



LACHLAN STAR LIMITED

16 October 2014

LACHLAN STAR ANNOUNCES PRIVATE PLACEMENT FOR PROCEEDS OF US\$1.14 MILLION AND APPOINTMENT OF NEW CHAIRMAN

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR DIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES

“Perth, Western Australia: Gold miner, Lachlan Star Limited (“Lachlan Star” or the “Company”) (ASX and TSX: LSA) is pleased to announce that it has agreed on a non brokered private placement (“Placement”) to Hamilton Place Associates LLC (“Hamilton”) of 16,403,486 fully paid ordinary shares at an issue price of US\$0.0697 per ordinary share for proceeds of US\$1.14 million. The issue is within the Company’s existing share issue capacity without shareholder approval. No fees are payable in connection with the issue. The Company has received the subscription funds and is proceeding to issue the shares to Hamilton within the next few days.

Hamilton has also agreed to a prepaid gold loan working capital facility of at least US\$4 million to the Company’s subsidiary, Compañía Minera Dayton (“CMD”), with such working capital advance and associated terms and conditions to be finalized no later than 31 December 2014. The facility is dependent upon Lachlan Star having US\$4 million in cash and cash equivalents at 30 November 2014 and Hamilton’s representatives having made a site visit to the CMD Gold Mine by that date.

Upon completion of this Placement Mr Peter Babin, a Manager of Hamilton, will be appointed Non-Executive Chairman of Lachlan Star, effectively immediately. Mr Babin was one of the vendors of the CMD Gold Mine to Lachlan Star in December 2010 and was a director of the Company from that date until November 2013.

Upon the appointment of Mr Babin, Mr Scott Perry will stand down from the Board of Lachlan Star to focus exclusively on his role as CEO of AuRico Gold. The Company thanks him for his efforts over the last three years.

Upon completion of the Placement, Hamilton will acquire 9.9% of the outstanding shares of the Company and Mr Babin, together with his associates, will control, directly or indirectly, approximately 12.36% of the outstanding shares of the Company.

For further information please visit www.lachlanstar.com.au or contact:

Robert Anderson
Company Secretary
Lachlan Star
Email: bob.anderson@lachlanstar.com.au

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 49% interest in the Bushranger Copper Project in New South Wales and a 100% interest in the Princhester magnesite deposit in Queensland.

Caution regarding forward-looking information. Information in this news release that is not a statement of historical fact constitutes forward-looking information within the meaning of applicable securities laws. Such information includes information regarding the prepaid gold loan working capital facility of at least US\$4 million to be advanced by Hamilton to CMD. Assumptions upon which such forward-looking information is based include that Lachlan Star and Hamilton will be able to agree on the definitive terms of such facility by the deadline of December 31, 2014 or such later deadline as the parties may agree (there being no assurance that the parties will agree to extend such deadline if agreement is not reached by then), that Lachlan Star will have US\$4 million in cash and cash equivalents at 30 November 2014 and Hamilton's representatives will have made a site visit to the CMD Gold Mine by 30 November 2014 and that all required third party approvals, including regulatory or governmental approvals, if any, will be obtained. Some of these assumptions may be beyond the control of Lachlan Star and Hamilton or may be subject to known and unknown risks, uncertainties and other factors that may cause actual results not to be as anticipated or suggested by such forward-looking information. Such factors include variability in the price of gold, risks relating to mining operations and to carrying on mining operations in foreign jurisdictions, changes in project parameters as plans continue to be refined, and those factors disclosed under the heading "Risk Factors" in Lachlan Star's most recent Annual Information Form filed under the Company's profile on sedar.com. Although Lachlan Star has attempted to identify important factors that could cause actual results to differ materially from those contained in this forward-looking information, there may be other factors that cause actual results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Lachlan Star does not undertake to update any forward-looking information in this news release, except as required by applicable securities laws.

