

Quarterly Report for the Period ending 31 March 2010

Corporate

At the end of the March quarter Lachlan Star had cash deposits of \$3.9 million and listed tradeable securities totalling \$8.6 million.

Several projects were reviewed for acquisition during the quarter, however none met the technical and financial criteria that the Company feels is required to justify an acquisition.

The Company's strategy is to be exposed to a variety of commodities across several geographic regions. The commodities targeted by the Company are bulk commodities (coal and iron ore), copper and gold and the geographic regions of interest are currently eastern Australia and Southern Africa.

Projects within the bulk commodity and copper sectors provide the Company with an exposure to the strong demand from China and the recovering demand from the rest of Asia, Europe, and the Americas.

Projects within the gold sector provide the Company with an exposure to the rising gold price. The gold price has continued to increase strongly over the past quarter as a result of a declining US\$ and strong investment buying.

Luir Gold (28%)

Lachlan Star holds a 28% interest in Luiri Gold, a TSX and ASX listed exploration company with gold and iron ore assets in Zambia. The Company's holding in Luiri was valued at \$8.6 million at the end of the quarter compared to a cost of \$4.8 million.

Luir is completing a pre feasibility study on its Luiri Hill Gold Project and carrying out an extensive exploration drill program with the aim of increasing the project resource base.

Luir has announced results from the drilling program at Matala carried out in the December and March quarters, with some very encouraging high grade drill results reported including:

- 9.2 m grading 6.1 g/t Au from 87 m in MTL170
- 9.6 m grading 5.7 g/t Au from 87 m in MTLRC 173
- 6.5 m grading 9.0 g/t Au from 87 m in MTLRC 122
- 11.2 m grading 4.4 g/t Au from 48 m in MTLRC 171

In addition, the deepening of some previous drilling that ended in mineralisation has resulted in a significant upgrading of some drill results including:

- 11.4 m grading 4.5 g/t Au from 194 m in MTLRC 162 compared to an original result of 3m grading 3.4 g/t Au from 194 m

All widths are estimated true widths.

The initial results from Luiji's regional exploration program have been received and have identified a significant target at Chikwashia located on the southern lobe of the Matala dome in the same structural setting that hosts the Dunrobin deposit (refer to Figure 1). The soil anomaly over Chikwashia is 2km x 0.6 km and is the largest anomaly identified so far on the project and contains outcropping gossans with gold grades in excess of 3 g/t Au. Drilling is currently underway at Chikwashia to test this anomaly.

Luiji Gold also holds the Nambala iron project where an independent review by Coffey Mining indicated that on part of the mineralized body there exists the 'mineral potential' of between 100 and 300 million tonnes of rock at grades of 55-60% Fe. A later review by another independent consulting group has suggested that the potential exists for significantly larger tonnages of iron mineralisation.

It should be noted that the potential quantity and grade is conceptual in nature, and that there is insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Luiji has indicated that it considers there to be no value ascribed to the Nambala iron project in its share price and that it is considering ways of realising the potentially significant value for Luiji shareholders.

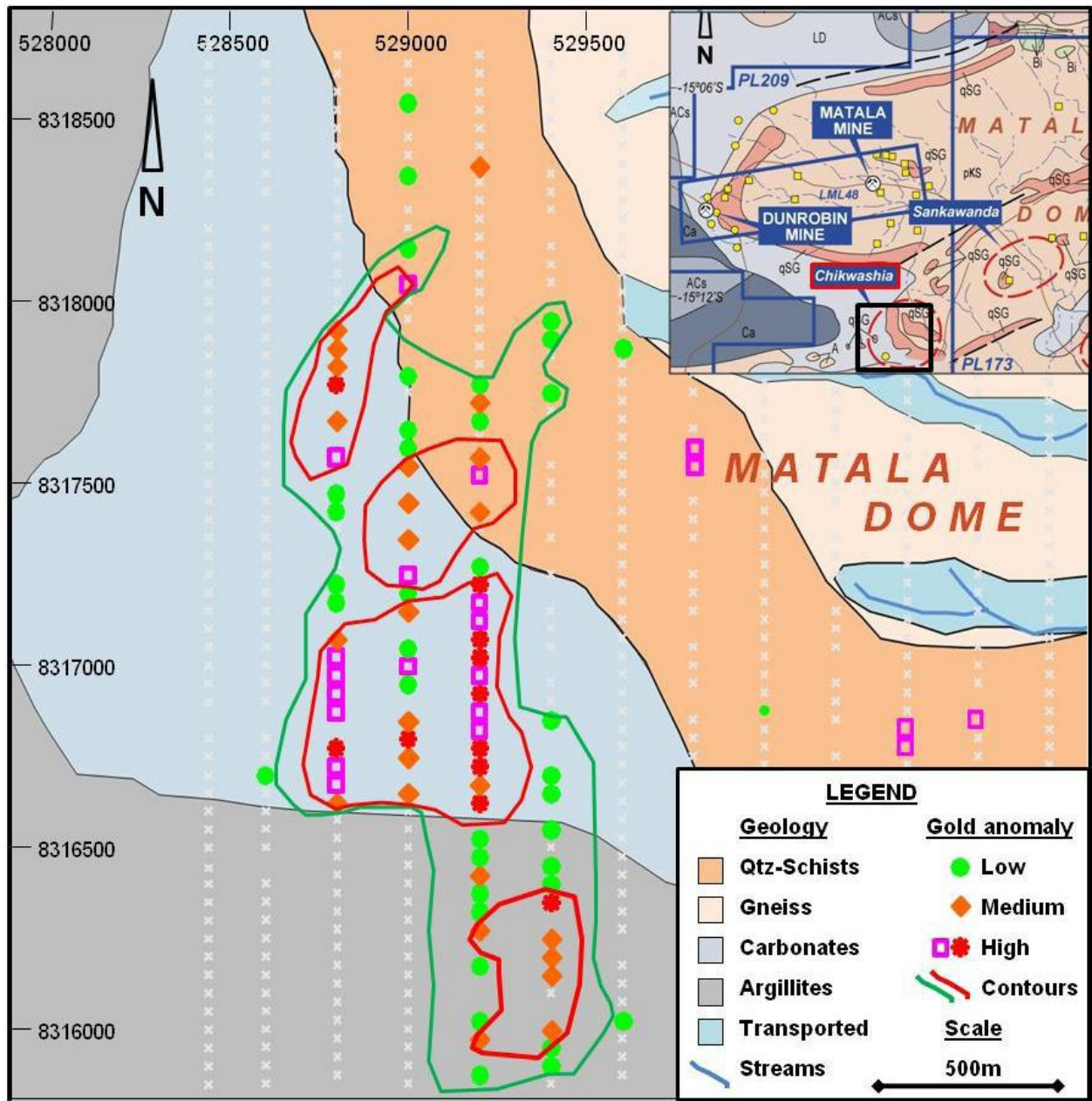


Figure 1 - Chikwashia Anomaly

Projects

Bushranger Copper Project - EL 5574 (100%)

No significant work was completed during the quarter.

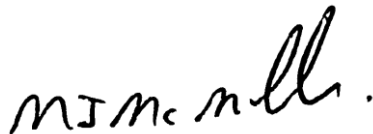
Alexander Coal Project

As previously announced, the claim holder of the Alexander Coal Project is in dispute with another party over the title of the project. This dispute is progressing through the courts in South Africa and all work by the Company has been halted on the project until more clarity is received on the title of the project.

The claim holder is progressing the application for conversion to a New Order Mining Right.

More information about the Company can be found at our website www.lachlanstar.com.au.

For and on behalf of the Board



Mick McMullen
Chairman

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 MARCH 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(6)	(20)
(b) development		
(c) production		
(d) administration	(229)	(670)
(e) staff costs		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	46	146
1.5 Interest and other costs of finance paid		
1.6 Other (new ventures)		
Net Operating Cash Flows	(189)	(544)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		(4,477)
(c) other fixed assets	(4)	(43)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	35	522
(c) other fixed assets		8
1.10 Loans to other entities		
1.11 Cash acquired on acquisition of subsidiary		
Net investing cash flows	31	(3,990)
1.13 Total operating and investing cash flows (carried forward)	(158)	(4,534)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(158)	(4,534)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Costs associated with the issue of shares, options etc		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Payment to Settle Deed of Company Arrangement		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(158)	(4,534)
1.20	Cash at beginning of quarter/year to date	4,086	8,462
1.21	Deposits at call		
1.22	Cash at end of quarter	3,928	3,928

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	55
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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	20
4.2 Development	-
Total	20

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)	3,928	4,086
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,928	4,086

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 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	1,079,867,371	1,079,867,371		
7.4 Issued during quarter				
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		\$0.025	20/04/2010
	2,500,000		\$0.035	20/04/2011
	22,500,000		\$0.02	18/11/2011
	22,500,000		\$0.025	18/11/2012
7.8 Issued during quarter				
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: 30 April 2010

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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