

## **ADELAIDE RESOURCES LIMITED: SECURITIES TRADING POLICY**

### **1. Preamble**

Adelaide Resources Limited (“ADN” or “the Company”) encourages Directors, employees and relevant consultants to the Company (hereafter “Representatives”) to be meaningful security holders in ADN by means of making a personal financial commitment to acquiring shares in the Company. ADN also issues Performance Rights, and has in the past issued options, exercisable into ordinary shares to facilitate the establishment of stockholdings in the Company.

As a consequence of this philosophy, Representatives of ADN are able to build such shareholdings by means of:

- a: the conversion of Performance Rights remuneration into shares of ADN, subject to shareholder approval where relevant; and/or
- b: acquisition of shares via participation in new issues of securities by ADN, subject to shareholder approval where relevant; and/or
- c: acquisition of ADN securities in a secondary market such as that operated by ASX Limited.

Since new issues of securities by the Company will require relevant notification that ADN is in compliance with continuous disclosure legislation embedded within the Corporations Act and ASX Listing Rules, this Securities Trading Policy (“Policy”) seeks to ensure that Representatives of the Company are similarly compliant when acquiring ADN shares in a secondary market. This Policy also extends to spouses and other relatives of Representatives, and relevant interests of Representatives including companies, trustees of trusts, including superannuation funds.

### **2. Secondary market trading – requirement to be in compliance with Corporations Act**

The Corporations Act states that it is an offence for a person who possesses information that is not generally available and knows or ought reasonably to know that it is not generally available and that if it were it would have a material impact on the price or value of a security (including an option) issued by the Company, to:

- a: trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things) securities issued by the Company;
- b: procure another person (e.g. a family member, friend, or family company, superannuation fund or trust) to trade in securities issued by the Company; or
- c: communicate the information to another person if you know or ought reasonably to know that the person may use the information to trade in or procure another person to trade in securities issued by the Company.

It is the responsibility of each Representative of the Company to ensure that they do not breach the insider trading prohibition. Breaches of the insider trading prohibition are considered serious and will result in disciplinary action being taken by the Company.

### **3. Issues specific to the business of ADN**

As an active resources exploration company, ADN is conducting exploration activities at one or more of the Company's tenements during most weeks of the year. A discovery of minerals on the Company's tenements, whether fully assayed or merely visually sighted, has the capacity to significantly impact the price of the Company's securities in the secondary market. Such information is clearly price sensitive and not generally available to the public. It is the obligation of the Company's management and Board of Directors, under the Corporations Act and ASX Listing Rules, to convey such information to market operators at the earliest practical time, given the requirements for continuous disclosure. If management and Board of Directors do not believe this is possible, and that a false market in the Company's securities may eventuate, they are further obligated to suspend secondary market trading in ADN securities.

However, as a Company with a requirement over time to access capital markets to continue to fund and develop its mineral bearing tenements, ADN commits significant resources to ensure investors and potential investors are fully apprised of the Company's prospects, through management presentations to conferences and investor groups. This has benefit, in the context of this Policy, by ensuring a very high level of continuous disclosure and understanding.

As a consequence of these facets of ADN's business, the Board of the Company has agreed to allow the Chairman of ADN, in consultation with the Managing Director, to opine on whether he or she believes Representatives of the Company are, or are likely to be in possession of relevant and price sensitive non-public information. Such information is most likely to be generated when the Company's drilling program has reached levels proximate to the target area of an exploration hole, or is about to receive assay results of exploration efforts.

This will permit Representatives of the Company to deal in ADN securities, other than in precluded period (below) during drilling activities providing all relevant information, in the opinion of the Chairman, after due consultation with the Managing Director, has been released to the market operator.

### **4. Precluded Periods**

Representatives are permitted to trade in the Company's securities throughout the year except during the following periods:

- a: the Chairman of the Company, at his or her sole discretion, but after consultation with the Managing Director, precludes trading in the Company's securities;
- b: the period from 31 March, 30 June, 30 September and 31 December and the announcement of the required Quarterly Report and ASX Appendix 5B cash flow report to the market operator; these reports are required to be filed by the conclusion of the month following the quarter end;
- c: they are aware of information at any time which would have a material impact on the price of ADN securities which is not generally known to the market; or
- d: the residue of a trading day on a secondary market on which a price sensitive announcement has been made, or, if such announcement has been made after

the conclusion of trading for the day, then the whole of the following day on which the secondary market is open.

## **5. Derivative Products**

This Policy extends to derivative products issued or created, whether by the Company or others, over or in respect of ADN securities. Derivative products, such as options, which may cause the delivery or issue of ADN securities upon the exercise of the derivative, may only be exercised in accordance with their terms and conditions, and may not be exercised by Representatives during Precluded Periods except with the express consent of the Chairman. Such consent will not be unfairly withheld in cases whether the derivative is likely to expire and cause financial loss if not exercised, and where the ongoing exposure of the Representative to ADN securities is broadly unchanged.

## **6. Consent**

Representatives other than the Managing Director must obtain written or email consent from the Managing Director (or Chairman, except for the Chairman him/herself) prior to trading in the Company's securities.

The Managing Director must obtain written or email consent from the Chairman prior to trading in the Company's securities.

## **7. Changes in Directors' Shareholdings**

Directors must advise the Company Secretary of changes to their shareholdings in the Company and any of its related bodies corporate within two business days of the change.

## **8. Exceptions**

The restrictions outlined in sections 4 and 5 above do not apply in the following circumstances:

- Where the dealing results in no change in the beneficial ownership of ADN securities (e.g. off market transfer within private interests);
- Where the dealing occurs via investments in a scheme or other arrangement where investment decisions are made by a third party, independently of any ADN personnel; or
- Where the dealing occurs under an offer to all or most of the holders of ADN securities such as a rights issue, share purchase plan or pursuant to a takeover offer.

## **9. Waivers**

In exceptional circumstances, where the Chairman and Managing Director agree, they may, in their discretion, waive a part of this Policy to allow Representatives to trade in the securities of the Company where to do so would not be unlawful or illegal.

## **10. Declaration**

This Policy is subject to regular review by the ADN Board and will be amended as and when appropriate. Material amendments will be notified to ASX or other secondary market operators.

Approved by the Board of Adelaide Resources Limited on 22 February 2011