



LACHLAN STAR LIMITED

8 July 2013

LACHLAN STAR ANNOUNCES A 48% INCREASE IN QUARTER ON QUARTER GOLD PRODUCTION

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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 the June quarter. Highlights include:

- Gold production increased 48% quarter on quarter to 16,160 ounces of gold in the June quarter, a record under the Company’s ownership;
- Gold stacked increased 16% quarter on quarter to 20,751 ounces in the June quarter, a record under the Company’s ownership;
- Stacked grade increased by 5% quarter on quarter to 0.52 g/t Au;
- Mined ore grade increased by 19% quarter on quarter to 0.58 g/t Au;
- Average stacking rate in the month of June increased to over 15,671 tpd with 470,141 tonnes of ore stacked, a record under the Company’s ownership
- Waste to ore ratio reduced by 8% quarter on quarter to 2.49:1, the lowest under the Company’s ownership
- Total mining movement reduced by 19% quarter on quarter

CMD GOLD MINE (100% CHILE)

Production and Sales

Production from the CMD Gold Mine is summarised in Table 1 below. Unless otherwise noted, all weights and measures are in metric units.

Table 1 June Quarter Key Performance Indicators

| Item | Unit | 3 months ended 30-Jun-13 | 3 months ended 31-Mar-13 | % Change Variance |
|-----------------------|--------|-----------------------------|-----------------------------|----------------------|
| Ore Mined | Dmt | 1,139,766 | 1,338,000 | -15% |
| Waste Mined | Dmt | 2,840,086 | 3,601,724 | -21% |
| Total Mined | Dmt | 3,979,852 | 4,939,724 | -19% |
| Waste:Ore Ratio | t:t | 2.49 | 2.7 | -8% |
| Ore grade Mined | Au g/t | 0.58 | 0.49 | 19% |
| Gold Mined | Au oz | 21,341 | 21,220 | 1% |
| Ore stacked | Dmt | 1,250,766 | 1,146,000 | 9% |
| Stacked Grade | Au g/t | 0.52 | 0.49 | 5% |
| Gold Stacked | Au oz | 20,751 | 17,940 | 16% |
| Average stacking rate | dmt/d | 13,745 | 12,876 | 7% |
| Gold Produced | Au oz | 16,160 | 10,892 | 48% |

Gold production increased markedly over the previous quarter as the impacts of the slower gold recovery seen at the start of the year have been reduced. The June quarter gold production is a record under the Company's ownership of the mine. In addition, silver grades in the Tres Perlas pit have been increasing, resulting in a 176% increase in silver production to 11,559 ounces for the quarter, which is now providing some meaningful by-product credits.

Total mining movements were reduced by 19% as the impact of the reducing waste to ore ratios (down 8% quarter on quarter to a record low under the Company's ownership) allowed the Company to reduce mining movements whilst increasing ore tonnes stacked.

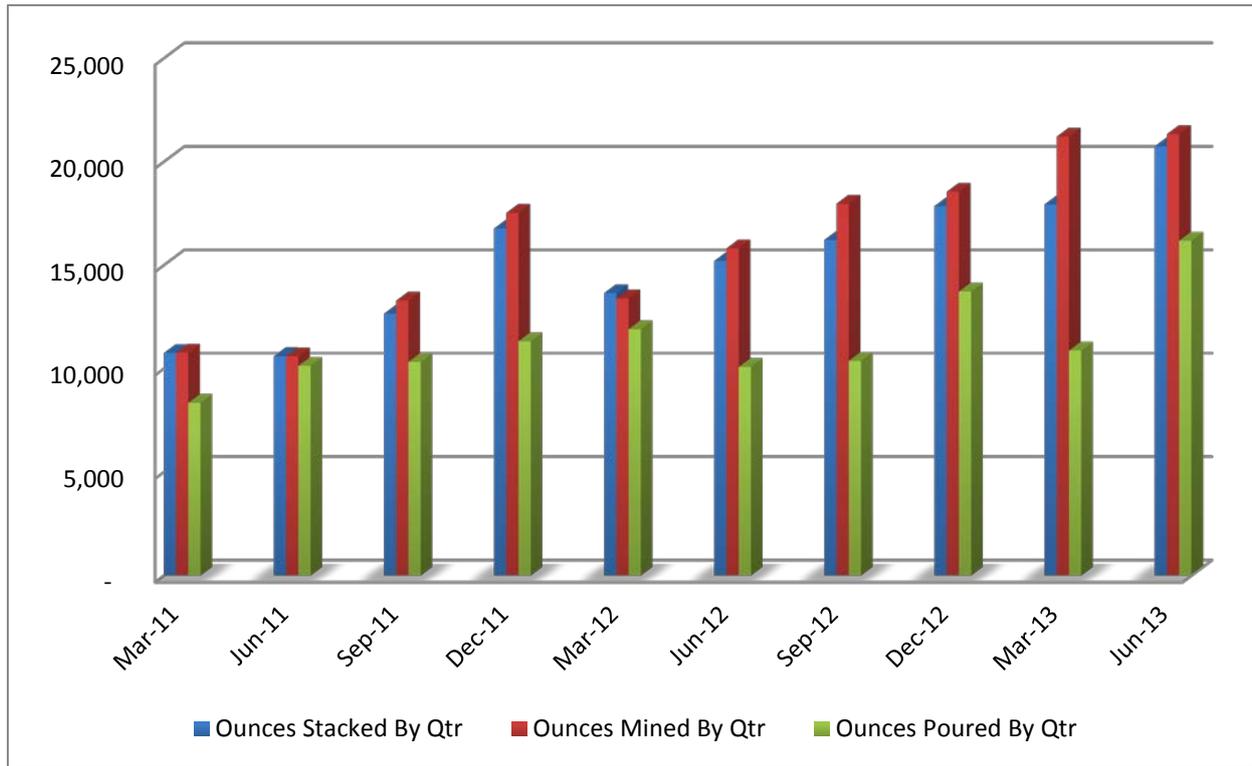
The 9% quarter on quarter increase in ore tonnes stacked to a record 1.25M tonnes combined with a 5% increase in the stacked grade resulted in ounces stacked increasing by 16% over the previous quarter to a record 20,751 ounces of gold in the June quarter. The average daily ore-stacking rate increased by 7% from the previous quarter despite a heavy rainfall event in May that resulted in a 3-day plant shut down.

A total of 470,141 tonnes of ore were stacked in the month of June for an average daily stacking rate of 15,671 tpd, which is the highest monthly stacking rate since the Company has owned the CMD Gold Mine. The increased ore stacking is a result of increasing plant availability and hourly throughput rate increases.

As can be seen in Figure 1, the June quarter performance has been the best since the Company bought the CMD Gold Mine at the end of 2010. Gold ounces mined, stacked and poured are all back on the upward trend and the operating team under the guidance of the Company's Chief Operating Officer is focussed on increasing gold production at the lowest possible cost in this challenging gold price environment. Key to this theme is to increase production ounces while keeping fixed costs to a minimum and the 48% increase over the previous quarter demonstrates that this is successfully being achieved.



Figure 1 CMD Gold Mine Ounces Mined, Stacked and Poured by Quarter (2011-2013)



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.

