

7 December 2010

Company Announcements Office  
Australian Securities Exchange

**Bionomics' Directors' & Executive Management Share Trading Policy**

In accordance with ASX listing rule 12.9, which will take effect on 1 January 2011, I attach a copy of Bionomics' Directors' & Executive Management Share Trading Policy.

This policy and other corporate governance documents are available on Bionomics' website, [www.bionomics.com.au](http://www.bionomics.com.au).

Yours sincerely



Trevor Thiele  
CFO & Company Secretary



## DIRECTORS' & EXECUTIVE MANAGEMENT SHARE TRADING POLICY

### Introduction

This document sets out the policy of Bionomics Limited (**Company**) concerning dealings in the Company's Shares by:

- Directors of the Company (**Directors**) and their associates; and
- members of the Company's Executive Management team (**Executives**) and their associates.

This revised policy was approved by the Board on 3 December 2010.

### Purpose

The purpose of this policy is to:

- explain the type of conduct in relation to dealings in securities that is prohibited under the Corporations Act, which is applicable to the Directors and Executives; and
- establish a best practice procedure relating to buying and selling securities that provides protection to both the Company, Directors and Executives against the misuse of unpublished information which could materially affect the value of securities.

The Board of Directors considers that compliance with this policy is essential to ensure that the highest standards of conduct are being met by all the Directors and Executives. The Company also wishes to ensure that any perception of Directors and Executives dealing in Shares when they should not do so is avoided.

### Policy

#### 1. Legal Obligations

Directors and Executives must comply at all times with the provisions of the Corporations Act and Australian Securities Exchange (**ASX**) Listing Rules concerning Share dealings including:

- insider trading provisions;
- market manipulation provisions;
- substantial shareholder notice provisions;
- notification requirements.

It is each Director's and Executive's own responsibility to ensure that they are fully aware of their legal obligations with respect to share dealings.

#### 2. Price Sensitive Information – Insider Trading

Directors and Executives may **not** at any time:

- trade in Shares in the Company while they are in possession of material price sensitive information which is not publicly available;

- procure any other person to apply for, acquire or dispose of Shares in the Company or enter into an agreement to do so while they are in possession of price sensitive information which is not publicly available; or
- communicate that information to any other person other than in the course of performance of their duties and should ensure that external advisers to the Company that are in possession of the information are required to keep that information confidential.

Price sensitive information may include significant changes or forecasts of significant changes in the Company's performance, compared to market expectations, as well as information relating to other events or developments which will have, or are likely to have, a significant effect on the Company.

### **3. Black-Out Periods**

Subject at all times to paragraphs 1 and 2 above and the other provisions of this Policy, Directors and Executives may trade in Shares in the Company (*as those expressions are given meaning in paragraph 14 below*) at any time except for the "black-out periods".

Given the heightened risk of actual or perceived insider trading, Directors and Executives may **not** trade in Shares in the Company during the following periods ("**Black-Out Periods**"):

- four (4) weeks prior to the Company's annual general meeting (AGM);
- four (4) weeks prior to the release of the Company's annual accounts to the ASX;
- four (4) weeks prior to the release of the Company's half yearly accounts to the ASX;
- two (2) weeks prior to release of the Company's quarterly reports (for the March, June, September and December quarters) in relation to the cash position; and
- any other time that the CEO declares as a Black-Out Period.

### **4. Trading inside a Black-Out Period – Approval in Exceptional Circumstances**

Directors and Executives may only be permitted to trade in Shares in the Company inside a Black-Out Period with the prior written approval of the Chairman and CEO, which will only be given in exceptional circumstances (such as severe financial hardship), and is subject to the other provisions of this policy.

Where such approval is obtained, any trading must occur within 14 days of confirmation of the approval.

### **5. Trading outside a Black-Out Period – Notification and Confirmation**

Before trading in Shares outside a Black-Out Period, Directors and Executives must inform the Company Secretary in writing of their intention to trade and seek confirmation to proceed with the trade. The Company Secretary shall provide this confirmation in writing only after consultation with the Chairman or CEO (or in the case of the Chairman, the Company Secretary will consult with the Chairman of the Audit and Risk Management Committee). Any trading must occur within 14 days of receiving written confirmation from the Company Secretary.

Directors and Executives must provide written confirmation within 2 days of any trading in Shares that has occurred to the Company Secretary, and the Company Secretary should forward this confirmation to the Chairman and CEO.

**6. Imminent Releases**

Directors and Executives may **not** trade in Shares in the Company at any time when they are aware that any announcement of a major event or release of price sensitive information is likely to occur.

**7. Retiring Directors or Executives**

A retiring Director of the Company or an Executive who ceases employment with the Company shall be bound by the provisions of this Policy for a period of 30 days from the date their retirement or cessation becomes effective. The Company Secretary shall advise the Director or Executive in writing of any applicable Black-Out Periods as soon as practicable after the Company has determined that such restriction is in place for continuing Directors and / or Executives of the Company.

**8. Notifiable Interests**

Directors and Executives must provide the necessary information to the Company Secretary (within 2 days of a change in interest) to ensure compliance with all requirements in the Corporations Act and the Listing Rules of the Australian Securities Exchange in relation to notification of trading in Shares.

**9. Other Companies**

A Director or Executive must **not** trade in Shares of other corporations where the Director or Executive has in his or her possession price sensitive information relating to the Company that also concerns that other corporation, or is aware of any proposed transaction by the Company concerning that other corporation or its shares.

**10. Securities Risk Management**

A Director or Executive should **not** enter into transactions regarding the Director's or Executive's Shares in the Company for the purpose of, or where the transaction has the effect of, limiting or minimising the economic risk to the Director or Executive of holding the shares. For example, by entering into a hedging arrangement, forward contract or a put or call option arrangement in respect of Shares in the Company.

**11. Prohibition on Margin Loan Arrangements**

No Director or Executive may enter into a margin loan, stock lending or any other funding arrangement to acquire any Shares where the lender or other third party is granted a right to sell, or compel the sale of all or part of the relevant Director's or Executive's Shares.

**12. Participation in Incentive and Share Plans**

The Black-Out Periods do not restrict Directors and Executives from participating in the Company's Employee Share Option Plan (**ESOP**), however Directors and Executives may **not** exercise any options under the ESOP or sell any Shares received upon exercise of those options at any time during a Black-Out Period.

The above restriction will apply in respect of participation by Directors and Executives in any other Company incentive plan or share plan.

**13. Participation in Rights Issues, Dividend Reinvestment Plans etc.**

The Black-Out Periods do not restrict Directors and Executives from participating or accepting entitlements under any rights issues, share purchase plans, dividend reinvestment plans (or similar) that are available to the Company's shareholders on the same terms, but do apply in respect of any subsequent trading of Shares to which the Directors and Executives become entitled under those plans or arrangements.

**14. Interpretation**

For the purpose of this Policy:

**“associate”** means:

- (a) a spouse or de facto spouse of the Director or Executive;
- (b) a parent or child of the Director or Executive or the Director's or Executive's spouse or de facto spouse;
- (c) a company, partnership, or trust which:
  - (i) the Director or Executive controls;
  - (ii) the Director or Executive and any person referred to in paragraphs (a) or (b) control; or
  - (iii) any person referred to in paragraphs (a) and (b) controls; or
- (d) any other person with whom the Director or Executive is acting or proposing to act in concert regarding the acquisition of securities.

For the purpose of this definition, “control” means the ability (whether or not based on a legal right) to determine the outcome of decisions about the relevant entity's financial and operating policies.

**“Director”** includes an associate of a Director.

**“Executive”** includes an associate of an Executive;

**“Shares”** includes ordinary shares, preference shares, options, debentures (including convertible notes), prescribed interests, derivatives and warrants issued or made available by the Company or any associated company, and

**“trading”** includes dealings by way of option exercise and rights trading and includes procuring or causing other persons to trade.