

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of Ontario and British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. Accordingly, except as permitted by the Agency Agreement (as defined herein) and pursuant to exemptions from the registration requirements of the U.S. Securities Act and state securities laws, these securities may not be offered or sold within the United States or to or for the account or benefit of a United States person. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of the Company at Lower Ground Floor, 57 Havelock St, West Perth, Western Australia 6005, +61 8 9481 0051, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 8, 2011

### LACHLAN STAR LIMITED

ABN 88000759535



**18,400,000 Units**

**Issuable upon Exercise of 18,400,000 Outstanding Special Warrants**

**For gross proceeds of A\$15,088,000**

**- and -**

**1,104,000 Compensation Options**

**Issuable upon Exercise of 1,104,000 Outstanding Special Broker Warrants**

Lachlan Star Limited (the "**Company**" or "**Lachlan**"), is hereby qualifying for distribution under this short form prospectus (the "**Prospectus**") the distribution of 18,400,000 units of the Company ("**Units**") issuable upon the exercise of 18,400,000 issued and outstanding Special Warrants (as defined herein) and 1,104,000 compensation options of the Company ("**Compensation Options**") issuable upon the exercise of 1,104,000 issued and outstanding Special Broker Warrants (as defined herein).

Each Unit is comprised of one ordinary share of the Company (an "**Ordinary Share**") (each such Ordinary Share comprised in a Unit being a "**Unit Share**") and one-half of one Ordinary Share purchase warrant (each whole Ordinary Share purchase warrant being a "**Warrant**"). Each Warrant will entitle the holder, upon due exercise and payment to the Company of consideration of A\$1.20 (subject to adjustment in certain events), to purchase one additional Ordinary Share (each, a "**Warrant Share**") at any time prior to 5:00 p.m. (Vancouver time) on August 26, 2013 (the "**Expiry Time**").

Each Compensation Option will entitle the holder, upon due exercise and payment to the Company of consideration of A\$1.20 (subject to adjustment in certain events), to purchase a unit (a "**Compensation Unit**") at any time until the Expiry Time. Each Compensation Unit is comprised of one Ordinary Share (a "**Compensation Share**") and one-half of one Warrant.

Pursuant to an agency agreement dated August 26, 2011 (the "**Agency Agreement**") between the Company and Dundee Securities Ltd. and Salman Partners Inc., as agents (the "**Agents**"), on August 26, 2011, the Company issued 18,400,000

special warrants (“**Special Warrants**”), on a private placement basis pursuant to prospectus exemptions under applicable securities legislation, primarily to institutional investors, including Canadian institutional investors (the “**Offering**”) and issued to the Agents 1,104,000 special broker warrants (“**Special Broker Warrants**”) in consideration for services provided in connection with the Offering. **The Special Warrants are not available for purchase pursuant to this short form prospectus and no additional funds are to be received by the Company from the distribution of the Unit Shares and the Warrants upon the exercise of the Special Warrants or from the distribution of the Compensation Options upon the exercise of the Special Broker Warrants.** The issue price of A\$0.82 per Special Warrant (the “**Offering Price**”) was determined by negotiation between the Company and the Agents. See “*Plan of Distribution*”. The Special Warrants were issued pursuant to the Special Warrant Indenture (as defined herein). The Warrants were, and, upon exercise of the Compensation Options, will be, issued pursuant to the Warrant Indenture (as defined herein).

The issued and outstanding Ordinary Shares are listed on the Australian Securities Exchange (the “**ASX**”) under the symbol “**LSA**” and on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**LSA**”. The TSX has conditionally approved the listing of the Unit Shares, the Compensation Shares and the Warrant Shares.

On November 7, 2011 (the last trading day prior to the date of this Prospectus), the closing price of the Ordinary Shares on the ASX and on the TSX was A\$0.87 and C\$0.95, respectively. In this Prospectus, “**A\$**” is a reference to Australian dollars and “**C\$**” is a reference to Canadian dollars.

	<u>Price to the Public<sup>(1)</sup></u>	<u>Agents’ Fee<sup>(2)</sup></u>	<u>Net Proceeds to the Company<sup>(3)</sup></u>
Per Special Warrant .....	A\$0.82	A\$0.0492	A\$0.7708
Total .....	A\$15,088,000	A\$905,280	A\$14,182,720

Notes:

- (1) The Offering Price was determined by negotiation between the Company and the Agents.
- (2) Pursuant to the Agency Agreement, the Company paid the Agents an aggregate cash fee of A\$905,280 (the “**Commission**”), being an amount equal to 6.0% of the gross proceeds realized by the Company in respect of the sale of Special Warrants, and granted the Agents 1,104,000 Special Broker Warrants being a number of Special Broker Warrants equal to 6.0% of the total number of Special Warrants issued to purchasers. No fee or commission is payable to the Agents in connection with the distribution of the Unit Shares and Warrants upon the exercise of the Special Warrants. See below under “*Plan of Distribution*”.
- (3) After deducting the Commission, but before deducting expenses of the Offering and in connection with qualification for distribution of the Units and the Compensation Options, estimated to be approximately A\$375,000.

<u>Agents’ position</u>	<u>Number of Securities available</u>	<u>Exercise period</u>	<u>Exercise price</u>
Compensation Options	1,104,000 Compensation Units exercisable for 1,104,000 Compensation Shares and 552,000 Warrants	Until August 26, 2013	A\$1.20 per Ordinary Share

**There is currently no market through which the Warrants may be sold and purchasers may not be able to resell Warrants received upon the exercise of the Special Warrants. See “*Risk Factors*”.**

**An investment in the Company is speculative and involves a high degree of risk. Prospective purchasers should carefully review and evaluate the risk factors identified under the headings “*Statement Regarding Forward-Looking Information*” and “*Risk Factors*” in this Prospectus, the Company’s Annual Information Form dated October 19, 2011 (the “**AIF**”) and in the documents incorporated by reference in this Prospectus in connection with an investment in the securities of the Company.**

**Certain legal matters in connection with this Prospectus are being reviewed on behalf of the Company by Lawson Lundell LLP and on behalf of the Agents by Heenan Blaikie LLP. The Company’s head office is located at Lower Ground Floor, 57 Havelock St, West Perth, Western Australia 6005.**

**The Company is incorporated under the laws of a foreign jurisdiction and certain of the directors providing the certificate forming part of this Prospectus reside outside of Canada. Although the Company and such directors have appointed Lawson Lundell LLP, Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada as their agent for service of process in Canada, it may not be possible for purchasers to enforce judgments obtained in Canadian courts against the Company or the directors described above.**

## TABLE OF CONTENTS

STATEMENT REGARDING FORWARD-LOOKING INFORMATION .....	1
NON-GAAP AND NON-IFRS MEASURES .....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	2
FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES .....	2
ELIGIBILITY FOR INVESTMENT.....	3
THE COMPANY.....	3
PLAN OF DISTRIBUTION.....	4
USE OF PROCEEDS .....	5
DIVIDEND RECORD AND POLICY.....	6
DESCRIPTION OF SECURITIES BEING DISTRIBUTED.....	6
Share Capital .....	6
Special Warrants.....	6
Warrants .....	7
CONSOLIDATED CAPITALIZATION.....	8
PRICE RANGE AND TRADING VOLUME.....	8
PRIOR SALES .....	9
RISK FACTORS .....	10
Discretion in the Use of Net Proceeds from the sale of the Special Warrants.....	10
Risks Related to the Ordinary Shares and the Distribution .....	10
INTEREST OF EXPERTS .....	10
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	10
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	11
CONTRACTUAL RIGHT OF ACTION FOR RESCISSION.....	11
CONSENT OF AUDITORS.....	1
CERTIFICATE OF THE COMPANY .....	1
CERTIFICATE OF THE AGENTS .....	2

## STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information in this Prospectus, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflects management's expectations regarding Lachlan's future growth; results of operations (including, without limitation, future production at the CMD Gold Mine (as defined herein); performance (both operational and financial) and the development of the Company's business prospects (including the timing and development of new deposits and the success of exploration activities at the CMD Gold Mine) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this Prospectus, the Company has made numerous assumptions. These assumptions include, among other things, assumptions about the prices of gold, silver and copper, anticipated costs and expenditures, the availability of credit, future production and recovery, that the supply and demand for gold, silver and copper develops as expected, that there is no unanticipated fluctuation in interest rates and foreign exchange rates and that there is no further material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things: fluctuations in metal prices, limited mine life, dependency on developing new mineral reserves, the fact that mineral reserve and mineral resource estimates are estimates only, environmental risks and hazards, global financial conditions, the effect of possible shortages and price volatility on operations and equipment, the speculative nature of mineral exploration, development, mining and processing, mineral exploration and mining risks, insurance and uninsured risks, the need for additional capital, the uncertain profitability of extraction of mineral resources, the financial and economic reliability of operating estimates and Lachlan's mine plan, the fact that such mine plan for the CMD Gold Mine is not based on a feasibility study, competition for properties, the impact of licences, permits and government regulation, litigation, currency and liquidity risk, Lachlan's limited operating history, credit risk and interest rate risk, changing political, legal and economic conditions, hedging and derivatives, dependence on key personnel, title to properties, labour and employment relations, dilution, the risk that no dividends will ever be paid on the Company's shares, conflicts of interests, inability to manage indebtedness and internal control over financial reporting. See "Risk Factors" below and in the AIF for further discussion of the risks facing the Company.

This Prospectus, the AIF and the Company's annual management's discussion and analysis contain additional information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors which cause actual results, performances, achievements or events not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of any new information or events after the date of this Prospectus except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## NON-GAAP AND NON-IFRS MEASURES

The Company has included in this Prospectus and the documents incorporated by reference herein certain terms or performance measures, including the cash costs of gold per ounce and capital expenditures, commonly used in the industry that are not defined in Canadian generally accepted accounting principles ("GAAP") or in IFRS (as defined herein). These non-GAAP and non-IFRS measures do not have any standardized meaning within Canadian GAAP or IFRS and therefore may not be comparable to similar measures presented by other companies. The Company believes that these non-GAAP and non-IFRS measures provide additional information that is useful in evaluating the Company's performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP and IFRS. These non-GAAP and non-IFRS measures should be read in conjunction with the financial statements (or other financial information) of the Company.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from Lachlan's Company Secretary at Lower Ground Floor, 57 Havelock St, West Perth, Western Australia 6005, +61 8 9481 0051, and are also available electronically under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.lachlanstar.com.au](http://www.lachlanstar.com.au).

The following documents of the Company, filed with the securities commissions in the provinces of British Columbia and Ontario, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the AIF;
- (b) technical report entitled "CMD Gold Mine, Andacollo, Chile Independent Technical Report" (the "**CMD Technical Report**") dated effective August 1, 2011 prepared by Coffey Mining Pty Ltd in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**");
- (c) audited annual consolidated financial statements of the Company as at and for the financial year ended June 30, 2011, together with the auditors' report thereon and the notes thereto;
- (d) audited annual consolidated financial statements of the Company as at and for the financial year ended June 30, 2010, together with the auditors' report thereon and the notes thereto; and
- (e) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2011.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above, including audited annual consolidated financial statements, unaudited interim consolidated financial statements and the related management's discussion and analysis, material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial information is deemed incorporated by reference in this Prospectus and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the completion of the Offering shall be deemed to be incorporated by reference in this Prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

## FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The consolidated financial statements of the Company incorporated by reference herein have been prepared in accordance with Australian Accounting Standards ("**AASs**") (including Australian Accounting Interpretations), as adopted by the Australian Accounting Standards Board ("**AASB**"), other authoritative pronouncements of the AASB, Urgent Issues Group Interpretations, and the *Corporations Act, 2001* (Commonwealth of Australia) (the "**Corporations Act**"). Compliance with AASs ensures that the consolidated financial report of Lachlan complies with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Lawson Lundell LLP, counsel to the Company, and Heenan Blaikie LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “**Tax Act**”) and the proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided the Ordinary Shares, Warrant Shares and Compensation Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the TSX and the ASX), the Ordinary Shares, Warrant Shares and Compensation Shares, if issued on the date hereof, will be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a tax-free savings account (“**TFSA**”), a deferred profit sharing plan, a registered education savings plan, or a registered disability savings plan (each a “**Plan**”) as defined in the Tax Act. The Warrants and the Compensation Options, if issued on the date hereof, will be “qualified investments” under the Tax Act for a Plan provided the Warrant Shares and Compensation Shares are listed on a “designated stock exchange” as defined in the Tax Act and the Company deals at arm’s length for purposes of the Tax Act with a person who is an annuitant, beneficiary, employer or subscriber under, or holder of, the Plan.

However, the holder of a TFSA will be subject to a penalty tax in respect of the Ordinary Shares, Warrant Shares, Warrants, Compensation Shares and Compensation Options held in a TFSA if such securities are a “prohibited investment” for the purposes of the Tax Act. Ordinary Shares, Warrant Shares, Warrants, Compensation Shares and Compensation Options will be “prohibited investments” if the holder of the TFSA does not deal at arm’s length with the Company for the purposes of the Tax Act or the holder of the TFSA has a “significant interest” (as defined in the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm’s length for the purposes of the Tax Act. Holders of TFSAs are advised to consult their own tax advisors in this regard.

On October 17, 2011, Bill C-13 received second reading in the House of Commons. If Bill C-13 is enacted as proposed, the Tax Act will be amended to extend the penalty tax applicable in respect of a “prohibited investment” held in a TFSA to also apply to “prohibited investments” held by trusts governed by an RRSP or a RRIF. If enacted, such proposed amendments are, subject to certain limited exceptions, intended to apply in respect of transactions occurring after March 22, 2011.

**Prospective holders should consult their own tax advisors regarding their particular circumstances.**

## THE COMPANY

The Company was originally incorporated in New South Wales as Devex Limited on February 23, 1970 and was first listed on the ASX on July 28, 1971. On November 28, 1997 the Company changed its name to Gympie Gold Limited. Gympie Gold Limited entered into administration on December 30, 2003 and went through a Deed of Company Arrangement with its creditors under Australian law in early 2006. The Company was recapitalised and relisted on the ASX on April 4, 2006 as Toodyay Resources Limited. The Company then changed its name to Lachlan Star Limited on December 17, 2007, following the acquisition of the Bushranger exploration stage copper and gold project (the “**Bushranger Copper Project**”) and the assumption of management control by the current management. Lachlan is registered under the Corporations Act. The Ordinary Shares were listed on the TSX on October 19, 2011. The Company is a reporting issuer in the provinces of British Columbia and Ontario.

The Company’s head office is located at Lower Ground Floor, 57 Havelock St, West Perth, Western Australia 6005.

Lachlan is engaged in the acquisition, exploration and development of assets within the gold, copper and bulk commodities sectors in Chile and Australia. Lachlan’s material mineral project is the Compañía Minera Dayton mineral project (the “**CMD Gold Mine**”), which it acquired in December 2010. The CMD Gold Mine is a production-stage heap leach gold mine in Andacollo, Chile, located approximately 350 km north of Santiago.

Lachlan also holds (a) through Ord Investments Pty Ltd, a 100% interest (subject to the Newmont Farm In Agreement, as discussed below) in the Bushranger Copper Project, located approximately 25 km south of Oberon in the Lachlan Fold Belt in New South Wales, Australia; (b) the Princhester project (the “**Princhester Project**”), an exploration stage magnesite deposit located approximately 80 km north-west of Rockhampton in Queensland, Australia; and (c) a 100% interest in Toodyay Uranium Pty Ltd, a dormant subsidiary that has no assets or active business as at the date hereof.

Lachlan’s overall strategy is to acquire advanced stage development or operating mines in the gold and copper sectors in jurisdictions with low political risk. Lachlan currently plans to focus on expanding the production capacity of the CMD Gold Mine over the next two to three years in the order of 100,000 ounces of gold per annum. On September 29, 2011,

the Company entered into a farm in agreement (the “**Newmont Farm In Agreement**”) for the Bushranger Copper Project with a subsidiary of Newmont Mining Corporation (“**Newmont**”) providing for the potential acquisition by Newmont of a 51% interest in the Bushranger Copper Project. At the completion of the two-year farm in period under the Newmont Farm In Agreement, and provided that Newmont elects to exercise its option and spend \$1,000,000 over the two-year period, the Company and Newmont will form a joint venture owned 49% and 51% respectively, with both parties funding exploration and development on a pro rata basis. Either party may elect to dilute its interest during the joint venture.

The Princhester Project is dormant and no further work is planned on the project and the Company is progressively relinquishing the leases for the Princhester Project as they fall due for renewal.

The business of the Company is further described in the AIF under “*Description and General Development of the Business*”.

## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, on August 26, 2011, the Company issued 18,400,000 Special Warrants, at the Offering Price for aggregate gross proceeds of A\$15,088,000, on a private placement basis pursuant to prospectus exemptions under applicable securities legislation, primarily to institutional investors, including Canadian institutional investors. The Special Warrants were issued pursuant to, and are governed by, the special warrant indenture (the “**Special Warrant Indenture**”) dated August 26, 2011 between the Company and Equity Financial Trust Company as special warrant agent. The Offering Price was determined by negotiation between the Company and the Agents.

Each Special Warrant entitles the holder to receive, upon exercise, subject to certain restrictions on the exercise thereof, without payment of additional consideration, one Unit comprised of one Unit Share and one-half of one Warrant. The Warrants are and shall be issued pursuant to, and are governed by, the warrant indenture (the “**Warrant Indenture**”) dated August 26, 2011 between the Company and Equity Financial Trust Company as warrant agent. Each whole Warrant entitles the holder, upon due exercise and payment to the Company of consideration of A\$1.20, to purchase one Warrant Share at any time prior to the Expiry Time. Special Warrants may be exercised by the holder, and thereupon convert into a Unit, at any time until the date (the “**Automatic Exercise Date**”) which is the earlier of (i) the fifth business day after the date upon which a receipt (the “**Final Receipt**”) is issued for the final prospectus of the Company qualifying the distribution in British Columbia and Ontario of the Units and Compensation Options; and (ii) 4:59 p.m. (Vancouver time) on the date that is four months and a day after the date of first issue of the Special Warrants, being December 27, 2011. Any Special Warrants that have not been exercised by the holder prior to the Automatic Exercise Date will automatically be converted into Unit Shares and Warrants on the Automatic Exercise Date.

Holders of Special Warrants do not as such have any of the rights attached to the Unit Shares and Warrants until the Special Warrants are exercised and converted and the Unit Shares and Warrants issuable upon the exercise of the Special Warrants are issued as provided for in the Special Warrant Indenture.

In connection with the Offering, the Company paid the Agents an aggregate cash fee of A\$905,280 and granted the Agents an aggregate of 1,104,000 Special Broker Warrants, which is 6% of the total number of Special Warrants sold under the Offering. The Special Broker Warrants may be converted, for no additional consideration, into 1,104,000 Compensation Options. Each Compensation Option entitles the holder, on due exercise and payment to the Company of consideration of A\$1.20 (subject to adjustment in certain circumstances) any time prior to the Expiry Time, to purchase one Compensation Unit from the Company. Each Compensation Unit consists of one Compensation Share and one-half of one Warrant.

This short form prospectus is being filed to qualify the distribution of the Units upon the exercise of the Special Warrants and the Compensation Options upon the exercise of the Special Broker Warrants. The issuance of the Final Receipt means that the Unit Shares and, if and when issued, the Warrant Shares and the Compensation Shares will also be freely tradable.

Unit Shares, Warrants and Compensation Options issued pursuant to any exercise by the holder of Special Warrants or Special Broker Warrants prior to the date on which the Final Receipt is issued will be subject to the resale restrictions described in the subscription agreements entered into between the purchasers and the Company pursuant to which the purchasers purchased, and the Company issued and sold, the Special Warrants, and as described in the Agency Agreement.

The issued and outstanding Ordinary Shares are listed on the ASX and the TSX under the trading symbol “LSA”. The TSX has approved the listing of the Unit Shares, Warrant Shares and Compensation Shares. The Company will also apply for quotation of the Unit Shares, Warrant Shares and Compensation Shares on the ASX.

There is currently no market through which the Special Warrants or the Warrants may be sold and purchasers may not be able to resell the Special Warrants purchased under the Offering or the Warrants received upon the exercise of the Special Warrants. This may affect the pricing of the Special Warrants and the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the Warrants and the extent of issuer regulation. See “*Risk Factors*”.

Under the Agency Agreement, the Corporation has agreed to prepare and file this short form prospectus under the applicable securities laws of British Columbia and Ontario, to satisfy all comments from the regulators in those provinces with respect to this short form prospectus and to use its commercially reasonable best efforts to obtain a Final Receipt.

### USE OF PROCEEDS

The net proceeds of the Offering received by the Company were A\$13,807,720, after deducting the Agents’ Commission of A\$905,280 and expenses of the Offering and in connection with qualification for distribution of the Units and the Compensation Options, estimated to be approximately A\$375,000.

The CMD Technical Report estimates the capital expenditure cost of operating the CMD Gold Mine over the life of the mine to be A\$5.51 million. As of November 1, 2011, the Company has approximately A\$14,750,000 in cash and cash equivalents, including the remaining net proceeds of the Offering which were received on September 26, 2011 and fully drawn, unsecured credit facilities of US\$1,000,000 (A\$970,683, based on the Bank of Canada nominal noon exchange rate on November 1, 2011 for the purchase of one United States dollar using Australian dollars of A\$0.9707 (A\$1.00 = US\$1.0302)). The Company also has an overdraft facility in place in Chile in the amount of 150,000,000 Chilean pesos (A\$297,116, based on the Bank of Canada nominal noon exchange rate on November 1, 2011 for the purchase of one Chilean peso using Australian dollars of A\$0.001981 (A\$1.00 = 504.8534 Chilean pesos)).

The Company intends to use the net proceeds of the Offering as follows:

<b>Uses of Proceeds</b>	<u><b>Amount</b></u> (A\$ million)
Exploration and resource definition drilling at the CMD Gold Mine.....	\$6.05 million
Mine Pre Strip at the CMD Gold Mine .....	\$3.0 million
Leach pad liners at the CMD Gold Mine .....	\$0.5 million
Working capital and administrative/corporate overhead.....	<u>\$4.26 million</u>
<b>Total</b> .....	<u><u>13.81 million</u></u>

A total of A\$6.05 million has been allocated for exploration and resource definition drilling at the CMD Gold Mine from the start of August 2011. The Company’s first priority is to carry out the resource definition drilling program, with the goal of converting the majority of the inferred mineral resources to a higher confidence level that would enable them to be used for mine planning purposes, subject to the results of the drilling. The resource definition drilling is expected to be completed by the end of February 2012, by which time it is anticipated that approximately 22,000 meters of drilling will have been completed.

The exploration drilling is also underway, albeit with a lower priority than the resource definition drilling. This program is expected to be completed by the end of August 2012, by which time it is anticipated that approximately 35,000 meters of drilling will have been completed/

As of November 1, 2011, a total of A\$2.2 million had been spent on the exploration and resource definition drilling programs.

A total of A\$3.0 million has been budgeted for mine prestrip works at the CMD Gold Mine from the start of August 2011. These costs are predominately associated with pre stripping of the Chisperos pit, and reopening of the Tres Perlas pit and are expected to be expended by the end of May 2012. Prestripping of the Chisperos pit commenced in September 2011 and as of November 1, 2011, a total of A\$0.6 million had been spent on the mine pre strip program.

A total of A\$0.5 million has been budgeted for new leach pad liners at the CMD Gold Mine in the March quarter 2012. The new liners will reduce cyanide consumption and improve leaching kinetics based on the trial of a similar new liner during the first half of 2011.

While the Company intends to spend the net proceeds of the Offering as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable. See “*Risk Factors — Discretion in the Use of Net Proceeds from the Sale of the Special Warrants*”.

## **DIVIDEND RECORD AND POLICY**

The Company has not, within the last three years, declared or paid any dividends on its Ordinary Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of the Company and such other factors as the directors of the Company consider appropriate.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Share Capital**

Under the Corporations Act and the Company’s Constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. No other shares in the capital of the Company of any other classes are issued or outstanding.

The holders of Ordinary Shares are entitled:

- (a) to vote at all meetings of shareholders of the Company;
- (b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, any dividends declared by the Company; and
- (c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

The Ordinary Shares do not carry any pre-emptive, subscription, redemption, retraction, purchase for cancellation or surrender, conversion or exchange rights, any sinking fund or purchase fund provisions, nor do they contain provisions requiring a securityholder to contribute additional capital.

Under the listing rules of the ASX, a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of securities exceed 15% of the total equity securities on issue at the commencement of that 12 month period. One of the aforementioned exceptions is an issue of securities that has been approved in advance by the Company’s shareholders at a general meeting.

### **Special Warrants**

The Special Warrants were issued pursuant to the Special Warrant Indenture. Pursuant to the terms of the Offering, each Special Warrant entitles the holder to receive, upon exercise and for no additional consideration, one Unit comprised of one Unit Share and one-half of one Warrant. A holder of Special Warrants does not possess any of the rights attached as a shareholder of the Company until such holder converts the Special Warrants into Ordinary Shares of the Company as provided for in the Special Warrant Indenture.

The Special Warrant Indenture provides for adjustment in the number of Ordinary Shares and Warrants issuable upon the exercise of the Special Warrants if the Company: (i) makes a subdivision, re-division or change of the outstanding Ordinary Shares into a greater number of Ordinary Shares; (ii) reduces, combines or consolidates the outstanding Ordinary Shares into a smaller number of Ordinary Shares; (iii) issues Ordinary Shares or securities exchangeable for, or convertible into, Ordinary Shares to all or substantially all of the holders of Ordinary Shares as a stock dividend or other distribution (other than as a dividend paid in the ordinary course of business or a distribution of Ordinary Shares upon the exercise of Warrants or pursuant to the exercise of directors, officers or employee stock options granted under stock option plans of the Company); (iv) fixes a record date for the distribution to all or substantially all of the holders of Ordinary Shares of rights, options or warrants entitling them for a period expiring no more than 45 days after such record date to purchase Ordinary Shares or securities exchangeable for or convertible into Ordinary Shares (a “**Rights Offering**”) at a price that is less than 95% of the “current market price” (as defined in the Special Warrant Indenture) of the Ordinary Shares; (v) fixes a record

date for the issuance or distribution to all or substantially all the holders of outstanding Ordinary Shares of: (A) shares of the Company of any class other than Ordinary Shares, (B) rights, options or warrants to acquire Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares; (C) evidences of its indebtedness, or (D) cash, securities or any property or other assets; or (vi) makes a reclassification of the Ordinary Shares at any time outstanding or change of the Ordinary Shares into other shares or securities, including pursuant to a statutory arrangement, other than a capital reorganization of the Company other than as described in (i) above, or a consolidation, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Ordinary Shares or a change of the Ordinary Shares into other shares), or a transfer (other than to a subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

Holders of Special Warrants do not have any voting or pre-emptive rights or any other rights that a holder of Ordinary Shares has. The rights of the holders of Special Warrants are subject to modification by “extraordinary resolution”, which is defined in the Special Warrant Indenture as a resolution proposed at a meeting of the holders or Special Warrants duly convened for that purpose at which there are present, in person or represented by proxy, holders of Special Warrants holding at least 25% of the aggregate number of the then outstanding Special Warrants, provided that at least two persons entitled to vote thereat are personally present, and passed by the affirmative votes of the holders of Special Warrants holding not less than 66⅔% of the then outstanding Special Warrants represented at the meeting.

The foregoing discussion of the material terms and provisions of the Special Warrants is qualified in its entirety by reference to the detailed provisions of the Special Warrant Indenture, a copy of which has been filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained by contacting the Company.

## **Warrants**

The Warrants issuable upon the exercise or automatic exercise of the Special Warrants or the exercise of the Compensation Units will be issued pursuant to the Warrant Indenture. Pursuant to the terms of the Offering, each Warrant entitles the holder thereof to acquire one Warrant Share at a price of A\$1.20 until the Expiry Date. The Warrant Shares, when issued upon exercise of the Warrants, will be fully paid and non-assessable. The Company is not required to issue fractional Warrant Shares upon exercise of the Warrants and a holder of Warrants may not exercise less than a whole Warrant at any time. A holder of Warrants will not possess any rights as a shareholder of the Company until such holder exercises the Warrants and acquires Warrant Shares.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share if the Company: (i) makes a subdivision, re-division or change of the outstanding Ordinary Shares into a greater number of Ordinary Shares; (ii) reduces, combines or consolidates the outstanding Ordinary Shares into a smaller number of Ordinary Shares; (iii) issues Ordinary Shares or securities exchangeable for, or convertible into, Ordinary Shares to all or substantially all of the holders of Ordinary Shares by way of distribution (other than a distribution of Ordinary Shares upon the exercise of Warrants or as a dividend or pursuant to the exercise of directors, officers or employee stock options granted under stock option plans of the Company; (iv) fixes a record date for a Rights Offering at a price that is less than 95% of the “current market price” (as defined in the Warrant Indenture) of the Ordinary Shares; (v) fixes a record date for the issuance or distribution to all or substantially all the holders of outstanding Ordinary Shares of: (A) securities of any class, whether of the Company or any other corporation (other than Ordinary Shares), (B) rights, options or warrants to subscribe for or purchase Ordinary Shares (or other securities convertible into or exchangeable for Ordinary Shares), other than pursuant to a Rights Offering; (C) evidences of its indebtedness or (D) cash, securities or any property or other assets; or (vi) makes a reclassification of the Ordinary Shares or a capital reorganization of the Company other than as described in (i) above, or a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity.

Holders of Warrants do not have any voting or pre-emptive rights or any other rights that a holder of Ordinary Shares has. The rights of the holders of Warrants are subject to modification by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution proposed at a meeting of the holders of Warrants duly convened for that purpose at which there are present, in person or represented by proxy, holders of Warrants holding at least 25% of the aggregate number of the then outstanding Warrants, provided that at least two persons entitled to vote thereat are personally present, and passed by the affirmative votes of the holders of Warrants holding not less than 66⅔% of the then outstanding Warrants represented at the meeting.

The foregoing discussion of the material terms and provisions of the Warrants is qualified in its entirety by reference to the detailed provisions of the Warrant Indenture, a copy of which has been filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained by contacting the Company at Lower Ground Floor, 57 Havelock St, West Perth, Western Australia 6005, +61 8 9481 0051.

### CONSOLIDATED CAPITALIZATION

There has been no material change in the share capital of the Company, on a consolidated basis, since June 30, 2011, other than the grant of 33,643 options to acquire Ordinary Shares on July 4, 2011. See "Prior Sales". The following table sets out the consolidated capital information of the Company: (i) as of the date of the Company's most recently filed financial statements; (ii) following the exercise of the Special Warrants into Units and the resulting issuance of Unit Shares and the exercise of the Special Broker Warrants into Compensation Options; and (iii) assuming the exercise in full of the Compensation Options resulting in the issuance of the Compensation Units, including the Compensation Shares, and the exercise in full of the Warrants underlying the Units and the Compensation Units resulting in the issuance of the Warrant Shares.

	As at June 30, 2011 before giving effect to the Offering	As at June 30, 2011 after giving effect to the Offering	As at June 30, 2011 after giving effect to the Offering and assuming the exercise in full of the Compensation Options and Warrants
Loan Capital	Nil	Nil	Nil
Ordinary Shares (unlimited) <sup>(1)</sup>	56,967,517	75,367,517	86,223,517
Compensation Options <sup>(2)</sup>	Nil	1,104,000	Nil
Warrants	Nil	9,200,000	Nil

Notes:

- (1) Does not include the 4,847,099 Ordinary Shares issuable upon the exercise of currently outstanding stock options at a weighted average price of \$1.23.
- (2) Entitling the holder, upon payment of the exercise price of AS\$1.20 each, to purchase a Compensation Unit comprised of one Compensation Share and one-half of one Warrant, or 1,104,000 Compensation Shares and 552,000 in the aggregate.

### PRICE RANGE AND TRADING VOLUME

The Ordinary Shares are currently listed on the ASX and the TSX under the trading symbol "LSA".

The following table sets forth, for the periods indicated, the reported high and low closing prices and the trading volume of the Ordinary Shares on the ASX during the 12 months preceding the date of this Prospectus. These prices have been adjusted for the 60 for 1 Ordinary Share consolidation approved by the Company's shareholders on June 10, 2011.

Date	High	Low	Volume
	(A\$)	(A\$)	
November 2010 .....	0.66	0.48	571,268
December 2010.....	1.02	0.60	2,458,955
January 2011.....	1.02	0.84	4,420,158
February 2011.....	0.96	0.84	3,893,063
March 2011.....	0.90	0.72	1,057,134
April 2011.....	0.90	0.78	1,326,298
May 2011.....	0.78	0.66	750,309
June 2011.....	0.72	0.66	385,451
July 2011.....	0.88	0.60	2,005,282
August 2011.....	0.90	0.70	1,958,269
September 2011.....	0.90	0.70	995,520
October 2011.....	0.82	0.75	429,801
November 1 to 7, 2011.....	0.88	0.80	267,479

The following table sets forth, for the periods indicated, the reported high and low closing prices and the trading volume of the Ordinary Shares on the TSX.

<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
October 19 to 31, 2011 <sup>(1)</sup> .....	(C\$) 0.88	(C\$) 0.85	262,637
November 1 to 7, 2011 .....	1.03	0.92	183,753

Note:

(1) The Ordinary Shares commenced trading on the TSX on October 19, 2011.

### PRIOR SALES

The following tables set out the Ordinary Shares and securities convertible into Ordinary Shares issued in the twelve months preceding the date of this Prospectus, other than the Special Warrants and Special Broker Warrants.

<b>Ordinary Shares</b>				
<b>Issue Date</b>	<b>Original Issue Price (A\$)</b>	<b>Post Consolidation<sup>1</sup> Issue Price (A\$)</b>	<b>Issued Pre-Consolidation<sup>1</sup> Number</b>	<b>Issued Post Consolidation<sup>1</sup> Number</b>
23/12/10	\$0.01	\$0.60	539,933,686	8,998,895
24/12/10	\$0.01	\$0.60	550,000,000	9,166,667
24/12/10 <sup>2</sup>	\$0.015	\$0.90	1,000,000,000	16,666,669
30/12/10	\$0.01	\$0.60	35,000,000	583,333
11/01/11	\$0.01	\$0.60	9,200,000	153,333
23/05/11	\$0.014	\$0.84	170,552,287	2,842,545
27/05/11	\$0.014	\$0.84	33,447,413	557,456
			2,338,133,386	38,968,898

<b>Securities Convertible into Ordinary Shares</b>				
<b>Issue Date</b>	<b>Original Exercise Price (A\$)</b>	<b>Post Consolidation<sup>1</sup> Exercise Price (A\$)</b>	<b>Issued Pre-Consolidation<sup>1</sup> Number</b>	<b>Issued Post Consolidation<sup>1</sup> Number</b>
23/12/10	\$0.02	\$1.20	10,000,000	166,667
04/01/11	\$0.02	\$1.20	10,000,000	166,669
04/01/11	\$0.025	\$1.50	10,000,000	166,669
23/05/11	\$0.02	\$1.20	170,552,287	2,842,545
27/05/11	\$0.02	\$1.20	43,253,942	720,902
04/07/11 <sup>3</sup>		\$1.20		33,643
		<b>Total:</b>	243,806,229	4,097,095

Notes:

1. On June 10, 2011 the Company's shareholders approved a 60 for 1 share consolidation. In accordance with the ASX Listing Rules, the unlisted options on issue were consolidated in the same ratio and option prices were adjusted in the inverse ratio. Shareholders and option holders whose holdings would have resulted in a fractional entitlement post-consolidation had their post-consolidation holdings rounded up to the next whole number. The share consolidation was undertaken to bring the Company's share structure more closely in line with other Latin American gold producers.
2. These Ordinary Shares were issued as part consideration for acquisition of the CMD Gold Mine at a deemed issue price of \$0.015 per Ordinary Share.
3. These options were issued after the date of the 60 for 1 share consolidation.

## **RISK FACTORS**

An investment in the securities of the Company is considered to be speculative due to the nature of its business and the present stage of its development. The following information is a summary only. A prospective purchaser should carefully consider the risks described in the “*Statement Regarding Forward-Looking Information*” of this Prospectus, the risks described under “*Risk Factors*” in the AIF and the additional risk factors set forth below.

### **Discretion in the Use of Net Proceeds from the sale of the Special Warrants**

The Company intends to use the net proceeds of the sale of the Special Warrants for the continued development of the CMD Gold Mine and for general working capital purposes. There can be no assurance as of the date of this Prospectus as to how such funds may be expended, and as such these funds may be expended at the sole discretion of management of the Company. If the net proceeds are not applied effectively, the Company’s results of operations may suffer.

### **Risks Related to the Ordinary Shares and the Distribution**

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants received upon the exercise of the Special Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation.

The Company may require additional funds to fund the development of its business and projects. If it raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of its shareholders.

Securities markets can demonstrate a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that any such future fluctuations will not affect the market price of the Ordinary Shares, which may decline below the price paid by holders for the Special Warrants or the price paid on the exercise of the Warrants.

## **INTEREST OF EXPERTS**

Except as otherwise indicated, information of a scientific or technical nature regarding the CMD Gold Mine included or incorporated by reference in this Prospectus is based upon the CMD Technical Report. As at the date hereof, each of the authors of the CMD Technical Report and the employees and partners, as applicable, of Coffey Mining Pty Ltd beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company.

PricewaterhouseCoopers have advised the Company that there have been no contraventions of the auditor independence requirements of the Corporations Act in relation to their audit of the Company’s annual consolidated financial statements as at and for the financial year ended June 30, 2011 and no contraventions of any applicable code of professional conduct in relation to such audit.

The matters referred to under “*Eligibility for Investment*” and certain other legal matters related to this Prospectus have been passed upon on behalf of the Company by Lawson Lundell LLP and on behalf of the Agents by Heenan Blaikie LLP. As at the date hereof, the aforementioned partnerships (and their partners, associates and employees) beneficially own, directly or indirectly, in the aggregate, less than one percent of the outstanding securities of the Company.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are PricewaterhouseCoopers, having an address at QV1, 250 St Georges Terrace, Perth, Western Australia, 6000.

The registrar and transfer agent for the Ordinary Shares in Australia is Computershare Investor Services Pty Limited, having an address at Level 2, 45 St Georges Terrace, Perth, WA Western Australia 6000. The Canadian transfer agent and registrar for the Ordinary Shares is Equity Financial Trust Company at its principal offices in Toronto, Ontario and Vancouver, British Columbia.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides a purchaser with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## **CONTRACTUAL RIGHT OF ACTION FOR RESCISSION**

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires the Ordinary Shares on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this short form prospectus containing a misrepresentation: (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired; (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Agents or the Company, as the case may be, on the acquisition of the Special Warrant; and (c) if the holder is a permitted assignee or transferee of the interest of the original Special Warrant purchaser, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original purchaser. The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser of Special Warrants may have at law.

## CONSENT OF AUDITORS

We have read the short form prospectus of Lachlan Star Limited (the “**Company**”) dated ● qualifying for distribution of 18,400,000 units issuable upon the exercise of 18,400,000 issued and outstanding special warrants and 1,104,000 compensation options issuable upon the exercise of 1,104,000 issued and outstanding special broker warrants. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our reports to the shareholders of the Company on the consolidated statements of financial position of the Company as at June 30, 2011 and June 30, 2010, and consolidated statements of comprehensive income, changes in equity and cash flows for each of the years ended June 30, 2011 and June 30, 2010. Our reports are dated September 8, 2011 and September 3, 2010, respectively.

●  
Chartered Accountants  
Perth, Western Australia

●, 2011

**CERTIFICATE OF THE COMPANY**

Dated: November 8, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Ontario and British Columbia.

By: (Signed) DECLAN FRANZMANN  
Managing Director

By: (Signed) ROBERT A. ANDERSON  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

By: (Signed) SCOTT PERRY  
Director

By: (Signed) MICK MCMULLEN  
Director

## **CERTIFICATE OF THE AGENTS**

Dated: November 8, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Ontario and British Columbia.

DUNDEE SECURITIES LTD.

By: (Signed) BRAD RALPH  
Director

SALMAN PARTNERS INC.

By: (Signed) ALAN HERRINGTON  
Executive Vice-President, Director & Head Investment Banking