



LACHLAN STAR LIMITED

9 October 2012

SEPTEMBER QUARTER GOLD MINED UP 14% TO 17,973 OUNCES, CONTINUED DELIVERY OF OWNER MINING FLEET AND MANAGEMENT TEAM APPOINTMENTS

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Perth, Western Australia: Gold miner, Lachlan Star Limited (“Lachlan” or the “Company”) (ASX and TSX: LSA) is pleased to announce the following operational update at its 100% owned CMD Gold Mine in Chile.

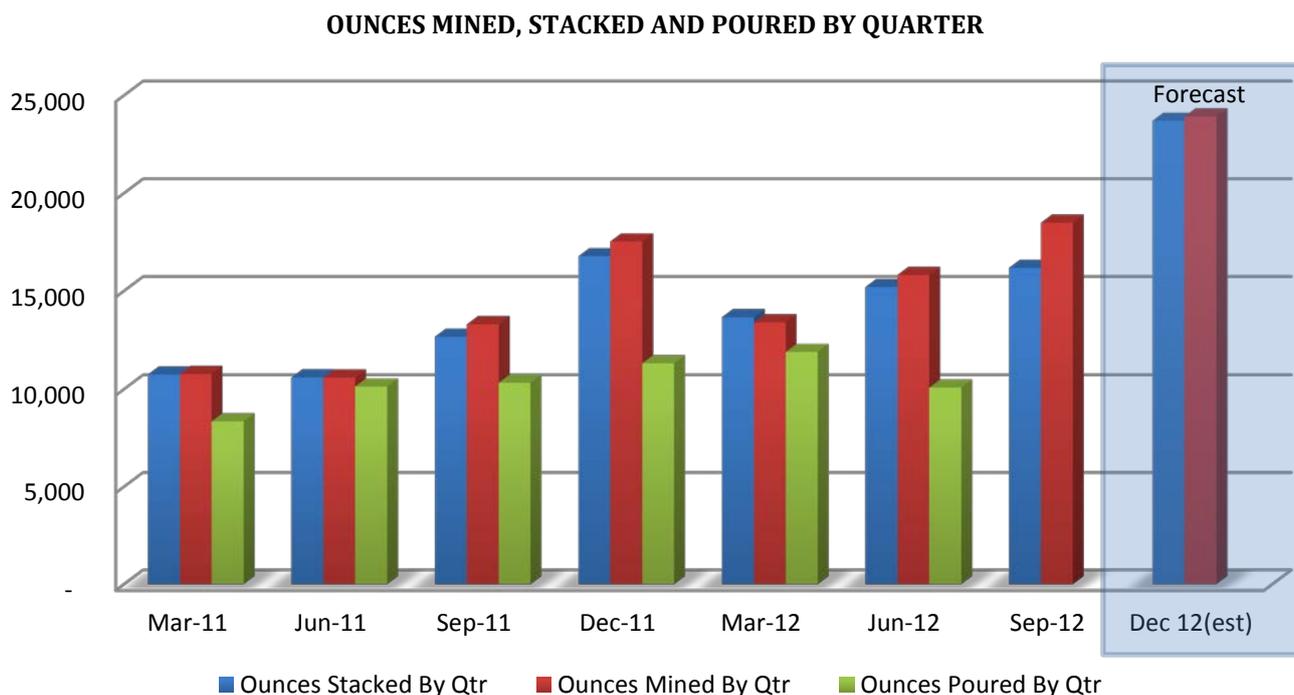
- **GOLD MINED IN THE SEPTEMBER QUARTER UP 14% QoQ TO 17,973 OUNCES, A RECORD UNDER LSA OWNERSHIP**
- **ORE TONNES MINED AND STACKED UP 27% AND 13 % RESPECTIVELY, BOTH RECORDS UNDER LSA OWNERSHIP**
- **GOLD STACKED IN THE SEPTEMBER QUARTER UP 6% QoQ TO 16,220 OUNCES**
- **DELIVERY OF THE OWNER MINING FLEET FOR DYNAMIC PAD REHANDLE**
- **THREE NEW APPOINTMENTS TO MINING TEAM IN PREPARATION FOR OWNER MINING**

Ore Mining and Stacking

Ore mining during the September Quarter was a record under the Company's ownership with 1.11 million tonnes of ore mined (up 27% on the previous quarter) containing 17,973 ounces of gold. Ore tonnes stacked were also a record under the Company's ownership with 980,762 tonnes of ore crushed and stacked, an increase of 13% on the previous quarter. Mining of the ROM ore has commenced with that material being stockpiled until placement on the leach pad commences in the December Quarter.

Figure 1 illustrates the ounces of gold mined, stacked and poured under the Company's ownership.

Figure 1 – CMD Gold Mine Production Statistics



As can be seen in Figure 1, the ounces poured lags the ounces stacked by 3 to 5 months, which is a result of the 3 to 5 month leaching cycle of the mineralisation found at the CMD Gold Mine.

Figure 2 illustrates the average daily ore mining and stacking rates for each of the months in the September Quarter and the first week of October. The strong performance in the September Quarter has been driven by a rapid increase in the ore mining and stacking rates from the last week of August onwards. This has been as a result of:

- improved planning in the mining department
- improved blasting practices
- tonnage and grade overcall from the Tres Perlas deposit
- maintenance work in the crushing plant to increase availability

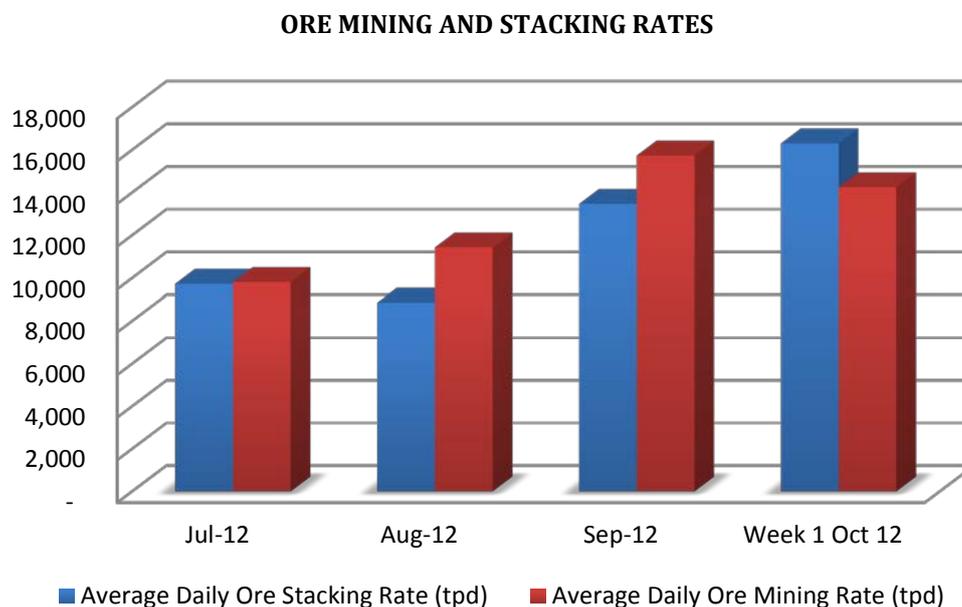
The record quarterly performance has been achieved despite taking the plant offline in mid August for 3 days to facilitate the maintenance work and 5 public holidays in the month of September. The Company ended the quarter with crushed ore stockpiles of 50,000 tonnes within the plant which is in addition to the ore tonnages stacked.

Peak crushing and stacking rates have been as high as 21,000tpd during September. These rates exclude the ROM ore that has been stockpiled during from mid August onwards. A total of 81,500 tonnes of ROM ore grading 0.23 g/t Au has been stockpiled in the September Quarter. Ore grades from the Tres Perlas pit have in general been higher than predicted by the



resource model, which has resulted in ore that had been expected to present as ROM ore being of sufficient grade to justify crushing.

Figure 2 – CMD Gold Mine September Quarter Production Statistics



The ore tonnes mined and stacked in September are the highest at the CMD Gold Mine since July 2008 and total mining movement of 2 million tonnes in the month of September is a record for the operation. This has been achieved prior to the implementation of the owner mining fleet, which will be fully operational in early 2013 and will further enhance the Company’s ability to ramp up production.

Mining Equipment Purchases

The Company has now taken delivery of the Dynamic pad fleet consisting of seven Mercedes Benz road trucks to be utilised in moving material between the primary and secondary leach pads. These trucks will be utilised in conjunction with the 2 Komatsu loaders that were delivered in September.

Figure 3 – Dynamic Pad Rehandle Fleet



The move to the owner fleet in managing material on the leach pads is expected to deliver processing cost savings of between US\$15 and US\$20 per ounce once fully operational.



Over the next three months the Company will take ownership of the remaining mining fleet consisting of seven HD785 (100 tonne) trucks, two WA900 loaders and ancillary support equipment.

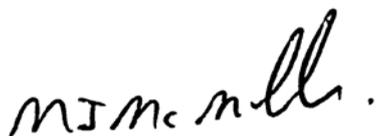
This equipment will allow the operation to decrease reliance on mining contractors, improve efficiency, increase throughput and reduce unit costs.

Management Team Appointments

During the September Quarter the Company has added to its mining team with the appointment of the following members:

- Mauricio Martinez (Manager Mining) – Mauricio is a Chilean mining engineer with over 30 years experience in open-pit mine planning, production scheduling and operations management. Mauricio has relevant international exposure and occupied the position of General Manager in the past with junior Canadian gold mining companies. Mauricio is a results-oriented professional with exceptional leadership and management skills and a solid track record of success improving safety standards, mining production, cost efficiency and continuous improvement initiatives.
- James Van Gundy (Engineering Manager) – James has over 30 years experience in both fixed plant and mobile fleet maintenance and was most recently employed as Maintenance Manager at Minefinders Corporation’s Dolores mine in Mexico which utilised the same Komatsu truck fleet as the new fleet for the CMD Gold Mine. James is a fluent Spanish speaker and has strengths in maintenance planning and MARC Contract management
- Jody Snare (Drilling & Blasting Superintendent) – Jody has over 20 years experience in open pit operations and was most recently the Senior Production Superintendent for Leighton Asia in Northern Sumatra. Prior to this he was the Operations General Foreman for the Washington Group Ontario and Operations Manager for the Washington Group Bolivia at the San Cristobal Mine. Jody has a working knowledge of Spanish and has strengths in improving mining operations best practices.

For and on behalf of the Board



Mick McMullen
Chairman

For further information please visit www.lachlanstar.com.au or contact:

Mick McMullen
Chairman
Lachlan Star
Tel: +61(0)8 9481 0051
Email: mick.mcmullen@lachlanstar.com.au

Declan Franzmann
Managing Director
Lachlan Star
Tel: +61(0)8 9481 0051
Email: declan.franzmann@lachlanstar.com.au



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.

