

Quarterly Report for the Period ending 30 June 2010

At the end of the June quarter Lachlan Star had cash deposits of \$3.9 million and listed tradeable securities totalling \$5.9 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.

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 \$5.9 million at the end of the quarter compared to a cost of \$4.8 million.

On the 15th June, Luiri Gold announced that the Zambian government had issued a notice of default with respect to LML 48, which covers the Matala and Dunrobin deposits. The notice indicated that Luiri Gold had 60 days in which to provide evidence that it was in compliance with its licence terms or the licence would be cancelled.

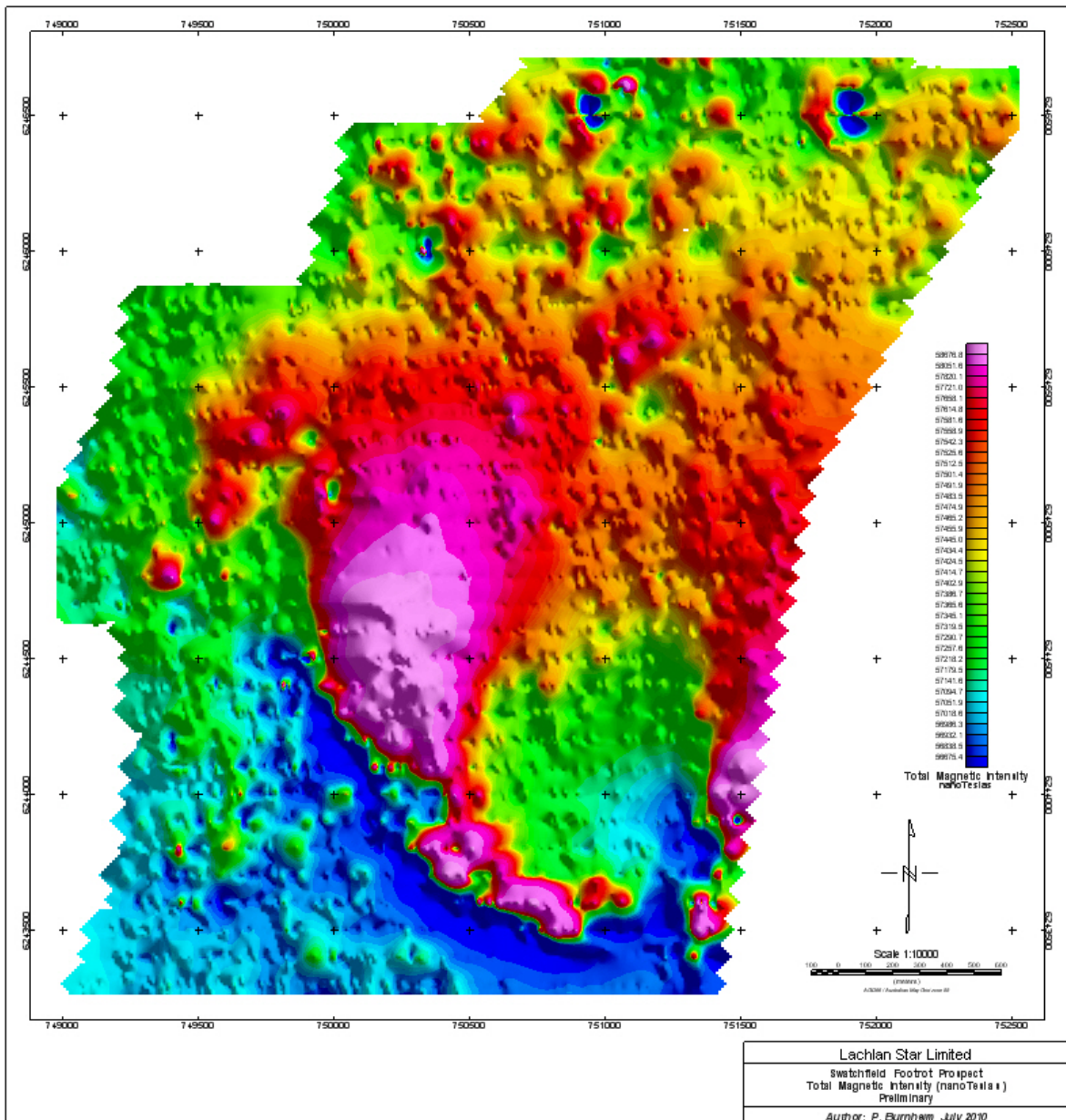
On the 29th June, Luiri Gold announced that it had responded to the notice of default refuting the basis for cancellation and had legal opinion to support that basis.

Subsequent to the end of the quarter, on the 29th July, Luiri Gold has announced that it has received a letter from the Zambian government stating that it has cancelled LML 48 and that Luiri Gold is appealing that decision to the Ministry of Mines in accordance with the Mining Act.

Given the issues relating to title, Lachlan Star is reviewing its options with respect to Luiri Gold. The Company is clearly very disappointed with this outcome, and as the largest shareholder of Luiri Gold, will consider all options to protect its investment.

Bushranger Copper Project - EL 5574 (100%)

A ground magnetic survey was completed over the Swatchfield prospect which has identified a large magnetic anomaly as shown below.



The existing geochemical data is being plotted against this magnetic anomaly in order to identify drill targets.

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

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. Lachlan Star also has a 28% interest in Luri Gold (ASX:LGM), a TSV and ASX listed company with gold and iron assets in Zambia.

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

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