



## **RESOURCE STAR LIMITED**

("the Company")

### **7 DEALINGS IN RESOURCE STAR LIMITED SECURITIES**

#### **PURPOSE**

The purpose of this Policy is to:

- (a) provide a brief summary of the law which prohibits insider trading;
- (b) set out restrictions on dealing in securities by key management personnel of Resource Star Limited ("Resource"); and
- (c) assist in maintaining market confidence in the integrity of dealings in Resource's securities.

#### **POLICY**

Whenever a person has inside information which may affect the value of securities, they must not:

- (a) deal in those securities; or
- (b) communicate the information to anyone else

This rule applies regardless of how the inside information was obtained. It applies not only to Resource securities but also to the securities of other companies.

#### **WHO IS COVERED BY THIS POLICY**

This policy applies to Restricted Persons - the key management personnel of Resource, including all Directors, executive employees, contractors and consultants. In certain circumstances the policy will also apply to all employees.

Not only does this policy cover a Restricted Person of Resource but it applies equally to any dealings by their:

- (a) spouses – marriage or de facto;
- (b) dependents under the age of eighteen (18) years old; and
- (c) related parties (as defined in the Corporations Act 2001) - for example if a Restricted Person is a trustee of a trust and is also a beneficiary of the trust, the Restricted Person must not purchase or procure the purchase of Resource securities on behalf of the trust

#### **THE SECURITIES COVERED BY THE POLICY**

This Policy applies to the following securities:

- (a) resource securities;
- (b) any other securities issued by Resource, such as options;
- (c) derivatives and other financial products issued or created over or in respect of Resource securities; and
- (d) securities of any other company or entity that may be affected by inside information

**INSIDE INFORMATION**

Inside information is information that:

- (a) is generally not available to people who commonly invest in securities; and
- (b) if it was generally available, would or likely to have a material effect on the price or value of Resource securities and would influence persons who commonly invest in financial products whether or not to do so.

It is irrelevant how or in what capacity the person came into possession of the information.

Determining what is inside information can at times be subjective and not only does one need to consider the financial impact of the information but also the strategic and other implications can be equally important in determining what amounts to inside information.

Inside information about Resource might include

- Proposed changes in the capital structure, capital returns and buy backs of financial products;
- Information relating to Resource's financial results;
- Material (more than 5%) changes in Resource's financial forecasts or expectations;
- A material acquisition, divestment or realisation of assets;
- Material drill results or the likely discovery of a major ore body;
- Proposed dividends and share issues;
- Changes to the Board;
- Possible events which could have a material impact on profits (negatively or positively);
- Proposed changes in the nature of the business of Resource;
- Notification to Resource of a substantial shareholding;
- Any information required to be announced to the market pursuant to ASX Listing Rule 3.1.

Restricted Persons must not engage in short term or speculative dealing in Resource securities.

**Available Information**

Information relating to Resource that would fall outside the ambit of inside information is that which is available after it has been released to the Australian Securities Exchange (ASX) and the ASX has fully disseminated that information to the market.

**THE LAW**

The principal insider trading prohibition in Australian law is contained in section 1043A of the Corporations Act.

The *Corporations Act* contains provisions which prohibit a person in possession of inside information relating to a company from dealing in any way with shares, options or other securities issued by that company or issued or created over the company's securities by third parties.

In very broad terms insider trading will be committed, when a person:

- (a) deals in Resource securities or securities of another entity whilst having inside information; or
- (b) tips – communicates inside information to another person knowing that the other person would or likely to use that information to deal in, or procure someone else to deal in securities.

**DEALINGS IN RESOURCE SECURITIES**

Dealing in Resource Securities includes:

- (a) trading in securities encompassing subscribing for, buying, selling or entering into an agreement to do any of those things; and
- (b) communicating through advising, procuring or encouraging any other person to trade in Resource securities

Communicating to any other person includes: a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust.

**DEALINGS IN RESOURCE SECURITIES BY RESTRICTED PERSONS****Prohibited Periods**

Restricted Persons are not permitted to deal in Resource securities during a Prohibited Period.

Prohibited Period for the purposes of this Trading Policy is defined as:

- (a) a Closed Period; or
- (b) additional periods when Restricted Persons are not allowed to trade which is imposed by Resource from time to time; this is likely to occur when Resource is considering matters which are subject to Listing Rule 3.1A.

Restricted Persons of Resource (or any family member or associate over whom they have influence) are prohibited from dealing in Resource Securities unless such trading occurs outside a closed period.

Unless the Board otherwise directs, in its absolute discretion, Closed Periods are defined as the following:

- (a) the twenty (20) trading day period immediately leading up to the day of the announcement of the Company's quarterly, Half-yearly and Annual Report and two (2) days after these Announcements are made; and
- (b) the five (5) trading day period prior to the anticipated release of drill results and other price sensitive information/results.

During these Closed Periods no trading in Resource Securities may occur without the permission of the Company Secretary or Chief Executive Officer.

A Prohibited Period may be called at any time by the Chairman or Chief Executive Officer.

Notice of Prohibited Periods or changes thereto will be distributed by the Company Secretary to Restricted Persons by email. Changes to Prohibited Periods are effective immediately.

**When is Dealing Permitted**

Subject to the rules of any Resource employee or executive share or option plans, Restricted Persons can deal in Resource securities at any time:

- (a) other than during a Prohibited Period;
- (b) they do not have inside information; and
- (c) they are not involved in short term or speculative dealing

**Notice of Intent to Deal in Resource Securities**

A Restricted Person may seek a waiver to *purchase* Resource securities during a Prohibited Period.

In the case of Resource Directors, executive employees, contractors and consultants their written waiver notice must be addressed to the Company Secretary, or in the case of the Company Secretary to the Chief Executive Officer. A copy of all such notices will be sent to the Company Secretary for the official file.

The notice to deal must include a statement that they do not believe they are in possession of any Inside Information and are not involved in short term or speculative dealing in Resource securities as well as:

- (a) the name of the Restricted Person and Related Party (if applicable);
- (b) whether the interest in the Company's Securities held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
- (c) the date of the Dealing;
- (d) the amount paid or received for the Securities; and
- (e) the number of Securities held by the Restricted Person, directly and indirectly, before and after the trading in Securities.

Approval will be applied taking into account the circumstances of the Restricted Person, the number of securities to be acquired and weighing this against any perceived detriment to Resource's reputation or risk to a stable market for Resource's securities.

The Restricted Persons must confirm with the Company Secretary that the dealing has occurred within three (3) business days. A copy of all purchase confirmations will be sent to the Company Secretary for the official file.

The Company Secretary will notify the Board of all purchases by Directors and executive employees as soon as reasonably practicable.

#### **Trading Under Exceptional Circumstances**

A Restricted Person who is not in possession of inside information in relation to Resource may be given prior written clearance to *sell or dispose* of their Resource securities during a Prohibited Period where there are exceptional circumstances.

Examples of what constitutes exceptional circumstances are:

- (a) severe financial hardship which means a Restricted Person has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities;
- (b) court order requiring the sale or transfer of Resource securities; or
- (c) a situation determined by the Chairman or Chief Executive Officer to be an exceptional circumstance.

Trading under exceptional circumstances must be made in writing (including electronic format) to the Chief Executive Officer through the Company Secretary. Retrospective approval can not be granted, the approval to sell or dispose of securities must be obtained in advance of the trade.

The application must include:

- (a) the name of the Restricted Person;
- (b) whether the interest in the Company's Securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
- (c) a description of the sale or disposal;
- (d) the proposed date of the sale or disposal;
- (e) the number of Securities to be sold or disposed of;
- (f) the amount to be paid or received for the Securities; and
- (g) the number of Securities held by the Applicant, directly and indirectly, before and after the sale.

Written approval (including electronic format), if granted will expire within fourteen (14) days of being granted or such shorter or longer period as specified.

### Trading Excluded from the Policy

The following types of trading are specifically excluded from the operation of the Trading Policy:

- (a) transfers of securities of Resource already held into a superannuation fund or other saving scheme in which the member of Personnel is a beneficiary;
  - (b) undertakings to accept, or the acceptance of, a takeover offer;
  - (c) trading 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 investment plan (DRP) and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
  - (d) a disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
  - (e) the exercise (but not the sale of 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 Closed Period and where the member of Personnel could not reasonably have been able to exercise at a time when free to do so; and
- (a) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
- o Personnel did not enter into the plan or amend the plan during a Prohibited Period and
  - o the trading plan does not permit Personnel to exercise any influence or discretion over how, when, or whether to trade.

### ASX DISCLOSURE OBLIGATIONS

The acquisition or sale of Resource securities by Resource Directors must be disclosed to the ASX under Listing Rule 3.19A within five (5) business days of the transaction taking place.

The details of the dealing must be provided to the Company Secretary as soon as possible after the dealing to allow the Company Secretary adequate time to complete and release of the documentation to the ASX on the Director's behalf. Details of any changes in Directors' interest in Resource securities must be noted in the Board minutes of the next meeting.

Restricted persons with a substantial shareholding in Resource securities (more than 5% of the issued capital) are also required to comply with the substantial shareholding notification provisions of the Corporations Act 2001 when there is a change in their holding. In this instance a notice must be provided to the ASX and to Resource in the prescribed form within two (2) business days of the change.

### OTHER OBLIGATIONS

Restricted Persons also owe a duty of confidentiality to Resource. Restricted Persons must not reveal any confidential information concerning Resource, use that information in any way that may cause loss to Resource or use that information to gain an advantage for themselves.

In addition, a breach of the prohibitions contained in the *Corporations Act* is a criminal offence punishable by imprisonment for up to five years, a fine of up to \$220,000, or both.

Strict compliance with the Trading Policy is mandatory for all Restricted Persons covered by the Policy. Breaches of the Policy may damage the reputation of Resource in the investment community and undermine confidence in the market for Resource securities.

Breaches of the policy will be taken very seriously and will be subject to disciplinary action, including possible termination of employment. Reports of any breaches of the Policy will be forwarded to the Audit Committee.

### REVIEW OF THIS POLICY

This Policy will be reviewed regularly by the Company's Directors having regard to the changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing.

If Directors and Senior Executives have any comments or views concerning the operation or effectiveness of this Policy, they should be communicated to the Company Secretary.

**Last Updated:**

16 December 2010