

PROPOSED ACQUISITION OF GOLDFELLAS PTY LTD

Lodestar Minerals Limited (“**LSR**” or “**Lodestar**” or “**the Company**”) (**ASX:LSR**) advises that it has entered into a binding term sheet with certain shareholders of Goldfellas Pty Ltd (“**Goldfellas**”) pursuant to which Lodestar will acquire 100% of the issued shares in Goldfellas. The Directors of Goldfellas will recommend that GoldFellas shareholders accept the offer by Lodestar.

Goldfellas holds a 20% interest in the Nepean Nickel project. The balance of 80% is held by Auroch Minerals Limited (**ASX:AOU**) who are the operator of the project. The Nepean Nickel Project comprises 13 tenements located 25km south of Coolgardie in Western Australia, and contains the historic high-grade Nepean nickel sulphide mine, which was the second producing nickel mine in Australia.

The key terms of the acquisition of Goldfellas are as follows:

- a) Lodestar will acquire 100% of the issued shares in GoldFellas through the issue of 250 million fully paid ordinary shares in the capital of Lodestar to be distributed amongst the Goldfellas shareholders on the basis of their interest in Goldfellas, such shares issued at a deemed consideration of 1.1 cents per share.
- b) Completion of the acquisition will be conditional upon:
 - i) receipt of all necessary shareholder approvals for the issue of the consideration shares by the Company set out in a) above;
 - ii) all GoldFellas shareholders accepting offers for their shares, such that the Company will be entitled to a 100% interest in GoldFellas; and
- c) A further \$2.75 million of shares will be issued to GoldFellas shareholders, subject to any regulatory approvals required at the time, should the Nepean project, in which Goldfellas holds a 20% interest, reach a JORC compliant economic proven reserve status. The shares will be issued at 80% of the market price of Lodetsar shares at the time this milestone is reached and will be subject to the receipt of shareholder approval by the Company at that time.

None of the Company’s current Directors have any interest in GoldFellas.

More detailed information in relation to the assets of GoldFellas will be provided with the notice of meeting to be forwarded to shareholders for approval of the issue of shares pursuant to the acquisition.

Lodestar advise that \$65,000 of shares will be issued to the Directors of GoldFellas as a facilitation fee for the introduction of the transaction. These shares will be issued at a deemed price of 1.1 cents each and are subject to approval of Lodestar shareholders at a general meeting to be scheduled for March.

Corporate:

The Directors have also resolved to issue 25 million unlisted options to each of the Directors, and 7.5 million options to employees and consultants to the Company. All options will have a 3 year term from the date of issue and will be exercisable at 2.5 cents (being a 250% premium to the latest closing price of the Company's shares). The issue of all options is subject to receiving approval of shareholders.

This release was approved by the Board of the Company.

Contacts

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