

Lachlan Star with high production potential

Interview with Mick McMullen – Lachlan Star Limited

Lachlan Star Limited is one of the absolute high-flyers in gold and copper! The company operates a gold- and copper-mine in Chile, including a plant with more than enough capacity. Lachlan Star Limited aim for 2011 is to produce 50.000 ounces of gold plus silver and copper. We spoke with chairman Mick McMullen about the perspective of their huge project.

? Mick, you are Chairman of Lachlan Star Limited, an Australian company which is mainly focused on gold and copper in South America and Australia. Lachlan Star Limited already produces gold in Chile. Would you please give us a short overview of the facts that led to the acquisition of Compania Minera Dayton?!

A We have been looking for some additional gold exposure for some time given our views on the weakness of the US economy, the US debt burden and therefore the weak outlook for the USD and the positive outlook for the gold price. We also like Chile as it's a stable, mining friendly country with good geology and a well trained local workforce. This deal came to us during the middle of 2010 and we spent some months putting it together prior to completing on Xmas eve last year.

? What are the most important facts of this project?

A The project has just under 1 M

oz of gold in JORC resources, plus exploration targets (Chilean Code resources, non JORC) of between another 0.6 m to 0.9 m oz of gold. Its also in production at around 45,000 oz/annum now, and has a very large plant (8Mtpa) that is currently running at around 2Mtpa. We have skipped all the development risk associated with finding a deposit then building a plant and we are selling gold now into this gold price.

? The project has a lot of upside we feel given that there has been no exploration on it for over 7 years. There seems to be good potential to expand the resources, increase the production rate and extend the mine life.

A The project is also located right next to Teck's Andacollo mine which is an 18Mtpa plant producing 80,000 tpa of copper and 60,000 ozpa of gold. It is so close that their pit and one of our pits actually intersect each other.

A We like the geology of the area, and both the Teck mine and the CMD mine we own host world class resources.

? What production rate will you reach in 2011?

A Around 45,000 to 50,000 ozpa of gold plus minor silver and copper.

? What more exploration potential does the project have?

A The resource work that has been ongoing over the past 2 months is really focused on bringing the historical resources into the JORC category. They therefore do not include the results of the drilling program we are doing now, where we have 4 drill rigs at the mine doing exploration. As these results start to come in, they will be incorporated in updated resource models and we can see what the expansion potential is.

Given that there has been no real



Quelle: Lachlan Star Limited

exploration at the mine for the last 7 years, we think that there is excellent potential to increase the total resources to 2 to 2.5m oz of gold by the end of 2011.

A As we update the resources, we are running the pit designs again using more current gold prices (the reserves have been estimated using a gold price of US\$950/oz) and we are confident that the production rates can be expanded.

? Would you please give us an overview of your other projects?!

A We have just sold 25% interest in Luri Gold which was a non core asset for us. The funds from this will be used to accelerate exploration at the CMD Gold Mine in Chile.

We also have the Bushranger copper project in NSW, which has a JORC resource of 125,000 t of contained copper. We are doing some work on this at present, but our main focus is on the CMD Gold Mine in Chile.

? What plans do you have for



the next 12 months?

A We want to optimize the current operation, but really we are looking to expand it so lots of exploration. We like the area, and given we have a large plant that is running at low capacity, we want to fill it up. We are therefore negotiating with some of the neighboring claim owners to be able to explore and hopefully develop their claims.

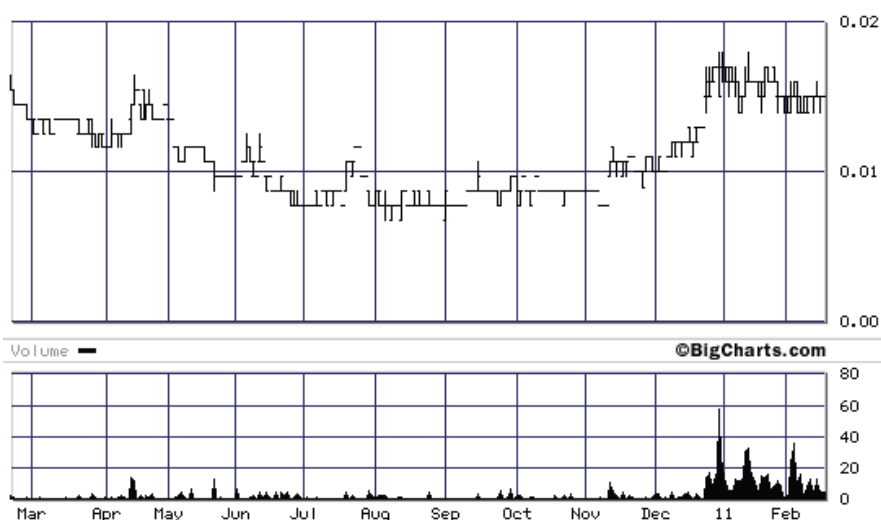
Once we have some clarity on the production profile for the next 4 or 5 years (and we are targeting

around 100,000 ozpa), we will be looking to list Lachlan Star on the TSX. Given the location of the mine in Chile, we feel that this is likely to give us the best valuation for the shareholders as most of our peers in South America are TSX listed.

? Why should potential investors invest in Lachlan Star Limited right now?

A We think we offer low cost exposure to gold, and we are selling gold right now. As we provide some clarity on the JORC resources and the expanded mine production, we think that this will offer investors a significant upward value for their shares.

Performance - 12 month (ASX) - AUD



Lachlan Star Ltd.	
Quote	0,015 AUD ASX
Quote	0,01 EUR Frankfurt
MaCap	48.2 Mio. AUD
WKN	A0M95U Frankfurt
ISIN	AU000000LSA2
Symbol	LSA ASX
Symbol	GY6 Frankfurt
Website	www.lachlanstar.com.au