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ASX Limited

Electronic Lodgement

EXPLORATION UPDATE: PEAK HILL – DOOLGUNNA PROJECT

Key Points:

- Granting of the final four Peak Hill – Doolgunna tenements
- Heritage agreements signed with two of three native title parties and in principal agreement reached with the remaining native title party
- Heritage notice submitted prior to commencing regional geochemical sampling program on the Western Project
- Neds Creek drilling to proceed as soon as possible
- Forward exploration program outlined

Following the successful completion of a recent capital raising, Lodestar Minerals Limited (Lodestar, ASX Code: LSR) is pleased to advise that the final four tenements comprising Lodestar's 100% owned Peak Hill – Doolgunna project (see Figures 1 and 2) were granted on 17th September 2010. Importantly, three of the tenements are located in the Neds Creek project area and the grant of these tenements will allow the initial drill program to test the VTEM targets identified at McDonald Well and surrounding areas to proceed, subject to heritage clearance.

Lodestar has reached in principal agreement with the representatives of the Yugunga Nya native title claim, covering the Neds Creek tenements and we expect to sign a native title agreement once legal documents have been prepared. Lodestar will then have native title agreements in place with the three native title groups whose areas include the Peak Hill – Doolgunna tenements.

Exploration programs for the three project areas have been developed and are summarised below. A field trip to the project is planned for late September – early October to complete a geochemical reconnaissance and to locate sites of interest prior to commencing regional exploration.

- **Western Project** (E52/2403, E52/2418, E52/2430, E52/2431 and E52/2512)
 - Regional geochemical (drainage) sampling over the western tenements (E52/2418, E52/2430 and E52/2431). A program has been submitted for heritage clearance and the outcome is awaited.
 - On the remaining tenements the aim will be to develop drill targets using multiple criteria, based on the nature of the underlying bedrock (identified from previous drilling, where possible), major structures and the potential for shear – hosted gold mineralisation or copper – gold mineralisation.
- **Neds Creek Project** (E52/2456, E52/2468, E52/2440 and E52/2444)
 - A heritage notice for the McDonald Well priority drill targets will be submitted as soon as the native title agreement is signed.
 - Planned exploration programs will include first pass drilling, soil/auger geochemical programs to extend and in-fill the McDonald Well data and surface moving loop EM surveys. The programs will run concurrently where possible.
- **Northling Project** (E52/2492, E52/2493, E52/2505 and E69/2662)
 - Follow up of previous diamond exploration drill holes (Astro) reporting sulphide intersections (E69/2662)
 - Evaluate previous gold exploration results (Resolute data reporting >100ppb Au in stream samples) and regolith environment (E69/2662)
 - Geochemical programs (drainage/soil) to explore the Jenkin Fault thrust zone (shear hosted gold, copper – gold) and mafic sills for Ni-Cu-PGE (E52/2492)
 - Drainage geochemical programs (E52/2493)

The initial exploration program for the project area will be revised and developed as exploration proceeds. The program is intended to provide a rapid assessment of well-defined and advanced VTEM/geochemical targets at McDonald Well and extend geochemical and geophysical surveys to systematically define additional drill targets and assess the potential for copper ± gold, shear-hosted gold and base metal mineralisation throughout the project area.

A provisional time line of activities is listed in Table 1.

Yours Sincerely,



Bill Clayton

Managing Director

Competent Person's Statement

The information in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Bill Clayton who is a member of the Australian Institute of Geoscientists. Bill Clayton is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for the 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.

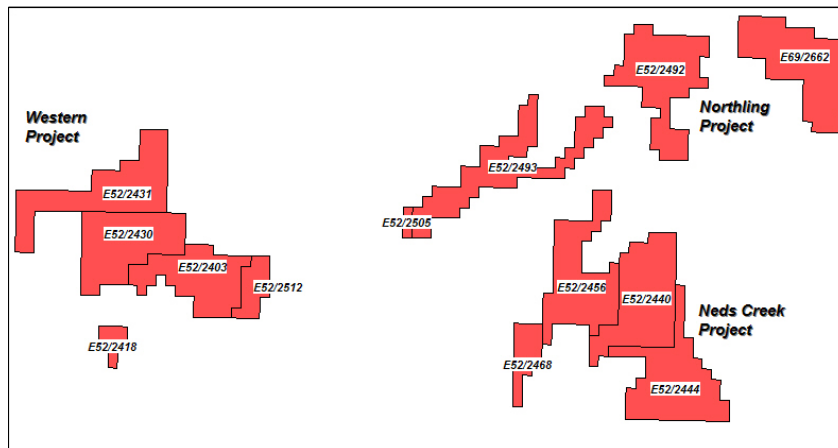


Figure 1 Lodestar's Peak Hill – Doolgunna tenements

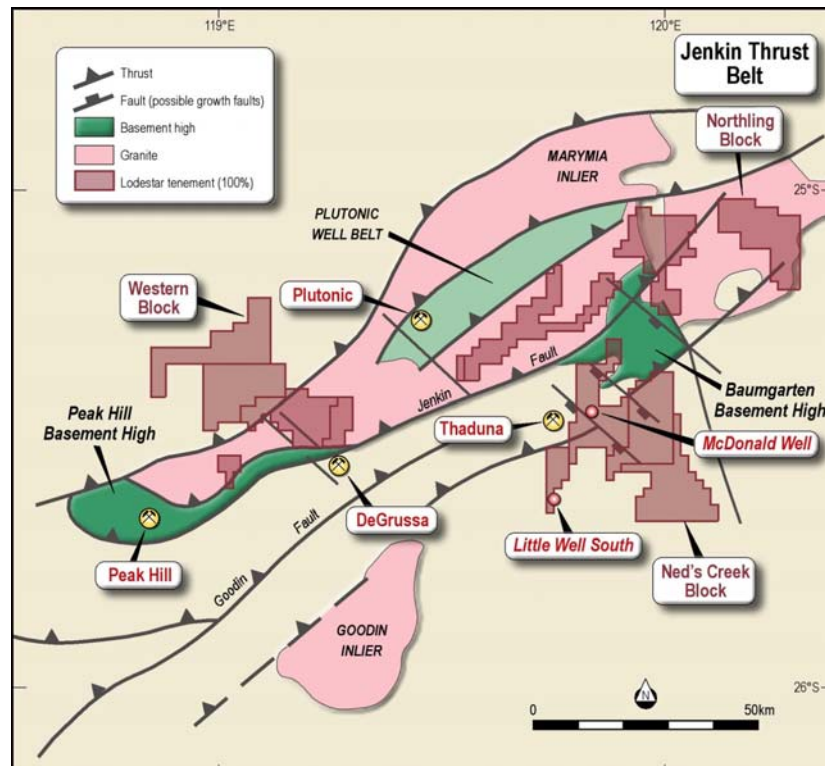


Figure 2 Schematic geology plan showing interpreted structures and mineral deposits

ACTIVITY	SEPT	OCT	NOV	DEC	JAN	MAR	APR	MAY	JUN
Native Title Negotiations									
Heritage Clearance surveys & Reporting									
Soil geochemistry									
Stream geochemistry									
Surface EM									
Drilling									
VTEM									

Table 1 Provisional time line of activities (subject to heritage clearance, contractor availability and exploration results)

About Lodestar Minerals:

Lodestar Minerals Limited is a Perth – based 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.