

Quarterly Report for the Period ending 30 June 2009

Corporate

At the end of the June quarter Lachlan Star had cash deposits of \$8.5 million.

The Company made two investments in the gold sector during the quarter.

Luir Gold (“Luir”)

Agreement was reached to invest a total of \$3 million in Luiri Gold Limited, a TSX Venture exchange listed company with gold projects in Zambia. The Luiri Hill Gold Project has a total JORC mineral resource of 656,000 ounces in the Inferred category and 144,000 ounces in the Indicated category at an average grade of 2.7 g/t.

Lachlan Star is now the largest shareholder in Luiri with 30.6% of the share capital. The Company will appoint two directors to Luiri’s board and provide technical assistance to progress its gold projects in Zambia.

Luir plans to list on the ASX in the near future which will provide additional liquidity for its shares. The Company is of the view that Luiri is undervalued with an enterprise value of less than \$9/ resource ounce and that significant upside exists in the resource potential of the project.

The investment in Luiri provides a low cost exposure to the gold sector in a stable southern African country with an established mining culture. The Luiri Gold Project is located near to power, road and water infrastructure and has previously been mined.

Exco Resources Limited (“Exco”)

The Company invested a total of \$470,000 in an Exco placement at a price of 23.5c/share. Exco is an ASX listed resource company with advanced copper and gold projects in Queensland and South Australia respectively.

At White Dam, Exco has entered a 75:25 joint venture with Polymetals Group Pty Ltd, who will manage the implementation and operation of the project. White Dam contains a resource inventory of 330,400 ounces of gold, and the project has now been granted final approvals. The project remains on track for first gold production by early 2010.

In north-west Queensland Exco holds a large (>4,100km²), strategically located and highly prospective land package. Resources delineated for the project to date total 51Mt, containing 425,000 tonnes of copper and 373,000 ounces of gold.

Projects

Bushranger Copper Project

Limited field work was carried out on the Bushranger Copper Project during the quarter. The renewal application for ML5574 was lodged in April 2009.

Alexander Coal Project

In July 2008 the Company announced that it had entered into an agreement with Universal Pulse Trading 132 (Pty) Ltd to purchase up to 74% of the Alexander Coal Project in South Africa.

Subsequent to that announcement the Company was notified that there were inconsistencies with the tenure of the New Order Prospecting Rights held by Universal Pulse. The Alexander Coal Project consists of two Prospecting Rights, MP 30/5/1/1/2/1523 (PR) and MP 30/5/1/1/2/1626 (PR).

The Company has halted work on the Alexander Project until such time as the tenure situation can be clarified. Subsequent to the end of the quarter, the Company was notified that the vendor and the other claimant for the Alexander Project were applying to the courts to resolve the matter.

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

For and on behalf of the Board



Declan Franzmann
Director

About Lachlan Star Limited

Lachlan Star Limited (ASX:LSA) is an emerging minerals exploration and development company headquartered in Perth, Western Australia. The company is focused on acquiring and developing assets within the gold, copper and bulk commodities sectors within Australia and overseas. The company has a board of directors and management team with an impressive track record of advancing resource projects through to production.

Lachlan Star's current projects include the Bushranger copper and gold project in NSW and the Princhester magnesite deposit in QLD.

*Directors and Management – Mick McMullen - Chairman
Declan Franzmann - Executive Director
Tom Duckworth - Director(non executive)
Hamish Bohannan - Director(non executive)*

Visit: www.lachlanstar.com.au

Competent Persons Statement

The Luiiri Gold Project resources have previously been reported by Mr Michael Sperinck, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sperinck is a employed by Luiiri Gold Limited.

The Exco resources have previously been reported by Mr Mike Dunbar, (who is a full time employee of the Mitchell River Group and a consultant to Exco Resources Ltd)

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 2009

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		
1.2 Payments for		
(a) exploration and evaluation	(16)	(109)
(b) development		
(c) production		
(d) administration	(56)	(533)
(e) staff costs		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	89	442
1.5 Interest and other costs of finance paid		
1.6 Other (new ventures)	(84)	(419)
Net Operating Cash Flows	(67)	(619)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(470)	(470)
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	(300)	(300)
1.11 Cash acquired on acquisition of subsidiary		
Net investing cash flows	(770)	(770)
1.13 Total operating and investing cash flows (carried forward)	(837)	(1,389)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(837)	(1,389)
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	-	(12)
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	-	(12)
	Net increase (decrease) in cash held	(837)	(1,401)
1.20	Cash at beginning of quarter/year to date	9,299	9,863
1.21	Deposits at call		
1.22	Cash at end of quarter	8,462	8,462

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	64
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	40
4.2 Development	-
Total	40

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)	8,462	6,299
5.2 Deposits at call	-	3,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8,462	9,299

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
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: 31 July 2009

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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