28 February 2012

LACHLAN STAR

Unhedged Gold Producer

World Class Deposits

Major Exploration Potential

www.lachlanstar.com.au

ASX: LSA
TSX: LSA

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Caution Regarding Forward Looking Information*: This report contains forward-looking information, which is based on assumptions and judgments of management regarding future events and results. Such forward-looking information includes but is not limited to information with respect to future exploration and drilling, procurement of financing and procurement of necessary regulatory approvals.*

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. The Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, the Company's ability to carry on its exploration and development activities, the timely receipt of required approvals, the price of gold, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers should not place undue reliance on forward-looking information. Lachlan Star does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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Corporate Overview

- Listed on ASX and TSX under stock code "LSA"
- 100% interest in a major gold project (CMD Gold Mine) in a politically stable country (Chile)
- Unhedged gold production operating at 57,500 ounces per annum run rate
- Production forecast to increase to 75,000 ounces per annum over next 12 months
- Strong balance sheet –US$14.9m in cash and CMD Gold Mine cash flow positive
- 1.72 million ounces of gold in Indicated mineral resources
- 1.26 million ounces of gold in Inferred mineral resources
- Under utilised 8Mtpa plant with an estimated replacement cost of >$200m
- 100% interest in the Bushranger copper project in New South Wales with 185,000 tonnes of contained copper in resources –Newmont Farming in to earn 51% over two years

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Experienced Management Team

Board of Directors

Chairman	Mick McMullen	Geologist with over 19 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.
Managing Director	Declan Franzmann	Brisbane based mining engineer with over 19 years experience in the development and operation of open pit and underground mines in Africa, Asia and Australia.
Director	Scott Perry	Toronto based accountant with over 15 years experience in the financial management of gold mining companies in Australia, Russia and Latin America. Currently Executive VP and CFO for Aurico, a TSX listed gold producing company with operations in Mexico with a market capitalisation of C$3 billion.
Director	Peter Babin	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 US$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

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

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Lachlan Star Capital Structure

	24 Feb 2012
Shares	75.37m
Warrants +Options	16.18m (avg strike price of A$1.21)
Share price	A$1.35
Market Cap (undiluted)	A$102 million
Enterprise Value (EV)	A$89 million
EV/ ounce of gold	US$33/oz

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Lachlan Star Peer Comparison

	LACHLAN STAR	ARGONAUT	RIO ALTO	TIMMINS
Mine Name	CMD	El Castillo	La Arena	San Francisco
Location	Chile	Mexico	Peru	Mexico
Market capitalisation (US$mm)	$109	$912	$807	$428
Cash (US$mm)	$15	$35	$30	$10
Debt (US$mm)	$4	$6	$50	$18
Enterprise value (US$mm)	$98	$883	$827	$436
Throughput rate (tpd)	11,000	26,640	24,000	18,000
LOM strip ratio (2011 Mine Plan)	<3	0.9	1.4	1.7
LOM recovery	75%	64%	80%	70%
Mine life (years)	+5	11	7	6
LOM avg annual production (k oz AuEq)	75	85	108	100
LOM cash costs (US$/oz AuEq)	$799	$546	$508	$489
2011 Mine Plan tonnage (mt)	**20**	105	245	72
Mine plan grade (g/t Au)	**0.8**	0.36	0.33	0.59
Mine Plan contained metal (k oz AuEq)	**Circa 500**	1,221	2,558	1,369
Resource tonnage (mt)	244	328	492	147
Resource grade (g/t AuEq)	0.4	0.31	0.27	0.52
Resource contained metal (k oz AuEq)	2,977	3,245	4,265	2,446

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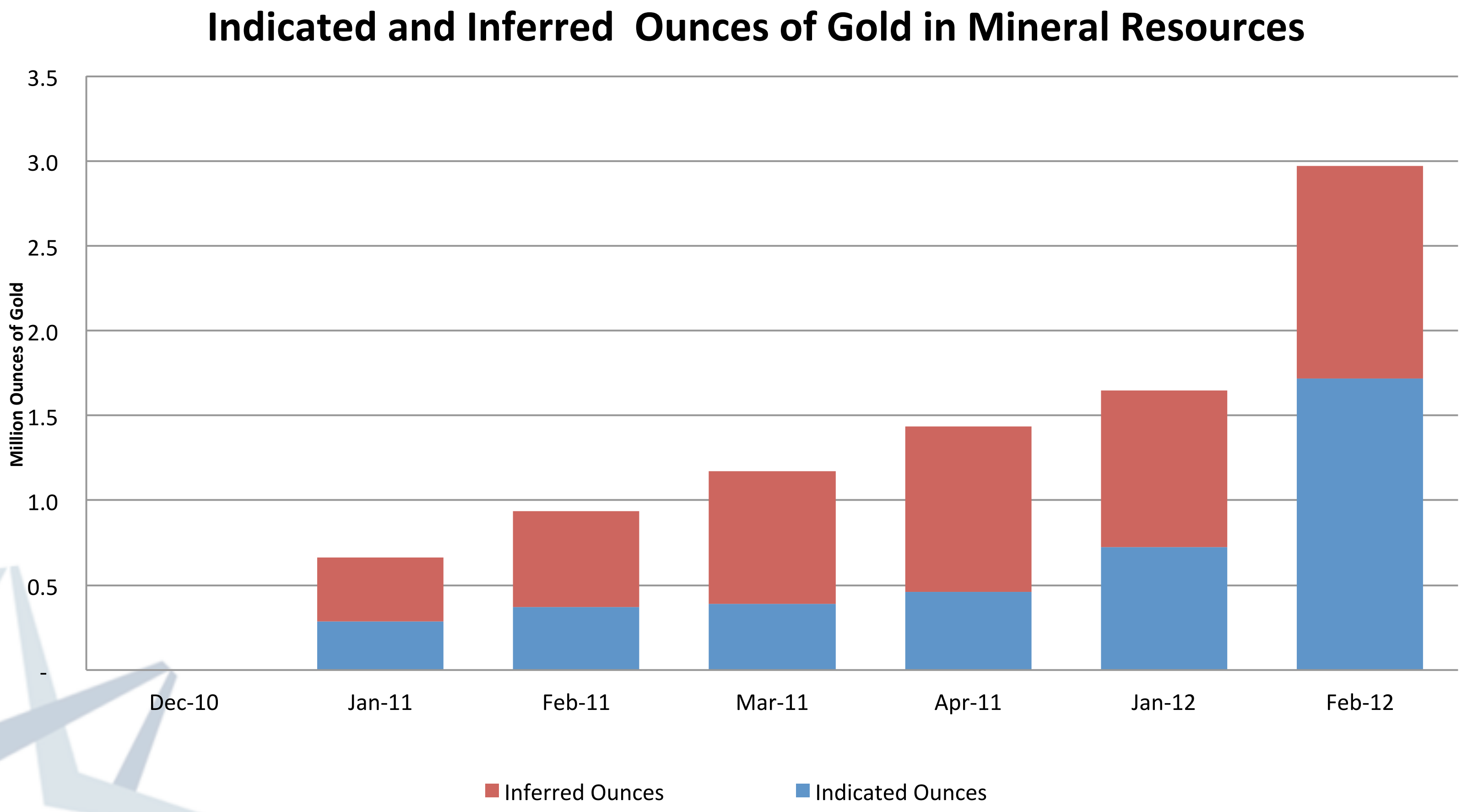
CMD Mineral Resource Growth



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CMD Mineral Resource Growth

- February 2012 mineral resources have increased in both scale and confidence levels, based on >32,000 m of drilling in 2011
- Total contained ounces of gold up by 81%
- Run of Mine (ROM) Dump leaching trials indicate the potential to leach the lower grade portion of the mineralisation
- Increased mineral resource
  - positions LSA closer to its peer group in terms of contained ounces
  - underpins materially larger mine plan to give economies of scale
  - provides potential for significantly longer mine life
- Most deposits still open, drills still turning

Classification	Jan 2012 Mineral Resource (koz)	Feb 2012 Mineral Resource (koz)	Oz's Change	% Change
Indicated	725	1,722	997	138%
Inferred	923	1,255	332	36%

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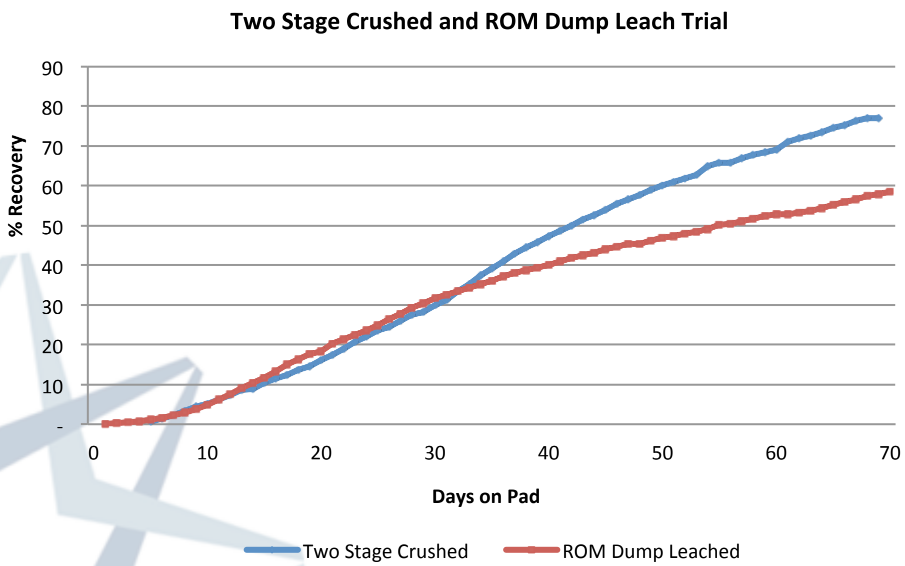
CMD Processing

- Current processing is three stage crushing
- Dump leach and two stage crush trials highly successful on low grade material (0.15 to 0.30 g/t Au)
- Will underpin step change in gold production (increase) and waste:ore ratio (decrease)
- Recovery of 60 % after 60 days from uncrushed ROM material and 77% after 68 days for two stage crushed material –still leaching
- Low reagent consumption –cheap processing costs
- Require around 35% recovery on ROM leaching to be economic – already achieved



CMD Operations

- Established mine with long history in highly prospective location
- CMD has produced in excess of 860,000 ounces of gold since 1995
- 8Mtpa crushing, stacking & elution plant currently operating at 3.9 Mtpa (up from 1.5Mtpa in Dec 2010) – presently mine constrained
- Proven track record of heap leach recovery from all deposits being mined
- Experienced Chilean management team
- Copper recovery circuit
- Water rights significantly in excess of current requirements
- Tax losses available of US$72 million plus Capital Repatriation Credit of US$85 million (exempt from 2nd Tier Chilean income tax)

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CMD Location

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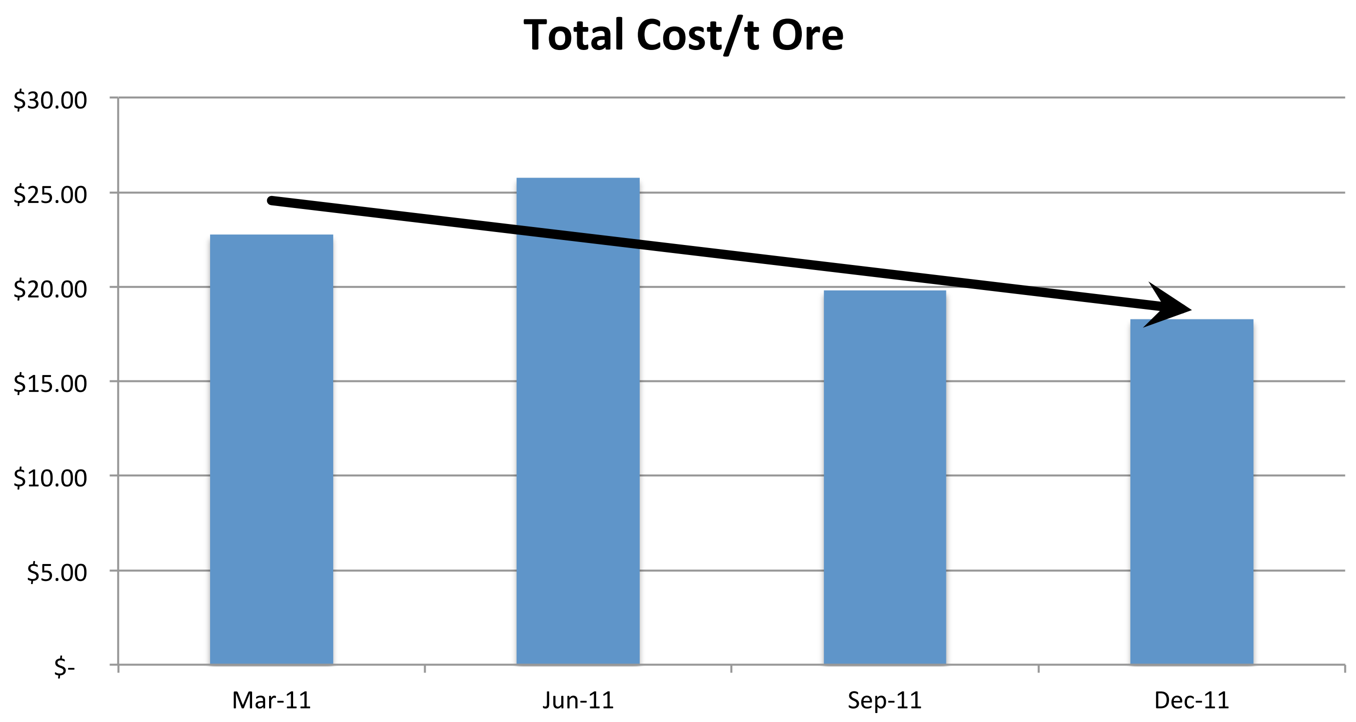
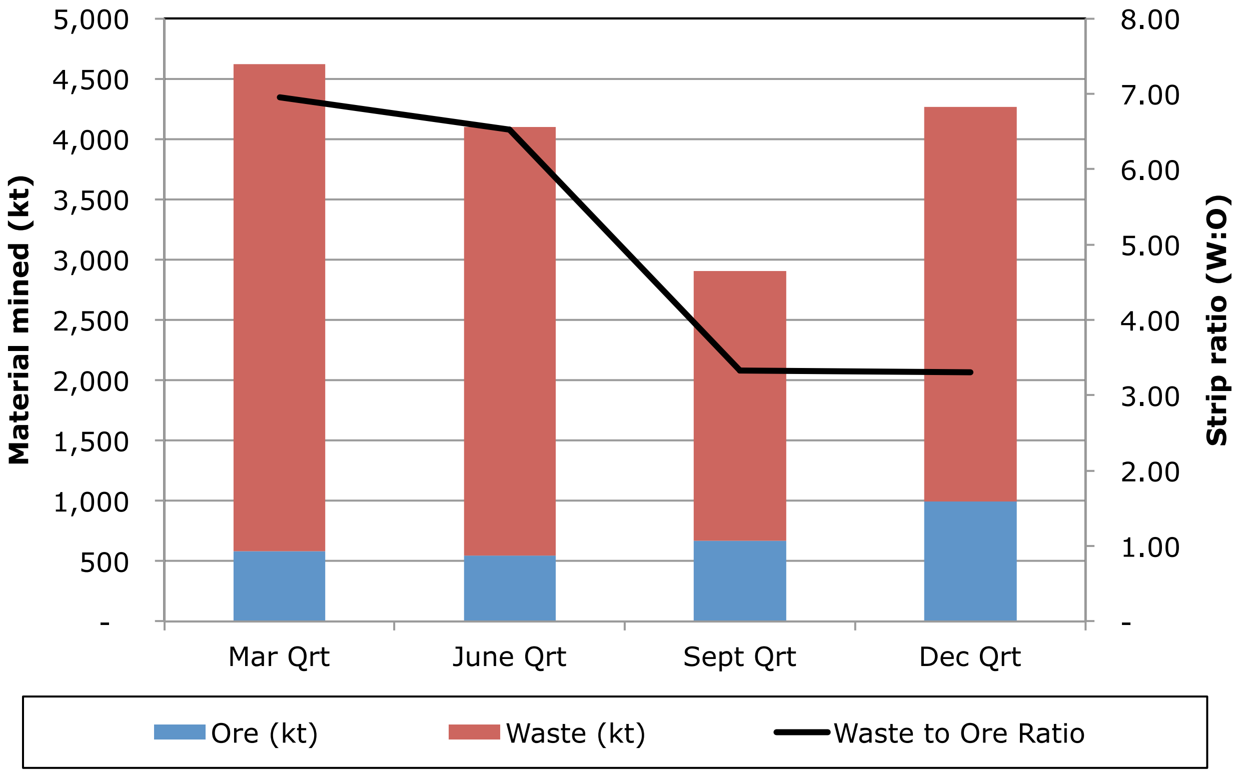
CMD Quarterly Highlights - Costs



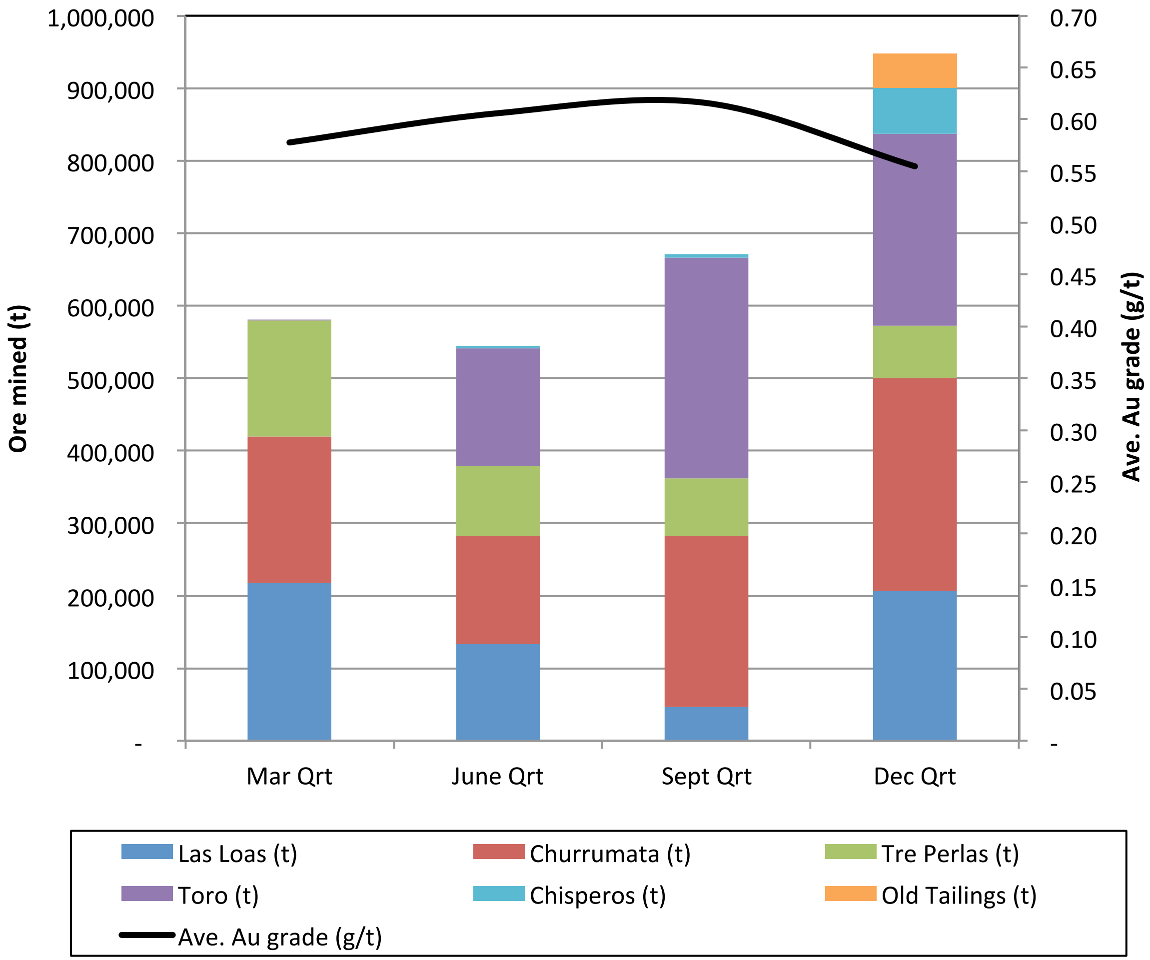
- Total costs (including waste stripping) gradually reduced in 2011
- Costs will reduce significantly once ROM dump leaching starts and pre strip is completed
- Costs for ROM leaching around US$3.35/t stacked
- ROM leaching will also drive the waste:ore ratio down closer to 1:1

CMD Quarterly Highlights – Mining



- Ore tonnes increased, waste:ore ratio stable at 3.4:1 in Dec Qtr, including pre strip at Chisperos pit (2.38:1 waste:ore ex pre strip)

CMD Quarterly Highlights – Mining



- Number of active mining fronts increased to 6 – increased flexibility and ore sources

2012 CMD Mine Plan

- Work underway on updated mine plan
- 2012 mineral resources should better reflect extent of mineralisation (2/3 of ore mined in 2011 was from outside the 2011 mineral resource)
- Focus on mining the bulk tonnage, low waste:ore ratio Manto deposits
  - Combination of crushed and ROM dump leach material
  - Step change in tonnages stacked to drive down unit costs
  - Non selective mining
  - Near surface
  - Short hauls to crusher
  - Low risk
- Examining the potential to use larger mine fleet, current fleet is all small trucks and not optimal for bulk tonnage mining
- Targeting 75,000 ounces per annum run rate by 2012
- Targeting return to +100,000 ounces per annum within 2 years

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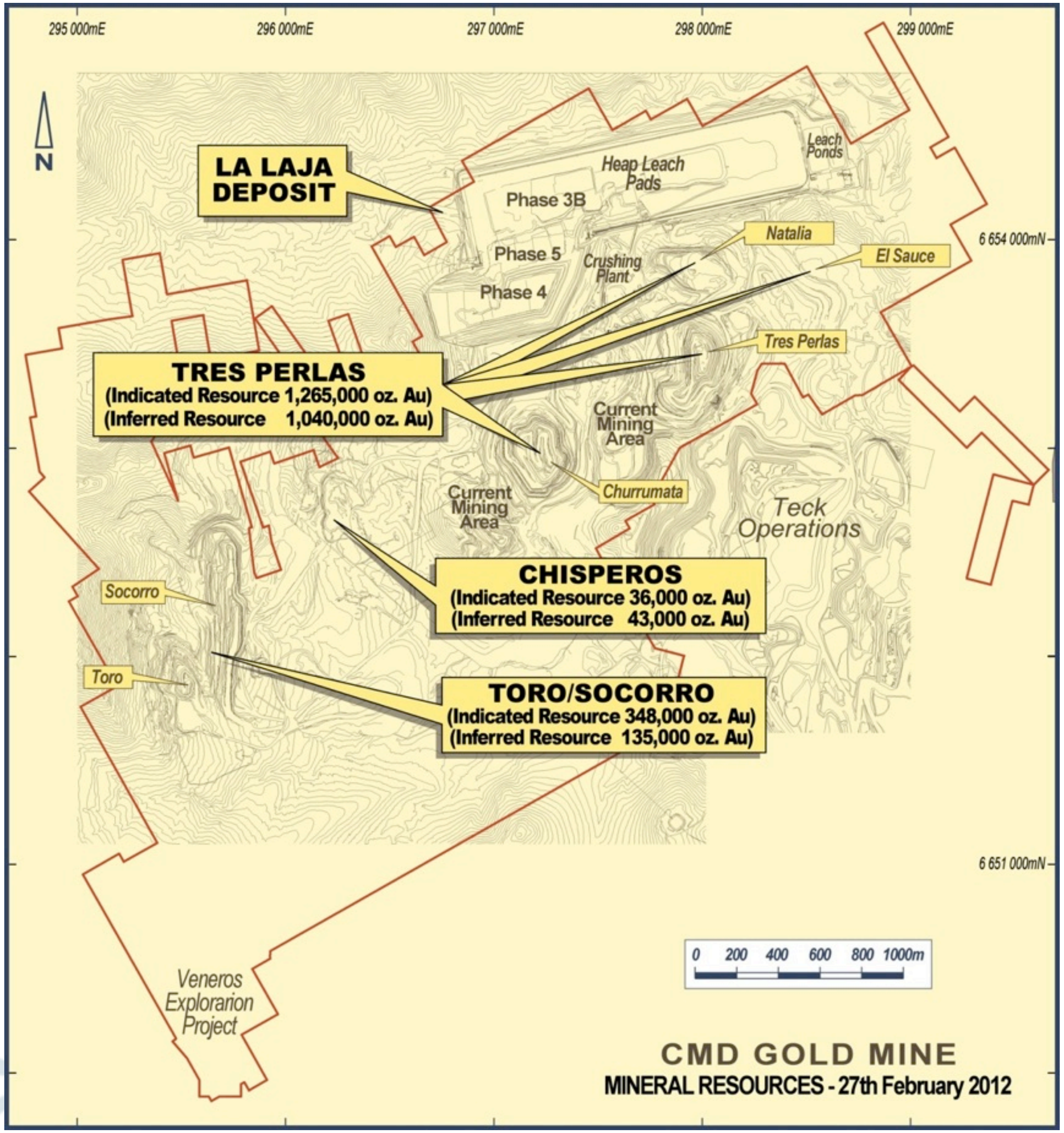
CMD Mineral Resources



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CMD Exploration – Tres Perlas Deposit

- Tres Perlas was the main ore source for the CMD Gold Mine during the initial phase of the mine
- Feb 2012 Tres Perlas mineral resource contains 2.3 m ounces of gold
- Still open and contains large areas with no drilling internally with potential to increase the mineral resource
- Consists of a circa 200 m thick mineralised zone that is open down dip
- Copper mineralisation from the adjacent Teck mine interpreted to sit on top of the gold mineralisation
- Drilling ongoing with the aim being to define additional mineralisation to support the cut back of the common pit wall boundary with Teck
- Potential to significantly expand the mineable tonnage through ROM dump leaching
- Low waste to ore ratio pit with mineralisation from surface, minimal pre strip requirements

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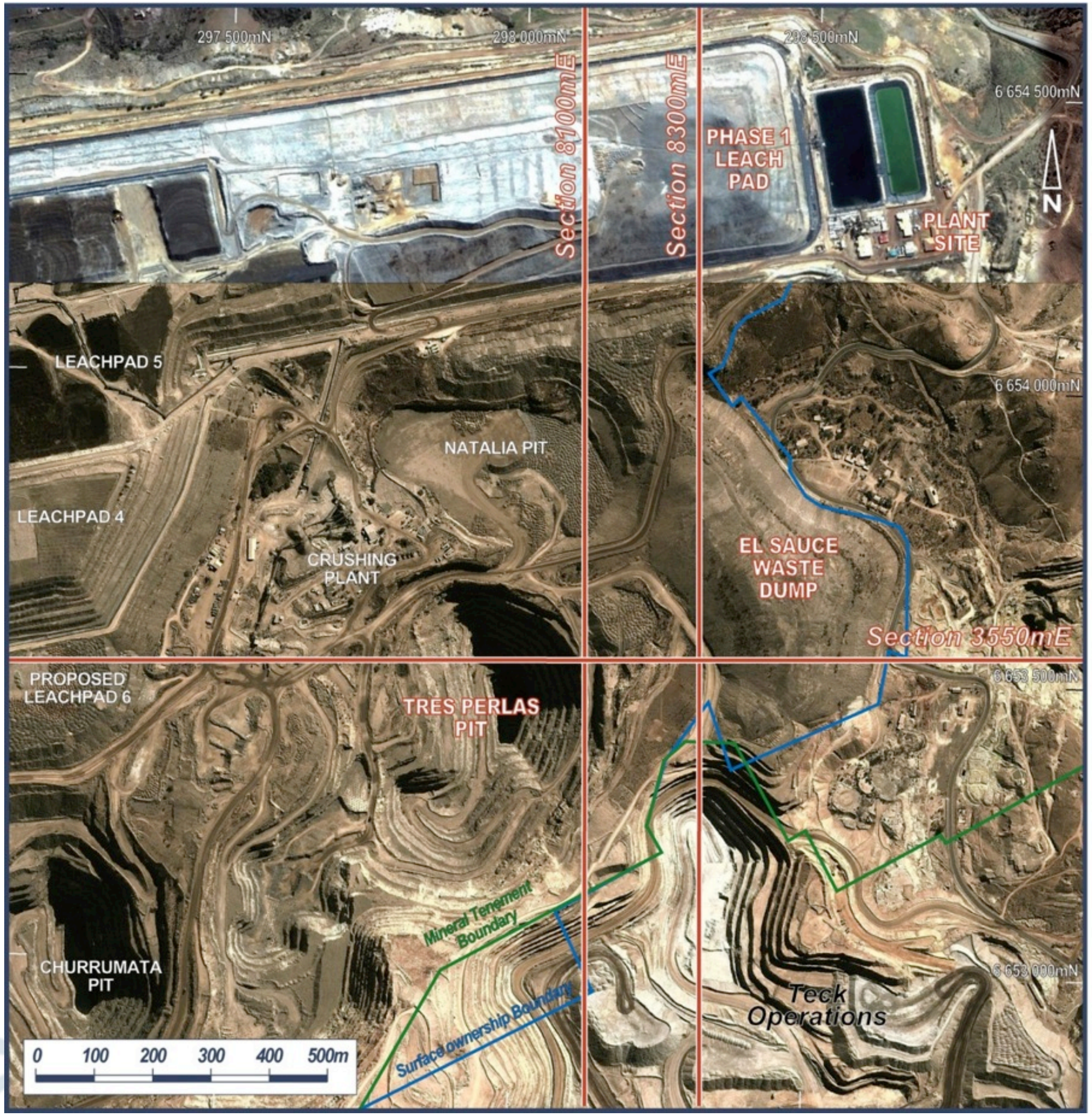
CMD Exploration – Tres Perlas Deposit



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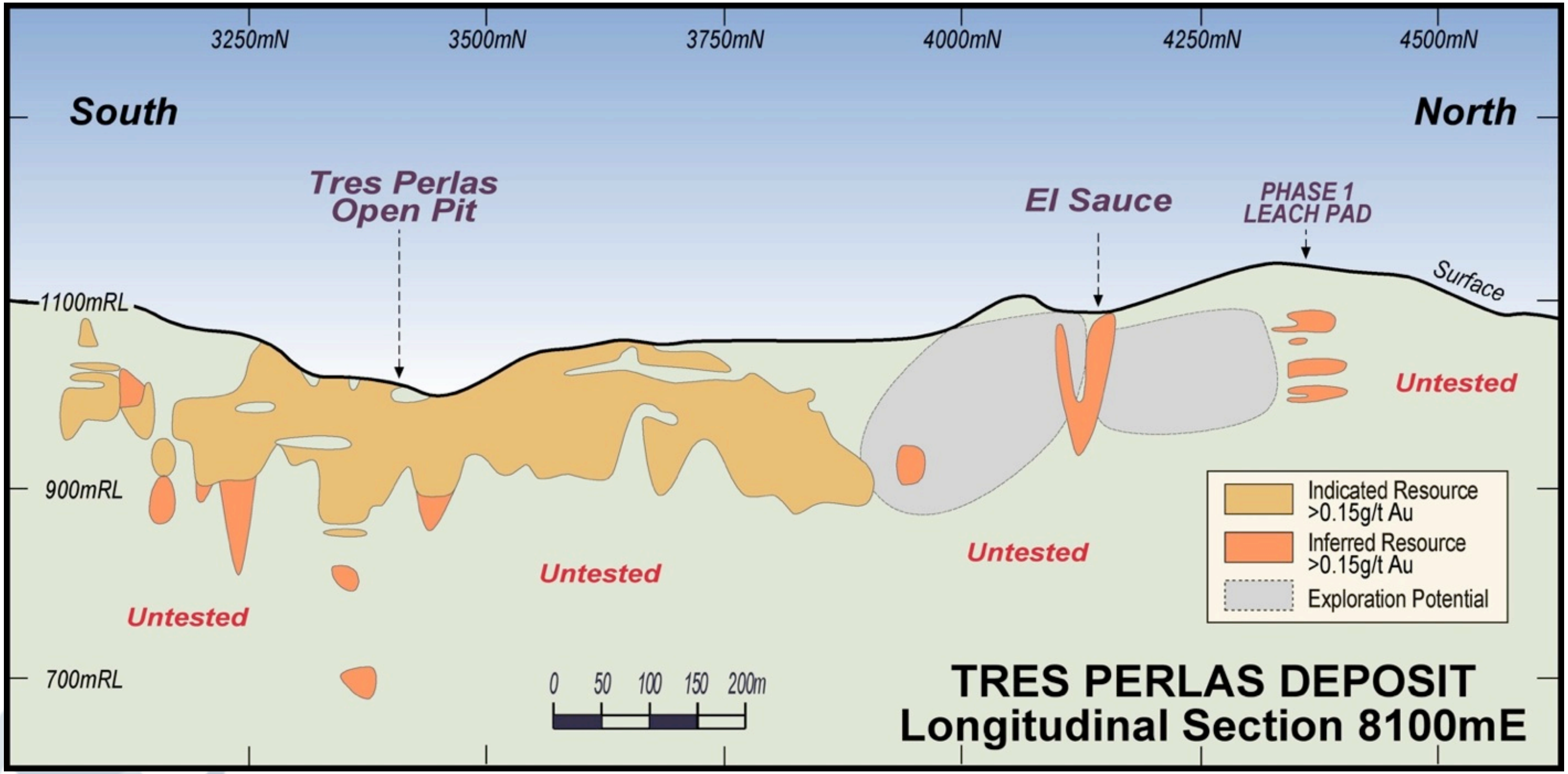
CMD Exploration – Tres Perlas Deposit



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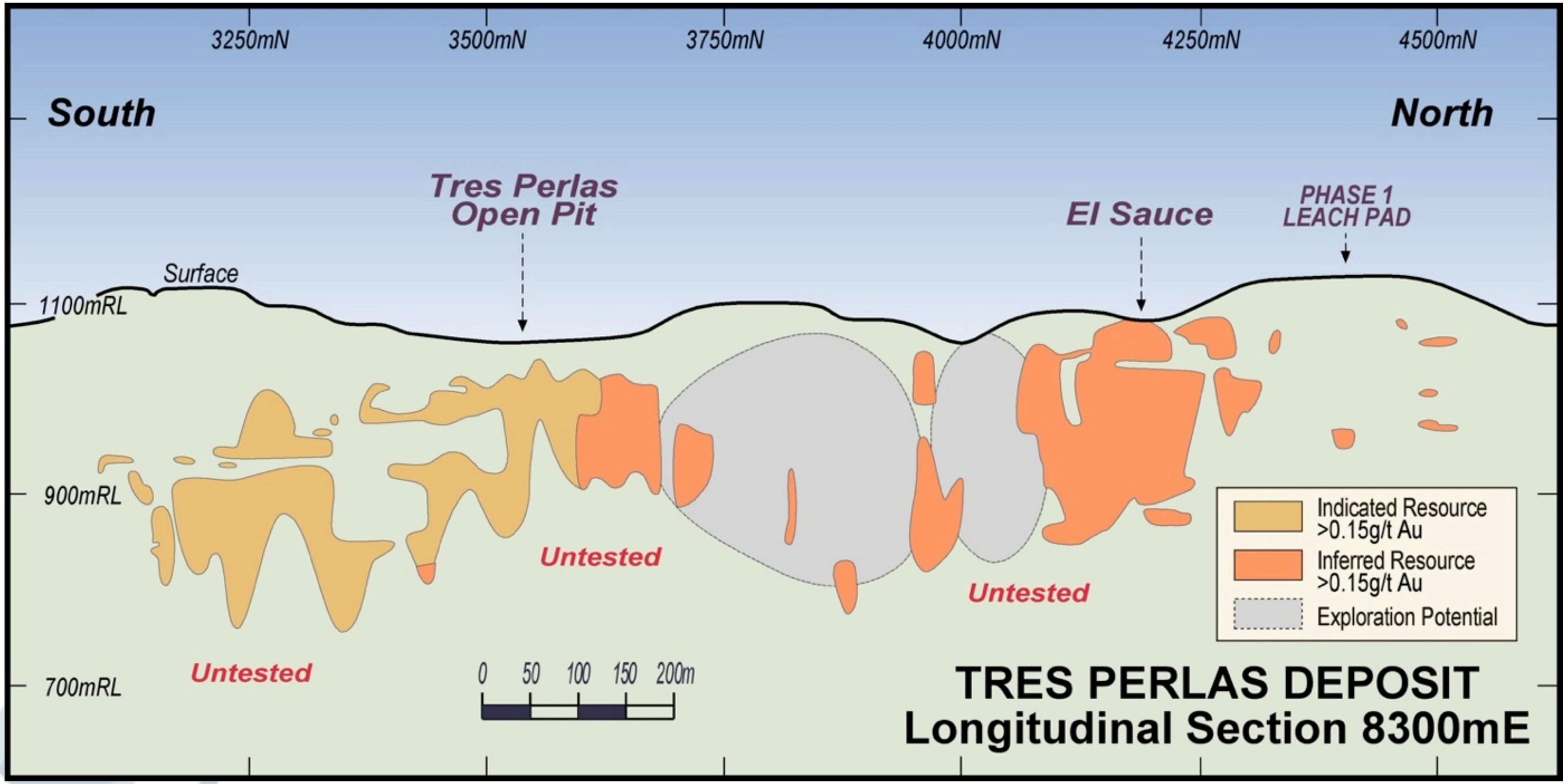
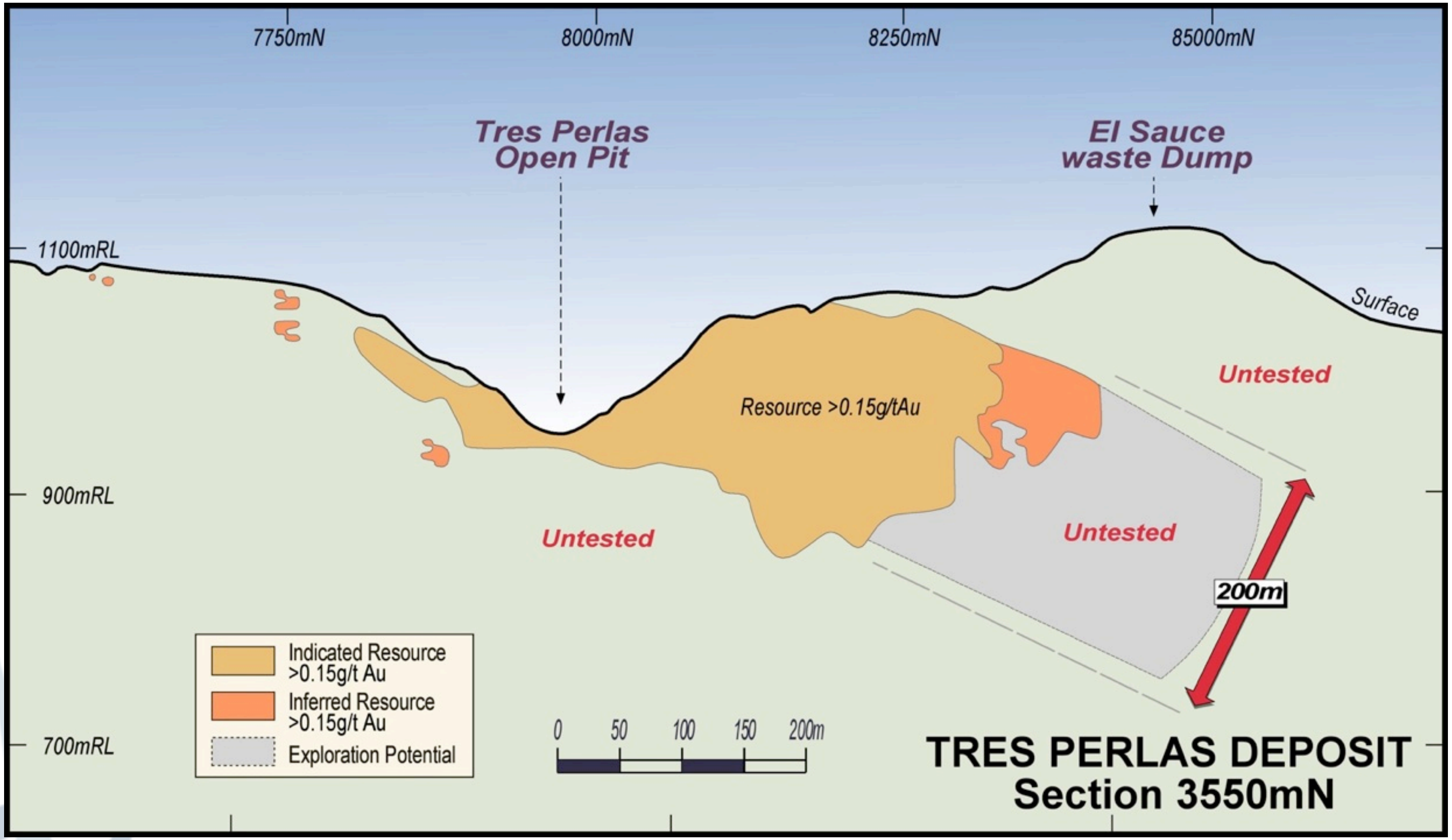


CMD Exploration – Tres Perlas Deposit



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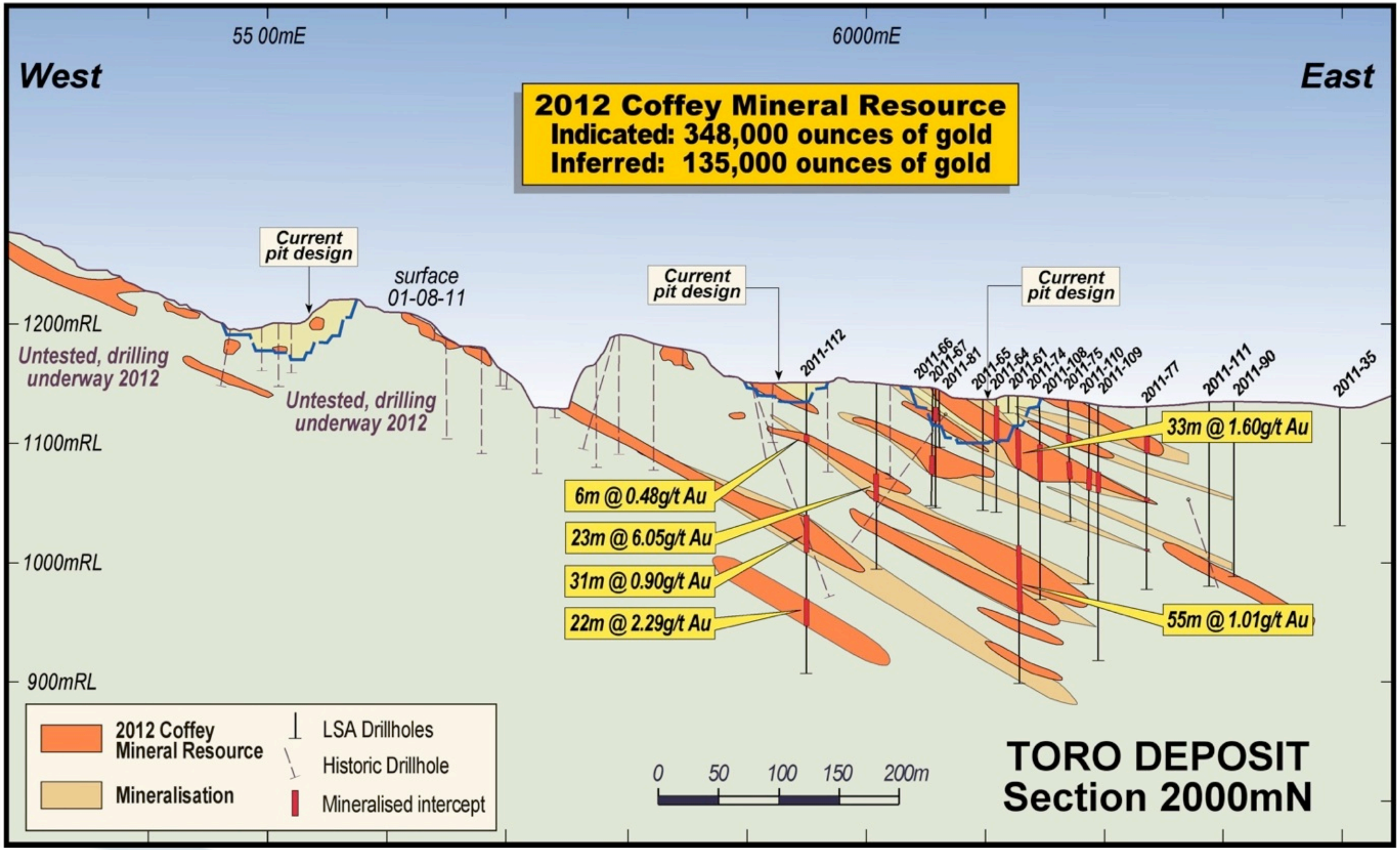
CMD Exploration – Toro Deposit



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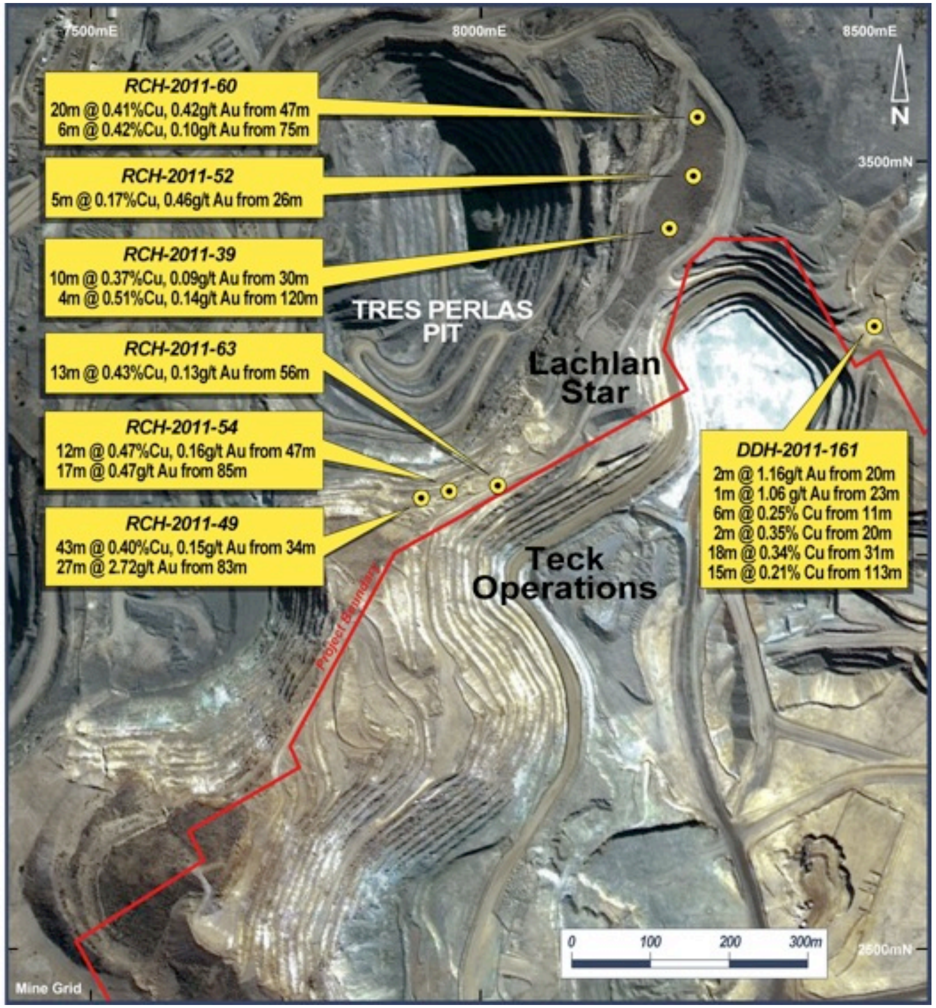
CMD Copper Potential

- Located immediately adjacent to Teck Andacollo mine
- Teck deposit hosts resources of 535 Mt grading 0.37 % Cu and 0.12 g/t Au
- Teck have recently commissioned their 20Mtpa concentrator and announced a study into doubling production
- Limited copper exploration on CMD tenements – first results received which indicate copper-gold mineralisation at similar grades to that being mined by Teck



Company Strategy

- Increase ore tonnages stacked onto the pad, both crushed and ROM dump leach
- Continue to progress mining to low waste:ore ratio pits
- Optimise mine fleet to drive unit rate reduction
- Aggressively explore the CMD Gold Mine tenements to expand the known mineral resources to support a larger scale operation
- Define the copper mineralisation on the CMD Gold Mine and determine the optimum path for realising its value
- Consolidate near mine regional targets
- Continue to build our North American investor base

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CMD Mineral Resources

CMD Gold Mine Mineral Resources (Feb 2012)						
	Indicated			Inferred		
Deposit	**Tonnes (Mt)**	**Grade (Au)**	**Ounces (kozs)**	**Tonnes (Mt)**	**Grade (Au)**	**Ounces (kozs)**
Las Loas (April 2011)	2.9	0.8	73	1.5	0.8	37
Toro (Feb 2012)	17.5	0.6	348	11.6	0.5	135
Tres Perlas (Feb 2012)	108.7	0.4	1,265	99.5	0.3	1,040
Chisperos (April 2011)	1.0	1.1	36	1.4	1.0	43
Total	**130.1**	**0.4**	**1,722**	**114.0**	**0.3**	**1,255**

1. Reported above 0.15 g/t Au for all except Las Loas and Chisperos deposits which are reported above 0.30 g/t Au

2. Table contains rounding and may not sum precisely

CMD Mineral Resources

CMD Gold Mine Mineral Resources (Feb 2012)						
	Indicated			Inferred		
Deposit	**Tonnes (Mt)**	**Grade (Au)**	**Ounces (kozs)**	**Tonnes (Mt)**	**Grade (Au)**	**Ounces (kozs)**
Las Loas (April 2011)	2.9	0.8	73	1.5	0.8	37
Toro (Feb 2012)	16.2	0.7	338	5.5	0.5	94
Tres Perlas (Feb 2012)	54.6	0.5	870	41.3	0.5	620
Chisperos (April 2011)	1.0	1.1	36	1.4	1.0	43
Total	**74.7**	**0.5**	**1,317**	**49.7**	**0.5**	**794**

1. *Reported above 0.3 g/t Au for all*
2. *Table contains rounding and may not sum precisely*

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Lachlan Star's Other Assets

Bushranger (100% reducing to 49%, New South Wales)

- Scoping Study indicates economic project – refer below for pre capital (A$98m) results
- Newmont Farming in to earn 51% over two years

Bushranger Pit Optimisation Results					
Cu Price (US$/t)	**Mineral Inventory (Mt)**	**Cu Grade (%)**	**Waste (Mt)**	**Waste:Ore Ratio**	**Net Operating Cashflow (A $M)**
7,500	10.6	0.43	28.7	2.7	112
10,000	23.1	0.39	87.8	3.8	344

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Lachlan Star's Other Assets

<u>Bushranger (100% reducing to 49%, New South Wales)</u>

Bushranger Mineral Resources (October 2011) above 0.2 % Cu						
Deposit	Indicated			Inferred		
	Tonnes (Mt)	Grade (Cu %)	Cu Tonnes	Tonnes (Mt)	Grade (Cu %)	Cu Tonnes
Bushranger	24.9	0.4	94,620	27.6	0.3	91,080

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Competent Persons Statement

Competent Persons Statement

The information in the news release that relates to the Mineral Resources of Tres Perlas, Chisperos, Las Loas and Toro is based on information compiled by David Slater, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr. Slater is employed full time by Coffey Mining Pty Ltd. The information in the news release that relates to exploration results is based on information approved by Declan Franzmann, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr. Franzmann is employed by Citraen Pty Ltd and is an officer of the Company. Each of Mr. Slater and Mr. Franzmann 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 Mineral Resources and Ore Reserves" and to qualify as a "Qualified Person" under NI 43-101. Each of Mr. Slater and Mr. Franzmann consents to the inclusion in the news release of the matters based on his information in the form and context in which it appears

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Unhedged gold production

World class deposits

Major exploration potential

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For Further Information

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