LACHLAN STAR LIMITED

ABN 88 000 759 535

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended
31 March 2013

The accompanying unaudited consolidated interim financial statements for the three and nine months ended 31 March 2013 have been prepared by management. Readers are cautioned that these financial statements contain forward-looking information as described in the associated Management Discussion & Analysis. All amounts are stated in Australian dollars, except as otherwise stated.

CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	31-Mar-13	**31-Mar-12**	**31-Mar-13**	**31-Mar-12**
	$000	**$000**	**$000**	**$000**
Revenue from continuing operations				
Revenue	17,576	19,332	55,448	56,317
Finance income	29	120	143	350
	17,605	19,452	55,591	56,667
Expenses				
Cost of sales	(17,815)	(19,303)	(63,173)	(53,989)
Other expenses from ordinary activities				
Corporate compliance and management	(342)	(428)	(1,236)	(1,795)
Share based payments expense	(1)	-	(14)	(2)
Occupancy costs	(17)	(32)	(40)	(85)
Foreign exchange (loss) / gain	(433)	(657)	(1,658)	191
New venture expenditure written off	(70)	(72)	(209)	(200)
Other expenses	(50)	(6)	(222)	(23)
Legal expenses	(263)	(1)	(322)	(8)
Finance expense	(768)	(11)	(971)	(406)
Fair value gain / (loss) on deferred consideration	480	(19)	562	154
(Loss) / profit before income tax	(1,674)	(1,077)	(11,692)	504
Income tax benefit	197	(33)	3,390	3,616
(Loss) / profit for the period	(1,477)	(1,110)	(8,302)	4,120
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	(342)	(924)	(1,369)	623
Total comprehensive income for the period	(1,819)	(2,034)	(9,671)	4,743
Basic (loss) / earnings per share (cents per share)	(1.6)	(1.5)	(9.3)	6.3
Diluted (loss) / earnings per share (cents per share)	(1.6)	(1.5)	(9.3)	5.1

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 March 2013 $000	Audited 30 June 2012 $000
Current assets			
Cash and cash equivalents		3,103	17,412
Trade and other receivables	4	5,215	3,630
Inventories	5	12,998	8,441
Total current assets		21,316	29,483
Non-current assets			
Trade and other receivables		429	435
Inventories		7,526	5,983
Exploration and evaluation		2,775	2,771
Mine development properties		36,857	34,452
Property, plant and equipment	6	33,503	13,474
Goodwill		189	189
Deferred tax asset		11,575	8,459
Total non-current assets		92,854	65,763
Total assets		114,170	95,246
Current liabilities			
Trade and other payables		23,474	20,191
Borrowings		12,984	5,343
Total current liabilities		36,458	25,534
Non-current liabilities			
Borrowings		13,035	1,384
Provisions		5,658	6,087
Total non-current liabilities		18,693	7,471
Total liabilities		55,151	33,005
Net assets		59,019	62,241
Equity			
Contributed equity	8	211,179	204,436
Reserves		(1,546)	117
Accumulated losses		(150,614)	(142,312)
Total equity		59,019	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

	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	-	-	-	623	623
Profit for the 9 months	-	4,120	-	-	4,120
Total comprehensive income for the 9 months	-	4,120	-	623	4,743
Transactions with owners in their capacity as owners:					
Shares issued for cash	15,088	-	-	-	15,088
Share issue costs	(1,227)	-	-	-	(1,227)
Share based payments	253	-	(251)	-	2
Balance at 31 March 2012	188,910	(139,188)	351	(1,293)	48,780
Balance at 1 July 2012	204,436	(142,312)	425	(308)	62,241
Other comprehensive income	-	-	-	(1,369)	(1,369)
Loss for the 9 months	-	(8,302)	-	-	(8,302)
Total comprehensive loss for the 9 months	-	(8,302)	-	(1,369)	(9,671)
Transactions with owners in their capacity as owners:					
Shares issued on exercise of options	6,289	-	-	-	6,289
Shares issued as credit fee	193	-	-	-	193
Share issue costs	(48)	-	-	-	(48)
Share based payments	309	-	(294)	-	15
Balance at 31 March 2013	211,179	(150,614)	131	(1,677)	59,019

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

	3 months ended		9 months ended	
	31-Mar-13 $000	31-Mar-12 $000	31-Mar-13 $000	31-Mar-12 $000
Cash flows from operating activities				
Receipts from customers and GST recovered	17,450	21,511	54,242	57,038
Payments to suppliers and employees	(17,566)	(13,941)	(63,692)	(45,307)
Interest received	58	102	251	301
Interest paid	(293)	(73)	(478)	(394)
Net cash (outflows) / inflows from operating activities	(351)	7,599	(9,677)	11,638
Cash flows from investing activities				
Payments for exploration and evaluation	(2)	-	(4)	(35)
Payments for mine development	(4,873)	(6,119)	(7,657)	(11,332)
Payments for acquisition of property, plant and equipment	(15,317)	(1,264)	(23,640)	(2,663)
Net cash flows used in investing activities	(20,192)	(7,383)	(31,301)	(14,030)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	-	-	15,088
Proceeds from exercise of share options	-	-	6,289	-
Repayment of borrowings	(1,978)	(2,186)	(5,154)	(6,290)
Receipt of borrowings	18,161	276	25,584	3,008
Payment of share issue costs	(25)	(53)	(48)	(1,227)
Net cash flows from financing activities	16,158	(1,963)	26,671	10,579
Net (decrease) / increase in cash and cash equivalents	(4,385)	(1,747)	(14,307)	8,187
Effect of exchange rate fluctuations on cash held	(1)	(12)	(2)	13
Cash and cash equivalents at the beginning of the period	7,489	14,474	17,412	4,515
Cash and cash equivalents at the end of the period	3,103	12,715	3,103	12,715

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

1. SUMMARY OF ACCOUNTING POLICIES

(i) Basis of preparation of financial report and statement of compliance

Lachlan Star Limited (“Lachlan” or the “Company”) is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange (“ASX”) and the Toronto Stock Exchange (“TSX”).

These consolidated interim financial statements of the Company and its controlled entities ("group" or "consolidated entity") for the period ended March 31, 2013 are general purpose financial statements prepared in accordance with applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

These consolidated interim financial statements do not include full disclosures of the type normally included 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 group as in the full financial report. It is recommended that these interim consolidated financial statements be read in conjunction with the annual financial report for the year ended June 30, 2012, and any public announcements made by the Company during the period ended March 31, 2013 in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules. The accounting policies adopted are consistent with those of the previous financial year.

These consolidated interim financial statements have been prepared on an historical cost basis, except for available-for-sale financial assets and derivative financial instruments which have been measured at fair value.

All amounts are presented in Australian dollars unless stated otherwise.

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 March 31, 2013, the consolidated entity had cash reserves of $3,103,000 and a net current asset deficiency of $15,142,000, having recorded a net loss after tax for the 9 month period of $8,302,000. The consolidated entity had net cash outflows from operations for the three months to March 31, 2013 of $351,000.

Notwithstanding the above, the financial report has been prepared on a going concern basis, which the directors consider to be appropriate, based on (i) On April 16, 2013 the Company announced it had entered into subscription agreements with accredited North American and European investors to raise a total of C$12.93 million at an issue price of C$0.57 a share from the issuance of 22,683,468 ordinary shares without shareholder approval. As at the date of this report 6,765,000 shares have been issued and allotted for proceeds of C$3.87 million, with another US$0.28 million cash held by the Company pending the issue and allotment of 500,000 shares. The Company has entered into subscription agreements for the full amount of the private placement and expects to close the remaining amount prior to May 17, 2013. (ii) On February 13, 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 first of which was drawn on February 19, 2013. Tranche 2 is drawable within a 6 month period after the closing of the Facility. 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 operating subsidiary will be able to maintain its creditor holding periods in Chile. (iv) the expectation that the Company, if required, would be able to raise additional funds through debt or equity raisings.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Use of 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:

(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.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(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 Australian 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.

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 the 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.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(ii) Adoption of new and revised Accounting Standards

In the period ended March 31, 2013 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 June 30, 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.

2. CONTINGENT ASSETS AND LIABILITIES

In June 2011, the group 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 its mining contract. The Company has been notified that Martimec intends to pursue an arbitration process under Chilean law to discuss the merits for early termination of the contract. The arbitration process has not yet commenced as Martimec has been declared bankrupt. The directors remain confident that the contract was terminated in accordance with its terms. The group intends to defend itself vigorously if this arbitration is brought, including considering bringing a counterclaim against Martimec.

A subsidiary had issued a bank guarantee to the value of US$2.5 million 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.

3. SUBSEQUENT EVENTS

Financing

On April 16, 2013 the Company announced it had entered into subscription agreements with accredited North American and European investors to raise a total of C$12.93 million at an issue price of C$0.57 a share from the issuance of 22,683,468 ordinary shares without shareholder approval. As at the date of this report 6,765,000 shares have been issued and allotted for proceeds of C$3.87 million, with another US$0.28 million cash held by the Company pending the issue and allotment of 500,000 shares. The Company has entered into subscription agreements for the full amount of the private placement and expects to close the remaining amount prior to May 17, 2013.

Other than this, no matter or circumstance has arisen since 31 March 2013 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

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables at March 31, 2013 include $ $1,816,000 for VAT (June 2012: $1,503,000), all of which has been received subsequent to period end, and $3,046,000 (June 2012: $1,720,000) relating to the sale of gold, of which $1,243,000 has still to be received.

5. INVENTORIES

Inventories at March 31, 2013 include $739,000 (June 2012: $Nil) relating to doré produced but not sold, and to which title passed to Johnson Matthey on April 5, 2013.

6. 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	(9)	-	(1)	(509)	(519)
Additions	41	-	41	23,558	23,640
31 March 2013	495	40	75	40,318	40,928
Accumulated depreciation:					
1 July 2012	105	40	-	4,188	4,333
Depreciation charge for the period	27	-	-	3,130	3,157
Effect of movements in exchange rates	(1)	-	-	(64)	(65)
31 March 2013	131	40	-	7,254	7,425
Carrying amount beginning of period	358	-	35	13,081	13,474
Carrying amount end of period	364	-	75	33,064	33,503

Cost:					
1 July 2012	180	39	-	11,364	11,583
Reclassified from receivables	-	-	-	1,487	1,487
Effect of movements in exchange rates	9	1	1	456	467
Additions	274	-	34	3,962	4,270
30 June 2012	463	40	35	17,269	17,807
Accumulated depreciation:					
1 July 2012	64	39	-	2,021	2,124
Depreciation charge for period	40	-	-	2,107	2,147
Effect of movements in exchange rates	1	1	-	60	62
30 June 2012	105	40	-	4,188	4,333
Carrying amount beginning of period	116	-	-	9,343	9,459
Carrying amount at end of period	358	-	35	13,081	13,474

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 $26,653 on an arm's length basis during the March 2013 quarter 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. CONTRIBUTED EQUITY

	Number	$000
Ordinary shares		
1 July 2012	86,380,017	204,436
Share issue costs	-	(48)
Shares issued on exercise of options	5,240,576	6,289
Shares issued as fees under a credit agreement	221,680	193
Share based payments	-	309
31 March 2013	91,842,273	211,179

Ordinary shares	Number	$000
1 July 2011	56,967,517	174,796
Shares issued for cash	18,400,000	15,088
Cost of issue of Special Warrants	-	(1,227)
Share based payments	-	253
31 March 2012	75,367,517	188,910

The following unissued ordinary shares of the Company were under option at period end.

Expiry Date	Exercise price	Number 1/07/2012	Issued	Exercised	Expired	Number 31/3/2013
18/11/12	$1.50	375,002	-	-	(375,002)	-
31/12/12	$1.20	166,667	-	(166,667)	-	-
20/12/13	$1.20	166,669	-	-	-	166,669
20/12/13	$1.50	166,669	-	-	-	166,669
20/05/13	$1.20	3,597,090	-	(226,309)	-	3,370,781
26/08/13	$1.20	10,818,500	-	(4,847,600)	-	5,970,900
25/11/13	$1.20	650,000	-	-	-	650,000
25/11/13	$1.50	150,000	-	-	-	150,000
25/11/14	$1.50	50,000	-	-	-	50,000
03/04/14	CDN$1.60	329,250	-	-	-	329,250
21/11/14	$1.50	-	75,000	-	-	75,000
22/05/15	$2.10	-	100,000	-	-	100,000
25/05/15	$2.50	-	100,000	-	-	100,000
		16,469,847	275,000	(5,240,576)	(375,002)	11,129,269

9. 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 set out below:

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

		3 months ended March 31, 2013	3 months ended March 31, 2012
CMD Gross Operating (Loss) / Profit (unaudited)	US$000	(533)	2,656
A$ / US exchange rate for the period		1.039	1.055
CMD Gross Operating (Loss) / Profit (unaudited)	A$000	(513)	2,517
Inventory adjustments	A$000	2,117	(1,236)
Depreciation and amortisation	A$000	(2,136)	(1,355)
Foreign exchange (loss)	A$000	(433)	(657)
Revaluation of deferred consideration	A$000	480	19
Net finance (expense) / income	A$000	(168)	212
New venture expenditure written off	A$000	(70)	(72)
Other head office related costs	A$000	(951)	(505)
Consolidated (Loss) Before Income Tax (unaudited)	A$000	(1,674)	(1,077)

		9 months ended March 31, 2013	9 months ended March 31, 2012
CMD Gross Operating (Loss) / Profit (unaudited)	US$000	(6,946)	9,019
A$ / US exchange rate for the period		1.039	1.048
CMD Gross Operating (Loss) / Profit (unaudited)	A$000	(6,685)	8,604
Inventory adjustments	A$000	4,077	(3,112)
Depreciation and amortisation	A$000	(5,594)	(3,551)
Foreign exchange (loss) / gain	A$000	(1,658)	191
Revaluation of deferred consideration	A$000	562	192
Net finance (expense) / income	A$000	(54)	435
New venture expenditure written off	A$000	(210)	(72)
Other head office related costs	A$000	(2,130)	(2,183)
Consolidated (Loss) / Profit Before Income Tax (unaudited)	A$000	(11,692)	504

9. SEGMENT INFORMATION (continued)

Reconciliation of cash cost (US$/oz) per ounce to unaudited Cost of Sales

		3 months ended March 31, 2013	3 months ended March 31, 2012
Cash cost per ounce	US$	1,239	945
Ounces produced		10,892	11,906
Cash costs	US$000	13,496	11,257
A$ / US exchange rate for the period		1.039	1.055
Cash costs	A$000	12,991	10,667
Inventory adjustments	A$000	(1,153)	-
Depreciation and amortization	A$000	2,136	1,344
Waste costs expensed and amortised	A$000	3,377	6,365
Royalties	A$000	304	353
Other	A$000	37	76
Copper / silver net revenue	A$000	123	498
Cost of sales (unaudited)	A$000	17,815	19,303

		9 months ended March 31, 2013	9 months ended March 31, 2012
Cash cost per ounce	US$	1,062	911
Ounces produced		34,983	33,562
Cash costs	US$000	37,145	30,581
A$ / US exchange rate for the period		1.039	1.042
Cash costs	A$000	35,758	29,363
Inventory adjustments	A$000	(1,474)	-
June 2011 pour recognized as cost of sale in September 2011 quarter	A$000	-	741
Depreciation and amortization	A$000	5,594	3,522
Waste costs expensed and amortised	A$000	21,209	18,037
Royalties	A$000	1,481	1,303
Other	A$000	192	(15)
Copper / silver net revenue	A$000	413	1,038
Cost of sales (unaudited)	A$000	63,173	53,989

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 March 2013 $000	**30 June 2012 $000**
Chile	78,483	54,506
Australia	2,796	2,798
	81,279	57,304

10. 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.

	9 months 31 March 2013 $000	**12 months 30 June 2012 $000**
Non-current		
Opening	5,007	4,876
Effect of movements in exchange rates	(127)	204
Accretion	18	31
Change in discount rate	(18)	(104)
Closing	4,880	5,007

10. 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, Compañía Minera Dayton ("CMD") and Dayton Chile Exploraciones Mineras Limitada ("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:

	9 months 31 March 2013 $000	**12 months 30 June 2012 $000**
Opening	1,387	2,742
Paid	(537)	(1,290)
Fair value (gain)	(562)	(188)
Other	266	123
Closing	554	1,387
Current	485	506
Non-current	69	881
	554	1,387

11. CAPITAL COMMITMENTS

There were no capital commitments at period end.