

Securities Trading Policy and Guidelines

1. Introduction

- 1.1. This policy imposes constraints on people who work for Perilya Limited or Perilya Limited subsidiary companies ("Perilya" or the "Company") when dealing in "securities". It also imposes disclosure requirements on Directors and Senior Executives.
- 1.2. A copy of this policy will be provided to all Perilya directors and employees as part of the Company's induction procedures. A copy can also be found on the Perilya website.

2. Objectives

The objectives of this policy are to:

- minimise the risk of people who work for the Company contravening the laws against "Insider Trading";
- assist in maintaining market confidence in the integrity of dealings in Perilya securities; and
- ensure the Company is able to meet its reporting obligations under the ASX Listing Rules.

3. Persons Covered Under this Policy

This policy applies to:

- executive and non-executive directors; and
- full-time, part-time and casual employees;

of Perilya ("Perilya Personnel").

4. Dealing in Securities – Legal and Other Considerations

- 4.1. In broad terms, Perilya Personnel (and their related entities or associates) are prohibited from insider trading in securities.
- 4.2. Sections 1042B to 10430 of the Corporations Act 2001 prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:
 - (a) dealing in the securities; or
 - (b) communicating the information to others who might deal in the securities.
- 4.3. The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a

Securities Trading Policy and Guidelines

reasonable person would expect to have a material effect on the price or value of securities in the company ("price sensitive information").

- 4.4. Perilya Personnel will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of Perilya's financial results for the half-year or full year to Australian Stock Exchange Limited ("ASX"), the period during which a major transaction is being negotiated and the period prior to release of exploration results / assays.
- 4.5. The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to ASX, except in limited circumstances. The test of what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of Perilya Personnel contravening insider trading laws as all relevant information will already have been disclosed.
- 4.6. There are a number of limitations and qualifications to the above. They include:
 - (a) the ASX Listing Rules and the Corporations Act 2001 permit companies to not disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
 - (b) in the case of a director, information may be known to a particular director but not yet by the company as a whole (ie. the Board);
 - (c) the company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
 - (d) employees of a company will generally have a better feel for the performance of a company than the public.

In these situations there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as on the Perilya Personnel concerned.

- 4.7. In addition to the insider trading and other restrictions in this policy, Perilya Personnel also owe a duty of confidentiality to Perilya and must not reveal any confidential information concerning Perilya, use that information in any way which may injure or cause loss to Perilya, or use that information to gain an advantage for themselves.

Under the Corporations Act, breach of these duties may result in:

- liability for a civil penalty;
- criminal liability of recklessness or dishonesty is involved; and/or

Securities Trading Policy and Guidelines

- liability to compensate Perilya for any damage it suffers as a result of the disclosure.

5. Consequences of Breach

- 5.1. Strict compliance with this policy is mandatory for all Perilya Personnel.
- 5.2. Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability for Perilya Personnel.
- 5.3. Breaches of this policy may damage Perilya's reputation in the investment community and undermine confidence in the market for Perilya securities. Accordingly, breaches will be taken very seriously by Perilya and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

6. Policy – Dealing in Perilya Securities

- 6.1. Perilya Personnel must not at any time engage in short-term trading in Perilya securities.
- 6.2. Perilya Personnel must not communicate price sensitive information to a person who may deal in Perilya securities.
- 6.3. Perilya Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of Perilya securities.
- 6.4. Employees (other than directors and senior executives)

If you are not a “Director” or a “Senior Executive” of the Company:

- you can deal in Perilya securities at any time provided that you are not in possession of any price sensitive information that is not generally available to the public; and
- you are not required to notify Perilya that you intend to deal in Perilya securities or after you have dealt in such securities.

- 6.5. Directors and Senior Executives

If you are a Director or a Senior Executive of the Company, you can deal in Perilya securities (subject to Closed Periods refer to clause 6.6 below) provided:

- you have satisfied yourself that you are not in possession of any price sensitive information that is not generally available to the public; and
- you have contacted the Chairman, or in his absence, the Company Secretary, and notified him of your intention to do so and the Chairman or Company Secretary indicates that there is no impediment to your doing so.

Securities Trading Policy and Guidelines

If you are the Chairman, you must contact two independent non-executive directors and the company secretary and notify them of your intention to deal. They must advise that there is no impediment to your doing so.

The Company Secretary is responsible for keeping the Chairman apprised of all relevant considerations.

6.6. Closed Periods

The Chairman will generally not allow Directors and Senior Executives to deal in Perilya securities of the Company as a matter of course in the following periods:

- (a) within the period of 1 month prior to the release of annual or half yearly results;
- (b) within the period of 1 month prior to the issue of a prospectus; and
- (c) when there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

Directors and Senior Executives should wait at least 2 business days after the relevant release before dealing in securities so that the market has had time to absorb the information.

In specific circumstances however, such as financial hardship, the Chairman may waive the requirement of a Director or Senior Executive to deal in Perilya securities outside the above periods on the condition that the Director or Senior Executive can demonstrate to him that they are not in possession of any price sensitive information that is not generally available to the public.

7. Notification of Dealings in Perilya Securities

Subsequent to dealing in Perilya securities, Directors and Senior Executives must complete a Notice of Share Trading in Perilya. This confirmation will include:-

- the name of the person or company in which the Perilya securities are held;
- the date of the dealing;
- the number of Perilya securities subscribed for, bought or sold;
- the amount paid or received for those Perilya securities; and
- the number of Perilya securities held (directly or indirectly) after the dealing.

8. Directors' Disclosure – S.205G Notice

- 8.1. ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in Perilya securities by Directors within 5 business days. Three appendixes are included in the Listing Rules for the purpose of this

Securities Trading Policy and Guidelines

notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.

- 8.2. Section 205G of the Corporations Act 2001 requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any Perilya securities. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications. ASIC has granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

9. Explanation of Terms

For the purposes of this policy:

"deal in securities" means buy or sell shares, options or other securities, or enter into transactions in relation to shares, options or other securities, either directly or through a family trust, superannuation fund, company or in any other manner.

"Director" means a director of Perilya Limited and includes any related party of the director.

"Insider Trading" includes:-

- dealing in securities whilst in possession of inside information; or
- communicating inside information to another person knowing that the other person would, or would be likely to, use that information to deal in or procure someone else to deal in securities (known as "tipping").

Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities Commission. In a criminal prosecution, the maximum penalty for an individual is \$220,000 and/or 5 years imprisonment. In a civil penalty proceeding, a penalty of up to \$200,000 may be imposed. In both cases the offender may be ordered to pay compensation to anyone who suffered loss as a result of insider trading.

"price sensitive information" has the meaning given in paragraph 4.

"securities" applies not only to Perilya securities but also to securities of other companies such as joint venture participants or other parties involved in a corporate transaction with Perilya or a Perilya contractor or shareholder.

"Senior Executive" applies to those employees appointed by Perilya Limited in the position of General Manager and the Company Secretary and includes any related party.

Approved by the Perilya Board on 25 September 2006

