



Unhedged Gold Producer

Nov 2010

ASX – LSA

www.lachlanstar.com.au



Lachlan Star Limited

This Document is not a Prospectus nor an Offer to Subscribe for Shares.

Lachlan Star and its subsidiaries ("LSA") makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of this document. LSA and its respective directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, or contained in or derived from, or for any omissions from this document, except liability under statute that cannot be excluded.

This document contains references to certain forecasts, projections, intentions, expectations and plans of LSA, which may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.

The performance and operations of LSA may be influenced by a number of factors, uncertainties and contingencies, many of which are outside the control of LSA and its directors.

No representation of warranty (expressed or implied) is made by LSA or any of its respective directors, officers, employees, advisors or agents that any forecast, projections, intentions, expectations or plans set out in this document will be achieved. Either totally or partially, or that any particular rate of return will be achieved.

Lachlan Star Limited

- Ç Acquiring operating Compañía Minera Dayton (CMD) heap leach gold mine in Chile
- Ç CMD has produced 830,000 ounces of gold over 15 years
- Ç Located immediately adjacent to Teck's large Andacollo copper gold mine (80,000 tpa Cu and 60,000 ozpa Au)
- Ç Exploration target¹ range of 1.1 m ounces to 1.7 m ounces of gold

Transaction Structure

Ç Cash deposit in escrow	US\$1.5 m
Ç Cash payment to vendors on closing	US\$7.5 m
Ç Shares to vendors on closing	<u>US\$9.8 m (A\$10 m)</u>
Ç Total Consideration at Closing	US\$18.8 m
Ç Deferred consideration of:	
Ç 2.5% of gold produced to Dec 2014	
Ç 25% of gold produced >119koz to Dec 2014	
Ç US\$0.5m in Q1 2013	
Ç US\$0.5m in Q2 2013	
Ç Repayment of US\$1.3m shareholder loan from July 2011 to August 2012	
Ç Vendors taking a large portion of consideration as stock or deferred –their value is tied to LSA's value	

Financing

- | | |
|-----------------------|----------------|
| Ç Cash on hand | A\$3.4 m |
| Ç Rights Issue @ 1c | A\$5.4m |
| Ç Placement | A\$5.5 to \$6m |
| Ç Vendor Shares @ 1 c | A\$10 m |
-
- Ç Vendor shares subject to voluntary escrow for 6 months
 - Ç Small debt or convertible note to be considered for working capital and exploration in early 2011
 - Ç Major shareholders and directors supporting the equity raising

Pro Forma Share Structure

Security	On Issue	Securities to be Issued	Pro Forma Total
Shares	1,079,867,371		1,079,867,371
Rights Issue		539,933,686	539,933,686
Placement		550,000,000	550,000,000
Vendors		1,000,000,000	1,000,000,000
Total	1,079,867,371	2,089,933,686	3,169,801,057
Options: 2c Strike	22,500,000	10,000,000	32,500,000
Options: 2.5c Strike	22,500,000	10,000,000	32,500,000
Options: 3.5c Strike	2,500,000		2,500,000

Lachlan Star post CMD Transaction

- Ç The transaction will transform Lachlan Star into a company with:
 - Ç a 100% interest in a major gold resource in a politically stable country
 - Ç existing unhedged production of circa 40,000 to 50,000 ounces of gold per annum
 - Ç an under explored tenement position that has been shown to host major ore bodies
 - Ç a base from which to expand operations in Chile
 - Ç a 28% interest in Luiji Gold with a current market value of circa \$6 million
 - Ç a 100% interest in the Bushranger copper project in NSW with 125,000 tonnes of contained copper in resources

CMD Summary

- Ç Established mine with long history in highly prospective location
- Ç 8Mtpa crushing, stacking and elution plant currently operating at 1/3 capacity
- Ç 100tpd ball mill and CIL circuit
- Ç Circa 30,000 oz of gold in inventory on leach pads
- Ç Copper recovery circuit
- Ç Water rights in excess of current requirements
- Ç Experienced management team in place

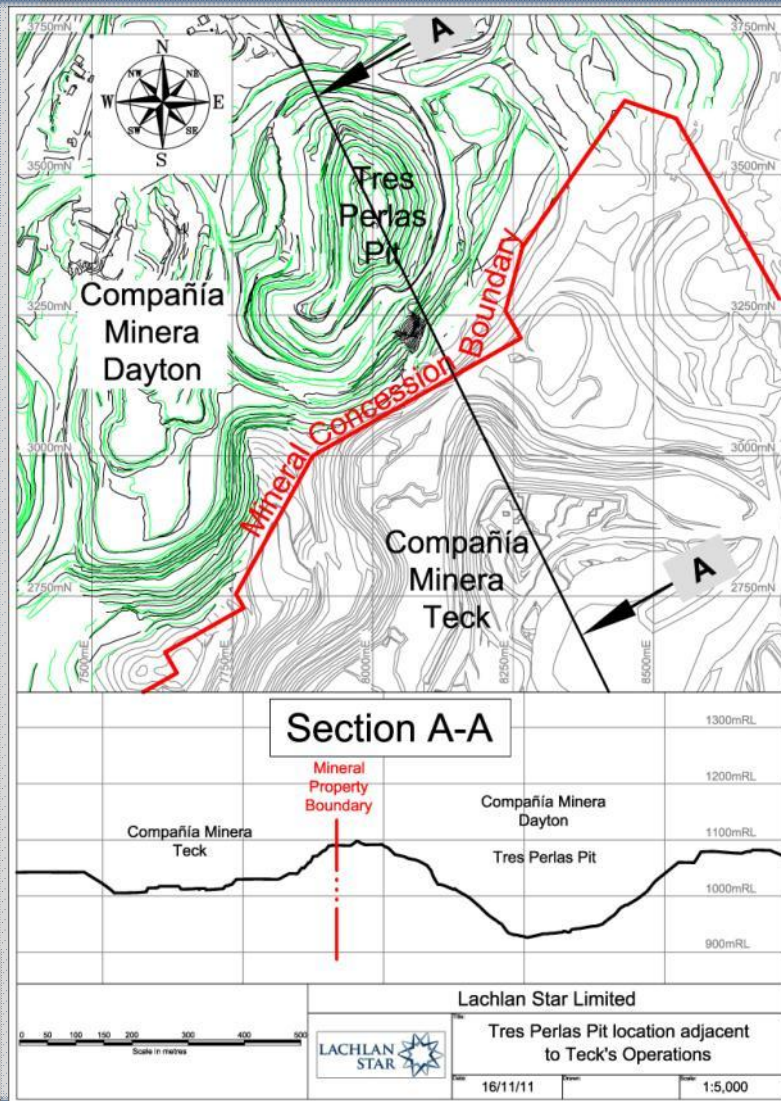
CMD Location



CMD Location



CMD Location



Ç Located immediately adjacent to Teck Andacollo mine (100m from Tres Perlas deposit)

Ç Teck deposit hosts resources of 535 Mt grading 0.37 % Cu and 0.12 g/t Au

Ç Limited copper exploration on CMD tenements

CMD Operation



CMD Operation – Los Loas Pit



CMD Operation –Leach pad



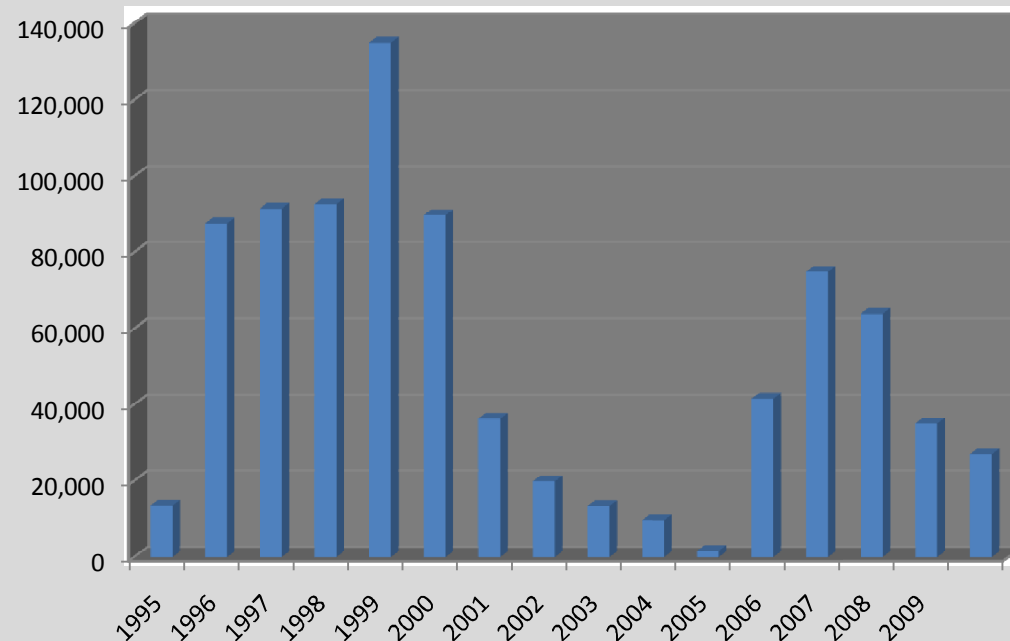
Exploration Targets at CMD¹

Project	Potential Quantity (Mt)		Potential Grade (g/t Au)	
	lower	upper	lower	upper
Las Loas	8.2	10.9	1.06	1.10
Churumata	12.1	16.2	0.75	0.76
Tres Perlas	13.5	22.1	0.53	0.54
Chisperos	5.8	7.1	0.55	0.57
Toro	13.3	21.2	0.53	0.55
Socorro	0.5	2.3	0.65	0.80
Totals	53.3	79.8	0.65	0.68

Ç Exploration target¹ of 1.1 m to 1.7 m ounces of gold

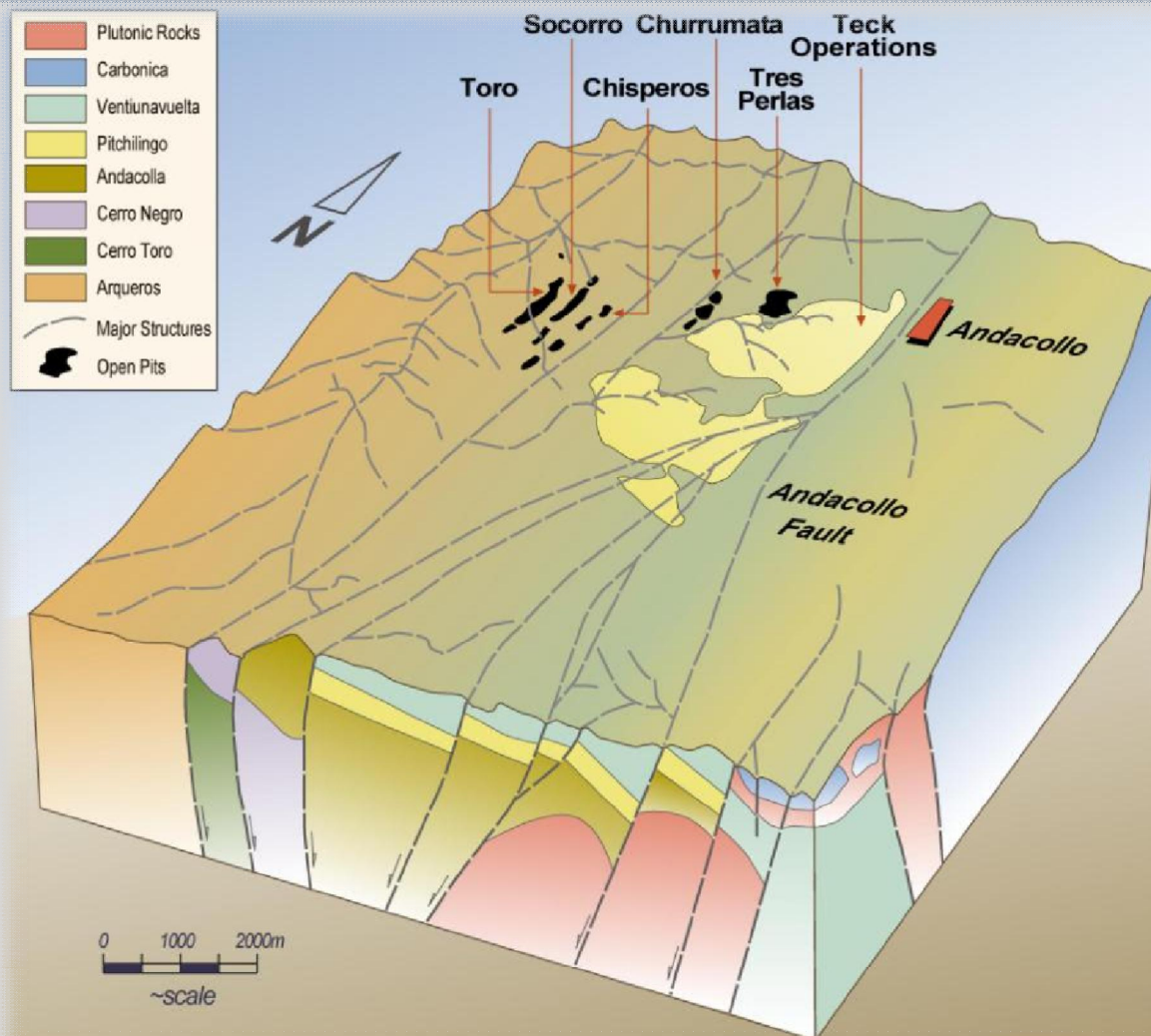
CMD Production History

Compania Minera Dayton
Gold production by year (ozs)

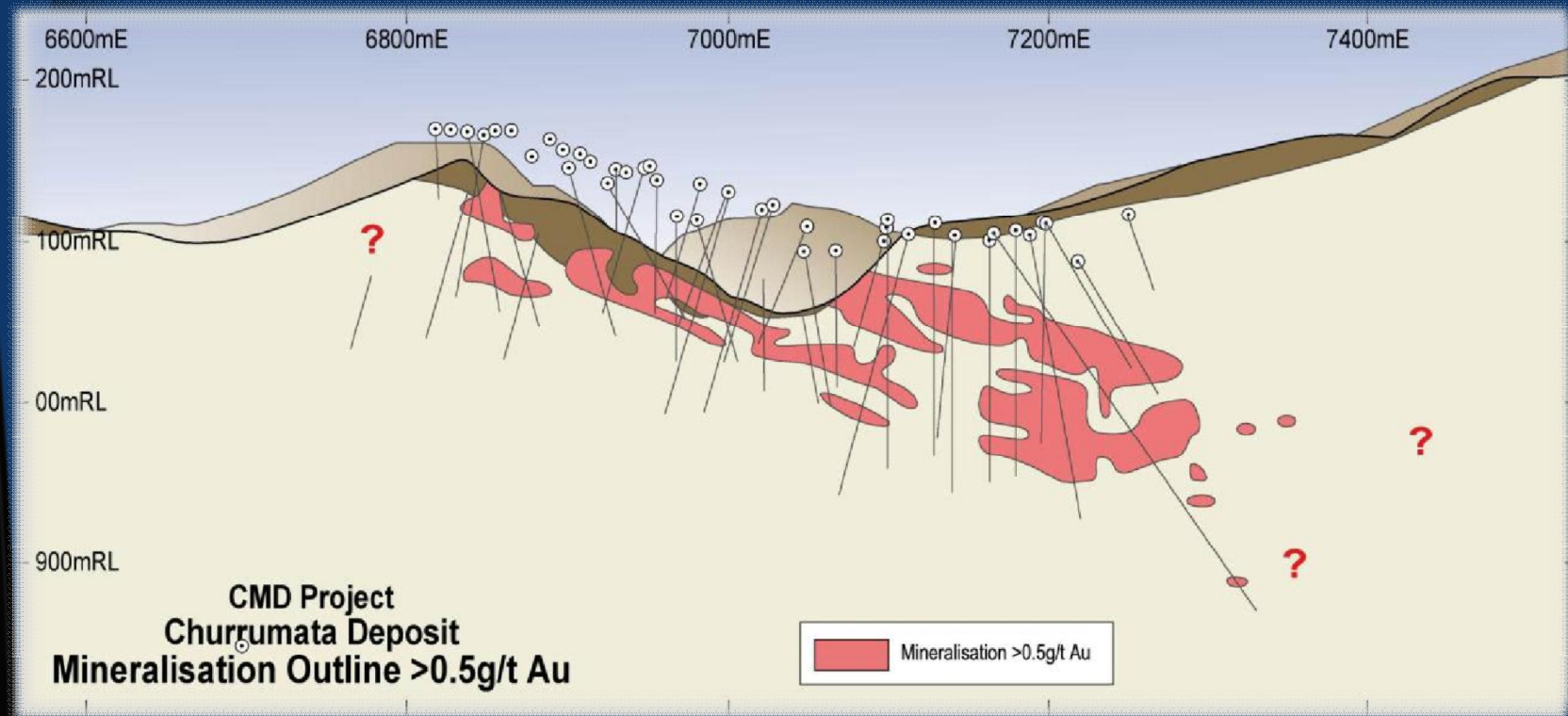


Ç Past production peaked at 135,000 oz –goal is to return operation to >100,000ozpa producer within 2 to 3 years

CMD Geology



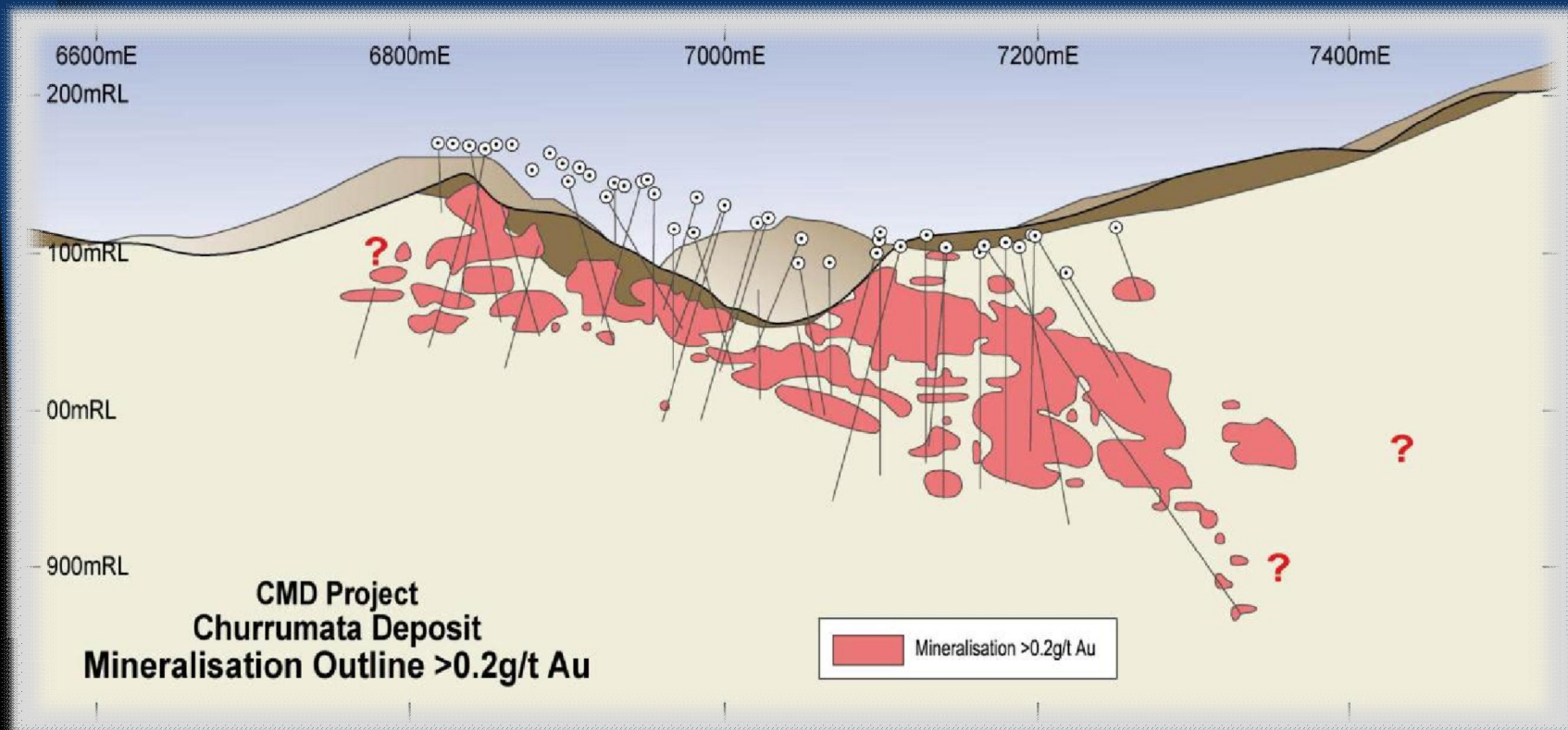
CMD Mineralisation



Ç Mineralisation open at depth and along strike

Ç Typically only limited by drilling

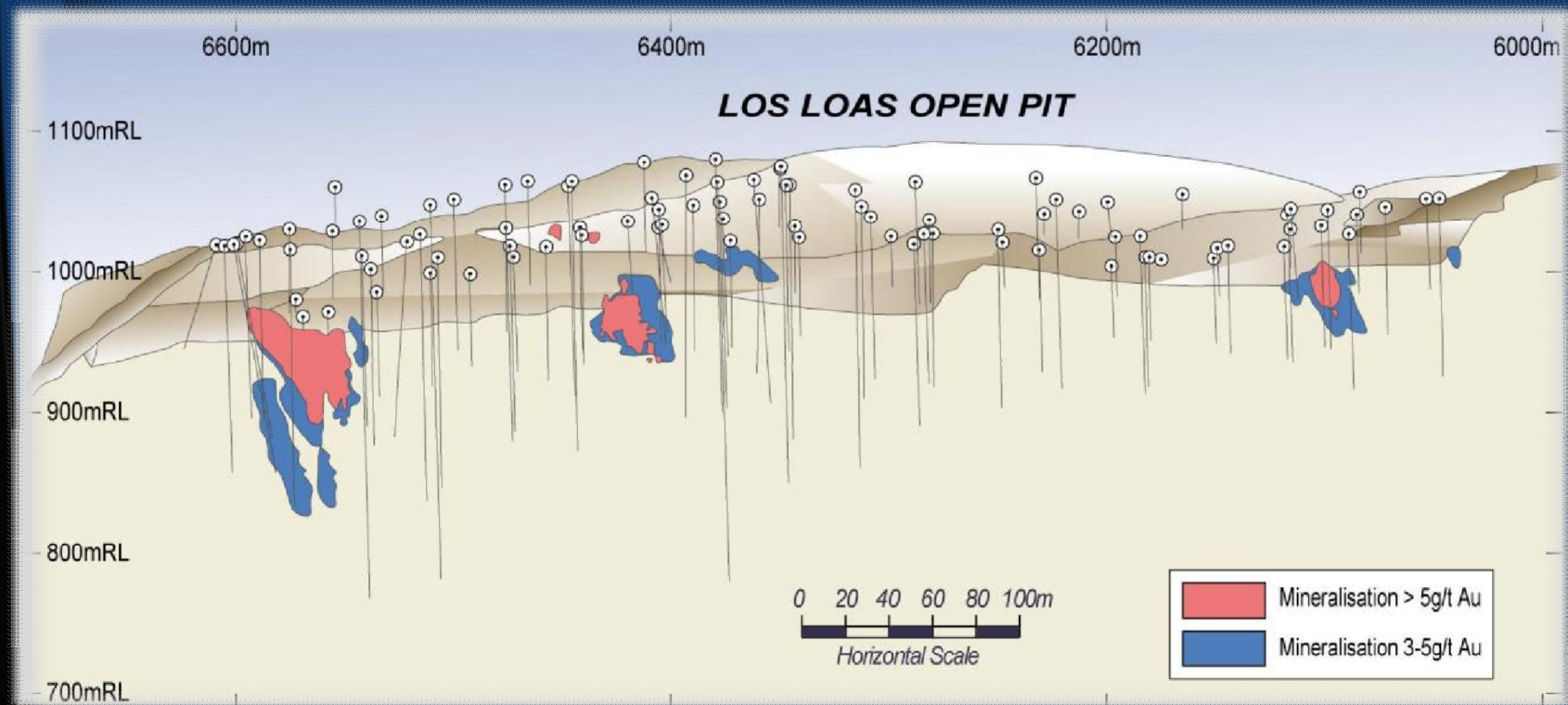
CMD Mineralisation



ÇAs cut off grades reduced, mineralisation envelope expands rapidly

ÇPotential for bulk tonnage resources

CMD Mineralisation



Higher grade zones present at depth which may support underground mines

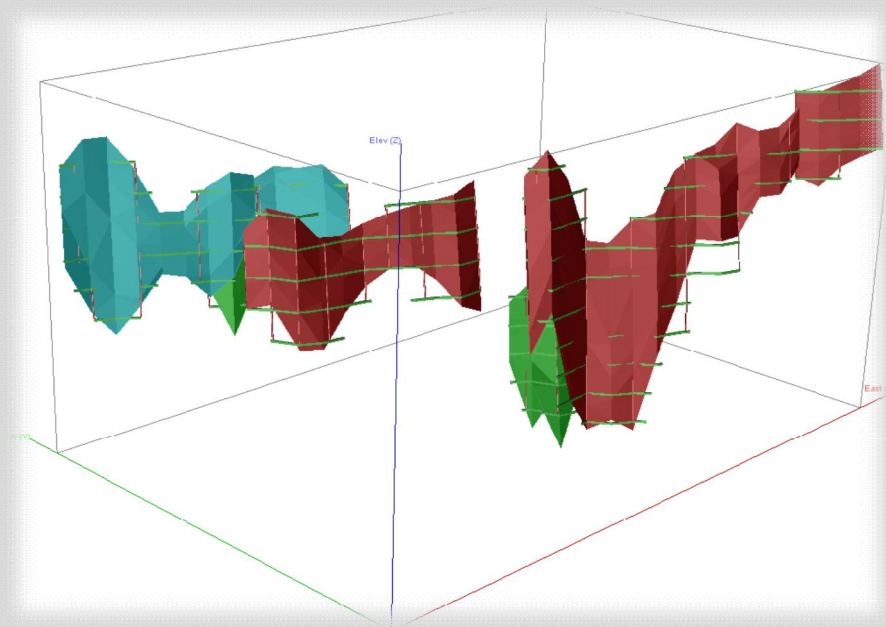
Drilling at depth very limited

CMD Mineralisation

Ç Limited historical work indicates the potential for underground mine development

Ç UG Scoping study at Churumata Norte completed in 2007 indicated potential for a small underground mine

Ç New study and drilling required to confirm the mineralisation and mine plan



CMD Exploration

- Ç Significant exploration potential –limited exploration in the past 7 years
- Ç Limited exploration at depth for high grade veins
- Ç Potential for dealing into adjacent tenements to secure additional reserves – only gold plant in the area



CMD 2010 Drill Program

Drill Hole	Deposit	From (m)	To (m)	Interval (m)	Gold Grade (g/t)
REC-TR07	Toro	5	15	10	2.28
REC-TR10	Toro	95	103	8	10.5
REC-CHIS09	Chisperos	113	128	15	4.07
REC-CHU05	Churrumata	3	11	8	1.19
		55	97	42	0.63
2908	Churrumata	1	8	7	7.31
		38	74	36	1.96
2957	Churrumata	90	102	12	3.37

ÇSmall 2010 drill program to define near pit mineralisation has returned encouraging results from material outside the mine plan

Lachlan Star Other Assets

Ç Luri Gold –

- Ç 31,092,500 million shares and CDI's (28%) valued at circa \$6 million
- Ç Holds gold projects in Zambia (800,000 oz in resources), currently the subject of a tenement dispute with the Zambian government
- Ç Large exploration tenements prospective for gold, base metals and iron ore

Ç Bushranger

- Ç Copper exploration project in NSW
- Ç Resource of 125,000 tonnes contained copper at a grade of 0.5% copper
- Ç Located in the highly prospective Lachlan Fold Belt that hosts the world class Cadia/Ridgeway and North Parkes mines

Directors

Mick McMullen	Chairman	Geologist with 17 years experience in identifying, financing, developing, and mining operations in Africa, Australia, Europe, Asia and South America. Has been an executive director of publicly listed mining companies for over 13 years and been responsible for the development of 2 mines. Has raised over \$400 million in debt and equity for mining ventures in the past 6 years.
Declan Franzmann	Executive Director	Brisbane based mining engineer with 17 years experience in the development and operation of open pit and underground mines in Africa, Asia and Australia.
Tom Duckworth	Director	Perth and UK based metallurgist with over 50 years experience in the design, construction and operation of processing plants covering gold, base metals and iron ore in Australia, Africa, Asia, Europe and the Americas.
Peter Babin	Director Elect	Denver based lawyer with 30 years experience as a lawyer, including 9 years as General Counsel and later President of Royal Gold, a TSX and NASDAQ listed gold royalty company capitalised at \$2.7 billion. Since 2004 he has managed his private interests which include the CMD operation and oil and gas ventures in the US.

Management

Bob Anderson	Group Company Secretary and CFO	Perth based accountant with over 20 years experience in financial management of Australian companies.
Gaston di Parodi	General Manager CMD	Chemical Engineer, with 30 years experience in start-up and operation of gold leaching facilities and leaching consulting.
Rob Pardo	Finance Manager CMD	Accounting and Business degree, with 20 years experience in mining in Chile, Canada and Central America in accounting, financing and administration
Enrique Sepulveda	Operations Manager CMD	Mining Engineer with 25 years experience in operations, design and planning of gold and copper open pit and underground mining.
Kees Dekker	General Manager	Johannesburg based geologist/mineral economist with over 30 years experience in the identification and development of mining projects in Africa and South America across most commodity groups.

Competent Persons Statement

- Ç The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Michael McMullen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McMullen is employed by McMullen Geological Services Pty Ltd. Mr McMullen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McMullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears
- Ç ¹For the exploration targets, any statement referring to potential quantity and grade of the target is expressed as ranges. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Unhedged gold production

Exploring in a world class environment

