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Lachlan Star Limited
(ASX:LSA)
ACN 000 759 535

22 September 2020

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

HIGHLIGHTS:

- Heli-EM survey completed at the Koojan Project, a highly prospective Copper-Nickel-PGE Project in the New Norcia Region, Western Australia.
- Multiple conductive anomalies defined in final Heli-EM data within the Koojan Cu-Ni-PGE Project.
- The New Norcia Cu-Ni-PGE region is an emerging exploration province with recent exploration activity continuing to discover new zones of mineralisation.
- The Koojan Project consists of six exploration licences (three granted, three applications) and one prospecting licence (application) covering an area of approximately 600km^2.
- The Company remains well funded with ~$1.6 million cash on hand at the end of the September quarter.

CORPORATE

On 1 July 2020, the Company completed the issue of 100,000,000 ordinary shares at $0.005 per share pursuant to the placement to raise $500,000 announced on 26 June, 2020.

During the September quarter, the Company issued 22,500,000 fully paid ordinary shares following the conversion of 22,500,000 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.

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.

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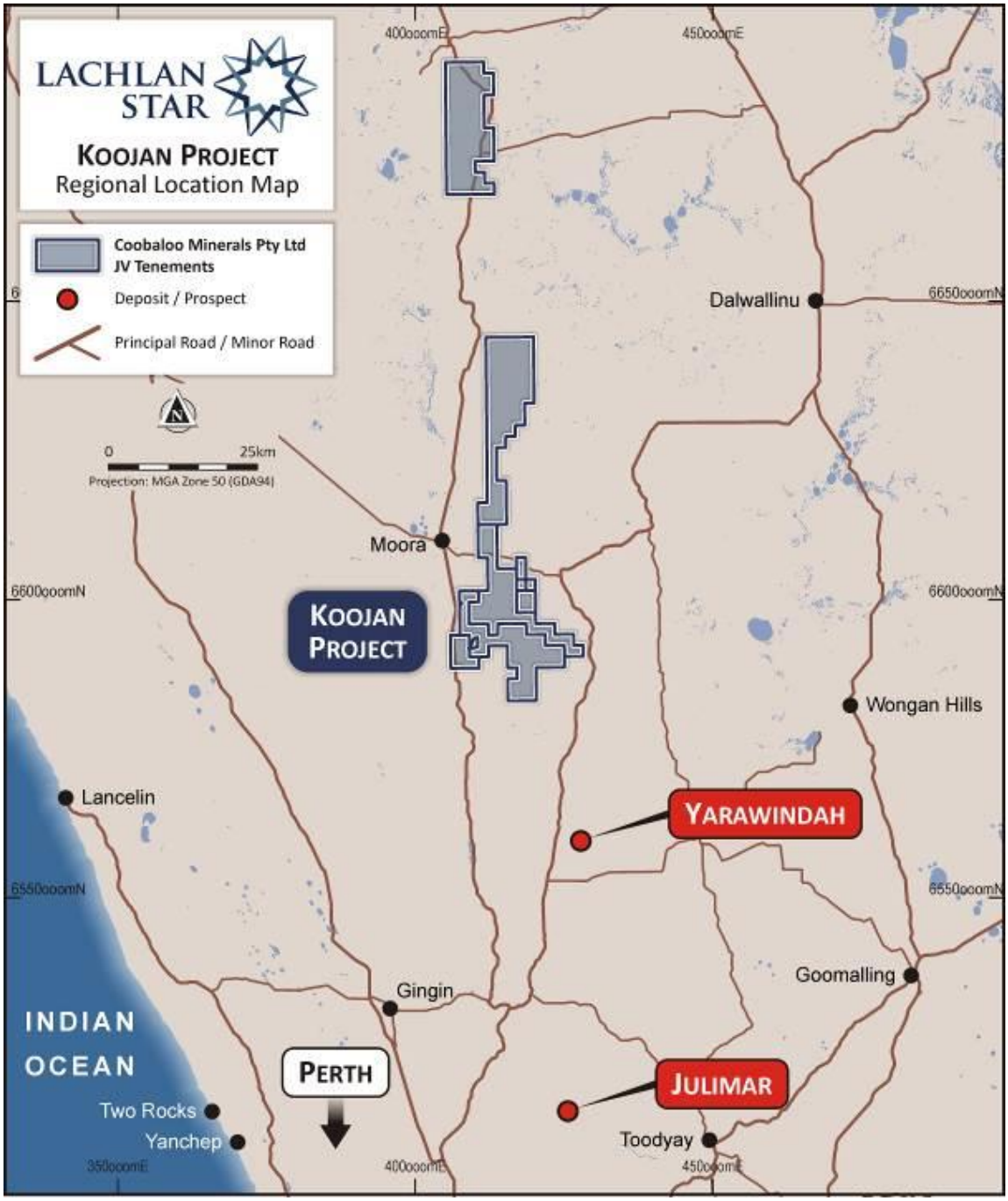


Figure 1: Koojan Project location

Prior to commencing the Option, Lachlan Star completed an initial site visit to the project to review the geological setting and zones of anomalous mineralisation. The visit highlighted that areas of high-grade copper, nickel, cobalt and anomalous PGE mineralisation are associated with mafic intrusive rocks. This will be an immediate focus of the exploration programme to continue to expand and define these areas for evaluation. The reconnaissance rock chip programme has consisted of samples dispatched to SGS and ALS laboratories for analysis or has consisted of analysis by handheld XRF in the field.

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 programme.

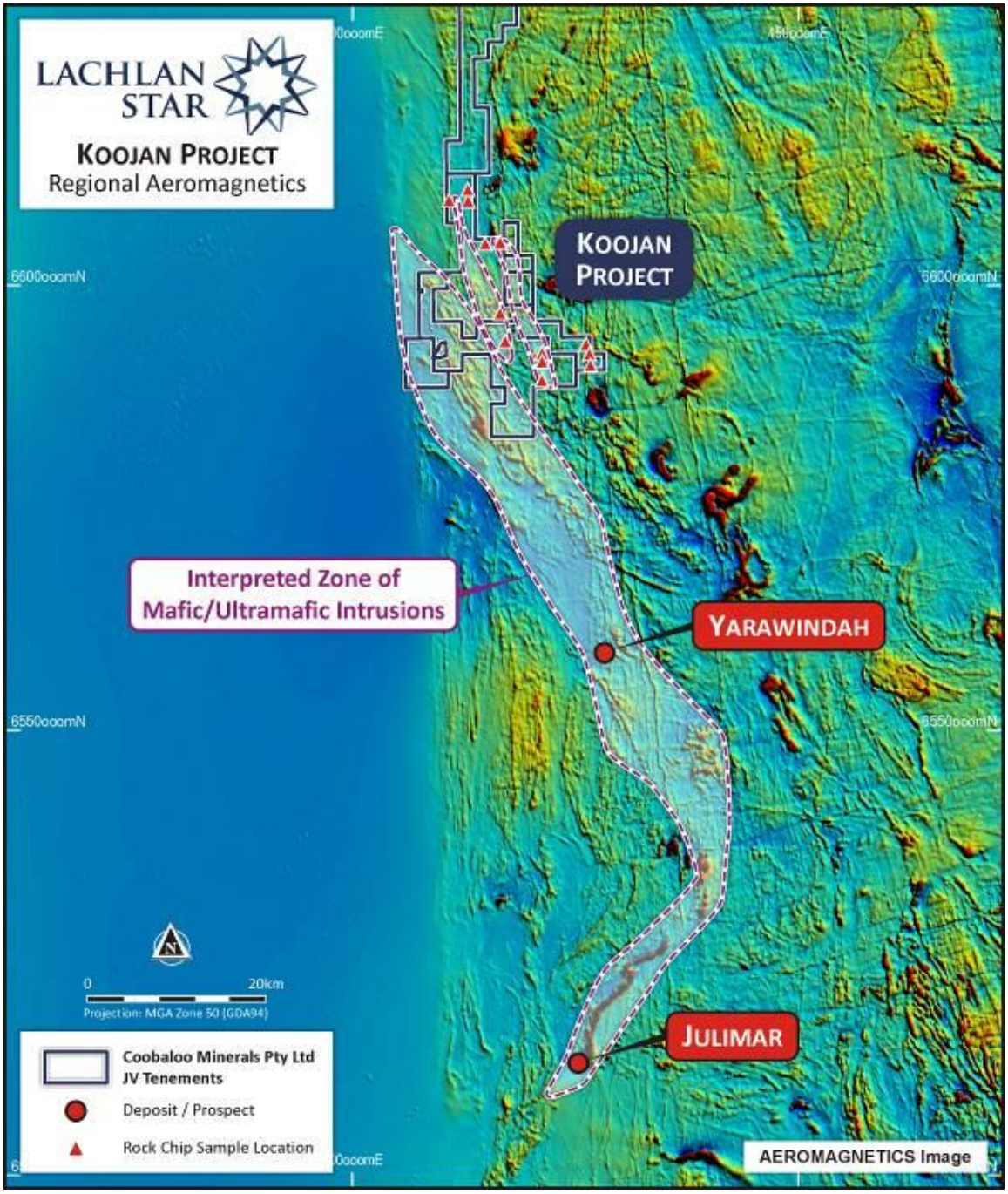


Figure 2: Regional aeromagnetics and prospective zones highlighted

- The initial 6-month exploration program will be focussed on verifying the zones of high-grade mineralisation identified in the early reconnaissance work with the aim of moving quickly to drill ready targets and includes:Geological Mapping including rock chip and target prioritisation - **Completed**
- Geochemical sampling – auger drilling on a systematic basis over key areas as well as regional mafic to ultramafic targets – To commence following harvest.

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- Geophysics – a review is continuing however a gravity survey is recommended and a ground EM survey will be reviewed as it has been noted that this approach has been successful at the Julimar prospect and elsewhere in the New Norcia region **– Heli-EM survey completed**.
- Review and prioritisation of drill targets with the aim of commencing drilling as soon as possible **- Ongoing**.

Geological Mapping Update

On 20 July 2020 the Company announced that it had completed detailed geological traverses over the southern block of tenements of the Koojan Project with the mapping completed by consultant geologist Dr Dennis Gee. The mapping has identified the presence of ultramafic rocks within a sequence of gabbroic to dioritic intrusive units. This is interpreted to represent a differentiated mafic intrusive body of similar nature to the mineralised units at the Julimar and Yarrawindah prospects. This unit has been identified for a strike length of over 4km in the eastern portion of project area and will be covered by the Heli-EM survey. Field observations have identified the presence of sulphide mineralization in the intrusive units (gabbro to ultramafic intrusions), and petrographic examination is in progress to confirm the field interpretation of chalcopyrite, pyrrhotite and pyrite sulphide minerals.

Exploration in the New Norcia regions has demonstrated that the combination of detailed geological mapping, surface geochemistry and geophysical (**EM**) surveys has been successful in identifying zones of mineralisation. This approach is being followed at the Koojan project, and field evidence from the geological mapping indicates that the geological setting indicates that this is the most appropriate exploration program to potentially define sulphide hosted mineralisation within the Koojan project.

Heli-EM survey

On 28 August 2020, the Company announced the commencement of an ElectroMagnetic (**Heli-EM**) survey at the Koojan Project. The Koojan Project is interpreted to be located within the same geological 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. The mafic to ultramafic units have intruded the granite dominated terrain and the interpreted structural zones that hosts the intrusive units can be traced from the prospects located in the south through to the Koojan Project.

The Heli-EM survey was flown in conjunction with the neighbouring Liontown Resources Limited (ASX:LTR, "Liontown") survey that has allowed Lachlan Star to achieve competitive pricing for the survey.

The survey was completed on a 200m line spacing, with a low-level sensor height of 35m above ground, and a slow flight speed to allow maximum data collection. The electromagnetic geophysical techniques have proven successful at the recent Julimar discovery and then Yarrawindah prospect both located in the same geological region as the Koojan project (**Figure 3**). The results of the Heli-EM survey were announced on 21 October 2020.

Lachlan Star has advised Coobaloo that it has met the minimum expenditure required under the Option Agreement and will have the right to exercise its option to earn an initial 50% interest in the Koojan Project by 23 December 2020. (refer ASX announcement 26 June 2020).

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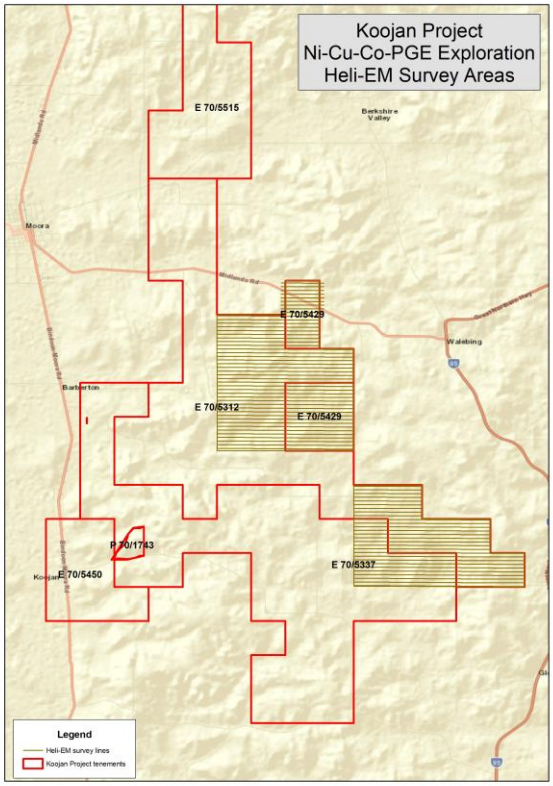


Figure 3: Location of Heli-EM survey lines within Koojan Project

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**).

During the March quarter, the Company completed a field visit to the project area to complete sampling of surface magnesite mineralisation and review the status of the environmental rehabilitation. The Company has collected approximately 100kg of samples from the defined Mineral Resource area with the intention to undertake verification assay of nearby drill holes, complete multi-element scan and commence preliminary metallurgical comparison work. The results of the assays are expected during the December quarter.

In addition to the sampling of surface mineralisation, the field visit was also undertaken to assess the status of the environmental rehabilitation. The surface collars of the completed drill holes have been rehabilitated to a high standard and no surface collars, open drill holes or drill spoil was identified in the visit.

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Figure 4: Location of Princhester Project, Queensland

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, undertaking a review of a range of opportunities during the September quarter.

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.

Cash Position

As at 30 September 2020, the Company had approximately $1.6 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.

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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)	-	-	Option to earn up to 75%	Australia
E70/5312 (Koojan)	-	-	Option to earn up to 75%	Australia
E70/5429 (Koojan)	-	-	Option to earn up to 75%	Australia
E70/5515 (Koojan)	-	-	Option to earn up to 75%	Australia
E70/5450 (Koojan)	-	-	Option to earn up to 75%	Australia
P70/1743 (Koojan)	-	-	Option to earn up to 75%	Australia
E70/5337 (Koojan)	-	-	Option to earn up to 75%	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

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Name of entity	
Lachlan Star Limited	
ABN	**Quarter ended ("current quarter")**
88 000 759 535	30 September 2020

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(119)	(119)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(85)	(85)
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)	(11)	(11)
1.9	**Net cash from / (used in) operating activities**	**(215)**	**(215)**

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

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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)**	**(50)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	113	113
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(5)
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**	**108**	**108**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,782	1,782
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(215)	(215)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	108	108

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,625**	**1,625**

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	14	1,782
5.2	Call deposits	1,611	-
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)**	**1,625**	**1,782**

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	28
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Consulting fees and directors' fees - $16,000
Company secretarial and accounting fees - $12,000

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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)	(265)
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)	(265)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,625
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,625
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	6

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.

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

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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: 22 October 2020

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.

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