



ASX ANNOUNCEMENT

31 January 2013

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

CONTACT DETAILS

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CAPITAL STRUCTURE

Shares on Issue:
206,864,499 (LSR)

Options on Issue:
4,750,000 (Unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Base metals, gold

Kimberley:

Nickel, copper, PGM's



DECEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

DRILLING COMMENCES ON COPPER AND GOLD TARGETS

- Aircore drilling has commenced. The programme will include the McDonald Well copper targets and the Brumby-Contessa gold targets.

HIGH GRADE GOLD DISCOVERY AT BRUMBY

- High grade gold to 24 g/t identified in quartz vein samples from the Brumby prospect.
- Lag sampling along the Brumby-Contessa trend identified a high-order bismuth-molybdenum anomaly, with associated gold anomalism, extending over 1100m at Contessa.

CORPORATE

The Company placed 40 million shares at 3.5 cents per share to raise \$1.4 million before costs and completed an entitlement issue of 52,142,856 shares, also at 3.5 cents per share, to raise \$1.825 million.



INTRODUCTION

At the Brumby Gold Prospect, high-grade gold-bearing quartz veins were discovered while mapping and rock chip sampling gold lag-soil anomalies during the December quarter (Figure 1).

The gold mineralised veins are hosted in Archaean basement granite, immediately north of the contact with the Proterozoic Yerrida Basin sediments. Gold is associated with silver, bismuth, molybdenum and tellurium. Extensive molybdenum and bismuth anomalism, with associated gold anomalism, is also developed on this contact at Contessa, five kilometres to the east, demonstrating that this is a significant gold target.

At the Little Well and McDonald Well Copper Prospects, within the Yerrida Basin, geological mapping and outcrop sampling identified drill targets associated with copper anomalies in lag-soil samples, and drill testing of these targets commenced after the end of the quarter.

A moving loop electromagnetic (EM) survey was completed at the Little Well Prospect to test for bedrock conductors related to the copper lag-soil anomalies. Initial results indicate that conductive cover may limit the effectiveness of the EM.

Heritage surveys were completed at the McDonald Well, Brumby, Contessa and Little Well prospects in December.



Figure 1 Location Plan showing Lodestar's Neds Creek Project Base Metal (blue) and Gold (red) anomalies



PEAK HILL-DOOLGUNNA

Neds Creek (E52/2440, E52/2444, E52/2456 & E52/2468)

The Neds Creek tenements extend over 830 square kilometres of the Proterozoic Yerrida Basin, and cover part of its northern structural contact with Archaean basement.

The basin contains volcano-sedimentary sequences which are bounded by large scale structures, the Jenkin and McDonald Well Faults. This setting has parallels in many of the world's major Proterozoic sediment-hosted base metal camps, highlighting the potential of this region to host large base metal deposits. The Archaean rocks which form the northern margin to the basin have potential to host significant gold mineralisation.

The tenements 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.

EXPLORATION ACTIVITIES

Little Well Prospect (Copper)

The Little Well area contains large copper lag-soil anomalies, some of which have associated zinc anomalism, within an attractive structural setting (Figure 2). The sequence at Little Well comprises variably sheared and altered mafic-derived wackes of the Thaduna Formation, similar to the host sequences at the nearby Thaduna Copper Mine.

Aircore drilling has commenced to test the lag-soil anomalies, and targets generated from geological mapping and interpretation work. These include structural targets within magnetic stratigraphy that is interpreted as an extension of the Thaduna Copper Mine sequence.

A moving loop electromagnetic (EM) geophysical survey commenced in December, to test the copper anomalies and adjacent structures for bedrock conductors, and was completed after the end of the quarter. Conductive cover was encountered that may limit the application of this technique. The results are being interpreted.

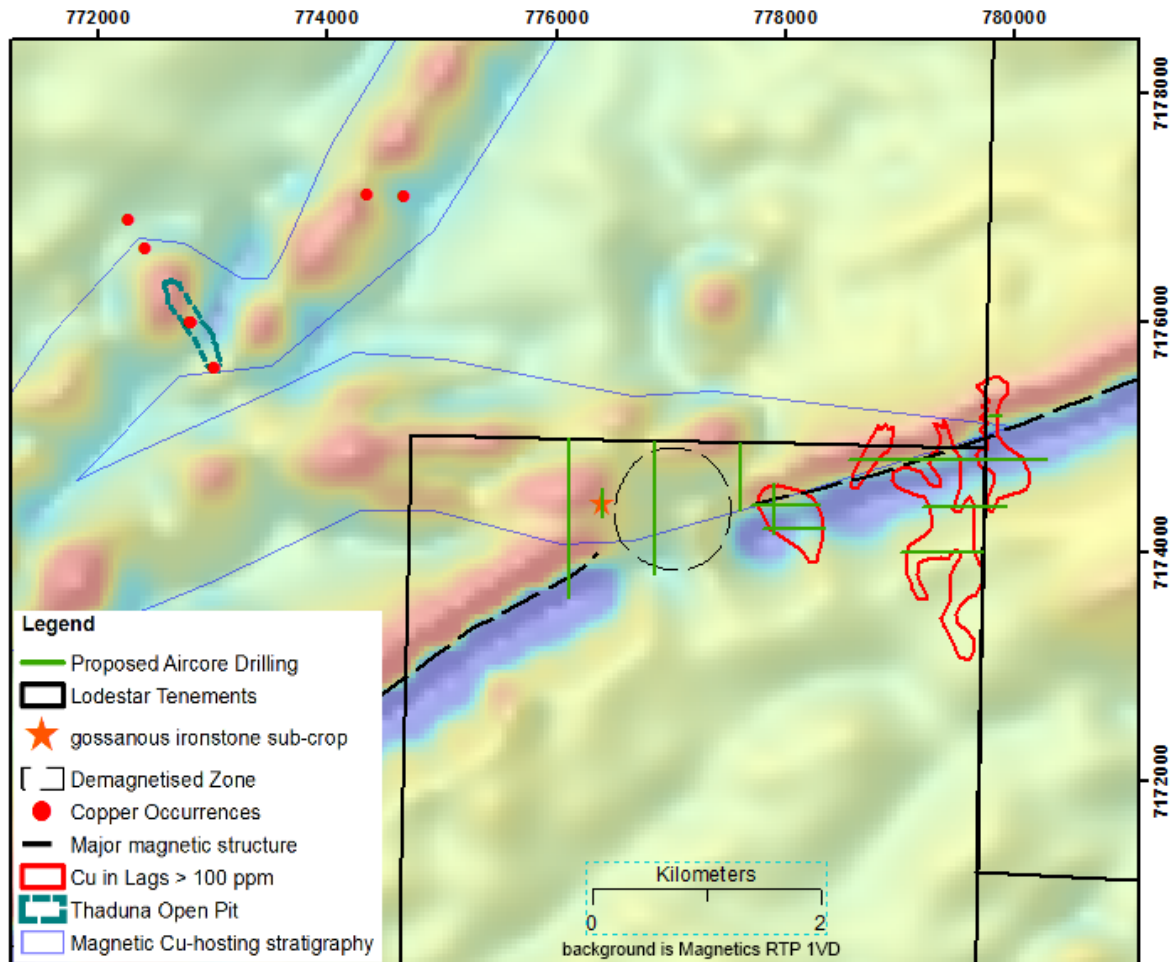


Figure 2 Little Well Copper Anomalies

Brumby Prospect (Gold)

High-grade gold mineralisation, up to 24 g/t gold, associated with quartz veining was identified in surface sampling and mapping over gold anomalous lag-soils (see Lodestar's ASX announcement dated 27 November 2012). The rock chip results are from poorly exposed veins within Archaean basement granite, immediately north of the Proterozoic Yerrida Basin. A northwest trending fault offsets the granite margin (Figure 3) and the veins closest to the fault contain the highest grades. The gold mineralisation is associated with elevated silver, bismuth, molybdenum and tellurium.

Follow-up lag-soil sampling was also completed, and the gold lag-soil anomaly now covers an area of 3.7km by 800m at greater than 10ppb.

Approximately 1,000m of drilling is planned to test the fault, where it is concealed beneath alluvium.

Contessa Prospect (Gold)

A well defined bismuth-molybdenum anomaly has been identified in lag-soil sampling (lags) over the Contessa Prospect area. The anomaly extends for 1100m (Figure 4) along the southern granite margin on the Archaean basement, in an area of minimal outcrop.



Rock chip samples from within this anomaly have returned values up to 0.4 g/t gold (see Lodestar’s ASX announcement dated 13 October 2011), with associated silver, bismuth and molybdenum anomalism. Previous wide spaced drilling (see Lodestar’s ASX announcement dated 16 January 2012) returned anomalous intercepts (best intercept LNR020 - 3m at 0.3g/t Au from 60m, end of hole sample) within mafic-ultramafic Archaean greenstone. The Contessa area gold-bismuth–molybdenum association is similar to that of the Brumby vein system, and is located on the same granite margin, 5 kilometres from the Brumby high-grade rock chip area. The semi-continuous anomalous gold-bismuth-molybdenum geochemistry between Brumby and Contessa indicates that they are part of the same mineralising system that extends for at least 5 km along the granite margin.

The Contessa anomaly represents a high-priority gold target and 3,000m of drilling is planned to test the anomaly and the granite contact.

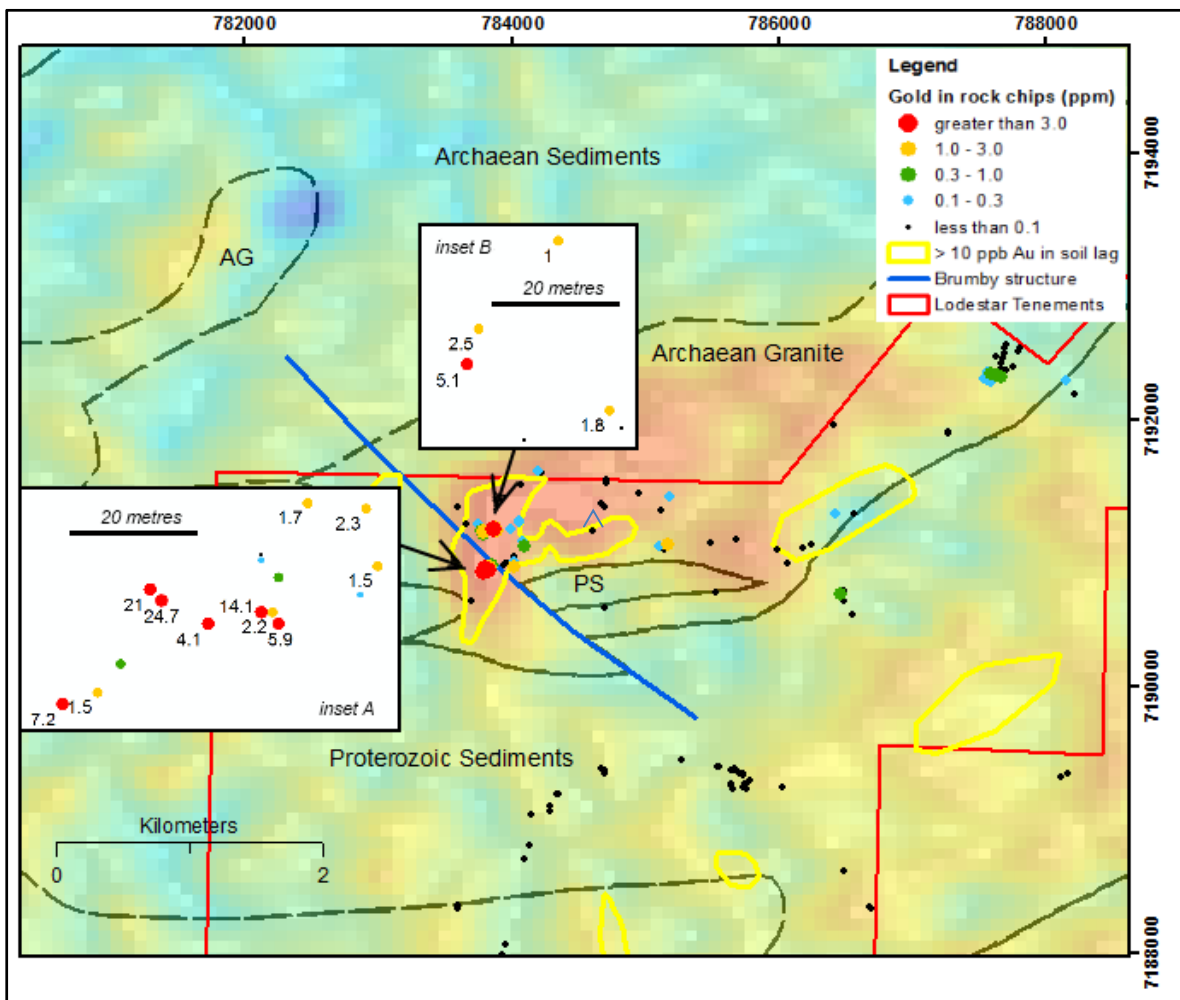


Figure 3 Brumby Prospect showing sample locations and +10ppb gold in lag contour.

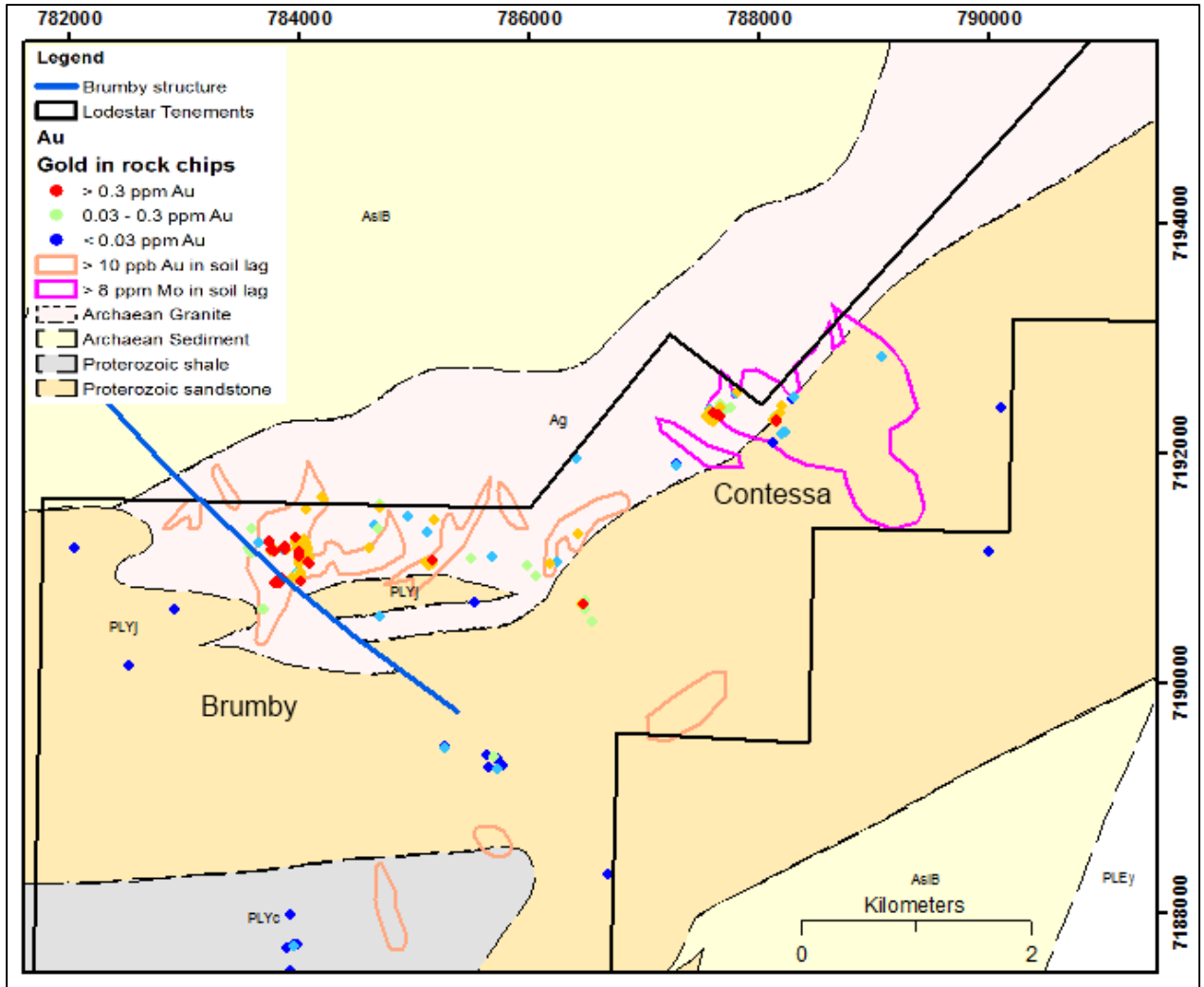


Figure 4 Brumby and Contessa Prospects- showing gold and molybdenum anomalism in soil-lag samples, and anomalous gold rock chips

KIMBERLEY PROJECT (Nickel) (E80/4287, E80/4288, E80/4289, E80/4302 & E80/4563)

The Kimberley Project is located 50 kilometres north of Halls Creek, Western Australia and covers an area of 220 square kilometres over Proterozoic mafic-ultramafic intrusives that are prospective for Ni-Cu and PGM mineralisation. Historic reports note the occurrence of gossans after sulphide mineralisation within the tenements. Drilling completed in 2012 intersected narrow zones of nickel sulphide mineralisation in three areas, with a best intersection of 1m at 0.76% Ni from 56m in SV38-DH1.

A review of the surface and airborne geophysical data generated by Pindan Exploration is being finalised and includes an assessment of the potential for untested massive sulphide style targets.

The geological setting of the nickel sulphide mineralisation reported in 2012 is not well understood and further work is required to determine the host rock composition and



relationships with the surrounding geology. The drill cuttings from mineralised intersections will be selectively re-analysed to obtain more detailed geochemical information.

CORPORATE

On 25th October 2012 the Company announced that it had placed 40 million shares at 3.5 cents per share to raise \$1.4 million and a 1 for 2 non-renounceable rights issue to shareholders to raise up to an additional \$2.3 million before costs.

A total of 54,142,856 shares were issued pursuant to the entitlements issue to raise \$1.825 million. This represents an 82% take up of the entitlement issue and the Company is well-funded to carry out the drilling programs planned for the current period and the immediate future.

Planned Activities

- Commence drilling on Little Well, Brumby and Contessa Prospects
- Complete detailed lag sampling over Brumby Prospect area.
- Continue detailed mapping and sampling over geochemical anomalies beyond the primary targets identified to date.
- Review Kimberley Project data.

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

Bill Clayton
Managing Director

Contact:

Company

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Media

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**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 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 2300 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 believes the region has potential to host a number of styles of base metal deposit and is embarking on an aggressive exploration program to assess the potential of the under-explored north Murchison base metal province.

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 2012

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	(524)	(890)
(b) development	-	-
(c) production	-	-
(d) administration	(153)	(392)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(671)	(1,271)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
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	-	(7)
1.13 Total operating and investing cash flows (carried forward)	(671)	(1,278)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(671)	(1,278)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,058	3,058
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	(169)	(169)
	Net financing cash flows	2,889	2,889
	Net increase (decrease) in cash held	2,218	1,611
1.20	Cash at beginning of quarter/year to date	476	1,083
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,694	2,694

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	144
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

N/A

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

N/A

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	109
4.2 Development	-
4.3 Production	-
4.4 Administration	138
Total	247

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	2,694	476
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,694	476

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 **	206,864,499	206,864,499	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	90,375,022	90,375,022	3.5c	3.5c
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	- -	<i>Exercise price</i> Various Various	<i>Expiry date</i> 29 November 2016 8 May 2017
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Cancelled 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: 
Director

Date: 31 January 2013

Print name: David 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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