

Guidelines for Dealing in Securities

Shaw River Resources Limited

Approved November 2006

Amended December 2010

1 Introduction

The purpose of these Guidelines for Dealing in Securities is to:

- Comply with the ASX Listing Rules that are effective from 1 January 2011 and ensure Shaw River Resources Limited ("SRR") complies with the best practices outlined in the ASX Listing Rules and Guidance Notes on Trading Policies;
- explain the type of conduct in relation to dealings in securities that is prohibited under the Corporations Act, which is applicable to all officers, employees and contractors of SRR and its related bodies corporate (the Group); and
- establish a best practice procedure relating to buying and selling securities that provides protection to SRR, and its officers, employees and contractors against the misuse of unpublished information which could materially affect the value of securities.

SRR aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of Directors considers that compliance with these guidelines is essential to ensure that the highest standards of conduct are being met by all officers, employees and contractors of SRR. SRR also wishes to ensure that any perception of executives or employees dealing in shares, when they should not do so, is avoided.

Any non-compliance with these guidelines will be regarded as serious misconduct which may entitle SRR to terminate the employment of any employee found to be in breach of these guidelines.

2 Guidelines

2.1 Persons to whom these guidelines apply

These guidelines apply to:

- directors of, and contractors to, any member of the Group; and
- employees of any member of the Group

and their associates (collectively Employees).

2.2 The guidelines

(a) Window Period

Employees, other than directors or senior management, may buy or sell SRR's shares on the ASX in the period of 60 days commencing immediately following:

- the announcement of half-yearly results;
- the announcement of annual results;
- the holding of the Annual General Meeting; or

- the period during which SRR has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for SRR securities.

Known as the “Window Period”.

EXCEPT where the Employee is in possession of price sensitive information or where SRR is in possession of price sensitive information and SRR has, during the Window Period set out above, notified the Employee that they may not buy or sell shares during all or part of any such period.

Price sensitive information is information which is not generally available and if it was generally available would be likely to have a material affect on the price or value of SRR’s shares. The information may be non-financial in nature (for example current negotiations in relation to a contract). This is dealt with in greater detail below.

If you are not sure whether you should buy or sell SRR’s shares during this time please consult with the Managing Director or Company Secretary. It is intended that a request will be answered within 48 hours. Electronic clearance via email is acceptable.

(b) During other periods

Outside of the Window Period, all Employees, other than directors or senior management, must receive clearance for any proposed dealing in SRR’s shares on the ASX by informing and receiving approval in writing from the Company Secretary prior to undertaking a transaction. Employees seeking to deal in SRR’s shares must confirm to the Company Secretary that they are not in possession of price sensitive inside information. Electronic clearance via email is acceptable.

It is intended that a request will be answered within 48 hours.

If approval is given, the Employee must ordinarily deal within five business days after receiving approval (unless otherwise approved by the Company Secretary. Further notification and approval will be required if the proposed dealing does not occur within the relevant approval period.

Where an Employee, other than directors or senior management, has been granted approval to deal in SRR securities outside of a Window Period, they must notify the Company Secretary within five business days of the outcome of the dealing.

(c) Prohibited periods

Prohibited periods for dealing in SRR shares on the ASX means

- any closed period as defined; or
- any additional periods when SRR’s directors and senior management are prohibited from trading, which are imposed by SRR from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

Closed period for dealing in SRR shares on the ASX means any fixed periods specified in the Guidelines for Dealing in Securities when SRR's directors and senior management are prohibited from trading in SRR shares.

(d) Directors and senior management

The fixed periods in which SRR's directors and senior management are prohibited from trading in SRR's shares on the ASX are as follows:

- In the period between the Company's half year end and the announcement of half-yearly results; or
- In the period between the Company's year end and the announcement of annual results;

During all periods, directors and senior management must receive clearance in writing for any proposed dealing in SRR's shares on the ASX as follows:

- a director or any member of senior management of SRR must inform and receive approval from the Chairman prior to undertaking a transaction (Electronic clearance via email is acceptable); and
- the Chairman must obtain approval from the Board or the next most senior director, prior to undertaking a transaction.

It is intended that a request will be answered within 48 hours.

If approval is given, directors and senior management must ordinarily deal within five business days after receiving approval (unless otherwise approved by the Company Secretary. Further notification and approval will be required if the proposed dealing does not occur within the relevant approval period.

Where a director or senior manager has been granted approval to deal in SRR securities outside of a Window Period, they must notify the Company Secretary within two business days of the outcome of the dealing.

Unless there are exceptional circumstances such as financial hardship or compliance with a court order, as determined by the Board, approval will not be given to enable directors and senior management to trade in SRR's shares during closed periods. Exceptional circumstances will be determined as such by the Board. Electronic clearance from the Board via email is acceptable.

Without prior approval, Directors and key management personnel should not enter into agreements that provide lenders with rights over their interests in SRR shares and options such as the disposal of SRR shares or options that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. Before entering into such arrangements, directors and senior management must receive clearance in writing as if they were dealing in SRR shares.

(e) Short Term Dealing

Employees may not deal in SRR's securities on a "short-swing" basis, except in circumstances of special hardship, with the Chairman's approval. That is, Employees may not buy and sell securities within a three month period. In addition, Employees may not enter into any other short term dealings (for example, forward contracts) except with the approval of the Chairman.

(f) Options

Options may be exercised at any time in accordance with their terms of issue, except where the Employee is in possession of price sensitive information.

Any dealings in SRR options must only occur in accordance with these guidelines.

In addition, any dealings in SRR shares acquired upon exercise of options must only occur in accordance with these guidelines.

The Board, at its discretion, may approve 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 prohibited period and the entity has been in an exceptionally long prohibited period or the entity has had a number of consecutive prohibited periods and the director or senior manager could not reasonably have been expected to exercise it at a time when free to do so.

(g) Securities in other companies

Whilst in general you are free to deal in shares in other listed companies, the prohibited conduct under the Corporations Act includes dealings in securities of SRR as well as of other listed companies with which SRR may be dealing (such as SRR's customers or joint venture partners) where an Employee possesses "inside information" in relation to that other company.

That is, if you are aware of information that is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security, you should not deal in the securities of the companies that it affects. For example, where you are aware that SRR is about to sign a major agreement with another company, you should not buy shares in either SRR or the other company.

If you are not sure whether you should buy or sell in another company's shares please consult with the Company Secretary or Managing Director. It is intended that a request will be answered within 48 hours. Electronic clearance via email is acceptable.

(h) Trading that is excluded from this policy

The following trading is excluded from this policy:

- transfers of securities of SRR already held into a superannuation fund or other saving scheme in which the director or senior manager is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of SRR) where the assets of the fund or other scheme are invested at the discretion of a third party;
- undertakings to accept, or the acceptance of, a takeover offer;
- 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 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; and
- a disposal of securities of SRR that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement, where the director or senior manager has already received prior written clearance for original financing arrangement.

3 Legal Principles

3.1 Introduction

Under the Corporations Act, a person is prohibited from dealing in securities where:

- the person possesses information which is not generally available to the public; and
- that information may have a material effect on the price or value of securities of the relevant entity; and
- the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of securities.

In addition, a person with inside information must not procure another person to deal in SRR's securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in SRR's securities.

ASX Listing Rule 12.12 requires that at a minimum, SRR's Guidelines for Dealing in Securities must include the following information:

- SRR's closed periods.
- The restrictions on trading that apply to the entity's director and senior management.
- Any trading which is not subject to SRR's trading policy.
- Any exceptional circumstances in which SRR's directors and senior management may be permitted to trade during a prohibited period as defined, with prior written clearance.
- The procedures for obtaining prior written clearance for trading under rule.

3.2 Relevant Terms

(a) Securities

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by SRR (for example, warrants and other derivative products).

(b) Dealing in securities

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares and entering agreements to buy or sell securities.

That is, under these guidelines and the law, the prohibition on dealing means that you are not permitted to:

- buy or sell; or
- enter into an agreement to subscribe for, buy or sell, securities,

where you possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If you possess price sensitive information that is not generally available, you are also prohibited from:

- procuring any other person to deal in those securities; or

- directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do something. For the purposes of these provisions procuring includes inciting, inducing or encouraging an act or omission.

For example you cannot ask or encourage family members to deal in securities when you possess price sensitive information, and you should not communicate price sensitive information.

Directors and senior management will customarily be privy to price sensitive information that is not generally available. Accordingly, directors and senior management should ensure that they do not deal in SRR's securities when they or SRR possess 'inside information' (even during a Window Period set out in paragraph 2.2(a)).

In general, other employees will be free to deal in SRR's securities during the Window Period, unless otherwise notified by the Company.

(c) Information that is generally available

Information is "inside" if it is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security.

Information is considered to be "generally available" if:

- it consists of readily observable matter; or
- it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed; or
- it may be deduced, inferred or concluded from the above.

That is, information will be "generally available" if it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways.

(d) Material effect of the price of securities

Information is considered by the Corporations Act to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all of the information that may be material. However, the following type of information would be likely to be considered to have a material effect on SRR's share price:

- information regarding a material increase or decrease in SRR's financial performance from previous results or forecasts;
- a proposed material business or asset acquisition or sale;
- the damage or destruction of a material operation of the SRR group;
- proposed material legal proceedings to be initiated by or against SRR;
- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business;
- a proposal to undertake a new issue of shares;
- a proposal to undertake a major change in financing;
- Senior management changes;
- exploration results and interpretations;
- Information that is being withheld in accordance with the exception to the continuous disclosure requirements in ASX Listing Rule 3.1A.

(e) Information

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

(f) Relationship to the continuous disclosure regime

The Corporations Act and the ASX Listing Rules require SRR to immediately release to the ASX any information concerning SRR which may reasonably be expected to have a material effect on the price or value of SRR's securities, subject to limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required. In these situations there may be people with "inside information" who would breach the insider trading prohibition if they dealt in securities at that time.

Specifically, the ASX Listing Rules do not require disclosure where:

a reasonable person would not expect the information to be disclosed; and

the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and

one or more of the following applies:

- it would be a breach of law to disclose the information;
- the information concerns an incomplete proposal or negotiation;
- the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg. the effect of an event on SRR has not yet been quantified);
- the information is generated for internal management purposes of the entity (eg. internal management accounts or an internal management report); or
- the information is a trade secret.

Although information does not need to be disclosed under the Listing Rules, Employees may possess "inside information". If a person deals in SRR's securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines and/or imprisonment may be imposed) or civil liability (substantial pecuniary penalties can be imposed). In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct. Such conduct would also prompt disciplinary action by SRR, which may include termination of employment.

In the case of a body corporate, the commission of an offence under the insider trading provisions is also punishable by substantial fines.

The Corporations Act sets out several defences to conduct which would otherwise breach the insider trading prohibition. These defences are complex and, in general, will not apply to you. On this basis, you should not deal in SRR securities until you have received the required approval from the relevant person in paragraph 2 above.

Breaches of the insider trading laws have serious consequences for both the employee concerned and SRR. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Employees adhere to these guidelines at all times.

4 Who to contact

If you are in any doubt regarding your proposed dealing in securities you should contact the Company Secretary.

Approved by the Board

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