



Security Trading Policy

1 SUMMARY

- 1.1 Australian law prohibits insider trading and the Corporations Act and the Australian Securities Exchange (**ASX**) Listing Rules require the disclosure of any trading of Company securities by directors or their related entities.
- 1.2 Public confidence in the Company can be eroded if there is insufficient understanding about the Company's policies governing trading by "potential insiders".
- 1.3 These guidelines set out the policy on the sale and purchase of securities in the Company by its Directors, employees and contractors who are or are likely to be in possession of market sensitive information.
- 1.4 Directors, employees and long-term contractors are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.
- 1.5 The purpose of these guidelines is to assist Directors, employees and contractors to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act.

2 WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

- 2.1 This policy applies to both the sale and purchase of any securities of the Company. Currently the securities are:
 - 2.1.1 Shares in the Company listed on ASX;
 - 2.1.2 options to acquire Shares in the Company, not listed on ASX;
 - 2.1.3 shares in a company that the Company is in direct material discussions of any kind (eg Joint Ventures, Farm-In or Farm-Out, tenement acquisition or disposal etc);
 - 2.1.4 performance rights granted to acquire one or more Shares by transfer or allotment; and
 - 2.1.5 any financial products issued or created over the Company's securities by third parties.

3 WHAT IS INSIDER TRADING?

3.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- 3.1.1 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 (i.e., information that is 'price sensitive'); and
- 3.1.2 that person:
 - (a) buys or sells securities in the Company; or
 - (b) procures someone else to buy or sell securities in the Company; or
 - (c) 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



Security Trading Policy

securities or procure someone else to buy or sell the securities of the Company.

3.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

- 3.2.1 the Company (or one of its Joint Venture Partners) has a significant exploration drill intercept or exploration discovery on a Company owned mineral tenement;
- 3.2.2 the granting, disposal or loss of a significant mineral tenement;
- 3.2.3 the granting of or withdrawal from the Company of a licence to mine (or other such like permit) in relation to a mineral deposit;
- 3.2.4 the Company is considering a major acquisition or disposal of assets or a major Joint Venture or partnering opportunity;
- 3.2.5 the Company's ore resource or reserve calculations materially exceed (or fall short of) the market's expectations (i.e. Resource or Reserve significant upgrade or significant downgrade);
- 3.2.6 the threat of major litigation against the Company;
- 3.2.7 sales and profit results materially exceeding (or falling short of) the market's expectations;
- 3.2.8 a material change in debt, liquidity or cash flow;
- 3.2.9 management or business restructuring proposal; and
- 3.2.10 a share issue proposal.

3.3 Dealing through third parties

A person does not need to be a Director, employee or contractor of the Company to be guilty of insider trading in relation to securities in the Company. The 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).

3.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information, i.e. it could be obtained from contractors, sub-contractors or any other source.

3.5 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 exercise of options using a cashless exercise facility, 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.



Security Trading Policy

4 GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

4.2 General rule

The time (Trading Window) for any Director, employee or contractor to buy or sell Company securities is limited to the one calendar month time period from the;

- 4.1.1 date of the Company's annual general meeting;
- 4.1.2 release of the quarterly results announcement to ASX;
- 4.1.3 release of the half yearly results announcement to ASX;
- 4.1.4 release of the preliminary final results announcement to ASX; or
- 4.1.5 release of a disclosure document offering securities in the Company.

However, if a Director, employee or contractor of the Company is in possession of price sensitive information which is not generally available to the market (i.e. has not been announced to the ASX by the Company), then he or she must not deal in the Company's securities at any time, regardless of whether the transaction would take place within a Trading Window.

The Company may at its discretion vary the length and timing of any Trading Window by general announcement to all employees either before or during the Trading Window period.

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

Directors, employees or contractors must not engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

4.4 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing or is party to a Joint Venture, Farm-In Farm-Out or any other agreement is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that a Joint Venture partner of the Company is about to announce a significant exploration discovery, they must not buy securities in either the other company or the Company. Likewise if the Company was about to announce a significant exploration discovery in an area held by another company (J/V partner), or an area owned by the Company that was contiguous or nearby a mineral tenement held by another company then they must not buy or sell securities in either the Company or that other company.

4.5 Exceptions

Directors and all employees may at any time:

- 4.1.1 acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
- 4.1.2 acquire Company securities under a bonus issue made to all holders of securities of the same class;
- 4.1.3 acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
- 4.1.4 acquire, or agree to acquire or exercise options under a Company employee incentive plan;
- 4.1.5 withdraw ordinary shares in the Company held on behalf of the employee in an employee incentive plan where the withdrawal is permitted by the rules of that plan;

Security Trading Policy

- 4.1.6 acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- 4.1.7 transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- 4.1.8 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;
- 4.1.9 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;
- 4.1.10 undertake to accept, or accept, a takeover offer;
- 4.1.11 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;
- 4.1.12 dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- 4.1.13 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
- 4.1.14 trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

4.6 Collateralisation of the Company's Securities (Margin Lending)

- 4.4.1 The Company has an obligation under ASX listing Rules (rule 3.1B) to provide to the ASX with any information in relation to any "false market" that may exist or be likely to exist for the securities of the Company.
- 4.4.2 The existence and terms of any finance arrangements that may be in place in relation to directors' shareholdings (for example: margin loans), may be precipitous to the existence of a false market in the securities of the Company where a director has entered into the margin loan or similar funding arrangements, **for a material number of securities** where such financing may allow the financier to unilaterally sell securities of the Company held by the Director.
- 4.4.3 The ASX has advised companies that listing rule 3.1, in appropriate circumstances, may 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.
- 4.4.4 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
- 4.4.5 Whilst the Company does not wish to unnecessarily request that Directors disclose their personal financial arrangements, it is a requirement of Directors

Security Trading Policy

that they notify the Company (via the Company Secretary) of the key terms of arrangements pertaining to any financing of securities of the Company which they have an interest in where it is reasonable to expect that the terms and conditions of such financing may result in the unilateral selling of the securities.

4.7 The Company currently operates an employee option plan and accordingly must note that:

- 4.4.6 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 during one of the one month period (trading windows) specified in paragraph 4.1; and
- 4.4.7 where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.
- 4.4.8 Were this 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.

4.8 Notification of periods when Directors, employees or contractors can trade

- 4.4.9 The Company Secretary will endeavour to notify all Directors, employees or contractors of the times when they are permitted to buy or sell the Company's securities as set out in paragraph 4.1.

5 APPROVAL AND NOTIFICATION

- 5.1 Any Director, employee or contractor wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman of the Board or the Board before doing so.
- 5.2 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 all of the other members of the Board before doing so.
- 5.3 Any first or second line reports of the Chief Executive Officer wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman of the Board or the Board before doing so.
- 5.4 All notices for prior approval to buy or sell must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- 5.5 Any Director or employee who (or through his 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.



Security Trading Policy

5.6 The form to complete and send to the Company Secretary is available on request from the Company Secretary and a copy is attached to this policy.

6 DIRECTORS, EMPLOYEES AND CONTRACTORS SALE OF SECURITIES

Directors, employees and contractors 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 (ie 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 Director, employee or contractor need 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.

7 ASX AND OTHER SECURITIES EXCHANGES NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify 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 ASX. A copy of the required form is attached to this policy.

8 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 and other company's securities.

9 ADDITIONAL INFORMATION

If you are unsure of your situation with respect to share trading or if you have any questions arising from these guidelines, you may contact one of the persons listed below.

Rob Bills	Andrew McIlwain
MD & Chief Executive Officer	Chairman
Ph. (08) 9381 7838	Mob. 0419044610
rbills@emmersonresources.com.au	andrew@mcilwain.com.au



Security Trading Policy

Request to Buy or Sell Company Shares (or Options)

(This form is required to be completed by employees of the Company who are first or second reports to the Chief Executive Officer of the Company prior to the employee buying or selling any shares or options of the Company)

To: Managing Director and Chief Executive Officer

From: _____

Date: _____

I hereby seek your approval to BUY / SELL (delete one) the following SHARES / OPTIONS (delete one) in the Company as per the details provided below

Date range for proposed buy or sell transaction **Start date:** _____ **End Date:** _____

Propose Number of Shares or Options _____

Signed: (employee) _____

Approval is hereby GRANTED / WITHHELD (delete one) for the purchase of the above-mentioned SHARES / OPTIONS of the Company

Reason with withholding approval: _____

Signed: _____
Chief Executive Officer

Date: _____



Security Trading Policy

Request for Approval - Purchase, Sale or the Exercise of right in relation to Company Securities

(This form is required to be completed by Directors of the Company prior to the purchase or sale of any shares or options, or the exercise of options in relation to the shares of the Company – reference Corporate Governance Policy 01:09)

To: **Chairman of the Board of Directors**

From: _____

Date: _____

I hereby seek your approval to BUY / SELL / EXERCISE (delete two) the following SHARES / OPTIONS (delete one) of the Company as per the details provided below

Date range for proposed buy or sell transaction Start date: _____ End Date: _____

Propose Number of Shares or Options _____

Signed: (employee) _____

Approval is hereby GRANTED / WITHHELD (delete one) for the purchase of the above mentioned SHARES / OPTIONS of the Company

Reason with withholding approval: _____

Signed: _____
Chairman of the Board of Directors

Date: _____



Security Trading Policy

ADVICE of PURCHASE or SALE of Shares or Options

(This form is required to be completed by all employees of the Company who have purchased or sold Shares of the Company. Employees who are first or second reports to the Chief Executive Officer are required to receive prior written approval of the Chief Executive Officer prior to buying or selling any shares or options of the Company)

To: **Company Secretary**

From: _____

Date: _____

Please be advised of the following PURCHASE / SALE (delete one) of SHARES / OPTIONS (delete one) of the Company

Date of PURCHASE / SALE _____

Number of Shares or Options _____

Held in your name
Held beneficially
(i.e. by spouse,
self managed
super fund,
private company
etc.)

Number of securities held prior to this transaction		
SHARES		
OPTIONS		
Number of securities held after to this transaction		
SHARES		
OPTIONS		

Signed: (employee) _____

Signed: _____
Company Secretary

Date: _____



Security Trading Policy

Change of Directors Interest Notice

To: **Company Secretary**
 From: _____
 Date: _____

Please be advised of the following PURCHASE / SALE / EXERCISE (delete one) of SHARES / OPTIONS (delete one) of the Company

Date of PURCHASE / SALE _____

Number of shares or Options _____

Value/Consideration (this transaction) _____

	Held in your name	Held beneficially (i.e. by spouse, self managed super fund, trust, private company etc.)
Number of securities held prior to this transaction	_____	_____
SHARES	_____	_____
OPTIONS	_____	_____
Number of securities purchased (sold) this transaction	_____	_____
SHARES	_____	_____
OPTIONS	_____	_____
Number of securities held after to this transaction	_____	_____
SHARES	_____	_____
OPTIONS	_____	_____

Nature of beneficial interest: _____

Signed: (director) _____

Signed: _____

Company Secretary

Date: _____