ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
LISTING RULE 4.2A.3
HALF YEAR FINANCIAL REPORT TO 31 DECEMBER 2012

	6 months to 31 December 2012	6 months to 31 December 2011	% change
	$000	$000	
Sales revenue	37,872	36,985	+2%
Net (loss) / profit for the period	(6,825)	5,230	-230%
Net (loss) / profit attributable to members	(6,825)	5,230	-230%

Explanation of results

An explanation of the Group's results is contained in the Director's Report within the attached Interim Financial Report.

Dividends

	6 months to 31 December 2012	6 months to 31 December 2011
Interim dividend per share	Nil	Nil
Franked amount per share	Not applicable	Not applicable

Net tangible assets per share

	As at 31 December 2012	As at 31 December 2011
Net tangible assets per share (cents per share)(1)	50.5	52.6

(1) Includes mine development properties

LACHLAN STAR LIMITED

ABN 88 000 759 535

INTERIM FINANCIAL REPORT
31 DECEMBER 2012

CORPORATE DIRECTORY

MJ McMullen (Executive Chairman)
DT Franzmann (Managing Director)
SG Perry (Non-Executive Director)
PB Babin (Non-Executive Director)
P Drobeck (Non-Executive Director)

Company Secretary

RA Anderson

Auditors

PricewaterhouseCoopers
Brookfield Place, 125 St Georges Terrace
Perth WA 6840

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000

Registered Office

Lower Ground Floor
57 Havelock Street
West Perth WA 6005
Telephone: +61 8 9481 0051
Facsimile: +61 8 9481 0052
Email: admin@lachlanstar.com.au
Website: www.lachlanstar.com.au

Share Registry

Computershare Investor Services Pty Limited Level 2 45 St Georges Terrace Perth WA 6000 Investor Enquiries: (within Australia) 1300 850 505 Investor Enquiries: (outside Australia) +61 3 9415 4000 Facsimile: +61 3 9473 2500	Equity Financial Trust Company 200 University Avenue Suite 400 Toronto, Ontario M5H 4H1 Investor Enquiries: + 111 416 361 0930 Facsimile: +111 416 361 0470

Securities Exchange Listing

Securities of Lachlan Star Limited are listed on Australian Securities Exchange Limited and the Toronto Stock Exchange.

ASX Code: LSA - ordinary shares
TSX Code: LSA - ordinary shares

CONTENTS

DIRECTORS' REPORT

The directors present their report consisting of Lachlan Star Limited ("Lachlan" or "Company") and the entities it controlled at the end of or during the half-year ended 31 December 2012 together with the consolidated financial report for the half-year ended 31 December 2012, and the independent review report thereon.

Directors

The directors of the Company in office at any time during or since the end of the half-year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Michael McMullen
Declan Franzmann
Peter Babin
Scott Perry
Peter Drobeck (appointed 22 November 2012)

Review of operations

Lachlan is a gold production and copper exploration company with a 100% beneficial interest in an operating gold mine in Chile and a copper exploration project in Australia. Projects within the gold sector provide the Company with an exposure to the gold price, which increased from US$1,599 to US$1,655 per ounce over the half-year.

The Company is a public company governed in Australia by the *Corporations Act 2001*, with a listing on both the Australian Securities Exchange (the "ASX") and the Toronto Stock Exchange (the "TSX").

The consolidated entity's loss for the half-year ended 31 December 2012 was $6,825,000 (2011: $5,230,000 profit) after recognising:

- a pre-tax loss of $8,818,000 (2011: $2,299,000 profit) from operations at the CMD Gold Mine in Chile after charging depreciation and amortisation of $4,737,000 (2011: $2,546,000). The loss includes a $1,303,000 (2011: $Nil) provision against leachpad inventory to write down to net realisable value, $16,795,000 of waste costs direct expensed (2011: $11,209,000), and a foreign exchange loss of $1,225,000 (2011: gain of $848,000) primarily related to the weakening of the US$ to the Chilean Peso over the period
- an income tax credit of $3,193,000 (2011: credit of $3,649,000) arising from the recognition of a deferred tax asset in respect of (i) tax losses and temporary differences of a Chilean subsidiary company, and (ii) the increase in the Chilean first category tax rate from 17% to 20%

Revenue for the half-year of $37,872,000 excludes gold production of 825 ounces that is included in gold produced for the 6 months, but was not poured until early in January 2013. This gold was included in inventory at 31 December 2012 at a book value of $1,307,000.

Trade and other receivables at 31 December 2012 include $2,862,000 (June 2012: $1,720,000) relating to the sale of gold and $2,610,000 for VAT (June 2012: $1,503,000), all of which has been received subsequent to period end.

Inventories at 31 December 2012 include $1,307,000 (June 2012: $Nil) relating to dore produced but not sold at period end, and to which title passed to Johnson Matthey on 3 January 2013.

CMD

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 930,000 ounces of gold plus minor copper and silver since opening. It is located immediately adjacent to Teck Resources Limited's large Andacollo copper-gold mine.

Table 1 contains the Key Performance Indicators (KPI's) at CMD Gold Mine for the December 2012 and December 2011 half-years.

Table 1 – KPI's

Item	Unit	6 months ended 31-Dec-12	6 months ended 30-Dec-11	Variance
Ore Mined	dmt	2,436,778	1,620,902	50.3%
Waste Mined	dmt	8,747,017	5,434,360	61.0%
Total Mined	dmt	11,183,795	7,055,262	58.5%
Waste:Ore Ratio	t:t	3.59	3.35	7.2%
Ore grade Mined	Au g/t	0.46	0.59	-22.0%
Gold Mined	Au oz	36,514	30,818	18.5%
Ore stacked	dmt	2,220,434	1,608,733	38.0%
Stacked Grade	Au g/t	0.48	0.58	-17.2%
Gold Stacked	Au oz	34,075	29,794	14.4%
Average stacking rate	dmt/d	24,135	8,743	176.0%
Gold Produced	Au oz	24,096	21,656	11.3%
Mining Cost/t moved	US$/t	$2.21	$2.26	-2.2%
Mining Cost/t ore	US$/t	$10.18	$9.85	3.4%
Process Cost/t ore stacked	US$/t	$8.00	$7.51	6.5%
G+A Cost/t ore	US$/t	$1.77	$1.55	14.2%
Total Cost/t ore	US$/t	$19.95	$18.91	5.5%
Average Sales Price	USD/oz	$1,691	$1,687	0.2%
Cash Cost	USD/oz	$1,109	$831	33.5%
Non Cash Inventory Adjustment	USD/oz	($127)	$42	
C1 Cash Cost	USD/oz	$982	$872	12.6%

Table 2 below reconciles unaudited CMD Gross Operating Profit to consolidated Profit / (Loss) Before Income Tax. CMD Gross Operating Profit equals revenues and dore 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 2 – Reconciliation of unaudited CMD Gross Operating Profit to consolidated Loss Before Income Tax

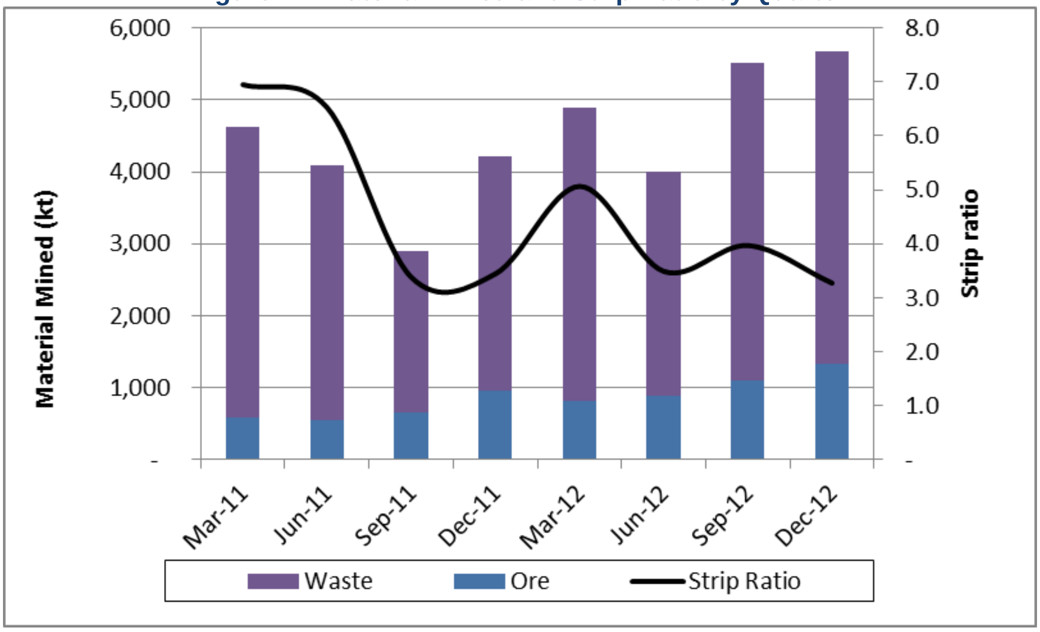
		6 months ended 31 December, 2012	6 months ended 31 December, 2011
CMD Gross Operating (Loss) / Profit (unaudited)	US$000	(6,413)	6,364
A$ / US$ exchange rate for the period		1.039	1.045
CMD Gross Operating (Loss) / Profit (unaudited)	A$000	(6,172)	6,088
Inventory adjustments	A$000	1,960	(1,876)
Depreciation and amortisation	A$000	(3,458)	(2,197)
Foreign exchange (loss) / gain	A$000	(1,225)	848
Revaluation of deferred consideration	A$000	82	173
Net finance income	A$000	114	223
New venture expenditure written off	A$000	(139)	-
Other head office related costs	A$000	(1,180)	(1,678)
Consolidated (Loss) / Profit Before Income Tax (unaudited)	A$000	(10,018)	1,581

Mining

Total ore mined for the half-year was 2.44 million tonnes for 36,514 contained Au ounces, with a waste to ore ratio of 3.59. Ore was principally sourced from the Tres Perlas, Toro, Churrumata and Las Loas pits.

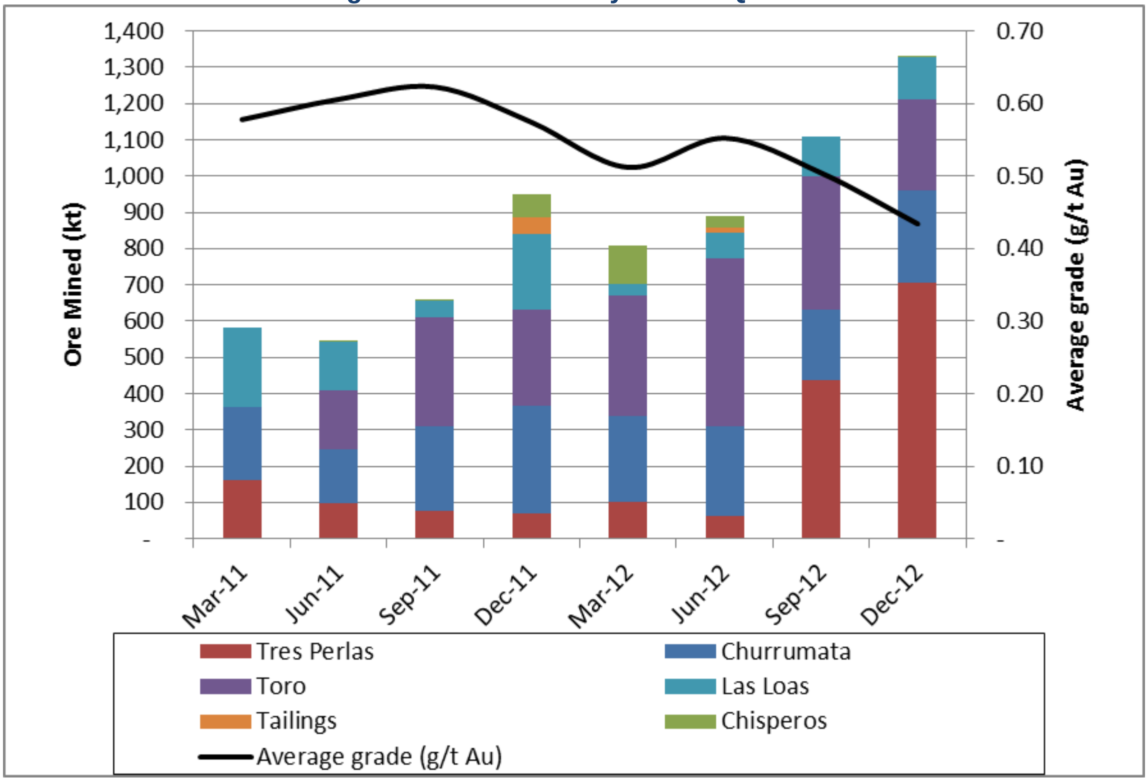
Figure 1 shows the mining rate and strip ratio by quarter since the Company acquired the project.

Figure 1 – Material Mined and Strip Ratio by Quarter



The Company continued its strategy of increasing ore mining rates by increasing focus on the Tres Perlas pit, with December quarterly ore production from Tres Perlas increasing to 53% of the total ore mined, as illustrated in Figure 2. The Tres Perlas pit will be the main source of ore for future operations and is a thick (100-200m) orebody that commences at surface and is located adjacent to the crushing plant. The Life of Mine strip ratio for the Tres Perlas pit is expected to be around 1:1.

Figure 2 – Ore Mined by Pit and Quarter



Mining at Chisperos recommenced during the December quarter, and subsequent to period end the adjacent power line has been moved and full mining activity recommenced. Chisperos is the highest grade pit at the CMD Gold Mine, with a remaining Probable Reserve of 0.80 million tonnes at 1.2 g/t Au. The Company expects that mined gold grades will increase with the ramp up of production from Chisperos, assisted by the higher grade reconciliation from the Tres Perlas pit (see "*Mine Reconciliation* below)

Table 3 details the ore and waste movement in the half-year by pit.

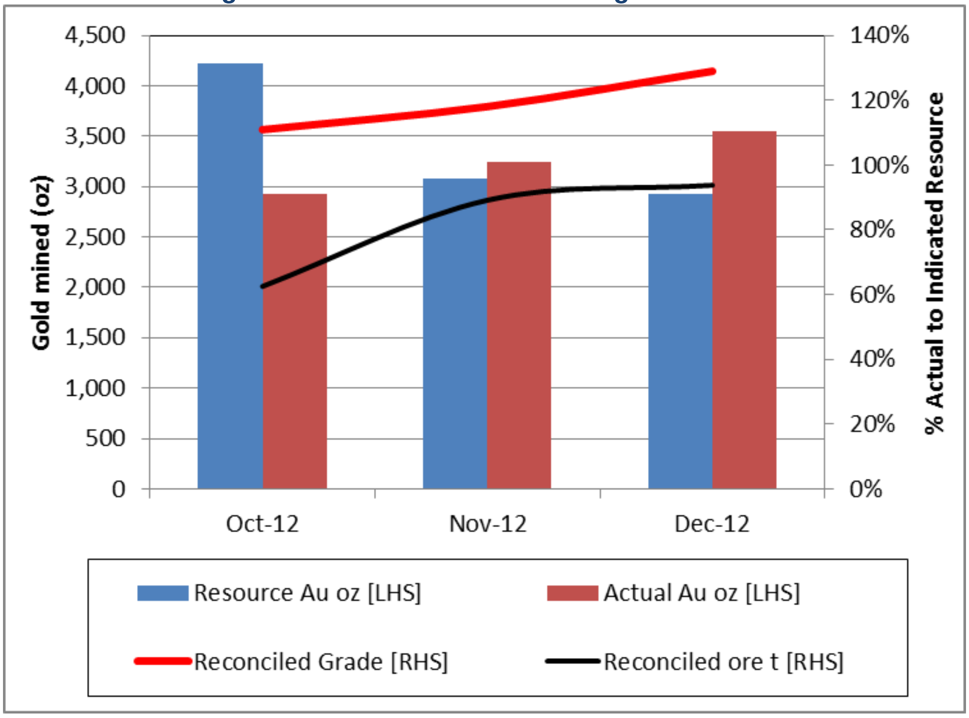
Table 3 – Half-year mine production by pit

Item	Unit	Churrumata	Tres Perlas	Chisperos	Toro	Las Loas	Total
Ore Mined	Kt	454	1141	1	616	225	2,437
Au Grade	g/t	0.49	0.37	0.53	0.58	0.56	0.46
Contained Au	Oz	7,081	13,782	21	11,551	4,079	36,514
Waste Mined	Kt	2,833	2,902	-	1,942	1,070	8,747
Total Mined	Kt	3,286	4,041	1	2,560	1,296	11,184
Strip Ratio	W:O	6.3	2.5	-	3.2	4.8	3.6

Mine Reconciliation

The Tres Perlas pit is the deposit that will form the bulk of the mine plan going forward. Figure 3 shows the reconciliation for Tres Perlas by month during the December quarter.

Figure 3 –Tres Perlas reconciled gold ounces



Reconciliation of mining the Tres Perlas pit during 2012 has shown a positive reconciliation of 125 % of ounces, driven by 117% higher gold grade and 107% of ore tonnage being mined compared to the the mineral resource estimate.

The trend for the Tres Perlas pit since mining began in 2012 has been a generally increasing grade overcall with depth, which has been the main driver for the 25% additional ounces mined in excess of the mineral resource to date. A 17% overcall in grade for a low grade, bulk tonnage deposit is significant. This trend has been established over a 6 month period, with a 29% overcall in the month of December being particularly pleasing.

Processing

During the half-year an additional dynamic pad leach cell was constructed (Cell 10) to increase the capacity available in the dynamic leach. Inclusion of Cell 10 increased the total available primary leach capacity to more than 1.8 million tonnes, which will allow primary leaching residence time in excess of 3 months as stacking rates increase to around 450,000 tonnes per month.

An independent conveyor loading hopper was also added adjacent to the fine ore stockpile. The purpose of this infrastructure is to allow the systematic and controlled addition of historic tailing material from various dumps around the mine. The tailings grade between 0.8 and 1g/t Au, and can be added to the crushed ore feed at up to 10% of the total feed to increase stacked grades without any adverse effect on solution percolation rates.

Mining Costs

Unit mining costs reduced slightly to US$2.21/t moved (from $2.26 the previous half-year) and the mining cost per tonne of ore increased to $10.18 (from $9.85 the previous half-year) as a result of the higher strip ratio. Figures 4 and 5 illustrate the quarterly history of mining costs over 2012.

Figure 4 – Total material mined and unit mining cost

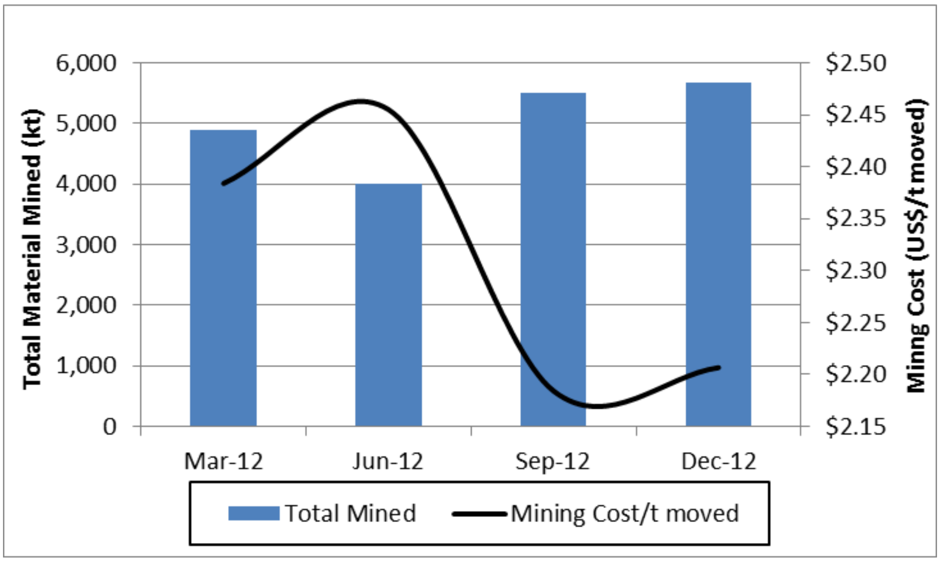
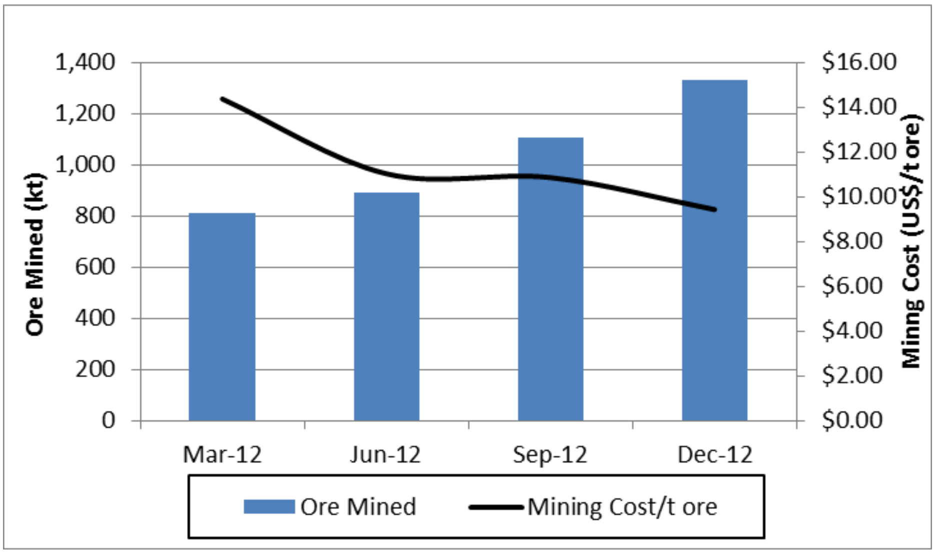


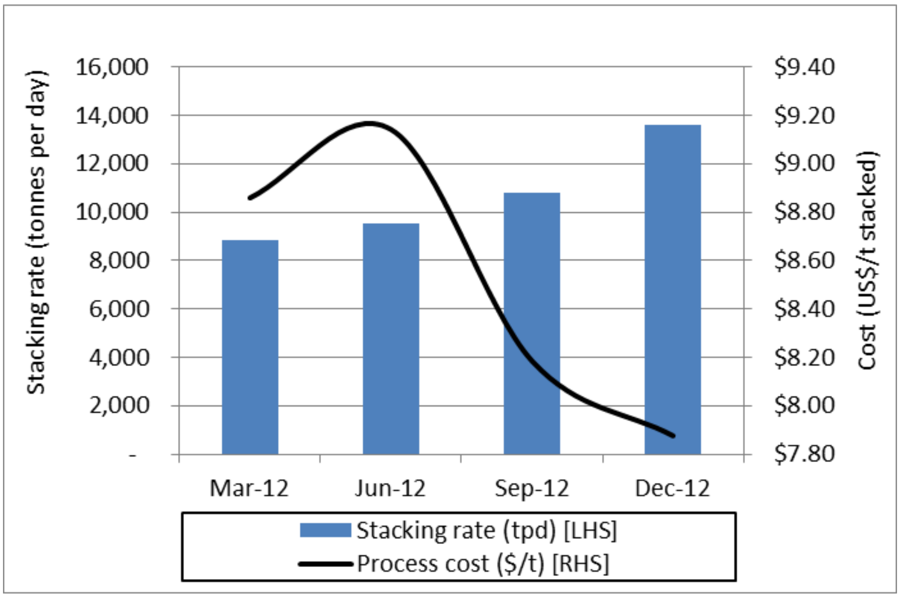
Figure 5 – Ore mined and mining cost per tonne of ore



Ore Processing

Crushed ore tonnes stacked increased over the previous half-year by 38% to 2.22 million tonnes. The increased stacking rates combined with a focus on cost control resulted in a trend of lower processing costs at higher stacking rates throughout 2012 as shown in Figure 6.

Figure 6 – Process cost per tonne stacked

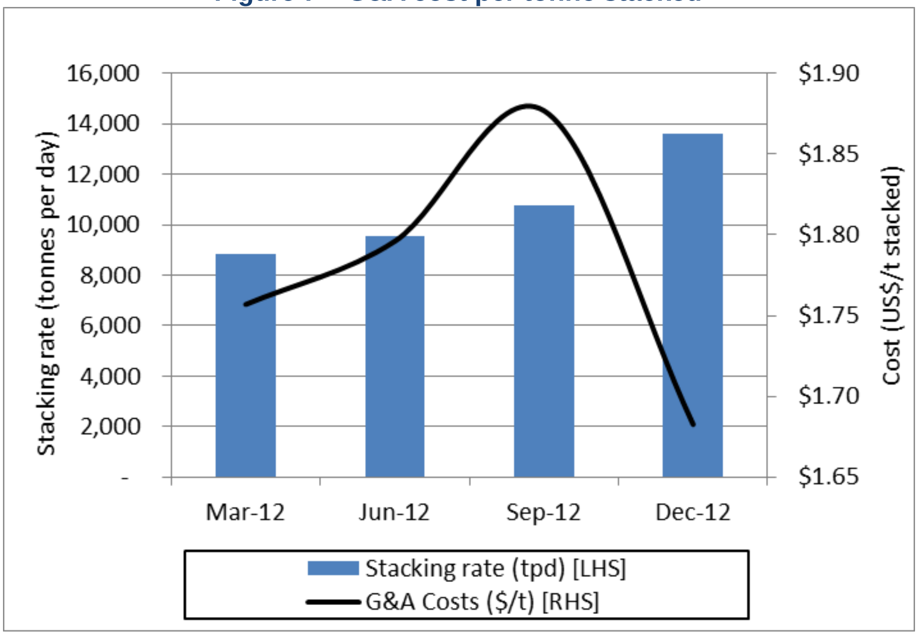


The process cost in the December 2012 quarter is the lowest since the December 2011 quarter, and is a good result considering that cyanide prices have more than doubled since that period.

General and Administration (G&A)

Figure 7 illustrates the history of G&A costs over the year. The decrease in G&A unit rates has been achieved despite an increase in senior management on site (which has contributed to the improvements seen in throughput rates and reduced costs in the mining and process areas) and a substantial spending program on safety and training over the year, particularly in the lead up to the implementation of the new Komatsu fleet. The G&A costs include all of the Company's costs within Chile including legal and compliance costs, travel and procurement.

Figure 7 – G&A cost per tonne stacked



Exploration

Exploration activities at the CMD Gold Mine were slowed during the half-year with a focus on collation of the previous 6 months exploration results and switching the targeting to drilling near surface, higher grade mineralisation adjacent to current pits that can be mined in the next 12 to 18 months. Significant results included:

Chisperos Deposit - Gold

- 21.2m grading 3.33 g/t Au from 82m downhole DDH 2012-125
- 17m grading 1.10 g/t Au from 21m downhole RCH 2012-126
- 13m grading 1.94 g/t Au from 21m downhole RCH 2012-127

Tres Perlas Deposit –Gold

- 20.9m grading 2.19 g/t Au from 17.7m downhole in DDH 2012-128
- 45m grading 1.01 g/t Au from 146m downhole in RCH 2012-123
- 3m grading 8.09 g/t Au from 120m downhole in DDH 2012-128
- 40m grading 0.86 g/t Au from 45m downhole in DDH 2012-141

Owner Mining

The Company has continued to work to improve the reliability of the production profile by employing a number of small contracting companies to mitigate third party risk, however significant steps of reducing this risk were achieved during the half-year with the commissioning of the first elements of the owner mining fleet. As of the date of this report, the Company was operating 7 trucks (HD785), 2 loaders (WA900), 1 dozer (D275), 1 wheel dozer (WD500), 1 grader (GD675) at the Tres Perlas pit, with all recruitment and training of operators and supervisors completed.

The Company has also been carrying out more of the drill and blast function, with the owner operated drill fleet now operating 3 x DM30 IR and 2 x Tamrock/Terex drill rigs that have been bought and/or leased over the past year. The Company is now drilling over half the drill metres for blasting and expects this proportion to gradually increase. The costs for the Company's drilling operations are approximately two thirds that associated with drilling by contractors.

Implementation of the new fleet has gone very smoothly, with the truck fleet already operating at above 100% of the assumed long-term productivity and the loaders at approximately 90% of the assumed long-term productivity. This is well in excess of the productivity assumed for the month of January, and the smooth implementation reflects very positively on the new management team.

The Komatsu truck fleet has started to deliver results, with a significant increase in ore tonnages being mined. Over a three-day period from 23 January, a total of 61,462 tonnes of ore was mined, including a record daily ore tonnage of 24,052 tonnes on 24 January, which eclipsed the previous record set on 7 September 2006 (22,960 tonnes of ore).

The Company expects the owner mining strategy to deliver savings of up to US$100-US$150 per ounce of gold over its current mining costs once implementation has been completed.

Chisperos

Subsequent to period end the Company regained full access to the high grade Chisperos pit after a hiatus of nine months due to blasting restrictions. Limited ore is starting to be mined from this pit as the mining had previously been halted just as the pre strip was being completed. At 25 January 2013 reconciliation of this pit was indicating that 28% more ore tonnes were mined at 24% higher grade than in the Probable Mineral Reserve.

Process Improvements

Subsequent to period end pre-cyanidation of crushed ore was added to the heap leach process. This process adds barren cyanide solution onto ore on the conveyor belt prior to stacking. This means that the ore is wet before it is stacked, and the Company expects that this will result in faster leach kinetics and potential for a small increase in overall recovery.

Site Management

The Company instituted significant changes within the management team of the CMD Gold Mine during the half-year. The dedication and enthusiasm of these key individuals, including the COO (Mr Bira de Oliveira), General Manager, Mining Manager, Geology Manager and Process Manager have been key to achieving recent results.

BUSHRANGER COPPER PROJECT (100%, Newmont earning 51%)

Newmont continued exploration activities under the Farm-in and Joint Venture Agreement. Work completed during the half-year included:

- Induced Polarisation (IP) survey completed - 34 line kilometres;
- 58km^2 of geology mapping;
- Rock chip sampling; and
- Assaying of un-sampled portions of BRC043 returning 22m at 0.2% Cu.

Rounding of amounts

The Company is a company of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Directors' Report and financial report.

Amounts in the Directors' Report and financial report have been rounded-off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's Independence Declaration

The lead auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 13 and forms part of the directors' report for the half-year ended 31 December 2012.

Signed in accordance with a resolution of the directors.

MJ McMullen

MJ McMullen
Executive Chairman
Perth, 15 February 2013

Auditor's Independence Declaration

As lead auditor for the review of Lachlan Star Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lachlan Star Limited and the entities it controlled during the period.

Douglas Craig

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
15 February 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2012

	6 months ended	
	31-Dec-12	**31-Dec-11**
	$000	**$000**
Revenue from continuing operations		
Revenue	37,872	36,985
Finance income	114	230
	37,986	37,215
Expenses		
Cost of sales	(45,358)	(34,686)
Other expenses from ordinary activities		
Corporate compliance and management	(894)	(1,374)
Share based payments expense	(13)	(2)
Occupancy costs	(23)	(53)
Foreign exchange (loss) / gain	(1,225)	848
New venture expenditure written off	(139)	(128)
Other expenses	(231)	(17)
Finance expense	(203)	(395)
Fair value gain on deferred consideration	82	173
(Loss) / profit before income tax	(10,018)	1,581
Income tax benefit	3,193	3,649
(Loss) / profit for the period	(6,825)	5,230
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	(1,027)	1,547
Total comprehensive income for the period	(7,852)	6,777
Basic (loss) / earnings per share (cents per share)	(7.7)	8.8
Diluted (loss) / earnings per share (cents per share)	(7.7)	8.8

The consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2012 $000	30 June 2012 $000
Current assets			
Cash and cash equivalents		7,489	17,412
Trade and other receivables		6,351	3,630
Inventories		11,580	8,441
Total current assets		25,420	29,483
Non-current assets			
Trade and other receivables		409	435
Inventories		6,568	5,983
Exploration and evaluation		2,773	2,771
Mine development properties		33,522	34,452
Property, plant and equipment	10	19,766	13,474
Goodwill		189	189
Deferred tax asset	8	11,442	8,459
Total non-current assets		74,669	65,763
Total assets		100,089	95,246
Current liabilities			
Trade and other payables		22,943	20,191
Borrowings		6,191	5,343
Total current liabilities		29,134	25,534
Non-current liabilities			
Borrowings		4,471	1,384
Provisions		5,816	6,087
Total non-current liabilities		10,287	7,471
Total liabilities		39,421	33,005
Net assets		60,668	62,241
Equity			
Contributed equity	6	211,011	204,436
Reserves		(1,206)	117
Accumulated losses		(149,137)	(142,312)
Total equity		60,668	62,241

The consolidated statement of financial position should be read in conjunction with the notes to the consolidated interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2012

	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	-	-	-	1,547	1,547
Profit for the half-year	-	5,230	-	-	5,230
Total comprehensive income for the half -year	-	5,230	-	1,547	6,777
Transactions with owners in their capacity as owners:					
Shares issued for cash	15,088	-	-	-	15,088
Share issue costs	(1,225)	-	-	-	(1,225)
Share based payments	253	-	(251)	-	2
Balance at 31 December 2011	188,912	(138,078)	351	(369)	50,816
Balance at 1 July 2012	204,436	(142,312)	425	(308)	62,241
Other comprehensive income	-	-	-	(1,027)	(1,027)
Loss for the half-year	-	(6,825)	-	-	(6,825)
Total comprehensive loss for the period	-	(6,825)	-	(1,027)	(7,852)
Transactions with owners in their capacity as owners:					
Shares issued on exercise of options	6,289	-	-	-	6,289
Share issue costs	(23)	-	-	-	(23)
Share based payments	309	-	(296)	-	13
Balance at 31 December 2012	211,011	(149,137)	129	(1,335)	60,668

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2012

	6 months ended	
	31-Dec-12	**31-Dec-11**
	$000	**$000**
Cash flows from operating activities		
Receipts from customers and GST recovered	36,792	35,527
Payments to suppliers and employees	(46,126)	(31,366)
Interest received	193	199
Interest paid	(185)	(321)
Net cash (outflows) / inflows from operating activities	(9,326)	4,039
Cash flows from investing activities		
Payments for exploration and evaluation	(2)	(35)
Payments for mine development	(2,784)	(5,213)
Payments for acquisition of property, plant and equipment	(8,323)	(1,399)
Net cash flows used in investing activities	(11,109)	(6,647)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	15,088
Proceeds from exercise of share options	6,289	-
Repayment of borrowings	(3,176)	(4,104)
Receipt of borrowings	7,423	2,732
Payment of share issue costs	(23)	(1,174)
Net cash flows from financing activities	10,513	12,542
Net (decrease) / increase in cash and cash equivalents	(9,922)	9,934
Effect of exchange rate fluctuations on cash held	(1)	25
Cash and cash equivalents at the beginning of the period	17,412	4,515
Cash and cash equivalents at the end of the period	7,489	14,474

The consolidated statement of cashflows should be read in conjunction with the notes to the consolidated interim financial report.

1. Reporting entity

Lachlan Star Limited (”Lachlan” or “Company”) is a company domiciled in Australia.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the “consolidated entity’ or “group”).

2. Basis of preparation of financial report

Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: “*Interim Financial Reporting*”.

The consolidated interim financial report does not include all of the information required in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report as at and for the year ended 30 June 2012 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going concern

This financial report 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 31 December 2012, the consolidated entity had cash reserves of $7,489,000 and a net current asset deficiency of $3,714,000, having recorded a net loss after tax for the 6 month period of $6,825,000. The consolidated entity had net cash outflows from operations for the six months to December 2012 of $9,326,000.

Notwithstanding the above, the financial report 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) 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 (iii) the expectation that the Company, if required, would be able to raise additional funds through debt or equity raisings.

Critical accounting estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are:

2. Basis of preparation of financial report (continued)

(i) Provisions

The consolidated entity has recognised a provision for environmental restoration. This provision has been measured based on management's estimates of the probable amount of resources that will be required to settle the obligation and the timing of settlement. Such estimates are subjective and there may be a future need to revise the book value of the provision as a result of changes in estimates.

(ii) Functional currency

Companies in the consolidated entity have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that management has to analyse several factors, including which currency mainly influences sales prices of product sold by the entity, which currency influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities.

For subsidiaries Compania Minera Dayton ("CMD") and Dayton Chile Exploraciones Mineras Limitada ("DCEM") the above indicators are mixed and the functional currency is not obvious. Management used its judgement to determine which factors are most important and concluded the US dollar is the functional currency for those companies. For Lachlan Star Limited and its other subsidiaries management have determined that the Australian dollar is the functional currency for those companies given their revenue, expenditure and financing is mostly in Australian dollars.

(iii) Recovery of ounces of gold in leach pad inventories

Management has estimated the recovery of gold in the leach pad at the CMD Gold Mine based on recovery rates experienced after the September 2000 shutdown. Management evaluate this estimate on an ongoing basis for any changes that may result in adjustments to the financial statements. To date no such changes have been identified giving rise to a revision in the estimate.

(iv) Income taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the group has recognised deferred tax assets relating to carried forward tax losses to the extent it is believed there will be sufficient future taxable profits against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of a subsidiary, which is not part of the tax consolidated group, to be able to satisfactorily substantiate its tax losses at the time they are recouped. It is believed the subsidiary tax losses can be substantiated.

(v) Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the consolidated entity's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The group is required to determine and report ore reserves in Australia under the principles incorporated in the Australasian Code for Reporting of Mineral Resources and Ore Reserves December 2004, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

2. Basis of preparation of financial report (continued)

(v) Reserve estimates (continued)

As the economic assumptions used to estimate reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the group's financial results and financial position in a number of ways, including recognition of deferred tax on mineral rights, deferred mining expenditure and capitalisation of mine development costs, and units of production method of depreciation and amortisation.

(vi) Exploration and evaluation expenditure

Expenditure which does not form part of the cash generating units assessed for impairment has been carried forward on the basis that exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. Exploration expenditure incurred that does not satisfy the policy stated above is expensed in the period in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the period in which the decision is made.

3. Accounting policies

In the period ended 31 December 2012 the group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012. As a result of this review the directors have determined that there is no change necessary to group accounting policies.

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2012 and the corresponding interim reporting period.

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

The Company is currently reviewing how this interpretation may impact its record keeping and accounting policies in future periods, and expects to adopt this interpretation from 1 July 2013.

4. 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. The Company has been made aware that Martimec intends to seek the appointment of an arbitrator under Chilean law who would be called to rule on the early termination of the contract. The Company remains confident that the contract was terminated in accordance with its terms. The Company intends to defend itself vigorously if this arbitration is brought, including considering bringing a counterclaim against Martimec.

CMD had issued a bank guarantee to the value of US$855,000 at period end.

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

5. Subsequent events

Financing

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 is required to be drawn and this is expected to occur within the next week, and Tranche 2 is drawable within a 6 month period after the closing of the Facility subject to certain operating outcomes which the directors are confident in being able to achieve. 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.

Owner Mining

The remainder of the owner operated mining fleet has been delivered subsequent to period end.

Chisperos

As announced on 15 January 2013, the Company has regained full access to the high grade Chisperos pit after a hiatus of nine months due to blasting restrictions. Limited ore is starting to be mined from this pit as the mining had previously been halted just as the pre strip was being completed.

Other than this, no matter or circumstance has arisen since 31 December 2012 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

(i) the consolidated entity’s operations, or
(ii) the results of those operations, or
(iii) the consolidated entity’s state of affairs

6. Contributed equity

	2012 Number	2012 $000	2011 Number	2011 $000
Ordinary shares				
1 July	86,380,017	204,436	56,967,517	174,796
Issue of shares for cash	-	-	18,400,000	15,088
Issue of shares on exercise of options	5,240,576	6,289	-	-
Cost of issue of shares	-	(23)	-	(1,225)
Share based payments	-	309	-	253
31 December	91,620,593	211,011	75,367,517	188,912

7. Related party disclosures

The consolidated entity acquired the CMD Gold Mine on 24 December 2010. One of the vendors is a substantial shareholder of Lachlan Star and another, Peter Babin, is a director of the Company.

The consolidated entity recharged $45,206 on an arm's length basis during the half-year to Nevada Iron Limited, a company of which Mr Michael McMullen is Chairman, for office rent, administration staff, and car parking under an office sublease.

Other than this, the consolidated entity did not have any transactions with related parties during the quarter other than remuneration to directors and their related parties. Lachlan Star Limited is the ultimate parent entity.

8. Deferred tax

The deferred tax asset has increased by $2.98 million since June 2012, comprising an income tax credit of $3.19 million, and a $0.21 million decrease as a result of the A$ / US$ exchange rate increasing from 1:1.0161 at 30 June, 2012 to 1:1.0374 at 31 December, 2012.

Of the $3.19 million income tax credit, $1.80 million relates to restatement of the opening deferred tax balance as a result of the Chilean first category income tax rate increasing from 17% to 20% during the period.

9. Capital commitments

At period end the Company had a commitment of US$13.81 million to pay for the remainder of the mining fleet, of which $12.24 million was satisfied by a mixture of bank and lease finance and the remainder in cash.

10. Property plant and equipment

	Fixture and fittings $000	Vehicles $000	Land and buildings $000	Mine plant $000	Total $000
Cost:					
1 July 2012	463	40	35	17,269	17,807
Effect of movements in exchange rates	(7)	-	(1)	(341)	(349)
Additions	40	-	42	8,241	8,323
31 December 2012	496	40	76	25,169	25,781
Accumulated depreciation:					
1 July 2012	105	40	-	4,188	4,333
Depreciation charge for the period	25	-	-	1,702	1,727
Effect of movements in exchange rates	(2)	-	-	(43)	(45)
31 December 2012	128	40	-	5,847	6,015
Carrying amount beginning of period	358	-	35	13,081	13,474
Carrying amount end of period	368	-	76	19,322	19,766

Cost:					
1 July 2011	180	39	-	11,364	11,583
Effect of movements in exchange rates	5	2	-	450	457
Reclassified from receivables	-	-	-	1,487	1,487
Additions	134	-	-	1,270	1,404
31 December 2011	319	41	-	14,571	14,931
Accumulated depreciation:					
1 July 2011	64	39	-	2,021	2,124
Depreciation charge for the period	14	-	-	1,004	1,018
Effect of movements in exchange rates	2	2	-	51	55
31 December 2011	80	41	-	3,076	3,197
Carrying amount beginning of period	116	-	-	9,343	9,459
Carrying amount end of period	239	-	-	11,495	11,734

11. Segment information

(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:

	31 December 2012 $000	30 June 2012 $000
Chile	60,430	54,506
Australia	2,797	2,798
	63,227	57,304

12. Changes in estimates

(i) Site restoration

Provision for the cost of site restoration is recognised at the time that an environmental disturbance occurs or a constructive obligation is determined. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances as at the reporting date. Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation. The expected rehabilitation costs are estimated based on the cost of external contractors performing the work or the cost of performing the work internally depending on management's intention.

The timing of the actual rehabilitation expenditure is dependent upon a number of factors including the currently approved life of the CMD Gold Mine and changes in local environmental regulations. Expenditures may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. The site restoration provision is measured at the expected value of future cash flows, discounted to their present value. The unwinding of the discount is included in finance costs and results in an increase in the amount of the provision.

The provision is updated each quarter for the effect of a change in the discount rate and exchange rate, when applicable, and the change in estimate is added or deducted from the related asset and depreciated prospectively over the asset's useful life. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, those of the consolidated entity's environmental policies that give rise to a constructive obligation.

Non-current	31 December 2012 $000	30 June 2012 $000
Opening	5,007	4,876
Effect of movements in exchange rates	(104)	204
Accretion	-	31
Change in discount rate	-	(104)
Closing	4,903	5,007

12. Changes in estimates (continued)

(ii) Deferred consideration

In November 2010 the Company reached agreement with the five shareholders of Oro Chile LLC ("the Vendors") to acquire 100% of DMC Newco Pty Ltd ("DMC Newco"), a company that in turn owned 100% of two Chilean companies, CMD and DCEM. CMD and DCEM collectively own a 100% interest in the Compañía Minera Dayton Gold Mine located in Andacollo, approximately 350km north of Santiago in Chile ("CMD Gold Mine"). The transaction settled on 24 December 2010. The consideration for the purchase included deferred consideration payments relating to the achievement of specified gold production, which may become payable. The payment terms are as follows:

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 (the "Mineral Inventory" collectively) between 1 January 2011 and 31 December 2014; and

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

The movement in deferred consideration, classified under Borrowings in the Statement of Financial Position, is shown below:

	31 December 2012 $000	30 June 2012 $000
Opening	1,387	2,742
Paid	(404)	(1,290)
Fair value (gain)	(82)	(188)
Other	156	123
Closing	1,057	1,387
Current	888	506
Non-current	169	881
	1,057	1,387

DIRECTORS' DECLARATION

In the opinion of the directors of Lachlan Star Limited (the "Company"):

(a) the financial statements and notes as set out on pages 14 to 25 are in accordance with the *Corporations Act 2001* including:

  (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

MJ McMullen
Executive Chairman

Perth
15 February 2013

pwc

Independent auditor's review report to the members of Lachlan Star Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lachlan Star Limited which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Lachlan Star Limited (the consolidated entity). The consolidated entity comprises both Lachlan Star Limited and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lachlan Star Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

pwc

Independent auditor's review report to the members of Lachlan Star Limited (cont'd)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lachlan Star Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
15 February 2013