

DEALING WITH SECURITIES Policy and guidelines

1. WHO DOES THIS POLICY APPLY TO?

This Dealing with Securities Policy (**Policy**) applies to all Directors and employees of Hamilton James & Bruce Group Limited (**HJB** or the **Company**).

2. PURPOSE

The purpose of this Policy is to ensure Directors and employees of HJB comply with statutory and regulatory requirements when dealing with securities.

3. PRINCIPLES

The principles that guide the way we've developed the Policy are listed below. The Policy should:

- Promote transparency.
- Avoid misconception.
- Ensure that actions are legally defensible.

4. SHARE OWNERSHIP POLICY

- 4.1 HJB encourages its Directors and employees to be security holders. Ownership by Directors and employees helps the HJB's management to align some of their interests with those of shareholders.
- 4.2 When Directors and employees deal in HJB's securities they must be sure that it is done legally and does not reflect badly on them or HJB. The following Policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise.

5. INSIDER TRADING

- 5.1 Until released to the public, information that is "material" to the price of securities that are traded and relevant to HJB's plans, information concerning the success or failure of HJB and other results may be confidential "inside" information (**Material Information**) under the provisions of the *Corporations Act* 2001 (Cth.) (**Corporations Act**).
- 5.2 The Corporations Act requires that insiders do not trade in, or recommend trading in, HJB's securities while such inside information remains undisclosed to the general public, and are allowed to trade in or to recommend HJB's securities only after the inside information had been publicly disclosed and a reasonable time for the information to be absorbed by the general public has elapsed. This can be best characterised as the "abstain or disclose" rule.
- 5.3 Information is material if there is a substantial likelihood that, under all the circumstances, the information could reasonably be expected to have been of significance in the deliberations of a reasonable shareholder in deciding whether to purchase or sell HJB securities. Material Information may be either:
- inside information, that is, information affecting the Company's assets or earning power; or
 - market information, that is, information affecting the market for HJB's securities.

5.4 Assuming the existence of a duty to disclose, the following are examples of matters involving Material Information which might well give rise to a duty to abstain or disclose:

- A proposed merger or takeover.
- The potential award of a highly favourable contract.
- A proposed public offering of HJB securities.
- A downwards earning adjustment.
- The likely negotiation of a profitable long-term lease.

5.5 Under the Corporations Act, any Director, employee or external consultant who is in possession of Material Information is an insider. Insider status may go beyond management and non-management employees to members of their families. Others, including friends or brokers who learn such information from insiders and act on such information before it becomes public, are often called tippees. Insiders may incur civil and criminal liability under the Corporations Act for transactions engaged in while having inside information and, may also be liable for the actions of tippees.

5.6 Directors and employees of the Company must not disclose any Material Information to

- Other employees of HJB except on a “need to know basis”.
- External advisors (unless that external advisor is obliged to keep that information confidential).
- Any other person.

6. RESTRICTIONS ON DEALINGS

6.1 HJB policy regarding allowable dealings by Directors and employees in the HJB's securities is that those persons should:

- Never engage in short term trading of HJB's securities.
- Not deal in HJB's securities while in possession of Material Information.
- Notify the Company Secretary of any intended transaction involving HJB's securities 48 hours prior to dealing in the securities.
- Notify the Company Secretary of the details of the trade as soon as possible after the trade has taken place.
- Restrict their buying and selling of HJB's securities to the agreed trading windows.

6.2 If, at any time, you are in possession of information that is inside information you must not trade in the HJB's securities.

6.3 This Policy applies to all employees and Directors and their associates. This means that your spouse, dependent children, family trust and family companies must also comply with this Policy.

7. TRADING WINDOWS

7.1 Subject to the restrictions on dealings detailed above, employees and Directors are permitted to buy and sell HJB's securities within notified trading windows.

7.2 The trading windows will be closed and a “black-out” period applied during the following periods (unless otherwise notified):

- The period from 30 June of each year until the day that is one day after the release of the full year's results.
- The period from 31 December of each year until the day that is one day after the release of the half year's results.

- The 30 day period prior to and one business day after the issue of a prospectus offering HJB's securities.
- For a new issue, while rights are being traded.
- Where the shares are offered pursuant to an approved executive or employee share plan and in accordance with the rules of such plan.

7.3 The Company Secretary may also notify the Directors and employees of HJB that a particular period is a "blackout" period in cases where HJB is involved in a major transaction or Material Information is widely known within HJB.

8. DEALING OUTSIDE AGREED TRADING WINDOWS

8.1 No trading will be permitted outside of the agreed trading windows except with the prior written approval of the Company Secretary.

8.2 The Company Secretary will generally permit trading:

- Following a release of results, which includes adequate comment on new developments during the period. The timing of transactions might be even more appropriate where the report has been mailed to shareholders.
- Where it is proposed to acquire HJB's securities under, for example:
 - A bonus issue made to all holders.
 - A dividend reinvestment or top-up plan available to all holders.
 - An employee share plan or similar.
- Following the wide dissemination of information on the status of HJB and current results. For example, transactions may be appropriate after takeover documents or a prospectus has been released which gives such information in connection with a takeover or new financing.
- Where the timing and purpose of the transaction can be clearly demonstrated to be unrelated to the short-term value of HJB's securities. For example, a disposal of shares may be considered appropriate where the proceeds are required to cover an unexpected medical bill.

8.3 Any request to trade outside the trading windows must be made in writing to the Company Secretary, who will record the request in a register of all relevant details of such dealings and the current interests held by Directors.

8.4 The Policy applies to all employees and Directors and their associates. This means that your spouse, dependent children, family trust and family companies must also comply with this Policy.

9. DEALING WITH SECURITY ANALYSTS, INSTITUTIONAL INVESTORS AND JOURNALISTS

9.1 It is important that all HJB Directors and employees are fully aware that elective disclosure of non-public information may result in a breach of the insider trading rules.

9.2 A person in possession of non-public information who does not personally engage in a transaction but transmits such information to someone who trades on the basis of the information may be just as liable as the person who made the trade.

9.3 Thus, if a report containing material non-public information concerning HJB were communicated only to local or trade journals, and if full public disclosure of the information were not made at the same time, it is possible that this may give rise to breach of the Corporations Act.

9.4 It is important to stress that it is the mere fact of conveyance of the material non-public information which gives rise to liability, not the manner in which it is conveyed. For example, the confirmation of any analyst's educated guess about a situation not known to the general public may be just as much a violation as the direct conveyance of information to an analyst. This is clearly the case even if the analyst's case is based upon his or her independent and creative analysis of publicly available information.

9.5 Directors and employees must be guided by a sense of fairness to all segments of the investing public.

10. NOTIFICATION

10.1 A Director of a listed company is required to notify the ASX of their relevant interests in the securities of HJB within 5 days after their appointment as a Director and within 5 days after any change in their interests.

10.2 A copy of the notification must be simultaneously sent to the Company Secretary.

QUERIES: Company Secretary and Chief Financial Officer

ISSUED DATE: August 2009

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APPROVED BY: Chief Executive Officer and Managing Director
Hamilton James & Bruce Group Limited