

## **SECURITIES TRADING POLICY**

### **Purpose of this policy**

The purpose of this Securities Trading Policy is to:-

1. Set out the Company's Policy regarding the trading in Company securities, which includes shares, options, warrants, debentures and any other form of securities that may be on issue from time to time. This policy is separate from and additional to the legal constraints imposed by the common law, the Corporations Act and ASX Listing Rules.
2. Set out the restrictions on dealing in securities by people who work for or are associated with Western Desert Resources Limited ("WDR").
3. Maintain market confidence in the integrity of dealings in WDR securities.

In the event that you do not understand any part of this Policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing in any WDR securities.

### **Statement of Policy**

Whenever you have inside information which may affect the value of securities you must not:

1. Deal in those securities: or
2. Communicate any of the information to anyone else.

This restriction applies regardless of how you learned of the inside information and it applies to the securities of all other companies. Definitions of "inside information", "securities" and "dealing" are set out in this document.

### **Who does this policy apply to?**

The policy applies to all of the following:

1. Executive and non-executive Directors;
2. Full time, part time and casual employees; and
3. Contractors, consultants and advisers.

The restrictions on dealings by a Director or employee are equally applicable to any dealings by:

1. Spouses or de facto spouses;
2. For or on behalf of a dependant under 18 years of age; and
3. Any other dealings in which a Director or an employee is to be treated as interested. For example, where a Director or Employee is a trustee of a trust and is also a beneficiary of the trust that Director or employee should not act in the purchase of securities on behalf of that trust.

## **What securities are covered by this policy?**

The policy applies to the following securities:

1. Shares in WDR;
2. Options and any other securities that may be issued by WDR;
3. Derivatives and other financial products issued by third parties in relation to WDR shares, debentures and options; and
4. Securities of any other companies or entities that may be affected by inside information.

## **What is dealing?**

For the purpose of this policy, dealing in securities includes:

1. Trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things); and
2. Advising, procuring or encouraging any other person (including a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in securities.

## **What is Insider trading?**

In broad terms, you will commit insider trading if you:

1. Deal in WDR securities or securities of another entity while you have inside information; or
2. Communicate inside information to another person knowing (or where you should reasonably have known) that the other person would, or would be likely to use that information to deal in or procure someone else to deal in securities. This is commonly known as ‘tipping’.

Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission (ASIC).

## **What is inside information?**

Inside information is information that:

1. Is not generally available to people who commonly invest in securities; and
2. If it was generally available would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell securities.

It does not matter how you come to have the inside information – e.g. whether you learn it in the course of carrying out your responsibilities, in passing in the corridor, in the lift or at a dinner party.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of “information” is broad enough to include rumours, matters of supposition, intentions of a person and information that is not definite enough to warrant public disclosure.

## Some examples of inside information

Inside information could include (illustrative only):

- material exploration results;
- resource or reserve estimates;
- results of technical studies;
- acquisition or disposal of tenements; and joint ventures;
- impending mergers, acquisition, reconstruction or takeover;
- unexpected liabilities or claims against the company;
- significant changes to senior management;
- proposed new share issues
- entering into agreements in relation to assets of the company.

## Securities of other companies

In the course of your duties as an employee, Director, adviser, consultant or contractor you may obtain inside information in relation to the activities of another company.

1. In the course of negotiating a transaction another company might provide confidential information about itself or a third party;
2. Information concerning a proposed transaction or other action might have a material effect on a third party.

The prohibition on insider trading is not restricted to information affecting WDR securities. Accordingly, if you possess inside information in relation to securities of another company or entity you must not deal in those securities.

## What else is prohibited?

Directors and employees must not engage in short term or speculative dealing in WDR securities.

## When is dealing permitted?

Subject to the rules of any performance rights or the option plan you may deal in WDR securities at any time;

1. Other than during a prescribed "blackout period"
2. Provided you do not have inside information; and
3. Provided you are not involved in short term or speculative dealing.

## What are "Blackout Periods"?

Directors and executives are not permitted to deal in WDR securities during the following blackout periods;

1. 14 days before and 24 hours after the release of quarterly activity reports, half and or full year results;
2. Any other period determined by the Directors to be a blackout period.

Notice of commencement and closure of the blackout periods can be confirmed with the Company Secretary. A blackout period may be extended or shortened or another blackout period introduced at any time by direction of the Managing Director or the Chairman. Changes to Blackout periods are effective immediately.

## Special approval to trade

If there are exceptional circumstances, for example a pressing financial commitment, compliance with court orders or an overriding legal or regulatory requirement, then approval for trading during a blackout period may be given by:

1. The Managing Director, or if absent, the Company Secretary in their discretion to an employee;
2. The Chairman, or if absent, the Managing Director, in their discretion to another Director;
3. The Chairman and a non executive Director, in their discretion to the Managing Director;
4. The Managing Director and a non executive Director, in their discretion to the Chairman.

Any such approval must be obtained in advance. It cannot be given after the event.

A dealing for which special approval is given remains subject to insider trading rules and the prohibition on speculative trading. The discretion will be applied taking into account the exceptional circumstances of the employee or Director and weighing this against any perceived detriment to WDR's reputation.

## Exceptions

This policy does not apply to any acquisition of securities as part of:

1. A new issue which is available pro rata to all holders of securities of the relevant class.
2. A dividend reinvestment plan available to all shareholders.
3. An issue of securities under an executive or employee share, option or rights plan.

## If I deal or intend to deal in WDR securities, what must I do?

If you are not a Director or a senior executive of WDR, then unless you are required to do so under the rules of any WDR performance rights or option plan, you are not required to notify WDR if you intend to deal in WDR securities or after you have dealt in such securities.

If you are a Director or a senior executive of WDR, the following rules apply:

1. If you intend to deal in WDR securities you must first notify the Company Secretary in writing of your intention to deal. If you are the Company Secretary you must notify the Managing Director and vice versa.
2. If you subsequently deal in those securities you must confirm the dealing in writing to the Company Secretary within 3 business days after the dealing. If you are the Company Secretary you must provide confirmation to the Managing Director and vice versa. The confirmation must include:
  - Your name;
  - The name of any person who dealt on your behalf (e.g. family trust, company, spouse etc.);
  - details of your interest in WDR securities the subject of the dealing;
  - the number of WDR securities bought or sold;
  - the amount paid or received for those securities; and
  - the number of WDR securities held by you (directly or indirectly) before and after the dealing.

**Are there any ASX disclosure obligations if I trade in WDR securities?**

The acquisition or sale of WDR securities by Directors of WDR must be disclosed to ASX under Listing Rule 3.19A within 5 business days of the transaction taking place.

The information described in the previous section must be provided to the Company Secretary within 2 business days of the transaction to allow the Company Secretary adequate time for any follow up, completion and release of the notification to ASX on the Director's behalf.

Directors or employees with a substantial shareholding in WDR securities (i.e. more than 5% of the issued capital) are also required to comply with the substantial shareholding notification provisions of section 671B of the Corporations Act when there is a change in their holding. In this instance a notice must be provided to ASX and to WDR in the prescribed form within 2 business days of the change.

**Do I have any other obligations to WDR?**

In addition to the insider trading and other restrictions in this policy, you also owe a duty of confidentiality to WDR. You must not reveal any confidential information concerning WDR, use that information in any way that may injure or cause loss to WDR or use that information to gain an advantage for you. Under the Corporations Act, a breach of these duties may result in:

1. Liability for a civil penalty;
2. Criminal liability if recklessness or dishonesty is involved; and or
3. Liability to compensate WDR for any damage it suffers as a result of the disclosure.

**What if I breach this policy?**

Strict compliance with this policy is mandatory for all WDR and associated personnel covered by this policy.

Contravention of the Corporations Law is a serious matter which may result in criminal or civil liability.

In addition, breaches of this policy may damage WDR's reputation in the investment community and undermine confidence in the market for WDR securities. Accordingly, breaches will be taken very seriously by WDR and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

Reports of any breaches of this policy will be provided to the Board of Directors.

Dated: 28 March 2011.