



## LACHLAN STAR LIMITED

Quarterly Report for the Period  
Ending 30 June 2012

# HIGHLIGHTS

---

## CMD GOLD MINE (100%, CHILE)

- 10,080 ounces of gold produced in the June quarter, down 15 % quarter on quarter;
- C1 cash cost of US\$977 per ounce, up 3% quarter on quarter;
- Total cost per tonne of ore stacked reduced to \$21.97 per tonne of ore, down 12% quarter on quarter;
- 15,290 ounces of gold stacked onto the leach pad, a 15% increase over previous quarter;
- 25% of contained gold stacked from outside the Indicated Mineral Resource;
- 10% of contained gold sourced from outside the Indicated and Inferred Mineral Resource;
- Waste to ore strip ratio decreased to 3.5 to 1, down 31% quarter on quarter;
- Letter of Intent signed with Komatsu Chile for owner mining fleet
- Approved leasing facilities in place for US\$17.9 million of the total US\$20.4 million fleet cost
- Drilling of copper mineralisation returns 37m grading 1.83% Cu, further results expected shortly

## BUSHRANGER COPPER PROJECT (100%, NSW)

- No material work by Newmont

## CORPORATE

- Completion of C\$17.6 million bought deal and final prospectus lodged
- Chief Operating Officer hired

# CMD GOLD MINE (100% CHILE)

## Production, Unit Costs and Sales

Production from the CMD Gold Mine is summarised in Table 1 below.

**Table 1 – CMD Gold Mine Operating Summary**

Item	Unit	3 months ended 30-Jun-12	3 months ended 31-Mar-12	% Change Variance
Ore Mined	Dmt	890,561	812,921	10%
Waste Mined	Dmt	3,109,018	4,085,469	-24%
Total Mined	Dmt	3,999,580	4,898,390	-18%
Waste:Ore Ratio	t:t	3.5	5.0	-31%
Ore grade Mined	Au g/t	0.55	0.51	8%
Gold Mined	Au oz	15,815	13,396	18%
Ore stacked	Dmt	868,010	803,094	8%
Stacked Grade	Au g/t	0.55	0.51	7%
Gold Stacked	Au oz	15,290	13,274	15%
Average stacking rate	dmt/d	9,539	8,825	8%
Gold Produced	Au oz	10,080	11,906	-15%
Mining Cost/t moved	US\$/t	\$2.46	\$2.39	3%
Mining Cost/t ore	US\$/t	\$11.03	\$14.37	-23%
Process Cost/t ore stacked	US\$/t	\$9.14	\$8.86	3%
G+A Cost/t ore	US\$/t	\$1.80	\$1.76	2%
Total Cost/t ore	US\$/t	\$21.97	\$24.99	-12%
Average Sales Price	USD/oz	\$1,613	\$1,682	-4%
Cash Cost	USD/oz	1,144	\$836	37%
Non Cash Process Inventory Adjustment	USD/oz	-\$167	\$110	-252%
C1 Cash Cost	USD/oz	\$977	\$946	3%
<b>CMD Gold Mine Gross Operating Profit / (Loss) (Unaudited)*</b>	<b>US\$million</b>	<b>(\$2.85)</b>	<b>\$2.66</b>	<b>-207%</b>

\*revenues less cost of sales (including waste expensed and amortised), interest and other site expenses and excluding foreign exchange movements, depreciation, exploration and process inventory adjustments

Gold production for the June quarter was 10,080 ounces, which was a 15% decrease in gold sales quarter on quarter. In addition, 4,823 ounces of silver was produced. These sales represent 100% of production sold at spot prices. The reduced gold production is a direct result of the reduced ounces stacked in the March quarter, where gold stacked was down 21% compared to the December quarter. Given the leaching time of around 120 days for the majority of the gold recovered, the leading indicator for future production are gold ounces stacked.

Gold ounces stacked for the June quarter was up 15% on the March quarter, the impact of which will be seen in the September quarter gold produced.

The CMD Gold Mine gross operating loss (as defined above) was (US\$2.85) million for the June quarter. This result was primarily driven by the reduced gold pours and the increased costs associated with building up pad inventory again.

C1 cash costs, which exclude waste costs expensed or amortised and royalties, increased slightly during the quarter to US\$977 per ounce of gold sold (an increase of 3% quarter on quarter).

The inventory adjustment of (US\$167) per ounce reflects the increase in the gold inventory contained within the leach pad from stacking more gold than was produced (refer to mining and process sections below).

Table 2 below shows the cash costs for each quarter since June 2011, and the impact of the inventory valuation adjustment (all numbers US\$ per ounce).

**Table 2 – Cash Cost (US\$ per ounce) and inventory adjustments**

Item	Quarter ending 30 June 2012	Quarter ending 31 March 2012	Quarter ending 31 Dec 2011	Quarter ending 30 Sept 2011	Quarter ending 30 June 2011
Cash costs with inventory adjustment (\$/oz)	977	945	799	953	841
Cash costs without inventory adjustment (\$/oz)	1,144	835	900	755	704
Inventory adjustment effect (\$/oz)	(167)	110	(101)	198	137

Total costs per tonne of ore stacked decreased 12% quarter on quarter to \$21.97 per tonne as a result of the lower waste stripping ratio.

## Mining

Total ore mined for the quarter was 0.89 million tonnes for 15,815 contained Au ounces, with the strip ratio for the quarter falling to 3.5 to 1 (from 5.0 to 1 in the previous quarter). Ore was principally sourced from the Toro and Churrumata pits, with 80% of all ore mined from these sources.

As previously reported, production from Chisperos was affected by proximity restrictions imposed as a result of damage to a power line in March. This resulted in lower production than budgeted, although after detailed discussion with the local power supplier, the power line is to be moved so that unfettered activity can resume at Chisperos. It is anticipated that full mining activity at Chisperos will resume in September. Chisperos is the highest grade pit, with a remaining Probable Reserve of 0.80 million tonnes at 1.2 g/t Au (refer to Table 6).

Pre-production waste stripping continued at Tres Perlas, with more than 1/3<sup>rd</sup> the total waste moved during the quarter coming from this cut back. Whilst the overall strip ratio for this area was high during the quarter (waste to ore ratio of 17.5:1), mining in July has shown a very rapid decrease in this strip ratio to around 5.3:1. It is anticipated that this strip ratio will further decrease over the September quarter as the hanging wall of the ore body is exposed. The Life of Mine waste ratio for the Tres Perlas pit is expected to be around 1:1.

Mining of ore from the Natalia back filled pit has commenced with a substantial portion of this waste dump expected to be above ore grade. As shown in Figure 1, this material is close to the plant and mostly oxide. This material has been mined opportunistically and as the plant availability increases following maintenance in May and early June, this will form a useful ore source.

**Figure 1 - Ore being sourced from Natalia Pit Backfill**



Mining of the eastern side of the Tres Perlas pit was commenced in the quarter. Drilling in this area identified encouraging copper mineralisation overlaying the gold immediately to the north of where the current mining is occurring. As shown in Figure 2 the Tres Perlas pit and the adjoining Teck pit are very close, with the Tres Perlas pit shown on the left and the Teck pit on the right of Figure 2.

**Figure 2- Mining of eastern side of Tres Perlas Pit**



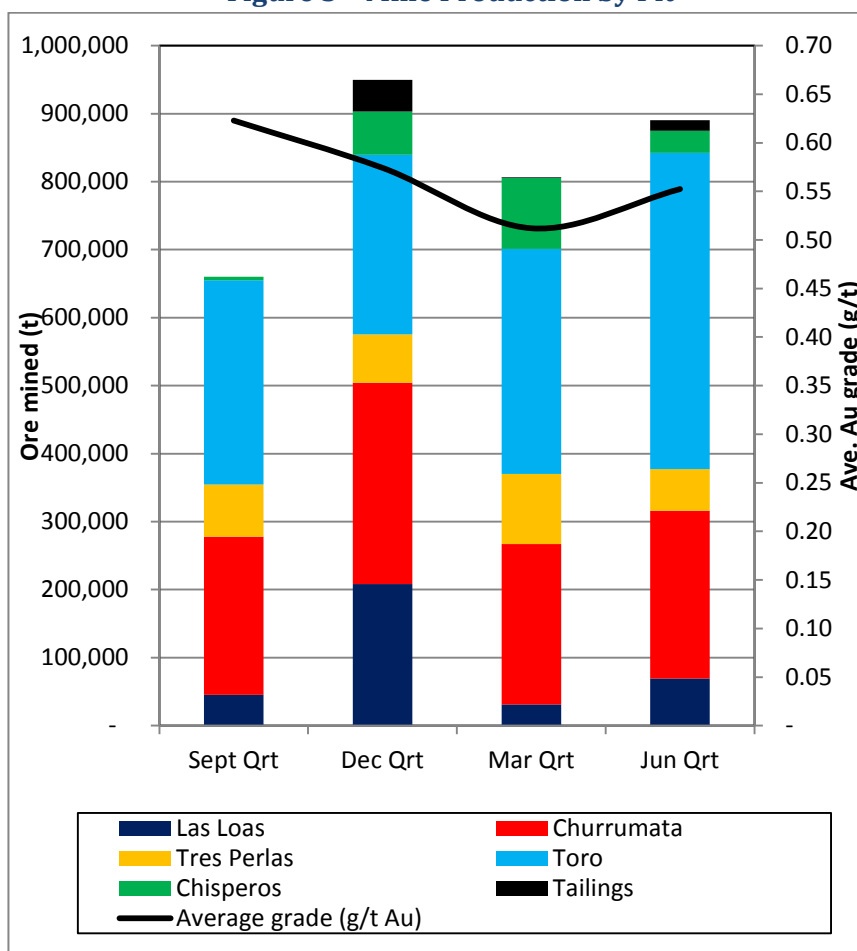
Mining resumed at the Las Loas pit during the quarter, and in response to the lower production at Chisperos, the production rate from Las Loas is continuing to increase with additional truck capacity being added during July. Las Loas continues to produce ore at above 0.6g/t and will remain as a short term production focus until full mining at Chisperos resumes.

Table 3 details the ore and waste movement in the June quarter by pit.

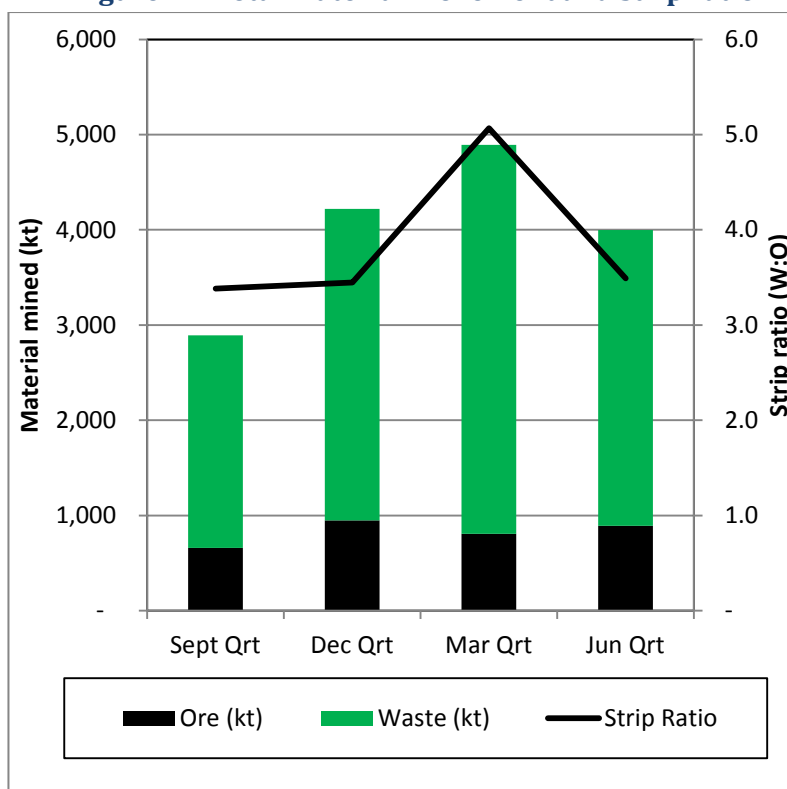
**Table 3 - Quarterly mine production by pit**

Item	Unit	Churrumata	Tres Perlas	Chisperos	Toro	Las Loas	Tailings	Total
Ore Mined	kt	247	61	32	465	69	16	891
Au Grade	g/t	0.66	0.35	0.30	0.53	0.60	0.65	0.55
Contained Au	oz	5,239	686	312	7,914	1,333	331	15,815
Waste Mined	kt	486	1,068	108	1,136	310	0	3,109
Total Mined	kt	733	1,129	141	1,601	379	16	4,000
Strip Ratio	W:O	2.0	17.5	3.3	2.4	4.5	0.0	3.5

**Figure 3 - Mine Production by Pit**



**Figure 4 - Total material movement and strip ratio**



Unit mining costs increased to US\$2.46/t moved (a 3 % increase quarter on quarter), although the mining cost per tonne of ore reduced 23% to \$11.03 as a result of decreasing strip ratio. The company has implemented a process improvement program in order to improve the efficiency and cost of the mining operation, particularly in the drill and blast area, with emphasis on dilution control, fragmentation and loading efficiency.

The results of the June quarter were impacted by the events at Chisperos and the termination of one mining contractor. These events resulted in lower production in May, with 0.25 million tonnes of ore mined and total material movement of 0.94 million tonnes down from 1.70 million tonnes total material movement for the month of April. The Company has engaged an additional mining contractor from the local area, and total material mined in July is expected to be around 1.80 million tonnes, with ore production of 0.33 million tonnes. The Company expects to stack in excess of 5,000 ounces of gold onto the leach pad in July.

### Owner Mining

The Company has continued to work to improve the reliability of the production profile by employing a number of small contracting companies to mitigate third party risk. The Company is looking to reduce its reliance on contracting companies and has signed a letter of intent with Komatsu Chile for the purchase of a mining fleet, comprising HD785 (91 tonne) trucks, WA900 loaders and ancillary equipment and the implementation of a maintenance and repair contract. The execution of an owner-mining strategy with a larger fleet is expected to result in improved efficiency, reduce unit operating costs and reduce production volatility. The Company anticipates that the first elements of this fleet will be ready to work before the end of the calendar year. In addition, the Company is planning to purchase a small fleet of Mercedes Benz trucks to be used for the dynamic leach pad rehandle which is predominately carried out by contractors now.

The total capital requirement for the owner mining fleet is US\$20.4 million. The Company has received credit committee approved leasing facilities from Komatsu and Chilean banks for a total of US\$17.9 million of this amount, with the remaining US\$2.5 million to be financed from the Company’s cash balances. Of the US\$17.9 million in leasing facilities, US\$16.5 million is repayable over a 48 month term, and the remaining US\$1.4 million

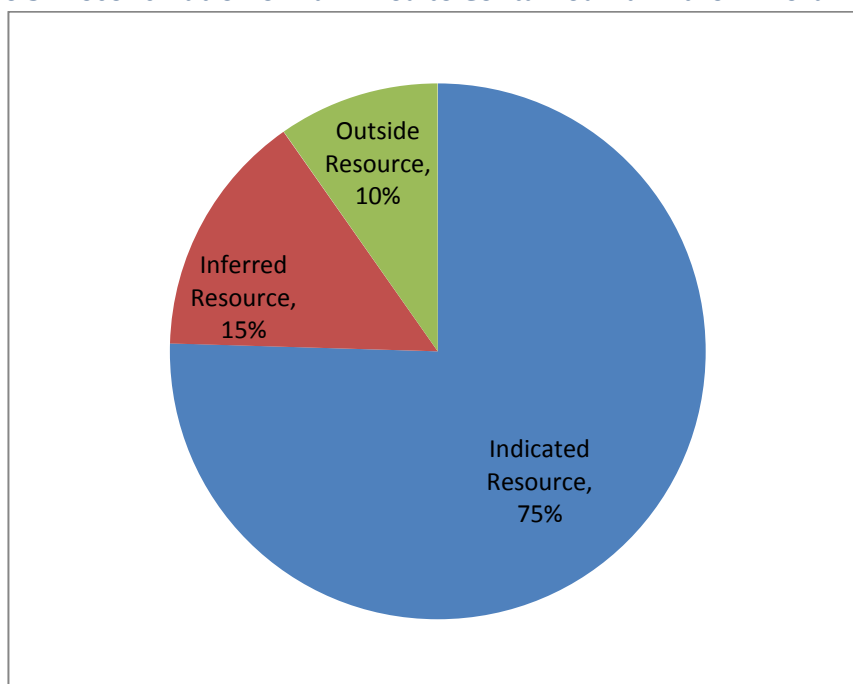
over a 12 month term. Interest rates are a combination of fixed and variable and range between 5.5% and 6.2% per annum depending on the facility.

The Company expects the owner mining strategy to deliver savings of US\$100-US\$150 per ounce of gold over its current mining costs once implementation has been completed.

## Reconciliation

Reconciliation of the 15,815 Au ounces mined during the quarter with the Coffey Mining Indicated and Inferred Mineral Resource estimate showed that 75% of mined Au production was sourced from the Indicated Mineral Resource, 15% from the Inferred Mineral Resource and 10% was mined from outside the mineral resource.

**Figure 5- Reconciliation of Au Mined to Contained Au in the Mineral Resource**

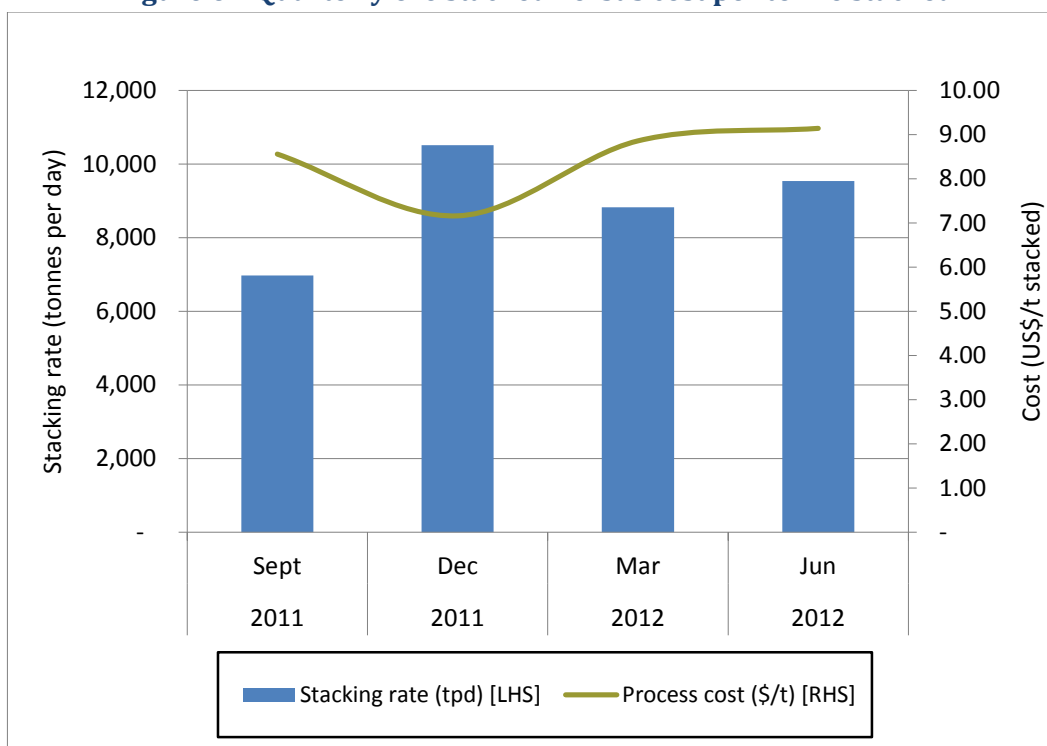


A mineral resource update is expected early in the next quarter, and it is anticipated that this new mineral resource will continue to result in improving reconciliation with mined production.

## Ore Processing

Ore stacked increased over the previous quarter by 8%, while the process costs per tonne of ore stacked was stable (up 3 % quarter on quarter to \$9.14 per tonne).

**Figure 6 - Quarterly ore stacked versus cost per tonne stacked**



There was continued pressure on the cyanide supply price as a direct result of a global cyanide shortage. The Company continues to investigate to improve the efficiency of cyanide use and reduce consumption.

During the month of May, the Company carried out a detailed maintenance upgrade on the crushing plant, which resulted in a week of limited throughput. This was considered necessary in order to set the plant up for the scheduled increase in ore tonnages.

Combined with reduced ore availability out of the pits, this restricted ore stacking in the month of May to 213,000 tonnes and increased the process cost for that month to \$12.27/t stacked. Following the plant maintenance shutdown, the plant has been able to run at substantially higher rates than previously, with 351,000 tonnes of ore stacked in June, a record under Lachlan's ownership. Process costs in the month of June were reduced to \$7.46/t, indicating the high degree of fixed costs in the processing area and the potential for further reductions in unit rates as stacked tonnages increase.

Daily crushing and stacking rates during June and July have steadily increased with peak rates of over 18,000 tpd now being achieved.

Construction of a new leach pad (Pad 6) was commenced in the quarter as shown in Figure 7. This pad will be used for crushed ore stacking from the December quarter.



**Figure 7- Construction of Phase 6 Leach pad (in foreground)**



Backfilling of the mined out Tres Perlas West pit has commenced using waste from mining of the main Tres Perlas pit and once the final backfill level is reached a new leach pad will be constructed on this to be used for ROM leaching. As shown in Figure 7, the new ROM leach pad (to be built on the backfill in the foreground) will be very close to the Tres Perlas pit and allow the lowest possible cost for mining of the low grade ore to be stacked on the pad. The backfilling of this pit will also reduce waste and ore haulage costs significantly given the proximity to the Tres Perlas West pit.

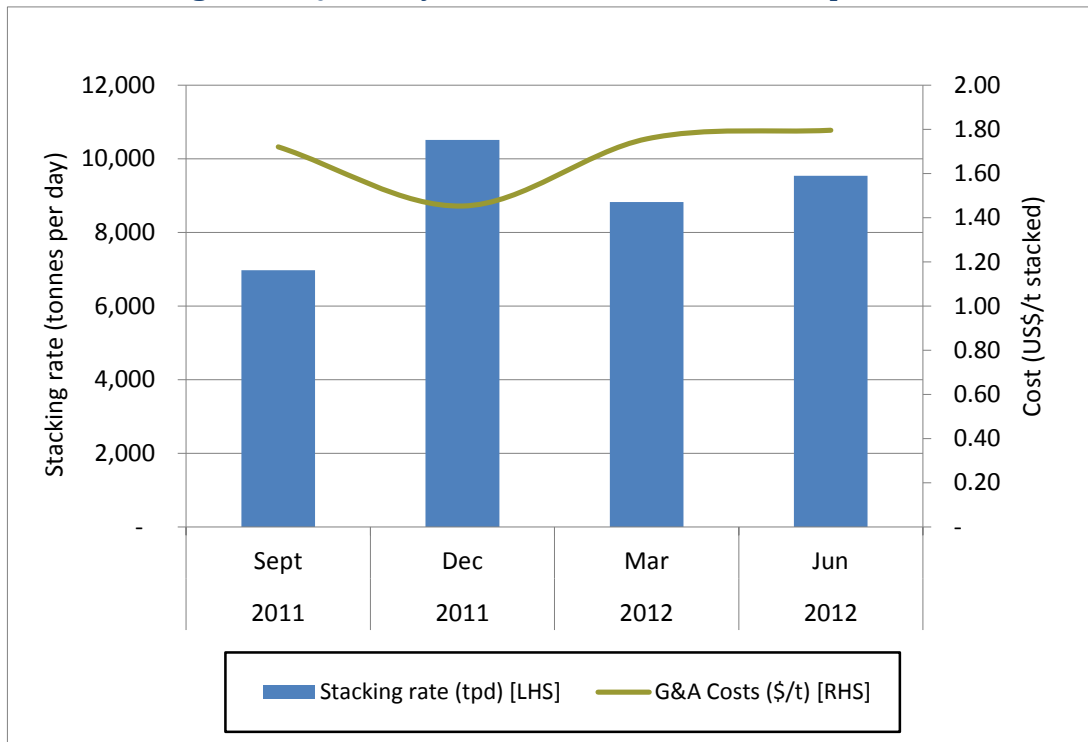
**Figure 8 – Backfill of Tres Perlas West Pit For Construction of ROM Leach pad (in foreground)**



**General and Administration (G+A)**

Unit rates for G+A were stable with a slight increase to \$1.80 per tonne of ore (up 2% quarter on quarter). Figure 6 illustrates the history of quarterly process throughput and G+A costs over the previous year.

**Figure 9 – Quarterly ore stacked versus G&A cost per tonne**



## Dump Leach and Two Stage Crush Trials

The second trial of Run of Mine (ROM) leaching and coarse ore (two stage crushed) leaching ran through the entire quarter. The ore for this trial was sourced from the Tres Perlas area and consisted of approximately 7,500 tonnes of each ore type as shown in Figure 10 below.

**Figure 10 – ROM and Coarse Crush Trial**



This is the second trial to test the response of the CMD Gold Mine ores to ROM leaching and coarse crushing. The first trial indicated recoveries of 46% and 66.5% respectively, however this trial may have been completed too early given the extended recoveries seen in the current trial.

The current status of this trial is as follows:

- ROM leaching trial has been concluded. The ROM trial has been washed with water to flush remaining cyanide solution and gold from the material. Once the remnant material has been dried sufficiently to pass through the crushing plant, the entire ROM trial will be methodically sampled to determine the remaining gold grade. This will allow accurate estimation of the process recovery.
- Coarse crushed trial continues to show increasing recovery on a daily basis, and consequently leaching is continuing. Once the daily recovery declines, the trial will be flushed of cyanide and crushed to determine the residual gold grade.

The Company expects to announce the results of this second trial at the end of August 2012. In addition, a review of the recovery for the three-stage crushing process route has been completed and indicates that recoveries of 76% have been achieved over the past 18 months which is higher than the previously estimated 73% recovery. Gold is still being recovered from this ore and the final recovery will thus be higher than 76%. The increased recovery is attributable to the dynamic leach system in place now, where the ore is leached for 120 days on a single lift pad and then moved to a final pad for additional gold recovery. The additional processing costs of moving the ore are more than compensated for by the additional gold recovery and faster leach times.

Further metallurgical test work and process monitoring is being completed to accurately ascertain the full recovery being achieved in the dynamic leach pad. Once the final results are received from the current test work, and the review of the dynamic leaching the Company can determine the optimal processing method for the CMD Gold Mine ores.

## Exploration

The exploration effort was reduced during the quarter, with the demobilisation of one RC and one diamond drill, in response to the significant upgrading of the mineral resource as a result of drilling over the past 18 months. Further, given the changing focus for the CMD Gold Mine from exploration and resource development to development and execution of a mine plan to exploit the mineral resource base the remaining exploration drill will be demobilised during July.

Encouraging drill results were received from the El Sauce (northern part of Tres Perlas deposit), Chisperos and Toro areas for gold mineralisation and from the eastern area of Tres Perlas for copper mineralisation (adjoining the Teck pit), with highlights shown below. Table 4 contains a full list of drill results from the June quarter.

### Tres Perlas Deposit

- 10m grading 3.07 g/t Au from 164m downhole in DDH 2012-94
- 49m grading 0.92 g/t Au from 58m downhole in DDH 2012-88
- 40.9m grading 0.74 g/t Au from 68.1m downhole, 10m grading 0.64 g/t Au from 123m downhole, 31m grading 0.65 g/t Au from 186m downhole, 8.3m grading 0.143 g/t Au from 244m downhole and 2m grading 47.8 g/t Au from 327m downhole in DDH 2012-105

### Chisperos Deposit

- 26m grading 1.09 g/t Au from 51m downhole in RCH 2012-85
- 17m grading 1.04 g/t from 78m downhole in RCH 2012-93
- 17m grading 2.11 g/t from 12m downhole and 15m grading 1.43 g/t Au from 77m downhole in RCH 2012-84
- 16m grading 1.04 g/t from 16m downhole in RCH 2012-87
- 50m grading 0.84 g/t Au from 32m downhole in RCH 2012-83 including 22m grading 1.26g/t Au
- 26m grading 1.09 g/t Au from 51m downhole in RCH 2012-85

### Tres Perlas Deposit -Copper

- 30m grading 0.41% Cu from 44m in RCH 2012-78
- 19m grading 0.28% Cu from 0m downhole and 37m grading 1.83% Cu from 26m downhole in RCH 2012-112
- 19m grading 0.60% Cu from 30m in RCH 2012-111
- 22m grading 0.47% Cu from 37m in RCH 2012-110
- 41m grading 0.37% Cu from 23m in RCH 2012-121

Drilling of the copper mineralisation has been ongoing to enable a resource estimate to be completed. The result of 37m grading 1.83% Cu in RCH 2012-112 is very encouraging and drilling around this area has produced several intercepts of visually distinctive copper mineralisation. Further results are expected in the near term as assays are received.

## BUSHRANGER COPPER PROJECT (100%, Newmont earning 51%)

Newmont carried out no material work during the quarter.

## CORPORATE

Completion of the bought deal raising gross proceeds of C\$17.6 million as finalised in early April and the final short form prospectus lodged at the end of April to qualify the 10,975,000 bought deal shares for trading on the TSX.

A highly experienced, Spanish speaking Chief Operating Officer, Mr Ubirata (Bira) De Oliveira was appointed in May. Mr De Oliveira is a professional engineer with formal qualifications in Mining Engineering, Minerals Processing, and Project Management. He is currently completing a PhD in Management - Leadership and Organisational Change in the USA. These formal qualifications are backed by more than 35 years operational experience in Latin America and West Africa in base metals and gold mines.

Most recently Mr De Oliveira was Chief Operating Officer for CuCo Resources Limited, a private Canadian company with copper and cobalt operations in the Democratic Republic of Congo. His mine operations pedigree also includes:

- General Manager of First Quantum Minerals Ltd, Frontier Operations in the DRC;
- General Manager of First Quantum Minerals Ltd, Guelb Moghrein Operations in Mauritania; and
- Operations Manager at AngloGold Ashanti's Sadiola Hill Gold Mine in Mali.

The Company plans to strengthen the CMD Gold Management team as the transition to owner mining approaches and the operation ramps up from its current levels.

## COMMENTS

Mick McMullen, Executive Chairman, commented on the quarterly report "the reduction in gold pours for the June quarter is a reflection of the reduced ounces stacked in the March quarter and site management have done well to maintain cash costs more or less flat despite the reduced ounces poured. The key to increasing gold production is to stack more ounces, which the site has managed to increase by 15% in the June quarter relative to the March quarter. The transition to owner mining with larger equipment, hiring of a Chief Operating Officer and the maintenance on the crushing circuit in May are all aimed at effecting significant increases in the production profile over the coming 6 months."

For and on behalf of the Board

Mick McMullen

Chairman

For further information please visit [www.lachlanstar.com.au](http://www.lachlanstar.com.au) or contact

Mick McMullen

Chairman

Lachlan Star

Tel: +61(0)8 9481 0051

Email: [mick.mcmullen@lachlanstar.com.au](mailto:mick.mcmullen@lachlanstar.com.au)

Declan Franzmann

Managing Director

Lachlan Star

Tel: +61(0)8 9481 0051

Email: [declan.franzmann@lachlanstar.com.au](mailto:declan.franzmann@lachlanstar.com.au)

**Table 4 – Drill Results**

Hole ID	Grid_N	Grid_E	Grid_Elev	Azimuth	Dip	From	To	Interval	g/tAu	Cu%
DDH-2012-039	3942.6	8138.4	1068.8	450.5	-88.3	169.4	181.7	12.3	0.34	
DDH-2012-041	3899	8150.4	1065	218.4	-88.9	25.4	31	5.6	0.81	
						66	94	28	0.81	
						90.5	92.1	1.6		1.12
						175	179	4	0.43	
						209	212	3	0.38	
DDH-2012-042	3981.7	8255.2	1085.6	347.1	-89	51.9	171	119.1	0.44	
								including		
						51.9	95	43.1	0.52	
						105	115	10	0.94	
						125	171	46	0.4	
RCH-2012-044	3897.7	8290.6	1087.9	267.3	-89.5	25	182	157	0.72	
						192	194	2	0.4	
RCH-2012-045	3539.8	8298.1	1062.7	225	-90	6	9	3	0.37	
						25	77	52		0.34
						76	83	7	0.19	
						142	206	64		0.13
						142	216	74	0.76	
						231	240	9	0.28	
RCH-2012-049	4079.1	8338.2	1086.5	285.1	-89.6	2	10	8	0.32	
						35	187	152	0.5	
								including		
						35	52	17	0.6	
						61	91	30	1.01	
						96	100	4	0.33	
						106	111	5	0.21	
						119	172	53	0.44	
						177	187	10	0.72	
RCH-2012-051	3944.6	8297	1077.2	128.8	-89.2	36	175	139	0.68	
						181	184	3	0.56	
RCH-2012-053	4000.6	8203.4	1099	84	-89.2	43	53	10	0.42	
						66	82	16	0.42	
DDH-2012-047	2460.5	6726.6	1095.6	50.3	-60.8	49	51	2	0.34	
						70	89	19	0.25	
						131.4	139	7.6	1.07	
						153	158	5	0.21	
						178	188	10	0.32	
						201	208	7	0.33	
DDH-2012-048	2523.4	6668.2	1098.3	65	-60	50.1	50.6	0.5	0.19	
						52.1	53.5	1.4	0.28	
						55	59	4	0.31	
						103	109	6	0.37	
						115	117	2	0.2	
						167.4	167.9	0.5	0.45	0.7
						194.5	195.5	1		0.18
						200.1	202.1	2	0.28	
						204	205	1	0.63	
						209	211	2	0.62	
						219	220	1		0.21
						221	222	1	0.27	
RCH-2012-050	4100	8150	1092	0	-90	119	120	1	0.22	
						123	124	1	2.37	
						231	232	1		0.19
						243	244	1		0.21

Hole ID	Grid_N	Grid_E	Grid_Elev	Azimuth	Dip	From	To	Interval	g/tAu	Cu%
RCH-2012-052	3962.2	8196.4	1099.8	77.1	-89.6	9	15	6	0.2	0.79
						30	46	16	0.65	
						59	61	2	0.33	
						63	73	10	0.38	
						82	87	5	0.33	
						92	95	3	0.43	
						130	133	3	0.44	
						190	229	39	1.27	
						192	197	5		
						236	256	20	2.23	
						258	283	25	1.98	
						286	289	3	0.41	
RCH-2012-054	4060	8100	1105	0	-90	39	39	0	0.34	
						83	85	2	0.47	
RCH-2012-055	4060	8200	1105	0	-90	30	40	10	0.26	
						90	93	3	0.3	
						230	235	5	0.39	
RCH-2012-059	3859.0	8191.1	1069.7	338.2	-88.6	0	25	25	0.41	0.20
						31	38	7	0.21	
						50	209	159	0.37	
								including		
						50	82	32	0.33	
						86	91	5	0.26	
						94	112	18	0.27	
						117	119	2		
						118	122	4	0.62	
						130	147	17	0.31	
						139	141	2		
						155	169	14	1.01	
						162	164	2		
						172	190	18	0.53	
						197	205	8	1.22	
207	209	2	0.49							
RCH-2012-066	3114.1	6851.8	1136.1	90.8	-58	5	7	2	0.35	0.35
						19	48	29	0.71	
								including		
						19	28	9	0.75	
						40	48	8	1.70	
						50	54	4	0.21	
RCH-2012-068	3157.3	6862.8	1137.8	88.5	-58.5	26	29	3	0.25	
						35	43	8	0.36	
						55	48	-7	0.24	
						50	54	4	0.43	
RCH-2012-069	2913.0	7224	975.7	0.0	-90	7	9	2	0.33	0.33
						65	67	2		
RCH-2012-070	3121.6	7073.9	1-51.1	85.2	-72.9	0	13	13	1.27	
						40	43	3	0.67	
						55	64	9	0.18	
RCH-2012-072	2620.0	7108.4	1104.1	89.9	-58.8	79	81	2	0.49	
						59	61	2	0.66	
						86	89	3	0.25	
RCH-2012-073	3843.2	8247.0	1083.5	272.5	-89.5	102	105	3	0.64	
						0	5	5	0.19	
						10	20	10	1.35	
RCH-2012-074	3769.0	8116.9	1053.3	203.2	-89.8	35	40	5	0.23	
						0	10	10	1.14	
RCH-2012-075	3793.0	8109.3	1054.4	238.2	-89.7	0	15	15	0.19	
						20	45	25	0.28	
RCH-2012-076	3809.4	8127.5	1054.1	114.3	-89.4	0	5	5	0.4	
						10	25	15	0.32	
						30	40	10	0.18	

Hole ID	Grid_N	Grid_E	Grid_Elev	Azimuth	Dip	From	To	Interval	g/tAu	Cu%	
RCH-2012-077	3819.8	8112.7	1054.6	296.6	-90	0	10	10	0.49		
						25	30	5	0.17		
						35	45	10	0.21		
RCH-2012-080	3811.2	8092.7	1055.1	42.6	-89.3	0	5	5	0.6		
						20	25	5	0.34		
DDH-2012-43	2645.0	6640.2	1108.4	46.6	-60.4	27	33	6	1.76		
						39	42	3	0.24		
						47	55	8	0.34		
						108	110	2	0.47		
						140.9	142	1.1	7.27		
						179	202	23	0.35		
						207	214.2	7.2			0.26
DDH-2012-061	2554.3	6796.7	1137.3	100.5	-89.4	208	214.2	6.2	0.26		
						220.25	223.9	3.65	0.35		
						8.5	21.2	12.7			0.21
						32.2	41	8.8	0.93		
						43	48	5	0.45		
						53	56	3	0.45		
						68	70	2	0.30		
						75	77	2	0.32		
						86	90	4	0.42		
						94.5	98	3.5	1.04		
DDH-2012-062	3619.6	8239.8	1064.4	346	-89.4	106	108	2	1.43		
						120	129	9	0.87		
						131	133	2	0.20		
						139	141	2	0.24		
						197	201	4	1.35		
						19	28.5	9.5	0.22		
						27.5	32.7	5.2	0.24		
						35.7	38.7	3	0.29		
						50.2	97.6	47.4	0.31		
						102.6	114.7	12.1	0.23		
RCH-2012-064	4103.0	8103.4	1092.7	276.1	-89.6	134.7	137.7	3	0.30		
						147.7	156.7	9	0.26		
						157.3	163.7	6.4	0.18		
						196.7	222	25.3	0.32		
						225	231	6	0.22		
						236	242	6	0.47		
						0	5	5	1.30		
RCH-2012-071	2660.0	7149.2	1104.2	316.6	-89.5	21	27	6	0.36		
						35	45	10	0.54		
						59	64	5	0.48		
RCH-2012-071	2660.0	7149.2	1104.2	316.6	-89.5	40	48	8	0.57		
						101	104	3			0.24
						154	195	41	0.51		
								including			
						154	160	6	0.48		
						162	166	4	0.56		
						177	180	3	0.20		
						184	195	11	1.20		
198	201	3	0.32								



Hole ID	Grid_N	Grid_E	Grid_Elev	Azimuth	Dip	From	To	Interval	g/tAu	Cu%
RCH-2012-078	3570.9	8372.2	1086.4	172.9	-88.4	0	20	20	0.16	
						30	35	5	0.22	
						44	74	30		0.41
						68	72	4	0.26	
						85	99	14		0.20
						101	111	10		0.36
						121	130	9	0.25	
						154	168	14		0.21
						182	208	26		0.24
						204	207	3	0.22	
						210	225	15		0.22
						233	248	15		0.18
						243	246	3	0.19	
						251	256	5	0.31	
						275	281	6	0.34	
						295	298	3	0.33	
						RCH-2012-079	3605.9	8343.2	1081.8	137.2
35	38	3	0.20							
44	47	3	0.25							
97	111	14	0.27							
118	123	5	0.29							
169	192	23		0.25						
197	200	3		0.18						
202	239	37	0.67							
210	214	4		0.34						
218	222	4		0.22						
250	269	19	0.43							
273	285	12	0.32							
RCH-2012-081	3420.6	8328.9	1079	243.4	-89.4					
						10	26	16		0.24
						37	52	15		0.46
						50	52	2	1.45	
						61	78	17	0.77	
						79	83	4		0.20
						101	111	10		0.36
						125	133	8		0.20
						163	167	4	0.44	
						217	220	3	0.37	
						229	232	3		0.32
						234	238	4	0.18	
						239	246	7		0.21
RCH-2012-083	2654.4	6264.5	1099.9	93.5	-63.9	21	23	2	0.99	
						32	82	50	0.84	
								including		
						32	54	22	1.26	
						58	64	6	0.76	
						73	82	9	1.04	
RCH-2012-084	2700.3	6276.7	1100.6	293.0	-89.3	12	29	17	2.11	
						38	41	3	0.23	
						77	92	15	1.43	
						96	99	3	0.19	
						105	110	5	0.27	
RCH-2012-085	2676.4	6301.5	1100.6	0.0	-90.0	31	43	12	0.35	
						51	77	26	1.09	
								including		
						51	61	10	1.28	
						66	70	4	0.68	
73	76	3	3.12							

Hole ID	Grid_N	Grid_E	Grid_Elev	Azimuth	Dip	From	To	Interval	g/tAu	Cu%
RCH-2012-086	2698.1	7238.5	1118.9	63.4	-89.7	67	80	13	0.37	
						83	95	12	0.52	
						97	102	5	0.30	
						116	122	6	0.65	
						126	136	10	0.77	
						142	155	13	0.59	
						160	163	3	0.67	
RCH-2012-087	2674.8	6138.7	1151.7	328.5	-89.0	5	12	7	0.40	
						16	32	16	1.04	
RCH-2012-088	2700.4	6105.0	1160.7	254.5	-89.3	18	19	1	8.00	
						58	70	12	0.79	
RCH-2012-090	2648.3	6117.6	1151.5	88.1	-67.0	49	54	5	1.05	
RCH-2012-091	2588.5	6173.5	1143	95	-72.1	0	5	5	0.18	
						19	25	6	0.27	
						35	37	2	0.18	
						48	50	2	0.23	
RCH-2012-093	2438	6216	1132.8	212.5	-89.7	65	71	6	0.21	
						78	95	17	1.04	
						147	158	11	0.26	
						168	172	4	1.21	
RCH-2012-095	2459.6	6321.3	1127.2	347.9	-89.1	119	121	2	1.71	
						141	144	3	0.28	
RCH-2012-092	3179.6	6960.3	1127.9	317.5	-89.6	177	182	5	0.31	
RCH-2012-094	2640.2	7170.1	1105.2	91.4	-73.8	48	60	12	0.21	
						77	88	11	0.43	
						103	112	9	0.89	
						154	157	3	1.39	
						164	174	10	3.07	

**Table 5 – CMD Gold Mine Indicated and Inferred Mineral Resource<sup>1</sup>**

CMD Gold Mine Mineral Resources (April 2012)						
Deposit	Indicated			Inferred		
	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	38
Toro (Feb 2012)	17.5	0.6	348	11.6	0.4	135
Tres Perlas (April 2012)	112.6	0.4	1,332	104.3	0.3	1,126
Chisperos (April 2011)	1.0	1.1	36	1.4	1.0	43
<b>Total</b>	<b>133.9</b>	<b>0.4</b>	<b>1,788</b>	<b>118.8</b>	<b>0.4</b>	<b>1,342</b>

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

**Table 6 –CMD Gold Mine Mineral Reserves**

CMD Gold Mine			
Summary of Mineral Reserves Estimated as at 1 August 2011			
Deposit	Probable Mineral Reserves		
	Tonnes (Mt)	Au Grade (g/t)	Ounces (koz Au)
Tres Perlas	3.0	0.7	69
Chisperos	0.8	1.2	29
Churramata	0.3	0.9	8
Las Loas	1.0	0.8	25
Toro/Socorro	0.9	0.8	25
<b>Total</b>	<b>6.0</b>	<b>0.8</b>	<b>157</b>

**Competent Persons Statement**

*The information in the news release that relates to the Mineral Resources of Tres Perlas, Chisperos, Las Loas, El Sauce, Churramata and Toro/Socorro 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.*

**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.*