



**LACHLAN STAR LIMITED**

**4 April 2013**

## LACHLAN STAR PROVIDES OPERATIONAL UPDATE

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**Perth, Western Australia: Gold miner, Lachlan Star Limited (“Lachlan Star” or the “Company”) (ASX and TSX: LSA) is pleased to provide the following preliminary operational update for the March 2013 Quarter as contained in Table 1. Highlights include:**

- Record gold mined of 21,220 ounces in the March Quarter
- Record gold mined of 8,841 ounces in the month of March
- Waste:ore ratio reduced by 17% quarter on quarter
- Mined grade increased by 14% quarter on quarter

**Table 1 – CMD Gold Mine Operating Summary <sup>1</sup>**

Item	Unit	3 months ended 31-Mar-13	3 months ended 31-Dec-12	% Change Variance
Ore Mined	Dmt	1,338,000	1,328,690	1%
Waste Mined	Dmt	3,601,724	4,285,272	-16%
Total Mined	Dmt	4,939,724	5,613,962	-12%
Waste:Ore Ratio	t:t	2.7	3.2	-17%
Ore Grade Mined	Au g/t	0.49	0.43	14%
Gold Mined	Au oz	21,220	18,545	14%
Ore stacked	Dmt	1,146,000	1,237,955	-7%
Stacked Grade	Au g/t	0.49	0.45	9%
Gold Stacked	Au oz	17,940	17,855	0%
Average stacking rate	dmt/d	12,876	13,456	-4%
Gold Produced	Au oz	10,875	13,722	-21%

1. Gold pours are an estimate for the last 10 days of March pending final refinery assays

## Quarterly Review

The two major changes to the CMD Gold Mine in the March Quarter have been the implementation of the owner mining fleet and the resumption of mining at Chisperos.

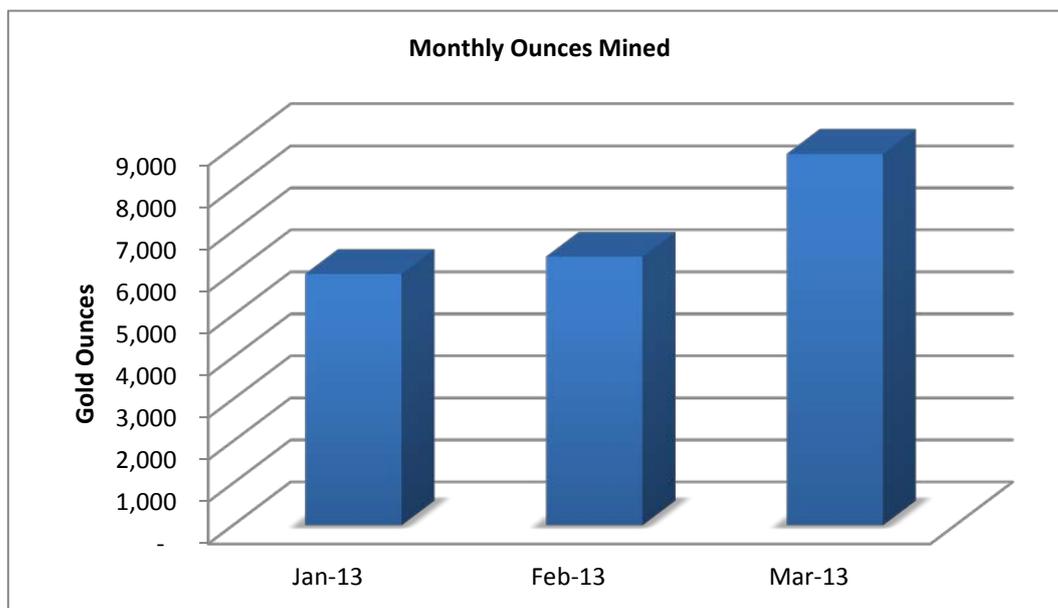
The Komatsu fleet commenced operations in mid January and by the end of January all of the fleet was operational. Some reduced contractor productivity during the change over period was experienced which led to reduced ore tonnages being mined in the month of January.

By mid February the Komatsu fleet had been bedded in and ore tonnages mined gradually increased. By March, ore tonnages being mined were the highest at the mine since 2007 and comfortably exceeded the tonnage that could be crushed and stacked. The increasing trend can clearly be seen in Figure 1.

During the month of March over 500,000 tonnes of ore (excluding ROM ore) was mined at an average grade of 0.55 g/t Au. Despite the increased ore tonnage mined, average grades have increased by 21% from January to March due to the increasing grade contribution from the Chisperos pit, where the last two blasts in March averaged 1 g/t Au.

The combination of increased tonnage and grade has had a marked impact on the gold ounces mined over the past three months as seen in Figure 1.

**Figure 1 – March Quarter Ounces Mined**

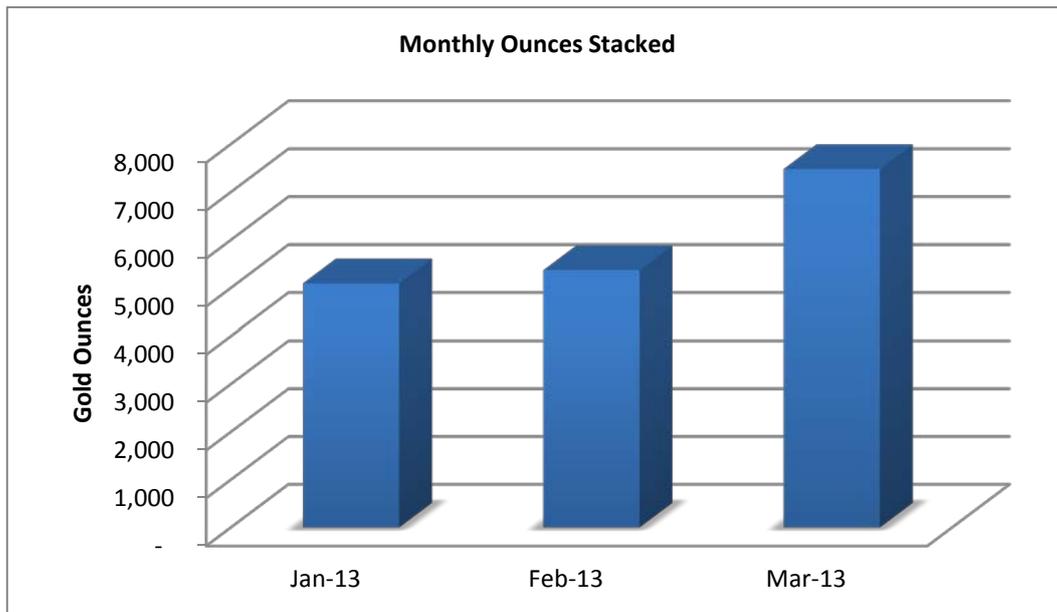


Waste to ore ratios continue to fall in line with the mine plan and were down 17% on the previous quarter and were 2.6:1 in the month of March. The current mine plan envisages a waste:ore ratio of 1.6:1 by the end of calendar 2013 and a Life of Mine average of 1:1.

Gold stacked was up slightly on the previous quarter despite ore tonnage stacked being down by 7%, with the higher grade offsetting the lower tonnage stacked. Figure 2 shows the ounces stacked by month during the quarter with March being the best month under Lachlan's ownership.



**Figure 2 – March Quarter Ounces Stacked**



A series of minor maintenance issues throughout the quarter negatively impacted plant availability and restricted average plant throughput. When running at full capacity, the plant has comfortably exceeded 18,000 tpd on numerous days throughout the quarter but downtime associated with maintenance in the tertiary crushers and stacking circuit reduced the average throughput.

For the month of March, 482,000 tonnes of ore were primary and secondary crushed, but only 423,000 tonnes of ore were stacked on the pads, resulting in the build up of large crushed ore stockpile within the plant.

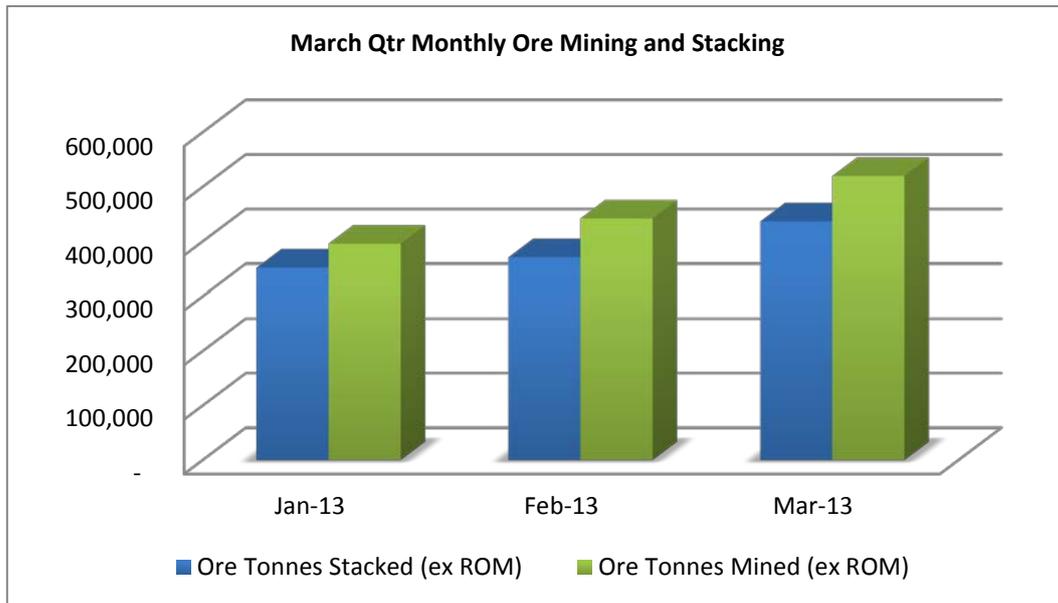
A portion of the proceeds of the private placement announced today have been allocated to increasing the spares inventory on site to reduce downtime, as well as minor capital works around the plant to increase availability.

Given that the mine fleet appears to be able to comfortably mine well in excess of the current plant capacity (Figure 3), and the front end of the plant has excess capacity, the Company has been considering ways to increase throughput at the back end of the plant. The first initiative has been to increase the sizing of the tertiary crushed product from 9mm to 11mm, which is being completed this week. This is expected to give up to an additional 2,000tpd of crushing capacity for no material negative impact on recovery or leach times. It should also result in lower maintenance costs and reduced downtime in the tertiary crushing circuit.

During the second half of the year the Company is considering leasing a mobile primary crusher to crush the low-grade ore and to further increase stacked tonnages. The goal of the Company is to have sufficient crushing capacity to be able to run the mining fleet at a higher production rate.



**Figure 3 – March Quarter Ore Tonnes Mined and Stacked By Month**



Gold pours for the month of March are still to be finalised subject to assay returns but are down approximately 21% on the previous quarter. This is partly due to a larger portion of the December Quarter being stacked at the beginning of that quarter, and the higher portion of the March Quarter ounces being stacked in the second half of the March Quarter. There was also one less gold pour in the March Quarter relative to the December Quarter which would equate for around 8% of the difference. Minor availability issues within the ADR and pumping circuit also negatively impacted gold adsorption during the quarter.

A portion of the proceeds of the private placement announced today has been allocated to improving reliability within this area of the plant. In addition, the Company has previously placed an order for the acquisition and installation of a new carbon regeneration kiln that is scheduled to be commissioned in July 2013. The new carbon regeneration kiln will increase the daily carbon processing capacity to 6 tonnes/day from the current 1.5 tonnes/day. It is expected that with the new regeneration kiln the gold adsorption efficiency will improve from 89% to 95%, which will translate into a potential 6% increase in gold production.

For and on behalf of the Board

Mick McMullen  
Chairman

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**About Lachlan Star Limited**

Lachlan Star Limited is a gold mining company headquartered in Perth, Western Australia. The Company is focused on optimizing free cash flow from its CMD Gold Mine in 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.

**Caution Regarding Forward Looking Information:**

This news release contains forward-looking information which is based on the assumptions and judgments of management regarding future events and results. Such forward-looking information includes but is not limited to information with respect to completion of the private placement, the use of proceeds of the private placement, the procurement of the approval of the TSX to the private placement, planned changes to the Company's corporate strategy including changes to the Company's dividend policy, the intention to report financial results in gold, the intention to maximise free operating cash flow from the CMD Gold Mine, the change in the Company's management, and the intention to pay dividends in gold. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and 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 performance of the changed management team, the effectiveness of the Company's corporate strategy and its ability to maximise cash flow, the price of gold, current financial markets and other factors that are 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 ability of the Company to increase gold production, the continued outperformance of cash flow paying royalty companies over gold equities, the Company's ability to report financial results in terms of gold and pay dividends in gold and the timely receipt of required regulatory approvals. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except as may be required in accordance with applicable laws.

