

LACHLAN STAR LIMITED

POLICY FOR TRADING IN COMPANY SECURITIES

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the securities under certain circumstances.

1. Directors, officers and employees who wish to trade in company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (ie. shares or options) by a person with some connection with a company (eg an employee) in possession of information generally not available to the public, but may be relevant to the value of the company's securities. It may also include the passing on of this information to another. Legally, it is an offence which carries severe penalties, including imprisonment.

2. The Company identifies the circumstances set out below, in addition to the circumstances set out in the Corporations Act, where directors, officers and employees of the company may not trade in the Company's securities. A director, officer or employee of the Company should not deal in any of the securities of the Company at any time when he or she is in possession of unpublished price-sensitive information in relation to those securities.
3. Directors must notify the Company Secretary once trading in the Company's securities has occurred. The Company Secretary will then immediately circulate such details to the other directors and, in the case of directors, lodge an Appendix 3Y with ASX.
4. Directors and officers should not engage in short term trading in the Company's securities, which is defined as less than a 30 day period between purchase and sale.
5. Directors, officers and employees are prohibited from:
 - a. Trading in financial products issued or created over the Company's securities by third parties, or trading in associated products;
 - b. Entering into transactions in associated products which operate to limit the economic risk of their security holdings in the Company.
6. Directors must advise the Chairman prior to any proposed transaction in the Company's securities, and in the case of the Chairman he must advise an executive director. In either case the Company Secretary must be informed and he should notify the other directors of any director's proposed transaction.
7. Directors, officers and employees will be permitted to trade in the Company's securities provided that:
 - a. The director, officer or employee is not in the possession of inside information; and
 - b. The trading is not for short term speculative gain (as set out in clause 4); and
 - c. The trading is not likely to be seen by ASIC or ASX to be unfair or inappropriate; and

- d. The trading does not take place during a “closed period”. A “closed period” is the period from the end of the financial year or half year to the release of the annual or half year financial results; and
 - e. In the case of directors, officers and key management personnel the trading does not take place during a “prohibited period”. A “prohibited period” comprises a “closed period”, any period imposed by the entity from time to time when the Company is considering matters which are subject to Listing Rule 3.1A, and any other period as advised to ASX from time to time; or
 - f. The trading is excluded trading as set out in clause 10
8. As a matter of practice, however, the following periods are considered to be the most appropriate times for directors, officers and employees to trade in the Company’s securities:
- a. in the four weeks following one business day after the release of the annual results;
 - b. in the four weeks following one business day after the release of the half year results; and
 - c. in the four weeks following the annual general meeting

Even at these times it is important to be aware that there may be occasions when it is not proper for directors, officers and employees to trade in the Company’s securities.

9. Directors, officers, key management personnel, and employees may be permitted to trade during a “closed period” or “prohibited period”, in exceptional circumstances, with prior written clearance by the Company’s Designated Officer. The Company’s Designated Officer is the Chairman of the board, or in the case of the Chairman an executive director. Exceptional circumstances include severe financial hardship, a bona fide family settlement or an overriding legal or regulatory obligation that requires a financial payment that cannot be achieved in any other manner than trading in the Company’s securities, and any other instance as advised to ASX from time to time. The granting of the written clearance will be at the discretion of the Designated Officer after the provision of suitable evidence by the applicant and consultation with the Company’s directors. Electronic clearance via email constitutes clearance under this policy. The application of this clause is subject to the insider trading provisions as set out in clause 1.

10. Certain trading in the Company’s securities is excluded from this share trading policy:

- Trading that results in no change in the beneficial ownership of the securities
- Undertakings to accept, or the acceptance of, a takeover offer
- Trading under an offer or invitation made to all or most of the security holders, such as a rights issue or a share purchase plan
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme
- Other instances as advised to ASX from time to time

In this policy references to directors, officers, employees and key management personnel includes all associates of the directors, officers, employees, and key management personnel.