

1. BACKGROUND

- 1.1 Sigma Pharmaceuticals Limited ACN 088 417 403 (**Sigma**) is a public company listed on the Australian Securities Exchange (**ASX**). Sigma is committed to responsible corporate governance, including ensuring that appropriate processes are in place to promote compliance with insider trading laws. Accordingly, the Board has endorsed this Share Trading Policy as part of Sigma's governance framework.

2. PURPOSE OF THIS POLICY

This document sets out Sigma's policy regarding Sigma's directors, officers, employees, consultants and contractors dealing in Sigma Shares.

The purpose of this Policy is to:

- (a) Provide a brief and high level summary of the law on insider trading;
- (b) Outline the prohibitions on dealing in Sigma Shares and the rules which must be followed by Designated Officers and Employees who wish to Deal in Sigma Shares; and
- (c) Ensure the reputation of Sigma, its directors, officers, employees, consultants and contractors is not adversely impacted by perceptions of dealing in securities at inappropriate times, and
- (d) Support market confidence in the integrity of dealings in Sigma Shares.

3. LEGAL OBLIGATIONS

The sources of legal obligations behind this Policy include:

- (a) Australia's *Corporations Act 2001 (Cth)* (**Corporations Act**), which prohibits insider trading by anyone, and
- (b) ASX Listing Rules and ASX Corporate Governance Principles and Recommendations, which set out requirements for responsible trading in listed Sigma shares and the content of share trading policies.

4. DEFINITIONS

In this Policy the following definitions, in addition to those contained in the Listing Rules, apply unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission.

Associate includes nominee companies, spouses, dependent children, family trusts, etc. of a Designated Officer or Employee.

ASX means ASX Limited ACN 008 624 691 or the financial market it operates.

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Chairman means the chairman of Sigma.

Chief Executive Officer means the chief executive officer of Sigma.

Company Secretary means the company secretary of Sigma.

Corporations Act means the *Corporations Act 2001* (Cth).

Dealing has the meaning given to the term in paragraph 7 of this Policy, and **Deal** and **Dealt** have corresponding meanings.

Derivatives has the meaning given in the Corporations Act, and includes the following if they relate to or derive their value from Sigma Shares: put or call options, forward contracts, futures, warrants, depositary receipts, structured financial products, swaps, contracts for difference, spread bets, caps and collars, and any other hedging or investment arrangement.

Designated Officer means Sigma's key management personnel as defined in Australian Accounting Standard AASB 124 "Related Party Disclosures", being those persons having authority and responsibility for planning, directing and controlling the activities of Sigma, directly or indirectly, including any director (whether executive or otherwise) of Sigma.

Employee means any employee of Sigma (including consultants or contractors employed by Sigma) or any nominee, agent, or other Associate of an employee.

Exempt Dealings means the Dealings described in paragraph 8 of this Policy.

Group means Sigma and each of its controlled entities.

Listing Rules means the official listing rules of the ASX, as applicable to Sigma from time to time.

Policy means Sigma's share trading policy, as set out in this document.

Prohibited Period means any period to which paragraph 9 of this Policy applies.

Sigma means Sigma Pharmaceuticals Limited ACN 088 417 403.

Sigma Shares includes ordinary shares in Sigma or a Group member, options over those shares and any other financial products of Sigma traded on ASX.

5. CONSEQUENCES OF BREACH

Failure to observe the Policy by a Designated Officer or Employee will be regarded by Sigma as grounds for the immediate summary dismissal of that Designated Officer or Employee for cause, to the maximum extent permitted by law. In addition, breach of this policy could expose that person to criminal and civil liability under the insider trading provisions of the law, as set out below.

6. WHAT IS INSIDER TRADING?

- 6.1 Under the Corporations Act, a person who possesses "price sensitive information" about Sigma **must not**:

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- (a) Deal in Sigma Shares;
 - (b) Advise, procure or engage another person to Deal in Sigma Shares; or
 - (c) directly or indirectly communicate the price sensitive information to another person if the person knows, or ought reasonably to know, that the other person is likely to:
 - (i) Deal in Sigma Shares; or
 - (ii) procure someone else to Deal in Sigma Shares.
- 6.2 "Price sensitive information" is information which has not been made public and which, if it were made public:
- (a) would be likely to have a material or significant effect on the price or value of Sigma Shares; or
 - (b) would, or would be likely to, influence an investment decision by those who commonly invest in securities.
- 6.3 Material price sensitive information is more commonly referred to as "inside information". In general terms, information will be considered to have been made public (or be "generally available") if it:
- (a) is readily observable; or
 - (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type (eg. by an announcement made by Sigma to ASX) and a reasonable period for that information to be disseminated has elapsed since it was made known; or
 - (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraph 1.4(a) or 1.4(b).
- 6.4 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading. The criminal penalties for a breach of the insider trading prohibition include:
- (a) for an individual – a fine of up to \$220,000 and a gaol term of up to five years; and
 - (b) for a corporation – a fine of up to \$1,100,000.
- 6.5 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading. The Corporations Act also imposes civil liabilities on a person who has engaged in insider trading in certain circumstances.
- 6.6 The following are examples of information which, if made public, may be regarded as materially price sensitive:
- (a) financial results, unexpected changes in financial results for any period and projections of future earnings or losses;
 - (b) development of new products and developments affecting Sigma's technology, products or market;

- (c) news of a pending or proposed merger, joint venture or acquisition;
- (d) news of a disposal of significant assets or a subsidiary;
- (e) solvency problems;
- (f) proposed or pending financings;
- (g) change in Sigma's auditors;
- (h) defaults or potential defaults in material obligations;
- (i) material transactions with directors, officers or principal security holders;
- (j) significant litigation exposure due to actual or threatened litigation;
- (k) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of Sigma's consolidated assets;
- (l) a recommendation or declaration of a dividend by Sigma or a recommendation or decision that a dividend will not be declared;
- (m) a change in accounting policy adopted by Sigma;
- (n) any rating applied by a rating agency to Sigma, or Sigma Shares, and any change to such a rating;
- (o) changes in senior management.

Accordingly, if such information exists but is not generally available, it may be considered to be "inside information".

7. WHAT IS "DEALING" IN SIGMA SHARES?

7.1 "Dealing" in Sigma Shares includes directly or indirectly:

- (a) applying for, acquiring or disposing of, Sigma Shares;
- (b) entering into an agreement to apply for, acquire or dispose of, Sigma Shares; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Sigma Shares.

7.2 For the avoidance of doubt, the following constitute Dealing for the purposes of this Policy and are consequently subject to the provisions of this Policy:

- (a) arrangements which involve a sale of Sigma Shares with the intention of repurchasing an equal number of such Sigma Shares soon afterwards;
- (b) dealings between Designated Officers and/or Employees;
- (c) off market dealings; and
- (d) transfers for no consideration by a Designated Officer and/or Employee, other than as described in paragraph 17.

8. WHAT DEALINGS ARE EXEMPT FROM THIS POLICY?

8.1 For the avoidance of doubt, and notwithstanding the definitions of Dealing contained in paragraphs 1 and 7 of this Policy, the following Dealings are not subject to the provisions of this Policy:

- (a) trading under an offer or invitation made to all or most of the security holders of the Sigma, such as a rights issue, a security purchase plan, a dividend reinvestment plan or an equal access buy-back, where the timing and structure of the offer or invitation has been approved by the Sigma's board of directors. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (b) the take up of entitlements under such a rights issue or other offer (including an offer of Sigma Shares in lieu of cash dividend);
- (c) allowing entitlements to lapse under such a rights issue or other offer (including an offer of Sigma Shares in lieu of cash dividend);
- (d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under such a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer that has been made for the Sigma and accordingly in public information;
- (a) transfers of Sigma Shares already held into a superannuation fund or other saving scheme in which the Designated Officer or Employee is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Sigma Shares) where the assets of the fund or other scheme are invested at the discretion of an independent third party;
- (c) where a Designated Officer or Employee is a trustee, trading in the Sigma Shares by that trust provided the Designated Officer or Employee is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of, and without reference to, the Designated Officer or Employee;
- (d) a disposal of Sigma Shares that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement (despite the prohibition in paragraph 19);
- (e) the exercise of an option or a right under an employee incentive scheme or the conversion of a convertible security (but not the sale of Sigma Shares following exercise or conversion) where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the entity has been in an exceptionally long Prohibited Period or the entity has had a number of consecutive Prohibited Periods and the restricted person could not reasonably have been expected to exercise or convert at a time when free to do so; and

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- (f) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - (i) the Designated Officer or Employee did not enter into the plan or amend the plan during a Prohibited Period;
 - (ii) the trading plan does not permit the Designated Officer or Employee to exercise any influence or discretion over how, when, or whether to trade; and
 - (iii) the Designated Officer or Employee does not cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in exceptional circumstances; and
- (g) a dealing by a Designated Officer or Employee with a related/associated person whose interest in the Sigma Shares is to be treated by virtue of the Corporations Act as the Designated Officer's or Employee's interest.

8.2 All or some of the above categories of Dealing may nevertheless be subject to legislation or regulation, including any applicable insider trading laws. Again, it remains the sole responsibility of each Designated Officer and Employee to comply with all applicable laws.

9. WHEN ARE DESIGNATED OFFICERS OR EMPLOYEES PROHIBITED FROM DEALING IN SIGMA SHARES?

9.1 A Designated Officer or Employee may not Deal or procure another person to Deal in Sigma Shares if:

- (a) the Designated Officer or Employee has information that he or she knows, or ought reasonably to know, is inside information in relation to Sigma Shares; or
- (b) the Designated Officer has not complied with paragraph 10.

9.2 Designated Officers and Employees are not permitted to Deal in Sigma Shares during the period from:

- (a) the end of the relevant half-year period until the day after the release by the Sigma of its half-yearly accounts; or
- (b) the end of the relevant annual period until the day after the release by the Sigma of its annual accounts.

9.3 Each of the above periods is known as a "Prohibited Period". Sigma may from time to time also impose other periods when Designated Officers and Employees are prohibited from trading because price sensitive information which is not generally available may exist in relation to a matter. Any such periods will also be "Prohibited Periods".

10. PRIOR CLEARANCE FROM THE CHAIRMAN TO DEAL IN SIGMA SHARES

10.1 Before dealing in Sigma Shares, a Designated Officer must first inform the Company Secretary who will obtain written clearance from the Chairman or the Chief Executive Officer where the Chairman is not available. In the case of clearance required in respect of

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the Chairman, the Chairman must first inform and obtain written clearance from the Chief Executive Officer.

- 10.2 The Chairman must not give clearance during the Prohibited Periods. Further, the Designated Officer may not be given clearance by the Chairman during Prohibited Periods if:
- (a) there is a matter in relation to which there is inside information in respect of Sigma Shares (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Sigma Shares; or
 - (b) the Chairman has any other reason to believe that the proposed Dealing breaches this Policy.
- 10.3 The Company Secretary must keep a written record of the Dealing which includes:
- (a) any information received from a Designated Officer in connection with this Policy, including, for the avoidance of doubt:
 - (i) the number and type of Sigma Shares;
 - (ii) the price at which Sigma Shares were Dealt; and
 - (iii) the date and approximate time on which the Dealing occurred; and
 - (b) any clearance given under this Policy.
- 10.4 The Chairman must specify the duration of any clearance provided under this paragraph 10. If clearance is given, the Designated Officer may ordinarily trade within two business days after receiving the clearance. The Designated Officer will be notified if the clearance position changes within those two business days. A further application will need to be made if no Dealing takes place within the two business days and the Designated Officer still wishes to Deal.

11. DEALING IN EXCEPTIONAL CIRCUMSTANCES

- 11.1 In exceptional circumstances clearance may be given for a Designated Officer or Employee to Deal in Sigma Shares when he/she would otherwise be prohibited from doing so. Clearance to deal will be determined on written request to the Chairman, via the Company Secretary. The Chairman may obtain legal advice on the question at Sigma's expense. Types of circumstances which may be considered exceptional for these purposes include, but are not limited to:
- (a) a pressing financial commitment on the part of the Designated Officer or Employee that cannot otherwise be satisfied;
 - (b) severe financial hardship; and
 - (c) where there is a court order, or there are court enforceable undertakings, to transfer or sell Sigma Shares or there is some other overriding legal or regulatory requirement to do so.

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- 11.2 The determination of whether circumstances are exceptional for the purposes of paragraph 1.19 will be made by the Chairman (or in the case of the Chairman being the relevant Designated Officer, the Chief Executive Officer) in his discretion and the Chairman's (or, if applicable, the Chief Executive Officer's) decision will be final.
- 11.3 Severe financial hardship is likely to exist where the Designated Officer or Employee had a pressing financial commitment that could not be satisfied otherwise than by selling Sigma Shares. A tax liability of a Designated Officer or Employee would not normally constitute severe financial hardship unless the Designated Officer or Employee had no other means of satisfying the liability.
- 11.4 The Chairman must not give clearance under the exception in paragraph 1.19 if there is a matter about which there is inside information in relation to Sigma Shares (whether or not the Designated Officer or Employee knows about the matter) when the Designated Officer or Employee requests clearance or proposes to Deal in Sigma Shares.
- 11.5 Even where the Chairman has determined that exceptional circumstances exist, neither the Chairman nor Sigma are providing any advice. It remains the sole responsibility of the Designated Officer or Employee to comply with all applicable laws.

12. DEALINGS BY ASSOCIATES AND INVESTMENT MANAGERS

- 12.1 If a Designated Officer or Employee may not Deal in Sigma Shares, he or she must, to the extent with their reasonable control, prohibit any Dealing in Sigma Shares by:
- (a) any Associate (which includes the Designated Officer's or Employee's spouse, de facto, family members, associated trusts, nominee companies, family trusts of which the Designated Officer or Employee is a sole trustee, co-trustee or beneficiary or other third parties contemplating the acquisition or sale of Sigma Shares on the Designated Officer's or Employee's behalf); or
 - (b) any investment manager on their behalf or on behalf of any Associate.
- 12.2 For the purposes of paragraph 1.24, a Designated Officer or Employee must:
- (a) inform any investment manager or Associate of the periods during which the Designated Officer or Employee may and may not Deal in Sigma Shares; and
 - (b) request any investment manager or Associate to inform the Designated Officer or Employee immediately after they have Dealt in Sigma Shares.
- 12.3 A Designated Officer or Employee does not have to comply with paragraphs 1.24 and 1.25 to the extent that to do so would breach their obligations of confidence to Sigma.

13. DESIGNATED OFFICER'S AND EMPLOYEE'S DUTY TO NOTIFY ASSOCIATES

- 13.1 For the purposes of paragraph 12 of this Policy, a Designated Officer or Employee must advise all such Associates and investment managers:
- (a) that he/she is a Designated Officer or Employee;

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- (b) of the periods during which they cannot Deal in Sigma's Shares (ie. the Prohibited Periods); and
- (c) that they must advise him/her immediately after they have dealt in Sigma Shares.

14. LIST OF DEALINGS

- 14.1 A list of Dealings in Sigma Shares since the date of the previous list should be circulated to members of the board with the board papers for each board meeting where such dealings are:
- (a) by or on behalf of a Designated Officer;
 - (b) by an Associate of a Designated Officer; or
 - (c) by investment managers on behalf of either a Designated Officer or an Associate of a Designated Officer.

15. EXERCISE OF EMPLOYEE RIGHTS OR OPTIONS

- 15.1 The Chairman or other designated director may allow the exercise of an option or right under an employee share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any Prohibited Period and the Designated Officer or Employee could not reasonably have been expected to exercise it at an earlier time when he/she was free to Deal.
- 15.2 Note that the exercise of an option or right or the conversion of a convertible security may nevertheless be caught by the insider trading laws even where this Policy has been complied with. It remains each Designated Officer's and Employee's sole responsibility to comply with these and any other applicable laws.

16. SALE OF RESULTING SHARES

- 16.1 Where an exercise or conversion is permitted pursuant to paragraph 15 of this Policy, the Chairman or other designated director may not, however, give clearance for the sale of Sigma Shares acquired pursuant to such exercise or conversion.
- 16.2 Even where such clearance has been given this does not constitute advice from the Chairman or the Sigma. It remains the sole responsibility of the Designated Officer or Employee to comply with all applicable laws.

17. SHORT-TERM OR SPECULATIVE DEALING

- 17.1 A Designated Officer or Employee may not deal in Sigma Shares on considerations of a short-term or speculative nature. Specifically, Designated Officers and Employees must not Deal in the same Sigma Shares within any 30 day period.

- 17.2 This prohibition does not restrict the vesting of rights under Sigma's employee incentive schemes and the subsequent sale of the underlying Sigma Shares within a 30 day period. Similarly, the sale of Sigma Shares at the end of a holding lock period pursuant to a Sigma Share employee share plan is not prohibited.

18. DERIVATIVES

- 18.1 The Company may grant shares, options or performance rights to its employees as part of their remuneration entitlements. These grants will usually be subject to the satisfaction of performance hurdles before they vest in the Designated Officer or Employee. The use of Derivatives over unvested Sigma Shares may allow value to be realised from those Sigma Shares even if performance hurdles have not been met. This would break the intended connection between staff performance and shareholder best interests.
- 18.2 Employees and Designated Officers are not permitted to use Derivatives in relation to any unvested Sigma Shares in a way which would have the effect of providing greater benefit than would otherwise have been realised by the Designated Officer or Employee in respect of the unvested Sigma Shares.
- 18.3 Employees and Designated Officers may use Derivatives in relation to vested Sigma Shares, provided any Dealing complies with the balance of this Policy.

19. MARGIN LOANS

- 19.1 Margin loans to support an investment in Sigma Shares can compromise compliance with this policy, as the loan's terms may compel the sale of Sigma Shares during a Prohibited Period or when the Designated Officer or Employee has relevant inside information.
- 19.2 Designated Officers and Employees are prohibited from entering into margin loan arrangements to fund the acquisition of Sigma Shares or in relation to which Sigma Shares may be used as security against loan repayment.
- 19.3 In exceptional circumstances clearance may be given for a Designated Officer or Employee to enter into a margin loan or use Sigma Shares as security on the basis set out in paragraph 11.

20. ASX NOTIFICATION

- 20.1 Sigma is required, under the Listing Rules, to notify ASX of the "notifiable interests of a director" (as that term is defined in the Listing Rules) on the date that a director is appointed by providing a completed Appendix 3X to ASX within 5 business days of the director's appointment.
- 20.2 Sigma is required, under the Listing Rules, to notify ASX of a change to a "notifiable interest of a director" by providing a completed Appendix 3Y to ASX within 5 business days after the change occurs.

- 20.3 Sigma is required, under the Listing Rules, to notify ASX of the "notifiable interests of a director" at the date that the director ceases to be a director by providing a completed Appendix 3Z to ASX within 5 business days after the director ceases to be a director.
- 20.4 Under the Listing Rules, an ASX-listed company must make such arrangements as are necessary with a director to ensure that the director discloses to the company all the information required by the company to give ASX completed Appendices 3X, 3Y and 3Z within the time period specified by the Listing Rules. In this regard, the Company requires each director to enter into an agreement with the Company regarding the disclosure of "notifiable interests" largely in the form of the pro forma agreement attached to ASX Guidance Note 22.

21. MODIFICATION OF POLICY

- 21.1 This Policy may from time to time be modified or replaced by resolution of the board of directors of Sigma.
- 21.2 Material amendments to this Policy must be provided to ASX for release to the market, within 5 business days of the material amendments taking effect. Material amendments include, but are not limited to:
- (a) changes to the Prohibited Period;
 - (b) changes to the dealings which constitute Exempt Dealings; and
 - (c) changes with respect to the exceptional circumstances in which a Designated Officer or Employee is permitted to Deal with the Sigma Shares.

22. DISTRIBUTION OF POLICY

- 22.1 This Policy must be distributed to all Designated Officers and Employees.

23. ASSISTANCE AND ADDITIONAL INFORMATION

- 23.1 Designated Officers or Employees who are unsure about any information they may have in their possession, and whether they can use that information for Dealing in Sigma Shares, should contact the Company Secretary.
- 23.2 This Policy should be read in conjunction with Sigma's other policies including:
- (a) Sigma Code of Conduct; and
 - (b) Continuous Disclosure Policy.

Approved by the Sigma Pharmaceuticals Limited Board – January 2011
Reviewed and Update by Company Secretary – January 2013
Update Endorsed by the Board – February 2013