



LACHLAN STAR LIMITED

17 September 2012

INDICATED MINERAL RESOURCE INCREASED BY 15% TO 2.06 MILLION OUNCES OF GOLD AND INFERRED MINERAL RESOURCES MAINTAINED AT 1.35 MILLION OUNCES OF GOLD

- **TOTAL CONTAINED GOLD WITHIN MINERAL RESOURCES HAVE INCREASED BY OVER 500% WITHIN THE PAST TWO YEARS**
- **ADDITIONAL DYNAMIC LEACH PADS BUILT TO INCREASE GOLD PRODUCTION**
- **DELIVERY OF THE OWNER MINING FLEET COMMENCES**

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Perth, Western Australia: Gold miner, Lachlan Star Limited (“Lachlan” or the “Company”) (ASX and TSX: LSA) is pleased to announce an updated and increased mineral resource for the Tres Perlas deposit at its 100% owned CMD Gold Mine in Chile.

"We are pleased to report that over the course of less than 2 years, our team has managed to deliver in excess of 500% growth in contained gold within the CMD Gold Mine's mineral resource," said Mick McMullen, Chairman of Lachlan Star. "

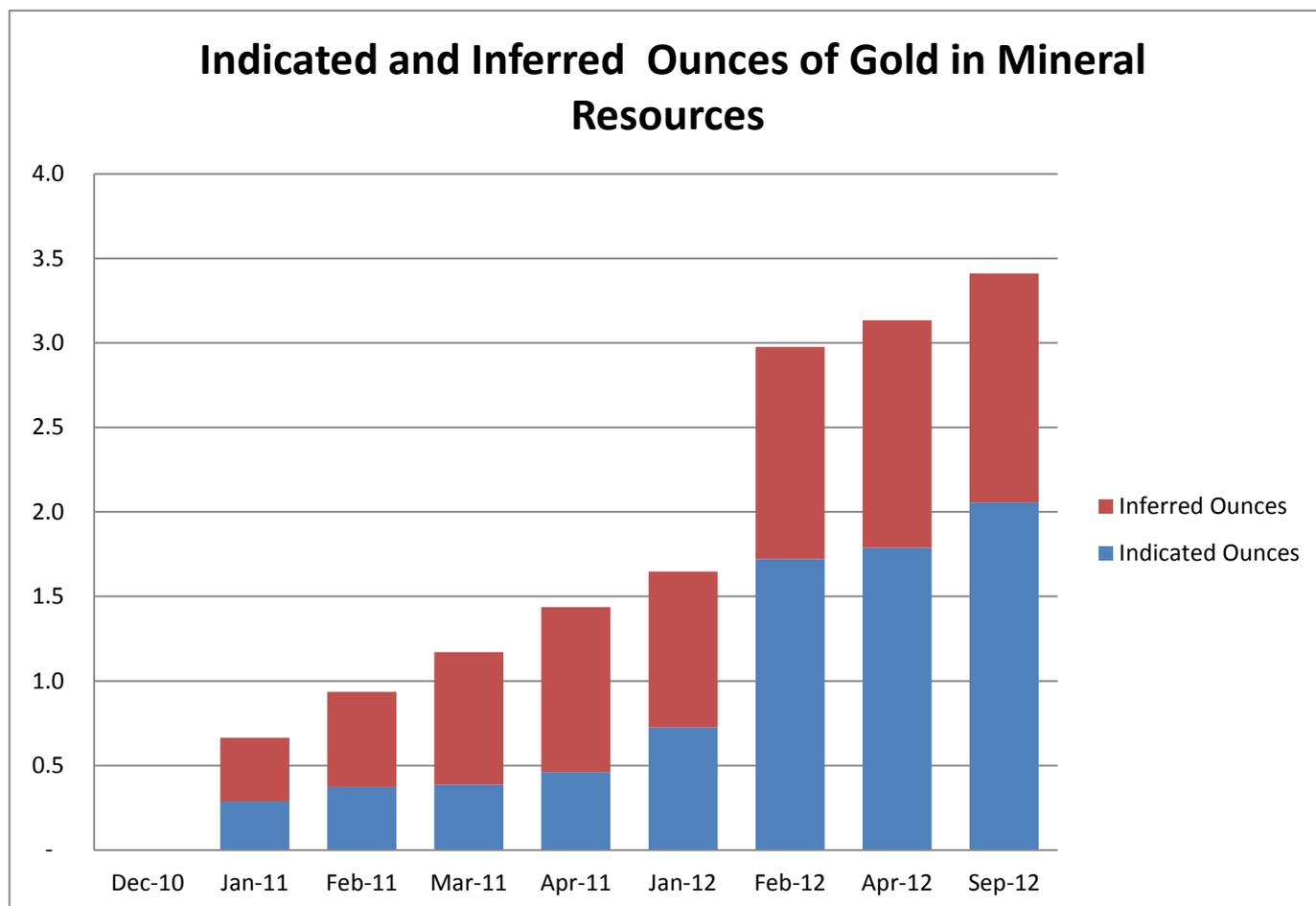
This latest estimate represents an increase of 278,000 ounces of contained gold from the April 2012 estimate. The CMD Gold Mine Indicated mineral resource now contains 2,058,000 ounces of gold and the Inferred mineral resources contain a further 1,354,000 ounces of gold as shown in Table 1.

Table 1 – Comparison of September 2012 and April 2012 CMD Gold Mine Global Mineral Resource Estimates

Classification	April 2012 Mineral Resource (koz)	Sept 2012 Mineral Resource (koz)	K Oz's Change	% Change
Indicated	1,788	2,058	270	15%
Inferred	1,342	1,354	12	1%

Figure 1 illustrates the rapid growth in the CMD Gold Mine global resource base since the Company took ownership in December 2010, as well as the increasing confidence levels of the mineral resource estimates.

Figure 1 – CMD Gold Mine Global Mineral Resource Growth



Updated Tres Perlas Mineral Resource

The new Tres Perlas deposit mineral resource contains 1,602,000 ounces of gold in the Indicated category and a further 1,138,000 ounces of gold are contained in the Inferred category as shown in Table 2 which contains a summary of the mineral resources for the CMD Gold Mine.

The increase in contained ounces has been as a result of a slight increase in average grade (4%) and additional near surface tonnages identified by drilling around the Mercedes Hill area on the edge of the Churrumata pit.

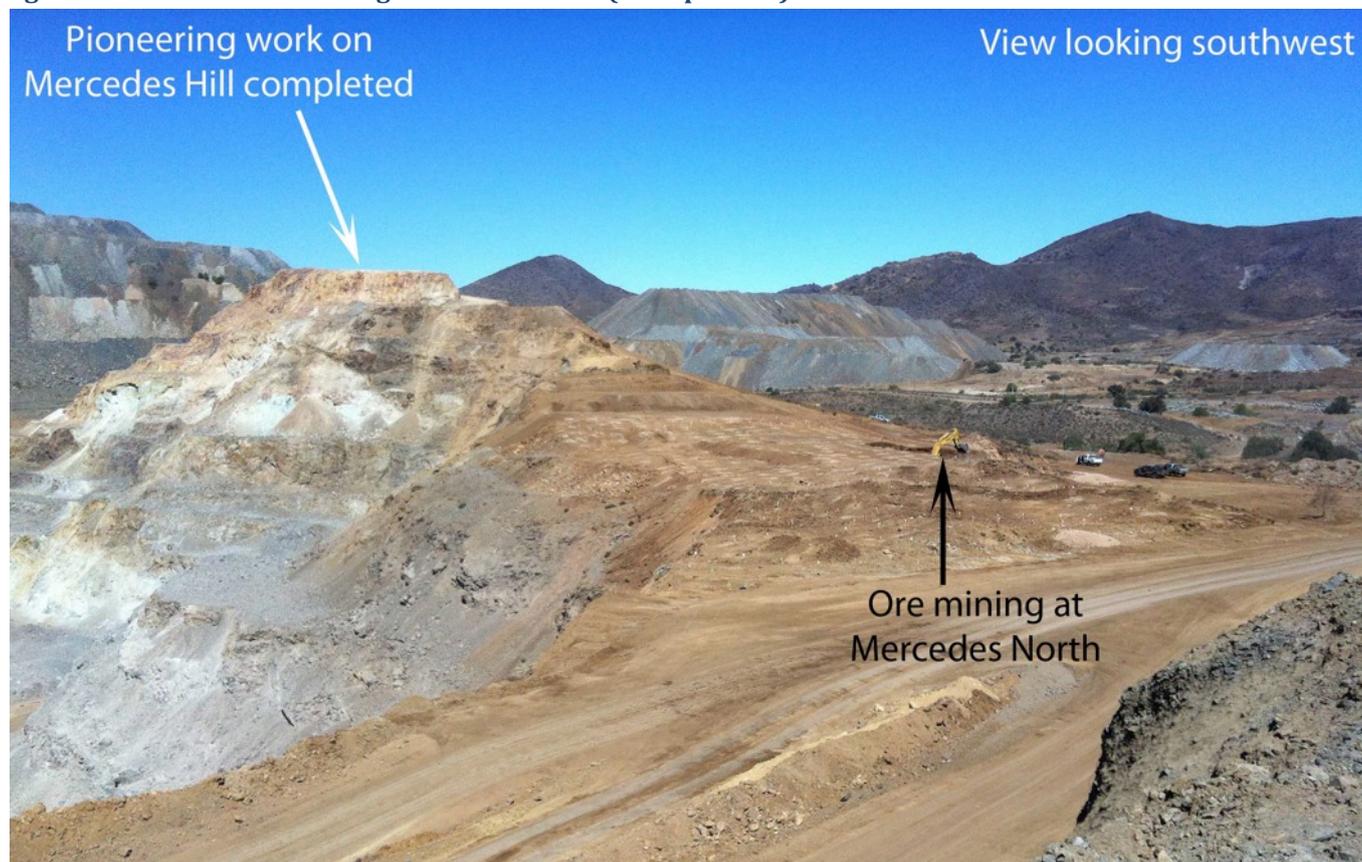


Figure 2 – View of Mercedes Hill looking to the West



Mining of the Mercedes Hill area was commenced in September and is expected to provide low waste to ore ratio material from the December 2012 quarter onwards. Progress to date is shown in Figure 3 below.

Figure 3 -Mercedes Hill looking to the Southwest (13 Sept 2012)



Mineral Resource Discussion

The latest mineral resource estimate incorporates drilling results received post the previous mineral resource estimate in April 2012. Only the Tres Perlas mineral resource estimate has been updated at this time as this is where the bulk of the drilling has taken place in recent months.

The increase in mineral resources were almost entirely in the Indicated category, with the CMD Gold Mine Indicated mineral resources now containing over 2 million ounces of gold. There exists significant potential to continue to expand the mineral resources at the CMD Gold Mine, in particular at the Tres Perlas deposit which is open down dip and towards the north east around the El Sauce area.

The CMD Gold Mine processes ore via a three stage crush and heap leach circuit that has been treating predominately sulphide ore since 1995. Recoveries have averaged approximately 73% until the introduction of the dynamic leach system in 2011, after which recoveries have increased to around 75%. The majority of the increase in the mineral resources to date has been as a result of infill drilling between and along strike of historical pits. There is potential to increase mineral resources at depth by further drilling which would be amenable to mineral processing through the current sulphide heap leach circuit.

Mining Equipment Purchases

On the 12th September 2012 the Company received the first of the new mining equipment, consisting of two WA600 loaders.



Over the next three months the Company will take ownership of the following equipment:

- Mining Fleet consisting of seven HD785 (100 tonne) trucks, two WA900 loaders and ancillary support equipment;
- Dynamic pad fleet consisting of seven Mercedes Benz road trucks to be utilised in moving material between the primary and secondary leach pads.



This equipment will allow the operation to decrease reliance on mining contractors, improve efficiency, increase throughput and reduce unit costs.

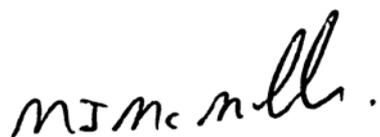
Additional Dynamic Leach Capacity

The Company recently expanded the dynamic leach pad space, shown in Figure 5, and is currently stacking on this area. The additional space will allow an increase in ore stacked from around 350kt per month to more than 450kt per month without impacting on the residence time on the primary leach pad, allowing the operation to leach around 65% of the contained gold in approximately 4 months on the primary leach before the ore being moved to the secondary leach for recovery of an additional 10% of contained gold.

Figure 5 – Additional dynamic leach pad space (13 Sept 2012)



For and on behalf of the Board



Mick McMullen
Chairman

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Table 2 – CMD Gold Mine Indicated and Inferred Mineral Resource¹

CMD Gold Mine Mineral Resources (September 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 (Sept 2012)	130.1	0.4	1,602	99.4	0.4	1,138
Chisperos (April 2011)	1.0	1.1	36	1.4	1.0	43
Total	151.5	0.4	2,058	113.9	0.4	1,354

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

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, a 100% interest in the Bushranger Copper Project in New South Wales (subject to Newmont earning 51%) and a 100% interest in the Princhester magnesite deposit in Queensland.

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.

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.

