

## Prosperity Resources Limited

### Policy on Trading in Company Securities (“Trading Policy”)

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#### 1. Introduction

The Company’s Trading Policy regulates dealings by directors, officers and employees in securities issued by the Company. Where appropriate, this Trading Policy also applies to contractors and consultants.

For the purposes of this Trading Policy the term “securities” means securities issued by the Company, or any other financial products issued or created over or in respect of those securities.

This Trading Policy imposes basic trading restrictions on all directors, officers and employees of the Company and its related entities who possess inside or unpublished price-sensitive information.

It also imposes additional trading restrictions on:

- All directors (and any of their associates);
- Officers<sup>1</sup>; and
- Employees, contractors or consultants of the Company (“Employees”).

#### 2. General Restrictions when in Possession of Inside Information

##### *Insider trading laws*

Under the Corporations Act (Cth) 2001, insider trading is an offence which carries severe penalties, including imprisonment.

Breach of the insider trading prohibition could expose directors, officers and employees to criminal and civil liability. The requirements of this Trading Policy are separate from, and additional to, the legal prohibitions in the Corporations Act (Cth) 2001 on insider trading.

Breach of insider trading laws or this Trading Policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

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<sup>1</sup> In this Trading Policy all references to officers includes a reference to ~~u~~key management personnel~~q~~as defined in Australian Accounting Standard AASB 124: Related Party Disclosure, being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

This Trading Policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading. Directors, officers and employees who wish to obtain further advice on this matter are encouraged to contact the Company Secretary.

Insider trading laws cover all directors, officers and employees of the Company. Broadly, if a person is in possession of any unpublished price-sensitive information about the Company, it is a criminal offence to:

- Trade in the Company's securities, in their own capacity or as agent for another;
- Advise or procure another person to trade in the Company's securities;
- Pass on inside information to someone else, knowing that the other person may use that information to trade in, or procure someone else to trade in, the Company's securities.

Unpublished price-sensitive information includes any information which relates to the Company or its securities and:

- 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 Company's securities, or would be likely to influence a person in deciding whether to buy or sell the Company's securities.

#### *Confidential information*

Directors, officers and employees also have a duty of confidentiality to the Company. A director, officer or employee must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else. Directors, officers and employees need to ensure that if confidential information is required to be provided to third parties, such as external advisers, that such third parties are also aware that they have a duty of confidentiality to the Company.

### 3. Additional Trading Restrictions for Directors, Officers and Employees

In addition to the prohibition on insider trading set out in the Corporations Act (Cth) 2001, the following restrictions on trading in the Company's securities apply to directors, officers and employees of the Company.

Directors, officers and employees generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional restrictions apply for any proposed trading in securities by directors, officers and employees during nominated ~~closed periods~~. The closed periods generally apply to the period immediately preceding periodic and continuous disclosure.

Directors, officers and employees are prohibited from trading in the Company's securities during the following designated closed periods:

- In the two weeks prior to the release of the Company's quarterly activities report;

- In the two weeks prior to the release of the Company's half year financial results;
- In the two weeks prior to the release of the Company's full year financial results.

It needs to be noted that even if it is outside of a closed period, directors, officers and employees must not trade in the Company's securities if they are in possession of inside information.

#### *Requirements before trading*

Before trading, or giving instructions for trading in the Company's securities:

- The director, officer or employee must notify the Chairman of their intention to trade;
- Confirm that they do not hold any unpublished price-sensitive information;
- Have been advised by the Chairman that there is no reason to prohibit the trade as notified (clearance); and
- Complied with any conditions on trading imposed by the Chairman (including, for example, time limits applicable to the clearance).

In the case of the Chairman intending to trade in the Company's securities, the Chairman must notify and obtain clearance (in the form described above) from at least two non-executive directors before trading, or giving instructions for trading.

#### *Trading with permission during a closed period*

In exceptional circumstances clearance may be given for a director, officer or employee to sell (but not to purchase) securities when they would otherwise be prohibited from doing so but not while there exists any matter which constitutes unpublished price-sensitive information.

Examples of circumstances where clearance may be given include:

- Severe financial hardship where the director, officer or employee has a pressing financial commitment that cannot be satisfied other than by disposing of securities; or
- The sale or disposal of securities under a court order or enforceable undertaking (such as a family court settlement).

The determination on whether to give clearance for trading during a closed period under exceptional circumstances must be made either by the Chairman and/or Managing Director and at least one other non-executive director. Consideration will be given to whether the sale or disposal of the relevant securities is the only reasonable course of action available to the director, officer or employee.

Permission for trading must be evidence by prior written communication, whether by letter, facsimile, e-mail, or other visible form of communication.

#### *Notification of trading*

As required by the Corporations Act (Cth) 2001 and the ASX Listing Rules, directors must notify the Company Secretary of any dealings in the Company's securities immediately and in any event within five business days of the date of any such dealings.

*Securities issued under a Company employee equity scheme*

Directors, officers and employees of the Company are prohibited from entering into arrangements for hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under a Company employee equity scheme.

Where a director, officer or employee enters into arrangements for the hedging of vested options issued under a Company employee equity scheme, details of the hedging arrangements must be immediately notified to the Chairman or Company Secretary.

*Trading circumstances excluded from this Trading Policy*

The following forms of trading activity are excluded from the operation of the share trading policy but remain subject to the insider trading provisions of the Corporations Act (Cth) 2001:

- Transfers of securities which result in no change in the beneficial ownership of the securities;
- Transfers of securities already held in a person's own name into a superannuation fund of which that person is a beneficiary;
- Investments in or trading by a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party;
- The conversion of convertible securities where the expiry date of the securities occurs during a closed period;
- The exercise (but not disposal of securities following exercise) of an option or right under an employee equity scheme;
- The acquisition of securities arising under an offer made to all or most security holders, including a security purchase plan, pro-rata rights issue, bonus issue, dividend reinvestment plan and equal access buy-back;
- Acceptance of or agreement to accept a takeover offer;
- A disposal of securities that is the result of a secured lender exercising its rights, for example, under a margin loan arrangement.

4. Short-term or Speculative Trading

The Company wishes to encourage directors, officers and employees to adopt a long-term attitude to investment in the Company's securities. Therefore directors, officers and employees are discouraged from engaging in short-term or speculative trading of the Company's securities.