

Trading Policy

1. Introduction

This policy sets out the Company's policy on the sale and purchase of its securities by its Directors, employees and contractors.

The purpose of this policy is to:

- (a) impose "Black-out" period during which trading of the Company's securities is prohibited; and
- (b) set out procedures to reduce the risk of insider trading.

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

2. Insider trading

2.1 Prohibition

Insider trading is a criminal offence and may also result in civil liability.

Generally, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities; and
- (b) that person:
 - (i) buys or sells securities in the Company; or
 - (ii) procures someone else to buy or sell securities in the Company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

2.2 Examples

- (a) Price sensitive information means information relating to the Company that would, if the information were publicly known, be likely to:
 - (i) have a material effect on the price or value of the Company's shares; or
 - (ii) influence persons who invest in securities in deciding whether or not to buy or sell the company's shares.

- (b) The following are examples of price sensitive information which, if made available to the market, would be likely to affect the price of the Company's securities:
 - (i) the Company is considering the acquisition of another company; and
 - (ii) product testing results confirming (or falling short of) the market's expectations.

2.3 Dealing through third parties

A person does not need to be a Director or employee of Company to be guilty of insider trading in relation to securities in the Company. The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as “**Associates**” in these guidelines).

2.4 Information however obtained

Information does not have to be obtained from the Company to constitute inside information.

2.5 Contractors and External Advisors

Contractors employed by the Company shall be informed of this policy when they are appointed and are required to adhere to the policy so long as they are contracted by the Company. Breach of the policy may lead to termination of contract arrangements.

The Company's employees dealing with external advisers need to ensure that the advisers are aware of the insider trading rules and where these dealings cover material matters, that the issue of insider trading is covered in confidentiality documents.

2.6 Meaning of Securities

The rules covers shares in the Company, derivatives related to the Company's shares, whether issued by the company or not and to any traded company options. It also applies to the exercise of options, including employee options.

2.7 Related Companies

Directors, employees and contractors, where they possess inside information, should also not deal in securities of other companies with which the Company might have an association or be about to enter such association such as joint venture or farm in partners.

2.8 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

3. Guidelines for trading in the Company's securities

3.1 General rule

Key Management Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

- (a) two weeks prior to, and 48 hours after the release of the Company's Annual Financial Report;
- (b) two weeks prior to, and 48 hours after the release of the Consolidated Interim Financial Report of the Company; and
- (c) two weeks prior to, and 48 hours after the release of the Company's quarterly reports,

(together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.

Directors and executives are also excluded from dealing in securities within the period from receipt of the Board Pack and the Directors' Meeting.

3.2 No short-term trading in the Company's securities

Key Management Personnel should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

3.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'.

3.4 Exceptions

- (a) Key Management Personnel may at any time:
 - (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
 - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
 - (iii) take up entitlements under a rights issue or other offer;
 - (iv) allow entitlements to lapse under a rights issue or other offer;
 - (v) sell sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;

- (vi) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
 - (vii) acquire, or agree to acquire or exercise options under an employee incentive scheme (as that term is defined in the ASX Listing Rules);
 - (viii) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
 - (ix) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
 - (x) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - (xi) where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
 - (xii) undertake to accept, or accept, a takeover offer;
 - (xiii) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security 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;
 - (xiv) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
 - (xv) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert 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 or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or
 - (xvi) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.
- (b) In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the periods specified in paragraph 3.1.

Were this is to occur at a time when the person possessed inside information, then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale.

Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

3.5 Notification of periods when Key Management Personnel are not permitted to trade

The Company Secretary will endeavour to notify all Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 3.1.

4. Approvals and notification requirements

4.1 Approval requirements

- (a) Any Key Management Personnel (other than the Chairman) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman or the Board.
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Board.

4.2 Approvals to buy or sell securities

- (a) All requests to buy or sell securities as referred to in paragraph 4.1 must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (b) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

4.3 Notification

Subsequent to approval obtained in accordance with paragraphs 4.1 and 4.2, any Key Management Personnel who (or through his/her or her Associates) buys, sells, or exercises rights in relation to Company securities must notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring.

This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

4.4 Key Management Personnel sales of securities

Key Management Personnel need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold.

With this in mind, the management of the sale of any significant volume of Company securities (i.e. a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Key Management Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale.

These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

4.5 Exemption from Closed Periods restrictions due to exceptional circumstance

Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Managing Director (or in the case of the Managing Director by all other members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

4.6 Severe financial hardship or exceptional circumstances

The determination of whether a Key Management Personnel is in severe financial hardship will be made by the Managing Director (or in the case of the Managing Director by all other members of the Board).

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

4.7 Financial hardship

Key Management Personnel may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Managing Director (or all other members of the Board as the context requires), any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

4.8 Exceptional circumstances

Exceptional circumstances may apply to the disposal of Company securities by a Key Management Personnel if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

5. ASX notification for directors

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company.

The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

6. Effect of compliance with this policy

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.