

BIOPROSPECT LIMITED

SECURITIES TRADING POLICY

1. Introduction

- 1.1 The Board of Directors (the Board) of BioProspect Limited (BioProspect) has established a Securities Trading Policy (the Policy).
- 1.2 This Policy has been developed to help you understand insider trading and your obligations under Australian law.
- 1.3 This Policy applies to the Board and employees of BioProspect and any of its subsidiaries.
- 1.4 During your employment with BioProspect you may become aware of information that could have an impact on the price of shares and other financial products in the market. This information could be considered 'inside information'.
- 1.5 Insider trading is a serious breach of conditions of employment with BioProspect and may lead to disciplinary action up to and including dismissal.

2. General Policy

- 2.1 If you have price sensitive information about a company's financial products which is not generally available to others, under the *Corporation Act 2001*, you cannot:
 - (a) apply for, acquire or dispose of those financial products, or enter into an agreement to do any of those things, or
 - (b) procure that another person does any of those things in relation to those financial products.
- 2.2 If you have price sensitive information about a company's financial products that are listed on a financial market (such as the Australian Securities Exchange (ASX)), then you must not communicate that information to a person if you know, or ought reasonably to know, that the person is likely to deal or trade in those financial products.
- 2.3 These rules not only prevent you from trading but also prevent you from encouraging other people to trade.

3. Who is an Insider?

- 3.1 You are an insider if:
 - (a) you have information that is not generally available but if it were, a reasonable person would expect it to have a material effect on the price or value of financial products ('inside information'), and
 - (b) you know, or ought reasonably to know, that the information is inside information.

4. What is a financial product?

- 4.1 For this Policy, a reference to a financial product is only to those products which are subject to the insider trading rules.
- 4.2 The insider trading rules apply to the following financial products:
- (a) Securities, including a company's shares, debentures (including convertible notes), managed investment interests made available by it, units of shares or of managed investment interests and exchange traded and over the counter put and call options over any of those securities,
 - (b) derivatives, including exchange traded options, equity swaps, futures or options, equity futures or other futures which relate to any financial products of a company,
 - (c) superannuation products,
 - (d) managed investment products, and
 - (e) any other financial product that can be traded on a financial market.

5. What constitutes information?

- 5.1 'Information' means any fact, matter or circumstance and includes:
- (a) matters relating to the intentions or likely intentions, of a person, and
 - (b) matters of supposition or which are otherwise insufficiently definite to warrant being made known to the public.
- 5.2 Information is 'generally available' if:
- (a) it has been made known to people who commonly invest in the type of financial product involved or
 - (b) it consists of readily observable matter, or
 - (c) it consists of deductions, inferences or conclusions made or drawn from readily observable matter.
- 5.3 Information has a 'material effect' on the price of financial products if the information would, or would be likely to, influence people who commonly acquire financial products in deciding whether or not to dispose of or acquire the particular financial products.
- 5.4 The following types of information (which is a non-exhaustive list) are considered inside information:
- (a) actual cash flow results,
 - (b) forecasts of future cash flows and/or profit results,

- (c) a capital raising initiative,
- (d) details of a new discovery or new product,
- (e) results of product development field or laboratory trials,
- (f) changes in strategic direction of the business,
- (g) an actual or proposed acquisition or disposal of assets,
- (h) actual or proposed major litigation, and
- (i) the appointment or resignation of the Chief Executive Officer or Managing Director, Chief Operating Officer, non- executive director or Chairman.

6. Specific Rules for an Insider

- 6.1 You must not get another person (whether a friend, associate, family friend, colleague or your private company or trust) to apply for, acquire, or dispose of, the financial products for you, or for another person or for themselves.
- 6.2 You must not apply for, acquire, or dispose of, financial products of the company to which the inside information relates, either for yourself or for another person.
- 6.3 If the financial products are also listed on a financial market (ie ASX) you must not, either directly or indirectly, give the inside information, or allow it to be given, to another person who you know, or should know, would be likely to do any of the prohibited things described in 5.4.
- 6.4 If you liaise with industry analysts or the media on the business activities of BioProspect, you must not give them any inside information about BioProspect, or confirm with them any hunches or suspicions which they may have, even if their hunches are based on their own analysis and research.
- 6.5 With regard to financial products issued by a customer of BioProspect and where you have access to inside information about that customer, you must not apply for, dispose of or acquire those financial products or attempt to influence others (including associates, family, colleagues, private company or trustee) to do so.

7. When do you cease being an insider?

- 7.1 You will no longer be considered an insider once the inside information becomes generally available (as described under section 5).

8. Dealing with BioProspect securities.

- 8.1 No director or employee can trade in or have someone else to trade in financial products of BioProspect in breach of insider trading rules.
- 8.2 Any director or employee who trades in financial products of BioProspect on a financial market should use only one or two brokers, and preferably only one.

- 8.3 At no time can directors or employees engage in short term speculative trading in BioProspect's financial products. This rule is designed to encourage support for the company's long term objectives and discourage short term actions which could affect the share price or lead to market speculation.

9. Director's and employee's trading windows.

- 9.1 Subject to there being no other reasons for prohibition, trading in BioProspect's financial products on a financial market is prohibited within a two week period commencing two weeks before each of (and provided the director or employee has no inside information):
- (a) the release of the quarterly cash flow statements (Appendix 4C);
 - (b) the release of the half-year and full year results; and
 - (c) the issue of a prospectus.
- 9.2 In the case of a Share Purchase Plan or a Rights Issue a director or key management personnel may take up their entitlement without seeking approval from the Chairman. Trading may be permitted outside the windows mentioned in 9.1 if special circumstances exist. Approval must be obtained from the Chairman on the condition that the director or employee is not in possession of any price sensitive information that is not generally available to the public. Special circumstances would cover:
- (a) cases of financial or personal hardship or necessity,
 - (b) transfers to related entities ie a family trust,
 - (c) legal obligations and duties ie the administration of a deceased estate.
- 9.3 The Company Secretary maintains a 'director's register' which keeps track of all trading activities by directors and employees and is also the basis for lodging relevant disclosures with the ASX.
- 9.4 Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in BioProspect.
- 9.5 Employees other than directors must notify the Chairman, or in his absence, the Company Secretary of any dealings in securities of BioProspect within 5 business days.
- 9.6 The Company Secretary will notify the ASX of changes to Director's holdings within 5 business days.

10. Hedging Policy

- 10.1 'Hedging' refers to using financial products to protect against or limit the risk associated with equity instruments, such as shares, options or securities.

10.2 All directors and employees are prohibited from hedging any shares or securities of BioProspect.

11. Effective date

11.1 This Policy was ratified by the Board of BioProspect on 21 December 2010 and amended on 31 January 2012.