



**LACHLAN STAR LIMITED**

**28 May 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 April and May. Highlights include:**

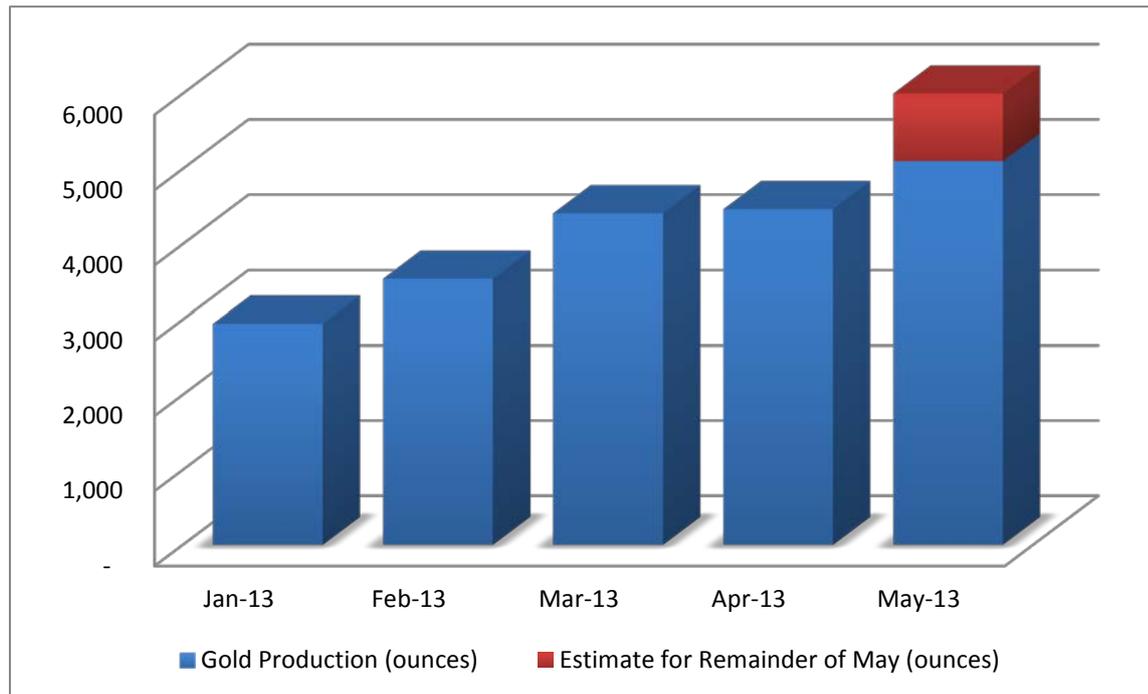
- 4,462 ounces of gold produced in April
- Estimated gold production for May of 5,700 to 6,000 ounces, which will be a record under the Company’s ownership
- Chisperos pit mined ore grade for May at 1.06 g/t Au
- Owner mining fleet continues to perform above forecast production levels

### **Gold Production**

Gold production has increased markedly over the course of 2013 (as seen in Figure 1), with estimated production for May to be in the range of 5,700 to 6,000 ounces. The May production will be a record high under the Company’s ownership and last weeks gold pour the highest weekly pour since July 2008.

The slower gold recovery seen in January and February has been rectified and gold production is now running above forecast levels.

**Figure 1 CMD Gold Mine Monthly Gold Production in 2013**



The increase in gold production is attributable to:

- the impact of the pre cyanidation circuit commissioned in mid January
- the increase in stacked gold ounces over the past 6 months
- improved pumping reliability

As previously announced, gold production in January and February was negatively impacted by elevated copper levels in ore mined and reduced pumping availability. The copper in the ore slowed recovery times and as mining has moved away from this ore type as forecast, the impact has been materially reduced.

Gold production in the month of January was 2,944 ounces and the estimated gold production in the month of May is approximately double this at 5,700 to 6,000 ounces. Production in May is slightly above forecast levels and the Company anticipates production to stabilise at forecast levels going forward.

## **Mine Performance**

Mining at the Chisperos pit continues to progress well with ore mining now in the main part of the deposit and mined grades of 1.06 g/t Au for the month of May to date (Figure 2). As the pit progresses further into the ore body, the waste to ore ratio continues to fall with an average of 2.4:1 for May to date.



**Figure 2 Chisperos Pit with ore blocks ready for blasting**



The owner mining fleet continues to perform well in the Tres Perlas pit (Figure 3) and is exceeding forecast movement rates by approximately 15%. The outperformance is a result of redesigning the waste dump locations to shorten haul distances (Figure 4) and higher than forecast equipment availability. The revised waste dump has been incorporated into the ROM pad construction at the end of the Tres Perlas pit.

An increase in bench heights from 5m to 7.5m has also led to an increase in drill and blast productivity, which in turn has positively impacted movement rates and costs.

**Figure 3 – Tres Perlas pit with owner mining fleet**



**Figure 4 – Tres Perlas revised waste dump (new ROM pad)**



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.

