

5 August 2019

Dale Allen
Principal Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central park,
152-158 St Georges Tce, Perth, WA, 6000.

Dear Mr Allen,

RE: Lodestar Minerals Limited- Appendix 5B Query

Reference is made to your letter of 1 August 2019.

The company responds to each of the questions raised as follows:

1. The company expects that it will continue to have negative operating cash flows for the time being as the company has no source of revenue as an exploration company.
2. Lodestar intends to raise short term funds through the realisation of the value of shares recently provided to the company in settlement of a farm in agreement over the company's Ned's Creek project.

The company received 1,470,588 shares in Vango Mining Limited in May 2019 by way of a fee for the option to farm in to the company's Ned's Creek tenements, as announced to the market on 1 May 2019. A further 1,142,857 Vango shares were issued in July upon the exercise of the option by Vango, as announced on 17 July 2019.

A total of 2,613,445 shares in Vango were issued to the company. Prior to 30 June, 559,747 shares were sold for total proceeds of \$95,187.

Subsequent to year end the company sold a further 910,841 shares for total consideration of \$155,842. A further 1,142,857 Vango shares are still held, with a value of \$217,000 at the date of this letter. Including cash on hand at 30 June, the available cash balance as adjusted is approximately \$400,000.

The company is also in discussions with interested parties in relation to farm in opportunities over the company's Imbin and Camel Hills projects, both which would also realise up-front cash consideration.

3. Based on the response to question 2, the Company expects to be able to continue its operations and to meet its business objectives.
4. The Company can confirm that it is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. The response to this letter has been authorised and approved by the board of the company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D McArthur', written in a cursive style.

David McArthur
Director



1 August 2019

Reference: 04724

Mr David McArthur
Lodestar Minerals Limited

By email:

Dear Mr McArthur

Lodestar Minerals Limited ('LSR'): Appendix 5B Query

ASX refers to LSR's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 30 July 2019 (the 'Appendix 5B').

ASX notes that LSR has reported:

- negative net operating cash flows for the quarter of \$253,000;
- cash at the end of the quarter of \$24,000; and
- estimated cash outflows for the next quarter of \$171,000.

It is possible to conclude, based on the information in the Appendix 5B that if LSR were to continue to expend cash at the rate indicated by the Appendix 5B, LSR may not have sufficient cash to continue funding its operations.

In view of that, ASX asks LSR to respond separately to each of the following questions and requests for information:

1. Does LSR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LSR taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does LSR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LSR is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that LSR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LSR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 6 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in LSR's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LSR's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to LSR’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LSR’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LSR’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)