

LACHLAN STAR LIMITED
(formerly Toodyay Resources Limited)
ABN 88 000 759 535

INTERIM FINANCIAL REPORT
31 DECEMBER 2007

CORPORATE DIRECTORY

Directors

Michael James McMullen (Non-Executive Chairman)
Declan Thomas Franzmann (Chief Executive Officer)
Hamish John Lindsey Bohannan (Non-Executive Director)
Thomas Ernest Duckworth (Non-Executive Director)

Company Secretary

Robert Alexander Anderson

Auditors

PricewaterhouseCoopers
QV1, 250 St Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000

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Website: www.lachlanstar.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 2
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Investor Enquiries: 1300 557 010 (within Australia)
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Stock Exchange Listing

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

ASX Code: LSA - Ordinary shares

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DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2007, 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.

Declan Franzmann	Appointed 26 September 2007
Michael McMullen	Appointed 26 September 2007
Hamish Bohannan	Appointed 26 September 2007
Thomas Duckworth	Appointed 26 September 2007
David Steinepreis	1 July 2007 to 15 October 2007
Gary Steinepreis	1 July 2007 to 23 October 2007
Paul Hearne	1 July 2007 to 15 October 2007

Review of operations

The consolidated entity's loss for the half-year ended 31 December 2007 was \$5,564,178 (2006: loss of \$337,827), after recognising an impairment loss on the Bushranger exploration and evaluation asset of \$5,214,594. The current period loss includes the results of Ord from its date of acquisition on 15 October 2007.

The current period impairment loss reflects the writedown of an asset acquired during the period and recognised using the fair value of consideration paid to acquire the asset, to a value that reflects the fair value of the asset supported by an arms length purchase of the asset and additional costs incurred.

Asset acquisition

On 9 August 2007 the Company announced that it had reached agreement to acquire 100% of the issued capital of Ord Investments Pty Ltd ("Ord"), a copper exploration company.

Lachlan, formerly Toodyay Resources Limited, had the right to acquire Ord and Ord had the right to acquire, from Straits Resources Limited (Straits), an advanced copper exploration project called Bushranger, which is contained within the 75km² EL5574, located 25km south of the town of Oberon, New South Wales.

Bushranger lies within the highly prospective Ordovician Volcanics of the Lachlan Fold Belt which host the North Parkes, Lake Cowal, Cadia and Ridgeway porphyry copper and gold deposits. A JORC compliant Indicated and Inferred Resource has been defined at the Racecourse Prospect containing 124,000 tonnes of copper at a grade of 0.45% copper.

The consideration for the acquisition of Ord and Bushranger was the issue of 359,475,352 fully paid ordinary shares in Lachlan.

The acquisition was subject to a number of conditions precedent, including completion of the acquisition of Bushranger by Ord and the shareholders of Lachlan approving the transaction, which occurred on 26 September 2007.

On 23 October 2007 Lachlan completed a placement of \$1,000,000 by the issue of 50,000,000 fully paid ordinary shares at an issue price of 2 cents each to clients of Euroz Securities Limited, Stripe Capital Pty Ltd, and to Straits. This placement will be used to fund the proposed exploration programme and working capital.

Events subsequent to reporting date

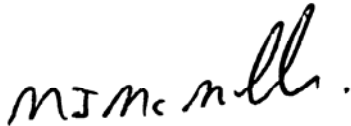
No matter or circumstance has arisen since 31 December 2007 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

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

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 6 and forms part of the directors' report for the half-year ended 31 December 2007.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'MJ McMullen'.

MJ McMullen
Director

Perth
20 February 2008

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of Lachlan Star Limited for the half year ended 31 December 2007, 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.



Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
20 February 2008

LACHLAN STAR LIMITED
31 DECEMBER 2007 INTERIM FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2007

	Notes	Half-year 2007 \$	Half year 2006 \$
Revenue from operations		-	-
Other revenue		23,337	21,721
Impairment writedown on exploration and evaluation asset	5	(5,214,594)	-
Corporate compliance costs		(47,086)	(80,280)
Corporate management fees		(196,362)	(90,000)
Occupancy costs		(24,638)	(38,479)
Travel		(21,653)	(22,068)
Exploration and new venture expenditure written off		(4,153)	(103,170)
General administration		(79,029)	(25,551)
Loss before income tax		(5,564,178)	(337,827)
Income tax expense		-	-
Loss from operations attributable to members of the parent entity		(5,564,178)	(337,827)
Basic and diluted loss per share from operations (cents per share)		(0.1)	(0.1)

The consolidated income statement should be read in conjunction with the notes to the consolidated interim financial report as set out on pages 11 to 13.

LACHLAN STAR LIMITED
31 DECEMBER 2007 INTERIM FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Notes	31 December 2007 \$	30 June 2007 \$
Current assets			
Cash and cash equivalents		1,756,707	1,188,740
Trade and other receivables		95,672	89,081
Total current assets		<u>1,852,379</u>	<u>1,277,821</u>
Non-current assets			
Exploration and evaluation		2,041,589	-
Property, plant and equipment		13,416	-
Total non-current assets		<u>2,055,005</u>	<u>-</u>
Total assets		<u>3,907,384</u>	<u>1,277,821</u>
Current liabilities			
Trade and other payables		57,136	23,930
Total current liabilities		<u>57,136</u>	<u>23,930</u>
Total liabilities		<u>57,136</u>	<u>23,930</u>
Net assets		<u>3,850,248</u>	<u>1,253,891</u>
Equity			
Issued capital	8	137,481,424	129,320,833
Reserves		611	667
Accumulated losses		<u>(133,631,787)</u>	<u>(128,067,609)</u>
Total equity		<u>3,850,248</u>	<u>1,253,891</u>

The consolidated balance sheet should be read in conjunction with the notes to the consolidated interim financial report as set out on pages 11 to 13.

LACHLAN STAR LIMITED
31 DECEMBER 2007 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2007

	Issued capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total \$
Balance at 1 July 2006	129,220,500	(127,533,504)	1,000	1,687,996
Loss for the period / total recognised income and expense for the period	-	(337,827)	-	(337,827)
Balance at 31 December 2006	129,220,500	(127,871,331)	1,000	1,350,169
Balance at 1 July 2007	129,320,833	(128,067,609)	667	1,253,891
Shares issued for cash, net of transaction costs	971,028	-	-	971,028
Shares issued on acquisitions	7,189,507	-	-	7,189,507
Share based payments reserve	56	-	(56)	-
Loss for the period / total recognised income and expense for the period	-	(5,564,178)	-	(5,564,178)
Balance at 31 December 2007	137,481,424	(133,631,787)	611	3,850,248

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report as set out on pages 11 to 13.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2007

	Notes	Half-year 2007 \$	Half-year 2006 \$
Cash flows from operating activities			
Goods and Services Tax refunds from the Australian Taxation Office		214,932	57,305
Payments to suppliers and employees		(531,957)	(414,211)
Interest received		23,337	21,721
Net cash flows used in operating activities		(293,688)	(335,185)
Cash flows from investing activities			
Exploration and evaluation expenditure		(130,859)	-
Acquisition of property, plant and equipment		(6,984)	-
Cash acquired on acquisition of subsidiary	7	28,470	-
Net cash flows used in investing activities		(109,373)	-
Cash flows from financing activities			
Proceeds from issue of share capital		971,028	-
Net cash flows from financing activities		971,028	-
Net increase / (decrease) in cash and cash equivalents		567,967	(335,185)
Cash and cash equivalents at beginning of the half-year		1,188,740	1,606,135
Cash and cash equivalents at end of the half-year		1,756,707	1,270,950

The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated interim financial report as set out on pages 11 to 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Lachlan Star Limited ("Lachlan" or "Company") is a company domiciled in Australia. The Company's name was changed from Toodyay Resources Limited to Lachlan Star Limited subsequent to shareholder approval on 30 November 2007.

The consolidated interim financial report of the Company as at and for the six months ending 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

2. 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 2007.

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 2007 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.

3. Segment information

Business Segment

The Company operates in the mining and exploration industry.

Geographical Segment

The Company is domiciled in Australia and currently operates within Australia.

4. Contingent assets and liabilities

There have been no changes of a material nature in contingent liabilities or contingent assets since the last annual reporting date.

5. Impairment of assets

The current period impairment loss reflects the writedown of an asset acquired during the period and recognised using the fair value of consideration paid to acquire the exploration and evaluation asset, to a value that reflects the fair value of the asset supported by an arms length purchase of the asset and additional costs incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Subsequent events

No matter or circumstance has arisen since 31 December 2007 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 state of affairs

7. Acquisition of assets

Since Ord Investments Pty Ltd ("Ord") did not qualify as a "business" as defined in AASB 3 *Business Combinations* at the date of purchase, the acquisition has been treated as an asset acquisition in accordance with AASB 116, *Property, Plant and Equipment*.

Lachlan issued 264,475,352 shares to the shareholders of Ord for a total value of \$5,289,507 to acquire 100% of the issued share capital of Ord and further issued 95 million ordinary shares to Straits Resources Limited ("Straits") for a total value of \$1.9 million to support Ord in acquiring the Bushranger EL from Straits.

The total fair value of consideration paid by Lachlan to acquire 100% of Ord and the Bushranger EL from Straits was \$7,189,507, allocated as follows:

	(\$)
Cash	28,470
Trade and other receivables	220,009
Property, plant and equipment	7,117
Exploration and evaluation	7,125,324
Trade and other payables	<u>(191,413)</u>
Net assets acquired	<u>7,189,507</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Contributed Equity

Ordinary shares:

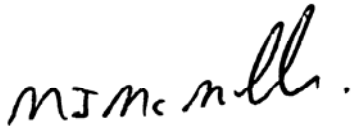
	2007		2006	
	Number	\$	Number	\$
1 July	359,475,352	129,320,833	349,475,352	129,220,500
Shares issued on acquisitions	359,475,352	7,189,507	-	-
Placement, net of transaction costs	50,000,000	954,362	-	-
Shares issued on exercise of options	1,666,667	16,722	-	-
31 December	<u>770,617,371</u>	<u>137,481,424</u>	<u>349,475,352</u>	<u>129,220,500</u>

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 7 to 13 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 2007 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
Director

Perth
20 February 2008

**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 balance sheet as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Lachlan Star Limited Group (the consolidated entity). The consolidated entity comprises both Lachlan Star Limited (the company) 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2007 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2007 included on the company's web site. The company's directors are responsible for the integrity of the Lachlan Star Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth
20 February 2008