



ASX ANNOUNCEMENT

7th December 2015

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED
ABN: 32 127 026 528

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CAPITAL STRUCTURE

Shares on Issue:
336,288,286 (LSR)

Options on Issue:
35,750,000 (unlisted)
34,355,691 (listed - 31 Mar 2016)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:
Camel Hills – gold
Neds Creek – gold
Marymia – gold
Imbin – gold and base metals



AUSTRALIAN MINES LIMITED - WITHDRAWAL FROM NED'S CREEK JOINT VENTURE

West Australian gold and base metal explorer Lodestar Minerals Limited (ASX:LSR; "Lodestar" or "the Company") advises that it has been notified by Australian Mines Limited (ASX:AUZ, "Australian Mines") of its intention to withdraw from the Ned's Creek Farm In and Joint Venture Agreement.

Australian Mines was entitled to earn up to a 51% interest of all metals excluding gold on Lodestar's Ned's Creek tenements (E52/2440, E52/2456, E52/2468, E52/2492 and E52/2493) by spending \$1 million on exploration within a two-year period from the signing of the Agreement. The agreement required a minimum expenditure of \$150,000 within the first six months, at which point Australian Mines would need to make a \$250,000 payment to Lodestar to continue the earn in. Australian Mines has elected to withdraw following the minimum expenditure.

Lodestar retains a 100% interest in all minerals within the Ned's Creek tenements. Lodestar acknowledges the work completed by Australian Mines and their need to prioritise expenditure with the resources at their disposal.

Australian Mines reviewed data from Lodestar's geophysical surveys and completed electromagnetic surveys of varying detail over five targets within the Ned's Creek tenements. Two base metal targets, Burton and Gregory, defined by the geophysical surveys were tested with a single RC drill hole in each during the earn-in period. No other drilling was completed. Lodestar has not yet reviewed the Australian Mines exploration data, but notes that the Burton target occurs within an extension of the Baumgarten greenstone belt where Lodestar's broadly spaced surface geochemistry has defined a large (2,000 metre) co-incident copper-arsenic anomaly¹ in a favourable geological setting and a proven mineral province.

¹ See Lodestar's ASX announcements dated 30th October 2013 and 30th January 2015.

The iron-sulphide intersected in Australian Mines' single RC drill hole³ at Burton may indicate more widespread hydrothermal activity related to gold or base metal mineralisation within the sequence and the large, previously identified geochemical anomaly has not been tested. There are known limitations to the use of geophysical exploration methods within the Bryah and Yerrida Basin sequences and Lodestar does not believe that the work completed by Australian Mines is a conclusive test of the base metal potential of the Ned's Creek tenements.

Australian Mines did no fieldwork on other significant sediment-hosted base metal targets on the Ned's Creek tenements, including Little Well, southeast of the Thaduna copper deposit (7.9Mt at 1.8% copper), where Lodestar's reconnaissance aircore drilling has intersected disseminated chalcopyrite and grades of up to 0.65% copper². The base metal potential of the tectono-stratigraphic Thaduna copper province, which includes the Thaduna-Green Dragon deposits and the Enigma copper prospect adjacent to E52/2456 and E52/2468, has not been fully assessed and Lodestar will continue to seek funding partners to progress these targets.

Lodestar notes the recent gold intercept reported by Australian Mines from the Dixon prospect³ and the intercept and the target magnetic anomaly is located in close proximity (210 metres to the west) to Lodestar's tenement E52/2440. The target composite magnetic feature is oriented sub-parallel to the tenement boundary and may partly underlie E52/2440. The potential for gold mineralisation on Lodestar's tenement is currently unknown but this magnetic anomaly may represent an additional gold target for Lodestar, dependent on further results from Dixon.

Bill Clayton
Managing Director

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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 2012 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.

The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated 18th March 2013 "LSR Significant Gold Results from Contessa", 30th October 2013 "September 2013 Quarterly Activity and Cashflow Report", 15th July 2014 "Contessa Gold Results and Neds Creek Copper Targets" and 30th January 2015 "December 2014 Quarterly Activity and Cash Flow Report". These announcements are available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

² See Lodestar's ASX announcements dated 18th March 2013 and 15th July 2014.

³ See Australian Mines Limited ASX announcement dated 17th November 2015.