



LACHLAN STAR LIMITED

18 June 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 operational update for May and June. Highlights include:

- 5,924 ounces of gold and 4,270 ounces of silver produced in May
- Group cashflow from operating activities before changes in non cash working capital of A\$0.6 million
- Average sales price of US\$1,387 per ounce in May
- Estimated gold production for June to be in the range of 5,500 to 6,000 ounces

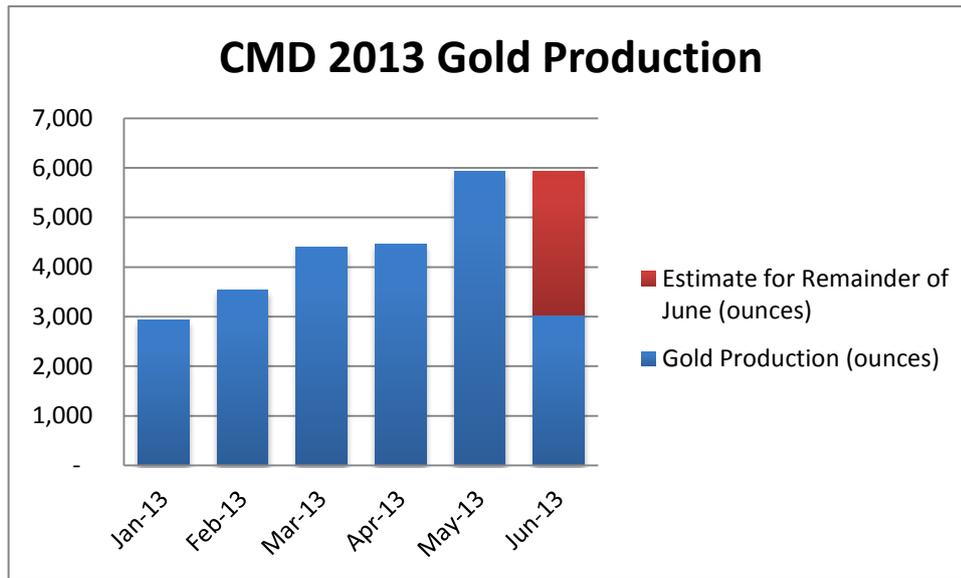
Gold Production

Gold production has increased markedly over the course of 2013 (as seen in Figure 1), with gold production in May of 5,924 ounces. Silver production has also increased over the past 2 quarters and is now providing some meaningful credits.

Gold production for June is estimated to be in the range of 5,500 to 6,000 ounces, with 3,033 ounces produced to the 14th of June.

Gold production has stabilised at the higher levels seen in May, and this is directly attributable to the increased ounces stacked in previous two quarters.

Figure 1 CMD Gold Mine Monthly Gold Production in 2013



The increased gold production seen over the past two months has had a positive impact on the cash flow generation of the Company. Group cash flow before changes in non-cash working capital for May was A\$0.6 million based on an average gold price received of US\$ 1,387 per ounce.

The Company continues to reduce costs and is focused on increasing gold production. The CMD Gold Mine is now producing at an annualised run rate of 72,000 ounces of gold per annum plus silver and copper by product credits. Stacked ore grades continue to increase as the Chisperos pit delivers higher-grade ore (average of 1.09 g/t Au for May) and the Company has developed a business buying high-grade ore from third parties that contributed 45,000 tonnes of ore in May. Waste to ore ratios continue to fall as mining progresses and in May averaged 2.2:1, compared to 3.2:1 in January.

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 up update any forward-looking information, except as may be required in accordance with applicable laws.

