

EMBELTON LIMITED SHARE TRADING POLICY

Introduction

This document has been prepared to describe the share trading policy which has been adopted by the Company. It is designed to set out clear rules so that Directors, employees and their associates are aware of the circumstances in which they may, or may not trade or deal in the listed shares of Embelton Limited (Company Shares).

In addition to Company policy it provides some background information about legal restrictions which govern share trading as set out in the Corporations Act.

Policy

Directors, employees and associates must not engage in short term trading of Company Shares and should not enter into any form of trading or dealing, or procure others to do so, under the following circumstances:

- 1) if they are in possession of information which is not generally available (inside information) being information which, if it were known and available might cause a reasonable person to expect that the value of the Company and /or its shares to be affected
- 2) during periods other than the nominated Trading Windows defined below
- 3) at all other times unless their intention to trade has been notified to, and approved by, the responsible person in accordance with this Policy

Inside Information

In the course of carrying out their duties, directors and employees often possess information which may be regarded as inside information either specifically under terms of the Corporations Code, or more generally by informed and ethical persons. By way of guidance such information could include, but would not be limited to:

- financial information of any type such as changes in operating forecasts, adjustments in capital or capital structure, borrowings, liquidity or cash flow circumstances
- changes in operating arrangements of which examples could be material acquisitions or divestments by the Company, the introduction or deletion of products, changes to suppliers, licences, technologies etc
- changes to the Board, management or auditors
- regulatory decisions, product liability or other claims, or significant litigation likely to affect the Company

Corporations Code

Many of the issues which surround inside trading are covered by The Corporations Code from which a more comprehensive understanding of the legal aspects can be obtained. The following examples are important.

Prohibitions

Under the Corporations Act, if

- a person possesses Inside Information
- the person knows, or ought reasonably to know, that the information could be considered as Inside Information

the person must not, as either principal or agent

- deal in company shares
- procure another person to deal in Company shares
- directly or indirectly communicate the Inside Information, or cause the Inside Information to be communicated to any person they know, or ought reasonably to know, could be likely to deal in the Company Shares or procure another person to do so.

This would include dealing in Company Shares through an entity or trust controlled by the relevant person, or in which they have an interest, or enabling family or friends to so deal.

Restrictions apply not just to employees but to any person possessing Inside Information, including contractors, advisers, business partners or other associates with whom the Company may be involved. Similarly, employees who come into possession of Inside Information about other entities by virtue of their position with Embelton may not deal in securities of those entities.

Penalties

Maximum penalties under the Corporations Act for a breach of Insider Trading provisions are:

- \$220,000 or imprisonment for 5 years, or both
- \$1,100,000 in the case of a company, and
- unlimited civil liability

Trading Windows

Directors, employees and their associates may not trade or deal in Company Shares except in accordance with the preceding paragraphs and only during Trading Window periods being those periods beginning 24 hours after lodgement of the Company's half-year and annual profit announcements, and concluding on the date for closing of books for the next reporting period.

Except for the Trading Window periods described in the preceding paragraph, all other times are considered to be "Closed Periods" in terms of Australian Stock Exchange Listing Rule 12.12.1 being those periods when Directors, employees and their associates are generally prohibited from trading in the Company's securities.

Notification Requirements

Before dealing in Company Shares, an intention to trade must be discussed with and approved

- in the case of Directors, by the Chairman
- in the case of the Chairman by an independent director
- in the case of all other employees by a Director

In addition, Directors are obliged to inform the Company Secretary of any dealing in Company Shares in the form required by the Corporations Act.

Employees who wish to trade outside the Trading Windows must obtain prior approval of the Board which may, under exceptional circumstances, consider applications for exemption from compliance with this Policy. The Board will exercise its unfettered discretion in deliberating the merits of each case and consent will generally be provided only in cases of clear financial hardship.

General

In the context of this Policy, associates of employees include the spouse, partner, members of employee's, spouse's or partner's immediate families together with any third parties or entities controlled by the employee or such associates including family trusts and personal superannuation schemes.

Employees who may wish to discuss any aspect of this Policy are encouraged to contact the Company Secretary or any member of the Board.