LACHLAN STAR LIMITED

29 August 2013

LACHLAN STAR ANNOUNCES APPENDIX 4E UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDING 30 JUNE 2013

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Perth, Western Australia: Gold miner, Lachlan Star Limited ("Lachlan Star" or the "Company") (ASX and TSX: LSA) is pleased to provide its Appendix 4E incorporating unaudited financial statements for the financial year ended 30 June 2013.

For and on behalf of the Board

Mick McMullen
Chairman

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About Lachlan Star Limited

Lachlan Star Limited is a gold mining company headquartered in Perth, Western Australia. The Company is focused on optimizing free cash flow from its CMD Gold Mine in Chile. 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 a 100% interest in the CMD Gold Mine in Chile, a 100% interest in the Bushranger Copper Project in New South Wales (subject to Newmont earning 51%) and a 100% interest in the Princhester magnesite deposit in Queensland.

Lachlan Star Limited
Appendix 4E
Preliminary Final Report

Listing Rule 4.3A

1) Reporting Periods

The information in this Appendix 4E is presented for the year ending 30 June 2013 and the previous corresponding year ending 30 June 2012.

2) Results for Announcement to the Market

	12 months to 30 June 2013 (unaudited)	12 months to 30 June 2012 (unaudited)	Increase / (decrease)
	$000	$000	%
Revenue from ordinary activities	77,779	72,792	6.9
Net (loss) / profit from ordinary activities after tax attributable to members	(58,091)	996	(5,932.4)
Net (loss) / profit after tax attributable to members	(58,091)	996	(5,932.4)
Interim dividend per share	Nil	Nil	
Franked dividend per share	Nil	Nil	
Franked amount per share	Not applicable	Not applicable	

Financial performance

On 24 December 2010 the Company completed the acquisition of the Compania Minera Dayton (“CMD”) Gold Mine (“CMD Gold Mine”) in Chile and joined the ranks of gold producers. The CMD Gold Mine is located approximately 350km north of Santiago and at an elevation of 1,000 metres. Access to the project is excellent via a sealed road. The mine was developed in 1995 and has produced over 950,000 ounces of gold plus minor copper and silver since opening. It is located immediately adjacent to Teck Resources Limited’s large Carmen de Andacollo copper-gold mine.

The consolidated entity’s loss after taxation for the year ended 30 June 2013 was $58,091,000 (2012: profit of $996,000) after recognising (i) a loss before impairment loss and taxation of $2,662,000 (2012: profit of $5,248,000) from gold mining operations at the CMD Gold Mine, including royalties and site based administration, but excluding $11,734,000 (2012: $5,637,000) depreciation and amortisation (ii) an impairment loss of $33,684,000 (2012: $Nil).

Refer below to the notes to the Unaudited Statement of Comprehensive Income and the Unaudited Statement of Financial Position together with the “Commentary on the Results for the Period” for further information. The accounting policies adopted are consistent with those of the previous financial year.

The Company’s primary focus is on gold and copper in Chile. Projects within the gold sector provide the Company with an exposure to the gold price, which decreased from US$1,599 per ounce to US$1,192 per ounce over the year.

Going concern

This Appendix 4E has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. As at 30 June 2013 the consolidated entity had cash reserves of $2,811,000 and a net unaudited current asset deficiency of $17,378,000, having recorded a net unaudited loss after tax for the period of $58,091,000. The consolidated entity had net cash outflows from operations for the period of $6,451,000.

Notwithstanding the above, the Appendix 4E has been prepared on a going concern basis, which the directors consider to be appropriate, based on:

(i) the expectation that the operating subsidiary will be able to maintain its creditor holding periods in Chile

(ii) the net unaudited current asset deficiency of $17,378,000 would be reduced by $1,636,000 if current leachpad inventories had been valued at the market gold price of US$1,419 per ounce on 27 August 2013

(iii) On 13 February 2013 the Company entered into a C$10 million secured debt facility ("Facility") with Sprott Resource Lending Partnership ("Sprott"). The Facility has a 12-month term and is drawable in two CDN$5 million Tranches, the first of which was drawn in February 2013 and is included in current liabilities. Tranche 2 was drawable within a 6 month period after the closing of the Facility subject to certain operating outcomes, a term which has now expired. The term of the existing CDN$5 million loan can be extended for a further 12 months provided no event of default shall have occurred and be continuing, and the payment of an extension fee

(iv) current liabilities includes $4,444,000 of borrowings relating to the purchase of the new mine fleet during the period, for which the related assets are classified as non-current

(v) the expectation that the Company, if required, would be able to raise additional funds through debt, asset sales, or equity

(vi) cashflow forecasts for the following 12 months have been prepared on the basis of an achieved gold price of US$1,400 per ounce, being less than the market price on 27 August 2013.

The Directors believe that the Group will be successful in implementing these initiatives as required and, accordingly, have prepared the unaudited financial statements on a going concern basis. Notwithstanding this belief, as there is a risk that the Group may not be successful in implementing its initiatives or the implementation of alternative options which may be available to the Group, this constitutes a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Appendix 4E. No adjustments have been made relating to the recoverability or classification of recorded assets and liabilities that might be necessary should the Group not continue as a going concern.

3) Unaudited Statement of Comprehensive Income

	Notes	For the year ended 30 June 2013 $000	For the year ended 30 June 2012 $000
Revenue from continuing operations			
Revenue	(i)	77,630	72,209
Finance income		149	583
		77,779	72,792
Expenses			
Cost of sales	(ii)	(90,688)	(72,503)
Other expenses from ordinary activities			
Impairment loss	(iii)	(33,684)	-
Corporate compliance and management	(iii)	(1,781)	(1,996)
Share based payments expense	(iii)	(207)	(2)
Occupancy costs		(56)	(110)
Foreign exchange (loss) / gain	(iii)	(831)	385
New venture expenditure written off	(iii)	(142)	(332)
Legal fees		(410)	(240)
Other expenses		(215)	(296)
Finance expense	(iii)	(1,413)	(787)
Fair value gain on deferred consideration	(iii)	670	188
Loss before income tax		(50,978)	(2,901)
Income tax (expense) / benefit	(iv)	(7,113)	3,897
(Loss) / profit for the period		(58,091)	996
Other comprehensive income for the period net of income tax			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		8,120	1,608
Total comprehensive income for the period		(49,971)	2,604

(i) Revenue

	For the year ended 30 June 2013 $000	For the year ended 30 June 2012 $000
Sale of gold	77,598	71,779
Sale of silver (net of refining)	32	(56)
Sale of copper	-	486
	77,630	72,209

Revenue is from the sale of metals, mainly gold, by the CMD Gold Mine, acquired on December 24, 2010.

Revenue for the period includes 50,389 ounces of gold at an average achieved sale price of US$1,579 per ounce (June 2012: 44,465 ounces of gold at an average achieved sale price of US$1,669 per ounce).

(ii) Cost of sales

	For the year ended 30 June 2013 $000	For the year ended 30 June 2012 $000
Depreciation and amortisation	11,734	5,637
Inventory adjustments	(940)	1,958
Mine operational expenses	32,013	32,527
Reagents	14,448	8,491
Utilities, maintenance	17,440	14,198
Personnel expenses	11,220	6,198
Royalties	1,874	1,689
Other expenses	2,899	1,805
	90,688	72,503

Cost of sales relates to costs attributable to the operation of the CMD Gold Mine. The period includes a $0.43 million provision against leachpad inventory (June 2012: $0.43 million) and $22.33 million of waste costs direct expensed (June 2012: $23.37 million), Reagent, utilities and maintenance costs increased mainly as a result of the 41% increase in ore tonnes stacked compared to the previous period. Personnel expenses increased as a consequence of the owner operated mining fleet introduced in late 2012 and the resultant 40% increase in employees.

Depreciation is calculated on a unit of production basis so as to write off costs in proportion to the depletion of estimated recoverable ounces, being mineral reserves. Up until 31 December 2012 depreciation was based upon ounces of gold recoverable from mineralised material in the mine plan. Depreciation and amortization charges increased in the second half of the year as the result of the acquisition of an owner operated mine fleet, increased waste capitalisation resulting from the adoption of a mine plan with a lower LOIM strip ratio from 1 January 2013, and increased production.

Deferred stripping (waste) costs are capitalised in any month where the actual stripping ratio exceeds the life of mine average stripping ratio, in which case costs relating to the waste tonnes mined over and above the life of mine stripping ratio are capitalised. In months where waste tonnes mined fall below the life of mine stripping ratio all waste costs are expensed. Cost of sales for the period includes $25.00 million (June 2012: $24.53 million) waste costs expensed and amortised. The Company adopted a new internal mine plan with a lower life of mine waste:ore ratio of 1:1 for the purposes of calculating waste capitalisation from January 1, 2013.

The acquisition of CMD was treated as a business acquisition under IFRS requiring a fair valuation of consideration paid and assets, liabilities and contingent liabilities acquired. The resultant uplift in fair values of property, plant and equipment and mine properties on acquisition are subject to amortisation over estimated life of mine on the same basis as the underlying asset.

The depreciation and amortisation charge for the period of $11.73 million (June 2012: $5.64 million) includes $2.03 million (June 2012: $1.78 million) relating to amortisation on the uplift in fair values of assets recognized on acquisition of the CMD Gold Mine and $2.67 million (June 2012: $1.15 million) waste amortisation.

Gold in leach pad inventories are valued based on the historical recovery of ounces from the pads using a rolling average of costs incurred, including leaching costs. Movements in the value of leach pad inventories are included in cost of sales. During the period 2,183 recoverable ounces were added to the leachpad (June 2012: 1,797 decrease in recoverable ounces) which will be recovered in future periods.

The gold in process, doré and stockpile inventory adjustment for the period includes a $0.43 million provision to write the cost of the leachpad down to net realizable value (June 2012: $0.43 million).

(iii) Expenses

Loss before income tax includes the following specific expenses:

	For the year ended 30 June 2013 $000	For the year ended 30 June 2012 $000
Impairment loss		
Goodwill	189	-
Property, plant and equipment	14,607	-
Mine development properties	18,888	-
	33,684	-

AASB 136 requires a company to make a formal estimate of recoverable amount if an indicator of impairment is present. There were a number of impairment indicators over the CMD Gold Mine assets at 30 June 2013, in particular (i) a CMD Gold Mine pre-tax loss before any impairment loss for the period of $14.40 million (ii) a consolidated net current asset deficiency of A$17.38 million at 30 June 2013 (iii) an April 2013 share placement to which an applicant has failed to subscribe funds of CDN $8.79 million under a binding subscription agreement (iv) a Company market capitalisation of $29.7 million at 27 August 2013 compared to consolidated net assets carrying value (pre impairment) of $56.30 million at 30 June 2013 (v) a gold price that fell 30% from US$1,694 / oz at 1 January 2013 to US$1,192 / oz at 30 June 2013, but has subsequently risen to US$1,419 / oz at 27 August 2013.

The recoverability of the carrying amount of property, plant and equipment and mine development properties has been reviewed by the consolidated entity. In conducting the review, the recoverable amount has been assessed by reference to the higher of ‘fair value less costs to sell’ and ‘value in use’. Recoverable amount assessments are principally based on discounted cash flow analysis which requires the use of estimates and judgements in relation to a range of inputs including (a) quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction; (b) discount rates; (c) timing of future production; (d) future exchange rates and commodity prices; and (e) future costs of production and capital expenditure. Regard has been given to external consensus forecasts of key assumptions where available. Recoverable amount is most sensitive to forecast commodity prices.

Recoverable amount is fair value less costs to sell. Fair value was determined by a discounted cashflow analysis covering projected production from 2013 to 2019 using a discount rate of 9%. The impairment loss of $33,684,000 has been attributed to asset categories including 100% of the goodwill ($189,000) calculated on the acquisition of the CMD Gold Mine in December 2010.

The assumption to which the recoverable amount is most sensitive is the gold price. The following gold prices, being the “medium” financial institution consensus forecasts, were used as inputs in the discounted cashflow analysis:

	2013	2014	2015	2016	2017	2018	2019
Gold price US$ / oz	1451	1400	1400	1400	1400	1350	1350

Variations to the expected future cash flows, and timing thereof, could result in significant changes to the impairment test results which could in turn impact future financial results, including the potential for the impairment loss to partially or totally reverse.

Corporate compliance and management

Corporate compliance and management costs of $1.78 million for the period (June 2012: $2.00 million) reflect costs associated with the management of the CMD Gold Mine, corporate office costs, and the costs of a listed company on the ASX and TSX.

Share based payments expense

Share based payments expense of $0.21 million for the period (June 2012: $0.02 million) primarily consists of the share base expense associated with the 221,680 shares issued in satisfaction of the CDN$200,000 bonus fee payable to Sprott for the initial CDN$5 million drawdown on the CDN$10 million credit facility.

Foreign exchange (loss) / gain	**For the year ended 30 June 2013 $000**	**For the year ended 30 June 2012 $000**
Net foreign exchange (loss) included in finance costs	(187)	(237)
Net foreign exchange (loss) / gain shown as foreign exchange (loss) / gain	(831)	385
Total foreign exchange (loss) / gain	(1,018)	148

The foreign exchange loss of $0.83 million for the period (June 2012: $0.39 million gain) arises from net realised and unrealised gains / losses on the Company's holdings of US$ and CDN$ cash and cash equivalents, foreign exchange gains / losses on payables denominated in Chilean Pesos translated to the functional currency of a subsidiary, Compañía Minera Dayton ("CMD"), being US$, and an unrealised loss on the CDN$5 million credit facility. The major exchange rates relevant to the consolidated entity were as follows:

	Average year ended 30 June 2013	**As at 30 June 2013**	**Average year ended 30 June 2012**	**As at 30 June 2012**
A$ / US$	1.0273	0.9146	1.0327	1.0161
A$ / CDN$	1.0317	0.9627	1.0359	1.0416
US$ / Peso	480.16	507.65	492.32	501.84
A$ / Peso	493.03	464.29	508.88	509.07

New venture investigation expenditure written off

Expenditure of $0.14 million for the period (June 2012: $0.33 million) reflects Lachlan's expenditure on investigating new venture opportunities.

Finance costs

Interest and finance charges	1,188	520
Provisions: unwinding of discount	38	30
Exchange losses on foreign currency borrowings	187	237
	1,413	787

Finance expense consists of bank and financial institution interest, together with the foreign exchange loss on financial liabilities. Finance costs have increased over the previous year as a result of the loans and leases associated with the purchase of the new mine fleet at the CMD Gold Mine together with the cash bank fees associated with securing the Sprott CDN$10 million credit facility.

Fair value gain on deferred consideration

The acquisition cost for the CMD Gold Mine included contingent deferred consideration payments relating to the achievement of specified gold production, in particular:

(a) 2.5% of the value of the gold produced from the existing open pit inventory contained within the pit designs and other specific deposits with mineralisation that may be economically exploited using open pit methods (collectively, the "Mineral Inventory") between January 1, 2011 and December 31, 2014; and

(b) 25% of the value of the gold produced from the Mineral Inventory between January 1, 2011 and December 31, 2014 over and above 119,000 ounces.

The period gain of $0.67 million reflects a re-assessment of the potential liability during the period and compares to the prior year gain of $0.19 million.

(iv) Income tax

The income tax expense of $7.11 million for the period (June 2012: $3.90 million benefit) consists of:

(a) $9.10 million expense (June 2012: $3.33 million benefit) related to the de-recognition of a deferred tax asset in respect of income tax losses and timing differences of CMD (refer *Impairment loss* above).

(b) $1.99 million benefit (June 2012: $0.57 million benefit) relating to the deferred tax impact of the unwinding of the fair value adjustments taken up on the acquisition of the CMD Gold Mine. These fair value adjustments created a difference between the carrying value of the assets in the Company's financial statements and the assets' tax value, and resulted in the recognition of a deferred tax liability on acquisition. As the fair value uplift is amortised over time the difference between the carrying value of the assets in Lachlan's financial statements and the assets' tax value will reduce and the deferred tax liability reverse. At June 30, 2013 a 100% impairment loss was booked against these fair value adjustments (refer *Impairment loss* above).

4) Unaudited Statement of Financial Position

	Notes	30 June 2013 $000	30 June 2012 $000
Current assets			
Cash and cash equivalents		2,811	17,412
Trade and other receivables	(i)	3,883	3,630
Inventories	(ii)	13,782	8,441
Total current assets		20,476	29,483
Non-current assets			
Trade and other receivables	(i)	491	435
Inventories	(ii)	6,428	5,983
Mine development properties	(iii)	24,865	34,452
Property, plant and equipment	(iv)	22,167	13,474
Exploration and evaluation		2,775	2,771
Goodwill		-	189
Deferred tax asset	(v)	2,976	8,459
Total non-current assets		59,702	65,763
Total assets		80,178	95,246
Current liabilities			
Trade and other payables		24,786	20,191
Borrowings		13,068	5,343
Total current liabilities		37,854	25,534
Non-current liabilities			
Borrowings		13,767	1,384
Provisions		5,943	6,087
Total non-current liabilities		19,710	7,471
Total liabilities	(vi)	57,564	33,005
Net assets		22,614	62,241
Equity			
Contributed equity	(vii)	215,076	204,436
Reserves	(viii)	7,941	117
Accumulated losses	(ix)	(200,403)	(142,312)
Total equity		22,614	62,241

(i) Trade and other receivables

Trade and other receivables have increased by $0.31 million since June 30, 2012. The A$ / US$ exchange rate decreased from 1:1.0161 at June 30, 2012 to 1:0.9146 at June 30, 2013 meaning an increase of $0.42 million in the value of trade and other receivables which are presented in the CMD financial statements in US$.

(ii) Inventories

Inventories have increased by $5.79 million since June 30, 2012, comprising a $4.16 million increase in CMD inventories as well as a $1.63 million increase as a result of the A$ / US$ exchange rate decreasing from 1:1.0161 at June 30, 2012 to 1:0.9146 at June 30, 2013.

The $4.16 million increase in CMD inventory primarily consists of an increase of 2,183 recoverable ounces in the leachpad with an associated cost of US$3.37 million, a US$3.34 million decrease attributable to the reduced average cost per ounce on the leachpad, a US$0.81 million increase in doré in process inventory, a US$0.40 million decrease from a leachpad inventory provision to writedown to net realizable value, US$0.75 million recognised for stockpiles, a US$2.61 million increase in stores inventory due to the receipt of two cyanide shipments towards period end, and a reduction of $0.06 million in amortization of the fair value recognized on acquisition of the CMD Gold Mine in December 2010.

(iii) Mine development properties

Mine development properties have decreased by $9.59 million since June 2012, comprising expenditure of $11.16 million, a $4.78 million increase as a result of the A$ / US$ exchange rate decreasing from 1:1.0161 at June 30, 2012 to 1:0.9146 at June 30, 2013, amortisation of $6.64 million, and an impairment loss of $18.89 million (refer *Impairment loss* above).

Of the $11.16 million expenditure, $1.24 million relates to exploration at the CMD Gold Mine and $9.82 million to capitalized waste and the change in the mine rehabilitation asset. The Company adopted a new internal mine plan with a lower life of mine waste:ore ratio of 1:1 for the purposes of calculating waste capitalization and amortisation from January 1, 2013.

(iv) Property, plant and equipment

Property, plant and equipment has increased by $8.69 million since June 2012, comprising expenditure of $24.70 million at the CMD Gold Mine, a $4.20 million increase as a result of the A$ / US$ exchange rate decreasing from 1:1.0161 at June 30, 2012 to 1:0.9146 at June 30, 2013, a depreciation charge of $5.60 million, and an impairment loss of $14.61 million (refer *Impairment loss* above).

Expenditure of $24.70 million mainly relates to the purchase of the new owner operated mining fleet (US$19.08 million), construction of MARC facilities for that fleet, used drilled rigs, a power line, and leach pad construction. The purchase of the new owner operated mining fleet was partly financed by new leasing and financing facilities of US$16.66 million.

(v) Deferred tax asset

The deferred tax asset has decreased by $5.48 million since June 2012, mainly comprising an income tax expense of $7.11 million (refer *Income tax* above) offset by a $1.63 million increase as a result of the A$ / US$ exchange rate decreasing from 1:1.0161 at June 30, 2012 to 1:0.9146 at June 30, 2013.

(vi) Total liabilities

As at June 30, 2013, the Group had total liabilities of $57.56 million compared to $33.00 million at June 30, 2012, an increase of $24.56 million which primarily relates to finance for the owner mining fleet assets. There was a $4.60 million increase in trade and other payables in the period in addition to a net increase in borrowings of $20.11 million. Trade and other payables have increased since June 2012 primarily as the result of the increased operating activities on site as well as the delay in a number of payments until early July 2013.

As at June 30, 2013, the Group had $26.84 million in debt obligations consisting of bank loans, leases, and deferred consideration due to the vendors of the CMD Gold Mine. During the period CMD drew down bank and lease facilities totaling US$22.37 million to finance the purchase the new owner operated mining fleet, for capital expenditure and for working capital purposes, and the Company borrowed C$5 million as the first tranche of the Sprott secured lending facility (refer *Other Significant Financial Information* below).

(vii) Contributed equity

	2013 Number	2013 $000	2012 Number	2012 $000
Ordinary shares				
1 July	86,380,017	204,436	56,967,517	174,796
Issue of shares for cash	7,265,000	3,919	29,375,000	32,028
Costs of issue of shares	-	(72)	-	(2,611)
Exercise of share options	5,240,576	6,289	37,500	45
Share based payments	221,680	504	-	178
30 June	99,107,273	215,076	86,380,017	204,436

(viii) Reserves

Reserves of $7.94 million consist of a $0.13 million share based payments reserve, which reflects the fair value of share options at their date of issue, together with a balance of $7.81 million in the foreign exchange reserve.

The movement of $8.12 million in the foreign exchange reserve balance since June 30, 2012 comprises $2.65 million from the translation of CMD financial statements, which are presented in US$, to A$ on consolidation, and the foreign exchange effect of the fair value uplift on acquisition of the CMD Gold Mine, together with a $5.47 million unrealized foreign exchange loss on an intercompany balance. The movement in the foreign exchange reserve reflects the A$ / US$ exchange rate decreasing from 1:1.0161 at June 30, 2012 to 1:09416 at June 30, 2013.

(ix) Accumulated losses

The period increase of $58.09 million in accumulated losses is explained under the Unaudited Statement of Comprehensive Income above.

5) Unaudited Statement of Cash Flows

	For the year ended 30 June 2013 $000	For the year ended 30 June 2012 $000
Cash flows from operating activities		
Receipts from customers and GST recovered	81,375	71,005
Payments to suppliers and employees	(87,195)	(62,391)
Interest received	259	474
Interest paid	(890)	(520)
Net cash flow (used in) / from operating activities	(6,451)	8,568
Cash flows from investing activities		
Payments for mine development	(11,667)	(16,432)
Payments for acquisition of property, plant and equipment	(24,701)	(4,270)
Payments for exploration and evaluation	(4)	(37)
Net cash flows used in investing activities	(36,372)	(20,739)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	3,919	32,028
Proceeds from exercise of share options	6,289	45
Repayment of borrowings	(8,672)	(8,904)
Receipt of borrowings	26,970	4,675
Payment of share issue costs	(72)	(2,611)
Net cash flows from financing activities	28,434	25,233
Net (decrease) / increase in cash and cash equivalents	(14,389)	13,062
Effect of exchange rate fluctuations on cash held	(212)	(165)
Cash and cash equivalents at the beginning of the year	17,412	4,515
Cash and cash equivalents at the end of the year	2,811	17,412

6) Unaudited Statement of Changes in Equity

	Contributed equity $000	Accumulated losses $000	Share based payments reserve $000	Foreign exchange reserve $000	Total $000
Balance at 1 July 2011	174,796	(143,308)	602	(1,916)	30,174
Other comprehensive income	-	-	-	1,608	1,608
Profit for the year	-	996	-	-	996
Total comprehensive profit for the year	-	996	-	1,608	2,604
Transactions with owners in their capacity as owners:					
Shares issued for cash	32,028	-	-	-	32,028
Shares issued on exercise of options	45	-	-	-	45
Share issue costs	(2,611)	-	-	-	(2,611)
Share based payments	178	-	(177)	-	1
Balance at 30 June 2012	204,436	(142,312)	425	(308)	62,241
Other comprehensive income	-	-	-	8,120	8,120
(Loss) for the year	-	(58,091)	-	-	(58,091)
Total comprehensive (loss) for the year	-	(58,091)	-	8,120	(49,971)
Transactions with owners in their capacity as owners:					
Shares issued for cash	3,919	-	-	-	3,919
Shares issued on exercise of options	6,289	-	-	-	6,289
Share issue costs	(72)	-	-	-	(72)
Share based payments	504	-	(296)	-	208
Balance at 30 June 2013	215,076	(200,403)	129	7,812	22,614

7) Dividends

No dividends were declared or paid during the current or previous corresponding period.

8) Dividend Plans

No dividend plans were in place during the current or previous corresponding period.

9) Net Tangible Asset per Security

	30 June 2013	30 June 2012
Net tangible assets per share (cents per share)(1)	17.0	58.8

(i) Includes mine development properties

10) Details of Entities over which Control has been Gained or Lost during the Period.

There are no entities over which control has been gained or lost during the current or previous corresponding period.

11) Details of Associates and Joint Venture Entities

The Company did not have any interests in associates or joint venture entities during the current or previous corresponding period.

12) Other Significant Financial Information

During the period under review the Company received $6.29 million in cash from the exercise of 5,240,576 options / warrants at an exercise price of $1.20 each.

On 4 April 2013 the Company announced that it had entered into subscription agreements with accredited North American and European investors to raise a total of CDN$12.93 million at an issue price of CDN$0.57 a share from the issuance of 22,683,468 ordinary shares to finance spares inventory, capital expenditure and for general working capital purposes. The Company has only received $3.92 million cash in respect of the issue of 7,265,000 shares with the remaining subscriber failing to complete under the terms of their Subscription Agreement by the extended closing date of 14 June 2013. The Company continues to be in discussion with the subscriber and has not released that subscriber of its obligations to fund as per the binding Subscription Agreement. Until the subscriber substantially completes on its funding obligation the corporate office will remain in Perth and the proposed management changes will not occur.

On 13 February 2013 the Company entered into a C$10 million secured debt facility (“Facility”) with Sprott Resource Lending Partnership (“Sprott”). The Facility has a 12-month term and is drawable in two C$5 million Tranches. The term of the loan can be extended for a further 12 months under certain circumstances and the payment of an extension fee. Under the terms of the Facility Tranche 1 was required to be drawn and this occurred in February 2013. Tranche 2 was drawable within a 6 month period after the closing of the Facility, a term which has now expired. The Facility bears interest at 11% per annum, payable monthly. A fee is payable to Sprott in an amount equal to 4% of each draw under the Facility, being $200,000 for each C$5 million draw, payable by the issuance of ordinary shares of the Company to be priced at a 10% discount to the 5 day Volume Weighted Average price of the Company’s shares on the TSX prior to the draw down, subject to the receipt of applicable exchange approvals. If applicable exchange approvals are not obtained this fee is payable in cash. The fee associated with the first Tranche was satisfied by the issue of shares.

Events subsequent to reporting date

In July 2013 CMD renegotiated one of its existing debt facilities with a Chilean bank. This resulted in the provision of an additional US$800,000 in financing drawn in August, with a repayment term of 12 months and a competitive cost of funds of 4.91%.

On 28 August 2013 the Company announced an updated NI 43-101 mineral reserve of 408,000 ounces of contained gold, a 160% over previous estimate, more than replacing mining depletion, and updated NI 43-101 mineral resources of 1.98 million ounces of gold in the Indicated category, and a further 1.34 million ounces of gold in the Inferred category.

Contingent assets and liabilities

In June 2011, CMD terminated the contract of one of its mining contractors in Chile, “Maestranza Martinez Torres y Cia. Ltda” (Martimec”) for non-performance under the terms of their mining contract. Martimec requested the appointment of an arbitrator under Chilean law who would be called to rule on the early termination of the contract. Even though the arbitrator was appointed, any such proceedings are suspended due to the fact that Martimec was declared bankrupt under applicable Chilean law. The decision pertaining to the initiation of the arbitration proceedings is now subject to approval by the creditors of Martimec. The Company remains confident that the contract was terminated in accordance with its terms. The Company intends to defend itself vigorously if this arbitration proceeds, including considering bringing a counterclaim against Martimec.

On 19 November 19, 2012 CMD issued a bank guarantee for US$2,426,165 to Komatsu Cummins Chile Arrienda S.A. as security for the financing of the mining fleet.

Other than these, there have been no changes of a material nature in contingent liabilities or contingent assets since the last annual reporting date.

13) Foreign Entities

Lachlan Star Limited was not a foreign entity during the current or previous corresponding period.

14) Commentary on the Results for the Period

Production, Unit Costs and Sales

Quarterly production from the CMD Gold Mine during the period under review is summarised in Table 1 below:

Table 1 – CMD production data

	Ore Stacked	Au Grade	Contained Au	Gold produced
Quarter ending	(kt)	(g/t)	(oz)	(oz)
30-Sep-12	981	0.51	16,220	10,374
31-Dec-12	1,239	0.45	17,855	13,722
31-Mar-13	1,146	0.49	17,940	10,892
30-Jun-13	1,251	0.52	20,788	16,160
Total	**4,617**		**72,803**	**51,148**

Gold sales of 50,389 ounces (2012: 44,645 ounces) are recorded in the financial statements at an average sales price of US$1,579 per Au ounce (2012: US$1,669 per Au ounce). In addition, total silver production of 25,132 ounces (2012: 17,120 ounces) was also achieved, with an average sales price of US$27 per Ag ounce (2012: US$32 per Ag ounce). These sales represent 100% of production sold at spot prices and the consolidated entity’s production profile remains unhedged.

Table 2 below shows the cash costs for each quarter during the year, and the impact of the inventory valuation adjustment (all numbers US$ per ounce).

Table 2 – Cash Cost (US$ per ounce) and inventory adjustments

Item	Quarter ending 30 June 2013	Quarter ending 31 March 2013	Quarter ending 31 December 2012	Quarter ending 30 September 2012	12 months to June 2013
Cash costs with inventory adjustment ($/oz)	1,137	1,239	1,026	921	1,086
Cash costs without inventory adjustment ($/oz)	910	1,337	1,062	1,166	1,101
Inventory adjustment effect ($/oz)	227	(98)	(36)	(245)	(15)

The inventory adjustment of negative US$15 per ounce over the year reflects the increase in the gold inventory contained within the leach pad from stacking more recoverable gold than was sold (US$66 per ounce), the reduction in the average inventory value per ounce (negative US$67 per ounce), and the stockpile movement (negative US$14 per ounce).

C1 cash costs are a non-IFRS measure that may not be consistent from company to company. In this instance, it is defined as all site production costs but excludes all waste expenditure, depreciation and amortisation and royalties. A reconciliation of C1 cash costs to the IFRS measure Cost of Sales is provided in Table 3 below.

Table 3 – Reconciliation of Cash Cost (US$/oz) per ounce to Cost of Sales

		Year ended 30 June, 2013	Year ended 30 June, 2012
Cash cost per ounce	US$	1,086	933
Ounces poured		51,143	44,420
Cash costs	US$000	55,526	41,426
A$ / US average exchange rate for the period		1.023	1.034
Cash costs	A$000	54,281	40,059
Depreciation and amortization	A$000	9,127	4,674
Waste costs expensed and amortised	A$000	24,999	24,527
Royalties	A$000	1,874	1,689
Process inventory provision	A$000	427	426
Inventory adjustments (doré and stockpiles)	A$000	(1,102)	-
Other	A$000	426	112
Copper / silver net revenue	A$000	656	1,016
Cost of Sales	A$000	90,688	72,503

Depreciation and amortization costs increased in the second half of the year as the result of the acquisition of an owner operated mine fleet, increased waste capitalisation resulting from the adoption of a mine plan with a lower LOIM strip ratio from 1 January 2013, and increased production.

Table 4 below reconciles annual unaudited CMD Gross Operating (Loss) / Profit to consolidated (Loss) Before Income Tax. CMD Gross Operating (Loss) / Profit equals revenues and doré in process less cost of sales (including waste expensed and amortised), interest and other site expenses and excluding foreign exchange movements, depreciation, exploration and process inventory adjustments.

Table 4 – Reconciliation of annual unaudited CMD Gross Operating (Loss) /Profit to consolidated Loss Before Income Tax

		Year ended 30 June, 2013	Year ended 30 June, 2012
CMD Gross Operating (Loss) / Profit (unaudited)	US$000	(4,796)	6,314
A$ / US average exchange rate for the period		1.061	1.065
CMD Gross Operating (Loss) / Profit (unaudited)	A$000	(4,518)	5,930
Inventory adjustment	A$000	(238)	(1,958)
Depreciation and amortisation	A$000	(9,127)	(4,674)
Unwinding of discount on provision	A$000	(38)	(31)
Foreign exchange (loss) / gain	A$000	(831)	385
Revaluation of deferred consideration	A$000	670	188
Finance income	A$000	149	576
Finance expense	A$000	(703)	(237)
New venture expenditure written off	A$000	(268)	(332)
Other head office related costs	A$000	(2,390)	(2,748)
Impairment loss	A$000	(33,684)	-
Consolidated Loss Before Income Tax	A$000	(50,978)	(2,901)

The inventory adjustment includes the $426,000 writedown of the leachpad to net realisable value due to the fall in the gold price.

The CMD Gold Mine Gross Operating Profit was US$2.15 million for the June quarter. This result was a 506% improvement on the previous quarter and was primarily driven by the 48% increase in ounces poured and continuing cost reductions. This result was achieved despite the fall in the gold price and is the best result for the Company since the March 2012 Quarter, when the gold price was US$300 per ounce higher than the average price for the June 2013 quarter.

The consolidated entity's expenditure for the year includes $34.00 million (2012: $38.19 million) of mine development and exploration costs at the CMD Gold Mine in Chile, of which $11.67 million (2012: $16.4 million) has been capitalised.

Mining

The Board of Directors assesses the performance of the gold mining segment based on selected operational performance indicators as set out in Table 5 below: The relative information for the reporting period was as follows.

Table 5 – Performance indicators

	Unit	2013	2012	% Change
Ore Mined	dmt	4,914,544	3,324,384	47.8%
Waste Mined	dmt	15,188,827	12,628,847	20.3%
Total Mined	dmt	20,103,371	15,953,231	26.0%
Waste:Ore Ratio	t:t	3.09	3.80	-18.7%
Ore grade Mined	Au g/t	0.50	0.56	-10.7%
Gold Mined	Au oz	79,098	60,029	31.8%
Ore stacked	dmt	4,616,983	3,279,837	40.8%
Gold Stacked	Au oz	72,803	58,431	24.6%
Mining Cost/t moved	US$/t	$2.23	$2.35	-5.1%
Mining Cost/t ore	US$/t	$9.42	$11.28	-16.5%
Process Cost/t ore	US$/t	$8.21	$8.37	-1.9%
G+A Cost/t ore	US$/t	$1.69	$1.67	1.2%
Total Cost/t ore	US$/t	$19.32	$21.32	-9.4%

The total cost per tonne of ore stacked in the month of June was US$14.93, is a record low under the Company's ownership. This result was achieved through a significant reduction in the processing costs to US$6.53 per tonne due to the higher tonnage stacked.

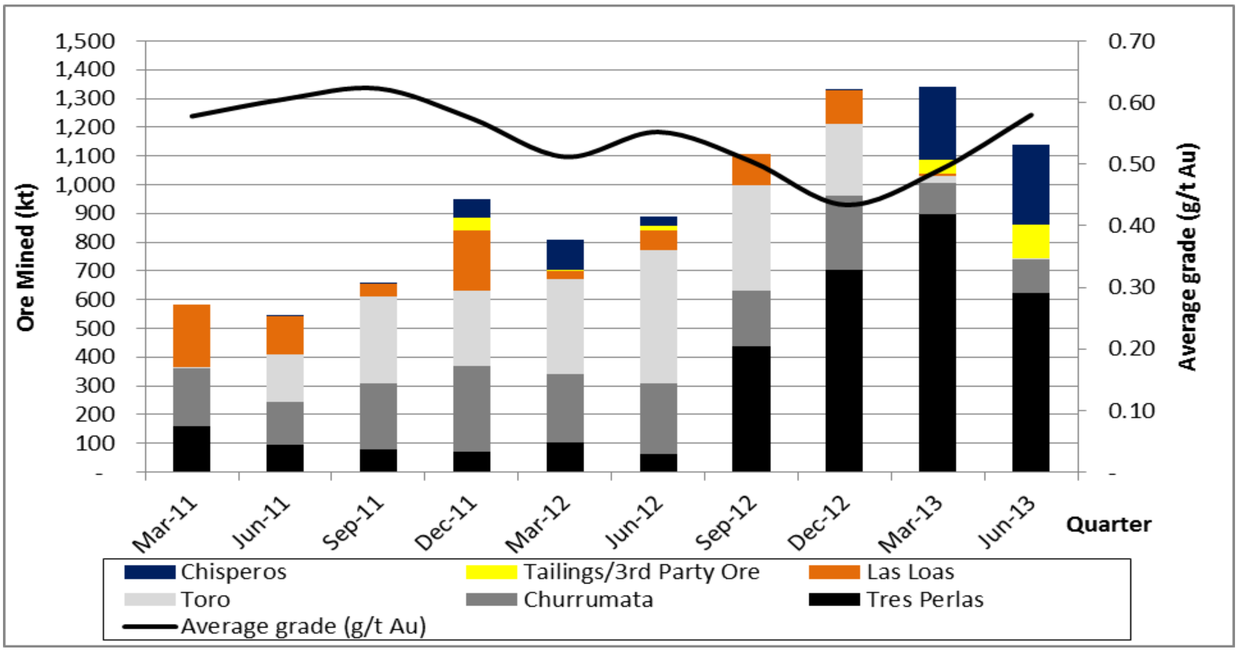
Total ore mined for the year was 4.9 million tonnes for 79,098 contained Au ounces, with the waste to ore ratio for the year falling to 3.09 from 3.8. By the June quarter the waste to ore ratio had fallen to 2.49:1. Ore was principally sourced from the Tres Perlas pit. Table 6 details the ore and waste movement in the year by pit.

Table 6 – Annual mine production by pit

Item	Unit	Churrumata	Tres Perlas	Chisperos	Toro	Las Loas	Other Sources	Total
Ore Mined	kt	679	2661	532	644	231	167	4,914
Au Grade	g/t	0.49	0.39	0.87	0.58	0.56	0.67	0.50
Contained Au	oz	10,724	33,692	14,990	11,978	4,141	3,573	79,098
Waste Mined	kt	3,626	6,689	1,673	2,107	1,088	6	15,189
Total Mined	kt	4,305	9,350	2,205	2,751	1,319	173	20,103
Strip Ratio	W:O	5.3	2.5	3.1	3.3	4.7	0.0	3.1

Figure 1 shows the mine production by pit and by quarter since the Company acquired the CMD Gold Mine in December 2010:

Figure 1 – Quarterly ore mined by pit



The Company has developed several relationships with small miners in the area and is purchasing ore from outside CMD's mining lease. The scheme aids employment around Andacollo and delivers an improved environmental outcome from the processing of these ores in a fully permitted gold treatment facility. The ore is typically soft and has relatively fast leach kinetics that has assisted the improvement in gold production seen in the June quarter.

Figure 2 shows the total material movement and strip ratio by quarter since the Company acquired the CMD Gold Mine in December 2010:

Figure 2 – Quarterly material movement and strip ratio

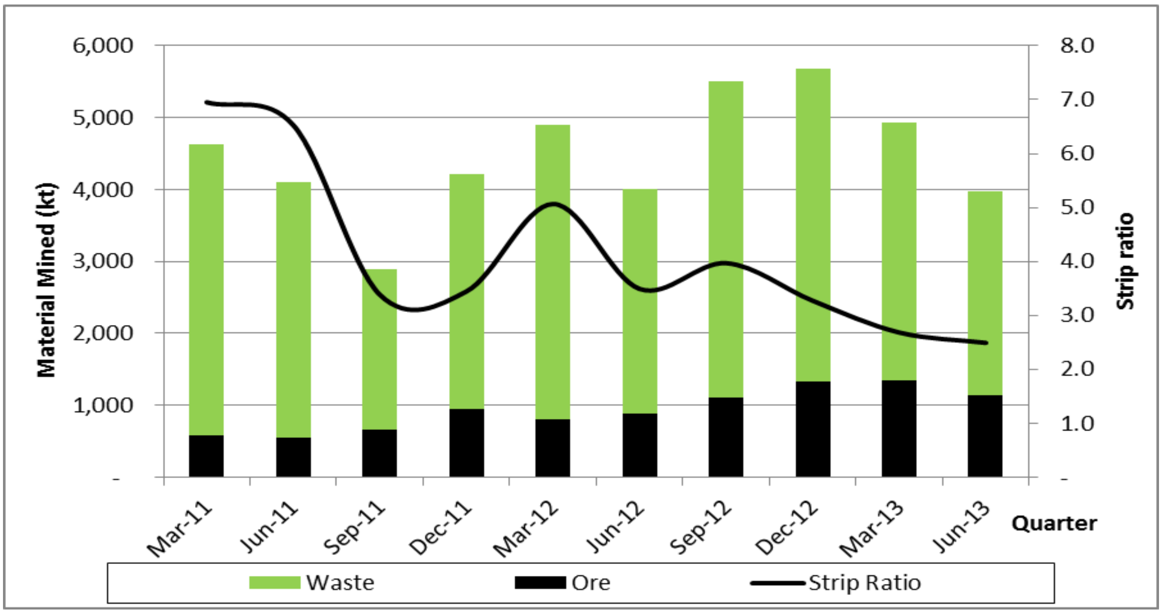
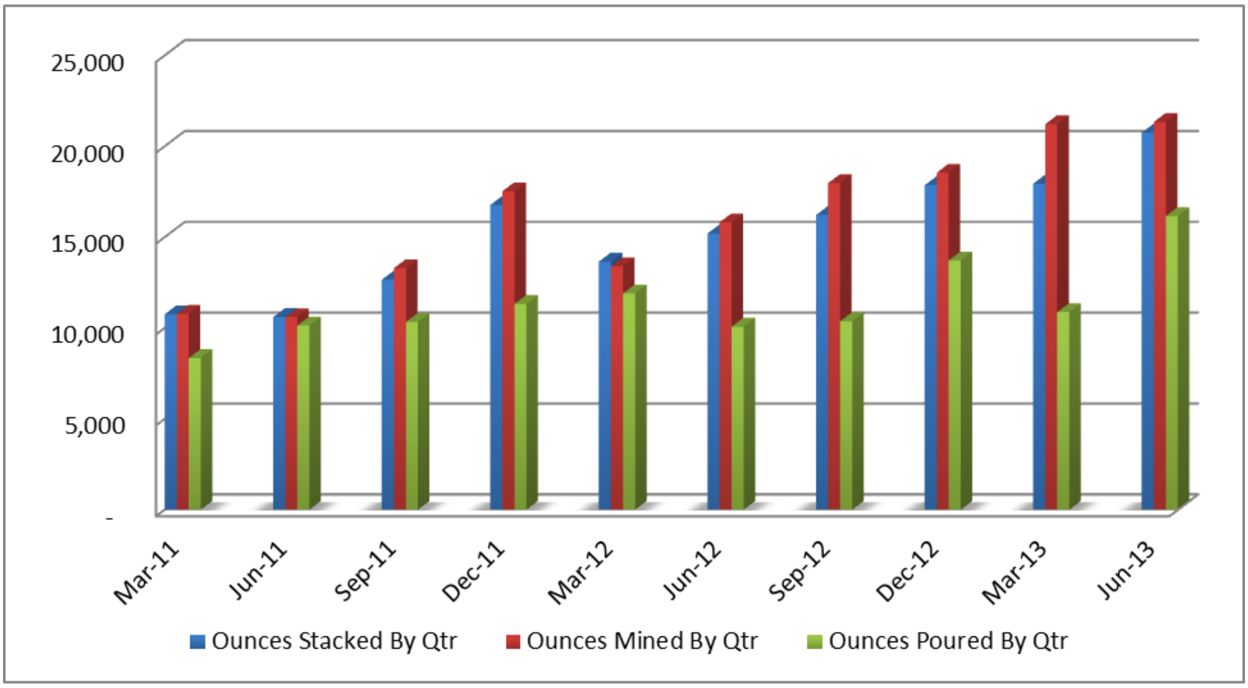


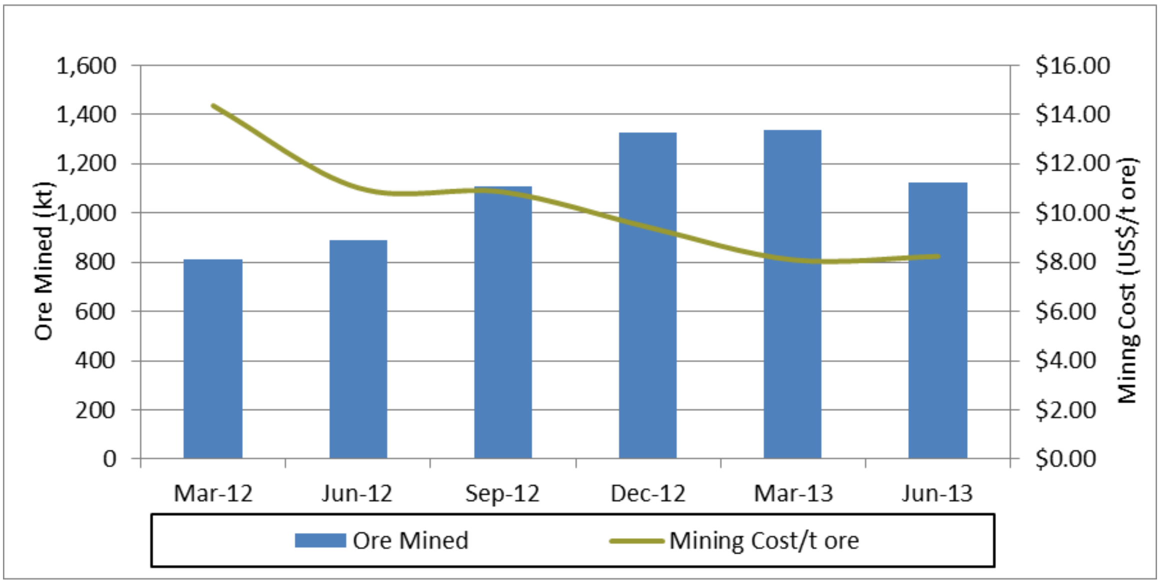
Figure 3 illustrates how the gold mined and stacked has increased rapidly over the past 6 months. Gold pours in the March 2013 quarter had been negatively impacted by slower recoveries which has now been rectified, and increased pumping efficiencies and reliability has meant that solution flows to the ADR have increased in the June quarter.

Figure 3 – Quarterly ounces mined, stacked and gold produced



Unit mining costs for the year decreased slightly to US$2.23 per tonne moved (from US$2.35 per tonne the previous year) and the mining cost per tonne of ore decreased 16% to US$9.42 over the year.
Figure 4 illustrates the quarterly history of mining costs per ore tonne over the last 18 months.

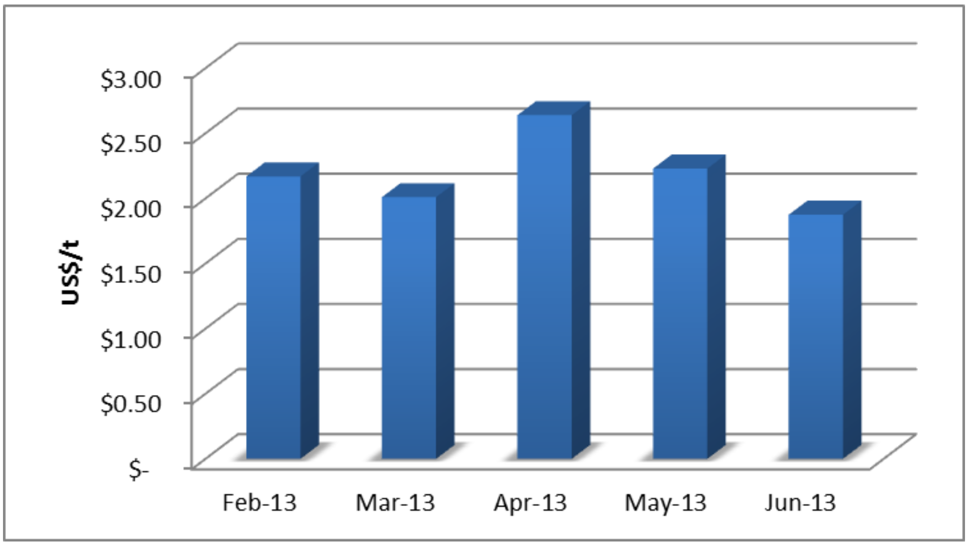
Figure 4 – Quarterly ore mined and mining cost per tonne of ore



The cost review process continued throughout the June quarter, with significant cost savings identified across the operations. The increase of the bench heights in the Tres Perlas pit and a general improvement of blasting practices led to a marked reduction in blasting costs. This, combined with the continued efficiencies of the owner mining fleet, saw the owner mining unit rates fall to their lowest level yet of US$1.87 per tonne moved. This was achieved despite a 3 day shut-down in June of the fleet due to high stockpile levels and is a strong result for the Company.

Changes to the blasting patterns and bench height have decreased mining costs, and increased supervision and training has increased productivity, further driving mining costs down. Fuel consumption per tonne mined is down 19% on budget, which is also contributing to the reduced mining costs. The steady state guidance for the owner mining fleet costs is US$1.70 to US$1.80 per tonne moved and the Company continues to aim for that guidance range.

Figure 5 – Monthly owner mining fleet costs

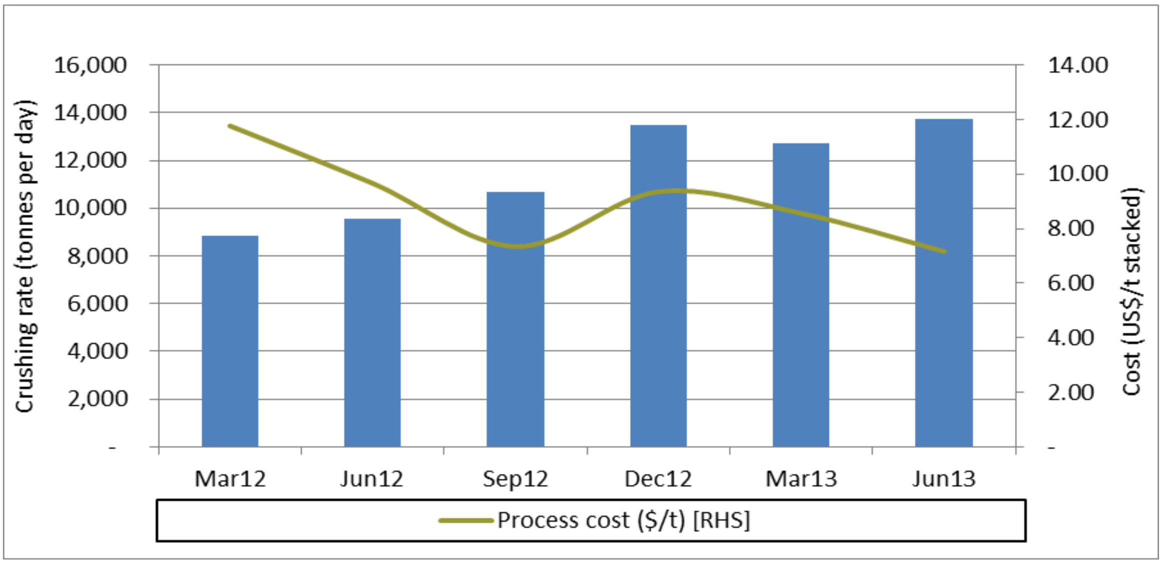


Ore Processing

Process costs decreased to US$8.21 per tonne stacked from $8.37 per tonne stacked in the prior year.

Process costs were US$8.31 per tonne stacked in the June quarter which was a 2% decrease quarter on quarter (Refer Figure 6). The reduced cyanide consumption and increased throughput were the main drivers for the lower process costs. The fall in the processing unit costs to US$6.53 per tonne for the month of June was a good result for the Company and resulted from the increased tonnages stacked, reduced cyanide consumption, lower maintenance costs and improved cost control across the site. This result was achieved despite power costs being at the highest point in the annual cost cycle and underscores the efficiencies that have been brought into the operation over the past 6 months.

Figure 6– Quarterly process cost per tonne stacked



General and Administration (G+A)

G&A for the year remained steady at US$1.69 per tonne of ore (2012: US$1.67 per tonne of ore), however decreased by 12% from the March quarter to June quarter to US$1.52 per tonne of ore as a result of the higher tonnage stacked.

Cost review

A site wide review of costs is underway with major contracts being renegotiated and functions currently being performed by external contractors internalised with significant cost savings, for example the owner mining fleet costs as compared to third party mining contractors. A reduction in staff numbers was also completed during the June quarter with approximately 40 positions made redundant at the CMD Gold Mine.

Exploration

Only $1.24 million was spent on exploration at the CMD Gold Mine during the year as the operation applied its resources to improving production and achieving cost efficiencies, as well as minimizing discretionary expenditure in a lower gold price environment.

Bushranger Copper Project - EL 5574 (100%)

On 29 September 2011 the Company announced that it had entered into a Farm In Agreement (“the Agreement”) with Newmont Exploration Pty Ltd, a wholly owned subsidiary of Newmont Mining Corporation (“Newmont”) covering the Bushranger Copper Project in New South Wales. The main terms of the Agreement, as amended, are:

Newmont will have an 18 month option period (“Option Period”) to evaluate the Bushranger Copper Project, during which time it must spend a minimum of $0.25 million. As at 30 June, 2013 Newmont had spent $0.52 million on the Bushranger Copper Project and elected to exercise their option to earn a 51% interest in the Bushranger Copper Project by spending a total of A$1 million (including expenditures during the Option Period) over a period of 2 years and 6 months from the date of the Agreement (the Farm In Period).

At the completion of the Farm In Period, the Company and Newmont will form a Joint Venture owned 49% and 51% respectively, with both parties funding exploration and development on a pro rata basis. Either party may elect to dilute during the Joint Venture.

Newmont have applied for an extension of the Exploration Licence which expired in June 2013.

Earnings per Share

	30 June 2013	30 June 2012
Basic and diluted (loss) / profit per share (cents per share)	(63.6)	1.4

All potential ordinary shares, being options to acquire ordinary shares, are not considered dilutive in the calculation of the diluted 2013 loss per share as the exercise of the options would not increase the loss per share.

Segment Results

(*a) Description of segments*

The consolidated entity reports one segment, being gold mining, exploration and evaluation, and corporate to the chief operating decision maker, being the board of Lachlan Star Limited, in assessing performance and determining the allocation of resources. In determining operating segments, the consolidated entity has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources.

(*b) Segment information provided to the board of directors*

The Board of Directors assesses the performance of the segment based on financial performance indicators. Financial information for the segment is contained within the other notes to these financial statements. The consolidated entity derives 100% of its revenue from the sale of metals to one customer in one geographic region, Chile. The geographic location of non-current assets, other than deferred tax, is set out in the table below:

	30 June 2013 $000	**30 June 2012 $000**
Chile	53,932	54,506
Australia	2,794	2,798
	56,726	57,304

Factors Likely to affect Results in the Future

The International Accounting Standards Board published IFRIC *20 Stripping Costs in the Production Phase of a Surface Mine* on October 19, 2011. The interpretation, which has an effective date for annual periods beginning on or after January 1, 2013, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The Company will adopt the interpretation from July 1, 2013

The main requirements of the interpretation are as follows:

- Waste removal costs (stripping costs) incurred in the production phase of a surface mining are accounted for in accordance with IAS 2 *Inventories* to the extent they relate to current period production.

- Production stripping costs are recognized as a non-current asset (“stripping activity asset”) if all the following criteria are met (i) it is probable that future economic benefits will flow to the entity (ii) the entity can identify the component of the ore body to which access has been improved (iii) the costs incurred can be measured reliably. The stripping activity asset is amortised over the useful life of the component of the ore body to which access has been improved.

- When the costs of a stripping activity asset versus current period inventory are not separately identifiable, costs are allocated based on a production method.

- Application of the interpretation is on a prospective basis, with transitional adjustments being recognized in opening retained earnings. It is possible that the Company will write off its $11.00 million 1 July 2012 opening deferred stripping asset against retained earnings. Should it do so it is estimated that this would reduce the net loss after tax for the year ending 30 June 2013 by $1.91 million.

The Company is still reviewing how the interpretation may further impact its record keeping, accounting policies and financial results presented in the future.

Competent Person's Statement

The information in the Appendix 4E that relates to the Mineral Resources of Tres Perlas, Chisperos, Las Loas, and Toro is based on information compiled by David Slater, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr. Slater is employed full time by Coffey Mining Pty Ltd. The information in the Appendix 4E that relates to Mineral Reserves at the CMD Gold Mine is based on information compiled by Declan Franzmann, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr. Franzmann is employed by Citraen Pty Ltd. Each of Mr. Slater and Mr. Franzmann has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Each of Mr. Slater and Mr. Franzmann consents to the inclusion in this Appendix 4E of the matters based on his information in the form and context in which it appears.

15) Audit

This Appendix 4E is based on financial statements that are in the process of being audited.

16) Independent Audit Report

The Independent Audit Report is likely to contain a modified opinion, including an emphasis of matter in relation to the material uncertainty regarding going concern.

17) Independent Audit Report

This Appendix 4E is based on financial statements that are in the process of being audited.