

29 January 2021

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

Lachlan Star Limited (**Lachlan** or the **Company**) is pleased to present its quarterly activities report for the December quarter.

HIGHLIGHTS:

- Lachlan Star and Liontown Resources Limited (ASX:LTR, Liontown) executed a binding term sheet, granting the ability for Liontown to earn a 51% interest in the highly-prospective Koojan Cu-Ni-PGE Project (held 50% by Lachlan and Coobaloo Minerals Pty Ltd (Coobaloo):
 - Liontown expenditure of \$4,000,000 required over a five-year period to earn 51% of the Koojan Project and Lachlan Star to co-fund \$1,000,000 to retain a 24% interest.
 - Liontown will manage exploration on the project and will undertake a broad exploration program in conjunction with its existing campaign on the Moora Cu-Ni-PGE project located on the eastern boundary of the Koojan project.
- Lachlan Star and Liontown signed a binding term sheet for the acquisition by Lachlan Star of Liontown's Killaloe Gold Project, in the Eastern Goldfields, WA.
- The Company remains well funded with ~\$1.5 million cash on hand at the end of the December quarter.

CORPORATE

On 23 December 2020, the Company issued 82,500,000 fully paid ordinary shares to the vendors of Coobaloo in consideration for a 50% interest in the company.

The Company's AGM was held on 26 November 2020 with all resolutions passing by way of a poll.

During the December quarter, the Company issued 7,500,000 fully paid ordinary shares following the conversion of 7,500,000 unlisted options exercisable at \$0.005 each.

OPERATIONS

Koojan Cu-Ni-PGE Project

On 26 June 2020, the Company announced that it had entered into a 6-month option with Coobaloo Minerals Pty Ltd (**Coobaloo**), granting Lachlan Star the right to purchase up to a 75% interest in the Koojan Project, a highly prospective Copper-Nickel-PGE Project in the New Norcia Region, Western Australia. Under the terms of the option agreement, Lachlan Star can purchase an initial 50% interest in Coobaloo and its Koojan Copper-Nickel-PGE Project (**Project**) by meeting minimum expenditure of \$60,000 within 6-months of signing. Lachlan Star is entitled to a further 25% of Coobaloo by way of spending A\$350,000 (inclusive of the initial expenditure) on the Project within 18 months. Lachlan Star exercised its option over 50% of Coobaloo on 22 December 2020.

The Koojan Project is located in the New Norcia region of Western Australia (**Figure 1**), approx. 80km north of the recent Julimar Ni-PGE-Cu discovery by Chalice Gold Mines Ltd, and is located in a similar geological

setting. The Koojan Project is located within the Western Gneiss Terrain of the Archaean Yilgarn Craton of south-west Western Australia (Figure 2). The prospective mafic/ultramafic bodies are hosted within the Jimperding Metamorphic belt – a belt up to 70km wide and bounded to the west by the Darling Fault, and to the east by Yilgarn craton units.

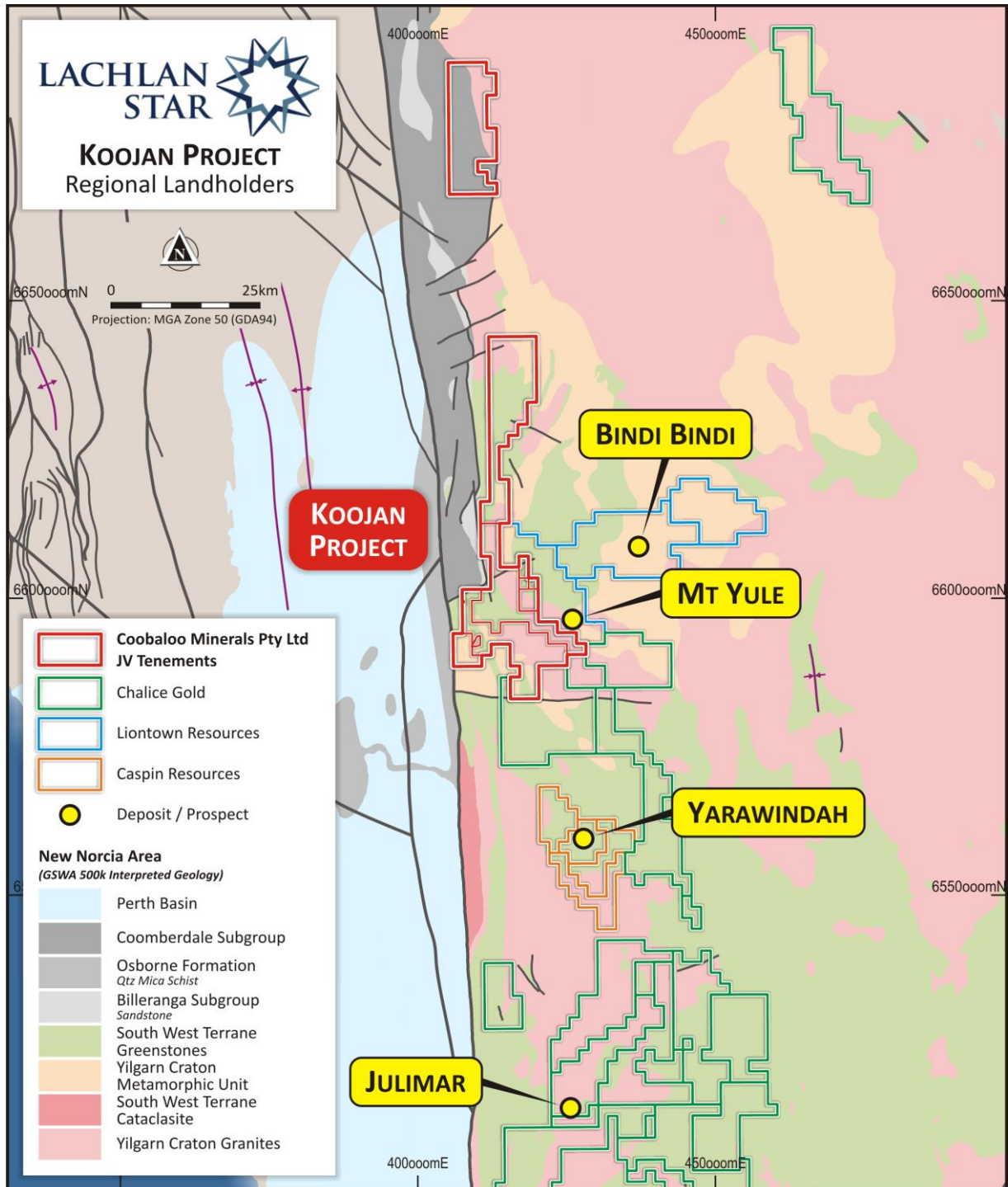


Figure 1: Koojan Project location – regional geology and major tenement holders

The Koojan Project is interpreted to be located within the same geophysical setting as the Julimar and Yarawindah Ni-Cu-PGE prospects. This setting is characterised as a zone of intrusive mafic to ultramafic rocks proximal to the margin of the Yilgarn craton and hosted within a complex structural setting on the margin of gravity anomalies. This structural zone is interpreted to have intruded the granite dominated terrain, and can be traced from the Julimar prospect through to the Koojan Project where filed reconnaissance and Government geological mapping has identified a series of mafic to ultramafic units within the project area.

A further review of regional Gravity survey indicates the Koojan Project is located on the margins of a gravity anomaly and is proximal to major structures and a detailed survey for the project area will be evaluated as exploration identifies key target areas. In addition, as the exploration is at a very early stage, there is no reliable electrical geophysics (EM or IP) identified and this will be included in Lachlan Star’s initial exploration program.

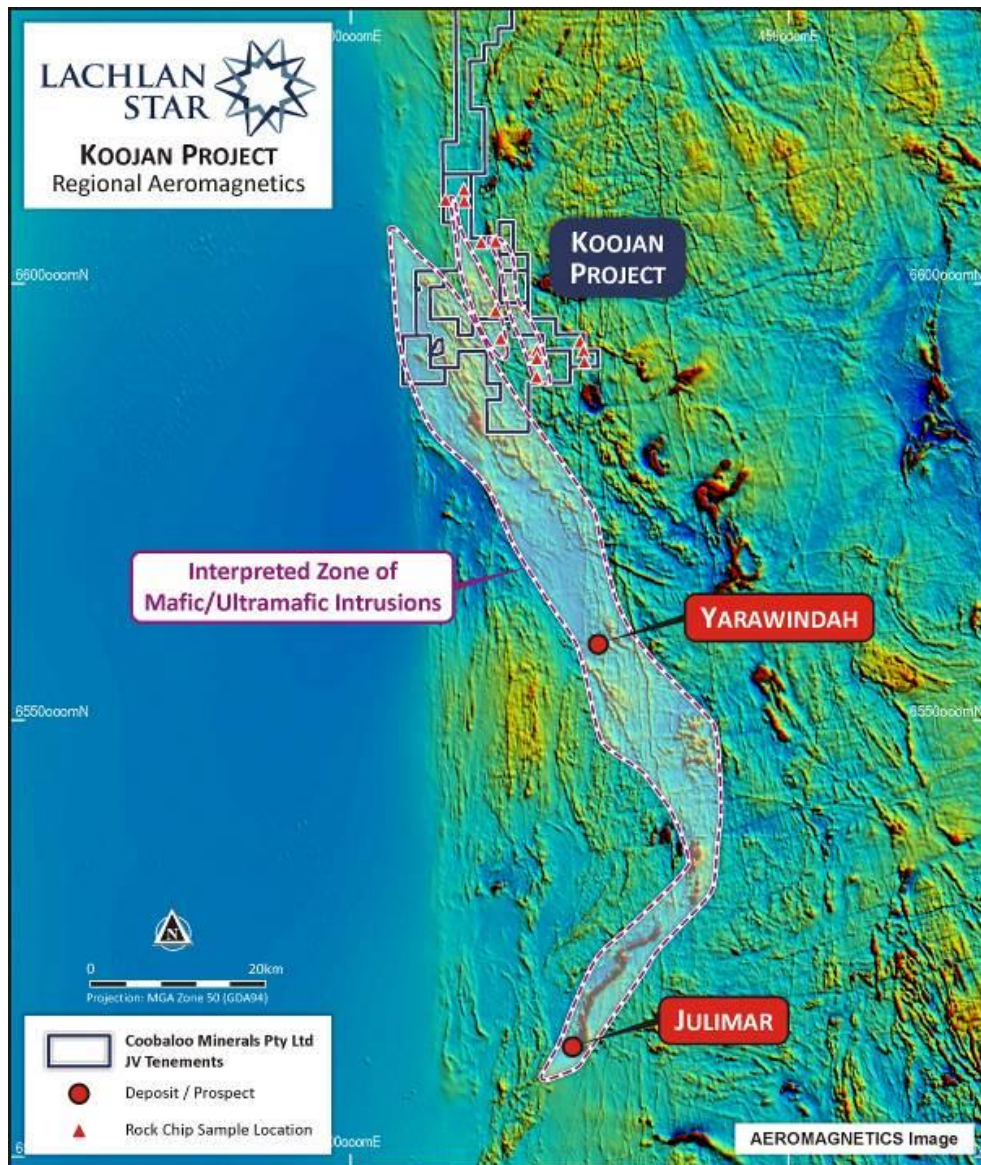


Figure 2: Regional aeromagnetics and prospective zones highlighted

Heli-EM survey

On 21 October 2020, the Company announced the results of a 450-line kilometre ElectroMagnetic (**Heli-EM**) survey flown at the Koojan Project. The Survey was undertaken on a 200m line spacing with a planned terrain clearance of 30m. Results of the Survey identified numerous conductive zones and field reconnaissance indicates that several of these are interpreted to be related to the bedrock geology.

Field reconnaissance at the Koojan project confirms the presence of intrusive mafic to ultramafic rocks. Examination of hand specimens of rock samples has identified sulphide mineralisation and gossanous textures near the EM anomalous areas, further strengthening the prospectivity of the area.

Farm-in with Liontown Resources

On 27 January 2021, Lachlan and Liontown Resources Limited (**Liontown**) signed a binding term sheet which grants Liontown the ability to earn a 51% interest in the Koojan Project held by Coobaloo Minerals (LSA 50%) (**Farm-in**). The terms of the Farm-in are set out in the announcement dated 27 January 2021.

Killaloe Gold Project

On 27 January 2021, Lachlan and Liontown signed a binding term sheet for the acquisition by Lachlan Star of Liontown's Killaloe Gold Project, in the Eastern Goldfields, WA.

The Killaloe Project, located in southeast Western Australia approximately 600km east of Perth and 20-30km northeast of the historic gold mining town of Norseman (**Figure 3**), comprises two, largely contiguous exploration licences (E63/1018 and E63/1713) and a separate mining licence (M63/177) covering a total combined area of 94km². There are no other land users and access is generally good although sometimes limited by thick bush and weather events. EL 63/1018 is subject to an agreement between Liontown and Cullen Exploration Pty Ltd (Cullen), with Cullen owning 20% of this tenement. The other tenements are 100%-owned by LRL (Aust) Pty Ltd, which is a wholly-owned subsidiary of Liontown.

There has been extensive previous exploration by multiple companies since the early 1960s targeting gold and nickel mineralisation. The project is located in the Eastern Goldfields of Western Australia with the interpreted extensions of major structures within the project area. The basement geology of the project consists of a northwest/southeast trending sequence of Archaean greenstones including mafics, ultramafics, volcanoclastic metasediments and granodiorite. Regionally significant, layer parallel structures are interpreted from regional magnetic data and movement along these may have caused structural thickening. Bedrock exposure varies with fresh outcrops separated by large areas of relatively shallow soil cover.

Historic exploration and recent work undertaken by Liontown has identified number of gold and base metal targets that are drill ready and warrant further work. These include:

- Barrall Prospect – A 4km long gold target defined by the alignment of nugget patches and coincident As-Cu-Te anomalism
- 1713 Prospect – A 800m long coincident gold/arsenic anomaly that remains open along strike
- Buldania Prospect – Multiple historic workings where historic drilling (Pre-1983) recorded significant intersections including:
 - o 11m @ 1.7g/t Au from 18m
 - o 7.6m @ 2.4g/t Au from 90m
 - o 6m @ 4.7g/t Au from 210.6m
- A number of other targets partially tested by previous explorers with better intersections including:
 - o 28m @ 2.1g/t Au (Duke Prospect);
 - o 48m @ 0.3g/t Au (Gossan East Prospect); and
 - o 2m @ 6g/t Au (Cashel Prospect)

In addition to being prospective for gold, previous work has also recorded significant nickel and zinc mineralisation which warrants further assessment.

Lachlan Star is planning a work program for the Killaloe project. A total of 550 auger geochemical samples have recently been collected that cover the majority of tenement E63/1713 and results are expected within in the March quarter. The program planned by Lachlan Star will consist of aircore drilling to follow-up defined structural zones and reverse circulation drilling at the Buldania Gold prospect to follow-up and define the high-grade gold mineralisation and determine the potential for gold mineralisation.

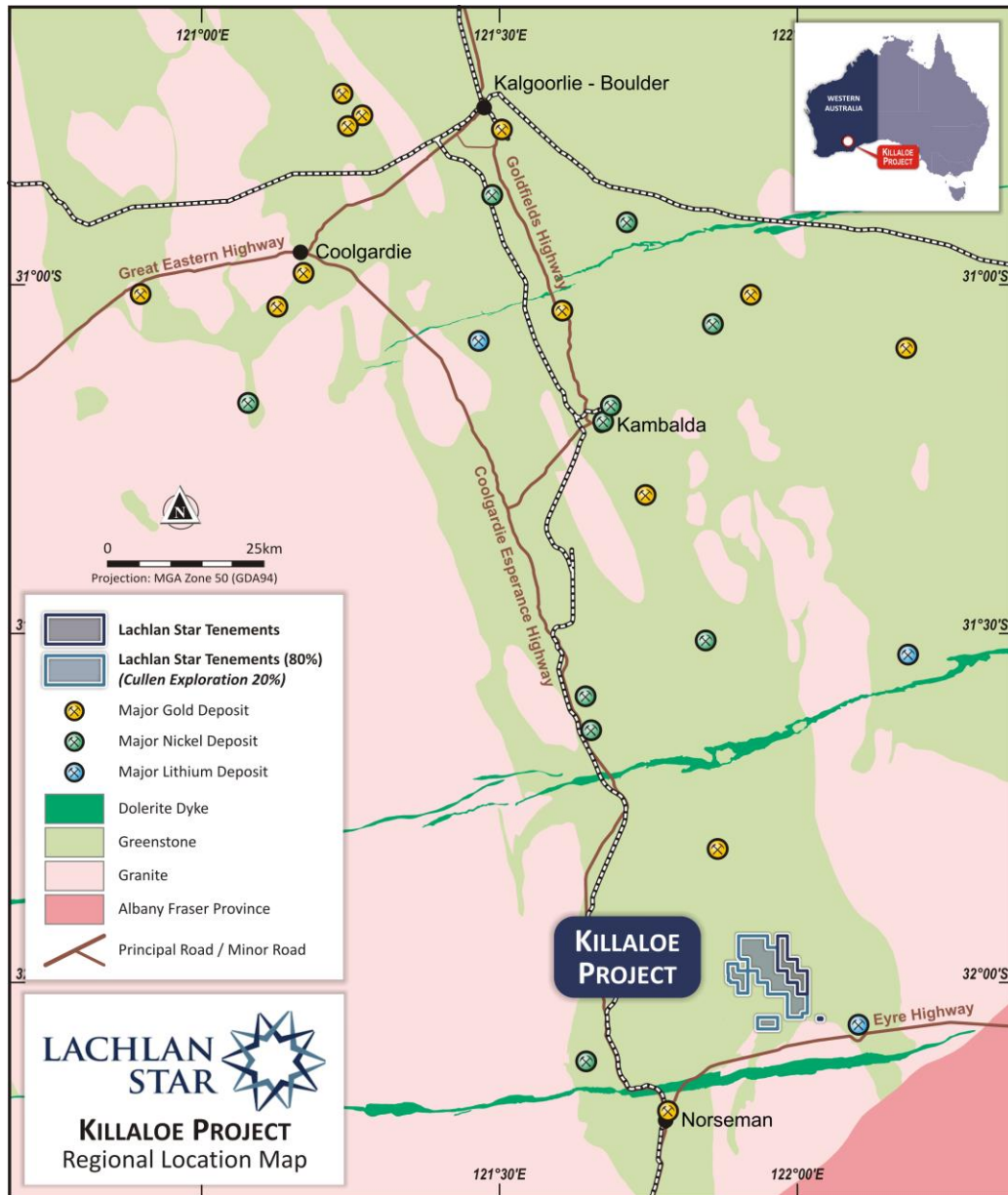


Figure 3: Killaloe Gold Project Location

Princhester Magnesite Project

The Princhester Magnesite Project is located 85km north west of Rockhampton, Queensland and comprises two granted Mining Leases (ML), ML5831 and ML5832. The ML's are close to the Bruce Highway and are within 2 kilometres of the main north coast railway line (Figure 4).

No work was undertaken at the Princhester project during the December quarter.



Figure 4: Location of Princhester Project, Queensland

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$55,000 exploration expenditure incurred during the December quarter.

Cash Position

As at 31 December 2020, the Company had approximately \$1.5 million of cash and nil debt. The Company retains sufficient funding to carry out its activities over the coming quarters.

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates: during the quarter \$28,000 was paid to Directors and associates for director and consulting fees.

This announcement has been authorised for release by Dan Smith, on behalf of the Board.

Competent Person's Statement – Exploration Results

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Bernard Aylward, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Aylward is a Director of Lachlan Star Limited. Mr Aylward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Aylward consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Annexure 1: Lachlan Star Limited – tenements held directly by Lachlan Star or subsidiary company

Tenements	Acquired during quarter	Disposed of during quarter	Held at end of quarter	Country
E70/5337 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
E70/5312 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
E70/5429 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
E70/5515 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
E70/5450 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
P70/1743 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
E70/5337 (Koojan)	50%	-	50%, Option to earn up to 75%	Australia
ML5831 (Princhester)	-	-	100%	Australia
ML5832 (Princhester)	-	-	100%	Australia
EL5574 (Bushranger)	-	-	Nil (Company retains a 2% NSR)	Australia