

# **LACHLAN STAR LIMITED**

**ABN 88 000 759 535**

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2018**

**CORPORATE DIRECTORY**

**Directors**

K Eckhof  
G Steinepreis  
B Aylward  
D Smith

**Company Secretary**

D Smith

**Auditors**

PricewaterhouseCoopers  
Brookfield Place, 125 St Georges Terrace  
Perth WA 6000

**Bankers**

Westpac Banking Corporation  
Level 13 109 St Georges Terrace  
Perth, WA, 6000

**Registered Office**

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West Perth WA 6005  
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Facsimile: +61 89420 9399

**Share Registries**

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172 St Georges Terrace  
Perth WA 6000

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(within Australia)  
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**Securities Exchange Listing**

Securities of Lachlan Star Limited are listed on ASX Limited.

ASX Code: LSA - ordinary shares

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## **DIRECTORS' REPORT**

The directors present their report consisting of Lachlan Star Limited ("Lachlan" or "Company") and the entities it controlled at the end of or during the half-year ended 31 December 2018 together with the consolidated financial report for the half-year ended 31 December 2018, and the independent review report thereon.

### **Directors**

The directors of the Company in office at any time during or since the end of the half-year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

G Steinepreis (Non-Executive Chairman)  
B Aylward (Non-Executive Director)  
D Smith (Non-Executive Director)  
K Eckhof (Executive Director) – appointed 13 August 2018

### **Corporate**

On 13 August 2018 the Company announced the appointment of Mr Klaus Eckhof as an Executive Director of the Company. Mr Eckhof is a geologist with more than 30 years' experience identifying, exploring and developing mineral deposits around the world. As part of Mr Eckhof's appointment as Executive Director, he is entitled to up to 80 million performance rights, subject to shareholder approval which was obtained on 20 November 2018.

### **Auditor's Independence Declaration**

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the directors' report for the half-financial year ended 31 December 2018.

### **Review of operations**

The consolidated entity's net loss after tax for the half-year ended 31 December 2018 was \$252,852 (2017: \$66,224 loss) after recognising corporate compliance and management costs of \$126,578 (2017: \$22,426).

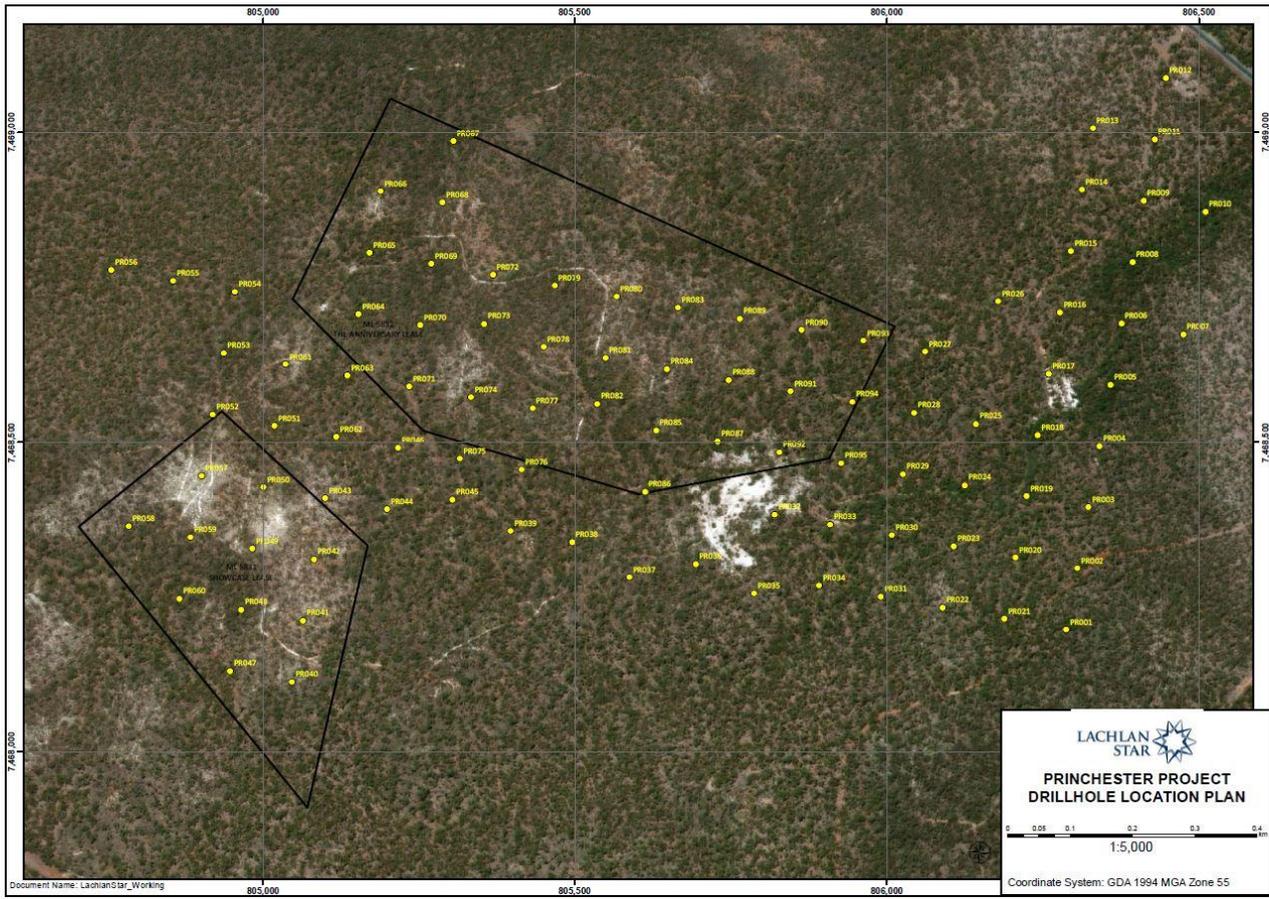
### **PRINCHESTER MAGNESITE PROJECT – ML5831 AND ML5832 (100%)**

The Princhester Magnesite Project is located 85km northwest 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 1**).

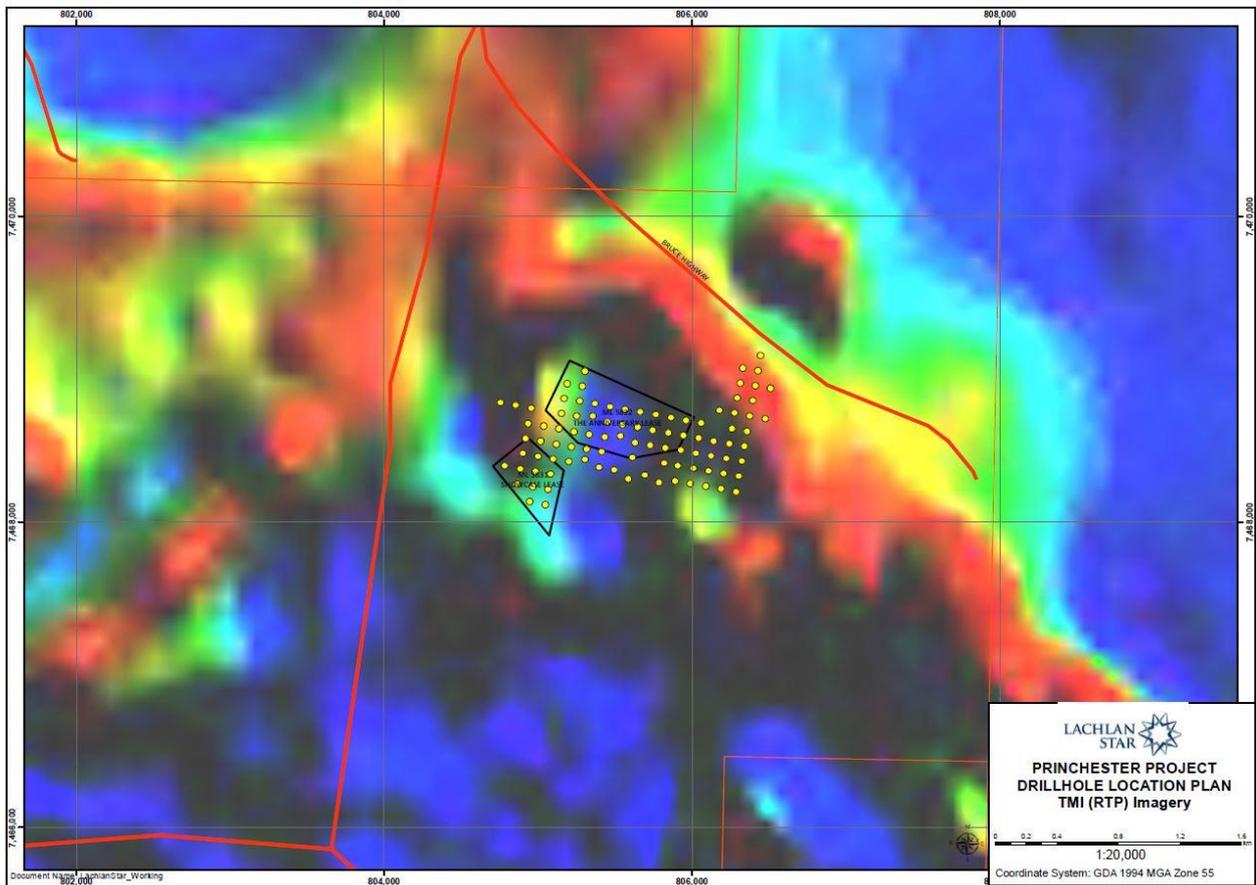


Figure 1: Location of Princhester Project, Queensland

During the reporting period the Company continued the research into the historical drilling and surface geochemistry to allow a full review of the Princhester project. As stated in the previous Quarter report the geological review confirms the presence of magnesite mineralisation (**Figure 2** and **Figure 3**). The field visit planned for the December quarter was delayed due to logistical constraints and is now planned to be completed in the March quarter. The field visit will verify the historic drilling and determine areas suitable for further exploration targeting expansion of the magnesite mineralised zone. The field visit will also review the environmental rehabilitation previously undertaken.



**Figure 2: Princhester Project historic drilling on satellite image**



**Figure 3: Princhester Project regional aeromagnetic data and project drilling location**

*Conceptual exploration target*

Based on the level of exploration work previously undertaken in respect of the MLs, and the size and mineralised nature of the Princhester Magnesite Project, the Company has generated an exploration target tonnage of between **4.13Mt and 5.44Mt of magnesite** at a grade between **46% to 47% MgO**.

*Magnesite*

Magnesite is an ore for magnesium production and the source of a range of industrial minerals.

There are two main uses for magnesite. The first is as feedstock in the production of dead-burned magnesia and for refractory brick use in lining furnaces in the steel industry and non-ferrous metal processing units and cement kilns. The second use is for processing to caustic calcined magnesia which is used principally as a food supplement in agribusiness and in fertilisers as well for fillers in paints, paper and plastics. Raw magnesite is used for surface coatings, landscaping, ceramics and as a fire retardant.

*Evaluation of new mineral resource opportunities*

The Company has allocated part of its working capital budget to the identification and evaluation of new mineral resource opportunities in Australia and overseas. The Company will also consider the acquisition and development of any other investments, both within the mining industry and in market segments unrelated to the mining industry. No decision to invest in any of the projects currently being reviewed has been made at this stage.

**Competent Persons Statement**

*The information in this report that relates to exploration results, including the exploration target, is based on information compiled by Mr Bernard Aylward. Mr Aylward is a Non-Executive Director of the Company. Mr Aylward is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aylward consents to the inclusion in the announcement of matters based on his information in the form and context it appears.*

**Forward Looking Statements and Important Notice**

*This report contains forecasts, projections and forward-looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations and estimates and projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of Lachlan Stars' control.*

*Actual results and developments will almost certainly differ materially from those expressed or implied. Lachlan Star has not audited or investigated the accuracy or completeness of the information, statements and opinions contained in this announcement. To the maximum extent permitted by applicable laws, Lachlan Star makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this report and without prejudice, to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this report.*

**Subsequent Events**

No matter or circumstance has arisen since 31 December 2018 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years (i) the consolidated entity's operations, or (ii) the results of those operations, or (iii) the consolidated entity's state of affairs.



**Daniel Smith**  
Director

Perth, 15<sup>th</sup> March 2019



## *Auditor's Independence Declaration*

As lead auditor for the review of Lachlan Star Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lachlan Star Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley'.

Craig Heatley  
Partner  
PricewaterhouseCoopers

Perth  
15 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|  | Notes | 31 December<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|--|-------|---------------------------|---------------------------|
| <b>Revenue from continuing operations</b>                          |       |                           |                           |
| Finance income   |       | 4,568                     | -                         |
| <b>Expenses</b>  |       |                           |                           |
| Corporate compliance and management                                |       | (126,578)                 | (22,426)                  |
| Administrator's fees and expenses                                  |       | -                         | (37,417)                  |
| Other expenses   | 6     | (71,068)                  | (6,282)                   |
| Finance expense  |       | (58)                      | (99)                      |
| Share Based Payment Expense  | 7     | (59,717)                  | -                         |
|  |       | <hr/>                     | <hr/>                     |
| (Loss) before income tax   |       | (252,852)                 | (66,224)                  |
| Income tax expense   |       | -                         | -                         |
|  |       | <hr/>                     | <hr/>                     |
| <b>(Loss) for the period</b>                                       |       | (252,852)                 | (66,224)                  |
| <b>Other comprehensive income for the period net of income tax</b> |       |                           |                           |
| <i>Items that may be reclassified to profit or loss</i>            |       |                           |                           |
|  |       | <hr/>                     | <hr/>                     |
| <b>Total comprehensive (loss) for the period</b>                   |       | (252,852)                 | (66,224)                  |
|  |       | <hr/>                     | <hr/>                     |
| Basic (loss) per share (cents per share)                           |       | (0.03)                    | (0.0)                     |
| Diluted (loss) per share (cents per share)                         |       | (0.03)                    | (0.0)                     |

*The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated interim financial report.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                  | Notes | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|----------------------------------|-------|---------------------------|-----------------------|
| <b>Current assets</b>            |       |                           |                       |
| Cash and cash equivalents        |       | 1,786,030                 | 2,022,742             |
| Trade and other receivables      |       | 91,650                    | 75,701                |
| <b>Total current assets</b>      |       | <u>1,877,680</u>          | <u>2,098,443</u>      |
| <b>Non-current assets</b>        |       |                           |                       |
| Exploration and evaluation       |       | 7,983                     | -                     |
| <b>Total Non-current assets</b>  |       | <u>7,983</u>              | <u>-</u>              |
| <b>Total assets</b>              |       | <u>1,885,663</u>          | <u>2,098,443</u>      |
| <b>Current liabilities</b>       |       |                           |                       |
| Trade and other payables         |       | 36,513                    | 56,159                |
| <b>Total current liabilities</b> |       | <u>36,513</u>             | <u>56,159</u>         |
| <b>Total liabilities</b>         |       | <u>36,513</u>             | <u>56,159</u>         |
| <b>Net assets</b>                |       | <u>1,849,149</u>          | <u>2,042,284</u>      |
| <b>Equity</b>                    |       |                           |                       |
| Contributed equity               | 8     | 3,325,554                 | 3,325,554             |
| Reserves                         |       | 458,717                   | 399,000               |
| Accumulated losses               |       | (1,935,122)               | (1,682,270)           |
| <b>Total equity</b>              |       | <u>1,849,149</u>          | <u>2,042,284</u>      |

*The consolidated statement of financial position should be read in conjunction with the notes to the consolidated interim financial report.*

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2018 INTERIM FINANCIAL REPORT**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Contributed<br>equity | Accumulated<br>losses | Share based<br>Payments<br>reserve | Option<br>Premium<br>reserve | Total       |
|---|-----------------------|-----------------------|------------------------------------|------------------------------|-------------|
|   | \$                    | \$                    | \$                                 | \$                           | \$          |
| <b>Balance at 1 July 2017</b>                         | 226,058,062           | (227,366,142)         | -                                  | -                            | (1,308,080) |
| Loss for the period                                   | -                     | (66,224)              | -                                  | -                            | (66,224)    |
| Total comprehensive loss for the period               | -                     | (66,224)              | -                                  | -                            | (66,224)    |
| <b>Balance at 31 December 2017</b>                    | 226,058,062           | (227,432,366)         | -                                  | -                            | (1,374,304) |
| <br>  |                       |                       |                                    |                              |             |
| <b>Balance at 1 July 2018</b>                         | 3,325,554             | (1,682,270)           | -                                  | 399,000                      | 2,042,284   |
| Loss for the period                                   | -                     | (252,852)             | -                                  | -                            | (252,852)   |
| Total comprehensive loss for the period               | -                     | (252,852)             | -                                  | -                            | (252,852)   |
| Transactions with owners in their capacity as owners: |                       |                       |                                    |                              |             |
| Share-based payment – performance rights              | -                     | -                     | 59,717                             | -                            | 59,717      |
| <b>Balance at 31 December 2018</b>                    | 3,325,554             | (1,935,122)           | 59,717                             | 399,000                      | 1,849,149   |

*The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>31 December<br/>2018</b> | <b>31 December<br/>2017</b> |
|---|-----------------------------|-----------------------------|
|   | <b>\$</b>                   | <b>\$</b>                   |
| <b>Cash flows from operating activities</b>                   |                             |                             |
| Payments to suppliers and employees                           | (233,291)                   | (57,722)                    |
| Interest paid   | -                           | (99)                        |
| Interest received   | 4,568                       | -                           |
| <b>Net cash (used in) operating activities</b>                | <u>(228,723)</u>            | <u>(57,821)</u>             |
| <b>Cash flows in investing activities</b>                     |                             |                             |
| Payments for exploration and evaluation expenditure           | (7,982)                     | -                           |
| <b>Net cash outflows from investing activities</b>            | <u>(7,982)</u>              | <u>-</u>                    |
| <b>Cash flows from financing activities</b>                   |                             |                             |
| Funding from DOCA proponent                                   | -                           | 45,397                      |
| <b>Net cash inflows from financing activities</b>             | <u>-</u>                    | <u>45,397</u>               |
| <b>Net (decrease) / increase in cash and cash equivalents</b> | (236,705)                   | (12,424)                    |
| Cash and cash equivalents at the beginning of the period      | <u>2,022,742</u>            | <u>15,207</u>               |
| <b>Cash and cash equivalents at the end of the period</b>     | <u>1,786,030</u>            | <u>2,783</u>                |

*The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated interim financial report.*

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2018 INTERIM FINANCIAL REPORT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Reporting entity**

Lachlan Star Limited ("Lachlan" or "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "group").

**2. Basis of preparation**

*Statement of compliance*

The consolidated interim financial report is a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: "*Interim Financial Reporting*".

The consolidated interim financial report does not include all of the information required in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report as at and for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The functional and presentation currency of the Company is Australian dollars. The financial report was authorised for issue by the on 15<sup>th</sup> March 2019. Lachlan Star Limited is a company limited by shares, incorporated and domiciled in Australia.

Use of estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the current period there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year or judgements, which have significant effect on the amounts recognised in the financial statements

**3. Accounting policies**

In the period ended 31 December 2018 the group reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and are effective for annual reporting periods beginning on or after 1 July 2018.

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2018 and the corresponding interim reporting period, excluding the following:

### **3. Accounting policies (continued)**

#### **(a) Exploration and evaluation expenditure**

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are initially capitalised when incurred and then written off except where they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

The following New Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 9 Financial Instruments*

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

### **4. Contingent assets and liabilities**

There have been no changes of a material nature in contingent liabilities or contingent assets since the last annual reporting date.

### **5. Subsequent events**

No matter or circumstance has arisen since 31 December 2018 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years (i) the consolidated entity's operations, or (ii) the results of those operations, or (iii) the consolidated entity's state of affairs.

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2018 INTERIM FINANCIAL REPORT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

|   | 31 December<br>2018 | 31 December<br>2017 |
|---|---------------------|---------------------|
|   | \$                  | \$                  |
| <b>6. Expenses</b>                            |                     |                     |
| <b>Other expenses</b>                         |                     |                     |
| Accounting and audit fees                     | 33,500              | -                   |
| Office rental, communications and consumables | 18,704              | -                   |
| Travelling expenses                           | 10,444              | -                   |
| Other expenses                                | 8,420               | 6,282               |
|   | <u>71,068</u>       | <u>6,282</u>        |

**7. Contributed equity**

|                            | Number             | \$                 |
|----------------------------|--------------------|--------------------|
| <b>(a) Ordinary shares</b> |                    |                    |
| 1 July 2018                | <u>753,865,663</u> | <u>3,325,554</u>   |
| 31 December 2018           | <u>753,865,663</u> | <u>3,325,554</u>   |
| 1 July 2017                | <u>165,393,259</u> | <u>226,058,062</u> |
| 31 December 2017           | <u>165,393,259</u> | <u>226,058,062</u> |

**(b) Options**

As at the reporting date the company had the 105,000,000 unlisted options on issue. The options have an exercise price of 0.5 cents each and expire on 31 December 2021.

**(c) Performance Rights**

As at the reporting date the company had the 80,000,000 performance rights on issue. Refer to Note 8 for further details.

**8. Share based payments**

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights, performance shares and options issued amounted to \$59,717.

**Performance Rights – Klaus Eckhof - 4 September 2018**

Lachlan Star Ltd issued 80,000,000 performance rights to Klaus Eckhof in four tranches. Each performance right will convert into 1 ordinary share of Lachlan Star Ltd upon achievement of the performance milestone. The Company has assessed each class as being probable of being achieved and have therefore recognised an expense for each class.

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2018 INTERIM FINANCIAL REPORT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**8. Share based payments (continued)**

The details of each tranche are tabled below:

| Tranche | Number     | Start Date of vesting period | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price at measurement date | Total Fair Value |
|---------|------------|------------------------------|----------------|---------------------------------------|--|------------------|
| 1       | 20,000,000 | 04/09/18                     | Nil            | 04/09/2021                            | \$0.014                                    | \$178,000        |
| 2       | 20,000,000 | 04/09/18                     | Nil            | 04/09/2021                            | \$0.014                                    | \$144,000        |
| 3       | 20,000,000 | 04/09/18                     | Nil            | 04/09/2021                            | \$0.014                                    | \$128,000        |
| 4       | 20,000,000 | 04/09/18                     | Nil            | 04/09/2021                            | \$0.014                                    | \$100,000        |

These performance rights were valued at \$550,000 on their grant date. Expenses of \$59,717 have been recognised during the period as these performance rights are expensed over the expected vesting periods.

Performance Milestones:

1. Performance rights convert upon the Company achieving a 20 day Volume Weighted Average Price ('VWAP') of 2.5 cents per share.
2. Performance rights convert upon the Company achieving a 20 day VWAP of 4 cents per share.
3. Performance rights convert upon the Company achieving a 20 day VWAP of 5 cents per share.
4. Performance rights convert upon the Company achieving a 20 day VWAP of 6.5 cents per share.

**9. Segment information**

*(a) Description of segments*

The consolidated entity reports one segment, being corporate, in assessing performance and determining the allocation of resources. In determining operating segments, the consolidated entity has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources.

**10. Capital commitments**

There were no capital commitments at period end.

**DIRECTORS' DECLARATION**

In the opinion of the directors of Lachlan Star Limited (the "Company"):

- (a) the financial statements and notes as set out on pages 9 to 16 are in accordance with the *Corporations Act 2001* including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



**Daniel Smith**  
Director

Perth, 15<sup>th</sup> March 2019



## **Independent auditor's review report to the members of Lachlan Star Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Lachlan Star Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for the Lachlan Star Limited Group (the Group). The Group comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lachlan Star Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### ***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lachlan Star Limited is not in accordance with the *Corporations Act 2001* including:



1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers.*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CH', with a horizontal line extending to the right.

Craig Heatley  
Partner

Perth  
15 March 2019