



**11 March 2019**

Sandra Wutete  
Senior Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

RE: Appendix 5B Query

Dear Sandra,

Reference is made to your letter dated 7 March 2019. In response to your specific queries, we advise as follows:

1. LSR expects to continue to have negative operating cash flows for the foreseeable future. Due to the nature of operations of an exploration entity, a negative cash flow from operations is not considered by the board to be out of the ordinary.
2. The Board of LSR are currently in discussion with several parties in regard to potential joint-venture agreements for various assets held by the Company which will result in an injection of cash to the company. The Board are confident of the success of these agreements in bringing sufficient capital into the Company to continue as a Going Concern. The Board have additionally recently received expressions of interest from parties to provide direct placement funding to the Company.
3. LSR expects to be able to continue its operations and meet its business objectives on the basis described in point 2 above.
4. The Directors confirm that the Company is in compliance with all the Listing Rules, including but not limited to Listing Rule 3.1.
5. The Company confirms the responses provided above have been authorised and approved in accordance with its published continuous disclosure policy by the Board.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jordan McArthur', is written over a faint circular stamp.

Jordan McArthur  
Joint Company Secretary



7 March 2019

Mr David McArthur  
Company Secretary  
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 31 December 2018 lodged with ASX Market Announcements Platform on 31 January 2019 (the 'Appendix 5B').

ASX notes that LSR has reported:

- negative net operating cash flows for the quarter of \$940,000;
- cash at the end of the quarter of \$194,000; and
- estimated cash outflows for the next quarter of \$180,000.

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 Monday, 11 March 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.

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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](mailto: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

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**Sandra Wutete**  
Senior Adviser, Listings Compliance (Perth)