

LACHLAN STAR LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ABN 88 000 759 535

ANNUAL REPORT

30 JUNE 2017

CORPORATE DIRECTORY

Directors

DT Franzmann (Non-Executive Director)

AJ Cipriano (Non-Executive Director)

Company Secretary

RA Anderson

Auditors

PricewaterhouseCoopers

Brookfield Place, 125 St Georges Terrace

Perth WA 6000

Bankers

Macquarie Bank Limited

235 St Georges Terrace

Perth WA 6000

Registered Office

c/o KPMG

235 St Georges Terrace

Perth WA 6000

Telephone: +61 89263 7171

Facsimile: +61 89263 7129

Share Registries

Computershare Investor Services Pty Limited

Level 2

45 St Georges Terrace

Perth WA 6000

Investor Enquiries: 1300 850 505

(within Australia)

Investor Enquiries: +61 3 9415 4000

(outside Australia)

Facsimile: +61 3 9473 2500

Securities Exchange Listings

Securities of Lachlan Star Limited are listed on ASX Limited, currently suspended from trading

ASX Code: LSA - ordinary shares

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Operating and Financial Review

Financial performance

The consolidated entity's loss after tax for the year ended 30 June 2017 was \$198,274 (2016: loss of \$263,346) after recognising corporate compliance and management costs of \$120,418 (2016: \$151,278).

Financial position

An analysis of the significant movements in Statement of Financial Position line items is provided below:

Cash and cash equivalents

As at 30 June 2017 the Group had cash reserves of \$15,207, a decrease of \$58,837 from 30 June 2016 as set out in the Consolidated Statement of Cash Flows.

Trade and other receivables

Trade and other receivables have increased by \$331 since 30 June 2016.

Total liabilities

Total liabilities have increased by \$139,768 since 30 June 2016.

Contributed equity

The movement in contributed equity since 30 June 2016 is shown below:

<i>Ordinary shares</i>	Number	\$
1 July 2016	165,393,259	226,058,062
30 June 2017	165,393,259	226,058,062

Corporate

On 12 February 2015 the directors resolved to appoint Administrators and on 13 February 2015 Matthew David Woods and Hayden Leigh White of KPMG were appointed joint and several Administrators of the Company pursuant to section 436A of the Corporations Act 2001 (Cth) ("the Act").

On 7 August 2015 creditors of the Company had resolved that the Company should execute a Deed of Company Arrangement ("DOCA") in accordance with the terms of a DOCA Proposal which had been received by the Administrators providing for the recapitalisation of the Company with the objective of having its shares re-quoted on the ASX.

The DOCA Proposal is conditional on a number of Conditions Precedent (the "DOCA Conditions Precedent") including, but not limited to, the granting of appropriate waivers by the ASX with respect to the issuance of placement shares as contemplated by the DOCA, and the granting of a letter setting out the conditions upon which ASX Limited ("ASX") will agree to the shares in the Company being reinstated to official quotation. On 18 May 2016 the ASX provided in principle approval for the Company's securities to be reinstated to official quotation subject to the satisfaction of a number of conditions precedent (the "ASX Conditions Precedent") which are considered standard conditions for recapitalisations of this nature. The ASX has allowed until 13 February 2018 in order for the Company to comply with the ASX Conditions Precedent.

The above represents a key milestone in the recapitalisation of the Company pursuant to the DOCA. The DOCA Proponent, Ascent Capital Holdings Pty Ltd ("Ascent"), and the Deed Administrators are now progressing towards the satisfaction of the ASX Conditions Precedent, including, but not limited to, the preparation for a meeting of shareholders to seek approval of the Company's recapitalisation proposal.

The Deed Administrators and Ascent are continuing to do all things possible to satisfy the remaining DOCA Conditions Precedent. Activities undertaken by the Parties in this respect include the following:

- Provision of available Company records by the Deed Administrators to Ascent, and facilitation of access to Company personnel for the purposes of Ascent's development of relevant submissions to the ASX in connection with the Conditions Precedent;
- The lodgement by Ascent of relevant submissions to the ASX in connection with the Conditions Precedent;
- Numerous discussions between Ascent and the ASX with respect to the Conditions Precedent, and the recapitalisation proposal contemplated by the DOCA generally;
- The engaging by Ascent of a qualified geologist to assist in the development a business case with respect to the Company's Princhester Mining Leases (which represent key assets of the Company) and are currently carried at nil value; and
- General meetings and correspondence as required between the Deed Administrators and Ascent.

ASIC have re-extended the due date for lodgement of the Company's outstanding financial statements together with any full year or interim financial account lodgements subsequently falling due within the extension period, from 30 June 2016 to the earlier of 30 November 2017, with a further extension requested to 31 December 2017, or such time as the Company lodges a disclosure document with ASIC in connection with the issue of securities as contemplated by the Deed of Company Arrangement. ASIC have also extended the period within which the Company must hold its AGM to 31 January 2018.

The directors present their report together with the financial report of the consolidated entity, being Lachlan Star Limited ("Company" or "Lachlan") and its subsidiaries ("consolidated entity" or "group"), at the end of and for the year ended 30 June 2017. Lachlan Star Limited is a listed public company incorporated and domiciled in Australia.

Directors

The names and details of the Company's directors in office at any time during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Declan Thomas Franzmann

Age 50. Appointed 26 September 2007.

Mr Franzmann is a mining engineer with more than 24 years mining experience. His previous experience includes operational and technical roles at underground and open pit mines throughout Australia, Asia and Africa. He operates a consulting company providing mine engineering services to a variety of companies and is presently President and Chief Executive Officer of TSX listed African Gold Group Inc.

During the past three years Mr. Franzmann has held the following listed company directorships:

African Gold Group Inc.	From May 2014 to present
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Peter Drobeck

Age 63. Appointed 22 November 2012. Deceased 1 November 2017.

Mr Drobeck is a practicing geologist with 36 years of professional experience focused on exploration, development, and near-mine exploration in the Americas, Asia, Europe and Africa. Past positions have included Sr. Vice-President of Exploration at AuRico Gold Inc., an intermediate gold producer with operations in Mexico, and Vice-President of Exploration at Electrum Ltd., a private exploration company dedicated to grass roots gold discovery world-wide. Mr Drobeck led the Newcrest Mining team in the 1990's that discovered the giant Caspiche porphyry gold deposit in Chile, and also led the NGEx Resources (formerly Tenke Mining) team in the 2000's that discovered the Filo del Sol Cu-Au-Ag deposit on the Chile – Argentina border, and related porphyry gold-copper deposits in the region.

Mr Drobeck has not held any listed company directorships in the last three years. Mr Drobeck was a member of the Audit Committee throughout the period under review.

Anthony James Cipriano

Age 51. Appointed 17 February 2014.

Mr Cipriano is a Chartered Accountant with 28 years' accounting and finance experience. Mr Cipriano was formerly a partner at Deloitte and at the time of his retirement in 2013 he was the Deloitte National Tax Leader for Energy & Resources and leader of its Western Australian Tax Practice. Mr Cipriano has significant experience working across tax, accounting, legal and financial aspects of corporate transactions. He is also a graduate of the Australian Institute of Company Directors.

Mr Cipriano was a member of and Chairman of the Audit Committee throughout the period under review. During the past three years Mr. Cipriano has held the following listed company directorships:

Liontown Resources Limited	From July 2014 to present
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Company Secretary

Mr Robert Anderson was appointed Company Secretary on 15 October 2007. Mr Anderson is a Chartered Accountant who has previously held company secretarial positions in both ASX-listed and private companies.

Directors' meetings

There were no directors' meetings during the period under review. The Company was under control of the Administrators.

Subsequent events

The Deed Administrators and Ascent are continuing to do all things possible to satisfy the remaining DOCA Conditions Precedent. Activities undertaken by the Parties in this respect include the following:

- Provision of available Company records by the Deed Administrators to Ascent, and facilitation of access to Company personnel for the purposes of Ascent's development of relevant submissions to the ASX in connection with the Conditions Precedent;
- The lodgement by Ascent of relevant submissions to the ASX in connection with the Conditions Precedent;
- Numerous discussions between Ascent and the ASX with respect to the Conditions Precedent, and the recapitalisation proposal contemplated by the DOCA generally;
- The engaging by Ascent of a qualified geologist to assist in the development a business case with respect to the Company's Princhester Mining Leases (which represent key assets of the Company); and
- General meetings and correspondence as required between the Deed Administrators and Ascent.

ASIC have re-extended the due date for lodgement of the Company's outstanding financial statements together with any full year or interim financial account lodgements subsequently falling due within the extension period, from 30 June 2016 to the earlier of 30 November 2017, with a further extension requested to 31 December 2017, or such time as the Company lodges a disclosure document with ASIC in connection with the issue of securities as contemplated by the Deed of Company Arrangement. ASIC have also extended the period within which the Company must hold its AGM to 31 January 2018.

Other than these no other matter or circumstance has arisen since 30 June 2017 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.

Operating and financial review

An operating and financial review for the period is set out on pages 3 and 4 and forms part of this Directors' Report.

Audit Report

The entity's auditor has included an emphasis of matter paragraph on material uncertainty regarding continuation as a going concern.

Likely developments

The DOCA proponent, Ascent, and the Deed Administrators are now progressing towards the satisfaction of the ASX Conditions Precedent, including, but not limited to, the preparation for a meeting of shareholders to seek approval of the Company's recapitalisation proposal. The Deed Administrators and Ascent are continuing to do all things possible to satisfy the remaining DOCA Conditions Precedent. Activities undertaken by the Parties in this respect include the following:

- Provision of available Company records by the Deed Administrators to Ascent, and facilitation of access to Company personnel for the purposes of Ascent's development of relevant submissions to the ASX in connection with the Conditions Precedent;
- The lodgement by Ascent of relevant submissions to the ASX in connection with the Conditions Precedent;
- Numerous discussions between Ascent and the ASX with respect to the Conditions Precedent, and the recapitalisation proposal contemplated by the DOCA generally;
- The engaging by Ascent of a qualified geologist to assist in the development a business case with respect to the Company's Princhester Mining Leases (which represent key assets of the Company); and
- General meetings and correspondence as required between the Deed Administrators and Ascent.

Principal activities

On 12 February 2015 the directors resolved to appoint Administrators and on 13 February 2015 Matthew David Woods and Hayden Leigh White of KPMG were appointed joint and several Administrators of the Company pursuant to section 436A of the Corporations Act 2001 (Cth) ("the Act").

On 7 August 2015 creditors of the Company resolved that the Company should execute a Deed of Company Arrangement ("DOCA") in accordance with the terms of a DOCA Proposal which had been received by the Administrators providing for the recapitalisation of the Company with the objective of having its shares re-quoted on the ASX.

The DOCA Proposal is conditional on a number of Conditions Precedent (the "DOCA Conditions Precedent") including, but not limited to, the granting of appropriate waivers by the ASX with respect to the issuance of placement shares as contemplated by the DOCA, and the granting of a letter setting out the conditions upon which ASX Limited ("ASX") will agree to the shares in the Company being reinstated to official quotation.

Environmental regulation and performance

The consolidated entity's exploration and mining activities were concentrated in Australia. Environmental obligations are regulated under both State and Federal Laws. No environmental breaches have been notified to the Company by government agencies during the year ended 30 June 2017.

Dividends

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the reporting period (2016: Nil).

Audit Committee

Names and qualifications of Audit Committee members

There were no Audit Committee meetings during the period under review. The Company was under the control of the Administrators.

Audit Committee meetings

There were no Audit Committee meetings during the period under review. The Company was under the control of the Administrators.

Identification of independent directors

The Company was placed into Administration on 13 February 2015 from which date the management of the Company fell to the Administrators.

Auditor's independence declaration

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 11 and forms part of the directors' report for the financial year ended 30 June 2017.

Remuneration Committee

The Company was placed into Administration on 13 February 2015 from which date the management of the Company fell to the Administrators.

Non-audit services

The auditors did not provide any non-audit services during either the period under review or the corresponding period.

Indemnity of directors and Company Secretary

Deeds of Access and Indemnity have been executed by the parent entity with each of the current directors and Company Secretary. The deeds require the Company to indemnify each director and the Company Secretary against any legal proceedings, to the extent permitted by law, made against, suffered, paid or incurred by the director or Company Secretary pursuant to, or arising from or in any way connected with the director or Company Secretary being an Officer of the Company or its subsidiaries.

Significant changes in state of affairs

There were no significant changes in state of affairs during the period under review.

Remuneration report

The Remuneration Report is set out on pages 9 and 10 and forms part of this Directors' Report.

Directors' interests

At the date of this report, the relevant interests of the directors in securities of the Company are as follows:

<u>Name</u>	<u>Ordinary shares</u>	<u>Options over ordinary shares</u>
DT Franzmann	1,126,820	-
AJ Cipriano	-	-

Shares under option

The following unissued ordinary shares of the Company are under option:

<u>Expiry date</u>	<u>Exercise price</u>	<u>Number 01/07/16</u>	<u>Issued</u>	<u>Expired</u>	<u>Number 30/6/17</u>
27/11/16	\$0.25	150,000	-	(150,000)	-
27/11/16	\$0.125	1,900,000	-	(1,900,000)	-
		4,630,431	-	(2,050,000)	-

No options have been granted or exercised since the end of the reporting period. During the reporting period there was no forfeiture or vesting of options granted in previous periods.

Proceedings on behalf of the consolidated entity

No person has applied for leave to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Remuneration report

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of compensation

The Company was under the control of the Administrators during the period and there were no executives or employees.

The Company's shares were suspended on ASX as at 30 June 2017.

Use of remuneration consultants

The Company did not engage remuneration consultants during the current or prior financial year.

Voting and comments made at the Company's Annual General Meeting

This Remuneration Report has not been submitted before shareholders at AGM as the Company is currently subject to a Deed of Company Arrangement. The Administrators have been granted an extension from the Australian Securities and Investments Commission to defer the next AGM to no later than 31 January 2018.

Service contracts

The Company is subject to a Deed of Company Arrangement and has no contracts with key management personnel.

Loans to and other transactions with key management personnel

Current trade and other payables include \$200,049 (2016: \$174,049) payable to key management personnel at reporting date in respect of outstanding fees and termination expenses.

The consolidated entity did not have any other loans or transactions with related parties during the current year.

Directors' and other key management personnel remuneration, Company and consolidated entity

Each director of the Company and each of the named Company and consolidated entity key management personnel did not receive any remuneration during the current or prior reporting periods other than (i) a retainer payable to the Company Secretary of \$600 per week is accruing from 28 March 2015, payable subject to funding obtained by the Deed Administrator.

Share options

The movement during the reporting period in the number of options in Lachlan Star Limited held, directly, indirectly or beneficially by each key management person are as follows. All share options on issue at 30 June 2016 were vested and exercisable at that date.

Director	Held at 01/07/16	Issued as compensation	Exercised	Expired	Held at 30/06/17
P Drobeck	150,000	-	-	(150,000)	-
AJ Cipriano	300,000	-	-	(300,000)	-
DT Franzmann	150,000	-	-	(150,000)	-
Executive Officer					
RA Anderson	300,000	-	-	(300,000)	-

No options over unissued ordinary shares of the Company were issued in the current or prior reporting periods. No options have been granted since the end of the financial year, nor have any options held by key management personnel been exercised during or since the end of the reporting period. During the reporting period there was no forfeiture or vesting of options granted in previous periods.

Remuneration report (continued)

Share options (continued)

The movement during the current and prior reporting period, by value, of options over ordinary shares for key management personnel and granted as part of their remuneration is detailed below:

2017			Value of Options		
Director	Granted in year (\$)	Exercised in year (\$)	Forfeited in year (\$)	Cancelled / expired in year (\$)	Total value in year (\$)
P Drobeck	-	-	-	-	-
DT Franzmann	-	-	-	-	-
AJ Cipriano	-	-	-	-	-

			Value of Options		
Executive Officer	Granted in year (\$)	Exercised in year (\$)	Forfeited in year (\$)	Cancelled / expired in year (\$)	Total value in year (\$)
RA Anderson	-	-	-	-	-

2016			Value of Options		
Director	Granted in year (\$)	Exercised in year (\$)	Forfeited in year (\$)	Cancelled / expired in year (\$)	Total value in year (\$)
P Drobeck	-	-	-	(11,447)	(11,447)
DT Franzmann	-	-	-	(11,447)	(11,447)
AJ Cipriano	-	-	-	-	-

			Value of Options		
Executive Officer	Granted in year (\$)	Exercised in year (\$)	Forfeited in year (\$)	Cancelled / expired in year (\$)	Total value in year (\$)
RA Anderson	-	-	-	(11,447)	(11,447)

Shares

The movement during the reporting period in the number of ordinary shares in Lachlan Star Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Director	Held at 01/07/16	Net acquired / (disposed)	Granted as compensation	Held at 30/6/17
DT Franzmann	1,126,820	-	-	1,126,820
P Drobeck	-	-	-	-
AJ Cipriano	-	-	-	-
Executive Officer				
RA Anderson	393,080	-	-	393,080

No ordinary shares were granted to key management personnel during the current or prior reporting periods.



Director

Perth, 29 December 2017



Auditor's Independence Declaration

As lead auditor for the audit of Lachlan Star Limited for the year ended 30 June 2017, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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 'CH' followed by a flourish.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
29 December 2017

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from continuing operations			
Finance income		-	16
		-	16
Expenses			
Corporate compliance and management		(120,418)	(151,278)
Other expenses		(7,480)	(15,179)
Finance expense		(116)	(110)
Administrator's fees and expenses		(70,260)	(96,795)
(Loss) before income tax		(198,274)	(263,346)
Income tax benefit	3	-	-
(Loss) for the period	14(c)	(198,274)	(263,346)
Other comprehensive (loss) for the period net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
Total comprehensive (loss) for the period		(198,274)	(263,346)
		Cents	Cents
Basic (loss) per share	2	(0.1)	(0.2)
Diluted (loss) per share	2	(0.1)	(0.2)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	10(b)	15,207	74,044
Trade and other receivables	5	41,584	41,253
Total current assets		<u>56,791</u>	<u>115,297</u>
Total assets		<u>56,791</u>	<u>115,297</u>
Current liabilities			
Trade and other payables	6	1,364,871	1,225,103
Total current liabilities		<u>1,364,871</u>	<u>1,225,103</u>
Total liabilities		<u>1,364,871</u>	<u>1,225,103</u>
Net assets / (liabilities)		<u>(1,308,080)</u>	<u>(1,109,806)</u>
Equity			
Contributed equity	14(a)	226,058,062	226,058,062
Accumulated losses	14(c)	(227,366,142)	(227,167,868)
Total equity		<u>(1,308,080)</u>	<u>(1,109,806)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign exchange reserve \$	Total \$
Balance at 30 June 2015	225,881,084	(226,904,522)	176,978	-	(846,460)
Loss for the year	-	(263,346)	-	-	(263,346)
Total comprehensive loss for the year	-	(263,346)	-	-	(263,346)
<i>Transactions with owners in their capacity as owners:</i>					
Share based payments	176,978	-	(176,978)	-	-
Balance at 30 June 2016	226,058,062	(227,167,868)	-	-	(1,109,806)
Loss for the year	-	(198,274)	-	-	(198,274)
Total comprehensive loss for the year	-	(198,274)	-	-	(198,274)
Balance at 30 June 2017	226,058,062	(227,366,142)	-	-	(1,308,080)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers and GST recovered		4,358	6,096
Payments to suppliers and employees		(63,079)	(45,734)
Interest received		-	16
Interest paid		(116)	(110)
Net cash (outflows) from operating activities	10(a)	<u>(58,837)</u>	<u>(39,732)</u>
Cash flows from financing activities			
Funding from DOCA proponent		-	50,000
Net cash flows from financing activities		<u>-</u>	<u>50,000</u>
Net (decrease) / increase in cash and cash equivalents		(58,837)	10,268
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at the beginning of the year		<u>74,044</u>	<u>63,776</u>
Cash and cash equivalents at the end of the year	10(b)	<u>15,207</u>	<u>74,044</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Lachlan Star Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASs") (including Australian Accounting Interpretations), as adopted by the Australian Accounting Standards Board ("AASB"), other authoritative pronouncements of the AASB, Urgent Issues Group Interpretations, and the Corporations Act 2001. Lachlan is a for-profit entity for the purposes of preparing the financial statements. Compliance with Australian Accounting Standards ensures that the consolidated financial report of Lachlan Star Limited complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The functional and presentation currency of the Company is Australian dollars. The financial report was authorised for issue by the Deed Administrator on 29 December 2017. Lachlan Star Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of measurement

The financial report is prepared on a historical cost basis as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

Going concern

The consolidated entity reported a net loss after taxation of \$198,274 for the period and had a net current asset deficiency of \$1,308,080 at balance date. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 31 August 2015 the Company will extinguish all liabilities associated with the previous administration of the Company subject to the Conditions Precedents being satisfied and is in the process of undertaking a capital raising of a minimum of A\$1,828,953. However, the company is also in a net liability position as at 30 June 2017 and its ability to continue as a going concern is dependant on being able to raise additional funds to recapitalise the company.

Administration and Deed of Company Arrangement

On 18 May 2016 the ASX provided in principle approval for the Company's securities to be reinstated to official quotation subject to the satisfaction of a number of conditions precedent (the "ASX Conditions Precedent") which are considered standard conditions for recapitalisations of this nature. The ASX has allowed until 13 February 2018 in order for the Company to comply with the ASX Conditions Precedent.

1. Significant accounting policies

(a) Basis of preparation (continued)

Going concern (continued)

The above represents a key milestone in the recapitalisation of the Company pursuant to the DOCA. The DOCA proponent, Ascent, and the Deed Administrators are now progressing towards the satisfaction of the ASX Conditions Precedent, including, but not limited to, the preparation for a meeting of shareholders to seek approval of the Company's recapitalisation proposal.

The Deed Administrators and Ascent are continuing to do all things possible to satisfy the remaining DOCA Conditions Precedent. Activities undertaken by the Parties in this respect include the following:

- Provision of available Company records by the Deed Administrators to Ascent, and facilitation of access to Company personnel for the purposes of Ascent's development of relevant submissions to the ASX in connection with the Conditions Precedent;
- The lodgement by Ascent of relevant submissions to the ASX in connection with the Conditions Precedent;
- Numerous discussions between Ascent and the ASX with respect to the Conditions Precedent, and the recapitalisation proposal contemplated by the DOCA generally;
- The engaging by Ascent of a qualified geologist to assist in the development a business case with respect to the Company's Princhester Mining Leases (which represent key assets of the Company); and
- General meetings and correspondence as required between the Deed Administrators and Ascent.

ASIC have re-extended the due date for lodgement of the Company's outstanding financial statements together with any full year or interim financial account lodgements subsequently falling due within the extension period, from 30 June 2016 to the earlier of 30 November 2017, with an extension requested to 31 December 2017, or such time as the Company lodges a disclosure document with ASIC in connection with the issue of securities as contemplated by the Deed of Company Arrangement. ASIC have also extended the period within which the Company must hold its AGM to 31 January 2018.

Recapitalisation of the company

The DOCA outlines a number of conditions precedent when once achieved, the Deed Administrators will form either a Creditors' Trust or a Creditors and Members' Trust and become its Trustees.

The DOCA contemplates the following:

- Ascent acting as Proponent for a capital raising for the Company which will provide for a cash injection into the Trust of \$675,000;
- The issue and allotment of 20,000,000 ordinary shares at a deemed issue price of 0.5 cents per share for the benefit of Creditors' claims into the Trust;
- The resolution or otherwise assignment of the Related Party Debt and Claims into the Trust;
- The Princhester and Bushranger assets to be retained by the Company to enable the Company to be reinstated on the ASX; and
- A consolidation of the issued capital of the Company on a 5:1 basis.

This would then allow for re-capitalisation of the Company, after which the Company will seek to return funds to unsecured creditors to the extent possible.

Preparation of the financial report on a going concern basis

As a result of the matters outlined above, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

1. Significant accounting policies (continued)

(a) Basis of preparation (continued)

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.

The 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 and judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are:

(i) Functional currency

Companies in the consolidated entity have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that management has to analyse several factors, including which currency mainly influences sales prices of product sold by the entity, which currency influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities.

For Lachlan Star Limited and its subsidiaries management have determined that the Australian dollar is the functional currency for those companies given their recurring revenue and expenditure is mostly in Australian dollars.

(ii) Income taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

1. Significant accounting policies (continued)

(b) Recoverable amount of assets and impairment testing

Goodwill and assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired, by estimating their recoverable amount.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such an indicator exists, a formal assessment of recoverable amount is then made. Where this is less than carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. Fair value less cost of disposal is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating fair value less cost of disposal, a post-tax discount rate is used which reflects the market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in profit or loss.

(c) Principles of consolidation

Subsidiaries

The consolidated financial report comprises the financial statements of the Company and its controlled entities. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the activities of the entity. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Where a subsidiary enters or leaves the consolidated entity during the year, its operating results are included or excluded from the date control was obtained or until the date control ceased. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those applied by the parent entity.

(d) Receivables

Trade and other receivables are initially stated at fair value and subsequently measured at amortised cost, less impairment losses. Trade receivables comprise amounts due from customers for metal sales in the ordinary course of business.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised within other expenses in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

1. Significant accounting policies (continued)

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to the area are current and that the costs are expected to be recouped through the successful development of the area or by its sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest is assessed for impairment to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Impairment testing is carried out in accordance with Note 1(b).

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine development properties.

(f) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the cost of acquisition over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative it is recognised immediately in profit or loss.

Goodwill is not amortised and is subsequently measured at cost less accumulated impairment losses as determined in accordance with Note 1(b).

(g) Earnings per share

The consolidated entity presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, which comprise share options granted.

(h) Share based payments

Fair value of shares and share options granted as compensation is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options. Fair value of share grants at grant date is determined by the share price at that time. The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to contributed equity. There are no non-market conditions attached to share options granted.

1. Significant accounting policies (continued)

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(j) Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the profit or loss except where it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is considered probable.

1. Significant accounting policies (continued)

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The cash flow statement discloses the GST component of investing and financing activities as operating cash flows.

(l) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits and termination indemnities arising from services rendered by employees to balance date.

(i) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulated sick leave is recognized in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurement as a result of experience adjustments and changes in actual assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation in the form of options is measured using an option pricing model and is expensed or charged to contributed equity over the vesting period of the options with a corresponding credit to the share based payments reserve.

(iv) Termination Benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed or where there is a contractual liability. The liabilities for termination benefits are recognised as provisions. Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, but only where the effect of discounting is material. Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

1. Significant accounting policies (continued)

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to an equity transaction are shown as a deduction from equity, net of any recognised income tax benefit.

(o) Foreign currency

Functional and presentation currency

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at balance sheet date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in profit or loss.

Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at statement of financial position date
- income and expenses are translated at transaction date or average exchange rates for the period, whichever is more appropriate

Resulting exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are transferred directly to the consolidated entity's foreign currency translation reserve as a separate component of equity. These differences are recognised in profit or loss upon disposal of the foreign operation.

1. Significant accounting policies (continued)

(p) Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item also includes the initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial year in which they are incurred.

Impairment

The carrying amount of property, plant and equipment is reviewed whenever there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part. Impairment testing is carried out in accordance with Note 1(b).

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

Depreciation and impairment

Depreciation on plant and equipment is calculated over the expected useful life to the economic entity commencing from the time the asset is held ready for use. The following useful lives are used in the calculation of depreciation:

Depreciation is calculated on a unit of production basis so as to write off costs in proportion to the depletion of estimated recoverable ounces.

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least annually.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in other profit or loss and other comprehensive income.

(q) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost. The amounts are unsecured and usually paid within 90 days of recognition.

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

1. Significant accounting policies (continued)

(s) Borrowing costs

Borrowing costs comprise interest expense on borrowings, bank fees, the unwinding of the discount on deferred consideration and provisions, the fair value adjustment to a financial liability, and exchange gains / (losses) on foreign currency borrowings.

(t) Investments and other financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost. Initial fair value is inclusive of transaction costs except for financial assets and liabilities at fair value through profit and loss. Changes in fair value are either taken to the profit and loss or to an equity reserve (refer below). Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(iii) Held-to-maturity investments

These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not included in any of the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity in an available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in other comprehensive income as gains and losses from investment securities.

1. Significant accounting policies (continued)

(u) Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The consolidated entity does not expect that any adjustments will be necessary as the result of applying the revised standards and interpretations.

(w) Parent entity financial information

The financial information for the parent entity, Lachlan Star Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Lachlan Star Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident controlled entities have formed a tax-consolidated group and are therefore taxed as a single entity. Lachlan Star Limited is the head entity of the tax-consolidated group. In future periods the members of the group will, if required, enter into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(x) Mine development properties

Mine development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, together with subsequent costs to develop the asset to the production phase. Where the directors decide that specific costs will not be recovered from future development, those costs are charged to profit or loss during the financial period in which the decision is made.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

1. Significant accounting policies (continued)

(z) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases which transfer to a lessee substantially all the risks and benefits incidental to ownership of the leased asset are classified as finance leases. Other lease agreements are treated as operating leases.

Finance leases are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income except for borrowing costs related to the financing of assets constructed for own use (during the construction period). Capitalised leased assets used in mining operations are depreciated on a unit of production basis so as to write off the costs in proportion to the depletion of estimated recoverable ounces.

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(aa) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(ab) Contingencies

Contingent liabilities are defined as possible obligations resulting from past events whose existence depends on future events, obligations that are not recognised because it is not probable that they will lead to an outflow of resources, or obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position other than as part of a business combination, but are disclosed in the notes to the financial statements, with the exception of contingent liabilities where the probability of the liability occurring is remote.

(ac) Financial liabilities (including borrowings)

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through the profit or loss, borrowings, payables or as derivatives as hedging instruments in an effective hedge, as appropriate. The consolidated entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of borrowings, less directly attributable transaction costs. The subsequent measurement of financial liabilities depend on their classification.

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the effective interest rate method or at fair value. Gains and losses are recognised in other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include recent arm's length market transactions, references to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

2. Earnings per share

	2017 Number	2016 Number
<i>Weighted average number of ordinary shares:</i>		
1 July	165,393,259	165,393,259
Weighted number of shares issued	-	-
30 June (basic)	165,393,259	165,393,259
30 June (diluted)	165,393,259	165,393,259
<i>(Loss) attributable to ordinary shareholders for basic and diluted (loss) per share:</i>		
	(\$198,274)	(\$263,346)
<i>Basic and diluted loss per share (cents per share)</i>	(0.1)	(0.2)

All potential ordinary shares, being options to acquire ordinary shares, are not considered dilutive in the calculation of the diluted 2016 loss per share as the exercise of the options would not increase the loss per share.

3. Income tax benefit

	2017 \$	2016 \$
<i>Numerical reconciliation of income tax expense / benefit to prima facie tax expense / benefit:</i>		
(Loss) before income tax	(198,274)	(263,346)
Prima facie income tax (benefit) on pre-tax loss at the Australian income tax rate of 27.5% (2016: 30%)	(54,525)	(79,004)
	(54,525)	(79,004)
Current year tax losses and temporary differences not brought to account	54,525	79,004
Income tax expense	-	-
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
	-	-

4. Auditors' remuneration

PricewaterhouseCoopers Australia		
<i>Statutory audit and review:</i>	6,000	6,750
	6,000	6,750

5. Trade and other receivables

	2017 \$	2016 \$
<i>Current</i>		
Other receivables and prepayments - third parties	41,584	41,253
	<u>41,584</u>	<u>41,253</u>

6. Trade and other payables

	2017 \$	2016 \$
<i>Current</i>		
Trade payables – third parties	205,802	205,802
Non-trade payables and accrued expenses – third parties	959,020	845,252
Non-trade payables and accrued expenses – related parties	200,049	174,049
	<u>1,364,871</u>	<u>1,225,103</u>

These amounts include amounts which will be verified to Proof's of Debt submitted by the creditors which are adjudicated by the Creditors' Trustee prior to making any distribution of funds.

7. Related party disclosures

Lachlan Star Limited is the ultimate parent entity.

During the period the Company had the following related party transactions (i) a retainer payable to the Company Secretary of \$600 per week is accruing from 28 March 2015, payable subject to funding obtained by the Deed Administrator.

Lachlan Star Limited is the ultimate parent entity.

Amounts due to related parties are due in the normal course of business and have no interest terms attaching to them. These amounts will be verified to Proof's of Debt submitted by the creditors which are adjudicated by the Creditors' Trustee prior to making any distribution of funds.

8. Capital commitments

There were no capital commitments at 30 June 2017 or 30 June 2016.

9. Segment information

(a) Description of segments

The Company was placed into Administration on 13 February 2015 from which date the management of the Company fell to the Administrators.

(b) Segment information provided to the board of directors

The Company was placed into Administration on 13 February 2015 from which date the management of the Company fell to the Administrators.

The geographic location of 100% non-current assets in both the current and prior period was Australia.

10. Reconciliation of (loss) after income tax to net cash flows used in operating activities

(a) *Cash flows generated from / (used in) operating activities*

	2017	2016
	\$	\$
(Loss) for the period after tax	(198,274)	(263,346)
<i>Changes in assets and liabilities:</i>		
(Increase) / decrease in receivables	(331)	14,226
Increase / (decrease) in payables	139,768	209,388
Net cash (outflows) from operating activities	<u>(58,837)</u>	<u>(39,732)</u>

(b) *Reconciliation of cash and cash equivalents*

Cash at bank and at call	<u>15,207</u>	<u>74,044</u>
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(c) *Non cash financing and investing activities*

The consolidated entity's exposure to interest rate risk is discussed in Note 18. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

11. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2017	2016
	\$	\$
<i>Statement of financial position</i>		
Current assets	56,791	115,330
Total assets	56,791	115,330
Current liabilities	1,364,839	1,225,104
Total liabilities	1,364,839	1,225,104
<i>Equity</i>		
Contributed equity	226,058,062	226,058,062
Share based payments reserve	-	-
Accumulated losses	(227,366,110)	(227,167,836)
Net (liabilities)	<u>(1,308,048)</u>	<u>(1,109,774)</u>
(Loss) for the year	<u>(198,274)</u>	<u>(263,346)</u>
Total comprehensive loss for the year	<u>(198,274)</u>	<u>(263,346)</u>

The parent entity did not have any contingent liabilities or capital commitments as at 30 June 2017 or 30 June 2016.

The Company and its wholly-owned Australian resident controlled entities have formed a tax-consolidated group and are therefore taxed as a single entity. Lachlan Star Limited is the head entity of the tax-consolidated group. In future periods the members of the group will, if required, enter into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

12. Consolidated entities

Consolidated entities		Ownership interest	
Name	Country of incorporation	2017	2016
<i>Legal parent</i>			
Lachlan Star Limited	Australia		
<i>Legal subsidiaries</i>			
Ord Investments Pty Ltd	Australia	100%	100%
Toodyay Uranium Pty Ltd	Australia	100%	100%

13. Events subsequent to reporting date

The second meeting of creditors was held on Friday 7 August 2015. Creditors of the Company resolved that the Company should execute a DOCA in accordance with the terms of a DOCA Proposal which had been received by the Administrators providing for the recapitalisation of the Company with the objective of having its shares re-quoted on the ASX.

The DOCA Proposal is conditional on a number of Conditions Precedent (the "DOCA Conditions Precedent") including, but not limited to, the granting of appropriate waivers by the ASX Limited ("ASX") with respect to the issuance of placement shares as contemplated by the DOCA, and the granting of a letter setting out the conditions upon which ASX will agree to the shares in the Company being reinstated to official quotation.

On 18 May 2016 the ASX provided in principle approval for the Company's securities to be reinstated to official quotation subject to the satisfaction of a number of conditions precedent (the "ASX Conditions Precedent") which are considered standard conditions for recapitalisations of this nature. The ASX has allowed until 13 February 2018 in order for the Company to comply with the ASX Conditions Precedent.

The above represents a key milestone in the recapitalisation of the Company pursuant to the DOCA. The DOCA proponent, Ascent, and the Deed Administrators are now progressing towards the satisfaction of the ASX Conditions Precedent, including, but not limited to, the preparation for a meeting of shareholders to seek approval of the Company's recapitalisation proposal.

The Deed Administrators and Ascent are continuing to do all things possible to satisfy the remaining DOCA Conditions Precedent. Activities undertaken by the Parties in this respect include the following:

- Provision of available Company records by the Deed Administrators to Ascent, and facilitation of access to Company personnel for the purposes of Ascent's development of relevant submissions to the ASX in connection with the Conditions Precedent;
- The lodgement by Ascent of relevant submissions to the ASX in connection with the Conditions Precedent;
- Numerous discussions between Ascent and the ASX with respect to the Conditions Precedent, and the recapitalisation proposal contemplated by the DOCA generally;
- The engaging by Ascent of a qualified geologist to assist in the development a business case with respect to the Company's Princhester Mining Leases (which represent key assets of the Company); and
- General meetings and correspondence as required between the Deed Administrators and Ascent.

ASIC have re-extended the due date for lodgement of the Company's outstanding financial statements together with any full year or interim financial account lodgements subsequently falling due within the extension period, from 30 June 2016 to the earlier of 30 November 2017, with an extension requested to 31 December 2017, or such time as the Company lodges a disclosure document with ASIC in connection with the issue of securities as contemplated by the Deed of Company Arrangement. ASIC have also extended the period within which the Company must hold its AGM to 31 January 2018.

Other than these no other matter or circumstance has arisen since 30 June 2017 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.

14. Capital and reserves

(a) Contributed equity:

	2017	2017	2016	2016
	Number	\$	Number	\$
<i>Ordinary shares</i>				
1 July	165,393,259	226,058,062	165,393,259	225,881,084
Share based payments	-	-	-	176,978
30 June	<u>165,393,259</u>	<u>226,058,062</u>	<u>165,393,259</u>	<u>226,058,062</u>

Ordinary shares have the right to one vote per share at meetings of the Company, to receive dividends as declared and, in the event of a winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held. Ordinary shares have been fully paid, have no par value, and the Company does not have a limited amount of authorised capital.

(b) Share based payments reserve

Movements in the share based payments reserve are set out in the statement of changes in equity on page 13. This reserve represents the fair value at grant of share options issued. The fair value is recognised as an expense over the vesting period. The reserve is reversed to contributed equity when shares are issued on exercise of the options or when the options are cancelled or expire.

(c) Accumulated losses

	2017	2016
	\$	\$
1 July	(227,167,868)	(226,904,522)
(Loss) for the period	(198,274)	(263,346)
30 June	<u>(227,366,142)</u>	<u>(227,167,868)</u>

15. Contingent assets and liabilities

There were no contingent assets or contingent liabilities at 30 June 2017 or 30 June 2016.

16. Share based payments

The number and weighted average exercise price of share options is as follows:

	2017			2016		
	Weighted average exercise price	Number of options	Expiry date	Weighted average exercise price	Number of options	Expiry date
Outstanding 1 July	\$0.13	2,050,000		\$0.22	4,630,431	
Expired / cancelled during the period	\$0.13	2,050,000		\$0.28	2,580,431	
Issued during the period	-	-		-	-	
Outstanding 30 June	-	-		\$0.13	2,050,000	
Outstanding at 30 June	-	-		\$0.13	2,050,000	
Outstanding 30 June	-	-		\$0.25	1,900,000	27/11/16
				\$0.125	150,000	27/11/16

17. Key management personnel disclosures

Detailed remuneration disclosures are provided in the Remuneration Report as set out on pages 9 and 10..

(b) Transactions with other related parties

Current trade and other payables of \$200,049 (2016: \$174,049) were payable to key management personnel at reporting date in respect of outstanding fees and expenses. These amounts include amounts which will be verified to Proof's of Debt submitted by the creditors which are adjudicated by the Creditors' Trustee prior to making any distribution of funds.

18. Financial risk management

The consolidated entity's activities expose it to credit risk, market risk (including interest rate risk, foreign exchange risk and price risk), and liquidity risk. This note presents qualitative and quantitative information about the consolidated entity's exposure to each of the above risks, its objectives, policies and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The consolidated entity's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in interest rates and exchange rates, however these risks are currently negligible. The consolidated entity uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and ageing analysis for credit risk.

There are no formal targets set for return on capital. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. Exposure to credit risk is considered minimal but is monitored on an ongoing basis.

Cash transactions are limited to financial institutions considered to have a suitable credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position at balance date. The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.

None of the receivables as at 30 June 2017 are past due or impaired.

The consolidated entity's maximum exposure to credit risk at the reporting date was:

	2017 \$	2016 \$
<i>Carrying amount:</i>		
Cash and cash equivalents	15,207	74,044
Trade and other receivables	41,584	41,253
	<u>56,791</u>	<u>115,297</u>

18. Financial risk management (continued)

(b) Market risk

(i) Cash flow and fair value interest rate risk

The significance and management of the risks to the consolidated entity is dependent on a number of factors including (i) interest rates (current and forward) and the currencies that are held; (ii) level of cash and liquid investments and borrowings; (iii) maturity dates of investments and loans; and (iv) proportion of investments and borrowings with fixed rate or floating rates.

The risk is managed by the consolidated entity maintaining an appropriate mix between fixed and floating rate investments. The consolidated entity's exposure to interest rate risk is considered minimal. The effective interest rates of financial assets and financial liabilities with interest obligations at the reporting date are as follows.

	Variable rate instruments at call 2017 (\$)	Fixed rate instruments 2016 (\$)	Weighted average interest rate 2016	Variable rate instruments at call 2016 (\$)	Fixed rate instruments 2015 (\$)	Weighted average interest rate 2015
<i>Financial assets</i>						
Cash and cash equivalents	15,207	-	-	74,044	-	-

The values above were the carrying amount of the consolidated entity's interest bearing financial instruments at 30 June 2017 and 30 June 2016.

(ii) Foreign exchange risk

The consolidated entity's exposure to foreign exchange risk at statement of financial position date was as follows, based on carrying amounts in A\$:

2016	2017 A\$	2017 CDN\$	2017 Totals A\$	2016 A\$	2016 CDN\$	2016 Totals A\$
Cash and cash equivalents	15,207	-	15,207	74,044	-	74,044
Trade and other receivables	41,584	-	41,584	41,253	-	41,253
Trade and other payables	(1,342,367)	(22,504)	(1,364,871)	(1,202,599)	(22,504)	(1,224,103)
	(1,285,576)	(22,504)	(1,308,080)	(1,087,302)	(22,504)	(1,109,806)

(iii) Price risk

There was no price risk in the current or prior period.

The consolidated entity is not exposed to equity securities price risk at 30 June 2017 or 30 June 2016.

18. Financial risk management (continued)

(c) Liquidity risk

On 12 February 2015 the directors resolved to appoint Administrators and on 13 February 2015 Matthew David Woods and Hayden Leigh White of KPMG were appointed joint and several Administrators of the Company pursuant to section 436A of the Corporations Act 2001 (Cth) ("the Act").

The following are the contractual maturities of consolidated financial liabilities: These amounts include amounts which will be verified to Proof's of Debt submitted by the creditors which are adjudicated by the Creditors' Trustee prior to making any distribution of funds.

	2017	2016
	\$	\$
<i>Trade and other payables:</i>		
Carrying amounts	1,364,871	1,225,103
Contractual cashflows	1,364,871	1,225,103
Payable 6 months or less	1,364,871	1,225,103

(d) Fair values

The carrying amounts of consolidated financial assets and financial liabilities shown in the statement of financial position approximate their fair values. The basis for determining fair values is disclosed in Note 1(t). AASB 13 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

There were no financial assets and liabilities measured and recognised at fair value at 30 June 2017 or 30 June 2016.

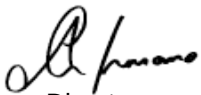
LACHLAN STAR LIMITED
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DIRECTORS' DECLARATION

- (1) In the opinion of the directors of Lachlan Star Limited:
- (a) the financial statements and notes set out on pages 12 to 35 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) subject to Note 1(a) 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 has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors.



Director

Perth, 29 December 2017



Independent auditor's report

To the members of Lachlan Star Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Lachlan Star Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report, which indicates that the Group incurred a net loss after tax of \$198,274 during the year ended 30 June 2017, and, as of that date, had a net current asset deficiency of \$1,308,080. As a result, the Group is dependent on successfully raising additional

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funding. These conditions, along with other matters set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The company remains in administration and does not currently have revenue generating operations.

Key audit matters

Except for the matters described in the *Material uncertainty related to going concern* section, we have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, including Operating and Financial Review, Directors' Report, Corporate Governance Statement and Additional Shareholder Information, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 10 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Lachlan Star Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to be "CH".

Craig Heatley
Partner

Perth
29 December 2017

The Company was placed into Administration on 13 February 2015 from which date the management of the Company fell to the Administrators.

LACHLAN STAR LIMITED
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ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules and not disclosed elsewhere in this report is set out below.

a) Shareholdings as at 13 November 2017

Substantial shareholders

The following shareholders have lodged substantial shareholder notices with ASX:

Name of Shareholder	Number of shares	% held
Sentry Investments Inc., Sentry Capital Corp, Sean Driscoll	26,430,382	16.0%
Sprott Asset Management LP	21,777,733	13.1%
Baker Steel Capital Managers LLP	17,393,457	10.5%
Hamilton Place Associates LLC	16,403,486	10.0%
James W Stuckert	8,820,850	5.3%

Voting Rights

The voting rights attaching to Ordinary Shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. No options have any voting rights.

Twenty Largest Shareholders

		Number of shares	% held
1.	Canadian Register Control	128,473,199	77.68
2.	National Nominees Limited	11,316,310	6.84
3.	HSBC Custody Nominees (Australia) Limited	6,915,980	4.18
4.	J P Morgan Nominees Australia Limited	3,540,259	2.14
5.	BNP Paribas Noms Pty Ltd <DRP>	1,892,167	1.14
6.	HSBC Custody Nominees (Australia) Limited - A/C 3	600,000	0.36
7.	Citicorp Nominees Pty Limited	580,589	0.35
8.	Ubirata De Oliveira	450,000	0.27
9.	Zero Nominees Pty Ltd	367,712	0.22
10.	Mr Hamish Bohannon + Ms Julie Bohannon <Putborough Super Fund A/C>	347,348	0.21
11.	Hyndford Holdings Pty Ltd	297,846	0.18
12.	Ms Chongchit Cooper <Cooper Fund A/C>	274,735	0.17
13.	Markyle Pty Ltd <SG Butler Family A/C>	253,930	0.15
14.	Guido Osvaldo Rojas Fuenzalida	250,000	0.15
15.	Merrill Lynch (Australia) Nominees Pty Limited	228,818	0.14
16.	Mr Thomas Ernest Duckworth + Mrs Jennifer Audrey Duckworth <Superannuation A/C>	220,989	0.13
17.	Object ID Design Pty Ltd <Armageddon Super Fund A/C>	208,334	0.13
18.	Monex Boom Securities (HK) Ltd <Clients Account>	203,266	0.12
19.	Mr Robert Andueza + Mrs Cindy Andueza <Andueza S/F A/C>	200,000	0.12
20.	Mr Gabriel Urrea Castillo	195,000	0.12
	Total	156,816,482	94.81

a) Shareholdings as at 13 November 2017 (continued)

Distribution of equity security holders

Size of Holding			Number of shareholders	Number of fully paid shares
1	to	1,000	803	175,593
1,001	to	5,000	339	877,983
5,001	to	10,000	78	577,694
10,001	to	100,000	119	4,249,603
100,001	and over		40	159,512,386
			1,379	165,393,259

The Company is currently under Administration and its shares suspended from trading on ASX, therefore no shareholders are considered to have a marketable parcel of ordinary shares at this time.

b) Unlisted option holdings as at 13 November 2017

Nil

c) On-market buyback

There is no current on-market buyback.

d) Interest in mining and exploration permits

Exploration / Mining Lease	Location	% interest
ML 5831	Princhester, Queensland	100%
ML 5832	Princhester, Queensland	100%
EL 5574	Bushranger, New South Wales	Net Smelter Royalty