
LACHLAN STAR LIMITED

ABN 88 000 759 535

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11am (WST)

DATE: Thursday 19th November 2009

PLACE: Level 3, 3 Ord Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 0051.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11am (WST) on Thursday 19th November 2009 at:

Level 3
3 Ord Street
WEST PERTH WA 6005

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- (a) To Computershare Investor Services Pty Limited in accordance with the instructions on the Proxy Form
- (b) by post to Lachlan Star Limited, PO Box 1523, West Perth, Western Australia, 6872; or
- (c) by facsimile to the Company on facsimile number (+61 8) 9321 9335; or
- (d) in person to the Company at Level 3, 3 Ord Street, West Perth, WA 6005,

so that it is received not later than 11am (WST) on Tuesday 17th November 2009.

If you are entitled to cast two or more votes, you may appoint two proxies and you may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify the number or proportion, each proxy will be entitled to exercise one-half of your votes.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 11am (WST) on Thursday 19th November 2009 at Level 3, 3 Ord Street, West Perth WA 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5pm (WST) on Tuesday 17th November 2008.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1 – RE-ELECTION OF MR MICHAEL MCMULLEN AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

“That Mr Michael McMullen, who retires by rotation in accordance with rule 13.2 of the Company’s Constitution and, being eligible, be re-elected as a director of the Company.”

RESOLUTION 2 – ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of:

- (i) 4,000,000 2 cent Unlisted Options exercisable on or before 18 November 2011*
- (ii) 4,000,000 2.5 cent Unlisted Options exercisable on or before 18 November 2012*

by way of remuneration to Mr Michael McMullen or nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Michael McMullen, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 – ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of:

- (i) 4,000,000 2 cent Unlisted Options exercisable on or before 18 November 2011*
- (ii) 4,000,000 2.5 cent Unlisted Options exercisable on or before 18 November 2012*

by way of remuneration to Mr Declan Franzmann or nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Declan Franzmann, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of:

- (i) 4,000,000 2 cent Unlisted Options exercisable on or before 18 November 2011*
- (ii) 4,000,000 2.5 cent Unlisted Options exercisable on or before 18 November 2012*

by way of remuneration to Mr Thomas Duckworth or nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Thomas Duckworth, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5 – ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue of:

- (iii) 10,500,000 2 cent Unlisted Options exercisable on or before 18 November 2011*
- (iv) 10,500,000 2.5 cent Unlisted Options exercisable on or before 18 November 2012*

by way of remuneration to employees and consultants of the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Robert Anderson, Mr Kees Dekker, Miss Sarah Forrester, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

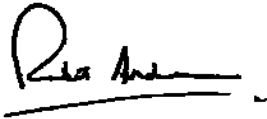
RESOLUTION 6 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2009

To consider and, if thought fit, to pass the following resolution as a **non-binding** resolution:

“That the Remuneration Report required by section 300A of the Corporations Act, as contained in the Directors’ Report of the Company for the year ended 30 June 2009, be adopted.”

Dated: 13th October 2009

By order of the Board

A handwritten signature in black ink, appearing to read 'Robert Anderson', written over a horizontal line.

**Mr Robert Anderson
Company Secretary
Lachlan Star Limited**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 11am (WST) on Thursday 19th November 2009 at Level 3, 3 Ord Street, West Perth WA 6005.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RE-ELECTION OF MR MICHAEL MCMULLEN AS A DIRECTOR

Under rule 13.2 of the Company's Constitution, one-third of the directors are required to retire by rotation every year but are eligible to be re-elected.

Mr McMullen is the director to retire by rotation and, being eligible, offers himself for re-election as a director.

Mick McMullen is a geologist with in excess of 15 years experience in exploration, financing, development and operation of mining projects. During that time he has worked in Australia, Africa, Europe, Asia and South America. He has acted as technical adviser to many of the major resource banks for project financing and mergers and acquisitions and has worked on several corporate finance transactions on the ASX, AIM, JSE and TSX markets.

He is currently Chief Executive Officer of Northern Iron Limited, an ASX listed company that is re-developing the Sydvaranger Iron project in Norway. He is stepping down from this position at the end of October 2009.

He was formerly a partner and the Manager of Audits at RSG Global Consulting Pty Ltd and a founding shareholder and executive director of Tritton Resources Limited, a company that developed a copper mine in Australia prior to being acquired by Straits Resources Limited.

Mr McMullen is executive Chairman of the Board.

2. RESOLUTIONS 2 TO 4 – ISSUE OF UNLISTED OPTIONS TO DIRECTORS

- 2.1 Shareholders are being asked to approve the issue of unlisted options to three directors (Messrs McMullen, Franzmann and Duckworth) as part of their remuneration packages. All options vest immediately.
- 2.2 Shareholder approval is required under the provisions of Listing Rule 10.11 in respect of all securities to be issued to directors. Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless the benefit falls within one of various exceptions to that prohibition. The exceptions include where the benefit is provided with the prior approval of the members of the company in general meeting.
- 2.3 “Related party” is widely defined and includes all directors of the company.
- 2.4 “Financial benefit” has a wide meaning and includes the issue of securities by a company. Resolutions 2-4, if passed, will confer financial benefits on the directors.
- 2.5 Shareholder approval for the issue of securities under Resolutions 2-4 is required in accordance with the provisions of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act 2001. The table below shows the proposed option issues to the directors.

Resolution Number	Director	Number of 2¢ options exercisable on or before 18/11/2011	Number of 2.5¢ options exercisable on or before 18/11/2012
2	Michael McMullen	4,000,000	4,000,000
3	Declan Franzmann	4,000,000	4,000,000
4	Thomas Duckworth	4,000,000	4,000,000
TOTAL		12,000,000	12,000,000

- 2.6 Subject to shareholder approval, the directors will receive the options the subject of Resolutions 2-4 for no cash consideration. To provide an indication of the value of the options, the Black-Scholes Option Pricing Model (BSOPM) for valuing options has been adopted. The valuation assumes a market value of 1.2 cents per share (being the volume weighted average price of the Company's shares over the 5 trading days ending 29 September 2009), a risk free rate of 5%, and volatility of 60%. Using these assumptions the BSOPM values the options at approximately 0.2 cents per 2 cent option and 0.3 cents per 2.5 cent option, giving a value of \$20,866 for the option package to be granted to each director:
- 2.7 The proposed option issue to the directors recognises their additional work on new venture opportunities over and above that reflected in their cash remuneration.
- 2.8 For the purposes of Chapter 2E of the Corporations Act (and for all other purposes), the following information is provided to shareholders:
- 2.8.1 The proposed financial benefit to be given to each of the directors (or their respective nominees) is the issue of the securities in the table below:

Director	Number of 2¢ options exercisable on or before 18/11/2010	Number of 2.5¢ options exercisable on or before 18/11/2011
Michael McMullen	4,000,000	4,000,000
Declan Franzmann	4,000,000	4,000,000
Thomas Duckworth	4,000,000	4,000,000

- 2.8.2 In determining the number of securities to be issued and their terms and conditions, consideration was given to the relevant experience and role of each director, their respective overall remuneration terms, the current market price of the Company's shares, and the terms of the options.
- 2.8.3 The securities will be issued for no cash consideration and will be issued on the terms and conditions set out in Annexures "A" and "B" to this Explanatory Memorandum.
- 2.8.4 If shareholders approve the issue of the shares and options to the directors and the options are exercised, this will dilute the shareholdings of the Company's existing shareholders. Based on the Company's issued capital that dilution would be a maximum of 2.22%.

- 2.8.5 If any of the options are exercised and the Company's shares are trading at a price that is higher than the exercise price of the options, then there will be a cost to the Company on the basis that the Company could potentially have issued shares at that time at the higher price.
- 2.8.6 If all of the options were to be exercised, the Company would receive an amount of \$540,000 in cash.
- 2.8.7 The highest and lowest prices of the shares on the ASX in the 12 months prior to the date of issue of this Explanatory Memorandum were:
- 1.7 cents on 2nd October 2008; and
 - 0.4 cents on 2nd and 3rd December 2008
- 2.8.8 The closing price of the Company's shares on ASX on 29 September 2009 was 1.1 cents.
- 2.8.9 For the purposes of the ASX Listing Rules and Chapter 2E of the Corporations Act, the following additional information is provided:
- The remuneration paid or payable to the directors' for the 12 months to 30 September 2009 is as follows:

Director's Name	Remuneration
Michael McMullen	\$150,000
Declan Franzmann	\$60,000
Thomas Duckworth	\$30,000

- The current annual remuneration being paid to the directors' is:

Director's Name	Remuneration
Michael McMullen	\$150,000
Declan Franzmann	\$30,000 director fee plus \$150 per hour consulting fee
Thomas Duckworth	\$30,000

- The directors' current interests in shares in the Company are as follows:

Director's Name	Shares
Michael McMullen	99,434,464
Declan Franzmann	52,039,171
Thomas Duckworth	12,259,326

- 2.8.10 Listing Rule 10.13 sets out a number of matters that must be included in a notice of meeting seeking an approval under Listing Rule 10.11, including the following (some of the matters have already been addressed elsewhere in this section):
- 2.8.10.1 The maximum number of securities to be issued and the names of the parties to whom they are to be issued are set out in paragraph 2.5 above.
- 2.8.10.2 The securities will be issued no later than 1 month after the date of the general meeting.
- 2.8.10.3 The securities set out in paragraph 2.5 above will be issued as consideration for the performance of services by the directors and to provide an ongoing incentive for them to provide continuing commitment and effort for the Company, as outlined above. The Company recognises that the issue of securities contemplated by Resolutions 2 to 4 do not comply with Principle 8.2 of the ASX's *Principles of Good Corporate Governance and Best Practice Recommendations*, but believes nevertheless that it is justified by the need to retain and motivate directors of the calibre necessary to take the Company forward whilst at the same time conserving the Company's cash resources by paying directors' fees at a lower rate than would otherwise be required.
- 2.8.10.4 The Company will not be raising any funds from the issue of the securities set out in paragraph 2.5 above, but if all the options are exercised the Company will receive the funds referred to in paragraph 2.8.6 above.
- 2.8.11 Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities to a related party. The directors in question are related parties of the Company by virtue of being directors of the Company.

- 2.8.12 The funds raised on the exercise of the options will be used for working capital and to fund the Company's financial requirements at that time (which are presently unknown).
- 2.8.13 Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of the options to Messrs McMullen, Franzmann and Duckworth will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

Directors' Recommendation – Resolutions 2 to 4

None of Michael McMullen, Declan Franzmann, or Thomas Duckworth wishes to make a recommendation to shareholders about the proposed resolution approving the issue of securities to himself because he has an interest in the outcome of that resolution. However, each of them recommends that shareholders vote in favour of the resolutions to which they are not a party. Hamish Bohannon recommends that shareholders vote in favour of Resolutions 2 to 4.

3. RESOLUTION 5 – ISSUE OF UNLISTED OPTIONS

- 3.1 Shareholders are being asked to approve the issue of 21,000,000 Unlisted Options on the following terms to three employees and consultants of the Company, Mr Robert Anderson, Mr Kees Dekker, and Miss Sarah Forrester, at no cost and as part of their remuneration arrangements.
- 10,500,000 Unlisted Options exercisable at 2 cents per share, expiring 18 November 2011, vesting immediately; and
 - 10,500,000 Unlisted Options exercisable at 2.5 cents per share, expiring 18 November 2012, vesting immediately.
- 3.2 None of these individuals are related parties of the Company.
- 3.3 Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.1 for the issue of those Unlisted Options. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. By approving this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.
- 3.4 Information required by ASX Listing Rule 7.3
- Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the approval of the options issue:
- a) 21,000,000 Unlisted Options are proposed to be issued on the terms set out in paragraph 3.1;

- b) the securities will be issued no later than 3 months after the date of the general meeting.
- c) the Company will not be raising any funds from the issue of the Unlisted Options but if all the Unlisted Options are exercised the Company will receive \$472,500.
- d) Shares issued on exercise of the Unlisted Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- e) the Unlisted Options will allotted and issued to Mr Robert Anderson, Mr Kees Dekker, and Miss Sarah Forrester or nominee;
- f) The securities will be issued for no cash consideration and will be issued on the terms and conditions set out in Annexures "A" and "B" to this Explanatory Memorandum: and
- g) the funds raised from the exercise of the Unlisted Options will be used for working capital purposes.

4. RESOLUTION 6 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2009

The Directors' Report for the year ended 30 June 2009 contains a Remuneration Report, which sets out the policy for remuneration of directors and executives.

In accordance with section 250R of the Corporations Act, the Company submits to Shareholders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 30 June 2009.

At the AGM there will be a reasonable opportunity for discussion of the report.

ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Robert Anderson, on (+61 8) 9481 0051 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Lachlan Star Limited (ABN 88 000 759 535).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Unlisted Option means an unlisted option over a Share.

WST means the time in Perth, Western Australia.

ANNEXURE "A"

TERMS AND CONDITIONS OF 2¢ OPTIONS

1. No monies will be payable for the issue of the options.
2. A certificate will be issued for the options.
3. The options will expire on 18 November 2011 ("expiry date") and may be exercised at any time prior to the expiry date.
4. Subject to conditions 12 and 13, each option is a right in favour of the option holder to subscribe for 1 fully paid ordinary share in the capital of the Company ("share").
5. Shares allotted to option holders on the exercise of the options will be issued upon payment of a price of 2¢ each ("exercise price").
6. The exercise price of shares the subject of the options will be payable in full on the exercise of the options, for the options exercised.
7. Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to exercise all or a specified number of the options held by the option holder accompanied by a option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified options. An exercise of only some of the options will not affect the rights of the option holder to the balance of the options held by him.
8. The Company will allot the resultant shares and deliver the holding statement within 5 business days after the exercise of the option.
9. The options will be transferable but will not be listed for official quotation on ASX Limited ("ASX").
10. There will be no participating entitlements inherent in the options to participate in new issues of capital that may be offered to shareholders during the currency of the options. Prior to any new pro-rata issue of securities to shareholders, holders of options will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
11. In the event the Company proceeds with a pro-rata issue (except a bonus issue) of the securities to the holders of shares after the date of issue of the options ,the exercise price of the options will be adjusted in accordance with a formula set out in ASX Listing Rule 6.22.2, with such adjustment to take effect on and from the final date of allotment of the securities comprised in that issue.
12. In the event of a bonus issue of securities, the number of shares over which the options are exercisable may be increased by the number of shares that the option holders

would have received if the options had been exercised before the record date for the bonus issue.

13. In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.
14. There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the options.
15. Shares allotted pursuant to an exercise of options will rank, from the date of allotment, equally with existing ordinary fully paid shares of the Company in all respects.
16. In accordance with the ASX Listing Rules the Company will apply for Official Quotation of all shares allotted pursuant to an exercise of options.

ANNEXURE “B”

TERMS AND CONDITIONS OF 2.5¢ OPTIONS

1. No monies will be payable for the issue of the options.
2. A certificate will be issued for the options.
3. The options will expire on 18 November 2012 (“expiry date”) and may be exercised at any time prior to the expiry date.
4. Subject to conditions 12 and 13, each option is a right in favour of the option holder to subscribe for 1 fully paid ordinary share in the capital of the Company (“share”).
5. Shares allotted to option holders on the exercise of the options will be issued upon payment of a price of 2.5¢ each (“exercise price”).
6. The exercise price of shares the subject of the options will be payable in full on the exercise of the options, for the options exercised.
7. Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to exercise all or a specified number of the options held by the option holder accompanied by a option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified options. An exercise of only some of the options will not affect the rights of the option holder to the balance of the options held by him.
8. The Company will allot the resultant shares and deliver the share certificate or holding statement within 5 business days after the exercise of the option.
9. The options will be transferable but will not be listed for official quotation on ASX Limited (“ASX”).
10. There will be no participating entitlements inherent in the options to participate in new issues of capital that may be offered to shareholders during the currency of the options. Prior to any new pro-rata issue of securities to shareholders, holders of options will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
11. In the event the Company proceeds with a pro-rata issue (except a bonus issue) of the securities to the holders of shares after the date of issue of the options, the exercise price of the options will be adjusted in accordance with a formula set out in ASX Listing Rule 6.22.2, with such adjustment to take effect on and from the final date of allotment of the securities comprised in that issue.
12. In the event of a bonus issue of securities, the number of shares over which the options are exercisable may be increased by the number of shares that the option holders would have received if the options had been exercised before the record date for the bonus issue.
13. In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.

14. There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the options.
15. Shares allotted pursuant to an exercise of options will rank, from the date of allotment, equally with existing ordinary fully paid shares of the Company in all respects.
16. In accordance with the ASX Listing Rules the Company will apply for Official Quotation shares allotted pursuant to an exercise of options.

000001 000 LSA
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 11:00am (WST), Tuesday 17 November 2009**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report:

www.lachlanstar.com.au

Update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is: SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Lachlan Star Limited hereby appoint



the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Lachlan Star Limited to be held at Level 3, 3 Ord Street, West Perth WA 6005 on Thursday, 19 November 2009 at 11am (WST) and at any adjournment of that meeting.

Important for Items 2 to 5: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 2 to 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 2 to 5 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of items 2 to 5 of business.



I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of Mr Michael McMullen as a Director	☐	☐	☐
Resolution 2	Issue of Unlisted Options - Mr Michael McMullen	☐	☐	☐
Resolution 3	Issue of Unlisted Options - Mr Declan Franzmann	☐	☐	☐
Resolution 4	Issue of Unlisted Options - Mr Thomas Duckworth	☐	☐	☐
Resolution 5	Issue of Unlisted Options - Employees and Consultants	☐	☐	☐
Resolution 6	Adoption of the Remuneration Report for the Year Ended 30 June 2009	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____