



STELLAR RESOURCES LIMITED

SECURITIES TRADING POLICY

MARCH 2015

SECURITIES TRADING POLICY

The Securities Trading Policy (Policy) outline the circumstances in which Designated Persons and their Associated Parties may trade in Stellar Resources Limited (SRZ) securities.

Designated Persons

This Policy and the restrictions on trading in securities of the Company, applies to the following representatives of the Company and its subsidiaries (Designated Persons):

- The Board;
- The Managing Director (or equivalent) and Company Secretary of the Company;
- Directors and Company Secretary of any subsidiary of the Company;
- All employees of the Company;
- Any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company; and
- Consultants, advisors and contractors.

Associated Parties

Each Designated Person has a responsibility to ensure that his or her “associated parties” being immediate family, including a spouse (or equivalent) or dependent, family company or trust complies with the same respective restrictions as apply to Designated Persons.

SRZ securities includes:

- (a) any shares in the Company;
- (b) any other securities issued by the Company such as options or plan shares; and
- (c) derivatives and other financial products issued by third parties in relation to the Company’s shares, options or plan shares.

To trade in SRZ securities includes:

- (a) subscribing for, purchasing or selling SRZ securities or entering into an agreement to do any of those things;
- (b) advising, procuring or encouraging an associated party to trade in SRZ securities; and
- (c) entering into agreements or transactions which operate to limit the economic risk of a person’s holdings in the SRZ securities.

In this policy, Key Management Personnel means any Director, executive, senior staff or contractor of the Company, as determined by the Chairman and Company Secretary.

Policy purpose

This Policy sets out the circumstances in which Designated Persons and/or Associated Parties may trade in SRZ securities with the objective that no Designated Person and their Associated Parties will contravene the requirements of the Corporations Act 2001 (Cth) (Corporations Act).

The purpose of the Policy is to:

- (a) set out the restrictions on trading SRZ securities by people who work or are associated with the Company;
- (b) provide guidance to Designated Persons and/or their associated parties in determining when they may trade SRZ securities; and
- (c) assist in preserving market confidence in the integrity of dealings in SRZ securities.

This Policy is not designed to prohibit Designated Persons and/or their associated parties from investing in SRZ securities but does recognise that there may be times when Designated Persons and/or their associated parties cannot or should not trade in SRZ securities.

Board of Directors discretion

The Board of the Company has an absolute discretion to place an embargo on Designated Persons trading in the Company's securities at any time in addition to the above.

Inside information

A person is in possession of "inside information" in relation to SRZ in circumstances where:

- (a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of SRZ securities; and
- (b) the person knows, or reasonably ought to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the SRZ securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of SRZ securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to trade in SRZ securities in any way. It does not matter how the Designated Person came to have the inside information.

If a Designated Person possesses "inside information" in relation to the Company, the person must not:

- (a) trade in SRZ securities in any way; nor
- (b) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, trade in SRZ securities in any way or procure a third person to trade in SRZ securities in any way.

A Designated Person may obtain inside information in relation to another company. For example, in the course of negotiating a transaction with SRZ, another company might provide confidential information about itself. The prohibition on insider trading is not restricted to information affecting SRZ securities. The Designated Person in possession of the inside information must not trade in securities of those other companies nor procure his or her associates to do so.

A Designated Person who trades in SRZ securities while in possession of "inside information" may be liable to both civil and criminal penalties.

Examples of "inside information"

Examples of information may be considered to be "inside information" include the details relating to the items listed below (this is not an exhaustive list):

- (a) production, reserves and/or financial results;
- (b) prospective financial information;
- (c) proposed transactions including entry into a major borrowing;
- (d) unpublished announcements, including drill hole assays;
- (e) proposed changes in capital structure, including share issues, rights issues and the redemption of securities;
- (f) impending mergers, acquisitions, reconstructions, takeovers, etc;

- (g) significant litigation and disputes;
- (h) significant changes in operations or proposed changes in the general character or nature of the business of the Company;
- (i) cash flow information;
- (j) major or material purchases or disposals of assets; and
- (k) proposed or new significant contracts or termination of same.

Dealing with security analysts, institutional investors and journalists

- (a) all Designated Persons must be aware that selective disclosure of non-public information may give rise to inside information.
- (b) if during the course of a discussion, non-public information is disclosed, the recipient of the information should be informed of its non-public nature and cautioned against its use.
- (c) the Designated Person must notify the Company Secretary immediately so that a decision can be made regarding disclosure of the information.

Company's policy on trading in SRZ securities

No short term trading: Speculating in short-term fluctuations in SRZ securities does not promote shareholder or market confidence in the integrity of SRZ. It is SRZ's policy that Designated Persons must not engage, directly or indirectly, in short-term or speculative trading in SRZ securities. However, the sale of shares immediately after they have been acquired through a conversion of a security (e.g. exercise of an option) will not be regarded as short-term trading.

Closed periods: Key Management Personnel are prohibited from trading in SRZ securities during the following times:

- (a) the periods between the end of the March and September quarters and the release of the Company's next quarterly report to ASX;
- (b) the period between the end of June quarter and the release of the Company's annual report to ASX;
- (c) the period between the end of the December quarter and the release of the Company's half year report to ASX.

provided that the person is not at the time of trading in possession of any inside information relating to the Company or its securities.

Prior approval for all trading by Key Management Personnel: Key Management Personnel must not trade in SRZ securities at any time (including outside 'Closed periods' as defined above) without the prior approval of the Chairman or Company Secretary.

Chairman and company secretary: The Chairman must not trade in SRZ securities without the prior approval of the Managing Director or the next most senior Director. The Company Secretary must not trade in SRZ securities without the prior approval of the Chairman or the next most senior Director.

All requests for approval must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.

Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale.

Exceptional circumstances: Trading in SRZ securities by Key Management Personnel during a Closed Period may be permitted with prior written approval of both the Chairman and Company Secretary, if the following exceptional circumstances apply:

- (a) severe financial hardship;
- (b) in order to comply an undertaking given to, or an order by, a court; or
- (c) such other exceptional circumstances as may from time to time be determined by the Chairman and the Company Secretary.

Designated Persons other than Key Management Personnel: Designated Persons who are not Key Management Personnel may trade in SRZ securities at any time provided the Designated Person receives the prior approval of the Company Secretary before commencing the transaction. Designated Persons who are not Key Management Personnel are strongly advised to limit trading in SRZ securities during a closed period. In any event, Designated Persons who are not Key Management Personnel must not trade in SRZ securities at any time if in possession of any inside information relating to those securities or if they are engaging in short term trading.

Exceptions to the Policy: Designated Persons may at any time:

- (a) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this Policy);
- (b) acquire SRZ securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire SRZ securities under a dividend reinvestment plan, a rights issue or a share purchase plan that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire, shares or options under a Company share or share option plan;
- (e) exercise options or rights acquired under a Company incentive plan;
- (f) transfer the SRZ securities already held into a superannuation fund or other saving scheme in which the Designated person is a beneficiary, subject to ensuring the transfer does not contravene the laws prohibiting insider trading;
- (g) transfer the SRZ securities already held where the beneficial interest of those securities does not change;
- (h) invest in, or trade unit of, a fund or other scheme where the assets of the fund or other fund or other scheme are invested at the discretion of a third party; and
- (i) accept a takeover offer.

Prohibition on unvested hedging: Key Management Personnel participating in an equity-based incentive plan of the Company are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the SRZ's securities.

Limitation on vested hedging: Vested entitlements to securities held by Designated Persons may only be hedged once the relevant securities have been exercised into shares, subject to any hedging proposal being approved in writing beforehand by the Chairman or Board of Directors.

Notification to market

In accordance with the Corporations Act and ASX Listing Rules, a Director must notify the ASX within five business days after any change in the Director's relevant interest in securities of the Company or a related body corporate of the Company.

A Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the Corporations Act and the ASX Listing Rules.

Consequences of breach

Strict compliance with this Policy is mandatory for all persons covered by this Policy. Breaches of this Policy may damage the Company's reputation in the investment community and undermine confidence in the market for SRZ securities. Accordingly, breaches will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

Questions/Further information

A copy of this Policy is available on the Company's website: www.stellarresources.com.au.

If you have any questions or need further information on how to comply with this Policy, please contact the Company Secretary.

