

**LACHLAN
STAR**



**UNHEDGED GOLD
PRODUCER**

**MAJOR EXPLORATION
POTENTIAL**

**WORLD CLASS
DEPOSITS**

**16 September 2013
North American Roadshow**

**ASX : LSA
TSX : LSA**

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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 67,500- 72,500 ounces Au Equiv per annum run rate

1.98 million ounces of gold in Indicated mineral resources

1.34 million ounces of gold in Inferred mineral resources

0.41 million ounces of gold in Probable mineral reserve

Significant operational improvements and cost cutting delivered during 2013

100% interest in the Bushranger copper project in New South Wales Newmont Farming in to earn 51% over two years

Experienced Management Team



Board of Directors

Mick McMullen <i>Executive Chairman</i>	Geologist with over 20 years experience in identifying, financing, developing, and mining operations in Africa, Australia, Europe, Asia and South America.
Declan Franzmann <i>Director</i>	Brisbane based mining engineer with over 20 years experience in the development and operation of open pit and underground mines in Latin America, Africa, Asia and Australia.
Scott Perry <i>Director</i>	Toronto based accountant with over 15 years experience in the financial management of gold mining companies in Australia, Russia and Latin America. Currently CEO for AuRico.
Peter Babin <i>Director</i>	Denver based lawyer with 30 years experience as a lawyer, including 9 years as General Counsel and later President of Royal Gold
Pete Drobeck <i>Director</i>	Denver based geologist with over 30 years experience in the mineral exploration and development areas, including in Chile, Peru and Mexico

Management

Bira De Oliveira <i>Chief Operating Officer</i>	Engineer with qualifications in Mining Engineering, Minerals Processing, and Project Management. Has more than 35 years operational experience in Latin America and West Africa in base metals and gold mines.
Bob Anderson <i>Group Company Secretary & CFO</i>	Perth based accountant with over 20 years experience in financial management.
Rob Pardo <i>Finance Manager CMD</i>	Accounting and Business degree, with 20 years experience in mining in Chile, Canada and Central America
Mauricio Martinez <i>General Manager</i>	A mining engineer with over 30 years international experience in open-pit mine planning and operations management.

Corporate Information

- ❖ Share register is predominately North American and European institutions, management and vendors of the CMD Gold Mine
- ❖ TSX accounts for majority of the trading volume
- ❖ Operational management of COO, General Manager and Finance Manager all resides in Chile near the CMD Gold Mine



Capital Structure 9 Sept 13

Shares	99.12m
Warrants +Options	1.79m (av. strike price of A\$1.47)
Share price	A\$0.26
Market Cap (undiluted)	US\$24 million
Enterprise Value (EV)	US\$31 million
EV in Gold Ounces	25,000
EV/ resource ounce of gold	US\$10/oz

Analyst Coverage

Stonecap	Ali Khan
Patersons	Matthew Trivett
Macquarie	Michael Siperco

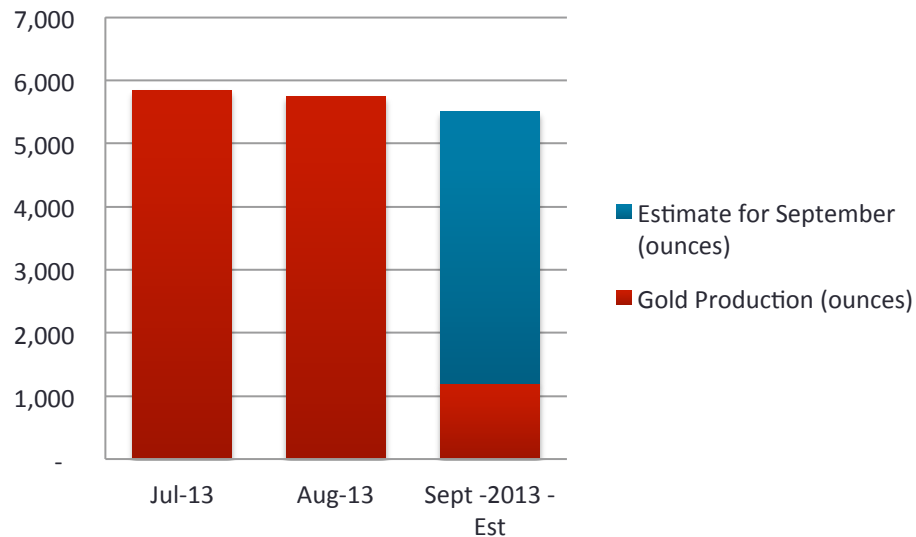
CMD Operations

- ❖ Established mine with long history in highly prospective area at 1,000 m elevation and a 1 hour drive on a sealed road from La Serena
- ❖ CMD has produced > 900,000 ounces of gold since 1995, with a peak of 135,000 ounces in 1999
- ❖ 8Mtpa crushing, stacking & elution plant currently operating at circa 5.6 Mtpa (up from 1.5Mtpa in Dec 2010)
- ❖ Water rights significantly in excess of current requirements (205l/s, using 20l/s)
- ❖ Grid, solar and 5Mva diesel power station on site
- ❖ Proven track record of sulphide heap leach recovery –circa 73% recovery
- ❖ Tax losses available of US\$85 million, Capital Repatriation Credit of US\$107 million (exempt from Chilean repatriation tax)
- ❖ Copper cyanide recovery circuit that produces a saleable CuCn product and removes Cu from the circuit

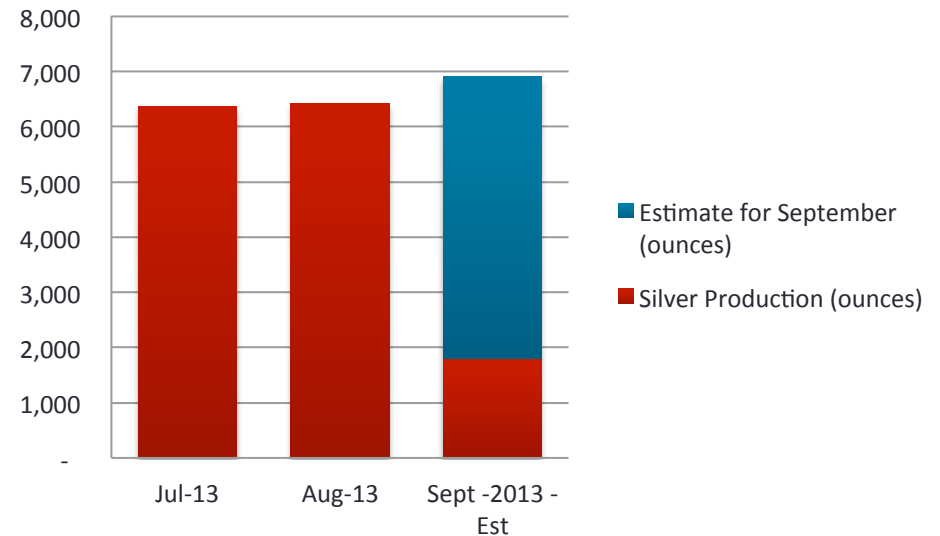


September 2013 Quarter Guidance

Gold Production



Silver Production

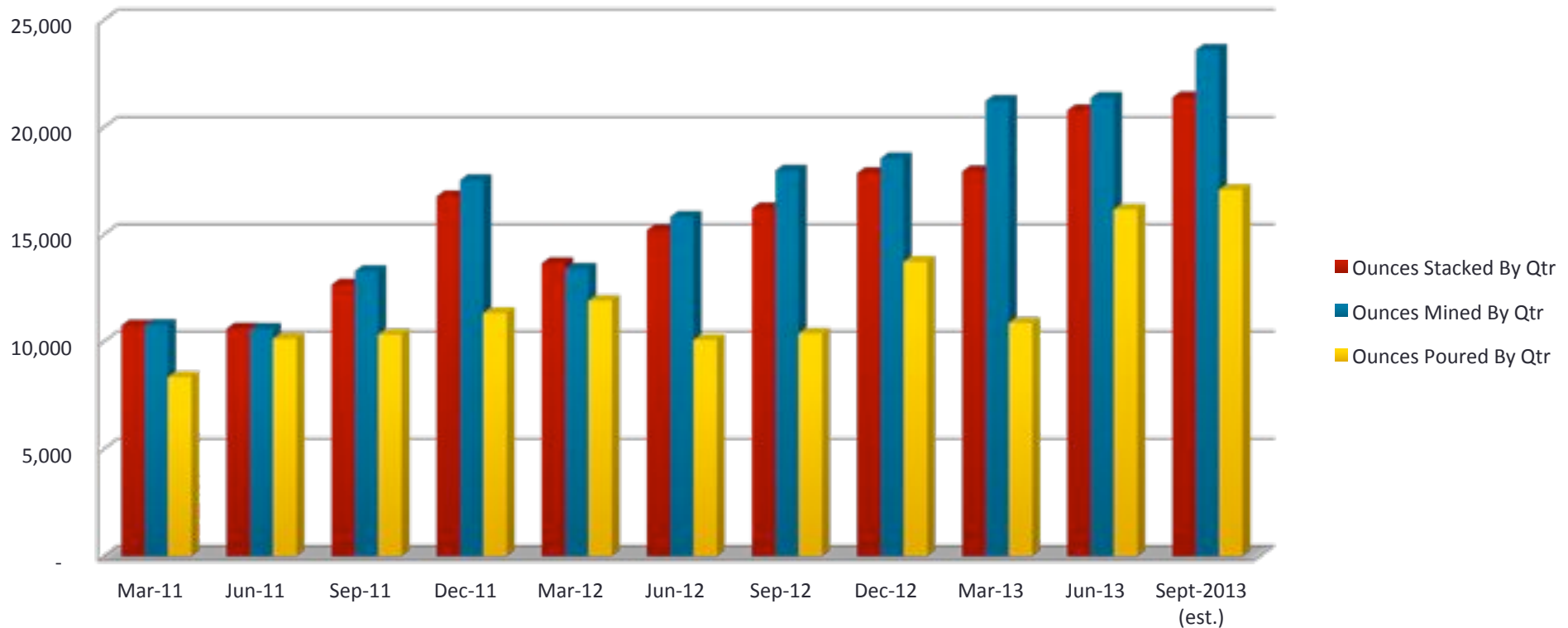


- ❖ Production Guidance for month of September:
 - ❖ 5,400 to 5,600 ounces of gold
 - ❖ 6,500 to 7,000 ounces of silver
- ❖ Silver production continues to increase
- ❖ Stacked grades trending back above 0.55 g/t Au as higher grade Tres Perlas ore accessed, combined with the positive impact of 3rd party mineralised material and tailings being remined
- ❖ Ore stacked continues to trend upward, reducing unit costs for processing and G+A



Quarterly Performance Trends

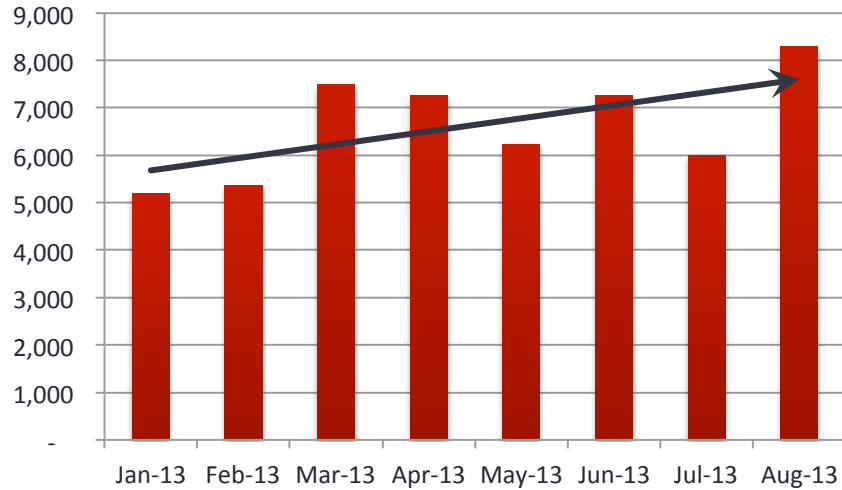
Ounces Mined, Stacked and Poured By Qtr



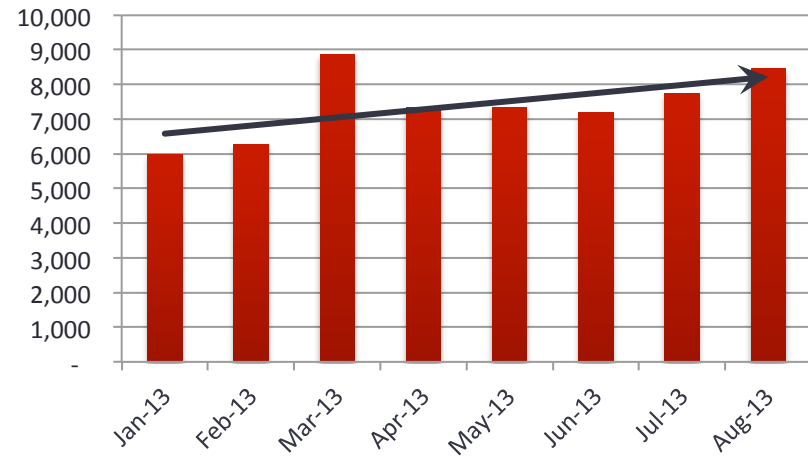
- ❖ Ounces mined and stacked have shown consistent Qtr on Qtr improvement since the March 2012 Qtr
- ❖ Ounces poured lag ounces stacked due to recovery time,
- ❖ Last two Qtr's have seen a marked pick up in gold production as the increased pad inventory starts to produce

2013 Metrics – Major Improvements

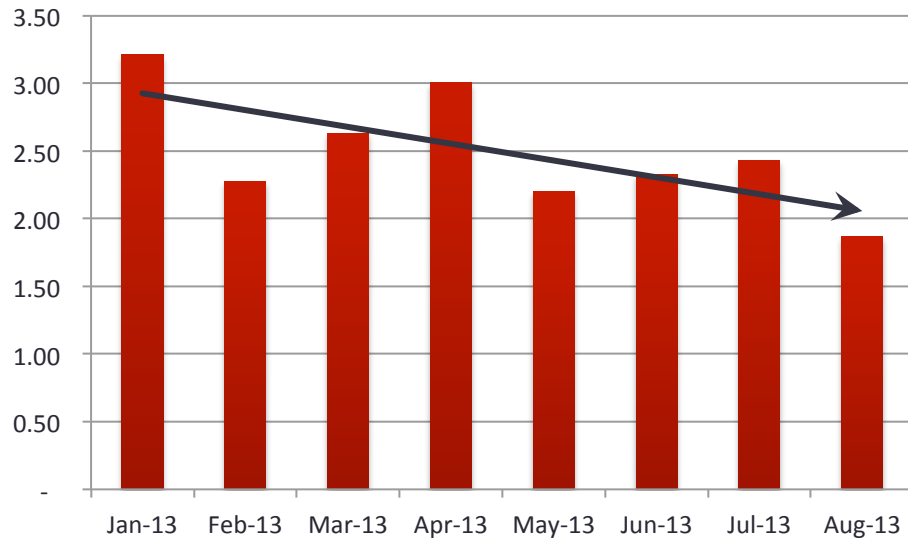
Ounces Stacked



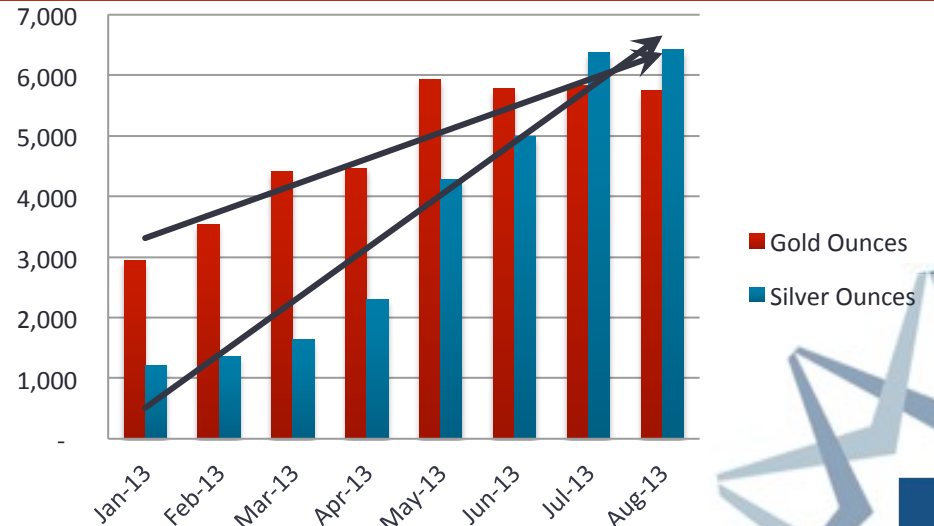
Ounces Mined



Waste to Ore Ratio



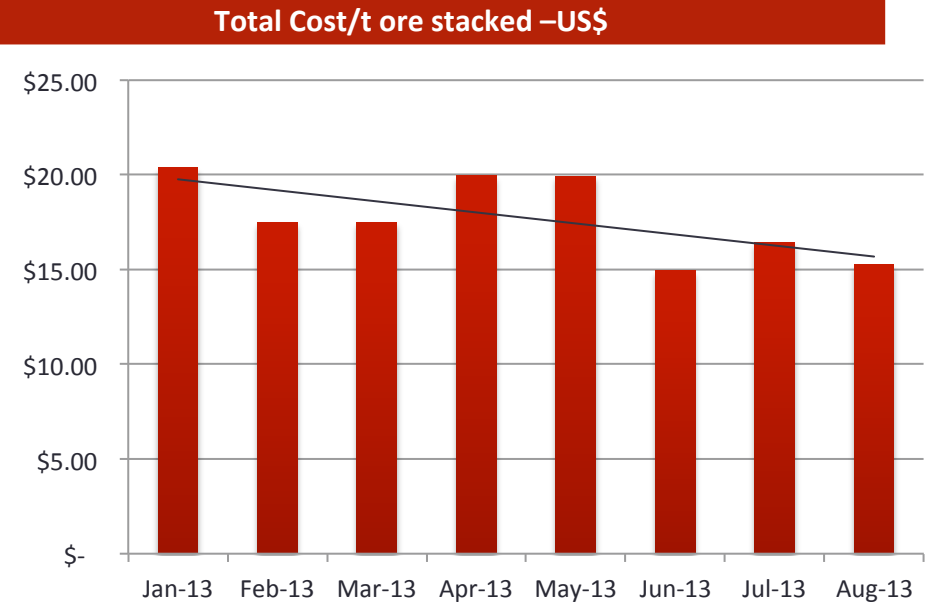
Gold and Silver Production



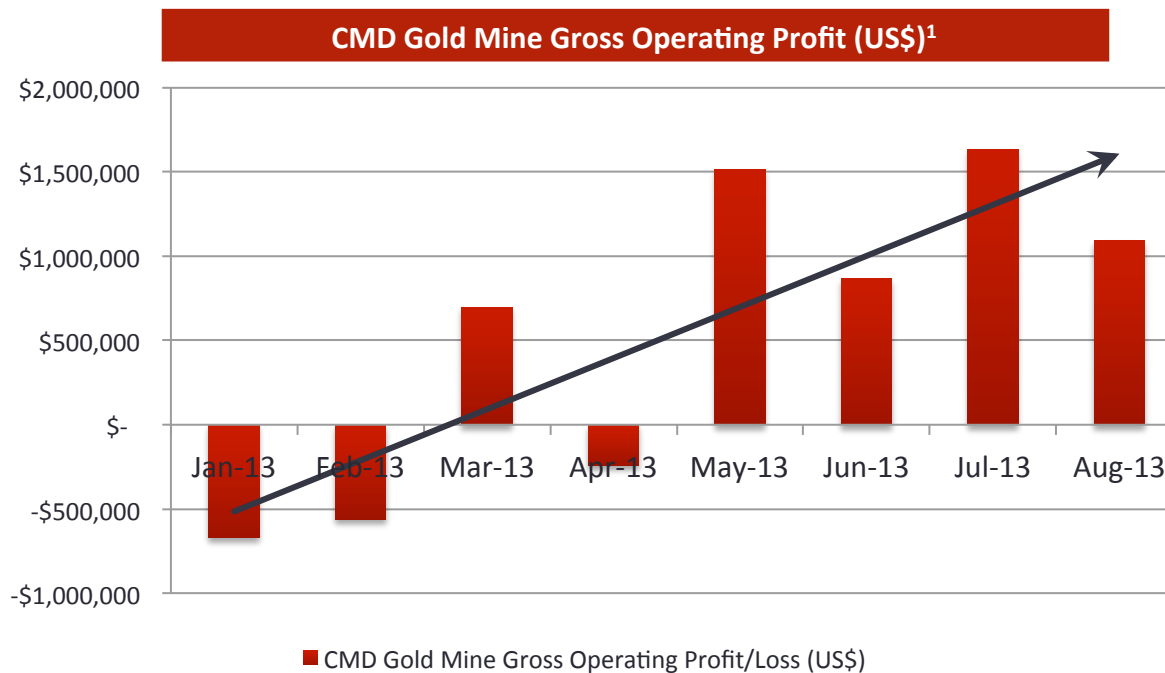
2013 Metrics – Major Improvements –Cost Cutting

- ❖ Past six months has been a period of cost cutting to improve economics
- ❖ CMD Gold Mine Cost Cutting
 - ❖ Move to owner mining has reduced mining unit rates materially
 - ❖ Retrenched over 40 staff
 - ❖ Restructured MARC costs for owner mining fleet
 - ❖ Increased bench height to save drilling and blasting costs
 - ❖ Renegotiated cyanide supply contracts
 - ❖ Moved most plant maintenance from contract to owner
 - ❖ Moved dynamic pad rehandle from contractor to owner mining
 - ❖ Reduced overall head count on site by 269 over past 18 months

- ❖ Corporate Cost Cutting
 - ❖ Merged four executive positions into two
 - ❖ Executive Chairman and CFO reduced fees by 30% and linked to gold price
 - ❖ Non executive director fees to be taken in equity (subject to shareholder approval), not cash
- ❖ Results seen in the much improved operating results despite the gold price



2013 Metrics – Major Improvements



1 – Gross Operating Profit/Loss equals revenues and dore in process plus ore stockpiles 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

- ❖ CMD Gold Mine Gross Operating Profit¹ has increased over the year despite the fall in the gold price
- ❖ Combination of reduced waste:ore ratio, higher gold production and reduced unit rates has resulted in major improvements in the financial metrics
- ❖ Waste to ore ratio will continue to fall towards the LOM ratio in the NI 43-101 Technical Report of 0.98:1
- ❖ Additional high grade mineralisation sources being developed to further reduce costs, including:
 - ❖ Purchase of third party material under contract
 - ❖ Treatment of tailings
 - ❖ Underground mining of high grade veins

Mineral Resource and Mineral Reserves

- ❖ Updated NI 43-101 Technical Report announced 28 August 2013
- ❖ Probable mineral reserves of 28.3Mt grading 0.45 g/t Au for 408,000 ounces of contained gold
- ❖ Probable mineral reserve estimated at US\$1,300/ounce for the Tres Perlas deposit, and US\$1,250/ounce for the Chisperos, Mercedes and Toro deposits
- ❖ Bulk of the Probable mineral reserves contained at the Tres Perlas deposit
- ❖ New Probable mineral reserve is a 160% increase in contained gold over the previous Probable mineral reserve from May 2011, despite almost complete mining depletion of the previous estimate
- ❖ Tailings, third party material purchases and inferred mineral resource all excluded from Probable mineral reserve estimate
- ❖ Mineral resources maintained at 1.98 million ounces of gold contained in the Indicated category and a further 1.34 million ounces of gold contained in the Inferred category
- ❖ Mineral resources have been depleted for mining production as no exploration undertaken for the past 12 months

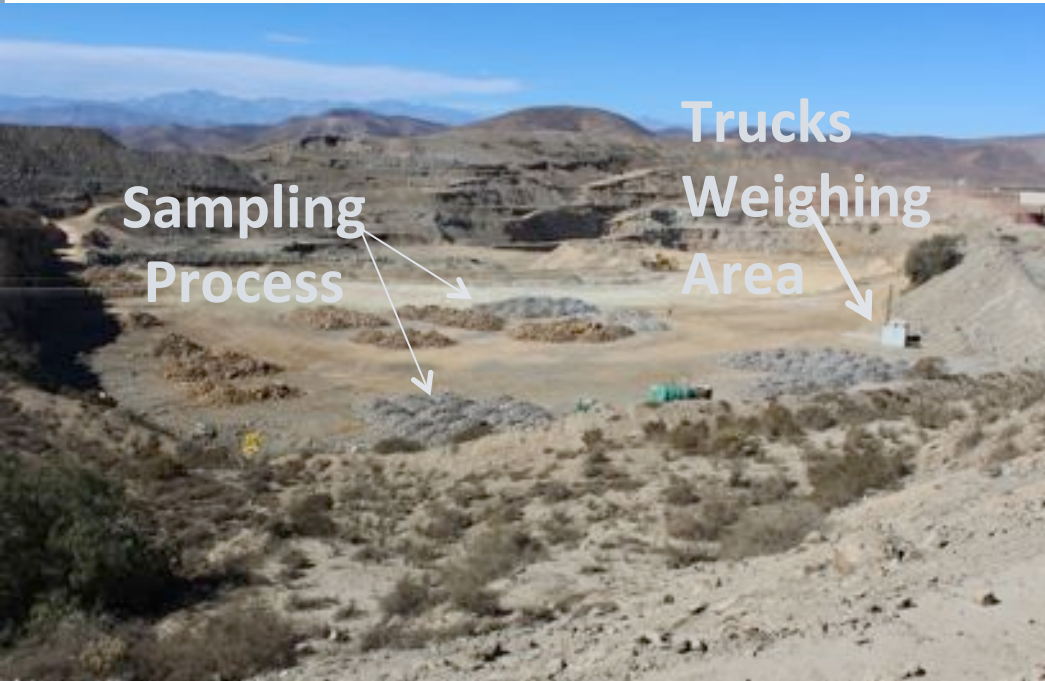


Projects to Add Extra Margin

- ❖ New carbon regeneration kiln will increase absorption efficiency, resulting in a circa 5% increase in gold pours from October
- ❖ Pumping capacity has been increased to provide additional capacity
- ❖ Purchasing of mineralised material from third party suppliers has increased

Third party Mineralised Material

New Carbon Regeneration Kiln



CMD Gold Mine Site Layout



CMD Exploration Potential



- ❖ CMD Gold Mine hosts a strongly mineralised package of rocks 4km long by 2 km wide immediately adjacent to a large operating Cu-Au mine
- ❖ Almost all drilling to date has been around mined pits that had surface expression with limited exploration for new deposits
- ❖ Most deposits still open
- ❖ Almost no exploration at depth for high grade feeder zones

Company Strategy

- ❖ Continue to stack more ounces which in turn will produce more gold
- ❖ Mine low waste:ore ratio pits
- ❖ Maximize higher grade mineralisation sources such as tailings, third party mineralised material purchases and underground mineralised material
- ❖ Move to all owner mining fleet on completion of mining at Chisperos to drive further unit rate reductions
- ❖ Continue to cut costs where possible
- ❖ Continue to build our North American investor base
- ❖ Maximise cash flow from the CMD Gold Mine and pay to shareholders

CONTACT DETAILS

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Mineral Resources and Reserves

		CMD Gold Mine Mineral Resources			
Deposit	Resource Category	Lower Cutoff	Tonnes	Grade	Metal
		(Au g/t)	(Mt)	(Au g/t)	(koz Au)
Tres Perlas	Indicated	0.15	128.6	0.38	1,584
	Inferred	0.15	99.1	0.36	1,135
Chisperos	Indicated	0.3	0.9	1.12	34
	Inferred	0.3	1.3	0.97	40
Toro	Indicated	0.15	16.2	0.61	316
	Inferred	0.15	10.9	0.36	128
Las Loas	Indicated	0.3	2	0.77	50
	Inferred	0.3	1.5	0.76	37

CMD Gold Mine Summary of Mineral Reserves

Deposit	Probable Mineral Reserves		
	Tonnes [Mt]	Au Grade [g/t]	Ounces (koz)
Tres Perlas	25	0.42	334
Chisperos	0.8	1.17	29
Mercedes	1.5	0.46	22
Toro	1.1	0.66	23
Total	28.3	0.45	408



Competent Persons/ Qualified Persons Statement and Notes

Notes

1 -Gross Operating Profit/(Loss) is a non audited estimate that is derived by revenues and dore in process plus ore stockpiles 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

The information in this presentation news release that relates to the NI 43-101 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 this presentation that relates to NI 43-101 Mineral Reserves at the CMD Gold Mine is based on information compiled by Enrique Quiroga, who is the Principal of Q&Q Ltda, a consultancy firm. Mr. Quiroga is qualified mining engineer by the Comision Calificadora de Recursos y, Reservas Mineras (Chilean Mining Commission) and the Instituto de Ingenieros de Minas de Chile (IIMCH, Chilean Institute of Mining Engineers). Mr. 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 Ore Reserves". Each of Mr. Slater and Mr. Quiroga qualify as a "Qualified Person" under NI 43-101. Each of Mr. Slater and Mr. Quiroga consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to JORC Mineral Reserves at the CMD Gold Mine is based on information compiled 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. 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". 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.

