



Lachlan Star Limited
(Subject to Deed of Company Arrangement)

16 February 2018

Market Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

LACHLAN STAR LIMITED – NOTICES OF ANNUAL GENERAL MEETING AND GRANT OF ASX WAIVERS

Lachlan Star Limited ACN 000 759 535 (**Company**) is pleased to advise that it has today despatched its notices of annual general meeting and accompanying financial reports for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017 (**Notices of AGM**).

ASIC has granted an extension of the period of time within which the Company is required to hold its annual general meetings for these financial years under the Corporations Act 2001 (Cth) until 19 March 2018.

The Notice of AGM for the financial year ended 30 June 2017 (**2017 Notice of AGM**) sets out the terms of a recapitalisation proposal which the Company will put to shareholders at the Company's 2017 annual general meeting, pursuant to which the Company proposes, subject to Shareholder approval, to raise the funds required for the Company to satisfy certain conditions imposed by ASX for the reinstatement of its shares to trading on ASX.

Subject to shareholder approval, the funds are proposed to be raised through the issue of shares to eligible shareholders pursuant to a rights issue, the issue of shares to Ascent Capital Holdings Pty Ltd, being the proponent under the deed of company arrangement between the Company, Ascent Capital Holdings Pty Ltd and the Company's administrators, Matthew Woods and Hayden White of KPMG (**DOCA**), and a placement of shares to external investors. If shareholders approve the recapitalisation proposal and the capital raising is fully subscribed, it is anticipated that up to a maximum of \$3,328,933 in funds will be raised, which will be used to cover the costs associated with effectuating the DOCA and reinstating the Company's shares to trading, developing the assets retained by the Company upon effectuation of the DOCA and the review and evaluation of new projects. Further details of the recapitalisation proposal are set out in the 2017 Notice of AGM.

The 2017 Notice of AGM contains important information relating to the recapitalisation proposal. Shareholders are encouraged to read the Notices of AGM and the information relating to recapitalisation proposal, and to attend and vote on the associated recapitalisation resolutions at the forthcoming annual general meetings, scheduled to occur from 8.30am on 19 March 2018, which affect the future of the Company and its ability to continue in existence.

The Company's shares have been suspended from trading since 13 February 2015. Under ASX Guidance Note 33, an entity whose shares have been continuously suspended for more than 3 years, as the Company's shares have been, will be automatically removed from the official list of ASX, unless the entity can demonstrate to ASX 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. In order to allow the recapitalisation proposal to be put to shareholders, ASX has granted a short extension of time under which the Company now has until 19 March 2018 to obtain shareholder approval and lodge a prospectus in respect of the recapitalisation proposal, in order to demonstrate that it is in the final stages of implementing such a transaction. At this stage, the Company may apply for a three month extension of time within which it must complete the transaction and be reinstated to trading. Refer to the "Important Notice" on page 5 of the 2017 Notice of AGM for further information.

ASX has also granted a conditional waiver to the Company from the requirements of:

- ASX Listing Rule 7.11.3 for the purposes of the proposed rights issue, in order that the ratio of securities offered under the rights issue can be greater than 1 for 1 whilst still being non-renounceable; and
- ASX Listing Rule 10.13.3, so that the issue of securities to related parties contemplated by resolutions 7 – 9 of the 2017 Notice of AGM can be issued later than 1 month following the 2017 annual general meeting. It is intended that these securities will be issued in conjunction with the proposed capital raisings to be undertaken by the Company as part of the recapitalisation proposal.

Both waivers are conditional upon the Company announcing the terms upon which the waivers have been granted, which are set out in the Annexure to this announcement.

The Company hopes that shareholders attend and vote in favour of the recapitalisation proposal at the forthcoming annual general meetings in order to give the Company its best chance to raise the funds required for it to continue in existence.

For further information, please contact Clint Joseph of KPMG on +61 8 9263 7126.

ENDS

ANNEXURE

TERMS OF ASX WAIVERS

ASX's formal decision in respect of ASX Listing Rule 10.13.3 is as follows:

1. *Based solely on the information provided, ASX Limited ("ASX") grants Lachlan Star Limited (the "Company") a waiver from listing rule 10.13.3 to the extent necessary to permit the notice of meeting (the "Notice") seeking shareholder approval for the issue of the following securities:*
 - 1.1 *Up to 70,000,000 fully paid ordinary shares at an issue price of \$0.0025 per share to raise up to \$175,000 ("Proponent Shares") to Gary Steinepreis (or his nominee/s).*
 - 1.2 *Up to 100,000,000 options exercisable \$0.005 each on or before 31 December 2021 ("Proponent Options") to Gary Steinepreis (or his nominee/s).*
 - 1.3 *2,500,000 options exercisable \$0.005 each on or before 31 December 2021 ("Options") to Bernard Aylward (or his nominee/s).*
 - 1.4 *2,500,000 Options to Daniel Smith (or his nominee/s).*
 - 1.5 *Up to 70,000,000 fully paid ordinary shares at an issue price of \$0.005 per share to Gary Steinepreis, Bernard Aylward and Daniel Smith ("Proposed Directors"),*
(together, the "related Party Securities") not to state that the Related Party Securities will be issued no later than 1 month after the date of the meeting on the following conditions:
 - (a) *Security holders approve the issue of the Related Party Securities at the shareholder meeting to be held in connection with the proposed recapitalisation of the Company.*
 - (b) *The Related Party Securities will be issued at the same time as other securities to be issued to non-related parties subscribing in the capital raising to be undertaken by the Company, and in any event no later than 3 months after the date of the shareholder meeting.*
 - (c) *The Company releases the terms of the waiver to the market at the same time that it releases the Notice.*
2. *ASX has considered listing rule 10.13.3 only and makes no statement as to the Company's compliance with other listing rules.*

ASX's formal decision in respect of ASX Listing Rules 7.11.3 is as follows:

1. *Based solely on the information provided, ASX Limited ("ASX") rescinds the ASX decision dated 15 June 2016 and replaces it with the following decision.*
 - 1.1 *Based solely on the information provided, ASX Limited ("ASX") grants Lachlan Star Limited (the "Company") the following waiver in connection with the Company's proposed non-renounceable entitlement offer of 10 fully paid ordinary shares at \$0.005 per share for every 1 fully paid ordinary share held on the record date (the "Entitlement Offer").*
 - (a) *A waiver from listing rule 7.11.3 to permit the Company to undertake the Entitlement Offer, subject to the following conditions.*
 - (i) *Shareholders of the Company approve the Entitlement Offer.*
 - (ii) *The notice of meeting seeking shareholder approval for the Entitlement Offer contains a voting exclusion statement that excludes the votes of any substantial shareholders, any proposed underwriter or sub-underwriter of the Entitlement*

Offer, any brokers or managers of the Entitlement Offer, and any of their respective associates.

(iii) The Company releases details of this waiver at the time that full details of the Entitlement Offer are announced to shareholders on the ASX Market Announcements Platform.

(b) ASX has considered listing rule 7.11.3 only and makes no statement as to the Company's compliance with other listing rules.