

29 July 2022

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2022

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

### HIGHLIGHTS:

- During the quarter, Minerals 260 Limited (ASX:MI6) continued with a major exploration campaign at the Koojan JV Project, consisting of targeted ground electromagnetic surveys as well as infill and follow-up geochemical sampling. The Exploration program is continuing with initial drilling proposed for the Mallory PGE anomaly
  - Assays are pending for air-core holes drilled across previously defined geochemical anomalies located at the Koojan JV Project
- Buldania prospect drill holes (3 RC holes for 362m) targeted multiple gold trends defined by the historic workings in tenement M63/177 and returned gold intersections including:
  - **6m at 3.74g/t** gold from 54m in drillhole LSK007
  - **9m at 1.38g/t** gold from 75m & **3m at 3.03g/t** gold from 90m in drillhole LSK008
- Drilling has intersected multiple mineralised zones defined by quartz veining, sulphide mineralisation and rare coarse gold noted in panned samples. Follow-up geological interpretation and mapping in progress
- The Company remains well funded with ~\$4.3 million cash on hand at the end of the June quarter.

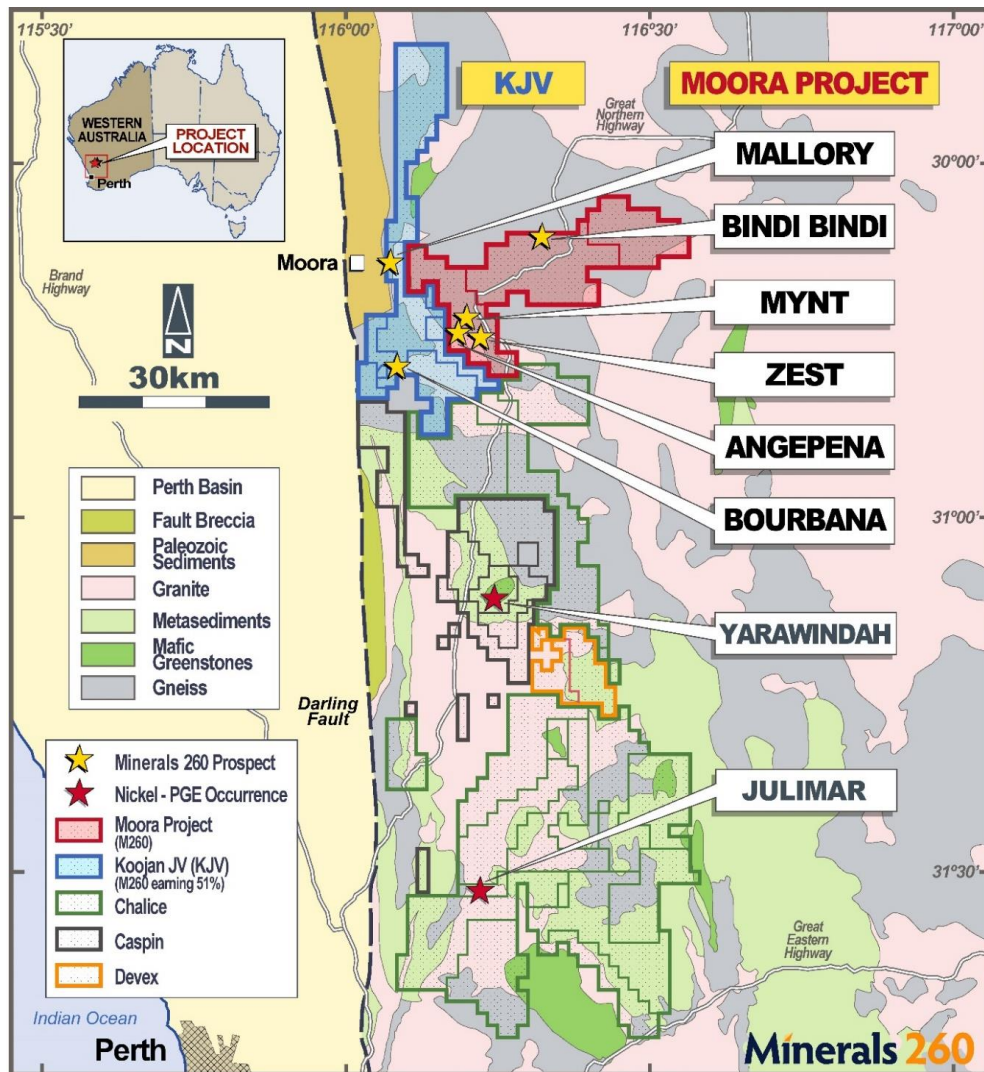
### OPERATIONS

#### *Koojan Cu-Ni-PGE JV Project (LSA 75%)*

Lachlan Star and Minerals 260 Limited (**Minerals 260**) have a farm-in agreement where Minerals 260 can earn a 51% interest in the Koojan Project held by Coobaloo Minerals (LSA 75%) (**Farm-in**). Minerals 260 can acquire 51% equity in the Koojan Project by spending a total of \$4 million on exploration within 5 years with a minimum expenditure commitment of \$500,000 before having the right to withdraw. Upon Lontown earning 51% in the Koojan JV Project, the parties respective interests will be Minerals 260 (51%), Lachlan Star (24%), Wavetime Nominees (25%).

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. 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.

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 1:** Moora and Koojan JV Projects: Location plan and regional geology (source MI6 ASX announcement 11/07/2022)

#### *Koojan JV Exploration Program Details*

The reconnaissance aircore drilling will test coincident geochemical and geophysical targets including the previously announced high-priority Mallory and Bourbana prospects (reported by Liontown Resources Limited (ASX:LTR) prior to the demerger and IPO of Minerals 260 – see Liontown ASX release dated 14<sup>th</sup> July 2021).

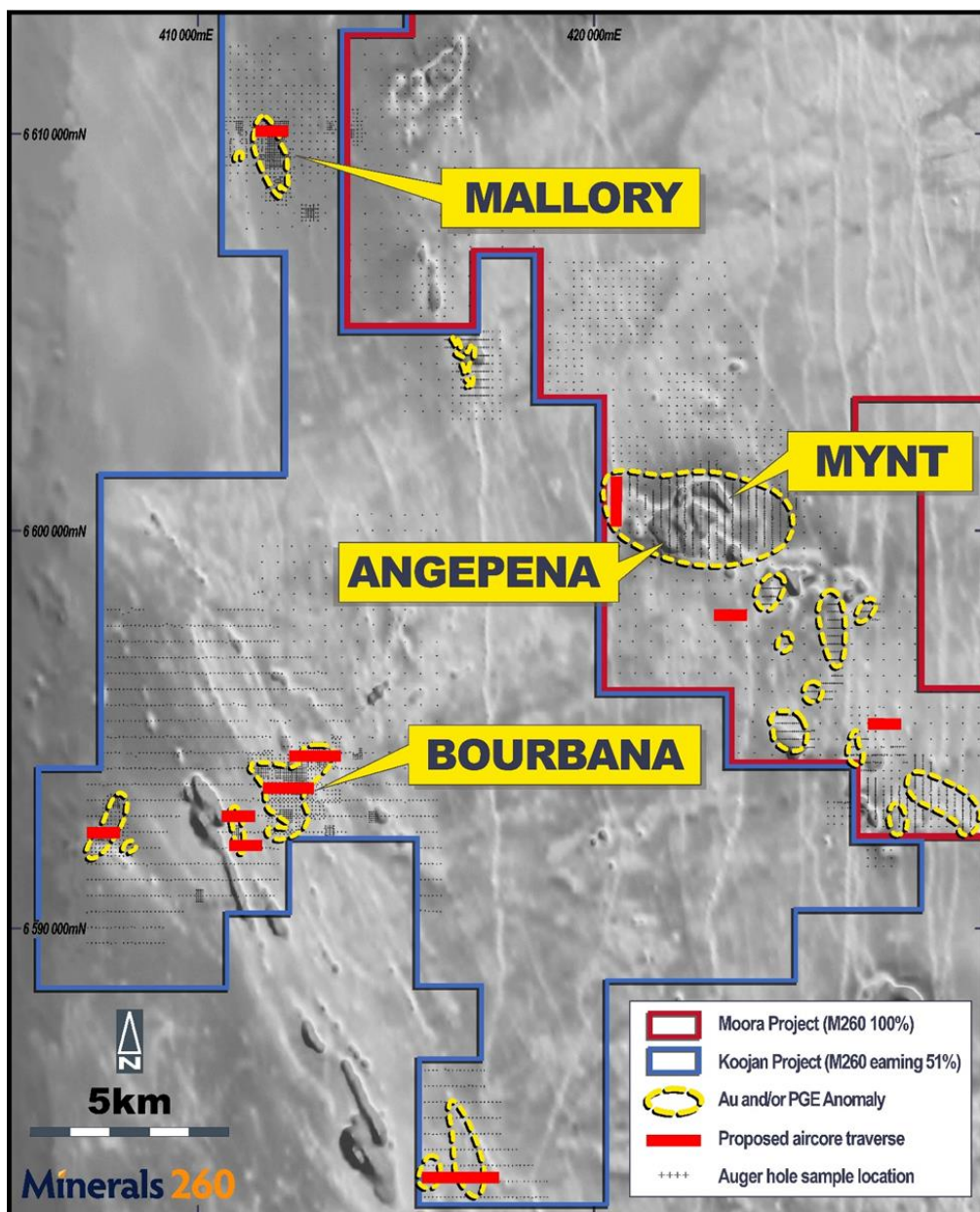
The Mallory prospect is defined over a strike length of 2km with highly anomalous surface gold (up to 18ppb), PGE's (up to 160ppb) and copper (up 380ppm) that is coincident with a conductive zone defined by the GAIP survey (**Figure 2**).

The Bourbana prospect is a broad, multi-peaked gold anomaly (up to 135ppb) that has been defined over a 1km x 2.7km surface area and the completed GAIP survey has identified coincident conductive zones to be targeted by reconnaissance drilling.

In addition to the Mallory and Bourbana prospect, the reconnaissance drilling will also target surface gold and PGE anomalies defined by surface geochemical sampling and geophysical interpretation. The aim of the drilling is to provide geological information to fully evaluate and prioritise the anomalies for continued exploration (**Figure 2**).

The extensive surface geochemical sampling program, designed to infill previously, partially defined anomalies and assess new areas, is ongoing with approximately 40% of the samples collected and submitted for assay.

The detailed aeromagnetic and gravity surveys have been completed over the Koojan JV and continued over to ground held directly by MI6. The final data is being processed and when received and combined with the results of the reconnaissance drilling and geochemical sampling will provide a significant amount of data, which once processed and analysed, will be used to optimise drill testing of existing and new targets.



**Figure 2:** Moora/Koojan Projects – Regional greyscale magnetic image showing proposed aircore drill traverses

### Killaloe Gold Project

The Killaloe Project, located in southeast Western Australia approximately 600km east of Perth and 35km northeast of the historic gold mining town of Norseman, comprises two, largely contiguous exploration licences (E63/1018 and E63/1017) and the separate Buldania mining licence (M63/177) covering a total combined area of 94km<sup>2</sup> (refer Figure 3). There are no other land users and access is generally good although sometimes limited by thick bush and weather events.

Lachlan Star's maiden drilling program consisted of 8 RC drill holes for a total of 962m completed made up of 3 drill holes for 362m within the Buldania workings with drill holes oriented to the south and dipping at 60 degrees to intersect the east-west striking mineralised zones (refer Figure 3). In tenement E63/1018 drilling targeted the extensions to the Barrel prospect and parallel targets with 5 drill holes for 600m drilling with holes oriented to the east and dipping 60 degrees to cross-cut the geological sequence. All holes have been sampled on an initial 3m composite basis and analysed for gold, PGE and multi-element. Anomalous samples have been re-split to 1 metre intervals for further assay to confirm the potential for narrow high-grade gold mineralisation.

### Buldania Gold Workings

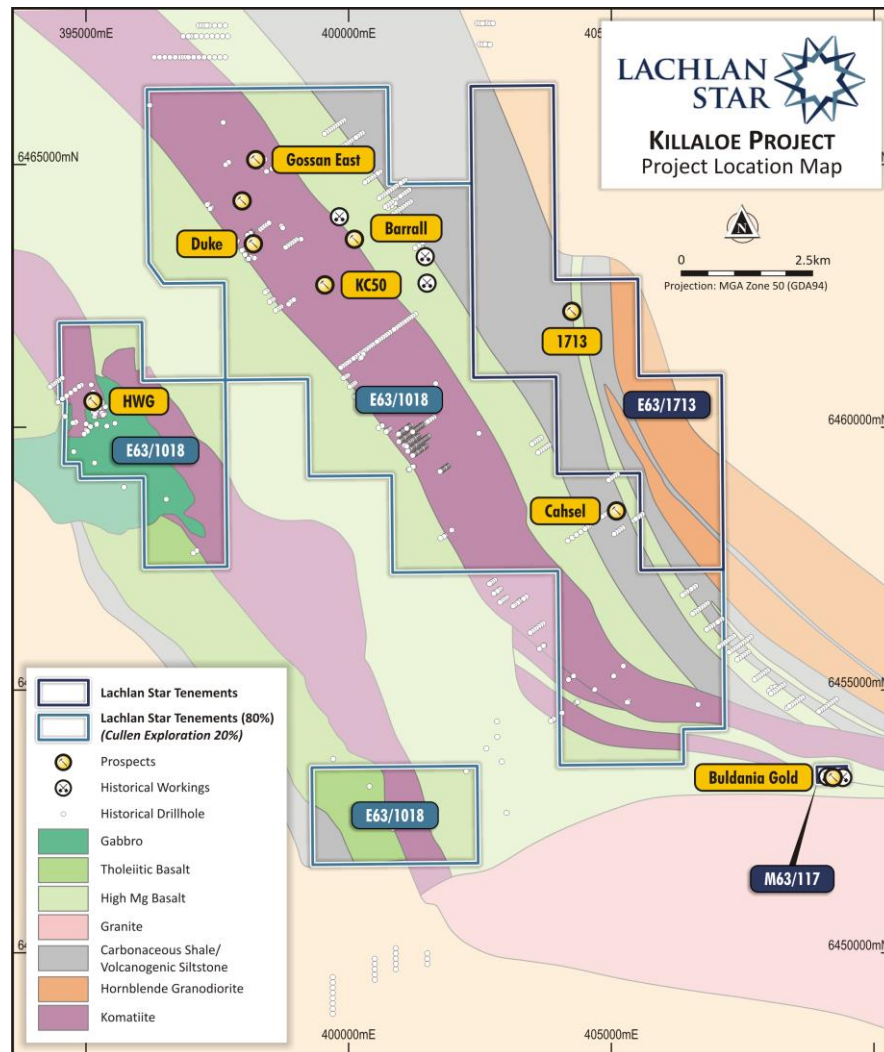
The Gold mineralisation at the Buldania prospect within tenement M63/117 is interpreted to be controlled by a series of parallel shear zones intruded by quartz veining and associated alteration. Historic gold workings that have exploited the gold mineralised trends and the geological strike approximate an east-west orientation, and historic drilling defined multiple parallel zones that require further testing. Following on from a rock-chip sampling program, the initial drilling program tested a section across the parallel trends to confirm geological and structural interpretation on mineralisation controls.

Significant intersections for the RC drill holes calculated using a 0.5g/t gold lower cut-off, maximum 3m internal dilution are tabled below (refer ASX announcement dated 29 April 2022):

Hole Id	Northing	Easting	Hole Depth m	Azimuth	Dip	Depth From	Depth To	Width	Grade g/t
LSK006	6453387	409201	82	180	-60	54	57	3	1.08
LSK007	6453436	409208	140	180	-60	54	57	6	3.74
						66	69	3	1.65
LSK008	6453482	409200	140	180	-60	36	39	3	2.31
						75	78	9	1.38
						90	93	3	3.03
						114	117	3	2.28

**Notes:** Drill holes are RC drill holes. Drill holes have been sampled on a 1m basis with samples collected via a cone split system with samples for analysis consisting of 3m composite samples. Drill hole collars are surveyed using a hand-held GPS with sub 5-metre accuracy, coordinate system GDA – Zone 51S, and all holes are survey down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged and recorded in database. Samples analysed by Intertek-Genalysis Laboratories for gold and PGE's by 50g Fire Assay and multi-element analysis by mixed acid digest and ICP-MS and ICP-OES finish. Intersections are reported as g/t gold (ppm) Intersections are reported using a 0.5g/t gold lower-cut-off, and allowing for a maximum of 3m (1 composite sample) internal dilution.





**Figure 3:** Killaloe Gold Project – geology and prospect 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 Princhester during the June quarter.

## **CORPORATE**

### **Summary of exploration Expenditure**

In accordance with Listing Rule 5.3.1, the Company reports that there was \$38,000 exploration expenditure incurred during the June 2022 quarter, prior to a refund of \$50k for pre-paid exploration expenses.

### **Cash Position**

As at 30 June 2022, the Company had approximately \$4.3 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 \$42,000 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 as at 30 June 2022**

<b>Tenements</b>	<b>Acquired during quarter</b>	<b>Disposed of during quarter</b>	<b>Held at end of quarter</b>	<b>Country</b>
E70/5337 (Koojan)	-	-	75%	Australia
E70/5312 (Koojan)	-	-	75%	Australia
E70/5429 (Koojan)	-	-	75%	Australia
E70/5515 (Koojan)	-	-	75%	Australia
E70/5450 (Koojan)	-	-	75%	Australia
P70/1743 (Koojan)	-	-	75%	Australia
M63/177 (Killaloe)	-	-	100%	Australia
E63/1018 (Killaloe)	-	-	80%	Australia
E63/1713 (Killaloe)	-	-	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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(69)	(380)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
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)	33	106
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(36)</b>	<b>(274)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	12	(318)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>12</b>	<b>(318)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	238
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>238</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,351	4,681
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(36)	(274)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	12	(318)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	238

## 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	<b>Cash and cash equivalents at end of period</b>	<b>4,327</b>	<b>4,327</b>

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	35	59
5.2	Call deposits	4,292	4,292
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,327</b>	<b>4,351</b>

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	42
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 - \$24,000 Company secretarial and accounting fees - \$18,000</p>		

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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(36)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	12
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(24)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,351
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,351
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	181
<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 2022

Authorised by: .....  
Daniel Smith  
Director

## 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.