

5 September 2012

Unhedged Gold Producer

World Class Deposits

Major Exploration Potential



Disclaimer

This Document is not a Prospectus nor an Offer to Subscribe for Shares.

Lachlan Star and its subsidiaries ("LSA") makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of this document. LSA and its respective directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, or contained in or derived from, or for any omissions from this document, except liability under statute that cannot be excluded. This document contains references to certain forecasts, projections, intentions, expectations and plans of LSA, which may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ. The performance and operations of LSA may be influenced by a number of factors, uncertainties and contingencies, many of which are outside the control of LSA and its directors. No representation of warranty (expressed or implied) is made by LSA or any of its respective directors, officers, employees, advisors or agents that any forecast, projections, intentions, expectations or plans set out in this document will be achieved. Either totally or partially, or that any particular rate of return will be achieved.

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.

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 50,000 ounces per annum run rate

Production forecast to increase to 75,000 ounces per annum over next 9 months

Strong balance sheet –US\$13m in cash and gold receivables

1.79 million ounces of gold in Indicated mineral resources

1.34 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

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 CEO for Aurico, a TSX listed gold producing company with operations in Mexico with a market capitalisation of C\$2 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.
Chief Operating Officer	Bira De Oliveira	A professional engineer with formal qualifications in Mining Engineering, Minerals Processing, and Project Management. He has more than 35 years operational experience in Latin America and West Africa in base metals and gold mines.
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
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.

Lachlan Star Capital Structure

4 Sept 2012	
Shares	86.38m
Warrants +Options	16.47m (avg strike price of A\$1.22)
Share price	A\$1.28
Market Cap (undiluted)	US\$113 million
Enterprise Value (EV)	US\$100 million
EV/ resource ounce of gold	US\$33/oz

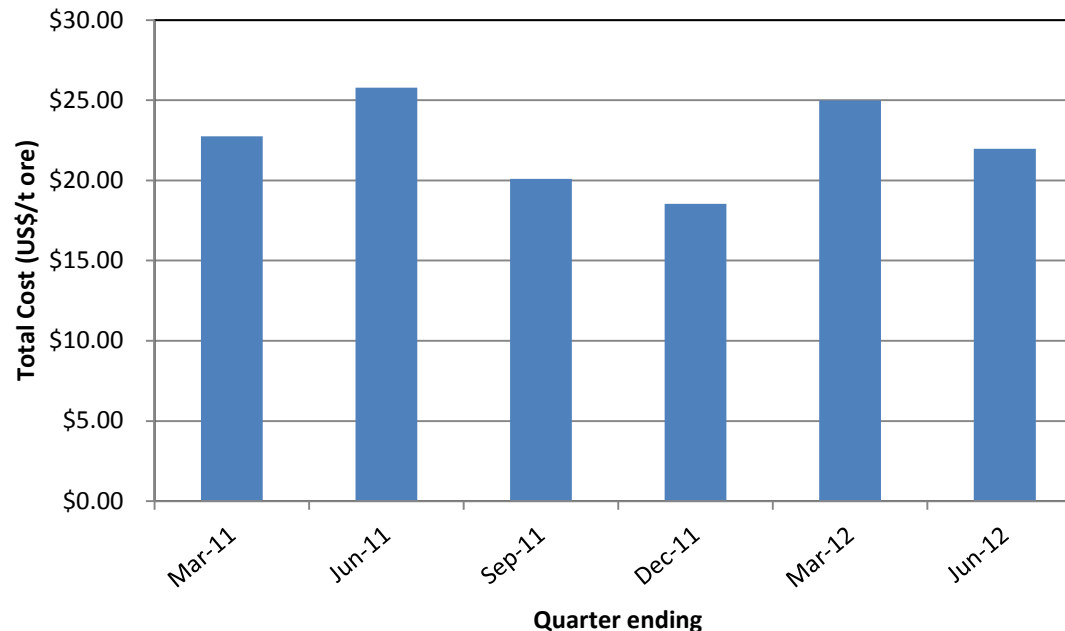
CMD Operations

- Established mine with long history in highly prospective location
- CMD has produced in excess of 900,000 ounces of gold since 1995
- 8Mtpa crushing, stacking & elution plant currently operating at circa 4 to 4.5 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, Capital Repatriation Credit of US\$85 million (exempt from 2nd Tier Chilean income tax)

CMD Location



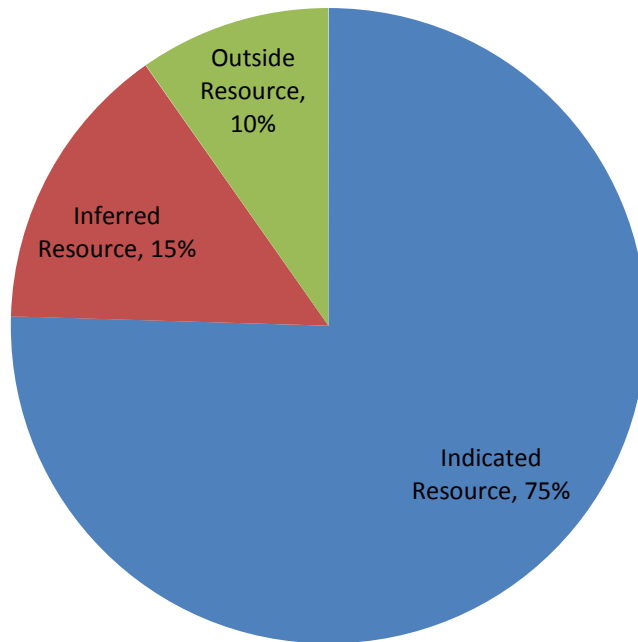
CMD Quarterly Highlights - Costs



- Total costs (including waste stripping) gradually reduced in 2011 but increased in March 12 Qtr –driven by reduced tonnages in month of March and decision to advance waste stripping at Tres Perlas
- Costs reduced in June Qtr as pre stripping reduced and ore tonnages increased
- Costs will reduce significantly once ROM dump leaching starts, pre strip is completed and owner mining strategy is implemented
- Costs for ROM leaching around US\$3.35/t stacked (including pad capital)
- ROM leaching will also drive the waste:ore ratio down closer to 1:1 from current 3.5:1

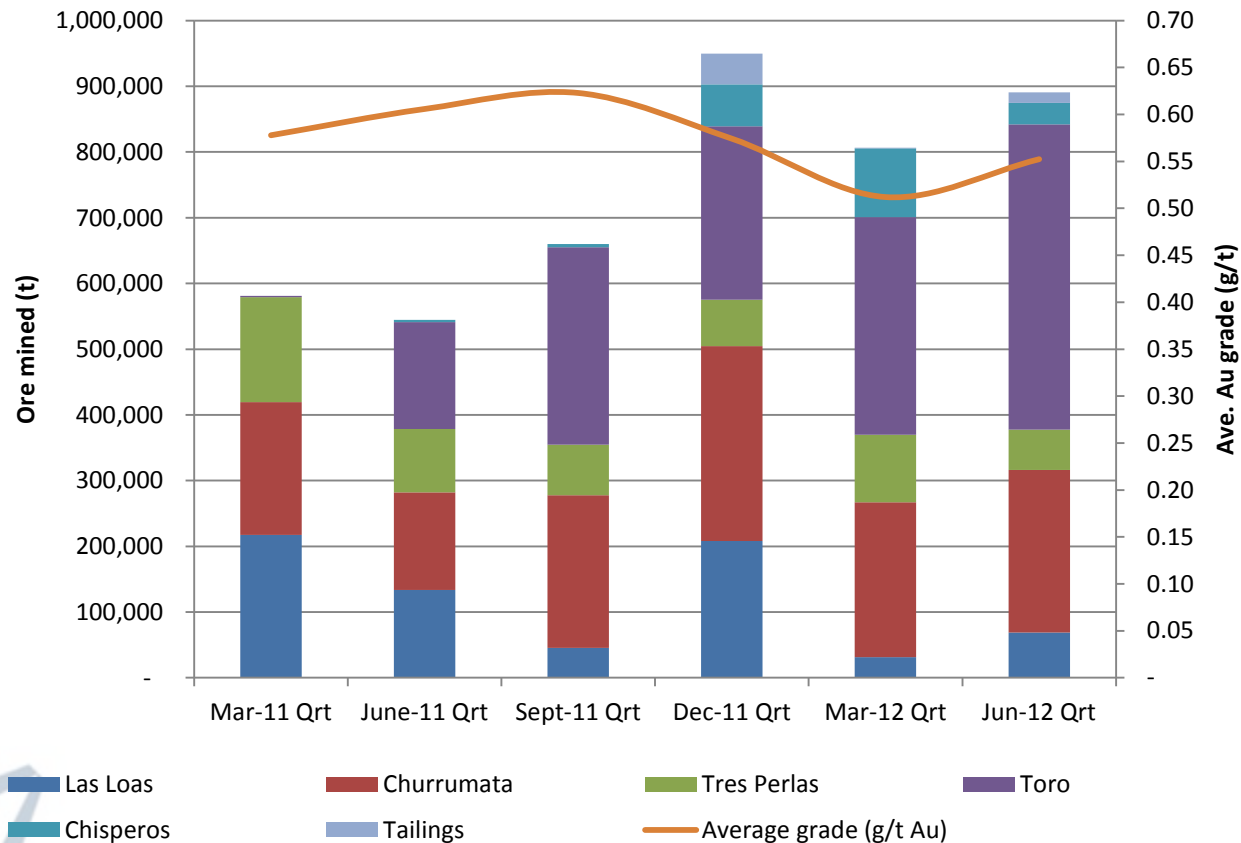
CMD Quarterly Highlights – Mining

Ore Reconciliation June 2012 Quarter Against April 2012 Mineral Resource



- Ore reconciliation improved with 2012 mineral resources
- Reconciliation improving as exploration drilling fills in the knowledge gaps

CMD Quarterly Highlights – Mining

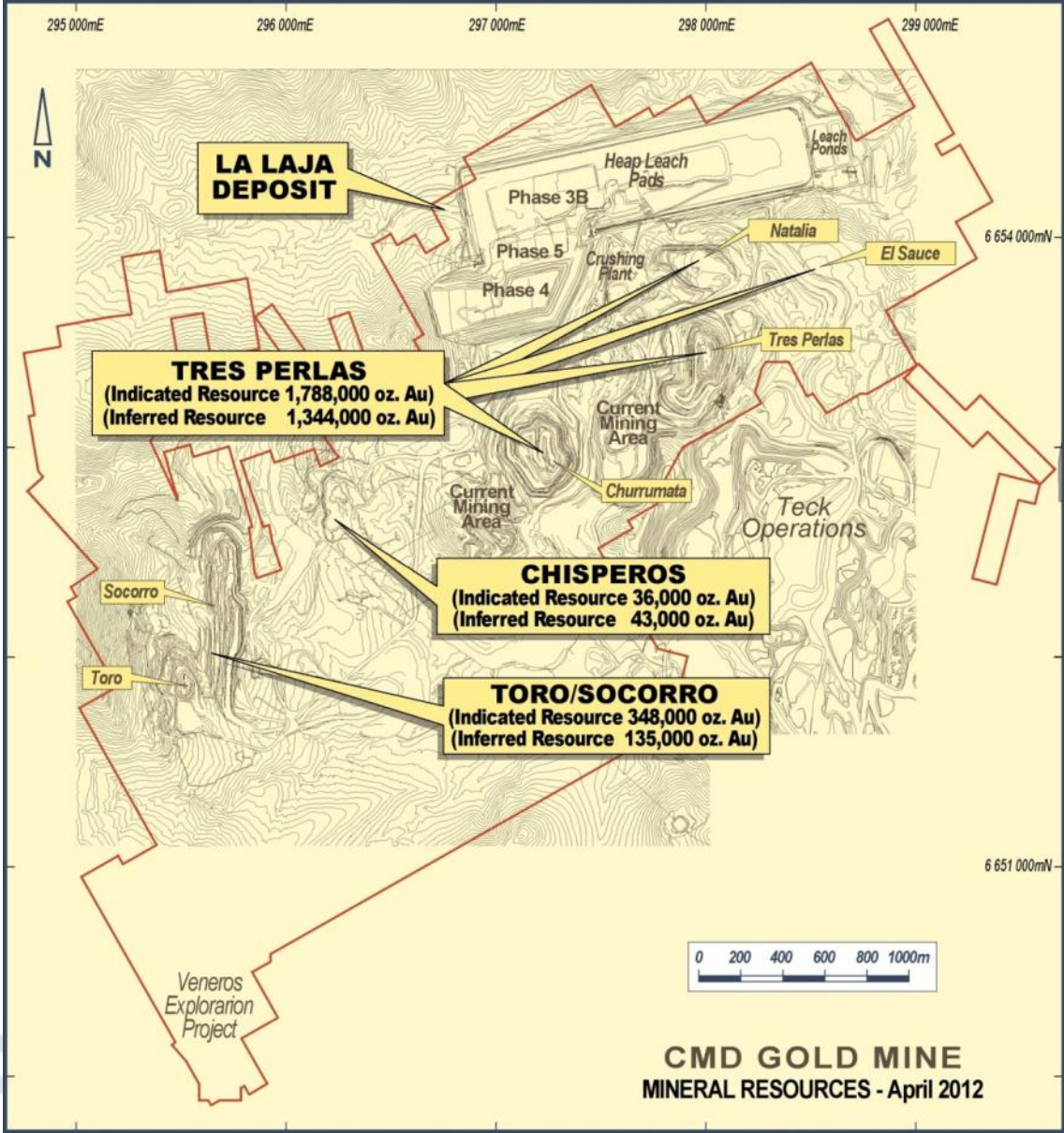


- June Qtr improved over previous Qtr as tonnages and grade both increased
- Approval to relocate Chisperos power line received and mining to resume in full shortly

2012 CMD Mine Plan

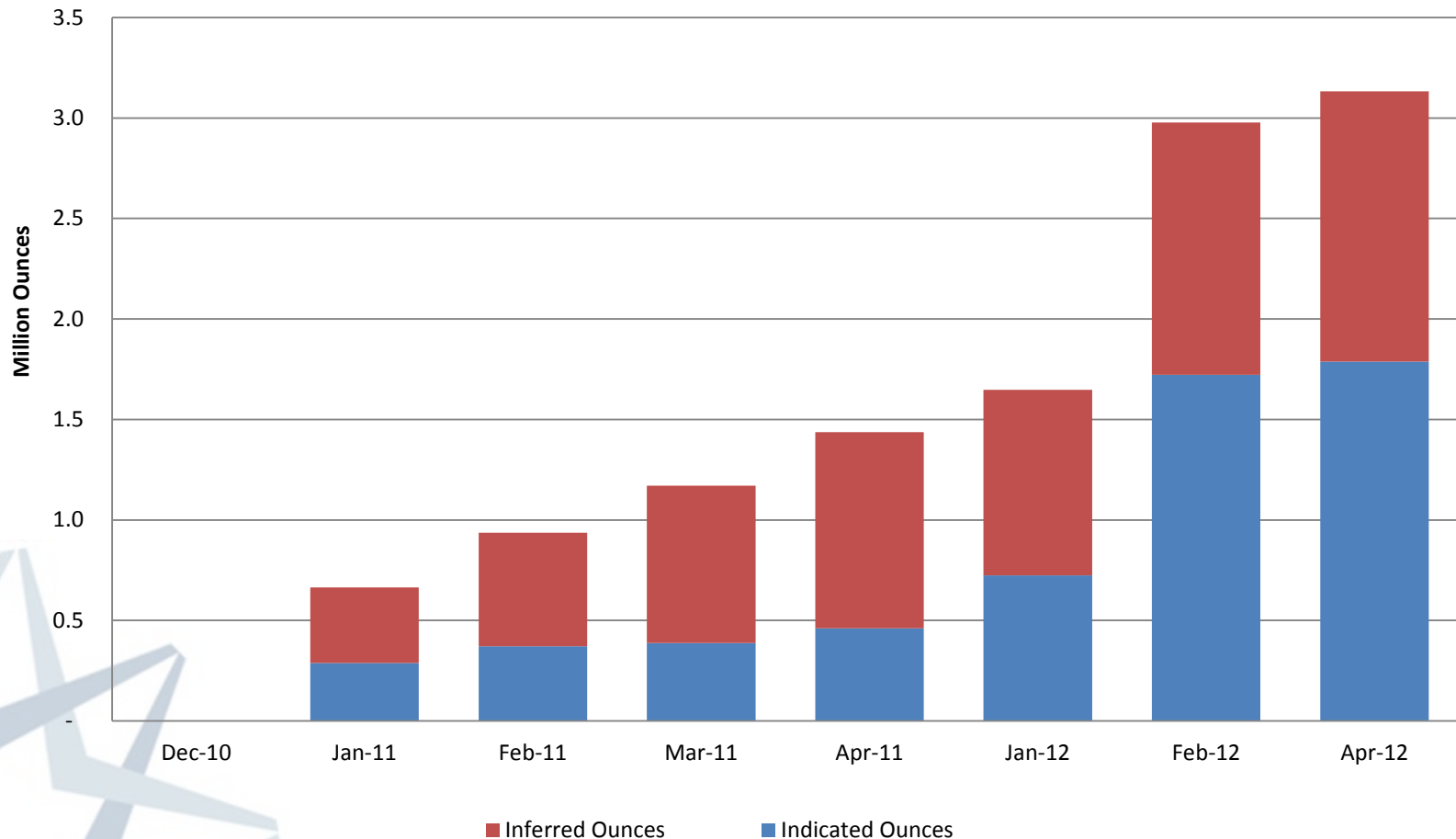
- Focus on mining the bulk tonnage, low waste:ore ratio Manto deposits
 - Combination of crushed (two and three stage) and ROM dump leach material
 - Step change in tonnages stacked to drive down unit costs
 - Short hauls to crusher
 - Reduced mining costs
- Owner mining strategy being implemented with a Komatsu fleet -estimated to reduce costs by up to US\$150/oz
- Fleet lease financing provided by Komatsu and local banks –fully funded
- Additional areas for leach pad and waste dumps identified and leased from Chilean state in perpetuity, process underway to buy land as free hold –lease allows construction of leach pads
- Permitting process underway for a major expansion of the operation (to over 100,000 ounces per annum)
- Targeting 75,000 ounces per annum run rate within 9 months
- Targeting return to +100,000 ounces per annum within 2 years

CMD Mineral Resources



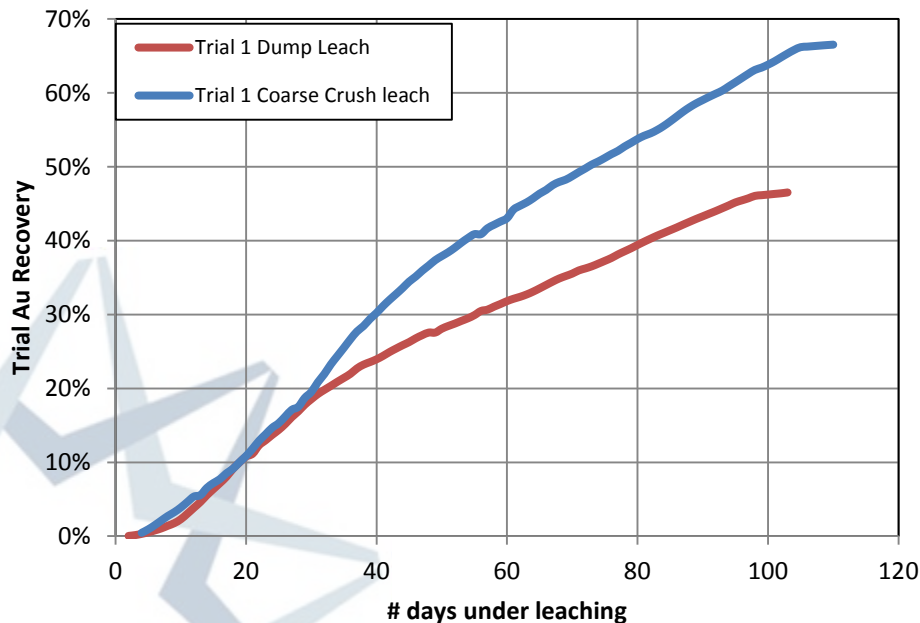
CMD Mineral Resource Growth

Indicated and Inferred Ounces of Gold in Mineral Resources



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)
- Final recovery of circa 50 % from uncrushed ROM material and +66.5% for two stage crushed material
- Low reagent consumption –lower processing costs than current costs
- Second trail almost completed, results slightly better than Trial 1 so far
- Final result will be known once material is crushed and sampled in Sept – subject to not displacing ore



CMD Looking Forward

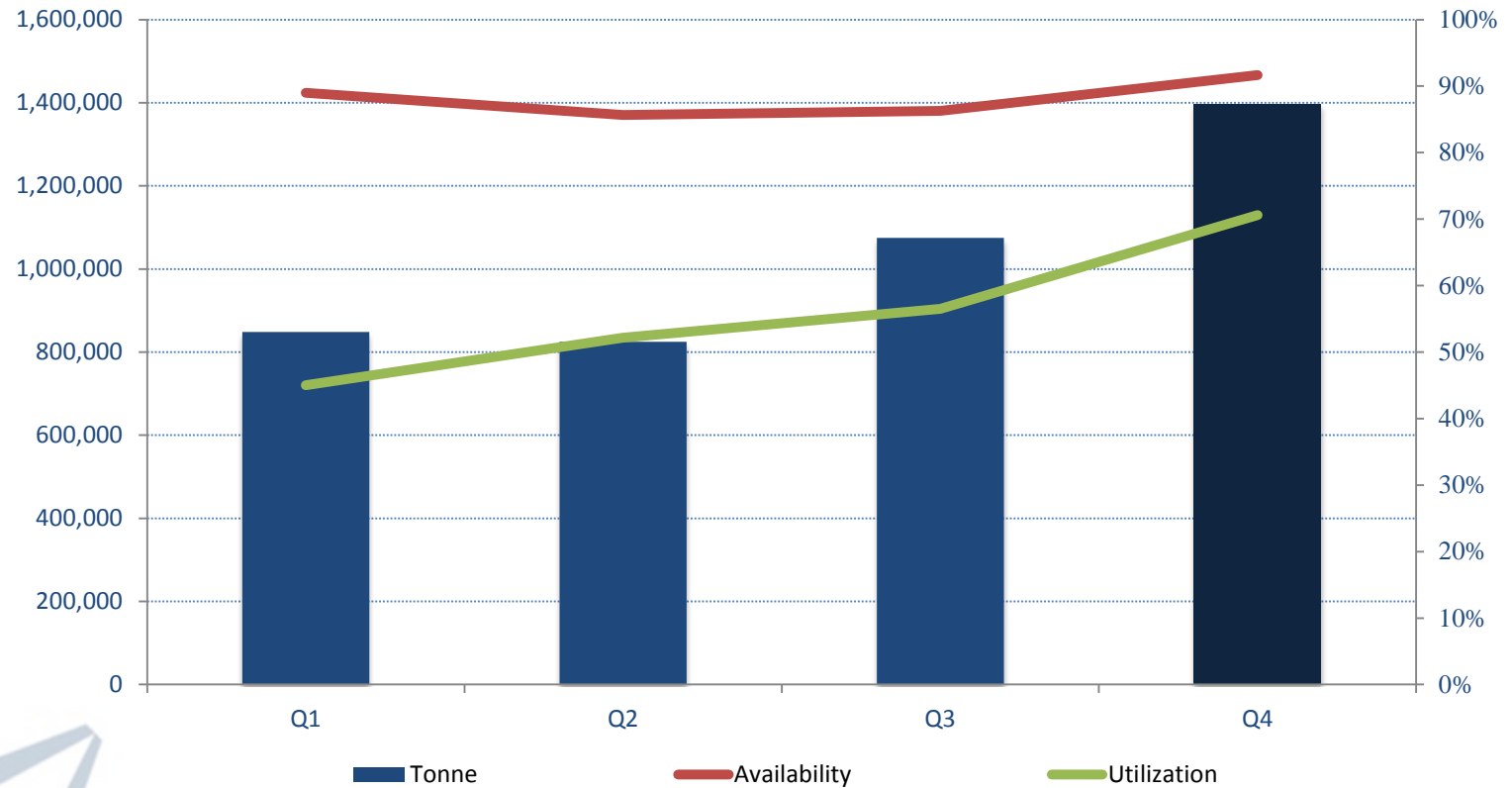
- Investment program to set the operation up for the future almost complete
 - Construction of ROM leach pad
 - Construction of new crushed leach pad (Pad 6)
 - Maintenance program through crushing circuit to improve availability
 - Pre stripping of pits to provide multiple developed ore sources
 - \$10 million of exploration last 12 months to underpin investment decisions and extend mine life
 - Onstream cyanide analysis system
 - Studies into grade control and blasting practices
- Continuous improvement program underway to make each month better than the last month
- Contracting strategy changed to bring many services in house at reduced costs
- Ongoing contracts revised to provide better outcomes for the Company, delivering material cost savings on contract mining and maintenance services
- Hiring of additional expatriate management to facilitate the change to owner mining over the last part of 2012 and building a team around the new COO
- Results are encouraging with improved plant availability, ore mining and importantly increased crushing and stacking rates now running around 15-16ktpd
- ROM ore being stockpiled in preparation for commencement of ROM leaching in Dec 2012 Qtr

CMD – Setting the Operation up for the Future



Crushing Plant Productivity

CY 2012

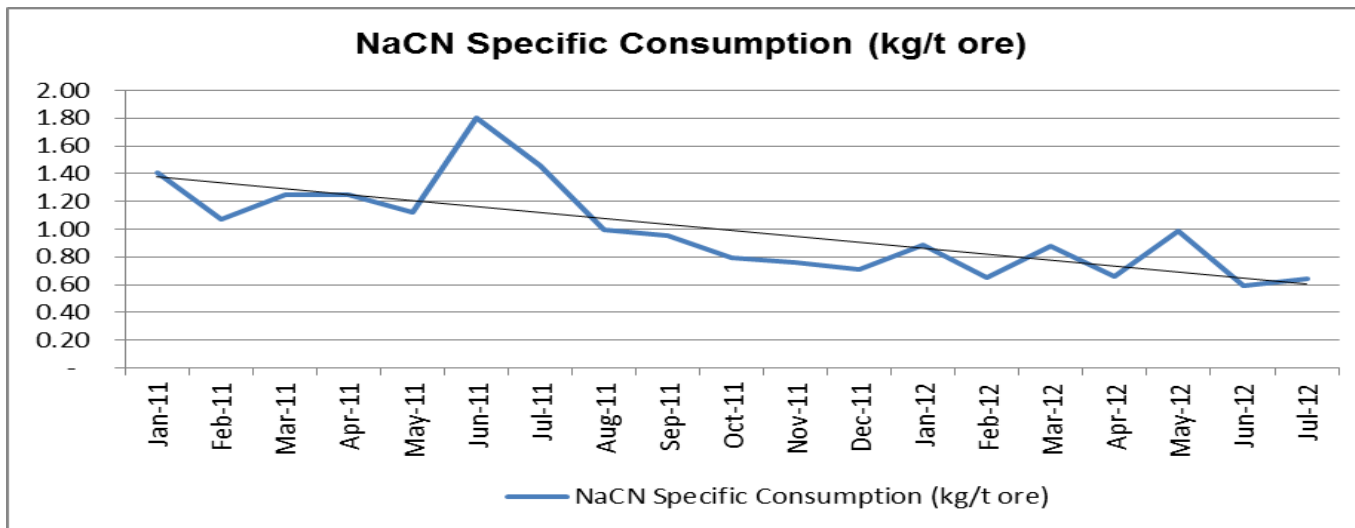


*Q3 and Q4: Forecast

Continuous Improvement Projects

NaCN consumption optimization

Orica NaCN Onstream Analyzer & Addition Control System

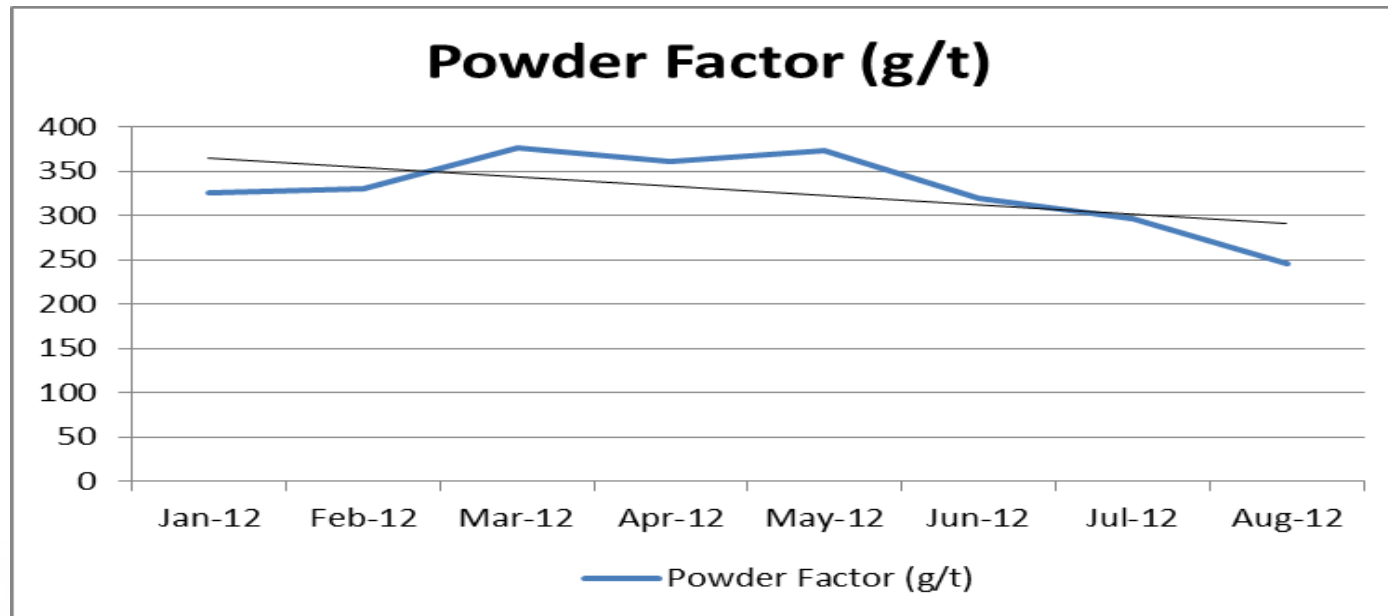


- Better NaCN solution concentration control resulting in significant NaCN cost savings
- Still room for improvement and additional monitoring equipment being installed in Dec 12 Qtr

Continuous Improvement Projects

Drilling & Blasting Management

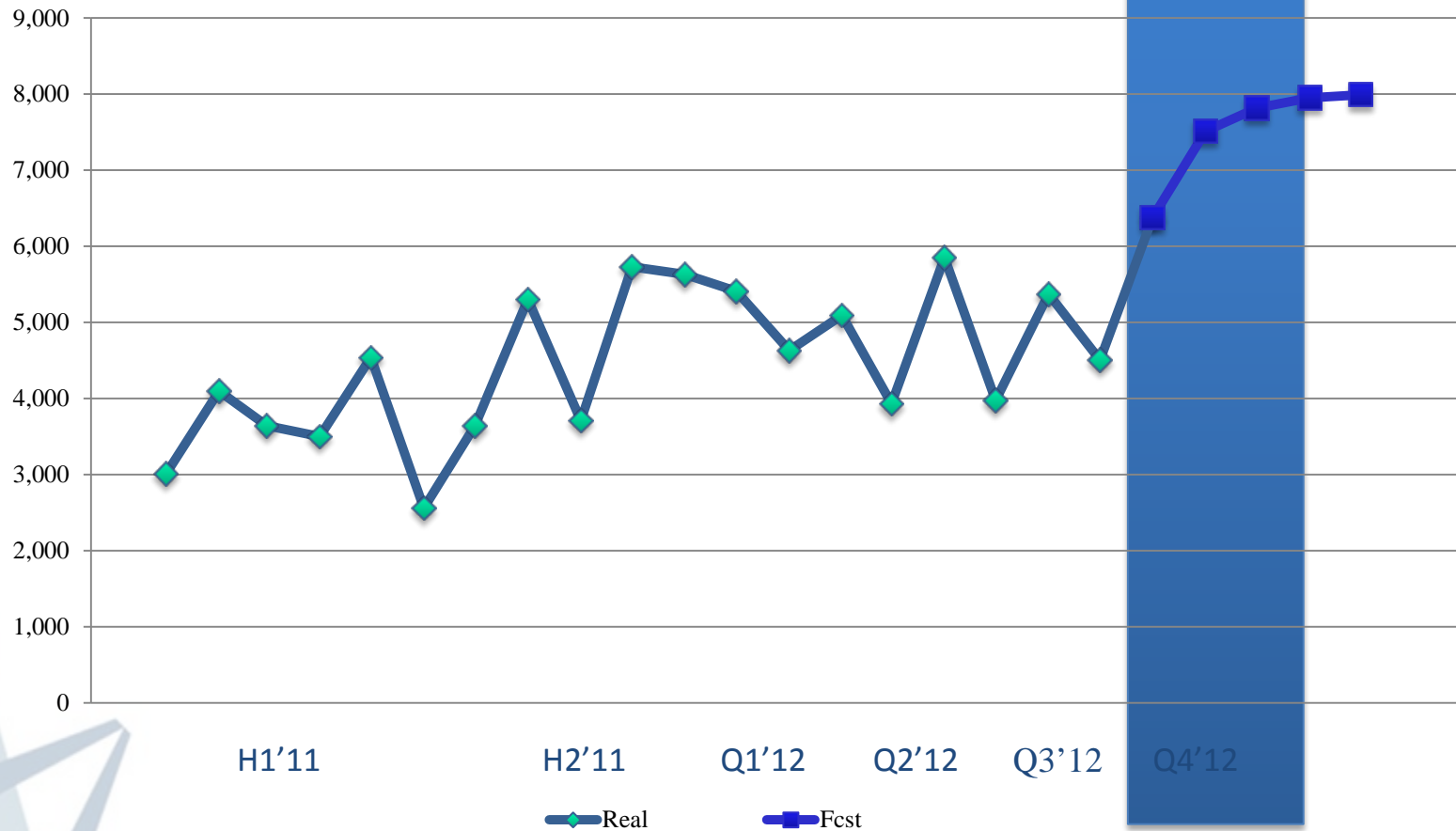
- Explosives Powder Factor optimization for cost/t reduction



- Ore fragmentation improvement
- Larger blasting patterns
- Ore dilution control
- Drilling fleet efficiencies (availability & utilization)

Au Oz stacked on Leach Pad

2011-2012



*Q4: Q4'12 Au Oz to the pad will average circa 8,000 oz/month.

CMD Exploration –Chisperos and Toro

➤ Chisperos Deposit

- Highest grade deposit- +1 g/t Au grade
- Recent results include 21.2m grading 3.33 g/t Au from 82m downhole DDH 2012-125, 17m grading 2.11 g/t from 12m downhole and 15m grading 1.43 g/t Au from 77m downhole in RCH 2012-84, 17m grading 1.10 g/t Au from 21m downhole RCH 2012-126 and 13m grading 1.94 g/t Au from 21m downhole RCH 2012-127
- These results are immediately along strike of the current pit and can be mined in the next 12 months

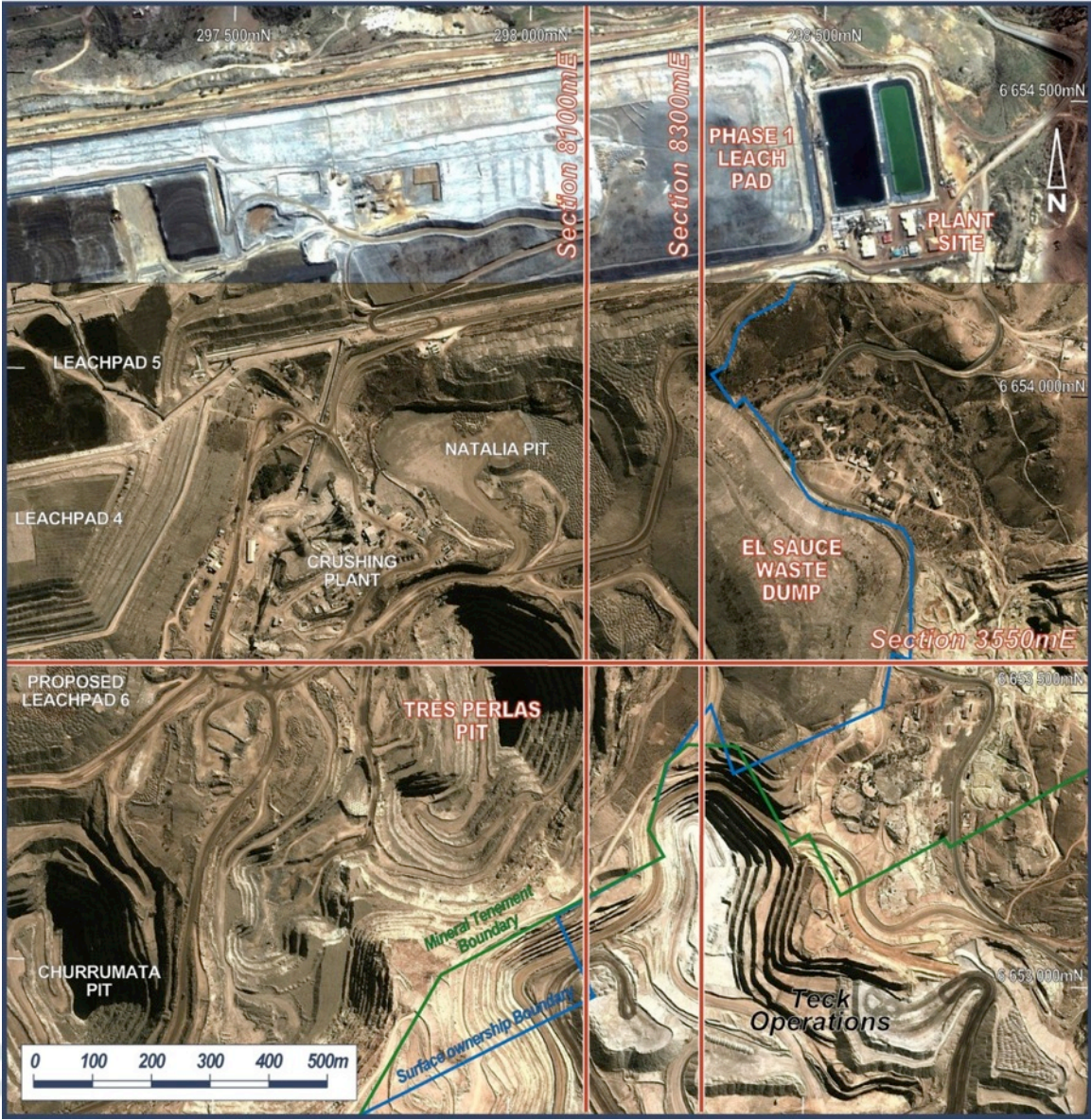
➤ Toro Deposit

- Second highest grade deposit – circa 0.6g/t Au
- Recent results include 7m grading 2.92 g/t Au from 57m downhole RCH 2012-142, 14m grading 1.00 g/t Au from 106m downhole RCH 2012-143, 11m grading 1.77 g/t Au from 143m downhole RCH 2012-141
- These results are immediately along strike of the current pit and can be mined in the next 12 to 18 months

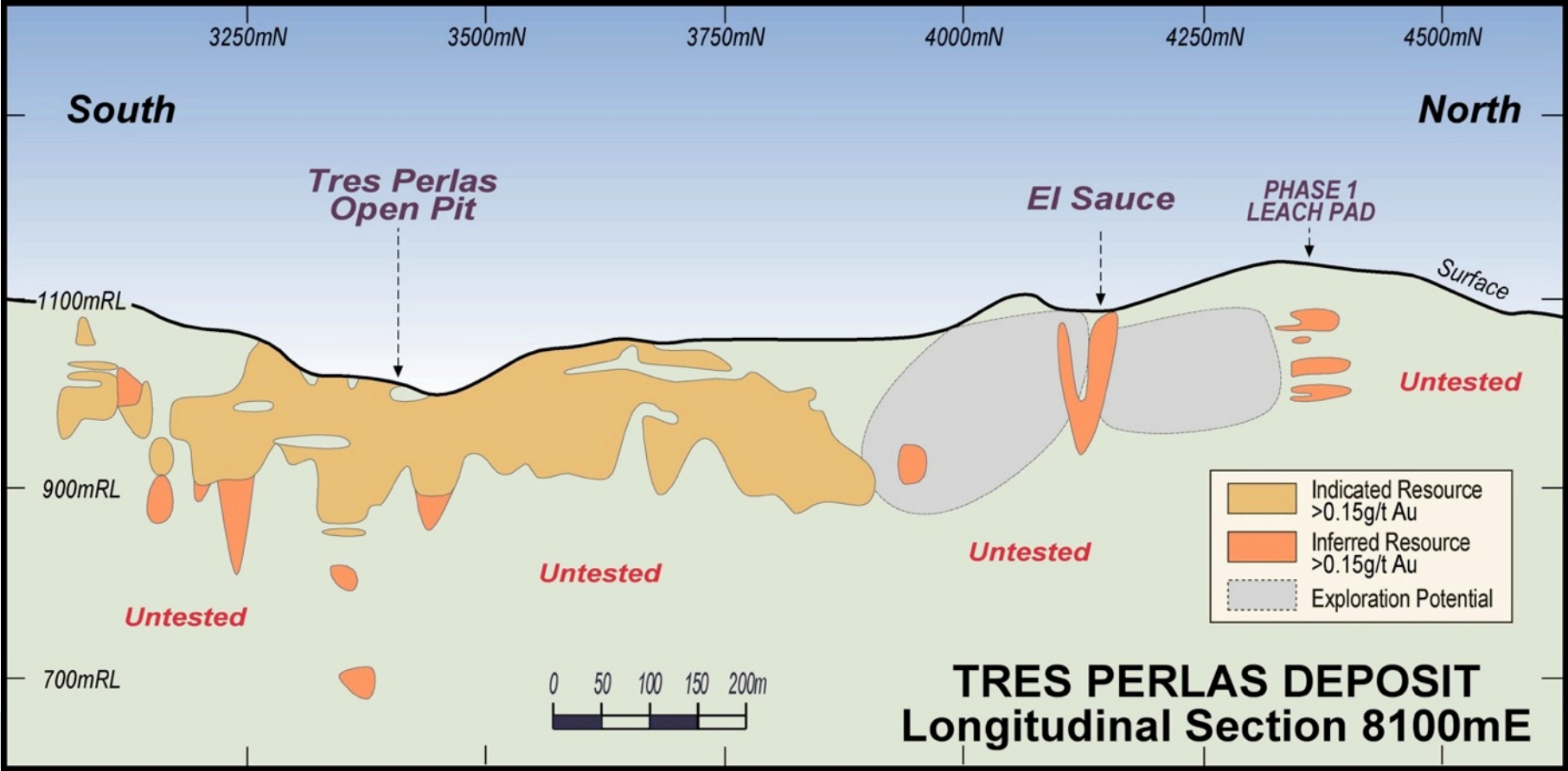
CMD Exploration – Tres Perlas Deposit

- Tres Perlas was the main ore source for the CMD Gold Mine during the initial phase of the mine
- April 2012 Tres Perlas mineral resource contains 2.46 m ounces of gold
- Higher grade zones around the El Sauce area now the focus of drilling attention (175m grading 0.89 g/t from 37m in RCH 2012-46 , 130m grading 0.85 g/t Au from 29m in RCH 2012-33 and 99m grading 1.47 g/t Au from 190m downhole in RCH 2012-52)
- 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
- El Sauce waste dump drilling and sampling underway, appears to be above economic cut of grade
- 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

CMD Exploration – Tres Perlas Deposit



CMD Exploration – Tres Perlas Deposit



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
- Turn to account the outstanding results of the aggressive exploration program at the CMD Gold Mine over the past 12 months
- Explore adjacent to higher grade deposits for higher grade ore in the next 12 to 18 months
- 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

CMD Mineral Resources

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
Total	133.9	0.4	1,788	118.8	0.4	1,342

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

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

Lachlan Star's Other Assets

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

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

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

Unhedged
gold
production

World class
deposits

Major
exploration
potential



For Further Information

Lachlan Star Limited
Lower Ground Floor 57 Havelock Street
West Perth WA 6005
Tel: +61 8 9481 0051
Fax: +61 8 9481 0052
mick.mcmullen@lachlanstar.com.au
info@lachlanstar.com.au

www.lachlanstar.com.au