



ASX ANNOUNCEMENT

10 March 2017

Electronic lodgement

COMPANY SNAPSHOT

LODESTAR MINERALS LIMITED

ABN: 32 127 026 528

CONTACT DETAILS

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Registered and Principal Office

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CAPITAL STRUCTURE

Shares on Issue:

453,294,938 (LSR)

Options on Issue:

45,357,092 (listed)

41,050,127 (unlisted)

ASX: LSR

PROJECTS

Peak Hill – Doolgunna:

Camel Hills – gold

Ned's Creek – gold

Marymia – gold

Imbin – gold and base metals



FUNDING FACILITY

Following consideration of a variety of potential funding sources and structures, the Lodestar Board is pleased to advise that the Company has entered into a Binding Converting Loan Agreement with the Company's Chairman, Ross Taylor, to provide near-term funding certainty. The funding package was negotiated at arm's length by Mr Taylor and Lodestar's remaining Directors and will provide considerable additional funding certainty on commercial terms.

Pursuant to the agreement, Mr Taylor will advance up to A\$1.2 million to the company on a draw down basis as and when funds are required. A Convertible Note will be issued to Mr Taylor with a face value equal to the principal owing on the loan. Mr Taylor is currently Lodestar's major shareholder with 18.5% of its issued shares and the issue of the Convertible Note will require approval of Lodestar shareholders at a meeting of the Company. Shareholders will also be asked to approve the issue of securities in the event of conversion of the Convertible Note.

The Convertible Note will be unsecured, accrue 8% interest, will have a maturity date 24 months after the date shareholders approve the issue of the note and will be convertible at \$0.01 per share. One option exercisable at 3 cents on or before 31 October 2019 will be issued for every 5 shares issued.

The pricing structure of the Convertible Note is in line with the recent entitlements issue by the Company (conducted when the Lodestar share price was higher than the current price) where new shares were offered at \$0.01 per share with a 1 for 3 attaching 31 October 2019 option.

The new funding provided by Mr Taylor will ensure that the company is fully-funded to explore both new and existing high-ranking targets in the emerging gold district in which the Company holds its tenements. The Lodestar Board views the funding by Mr Taylor as a strong demonstration of confidence in the Company's future strategy.

Bill Clayton
Managing Director

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