

LESS THAN MARKETABLE PARCEL SHARE SALE FACILITY

The Directors of Lodestar Minerals Limited (ASX: LSR) (**the Company**) are pleased to announce details of a Share Sale Facility (**Facility**) for holders of less than a marketable parcel of the Company's shares (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (**Less than Marketable Parcel**). Of the Company's 5,121 shareholders, approximately 3,829 hold Less than Marketable Parcels, which represents approximately 1.12% of all issued shares.

A Less than Marketable Parcel of Company shares will be any registered shareholder of less than 18,519 shares on the Record Date. The Record Date for purposes of establishing holders of Less than Marketable Parcels has been set at 5pm WST on 13 August 2018.

The Company is providing the Facility to holders of Less than Marketable Parcels to sell their shares without incurring any costs that could otherwise make a sale of their shares uneconomic. In addition, the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

The sale price will be equal to \$0.023 – being the issue price of Company shares under the most recent capital raising completed in March 2018. Each shareholder who does not elect to retain their shareholding by way of completing and returning a Share Retention Form by 5.00pm (WST) on 1 October 2018 will have their shares sold through the Facility. Proceeds are expected to be distributed within fourteen days of the sale.

A summary of key dates in relation to the Facility are as follows:

Event	Date
Less than Marketable Parcel Record Date	13 August 2018 at 5.00pm (Western Standard Time)
Less than Marketable Parcel Announcement to ASX	14 August 2018
Letters sent to shareholders holding Less than Marketable Parcel	16 August 2018
Closing Date for receipt of Share Retention Forms	1 October 2018 at 5.00pm (Western Standard Time)

David McArthur
Company Secretary



LODESTAR MINERALS

14th August 2018

Dear Shareholder

NOTICE OF INTENTION TO SELL SHARES OF LESS THAN MARKETABLE PARCEL

The Board of Directors of Lodestar Minerals Limited (**the Company**) are pleased to announce the Company will commence the process for the sale of ordinary shares (**shares**) for holders who hold less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (**Less than Marketable Parcel**).

This offer applies to shareholders who at 5.00pm (WST) on 13 August 2018 (**Record Date**) were holders of shares in the Company valued at less than \$500 based on the market price of \$0.027 on the Record Date (less than 18,519 shares). Our records show that you are the holder of a less than marketable parcel as at the Record Date and accordingly your shareholding is eligible to participate in this Less than Marketable Parcel Sale Facility (**Facility**).

The Company is offering this Facility as it provides the following benefits:

- Holders of less than a marketable parcel have the opportunity to sell their shares without incurring any brokerage or handling costs which, in proportion to the value of their holding, may otherwise render a sale unattractive or uneconomical; and
- The expense and administration involved in maintaining shareholders with less than a marketable parcel is reduced for the Company.

At the Record Date, the Company has approximately 5,121 shareholders of which approximately 3,829 shareholders hold less than a marketable parcel of shares that in aggregate represent approximately 1.12% of all issued shares.

Key Dates:

Event	Date
Less than Marketable Parcel Record Date	13 August 2018 at 5.00pm (Western Standard Time)
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WHAT DO I NEED TO DO?

As a holder of a Less than Marketable Parcel, your options are described below:

1. Sell all of your Less than Marketable Parcel

If you wish to sell your shares through the Facility, you do NOT need to take any action. By refraining from taking any action, you will be deemed to have irrevocably appointed the Company as your agent:

- a) to sell all of your shares at a value of \$0.023 per share (being the issue price of Company shares under the most recent capital raising in March 2018), without any costs being incurred by you; and
- b) to deal with the proceeds of the sale as set out in this letter.

The Company is authorised under Schedule 1 of its Constitution to sell your shares following the closing date of 5.00pm WST on 1 October 2018 (**Closing Date**). Your shares will be pooled with other shares under this Facility and sold as soon as practicable after the Closing Date.

If you have more than one holding on the Company's share register, you may wish to consider contacting the share registry to amalgamate your holdings. This may result in your holding no longer being classified as a Less than Marketable Parcel.

The Company has appointed Mac Equity Partners to broker the sale of Less than Marketable Parcels. Payment will be forwarded to you as soon as practicable following settlement of the sale. All costs associated with the sale of your Shares will be borne by the Company. No brokerage will be payable by you.

Any tax consequences arising from the sale of your shares will be your responsibility.

2. Retain your existing holding

If you wish to retain your existing holding, then you must either:

- a) Correctly complete, sign and return the enclosed Share Retention Form so that it is received by 5.00pm (WST) on 1 October 2018, being the Closing Date of this Facility; or
- b) Arrange to have multiple holdings consolidated into the one holding which has 18,519 or more shares on the Closing Date; or
- c) Make your own arrangements outside this Facility to purchase additional shares so that you are the registered holder of 18,519 or more shares within the one holding on the Closing Date.

If you successfully take one of these steps, the Company will not be entitled to sell your shares.

Important Information

The Company reserves the right to vary, delay or terminate this sale Facility by notice to the ASX.

The Company is not bound to sell any or all of the shares that may be available for it to sell under this Facility, and there is no guarantee that the Company will be able to sell your shares.

The Company will determine whether a shareholder has a less than marketable parcel as at the Record Date. The Company will not have any reference to any increase in the price of shares after the Record Date in determining whose shares may be sold pursuant to this Facility.

If you have a Less than Marketable Parcel as at the Record Date, then unless you take one of the steps outlined in Step 2 of this letter, the Company will be entitled to sell your shares under this Facility.

The Company nor any other person involved in the Facility, shall be liable for the failure to sell the shares. The price of Company shares is subject to change and an up-to-date price can be obtained from the ASX website (www.asx.com.au) under the code "LSR".

The Company does not make any recommendation or provide any advice to you regarding whether to sell your holding under this Facility or retain your existing holding.

If you require advice as to whether to sell your shares, please consult your legal, financial or taxation adviser.

For further information in regard to completing the enclosed form, please contact the Company Secretary on (08) 9435 3200 between the hours of 9.00am and 5.00pm WST Monday to Friday.

Yours sincerely

A handwritten signature in black ink that reads "D McArthur". The signature is written in a cursive style with a large, stylized 'D' and 'M'.

David McArthur
Company Secretary

INFORMATION SHEET – LESS THAN MARKETABLE PARCEL SALE FACILITY

1. What is a Less than Marketable Parcel?

A Less than Marketable Parcel is a holding of shares in Lodestar Minerals Limited (**the Company**) valued at less than \$500. Based on the closing share price of the Company's shares as at the Record Date of 13 August 2018, this is equivalent to a holding of less than 18,519 shares.

2. What was the closing price at the Record Date?

The closing price of a share in the Company at the Record Date was \$0.027 per share.

3. Why is the Facility being offered?

The Company is providing the Facility to enable you to sell your Less than Marketable Parcel without incurring brokerage or handling costs that could otherwise make a sale of your Less than Marketable Parcel uneconomic or difficult. The Facility will assist the Company to reduce administrative costs associated with maintaining a number of relatively small holdings of shares. Additionally, the Company expects that the Facility will reduce the costs associated with printing and mailing of Annual Reports, Notices of Meetings and any other general correspondence that is required to be printed and mailed to shareholders.

4. What do I need to do to sell my shares?

Nothing. Your Less than Marketable Parcel will be sold through the Facility unless you return an executed Share Retention Form by the Closing Date.

5. How will my shares be sold under the Facility?

Your shares will be sold by the appointed broker, Mac Equity Partners, on the Australian Securities Exchange.

6. What price will I receive for shares sold through the Facility?

The shares will be sold at \$0.023, which represents the issue price of the Company's shares under the most recent capital raising, performed in March 2018.

7. Do I need to pay anything if I participate in the Facility?

The Company will pay all costs and expenses arising in connection with the Facility. Any tax consequences arising from the sale will be your responsibility.

8. When will I receive the proceeds for the shares sold?

Payment will be forwarded to you following the settlement of all shares sold under the Facility, or otherwise as soon as it is practicable. If your address requires updating, you can amend your details online through Computershare's Investor Centre website at <http://www.computershare.com.au/investor>. Payment will be made in Australian Dollars.

9. What are the advantages and disadvantages of participating in the Facility?

Advantages include:

- receiving a cash payment from the sale of your Less than Marketable Parcel;
- avoiding any brokerage or related selling expenses;
- utilising a cost-effective way of disposing of a Less than Marketable Parcel; and
- known sale price of your Less than Marketable Parcel.

Disadvantages include:

- no longer holding any shares in the Company (unless you subsequently buy more);
- possible Capital Gains Tax being payable; and
- the price of the Company's shares may subsequently rise.

10. What if I do not wish to sell my Less than Marketable Parcel?

If you do not wish to sell your Less than Marketable Parcel, you MUST complete the Share Retention Form and ensure that it is returned so that it is received by our share registry by 1 October 2018. If our share registry has not received your executed Share Retention Form by this date, your shareholding will be sold under the Facility.

11. If I buy more shares in the Company, will I retain my holding?

The Company will not sell your shares if you increase your holding to a marketable parcel, being a holding that has 18,519 or more shares as at the Closing Date. Any additional shares acquired must be registered by the Closing Date, under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying Share Retention Form.

12. What if I hold multiple Less than Marketable Parcels of shares?

If you hold multiple Less than Marketable Parcels of shares in the Company, you must complete and return a Share Retention Form for each separate Less than Marketable Parcel you wish to retain.

13. What if my holding of shares in the Company is a CHESS Holding?

If your shares remain in a CHESS Holding, the Company may move those shares to an Issued Sponsored Holding and the shares will then be sold under the Facility.

14. Where can I obtain further information?

If you have any queries regarding the practical operation of the Facility, please contact the Company Secretary on (08) 9435 3200.

15. Important Notes

If you are in doubt about what to do, you should consult a financial, legal or taxation advisor. This Information Sheet does not constitute advice, nor is it a recommendation to sell, buy or hold shares in the Company.