

29 August 2011

LACHLAN STAR ANNOUNCES CLOSING OF PRIVATE PLACEMENT FOR GROSS PROCEEDS OF A\$15.1 MILLION

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West Perth, Australia – August 29 2011 – Lachlan Star Limited (“**Lachlan Star**” or the “**Company**”) (ASX:LSA) is pleased to announce that it has completed its previously announced private placement of special warrants (the “**Special Warrants**”), details of which were provided in a press release dated 8 August 2011 (the “**Offering**”).

The Offering raised gross proceeds of A\$15,088,000 through the issuance of 18,400,000 Special Warrants, priced at A\$0.82 per Special Warrant. The Offering was completed by a syndicate of Agents led by Dundee Securities Ltd., and including Salman Partners Inc., pursuant to the terms of an agency agreement (the “**Agency Agreement**”) dated August 26, 2011.

Upon satisfaction of all escrow release conditions, each Special Warrant will be exercisable for no additional consideration into one unit (a “**Unit**”), each Unit consisting of one ordinary share (an “**Ordinary Share**”) and one-half option (“**Warrant**”) with a strike price of A\$1.20 for a period of 24 months following closing of the Offering. As partial consideration for their services in connection with the Offering, the Agents were granted options to acquire an aggregate of 1,104,000 Special Warrants at a strike price of A\$1.20.

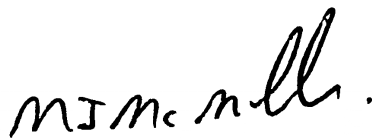
The Company will use its best efforts to file a preliminary prospectus in each province of Canada in which Special Warrants were distributed pursuant to the Offering and obtain a receipt for a final prospectus on or before December 27, 2011, which will qualify for sale the Ordinary Shares and Warrants underlying the Special Warrants. In the event such deadline is not met by the Company, each Special Warrant shall thereafter entitle the holder to receive upon exercise, for no additional consideration, 1.1 Units (instead of one Unit).

The proceeds of the Offering will be held in escrow pending the receipt of necessary shareholder approvals, which are to be sought at a general meeting of the Company to be held on 26 September 2011. Release of the proceeds from escrow is also subject to certain escrow release conditions including: (i) shareholder approval for the issue of the Ordinary Shares underlying the Special Warrants and Warrants at the upcoming general meeting; (ii) no material adverse change in the business of the Company; and (iii) no material breaches of the covenants and obligations of the Company contained in the Agency Agreement and certain other Offering documents.

Lachlan Star plans to use the net proceeds from the Offering for the continued development of the Company's CMD Gold Mine and for general working capital purposes.

The Special Warrants and the underlying securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States unless registered under the Act or unless an exemption from registration is available.

For and on behalf of the Board



Mick McMullen
Chairman

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About Lachlan Star Limited

Lachlan Star Limited is an emerging minerals exploration and development company headquartered in Perth, Western Australia. The Company is focused on acquiring and developing assets within the gold and copper sectors within Australia and Chile. The company has a board of directors and management team with an impressive track record of advancing resource projects through to production.

Lachlan Star's current projects include a 100% interest in the CMD Gold Mine in Chile, the Bushranger copper and gold project in New South Wales and the Princhester magnesite deposit in Queensland.