

Security Trading Policy

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1 Definitions

“**associate**” includes:

- (a) a related body corporate; and
- (b) a director or secretary of a related body corporate.

“**ASX**” means ASX Limited.

“**ASX Listing Rules**” means the official listing rules and requirements from time to time of the ASX.

“**Blackout Period**” has the meaning given to that term in section 5.1.

“**Board**” means the board of Directors of Probiotec as constituted from time to time.

“**Chairman**” means the Chairman of the Board from time to time.

“**Company Secretary**” means the company secretary of Probiotec from time to time.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**dealing**” or “**trading**” (singular use “**deal**” or “**trade**”) includes:

- (a) any acquisition or disposal of any securities of Probiotec;
- (b) entering into any agreement to apply for, acquire or dispose of any securities of Probiotec; and
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of any securities of Probiotec.

“**Designated Officer**” means:

- (a) in the case that the Chairman is the person applying to deal in the securities of Probiotec the Company Secretary; or
- (b) in the case of all other Key Management Personnel applying to deal in the securities of Probiotec, the Chairman.

“**Directors**” means the directors of Probiotec from time to time.

“**generally available**”, in relation to information, means any such information which:

- (a) is readily observable;
- (b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under either paragraphs (a) or (b) above.

“**Key Management Personnel**” (singular use “**Key Management Person**”) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of Probiotec, directly or indirectly, including any Director.

“**Probiotec**” mean Probiotec Limited ACN 075 170 151

“Prohibited Period” has the meaning given to that term in section 5.3.

“related party” includes:

- (a) a spouse or de facto spouse of a Key Management Person;
- (b) a parent, son or daughter of a Key Management Person;
- (c) any company, trust or other entity over which a person referred to in (a) or (b) above has control; or
- (d) any company, trust or other entity over which two or more persons referred to in (a) or (b) above together have control.

“securities” includes:

- (a) ordinary shares;
- (b) partly paid shares;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) legal or equitable rights or interests in (a) to (e) above; and
- (g) any derivatives including but not limited to options in respect of any of (a) to (e) above.

2 Introduction

- 2.1 This policy has been approved by the Board of Probiotec. The Board may approve any updates, amendments to and exemptions to this policy from time to time. If this policy conflicts with any other policy concerning this subject matter, this policy prevails to the extent of the inconsistency.
- 2.2 The ordinary shares of Probiotec are listed on the ASX. Probiotec aims to achieve the highest possible standards of corporate conduct and governance.
- 2.3 The purpose of this policy is to ensure compliance with the ASX Listing Rules and the *Corporations Act 2001* (Cth), and to ensure that Key Management Personnel and their associates are aware of the legal restrictions that exist on dealing in Probiotec’s securities while such a person is in possession of unpublished price sensitive information concerning Probiotec.
- 2.4 The policy recognises that it is illegal for a person to deal in Probiotec’s securities when he or she is in possession of unpublished price sensitive information concerning Probiotec. This is regardless of whether the terms of this policy have been complied with.
- 2.5 This policy shall be distributed to all Key Management Personnel and it is the responsibility of each Key Management Person to comply with this policy. Any non-compliance with this policy will be considered as serious misconduct.
- 2.6 The restrictions set out in this policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between Probiotec and a Key Management Person or a person holding securities in Probiotec or any provisions in Probiotec’s employee incentive plans. Where the provisions of an agreement between Probiotec and a Key Management Person or a person holding securities in Probiotec conflict with the provisions of this policy, the most restrictive provisions will prevail.

3 Insider Trading

- 3.1 A person engages in insider trading if that person deals in securities of a relevant entity while possessing information that:
- (a) is not *generally available*; and
 - (b) if it were available, may have a material effect on the price or value of the relevant entity's securities, 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 or value of the entity's securities. This type of information is commonly referred to as "price sensitive information" or "inside information".
- 3.2 Information is considered 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.
- 3.3 The prohibition against insider trading applies to:
- (a) direct trading in Probiotec's securities;
 - (b) procuring another person to trade in Probiotec's securities; or
 - (c) communicating price sensitive information to another person who is likely to trade in Probiotec's securities.
- 3.4 Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. Probiotec may in certain circumstances also be liable if a Key Management Person or their associate engages in insider trading. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.
- 3.5 The requirements imposed by this policy are separate from, and in addition to, the legal prohibitions on insider trading in Australia. Accordingly, under insider trading laws a person who possesses price sensitive information may be prohibited from trading even where the trading is permitted by this policy.

4 Scope of this Policy

- 4.1 This policy extends to dealing in the securities of Probiotec by Key Management Personnel of Probiotec, any associate or related party of any Key Management Personnel and any company, trust or other entity in which any Key Management Personnel have a relevant interest. Accordingly, references to dealings in the securities of Probiotec by a Key Management Person in this policy apply equally to dealings in the securities of Probiotec by any associate or related party of that Key Management Person and any company, trust or other entity in which any Key Management Personnel have a relevant interest.
- 4.2 This policy does not apply to the following trading in the securities of Probiotec:
- (a) transfers of securities of Probiotec by Key Management Personnel into a superannuation fund or other saving scheme in which the Key Management Person is a beneficiary;
 - (b) transfers of securities of Probiotec which result in no change to the beneficial interest in the securities;
 - (c) transfers of securities of Probiotec between a Key Management Person and a related party of that person;

- (d) where a Key Management Person is a trustee, trading in the securities of Probiotec by that trust provided the Key Management Person is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Key Management Person;
- (e) undertakings to accept or the acceptance of, or a disposal of securities of Probiotec arising from, a takeover offer, scheme of arrangement or equal access buy-back;
- (f) 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;
- (g) a disposal of securities of Probiotec that is the result of a secured lender or financier exercising their rights under a loan agreement;
- (h) an acquisition or disposal of securities of Probiotec under a pre-determined investment or divestment plan for which prior written approval has been provided by the Designated Officer and where:
 - (i) the Key Management Person did not enter into or amend the plan during a Prohibited Period; and
 - (ii) the plan does not permit the Key Management Person to exercise any discretion over how, when or whether to acquire or dispose of securities of Probiotec; and
- (i) an acquisition of securities of Probiotec under an employee incentive scheme.

5 Periods During Which Dealings Must Not Take Place

- 5.1 Key Management Personnel must not deal in Probiotec's securities during the following closed periods "**Blackout Periods**":
- (a) the period commencing 6 weeks prior to the release of Probiotec's half year financial results to the ASX and ending on the close of trading in Melbourne one day after the announcement of those results; and
 - (b) the period commencing 6 weeks prior to the release of Probiotec's full year financial results to the ASX and ending on the close of trading in Melbourne one day after the announcement of those results.
- 5.2 In addition to the Blackout Periods, no dealing in Probiotec's securities will be permitted at any time that a Key Management Person possesses (or is deemed to possess) any price sensitive information which is not generally available.
- 5.3 In addition to the Blackout Periods and the period referred to in section 5.2 above, the Board has the discretion to prohibit trading by any Key Management Person during any additional periods, which may be imposed by the Board when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A (together with the Closed Periods and the period referred to in section 5.2 above, the "**Prohibited Period**").

6 Pre-Dealing Procedure - trading outside Prohibited Periods

- 6.1 For all periods which are not Blackout Periods, Key Management Personnel must apply to the Company Secretary on behalf of the Designated Officer to deal in the securities of Probiotec. The application must be in writing in the form set out in the Schedule and submitted to the Company Secretary on behalf of the Designated Officer.
- 6.2 On receipt of an application under section 6.1, the Company Secretary shall procure that the Designated Officer considers the application. No dealing in Probiotec's securities may be undertaken before the Key Management Person receives the written approval of the Designated Officer (which may be refused or given subject to any conditions the Designated Officer determines necessary to comply with this policy).
- 6.3 Any dealing in Probiotec's securities by a Key Management Person approved by the Designated Officer in accordance with section 6 must be completed within 14 days (or such earlier time as determined by the Designated Officer) from the date that the Key Management Person receives written approval from the Designated Officer, and the Key Management Person must advise the Company Secretary on behalf of the Designated Officer promptly following completion of any such trade.
- 6.4 Any approval to deal in Probiotec's securities by a Key Management Person in accordance with section 6 is automatically deemed to be withdrawn if the Key Management Person becomes aware of any price sensitive information prior to or during any approved dealing in Probiotec's securities.

7 Dealing during Prohibited Periods in Exceptional Circumstances

- 7.1 Key Management Personnel may in exceptional circumstances apply to the Company Secretary on behalf of the Designated Officer for approval to deal in Probiotec's securities during a Prohibited Period, provided that the Key Management Person is not in possession of any inside information. The application must be in writing (which, for the avoidance of doubt, does not include by e-mail or facsimile as original signatures are required) and in the form set out in the Schedule and submitted to the Company Secretary on behalf of the Designated Officer.
- 7.2 On receipt of an application under section 7.1, the Company Secretary shall procure that the Designated Officer considers the application. No dealing in Probiotec's securities may be undertaken before the Key Management Person receives the written approval of the Designated Officer (which may be refused or given subject to any conditions the Designated Officer determines necessary to comply with this policy).
- 7.3 The Designated Officer may grant the Key Management Person written permission to deal in Probiotec's securities during the Prohibited Period if the Designated Officer is satisfied (in its absolute discretion) that the Key Management Person's circumstances amount to exceptional circumstances.
- 7.4 Without limiting the discretion of the Designated Officer under this section 7, the following factors may be considered by the Designated Officer in determining whether the Key Management Person is to be granted permission to deal in Probiotec's securities during a Prohibited Period:
- (a) whether the Key Management Person is suffering severe financial hardship;
 - (b) whether the Key Management Person is required by a court order or a court enforceable undertaking or other legal or regulatory requirement to transfer, or accept a transfer of, securities of Probiotec; and

- (c) whether the Key Management Person's circumstances are otherwise exceptional that warrant the granting of approval of the Key Management Person to deal in Probiotec's securities during the Prohibited Period.
- 7.5 Any dealing in Probiotec's securities by a Key Management Person approved by the Designated Officer in accordance with section 7 must be completed within 7 days (or such earlier time as determined by the Designated Officer) from the date that the Key Management Person receives written approval from the Designated Officer, and the Key Management Person must advise the Company Secretary on behalf of the Designated Officer promptly following completion of any such trade.
- 7.6 Any approval to deal in Probiotec's securities by a Key Management Person in accordance with section 7 is automatically deemed to be withdrawn if the Key Management Person becomes aware of any price sensitive information prior to or during any approved dealing in Probiotec's securities.

8 Margin Loans and Security Arrangements

- 8.1 Key Management Personnel may only enter into a margin loan or other security arrangement in respect of Probiotec's securities with the prior written approval of the Designated Officer (in its absolute discretion).
- 8.2 Any approval by the Designated Officer may be subject to the condition that Probiotec be permitted to disclose to the ASX the existence of the margin loan or security arrangement, and where Probiotec considers appropriate, any relevant terms such as the trigger points or right of the financier to sell unilaterally.

9 Hedging

Probiotec prohibits Key Management Personnel (and their closely related parties as that term is defined in the Corporations Act) from entering into hedging arrangements in relation to the Probiotec's securities, including, without limitation arrangements (in the case of Key Management Person) that would have the effect of limiting the exposure of the person to risk relating to an element of their remuneration that has not vested, or has vested but remains subject to a holding lock.

10 Further assistance

Any Key Management Person who is unsure of the nature of the information that they have in their possession and whether they may deal in Probiotec's securities should contact the Company Secretary before dealing in any securities of Probiotec.

SCHEDULE - APPLICATION TO TRADE

To: The Company Secretary
Probiotec Limited

In accordance with Probiotec's Security Trading Policy, I request the Designated Officer's approval for the following proposed transaction to be undertaken either by me or by persons associated with me:

Name:	
Name of registered holder transacting (if different):	
Residential address:	
Office or position in Probiotec:	
Type of transaction (circle):	Sale/ Purchase/ Other (specify)
Description and number of securities that are subject of the proposed transaction:	
To be transacted (circle):	On ASX/ Off-market trade/ Other (specify)
Likely date of the transaction (on or about):	

The following information is only required if you are seeking approval to deal in Probiotec's securities during a Prohibited Period:

Details of the exceptional circumstances pursuant to which I make this application:	
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I declare and confirm that:

- 1 I have read the Probiotec Security Trading Policy and my decision to deal in securities of Probiotec has not been made on the basis of information that:
 - (a) is not generally available, and
 - (b) would be expected by a reasonable person to have a material effect on the price or value of the securities of Probiotec, if it was generally available.
- 2 Probiotec is not advising or encouraging me to trade in any securities of Probiotec and does not provide any securities recommendation; and
- 3 I know of no reason to prohibit me from trading in Probiotec's securities and certify that the details given in this application are complete, true and correct.

Signed by

Print name: _____

Print date: _____

Designated Officer Consideration

(For Completion by Designated Officer)

I have reviewed the contents of this application and hereby approve/do not approve the proposed transaction described in the application.

Any approval is conditional on the proposed transaction being completed within 14 days (or 7 days in the case of exceptional circumstances) of the date of this approval and in compliance with Probiotec's Security Trading Policy.

Signed by the Designated Officer

Print name of the Designated Officer: _____

Print position of the Designated Officer: _____

Print date: _____