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ASX LIMITED

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EXPLORATION UPDATE – NED’S CREEK DRILLING

- **Five VTEM targets tested by Phase 1 RC drilling program.**
- **At McDonald Well broad zones of anomalous Cu, Zn, Ag with associated As, Sb, Mo, Au were intersected at the transition zone between weathered and fresh rock above a black shale unit. The black shale unit is a potential host for sediment-hosted Cu mineralization and is considered an important regional exploration target.**
- **Permit applications for Phase 2 drilling have been submitted for a further 13 VTEM anomalies in the McDonald Well area.**
- **Geochemical sampling on a 400m line spacing has commenced at McDonald Well. The geochemical program will extend coverage well beyond the historic data and assist in defining priority drill targets.**

Lodestar Minerals advises that the results of the recent RC drilling program designed to test five VTEM (electromagnetic conductors) in the Ned’s Creek project (Figure 1) have been received. The drilling program tested the following targets:

- three conductors related to a conductive unit (black shale) located at the interface between the Juderina Formation and the Johnson Cairn Formation in the lower Yerrida Basin sequence (B4, B12 and B20)
- a conductor associated with a major NE-trending structure and breccia zone, southeast of the Thaduna Cu mine (B23) and
- a conductor associated with the K42 magnetic feature (B29) (see Figure 2)

The drilling results are summarized in the table below:

Hole Number	Target Conductor	Result
LNRC001	B12	Anomalous zone 49m-85m; maximum values within zone – Cu 385ppm, Pb 222ppm, Zn 139ppm, Ag 0.85ppm, Au 24ppb
LNRC002	B20 – abd*	Anomalous zone 49m-76m; maximum values within zone – Cu 496ppm, Pb 25ppm, Zn 545ppm, Ag 1.0ppm, Au 26ppb
LNRC003	B23	Intersected ferruginous breccias – not anomalous, conductor not identified
LNRC004	B20	Anomalous zone 53m-89m; maximum values within zone Cu 318ppm, Pb 30ppm, Zn 399ppm, Ag 1.6ppm, Au 27ppb
LNRC005	B4	Anomalous zone 161m-165m; maximum values within zone Cu 251ppm, Pb 75ppm, Zn 82ppm, Ag 0.7ppm, Au 17ppb
LNRC006	B29-abd*	Not anomalous
LNRC007	B29	Intersected siliceous shale, not anomalous, conductor not identified

* -hole abandoned due to excess water or collar collapse

Drill holes LNRC001, LNRC002, LNRC004 and LNRC005 tested electromagnetic targets associated with the conductive black shale unit in the McDonald Well area. This unit has a strike length of approximately 14 kilometres within E52/2456. All holes demonstrated a similar base metal geochemical anomaly at the transition between weathered and fresh rock, a zone where metal mobility is likely to be enhanced. Base metal anomalism is supported by anomalies in Ag, Bi, Sb, As, +/- Mo, Te that are commonly orders of magnitude above the background values in fresh rock. Further testing of the shale unit is justified on the basis of these results.

Drill holes LNRC003 and LNRC007 failed to intersect a recognizable conductor, these holes have been cased and will be tested with down hole electromagnetic surveys.

As outlined in the ASX release of 17th January, Lodestar is commencing an active field program over the project. Some of the key activities to date include:

- Commenced geochemical sampling over McDonald Well, this program will proceed as weather allows but the aim is complete coverage over the areas of the Ned's Creek and Marymia projects amenable to surface sampling by end of April.
- A study of the GSWA regional geochemical data was carried out in parallel with regional sampling program. This work is highlighting areas of exploration opportunity and demonstrates the effectiveness of lag sampling in defining areas of mineralisation on a regional scale.
- Recognising that the conductive shale unit at McDonald Well presents difficulty in identifying associated sulphide-related conductors, the VTEM data over the shale sequence has been re-examined to identify the areas of high conductivity within the shale itself. A reconnaissance gravity survey is planned to provide additional data over the down-plunge extent of the shale unit.

- Peter Robinson and Associates have been appointed to review exploration data over the Western Project. Peter Robinson has extensive exploration experience in the Murchison District, having particular success in the discovery of Proterozoic gold mineralization and a background in uranium exploration.

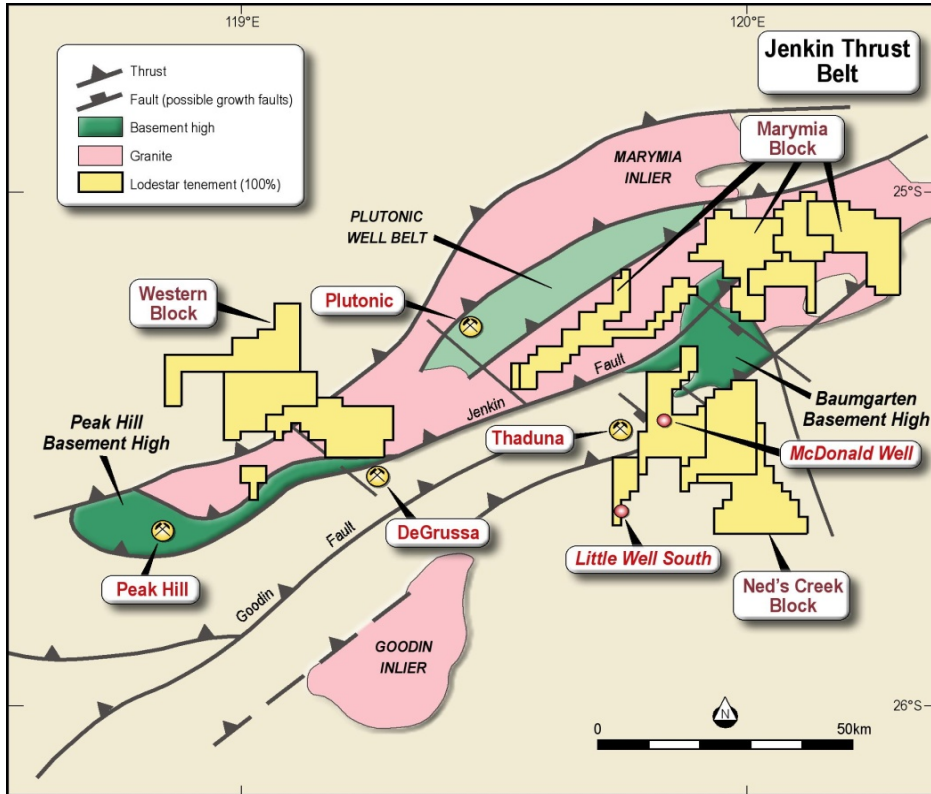


Figure 1 Location plan, showing Lodestar's Neds Creek tenements/McDonald Well area

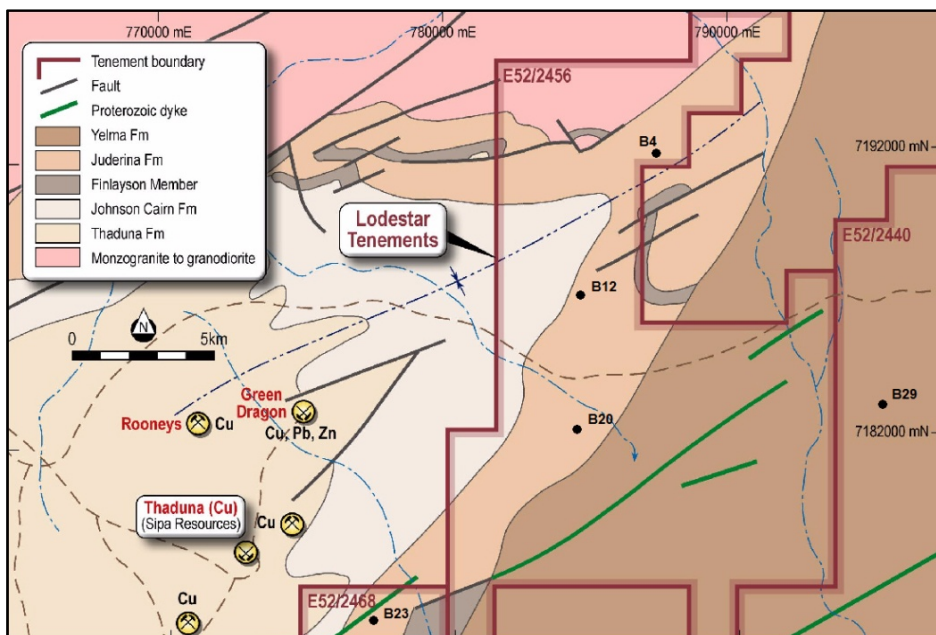


Figure 2 Location of VTEM targets tested by Phase 1 drilling

Yours sincerely,

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

Bill Clayton
Managing Director

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 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.