

Lachlan Star reports high grade gold intersections in Chile

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Lachlan Star (ASX: LSA) has encountered high grade near surface hits from recent drilling, including 12 metres at 6.9g/t gold from 9 metres at the Compania Minera Dayton project in Chile.

Intersection highlights from the Churrumata deposit include; 22 metres at 3.9g/t gold from 8 metres, including 12 metres at 6.9g/t gold from 9 metres.

In another hole at Churrumata the company hit; 15 metres at 1.0g/t gold from the surface.

At the Toro deposit, the highlight is; 8 metres at 1.2g/t gold from 36 metres.

The Compania Minera Dayton project is an open pit heap leach gold mine that commenced production in 1995 and has produced around 830,000 gold ounces, with unhedged gold production forecast between 40,000 and 50,000 gold ounces annually.

Lachlan has only just acquired the project, with the first gold pour under its management announced less than six weeks ago, with the pour having a gross value of around US\$900,000, which equates to around 640 gold ounces.

Of major importance for the ability to ramp up production, is the underutilised 8 million tonne per year production facility, which is currently running at just one third capacity.

The project is well positioned adjacent to Teck's massive Andacollo mine which hosts resources of 535 million tonnes grading 0.37% copper and 0.12g/t gold, providing prospective copper exploration upside in the region. There has been limited exploration for copper in the Compania Minera Dayton tenements.

The current exploration target for Compania Minera Dayton is 1.1 million to 1.7 million ounces of gold, with the company working towards a JORC estimated resource in first quarter of 2011.

Lachlan is also developing a plan for an intermediate pit in the central area of Las Loas, which will accelerate ore production and reduce the stripping ratio over the next 6 months.

Drilling at other Compania Minera Dayton deposits including Chisperos, Socorro and Los Loas is ongoing, with these drilling results helping to build the company's mine plan over the next year.