



Red 5 Limited

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23 December 2010

Manager Announcements
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

SHARE TRADING POLICY

Please find enclosed a copy of the share trading policy of Red 5 Limited.

Yours faithfully

Frank Campagna
Company Secretary

CORPORATE GOVERNANCE POLICIES

SECURITIES TRADING POLICY

The Company's share trading policy regulates dealings by directors, officers and employees in securities issued by the Company. Where appropriate, this policy also applies to contractors and consultants.

This policy imposes basic trading restrictions on all directors and employees of the Company and its related entities who possess inside or unpublished price-sensitive information. Additional trading restrictions apply to:

- all directors (and any of their associates);
- key management personnel, as defined in Australian Accounting Standard AASB 124: Related Party Disclosure; and
- any other employees, contractors or consultants of the Company considered appropriate by the Managing Director and Company Secretary from time to time.

GENERAL RESTRICTIONS WHEN IN POSSESSION OF INSIDE INFORMATION

Insider trading laws

Insider trading laws cover all directors and employees of the Company. Broadly, if a person is in possession of any unpublished price-sensitive information about the Company, it is a criminal offence to:

- trade in the Company's securities;
- advise or procure another person to trade in the Company's securities; or
- pass on inside information to someone else, knowing that the other person may use that information to trade in, or procure someone else to trade in, the Company's securities.

Unpublished price-sensitive information includes any information which relates to the Company or its securities and:

- 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 Company's securities, or would be likely to influence a person in deciding whether to buy or sell the Company's securities.

Confidential information

Employees and directors also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else.

ADDITIONAL TRADING RESTRICTIONS FOR DIRECTORS AND SOME EMPLOYEES

Additional restrictions on trading in the Company's securities apply to directors of the Company, all key management personnel and any other employees of the Company considered appropriate by the Managing Director and Company Secretary from time to time (Restricted Persons).

Restricted Persons generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional restrictions apply for any proposed trading in shares by Restricted Persons during nominated “closed periods”. The closed periods generally apply to the period immediately preceding periodic and continuous disclosure.

Restricted Persons are prohibited from trading in the Company’s securities during the following designated closed periods:

- in the two weeks prior to the release of the Company’s quarterly reports and for 1 business day after the release of the report;
- in the four weeks prior to the release of the Company’s half year financial results and for 1 business day after the release of the results;
- in the four weeks prior to the release of the Company’s full year financial results and for 1 business day after the release of the results.

Trading with permission during closed period

In exceptional circumstances clearance may be given for a Restricted Person to sell (but not to purchase) securities when they would otherwise be prohibited from doing so but not while there exists any matter which constitutes unpublished price-sensitive information in relation to the Company’s securities. Examples of circumstances where clearance may be given include severe financial hardship where the employee has a pressing financial commitment that cannot be satisfied other than by disposing of securities; or the sale or disposal of securities under a court order or enforceable undertaking (such as a family court settlement).

The determination on whether to give clearance for trading during a closed period under exceptional circumstances must be made by either the Chairman and/or Managing Director and at least one other non-executive director. Consideration will be given to whether the sale or disposal of the relevant securities is the only reasonable course of action available to the Restricted Person.

Permission for trading must be evidenced by prior written communication, whether by letter, facsimile, e-mail, or other visible form of communication.

Requirements before trading

Before trading, or giving instructions for trading in the Company’s securities:

- a director must notify the Chairman of his intention to trade;
- confirm that he does not hold any unpublished price sensitive information;
- have been advised by the Chairman that there is no reason to preclude him from trading in the Company’s securities as notified; and
- complied with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

In the case of the Chairman intending to trade in the Company’s securities, he must notify and obtain clearance from the Chairman of the Audit Committee before trading, or giving instructions for trading.

In the case of any other Restricted Person, he must notify and obtain clearance from the Chairman or the Company Secretary before trading, or giving instructions for trading.

Notification of trading

As required by the Corporations Act and the ASX Listing Rules, directors must notify the Company Secretary of any dealings in the Company’s securities immediately and in any event within 5 business days of the date of any such dealings.

Securities issued under equity-based remuneration scheme

Directors, officers and employees of the Company are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the Company's employee equity scheme.

Where a director or senior executive enters into arrangements for the hedging of vested options granted under the Company's employee equity scheme, details of the hedging arrangements must be immediately notified to the Chairman or Company Secretary.

Trading circumstances excluded from share trading policy

The following forms of trading activity are excluded from the operation of the share trading policy but remain subject to the insider trading provisions of the Corporations Act:

- transfers of securities which result in no change in the beneficial ownership of the securities;
- transfers of securities already held in a person's own name into a superannuation fund to which that person is a beneficiary;
- investments in or trading by a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party;
- the conversion of convertible securities where the expiry date of the securities occurs during a closed period;
- the acquisition (but not disposal) of shares or options offered under an employee share or option scheme;
- the acquisition of securities arises under an offer made to all or most security holders, including a security purchase plan, pro-rata rights issue, bonus issue, dividend re-investment plan and equal access buy-back;
- acceptance of or agreement to accept a takeover offer;
- a disposal of securities that is a result of a secured lender exercising its rights, for example, under a margin loan arrangement.

Breaches of policy

Strict compliance with this policy is a condition of employment.

General

This trading policy encourages directors and employees to be long-term holders of the Company's securities, and discourages short-term trading.

The requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

Policy history

Established: September 2004

Last review: December 2010