

**LACHLAN STAR LIMITED**  
**(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

**ABN 88 000 759 535**

**INTERIM FINANCIAL REPORT**  
**31 DECEMBER 2017**

**CORPORATE DIRECTORY**

**Directors**

G Steinepreis  
B Aylward  
D Smith

**Company Secretary**

R Anderson

**Auditors**

PricewaterhouseCoopers  
Brookfield Place, 125 St Georges Terrace  
Perth WA 6840

**Bankers**

Macquarie Bank Limited  
235 St Georges Terrace  
Perth WA 6000

**Registered Office**

c/o KPMG  
235 St Georges Terrace  
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**Share Registries**

Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
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**Securities Exchange Listing**

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

ASX Code: LSA - ordinary shares

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## **DIRECTORS' REPORT**

The directors present their report consisting of Lachlan Star Limited ("Lachlan" or "Company") and the entities it controlled at the end of or during the half-year ended 31 December 2017 together with the consolidated financial report for the half-year ended 31 December 2017, and the independent review report thereon.

### **Directors**

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

Gary Steinepreis (appointed 18 January 2018)  
Bernard Aylward (appointed 18 January 2018)  
Daniel Smith (appointed 18 January 2018)  
Declan Franzmann (resigned 18 January 2018)  
Peter Drobeck (deceased 1 November 2017)  
Anthony Cipriano (resigned 18 January 2018)

### **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").

### **Independent Auditor's Review Report**

The independent auditor's review report contains a material uncertainty paragraph regarding continuation as a going concern.

### **Review of operations**

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.

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's policy for the removal of long term suspended entities detailed in ASX Guidance Note 33 Removal of Entities from the ASX official list. Pursuant to Guidance Note 33, any entity that has been in continuous suspension for more than 3 years, as the Company has been since 13 February 2015, will be automatically

removed from the official list of ASX on the third anniversary of its suspension date if it is still suspended. The Company's Securities did not recommence trading before 13 February 2018 and ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its Securities within a reasonable period. For these purposes, ASX considers "final stages" to mean:

- (a) having announced the transaction to market;
- (b) having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- (c) if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC, and
- (d) if the transaction requires security holder approval, having obtained that approval.

The consolidated entity's net loss after tax for the half-year ended 31 December 2017 was \$66,224 (2016: \$88,801 loss) after recognising corporate compliance and management costs of \$22,426 (2016: \$45,491).

### **Subsequent Events**

ASIC have extended the period within which the Company must hold its AGM to 19 March 2018.

The ASX's policy for the removal of long term suspended entities detailed in ASX Guidance Note 33 Removal of Entities from the ASX official list. Pursuant to Guidance Note 33, any entity that has been in continuous suspension for more than 3 years, as the Company has been since 13 February 2015, will be automatically removed from the official list of ASX on the third anniversary of its suspension date if it is still suspended. The Company's Securities did not recommence trading before 13 February 2018 and ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its Securities within a reasonable period. For these purposes, ASX considers "final stages" to mean:

- (a) having announced the transaction to market;
- (b) having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- (c) if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC, and
- (d) if the transaction requires security holder approval, having obtained that approval.

The Company has met the first two of the above requirements but will not have met the last two requirements by 13 February 2018. ASX has therefore granted a short extension of time until 19 March 2018 in order for the Company to satisfy these last two requirements.

The Company intends to lodge the Prospectus for the Recapitalisation Proposal as soon as possible following the date of the directors' report (and in any case, prior to 19 March 2018), in order to meet the third requirement. Once lodged, and providing Shareholders pass the Recapitalisation Resolutions at the Company's AGM on 19 March 2018, the subject of the Notice of Meeting sent to shareholders on 16 February 2018, the Company will have met all requirements to enable it to request a further short extension from ASX to the automatic removal deadline. The Company confirms it will make such a request at the appropriate time and keep the market updated in this regard.

The Company notes that any such extension of time may not be granted by the ASX and that the ASX has sole discretion on whether an extension of time is approved or not and for what period of time the extension is to be granted.

If the Company is unable to meet the conditions required by ASX to request an extension, or if ASX does not grant an extension, the Company will be removed from the Official List of ASX at close of business on 19 March 2018.

Other than these no other matter or circumstance has arisen since 31 December 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.

**Auditor's Independence Declaration**

The lead auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2017.

A handwritten signature in black ink that reads "G Steinepreis". The signature is written in a cursive style with a large initial "G" and a long, sweeping underline.

**Gary Steinepreis**  
Director

Perth, 16 March 2018



## Auditor's Independence Declaration

As lead auditor for the review of Lachlan Star Limited for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in blue ink, appearing to read 'C. Heatley'.

Craig Heatley  
Partner  
PricewaterhouseCoopers

Perth  
16 March 2018

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	6 months ended	
	31 December 2017	31 December 2016
	\$	\$
<b>Expenses</b>		
Corporate compliance and management	(22,426)	(45,491)
Administrator's fees and expenses	(37,417)	(39,930)
Other expenses	(6,282)	(3,344)
Finance expense	(99)	(36)
	<hr/>	<hr/>
(Loss) before income tax	(66,224)	(88,801)
Income tax expense	-	-
	<hr/>	<hr/>
<b>(Loss) for the period</b>	(66,224)	(88,801)
<b>Other comprehensive income for the period net of income tax</b>		
<i>Items that may be reclassified to profit or loss</i>	-	-
	<hr/>	<hr/>
<b>Total comprehensive (loss) for the period</b>	(66,224)	(88,801)
	<hr/>	<hr/>
Basic (loss) per share (cents per share)	(0.0)	(0.1)
Diluted (loss) per share (cents per share)	(0.0)	(0.1)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2017 \$	30 June 2017 \$
<b>Current assets</b>			
Cash and cash equivalents		2,783	15,207
Trade and other receivables		46,217	41,584
<b>Total current assets</b>		<u>49,000</u>	<u>56,791</u>
<b>Total assets</b>		<u>49,000</u>	<u>56,791</u>
<b>Current liabilities</b>			
Trade and other payables		1,423,304	1,364,871
<b>Total current liabilities</b>		<u>1,423,304</u>	<u>1,364,871</u>
<b>Total liabilities</b>		<u>1,423,304</u>	<u>1,364,871</u>
<b>Net (liabilities)</b>		<u>(1,374,304)</u>	<u>(1,308,080)</u>
<b>Equity</b>			
Contributed equity	7	226,058,062	226,058,062
Accumulated losses		<u>(227,432,366)</u>	<u>(227,366,142)</u>
<b>Total equity</b>		<u>(1,374,304)</u>	<u>(1,308,080)</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Total \$
<b>Balance at 1 July 2016</b>	226,058,062	(227,167,868)	-	(1,109,806)
Loss for the period	-	(88,801)	-	(88,801)
Total comprehensive loss for the period	-	(88,801)	-	(88,801)
<b>Balance at 31 December 2016</b>	226,058,062	(227,256,669)	-	(1,198,607)
<b>Balance at 1 July 2017</b>	226,058,062	(227,366,142)	-	(1,308,080)
Loss for the period	-	(66,224)	-	(66,224)
Total comprehensive loss for the period	-	(66,224)	-	(66,224)
<b>Balance at 31 December 2017</b>	226,058,062	(227,432,366)	-	(1,374,304)

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers and GST recovered	-	380
Payments to suppliers and employees	(57,722)	(49,745)
Finance expense	(99)	(36)
<b>Net cash (used in) operating activities</b>	<u>(57,821)</u>	<u>(49,401)</u>
<b>Cash flows from financing activities</b>		
Funding from DOCA proponent	45,397	-
<b>Net cash inflows from financing activities</b>	<u>45,397</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(12,424)	(49,401)
Cash and cash equivalents at the beginning of the period	15,207	74,044
<b>Cash and cash equivalents at the end of the period</b>	<u>2,783</u>	<u>24,643</u>

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

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2017 INTERIM FINANCIAL REPORT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Reporting entity**

Lachlan Star Limited ("Lachlan" or "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "group").

**2. Basis of preparation**

*Statement of compliance*

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

The consolidated interim financial report does not include all of the information required in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report as at and for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The functional and presentation currency of the Company is Australian dollars. The financial report was authorised for issue by the Deed Administrator on 15 March 2018. Lachlan Star Limited is a company limited by shares, incorporated and domiciled in Australia.

*Going concern*

The consolidated entity reported a net loss after taxation of \$66,224 for the period and a net current asset deficiency of \$1,374,304 at balance date. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and 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 executed on 31 August 2015 the Company will extinguish all liabilities associated with the previous administration of the Company subject to the Conditions Precedent being satisfied and is in the process of undertaking a capital raising of a minimum of A\$1,828,933. However, the company is also in a net liability position as at 31 December 2017 and its ability to continue as a going concern is dependant on being able to raise additional funds to recapitalise the company. Shareholders will vote on the recapitalisation proposal at the Company's AGM. Further details regarding the recapitalisation proposal are found in the subsequent events note.

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 19 June 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, holding a meeting of shareholders to seek approval of the Company's recapitalisation proposal convened for 19 March 2018.

## **2. Basis of preparation (continued)**

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.

Subsequent events are outlined on page 17. ASIC has extended the period within which the Company must hold its AGM to 19 March 2018. The notice of the AGM to be held on 19 March 2018 was dispatched to the Company's shareholders on 16 February 2018 which sets out the terms of the recapitalisation proposal. Shareholders will vote on the recapitalisation proposal at the Company's AGM.

### 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.

**2. 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. In the current period there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year or judgements, which have significant effect on the amounts recognised in the financial statements

**3. Accounting policies**

In the period ended 31 December 2017 the group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. As a result of this review the directors have determined that there is no change necessary to group accounting policies.

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2017 and the corresponding interim reporting period.

**4. Contingent assets and liabilities**

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

## **6. Subsequent events**

ASIC have extended the period within which the Company must hold its AGM to 19 March 2018.

The ASX's policy for the removal of long term suspended entities detailed in ASX Guidance Note 33 Removal of Entities from the ASX official list. Pursuant to Guidance Note 33, any entity that has been in continuous suspension for more than 3 years, as the Company has been since 13 February 2015, will be automatically removed from the official list of ASX on the third anniversary of its suspension date if it is still suspended. The Company's Securities will not recommence trading before 13 February 2018 and ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its Securities within a reasonable period. For these purposes, ASX considers "final stages" to mean:

- (a) having announced the transaction to market;
- (b) having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- (c) if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC, and
- (d) if the transaction requires security holder approval, having obtained that approval.

The Company has met the first two of the above requirements but did not meet the last two requirements by 13 February 2018. ASX has therefore granted a short extension of time until 19 March 2018 in order for the Company to satisfy these last two requirements.

The Company intends to lodge the Prospectus for the Recapitalisation Proposal as soon as possible following the lodgement of this interim financial report (and in any case, prior to 19 March 2018), in order to meet the third requirement. Once lodged, and providing Shareholders pass the Recapitalisation Resolutions at the Company's AGM on 19 March 2018, the subject of the notice of the Company's AGM, the Company will have met all requirements to enable it to request a further short extension from ASX to the automatic removal deadline. The Company confirms it will make such a request at the appropriate time and keep the market updated in this regard.

The Company notes that any such extension of time may not be granted by the ASX and that the ASX has sole discretion on whether an extension of time is approved or not and for what period of time the extension is to be granted.

If the Company is unable to meet the conditions required by ASX to request an extension, or if ASX does not grant an extension, the Company will be removed from the Official List of ASX at close of business on 19 March 2018.

Other than these no other matter or circumstance has arisen since 31 December 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.

**LACHLAN STAR LIMITED**  
**31 DECEMBER 2017 INTERIM FINANCIAL REPORT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**7. Contributed equity**

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

There were no unissued ordinary shares of the Company under option either during the period or at period end.

**8. Segment information**

*(a) Description of segments*

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

*(b) Segment information provided to the chief operating decision maker*

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").

Financial information for the segment is contained within the Directors' Report and other notes to these financial statements.

**9. Capital commitments**

There were no capital commitments at period end.



**DIRECTORS' DECLARATION**

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

- (a) the financial statements and notes as set out on pages 8 to 16 are in accordance with the *Corporations Act 2001* including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
- (b) subject to Note 2 to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Gary Steinepreis**  
Director

Perth, 16 March 2018



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

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

We have reviewed the accompanying half-year financial report of Lachlan Star Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Lachlan Star Limited. The consolidated entity comprises the Company and the entities it controlled during that half-year.

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lachlan Star Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

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

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### *Conclusion*

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Material uncertainty regarding continuation as a going concern*

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss after tax of \$66,224 during the half-year ended 31 December 2017, and as of that date, had a net current asset deficiency of \$1,374,304. As a result, the consolidated entity is dependent on successfully raising additional funding. These conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Craig Heatley' in a cursive style.

Craig Heatley  
Partner

Perth  
16 March 2018