

SECURITIES TRADING POLICY

INHALERX LTD (ACN 611 845 820) (‘Company’)

1. PURPOSE

The ordinary shares of the Company are listed on the Australian Securities Exchange (‘ASX’). This Securities Trading Policy (‘the Policy’) regulates the sale and purchase of shares in the Company by its directors, officers and employees.

2. DEFINITIONS

In this Policy:

Board means the Board of the Company;

Inside Information means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company’s shares;

Policy means this Securities Trading Policy as amended from time to time; and

Senior Management means employees of the Company who manage the Company pursuant to the directions and delegations of the Board.

3. SECURITIES TRADING

3.1 This Policy aims to reduce the risk of insider trading and ensure that the Company’s directors, officers and employees are aware of the legal restrictions on trading shares in the Company whilst in possession of Inside Information concerning the Company.

3.2 In addition, the Policy sets out when trading in the Company’s shares by directors, officers and employees is not permitted. Restrictions on trading are imposed by the Company to reduce the risk of insider trading and to minimise the chance that misunderstandings or suspicions arise that the Company’s directors, officers, or employees are trading while in possession of Inside Information.

3.3 For the purposes of this Policy, trading in the Company’s shares also extends to other securities issued by the Company (if any).

3.4 For the purposes of this Policy, trading or dealing includes not only trading directly by the Company’s directors, senior management or employees, but also

by any entity in which they control within the meaning of Section 50AA of the *Corporations Act 2001* (Cth).

- 3.5 A breach of this Policy by an employee is serious and may lead to disciplinary action, including dismissal. It may also be a breach of the law.

4. INSIDER TRADING

- 4.1 The insider trading provisions are contained in Part 7.10 Division 3 of the *Corporations Act 2001* (Cth). The *Corporations Act* prohibits any person who possesses Inside Information and who knows or ought reasonably to know, that the information qualifies as Inside Information from:

- 4.1.1 dealing in Company shares; or
- 4.1.2 procuring another person to deal in Company shares; or
- 4.1.3 directly or indirectly communicating the Inside Information, or causing the Inside Information to be communicated, to any person who they know, or ought reasonably to know, would be likely to deal in Company shares or procure another person to do so.

5. POLICY

- 5.1 Consistent with the insider trading provisions of the *Corporations Act*, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.
- 5.2 Directors, officers and employees should never communicate any Inside Information to any other person, including family members and associates. In addition, directors, officers and employees are prohibited from trading in the Company's shares during:
- 5.2.1 each period of 30 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
 - 5.2.2 each period of 30 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX; and
 - 5.2.3 each period of 24 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

- 5.3 No director, officer or employee may deal in Company shares at any time for short-term gain, including buying and selling Company shares in a 3 month period, without the written approval of the Chairman or, in the case of the Chairman, the Managing Director.
- 5.4 In order to ensure compliance with this Policy, all officers and employees must discuss any proposed dealing with (and obtain written approval from) the Company Secretary or a director prior to trading Company shares at any time.
- 5.5 An officer or employee who is not in possession of Inside Information may be given clearance by the Chairman (in the case of the Chairman all of the other members of the Board) to sell or otherwise dispose of Company securities during a prohibited trading period in the following circumstances:
- 5.5.1 where that officer or employee faces financial hardship, to be approved and determined by the Board;
 - 5.1.2 where the person is required to sell their securities by court order, court enforceable undertaking or other requirement by law; or
 - 5.1.3 where such other exceptional circumstances exist as approved and determined by the Chairman (or in the case of the Chairman, the Board).

To obtain clearance for trading in the above circumstances, the officer or employee in question must submit an application in writing to the Chairman (or in the case of the Chairman, an application in writing to the Board), setting out reasons for requesting the approval and including supporting documentation. Any exemption, if granted, will be in writing and is to contain a specified time period during which the trading of the securities can be made.

- 5.6 A director and the Company Secretary must discuss the proposed dealing with (and obtain written approval from) the Chairman prior to trading Company shares at any time.
- 5.7 The Chairman must discuss the proposed dealing with (and obtain written approval from) the Chief Executive Officer ('CEO') prior to trading Company shares at any time.
- 5.8 Any trading activity by the Company's officers and employees that is not specifically restricted by this Policy shall not be subject to this Policy or any of the restrictions and obligations imposed by this Policy.

6. DISCLOSURE OF DIRECTORS' INTERESTS

When advising the ASX of any change to a notifiable interest of a director of the Company, the Company must ensure that the ASX be advised whether this occurred during a closed period where prior written clearance was required for the trading, and if so, whether prior written clearance was provided.

7. TRADING EXCLUDED FROM THE RESTRICTIONS OF THIS POLICY

- 7.1 Trading by the Company's officers and employees in the following circumstances is excluded from the restrictions in this Policy:
- 7.1.1 where ordinary shares in the Company are acquired by conversion of securities giving a right of conversion to ordinary shares;
 - 7.1.2 where securities are acquired under a bonus issue made to all holders of securities in the same class;
 - 7.1.3 where the trading of securities results in no change to the beneficial ownership interest in the securities;
 - 7.1.4 transfers of securities already held into a superannuation fund or other saving scheme in which the person is a beneficiary;
 - 7.1.5 where securities are acquired under a dividend reinvestment plan that is available to all holders of securities in the same class;
 - 7.1.6 where securities are acquired or exercised under the Company's employee share ownership plan;
 - 7.1.7 where securities are traded or acquired under an on-market buy back or any rights offer or share purchase plan;
 - 7.1.8 accepting into a takeover offer;
 - 7.1.9 a disposal of securities in the Company that is the result of secured lender exercising their rights;
 - 7.1.10 trading under a non-discretionary trading plan for which prior written clearance has been provided where the trading plan was not entered into or amended during a closed period and where the trading plan does not permit officers to exercise any influence or discretion over how when or whether to trade; or

- 7.1.11 where a restricted person is a trustee, trade in the securities of the Company by that trust provided the restricted person 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 the restricted person.

8. LISTING RULES

- 8.1 The Board shall do all acts, matters and things as may be necessary in order to ensure that the Company, its officers, and employees comply with the requirements of the ASX Listing Rules (as amended from time to time) insofar as they relate to the Policy.
- 8.2 In the event that the Company makes a material change to the Policy, the Board shall ensure that the amended Policy is given to the company announcements offices for release to the market as required by ASX Listing Rule 12.10.

9. REVIEW OF POLICY

This Policy will be reviewed by the Board on a regular basis having regard to the changing circumstances of the Company and any changes are to be notified to any affected persons.