
Securities Trading Policy

Adopted by the Alchemia Limited Board on 20 December 2010

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1.0 INTRODUCTION

1.1 GENERAL

- a) Alchemia Limited ACN 071 666 334 is a public company limited by shares, listed on ASX. The Company's Staff are subject to trading restrictions and Insider Trading prohibitions regarding the Company's Securities under the Corporations Act and the Listing Rules.

1.2 PURPOSE

- a) As an ASX listed company, the Company is required to address the requirements of Listing Rules 12.9, 12.10 and 12.12, which prescribe that each listed entity must have a trading policy for its Securities which complies with the minimum content requirements in Listing Rule 12.12 and applies, at a minimum, to the Key Management Personnel.
- b) The purpose of this document is to record the trading policy adopted by the Board in compliance with its obligations under the Listing Rules with effect on and from the Adoption Date, as may be amended from time to time.

1.3 POLICY OVERVIEW

The policy set out in this document outlines:

- a) when Directors, senior executives, Key Management Personnel and other employees nominated by the Board may Trade in the Company's Securities;
- b) when Directors, senior executives, Key Management Personnel and other employees nominated by the Board may Trade in the Securities of another entity;
- c) procedures to apply for approval to Trade in Securities during a Prohibited Period;
- d) sanctions for a breach of the Policy requirements; and
- e) potential sanctions under the Corporations Act for a breach of the Insider Trading provisions.

1.4 OPERATION

- a) The Policy was adopted by the Board on 20 December 2010 (Adoption Date) and continues to have effect until revoked or amended by the Board.
- b) This Policy is consistent with the requirements of the Corporations Act and the Listing Rules, but remains separate from those laws and will be enforced by the Company. Any Insider Trading will be regulated by the Corporations Act and enforced by ASIC and the Courts.

2.0 DEFINITIONS AND INTERPRETATION

2.1 DEFINITIONS

In this document:

Term	Definition
Adoption Date	means the date this Policy was adopted by the Board which is stated in paragraph a).
ASX	means ASX Limited ACN 008 624 691 and the exchange operated by it.
Authorised Trade	means a Trade where written authority to Trade is obtained under paragraph 4.5.
Board	means the board of Directors of the Company.
Chairman	means the chairman of the Board.
CEO	means the executive officer (by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Company.
Closed Period	means each of the following periods inclusive: <ul style="list-style-type: none"> 2.1.1 1 January and the day of release of the Appendix 4D Half Year Report to ASX; and 2.1.2 1 July and the day of release of the Appendix 4E Full Year Report to ASX.
Company	means Alchemia Limited ACN 071 666 334 and, as the context requires, its controlled entities.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Designated Officer	means a Director or person engaged in the management of the Company who is assigned the role of ‘Designated Officer’ for this Policy.
Director	means a director of the Company.
Excluded Trading	means Trading in the Company’s Securities specified in paragraph 4.3 which is excluded from the operation of this Policy.
Inside Information	has the meaning in accordance with the extended definition in section 1042A Corporations Act, summarised in application to the Company in paragraph 3.5.
Insider Trading	has the meaning in accordance with the extended meaning under Part 7.10, Division 3 Corporations Act, summarised in application to the Company in paragraph 3.1.
Key Management Personnel	has the meaning in the Listing Rules by reference to the definition in Accounting Standards AASB 124 <i>Related Party Disclosure</i> as those persons having authority and responsibility for planning,

Term	Definition
	directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of ASX.
Policy	means the policy contained in this document or in any amending or replacement document.
Prohibited Period	means each of the following periods (inclusive): any Closed Period; and any other period resolved by the Board to be a period during which Key Management Personnel or Staff are prohibited from Trading in Securities because the Company is considering matters which are subject to Listing Rule 3.1A.
Secretary	means the secretary of the Company.
Securities	has the meaning set out in paragraph 1.1a).
Security Holder	means a registered holder of Securities in the Company.
Staff	means Directors, senior executives, Key Management Personnel and employees of the Company nominated by the Board pursuant to paragraph 5.0 from time to time.
Staff Trader	means a member of Staff who Trades.
Trade	means to apply for, acquire or dispose of Securities or to enter into an agreement to apply for, acquire or dispose of Securities or to grant, accept, acquire, dispose, exercise or discharge an option or other right or obligation to acquire or dispose of Securities.
Written Clearance	means the authority to Trade provided under paragraph 4.4, when in written or electronic format.

2.2 INTERPRETATION

Concepts not defined in this document but which have a meaning in the Corporations Act or the Listing Rules have the same meaning as they do in the Corporations Act or Listing Rules.

3.0 INSIDER TRADING

3.1 PROHIBITED CONDUCT

If a person is in possession of Inside Information in relation to the Company or another company and the person knows, or ought reasonably to know that the information is Inside Information, that person must not:

- a) Trade in Securities of that company; or
- b) procure another person to Trade in Securities of that company; or
- c) communicate the information, directly or indirectly, to another person who the person knows, or ought reasonably to know, is likely to Trade in the Securities or procure another person to Trade in the Securities,

(Insider Trading).

3.2 SUBSIDIARIES AND ASSOCIATED ENTITIES

- a) The prohibition against Insider Trading extends to Trading in the Securities of a subsidiary of a company about which a person is in possession of Inside Information.
- b) The prohibition against Insider Trading may extend to Trading in Securities of other companies that deal with or are associated with the Company about which Inside Information is held by a person.

3.3 CONSEQUENCES OF INSIDER TRADING

- a) Insider Trading is a criminal offence and persons Trading when possessing Inside Information are liable for prosecution, punishable by substantial fines or imprisonment or both, under the Corporations Act.
- b) The Company may also be liable if Staff engage in Insider Trading.
- c) Insider Trading is also subject to the civil penalty provisions under the Corporations Act which empower a court to impose substantial pecuniary penalties, order payment of compensation to persons who suffer loss or damage as a result of the Insider Trading and make a disqualification order.
- d) Separate to the legal consequences under the Corporations Act, Insider Trading is a breach of this Policy and a Staff Trader will be treated seriously by the Company and may attract disciplinary action, including termination of employment.

3.4 PROHIBITION

- a) Insider Trading is prohibited at all times, whether carried out personally by an individual or through a related party, or by a third party to whom a person has communicated (verbally or in writing), Inside Information.

3.5 WHAT IS INSIDE INFORMATION

- a) Consistent with section 1042A Corporations Act, Inside Information is information that:
 - i. is not generally available; and
 - ii. if it were generally available:
 - A. a reasonable person would expect it would have a material effect on the price or value of the Securities in question; or
 - B. would, or would be likely to, influence persons who commonly invest in Securities in deciding whether to acquire or dispose of the Securities in question.
- b) Information is generally available if it:
 - i. is readily observable;
 - ii. has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
 - iii. consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs i or ii.
- c) Categories of information about the Company which may constitute Inside Information include:
 - i. proposed changes in capital structure;
 - ii. information to be disclosed under the Corporations Act or the Listing Rules;
 - iii. proposed changes in the general character or nature of the business;
 - iv. information regarding changes in the holdings of substantial Security Holders;
 - v. proposed significant changes in the holdings of any Director;
 - vi. appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or Securities held by it or any of its subsidiaries;
 - vii. a recommendation or declaration of a dividend or distribution;
 - viii. a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets;
 - ix. a claim against the Company for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Company's consolidated assets;
 - x. giving or receiving a notice of intention to make a takeover; or
 - xi. an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director).

4.0 SECURITIES TRADING

4.1 PERMITTED TRADING

- a) Staff Traders are permitted to Trade in Company Securities if:
 - i. the Staff Trader is not in possession of Inside Information;
 - ii. the Trade is not conducted during a Closed Period without Written Clearance;
 - iii. the Trade is not conducted during a Prohibited Period; and
 - iv. the Trading is not for short term or speculative gain.

4.2 PROHIBITED TRADING

- a) Trading in Company Securities by any Staff Trader is prohibited at all times if:
 - i. the Staff Trader is in possession of Inside Information; or
 - ii. the Trading is to occur during a Closed Period and the Trader does not have Written Clearance; or
 - iii. the Trade is for short term or speculative gain; or
 - iv. the Trading is to occur during a Closed Period and is not an Excluded Trade under paragraph 4.3;
 - v. the Trading is to occur during a Closed Period and is not an Authorised Trade; or
 - vi. the Trading is to occur outside of the time period stipulated in the Written Clearance for the Authorised Trade; or
 - vii. the Trade is for more than \$50,000 worth of Company Securities to any party and written approval from the Chairman is not obtained, covering the form of and timing of the sale, and the management of its public disclosure, before entering into discussions for the potential sale of those Company Securities.

4.3 EXCLUDED TRADING

- a) Trading in the following circumstances is specifically excluded from the operation of this Policy:
 - i. transfers of Company Securities already held;
 - ii. transfers of Company Securities already held by a person to whom this Policy applies (Restricted Person) into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
 - iii. where a Restricted Person is a trustee, Trading in Company Securities 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;
 - iv. undertakings to accept, or the acceptance of, a takeover offer;

- v. Trading under an offer or invitation made to all or most of the Security Holders, such as a pro-rata 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 (which 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);
- vi. a disposal of Company Securities that is the result of a secured lender exercising their rights, for example, under an approved margin lending arrangement;
- vii. the exercise (but not the sale of Company Securities following exercise) of an option or a 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 in paragraph 4.2;
- viii. Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the Policy and where:
 - A. the Restricted Person did not enter into the plan or amend the plan during a prohibited period pursuant to section 4.0; and
 - B. the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to Trade; or
 - C. the Policy does not allow the Restricted Person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in Exceptional Circumstances.

4.4 AUTHORISED TRADING WITH WRITTEN CLEARANCE

Staff Traders are permitted to Trade in Company Securities during the Closed Period (excluding Prohibited Periods) provided:

- a) the Staff Trader is not in possession of Inside Information; and
- b) the Trading is not for short term or speculative gain; and
- c) the Staff Trader obtains Written Clearance under paragraph 4.5 prior to Trading.

4.5 WRITTEN CLEARANCE PROCEDURE

- a) Written Clearance to Trade by a Staff Trader, referred to in paragraph 4.4 must be obtained from the following persons (Designated Officers):
 - i. in the case of any proposed Trade by the Chairman - from another non-executive Director;
 - ii. in the case of any proposed Trade by the CEO and any Director other than the Chairman - from the Chairman or, in the absence of the Chairman, a non-executive Director nominated by the Chairman for the purpose; and
 - iii. in the case of a proposed Trade by any other person - from the CEO or, in the absence of the CEO, a non-executive Director nominated by the CEO for the purpose.
- b) Written Clearance to Trade may be given by a Designated Officer only if the Designated Officer is satisfied:
 - i. that the Trade would not be:
 - A. contrary to law; or
 - B. for speculative gain; or
 - C. to take advantage of Inside Information; or
 - D. seen by the public, press, other Security Holders or ASX, as unfair; and
 - ii. Exception Circumstances exist to justify the Designated Officer exercising its discretion to provide the Written Clearance.
- c) Exceptional circumstances include where the Trade is necessary:
 - i. to sell Securities to realise cash in a time of exceptional financial hardship (excluding a tax liability);
 - ii. to comply with the requirement of Court order or enforceable undertaking; and
 - iii. because to delay the Trade to the next permitted period pursuant to paragraph 4.1, would:
 - A. cause greater exceptional financial hardship;
 - B. be exceptionally detrimental to the family's affairs; or
 - C. be a breach of a Court order

(Exceptional Circumstances)

- d) In order to be valid, any Written Clearance provided must state the period for which the authority is given for the Trade to occur.
- e) In all circumstances and notwithstanding any authority provided under this Policy, the responsibility for Trading rests completely with the individual Staff Trader in each circumstance.

4.6 GUIDANCE FOR DESIGNATED OFFICERS

- a) The power of Designated Officers under paragraph 4.5 of this Policy shall be exercised in accordance with the law and in a responsible and sensible manner having regard to the purpose of this Policy and having regard to desirable protocols to be followed to prevent Trading inside Closed Periods except in Exceptional Circumstances and protocols regarding Inside Information or the public perception that Insider Trading may have occurred by reason of this Policy not being adhered to.
- b) The issue of Written Clearance by Designated Officers mentioned in paragraph 4.5 is intended to be exercised having regard to the Exceptional Circumstances affecting the respective Staff Trader.

4.7 TRADING BY DIRECTORS

- a) Insofar as Directors are required to have details of their changes in holdings of Company Securities notified to the Company and to ASX, the Company, subject to the Listing Rules and in the context of section 205G of the Corporations Act (or any ASIC class order modifying or exempting the application of section 205G), shall ensure that the Secretary is immediately notified of any Trading by a Director so as to facilitate the timely lodgement with ASX of an Appendix 3Y or other prescribed form relating to required notifications to ASX of the initial acquisition, change of interests or cessation of Directors' interests as required by the Listing Rules.
- b) Each Director's disclosure obligations in relation to their notifiable interests are formalised in a Director's Disclosure Deed required by Listing Rule 3.19B and which is enforceable by the Company against the Director.

4.8 INFORMING THE COMPANY OF TRADES

- a) Staff Traders involved in any Trading in Securities, either personally or through a family member, or a trust or a company referred to in this Policy, must advise the Secretary in writing of the details of completed transactions within fourteen days after each transaction. Notification is necessary whether or not prior authority was required.
- b) The Secretary must maintain a register of Securities transactions under this Policy.

5.0 PERSONS COVERED BY THIS POLICY

5.1 STAFF

- a) This Policy applies to Staff, comprising Directors, senior executives, Key Management Personnel and employees of the Company nominated by the Board pursuant to paragraph b) from time to time.
- b) The Board may nominate persons to be specifically included in the definition of Staff to whom this Policy will apply, who must be informed in writing of their nomination and who must be listed in a schedule prepared and maintained by the Designated Officer, such persons may include:
 - i. corporate and divisional accounting officers reporting directly to any of the Directors or Key Management Personnel;
 - ii. secretaries and assistants performing confidential work and reporting to Directors or Key Management Personnel; and
 - iii. Staff who have access to the Company's financial results.

5.2 FAMILIES AND TRUSTS

- a) Staff to whom this Policy applies must not Trade through any member of their family, or through a trust or company over which they have influence or control, in circumstances where they would have been prohibited from Trading in their own name.
- b) Paragraph 4.3 sets out the circumstances in which Trades involving family members and trusts may be exempted from the operation of the Closed Period prohibition in paragraph 4.2.

5.3 TRUSTEES

- a) A member of Staff who is a joint trustee or a trustee of a deceased estate, should inform any co-trustees or trust beneficiaries, of his relationship with the Company and the restrictions on his ability to give advice in respect of Securities.
- b) Paragraph 4.3 sets out the circumstances in which Trades involving trustees may be exempted from the operation of the Closed Period prohibition in paragraph 4.2.

6.0 SECURITIES COVERED BY THIS POLICY

6.1 COMPANY SECURITIES

- a) This Policy applies to all Securities issued by the Company of any kind including ordinary shares, preference shares, debentures, convertible notes or options (Securities).
- b) This Policy does not apply to any acquisition of Company Securities as part of a new issue or dividend reinvestment plan where the issue is available pro rata to all Company Security Holders of the relevant class which are Excluded Trading under paragraph 4.3.

6.2 OTHER COMPANIES

- a) This Policy also applies to the:
 - i. Securities of companies which are either a joint venture partner of the Company or for which the Company has made (or is planning to make) a takeover offer; and
 - ii. Securities of other companies in accordance with paragraph 6.3.

6.3 TRADING IN OTHER COMPANIES' SECURITIES

- a) Trading by Staff in the Securities of other companies in which the Company has a substantial interest (5% or more) are subject to this Policy.
- b) This Policy does not affect the operation of the law, in particular the prohibition against Insider Trading which would apply to a Staff Trader if they had Inside Information concerning another company.

6.4 MARGIN LOANS BY DIRECTORS

- a) Directors must obtain the approval of the Board before entering into a margin loan or similar arrangements concerning the Company's Securities. The Board may also stipulate this requirement applies to Staff specified by the Board.
- b) Where a Director has entered into margin loan or similar funding arrangements for a material number of Securities in the Company, Listing Rule 3.1 may, in certain circumstances, operate to require the Company to disclose the key terms of the arrangements, including the number of securities involved, the trigger points, the right of the lender to sell unilaterally and any other material details.
- c) Whether a margin loan arrangement is material under Listing Rule 3.1 is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.

6.5 HEDGING OR DERIVATIVES

- a) Notwithstanding anything to the contrary in this Policy, Staff must not enter into any hedging mechanisms or derivative instruments (howsoever described) relating to the Securities.