

5 May 2011

LACHLAN STAR ANNOUNCES 1 FOR 60 SHARE CONSOLIDATION

Emerging minerals and exploration company Lachlan Star Limited (“Lachlan” or the “Company”) (ASX: LSA) is pleased to announce that it has requisitioned an Extraordinary General Meeting (“EGM”) to approve a consolidation (“Consolidation”) of its share capital on a 1 for 60 basis.

The Consolidation involves the conversion of every 60 fully paid ordinary shares and unlisted options on issue into 1 fully paid ordinary share and 1 unlisted option in the Company. Lachlan Star currently has 3,214,001,057 shares and 75,000,000 unlisted options on issue. The exercise price of the unlisted options will be amended in inverse proportion to the share consolidation ratio in accordance with the ASX Listing Rules.

The Board of Directors believes that approval of a share consolidation will provide a number of advantages for Lachlan including:

- Aligning Lachlan Star’s profile closer to TSX-listed peers with gold producing assets in the Americas which typically have less than 100 million shares on issue;
- Widening the range of institutions with mandates to invest in quoted companies with less than 100 million shares on issue and higher share prices;
- Reducing the share price volatility given the minimum share price movement of A\$0.001 permitted by the ASX at the current share price represents a greater percentage of the Company’s share price than if it were trading at a higher share price;
- Reducing future administrative and compliance costs associated with handling a large number of shares on issue.

If shareholder approval is received for the consolidation, the number of shares on issue will be reduced from 3,214,001,057 to 53,566,684 and the number of unlisted options will reduce from 75,000,000 to 1.25 million, subject to rounding. Where the Consolidation would result in a shareholder or option holder having a fractional entitlement to a share or option, the Company will round up the entitlement to the next whole number of shares or options.

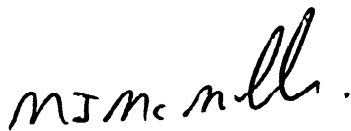
Mick McMullen, Chairman, commented, “We feel that a share consolidation is a necessary step to align ourselves with the North American markets where many of our existing and potential shareholders reside. Our peers are predominantly small to medium sized gold producers with assets in the Americas, and are typically TSX or TSX-V Exchange listed entities with less than 100 million shares on issue.”

“We believe that the current number of shares on issue creates a significant hurdle that prevents the equity market from fully valuing our assets. The Board of Directors believes that a consolidation of the shares on issue to just over 53 million will reflect a more appropriate share price and provide a better platform for the Company to achieve a higher and fairer valuation for our 100% owned assets.”

Lachlan Star’s assets include:

- The producing CMD Gold Mine with circa 45,000 to 50,000 ounces of forecast gold production for calendar 2011;
- JORC resources containing 1.4 million ounces of gold at the CMD Gold Mine (refer Table 1 below);
- Exploration targets¹ containing between 0.2 and 0.5 million ounces of gold at the CMD Gold Mine (refer Table 2 below);
- Signification underutilised mine infrastructure at the CMD Gold Mine including a crushing and leaching circuit with in excess of 8Mtpa capacity currently running at 2.4 Mtpa; and
- The Bushranger Copper Gold project in NSW that contains a resource of 185,000 tonnes of copper (refer to Table 3).

For and on behalf of the Board



Mick McMullen
Chairman

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Table 1 – Resources at CMD Gold Mine

CMD Mineral Resources (April 2011) above 0.3 g/t Au									
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Deposit	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)
Las Loas	2.9	0.8	73	1.5	0.8	37	4.4	0.8	110
El Sauce				7.1	0.7	156	7.1	0.7	156
Toro/Socorro	3.3	0.8	84	8.1	0.7	188	11.4	0.7	272
Tres Perlas	15.6	0.5	252	19	0.5	333	35	0.5	585
Churrumata	0.6	0.8	16	8.7	0.8	219	9.3	0.8	235
Chisperos	1.0	1.1	36	1.4	1.0	43	2.4	1.0	79
Total	23.4	0.6	461	46.3	0.7	976	69.5	0.6	1,437

Table 2 – Exploration Targets¹ at CMD Gold Mine

CMD Exploration Targets				
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Project	Potential Quantity (Mt)		Potential Grade (g/t Au)	
	lower	upper	lower	upper
Churrumata	2.0	3.0	0.70	0.75
Tres Perlas	5.0	9.0	0.60	0.67
Veneros	2.5	5.0	0.70	0.80
Toro	2.0	5.0	0.70	0.75
Chisperos	0.2	0.5	0.70	0.90
Totals	11.7	22.5	0.66	0.73

Table 3
Bushranger Resource -0.2% Cu Cut Off

Cut Off (%Cu)	Category	Tonnes(Mt)	Cu Grade (%)	Contained Cu(t)	Au Grade (g/t)	Contained Au(oz)	Ag Grade (g/t)	Contained Ag(oz)
0.2	Indicated	24.9	0.4	94,620	0.04	32,022	1.6	1,288,870
	Inferred	27.6	0.3	91,080	0.04	35,494	1.2	1,091,435
	Total	52.5	0.4	185,700	0.04	67,515	1.4	2,380,305

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.

Competent Persons Statement

The information in this report that relates to the Mineral Resources of Tres Perlas, Chisperos, Toro/Socorro, Churrumata, Las Loas and El Sauce is based on information compiled by David Slater, who is a Member of The Australasian Institute of Mining and Metallurgy. David Slater is employed full time by Coffey Mining Pty Ltd. David Slater 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 Reserves". David Slater consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled Mr Michael McMullen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McMullen is a 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

The information in this report that relates to the Mineral Resources and Scoping Study of Bushranger is based on information compiled by Mick McMullen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McMullen is a 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 appear

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 it is uncertain if further exploration will result in the determination of a Mineral Resource