

Insider Trading Policy

1 Introduction

The purpose of this policy is to:

- (a) explain the type of conduct that is prohibited under the Corporations Act, which is applicable to all directors, executives, employees and contractors of Environmental Clean Technologies Limited or its subsidiaries; and
- (b) establish a best practice procedure relating to buying and selling securities that provides protection to both the Company and employees against the misuse of unpublished information which could materially affect the value of securities.

2 Dealing in securities

2.1 Summary of Prohibited conduct

Under the Corporations Act, a person is prohibited from dealing in *securities* where:

- (a) the person possesses information which is not generally available; and
- (b) that information may have a *material effect* on the price of Environmental Clean Technologies Limited's shares; and
- (c) the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the share price.

2.2 Policy for dealing in securities

This policy applies to all directors, executives, employees, contractors and their associates (collectively **Employees**).

(a) *Window Period*

Employees may buy or sell [insert company name]'s shares:

- (1) in the period of 28 days commencing 1 day after the announcement of Environmental Clean Technologies Limited's half-yearly results;
- (2) the period commencing 1 day after announcement of Environmental Clean Technologies Limited's annual results to 31 January,

EXCEPT where the Employee is in possession of price sensitive information. The Company may during the 'window' set out above, Guidelines for dealings in securities notify you that you may not buy or sell shares during all or part of any such period.

If you are not sure whether you should buy or sell shares during this time please consult with the relevant person listed in paragraph (b) below.

(b) *During Other periods*

Outside of the 'window' period, all Employees must receive clearance for any proposed dealing in Environmental Clean Technologies Limited shares:

- (1) a **director** of Environmental Clean Technologies Limited must inform and receive acknowledgment from the Chairman;
- (2) **Group Executive Members** and their **direct reports** must inform and receive acknowledgment from the Company Secretary or the Managing Director; and
- (3) all other **employees** must inform and receive acknowledgment from their Manager.

It is intended that your request will be answered within 48 hours.

(c) *Short Term Dealing*

Employees may not deal in Environmental Clean Technologies Limited securities on a short-term basis (ie exchange traded options, forward contracts, etc) at any time.

(d) *Exercise of options*

Options held pursuant to any Environmental Clean Technologies Limited Executive Share Option Plan (**Plan**) may be exercised at any time in accordance with the rules of the Plan unless the Employee is in possession of price sensitive information.

In addition, any sale of Environmental Clean Technologies Limited's shares acquired upon exercise of options must only occur:

- (1) during a window period as set out in paragraph 2.2(a), provided the Employee is not in possession of any price sensitive information; or
- (2) with clearance obtained under paragraph 2.2(b).

2.3 Securities in other companies

The prohibited conduct under the Corporations Act includes dealings in securities of Environmental Clean Technologies Limited as well as of other companies with which Environmental Clean Technologies Limited may be dealing (this would include dealings relating to Environmental Clean Technologies Limited's customers or joint venture partners) where an Employee possesses 'inside information' in relation to that other company. For example, where you are aware that Environmental Clean Technologies Limited is about to sign a major agreement with another company, you should not buy shares in either Environmental Clean Technologies Limited or the other company.

3 Relevant Terms

3.1 Securities

Securities include:

- ordinary shares;
- preference shares; and
- options.

3.2 Dealing in Securities

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares and entering agreements to buy or sell securities. That is, under this policy and the law the prohibition on dealing means that you are not permitted to:

- buy or sell;
- subscribe for new shares (eg in a float), or

- enter into an agreement to subscribe for, buy or sell, securities, where you or Environmental Clean Technologies Limited possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If you possess price sensitive information that is not generally available, you are also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

For example you cannot ask or encourage family members to deal in securities when you possess price sensitive information and you should not communicate price sensitive information.

3.3 Information that is generally available

Information is considered to be 'generally available' if:

- (a) it consists of readily observable matter; or
- (b) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed.

That is it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways;

or

- (c) it may be deduced, inferred or concluded from the above.

3.4 Material effect of the price of securities

Information is considered by the Corporations Act to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all of information that may be material, however, the following type of information would be likely to be considered to have a material effect on [insert company name]'s share price:

- information regarding a material increase or decrease in [insert company name]'s financial performance from previous results;
- a proposed material business or asset acquisition or sale;
- the damage or destruction of a material plant or operation of the Group;
- proposed material legal proceedings to be initiated by or against the Company;
- regulatory action or investigations undertaken by a Government authority;
- the launch of a new business or material new product;
- a proposal to undertake a new issue of shares or major change in financing.

4 Penalties

A person who commits a breach of the insider trading provisions could be subject to a maximum fine of \$220,000 or imprisonment for up to 5 years, or both. In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

5 Who to contact

If you are in any doubt regarding your proposed dealing in securities you should contact the Company Secretary.