

PORT BOUVARD LIMITED

9 September 2011

The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam

Securities Trading Policy

Please find attached the Company's revised Securities Trading Policy (**Policy**) for release to the market.

The material changes to the Policy are the adoption of closed periods for securities trading in lieu of trading windows and the extension of the trading prohibition during closed periods to all employees.

Yours faithfully



Peter Coppini
Company Secretary

POLICIES AND PROCEDURES **SECURITIES TRADING POLICY**

Reference:	CG_11.01
Approval date:	02/09/11
Approved by:	Board
Application date:	02/09/11

1. Introduction

Port Bouvard Limited (**PBD** or **Company**) encourages its employees, executives and Directors to hold PBD securities.

This policy aims to:

- protect stakeholder interests at all times;
- ensure that all persons do not use inside information they possess for their personal advantage or to their customers' or PBD's detriment; and
- ensure that all persons comply with the insider trading provisions of the *Corporations Act (2001)* (Cth) (**Corporations Act**).

In addition, this policy imposes disclosure requirements on Directors.

2. General Prohibition against Insider Trading

This general policy applies to the following persons of the Company or any subsidiary:

- key management personnel (**KMP**);
- employees;
- in-house contractors and consultants;
- executive and non-executive Directors; and
- "Related Parties" (as defined in the Corporations Act),

(**Restricted Persons**).

Each person has an individual responsibility to ensure that they comply with the law relating to insider trading and this policy. A breach of law relating to insider trading can have serious consequences, including individual criminal and civil liability, and is also a breach of the conditions of employment of PBD employees or engagement as a PBD consultant or contractor.

The guidelines to permissible trading in PBD securities (set out in this item 2 and item 3 below) must be read subject to the insider trading provisions of the Corporations Act summarised in this item 2. Even if you intend to trade during a Permitted Trading Period (see item 3.1 below) or you have been given approval to trade, if you have inside information you must not apply for, buy or sell PBD securities, procure another person to do those things, or communicate the inside information to others.

If in doubt please contact the Company Secretary.

2.1 Inside Information

During the course of their duties, Restricted Persons 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 **inside information** (see item 2.2 below).

This information is usually confidential and subject to the Restricted Person's general duties of confidence to PBD and to customers. The insider trading rules in the Corporations Act also affect how Restricted Persons can use this information. This policy summarises the insider trading rules in the Corporations Act and is not intended to be exhaustive.

Where a Restricted Person is in possession of price sensitive information about a company's financial products which is not generally available to others, under the Corporations Act, they cannot:

- apply for, acquire or dispose of those financial products, or enter into an agreement to do any of those things; or
- procure that another person does any of those things in relation to those financial products.

Where the price sensitive information relates to a company's financial products that are listed on a financial market, then Restricted Persons must not, directly or indirectly, communicate that information to a person if they know, or they ought reasonably to know, that the person is likely to deal or trade in those financial products.

These rules not only prevent Restricted Persons from trading, but also prevent Restricted Persons from encouraging other people to trade or giving that information to someone else who is likely to trade or encourage others to trade.

This policy applies equally to financial products issued or made available by PBD or its subsidiaries and to financial products issued or made available by customers or other corporate entities with which Restricted Persons may deal in the course of their duties (e.g. suppliers, sub-contractors or entities in which PBD has an interest).

2.2 Who is an insider?

You are an “insider”:

- if 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
- you know, or ought reasonably to know, that the information is inside information.

You will no longer be an insider once the inside information becomes “generally available” (see item 2.4 below).

2.3 What is a Financial Product?

Financial product has a very wide meaning in the Corporations Act. Not all financial products are subject to the insider trading rules. For the purpose of this policy, a reference to a financial product is only to those products which are subject to the insider trading rules.

The insider trading rules apply to the following financial products:

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- 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;
 - derivatives - including exchange traded options, equity swaps, futures or options, equity futures or other futures which relate to any financial products of a company;
 - managed investment products;
 - superannuation products; and
 - any other financial product that can be traded on a financial market (that is, tradeable on a stock exchange or futures exchange or other type of licensed financial market).

2.4 What constitutes information?

Information means any fact, matter or circumstance and includes:

- matters of supposition (e.g., rumours or innuendo) or which are otherwise insufficiently definite to warrant being made known to the public; and
- matters relating to the intentions, or likely intentions, of a person.

The information can be in any form (e.g., written or verbal).

Information is **generally available** if:

- it consists of readily observable matter; or
- it has been made known to people who commonly invest in the type of financial product involved and a reasonable period has elapsed for it to be disseminated to those people; or
- it consists of deductions, conclusions or inferences made or drawn from readily observable matter or information that has been disseminated.

Information has a **material effect** on the price or value 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 acquire or dispose of the particular financial products.

Restricted Persons may come into possession of inside information if they become aware of any of the following when it is not generally available:

- actual profit results;
- internal forecasts of profit results;
- changes of strategic direction of the business;
- details of a new discovery, new product or substantial new business contract or project;
- the appointment or resignation of a chief executive officer, executive director or chairman;
- an actual or proposed major acquisition or disposal of assets;

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- a float or other share issue, capital raising, takeover, merger, purchase, sale or partial sale of business;
 - actual or proposed major litigation; or
 - any plans involving securities or securities futures of other financial products.

The information may relate to PBD, one of its subsidiaries, a corporate customer or any other company.

2.5 General Insider Trading Rules

All Restricted Persons must follow the rules below if they are considered to be an insider:

- you must not apply for, acquire, or dispose of, financial products of PBD to which the inside information relates, either for yourself or for another person;
- you must not have another person (whether a family member, friend, associate, colleague or your private company or trust) apply for, acquire or dispose of, the financial products for you or for another person or for themselves;
- if the financial products are also listed on a financial market, such as the Australian Securities Exchange (**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 above;
- with regard to financial products of a company which is a customer or another person with whom you do business, you must not apply for, acquire or dispose of or offer or agree to acquire or dispose of those financial products or attempt to influence others (including family, associates, colleagues, private company or trustee) to do so;
- you must not give any inside information to any person who is an employee or contractor of PBD and/or its subsidiaries who is a trader in, or distributor of, financial products or get them to buy or sell for you or another person while you remain an insider; and
- if you liaise with industry analysts or business journalists working on the business activities of PBD, you must not give them any inside information about PBD, or confirm with them any suspicions or hunches which they may have, even if these hunches are based on their own research and analysis.

2.6 Prohibited Trading

The following applies to all Restricted Persons:

- no Restricted Person can trade or get someone else to trade in financial products of PBD in breach of insider trading rules;
- at no time can a Restricted Person engage in short term speculative trading in PBD's financial products. For the avoidance of doubt, the purchase and subsequent sale within a six month period will, in the absence of compelling evidence to the contrary, be deemed to be short term speculative trading; and
- any Restricted Person who trades in financial products of PBD on a financial market should only use at most two brokers, but preferably one broker.

2.7 Closed Period and Permitted Trading Period

Restricted Persons must not trade in PBD securities during the following **Closed Periods**:

- the period from 1 January until the first business day after the release of PBD's half-year results; and
- the period from 1 July until the first business day after the release of PBD's full-year results.

All other days throughout the year constitute the **Permitted Trading Period**.

2.8 Trading in PBD Securities and Required Approvals

Only when the insider trading rules of this policy (item 2.5) are not applicable, trading is not prohibited (item 2.6), and trading is within the Permitted Trading Period (item 2.7), trading may be conducted in PBD securities. Notwithstanding this, prior to trading in PBD securities by Restricted Persons, written prior clearance (which includes e-mail and facsimile) must be obtained as follows:

- Restricted Persons (other than Directors and the Company Secretary) must obtain approval from the Company Secretary;
- all Directors and Company Secretary must obtain approval from the Chairman; and
- the Chairman must obtain approval from an independent non-executive director or the Board of Directors.

Consent will not be given under this item 2.8 if there is any possibility that this policy is breached. Any written prior clearance will be valid for a period of 14 days, unless further extended by agreement.

2.9 Excluded Trading

This policy does not prevent Restricted Persons from trading in PBD securities in certain situations. Such situations include where the trading results in no change in beneficial interest in PBD securities, where trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party, where the Restricted Persons have no control or influence with respect to trading decisions, or where the trading occurs under an offer to all or most of the security holders of the entity.

The following trading is also considered to be excluded trading for the purposes of this item 2.9:

- the issue of securities under an employee incentive scheme approved by the Board;
- the exercise (but not the sale of securities following exercise) of an option under an employee incentive scheme or the conversion of a convertible security;
- trading under an offer or invitation made to all or most of the PBD security holders including an issue of securities under a rights issue, security purchase plan, distribution re-investment plan, equal access buy-back or other pro-rata offer 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 entitlement and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;

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- undertakings to accept, or the acceptance of, a takeover offer;
 - transfers of securities already held into a superannuation fund, family trust, or other saving scheme in which the director or employee is a beneficiary; and
 - the sale of securities in accordance with a margin call under the terms of a margin loan against the relevant PBD securities.

2.10 Exceptional Circumstances for Trading outside Permitted Trading Periods

Trading may be permitted outside the Permitted Trading Period in exceptional circumstances.

Exceptional circumstances may generally only apply in these limited circumstances:

- cases of financial or personal hardship or necessity; and
- legal duties and obligations (for example the administration of a deceased estate or transfers under Family Court Orders).

Whether exceptional circumstances exist will be a matter for the relevant person to decide. However the designated approval officer may only exercise discretion to authorise a transaction outside the Permitted Trading Period if they are satisfied that the proposed transaction is considered the only reasonable course of action and that there is no apparent breach of the insider trading laws.

Restricted Persons wishing to trade in PBD securities outside Permitted Trading Periods based on exceptional circumstances must apply in writing (e-mail and facsimile acceptable) (**Trading Application**) to the following persons for prior written clearance to trade in those securities:

- Restricted Persons (other than Directors and the Company Secretary) must obtain approval from the Company Secretary;
- all Directors and Company Secretary must obtain approval from the Chairman; and
- the Chairman must obtain approval from an independent non-executive director or the Board of Directors.

The Trading Application must include the following information:

- details of the exceptional circumstances;
- the number of securities of the Company that he or she wishes to trade;
- the manner in which those securities will be traded;
- a request for clearance to trade in those securities; and
- confirmation that he or she is not in possession of any inside information (see item 2.2 above).

Any written prior clearance will be valid for a period of 14 days, unless further extended by agreement.

4. Margin Lending

Directors and KMP must inform the Company Secretary if they have entered into margin loans (including by way of security lending) in respect of securities in PBD. The Company Secretary must in turn inform the Board of the existence of such loans.

KMP may only sell all or part of the securities subject to the margin loan in accordance with the terms of this policy. Cases of hardship or exceptional circumstances will also be dealt with in accordance with this policy.

5. No hedging

Despite any other part of this policy, Directors and KMP must not at any time enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

6. Derivatives

Directors and KMP are prohibited from trading in derivatives over PBD securities during prohibited periods.

7. ASX Notification by Directors

The Corporations Act and ASX Listing Rules require Director dealing in PBD securities to be disclosed to the ASX. In order to comply with ASX Listing Rules, each Director must inform the Company Secretary in writing of all Director dealings as soon as reasonably possible after the transaction, and in any event, no later than 3 business days after the transaction.

8. Consequences of Breach of Policy

A breach of this policy by any person will be treated seriously, and may lead to disciplinary action including dismissal.

Strict compliance with this policy is a condition of employment or engagement.

9. Additional Information

All enquiries in respect of this policy should be directed to the Company Secretary.