

3 February 2011

JORC RESOURCES INCREASE AND OPERATIONAL UPDATE

Lachlan Star Limited (Lachlan) is pleased to announce an increase in the JORC Resource estimate for its 100% owned CMD Gold Mine in Chile to **936,000 ounces of gold**. These Resources have been estimated by the independent consultant Coffey Mining.

Resources

The new Resource estimate covers the Toro and Socorro deposits and totals 272,000 ounces of gold. The total Resources for the CMD Gold Mine are shown in Table 1 below. Further Resource Statements will be provided for the remaining projects once they have been completed by Coffey Mining.

Table 1 -Resources

CMD Gold Mine									
Mineral Resources (Feb 2010) above 0.3 g/t Au									
Deposit	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)	Tonnes (Mt)	Grade (Au)	Ounces (Kozs)
Toro/Socorro	3.3	0.8	84	8.1	0.7	188	11.4	0.7	272
Tres Perlas	15.6	0.5	252	19	0.5	333	35	0.5	585
Chisperos	1.0	1.1	36	1.4	1.0	43	2.4	1.0	79
Total	19.9	0.6	372	28.9	0.6	564	48.7	0.6	936

The Las Loas and Churrumata deposits were previously quoted as exploration targets¹ as shown in Table 2. The “El Sauce” deposit has also been included in the exploration target category. Resource estimates are presently being prepared for all of the deposits in Table 2.

Of the three exploration targets¹ in Table 2, the Las Loas and Churrumata deposits are major ore sources for the current mining and processing operations. Las Loas has been mined continuously since June 2009, while mining at Churrumata has occurred intermittently since 1997.

Table 2 – Exploration Targets¹

Project	Potential Quantity (Mt)		Potential Grade (g/t Au)	
	lower	upper	lower	upper
Las Loas	8.2	10.9	1.06	1.10
Churrumata	12.1	16.2	0.75	0.76
El Sauce	3.7	7.2	0.57	0.60
Total	24.0	34.3	0.83	0.83

The total exploration targets¹ are between 0.6 million ounces and 0.9 million ounces in addition to the JORC Resources of 0.94 million ounces.

Operational Update

Project Optimisation

Work is ongoing to increase gold production and to optimise the CMD operation. A number of initiatives have been commenced that should result in increased gold production in the March and June quarters of 2011.

A new leach pad liner (Pad 3 b) has been installed and ore has been stacked on the new pad for approximately one week. The impact of the new liner will be to improve the leach kinetics of the ore as the gold rich solution will have a much shorter ore column to percolate through. There will be a slight dip in gold production in the March quarter due to switching pads, followed by a ramp up in gold recovery in the June and September quarters of 2011 as Pad 3 b has more ore stacked and irrigated.

Figure 1 shows ore being stacked on the new Pad 3 b. Irrigation of the ore is scheduled to commence this week.

Figure 1 – Ore being stacked on pad 3 b



The Las Loas pit has been redesigned to include an intermediate pit in order to reduce the strip ratio over the first half of 2011. A re-assessment of the ultimate pit design is being undertaken to determine the optimal depth for the final pit and the potential for underground mining.

CMD currently uses two separate mining contractors, with one contractor mining the Las Loas pit, and another contractor mining the Churrumata and Tres Perlas pits. The Company has been working to improve the performance of the Las Loas pit contractor who has struggled with the availability of their drill rigs. Additional drill and blast capacity has been mobilised to site to remove the major production bottleneck and, the Company is proactive in assisting the contractor to improve availability through better maintenance planning.

The contractor mining the Churrumata and Tres Perlas pits is performing at or above contracted movement rates and will be used to mine the Toro pit later in 2011. The Mariposa Vein crosses the Churrumata pit design and mining of this higher grade structure is now underway whilst the rest of the vein strike length is drilled out as shown in Figure 2.

Figure 2 – Mining at Churrumata/Mariposa Vein



Production Forecast

Production for the March 2011 quarter is forecast to be approximately 9,000 ounces of gold plus minor silver credits. Gold production for the June 2011 quarter is forecast to be approximately 12,000 ounces plus minor silver credits.

Gold production is ramping up due to a combination of several factors, namely:

- Increasing gold grade from Las Loas as the current waste cut back approaches the base of the Phase 1 pit and the main vein system;
- Pad 3 b start up as per above;

- Improving movement rates for the Las Loas pit as the additional drill and blast capacity comes on stream; and
- Increasing ore production rates at the old pits (namely Tres Perlas and Churumata).

As the CMD production is sourced almost entirely from the heap leach operation now, any changes made in the operation will take between 3 and 6 months to flow through to gold production.

Lachlan Star has owned the CMD mine for just over a month and in that time has made significant progress towards the goal of expanding the production rate and the mine life. The benefits of this work and investment will be seen during the June, September and December quarters.

Exploration

Initial exploration at the Veneros prospect has identified a zone of surface alteration covering approximately 14 hectares that includes a mineralised Manto zone with a thickness of approximately 20m. Surface sampling of a small historical open pit gave an average grade of 0.9 g/t Au with a maximum grade of 12.5 g/t Au.

Initial scout drilling has returned encouraging near surface results, including:

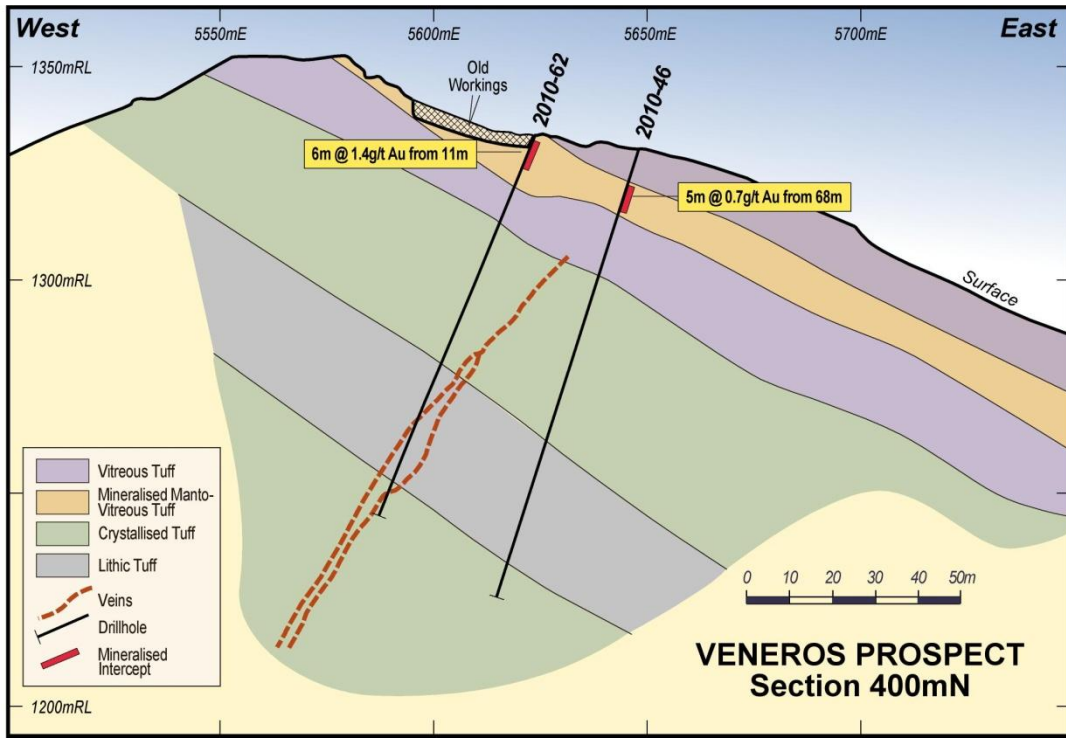
- 6 m at 1.4 g/t Au from 11 m down hole in 2010-62;
- 5 m @ 0.8 g/t Au from 7 m down hole in 2010-63; and
- 5 m @ 0.7 g/t Au from 68 m down hole in 2010-46.

Table 3 at the end of this report contains a full list of drill results from the initial scout program at Veneros.

As can be seen from Figure 3 below, the drilling has been oriented close to perpendicular to the mineralisation, and the reported widths of mineralisation are close to true widths.

The Manto mineralisation is outcropping and follows the slope of the hill, greatly reducing the waste:ore ratio of any pit that may be defined over this prospect.

Figure 3 – Veneros Section



For and on behalf of the Board

MJMcmullen.

Mick McMullen
Chairman

Table 3 –Exploration Results

Hole_Id	Prospect	Grid_N	Grid_E	Grid_Elev	Dip	Azimuth	From	To	Interval	Gold (g/t)
2010-46	Veneros	313	5,624	1,337	- 66.51	252	68	73	5	0.7
2010-62	Veneros	477	5,638	1,348	- 65.00	270	11	17	6	1.4
2010-63	Veneros	393	5,635	1,347	- 65.00	270	7	12	5	0.8
							16	17	1	1.1
2010-66	Veneros	480	5,592	1,356	- 65.00	270	10	11	1	0.5

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, copper and bulk commodities sectors within Australia and overseas. 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, the Bushranger copper and gold project in NSW and the Princhester magnesite deposit in QLD as well as a 25.2% holding in Luiiri Gold Limited.

Visit: www.lachlanstar.com.au

Competent Persons Statement

The information in this report that relates to the Mineral Resources of Tres Perlas, Chisperos and Toro/Socorro is based on information compiled by David Slater, who is a Member of The Australasian Institute of Mining and Metallurgy. David Slater is employed full time by Coffey Mining Pty Ltd. David Slater has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". David Slater consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled Mr Michael McMullen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McMullen is employed by McMullen Geological Services Pty Ltd. Mr McMullen 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr McMullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

¹For the exploration targets, any statement referring to potential quantity and grade of the target is expressed as ranges. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource