



**Eastland Medical
Systems LTD**

ACN 090 987 250

30 December 2010

Company announcement Office
Australian Securities Exchange
10th Floor, 20 bond Street
SYDNEY NSW 2000

RE: Trading Policy for Eastland Medical Systems Ltd (**ASX:EMS**)

As required by ASX Listing Rule 12.9, which is to apply commencing 1st January 2011, the following is Eastland's Securities Trading Policy, which is also available on the Company's website at www.eastlandmedical.com.au

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Eastland Medical Systems Ltd

Share Trading Policy

1. Introduction

The Board of Eastland Medical Systems Ltd (Eastland) have reviewed and amended its Securities Trading Policy to comply with the new ASX listing Rules effective 1st January 2011.

The Corporations Act contains provisions that prohibit a person in possession of material, non-public information relating to a Company over the company's securities by third parties.

The Share Trading Policy provides guidelines designed to prevent Eastland's Key Management Personnel as defined in accordance with AASB124, as those persons having authority and responsibility for planning, directing and controlling the activities of the Eastland, directly or indirectly, including any director (whether executive or otherwise) of Eastland, (collectively called "Key Management Personnel (KMP's) for the purposes of this Policy) breaching these provisions.

2. Insider Trading

Insider trading is the practice of dealing in a company's securities (which includes shares and options) by a person in possession of information not generally available and that if it was available would be likely to influence a person's decision to transact in the company's securities. It may also include the passing on of this information to another or procuring another person to deal in the securities.

KMP's of the Company must not, in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities in the Company, or procure another person to do so, if that KMP's possesses information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available.

3. Restrictions on KMP's dealing in Eastland shares

KMPs and their related parties are prohibited from dealing in Eastland securities during any Prohibited Period, which includes:

- a) Any "closed period";

"Closed Period" is defined as:

- I. is the 24 hours period before and after the release of price sensitive information; and

- II. the period from quarter end until the release of Eastland's quarterly cash flow report.

Further trading restrictions are defined as:

- a) No short-term share trading (i.e. shares purchased with the intention of short-term speculative gain);
- b) No transactions in Eastland securities while in the possession of inside information.

KMP's will normally be permitted to trade in the Company's securities provided that:

- a) The trading is not likely to be seen by the public, press, other Shareholders or the Australian Securities Exchange (ASX) to be unfair or inappropriate. Examples of such trading include;
 - a. transfers of securities already held into a superannuation fund or other saving scheme in which the KMP is a beneficiary;
 - b. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - c. where the KMP's is a trustee, trading in the Company's securities by that trust provided the KMP's is not a beneficiary of the trust and any decision to trade during a Prohibited Period outside a Trading Window is taken by the other trustees or by the investment managers independently of the KMP's;
 - d. undertakings to accept, or the acceptance of, a takeover offer;
 - e. trading under an offer or invitation made to all or most of the security holders such as, a rights issue, a share purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
 - f. a disposal of securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
 - g. the exercise (but not the sale of securities following exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and the KMP's could not reasonably have been expected to exercise it at a time when free to do so.

- h. the exercise (but not the sale of securities following exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls outside of a Trading Window and the KMP's could not reasonably have been expected to exercise it at a time when free to do so.
- i. trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where: (a) the KMP's did not enter into the plan or amend the plan during a Prohibited Period outside a Trading Window; and (b) the trading plan does not permit the KMP's to exercise any influence or discretion over how, when, or whether to trade.

NOTE: even if the trading is excluded from this Policy, KMP's must not trade in the Company's securities if they are in possession of inside information.

4. Exemption to trade during closed periods

In exceptional circumstances trading may be permitted in a closed period, providing the individual involved is not in possession of price sensitive information, and only with the prior written clearance. Prior written clearance must be obtained from either the Chairman of the Board or CEO. If being sought by the Chairman, written clearance must be obtained from either a non-executive director or CEO.

Examples that may be subject to exemption are;

- a. For example, a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining prior written clearance to sell or otherwise dispose of securities during a prohibited period. A copy of the request for written clearance must also be provided to the Company Secretary to ensure they are aware of the request and be able to communicate the request to the Board.
- b. An entity may consider it an exceptional circumstance if the person is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities of the entity or there is some other overriding legal or regulatory requirement for him or her to do so.
- c. The determination of whether the person in question is in severe financial hardship or whether a particular set of circumstances falls within the range of exceptional circumstances identified in this policy can only be made by the

designated officer(s) under the policy for this purpose. In recognition of the case that exceptional circumstances, by their nature, cannot always be specified in advance, it is envisaged that there may be other circumstances, which have not been identified in this policy, that may be deemed exceptional by the chairman or the chief executive officer and whereby prior written clearance is granted to permit trading. The person seeking clearance to trade must satisfy the designated officer(s) that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

5. Directors to notify ASX of shareholding

ASX Listing Rule 3.19B requires Eastland to make arrangements with each director to ensure that the director discloses to Eastland all the information that Eastland requires for it to satisfy its obligations to advise ASX of notifiable interests of directors. The Company Secretary with the information provided in clause 12 will as required by ASX listing Rules 3.19A file a 3Y “Change of Director’s Interest Notices” within five (5) business days of a director acquiring or disposing of the relevant interest.

6. Disclosure

In order to maintain transparency, this policy is to be made publicly available via the Company’s website www.eastlandmedical.com.au

7. Breaches of policy

Any breaches of this policy will be severely dealt with and may lead to summary termination.