

**QPONICS LIMITED
A.C.N. 149 001 678**

COMPANY POLICY

Release Date: 27 Jan 2011

Issued By: Peter Wetzig, Chief Financial Officer

Authority: Board of Directors

BUYING AND SELLING OF COMPANY SECURITIES BY EMPLOYEES AND DIRECTORS

Types of Securities

The company has (or will shortly have) on issue the following types of securities:

- Ordinary shares listed on the ASSOB.

Purpose of this Policy

The purpose of this policy is to define the circumstances under which employees may:

- a) Sell shares in Qponics Limited ("the Company")
- b) Buy and sell shares in the Company acquired.
- c) Provide information to third parties, such as relatives, to assist them in buying or selling shares in the Company.

Insider Trading Prohibition – Applies to All Employees

The overriding principle in dealing with any securities is contained in the insider trading provisions of the *Corporations Act* and provides that a person cannot buy or sell shares when they are in possession of information which isn't generally available which could reasonably be expected to have a material effect on the share price of a company if that information was generally available ("inside Information").

In addition, such a person cannot provide information to any other party, such as friends or relatives, to enable such information to be acted upon by that other party. Contravention of this law could lead to a substantial fine or imprisonment or both.

If you are aware of information through your employment at the Company which would have an effect on the Company share price if that information was publicly known then you cannot buy or sell shares in The Company.

If an employee wishes to buy or sell the Company shares but is unsure as to whether they may be in the position of having inside information, then they should discuss the situation with the Company Secretary.

Additional Requirements

(a) Managing Director, Other Directors, Chief Operating Officer, Chief Financial Officer and Company Secretary

The company may have an obligation to make various regulatory bodies and markets aware of information likely to have a material effect on the company's share price on a continuous basis and the company does comply with this obligation. There may be circumstances though where this obligation has not yet come into effect because proposals are incomplete or still under

negotiation. This may place the company's officers in a privileged position in terms of the information they possess regarding such matters as product development, contract negotiations, acquisition or sale of significant assets or businesses, annual financial results due to be announced, financial forecasts which vary the market's current understanding, or other potentially price-sensitive information.

It shall be considered company policy that the Company's senior officers, in addition to their obligations under the insider trading prohibitions referred to above, cannot either directly or indirectly buy or sell shares in the Company at any time without the prior written approval of the Chief Executive Officer.

In the case of the Chief Executive Officer, he should obtain the prior approval of the Board.

The intent of any buying of the Company's shares should be investment rather than short term trading, with a view to holding any shares bought for 12 months or more. Should any officer encounter genuine circumstances requiring disposal of shares within a 12-month period of purchase, and they do not contravene the insider trading provisions of the *Corporations Act*, then the approvers shall take these circumstances into account in the process of their decision-making.

It is the intent of this policy that no selling of the Company's securities by officers of the Company until the current ASSOB capital raising has been concluded or terminated.