

SECURITIES TRADING POLICY

This policy is separate from and additional to the legal constraints imposed by the common law, the *Corporations Act* and the *ASX Listing Rules*.

This policy applies to all Directors and employees of the Company and their associates (including spouses, children under 18, and any family trust or family companies) as well as contractors, consultants, advisers and auditors of the Company (**'Designated Persons'**).

It is illegal to trade in the Company's securities while in possession of unpublished price sensitive information concerning the Company (**'Inside Information'**). Under the Corporations Act a person with Inside Information must not, and must not procure another person, to deal in the securities of a body corporate or enter into an agreement to deal in the securities of a body corporate. Inside Information is defined in the Corporations Act as information that:

- is not generally available; and
- if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the body corporate.

General Prohibition on Insider Trading

All Designated Persons are prohibited from trading in the Company's securities while in possession of Inside Information concerning the Company. In addition, while in possession of Inside Information, Designated Persons must not advise others to trade in the Company's securities or communicate the information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's securities.

Unpublished price sensitive information or Inside Information is information which the market is not aware of and that a reasonable person would expect to have a material effect on the price or value of the Company's securities or influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities, and includes but are not limited to:

- a proposed major acquisition or disposition;
- a significant business development or a proposed change in the nature of the Company's business;
- details of material contracts that are being negotiated by the Company;
- potential litigation that would have a substantial effect on the Company;

- a proposed change to the share capital structure of the Company; and
- a major change to the Board or senior management.

Restrictions on Short-Term Trading

The Company encourages Directors and employees to adopt a long-term attitude to their investment in the Company's securities. Consequently, Directors and employees are discouraged from engaging in short-term or speculative trading of the Company's securities.

Notification of Proposed Trade in Company Securities

Directors

Prior to trading in (either buying or selling) the Company's securities, Directors must notify the Chairman (or in the case of the Chairman he/she must notify the Managing or Executive Director) of their intention to trade and confirm that they are not in possession of any unpublished price sensitive information.

Employees

Prior to trading in (either buying or selling) the Company's securities, employees must notify the Managing or Executive Director of their intention to trade and confirm that they are not in possession of any unpublished price sensitive information.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

The requirement to provide notice of an intention to trade in the Company's securities does not apply to the acquisition of securities acquired through the exercise of options previously issued by the Company. However the requirement does apply to the trading of the securities once they have been acquired.

Trading should not take place until the notice of intention to trade has been acknowledged and not objected to. A notice not objected to will last for 10 trading days.

Notification of Trade in Company Securities

Directors must also notify the Company Secretary of any trade in the Company's securities well within 5 days of such trade occurring so that the Company can comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

Prohibition on Hedging

Directors and employees must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Company securities issued pursuant to any employee or Director option or share plan. In addition, any hedging over vested Company securities must comply with this Policy.

Margin Lending Arrangements

Directors and employees are prohibited, without Board approval which shall not be unreasonably withheld, from entering into margin lending arrangements whereby lenders are provided with rights over their interests in the Company's securities.

Restricted Employees – Closed Periods

Additional restrictions are placed on trading by Directors (including non-executive directors), Executive General Managers, General Managers and other key management personnel as determined by the Chairman and Company Secretary from time to time ('**Restricted Employees**').

In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Restricted Employees and their associated parties⁽¹⁾ are at all times prohibited from dealing in the Company's securities during the prescribed "closed" periods. **Closed Periods will run from the end of the financial quarter up to the day after the release date of the quarterly report.**

Additional closed periods may be determined by, or existing closed periods may be varied by, the Board of Directors from time to time (in accordance with the listing rules) and circulated, with appropriate notice, to all Restricted Employees.

The Insider Trading and Closed Period provisions will not usually apply to the exercise of employee or executive options. Dependant on the circumstances at the time, any potential application of the provisions will be advised in response to a notice to exercise options. The policy does, however, apply to any sale of Company securities acquired on the exercise of options or vesting of share rights, including sales as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Exception – written consent during Closed Periods

Notwithstanding the restrictions contained above, Directors and employees (including Restricted Employees in relation to Closed Periods) may apply for written consent to gain authority to, whether 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 (i.e. shares or options) in the Company, its Subsidiaries or related Companies.

Written consent can only be given by:

- the Chairman, in the case of Directors; and

¹ Associated parties all Directors, officers and employees have a personal responsibility to ensure that his or her 'associated parties' (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions as apply to them.

- the Managing or Executive Director or, if unavailable, another Director, in the case of the Chairman and other employees.

In seeking consent, the applicant must confirm that they are not in possession of any Inside Information relation to the Company securities.

Written consent may be conditional (e.g. to sell but not to purchase Company securities), and will generally only be valid for a period of 10 trading days (or less if the Company or applicant becomes aware of Inside Information in relation to Company securities).

Generally, in the case of employees, written consent will only be given in exceptional circumstances. An example of the type of circumstance which may be considered exceptional for these purposes would be

- severe financial hardship;
- in order to comply with an undertaking given to, or an order by, a court; or
- such other exceptional circumstances as may from time to time be determined by the Board of Directors or, depending on the applicant, the Chairman, Managing or Executive Director or other Director (as referred to above).

Electronic written consent may be given via email.

The individual wishing to rely on the written consent must keep a record of the written consent.

Written consent is intended as a compliance monitoring function only and is not an endorsement of the proposed transaction. Individuals remain responsible for their compliance with the law and, in particular, the insider trading provisions.

Exceptions - General

Restricted Persons may at any time:

- acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this policy);
- acquire Company securities under a bonus issue made to all holders of securities of the same class;
- acquire Company securities under a dividend reinvestment plan, a rights issue or a share purchase plan that is available to all holders of securities of the same class;
- acquire, or agree to acquire, options under a Company share option plan;
- exercise options acquired under a Company share option plan (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this policy);

- transfer the Company securities already held into a superannuation fund or other saving scheme in which the Designated Person is a beneficiary, subject to ensuring the transfer does not contravene the laws prohibiting insider trading;
- invest in, or trade unit of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party; or
- accept a takeover offer.

This Securities Trading Policy was amended by the Board of Fitzroy River Corporation Ltd to take effect on 11 June 2013.