



## Quarterly Report for the Period ending 31 December 2007

### Corporate

The acquisition of Ord Investments Pty Ltd (Ord) and the Bushranger Exploration Project (EL5574) in the Lachlan Fold Belt of New South Wales were completed during the quarter. The Bushranger Project hosts a JORC compliant Inferred resource containing 124,000 tonnes of copper at a grade of 0.45% copper with minor gold and silver credits and is located in close proximity to existing road, rail and power infrastructure.

The management team of Ord were appointed to the board of Lachlan and assumed day to day management of the Company. The Company raised \$1 million via the allotment of 50 million shares at 2 cents per share to ensure that the Company has sufficient working capital for its immediate business plans.

The Company has adopted a strategy of continuing exploration at the Bushranger Copper Project and to grow the Company through further acquisitions within the resource sector. To this end, the management team have conducted due diligence on several assets both within Australia and overseas and continues to hold discussions with the vendors of various assets. At the time of this report, no agreements have been reached with the vendors and the Company will inform the market should such agreement be reached.

The strategic focus of the Company is within the bulk commodities (coal), copper and gold.

### Bushranger Copper Project

Preparatory work was carried out to enable commencement of exploration activity in 2008. This included:

- Renewal of the Access Agreement with NSW Department of Primary Industry - State Forest to continue access to areas of the Vulcan State Forest covered by EL5574.

- Preparation of a Review of Environmental Effects to satisfy the requirements of NSW Department of Primary Industry – Mineral Resources to permit drilling within areas of the Vulcan State Forest. Surveys were completed to examine the issues of native title, cultural heritage and threatened species. It was found that native title had been extinguished on the areas investigated and no significant heritage or environmental issues were discovered.
- Establishment of a Landowner Access Agreement with other property owners on EL5574.

Additionally, data review was completed for the generation of exploration targets on the lease. This work assisted in the establishment of an exploration strategy for the project.

## Next Quarter

Exploration activity will commence at the Bushranger Copper Project, with an induced polarisation (IP) geophysical survey planned over the Swatchfield Prospect. This survey is booked to commence in the last week of January and it is anticipated that the survey will identify multiple sulphide anomalies for subsequent RC and diamond drilling.

Visit our website at [www.lachlanstar.com.au](http://www.lachlanstar.com.au) where further information about the Company can be found.

For and on behalf of the Board



Declan Franzmann  
Managing Director

*About Lachlan Star (ASX- LSA) – Lachlan Star is an ASX listed company with headquarters in Perth, Western Australia. Its primary asset is the Bushranger Copper Project located in New South Wales which hosts an Inferred resource containing 124,000 tonnes of copper with minor gold and silver credits.*

*Directors and Management – Declan Franzman – Managing Director*

*Mick McMullen - Chairman*

*Tom Duckworth - Director(non executive)*

*Hamish Bohannon - Director(non executive)*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97.

Name of entity

**LACHLAN STAR LIMITED (FORMERLY TOODYAY RESOURCES LIMITED)**

ACN or ARBN

**88 000 759 535**

Quarter ended ("current quarter")

**31 DECEMBER 2007**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(122)	(132)
(b) development		
(c) production		
(d) administration	(245)	(272)
(e) staff costs		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	24	24
1.5 Interest and other costs of finance paid		
1.6 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(343)</b>	<b>(380)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(10)	(10)
(b) equity investments		
(c) other fixed assets	(7)	(14)
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 in business combination	1,109	1,109
<b>Net investing cash flows</b>	<b>1,092</b>	<b>1,085</b>
1.13 Total operating and investing cash flows (carried forward)	749	705

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	749	705
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,000	1,020
1.15	Costs associated with the issue of shares, options etc	(44)	(44)
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)		
	<b>Net financing cash flows</b>	<b>956</b>	<b>976</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,705</b>	<b>1,681</b>
1.20	Cash at beginning of quarter/year to date	51	75
1.21	Deposits at call (Bond)		
1.22	Cash at end of quarter	1,756	1,756

**Note: This consolidated cashflow has been prepared on the basis that Lachlan Star Limited was acquired by reverse acquisition (in accordance with AASB 3) on 15 October 2007 by Ord Investments Pty Ltd. The consolidated cashflow therefore reflects the continuation of the results of the legal subsidiary, Ord Investments Pty Ltd, with the consolidation of the cashflows of Lachlan Star Limited from 15 October 2007.**

**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	154
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:

Ord Investments Pty Ltd acquired the Bushranger Exploration Licence EL 5574 and associated data from Straits Resources Limited in accordance with a Sale Agreement dated 1 August 2007 for \$1.9 million, payable by 95 million shares in Lachlan Star Limited. As part of the same transaction Lachlan Star Limited acquired 100% of the existing shares in Ord Investments Pty Ltd in exchange for 264,475,352 shares in Lachlan Star Limited.

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

+ See chapter 19 for defined terms.

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### 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	500
4.2 Development	-
<b>Total</b>	<b>500</b>

### 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	1,756	51
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,756</b>	<b>51</b>

### 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	EL 5574	Direct	0	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

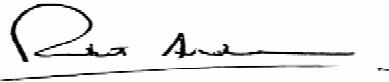
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	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	770,617,371	770,617,371		
7.4 Issued during quarter	264,475,352 shares issued to acquire 100% of the shares in Ord Investments Pty Ltd	264,475,352	Notional price of 2 cents per share	2 cents
	95,000,000 shares issued to acquire EL 5574 from Straits Resources Limited	95,000,000	Notional price of 2 cents per share	2 cents
	50,000,000	50,000,000	2 cents	2 cents
7.5 +Convertible debt securities (description and conversion factor)				
7.6 Issued during quarter				
7.7 Options (description and conversion factor)	33,333 66,666 18,333,333		<i>Exercise price</i> \$6.45 \$6.30 \$0.01	<i>Expiry date</i> 30/1/2008 19/5/2008 31/12/2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	99,333 153,333		<i>Exercise price</i> \$11.25 \$16.65	<i>Expiry date</i> 5/11/2007 30/11/2007
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: 14 January 2008

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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