

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")

30 JUNE 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	14,445	28,373
1.2	Payments for		
	(a) exploration and evaluation	(1,425)	(1,816)
	(b) development	(6,141)	(13,324)
	(c) production	(6,514)	(13,010)
	(d) administration	(901)	(2,672)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	18	122
1.5	Interest and other costs of finance paid	(375)	(580)
1.6	Other: New ventures and royalties	(585)	(1,698)
	Net Operating Cash Flows	(1,478)	(4,605)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(393)	(9,564)
	(b) equity investments		
	(c) other fixed assets	(184)	(940)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	19	4,696
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Cash acquired on acquisition of subsidiary		325
	Net investing cash flows	(558)	(5,483)
1.13	Total operating and investing cash flows (carried forward)	(2,036)	(10,088)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(2,036)	(10,088)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2,856	14,207
1.15	Costs associated with the issue of shares, options etc	(192)	(566)
1.16	Proceeds from borrowings	431	1,050
1.17	Repayment of borrowings	(1,815)	(3,807)
1.18	Payment to Settle Deed of Company Arrangement		
1.19	Other (provide details if material)		
	Net financing cash flows	1,280	10,884
	Net increase (decrease) in cash held	(756)	796
1.20	Cash at beginning of quarter/year to date	5,350	3,856
1.21	Deposits at call		
1.23	Effects of foreign exchange	(81)	(139)
1.22	Cash at end of quarter	4,513	4,513

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	148
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:

Not applicable

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	3,610	3,610
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	643
4.2 Development	5,337
4.3 Production	10,261
4.4 Administration	1,813
Total	18,054

Note: September 2011 quarter forecast gold revenue is A\$15.4 million at a forecast gold price of A\$1,415 per ounce

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)	4,513	5,350
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,513	5,350

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				

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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 (post the 1 for 60 share consolidation approved by shareholders on 10 June 2011)	56,967,517	56,967,517		
7.4 Issued during quarter (pre the 1 for 60 share consolidation approved by shareholders on 10 June 2011)	204,000,000	204,000,000	\$0.014	\$0.014
7.5 +Convertible debt securities (description and conversion factor)				
7.6 Issued during quarter				
7.7 Options (description and conversion factor) (post the 1 for 60 share consolidation approved by shareholders on 10 June 2011)	375,002 375,002 166,667 166,669 166,669 3,563,447		<i>Exercise price</i> \$1.20 \$1.50 \$1.20 \$1.20 \$1.50 \$1.20	<i>Expiry date</i> 18/11/2011 18/11/2012 31/12/2012 20/12/2013 20/12/2013 20/05/2013
7.8 Issued during quarter (pre the 1 for 60 share consolidation approved by shareholders on 10 June 2011)	213,806,229		\$0.02	20/5/2013
7.9 Exercised during quarter				

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7.10	Expired during quarter (<i>pre</i> the 1 for 60 share consolidation approved by shareholders on 10 June 2011)	2,500,000		\$0.035	20/04/2011
7.11	Debentures (<i>totals only</i>)				
7.12	Unsecured notes (<i>totals only</i>)				

+ 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: 30 July 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.

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