

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97.

Name of entity

LACHLAN STAR LIMITED

ACN or ARBN

88 000 759 535

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	1,936	1,936
1.2	Payments for		
	(a) exploration and evaluation	15	(32)
	(b) development	(618)	(618)
	(c) production	(665)	(665)
	(d) administration	(483)	(771)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	24	66
1.5	Interest and other costs of finance paid		
1.6	Other: New Ventures	(216)	(257)
	Net Operating Cash Flows	(7)	(341)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(9,024)	(9,024)
	(b) equity investments		
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	272	272
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Cash acquired on acquisition of subsidiary	325	325
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(8,428)	(8,428)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(8,435)	(8,769)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11,575	11,575
1.15	Costs associated with the issue of shares, options etc	(4)	(4)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(180)	(180)
1.18	Payment to Settle Deed of Company Arrangement		
1.19	Other (provide details if material)		
	Net financing cash flows	11,391	11,391
	Net increase (decrease) in cash held	2,956	2,622
1.20	Cash at beginning of quarter/year to date	3,522	3,856
1.21	Deposits at call		
1.22	Cash at end of quarter	6,478	6,478

Note: Line 1.14 includes \$316,000 to be repaid for over subscriptions to a rights issue

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	108
1.24 Aggregate amount of loans to the parties included in item 1.10	—
1.25 Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:

1,000,000,000 shares were issued at a deemed issue price of \$0.01 per shares as part of the cost of acquiring the CMD gold project in Chile. The consideration also include deferred cash of US\$1 million, repayment of a US\$1.3m shareholder loan, and deferred contingent consideration based upon future gold production.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan and lease facilities	7,887	7,887
3.2 Credit standby arrangements	300	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	672
4.2 Development	5,810
4.3 Production	6,150
4.4 Administration	858
Total	13,490

Note: March 2011 quarter forecast gold revenue is \$13,592,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank (at call)	6,478	3,522
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6,478	3,522

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter %	Interest at end of quarter %
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	See attached schedule	See attached schedule	0% for all	100% for all

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid-up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Issued during quarter				
7.3 +Ordinary securities	3,204,801,057	3,204,801,057		
7.4 Issued during quarter	1,124,933,686		\$0.01 per share	\$0.01
	1,000,000,000		Deemed price of \$0.01 per share	\$0.01
7.5 +Convertible debt securities (description and conversion factor)				
7.6 Issued during quarter				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	2,500,000		\$0.035	20/04/2011
	22,500,000		\$0.02	18/11/2011
	22,500,000		\$0.025	18/11/2012
	10,000,000		\$0.02	31/12/2012
7.8 Issued during quarter	10,000,000		\$0.02	31/12/2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Company Secretary

Date: 10 January 2011

Print name: Robert Anderson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.

I. Las Loas Tenements.

1.- Constituted (owned by CMD).

N°	Name	Minning Role	Measurement minutes / Judicial award registration			Current Ownership			Registry	Custodian of Mines
			Page	Number	Year	Page	Number	Year		
1	Loa del 1 al 18	4106-0417-5	43	12	1998	86	41	2007	Property	Andacollo
2	Montosa	4106-0192-3	1	1	2000	86	41	2007	Property	Andacollo
3	San Juan	4106-0193-1	1	1	2000	89	42	2007	Property	Andacollo
4	Rinconada	4106-0083-8	1	1	2000	86	41	2007	Property	Andacollo
5	Tres Vetas	4106-0483-3	1	1	2000	86	41	2007	Property	Andacollo
6	Luisa	4106-0190-7	1	1	2000	86	41	2007	Property	Andacollo
7	La Reina	4106-0191-5	1	1	2000	86	41	2007	Property	Andacollo
8	Tres Marías	4106-0189-3	1	1	2000	86	41	2007	Property	Andacollo
9	María Teresa Uno	4104-0953-4	1103	214	1996	86	41	2007	Property	Andacollo
10	María Teresa Cuatro al Seis	4104-0954-2	1108	215	1996	86	41	2007	Property	Andacollo
11	María Teresa Siete al Nueve	4104-0955-0	1113	216	1996	86	41	2007	Property	Andacollo
12	María Teresa 10 al 14	4104-0956-9	1119	217	1996	86	41	2007	Property	Andacollo
13	Matías Uno 1 al 7	4104-1010-9	7	2	1999	86	41	2007	Property	Andacollo
14	Matías Dos 1 al 8	4104-1011-7	80	19	1998	86	41	2007	Property	Andacollo
15	Anastassia Uno 1 al 2	4104-1027-3	20	4	1999	86	41	2007	Property	Andacollo
16	Juan Uno 1 al 6	4104-1012-5	1	1	1999	86	41	2007	Property	Andacollo
17	Juan Dos 1 al 2	4104-1013-3	87	20	1998	86	41	2007	Property	Andacollo
18	El Sauce dos del Uno al Dos	4104-1036-2	11	4	2001	86	41	2007	Property	Andacollo

19	El Sauce Dos 3 al 4	4104-1037-0	11	4	2001	86	41	2007	Property	Andacollo
20	El Sauce Dos 9 al 12	4104-1038-9	19	6	2001	86	41	2007	Property	Andacollo
21	Arenillas	4106-0215-6	49	25	2005	86	41	2007	Property	Andacollo
22	Matías Tres Uno	4104-1031-1	16	8	2000	197	168	2007	Discovery*	Andacollo
23	El Sauce Dos 17	4104-1039-7	35	17	2000	197	168	2007	Discovery*	Andacollo
24	San Carlos 2	4106-0188-5	1	1	2000	89	42	2007	Property	Andacollo

b) Concessions in process of constitution (owned by CMD).

N°	Name	Mining Role	Exploitation claim registration			Current Ownership			Registry	Custodian of Mines
			Page	Number	Year	Page	Number	Year		
1	Nueva el Sauce dos 1 al 19		137	110	2007	198	169	2007	Discovery	Andacollo
2	Nueva Matías Tres 1 al 9		138	111	2007	198	169	2007	Discovery	Andacollo

II. Other tenements (Original exploitation mining concessions (*pertenencias*))

1. *Pertenencias* constituted in Andacollo (owned by CMD).

N°	Name	Mining Role	Measurement minutes / Judicial award registration			Current Ownership			Registry	Custodian of Mines
			Page	Number	Year	Page	Number	Year		
1	Rosario 1 al 89 (1 al 34, 36 al 53, y 68 al 88)	4106-0373-k	118	41	1994	413	94	1994	Property	Andacollo
2	Rosario 90 al 93	4106-0539-2	147	46	1994	413	94	1994	Property	Andacollo
3	Rosario 94 al 101	4106-0376-4	151	47	1994	413	94	1994	Property	Andacollo
4	Rosario 102 al 129 (102 al 112, 116-119,124-126	4104-0641-1	155	48	1994	413	94	1994	Property	Andacollo
5	Rosario 139 al 140	4104-0642-k	163	49	1994	413	94	1994	Property	Andacollo

6	Rosario 141-170 (141, 144-148, 151- 170)	4104-0643-8	167	50	1994	413	94	1994	Property	Andacollo
7	Rosario 171-185 (171-180, 184-185)	4104-0644-6	173	51	1994	413	94	1994	Property	Andacollo
8	Rosario 186 al 193 (187, 189-192)	4104-0645-4	181	53	1994	413	94	1994	Property	Andacollo
9	Rosario 195	4106-0465-5	408	93	1994	413	94	1994	Property	Andacollo
10	Irene	4106-0383-7	133	42	1994	413	94	1994	Property	Andacollo
11	Don Ramón Ernesto	4106-0379-9	137	43	1994	413	94	1994	Property	Andacollo
12	Don Santiago y otras	4106-0380-2	140	44	1994	413	94	1994	Property	Andacollo
13	Gloria 2, 3 y 7	4106-0285-7	190	55	1994	413	94	1994	Property	Andacollo
14	Don Pedro	4106-0378-0	144	45	1994	413	94	1994	Property	Andacollo
15	Andacollo 1	4106-0377-2	55	19	1994	413	94	1994	Property	Andacollo
16	Andacollo 2	4104-0649-7	58	20	1994	413	94	1994	Property	Andacollo
17	Andacollo 3	4104-0650-0	61	21	1994	413	94	1994	Property	Andacollo
18	Andacollo 4	4104-0651-9	64	22	1994	413	94	1994	Property	Andacollo
19	Andacollo 5	4104-0652-7	67	23	1994	413	94	1994	Property	Andacollo
20	Andacollo 6	4104-0653-5	70	24	1994	413	94	1994	Property	Andacollo
21	Andacollo 7	4104-0654-3	73	25	1994	413	94	1994	Property	Andacollo
22	Andacollo 8	4104-0655-1	76	26	1994	413	94	1994	Property	Andacollo
23	Andacollo 9	4104-0656-k	79	27	1994	413	94	1994	Property	Andacollo
24	Andacollo 10	4104-0657-8	82	28	1994	413	94	1994	Property	Andacollo
25	Andacollo 11	4104-0658-6	85	29	1994	413	94	1994	Property	Andacollo
26	Andacollo 12	4104-0659-4	88	30	1994	413	94	1994	Property	Andacollo
27	Andacollo 13	4104-0660-8	90vta.	31	1994	413	94	1994	Property	Andacollo
28	Andacollo 14	4104-0661-6	93	32	1994	413	94	1994	Property	Andacollo
29	Andacollo 15	4104-0662-4	95vta.	33	1994	413	94	1994	Property	Andacollo

30	Andacollo 16	4104-0663-2	98	34	1994	413	94	1994	Property	Andacollo
31	Andacollo 17	4104-0664-0	s/i	s/i	s/i	413	94	1994	Property	Andacollo
32	Andacollo 18	4104-0665-9	103	36	1994	413	94	1994	Property	Andacollo
33	Andacollo 19	4104-0666-7	106	37	1994	413	94	1994	Property	Andacollo
34	Andacollo 20	4104-0667-5	109	38	1994	413	94	1994	Property	Andacollo
35	Andacollo 23	4104-0668-3	112	39	1994	413	94	1994	Property	Andacollo
36	Andacollo 30	4104-0672-1	177	52	1994	413	94	1994	Property	Andacollo
37	Flor de María	4106-0141-9	187	54	1994	413	94	1994	Property	Andacollo
38	India 1 al 4	4104-0680-2	204	57	1994	413	94	1994	Property	Andacollo
39	Indígena 2	4104-0681-0	198	56	1994	413	94	1994	Property	Andacollo
40	Rosario	4106-0137-0	115	40	1994	413	94	1994	Property	Andacollo
41	Madrid 1 al 7	4104-0768-k	270	69	1994	-	-	-	Property	Andacollo
42	Roma 1 al 6	4104-0773-6	281	71	1994	-	-	-	Property	Andacollo
43	Londres 1 al 5	4104-0774-4	276	70	1994	-	-	-	Property	Andacollo
44	Berlín 1 al 2	4104-0772-8	253	66	1994	-	-	-	Property	Andacollo
45	Bruselas 1 al 5	4104-0770-1	242	64	1994	-	-	-	Property	Andacollo
46	París 1 al 4	4104-0775-2	247	65	1994	-	-	-	Property	Andacollo
47	Lisboa 1 al 8	4104-0771-k	258	67	1994	-	-	-	Property	Andacollo
48	Abismo 1 al 4	4104-0767-1	215	59	1994	-	-	-	Property	Andacollo
49	Horno 1 al 5	4104-0880-2	225	61	1994	-	-	-	Property	Andacollo
50	Madero 1 al 5	4104-0811-2	220	60	1994	-	-	-	Property	Andacollo
51	Pique 1 al 32	4104-0810-4	236	63	1994	-	-	-	Property	Andacollo
52	Mapa 1 al 7	4104-0809-0	230	62	1994	-	-	-	Property	Andacollo
53	Cascada 1 al 6	4104-0827-9	210	58	1994	-	-	-	Property	Andacollo

54	Arrecife 1 al 10	4104-0826-0	264	68	1994	-	-	-	Property	Andacollo
55	Valladolid 1 al 5	4104-0864-3	321	78	1994	-	-	-	Property	Andacollo
56	Segovia 1 al 28	4104-0860-0	13	7	2005	-	-	-	Property	Andacollo
57	Guijón 1 al 2	4104-0867-8	367	86	1994	-	-	-	Property	Andacollo
58	Barcelona 1 al 3	4104-0859-9	326	79	1994	-	-	-	Property	Andacollo
59	Baleares 1 al 3	4104-0868-6	291	73	1994	-	-	-	Property	Andacollo
60	Castilla 1 al 29	4104-0866-k	331	80	1994	-	-	-	Property	Andacollo
61	Galicia 1 al 2	4104-0859-7	346	82	1994	-	-	-	Property	Andacollo
62	Zaragoza 1 al 14	4104-0855-4	315	77	1994	-	-	-	Property	Andacollo
63	Burgos 1 al 4	4104-0852-k	451	83	1994	-	-	-	Property	Andacollo
64	Jeréz 1 al 5	4104-0854-6	418	95	1994	-	-	-	Property	Andacollo
65	Málaga 1 al 8	4104-0853-0	402	92	1994	-	-	-	Property	Andacollo
66	Sevilla 1 al 5	4104-0857-0	356	84	1994	-	-	-	Property	Andacollo
67	Toledo 1 al 4	4104-0862-7	297	74	1994	-	-	-	Property	Andacollo
68	Murcia 1 al 5	4104-0856-2	309	76	1994	-	-	-	Property	Andacollo
69	Bilbao 1 al 4	4104-0863-5	286	72	1994	-	-	-	Property	Andacollo
70	Oviedo 1 al 13	4104-0870-8	379	88	1994	-	-	-	Property	Andacollo
71	Córdoba 1 al 11	4104-0869-4	340	81	1994	-	-	-	Property	Andacollo
72	Mallorca 1 al 5	4104-0861-9	361	85	1994	-	-	-	Property	Andacollo
73	Cádiz 1 al 11	4104-0865-1	372	87	1994	-	-	-	Property	Andacollo
74	Valencia 1 al 36	4104-0851-1	302	75	1994	-	-	-	Property	Andacollo
75	Cholita Uno 1	4104-0883-k	397	91	1994	-	-	-	Property	Andacollo
76	Cholita Dos 1 al 2	4104-0885-6	392	90	1994	-	-	-	Property	Andacollo
77	Cholita Tres 1 al 2	4104-0884-8	387	89	1994	-	-	-	Property	Andacollo

78	Patitas 1 al 5	4104-0898-8	423	96	1994	-	-	-	Property	Andacollo
79	Fragua 1 al 10	4106-0217-2	103	35	1997	116	37	1997	Property	Andacollo
80	Mercedes 4 al 7	4106-0564-3	646	114	1996	27	11	2007	Property	Andacollo
81	Mercedes 1 al 3	4106-0534-1	69	40	2000	23	7	2007	Property	Andacollo
82	Nerransula	4106-0195-8	46	32	2000	21	5	2007	Property	Andacollo
83	Nueva	4106-0546-5	60	37	2000	25	9	2007	Property	Andacollo
84	Rodrigo	4106-0532-5	73	41	2000	24	8	2007	Property	Andacollo
85	Toro	4106-0171-0	44	21	2000	28	12	2007	Discovery	Andacollo
86	Gabriela	4106-0533-3	66	39	2000	22	6	2007	Property	Andacollo
87	María Luz	4106-0531-7	63	38	2000	26	10	2007	Property	Andacollo

2. Pertenencias constituted in Coquimbo (owned by CMD).

N°	Name	Minning Role	Measurement minutes / Judicial award registration			Current Ownership			Registry	Custodian of Mines
			Page	Number	Year	Page	Number	Year		
1	Estrellita Uno 1 al 3	4103-0578-k	91vta.	26	1995	-	-	-	Property	Coquimbo
2	Estrellita Dos 1	4103-0579-8	96	27	1995	-	-	-	Property	Coquimbo

3. Pertenencias (owned by DCEL).

N°	Name	Minning Role	Measurement minutes / Judicial award registration			Current Ownership			Registry	Custodian of Mines
			Page	Number	Year	Page	Number	Year		
1	Oropesa 1, 2, 3, 4, 5, 6, 7, 9, 10 y 12	4106-0216-4	998	177	1996	13	6	1998	Property	Andacollo

2	Cutana 3 al 7, 9 al 13, 15 al 16.	4106-0220-2	1014	183	1996	13	6	1998	Property	Andacollo
3	Pachuca	4106-0214-8	946	155	1996	13	6	1998	Property	Andacollo
4	San Antonio	4106-0166-4	989	172	1996	13	6	1998	Property	Andacollo
5	Urmeneta 1 al 4	4106-0265-2	1005	180	1996	13	6	1998	Property	Andacollo
6	Esperanza Dos y Tres	4106-0618-0	1061	197	1996	13	6	1998	Property	Andacollo
7	Diana 1 al 7	4106-0240-7	1026	186	1996	13	6	1998	Property	Andacollo
8	Atlántida 6	4106-0219-9	1051	193	1996	13	6	1998	Property	Andacollo
9	Santa Rosa 1 al 4, y Santa Rosa 6 al 10	4104-0224-5	979	168	1996	13	6	1998	Property	Andacollo
10	Sierra Maestra 1 al 40	4106-0293-8	1035	189	1996	13	6	1998	Property	Andacollo
11	Porvenir	4106-0439-6	955	159	1996	13	6	1998	Property	Andacollo