqua regia digest and ICP-OES or ICP-MS determination

The metal association (Ag-Bi-Mo) is characteristic of a magmatic-hydrothermal system (granite intrusion –related) and the immediate work program (including geological mapping, sampling and additional geochemical surveys if required) will assess the potential for extensions to mineralisation, as suggested by the size of the lag geochemical anomaly.

Marymia Drilling

Four RC drill holes and thirty seven RAB drill holes were completed on the E52/2492 exploration licence during September. The drilling program was designed to test two VTEM anomalies (Transformer Prospect) on the western margin of a Proterozoic sedimentary basin. Previous surface sampling identified anomalous Ag and Pb in stream float samples adjacent to the VTEM anomalies. The drilling program intersected a black shale unit overlying the basal chert horizon and this is believed responsible for the VTEM anomaly.

Gossanous surface samples of chert breccia, collected near the base of the sedimentary sequence, have been identified as pyritic stromatolite (micro organisms) that accumulated as a result of the venting of iron-rich hydrothermal fluids from fault zones during basin development. The identification of pyritic units and the base metal geochemical suite noted in lag and soil geochemistry reinforces the potential of the basin to host SEDEX–style base metal mineralisation, which commonly displays lateral zoning to distal units containing iron, phosphate, barite or silica.

The recently completed drilling program was generally too shallow to intersect the basal sediments beneath the black shale, except for those drill holes on the western end of the RAB traverses. The samples from the RC program have been submitted for analysis and results will be reported as they come to hand.

Ned's Creek Drilling

The Ned's Creek RAB drilling program is currently scheduled to commence on 20 October 2011.

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 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 Perth-based explorer with projects in the Kimberley, Peak Hill and Kalgoorlie regions. Lodestar acquired its "Flagship" 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 2200 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.

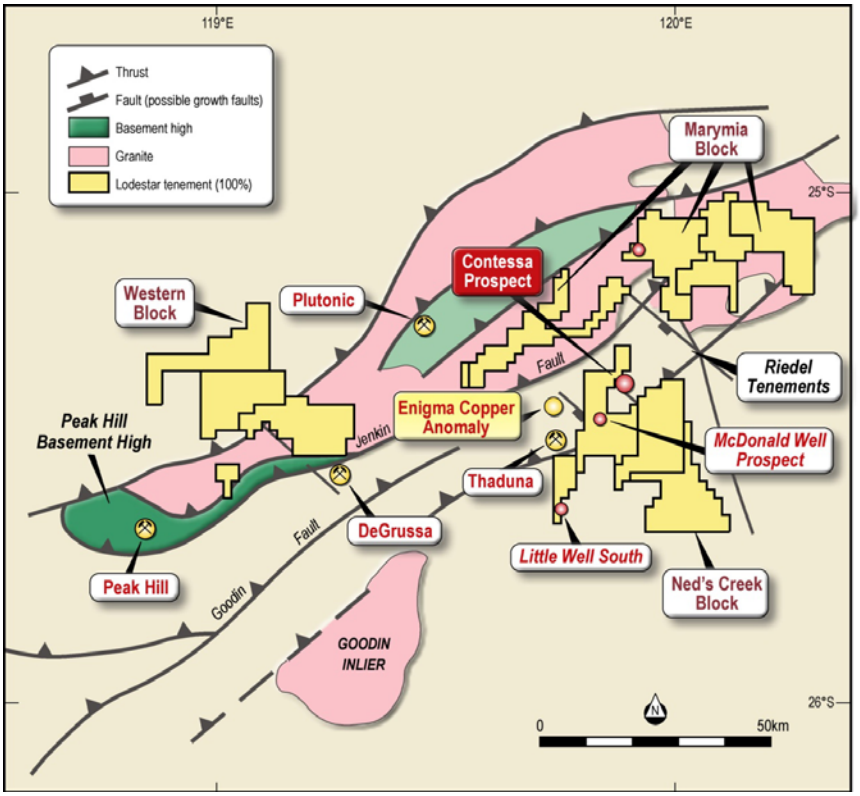


Figure 1 Peak Hill-Doolgunna project showing the location of the Neds Creek tenements and the Contessa Prospect

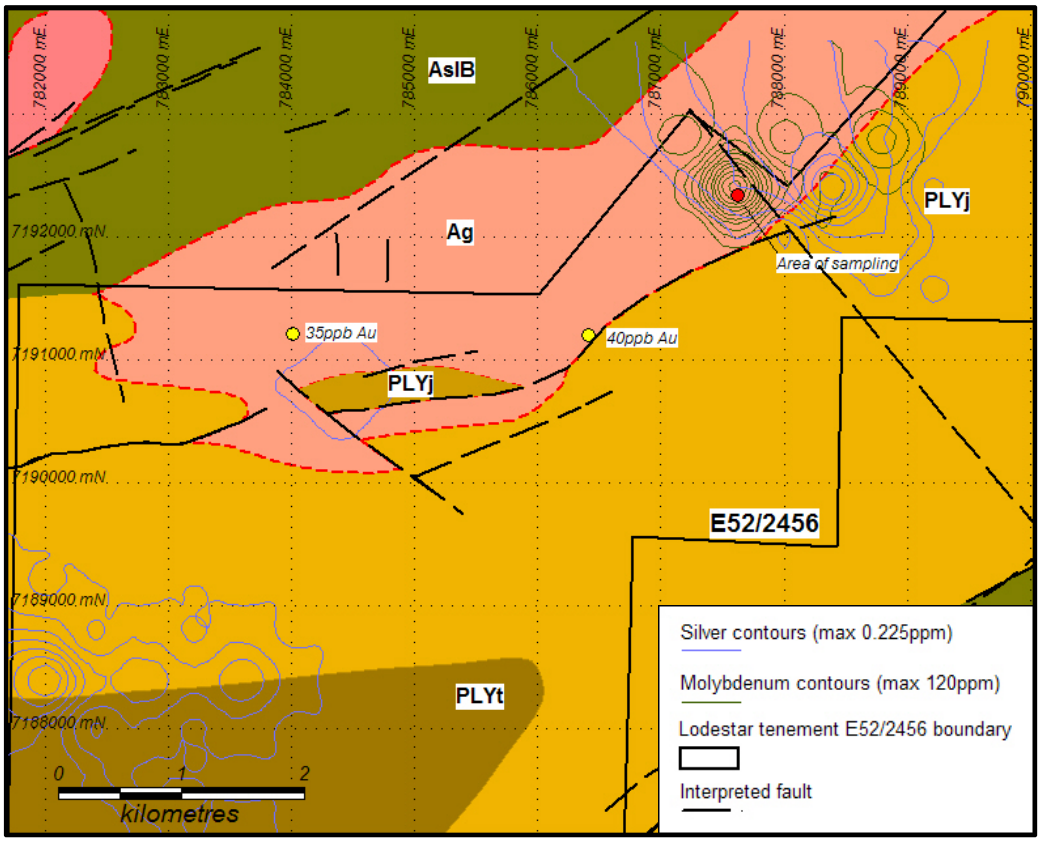


Figure 2 Interpreted geology - Contessa Prospect, showing lag geochemical anomalies and vein sample location. Ag - granite; AsIB – Archaean sediments; PLYj – Judarina Fm; PLYt – Thaduna/Johnson Cairn Fm

EXPLORATION UPDATE

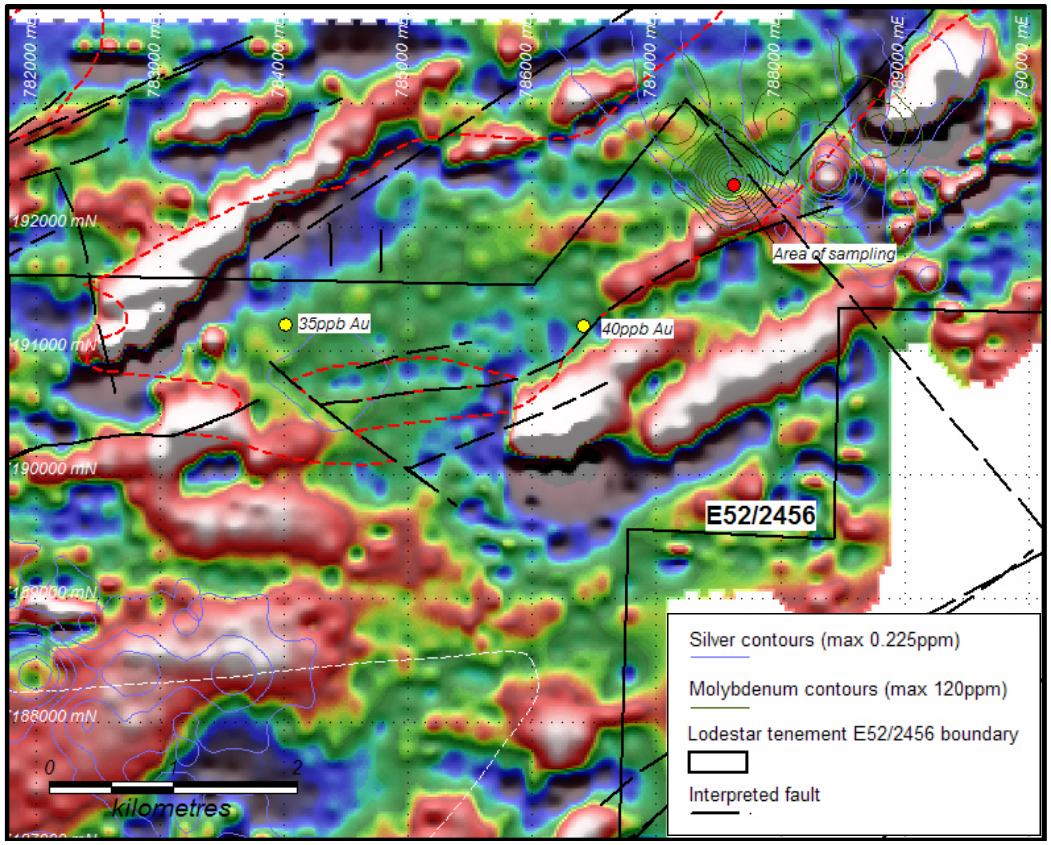


Figure 3 Aeromagnetic image (TMI-1st vertical derivative) - Contessa Prospect, showing lag geochemical anomalies.

Figure 4 View of quartz vein outcrop - Contessa Prospect

Figure 5 Coarse molybdenite in quartz vein

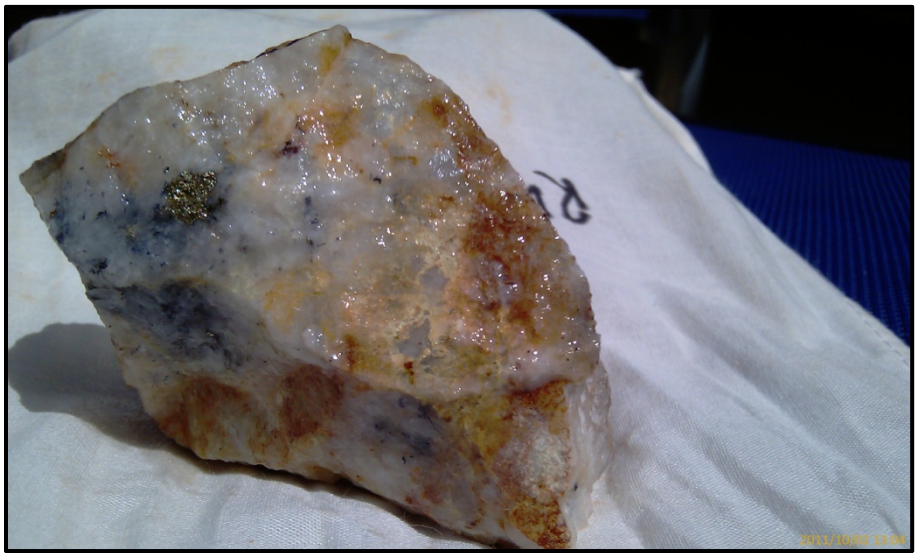


Figure 6 Coarse aggregate pyrite in quartz vein