

29 July 2021

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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

HIGHLIGHTS:

- Liontown Resources Limited (**Liontown**) reported two large areas of strong geochemical anomalism (refer LTR ASX announcement 6/5/2021) defined by wide-spaced auger geochemical sampling program targeting a number of prospective trends, including the northern extension of the Julimar PGE-copper-nickel-gold corridor. Anomalies include:
 - Mallory PGE-Gold Anomaly – 1.4 x 1km area with **PGE values of up to 160ppb (0.16g/t) associated with elevated gold (up to 12ppb), copper (up to 270ppm) and nickel (up to 242ppm)**; and
 - Bourbana Gold Anomaly – gold values up to 135ppb Au returned and an anomaly extending for over 2km in strike and 2.4km in width.
 - New anomalous gold and PGE zones have been defined by wide spaced sampling requiring infill and geological review in the west and south of the JV tenements.
- Completion of the acquisition of the Killaloe Gold Project, in the Eastern Goldfields, from Liontown.
- On 6 July 2021, the Company announced the results of a rock chip sampling program at Killaloe, including:
 - **4.6g/t gold** from rock chip sampling near working, sample SCG082
 - **1.6g/t gold** from rock chip sampling near working, sample SCG083
 - **1.4g/t gold** from rock chip sampling near working, sample SCG077
 - **1.3g/t gold** from rock chip sampling near working, sample SCG079
- Lachlan Star has secured a drilling contractor for an initial 1,200m reverse circulation (“RC”) drilling program targeting:
 - Multiple high-grade gold trends within M63/117 to facilitate mineral resource review
 - Historic Gold-Silver workings in E63/1018 testing a strike length of over 1,500m previously undrilled
 - The western ultramafic sequence with anomalous nickel mineralisation within E63/1018
- The Company remains well funded with ~\$4.7 million cash on hand at the end of the June quarter.

CORPORATE

On 9 April 2021, the Company issued 40,000,000 shares to Liontown Resources Limited in consideration for the acquisition of the Killaloe Gold Project.

On 9 April 2021, the Company issued 74,180,640 shares at an issue price of \$0.017 each, raising \$1.26 million (before costs).

On 6 May 2021, 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 JV Project (LSA earning 75%)

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.

Farm-in with Liontown Resources

On 27 January 2021, Lachlan Star 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%, earning 75%) (**Farm-in**). The terms of the Farm-in are set out in the announcement dated 27 January 2021.

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.

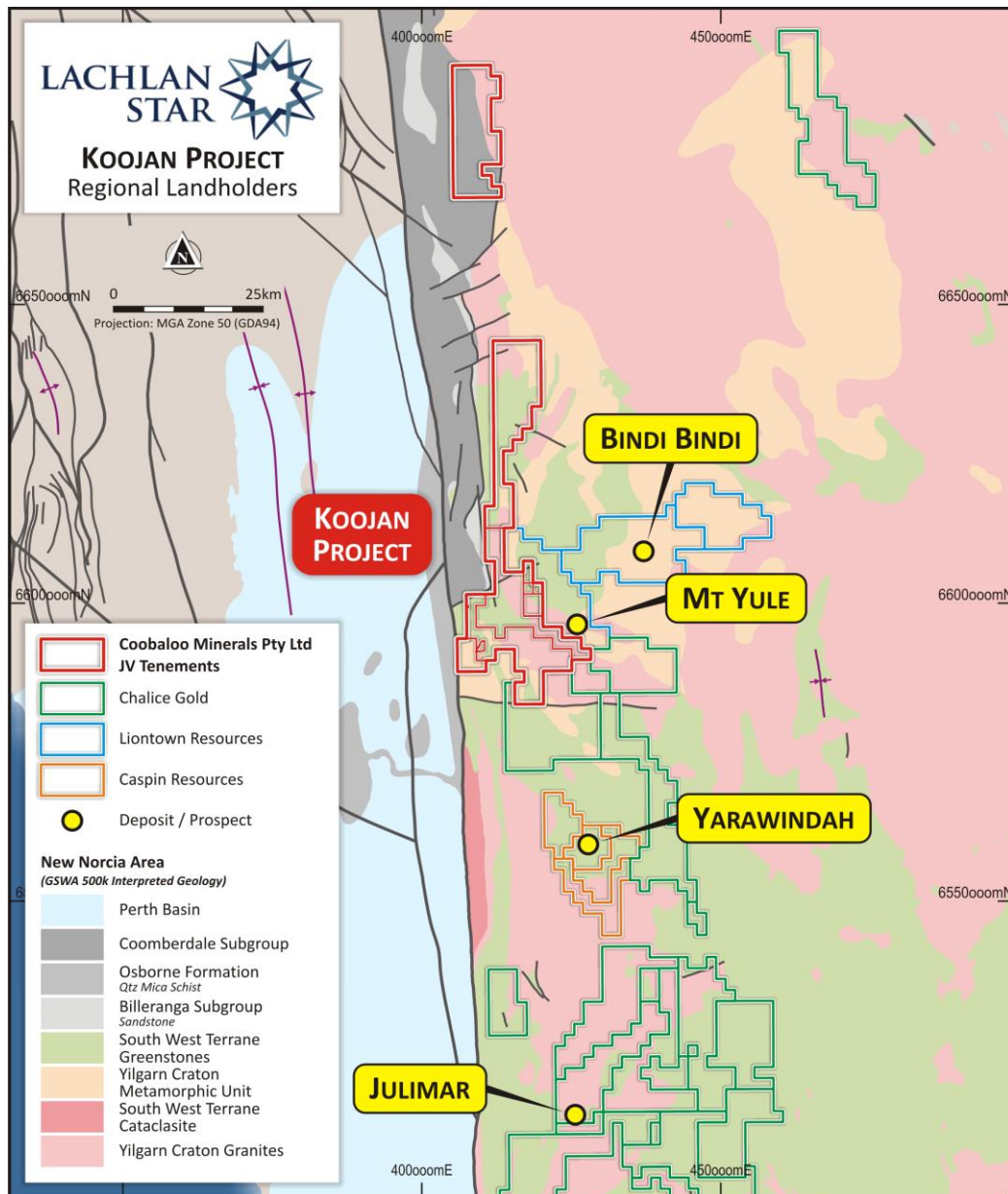


Figure 1: Koojan Project location – regional geology and major tenement holders

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.

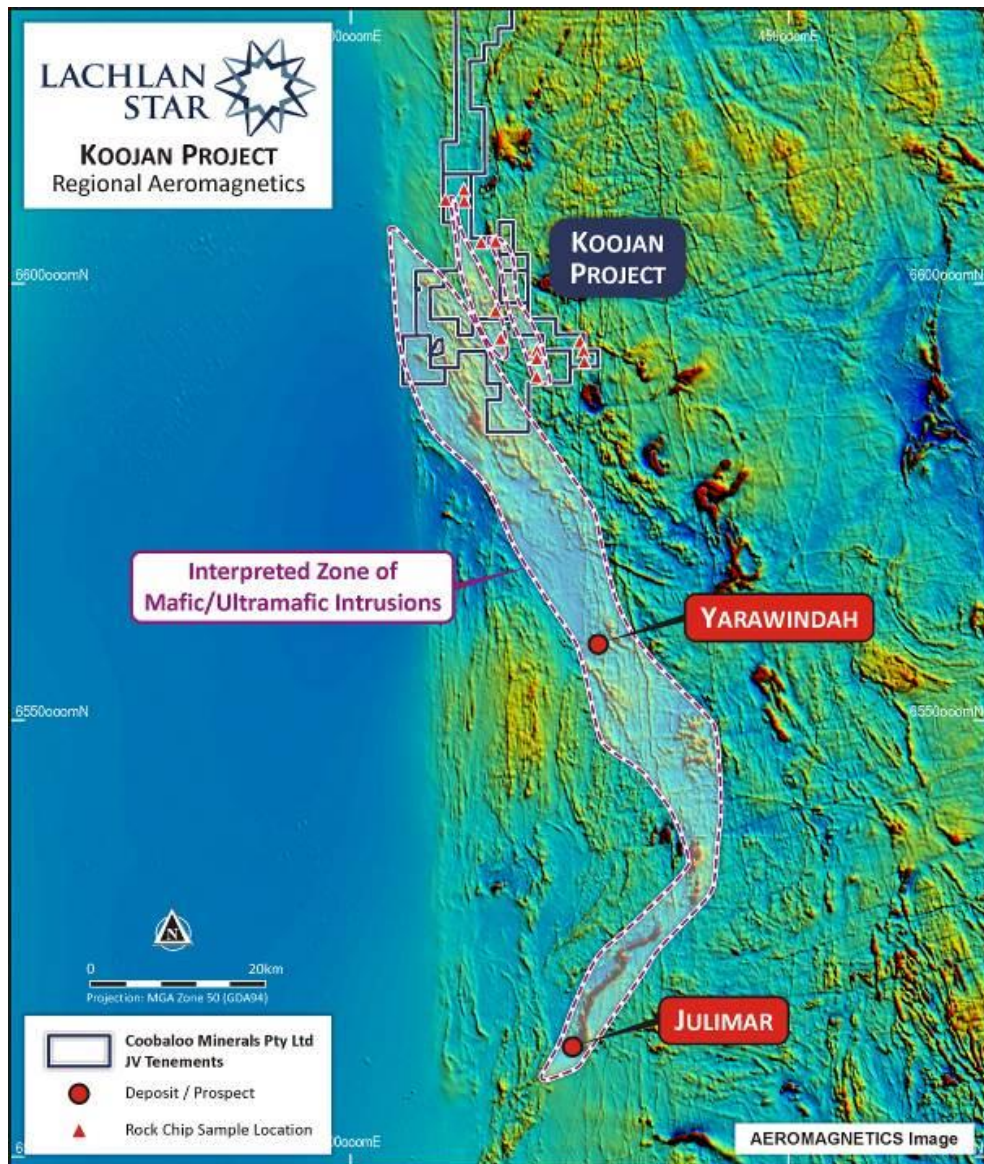


Figure 2: Regional aeromagnetics and prospective zones highlighted

On 14 July 2021, the Company provided an update on the encouraging results from recent geochemical sampling at the Koojan Cu-Ni-PGE Project. Details of the anomalies defined by the Lio town exploration activity have been provided in the ASX announcements of 6 May 2021 and 14 July 2021, and are summarised below:

The **Mallory PGE-gold anomaly** is defined by 200x200m spaced samples with a number of plus 100ppb (0.1g/t) PGE values recorded coincident with strongly anomalous gold, copper and nickel (**Figure 3**). The coincident anomalous copper and nickel is interpreted to indicate possible sulphide-related mineralisation. Government geological mapping indicates that the underlying bedrock geology comprises poorly exposed mafic, metasedimentary and gneissic rock units.

The Bourbana gold anomaly is an irregular shaped feature with multiple plus 50ppb Au peaks. The bedrock geology is obscured by shallow lateritic cover; however, the anomaly is coincident with linear magnetic highs, suggestive of the presence of iron-rich mafic units. The anomaly requires further geological evaluation including geophysical testing prior to reconnaissance drill testing.

Additional geochemical anomalies have been defined by the extension sampling and require further infill and geological assessment (**Figure 3**). The anomalies are coincident with geophysical features observed in the aeromagnetic data and highlight potential for extension.

The geochemical sampling will also be reviewed to ensure that the varying surface geology has been adequately tested, and the geochemical anomalies will be further prioritised with a view for ground geophysical testing including EM and IP surveys.

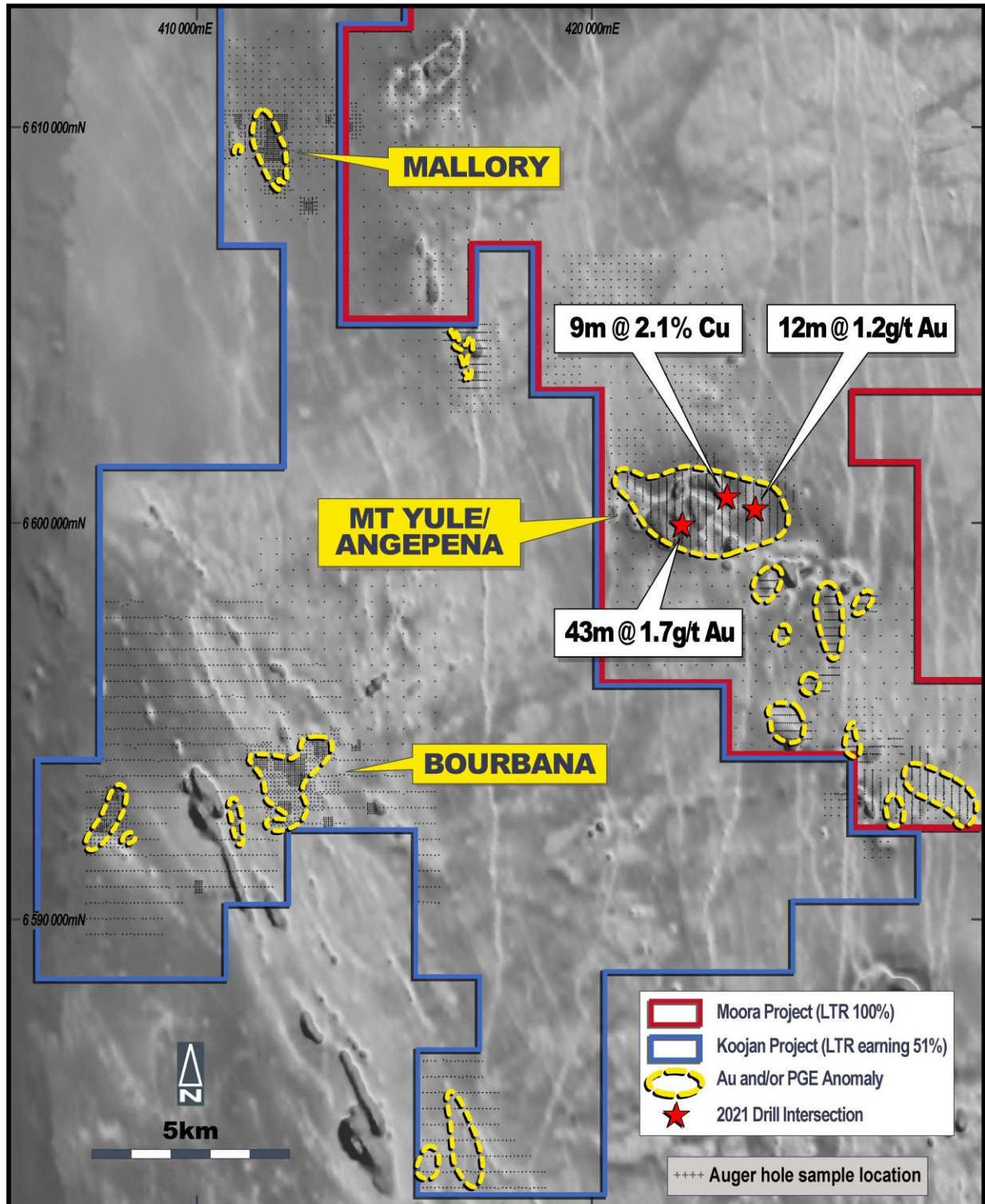


Figure 3: Koojan JV Project location and Liontown Moora project geochemical anomalies (source Liontown Resources ASX announcement 14/07/2021)

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. Completion of the acquisition of the Killaloe Project took place on 9 April 2021.

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 4**), 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)

During the June quarter, the Company undertook a reconnaissance site visit to the Killaloe project, including a rock chip sampling program. Field reconnaissance and rock chip sampling of historic workings within the Killaloe Gold Project returned multiple high-grade surface samples from licence M63/117 including:

- **4.6g/t gold** from rock chip sampling near working, sample SCG082
- **1.6g/t gold** from rock chip sampling near working, sample SCG083
- **1.4g/t gold** from rock chip sampling near working, sample SCG077
- **1.3g/t gold** from rock chip sampling near working, sample SCG079

The field reconnaissance also included review of historic ultramafic lithologies and gold-silver workings within tenement E63/1018. Handheld XRF analysis indicated anomalous nickel and associated elements, and one selected sample dispatched for laboratory analysis returned 0.14% nickel. A review of historic

exploration has identified several targets that require drill testing, and the Company is also reviewing the possibility of a ground EM survey to attempt to define potential high priority targets for assessment.

Maiden Drill Program

Results from the first round of reconnaissance sampling are encouraging, and in conjunction with historic exploration warrant follow-up with Lachlan Star planning to commence a maiden drill program at the Killaloe Gold Project. The program will target:

- **Multiple high-grade gold trends within M63/117 to facilitate mineral resource review**
- **Historic Gold-Silver workings in E63/1018 testing a strike length of over 1,500m previously undrilled**
- **Targeting the western ultramafic sequence with anomalous nickel mineralisation within E63/1018**

The drilling program, will consist of a minimum of 1,200m of RC drilling, with the majority of the drilling expected to be completed on tenement E63/1018.

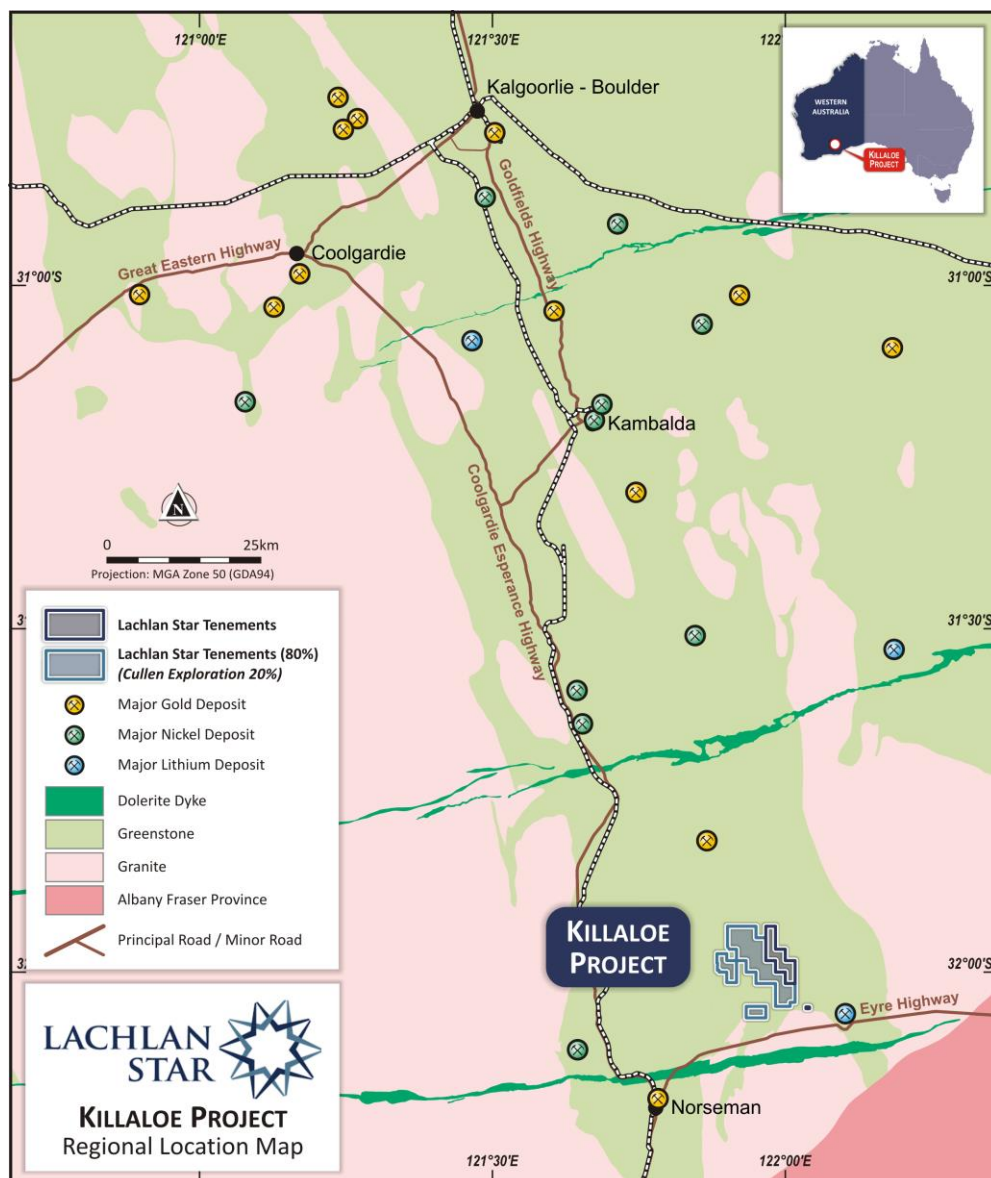


Figure 4: Killaloe Gold Project Location

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.

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

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$51,000 exploration expenditure incurred during the June quarter.

Cash Position

As at 30 June 2021, the Company had approximately \$4.7 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 \$62,000 was paid to Directors and associates for director, consulting, company secretarial and accounting 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%, Option to earn up to 75%	Australia
E70/5312 (Koojan)	-	-	50%, Option to earn up to 75%	Australia
E70/5429 (Koojan)	-	-	50%, Option to earn up to 75%	Australia
E70/5515 (Koojan)	-	-	50%, Option to earn up to 75%	Australia
E70/5450 (Koojan)	-	-	50%, Option to earn up to 75%	Australia
P70/1743 (Koojan)	-	-	50%, Option to earn up to 75%	Australia
M63/177 (Killaloe)	80%	-	80%	Australia
E63/1018 (Killaloe)	100%	-	100%	Australia
E63/1713 (Killaloe)	100%	-	100%	Australia
ML5831 (Princhester)	-	-	100%	Australia
ML5832 (Princhester)	-	-	100%	Australia
EL5574 (Bushranger)	-	-	Nil (Company retains a 2% NSR)	Australia

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lachlan Star Limited

ABN

88 000 759 535

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(51)	(303)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(162)	(432)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(77)	(86)
1.9 Net cash from / (used in) operating activities	(290)	(820)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(50)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(50)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,261	3,799
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	38	188
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(65)	(218)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,234	3,769
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,737	1,782
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(290)	(820)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,234	3,769

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,681	4,681

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2	18
5.2	Call deposits	4,679	3,719
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,681	3,737

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Consulting fees and directors' fees - \$42,000 Company secretarial and accounting fees - \$19,545</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	[]	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
[]		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(286)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(286)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,681
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,681
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	16
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity 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?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: The board of Lachlan Star Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.