
LACHLAN STAR LIMITED

ABN 88 000 759 535

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 11am (WST)

DATE: 26 September 2011

PLACE: Lower Ground Floor
57 Havelock 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 Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11 am (WST) on 26 September 2011 at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005.

HOW TO VOTE

You may vote by attending the Extraordinary General Meeting in person, by proxy, or (if you are a body corporate) by an authorised representative.

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting may affect your shareholding and your vote is important.

VOTING IN PERSON

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

VOTING BY PROXY

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. Under section 250D of the Corporations Act, a body corporate appointed as a Shareholder's proxy must, if it wishes to exercise its rights and powers as a proxy at the AGM, appoint a representative to exercise those rights and powers. The certificate of appointment must be lodged with the Company and/or the Share Registrar, Computershare Investor Services Pty Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available at www.computershare.com.au or on request by contacting Computershare Investor Services Pty Limited on telephone number 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

To vote by proxy, please complete and sign the enclosed Proxy Form and return (together with the original of any power of attorney or other authority, if any, or a certified copy of that power of attorney or other authority under which the proxy form is signed):

- (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;
- (c) by facsimile to the Company on facsimile number (+61 8) 9481 0052;
- (d) in person to the Company at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005; or
- (e) electronically at the Share Registry website www.investorvote.com.au,

by 11am (WST) Saturday 24 September 2011.

For intermediary Online Subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions so that it is received not later than 11am (WST) on Saturday 24 September 2011. **Proxy Forms received later than this time will be invalid.**

You may appoint up to 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 may exercise half the votes.

VOTING BY CORPORATE REPRESENTATIVE

A body corporate may appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Share Registrar, Computershare Investor Services Pty Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available at www.computershare.com.au or on request by contacting Computershare Investor Services Pty Limited on telephone number 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders will be held at 11am (WST) on Monday 26 September 2011 at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the EGM. 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 EGM are those who are registered Shareholders of the Company at 5pm (WST) on Saturday 24 September 2011.

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

AGENDA

RESOLUTION 1 – PROPOSED ISSUE OF SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorize the issue of:

- (i) 20,240,000 Shares at an issue price of \$0.82 per Share; and*
- (ii) 11,776,000 Options exercisable at a price of A\$1.20 per Share, with a two year term,*

to clients of broking firms participating in the issue on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and any other 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 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior allotment and issue of:

- (a) 204,000,000 Shares pre-consolidation (3,400,000 Shares post consolidation) and*
- (b) 213,806,229 Options pre-consolidation (3,563,447 Options post consolidation),*

to sophisticated and institutional investors and to broking firms on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue 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 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

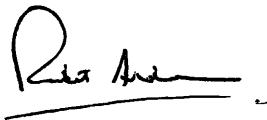
To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 33,643 Options to Sifar Limited on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Sifar Limited and any associates of Sifar Limited. 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.

Dated: 24 August 2011

By order of the board of directors of the Company



Mr Robert Anderson
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the EGM to be held at 11am (WST) on Monday 26 September 2011 at Lower Ground Floor, 57 Havelock 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 – PROPOSED ISSUE OF SHARES

1.1 INTRODUCTION

On 8 August 2011 the Company announced that it had entered into an agreement with Dundee Securities Ltd., on behalf of a syndicate of Canadian investment dealers (collectively, **Agents**) to raise \$13,120,000 (before costs) through an issue of 16,000,000 special warrants by the Company (**Special Warrants**) at a price of A\$0.82 per Special Warrant (**Placement**). The Placement is expected to be completed on or about 23 August 2011.

The Company has also granted the Agents an option to subscribe for up to an additional 2,400,000 Special Warrants which, if exercised in full, would raise an additional \$1,968,000 (before costs).

Each Special Warrant is convertible into one unit comprising one Share and half an Option. Each Option will have a term of two years and will entitle the holder to subscribe for one Share at an exercise price of \$1.20.

If a prospectus in relation to the Placement has not been lodged with the Canadian securities regulatory authorities within four months and one day following the issue of the Special Warrants, the holder of a Special Warrant will be entitled to an additional 10% of a Share and 10% of an Option upon conversion of the Special Warrant. Any portion of a Share or an Option will be rounded up to the nearest whole number.

In addition, the Company has granted the Agents up to 1,656,000 Options as part of the remuneration for their services in arranging the Placement (**Remuneration Options**).

If all of the Special Warrants and Options (including the Remuneration Options) are issued and the Special Warrants are converted, the Placement will result in the issue of up to:

- (a) 20,240,000 Shares (being 1.1 Shares for each of the 18,400,000 Special Warrants to be issued); and
- (b) 11,776,000 Options (being 0.55 of an Option for each of the 18,400,000 Special Warrants to be issued plus 1,656,000 Remuneration Options),

(**Placement Securities**).

(In Canada, the Options comprised in the Placement are referred to as "Warrants". However, to avoid confusion, in this Explanatory Statement the Australian terminology of "Options" is used. The two terms are interchangeable.)

At a general meeting held on 10 June 2011 Shareholders approved the issue of up to 20,833,333 Shares for the purpose of Listing Rule 7.1. However, as the nature of the capital raising has now changed from an issue of Shares to an issue of Special Warrants, the Company is no longer able to rely on that approval and a fresh approval is therefore now being sought from Shareholders.

Accordingly, Resolution 1 seeks Shareholder approval for the issue of the Placement Securities, being up to:

(a) 20,240,000 Shares; and

(b) 11,776,000 Options,

in accordance with the requirements of Listing Rule 7.1.

Listing Rule 7.1 provides that, subject to specified exceptions, a company must not issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), 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.

The effect of the passing of Resolution 1 will therefore be to permit the Directors to issue up to 20,240,000 Shares and 11,776,000 Options during the period of three months after the EGM without using the Company's 15% Listing Rule 7.1 placement capacity.

1.2 Information required by Listing Rules 7.3

For the purposes of Listing Rule 7.3, the following information is provided in relation to the Initial Placement:

- (a) the maximum number of Shares issued or to be issued is 20,240,000;
- (b) the maximum number of Options to be issued is 11,776,000;
- (c) the Shares and Options will be issued no later than three months after the date of the EGM. It is intended that all Shares and Options will be issued on the same date;
- (d) the issue price per Share will be \$0.82 and the Options will be issued for no consideration;
- (e) the Shares and Options will be allotted and issued to clients of the Agents;
- (f) the Shares to be issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares;
- (g) the Shares to be issued on exercise of the Options will be fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares;
- (h) the Options will be issued on the terms and conditions set out in Annexure "A" to this Explanatory Statement; and
- (i) the intended use of the funds raised from the issue is primarily for mining operations and general working capital at the Company's CMD Gold Mine in Chile.

The Directors all recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

2.1 Introduction

The Company issued:

- (a) 170,552,287 Shares to a number of institutional and sophisticated investors on 20 May 2011;
- (b) 170,552,287 Options to a number of institutional and sophisticated investors on 20 May 2011;
- (c) 33,447,713 Shares to a number of institutional and sophisticated investors on 27 May 2011; and
- (d) 43,253,942 Options to a number of institutional and sophisticated investors, and to broking firms as part of their capital raising fee on 27 May 2011,

(May Issues).

At the general meeting of the Company held on 10 June 2011, Shareholders approved the consolidation of the Company's issued share capital by consolidating every 60 Shares into 1 Share. In accordance with the Option terms and ASX Listing Rule 7.22, the options were consolidated on the same basis as the Shares: that is, every 60 Options were consolidated into 1 Option and their exercise price amended in inverse proportion to the consolidation ratio.

Accordingly, the post-consolidation numbers of Shares and Options issued pursuant to the May Issues (taking account of rounding) are:

- (a) 3,400,000 Shares; and
- (b) 3,563,447 Options.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares and Options the subject of the May Issues.

As noted in section 2.1 of this Explanatory Statement, Listing Rule 7.1 provides that, subject to the specified exceptions, a company must not issue or agree to issue more than 15% of its issued capital in any 12 month period.

Listing Rule 7.4 provides that where Shareholders subsequently approve a previous issue of securities made without approval under Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

If Resolution 2 is passed, the Company will not have to count the Shares and Options the subject of the May Issues in the 15% limit of securities that can be issued without Shareholder approval in Listing Rule 7.1 and, accordingly, the Company's capacity to issue securities within that limit will be refreshed to the extent of the Shares and Options the subject of the May Issues. The Directors consider it prudent to maintain future funding flexibility as part of the Company's capital management strategy. This can be done by seeking Shareholder ratification of the Shares and Options the subject of the May Issues.

2.2 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information is provided in relation to the May Issues:

- (a) 170,552,287 Shares (pre-consolidation) were allotted and issued on 20 May 2011 and 33,447,713 Shares (pre-consolidation) were allotted and issued on 27 May 2011;
- (b) 170,552,287 Options (pre-consolidation) were issued on 20 May 2011 and 43,253,942 Options (pre-consolidation) were issued on 27 May 2011;
- (c) the issue price per share was \$0.014 per Share and the Options were issued for no consideration;
- (d) the Company raised \$2,856,000 before costs from the issue of the Shares and if all of the Options are exercised, the Company will receive \$4,276,136;
- (e) the Shares issued were fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares;
- (f) the Shares to be issued on exercise of the Options will be fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares;
- (g) the Shares and Options were issued to a number of institutional and sophisticated investors, and to broking firms as part of the May 2011 capital raising fee
- (h) the Options were issued on the terms and conditions set out in Annexure "B" to this Explanatory Statement; and
- (i) the intended use of the funds raised from the May Issues is primarily for mining operations and general working capital at the Company's CMD Gold Mine in Chile.

The Directors all recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

3.1 Introduction

On 4 July 2011 the Company issued 33,643 Options to Sifar Limited (**July Issue**).

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Options the subject of the July Issue.

As noted in section 2.1 of this Explanatory Statement, Listing Rule 7.1 provides that, subject to the specified exceptions, a company must not issue or agree to issue more than 15% of its issued capital in any 12 month period.

As noted in section 3.1 of this Explanatory Memorandum, Listing Rule 7.4 provides that where Shareholders subsequently approve a previous issue of securities made without approval under Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

If Resolution 3 is passed, the Company will not have to count the Options the subject of the July Issue in the 15% limit of securities that can be issued without Shareholder approval in Listing Rule 7.1 and, accordingly, the Company's capacity

to issue securities within the that limit will be refreshed to the extent of the Options the subject of the July Issue. The Directors consider it prudent to maintain future funding flexibility as part of the Company's capital management strategy. This can be done by seeking Shareholder ratification of the Options the subject of the July Issue.

3.2 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information is provided in relation to the July Issue:

- (a) 33,643 unlisted Options were allotted and issued on 4 July 2011;
- (b) no monies will be payable for the issue of the Options;
- (c) if all of the Options are exercised, the Company will receive \$40,372;
- (d) the Shares to be issued on exercise of the Options will be fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares;
- (e) the Options were issued to Sifar Limited as part of the May 2011 capital raising fee;
- (f) the Options were issued on the terms and conditions set out in Annexure "C" to this Explanatory Statement; and
- (g) the intended use of the funds raised from the July Issue, should the Options be exercised, is primarily for mining operations and general working capital at the Company's CMD Gold Mine in Chile.

The Directors all recommend that Shareholders vote in favour of Resolution 3.

4. CAPITAL STRUCTURE OF THE COMPANY

If the Company issues all of the Placement Securities it will have the following capital structure:

	Shares	Options
Shares and Options on issue as at the date of this Explanatory Statement	56,967,517	4,847,099
Maximum number of Shares and Options proposed for issue – Resolution 1	20,240,000	11,776,000
Total	77,207,517	16,623,099

GLOSSARY

Extraordinary General Meeting or **EGM** means the meeting convened by this Notice of Meeting.

ASX means ASX Limited.

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).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

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

Listing Rule means the Listing Rules of the ASX.

Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting, including the Explanatory Statement.

Option means an option to subscribe for a Share.

Placement Securities means 20,240,000 Shares and 11,776,000 Options, being the maximum number of Shares and Options that may be issued pursuant to Resolution 1.

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.

Share Registrar means Computershare Investor Services Pty Limited.

WST means the time in Perth, Western Australia.

ANNEXURE "A"

TERMS AND CONDITIONS OF PLACEMENT 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 the date which is two years after their date of issue and may be exercised at any time prior to that date.
4. Subject to conditions 12 and 13, each Option is a right in favour of the Option holder to subscribe for one Share.
5. Shares allotted to Option holders on the exercise of the Option will be issued upon payment of a price of A\$1.20 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 an 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 five business days after the exercise of the Option.
9. The Options will be transferable but will not be listed for official quotation on 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 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 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 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 Listing Rules, the Company will apply for Official Quotation of all shares allotted pursuant to an exercise of Options.

ANNEXURE "B"

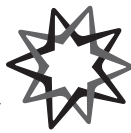
TERMS AND CONDITIONS OF MAY ISSUES OPTIONS

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 20 May 2013 and may be exercised at any time prior to that date.
4. Subject to conditions 12 and 13, each Option is a right in favour of the Option holder to subscribe for one Share.
5. Shares allotted to Option holders on the exercise of the Options will be issued upon payment of a post consolidation price of A\$1.20 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 an 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 five business days after the exercise of the Option.
9. The Options will be transferable but will not be listed for official quotation on 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 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 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 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 Listing Rules, the Company will apply for Official Quotation of all shares allotted pursuant to an exercise of Options.

ANNEXURE "C"

TERMS AND CONDITIONS OF JULY ISSUE 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 20 May 2013 and may be exercised at any time prior to that date.
4. Subject to conditions 12 and 13, each Option is a right in favour of the Option holder to subscribe for one Share.
5. Shares allotted to Option holders on the exercise of the Options will be issued upon payment of a price of A\$1.20 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 an 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 five business days after the exercise of the Option.
9. The Options will be transferable but will not be listed for official quotation on 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 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 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 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 Listing Rules, the Company will apply for Official Quotation of all shares allotted pursuant to an exercise of Options.



Lodge your vote:



Online:
www.investorvote.com.au



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

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

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



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

 **For your vote to be effective it must be received by 11:00am (WST) Saturday 24 September 2011**

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 for Postal Forms

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. Delete titles as applicable.

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.investorcentre.com under the information tab, "Downloadable Forms".

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.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

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 Extraordinary General Meeting of Lachlan Star Limited to be held at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005 on Monday, 26 September 2011 at 11:00am (WST) and at any adjournment of that meeting.

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	Proposed Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 / /