



ADACEL SHARE TRADING POLICY

Introduction

The Adacel Share Trading Policy outlines the conditions under which Adacel Directors, Senior Executives, Employees and External Advisers may deal in Adacel securities or in the securities of companies with which Adacel may have a commercial relationship

The objective of the policy is to ensure that Adacel Directors, Senior Executives and Employees are aware of:

- The legal restrictions on trading in Adacel shares or options, or the securities of other companies with which Adacel may have a commercial relationship, when in possession of "inside information", ie information that could be regarded as material or price-sensitive.
- The additional restrictions applied by Adacel in this policy to ensure that the propriety of trading in Adacel securities by Directors, Senior Executives and Employees is undoubted.

The policy applies to all Directors, Senior Executives and Employees of Adacel Technologies Limited and its subsidiary and related companies. "Senior Executives" means Adacel's Chief Executive Officer or equivalent, senior executives who report to the Chief Executive Officer or equivalent, senior managers who report to the senior executives, and the Company Secretary. The policy also applies to external advisers who may be provided with or become aware of confidential information through their association with the company.

SUMMARY OF POLICY

Adacel Directors and Senior Executives:

- Must not deal in, or procure others to deal in, Adacel securities when they are in possession of "inside information",
- Must discuss proposed share dealings beforehand (Directors with the Chairman, and Senior Executives with the Chief Executive Officer or equivalent and the Chairman), and
- Must not trade during the "trading blackout" beginning at the end of the Half Year and Full Year reporting period until the release to the ASX of the Financial Results for the relevant period.

Adacel Employees (other than Senior Executives)

- Must not deal in, or procure others to deal in, Adacel securities when they are in possession of "inside information", and
- If in doubt, should discuss proposed trading with their Manager or with the Company Secretary
- Apart from these two circumstances, may trade at any time

External Advisers to Adacel:

- May be restricted in their dealings in Adacel shares through clauses in Confidentiality Agreements signed with the company,
- Additionally, must not deal in, or procure others to deal in, Adacel securities when they are in possession of "inside information", and
- If in doubt, should discuss proposed trading with the Company Secretary

INSIDER TRADING

The following information is provided as a guide to Directors, Senior Executives, Employees and External Advisers of Adacel Technologies Limited ("Adacel") and its subsidiary companies in relation to the trading of shares and/or options in Adacel. This information is intended as a general guide only and is not intended to be a substitute for legal advice.

If any members of staff believe that they are in breach of or may be about to breach the laws against insider trading, they should seek their own independent legal advice.

An Employee (including a Director or the Company Secretary) must not buy or sell or subscribe for shares or options in Adacel if he/she is in possession of "inside information": ie information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the relevant share. If information would be likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell shares or options in Adacel, then a reasonable person must be taken to expect that information to have a material effect on the price or value of shares or options in Adacel.

"Inside Information" may include information concerning the company's financial position, strategy, operations or contracts.

An Employee (including a Director or the Company Secretary) in possession of inside information is also prohibited from communicating that inside information to another person if it is likely that the other person would buy or sell or subscribe for shares or options or procure a third person to buy or sell or subscribe for shares or options.

The prohibition against buying or selling or subscribing for securities extends to entering into an agreement to buy or sell or subscribe for securities.

The penalty for breaching the law against insider trading allows for substantial fines or imprisonment or both.

Inevitably, there will be occasions when a Director or Employee of Adacel has "inside information" in relation to shares in Adacel. Equally inevitably, there will be occasions when a Director or Employee of Adacel has "inside information" in relation to shares in another company. Most obviously, the "inside information" will have been acquired where the other company is a customer of Adacel. Another example of "inside information" is knowledge that Adacel intends to make a takeover bid for another company. It is important to understand, however, that under Australia's insider trading laws it does not generally matter how a Director or Employee of Adacel came into possession of the "inside information": it is the fact of acquiring the "inside information" from any source at all that gives rise to the prohibition.

ADACEL SHARE TRADING POLICY

Adacel Shares

1. Directors and Senior Executives:

To ensure that the propriety of a transaction is undoubted, a Director or Senior Executive should only deal in Adacel shares if the Director or Senior Executive:

- does not have "inside information";
- has discussed the matter with the Chairman or Chief Executive Officer or equivalent;

and

- does not deal in Adacel shares during the "trading blackout" beginning at the end of the Half Year and Full Year reporting period until the release to the ASX of the Financial Results for the relevant period.

A Director, who is proposing to deal in Adacel shares, should discuss his/her proposal with the Chairman before entering into the transaction, and should confirm when the proposed trade has been completed.

Senior Executives proposing to so deal should discuss the proposal with the Chief Executive Officer or equivalent who will consult with the Chairman if necessary, and should confirm when the proposed trade has been completed.

The purpose of this suggestion is to ensure first, that the Chairman/ Chief Executive Officer or equivalent, and if necessary the Board, are aware of the proposal and secondly, to give the Chairman/ Chief Executive Officer or equivalent the opportunity to advise the Director or Senior Executive that some matters may be under consideration within Adacel that may give rise to "inside information". Whilst the Director or Senior Executive himself/herself may not have "inside information", it would be very embarrassing for the Board if the Director or a Senior Executive dealt in Adacel shares and "inside information" arose at a subsequent Board Meeting.

Discretion is vested in the Chairman to allow exemptions to the policy regarding "trading blackout" periods in exceptional circumstances where application of the policy would cause excessive hardship and the individual is not in possession of "inside information". This may include, but is not limited to, circumstances of financial hardship, or where legal judgements might require the sale or transfer of shares.

Directors and Senior Executives may not enter into contracts, agreements, obligations or set "stop loss" orders for their shares, whether for the purpose of limiting the economic risk of their shareholding or otherwise, where this would trigger sale or acquisition of Adacel shares during a "trading blackout" period or without first discussing the matter with the Chairman or CEO or equivalent.

2. Other Employees:

Any other Employee may buy or sell Adacel shares at any time as long as he/she is not aware of any "inside information". If in doubt an Employee should discuss a proposed dealing beforehand with the Company Secretary or his/her immediate manager.



3. External Advisers:

External Advisers to Adacel may be explicitly restricted in their dealings in Adacel shares through clauses in Confidentiality Agreements signed with the company. In addition, they are bound by "insider trading" laws and Adacel policy and must not deal in, or procure others to deal in, Adacel securities when they are in possession of "inside information". If in doubt, they should discuss proposed trading with the Company Secretary.

Shares in Other Companies

A Director or Employee proposing to deal in shares in any other company should not do so unless satisfied that he/she is not aware of any "inside information". If there is any possibility that he/she is aware of "inside information", and in particular where he/she became aware of the relevant information in the capacity of a Director or Employee of Adacel he/she should discuss the proposal with:

- in the case of a Director, the Chairman;
- in the case of a Senior Executive, the Managing Director; and
- in the case of any other Employee, with their immediate manager.

EMPLOYEE SHARE OPTION TRADING POLICY

Options issued under the Employee Share Option Plan ("Options") may be exercised, subject to the achievement of performance hurdles. This is consistent with the rationale of the plan as a medium to long term incentive for Employees.

The terms of the Scheme do not permit the transfer/disposal of the options by Employees.

It is regarded as contrary to the intention of the Plan for Employees, including Senior Executives, to enter into derivative transactions to limit their economic risk in respect of shares to be issued upon exercise of the options, before the options can be exercised. Accordingly, Director, Senior Executive and Employee option holders are prohibited from entering into derivative transactions prior to the options becoming exercisable.

After the options are able to be exercised, Employees may exercise the options and purchase shares at any time.

Any dealings with the shares acquired upon exercise of the options (including immediate sale) and any derivative trading in Adacel shares are subject to the insider trading provisions of the Corporations Law and continue to be subject to the Adacel Insider Trading Policy. Employees should be aware that with derivatives, the insider trading restrictions apply at both the time of entry into the transaction and at completion/exercise of the transaction.