



LACHLAN STAR LIMITED

28 August 2013

LACHLAN STAR ANNOUNCES A 160% INCREASE IN PROBABLE MINERAL RESERVES AND JULY PRODUCTION OF 5,837 OUNCES OF GOLD

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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 updates. Highlights include:

- Updated NI 43-101 mineral reserve of 408,000 ounces of contained gold, a 160% over previous estimate, more than replacing mining depletion;
- Updated NI 43-101 mineral resources of 1.98 million ounces of gold in the Indicated category, and a further 1.34 million ounces of gold in the Inferred category;
- Production of 5,837 ounces of gold and 6,368 ounces of silver in July
- Forecast production for August in the range of 5,800 to 5,900 ounces of gold and 6,200 to 6,400 ounces of silver

CMD GOLD MINE (100% CHILE)

NI 43-101 Report

The Company is pleased to announce the results of an updated NI-43101 report for the CMD Gold Mine. The report has updated the mineral resources and mineral reserves for the operation. The Qualified Persons are:

- Enrique Quiroga - Comision Calificadora de Recursos y, Reservas Mineras, IIMCH
- David Slater- AusIMM(CP), MAIG, Coffey Mining
- Sergio Alvarado- Comision Calificadora de Recursos y, Reservas Mineras, IIMCH, CIM
- Roger Kelly FSAIMM

The updated mineral reserve contains 408,000 ounces of gold and has been estimated using a long term gold price of US\$1,250/ounce for the Chisperos, Mercedes and Toro pits, and US\$1,300/ounce for the Tres Perlas pit. The bulk of the mineral reserves are contained within the Tres Perlas pit as shown in Table 1. The Life of Mine (LOM) waste to ore ratio is 0.98:1 and total gold recovered is estimated to be 276,000 ounces.

The updated NI 43-101 report will be filed on SEDAR within 45 days. The effective date of the report is 31 July 2013.

Table 1 – Mineral Reserve Estimate

CMD Gold Mine Summary of Mineral Reserves			
Probable Mineral Reserves			
Deposit	Tonnes [Mt]	Au Grade [g/t]	Ounces (koz)
Tres Perlas	25	0.4	334
Chisperos	0.8	1.2	29
Mercedes	1.5	0.5	22
Toro	1.1	0.7	23
Total	28.3	0.4	408

The new mineral reserve of 408,000 ounces of gold is a substantial increase over the previous mineral reserve of 157,000 ounces of contained gold in May 2011. A total of 139,000 ounces of gold have been mined since the May 2011 mineral reserve was estimated, and the new mineral resource has not only replaced all of the mining depletion but also increased the mineral reserves by 160%.

The mineral resource estimate has been updated for new data and depletion and contains 1.98 million ounces of gold in the Indicated category, and a further 1.34 million ounces of gold in the Inferred category. The mineral resources quoted in Table 2 are inclusive of the mineral reserves stated in Table 1.



Table 2 – Mineral Resource Estimate

CMD Gold Mine Mineral Resources					
Deposit	Resource Category	Lower Cutoff	Tonnes	Grade	Metal
		(Au g/t)	(Mt)	(Au g/t)	(koz Au)
Tres Perlas	Indicated	0.15	128.6	0.38	1,584
	Inferred	0.15	99.1	0.36	1,135
Chisperos	Indicated	0.3	0.9	1.12	34
	Inferred	0.3	1.3	0.97	40
Toro	Indicated	0.15	16.2	0.61	316
	Inferred	0.15	10.9	0.36	128
Las Loas	Indicated	0.3	2	0.77	50
	Inferred	0.3	1.5	0.76	37

The new mineral resources represent a 4% reduction in ounces contained in the Indicated category, and a 1% reduction in ounces contained in the Inferred category. This reflects mining depletion since the last mineral resource update in September 2012.

Production

The Company advises that production for the month of July was 5,837 ounces of gold and 6,368 ounces of silver. Silver production continues to increase as ore is sourced from the Tres Perlas pit and is now at the highest levels since commencement of the operation in 1995.

Forecast production for the month of August is in the range of 5,800 to 5,900 ounces of gold and 6,200 to 6,400 ounces of silver, subject to final assay returns and month end adjustments.

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.

Competent Persons Statement

The information in the news release that relates to the Mineral Resources of Tres Perlas, Chisperos, Las Loas, and Toro is based on information compiled by David Slater, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr. Slater is employed full time by Coffey Mining Pty Ltd. The information in the news release that relates to Mineral Reserves at the CMD Gold Mine is based on information compiled by Enrique Quiroga, who is the Principal of Q&Q Ltda, a consultancy firm. Mr. Quiroga is qualified mining engineer by the Comision Calificadora de Recursos y Reservas Mineras (Chilean Mining Commission) and the Instituto de Ingenieros de Minas de Chile (IIMCH, Chilean Institute of Mining Engineers). Each of Mr. Slater and Mr. Quiroga 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 Ore Reserves" and to qualify as a "Qualified Person" under NI 43-101. Each of Mr. Slater and Mr. Quiroga consents to the inclusion in the news release of the matters based on his information in the form and context in which it appears.

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.

