

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 2012

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	21,615	57,038
1.2 Payments for		
(a) exploration and evaluation	(2,574)	(6,468)
(b) development	(9,213)	(21,137)
(c) production	(6,398)	(23,145)
(d) administration	(1,150)	(3,998)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	102	301
1.5 Interest and other costs of finance paid	(318)	(394)
1.6 Other: new ventures and royalties	(584)	(1,926)
Net Operating Cash Flows	1,480	271
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(1,264)	(2,663)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Cash acquired on acquisition of subsidiary		
Net investing cash flows	(1,264)	(2,663)
1.13 Total operating and investing cash flows (carried forward)	216	(2,392)

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1.13	Total operating and investing cash flows (brought forward)	216	(2,392)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	15,088
1.15	Costs associated with the issue of shares, options etc	(53)	(1,227)
1.16	Proceeds from borrowings	275	3,007
1.17	Repayment of borrowings	(2,185)	(6,289)
1.18			
1.19	Other (provide details if material)		
	Net financing cash flows	(1,963)	10,579
	Net increase (decrease) in cash held	(1,747)	8,187
1.20	Cash at beginning of quarter/year to date	14,474	4,515
1.21	Deposits at call		
1.23	Effects of foreign exchange	(12)	13
1.22	Cash at end of quarter	12,715	12,715

Note: US\$2,194,000 was owed from Johnson Matthey at quarter end from the sale of gold which was all received in April 2012.

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
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.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan and lease facilities	7,173	7,173
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,691
4.2 Development	11,318
4.3 Production	8,009
4.4 Administration	1,141
Total	23,159

June 2012 quarter forecast gold revenue is A\$23.8 million at a forecast gold price of US\$1,650 per ounce. Forecast gold revenue and cash outflows are based on an assumed A\$/US\$ exchange rate of 1:1 and an assumed US\$ / Chilean Peso exchange rate of 1:500.

Net proceeds of C\$16.3 million from the Special Warrant Issue were received in early April.

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)	3,606	2,348
5.2 Deposits at call	-	3,524
5.3 Bank overdraft	-	-
5.4 Term Deposits	9,109	8,602
Total: cash at end of quarter (item 1.22)	12,715	14,474

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	75,367,517	75,367,517		
7.4 Issued during quarter	See Note 1 below, Special Warrants			
7.5 +Convertible debt securities (description and conversion factor)				
7.6 Issued during quarter				
7.7 Options (description and conversion factor)	375,002 166,667 166,669 166,669 3,597,090 10,856,000 650,000 150,000 50,000		<i>Exercise price</i> \$1.50 \$1.20 \$1.20 \$1.50 \$1.20 \$1.20 \$1.20 \$1.50 \$1.50	<i>Expiry date</i> 18/11/2012 31/12/2012 20/12/2013 20/12/2013 20/05/2013 26/08/2013 25/11/2013 25/11/2013 25/11/2014
7.8 Issued during quarter	See Note 1 below, Special Warrants			
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

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Note1

Special Warrants

On 4 April 2012 the Company announced that it had completed a private placement of special warrants ("**Special Warrants**" or "**Offering**"). The Offering raised gross proceeds of C\$17,560,000 through the issuance of 10,975,000 Special Warrants, priced at C\$1.60 per Special Warrant.

Each Special Warrant will be exercisable for no additional consideration into one ordinary share (an "**Ordinary Share**") on the fifth business day after obtaining a receipt for the final short form prospectus, anticipated to be on or about 4 May 2012.

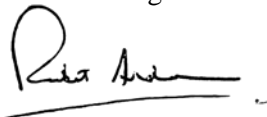
As partial consideration for their services in connection with the Offering, the Agents were granted options to acquire an aggregate of 329,250 Ordinary Shares at a strike price of C\$1.60 and an expiry date of 3 April 2014. It is anticipated that these options will also be issued on or about 4 May, 2012.

The net proceeds of the Offering were received on completion of the Offering on 3 April 2012.

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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 2012

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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